

Public Disclosure Authorized

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GEF TRUST FUND GRANT NUMBER TF056521-VN

Global Environment Facility Trust Fund Grant Agreement

(Livestock Waste Management in East Asia Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

(acting as an Implementing Agency of the Global Environment Facility)

Dated August 14, 2006

Public Disclosure Authorized

GEF TRUST FUND GRANT NUMBER TF056521-VN

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated August 14, 2006, between SOCIALIST REPUBLIC OF VIETNAM (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank), acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991, of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, *inter alia*, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution 94-2);

(C) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested assistance from the resources of the GEF Trust Fund for funding its Respective Parts of the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 94-2;

(D) the Recipient will carry out its Respective Parts of the Project, in conjunction with the carrying out by the Kingdom of Thailand, the People's Republic of China, and the Food and Agriculture Organization of the United Nations, each of their Respective Parts of the Project under a separate GEF grant agreements with the Bank (the Thailand GEF Trust Fund Grant Agreement, the China GEF Trust Fund Grant Agreement, and the Food and Agriculture Organization GEF Grant Letter Agreement, respectively), of even date herewith; and

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the GEF Trust Fund Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01 (a) The following provisions of the “General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans” of the Bank, dated May 30, 1995 (as amended through May 1, 2004), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
 - (ii) Sections 2.01 (2), (3), (4), (5), (6), (7), (8), (14), (15), (16), (18) and (21), 2.02 and 2.03;
 - (iii) Section 3.01;
 - (iv) Sections 4.01 and 4.06;
 - (iv) Article V;
 - (v) Sections 6.01, 6.02 (c), (e), (f), (i), (l), (m), (n), (o) and (p), 6.03, 6.04 and 6.06;
 - (vi) Section 8.01 (b);
 - (vii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
 - (ix) Sections 10.01, 10.03 and 10.04;
 - (x) Article XI; and
 - (xi) Sections 12.01 (c), 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) the term “Bank”, wherever used in the General Conditions, other than in Sections 2.01 (6), 6.02 (f) and 5.01 (a) thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term “Bank” shall also include the Bank acting in its own capacity;
 - (ii) the term “Borrower”, wherever used in the General Conditions, means the Recipient;

- (iii) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;
- (iv) the term “Loan” and “loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;
- (v) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account; and
- (vi) the words “corrupt or fraudulent” in paragraph (c) of Section 6.03 are replaced with the words “corrupt, fraudulent, collusive or coercive”.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

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

(b) “Environmental Impact Assessment” means the environmental impact assessment to be prepared in respect of any Sub-project in accordance with the Law on Environmental Protection No. 52/2005/QH11, dated November 29, 2005, and the provisions of paragraph 6(a) of Schedule 4 to this Agreement, for the purposes of reviewing the Sub-project’s likely positive and negative environmental impact on the Selected Project Areas.

(c) “Environmental Management Plan” means the environmental management plan to be prepared in respect of any selected Sub-project in accordance with the respective Environmental Impact Assessment, as determined in paragraph 6(a) of Schedule 4 to this Agreement, and providing for the monitoring and mitigation of the environmental impact of such Sub-project, including, without limitation, impacts on cultural heritage sites, as said plan may be amended from time to time with the prior concurrence of the Bank.

(d) “Ethnic Minorities Development Plan” means the plan to be adopted by the Recipient in respect of a selected Sub-project in accordance with the Strategy for Ethnic Minority Development and the provisions of paragraph 6(c) of Schedule 4 to this Agreement, providing for the special planning measures or actions to be undertaken by the Recipient, aimed at: (i) ensuring that the ethnic minorities residing in the Selected Project Areas receive the benefits from the Project in a culturally compatible manner; and (ii) reducing, mitigating and offsetting any adverse impacts due to the implementation of such Sub-project, as said plan may be amended from time to time with the prior concurrence of the Bank.

(e) “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of this Agreement.

(f) “Food and Agriculture Organization” and the acronym “FAO” mean the Food and Agriculture Organization of the United Nations and any successor thereto.

(g) “Master Capacity-Building Development Plan” means the Recipient’s capacity-building plan, included in the Project Implementation Plan in accordance with paragraph 3(a)(iii) of Schedule 4 to this Agreement, as said plan may be amended from time to time with the prior concurrence of the Bank.

(h) “Ministry of Agriculture and Rural Development” and the acronym “MARD” mean the Recipient’s Ministry of Agriculture and Rural Development and any successor thereto.

(i) “Ministry of Health” and the acronym “MOH” mean the Recipient’s Ministry of Health and any successor thereto.

(j) “Ministry of Natural Resources and Environment” and the acronym “MONRE” mean the Recipient’s Ministry of Natural Resources and Environment and any successor thereto.

(k) “Monitoring and Evaluation Plan” means the Recipient’s monitoring and evaluation plan included in the Project Implementation Plan in accordance with paragraph 3(a)(v) of Schedule 4 to this Agreement, as said plan may be amended from time to time with the prior concurrence of the Bank.

(l) “Participating Countries” means, collectively, the Recipient, the Kingdom of Thailand, and the People’s Republic of China; and a “Participating Country” means any of the Participating Countries.

(m) “Procurement Plan” means the Recipient’s procurement plan, dated October 27, 2005, covering the initial 18 month period (or longer) of implementation of the Recipient’s Respective Parts of the Project, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation.

(n) “Project Implementation Plan” means the plan dated August 2005, adopted by the Recipient for the implementation of its Respective Parts of the Project pursuant to paragraph 3(a) of Schedule 4 to this Agreement; as such plan may be amended from time to time with the prior concurrence of the Bank.

