

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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October 6, 2016

Mr. Le Minh Hung
Governor
State Bank of Vietnam
49 Ly Thai To, Hanoi
Socialist Republic of Vietnam

Excellency:

**Re: FCPF Readiness Fund Grant No. TF0A1122
Second Grant Agreement for
Socialist Republic of Vietnam's REDD+ Readiness Preparation Support**

I wish to refer to the Grant Agreement between the Socialist Republic of Vietnam ("Recipient") and the International Bank for Reconstruction and Development ("World Bank"), acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility ("FCPF"), dated November 9, 2012 and signed on January 22, 2013 ("Readiness Grant Agreement"), pursuant to which the World Bank agreed to provide to the Recipient a grant in an amount of three million eight hundred thousand Dollars (US\$3,800,000), to enable the Recipient to move ahead with preparation for readiness.

The Participants Committee of the FCPF ("PC") has reviewed the request for an additional funding submitted by the Recipient, in accordance with the process as specified in Resolution PC/12/2012/2. Through its Resolution PC/19/2015/4, the PC decided to allocate additional grant funding to the Recipient in the amount of up to five million Dollars (US\$5,000,000), to enable it to continue with its preparation for readiness, subject to the terms and conditions set out in said Resolution ("Additional Grant").

In response to the request for financial assistance made on behalf of the Recipient and the decisions of the PC referred above, I am pleased to inform you that the World Bank agrees to extend the Additional Grant in the amount of five million Dollars (US\$5,000,000) on the terms and conditions set forth or referred to in this letter agreement ("Agreement" or "Second Grant Agreement"), which includes the attached Annex, to assist in the financing of the Additional Readiness Preparation Activities described in the Annex.

This Additional Grant is funded out of the abovementioned FCPF trust fund for which the World Bank receives periodic contributions from the donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Second Grant Agreement), the World Bank's payment obligations in connection with this Second Grant Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient's right to withdraw the Additional 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 Second Grant Agreement and to carry out the Additional Readiness Preparation Activities in accordance with the terms and conditions set forth or referred to in this Second Grant Agreement.

Since the execution of the Readiness Grant Agreement, the Charter Establishing the FCPF ("Charter") has been amended, and the terms and conditions of this Second Grant Agreement are based on the Charter, as so amended. Where there are inconsistencies between the Readiness Grant Agreement and this Second Grant Agreement including in the use of terms, the provisions in this Second Grant Agreement shall prevail and deemed to have accordingly amended the provisions of the Readiness Grant Agreement to eliminate any such inconsistency.

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 Second Grant Agreement, and returning it to the World Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(Acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility)

By 

Sebastian Eckardt

Acting Country Director for Vietnam
East Asia and Pacific Region

AGREED:

SOCIALIST REPUBLIC OF VIETNAM

By: 

Authorized Representative

Name: Nguyen Thi Hong

Title: Deputy Governor

Date: Nov. 18th, 2016

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012.
- (2) Charter Establishing the Forest Carbon Partnership Facility, dated November 23, 2015.
- (3) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
- (4) Guidelines on Preventing and Combating Fraud and Corruption in Project Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011.
- (5) Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011, and revised in July 2014.
- (6) Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011, and revised in July 2014.

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”), with the modifications set forth in the Appendix 1 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, the Charter, or in this Agreement; and the following additional terms shall have the following meanings:

- (a) “Central Project Management Unit” or “CPMU” means the unit established by MARD, with composition and terms of reference satisfactory to the World Bank, and being responsible for the overall implementation of the Additional Readiness Preparation Activities.
- (b) “ER Program” means the emission reductions program in the North Central agro-ecological region under preparation by the Recipient for the FCPF.
- (c) “ER Program Area” means the program area for the ER Program, consisting of selected six provinces, namely Thanh Hóa, Nghệ An, Hà Tĩnh, Quảng Bình, Quảng Trị, and Thừa Thiên Huế or any other province(s) as shall be selected by the Recipient for the ER Program from time to time.
- (d) “ESMF” means the environmental and social management framework acceptable to the World Bank, which: (i) establishes the modalities and procedures to address potential negative environmental and social impacts from the implementation of REDD+ investments and demonstration activities as well as associated mitigation measures through employing best practices; (ii) includes the screening criteria, procedures and institutional responsibilities for the safeguard policies that are triggered for subsequent REDD+ investments; (iii) and includes a Resettlement Policy Framework, a Process Framework, and an Ethnic Minority Framework, as determined by the outcome of the SESA process.
- (e) “Ethnic Minority Framework” means the ethnic minority framework acceptable to the World Bank, as part of the readiness process, which establishes the modalities and procedures to address potential negative impacts on an ethnic minority population resulting from the implementation of REDD+ investments and demonstration activities.
- (f) “Forest Law Enforcement, Governance, and Trade” or “FLEGT” means the set of actions initiated by the European Union that forms its response to the problem of illegal logging and the trade in associated timber products.
- (g) “Forest Management Boards” or” FMBs” means, collectively, the Recipient’s protection forest management boards (PFMB) and special use forest management boards (SUFMB) which are responsible for the management and protection of special use and protection forests nationwide.
- (h) “FGRM” means feedback, grievance and redress mechanism, as referred to in Section 2.01 of this Annex.

