Financing Agreement

(Mekong Delta Transport Infrastructure Development Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 22, 2007
FINANCING AGREEMENT

AGREEMENT dated November 22, 2007, 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 (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 the Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II - FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred thirty-seven million two hundred thousand Special Drawing Rights (SDR 137,200,000) (“Credit”) 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2.04 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Payment Dates are May 15 and November 15 in each year.
2.06. The principal amount of the Credit shall be repaid in accordance with repayment
schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollars.

ARTICLE III - PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this
end, the Recipient shall carry out Parts A, B, C.3(b), D and E of the Project
through MOT and Parts C.1, C.2 and C.3(a) and E of the Project through the
Project Provinces in accordance with the provisions of Article IV of the General
Conditions.

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

ARTICLE IV – EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) An integrated financial management software program for recording and
reporting financial transactions under the Project, acceptable to the Association,
shall have been developed and adopted by PMU-1 and PMU-W.

(b) A financial management manual shall have been prepared and adopted
by each of PMU-1 and PMU-W in accordance with the provisions of paragraph
A.3(b) of Section I of Schedule 2 to this Agreement.

(c) Relevant staff of PMU-1 and PMU-W shall have completed training,
satisfactory to the Association, in the areas of financial management,
procurement, disbursements and safeguard procedures.

(d) VIWA and VRA shall have adopted the Project Implementation Plan in
accordance with the provisions of paragraph A.3(a) of Section I of Schedule 2 to
this Agreement.
4.02. The Additional Legal Matters consist of the following:

(a) the Resettlement Policy Framework has been duly approved by the Ministry of Transport pursuant to the authorization of the Recipient’s Prime Minister and the First Year Implementation RAPs have been duly adopted by MOT and the Project Provinces concerned; and

(b) the Resettlement Policy Framework is legally binding upon the Recipient and the First Year Implementation RAPs are legally binding on the Recipient and the Project Provinces concerned, all in accordance with their respective terms.

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

ARTICLE V — REMEDIES OF THE ASSOCIATION

5.01. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is December 31, 2007.

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: Telex: Facsimile:
VIETBANK 412248 (84-4) 825 0612
Hanoi NHTWVT
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) or 64145 (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: /s/ Mr. Nguyen Van Giau

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Mr. Ajay Chhibber

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in relieving key bottlenecks of the main transport corridors in the Mekong Delta region and improving access of the poor to those corridors.

The Project consists of the following parts:

PART A: National Road Corridors

Improving the standard of national trunk roads connecting to the main economic hub of the Mekong Delta, including:

1. Widening and upgrading selected national highways, constructing bridges, providing culverts and raising road levels in flood prone areas.

2. Providing technical assistance for engineering design and construction supervision related to the implementation of Part A.1 of the Project.

Part B: National Waterway Corridors

Improving the standard of trunk waterways connecting the northern and coastal delta areas to Can Tho City and Ho Chi Minh City, including:

1. Widening and deepening selected national waterways, establishing bank protection in selected areas, constructing ship locks, improving bridges and providing 24-hour aids to navigation.

2. Providing technical assistance for engineering design and construction supervision related to the implementation of Part B.1 of the Project.

Part C: Connecting the Poor to the Supply Corridors

Improving feeder waterways, roads, ports and landing stages at the district and provincial levels in the Project Provinces to link poorer and remotely located producer communities to the main supply corridors, including:

1. (a) Upgrading and rehabilitatating secondary roads, constructing bridges and culverts, raising road levels in flood prone areas and providing erosion protection from neighboring waterways; and (b) widening and deepening canals, establishing bank protection, raising bridges and providing 24-hour aids to navigation.

2. Enhancing the infrastructure of provincial ports and rural landing stages, including: (a) construction of roads to provide access to said ports and construction of
landing stages, new wharfs and storage areas; (b) rehabilitation of landing stages; and (c) provision of equipment.

3. Providing technical assistance for: (a) carrying out feasibility studies, engineering design and construction supervision related to implementation of Parts C.1, and C.2 of the Project; and (b) establishing a regional support center, based at the Southern Transport College in Can Tho City, to support the Project Provinces in Project implementation and to develop a training program for the improvement of technical and management skills of relevant government personnel in the implementation of the Project.