(o) “Project Management Office” and the acronym “PMO” mean the office located within the MONRE, and established pursuant to MONRE’s Decision No. 837, dated July 12, 2004, and referred to in paragraph 1(b) of Schedule 4 to this Agreement, responsible for coordinating the day-to-day implementation of the Recipient’s Respective Parts of the Project.

(p) “Project Implementation Unit” and the acronym “PIU” mean each of the units to be established within the Division of Natural Resources and Environment of the participating districts of Ha Tay and Dong Nai Provinces and/or any other provinces which may become Selected Project Areas from time to time, pursuant to paragraph 1(c) of Schedule 4 to this Agreement, to assist the PMO with the day-to-day implementation of the Recipient’s Respective Parts of the Project; and the acronym “PIUs” means, collectively, all said units.

(q) “Regional Coordination Group” means the group to be assisted and coordinated by FAO pursuant to paragraph 2.2(a) of the Annex to the FAO GEF Grant Letter Agreement, comprising representatives of the Participating Countries and FAO, for the purposes of coordinating, integrating and implementing Project activities at a regional level.

(r) “Resettlement Plan” means the resettlement plan to be prepared in respect of a selected Sub-project in accordance with the Resettlement Policy Framework and the provisions of paragraph 6(b) of Schedule 4 to this Agreement, which sets out the principles and procedures governing land acquisition, resettlement and compensation, as well as reporting and monitoring arrangements to ensure compliance with said plan, as the same may be amended from time to time with the prior concurrence of the Bank.

(s) “Resettlement Policy Framework” means the resettlement policy framework dated September 10, 2004, prepared and adopted by the Recipient, through MONRE’s Department of Environment Letter, dated August 19, 2005, in respect of Sub-projects, which sets forth the policies and procedures for acquisition, compensation and

rehabilitation of Displaced Persons, and guidelines for the preparation of each Resettlement Plan, as said policy framework may be amended from time to time with the prior concurrence of the Bank.

- (t) “Respective Parts of the Project” means, in respect of:
 - (i) the Recipient, Parts A.1(c) and B.1(c) of the Project, and the respective activities under Parts A.2, B.2, and C of the Project;
 - (ii) the People’s Republic of China, Parts A.1(a) and B.1(a) of the Project, and the respective activities under Parts A.2, B.2, and C of the Project;
 - (iii) the Kingdom of Thailand, Parts A.1(b), and B.1(b) of the Project, and the respective activities under Parts A.2, B.2, and C of the Project; and
 - (iv) FAO, Part D of the Project.

(u) “Selected Beneficiary” means any farmer, group of farmers or farm producers that own or exploit a pig farm in the Recipient’s Selected Project Areas, selected pursuant to the procedures and criteria set forth in the Project Implementation Plan, and to whom a Sub-grant is made for the purposes of carrying out a Sub-project; and “Selected Beneficiaries” means more than one Selected Beneficiary.

- (v) “Selected Project Areas” means in respect of:
 - (i) the Recipient, Ha Tay and Dong Nai Provinces, and any other provinces selected from time to time by the Recipient with the prior concurrence of the Bank;
 - (ii) the Kingdom of Thailand, Ratchaburi and Chonburi Provinces and any other provinces selected from time to time by the Kingdom of Thailand with the prior concurrence of the Bank; and
 - (iii) the People’s Republic of China, Boluo County in Guangdong Province, and any other counties in Guangdong Province selected from time to time by Guangdong Province with the prior concurrence of the Bank.

(w) “Special Account” means the account referred to in Section 2.02(b) of this Agreement.

(x) “Stakeholders Participation Plan” means the Recipient’s consultation arrangements included in the Project Implementation Plan in accordance with paragraph 3(a)(vi) of Schedule 4 to this Agreement, as said arrangements may be amended from time to time with the prior concurrence of the Bank.

(y) “Standard Farm Regulations” means the farm standards approved by the Department of Livestock Development of the Ministry of Agriculture and Cooperatives (MOAC) of the Kingdom of Thailand, through MOAC’s Resolution P-PIG-INS-001, dated November 3, 1999, effective since April 1, 2003, applicable to pig, poultry and cattle farms.

(z) “Strategy for Ethnic Minority Development” means the Recipient’s strategy dated August 2005, adopted by the Recipient through a Letter of the MONRE’s Department of Environment, dated August 19, 2005, in respect of Sub-projects, which sets out the principles and procedures for: (i) the informed involvement of the ethnic minorities, through a process of informed consultation, in the design and implementation of Sub-projects in locations in which such people reside or which they use for their livelihood; and (ii) the design, preparation and implementation of the Ethnic Minorities Development Plans, as said strategy may be amended from time to time with the prior concurrence of the Bank.

(aa) “Sub-grant” means a grant made, or proposed to be made, by any Participating Country, out of the proceeds of its respective GEF Trust Fund Grant Agreement, to a Selected Beneficiary, for the co-financing of a Sub-project under Parts A.1(a), A.1(b), or A.1(c) of the Project, as the case may be, in accordance with its Respective Parts of the Project; and “Sub-grants” means more than one Sub-grant.

(bb) “Sub-project” means a specific investment project on livestock waste management technology, selected by any Participating Country in accordance with its respective Project Implementation Plan for financing through a Sub-grant under Parts A.1(a), A.1(b), or A.1(c) of the Project, as the case may be, in accordance with its Respective Parts of the Project; and “Sub-projects” means more than one Sub-project.