- (i) “Ministry of Agriculture and Rural Development” or “MARD” means the Recipient’s ministry responsible for agriculture and rural development, or any successor thereto.
- (j) “National REDD+ Action Program” or “NRAP” means the national action plan providing the strategy and framework for REDD+ implementation in Vietnam, as prepared by MARD and approved by the Recipient’s Prime Minister pursuant to Decision No. 799/QD-TTg dated June 27, 2012.
- (k) “National REDD+ Steering Committee” or “NRSC” means the committee established by MARD pursuant to Decision No. 39/QD/BNN-TCCB dated January 7, 2011, consisting of representatives from the Recipient’s relevant line ministries and chaired by the Minister of MARD, and providing general guidance on the implementation of REDD+ at the national level.
- (l) “Operating Costs” means the incremental expenses incurred on account of implementation of the Additional Readiness Preparation Activities, consisting of reasonable expenditures, agreed with the World Bank, for the following items: vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office and office equipment maintenance, utilities, document duplication/printing, consumables, travel costs and *per diem* for Recipient staff for travel linked to the implementation of the Additional Readiness Activities, and salaries of the Recipient’s contractual staff employed for purposes of the Additional Readiness Preparation Activities (but excluding salaries and salaries allowances of government civil servants).
- (m) “Prime Minister” means the prime minister of the Social Republic of Vietnam, the highest ranking official in the executive branch of the Recipient’s government.
- (n) “Process Framework” means the process framework acceptable to the World Bank, to be prepared by the Recipient as part of the readiness process, which establishes the modalities and procedures to address restrictions of access to legally designated parks and protected areas resulting from the implementation of REDD+ investments and demonstration activities.
- (o) “Provincial REDD+ Steering Committee” or “PRSC” means the committee to be established by each of the selected provinces in the ER program Area, and providing guidance on the implementation of REDD+ at the provincial level.
- (p) “REDD” and “REDD+” means reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks.
- (q) “Resettlement Policy Framework” or “RPF” means the resettlement policy framework acceptable to the World Bank, to be prepared by the Recipient through MARD as part of the readiness process, which establishes the modalities and procedures to address potential land acquisition and resettlement from the implementation of REDD+ investments and demonstration activities.
- (r) “State Forest Companies” or “SFCs” means the state owned forest companies, established and operating pursuant to Decree No. 118/2014/ND-CP dated December 17, 2014, as may be amended from time to time.

- (s) “Strategic Environmental and Social Assessment” or “SESA” means the strategic environmental and social assessment to be conducted as part of the readiness process to assess the potential impact from national REDD+ programs and policies, formulate alternatives and mitigation strategies and enhance the decision-making process around the design of the national REDD+ framework.
- (t) “Training and Workshop” means the costs associated with training and workshop participation of personnel involved in the implementation of the Additional Readiness Preparation Activities, including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop preparation and implementation.
- (u) “Vietnam REDD+ Office” or “VRO” means the standing office of the NRSC, established by MARĐ pursuant to Decision No. 18/QĐ-TCLN-VP, dated January 19, 2011, and which is responsible for coordination, supervision, and management of the REDD+ implementation in Vietnam under the guidance of the NRSC.
- (v) “VNForest” means the Vietnam Administration of Forestry, established within the Ministry of Agriculture and Rural Development and operating in accordance with a Prime Minister’s Decision 59/2014/QĐ-TTg dated October 22, 2014.

Article II

Execution of the Additional Readiness Preparation Activities

2.01. *Additional Readiness Preparation Activities Objectives and Description.* The objective of the Additional Readiness Preparation Activities is to support Vietnam to become ready for future REDD+ implementation by preparing the key elements, systems, and policies needed in a socially and environmentally sound manner.

The Additional Readiness Preparation Activities consist of the following parts:

Component I: Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial levels

Carrying out a program of activities to support analytical studies and the development of capacities for REDD+ implementation through:

- (a) Capacity building activities at the national, provincial and local levels, including technical assistance for: (i) forest plantation development and (ii) sustainable forest management.
- (b) Establishment and provision of support to provincial REDD+ Steering Committees in the ER Program Area.
- (c) Follow-up support to facilitate knowledge and responsibilities for the implementation of Provincial REDD+ Action Plans in ER Program Area with focus on Quang Binh, Quang Tri and Thua Thien Hue Provinces.

