Financing Agreement

(Inclusive Innovation Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 6, 2013
FINANCING AGREEMENT

AGREEMENT dated September 6, 2013, entered into between the SOCIALIST REPUBLIC OF VIETNAM (variously, “Recipient” and/or “Vietnam”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to thirty six million seven hundred thousand Special Drawing Rights (SDR 36,700,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.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 May 1 and November 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 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall vest the overall responsibility for the implementation of the Project in MPI acting through EDA. Notwithstanding the foregoing the Recipient shall: (a) carry out Component 3 and 4 of the Project through EDA; (b) cause Components 1 and 2 (in respect of Matching Grants) of the Project to be carried out by NAFOSTED; and (c) cause Component 2 (in respect of Sub-loans) of the Project to be carried out by the Participating Financial Institutions (NAFOSTED and the Participating Financial Institutions hereinafter individually referred to as "Project Implementing Entity" and collectively referred to as "Project Implementing Entities") in accordance with the provisions of Article IV of the General Conditions and the respective Project Agreements, as the case may be.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspensions consist is that the Project Implementing Entities’ Legislation and/or EDA’s Legal Framework has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely: (a) the ability of the Project Implementing Entity to perform any of its obligations under the respective Project Agreement; and/or (b) the ability of EDA to perform the Recipient’s obligations under this Agreement.

4.02. The Additional Event of Acceleration is that any event specified in Section 4.01 of this Agreement occurs.
ARTICLE V — EFFECTIVENESS; TERMINATION

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

5.02. 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 Deputy Governor of the State Bank of Vietnam.

6.02. The Recipient’s Address is:

State Bank of Vietnam
49 Lý Thái Tông
Hanoi
Vietnam

Facsimile:

+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: INDEVAS
Telex: 248423 (MCI)
Facsimile: 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

[Signature]

Authorized Representative

Name: Nguyen Van Birnh

Title: Governor, State Bank of Vietnam

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Victoria Kwailewa

Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to adopt, upgrade and develop Inclusive Innovations for the benefit of the Base of the Pyramid population, by: (i) strengthening the Recipient’s capacity to undertake Inclusive Innovation, including financing development, adaptation, adoption, scale-up and commercialization of Inclusive Technologies, and (ii) improving RDIs’ and SMEs’ technological and innovation capabilities.

The Project consists of the following parts:

Component 1: Development of Inclusive Technologies

1.1 Providing NDC Sub-grants to RDIs and/or enterprises for the implementation of NDC Sub-projects in Priority Theme Areas.

1.2 Providing Inclusive Innovation Sub-grants to: (i) RDIs, enterprises in order to develop, acquire, adapt and upgrade available Inclusive Technologies research, prototype technologies and pilot products up to a level ready for scaling-up production and/or commercialization; and/or (ii) Grassroots Innovators.

Component 2: Scale-up and Commercialization of Inclusive Technologies

2.1 Providing Sub-loans and Matching Grants to private enterprises for the upgrade, scale-up and commercialization of Inclusive Technologies in Priority Theme Areas, in order to adapt piloted technologies/innovations for the production of commercially viable, sustainable and affordable products for clients at the Base of the Pyramid.

2.2 Providing Sub-loans and Matching Grants to SMEs for the upgrade of their technological capabilities through the acquisition, adoption and use of technology and innovation in Priority Theme Areas with significant potential for growth.

Component 3: Capacity Building & Global Knowledge Transfer

Strengthening the institutional capacity of: (A) Vietnamese national institutions critical for the sustainable development and delivery of Inclusive Innovations in the Priority Theme Areas through, inter alia: (i) the upgrade of selected laboratories, pilot plants, testing and certification facilities, and pilot cultivation facilities; (ii) the preparation of standards and procedural protocols for the testing and certification of products and the development of clinical trial dossiers under internationally acceptable standards; (iii) the protection of intellectual property rights; (iv) the development and implementation of a strategy for the generation,
acquisition, transfer and/or commercialization of Inclusive Technologies; and (v) the coordination of twinning arrangements with global research and development institutions; and (B) NAFOSTED and other relevant agencies, including, *inter alia*: (i) the assessment and improvement of its governance structure and staffing; (ii) the strengthening of its technical review process and capacity; and (iii) the development and implementation of grants operational policies and procedures for the carrying out of its Respective Parts of the Project.

**Component 4: Project Management, Monitoring & Evaluation**

Carrying out Project management activities at EDA and the relevant agencies involved in Project implementation, including, *inter alia*, reinforcing inter-agency coordination, developing and implementing a comprehensive monitoring and evaluation framework, and ensuring compliance with safeguards, financial management, procurement, reporting and other fiduciary requirements under the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient shall establish, by no later than one (1) month after the Effective Date, and thereafter maintain throughout the period of implementation of the Project a Project Steering Council headed by the Recipient’s Deputy Prime Minister, comprising the Deputy Ministers of MPI and MoST, and representatives of relevant government agencies, the financial sector, the research & development networks, the business community and people from the Base of the Pyramid; which council shall be assigned with functions, responsibilities and resources satisfactory to the Association, as shall be required in order to provide strategic policy guidance and general oversight during Project implementation.

