Denmark Trust Fund Grant Agreement

(Tenth Poverty Reduction Support Development Policy Financing)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Denmark Trust Fund for Co-financing of the Tenth Poverty Reduction Support Development Policy Financing)

Dated October 2nd, 2012
GRANT NUMBER TF013060

DENMARK TRUST FUND
GRANT AGREEMENT

AGREEMENT dated October 2, 2012, entered into between SOCIALIST REPUBLIC OF VIETNAM ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Denmark Trust Fund, for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement) through the co-financing of the Tenth Poverty Reduction Development Policy Financing extended to the Socialist Republic of Vietnam by the International Development Association acting in its own capacity.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012 ("Standard Conditions"), with the modifications set forth in Section II of the Appendix to this Agreement, constitute an integral part of this Agreement.

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

Article II
The Program

2.01. The Recipient declares its commitment to the Program and its implementation. To this end:

(a) the Recipient and the World Bank shall from time to time, at the request of either party exchange views on the Recipient’s macroeconomic policy framework and the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Recipient shall furnish to the World Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the World Bank shall reasonably request; and
(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the World Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to fifty eight million Danish Kroner (DKr58,000,000) ("Grant") to assist in financing the Program.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Schedule 1 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, 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.

Article IV
Additional Remedies

4.01. The Additional Event of Suspension referred to in Section 4.02(k) of the Standard Conditions consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

Article V
Effectiveness

5.01. This Agreement shall become effective upon its execution by the parties hereto.

Article VI
Recipient's Representative; Addresses

6.01. 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.
6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

State Bank of Vietnam
49 Ly Thai To
Ha Noi
Socialist Republic of Vietnam

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

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

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: Telex: Facsimile:
INDEVAS 248423(MCI) 1-202-477-6391
Washington, D.C.

AGREED at Hanoi, Socialist Republic of Vietnam, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIETNAM

By: [Signature]
Authorized Representative

Name: Lê Minh Hưng
Deputy Governor
State Bank of Vietnam
INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Denmark Trust Fund for
Cofinancing of the Tenth Poverty Reduction Support
Development Policy Financing)

By:  
Authorized Representative

Name:  Victoria Kwakwa
Country Director for Vietnam
East Asia and Pacific Region
SCHEDULE 1
Availability of Grant Proceeds

A. **General.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient.

B. **Allocation of Grant Amounts.** The Grant is allocated in a single withdrawal tranche from which the Recipient may make withdrawals of the Grant. The allocation of the amounts of the Grant to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Grant Allocated (in Danish Kroner)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Withdrawal Tranche</td>
<td>Dkr58,000,000</td>
</tr>
<tr>
<td><strong>Total Amount</strong></td>
<td><strong>Dkr58,000,000</strong></td>
</tr>
</tbody>
</table>

C. **Withdrawal Tranche Release Conditions.** No withdrawal shall be made of the Single Withdrawal Tranche unless the World Bank is satisfied: (a) with the Program being carried out by the Recipient, and (b) with the adequacy of the Recipient’s macroeconomic policy framework.

D. **Deposits of Financing Amounts.** Except as the World Bank may otherwise agree:

1. the Recipient shall open, prior to presenting to the World Bank the first request for withdrawal from the Grant Account, and thereafter maintain a deposit account in Dollar (“Foreign Currency Deposit Account”) on terms and conditions satisfactory to the World Bank. All withdrawals from the Grant Account shall be deposited by the World Bank into the Foreign Currency Deposit Account; and

2. the Recipient shall ensure that upon each deposit of an amount of the Grant into the Foreign Currency Deposit Account, an equivalent amount is accounted for in the Recipient’s budget management system, in a manner acceptable to the World Bank.
E. **Audit.** Upon the World Bank's request, the Recipient shall:

1. have the Foreign Currency Deposit Account audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank;

2. furnish to the World Bank as soon as available, but in any case not later than four (4) months after the date of the World Bank's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the World Bank shall reasonably request; and

3. furnish to the World Bank such other information concerning the Foreign Currency Deposit Account and its audit as the World Bank shall reasonably request.

F. **Excluded Expenditures.** The Recipient undertakes that the proceeds of the Grant shall not be used to finance Excluded Expenditures. If the World Bank determines at any time that an amount of the Grant was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the World Bank, refund an amount equal to the amount of such payment to the World Bank. Amounts refunded to the World Bank upon such request shall be cancelled.

G. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is October 31, 2012.
APPENDIX

Section I. Definitions

1. "Excluded Expenditure" means any expenditure:

(a) for goods or services supplied under a contract which any national or international financing institution or agency other than IDA or IBRD has financed or agreed to finance, or which IDA or IBRD has financed or agreed to finance under a credit or loan, or another grant;

(b) for goods included in the following groups or sub-groups of the Standard International Trade Classification. Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or sub-groups under future revisions to the SITC, as designated by the World Bank by notice to the Recipient:

<table>
<thead>
<tr>
<th>Group</th>
<th>Sub-group</th>
<th>Description of Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td></td>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>121</td>
<td></td>
<td>Tobacco, un-manufactured, tobacco refuse</td>
</tr>
<tr>
<td>122</td>
<td></td>
<td>Tobacco, manufactured (whether or not containing tobacco substitutes)</td>
</tr>
<tr>
<td>525</td>
<td></td>
<td>Radioactive and associated materials</td>
</tr>
<tr>
<td>667</td>
<td></td>
<td>Pearls, precious and semiprecious stones, unworked or worked</td>
</tr>
<tr>
<td>718</td>
<td>718.7</td>
<td>Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors</td>
</tr>
<tr>
<td>728</td>
<td>728.43</td>
<td>Tobacco processing machinery</td>
</tr>
<tr>
<td>897</td>
<td>897.3</td>
<td>Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)</td>
</tr>
<tr>
<td>971</td>
<td></td>
<td>Gold, non-monetary (excluding gold ores and concentrates)</td>
</tr>
</tbody>
</table>

(c) for goods intended for a military or paramilitary purpose or for luxury consumption;

(d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;
(e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

(f) with respect to which the World Bank determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.

2. “Financing Agreement” means the agreement dated January 12, 2012, entered into between the Recipient and International Development Association whereby the International Development Association has agreed to provide financing for the Program on the basis of: (a) actions which the Recipient has already taken under the Program as described in Section I of Schedule I to said Agreement; and (b) the Recipient’s maintenance of an appropriate macro-economic policy framework.

3. “Foreign Currency Deposit Account” means the account referred to in paragraph D.1 of Schedule I to this Agreement.

4. “Program” means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty, set forth in the Recipient’s Socio-economic Development Plan 2006-2010 (SEDP 2006-2010) approved by National Assembly Resolution No. 56/2006/QH II of June 29, 2006, together with the Action Plan of the Government to implement the SEDP issued by Prime Minister Resolution No. 25/2006/NQ-CP of October 9, 2006; the Recipient having expressed its commitment to the execution of said Program and requested assistance from the Association in support of the Program during its execution in a letter to the Association dated November 11, 2011.

5. “Single Withdrawal Tranche” means the amount of the Grant allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule I to this Agreement.

Section II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. Sections 2.01 (Project Execution Generally) and 2.07 (Financial Management; Financial Statements; Audits) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.

2. Paragraph (a) of Section 2.03 (renumbered as such pursuant to paragraph 1 above and relating to Use of Goods, Works and Services) is deleted in its entirety.
3. Paragraph (c) of Section 2.04 (renumbered as such pursuant to paragraph 1 above) is modified to read as follows:

"Section 2.04. Documents; Records. The Recipient shall ensure that:

(c) all records evidencing expenditures under the Grant are retained until two years after the Closing date:"

4. Section 2.05 (renumbered as such pursuant to paragraph 1 above) is modified to read as follows:

"Section 2.05. Program Monitoring, Reporting and Evaluation. The Recipient shall:

(b)(ii) ensure the preparation and delivery to the World Bank, not later than six months after the Closing Date, a completion report of such scope and in such detail as the World Bank shall reasonably request on the execution of the Program, the performance by the Recipient and the World Bank of their respective obligations under the Grant Agreement and the accomplishment of the purposes of the Grant."

5. Sections 3.05 (Designated Accounts) and 3.06 (Eligible Expenditures) are deleted in their entirety, and the remaining Sections in Article III are renumbered accordingly.

6. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The definition of the term “Eligible Expenditure” is modified to read as follows:

"Eligible Expenditure’ means any use to which the Grant is put in support of the Program, other than to finance expenditures excluded pursuant to the Grant Agreement."

(b) The term “Financial Statements” and its definition as set forth in the Appendix are deleted in their entirety.

(c) The term “Project” is modified to read “Program” and its definition is modified to read as follows:

“Program’ means the program referred to in the Grant Agreement in support of which the Grant is made.” All references to “Project” throughout these Standard Conditions are deemed to be references to “Program”.”