- (d) Provision of support for the national REDD+ network, technical working groups (TWG) and sub-working groups (STWGs).
- (e) Establishment of forest reference level and provision of technical capacity building support for forest monitoring at the provincial level and participatory forest monitoring.
- (f) Assessment and development of the Recipient's ability to transfer legal title of emission reductions units to the FCPF and provision of support for strengthening capacity of negotiation for carbon credit price

Component 2: Policies and technical support on SFC and FMB reform for REDD+ service provision; private sector engagement and support for FLEGT

Carrying out a program of activities to support the SFC and FMB reform process, REDD+ service provision, private sector engagement, and FLEGT through:

- (a) Provision of support to the SFC and FMB reform process to develop processes and policies to promote REDD+ and multi environmental services in the ER Program Area.
- (b) Promotion of private sector engagement in the capacity building of SFCs and PFMBs to prepare their management and business plans for REDD+ services and carbon financing, and provision of technical support for Forest Certification, and the development of operational management plans for SUFs MBs including the management and facilitation of REDD+ services.
- (c) Provide capacity building for social and environment safeguards in SFCs and FMBs.
- (d) Provision of support for further work on forest governance and FLEGT, including *inter alia*, inter agency cooperation, workshops and regional cooperation; and provision of support to VNForest for negotiation on FLEGT and timber, and timber product tracking.

Component 3: Development of the Strategic Environmental and Social Assessment national and sub-national REDD+ strategy options; stakeholder consultation and participation

Carrying out a program of activities to support the SESA process, and stakeholder consultation and participation through:

- (a) Provision of support to national-level SESA and ESMF, including further refinement of the analysis of drivers and underlying causes of deforestation and forest degradation, land tenure, forest land allocation and community forest governance.
- (b) Provision of support for the multi-stakeholder consultations and participation and communication at the national and local levels in the ER Program Area; and provide support and technical capacity to facilitate the establishment of civil society organizations and ethnic minority run platforms/networks in provinces in the ER Program Area.
- (c) Finalization of the ER Program-level SESA, ESMF, and any other relevant safeguard instruments (including environmental and social management plan, resettlement action plan and ethnic minority plan).

- (d) Assessment and strengthening of the FGRM for REDD+ in the ER Program Area and at the national level.

Component 4: Project management and monitoring and evaluation

Carrying out a program of activities to support the management and monitoring and evaluation of the Additional Readiness Preparation Activities through:

- (a) Provision of support for the institutional capacity building necessary to plan, coordinate and manage the implementation of the overall Additional Readiness Preparation Activities at the national, provincial, and commune levels.
- (b) Design, establishment and implementation of a monitoring and evaluation system for technical and financial progress of the Additional Readiness Preparation Activities, and audit and performance evaluation of the Additional Readiness Preparation Activities at central, provincial, district, and commune levels.
- (c) Provision of Operating Costs, and costs of Training and Workshop for the Additional Readiness Preparation Activities.

2.02. *Additional Readiness Preparation Activities Execution Generally.* The Recipient declares its commitment to the objectives of the Additional Readiness Preparation Activities. To this end, the Recipient shall carry out the Additional Readiness Preparation Activities through its Ministry of Agriculture and Rural Development, 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.* Without limitation upon the provisions of Section 2.02 above:

(a) The Recipient, through MARD shall maintain, throughout the implementation of the Additional Readiness Preparation Activities, its Central Project Management Unit, with functions, composition and organization satisfactory to the World Bank, supported by qualified and experienced staff in adequate numbers to be responsible for the implementation of the Additional Readiness Preparation Activities.

(b) The Recipient shall maintain, throughout the implementation of the Additional Readiness Preparation Activities, its National REDD+ Steering Committee, with composition and terms of reference satisfactory to the World Bank.

(c) The Recipient shall, within sixty (60) days of its approval of the ER Program, cause each of the provinces in the ER Program Area to establish and thereafter maintain throughout the implementation of the Additional Readiness Preparation Activities, a PRSC, with composition and terms of reference satisfactory to the World Bank.

(d) The Recipient shall ensure that all: (i) terms of reference for any technical assistance or studies carried out under the Additional Readiness Preparation Activities; and (ii) safeguard instruments prepared, finalized, adopted, or updated under the Additional Readiness Preparation Activities, including but not limited to the SESA, ESMF, Process Framework, RPF, Ethnic Minority Framework and any other safeguard instruments for the ER Program, as necessary,

pursuant to Section 2.01 of this Second Grant Agreement are consistent with, and pay due attention to, the World Bank's environmental and social safeguard policies, as well as the Recipient's own laws relating to the environment and social aspects.