(cc) “Vietnamese National Steering Committee” and the acronym “VNSC” mean the steering committee for the Livestock Waste Management Project in East Asia, established by the Recipient through MONRE’s Decision 1788, dated November 18, 2003, and referred to in paragraph 1(a) of Schedule 4 to this Agreement, responsible for overseeing the Recipient’s implementation of the Recipient’s Respective Parts of the Project.

ARTICLE II

The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount equal to two million Dollars (US\$2,000,000).

Section 2.02. (a) The amount of the GEF Trust Fund Grant may be withdrawn from the GEF Trust Fund Grant Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for carrying out Parts B.1(c) and the respective activities under Parts A.2, B.2, and C of the Project and to be financed out of the proceeds of the GEF Trust Fund Grant; and (ii) amounts paid (or if the Bank shall so agree, to be paid) on account of withdrawals made for Sub-grants under Part A.1(c) of the Project to meet the reasonable cost of goods and services required for the Sub-projects in respect of which withdrawals from the GEF Trust Fund Grant is requested.

(b) The Recipient may, for the purposes of Parts A.1(c) and B.1(c) and the respective activities under Parts A.2, B.2 and C of the Project, open and maintain in United States Dollars a special deposit account in a commercial bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2010, or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out, and cause the Provinces in the Project Selected Areas, to carry out, its Respective Parts of the Project with due diligence and efficiency and in conformity with appropriate management, financial, engineering, and administrative practices, and sound social, public health and environmental standards acceptable to the Bank, and shall provided, promptly as needed, the funds, facilities, services, staff and other resources required for the Recipient's Respective Parts of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Bank shall otherwise agree, the Recipient shall carry out its Respective Parts of the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of the goods, works, and services required for the Recipient's Respective Parts of the Project, and to be financed out of the proceeds of the GEF Trust Fund Grant, shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than twelve months after the date of the preceding Procurement Plan, for the Bank's approval.

Section 3.03. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan to ensure the continued achievement of the objectives of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Recipient shall maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to its Respective Parts of the Project.

(b) The Recipient shall:

(i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Bank), audited, in accordance with consistently applied auditing

standards acceptable to the Bank, by independent auditors acceptable to the Bank;

- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year (or such other period agreed to by the Bank): (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Bank), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and
- (iii) furnish to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of statements of expenditure, the Recipient shall:

- (i) retain, until at least one year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Bank), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set out in paragraph 9 of Schedule 4 to this Agreement, the Recipient shall prepare and furnish to the Bank a Financial Monitoring Report, in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for the Recipient's Respective Parts of the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the GEF Trust Fund Grant, and explains variances between the actual and planned uses of such funds;

- (ii) describes physical progress in the implementation of the Recipient's Respective Parts of the Project, both cumulatively and for the period covered by said report, and explains variances between the actual and planned implementation ; and
- (iii) sets forth the status of procurement under the Recipient's Respective Parts of the Project, as at the end of the period covered by said report.

(b) The first Financial Monitoring Report shall be furnished to the Bank not later than forty five days after the end of the first calendar semester after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Recipient's Respective Parts of the Project through the end of such first calendar semester; thereafter, each Financial Monitoring Report shall be furnished to the Bank not later than forty five days after each subsequent calendar semester, and shall cover such calendar semester.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional event is specified, namely, that the Recipient shall have taken any action to impair or suspend the operations of the Regional Coordination Group, or otherwise affect its ability to perform any of its obligations under the Project or to achieve the objectives of the Project.

ARTICLE VI

Effectiveness, Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the GEF Trust Fund Grant within the meaning of Section 12.01 (c) of the General Conditions:

(a) the PMO has been staffed pursuant to paragraph 1(b) of Schedule 4 to this Agreement, and the PMO's Project Director and other key operational staff, all of them with relevant experience and sufficient qualifications, have been appointed or identified, as the case may be, with terms of reference satisfactory to the Bank;

(b) the PIUs in the participating districts in the Ha Tay and Dong Nai provinces have been established, pursuant to paragraph 1(c) of Schedule 4 to this Agreement, and their key operational staff, all of them with relevant experience and

sufficient qualifications, have been appointed or identified, as the case may be, with terms of reference satisfactory to the Bank;

(c) the PMO's and PIUs' relevant staff have completed their financial and procurement trainings, in a manner and substance satisfactory to the Bank;

(d) the PMO has prepared and adopted a financial management manual, satisfactory to the Bank, in accordance with paragraph 3(a)(iv) of Schedule 4 to this Agreement; and

(e) the Recipient's nominees for the Regional Coordination Group have been appointed pursuant to paragraph 1(d) of Schedule 4 to this Agreement.

Section 6.02. The date ninety days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

ARTICLE VII

Representative of the Recipient; Addresses

Section 7.01. The Governor or any Deputy Governor of the State Bank of Vietnam is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

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

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

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

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

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Hanoi, Socialist Republic of Vietnam, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIETNAM

By: /s/ Phung Khac Ke

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
(as an Implementing Agency of the Global Environment Facility)

By: /s/ Klaus Rohland

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the GEF Trust Fund Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GEF Trust Fund Grant, the allocation of the amounts of the GEF Trust Fund Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the GEF Trust Fund Grant Allocated (in United States Dollars)</u>	<u>% of Expenditures to be Financed</u>
(1) Sub-grants under Part A.1.(c) of the Project	910,000	100% of Sub-grant amount disbursed
(2) Goods for the Recipient's Respective Parts of the Project (except Part A.1(c))	192,000	100%
(3) Consultants' services for the Recipient's Respective Parts of the Project	448,000	100%
(4) Training and Workshops for the Recipients Respective Parts of the Project	350,000	100%
(5) Incremental Operating Costs	100,000	100%
TOTAL	<u>2,000,000</u> =====	

