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Legal Department  
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Mei Wang  
January 2, 2003**

**GEF TRUST FUND GRANT NUMBER TF-051256**

# **Global Environment Facility Trust Fund Grant Agreement**

**(Demand-Side Management and Energy Efficiency Project)**

**between**

**SOCIALIST REPUBLIC OF VIETNAM**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**acting as an Implementing Agency of the Global Environment Facility**

**Dated**

**, 2003**

**GEF TRUST FUND GRANT NUMBER TF-051256**

**GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT**

AGREEMENT, dated \_\_\_\_\_, 2003, between SOCIALIST REPUBLIC OF VIETNAM (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, inter alia, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution No. 94-2);

(C) the second replenishment of the GEF Trust Fund was approved on the basis set forth in Resolution No. 98-2 of July 14, 1998, of the Executive Directors of the Bank (Resolution No. 98-2);

(D) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 94-2, and to be funded from contributions to the GEF Trust Fund under Resolution No. 98-2, which may include funds carried over from the first replenishment of the GEF Trust Fund under Resolution No. 94-2; and

(E) Part A of the Project will be carried out by the Electricity of Vietnam (EVN) with the Recipient's assistance and, as part of such assistance, the Recipient will make available to EVN a portion of the proceeds of the GEF Trust Fund Grant as provided in this Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the GEF Trust Fund Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

## **ARTICLE I**

### **General Conditions; Definitions**

Section 1.01 (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans of the Bank, dated May 30, 1995, (as amended through October 6, 1999) with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
- (ii) Sections 2.01 (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (14), (17) and (21), 2.02 and 2.03;
- (iii) Section 3.01;
- (iv) Sections 4.01 and 4.06;
- (v) Article V;
- (vi) Sections 6.01, 6.02 (a), (c), (d), (e), (f), (i) and (k), 6.03, 6.04 and 6.06;
- (vii) Section 8.01 (b);
- (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
- (ix) Sections 10.01, 10.03 and 10.04;
- (x) Article XI; and
- (xi) Sections 12.01 (c), 12.03 and 12.04.

- (b) The General Conditions shall be modified as follows:
- (i) a new paragraph shall be added to the end of Section 2.01 to read as follows: "the term "Special Drawing Rights" and the symbol "SDR" mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement";
  - (ii) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (6) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term "Bank" shall also include the Bank acting in its own capacity;
  - (iii) the term "Borrower", wherever used in the General Conditions, means the Recipient;
  - (iv) the term "Loan Agreement", wherever used in the General Conditions, means this Agreement;

- (v) the term "Loan" and "loan", wherever used in the General Conditions, means the GEF Trust Fund Grant;
- (vi) the term "Loan Account", wherever used in the General Conditions, means the GEF Trust Fund Grant Account; and
- (vii) a new subparagraph is added after subparagraph (p) in Section 6.02 of the General Conditions, as follows: "an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF."

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth, and the following additional terms have the following meanings:

- (i) "Category" means a category of items set forth in the table in paragraph 1 of Schedule 1 to this Agreement.
- (i) "CFL" means a compact fluorescent lamp.

() “CFL Program Plan” means the program plan for marketing and financing compact fluorescent lamps, referred to in Section 6.01(c) of this Agreement.

() “Energy Audit” means an audit carried out by a Participating Organization ~~under Part B(3)(a) of the Project~~ under Part B.2 of the Project and utilizing the proceeds of a Sub-grant, in accordance with procedures and criteria established in the Operational Manual and pursuant to the terms and conditions of the Project Administration Agreement and Part D of Schedule 4 to this Agreement, -and the term “Energy Audits” means, collectively, more than one Energy Audit.

~~((-))~~ “EVN” means Electricity of Vietnam, an enterprise established pursuant to Decision No. 562/Ttg of the Prime Minister of the Recipient, dated October 10, 1994, and operating under the EVN Charter, and any successor thereto.

() “EVN Charter” means the charter of EVN, issued under Decree 14/CP of the Prime Minister of the Recipient, dated January 27, 1995, as amended to the date of this Agreement.

() “EVN Demand-Side Management Board” and the acronym “EVN DSM Board” means the Demand-Side Management Board maintained by EVN pursuant to the provisions of paragraph 2 of Schedule 4 to this Agreement.

() “EVN Special Account” means the account referred to in Section 2.02 (b) (i) of this Agreement.

