Mr. Nguyễn Văn Bình  
Governor  
State Bank of Vietnam  
Socialist Republic of Vietnam

Dear Governor Binh:

Re: Financial Sector Modernization and Information Management System Project  
Amendment to the Financing Agreement  
and Supplemental Letter Number 2 (Credit Number 4505-VN)

We refer to the Financing Agreement dated April 21, 2009 between the Socialist Republic of Vietnam ("Recipient") and the International Development Association ("Association") ("Agreement") and its attached Supplemental Letter Number 2 ("Supplemental Letter"), for the Financial Sector Modernization and Information Management System Project ("Project"), as amended. We further refer to a letter dated November 13, 2014 from Mr. Nguyễn Toan Thang, Deputy Governor of State Bank of Vietnam, on behalf of the Recipient, requesting certain modifications to the Agreement and the Supplemental Letter.

We are pleased to inform you that the Association concurs with your request and to give effect to such request agrees to amend the Agreement and the Supplemental Letter as follows:

1. Paragraph 3(a) of Section I.A of Schedule 2 to the Agreement is amended to read as follows:

   "(a) throughout the period of Project implementation, cause the Internal Audit Department of SBV to be charged with carrying out the internal audit of Project activities including regular reviews of the Project financial management and procurement systems, general internal control policies and procedures, flow and uses of Project funds; all in compliance with the terms of reference acceptable to the Association; and"

2. Paragraph 4(b) of Section I.A of Schedule 2 to the Agreement is amended to read as follows:

   "(b) for Parts A.2 and B.2 of the Project, the Recipient shall engage an independent consulting firm with international qualifications, experience and terms of reference satisfactory to the Association, to coordinate IT contracts, validate and verify the installation and functionality of the ICT system(s) relevant to the contracts signed; and for Part C.2 of the Project, the Recipient shall engage an independent consulting firm with international qualifications, experience and terms of reference satisfactory to the Association, to validate and verify the installation and functionality of the ICT system(s) relevant to the contracts signed."
3. The table under paragraph 2 of Section III.C of Schedule 2 to the Agreement is amended to read as follows:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection</td>
</tr>
<tr>
<td>(b) Least-cost Selection</td>
</tr>
<tr>
<td>(c) Individual Consultants</td>
</tr>
<tr>
<td>(d) Selection based on Consultants' Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
<tr>
<td>(f) Selection under a Fixed Budget</td>
</tr>
</tbody>
</table>

4. Section III.D of Schedule 2 to the Agreement is amended to read as follows:

"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."

5. The table under paragraph 2 of Section IV.A of Schedule 2 to the Agreement is amended to read as per Annex 1 to this letter.

6. The definition of the term "incremental operating costs" under paragraph 2 of Section IV.A of Schedule 2 to the Agreement is amended to read as follows:

"For purposes of the table in this paragraph 2, Section IV (A) of Schedule 2 to this Agreement, the term "incremental operating costs" means the reasonable costs of incremental expenditures incurred by the Recipient and implementing agencies in the implementation of the Project, based on annual work plans and budgets approved by the Association, which expenditures would not have been incurred absent the Project, including the costs on consumables, operation, maintenance of equipment, communication costs; information and communication campaigns, including media costs; translation and interpretation costs; transportation costs; and wages for contracted staff; but in all cases excluding salaries, salary allowances and salary supplements of the Recipient's civil servants ("công chức" and "viên chức")."

7. Paragraph 2 of Section IV.B of Schedule 2 to the Agreement is amended to read as follows:

"2. The Closing Date is December 31, 2016."