**Part D: Institutional Support to Ministry of Transport**

Providing institutional support to the Ministry of Transport, including:

1. Providing technical assistance to relevant departments within the Ministry of Transport for: (a) the development of appropriate policies and planning frameworks governing multi-modal transport; (b) building the technical capacity of relevant policy makers, managers and operators to better plan and manage multi-modal transport operations, and (c) development of a training program for foregoing activities.

2. Providing technical assistance to: (a) the Vietnam Inland Waterway Administration to improve the management of inland waterways (including reorganization, asset management and maintenance, and cost recovery); (b) port authorities at the Project Province level to improve port administration and management; and (c) develop a training program for the foregoing activities.

3. Carrying out the training programs developed under Parts C.3(b), D.1 and D.2 of the Project.

4. Providing technical assistance for carrying out independent Project audits, including integrated Project implementation audits and Project financial audits.

5. Providing technical assistance for the preparation of future transport projects to be implemented in the Red River Delta area.

**Part E: Resettlement**

Resettlement and rehabilitation of Displaced Persons in connection with the carrying out of the Project.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Project Management.

1. The Recipient shall maintain, throughout the period of implementation of the Project, the following organizations, with terms of reference, staffing and other resources acceptable to the Association:

   (a) The Project Steering Committee (“PSC”), established by MOT and responsible for providing overall coordination and oversight of Project implementation.

   (b) The Project Management Unit-Number 1 (“PMU-1”) established within MOT and responsible, inter alia, for the implementation, supervision, monitoring and evaluation of activities under Parts A and E of the Project, under the authority of VRA, PSC and MOT.

   (c) The Project Management Unit-Waterways (“PMU-W”) established within MOT and responsible, inter alia, for the implementation, supervision, monitoring and evaluation of activities under Parts B, C.3(b), D and E of the Project, under the authority of VIWA, PSC and MOT.

2. The Recipient shall cause:

   (a) The Provincial People’s Committee of each Project Province to maintain, until completion of the Project, its Provincial Department of Transport (“PDOTs”), with sufficient funds and competent staff in adequate numbers as shall be required for carrying out Parts C.1, C.2 and C.3(a) and E of the Project within its respective Province.

   (b) Each Project Province to maintain, until completion of the Project, its Provincial Project Management Unit (“PPMU”), established in the Project Province’s PDOT and which PPMU is responsible, under the supervision of its respective PDOT, for the implementation of activities under Parts C.1, C.2, C.3(a) and E of the Project in the Project Province concerned; such PPMU to be: provided with sufficient resources; under the direction of qualified managers; and staffed with competent personnel in adequate numbers, including financial officers with qualifications and experience and under terms of reference acceptable to the Association.
3. The Recipient shall, through MOT, cause VRA, VIWA and the Project Provinces:

(a) To adopt, and thereafter to carry out, a Project Implementation Plan satisfactory to the Bank, which includes: (i) the action plan to improve fairness and transparency in Procurement, setting out procedures to mitigate against acts of manipulation and collusion in the procurement process; (ii) the Procurement Plan; and (iii) the schedule for implementation of Project activities.

(b) To prepare, adopt and apply a Financial Management Manual, acceptable to the Association and consistent with the provisions of paragraph 1 of Section II(B) of this Schedule 2, setting forth: (i) guidelines and procedures for financial management and control, record keeping, reporting, auditing; and (ii) the structure and procedure, with respect to financial management, for reporting and coordinating between the different levels of implementing agencies, and additionally, to provide training for relevant staff on the policies and procedures for financial management, control and reporting in accordance with said Financial Management Manual and the related provisions of this Agreement, all in a manner satisfactory to the Association.

(c) Not to amend, revise or waive the provisions of the Project Implementation Plan or the provisions of the Financial Management Manual, or any part thereof, without the prior concurrence of the Association.