2. For the purposes of this Schedule the term "Incremental Operating Costs" means the reasonable costs of incremental expenditures incurred by the Recipient in the implementation of its Respective Parts of the Project, which expenditures would not have been incurred absent the Project, including staff per diem field allowances, travel expenses, costs for vehicle operation and maintenance, office consumables (except office equipment), communication expenses, and printing expenses, but excluding salaries and salary supplements of civil servants.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding US\$198,000, may be made in respect of Categories (3) and (5) on account of payments made for expenditures before that date but after August 1, 2005.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods costing less than US\$100,000 equivalent per contract; (b) services of individual consultants costing less than US\$50,000 equivalent per contract; (c) services of consulting firms costing less than US\$100,000 equivalent per contract; (d) goods and works under Sub-grants and costing less than US\$100,000 equivalent per contract, (e) training and workshops; and (f) Incremental Operating Costs; all under such terms and conditions as the Bank shall specify by notice to the Recipient.

5. If the Bank shall have determined at any time that any amount of the GEF Trust Fund Grant was used in a manner inconsistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Participating Countries and the Food and Agriculture Organization, in coordination with one another, to reduce: (i) the negative environmental and health impacts of livestock-induced pollution on water bodies and (ii) the environmental degradation of the South China Sea.

The Project consists of the following parts, subject to such modifications thereof as the Participating Countries, FAO and the Bank may agree upon from time to time to achieve such objectives.

Part A. Livestock Waste Management Technology Demonstration

1. Developing country-specific livestock waste management strategies in the Selected Project Areas in each Participating Country, for the construction of cost-effective and replicable manure management facilities and the implementation of manure management systems, consisting of:

(a) *In the People's Republic of China*

The provision of Sub-grants to Selected Beneficiaries for: (i) the construction or rehabilitation of manure treatment systems (including lagoons, fish ponds, composting facilities and biogas digesters); and (ii) the recycling of treated manure.

(b) *In the Kingdom of Thailand*

The provision of Sub-grants to Selected Beneficiaries for: (i) the construction or rehabilitation of manure treatment systems (including lagoons, sedimentation tanks, composting facility and biogas digesters); and (ii) the recycling of treated manure.

(c) *In the Socialist Republic of Vietnam*

The provision of Sub-grants to Selected Beneficiaries for (i) the construction or rehabilitation of household manure treatment systems (including lagoons, sedimentation tanks, fish ponds, composting facilities and biogas digesters); and (ii) the recycling of treated manure.

2. Providing training, including study tours, and technical support to farmers, farmers' associations, animal husbandry extension agents, and government officials, for the improvement of on-farm manure management practices and the strengthening of their capacities, in accordance with the respective Master Capacity-Building Development Plan.

Part B. Policy and Replication Strategy Development

1. Developing and implementing country-specific policies and regulatory frameworks for livestock waste management practices in each Participating Country, consisting of:

(a) *In the People's Republic of China*

- (i) The development and implementation of a Project replication strategy;
- (ii) The review and revision of existing livestock related environmental regulations and the drafting and testing of a new policy framework, farm licensing procedures and codes of practices;
- (iii) The adoption of global information system techniques for data collection, processing and analysis, and the preparation of zoning maps for livestock production; and
- (iv) The strengthening of policies promoting manure commercialization.

(b) *In the Kingdom of Thailand*

- (i) The development and implementation of a Project replication strategy;
- (ii) The revision and implementation of the Standard-Farm Regulations;
- (iii) The development and implementation of livestock waste management and related environmental policy frameworks, farm licensing procedures and codes of practices;

- (iv) The adoption of global information system techniques for data collection, processing and analysis, and the preparation of zoning maps for livestock production; and
- (v) The strengthening of policies promoting manure commercialization.

(c) *In the Socialist Republic of Vietnam*

- (i) The development and implementation of a Project replication strategy;
- (ii) The development and implementation of livestock waste management and related environmental policy frameworks (including livestock waste discharge and recycling standards) and codes of practices;
- (iii) The adoption of global information system techniques for data collection, processing and analysis, and the preparation of zoning maps for livestock production; and
- (iv) The development of policies promoting the production of organic fertilizers.

2. (a) Carrying out of a public awareness campaign on the environmental impact of livestock waste management, including the development and publication of environmental regulations and promotional materials, and the coordination of a network of agricultural research and educational institutions; and

(b) Providing training to government officials of each Participating Country in spatial analysis, environmental impact assessment, monitoring techniques, manure and nutrient management, and the use of decision making tools.

Part C. Project Management and Monitoring

1. Strengthening the institutional capacity of the Participating Countries' PMOs and implementing agencies at local levels, for the management and implementation of the Respective Parts of the Project.

2. Strengthening the monitoring and evaluation skills of the Participating Countries' PMOs and implementing agencies at local levels, to enable them to carry out their respective Monitoring and Evaluation Plan to, *inter alia*: (i) supervise and assess the capacity of local laboratories to conduct, soil water and public health monitoring sample analysis; (ii) carry out baseline surveys and inventories to determine the environmental and social conditions in Selected Project Areas; (iii) develop timelines and site-specific technical, environmental and social indicators for Project activities, and determine any changes in their qualitative or quantitative values; (iv) carry out extensive water quality testing; and (v) develop and organize training programs for Project related agencies.

