

**CONFORMED COPY**

**Grant Number TF 023861**

# **DFID TRUST FUND GRANT AGREEMENT**

**(Primary Teacher Development Project)**

**between**

**SOCIALIST REPUBLIC OF VIETNAM**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**As Administrator of Grant Funds  
Provided by the Government of United Kingdom of Great Britain  
and Northern Ireland**

**Dated April 02, 2002**

**GRANT NUMBER TF 023861**

**DFID TRUST FUND GRANT AGREEMENT**

AGREEMENT, dated April 02, 2002 between SOCIALIST REPUBLIC OF VIETNAM (the

Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) acting as Administrator (the Administrator) of grant funds provided by the United Kingdom of Great Britain and Northern Ireland.

WHEREAS (A) pursuant to an agreement dated April 02, 2002, between the Recipient and the Association (the Development Credit Agreement), for the financing of the Primary Teacher Development Project (the Project as described in Schedule 2 to the Development Credit Agreement), the Association agreed to provide to the Recipient a credit in the amount of SDR 15,600,000 (the Credit) on the terms and conditions set forth in the Development Credit Agreement, and the Recipient declared its commitment to the objectives of the Project and agreed to carry out the Project in accordance with the terms of the Development Credit Agreement;

WHEREAS (B) the United Kingdom of Great Britain and Northern Ireland, through its Department for International Development (DFID) has agreed to provide assistance in the financing of the Project; and

(C) pursuant to a Memorandum of Understanding dated February 08, 2002, between DFID and the Association (the DFID Memorandum of Understanding), the Association has agreed to administer on behalf of DFID the amount of seven million one hundred and ten thousand Pounds Sterling (£ 7,110,000) (the DFID Grant) to be used to finance in part the costs of carrying out the Project under the terms and conditions of 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 Development Credit Agreements of the Association, dated January 1, 1985, as amended through October 6, 1999, 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 (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (12), (13) and (14), 2.02 and 2.03;
- (iii) Section 3.01;
- (iv) Sections 4.01 and 4.05;
- (v) Article V;
- (vi) Sections 6.01, 6.02 (a), (b), (c), (d), (e), (g), (h), (i), (j), (k) and (l), 6.03, 6.04 and 6.06;
- (vii) Section 8.01 (b);
- (viii) Sections 9.01, 9.03, 9.04, 9.05, 9.06, 9.07, and 9.08;

- (ix) Article X;
  - (x) Article XI; and
  - (xi) Sections 12.01 (b), 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) the term “Association,” wherever used in the General Conditions, other than in Sections 2.01 (6) and 6.02 (e) thereof, and the last use of such term in Section 5.01 thereof, means the Association acting as Administrator of the DFID Grant pursuant to the DFID Memorandum of Understanding referred to in Recital (C) of this Agreement, except that in Section 6.02, the term “Association” shall also include the Association acting in its own capacity;
  - (ii) the term “Borrower” wherever used in the General Conditions, means the Recipient;
  - (iii) the term “Development Credit Agreement,” wherever used in the General Conditions, means this Agreement;
  - (iv) the term “Credit,” wherever used in the General Conditions, means the DFID Grant;
  - (v) the term “Credit Account,” wherever used in the General Conditions, means the DFID Grant Account, an account opened by the Administrator on its books in the name of the Recipient to which the amount of the DFID Grant is credited; and
  - (vi) Section 4.01 shall be modified to read:

“Withdrawals from the DFID Grant Account shall be made in Pounds Sterling; provided, however, that if the expenditures to be financed out of the proceeds of the DFID Grant have been paid or are payable in another currency, the Administrator shall, at the request of the Recipient, purchase such currency with the proceeds of such withdrawal.”

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, in the Recitals to this Agreement and in the Development Credit Agreement have the respective meanings therein set forth, and the term “Special Account” means the account referred to in Section 2.02 (b) of this Agreement.

## **ARTICLE II**

### **The DFID Grant**

Section 2.01. The Administrator agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the DFID Grant in an amount of seven million one hundred and ten thousand Pounds Sterling (£ 7,110,000).

Section 2.02. (a) The amount of the DFID Grant may be withdrawn from the DFID Grant

Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and the Administrator, for expenditures made (or, if the Administrator shall so agree, to be made) in respect of the reasonable cost of carrying out the Project and to be financed out of the DFID Grant.

(b) The Recipient may, for the purposes of the Project, open and maintain in Dollars a special deposit account in a commercial bank, on terms and conditions satisfactory to the Administrator, 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 3 to this Agreement.

(c) The Administrator shall not be obliged to provide funds under the DFID Grant to the Recipient except to the extent the Administrator shall have received funds from DFID for this purpose.

Section 2.03. The Closing Date shall be December 31, 2005 or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

### **ARTICLE III**

#### **Execution of the Project**

Section 3.01. (a) The Recipient shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and educational practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

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

Section 3.02. Except as the Administrator shall otherwise agree, procurement of consultants' services required for the Project and to be financed out of the DFID Grant shall be governed by the provisions of Schedule 2 to this Agreement.

Section 3.03. (a) The Recipient shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Recipient responsible for carrying out the Project or any part thereof.

(b) The Recipient shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;
- (ii) furnish to the Administrator as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested; and

- (iii) furnish to the Administrator such other information concerning said records and accounts and the audit thereof as the Administrator shall from time to time reasonably request.