() “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of this Agreement.

() “MOI” means the Recipient’s Ministry of Industry, and any successor thereto.

() “MOI Project Management Board” means the project management board maintained by MOI pursuant to the provisions of paragraph 1 of Schedule 4 to this Agreement.

() “MOI Special Account” means the account referred to in Section 2.02 (b) (ii) of this Agreement.

() “Operational Manual” means the manual referred to in the provisions of paragraph 3 (b) of Schedule 4 to this Agreement.

() “Participation Agreement” means the agreement to be entered into between the Participating Financial Institution and a Participating Organization (as hereinafter defined), pursuant to the provisions of paragraph 8 of Schedule 4 to this



Agreement, for the purpose of promoting energy efficiency Sub-projects in the territory of the Recipient.

() “Participating Financial Institution” means the financial institution established and operating under the laws of the Recipient, selected in accordance with the eligibility criteria set forth in the Operational Manual, and with which the Recipient proposes to enter into, or has entered into, a Project Administration Agreement for purposes of Part B.2 of the Project.

() “Participating Organization” means an organization, firm or investment enterprise which participates in the carrying out of Part B.2 of the Project, and which proposes to enter into, or has entered into, a Participation Agreement with the Participating Financial Institution, and the term “Participating Organizations” means more than one Participating Organization.

†(=) “Project Administration Agreement” means the agreement to be entered into between the Recipient and the Participating Financial Institution for carrying out Part B.2 of the Project, pursuant to paragraph 6 of Schedule 4 to this Agreement \_\_\_\_\_, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Administration Agreement.

(-) “Project Implementation Plans” means, collectively, the EVN Project Implementation Plan and the MOI Project Implementation Plan, the time-bound action plans, satisfactory to the Bank, dated October 31, 2002, dated \_\_\_\_\_, adopted by EVN and MOI respectively over on \_\_\_\_\_ for carrying out their respective Part of the Project, as the same may be amended from time to time with the prior agreement of the Bank.

(-) “Respective Part of the Project” means (i) in respect of the Recipient, Part B of the Project; and (ii) in respect of EVN, Part A of the Project.

(o) “Special Accounts” mean, collectively, the MOI Special Account and EVN Special Account, and the term “Special Account” means either one of the Special Accounts.

(o) “Sub-grant” means a grant made available by the Recipient out of the proceeds of the GEF Trust Fund Grant to a Participating Organization for an Energy Audit or a Sub-project under Part B.2 of the Project, in accordance with the Project Administration Agreement, the Operational Manual and Part D of Schedule 4 to this Agreement, and “Sub-grants” means more than one Sub-grant.

(o) “Sub-project” means a specific energy efficiency investment project under Part B(3)(a) of the Project carried out under Part B.2 of the Project and utilizing the proceeds of a Sub-grant, in accordance with procedures and criteria

established in the Operational Manual and pursuant to the terms and conditions of the Project Administration Agreement and Part D of Schedule 4 to this Agreement, -and the term "Sub-projects" means, -collectively, more than one Sub-project.

( ) "Subsidiary Grant Agreement" means the grant agreement to be entered into between the Recipient and EVN for the purposes of Part A of the Project and pursuant to Section 3.02 of this Agreement.

## ARTICLE II

### The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount in various currencies equivalent to \_\_\_\_\_ Special Drawing Rights (SDR \_\_\_\_\_).<sup>1</sup>

Section 2.02. (a) The amount of the GEF Trust Fund Grant may be withdrawn from the GEF Trust Fund Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for carrying out the Project and to be financed out of the proceeds of the GEF Trust Fund Grant.

(b) The Recipient may open and maintain in Dollars two special accounts: (i) one for the purposes of Part A of the Project (the EVN Special Account); and (ii) one for the purposes of Part B of the Project (the MOI Special Account); each in a commercial bank acceptable to the Bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

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<sup>1</sup> Equivalent US\$5.50 million.