Part D. Regional Support Services

1. Providing regional support for: (i) the development and implementation of decision-making tools in each Participating Country, (ii) the coordination of a regional group of experts to carry out field-based monitoring activities in the Selected Project Areas, and (iii) the development of regional training modules and packages for trainers, farmers, government officials and Project implementing agencies in each Participating Country.

2. Facilitating cross-country dissemination and sharing of Project's outcomes, through, *inter alia*: (i) the development and implementation of annual work programs; (ii) the organization of the annual meetings of the Regional Coordination Group; (iii) the coordination and cooperation with related projects and programs already existing or under way in the East Asia region; (iv) the coordination of study tours and workshops for government officials, experts, policy-makers and other key stakeholders of the South China Sea riparian countries; and (v) the development of a Project-related Internet portal and publications.

* * *

The Project is expected to be completed by June 30, 2010.

SCHEDULE 3

Procurement

Section I. General

A. All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants' services shall be procured in accordance with Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Recipient.

B. Other Procurement Procedures

1. National Competitive Bidding. Goods estimated to cost less than US\$200,000 equivalent per contract, and works, may be procured under contracts awarded on the basis of National Competitive Bidding, and the additional provisions set forth in the Attachment to this Schedule.

2. Shopping. Goods and works estimated to cost less than US\$100,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than US\$200,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Quality-based Selection. Services for assignments which the Bank agrees meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications. Services estimated to cost less than US\$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

3. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultants' Guidelines.

4. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis subject to prior approval of the Bank.

Section IV. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Bank: (a) all contract for goods, services other than consultants' services and works awarded on the basis of International Competitive Bidding and National Competitive Bidding; (b) the first contract for goods, the first contract for services other than consultants' services, and the first contract for works, procured under shopping procedures in each calendar year; (c) the first contract for consultants' services to be provided by a firm and, thereafter, all contracts for the employment of consulting firms awarded on the bases of Single Source Selection or estimated to cost the equivalent of US\$100,000 or more. In addition, with

respect to: (d) the first contract for the employment of individual consultants and, thereafter; (e) all contracts for individual consultants awarded on a sole-source basis, as well as (f) all contracts for the employment of individual consultants estimated to cost the equivalent of US\$50,000 or more, the report on the qualifications and experience of all evaluated candidates, the terms of reference and the terms of employment of the consultants shall be subject to prior approval by the Bank. All other contracts shall be subject to Post Review by the Bank.

Attachment to Schedule 3

National Competitive Bidding

The Recipient represents that the procedures to be followed for National Competitive Bidding shall be those set forth in the Decree 88/1999/ND-CP dated September 1999, as modified by Decree 14/2000/ND-CP dated May 2000 and Decree 66/2003/ND-CP dated June 2003; and, in order to ensure economy, efficiency and transparency and broad consistency with the provisions of Section I of the Guidelines (as required by paragraph 3.3 of the Guidelines), goods and works for which this Schedule allows procurement shall be procured in accordance with paragraphs 3.3 and 3.4 of the Guidelines and the following paragraphs.

Participation in bidding and preferences

(i) For clarification purposes, it is understood that the last sentence of the amended Paragraph (c), Section 2, Article 2 of Decree 88/1999/ND-CP which states that “All the procedures for submission, appraisal and approval of bidding results and bidder selection results shall follow the Procurement Regulation” means “Approvals of draft bidding documents, bid evaluation reports and proposals for award shall be obtained in accordance with the relevant rules and procedures of the Procurement Regulation”.

(ii) Government-owned enterprises in Vietnam shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient or the procuring entity. Military or security units, or enterprises which belong to the Ministry of Defense or the Ministry of Public Security shall not be permitted to bid.

(iii) Foreign bidders shall be eligible to participate in bidding under the same conditions as local bidders, and local bidders shall be given no preference (either in the bidding process or in bid evaluation) over foreign bidders, nor shall bidders located in the same province or city as the procuring entity be given any such preference over bidders located outside that city or province.

(iv) Bidders shall be allowed to participate in bidding without being listed in the Government Database on Bidder Information or in any other registration system.

(v) Prospective bidders shall be permitted to request bidding documents either in person or through the mail upon submission of a written application. Bidding documents shall be sold to anyone who is willing to pay the required fee of the bidding documents, and no other conditions shall be imposed on the sale of the bidding documents. The fee for the bidding documents should be reasonable and consist only of the cost of printing (or photocopying) the documents and their delivery to the purchaser. The bidding documents shall be delivered, at the prospective bidders' preference, either by hand or by mail/courier provided that the bidder is willing to pay the mail/courier

delivery charges which should be specified in the Invitation for Bids. Each bidder shall be allowed to purchase only one set of the bidding documents.

(vi) Foreign bidders shall not be required, in order to participate in bidding or as a condition of award of the contract or during execution of the contract, to enter into a joint venture with a local bidder, or to subcontract part of their contract to a local bidder.

(vii) If there is prequalification, all prequalified bidders shall be invited to bid.

(viii) If there is limited bidding because there are only a limited number of bidders who can meet the requirements of the bidding documents, all of these bidders shall be invited to bid.

(ix) Bidders shall not be required, as a condition of participation in the bidding, to provide suppliers' credits.

Advertising; time for bid preparation

(x) Invitations to bid shall be advertised in at least one widely circulated national newspaper. In addition, the Recipient is encouraged to advertise in the Government Public Procurement Bulletin and on a free and open access website. A minimum of 30 days for the preparation and submission of bids shall be provided, and potential bidders shall be allowed to purchase bidding documents up to 24 hours prior to the deadline for the submission of bids.

