Global Environment Facility Grant Agreement

(Clean Production and Energy Efficiency Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

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

Dated October 21st, 2011
GEF GRANT NUMBER TF099859-VN

GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated, October 21, 2011, entered into between:
SOCIALIST REPUBLIC OF VIETNAM ("Recipient"); and INTERNATIONAL BANK
FOR RECONSTRUCTION ("World Bank"), acting as an implementing agency of the
Global Environment Facility ("GEF").

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various
Funds, dated July 31, 2010 ("Standard Conditions"), constitute an integral part of
this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this
Agreement have the meanings ascribed to them in the Standard Conditions or in
this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described
in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall
carry out the Project through the Ministry of Industry and Trade in accordance
with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and
except as the Recipient and the World Bank shall otherwise agree, the Recipient
shall ensure that the Project is carried out in accordance with the provisions of
Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions
set forth or referred to in this Agreement, a grant in an amount equal to two
million three hundred seventy four thousand four hundred seven United States
Dollars ($2,374,407) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the above-mentioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Article IV
Recipient’s Representative; Addresses

4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Governor, or a Deputy Governor, of State Bank of Vietnam.

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

State Bank of Vietnam
49, Lý Thái Tố
Hanoi
Vietnam

Cable: VIETBANK
Telex: 412248
Facsimile: 84-4-3825-0612

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

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Hanoi, Vietnam, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIETNAM

By /s/: Nguyen Van Binh

Authorized Representative

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

By /s/: Victoria Kwakwa

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the capacity of the Recipient and other key stakeholders for the effective delivery of the Program, thereby improving energy efficiency and reducing associated greenhouse gas emissions.

The Project consists of the following parts:

1. **Energy Efficiency Action Plans for Key Industrial Sectors**

   Provision of technical assistance for the: (a) formulation of energy efficiency strategies and action plans for energy-intensive and high-growth industrial sectors (such as food / beverage, brick / ceramic, cement, chemicals, paper, and textile); and (b) establishment and implementation of voluntary agreements with pilot enterprises in such sectors, including introduction of policy incentives and mechanisms, dissemination of information relating to the results of the Program to wider stakeholders, and preparation of scale-up of the Program.

2. **Development of Energy Service Providers**

   Provision of technical assistance for the development of energy service providers, key market players, and other stakeholders for purposes of establishment of a mechanism for the delivery of increased energy savings in the energy efficiency market, including: (a) carrying out of a comprehensive survey and analysis of emerging energy service providers; (b) evaluation of funding mechanisms; (c) development and delivery of advanced training programs; (d) development of best-practice or in-depth guidelines relating to energy performance contracting; and (e) dissemination of information relating to energy service company services, projects, and case studies.

3. **Capacity Building for Program Management and Monitoring and Evaluation**

   Capacity building of the Energy Efficiency and Conservation Office in relation to Program and Project implementation and monitoring and evaluation.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

Ministry of Industry and Trade

*Energy Efficiency and Conservation Office / Project Management Unit*

1. The Recipient shall be responsible for Project management, implementation, including administrative and financial management, procurement, and disbursement, and monitoring and evaluation through the Ministry of Industry and Trade, particularly the Energy Efficiency and Conservation Office, and more particularly the Project Management Unit.

2. To this end, the Recipient shall maintain, throughout Project implementation, the Project Management Unit, with an institutional framework, functions, and resources satisfactory to the World Bank, including competent personnel in adequate numbers, as shall be required for Project implementation.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.
(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

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<thead>
<tr>
<th>No.</th>
<th>Indicator</th>
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<tr>
<td></td>
<td><strong>Project Objective</strong></td>
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<tr>
<td>1.</td>
<td>Energy efficiency action plans for key industrial sectors adopted and launched</td>
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<tr>
<td>2.</td>
<td>Energy efficiency voluntary program in pilot enterprises established</td>
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<td>3.</td>
<td>Energy service providers trained in and applying advanced energy efficiency concepts</td>
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<td></td>
<td><strong>Part 1 of the Project</strong></td>
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<tr>
<td>4.</td>
<td>Assessment of energy efficiency situation and potential in key industry sectors completed</td>
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<td>5.</td>
<td>Target-setting methodology and mechanism for energy efficiency voluntary agreements developed</td>
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<tr>
<td>6.</td>
<td><strong>Part 2 of the Project</strong></td>
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<tr>
<td>7.</td>
<td>Survey of emerging energy service providers, evaluation of funding mechanisms, development and delivery of advanced training programs, and development of best-practice or in-depth guidelines relating to energy performance contracting completed</td>
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2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Semi-Annual Reviews