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

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Administrator has received the audit for the fiscal year in which the last withdrawal from the DFID Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Administrator's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

## **ARTICLE IV**

### **Effectiveness; Termination**

Section 4.01. This Agreement shall become effective upon its execution by the parties hereto or the Effective Date of the Development Credit Agreement, whichever is later.

Section 4.02. This Agreement shall continue in effect until disbursement under this Agreement has been completed and the parties to this Agreement have fulfilled all their obligations hereunder, provided, however, that if the Development Credit Agreement terminates prior to the termination of this Agreement, or the DFID Memorandum of Understanding terminates prior to the termination of this Agreement, this Agreement shall terminate automatically and shall cease to have any further force or effect.

## **ARTICLE V**

### **Representation**

Section 5.01. 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 5.02. 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 Street  
Hanoi  
Socialist Republic of Vietnam

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

For the Administrator:

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

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	64145 (MCI) or 248423 (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/ Le Duc Thuy  
Authorized Representative

**INTERNATIONAL DEVELOPMENT ASSOCIATION**  
as Administrator of the DFID Grant

By

/s/ Andrew Steer  
Authorized Representative

**SCHEDULE 1**

## Withdrawal of the DFID Grant

1. The table below sets forth the Categories of items to be financed out of the DFID Grant, the allocation of the amount of the DFID Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	Amount of the DFID Grant Allocated (Expressed in Pounds)	% of Expenditures to be Financed
(1) Consultants' Services	5,528,000	100%
(2) Training	822,000	35%
(3) Unallocated	760,000	
TOTAL:	<u>7,110,000</u>	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any country other than that of the Recipient; and

(b) the term "local expenditures" means expenditures in the currency of the Recipient or for services supplied from the territory of the Recipient.

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.

4. The Administrator may require withdrawals from the DFID Grant Account to be made on the basis of statements of expenditure, for expenditures for: (a) services provided by consulting firms under contracts costing less than \$100,000 equivalent each; (b) services provided by individual consultants under contracts costing less than \$50,000 equivalent each; and (c) training; all under such terms and conditions as the Administrator shall specify by notice to the Recipient.

## SCHEDULE 2

## **Procurement**

### **Part A: General**

1. Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999 (the Consultant Guidelines), and the provisions of the following Parts of this Schedule.

### **Part B: Quality- and Cost-based Selection**

Except as otherwise provided in Part C of this Schedule, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

### **Part C: Other Procedures for the Selection of Consultants**

#### **1. Quality-based Selection**

Services for (a) the preparation of teacher training materials under Part B of the Project, (b) the data collection for the evaluation of student performance under Part E of the Project, and (c) the formulation of terms of service under Part D of the Project, not to exceed an aggregate amount of \$1,215,000 equivalent, shall be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

#### **2. Least-cost Selection**

Services for the audit of the Project financial records and accounts, not to exceed an aggregate amount of \$125,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

#### **3. Selection Based on Consultants' Qualifications**

Services for (a) the development of distance learning materials and their dissemination in local centers and teacher training institutions under Part B of the Project, and (b) the monitoring and evaluation of the impacts of the Borrower's program under Part E of the Project, estimated to cost less than \$100,000 equivalent per contract, and not to exceed an aggregate amount of \$1,601,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.



4. Single Source Selection

Services for (a) the formulation and application of the teacher professional profile under Part A of the Project, (b) the development of training programs under Part B of the Project, (c) quality assurance under Part C of the Project, (d) the analysis of the student assessment data under Part E of the Project, and (e) institutional capacity strengthening under Part E of the Project, not to exceed an aggregate amount of \$3,468,000 equivalent, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

5. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

**SCHEDULE 3**

## **Special Account**

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories 1 and 2 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 services required for the Project and to be financed out of the proceeds of the DFID 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 an amount equivalent to US\$1,000,000 to be withdrawn from the Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Administrator shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to US\$500,000 until the aggregate amount of withdrawals from the DFID Grant Account plus the total amount of all outstanding special commitments entered into by the Administrator pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of 2,700,000 Pounds Sterling.

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 Administrator 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 Administrator 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 Administrator shall, on behalf of the Recipient, withdraw from the DFID 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 Administrator requests for deposits into the Special Account at such intervals as the Administrator shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Administrator 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 Administrator shall, on behalf of the Recipient, withdraw from the DFID 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 Administrator from the DFID 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 Administrator shall reasonably request, furnish to the Administrator 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 Administrator shall not be required to make further deposits into the Special Account.

(a) if, at any time, the Administrator shall have determined that all further withdrawals should be made by the Recipient directly from the DFID 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 Administrator, within the period of time specified in Section 3.03 (b) (i) of this Agreement, any of the audit reports required to be furnished to the Administrator pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Administrator 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 DFID Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the DFID Grant allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Administrator pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the DFID Grant Account of the remaining unwithdrawn amount of the DFID Grant allocated to the eligible Categories shall follow such procedures as the Administrator shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Administrator 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 Administrator 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 Administrator, the Recipient shall, promptly upon notice from the Administrator: (A) provide such additional evidence as the Administrator may request; or (B) deposit into the Special Account (or, if the Administrator shall so request, refund to the Administrator) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Administrator shall otherwise agree, no further deposit by the Administrator 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 Administrator 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 Administrator, refund to the Administrator such outstanding amount.

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

(d) Refunds to the Administrator made pursuant to paragraph 6 (a), (b) and (c) of this

Schedule shall be credited to the DFID Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