4. The Recipient, through MOT, shall:

(a) by no later than six (6) months following the date of this Agreement, appoint an independent external auditor under terms of reference acceptable to the Association and in a manner consistent with the provisions of Section II of this Schedule 2;

(b) by no later than twelve (12) months following the Effective Date, mobilize staff of the MOT Inspectorate to work with consultants, hired pursuant to the provisions of Part D.4 of the Project, to develop terms of reference, scope and methodology for internal audit acceptable to the Association; and

(c) carry out, through independent consultants, audits of Project activities, selected in agreement with the Association, to assess the quality of construction, and compliance with fiduciary and safeguard procedures; such audits to be carried out every six (6) months, beginning on June 1, 2008, and in accordance with terms of reference satisfactory to the Association. By September 1 of each year, beginning in 2008, the Recipient shall furnish the results of said audit, together with a time bound action plan for the remediation of any identified problems, to the Association and, thereafter, the Recipient shall implement said plan, taking into account the Association’s comments thereon.
5. The Recipient shall take all steps necessary to ensure that PMU-1 and PMU-W and each of the PPMUs shall carry out its respective activities under the Project and, to that end, shall, on a timely basis and in accordance with the Project Implementation Plan, make available to PMU-1 and PMU-W and each of the PPMUs the proceeds of the Credit and other funds allocated for such purposes.

B. Selection of Roads and Waterways under Part C of the Project.

6. By December 15 in each year, commencing in 2007, the Recipient, through MOT, shall furnish to the Association for its concurrence, a proposed annual work program, procurement plan and budget for Project activities in the following calendar year, including, a proposed list of roads, waterways and other infrastructure to be included under Part C of the Project; provided, however, that roads in forest reserved areas or traversing forest reserved areas or buffer zones of forest reserved areas shall not form part of any annual work program.

C. Environment, Resettlement and Ethnic Minorities.

7. The Recipient shall carry out the following and cause the following to be carried out:

(a) implement the First Year Implementation EMPs, the Environmental Safeguard Framework, and the environmental assessments and the environmental management plans prepared pursuant thereto, all in a manner satisfactory to the Association, and necessary to ensure that the Project is implemented in accordance with sound environmental practices and standards;

(b) provide to the Association for its prior review any revision proposed to be introduced into any of the First Year Implementation EMPs, the Environmental Safeguard Framework or environmental management plans prepared in accordance with said Framework and approved by the Association, as the case may be, in order to achieve their respective objectives, and thereafter introduce such revision into the documents as shall have been agreed with the Association; and

(c) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the First Year Implementation EMPs, the Environmental Safeguard Framework or environmental management plans prepared in accordance with said Framework and accepted by the Association as being satisfactory, and the achievement of their respective objectives.
8. The Recipient shall carry out the following and cause the following to be carried out:

(a) prior to commencing any works under this Project, implement the First Year Implementation RAPs and the Resettlement Policy Framework, in a manner satisfactory to the Association;

(b) wherever implementation of the Project or any part thereof, would give rise to Displaced Persons, provide to the Association for its review, resettlement action plans prepared in accordance with the principles and procedures set forth in the Resettlement Policy Framework and, thereafter, implement in a manner satisfactory to the Association, such resettlement action plans as shall have been accepted by the Association as being satisfactory;

(c) provide to the Association for its prior review any revision proposed to be introduced into any of the First Year Implementation RAPs, the Resettlement Policy Framework and said resettlement action plan prepared in accordance with said Framework and accepted by the Association as being satisfactory, as the case may be, to achieve their respective objectives, and thereafter introduce such revision into the First Year Implementation RAP, said Framework or said plan as shall have been agreed with the Association; and

(d) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the First Year Implementation RAPs, the Resettlement Policy Framework and any resettlement action plan prepared in accordance with said Framework and accepted by the Association as being satisfactory, and the achievement of their respective objectives.