2. Notwithstanding the provisions of Section 3.01 of this Agreement, the Recipient shall vest the overall responsibility for Project implementation in the MPI, and to this end shall maintain within EDA, throughout the period of Project implementation, a Project Management Unit (“PMU”): (a) headed by a Project Manager and assisted by staff (including procurement, financial management, and social and environmental safeguards specialists), all in numbers and with qualification and experience, and terms of reference, acceptable to the Association; and (b) provided with such powers, financial resources, functions and competencies, satisfactory to the Association, as shall be required for it to carry out the activities under EDA’s Respective Parts of the Project and fulfill the fiduciary duties described in the Project Operations Manual, as well as coordinate, monitor/oversee and evaluate the implementation of Components 1 and 2 of the Project by NAFOSTED and the Participating Financial Institutions.

3. The Recipient, through EDA, shall:

(a) by no later than three (3) months after the Effective Date, select and engage the services of an internationally selected Project advisor with experience and qualifications, and terms of reference, acceptable to the Association in order to advise EDA on Project management, Project implementation scheduling, procurement financial management and training of PMU and PIU staff;

(b) by no later than six (6) months after the Effective Date, select and engage the services of a monitoring and evaluation expert, with experience and qualifications, and under terms of reference acceptable to the Association, in order to assist EDA with: (i) the development and
implementation of a comprehensive monitoring and evaluation framework, including baseline survey design, and periodic surveys of Project beneficiaries on satisfaction level and Project impact; (ii) the carrying out of baselines surveys; and (iii) the carrying out of capacity building activities for EDA as well as the Project Implementing Entities and national institutions and/or line ministries; and

(c) thereafter, maintain the services of the so selected Project advisor and the monitoring and evaluation expert, throughout the period of Project implementation.

4. The Recipient, through EDA, shall, by no later than twelve (12) months after the Effective Date, select and engage the services of a procurement consulting firm or individual consultants with experience and qualifications and terms of reference acceptable to the Association, in order to carry out procurement audits and price verifications, evaluations and assessments, in a manner and substance satisfactory to the Association, in respect of the expenditures incurred by RDIs, SMEs and/or Grassroots Innovators in the implementation of the activities financed under the NDC Sub-grants, the Inclusive Innovation Sub-grants, the Matching Grant and the Sub-loans.

B. NAFOSTED MoU and PFI Subsidiary Agreements

1. To facilitate the carrying out of NAFOSTED’s Respective Parts of the Project, the MPI and MoST shall enter into a memorandum of understanding, which memorandum shall make part of the proceeds of the Financing available to NAFOSTED, and under terms and conditions acceptable to the Association, which shall include the following:

(a) the principal amount of the Credit allocated from time to time to Category (1) and any amounts budgeted and allocated for NAFOSTED’s Respective Parts of the Project under Category (3), shall be made available by the Recipient to NAFOSTED on a grant basis pursuant to the Recipient’s budgetary procedures consistent with this Agreement, without deduction for any charges, commission or fees of any kind and in accordance with the arrangements set forth in the Project Operations Manual; and

(b) MPI shall have: (i) the right to suspend or terminate the NAFOSTED MoU upon: (A) NAFOSTED’s failure to perform any of its obligations under the NAFOSTED MoU; or (B) the Association’s exercising any of the remedies under Article VII of the General Conditions; and (B) exercise the right of restitution of any amounts disbursed under the NAFOSTED MoU with respect to which fraud and corruption has occurred or an ineligible expenditures has been funded.
2. To facilitate the carrying out of the Participating Financial Institutions' Respective Parts of the Project, the Recipient shall make part of the proceeds of the Financing available to Participating Financial Institutions pursuant to individual subsidiary agreements to be entered into between the Recipient and each such institutions, under terms and conditions acceptable to the Association, which shall include the following:

(a) the principal amount of Credit made available under the respective PFI Subsidiary Agreement (the “Subsidiary Loan”) by the Recipient to each Participating Financial Institution, shall be the amount equivalent in Vietnamese Dong or Dollar (on the respective date of withdrawal from the Credit Account) of the value of the currency or currencies so withdrawn on account of a proposed Sub-loan from Category (2);

(b) unless the Association otherwise agrees, the terms and conditions of the Subsidiary Loan shall be those set forth in the Project Operations Manual and the Recipient’s on-lending policies and procedures, provided that said terms and conditions are not less onerous that those on which the Financing is made available to the Recipient; and

(c) the Recipient shall have the right to suspend or terminate the respective PFI Subsidiary Agreement, and/or accelerate the recovery of any outstanding amount withdrawn thereunder, upon: (i) the respective Participating Financial Intermediary’s failure to perform any of its obligations under its PFI Subsidiary Agreement; or (ii) the Association’s exercising any of the remedies under Article VII of the General Conditions, provided however that the acceleration remedy in this latter scenario shall only be applied to a Participating Financial Institution if such remedy was exercise by the Association due to an act attributable to said Participating Financial Institution.