Section 2.03. The Closing Date shall be June 30, 2007, or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

### **ARTICLE III**

#### **Execution of the Project**

Section 3.01. The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end:

(a) shall, through MOI, carry out Part B.1 and B.3 of the Project, in accordance with the Implementation Program set forth in Schedule 4 to this Agreement, with due diligence and efficiency and in conformity with appropriate administrative, economic, financial, engineering and technical and public utility practices, and with sound ecological, environmental and social standards, and shall provide, promptly as needed, the funds, facilities, services and other resources required for said Parts of the Project; and

(b) Without any limitation or restrictions upon any of its other obligations under this Agreement, shall cause:

(i) EVN to carry out Part A of the Project, in accordance with the Implementation Program set forth in Schedule 4 to this Agreement, with due diligence and efficiency and in conformity

with appropriate administrative, economic, financial, engineering, technical and public utility practices and sound environmental and social standards, and shall take or cause to be taken all actions, including the provisions of funds, facilities, services and other resources, necessary and appropriate to enable EVN to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance; and

- (ii) the Participating Financial Institution to administer the carrying out of Part B.2 of the Project in accordance with the provisions of the Project Administration Agreement, the Participation Agreement and the Operational Manual, with due diligence and efficiency and in conformity with appropriate administrative, economic, financial, and technical practices and sound environmental and social standards, and shall take or cause to be taken all actions, including the provisions of funds, facilities, services and other resources, necessary and appropriate to enable the Participating Financial Institution to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

Section 3.02. (a) For the purposes of Part A of the Project, the Recipient shall make available to EVN a portion of the proceeds of the GEF Trust Fund Grant under a Subsidiary Grant Agreement to be entered into between the Recipient and EVN, under terms and conditions which shall have been agreed by the Bank, which shall include no deduction or application of any charge, commission or fee of any kind from the proceeds of the GEF Trust Fund Grant.

(b) The Recipient shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the GEF Trust Fund Grant, and, except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any provisions thereof, and shall ensure that EVN shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any provisions thereof .

Section 3.03. Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.04. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Recipient shall:

(a) prepare, or cause to be prepared, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan for the continued achievement of the objectives of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan.

#### **ARTICLE IV**

##### **Financial Conditions**

Section 4.01. (a) The Recipient shall maintain a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to its Respective Part of the Project.

(b) The Recipient shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Accounts for each fiscal year audited, in accordance with auditing standards acceptable to the Bank, consistently applied, by independent auditors acceptable to the Bank;



- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements, records and accounts and report of such audit, by said auditors, of such scope and in such detail as the Bank shall have reasonable requested; and
- (iii) furnish to the Bank such other information concerning such records and accounts, and the audit thereof, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of statements of expenditure, the Recipient shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the

GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02 (a) The Recipient shall cause EVN to maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with accounting standards acceptable to the Bank, consistently applied, adequate to reflect its operations, financial condition and to register separately the operations, resources and expenditures related to EVN's Respective Part of the Project.

- (b) The Recipient shall cause EVN to:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with auditing standards acceptable to the Bank, consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year; (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited; and (B) an opinion on such statements, report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning such records, accounts and financial statements as well as the audit thereof, and concerning said auditors, as the Bank may from time to time reasonably request.

Section 4.03. (a) Without limitation upon the Recipient's progress reporting obligations set out in the provisions of Part C of Schedule 4 to this Agreement, the

Recipient shall prepare and furnish to the Bank a Financial Monitoring Report, in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for its Respective Part of the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the GEF Trust Fund Grant, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in implementation of its Respective Part of the Project, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under its Respective Part of the Project, as at the end of the period covered by said report.

(b) The Recipient shall cause EVN to prepare and furnish to the Bank a Financial Monitoring Report, in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for EVN's Respective Part of the Project, both cumulatively and for the period covered by said

report, showing separately funds provided under the GEF Trust Fund Grant, and explains variances between the actual and planned uses of such funds;

- (ii) describes physical progress in implementation of EVN's Respective Part of the Project, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under EVN's Respective Part of the Project, as at the end of the period covered by said report.

(c) The first Financial Monitoring Reports referred to in paragraphs (a) and (b) of this Section 4.03 shall be furnished to the Bank not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under MOI and EVN's Respective Part of the Project through the end of such first calendar quarter; thereafter, each Financial Monitoring Report shall be furnished to the Bank not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

## **ARTICLE V**

### **Remedies of the Bank**

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified:

(a) The Project Administration Agreement or any Participation Agreement, or any provision thereof, shall have been amended, suspended, abrogated, repealed or waived by the Recipient, the Participating Financial Institution or a Participating Organization, as the case may be, without the prior concurrence of the Bank, and such amendment, suspension, abrogation, repeal or waiver affects materially and adversely the ability of the Participating Financial Institution or the Participating Organization to perform any of its respective obligations under the said Agreements and this Agreement.