9. The Recipient shall carry out the following and cause the following to be carried out:

(a) prior to commencing any works under this Project, implement the First Year Ethnic Minorities Development Plan and the Ethnic Minorities Development Framework in a manner satisfactory to the Association, designed to provide meaningful consultation with, and the informed participation of, ethnic minority groups within the Project area, and to ensure that benefits under the Project are socially and culturally acceptable to such groups;

(b) whenever implementation of the Project or any part thereof would take place in areas where an ethnic minority community reside, prepare and provide to the Association for its review an ethnic minorities development plan prepared in accordance with the principles and procedures set forth in the Ethnic Minorities Development Framework and with the full participation of such ethnic minority community, designed to ensure that Project activities adequately address the
needs, cultural practices and preferences of such community; and, thereafter, implement in a manner satisfactory to the Association, such ethnic minorities development plan as shall have been accepted by the Association as being satisfactory;

(c) provide to the Association for its review any proposed revision of the First Year Ethnic Minorities Development Plan or the Ethnic Minorities Development Framework or any of said ethnic minorities development plans, and thereafter only introduce such revision into the First Year Ethnic Minorities Development Plan or said plans as shall have been agreed with the Association; and

(d) maintain policies and procedures adequate to enable them to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the First Year Ethnic Minorities Development Plan, the Ethnic Minorities Development Framework and said ethnic minorities development plans, and the achievement of their objectives.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports.

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover the period of one (1) 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, by February 15 and August 15 of each year, commencing in 2008.


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 quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient or such other period agreed by the Association. The audited Financial
Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General.

1. Goods and Works. All goods and works required for the Project and to be financed out of the proceeds of the 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 Schedule.

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 Schedule.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

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

2. Other Methods of Procurement of Goods and Works. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to additional provisions set forth in the Annex to this Schedule 2.</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Force Account</td>
</tr>
</tbody>
</table>
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 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.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(d) Sole Source Procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

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

1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for works, except each contract procured using Force Account, estimated to cost the equivalent of $300,000 or more; (b) each contract for goods estimated to cost the equivalent of $200,000 or more; and (c) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more. All other contracts, including contracts procured using Force Account, shall be subject to Post Review by the Association.

In addition, the following prior review procedures shall apply to each contract for the employment of individual consultants (other than consultants to be selected on a sole source basis) estimated to cost the equivalent of $50,000 or more: (i) the report on the comparison of the qualifications and experience of candidates, terms of reference and conditions of employment of the consultant shall be furnished to the Association for its prior review and approval; (ii) the contract shall be awarded only after the Association’s approval shall have been given; and (iii) the provisions of paragraph 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply to the contract.
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 may 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 Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The following expenditures with respect to Part A of the Project:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Works</td>
<td>39,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Goods</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(c) Consultant services</td>
<td>3,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(d) Training and workshops</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(e) Unallocated</td>
<td>6,700,000</td>
<td>--</td>
</tr>
<tr>
<td>(2) The following expenditures with respect to Parts B and D of the Project:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Works</td>
<td>38,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Goods</td>
<td>1,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(c) Consultant services</td>
<td>7,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(d) Training and workshops</td>
<td>600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(e) Unallocated</td>
<td>7,100,000</td>
<td>--</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Credit Allocated (expressed in SDR)</td>
<td>Percentage of Expenditures to be Financed</td>
</tr>
<tr>
<td>----------</td>
<td>--------------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>(3) The following expenditures with respect to An Giang Province under Parts C.1 and C.3(a) of the Project:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Works</td>
<td>1,400,000</td>
<td>67%</td>
</tr>
<tr>
<td>(b) Consultant services</td>
<td>100,000</td>
<td>67%</td>
</tr>
<tr>
<td>(4) The following expenditures with respect to Bac Lieu Province under Parts C.1 and C.3(a) of the Project:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Works</td>
<td>2,200,000</td>
<td>67%</td>
</tr>
<tr>
<td>(b) Consultant services</td>
<td>100,000</td>
<td>67%</td>
</tr>
<tr>
<td>(5) The following expenditures with respect to Ben Tre Province under Parts C.1 and C.3(a) of the Project:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Works</td>
<td>1,200,000</td>
<td>67%</td>
</tr>
<tr>
<td>(b) Consultant services</td>
<td>100,000</td>
<td>67%</td>
</tr>
<tr>
<td>(6) The following expenditures with respect to Ca Mau Province under Parts C.1 and C.3(a) of the Project:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Works</td>
<td>2,800,000</td>
<td>67%</td>
</tr>
<tr>
<td>(b) Consultant services</td>
<td>100,000</td>
<td>67%</td>
</tr>
<tr>
<td>(7) The following expenditures with respect to Can Tho City under Parts C.1 and C.3(a) of the Project:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Works</td>
<td>1,600,000</td>
<td>67%</td>
</tr>
<tr>
<td>(b) Consultant services</td>
<td>100,000</td>
<td>67%</td>
</tr>
<tr>
<td>(8) The following expenditures with respect to Dong Thap Province under Parts C.1 and C.3(a) of the Project:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Works</td>
<td>1,400,000</td>
<td>67%</td>
</tr>
<tr>
<td>(b) Consultant services</td>
<td>100,000</td>
<td>67%</td>
</tr>
</tbody>
</table>
(9) The following expenditures with respect to Hau Giang Province under Parts C.1 and C.3(a) of the Project:

