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

April 17, 2012

H.E Nguyễn Văn Bình
Governor
State Bank of Vietnam
Hanoi, Vietnam

Re: Grant for Wildlife Consumption in Vietnam: Reforming Policies and Practices to Strengthen Biodiversity Conservation Project
GEF MSP Grant No. TF011394

Dear Governor Binh:

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 Implementing Agency of the Global Environment Facility (GEF), proposes to extend to the Recipient a grant in an amount not to exceed one million Dollars ($1,000,000) ("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 GEF trust fund for which the World Bank receives periodic contributions from donors. 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 donors under the GEF trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, in the event that any donor cancels or fails to pay any contributions under the trust fund to the World Bank for any reason, or that as a result of currency exchange variations the amount of funds available in the trust fund is insufficient for the purposes of the Grant, the Recipient shall bear the risk of such funding shortfall and the World Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred by the Recipient or any third parties in connection with this Agreement which exceed the amount of funds made available to the World Bank by the donors for the purposes of the Grant.

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; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT / INTERNATIONAL DEVELOPMENT ASSOCIATION
Acting as Implementing Agency of the Global Environment Facility

By [Signature]
Victoria Kwakwa
Country Director

AGREED:
SOCIALIST REPUBLIC OF VIETNAM

By [Signature]
Authorized Representative

Name: [Signature]
Title: Deputy Governor
Date: June 8, 2012

Enclosures:

2. Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
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"), with the modifications set forth in the Appendix 2 to this Agreement, 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 strengthen biodiversity conservation through significant reduction of illegal wildlife consumption in Vietnam.

The Project consists of the following parts:

(a) Strengthening Policies and Legal Framework:

(i) carrying out a comprehensive review of the current legal and policy framework on managing and controlling wildlife trade and consumption in particular and wildlife management and protection in general;

(ii) provision of support to finalize a regulation on endangered species criteria and their management and protection, and to put in place implementing instructions including instruments, procedures, and guidelines;

(iii) provision of support to develop a draft legal framework and relevant policies and mechanisms on managing and controlling the breeding, processing, transporting, selling, and buying of endangered captive-bred wildlife;

(iv) provision of support to develop legal guidelines on implementation of laws, policies and methods for improving the transparency and understanding of these legal documents amongst management and implementation agencies;

(v) provision of support for cooperation among relevant management agencies and scientific research institutions in order to develop policies that support the production and use of alternative products of traditional medicine currently made from endangered, precious, and protected wildlife; and

(vi) provision of support to develop and promote the institutionalization of mechanisms and policies on sharing responsibilities and benefits amongst management agencies, enterprises and the public in managing and controlling wildlife trade and consumption, and strengthening public engagement in monitoring wildlife trade and consumption.
(b) **Monitoring and Enforcement of Consumption Controls:**

(i) carrying out of surveys of illegal wildlife consumption in Project demonstration areas;

(ii) provision of support to improve the baseline information data necessary for developing effective strategies to address illegal demand and consumption of wildlife;

(iii) provision of a fully operational monitoring and reporting system which covers Project demonstration areas;

(iv) provision of support for capacity building amongst relevant agencies for investigations of consumption and demand of wildlife;

(v) provision of technical assistance for relevant agencies to identify and adapt effective approaches to tackling wildlife consumption and pilot these approaches; and

(vi) provision of support for designing and implementation of pilot enforcement campaigns by functional authorities in Project demonstration areas.

(c) **Building Awareness to Change Behaviors:**

(i) carrying out of basic research to obtain new information for supporting change behavior campaigns; and

(ii) carrying out of innovative communication campaigns targeting senior government and party officials, public servants, the public health sector, the private sector, and rural communities.

(d) **Project Management:**

(i) provision of support for Project monitoring, evaluation, management, and reporting; and

(ii) facilitation of training and capacity building programs for national staff.

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 Natural Resources and Environment ("MONRE") in accordance with: (a) the provisions of 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) **Project Steering Committee:** The Recipient shall cause MONRE to establish by no later than May 31, 2012 and to maintain, throughout the implementation of the Project, a Project Steering Committee ("PSC") with composition and under terms of reference satisfactory to the World Bank. The PSC shall be headed by the Deputy Director General of Vietnam Environment Administration under MONRE, and shall have the Director of Biodiversity Conservation Agency ("BCA") under MONRE as the vice chairperson. It shall also include representatives of other ministries as appropriate. The PSC shall be responsible for providing strategic guidance for implementation of the Project, including guidance on the overall work plan and budget.

(b) **Project Management Unit:** The Recipient shall cause MONRE to establish by no later than May 31, 2012 and to maintain, throughout the implementation of the Project, a Project Management Unit ("PMU"). The PMU shall be headed by the Deputy Director of BCA, and staffed with competent personnel in adequate numbers including, among others, a Project director, a Project coordinator, a financial and procurement officer, and a Project secretary cum translator.