The Recipient shall review with the World Bank, no later than one (1) month after the submission of each Project Report to the World Bank, or such later date as the World Bank may request, such Report, and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of such Report and the World Bank’s views on the matter.
C. Midterm Review

The Recipient shall:

(a) carry out jointly with the World Bank, no later than thirty (30) months after the Effective Date, or such later date as the World Bank may request, a midterm review to assess the status of Project implementation, as measured against the performance indicators referred to in Section II.A.1 (a) of this Schedule. Such review shall include an assessment of the following: (i) overall progress in Project implementation; (ii) results of monitoring and evaluation activities; (iii) annual work plans and budgets; (iv) progress in procurement and disbursement; (v) Project implementation arrangements; and (vi) the need to make any adjustments to the Project and reallocate funds to improve performance;

(b) prepare and furnish to the World Bank, at least three (3) months before such review, a report, in scope and detail satisfactory to the World Bank, needed to undertake the review, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section on the progress achieved in the carrying out of the Project during the period preceding the date of the such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and

(c) review, jointly with the World Bank, the report referred to in paragraph (b) of this Section and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of such report and the World Bank’s views on the matter.

D. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1)
fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. **Procurement**

A. **General**

1. **Procurement and Consultant Guidelines.** All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

   (a) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”) in the case of goods, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”) in the case of consultants’ services; and

   (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

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

B. **Particular Methods of Procurement of Goods**

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

2. **Other Methods of Procurement of Goods.** The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan: (a) Shopping; and (b) Direct Contracting.
C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection based on Consultants’ Qualifications; (c) Single-source Selection; and (d) Selection of Individual Consultants.

D. **Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Section IV. Withdrawal of Grant Proceeds**

A. **General**

The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance one hundred percent (100%) of Eligible Expenditures, consisting of goods, consultants’ services (including for audits), Training, and Operating Costs financed under the Grant.

B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2016.
APPENDIX

Definitions

1. “Department of Science and Technology” means the department, under the Ministry of Industry and Trade (as hereinafter defined), responsible for the management of science and technology, or any successor thereto.

2. “Energy Efficiency and Conservation Office” means the Recipient’s entity, under the Department of Science and Technology, responsible for energy efficiency and conservation, or any successor thereto.

3. “Ministry of Industry and Trade” means the Recipient’s ministry responsible for the management of industry and trade, or any successor thereto.

4. “Operating Costs” means the reasonable costs of incremental expenditures under the Project, incurred by the Recipient for purposes of Project management, implementation, and monitoring and evaluation on account of utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental and related operational expenses, building and equipment maintenance, public awareness-related publicity and media expenses, domestic and international travel and subsistence, and salaries of contractual and temporary staff, but excluding salaries, bonuses, fees, and honoraria of members of the Recipient’s civil service.

5. “Program” means the Vietnam National Energy Efficiency Program designed to improve energy efficiency and conservation in all sectors of the Recipient’s economy and set forth or referred to in the Recipient’s Decision Number 79/2006/QD-TTg dated April 14, 2006.

6. “Project Management Unit” means the Recipient’s entity, under the Energy Efficiency and Conservation Office, established and operating pursuant to the Recipient’s Decision Number 919/QD-BCN dated April 7, 2006, and whose responsibilities under the Project are set out in Section I.A.2 of Schedule 2, or any successor thereto.

7. “State Bank of Vietnam” means the central bank of the Recipient, or any successor thereto.

8. “Training” means the cost of training financed under the Project, attributable to seminars, workshops, and study tours, along with the cost of travel and subsistence for training participants, services of trainers, rental of training
facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.