(a) Works 1,700,000 67%
(b) Consultant services 100,000 67%

(10) The following expenditures with respect to Kien Giang Province under Parts C.1 and C.3(a) of the Project:

(a) Works 2,300,000 67%
(b) Consultant services 100,000 67%

(11) The following expenditures with respect to Long An Province under Parts C.1 and C.3(a) of the Project:

(a) Works 1,500,000 67%
(b) Consultant services 100,000 67%

(12) The following expenditures with respect to Soc Trang Province under Parts C.1 and C.3(a) of the Project:

(a) Works 2,600,000 67%
(b) Consultant services 100,000 67%

(13) The following expenditures with respect to Tien Giang Province under Parts C.1 and C.3(a) of the Project:

(a) Works 1,500,000 67%
(b) Consultant services 100,000 67%

(14) The following expenditures with respect to Tra Vinh Province under Parts C.1 and C.3(a) of the Project:

(a) Works 1,800,000 67%
(b) Consultant services 100,000 67%
(15) The following expenditures with respect to Vinh Long Province under Parts C.1 and C.3(a) of the Project:
   (a) Works 2,000,000 67%
   (b) Consultant services 100,000 67%

(16) The following expenditures under Part C.2 of the Project:
   (a) Works 1,700,000 67%
   (b) Goods 500,000 67%

(17) The following expenditures under Part C of the Project:
   (a) Consultant services under Part C.3(b) of the Project 1,100,000 67%
   (b) Unallocated 4,500,000 --

   TOTAL 137,200,000

B. Withdrawal Conditions; Withdrawal Period.

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

   (a) payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $2,000,000 equivalent may be made for payments made prior to this date but on or after January 30, 2007, for Eligible Expenditures.

   (b) expenditures under each of Categories (3) through (15) set forth in the table in paragraph A.2 of Section IV of this Schedule until the Association shall have received evidence that the following has been completed by the relevant Project Province, to the satisfaction of the Association:

   (i) The relevant PDOT has appointed or hired sufficient accounting and finance staff with relevant qualifications and experience or knowledge.
(ii) The relevant PPMU has developed an integrated financial management software to facilitate the preparation of Project financial statements and interim financial reports; and relevant staff shall have received training on use of such software.

(iii) The relevant PPMU shall have prepared and adopted the Financial Management Manual in accordance with paragraph A.3(b) of Section I of this Schedule.

(iv) Relevant staff in the concerned PPMU shall have received financial management training, including training on: budget planning and monitoring; government procedures; Project disbursement procedures; Project accounting and reporting procedures; strengthening of internal control; asset accounting, management and control; and use of financial management software.

(v) The relevant PPMU shall have adopted the Project Implementation Plan in accordance with the provisions of paragraph A.3(a) of Section I of this Schedule.