3. The Recipient shall exercise its rights under the NAFOSTED MoU and the PFI Subsidiary Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive, whether in whole or in part, any provision of the NAFOSTED MoU or any PFI Subsidiary Agreement.

4. In the event of any conflict between the provision of the foregoing NAFOSTED MoU and/or the PFI Subsidiary Agreements with the provisions of this Agreement, or the Project Agreement, the latter shall prevail.
C. Administrative Agreements with National Institutions/Agencies for Capacity Building Activities.

1. For purposes of implementing Component 3(A) of the Project, and prior to the implementation of any such activities, the Recipient, through EDA, shall enter into administrative agreements with the beneficiary agency or institutions interested in receiving capacity building support, under terms and conditions acceptable to the Association, allocating the functions, responsibilities and cooperation arrangements therefor, including: (i) NAFOSTED’s technical inputs on the activities proposed; (ii) EDA’s carrying out of any related financial management, procurement and environmental and social safeguard duties; and (iii) the beneficiary agency/institution’s mandatory compliance with objectives, policies and procedures of the ESMF and, if applicable, the respective Environmental Management Plan.

2. The Recipient shall refrain from amending, suspending, waiving, and/or voiding any provision of a signed administrative agreement, whether in whole or in part, without the prior written concurrence of the Association.

3. In the event of any conflict between the provisions of the foregoing administration agreement with the provisions of this Agreement, the provision of this Agreement shall prevail.

D. Anti-Corruption

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

E. Project Documents

The Recipient, through EDA, shall:

(i) implement its Respective Parts of the Project in accordance with the Project Operations Manual, (including the FM Manual, the Grants Manual), provided however that, in the event of any conflict between the provisions of the said manuals and procedures, on the one hand, and the provisions of this Agreement, on the other hand, the provisions of this Agreement shall prevail; and

(ii) refrain, from amending, suspending, waiving, and/or voiding any provision of the Project Operations Manual (including the FM Manual, the Grants Manual) without the concurrence of the Association.
F. Environmental and Social Safeguards.

1. The Recipient, through EDA shall: (a) implement its Respective Parts of the Project, and cause the Project Implementing Entities to carry out their Respective Parts of the Project, in accordance with the Environmental and Social Management Framework; and (b) refrain from amending, suspending, waiving, and/or voiding any provision of the Environmental and Social Management Framework, whether in whole or in part, without the prior written concurrence of the Association.

2. The Recipient, through EDA shall ensure, and/or cause the Project Implementing Entities to ensure, that:

   (a) no activity that could potentially cause significant, irreversible, sensitive, diverse and/or unprecedented environmental or social damage shall be financed under the Project;

   (b) no activities involving land taking shall be carried out under the Project. In the event that any land acquisition shall be required for the implementation of any activity under the Project (including any proposal approved for financing under an NDC Sub-grant, an Inclusive Innovation Sub-grant, a Matching Grant or a Sub-loan), the Recipient shall ensure, and/or cause the Project Implementing Entities to ensure, that the respective implementer of such activity and/or beneficiary of such financing shall have purchased or acquired such land on a willing buyer-willing seller basis, or by means of an alternative consensual method acceptable to the Association;

   (c) the proceeds of the Credit are not utilized for any purchase/acquisition of land; and

   (d) no activities under the Project give rise to Displaced Persons.

3. For purposes of implementing Component 3 of the Project, the Recipient, through EDA, shall:

   (a) screen any proposal submitted by an interested and eligible agency/institution pursuant to the procedures set forth in the ESMF and the Project Operations Manual; and

   (b) if required pursuant to the ESMF, prepare and adopt, prior to initiating any such activity, an appropriate Environmental Management Plan, satisfactory to the Association, setting forth the required mitigation measures for the proposal under consideration.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient, through EDA, shall monitor and evaluate the progress of the Project and prepare Project Reports, and/or cause the Project Implementing Entities to prepare Project Reports, in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the respective quarter.

2. The Recipient shall carry out jointly with the Association and the relevant agencies involved in Project implementation, not later than twenty-four (24) months after the Effective Date, or such other period as may be agreed by the Association, a midterm review to assess the status of Project implementation, as measures against the performance indicators set forth in paragraph 1 above. Such review shall include an assessment of: (i) the progress in implementation; (ii) the results of monitoring and evaluation activities; (iii) the progress on procurement and disbursement; (iv) compliance with Environmental and Social Management Framework and associated safeguard requirements; and (v) adequacy of implementation arrangements.