Standard Bidding Documents

(xi) The Recipient's standard bidding documents, acceptable to the Bank, shall be used. The bidding documents shall provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission and opening of bids. Bidders shall be allowed to submit bids by hand or by mail.

Qualification criteria and evaluation criteria

(xii) Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only criteria so specified, shall be used to determine whether a bidder is qualified. The evaluation of the bidder's qualifications should be conducted separately from the technical and commercial evaluation of the bid. When post qualification is applied, the assessment of bidders' qualifications shall be carried out only after the preliminary and detailed evaluation of bids has been completed by the Purchaser/Employer and, in doing so, the qualifications of the bidder who has submitted the lowest evaluated substantially responsive bid shall be assessed first. In carrying out the post-qualification assessment, the Employer/Purchaser shall exercise reasonable judgment in requesting, in writing, from a bidder only missing factual or historical supporting information related to the bidder's qualifications and shall provide a

reasonable time period (that is, a minimum of 7 days) to the bidder to provide his response.

(xiii) Evaluation criteria shall be clearly specified in the bidding documents, and evaluation criteria other than price shall be quantified in monetary terms. All evaluation criteria so specified, and only evaluation criteria so specified, shall be taken into account in bid evaluation. Merit points shall not be used in bid evaluation.

Bid opening, evaluation and award of contract

(xiv) Bids shall be opened in public, immediately after the stipulated deadline for submission of bids. Bidders or their representatives, shall be allowed to be present. The name of the bidder and total amount of each bid, including discounts, shall be read aloud and recorded. Immediately after completion of the bid opening proceedings, a copy of the bid opening record shall be posted at a prominent location, accessible to the public, outside the office of the concerned procuring entity and shall be retained at the same location until the award of contract has been notified. A copy of the bid opening record shall be promptly provided to all bidders who submitted bids.

(xv) Bids received after the deadline for bid submission shall be returned to the bidders unopened.

(xvi) All bids shall not be rejected or new bids solicited without the Bank's prior concurrence.

(xvii) No bidder shall be rejected merely on the basis of a comparison with the owner's estimate and budget ceiling without the Bank's prior concurrence.

(xviii) A bid containing material deviations from, or reservations to, the terms, conditions or specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened. Bidders shall not be eliminated from detailed evaluation on the basis of non-material, minor deviations or reservations.

(xix) Evaluation of bids shall be made in strict adherence to the criteria specified in the bidding documents, and contracts shall be awarded to the qualified bidder offering the lowest evaluated and responsive bid.

(xx) 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.

(xxi) There shall be no post-bidding negotiations with the lowest or any other bidder.

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

Suppliers and Contractors

(xxiii) Bidding documents and contracts under national competitive bidding procedures financed by the Bank shall include a provision requiring suppliers and contractors to permit the Bank to inspect their accounts and records relating to the bid submission and the performance of the supplier and/or contractor, as the case may be, and to have them audited by auditors appointed by the Bank, if so required by the Bank.

(xxiv) License for foreign contractors operation in Vietnam would be provided in a timely manner and will not be arbitrarily withheld.

Publication of the Award of Contract

(xxv) The Recipient shall publish the following information on contract award in Government Public Procurement Bulletin or on a free and open access website or on another means of publication acceptable to the Bank: (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 quarterly.

Complaints by Bidders and Handling of Complaints

(xxvi) The national competitive bidding procedures for contracts financed by the Bank shall include provisions, acceptable to the Bank, for bidders to protest.

SCHEDULE 4

Implementation Program

Project Management

1. The Recipient shall:

(a) maintain, throughout the period of implementation of the Recipient's Respective Parts of the Project, the Vietnamese National Steering Committee, chaired by the Director General of the Department of Environment of the MONRE, with representation from the MONRE, the MOH and the MARD, and assigned with such functions and responsibilities, satisfactory to the Bank, as shall be required for the overall coordination and oversight of the implementation of the Recipient's Respective Parts of the Project, including: (i) reviewing and approving of the annual work programs proposed by the PMO with the assistance of PIUs; (ii) ensuring budget allocations for the Recipient's Respective Parts of the Project; (iii) providing guidance to the PMO on national policies and priorities related to livestock waste management; and (iv) integrating efforts and activities among Project related agencies;

(b) maintain throughout the period of implementation of the Recipient's Respective Parts of the Project, a Project Management Office, headed by a qualified Project Director with experience in projects' management and expertise in livestock waste management and related environmental issues, provided with sufficient resources and competent staff in adequate numbers and under terms of reference satisfactory to the Bank, and assigned with such functions and responsibilities, satisfactory to the Bank, as shall be required for the day-to-day implementation of the Recipient's Respective Parts of the Project, including the carrying out of the financial management, procurement, training coordination, monitoring, evaluation and reporting activities under the Recipient's Respective Parts of the Project, and the liaison with the VNESC, the PIUs and other district level officials;

(c) cause each of the districts in the Selected Project Areas, to maintain, throughout the period of implementation of the Recipient's Respective Parts of the Project, a Project Implementation Unit, within their respective Departments of Natural Resources and Environment, provided with sufficient resources and competent staff in adequate numbers and under terms of reference satisfactory to the Bank, and assigned with such functions and responsibilities, satisfactory to the Bank, as shall be required for assisting the PMO to carry out the day-to-day implementation of the Recipient's Respective Parts of the Project within the respective districts; and

(d) appoint delegates, to be selected by and from among the members of the VNESC, to participate and represent the Recipient in the Regional Coordination Group, for the purposes of: (i) ensuring the continuing exchange of information among Participating Countries on livestock waste management; (ii) promoting regional synergies by

coordinating Project activities among Participating Countries; (iii) promoting the inclusion of livestock waste management issues in policy and budget formulation in the Participating Countries; (iv) promoting the adoption of common environmental policies and practices; and (v) reviewing its annual work program.