8. The first paragraph of the Annex to Schedule 2 to the Agreement is amended to read as follows:

"The procedures 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 38/2008/ND-CP, Guiding Implementation of Law on Procurement and Selection of Construction Contractors under the Construction Law dated May 5, 2008, or any successor thereto (collectively, "National Procurement Laws"), with due consideration to economy, efficiency and transparency as set forth in, and broad consistency with, Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Association in May 2004 and revised in October 2006 (the "Guidelines") and required by paragraphs 3.3 and 3.4 of the Guidelines. Whenever any procedure in the National Procurement Laws is inconsistent with the
requirements of said paragraph: 3.3 and 3.4 of the Guidelines, the latter shall prevail, including the following:

9. Paragraph 8 of the Appendix to the Agreement is amended to read as follows:

"8. "CIC Legislation" means, collectively, (i) Decision 68/1999/QD-NHNN9 of February 27, 1999 issued by the Governor of SBV; (ii) Decision No. 162/1999/QD-NHNN9 of May 8, 1999 issued by the Governor of SBV; (iii) Decision 584/202/QD-NHNN of June 10, 2002 issued by the Governor of SBV; and (iv) Decision 508/2004/QD-NHNN of May 11, 2004 issued by the Governor of SBV, or any successor thereto."

10. Paragraph 10 of the Appendix to the Agreement is amended to read as follows

"10. "DIV Legislation" means, collectively, (i) Decree No. 89/1999/ND-CP dated September 1, 1999 issued by the Government; (ii) Decision No. 218/QD-TTG of November 9, 1999 issued by the Prime Minister; (iii) Decision No. 75/2000/QD-TTG of June 28, 2000 issued by the Prime Minister; and (iv) Decree No. 109/2005/ND-CP dated August 24, 2005 issued by the Government, or any successor thereto."

11. The Annex on ‘Performance Indicators’ of the Supplemental Letter is hereby amended to read as per Annex 2 to this letter.

Except as specifically amended herein, all other provisions of the Agreement remain in full force and effect.

Please confirm your agreement with this amendment by countersigning, dating and returning to us the enclosed copy of this letter. Upon receipt by the Association of the countersigned copy of this letter, this amendment shall become effective as of the date of the Agreement.

Sincerely Yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By ___________________________
Victoria Kwakwa
Country Director for Vietnam
East Asia and Pacific Region

CONFIRMED:
SOCIALIST REPUBLIC OF VIETNAM

By: ___________________________

Name: Nguyen Tran Thang
Title: Deputy Governor of the State Bank of Vietnam
Date: December 26, 2011
# ANNEX I

## Revised Disbursement Table

<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(a) Consultants' services under Part A (except under subcomponents (a)(i), (b)(i), (b)(v), and (d)(i) of Part A.1)</td>
<td>1,789,495.57</td>
<td>100%</td>
</tr>
<tr>
<td>1(b) Training and workshops, and incremental operating costs under Part A</td>
<td>170,868.93</td>
<td>100%</td>
</tr>
<tr>
<td>1(c) Goods under Part A</td>
<td>5,459,248.95</td>
<td>85%</td>
</tr>
<tr>
<td>2(a) Consultants' services under Part B</td>
<td>0.00</td>
<td>100%</td>
</tr>
<tr>
<td>2(b) Training and workshops under Part B</td>
<td>0.00</td>
<td>100%</td>
</tr>
<tr>
<td>2(c) Goods under Part B</td>
<td>1,376,084.56</td>
<td>85%</td>
</tr>
<tr>
<td>3(a) Consultants' services under Part C</td>
<td>282,129.49</td>
<td>100%</td>
</tr>
<tr>
<td>3(b) Training and workshops, and incremental operating costs under Part C</td>
<td>29,777.20</td>
<td>100%</td>
</tr>
<tr>
<td>3(c) Goods under Part C</td>
<td>13,082.11</td>
<td>85%</td>
</tr>
<tr>
<td>4. Goods, consultants' services, training and workshops, and incremental operating costs for Parts A, B, and C of the Project (except under subcomponents (a)(i), (b)(i), (b)(v), and (d)(i) of Part A.1)</td>
<td>29,079,313.19</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38,200,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
ANNEX 2

Revised Performance Indicators

Project Development Objective

The objective of the Project is to assist the State Bank of Vietnam, the Credit Information Center and the Deposit Insurance of Vietnam to improve the delivery of their main functions in accordance with relevant international standards for the banking sector, through (a) developing a centralized and integrated system of advanced business processes and a modern information technology architecture; and (b) strengthening their institutional capacity in carrying out their operations.

