

CONFORMED COPY

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
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April 14, 2010

His Excellency Nguyễn Văn Giàu
Governor
State Bank of Vietnam
Hanoi, Vietnam

Re: Vietnam: PHRD Grant for the Preparation of Mekong
Integrated Water Resources Management Project
Grant Number. TF092901

Excellency:

In response to the request for financial assistance made on behalf of the Socialist Republic of Vietnam (the Recipient), I am pleased to inform you that the International Development Association ("World Bank"), as administrator of grant funds provided by Japan, proposes to extend to the Recipient a grant in an amount not to exceed three hundred thirty thousand United States Dollars (US\$330,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the activities described in the Annex ("Activities"). This Grant is funded out of the abovementioned grant funds for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Activities in accordance with the terms and conditions set forth or referred to in this Agreement. The award of the Grant does not constitute or imply any commitment on the part of the World Bank to assist in the financing of any project which may result from the Activities financed by the Grant.

Please confirm the Recipient's agreement with the foregoing, by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement will become effective as of the date of the countersignature.

Sincerely Yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By Victoria Kwakwa
Victoria Kwakwa
Country Director, Vietnam
East Asia and Pacific Region

CONFIRMED:
SOCIALIST REPUBLIC OF VIETNAM

By: Nguyen Van Giau

Name: Nguyen Van Giau

Title: Governor

Date: August 18, 2010

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008.

(2) Disbursement Letter dated April 14, 2010, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

ANNEX

Article I**Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 1, 2008 (the Standard Conditions) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement; provided that for the purposes of this Agreement the term “Project”, whenever used in the Standard Conditions, shall mean the Activities referred to in Section 2.01 of this Annex.

**Article II
Grant Execution**

2.01. **Grant Objective and Activities.** The objective of the Grant is to prepare the Mekong Integrated Water Resources Management Project, which has as its main objective to contribute to regional sustainable integrated water resources management for the Mekong River Basin. The activities (“Activities”) for which the Grant is given shall consist of such activities as may be required for the preparation of the Project and as shall have been approved by the World Bank from time to time. These activities may include preparation of feasibility studies (excluding detailed designs and engineering studies), environmental, social, economic and other assessments, development of Project implementation plans, carrying out of stakeholder consultations, in-country training, studies and workshops, surveys, and provision of technical advisory services (including audits) and goods required for the carrying out of such activities.

2.02. **Grant Execution Generally.** The Recipient declares its commitment to the objectives of the Project and the Grant. To this end, the Recipient shall, through the Vietnam National Mekong Committee (VNMC) carry out the Activities in accordance with: (a) the provisions of Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** (a) VNMC shall carry out the Project in collaboration with the Recipient’s Ministry of Natural Resources and Environment (MoNRE).

(b) The Recipient shall maintain throughout the period of Project implementation a steering committee comprising of officials from the relevant ministries and other key institutions to: (i) review and approve TORs and grant activities, (ii) monitor overall progress of project preparation, and (iii) provide guidance to the implementing agency throughout the Grant execution.

2.04. **Safeguards.** The Recipient shall, and shall cause VNMC to carry out the Project in accordance with the World Bank’s Safeguards Policies.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall, upon the World Bank's request, have its Financial Statements for the Activities audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

(a) General. All goods and services required for the Activities and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I (excluding paragraph 1.16) of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 and revised in October 2006 ("Procurement Guidelines"), in the case of goods; and

(ii) Sections I (excluding paragraph 1.24) and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004 and revised in October 2006 ("Consultant Guidelines"), in the case of consultants' services.

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods

Except as the World Bank may otherwise agree, goods shall be procured under contracts awarded on the basis of Shopping.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants' services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection; (F) Selection of Individual Consultants; and (G) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. Except as the World Bank shall otherwise specify by notice to the Recipient, the first contract to be awarded following

each procurement method shall be subject to Prior Review by the World Bank. All other contracts shall be subject to Post Review by the World Bank.

Article III

Withdrawal of the Proceeds of the Grant

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in U.S. \$)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Consultants’ Services	297,000	100 %
(2) Goods, Training and Operating Costs	33,000	100 %
TOTAL AMOUNT	330,000	

For the purposes of this Section: (i) the term “training” means training conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees; and (ii) the term “operating costs” means operating costs required for the Activities including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Activities, and travel, lodging and per diems, but excluding salaries of officials of the Recipient’s civil service.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2010.

Article IV
Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Governor, State Bank of Vietnam.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

State Bank of Vietnam
49 Ly Thai To
Hanoi
Socialist Republic of Vietnam

Cable:	Telex:	Facsimile:
VIETBANK Hanoi	412248 NHTWVT	(84-4)825 0612

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

Appendix**Definition**

1. “Mekong River Commission” and the acronym “MRC” mean the Mekong River Commission created by the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin, between Kingdom of Cambodia, Lao People’s Democratic Republic, Socialist Republic of Vietnam and Kingdom of Thailand, dated April 5, 1995, for the purpose of promoting support, cooperation, and coordination in the development of the full potential of sustainable benefits to all riparian States and the prevention of wasteful use of Mekong River Basin.
2. “VNMC” means Vietnam National Mekong Committee (VNMC), the Project Implementing Agency.
3. “MONRE” means Recipient’s Ministry of Natural Resources and Environment.