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. To this end, the Recipient, through EDA, shall develop/purchase and adopt, by no later than six (6) months after the Effective Date, and thereafter utilize throughout the period of Project implementation, an accounting software application acceptable to the Association.

2. The Recipient shall prepare and furnish to the Association, by not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the respective quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal of the proceeds of the Credit was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.
Section III. Procurement

A. General

1. Goods, and Non-consulting Services. All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in 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 Goods, and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule; (b) Shopping; (c) Direct Contracting; and (d) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association.

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.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts specified in the Procurement Plan: (a) Quality-based Selection; (b) Least Cost Selection;
(c) Selection based on Consultants’ Qualifications; (d) Single-source Selection of consulting firms; (e) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

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

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

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

A. **General**

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

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
### Percentage of Amount of the Expenditures to be Financed Allocated Financed (expressed in SDR) (inclusive of Taxes)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) NDC Sub-grants, Inclusive Innovation Sub-grants and Matching Grants under Components 1 and 2 of the Project</td>
<td>13,350,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(2) Sub-loans under Component 2 of the Project</td>
<td>16,700,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(3) Goods, consulting services, non-consulting services, Training and Incremental Operating Costs under Components 3 and 4 of the Project</td>
<td>6,650,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>36,700,000</td>
<td></td>
</tr>
</tbody>
</table>

### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 3,325,000 may be made for payments made prior to this date by on or after January 1, 2013, for any Eligible Expenditure under Category (3); or

   (b) under Category (1), until and unless MPI and MoST have duly executed the NAFOSTED MoU, in accordance with the terms set forth in Section I.B.1 of this Schedule, and all conditions precedent to its effectiveness have been met and/or fulfilled; or

   (c) under Category (2), until and unless the Recipient, through MoF, has duly executed a PFI Subsidiary Agreement with at least one (1) Participating Financial Institution, in accordance with the terms set forth in Section I.B.2 of this Schedule, and all conditions precedent to the effectiveness of said agreement have been fulfilled.
2. Notwithstanding the paragraph 1(c) above, the Recipient shall refrain from withdrawing, and/or authorizing additional Participating Financial Institutions to withdraw, any funds under Category (2), until and unless such additional Participating Financial Institution has:

(a) duly executed a Project Agreement with the Association, and all conditions precedent to the effectiveness of said Project Agreement have been fulfilled;

(b) duly executed a PFI Subsidiary Agreement with the Recipient in accordance with the terms set forth in Section I.B.2 of this Schedule, and all conditions precedent to the effectiveness of said PFI Subsidiary Agreement have been met and/or fulfilled; and

(c) developed and adopted Credit Review and Processing Procedures in a manner and substance acceptable to the Association.

3. The Closing Date is November 30, 2018.
ANNEX TO SCHEDULE 2

National Competitive Bidding: Additional Provisions

The procedures to be followed for the procurement of goods, and non-consulting services under contracts awarded on the basis of National Competitive Bidding shall be those set forth in: (a) Article 18 on Open Bidding of the Recipient’s Law on Procurement No. 61/2005/QH11 dated November 29, 2005; (b) the Recipient’s Law No. 38/2009/QH12 Amending and Supplementing a Number of Articles of Laws Concerning Capital Construction Investment dated June 19, 2009; and (c) the Recipient’s Decree No. 85/2009/ND-CP Guiding Implementation of the Law on the Procurement and Selection of Construction Contractors under the Construction Law dated October 15, 2009 (collectively, National Procurement Laws), subject to the provisions of Section I and paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional 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 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.

   Government-owned enterprises or institutions of the Recipient’s country are eligible to bid in the Recipient’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 Recipient or Sub-Recipient.

Registration

3. 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

4. The complete text of advertisement shall be published in a national newspaper of wide circulation or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access. The Recipient may publish a shorter version of the advertisement text, including the minimum relevant information, in the national press provided that the full text is simultaneously published in the official gazette or on a widely used website or electronic portal with free national and international access. Notification shall be given to prospective bidders in sufficient time to enable them to obtain relevant documents.

5. The time allowed for the preparation and submission of bids 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

6. Standard bidding documents acceptable to the Association shall be used.

Qualification Criteria

7. 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 merit 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. The evaluation of the bidder’s qualifications shall be conducted separately subsequent to the technical and commercial evaluation of the bid.

Bid Submission, Bid Opening, and Bid Evaluation

8. Bidders may submit bids, at their option, either in person or by courier service or by mail, as required in the bidding documents. Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to the Association’s prior review.

(a) Bidding documents shall be sold to anyone who is willing to pay the required fee for the bidding documents which shall not exceed the costs of printing, reproduction, and delivery at any time prior to the deadline
for bid submission, 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, 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. No negotiations shall be permitted. 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.

(d) No bid shall be eliminated from detailed evaluation on the basis of minor, non-substantive deviations.

