The World Bank  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
1818 H Street N.W.  
Washington, D.C. 20433  
(202) 477-1234  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS  
August 22, 2013  

H. E. Nguyễn Văn Bình  
Governor  
State Bank of Vietnam  
49, Ly Thai To Street  
Hanoi, Vietnam  

Re: Socialist Republic of Vietnam: Australian Trust Fund for the  
AusAID-World Bank Strategic Partnership in Vietnam  
Grant No. TF015072-VN  
Public-Private Partnership (PPP) Support to MOT on Expressway Development  

Dear Governor:  

In response to the request for financial assistance made on behalf of the Socialist Republic of Vietnam ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development / International Development Association ("World Bank"), acting as administrator of grant funds provided by the Government of Australia ("Donor"), acting through the Australian Agency for International Development (AusAID), under the Australian Trust Fund for the AusAID-World Bank Strategic Partnership in Vietnam (Trust Fund No. TF071834), proposes to extend to the Recipient a grant in an amount not to exceed two million five hundred thousand Australian Dollars (AU$2,500,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").  

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.  

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.  

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.
Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT / INTERNATIONAL DEVELOPMENT ASSOCIATION

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

AGREED:
SOCIALIST REPUBLIC OF VIETNAM

By [Signature]
Authorized Representative

Name Le Minh Hung
Title Deputy Governor
Date September 12, 2013

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
ATF Grant No. TF015072-VN

ANNEX

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement. In particular, the following terms have the following meanings:

(a) "Incremental Operating Costs" means the reasonable cost of incremental eligible expenditures incurred by the Recipient and implementing agencies as well as concerned participating agencies and local beneficiaries in the implementation of the Project, based on annual work plans and budgets approved by the World Bank, which expenditures would not have been incurred absent the Project, including the costs of consumables, operation, maintenance, and/or rental of equipment and vehicles; communication costs; information and communication campaigns; transportation costs; and per diem for Project staff including contracted staff and other participants for purposes of Project implementation, management, and supervision; and wages of contracted staff; but in all cases excluding salaries, salary allowances, and salary supplements of the Recipient's civil servants ('công chức' and 'viên chức');

(b) "Ministry of Transport" or "MOT" means the Recipient's Ministry of Transport responsible for the management of transport, or a successor thereto;

(c) "Private Public Partnership" or "PPP" means the approach of partnership between private and public entities to assist the Recipient's government in developing a program to leverage private investment into infrastructure sectors;

(d) "PPP Unit" means the unit established by the Recipient's Ministry of Transport pursuant to its Decision Number 1815/QD-BGTVT dated August 3, 2012;

(e) "Project Management Unit of Road Number 1" or "PMU 1" means the unit established by the Recipient's Ministry of Transport pursuant to its Decision Number 1669 QD/TCCB-LD dated August 21, 1993, which is responsible for the daily implementation of this Project, among other things; and

(f) "Training and Workshops" means the reasonable costs of expenditure incurred by the Recipient, based on annual budgets approved by the World Bank, in facilitating and conducting domestic and overseas training and workshop activities under the Project, including costs of training or workshop materials, equipment and venue rental, honoraria for trainers and/or speakers (including civil servant trainers and/or speakers), and per diem and transportation for those attending the training or workshop; but excluding salary and salary supplements of the Recipient's civil servants ('công chức' and 'viên chức').
Article II
Project Execution

2.01. **Project Objective and Description.** The objective of the Project is to support the Ministry of Transport in enhancing its institutional capacity to identify, prepare, and implement major infrastructure projects using PPP modalities. The Project consists of the following parts:

(a) **Identification of PPP Projects:** Provision of support to MOT in identifying and listing projects that are suitable for implementation as PPP projects.

(b) **Capacity Building of and Policy Support for MOT in Managing PPP Projects:** Provision of support to MOT in building capacity for its PPP Unit and other relevant MOT agencies.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Transport in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.**

(a) The Recipient shall be responsible for Project management, implementation, including administrative and financial management, disbursement, procurement, and monitoring and evaluation through the Ministry of Transport, particularly the Project Management Unit within the MOT.

