H.E. Nguyễn Văn Giàu  
Governor  
State Bank of Vietnam  
49 Lý Thái Tố  
Hà Nội  
Socialist Republic of Vietnam

Re: Carbon Asset Development Fund Grant Agreement for Preparation of Carbon  
Finance Program for Renewable Energy Development Project  
Grant No.TF097238

Excellency:

In response to the request for financial assistance made by the Ministry of Industry and Trade ("MOIT") on behalf of the Socialist Republic of Vietnam ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as the Trustee of the Carbon Asset Development Fund of the Carbon Partnership Facility ("CPF"), proposes to extend to the Recipient a grant in an amount not to exceed two hundred fifty seven thousand United States Dollars (U.S.$257,000) ("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
Acting as Trustee of the Carbon Asset Development Fund of the Carbon Partnership Facility

/s/: Richard Spencer
By: Richard Spencer
Acting Country Director

AGREED:
STATE BANK OF VIETNAM OF THE SOCIALIST REPUBLIC OF VIETNAM

By: /s/ Nguyen Van Binh
Name: NGUYEN VAN BINH
Title: Deputy Governor, State Bank of Vietnam
Date: April 06, 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 1, 2008 ("Standard Conditions"), with the following modifications, constitute an integral part of this Agreement:

(a) The following definition shall be inserted as paragraph 16 (bis) of the Appendix to the Standard Conditions:

"16 bis. "Instrument" means the Instrument Establishing the Carbon Partnership Facility, as may be amended from time to time;"

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 Instrument, or in this Agreement.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to assist the Recipient to develop a carbon finance program for the Vietnam Renewable Energy Development Project under the CPF. The objective of the Vietnam Renewable Energy Development Project is to increase the supply of least-cost electricity to the Vietnam national grid from renewable energy resources, primarily hydro and partially biomass, on a commercially sustainable basis in order to address the issue of rising demand and improve access to remote areas. The Program will be developed as a Clean Development Mechanism ("CDM") Program of Activities ("POA"). The Project consists of the following parts:

(a) Preparing the general CDM POA Design Document and the first five CDM Program Activity (CPA)-Design Documents and monitoring plans under the POA which may include development and updating of baseline information;

(b) Preparing the Carbon Finance Document (CFD) and consolidated annual monitoring reports of the POA; and

(c) Capacity building and pipeline development activities including training and marketing workshops, administration, management, auditing, and monitoring of the POA and subsequent CPAs.

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 MOIT 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"); and (c) this Article II.

2.03. Institutional and Other Arrangements. The Recipient shall maintain appropriate staff in
adequate numbers to carry out the Project, with experience and qualifications satisfactory to the World Bank, until completion of the implementation of the Project.

2.04  **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 indicators to be developed and agreed by the World Bank within 90 days after the Agreement is signed. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) 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. **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 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 such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient or such other period as may be agreed by the World Bank. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

(a) **General.** All goods and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”) in the case of goods; and


(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 Procurement Guidelines, or the Consultant Guidelines, as the case may be.
(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following method, other than International Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan which the Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: Shopping;

(d) Particular Methods of Procurement of Consultants' Services

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

(ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Quality-based Selection; (B) Selection based on Consultants' Qualifications; (C) Single-source Selection; (D) Selection of Individual Consultants; and (E) Sole Source Procedures for the Selection of Individual Consultants.

(e) 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: (i) each contract for consultants' services provided by a firm estimated to cost the equivalent of $100,000 or more; (ii) each contract for consultants' services provided by a firm or an individual consultant with respect to the terms of reference, irrespective of the value; (iii) each contract for consultants' services provided by a firm or an individual consultant procured on the basis of Single-Source Selection. 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 (inclusive taxes) to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>10,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ services</td>
<td>247,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>257,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2013.

**Article IV**

Recipient’s Representative; Addresses

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

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

State Bank of Vietnam  
49 Lý Thái Tông  
Hà Nội  
Vietnam

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

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

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