(e) The comparison of all bids and the award of contract may be based on the total cost at destination including all taxes and duties.

(f) No bid shall be rejected on the basis of a comparison with the employer’s estimate and budget ceiling without the Bank’s prior written agreement.

Rejection of All Bids and Re-bidding

9. 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. Lack of competition shall not be determined solely on the basis of the number of bidders. Even when only one (1) bid is submitted, the bidding process may be considered valid if the bid was satisfactorily advertised, the qualification criteria were not unduly restrictive, and prices are reasonable in comparison to market values. All bids shall not be rejected or new bids solicited without the Association’s prior written agreement.

Complaints by Bidders and Handling of Complaints

10. The Recipient shall implement an effective and independent protest mechanism allowing bidders to protest and have their protests handled in a timely manner. An independent protest mechanism shall provide for the review of complaints by an independent entity that is not involved in any aspect of the underlying procurement process (e.g., bid evaluation, contract approval, etc.).
Fraud and Corruption

11. The provisions on fraud and corruption as stated under Section I of the Procurement Guidelines shall apply. Each bidding document and contract financed out of the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in the Procurement Guidelines. The Association may sanction a firm or individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an Association-financed contract; and (ii) to be a nominated subcontractor, consultant, supplier, or service provider of an otherwise eligible firm being awarded an Association-financed contract.

Right to Inspect / Audit

12. Each bidding document and contract financed from the proceeds of the Financing shall include a provision requiring bidders, suppliers, contractors, and subcontractors to permit the Association 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. Acts intended to materially impede the exercise of the Association’s inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.

License

13. Foreign contractors shall be given a reasonable opportunity to apply for and obtain a work license, which shall not be arbitrarily withheld.

Publication of the Award of Contract

14. Within two (2) weeks of receiving the Association’s non-objection to the award recommendation for contracts subject to the Association’s prior review, and within two (2) weeks of the Recipient’s award decision for contracts subject to the Association’s post review, the Recipient shall publish the following information on contract award in a national newspaper of wide circulation and/or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access: (a) the name of each bidder which submitted a bid; (b) bid prices as read out at bid opening; (c) evaluated prices of each bid that was evaluated; (d) the names of bidders whose bids were either rejected as non-responsive or not meeting qualification criteria, or not evaluated, with the reasons thereof; and (e) the name of the winning bidder, the final total contract price, as well as the duration and summary scope of the contract.
Contract Modifications

15. With respect to contracts subject to the Association's prior review, the Recipient shall obtain the Association's non-objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 1 and November 1:</td>
<td></td>
</tr>
<tr>
<td>commencing November 1, 2018 to and including May 1, 2028</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing November 1, 2028 to and including May 1, 2038</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* 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


2. “Base of the Pyramid” means the resource-poor socio-economic groups in Vietnamese society comprising the sector of the population subsisting on an income of less than two United States Dollar (US$2) per day, per person, considering the purchase parity value.


4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


6. “Credit Review and Processing Procedures” means the procedures to be adopted by each Participating Financial Institution and endorsed by EDA (as a condition to their participation in the Project) for the implementation of the Sub-loan schemes under Component 2 of the Project, setting forth, inter alia: (i) the eligibility criteria for applicant enterprises for the extension of Sub-loans; (ii) the screening protocols for Inclusive Technologies development proposals and proposal for the upgrade of technological capabilities under Component 2 of the Project; (iii) the terms and conditions of the Sub-loans; (iv) a template Sub-loan Agreement; (v) the financial management and procurement guidelines applicable thereto; (vi) the monitoring and evaluation framework therefor; and (vii) the Project’s Environmental and Social Management Framework; as said procedures may be amended from time to time with the prior written concurrence of the EDA and Association.

7. “Displaced Persons” means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated
parks and protected areas, resulting in adverse impact on the livelihoods of such persons.

8. “EDA” means the Enterprise Development Agency of MPI, established pursuant to Decision No. 1908/QD-BKH, of August 11, 2010, as amended to this date, and/or any successor thereto.

9. “EDA’s Legal Framework” means MPI’s Decision No. 1908/QD-BKH, of August 11, 2010 as amended and/or supplemented to the date of this Agreement.

10. “Environmental and Social Management Framework” and the acronym “ESMF” mean the Recipient’s framework, approved as part of the Project Operations Manual, pursuant to the Ministry of Planning and Investment Decision Number 380/QD-BKHDT dated March 29, 2013, setting forth the guiding principles, acceptable standards and procedures for: (i) the screening of Project activities and identification of any adverse or positive social and/or environmental impacts caused or expected to be caused on account of Project implementation; and (ii) for the preparation of any prescribed Environmental Management Plan; as such framework may be modified from time to time with the prior concurrence of the Association.