(b) The EVN Charter shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of EVN to perform any of its obligations under this Agreement.

(c) The Charter of the Participating Financial Institution shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or financial conditions of the Participating Financial Institution

or its ability to carry out the Project or to perform any of its obligations under this Agreement, or the Project Administration Agreement.

## **ARTICLE VI**

### **Effectiveness, Termination**

Section 6.01. The following events are specified as conditions to the effectiveness of the GEF Trust Fund Grant Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) the Subsidiary Grant Agreement shall have been executed on behalf of the Recipient and EVN in accordance with Section 3.02 (a) of this Agreement;

(b) the Project Administration Agreement shall have been executed on behalf of the Recipient and the Participating Financial Institution in accordance with Section 3.02 (b) this Agreement;

(c) EVN shall have adopted the CFL Program Plan, in form and substance satisfactory to the Bank; and

(d) MOI shall have adopted the Operational Manual for the energy efficiency program, in form and substance satisfactory to the Bank.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

## ARTICLE VII

### **Representative of the Recipient; Addresses**

Section 7.01. The Governor or any of the Deputy Governor of the State Bank of Vietnam of the Recipient is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

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

Cable address:

Telex:

Facsimile:

VIETBANK  
Hanoi

412248  
NHTWVT

844-8250612



For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) 64145 (MCI)	202-477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in \_\_\_\_\_, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIETNAM

By

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
as an implementing agency of the Global Environment Facility

By

Authorized Representative

**SCHEDULE 1**

**Withdrawal of the Proceeds of the GEF Trust Fund Grant**

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GEF Trust Fund Grant, the allocation of the amounts of the GEF Trust Fund Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the GEF Trust Fund Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) —[Goods under Part A.1 of the Project	[\$0.93m] <sup>2</sup>	<u>100% of foreign expenditures, 100% of local expenditures (ex- factory cost) and 75% of local expenditures for other items procured locally <del>100% of foreign</del></u>
(2) Sub-grants under Part B.2 of the Project	[\$1.15m]	100% of Sub-grant amount disbursed
(3) Consultants' services:		100% for expenditures for services of individuals domiciled outside the territory of the Recipient and 93% for expenditures for all other consultants' services
(a) under Part A of the Project	[\$1.42m]	
(b) under Part B of the Project	[\$1.92m]	

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<sup>2</sup> The equivalent US dollars will be subject to conversion to SDR.



4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures for: (a) goods under contracts costing less than \$150,000 equivalent each; (b) Sub-grants; (c) consultants' services under contracts awarded to: (i) consulting firms, costing less than \$100,000 equivalent each; and (ii) individuals, costing less than \$50,000 equivalent each; and (d) training; all under such terms and conditions as the Bank shall specify by notice to the Recipient.

5. If the Bank shall have determined at any time that any payment made from the GEF Trust Fund Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.

## **SCHEDULE 2**

### **Description of the Project**

The objectives of the Project are to (a) develop and expand demand-side management business programs and test new market transformation efforts within the Electricity of Vietnam; and (b) develop sustainable business models and mechanisms to support energy efficiency retrofit investments in commercial and industrial facilities.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Bank may agree upon from time to time to achieve such objectives.

#### Part A: Development and Expansion of Demand-Side Management Business Programs

1. Carrying out a program to promote and distribute energy efficient compact fluorescent lamps to reduce peak loads from lightning end-users, including testing alternative delivery and financing mechanisms for the marketing of the compact fluorescent lamps.
2. Supporting manufacturers and the Electricity of Vietnam in marketing and testing efforts in the promotion of high-efficiency fluorescent tube lamps and ballasts.

3. Carrying out demand-side management business opportunities studies, monitoring and evaluation, and management and reporting of the demand-side management programs, and carrying out training of EVN Project staff.

Part B: Development of Mechanisms in Support of Energy Efficiency Investments

1. Carrying out a program to deliver training and technical assistance to Participating Organizations to facilitate the development and implementation of Sub-project proposals, marketing and business plans.

2. Carrying out Energy Audits and energy efficiency investment Sub-projects through the provision of Sub-grants to Participating Organizations.

3. Carrying out a program for the marketing, administration (including auditing of the Project accounts) and monitoring (including database development) of energy efficiency programs, for provision of technical assistance, for feasibility studies for expanding business models, and provision of training to MOI Project staff.