2. The Closing Date is December 30, 2013.
Annex to Schedule 2

National Competitive Bidding Procedures

The procedure to be followed for National Competitive Bidding shall be those set forth in Article 18 on Open Bidding of the Law on Procurement 61/2005/QH11 dated November 29, 2005 and Decree 111/2006/ND-CP, Guiding Implementation of Law on Procurement and Selection of Contractor Bidder in Accordance with Law on Construction dated September 29, 2006 (collectively, “National Procurement Laws”) with due consideration to economy, efficiency and transparency as set forth in, and broad consistency with, Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Association in May 2004 (the “Guidelines”) and required by paragraphs 3.3 and 3.4 of the Guidelines. Whenever any procedure in the National Procurement Laws is inconsistent with the requirements of said paragraphs 3.3 and 3.4 of the Guidelines, the latter shall prevail, including the following:

Eligibility

(i) The eligibility of bidders shall be as defined under Section I of the Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders in bid evaluation, nor shall foreign bidders be asked or required to form joint ventures with national bidders in order to submit a bid. Bidders located in the same province or city as the procuring entity shall not be given preference over bidders located outside that city or province.

(ii) In addition to the foregoing requirements, equitized Government-owned enterprises in which the Recipient or procuring entity holds less than fifty percent of the shares are eligible to participate provided that the governing Board and management team are autonomous from the procuring entity. Military or security units or enterprises established under, reporting directly or indirectly to, or owned wholly or partly by, the Ministry of Defense or the Ministry of Public Security shall not be permitted to bid.

Registration

(iii) Registration shall not be used to assess bidders’ qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and, if determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity of registering, without any let or hindrance. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.
Advertising; Time for Bid Preparation

(iv) Invitations to bid shall be advertised in at least one widely circulated national newspaper, allowing a minimum of thirty (30) days, from the date of the invitation to bid or the date of availability of the bidding documents, whichever is later, for the preparation and submission of bids, and potential bidders shall be allowed to purchase bidding documents up to any time prior to the deadline for the submission of bids. In addition, the Recipient is encouraged to advertise in the Government Public Procurement Bulletin and on a free and open access website.

Standard Bidding Documents

(v) Standard Bidding Documents, acceptable to the Association, shall be used.

Qualification Criteria

(vi) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a pass or fail basis and merits points shall not be used. Such assessment shall only take into account the bidder’s capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction and manufacturing facilities, and financial capacity.

Bid Submission, Bid Opening and Bid Evaluation

(vii) Bidders may submit bids, at their option, either in person or by courier service or by mail. Bids shall be opened in public, immediately after the deadline for submission of bids. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened.

(a) Bidding documents shall be sold to anyone who is willing to pay the required fee of the bidding documents which shall not exceed the costs of printing, reproduction and delivery, and no other conditions shall be imposed on the sale of the bidding documents.

(b) Evaluation of bids shall be made in strict adherence to the criteria that shall be clearly specified in the bidding documents and quantified in monetary terms for evaluation criteria other than price; merit points shall not be used in bid evaluation.

(c) A contract shall be awarded to the technically responsive bid that offers the lowest evaluated price and no negotiations shall be permitted. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.
(d) A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

(e) No bidder shall be rejected on the basis of a comparison with the employer’s estimate and budget ceiling without the Association’s prior concurrence.

(f) A copy of the minutes of the public bid opening shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to prior review.

Rejection of All Bids and Re-bidding

(viii) All bids shall not be rejected or new bids solicited without the Association’s prior written concurrence.

Complaints by Bidders and Handling of Complaints

(ix) The Recipient shall implement an effective and independent protest mechanism allowing bidders to protest and to have their protests handled in a timely manner.

Fraud and Corruption

(x) The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for, or in executing, a contract financed by the Association.

Right to Inspect/Audit

(xi) Each bidding document and contract financed from the proceeds of a Credit shall include a provision requiring bidders, suppliers, contractors to permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Association.

License

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

Publication of the Award of Contract

(xiii) The Recipient shall publish the following information on contract award in the Government Public Procurement Bulletin or on a free and open access website or on
another means of publication acceptable to the Association: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, price it offered as well as the duration and summary scope of the contract awarded. This publication shall be updated regularly.
SCHEDULE 3

Repayment Schedule

<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 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>commencing November 15, 2017 to and including May 15, 2027</td>
<td>1%</td>
</tr>
<tr>
<td>commencing November 15, 2027 to and including May 15, 2047</td>
<td>2%</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

Definitions

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

2. “Co-financier” means the Government of Australia, acting through the Australian Agency for International Development.