11. Environmental Management Plan” and the acronym “EMP” mean any plan to be prepared (whether as a standalone document or as part of other appropriate safeguard documents) by the Recipient, through EDA, or the beneficiaries of the NDC Sub-grants, the Inclusive Innovation Sub-grants, the Matching Grants and the Sub-loans, as the case may be, pursuant to the Environmental and Social Management Framework, in a manner and substance satisfactory to the Association, setting forth mitigation, correction, enhancement, monitoring and evaluation activities (including institutional strengthening measure and training), in order to: (i) eliminate, offset, or reduce to acceptable levels, any adverse environmental impact cause or to be caused by the implementation of Project activities; or (ii) enhance any positive impacts thereof; as such plan may modified from time to time.

12. “FM Manual” means the manual approved as part of the Project Operations Manual, pursuant to the Ministry of Planning and Investment Decision Number 380/QD-BKHDT dated March 29, 2013, setting forth detail guidance on segregation of financial management duties, internal control protocols, accounting and record keeping procedures, funds flow arrangements, withdrawal application procedures, asset management, reporting and auditing arrangement applicable to the Project.

13. “Free-Limit Sub-grant Amount” means an Inclusive Innovation Sub-grant amount not to exceed the equivalent of two hundred thousand United States Dollars (US$200,000 equivalent), as such ceiling may be revised by from time to
time by the Association with the concurrence of the Recipient and NAFOSTED, extended or proposed to be extended by NAFOSTED to an RDI, enterprise or Grassroots Innovator, as the case may be.

14. "Free-Limit Sub-loan Amount" means a Sub-loan amount not to exceed the equivalent of three hundred fifty thousand United States Dollars (US$350,000 equivalent), as such ceiling may be revised from time to time by the Association with the concurrence of Recipient and the Participating Financial Institutions, extended or proposed to be extended by a Participating Financial Institution to a private enterprise.

15. "General Conditions" 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.

16. "Grants Manual" means the manual approved as part of the Project Operations Manual, pursuant to the Ministry of Planning and Investment Decision Number 380/QD-BKHĐT dated March 29, 2013, which serves the implementation of Components 1 and 2 of the Project, setting forth, inter alia: (i) the eligibility criteria for RDIs, SMEs, enterprises and/or Grassroots Innovators, in order to be awarded NDC Sub-grants, Inclusive Innovation Sub-grants and/or Matching Grants, as the case may be; (ii) the screening protocols for NDC Sub-projects, and Inclusive Technologies development proposals under Components 1 and 2 of the Project; (iii) the terms and conditions of NDC Sub-grants, Inclusive Innovation Sub-grants and Matching Grant; (iv) the templates for the NDC Sub-Grant Agreements, Inclusive Innovation Sub-grant Agreements and Matching Grant Agreements; (v) the financial management and procurement guidelines applicable thereto; (vi) the monitoring and evaluation framework therefor; and (vii) the Project’s Environmental and Social Management Framework; as said manual may be amended from time to time with the prior written concurrence of the Association.

17. "Grassroots Innovators" means physical persons, legally established community councils, and/or non-governmental organizations which meet the eligibility criteria set forth in the Grants Manual.

18. "Inclusive Innovations" means high-performance and low-cost, durable and environmentally friendly products and solutions that are affordable to, and potentially benefit the living standards of, people at the Base of the Pyramid.

19. "Inclusive Innovation Sub-grants" means collectively the sub-grants (to be) extended into by NAFOSTED to selected RDIs, enterprises and/or Grassroots Innovators (as the case may be) under Component 1.2 of the Project, in order to finance the reasonable costs of goods (including lease of equipment and raw materials), consultants’ and non-consulting services, technology licensing,
insurance, and/or incremental operating expenses of the said RDIs, enterprises and/or Grassroots Innovators as per the approved proposals; but excluding the purchase of land, military/police equipment or activities, consumer grants, the refinancing of existing debt, the facilitation of a takeover financing, housing financing and/or the carrying out of civil works. The term “Inclusive Innovation Sub-grant” means each:any of the Inclusive Innovation Sub-grants separately considered.

20. “Inclusive Innovation Sub-grant Agreement” means each:any of the written agreements (to be) entered into by NAFOSTED with selected RDIs, enterprises and Grassroots Innovators for the purposes of awarding an Inclusive Innovation Sub-grant, pursuant to Section I.D.4 of the Schedule to the NAFOSTED Project Agreement; and the term “Inclusive Innovation Sub-grant Agreements” refers to all said agreement collectively.


22. “Incremental Operating Costs” means the reasonable costs of incremental expenditures incurred by the Recipient on account of Project implementation, which expenditures would not have been incurred absent the Project, and based on an annual budget acceptable to the Association, including: (i) communication/advertising expenses; (ii) media projections and newspapers subscriptions; (iii) utilities; (iv) office consumables and stationary (except the purchase of office equipment); (v) office rent; (vi) travel and boarding/lodging costs, per diem for domestic trips and, subject to the prior approval of the Association, trips abroad; (vii) insurance fees; (viii) operation and maintenance of office equipment and vehicles; and (ix) salaries of contractual staff, but excluding consultants and salaries of the Recipient’s civil servants.