(b) To this end, the Recipient shall maintain, throughout Project implementation, the PMU, with an adequate institutional framework, functions, and resources, including competent personnel in adequate numbers, as shall be required for purposes of Project implementation.

2.04. **Donor Visibility and Visit.**

(a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.**

(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 indicator(s) acceptable to the World Bank. 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.

(c) 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.

2.06. **Financial Management.**

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

(b) The Recipient shall 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 quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements 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.

2.07. **Procurement**

(a) **General.** All goods, non-consulting services and consultants’ 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:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, 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 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

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

(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding, subject to the additional procedures as set forth in the Appendix to this Annex.
(ii) The following method, other than National Competitive Bidding, may be used for procurement of goods for those contracts which are specified in the Procurement Plan: Shopping.

(d) Particular Methods of Procurement of Consultants’ Services

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

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection based on the Consultants’ Qualifications; (C) Single Source Selection of Consulting Firms; and (D) Selection of Individual Consultants.

(e) 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.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. 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, non-consulting services, consultants’ services, Incremental Operating Costs, and Training and Workshops, inclusive of Taxes.

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

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

Article IV
Recipient’s Representative; Addresses

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

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

State Bank of Vietnam
49, Ly Thai To Street
Hanoi
Vietnam
4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development/
International Development Association
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
APPENDIX TO ANNEX
National Competitive Bidding: Additional Procedures

The procedures to be followed for the procurement of goods, non-consulting services, and works under contracts awarded on the basis of National Competitive Bidding shall be those set forth in:
(a) Article 18 on Open Bidding of the Recipient’s Law on Procurement No. 61/2005/QH11 dated November 29, 2005; (b) the Recipient’s Law No. 38/2009/QH12 Amending and Supplementing a Number of Articles of Laws Concerning Capital Construction Investment dated June 19, 2009; and (c) the Recipient’s Decree No. 85/2009/ND-CP Guiding Implementation of the Law on the Procurement and Selection of Construction Contractors under the Construction Law dated October 15, 2009 (collectively, “National Procurement Laws”), subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following provisions:

Conflict of Interest

1. A bidder shall not have a conflict of interest. Any bidder found to have a conflict of interest shall be ineligible for award of a contract. The provisions on conflict of interest as stated under Section I of the Procurement Guidelines shall apply.

Eligibility

2. The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the World Bank for reasons other than those provided in Section I of the Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders in bid evaluation, nor shall foreign bidders be asked or required to form joint ventures with or be subcontractors to national bidders in order to submit a bid.

3. Government-owned enterprises or institutions of the Recipient’s country are eligible to bid in the Recipient’s country only if they can establish that they: (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Recipient or Sub-Recipient.

Registration

4. Registration shall not be used to assess bidders’ qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and, if determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity of registering, without any let or hindrance. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.

Advertising; Time for Bid Preparation

5. The complete text of advertisement shall be published in a national newspaper of wide circulation or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access. The Recipient may publish a shorter version of the advertisement text, including the minimum relevant information, in the national press provided that the full text is simultaneously published in the official gazette or on a widely used website or electronic portal with free national and international access.
Notification shall be given to prospective bidders in sufficient time to enable them to obtain relevant documents.

6. The time allowed for the preparation and submission of bids shall not be less than thirty (30) days from the date of the invitation to bid or the date of availability of the bidding documents, whichever is later.

Standard Bidding Documents

7. Standard bidding documents acceptable to the World Bank shall be used.

Qualification Criteria

8. Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a pass or fail basis and merit points shall not be used. Such assessment shall only take into account the bidder’s capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment, and construction and manufacturing facilities, and financial capacity. The evaluation of the bidder’s qualifications shall be conducted separately subsequent to the technical and commercial evaluation of the bid.

Bid Submission, Bid Opening, and Bid Evaluation

9. Bidders may submit bids, at their option, either in person or by courier service or by mail, as required in the bidding documents. Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the World Bank with respect to contracts subject to the World Bank’s prior review.