3. “Co-financing” means [an amount] to be provided by the Co-financier to assist in financing Part C of the Project.

4. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.


7. “Displaced Person” means a person who, on account of the execution of the Project, has 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 person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and “Displaced Persons” means, collectively, all such Displaced Persons.

8. “Environmental Safeguard Framework” means the Environmental Safeguard Framework dated March 2007 (approved by the Recipient’s Ministry of Natural Resource and Environment through its official letter Ref: No. 896/BTNMT-TD and dated March 12, 2007) and referred to in paragraph C.7 of Section I of Schedule 2 to this Agreement, which sets forth policies and procedures for the preliminary screening of proposed Project activities, and for the preparation of environmental assessment and environment management plans therefor during the implementation of the Project, as said framework may be amended from time to time with the prior concurrence of the Association.

dated October 9, 2006) and referred to in paragraph C.9 of Section I to Schedule 2 to this Agreement, which sets out: (a) the policies and procedures to ensure meaningful consultation with, and the informed participation of, ethnic minorities within the Project Provinces and who are affected by the Project, and (b) principles to be applied in the preparation of such ethnic minorities development plans as may be required during implementation of the Project, as said Framework may be revised from time to time with the prior concurrence of the Association.

10. “First Year Ethnic Minorities Development Plan” means the ethnic minority development plan dated March 2007 for implementation of Parts A and B of the Project by MOT in the provinces of Tra Vinh, Dong Thap, and An Giang and for implementation of Part C of the Project by and in the province of Soc Trang, as said plan may be amended from time to time by agreement between the Recipient and the Association. The said plan is referred to in paragraph C.9 of Section I of Schedule 2 to this Agreement and was approved by MOT through its official letter Ref: 1938/BGTVT-KHDT and dated April 12, 2007, and adopted by the Soc Trang Provincial People’s Committee through its official letter Ref: 414/CTUBNB-HC dated March 26, 2007.

11. “First Year Implementation EMPs” means, collectively: (a) the environmental management plan dated March 2007 for carrying out of road activities under Part A of the Project by MOT in the provinces of Tra Vinh, Kien Giang, An Giang, Dong Thap, Long An, and Tien Giang and under Part C of the Project by and in the provinces of Ben Tre, Ca Mau and Soc Trang; and (b) the environmental management plan dated March 2007 for carrying out of waterway activities under Part B of the Project by MOT in the provinces of Tra Vinh, Kien Giang, An Giang, Dong Thap, Long An, and Tien Giang, as said plans may be revised from time to time with the agreement of the Association. The said plans are referred to in paragraph C.7 of Section I of Schedule 2 to this Agreement and approved by MOT through its official letter Ref: No. 6128/BGTVT-KHDT dated October 9, 2006 and approved by the Provincial People’s Committee of Ben Tre, Ca Mau and Soc Trang Provinces through official letters Ref: 1022/UBND-TMXDCB dated March 28, 2007, Ref: 965/UBND dated March 28, 2007, and Ref: 414/CTUBNB-HC dated March 26, 2007, respectively.

12. “First Year Implementation RAPs” means, collectively: (a) the resettlement action plan dated March 2007 for carrying out of road activities under Part A of the Project by MOT in the provinces of Tra Vinh, Kien Giang, An Giang, Dong Thap, Long An, and Tien Giang and under Part C of the Project by and in the provinces of Ben Tre, Ca Mau and Soc Trang; and (b) the resettlement action plan dated March 2007 for carrying out of waterway activities under Part B of the Project by MOT in the provinces of Tra Vinh, Kien Giang, An Giang, Dong Thap, Long An, and Tien Giang, as said plans may be revised from time to time with the agreement of the Association. The said plans are referred to in
paragraph C.8 of Section I of Schedule 2 to this Agreement and approved by 
MOT through its official letter Ref: 1938/BGTVT-KHDT and dated April 12, 
2007, and approved by the Provincial People’s Committee of Ben Tre, Ca Mau 
and Soc Trang Provinces through official letters Ref:1022/UBND-TMXDCB 
Ref: 414/CTUBND-HC dated March 26, 2007, respectively.