(c) The PMU shall be responsible for: (i) overall management and implementation of the Project; (ii) Project planning, reporting, monitoring, evaluation, and coordination; (iii) financial management and procurement aspects of the Project including technical, financial, and procurement audits; (iv) and provision of technical assistance to MONRE, Ministry of Agriculture and Rural Development ("MARD") and other stakeholders, as necessary, for implementation efforts to achieve the Project outcomes.

(d) **Project Implementation Manual:** The Recipient shall cause the PMU to develop by no later than May 31, 2012 a Project implementation manual in form and substance acceptable to the World Bank, setting forth guidelines and procedures for the implementation of the Project including:

(i) guidelines, policies, procedures and requirements under the Project in regard to financial management, flow of funds, definition of roles and responsibilities, internal control and reconciliation, record keeping, reporting and auditing;

(ii) guidelines and procedures for procurement consistent with the provisions of Section 2.06 of this Annex, as well as the allocation of roles and responsibilities for procurement review and approval; and

(e) (iii) detailed guidelines for financing and implementing monitoring and enforcement of consumption controls activities under Part B of the Project consistent with the provisions of sub-paragraph (e) below of this Section 2.03. In order to ensure that the monitoring and enforcement of consumption controls activities under Part B of the Project are implemented in a manner designed to achieve the objective of the Project, and unless the World Bank shall otherwise agree in writing, the Recipient shall ensure that:

(i) all Eligible Expenditures provided for these activities are used exclusively for the sole purpose of enforcing the Recipient’s laws and regulations governing
wildlife trade and consumption, and shall not be used for any military purposes, or the enforcement of any other non-wildlife laws and regulations;

(ii) the Financing shall not be used to support the investigation, prosecution, and/or enforcing of judgments that, \textit{ex ante}, targeted individuals; and

(iii) the Financing shall not be used to purchase arms or ammunition or to train any personnel in the use of arms or ammunition.

2.04. \textit{Completion Report}. 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.

2.05. \textit{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 one month 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 for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. \textit{Procurement}

(a) \textit{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 \textit{“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 \textit{“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) \textit{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.** Except as the World Bank may otherwise agree, goods and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding, Shopping, and Direct Contracting.

(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 may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection of consulting firms; and (E) 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 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>Goods, consultants’ services, incremental operating costs, and training and workshops</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,000,000</td>
<td></td>
</tr>
</tbody>
</table>
For the purpose of this Section, the terms: (i) “incremental operating costs” means the reasonable costs incurred by the PSC and PMUs based on annual budgets acceptable to the World Bank on account of Project implementation, monitoring and evaluation, which expenditures would not have been incurred absent the Project, including costs for office supplies, repairs of equipment and vehicles, staff travel, rental of office space, fuel costs, communication costs, costs of contractual staff, and information and communication campaigns, but excluding the salary and salary supplements of the Recipient’s civil servants; and (ii) “training and workshops” means reasonable expenditures incurred by the Recipient for the carrying out of training and workshop activities as approved by the World Bank, including expenditures for facilities rental, materials printing and photocopying, supplies, course fees, study tours, trainers, and travel and subsistence of trainees.

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 for Eligible Expenditures.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is May 1, 2015.

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, the 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:        Telex:      Facsimile:
VIETBANK     412248      (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:      Facsimile:
INTBAFRAD 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)
APPENDIX 1

National Competitive Bidding 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 “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011) (the “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 Association 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 sub contractors 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. Military or security units or enterprises established under, reporting directly or indirectly to, or owned wholly or partly by, the Ministry of Defense or the Ministry of Public Security shall not be permitted to bid.

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 Association shall be used.

Qualification Criteria

8. Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such specific 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 Association with respect to contracts subject to the Association’s prior review.

(a) Bidding documents shall all 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 Association’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 Association’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 I 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 Association will sanction a firm or individual, at any time, in accordance with prevailing Association 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 Association-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier, or service provider of an otherwise eligible firm being awarded an Association-financed contract.

Right to Inspect / Audit

12
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 Association, 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 Association. 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 Association’s no objection to the award recommendation for contracts subject to the Association’s prior review, and within two weeks of the Recipient’s award decision for contracts subject to the Association’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 Association’s prior review, the Recipient shall obtain the Association’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 Association.
APPENDIX 2

Modifications to the Standard Conditions

The modification to the Standard Conditions is as follows, namely paragraph (a) of Section 3.06 is modified to read as follows:

“(a) the payment is for the reasonable cost of goods, works, services, operating costs, or training and workshops, required for the Project, to be financed out of the proceeds of the Grant and procured, all in accordance with the provisions of the Grant Agreement;”