(a) Bidding documents shall be sold to anyone who is willing to pay the required fee of the bidding documents which shall not exceed the costs of printing, reproduction, and delivery at any time prior to the deadline for bid submission, and no other conditions shall be imposed on the sale of the bidding documents.

(b) Evaluation of bids shall be made in strict adherence to the criteria that shall be clearly specified in the bidding documents and quantified in monetary terms for evaluation criteria other than price; merit points shall not be used in bid evaluation.

(c) A contract shall be awarded, within the period of the validity of bids, to the bidder who meets the appropriate standards of capability and resources and whose bid has been determined (i) to be substantially responsive to the bidding documents and (ii) to offer the lowest evaluated cost. No negotiations shall be permitted. A bidder shall neither be required nor permitted, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

(d) No bid shall be eliminated from detailed evaluation on the basis of minor, non-substantive deviations.
(e) The comparison of all bids and the award of contract may be based on the total
cost at destination including all taxes and duties.

(f) No bid shall be rejected on the basis of a comparison with the employer's
estimate and budget ceiling without the World Bank's prior written agreement.

Rejection of All Bids and Re-bidding

10. Rejection of all bids is justified when there is lack of effective competition, or all bids are
not substantially responsive, or no bidder meets the specified qualification criteria, or the bid
price of the lowest evaluated winning bid is substantially higher than the Recipient's updated
estimated cost or available budget. Lack of competition shall not be determined solely on the
basis of the number of bidders. Even when only one bid is submitted, the bidding process may be
considered valid, if the bid was satisfactorily advertised, the qualification criteria were not unduly
restrictive, and prices are reasonable in comparison to market values. All bids shall not be
rejected or new bids solicited without the World Bank's prior written agreement.

Complaints by Bidders and Handling of Complaints

11. The Recipient shall implement an effective and independent protest mechanism allowing
bidders to protest and have their protests handled in a timely manner. An independent protest
mechanism shall provide for the review of complaints by an independent entity that is not
involved in any aspect of the underlying procurement process (e.g., bid evaluation, contract
approval, etc.).

Fraud and Corruption

12. The provisions on fraud and corruption as stated under Section 1 of the Procurement
Guidelines shall apply. Each bidding document and contract financed out of the proceeds of the
Financing shall include provisions on matters pertaining to fraud and corruption as defined in the
Guidelines. The World Bank will sanction a firm or individual, at any time, in accordance with
prevailing World Bank sanctions procedures, including by publicly declaring such firm or
individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a World
Bank-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier, or service
provider of an otherwise eligible firm being awarded an World Bank-financed contract.

Right to Inspect / Audit

13. Each bidding document and contract financed from the proceeds of the Financing shall
include a provision requiring bidders, suppliers, contractors, and subcontractors to permit the
World Bank, to inspect their accounts and records relating to the bid submission and performance
of the contract and to have said accounts and records audited by auditors appointed by the World
Bank. Acts intended to materially impede the exercise of the Bank's inspection and audit rights
provided for in the Guidelines constitute an obstructive practice as defined in the Guidelines.

License

14. Foreign contractors shall be given a reasonable opportunity to apply for and obtain a
work license, which shall not be arbitrarily withheld.

Publication of the Award of Contract
15. Within two weeks of receiving the World Bank's no objection to the award recommendation for contracts subject to the World Bank's prior review, and within two weeks of the Recipient's award decision for contracts subject to the World Bank's post review, the Recipient shall publish the following information on contract award in a national newspaper of wide circulation and/or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access: (a) the name of each bidder which submitted a bid; (b) bid prices as read out at bid opening; (c) evaluated prices of each bid that was evaluated; (d) the names of bidders whose bids were either rejected as non-responsive or not meeting qualification criteria, or not evaluated, with the reasons thereof; and (e) the name of the winning bidder, the final total contract price, as well as the duration and summary scope of the contract.

Contract Modifications

16. With respect to contracts subject to the World Bank's prior review, the Recipient shall obtain the World Bank's no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the World Bank.