Project Outcome Indicators

Progress towards achieving the 3DO will be benchmarked against the following key outcome indicators:

(i) Under Part 1, Modernizing SBV: The SBV has strengthened the main functions as evidenced by:
   i. Policy function – The statistics accuracy and consistency with the IMF guidelines on Monetary and Financial Statistics and General Data Dissemination improved; monthly monetary survey submitted to the IMF; and results of two research programs regularly published.
   ii. Supervision function – Compliance with the Basel Core Principles for Effective Banking Supervision on offsite surveillance improved, in particular regarding the regular offsite supervision reporting of bank’s risk profiles.
   iii. Accounting function – Presentation, consolidation and timeliness of SBV’s financial statements in line with both Vietnam Accounting Standards (VAS) and SBV management requirements on the one hand; and international practices and standards applicable to central banks on the other, in particular in terms of provision of consolidated financial statements in accordance with statutory requirements of Vietnam.

(ii) Under Part 2, Strengthening the CIC: The credit information provided by CIC is comprehensive and consistent with the practices of OECD PCRs, covering the repayment history, unpaid debts or credit outstanding by borrower and by contract.

(iii) Under Part 3, Enhancing DIV: DIV has strengthened the risk management capacity as evidenced by the improved coverage of assessment reports on risk exposures and their implications in line with the recommendations of the International Working Group on Deposit Insurance under the Financial Stability Forum.

Component Output Indicators

Progress towards achieving the planned outputs of project components will be monitored and evaluated against the following key output indicators:

(i) Under Part A ( ), B (1) and C (1), the SBV, the CIC and DIV have strengthened main functions as evidenced in improved quality of 2-3 important work program outputs and have re-engineered main business processes as evidenced by:

1 Important work program outputs and main business processes include: (i) Open Market Operations; (ii) Inflation Targeting and Forecasting; (iii) New Accounting and Finance Blueprint; (iv) New Chart of Accounts.
i. New/revised regulations and operational policies and procedures implemented by SBV/CIC/DIV;

ii. Research program on two topics and medium-term training program implemented by SBV.

(ii) Under Part A (2), B (2) and C (2), the SBV, the CIC and DIV have centrally installed, administered and exploited the systems of hardware and software and have established a centralized ICT platform in line with the adopted conceptual designs of the ICT architecture as evidenced by:

i. Automated and operational procedures in place to detect inconsistencies or errors in information provision and transmission;

ii. Third party firm verification of achievement of intended results in system implementation before system acceptance.

(iii) Under Part A, B and C, the SBV, the CIC and DIV have trained their management and staff in new business processes and related operational policies and procedures, new reporting/analytical tools and related IT as evidenced by:

i. SBV/CIC/DIV adopt comprehensive and time-bound professional and IT training plans;

ii. Completion of planned training activities on time.

Applicable Relevant International Standards

The applicable relevant international standards include: (i) IMF guidelines on the coverage, timeliness and disclosure of monetary and financial statistics as contained in the Monetary and Financial Statistics Manual (IMF, 2000) and Guide on the General Data Dissemination System (IMF, 2007); (ii) Core Principles number 16-20 of Basel Core Principles for Effective Banking Supervision (BIS, 1997); and (iii) International practices/standards on presentation, consolidation and timeliness of financial statements applicable to central banks.

Monitoring and Evaluation Arrangements

Interim results will be monitored as part of project implementation activities by the SBV, the CIC and the DIV as well as by the Bank team through project supervision. Final results will be confirmed by SBV/CIC/DIV self-assessments assisted by international consultants, Bank task team assessments and inputs from the IMF (for details, see last three columns on data collection and reporting of table in Annex 3 of PAD). Widely accepted methodologies used by the Fund and the Bank in assessing compliance with Fund guidelines and BCPs, and those used by the international accounting community in assessing compliance with international practices/standards will be employed. These arrangements require a participatory approach of self- and expert-assessments to assist the SBV, the CIC and DIV to develop capacity in performance monitoring and evaluation so that they can continue to apply the methodology after the closure of the Project.

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2 Inflation forecasting in Vietnam and Assessing the level of risk contagion in the interbank market in Vietnam through matrix of funding relationships between CIs, branches of foreign banks.