(c) The Recipient shall ensure that in drafting laws or regulations under the Additional Readiness Preparation Activities, due attention is given to said policies and laws.

(f) The Recipient shall ensure that the Additional Readiness Preparation Activities do not include the implementation of REDD+ activities on the ground.

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 Donors' support for this Additional Readiness Preparation Activities.

(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 Donors to visit any part of the Recipient's territory for purposes related to this Additional Readiness Preparation Activities.

2.05. *Documents; Records.*

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Additional Readiness Preparation Activities are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the World Bank; (iii) the Recipient's financial information related to the Additional Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donors.

2.06. *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 (6) months after the Closing Date.

2.07. *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 Additional Readiness Preparation Activities 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.

(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 (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.

2.08. *Procurement.*

(a) General. All goods, non-consulting services and consultants' services required for the Additional Readiness Preparation Activities and to be financed out of the proceeds of the Additional 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 (revised July 2014) ("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 (revised July 2014) ("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 Additional Readiness Activities 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 International Competitive Bidding.

(ii) The method, other than International Competitive Bidding, relating to National Competitive Bidding procedures as set forth in Appendix 2 to this Agreement and Shopping, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan.

(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 under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the 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.

(f) Document Retention. Notwithstanding the provisions of paragraphs 2(j) and 5 of Appendix 1 to the Procurement Guidelines, and paragraphs 2(k) and 5 of Appendix 1 to the Consultant Guidelines, the Recipient: (i) shall retain all documentation with respect to each contract as described in said paragraphs for at least seven years and six months after the Closing Date set forth in Section 3.03 of this Agreement; (ii) shall furnish such documentation to the World Bank at any time upon request; and (iii) hereby authorizes the World Bank to disclose such documentation to the Donors.

**Article III
Withdrawal of Additional Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Additional 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 Additional Grant ("Category"), the allocations of the amounts of the Additional Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Additional Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants' services, Operating Costs, Training and Workshop	5,000,000	100%
TOTAL AMOUNT	5,000,000	

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 this Agreement.

3.03. *Withdrawal Period.* The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2019.

Article IV Remedies

4.01. The Additional Events of Suspension consist of the following, namely that the World Bank has determined that: (a) at any time before the Closing Date, the Recipient has failed to apply sound environmental or social standards or practices in its management or carrying out of Additional Readiness Preparation Activities; and (b) as a result of such failure, a situation has arisen after the date of this Agreement which makes it improbable that the objective of the Additional Readiness Preparation Activities will be achieved.

Article V Recipient's Representative; Addresses

5.01. *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.

5.02. *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, Vietnam

Cable address:	Telex:	Facsimile:
VIETBANK	412248	(84-4) 3825 0612

5.03. *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
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex:	Facsimile:
248423 (MCI) or 64145 (MCI)	1-202-477-6391

APPENDIX 1
Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. The following term and definition shall be added to the Appendix to the Standard Conditions as paragraph 18 bis to read as follows:

18bis ““Additional Readiness Preparation Activities” means the activities, described in the Second Grant Agreement, for which the Additional Grant is made, as the description of said activities may be amended from time to time by agreement between the Recipient and the World Bank.”

2. The term “Project” and its definition shall be deleted in their entirety from the Standard Conditions; and all references throughout the Standard Conditions to the term “Project” shall be deemed to refer to the “Additional Readiness Preparation Activities.”

APPENDIX 2

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 20 on Open Bidding of the Recipient's Law on Procurement No. 43/2013/QH13 dated November 26, 2013 and related provisions necessary to effect the same; and (b) the Recipient's Decree No. 63/2014/ND-CP Guiding Implementation of the Law on the Procurement dated June 26, 2014 (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" (dated January 2011, revised July 2014) (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 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.

Time for Bid Preparation

4. The time allowed for the preparation and submission of bids for large and/or complex packages 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

5. The standard bidding documents acceptable to the Bank shall be used.

Bid Opening and Bid Evaluation

6. Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received.

7. 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. No bid shall be eliminated from detailed evaluation on the basis of minor, non-substantive deviations. The evaluation of bidder's qualifications shall be conducted separately subsequent to the technical and commercial evaluation of the bid.

8. 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. 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.

9. No bid shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without the 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. All bids shall not be rejected or new bids solicited without the Bank's prior written agreement.

Complaints by Bidders and Handling of Complaints

11. The Recipient shall implement an effective and independent protest mechanism, acceptable to the Bank, allowing bidders to protest and have their protests handled in a timely manner.