2 For purposes of Section 4.01 of this Agreement, the Recipient shall, no later than six months as of the Effective Date, select and retain an independent auditor acceptable to the Bank, under terms of reference satisfactory to the Bank, to carry out annual audits of all the Recipient's Project accounts, expenditures, Financial Monitoring Reports and financial statements.

Project Implementation

A. General

3. (a) The Recipient, through the PMO, shall adopt and implement a Project Implementation Plan providing, *inter alia*:

- (i) the institutional arrangements for the implementation of the Recipient's Respective Parts of the Project, acceptable to the Bank, including the procedures, conditions and criteria for identification, preparation, appraisal, environmental screening and selection of Sub-projects for the provision of Sub-grants under Part A.1(c) of the Project;
- (ii) the terms and conditions of Sub-grants, acceptable to the Bank, including: (A) maximum and minimum amounts in accordance with eligible technologies; (B) procurement arrangements; (C) model sub-grant agreements to be entered in accordance with paragraph 5 of this Schedule 4; and (D) remedies for non-compliance with any of the conditions thereof;
- (iii) a time-bound Master Capacity-Building Development Plan, satisfactory to the Bank, specifying the program to be carried out for implementing the Recipient's respective activities under Parts A.2 and C of the Project;
- (iv) a financial management manual providing *inter alia*, the arrangements, satisfactory to the Bank, for the flow of funds of the GEF Trust Fund Grant;
- (v) a Monitoring and Evaluation Plan, satisfactory to the Bank, providing for semi-annual reports based on indicators applicable to projects in international waters; and

- (vi) a Stakeholders Participation Plan, acceptable to the Bank, providing for the consultation mechanisms tailored to facilitate the stakeholders' involvement in the preparation, review and implementation of the new livestock waste management policy frameworks, the codes of practices, the master plan for livestock production and the livestock waste management technology demonstrations.

(b) The Recipient shall not amend, waive or abrogate any provisions of the Project Implementation Plan without the prior concurrence of the Bank.

4. The Recipient shall:

(a) prepare, under guidelines acceptable to the Bank and in accordance with procedures set forth in the Project Implementation Plan, and furnish to the Bank for its review and comments: (i) by no later than a month after the Effective Date, a work program identifying the activities, by component and sub-component, carried out or to be carried out starting from the Effective Date and through the end of the first calendar year of implementation of the Recipient's Respective Parts of the Project; and (ii) thereafter, by no later than November 30 of each year, commencing in 2006, a work program for the following calendar year; and

(b) thereafter, carry out its Respective Parts of the Project in accordance with such annual work programs, as they shall have been agreed with the Bank and approved by the VNSC.

B. Livestock Waste Management Technology Demonstration

5. In carrying out Part A.1(c) of the Project, the Recipient, through the PMO and the PIUs shall:

(a) enter into sub-grant agreements with the Selected Beneficiaries, under terms and conditions satisfactory to the Bank and in accordance with the guidelines of the Attachment to this Schedule 4 and the Project Implementation Plan, for the purposes of financing specific investment Sub-projects under Part A.1(c) of the Project. In the event of conflict between the provisions of this Agreement and the provision of the Project Implementation Plan, the provisions of this Agreement shall prevail; and

(b) prepare, or require the Selected Beneficiaries to prepare and adopt, a sub-project implementation plan for each investment Sub-project to be financed through Sub-grant; each said sub-project implementation plan to include: (i) a description of the implemented manure management system or technology; (ii) a Sub-project-customized monitoring and evaluation plan; and (iii) any necessary statistic information for assessing the evolution and replicability of the Sub-project.

6. In carrying out Part A.1(c) of the Project, the Recipient shall ensure, or cause the Provinces in the Selected Project Areas to ensure, that all selected Sub-projects to be financed through Sub-grants are technically, commercially and financially viable, and have been designed and appraised, with due regard for public health, safety, resettlement and environmental standards acceptable to the Bank, including ensuring that:

(a) an environmental screening of each Sub-project has been done and, if necessary on the basis of such screening, a full Environmental Impact Assessment has been carried out, in terms satisfactory to the Bank, in order to determine any measures to be taken to prevent, minimize, mitigate or compensate any environmentally adverse effects. In the event that any Sub-projects would require any such mitigation measures, prior to commencing such Sub-project, prepare an Environmental Management Plan, satisfactory to the Bank, in accordance with sound environmental practices and standards acceptable to the Bank and the 1993 Law on Environmental Protection, and thereafter, implement the Environmental Management Plan as approved by the Bank. Any revisions or amendments to either the Environmental Impact Assessment or the approved Environmental Management Plan shall be furnished to the Bank for its prior concurrence;

(b) all necessary actions have been taken in order to minimize to the extent possible any involuntary loss by persons of shelter, productive assets or access to productive assets, or income, or means of livelihood, temporarily or permanently. In the event that the Sub-projects would give raise to Displaced Persons, prior to commencing such Sub-projects, prepare a Resettlement Plan, satisfactory to the Bank, in accordance with the policies and procedures in the Resettlement Policy Framework, and thereafter, implement the Resettlement Plan as approved by the Bank. Any revisions or amendments to either the Resettlement Policy Framework or the approved Resettlement Plans shall be furnished to the Bank for its prior concurrence; and

(c) all necessary actions have been taken in order to avoid to the extent possible any socially and culturally incompatible effect on ethnic minorities' communities within the Selected Project Areas. In the event that the Sub-projects would inevitably affect ethnic minorities' communities within the Selected Project Areas, prior to commencing such Sub-projects, prepare an Ethnic Minorities Development Plan, satisfactory to the Bank, in accordance with the procedures of the Strategy for Ethnic Minority Development and ensuring meaningful consultations with and informed participation of the affected ethnic minorities' communities, and thereafter, implement the Ethnic Minority Development Plan as approved by the Bank. Any revision or amendment to either the Strategy for Ethnic Minority Development or the approved Ethnic Minorities Development Plans shall be furnished to the Bank for its prior concurrence.

