The World Bank  
1818 H Street N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 477-1234  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

December 17, 2010

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

Re: Vietnam: KTF Grant Agreement for the  
Preparation of Industrial Pollution Management Project  
Grant Number: TF098492

Excellency:

In response to the request for financial assistance made on behalf of 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 Republic of Korea under the Korea Partnership on Poverty Reduction and Socio-Economic Development Trust Fund (TF070760), proposes to extend to the Recipient a grant in an amount not to exceed three hundred thousand United States Dollars (U.S.$ 300,000) ("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. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the 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 /s/ Victoria Kwakwa  
Authorized Representative
AGREED:
SOCIALIST REPUBLIC OF VIETNAM

By: /s/ Nguyen Van Binh

Authorized Representative
Name: Nguyen Van Binh
Title: Deputy Governor
Date: January 29, 2011

Enclosures:


Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 ("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.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to support the preparation of IDA financed Vietnam Industrial Pollution Management Project. The Project consists of the following parts:

Part I: **Preparation of Feasibility Reports:** preparing feasibility studies and other technical reports, which would include socio-economic survey, review of institutional and regulatory framework, detailed engineering design, bidding documents, social and environmental assessment reports, and financial and economic analysis for the main project.

Part II: **Stakeholder Consultation, Training and Learning:** (i) organizing stakeholder consultation workshops during project preparation; (ii) providing training to the staff of project preparation management unit on IDA project management; and (iii) organizing domestic and overseas learning events for key stakeholders on industrial pollution management in general and environmental management of industrial zones in specific.

Part III: **Project Management:** Supporting project management team in managing project preparation activities and performing required fiduciary tasks of preparing project progress reports, financial statements and audit reports.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Planning and Investment (MPI) 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 ("Anti-Corruption Guidelines"), with the modifications set forth in Section I of the Appendix to this Agreement; and (c) this Article II.

2.03. **Institutional and Other Arrangements.** The Recipient shall cause MPI to implement the project in close consultation with Ministries of Finance (MOF), Natural Resources and Environment (MONRE) and Industry and Trade (MOIT) and the provinces of Ha Nam, Nam Dinh, Dong Nai and Ba Ria Vung Tau.
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, 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 set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five days after the end of the period covered by such report.

(b) The performance indicator referred to above in paragraph (a) consist of the following:

All agreed preparation activities completed.

(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 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 as part of the Project Report not later than forty five days after the end of each calendar semester, covering the semester, 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 audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The Recipient shall ensure that the audited Financial Statements for each period shall be: (i) furnished to the World Bank not later than six months after the end of such period; and (ii) made publicly available in a timely fashion and in a manner acceptable to the World Bank.

2.07. **Procurement**

(a) General. All 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) Sections I (excluding paragraph 1.24) and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World
Bank in May 2004 and revised in October 2006 and May 2010 ("Consultant Guidelines") in the case of consultants’ services; and

(ii) the provisions of this Section.

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

(c) Particular Methods of Procurement of Consultants’ Services

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

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Selection based on Consultants’ Qualifications; (B) Single-source Selection; and (C) Selection of Individual Consultants.

(d) Review by the World Bank of Procurement Decisions. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more. 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) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultant Services, Training and Workshops, and Incremental Operating Costs</td>
<td>300,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>300,000</td>
<td></td>
</tr>
</tbody>
</table>
For the purposes of this Section, the term: (i) "Training and Workshops" means reasonable expenditures incurred by the Recipient for the carrying out of training and workshop activities, including expenditures for facilities rental, materials printing and photocopying, supplies, course fees, and travel and subsistence of trainees; and (ii) "Incremental Operating Costs" means reasonable expenditures directly related to the Project, incurred by the Recipient (which expenditures would not have been incurred absent the Project), namely expenditures for travel and transportation for monitoring and supervision purposes, operation of equipment, bank charges, consumables, etc. but excluding the staff salaries.

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, except that withdrawals up to an aggregate amount not to exceed US$30,000,000 equivalent may be made for payments made prior to this date but on or after August 20, 2010, for Eligible Expenditures.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is August 31, 2012.

**Article IV**

**Recipient's Representative; Addresses**

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

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

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

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

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:  
Telex:  
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INTBAFRAD
INDEVAS  248423 (MCi) or  1-202-477-6391
Washington, D.C.  64145 (MCi)