23. “Matching Grants” means the sub-grants (to be) extended by NAFOSTED to selected private enterprises and/or SMEs (as the case may be) under Component 2 of the Project, pursuant to, and under the terms and conditions set forth in, Section I.E of the Schedule to the NAFOSTED Project Agreement, in order to finance the reasonable costs of goods (including lease of equipment and raw materials), consultants’ and non-consulting services, technology licensing, insurance, and/or incremental operating expenses of the said enterprises/SMEs as per the approved Matching Grant/Sub-loan proposals; but excluding the purchase of land, military/police equipment or activities, consumer grants, the refinancing of existing debt, the facilitation of a takeover financing, housing financing and/or the carrying out of civil works. The term “Matching Grant” means each:any of the Matching Grants separately considered.

24. “Matching Grant Agreement” means each:any of the written agreements (to be) entered into by NAFOSTED with selected SMEs/enterprises pursuant to Section
I.E.3 of Schedule to the NAFOSTED Project Agreement; and the term “Matching Grant Agreements” refers to all said agreement collectively.

25. “MoF” means the Recipient’s Ministry of Finance, and/or any successor thereto.

26. “MoST” means the Recipient’s Ministry of Science and Technology, and/or any successor thereto.

27. “MPI” means the Recipient’s Ministry of Planning and Investment, and/or any successor thereto.


29. “NAFOSTED MoU” means the memorandum of understanding referred to in Section I.B.1 of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to NAFOSTED for the implementation of NDC Sub-grants, Inclusive Innovation Sub-grants and Matching Grants schemes under Components 1 and 2 of the Project, satisfactory to Association.

30. “NAFOSTED Project Agreement” means the agreement of the same date of this Agreement entered between the Association and NAFOSTED in order for NAFOSTED to carry out Components 1 and 2 (in respect of the Matching Grants) of the Project, as the same may be amended from time to time.

31. “NDC Sub-grants” means, collectively, the grants (to be) extended by NAFOSTED to selected consortia of enterprises, RDIs and/or global organizations (as the case may be) under Component 1.1 of the Project in order to finance the reasonable costs of goods (including lease of equipment), consultants’ and non-consulting services, technology licensing, insurance, and/or incremental operating expenses, but excluding the purchase of land, military/police equipment or activities, consumer grants, the refinancing of existing debt, the facilitation of a takeover financing, housing financing and/or the carrying out of civil works, as per the approved NDC Sub-project proposals. The term “NDC Sub-grant” means each/any of the NDC Sub-grants separately considered.

32. “NDC Sub-grants Agreements” means each/any of the written agreements (to be) entered into by NAFOSTED with selected RDIs and/or global organizations for the purposes of awarding a NDC Sub-grants, pursuant to Section I.D.4 of the Schedule to the NAFOSTED Project Agreement; and the term “NDC Sub-grant Agreements” refers to all said agreement collectively.
"NDC Sub-projects" means the Inclusive Technology solutions proposed to be developed and piloted by consortia of private enterprises, RDIs, and global institutions under Component 1.1 of the Project, and referred to in Section I.D.1(a) of the Schedule to NAFOSTED Project Agreement.

"Participating Financial Institutions" or "PFIs" means a commercial bank, joint stock commercial bank, rural joint stock commercial bank and/or any other entity established and operating in accordance with the laws of the Socialist Republic of Vietnam authorized to make short-term, medium-term and/or long-term loans, and which: (i) is/has been selected by the Recipient in accordance with the accreditation criteria set forth in the Project Operations Manual to provide Sub-loans under Component 2 of the Project; and (ii) has entered into a Project Agreement with the Association; and the terms "Participating Financial Institution" means each/any such institution individually considered.

"PFI Project Agreement" means each of the agreements entered and/or to be entered between the Association and a Participating Financial Institution in order for such institution to carrying out Component 2 (in respect of the Sub-loans) of the Project, as the same may be amended from time to time; and "PFI Project Agreements" means all such agreements collectively considered.

"PFI Subsidiary Agreements" means the agreements referred to in Section I.B.2 of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Participating Financial Institutions for the implementation of Sub-loans schemes under Component 2 of the Project; and the term "PFI Subsidiary Agreement" means each such agreement individually considered.

"Priority Theme Areas" means the priority development sectors identified by the Recipient for the Project, namely: (i) traditional herbal medicine; (ii) information and communication technology applications for services delivery; (iii) agriculture and/or aquaculture applications; and (iv) any other sectors that, from time to time, the MPI may decide to prioritize with the prior written concurrence of the Association.


"Procurement Plan" means the Recipient's procurement plan for the Project, dated March 29, 2013 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.
“Project Agreements” means collectively the PFI Project Agreement and NAFOSTED Project Agreement.