13. “Ministry of Transport” and the acronym “MOT” mean the Recipient’s Ministry 
of Transport, and any successor thereto.

14. The acronym “PMU-1” means the project management unit established within 
MOT by Decision 1669/TCCB-LD dated August 21, 1993, and any successor 
thereto, and to be maintained pursuant to the provisions in paragraph A.1(b) of 
Section I of Schedule 2 to this Agreement.

15. The acronym “PMU-W” means the project management unit established within 
MOT by Decision 798/1998/QD-BGTVT dated April 9, 1998, and any successor 
thereto, and to be maintained pursuant to the provisions in paragraph A.1(c) of 
Section I of Schedule 2 to this Agreement.

16. The acronym “PPMU” means the Provincial Project Management Unit 
established in each Project Province’s Department of Transportation and any 
successor thereto and to be maintained pursuant to the provisions in paragraph 
A.2(b) of Section I of Schedule 2 to this Agreement, and “PPMUs” means, 
collectively, all such Provincial Project Management Units.

17. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD 
Loans and IDA Credits” published by the Bank in May 2004.

18. “Procurement Plan” means the Recipient’s procurement plan for the Project, 
dated April 18, 2007, and referred to in paragraph 1.16 of the Procurement 
Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be 
updated from time to time in accordance with the provisions of said paragraphs.

19. “Project Implementation Plan” means the Project Implementation Plan to be 
adopted by VRA, VIWA and the Project Provinces pursuant to the provision of 
paragraph A.3 of Section I of Schedule 2 to this Agreement.

20. “Project Provinces” means, collectively the provinces An Giang, Bac Lieu, Ben 
Tre, Ca Mau, Can Tho, Dong Thap, Hau Giang, Kien Giang, Long An, Soc 
Trang, Tien Giang, Tra Vinh, and Vinh Long, and such other Provinces as may 
be mutually agreed between the Recipient and the Association, and the successor 
to any said province; and a “Project Province” means any one of such provinces.
21. “Provincial Department of Transport” and the acronym “PDOT” mean the Department established by each Provincial People’s Committee, responsible for transport services and infrastructure in the relevant Project Province and to be maintained pursuant to the provisions in paragraph A.2(a) of Section I of Schedule 2 to this Agreement; and “PDOTs” means, collectively, all such Provincial Departments of Transport.

22. “Provincial People’s Committees” means, collectively, the local governments of the Project Provinces at the Provincial level; and “Provincial People’s Committee” means any one of the Provincial People’s Committees.

23. “Resettlement Policy Framework” means the Policy Framework for Land Acquisition, Compensation, Assistance and Resettlement dated March 2007 (adopted by the Recipient’s Ministry of Transport through its official letter Ref: No. 1938/BGTVT-KHDT and dated April 12, 2007, and pursuant to the authorization of the Recipient’s Prime Minister in Decision No. 321/TTg-CN dated March 12, 2007) and referred to in paragraph C.8 of Section I of Schedule 2 to this Agreement, which sets out the policies and procedures for the acquisition of land and other assets, resettlement, compensation and rehabilitation of Displaced Persons, and for the preparation of resettlement plans, as may be required, during the implementation of the Project, as said framework may be amended from time to time with the prior concurrence of the Association.

24. “Vietnam Road Administration” and the acronym “VRA” mean the Vietnam Road Administration, the authority established within MOT by Decree 07-CP dated January 1993, responsible for advising on road policy, planning, management and maintenance, and any successor thereto.

25. “Vietnam Inland Waterways Administration” and the acronym “VIWA” mean the organization under MOT, established and operating under Recipient’s Law of Governmental Organization and Personnel dated September 30, 1992 and the Government Decree No. 08-CP dated January 30, 1993, responsible for designing and administering inland waterway transport systems, including policies and regulations, planning and funding infrastructure investments, management and maintenance, and standard setting and safety.