C. Policy and Replication Strategy Development

7. In carrying out Part B.1(c)(i) of the Project, the Recipient shall:

(a) by no later than December 31, 2007, develop a Project replication strategy for the nation-wide scale-up of the Project;

(b) provide said strategy to the Bank for its review and comments; and

(c) thereafter, take all necessary actions to implement said strategy taking into consideration the Bank's view thereon.

8. In carrying out Parts B.1(c)(ii) and (iv) of the Project, the Recipient shall apply the principles and procedures set forth in the Stakeholders Participation Plan to ensure consultations with and the participation of representatives from academia, farmers and the associations thereof, and Project-related government officials, in the formulation of: (a) the implementation of the livestock-related environmental policy frameworks; (b) the codes of practices; and (c) the policies promoting the production of organic fertilizers.

D. Monitoring and Evaluation

9. (a) The Recipient shall maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators satisfactory to the Bank, the carrying out of the Recipient's Respective Parts of the Project and the achievement of the objectives thereof;

(b) The Recipient shall prepare under the terms of reference satisfactory to the Bank, and furnish to the Bank, on or about February 15 and August 15 of each year, commencing on August 15, 2006, a semi-annual report integrating the results of the monitoring and evaluation activities performed pursuant to sub-paragraph (a) above, on the progress achieved in the carrying out of the Recipient's Respective Parts of the Project during the preceding calendar semester, each such semi-annual report to integrate the Financial Monitoring Reports for the covered relevant period, in accordance with Article IV, Section 4.02 of this Agreement, and set out the measures recommended to ensure the efficient carrying out of the Recipient's Respective Parts of the Project and the achievement of their objectives during the period following the date of each such report; and

(c) Promptly after their preparation, the Recipient shall review with the Bank, the reports referred to in paragraph (b) above, and, thereafter, shall take all measures required to ensure the efficient completion of the Respective Parts of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said reports and the Bank's views on the matter.

Attachment to Schedule 4

**Procedures for and Terms and Conditions
of Sub-grants**

1. Sub-grants shall: (i) be made solely for Sub-projects; (ii) be denominated in Vietnam Dongs; and (iii) not exceed 25% of the reasonably estimated overall cost of each Sub-project, including any in kind contributions from the Selected Beneficiary.

2. No expenditures required for a Sub-project shall be eligible for financing out of the proceeds of the GEF Trust Fund Grant unless:

(a) the relevant application for approval of the Sub-project shall have been processed in accordance with the provisions of the Project Implementation Plan and approved by the PMO; and

(b) the Recipient, through the PMO and/or the respective PIU, has entered into the written agreement referred to in paragraph 5 of Schedule 4 to this Agreement with the Selected Beneficiary.

3. The aforementioned Sub-grant written agreement shall grant the Recipient, the right to:

(a) require the Selected Beneficiary to carry out and operate the Sub-project with due diligence and efficiency and in accordance with sound technical, engineering, financial, environmental, social, public health, and managerial standards, and the provisions of the Project Implementation Plan, and to maintain adequate records and accounts;

(b) require that: (i) the goods and works to be financed out of the proceeds of the Sub-grants be procured in accordance with the provisions of Schedule 3 to this Agreement with the assistance of the PMO or the PIUs, as the case may be; (ii) such goods and works be used exclusively in furtherance of the objectives of the Project; and (iii) such goods and works be neither sold nor transferred for use by any other party than the Selected Beneficiary;

(c) require that the Selected Beneficiary comply with all relevant environmental laws and regulations of the Recipient with respect to its activities, including with respect to the Sub-project;

(d) inspect, by itself or jointly with representatives of the Bank, if the Bank shall so request, any such goods, technologies and production sites related to the Sub-project and the operation thereof, as well as any relevant records and documents;

(e) require that: (i) the Selected Beneficiary shall take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and (ii) without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Sub-grant to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Selected Beneficiary to replace or repair such goods;

(f) obtain all such information as the Bank shall reasonably request relating to the foregoing, and to the administration, operations and financial condition of the Selected Beneficiary and to the benefits to be derived from the Sub-project (including information required to exercise the prior review provided in Section IV of Schedule 3 to this Agreement, and comply with Section 9.07(a)(iii) of the General Conditions);

(g) require the Selected Beneficiary to operate and maintain at all times any facilities relevant to the Sub-project, and, promptly as needed, to make or cause to be made all necessary repairs and renewals thereof; and

(h) suspend or terminate the right of the Selected Beneficiary to the use of the proceeds of the Sub-grant upon failure by the Selected Beneficiary to perform its obligations under its contract with the Recipient.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories (1), (2), (3), (4) and (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Recipient’s Respective Parts of the Project and to be financed out of the proceeds of the GEF Trust Fund Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term “Authorized Allocation” means the amount of US\$200,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 3(a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the GEF Trust

Fund Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Recipient directly from the GEF Trust Fund Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01(b)(ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made

until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6(a), (b) and (c) of this Schedule shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.