“Project Implementation Unit” and the acronym “PIU” means each of the units established by the Project Implementing Entities pursuant to their respective Project Agreements, in order to carry out the day-to-day implementation of their Respective Parts of the Project.

“Project Implementing Entities” means, collectively NAFOSTED and the Participating Financial Institutions; and the term “Project Implementing Entity” means each/any of said entities individually considered.

“Project Implementing Entities’ Legislation” means, in respect of:

(i) NAFOSTED, Decree No. 122/2003/ND-CP of October 22, 2003, and the Charter on Organization and Operation of the National Foundation for Science and Technology Development, as attached to the same Decree; and

(ii) the Participating Financial Institutions’ articles of incorporation and respective charters in force as of the day in which each such institution entered into a Project Agreement with the Association.

“Project Management Unit” and the acronym “PMU” mean the unit established by EDA pursuant to EDA’s Decision Number 59/QD-PTDN dated March 28, 2013 and referred to in Section I.A.2 of the Schedule 2 to this Agreement.

“Project Operations Manual” means the manual prepared and adopted by MPI pursuant to its Decision Number 380/QD-BKHDT dated March 29, 2013 for the implementation of the Project, setting forth, inter alia: (i) the accreditation criteria (i.e. financial performance benchmarks) and proceedings for the selection of Participating Financial Institutions for the implementation of Sub-loans under Component 2 of the Project; (ii) the allocation of functions and responsibilities among EDA, NAFOSTED and the Participating Financial Institutions for the implementation of their Respective Parts of the Project, including their fiduciary, safeguard procurement and monitoring obligations thereunder; (iii) the interagency financial arrangements for the flow of funds and the defrayment of NDC Sub-grants, Inclusive Innovation Sub-grants, Matching Grant and Sub-loans; (iv) the selection criteria and technical requirements for capacity building activities under Component 3 of the Project; (v) guidance on implementation and/or supervision of procurement procedures, the allocation of procurement responsibilities between EDA and the Project Implementing Entities and commercial procurement practices acceptable to the Association; and (vi) the Project’s Environmental and Social Management Framework; as said manual
may be amended from time to time with the prior written concurrence of the Association.

46. "Project Steering Council" means the council to be established pursuant to Section I.A.1 of Schedule 2 to this Agreement.

47. "RDIs" means Vietnam's research and development institutions including, \textit{inter alia}, science and technology academies, universities, and research laboratories, provided that they meet the selection criteria set forth in the Grants Manual.

48. "Respective Parts of the Project" means, in respect of:

(a) the Recipient, acting through EDA, Components 3 and 4 of the Project;

(b) NAFOSTED, Components 1 and 2 (with respect of and for the provision and administration of Matching Grants of the Project; and

(c) the Participating Financial Institutions, Component 2 (in respect of and for the provision and administration of Sub-loans).

49. "SMEs" means, for purpose of this Project, the small and medium enterprises identified as such by the Recipient pursuant to Decree Number 56/2009/ND-CP, dated June 30, 2009, as amended from time to time in a manner acceptable to the Association.

50. "Sub-loans" means the loans (to be) extended by Participating Financial Institutions to selected private enterprises and/or SMEs (as the case may be) under Component 2 of the Project, pursuant to, and under the terms and conditions set forth in, Section I.C of the Schedule to the PFI Project Agreements, in order to finance the reasonable costs of goods (including leasing of equipment and raw materials), consultants' and non-consulting services, technology licensing, insurance, and/or incremental permanent working capital of the said enterprises/SMEs as per the approved Sub-loan/Matching Grant proposals; but excluding the purchase of land, military/police equipment or activities, consumer loans, the refinancing of existing loans or takeover loans, housing financing and/or the carrying out of civil works. The term "Sub-loan" means each/any of the Sub-loans considered individually.

51. "Sub-loan Agreement" means the agreements referred to in Section I.C.3 of the Schedule to the PFI Project Agreements pursuant to which the respective Participating Financial Institution shall make the Sub-loans available the selected beneficiaries.

52. "Subsidiary Loan" means any amount on-lent by the Recipient to a Participating Financial Institution under the respective PFI Subsidiary Agreement.
53. "Technical Panel of Experts" means the panel to be established pursuant to Section I.A.3 of the Schedule to the NAFOSTED Project Agreement.

54. "Training" means the reasonable costs of training, seminar, workshops, conferences and study tours, conducted in the territory of the Recipient and/or, subject to the prior concurrence of the Association, overseas, including: (i) the fees of training institutions and courses; (ii) domestic and international travel cost, lodging costs and subsistence/per diem allowances both for trainers and trainees; (iii) the rental of training facilities; and (iv) preparation, purchase or reproduction of training materials.

55. "Vietnamese Dong" means the lawful currency of the Recipient.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. 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."

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).