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The Project is expected to be completed by December 31, 2006.

### **SCHEDULE 3**

#### **Procurement and Consultants' Services**

##### Section I. Procurement of Goods

##### Part A: General

Goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

##### Part B: International Competitive Bidding

Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Goods estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) The procedures to be followed for National Competitive Bidding under this Paragraph 1, Part C, shall be those set forth in Decree No. 88/1999/ND-CP dated September 1, 1999, of the Government of the Socialist Republic of Vietnam, as amended and supplemented by Decree No. 14/2000/ND-CP dated May 5, 2000 (Decree No. 88/1999/ND-CP and Decree No. 14/2000/ND-CP, together “the Regulations”), with the clarifications set forth in the Annex to this Schedule 1 required to comply with the provisions of the Guidelines.

2. International Shopping

Audit equipment estimated to cost less than \$50,000 equivalent per contract, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.



3 Commercial Practices

Goods required under Part B.2 of the Project and estimated to cost less than \$30,000 equivalent per contract may be procured in accordance with commercial practices acceptable to the Bank, which shall include price comparison from three qualified suppliers, wherever possible.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) The procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply with respect to: (i) each contract for procurement of goods estimated to cost the equivalent of \$150,000 or more, and (ii) the first contract for goods

procured in accordance with the procedures set forth respectively in paragraphs 1 and 2 of Part C above.

(b) With respect to each contract for goods procured in accordance with the provisions of paragraph 2 of Part C above, the following procedures shall apply:

- (i) prior to the selection of any supplier/execution of any contract under shopping procedures, the Recipient shall provide to the Bank a report on the comparison and evaluation of quotations received;
- (ii) prior to the execution of any contract procured under shopping procedures, the Recipient shall provide to the Bank a copy of the specifications and the draft contract; and
- (iii) the procedures set forth in paragraphs 2(f), 2(g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto, and the following provisions of this Section.

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

1. Selection Under a Fixed Budget

Services under Part A.2 and Part B.3 of the Project may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services under Part A and Part B.3 of the Project estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Commercial Practices

Energy audit services under Part B.2 of the Project and estimated to cost less than \$8,000 equivalent per contract may be procured in accordance with commercial practices acceptable to the Bank.

4. Individual Consultants

Services of individual consultants for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

A plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection criteria and procedures, shall be furnished to the Bank, for its review and approval, prior to the issuance to consultants of any requests for proposals. Selection of all consultants' services shall be undertaken in accordance with such selection plan (as updated from time to time) as shall have been approved by the Bank.

2. Prior Review

(a) With respect to: (i) each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, (ii) the first two contracts for the employment of consulting firms under Part A of the Project estimated to cost less than the equivalent of \$100,000, and (iii) the first two contracts for the employment of consulting firms under Part B of the Project estimated to cost less than the equivalent of \$100,000, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to: (i) each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, and (ii) the first two contracts for the employment of individual consultants estimated to cost less than the equivalent of \$50,000, the report on the comparison of the qualifications and experience of candidates, and the terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

### **ANNEX TO SCHEDULE 3**

#### **National Competitive Bidding Procedures**

##### **I. Eligibility**

1. The definition of “National Competitive Bidding” in Article 3, Section 2 of the Regulations is hereby revised to read “National Competitive Bidding” is a procurement process where it is envisaged that foreign entities would not be interested in participating. However foreign bidders are allowed to participate under National Competitive Bidding procedures without association with domestic firm.

2. Article 10 of the Regulations relate to International Competitive Bidding procedures and, pursuant to Section 3.02 of the GEF Trust Fund Grant Agreement, are superseded by the provisions of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank on January 1995 and revised in January and August 1996, September 1997 and January 1999. Therefore provisions in the Regulations relating to International Competitive Bidding shall not apply.

3. Paragraph 2 of Article 10, as amended, shall not apply.

4. The provisions of Article 23 of the Regulations are hereby clarified to mean that all pre-qualified bidders will be invited to bid.

**II. Bidding Documents**

1. The following sub-paragraph shall be added to paragraph 3 of Article 24:

*If bidders are invited to bid on the basis of post-qualification, then the bidding documents shall specify the post-qualification criteria, i.e. the minimum level of experience in similar contracts, technical capability and financial resources to effectively carry out the contract as offered in the bid. .*

2. The following sub-paragraph shall be added to paragraph 8 of Article 24:

*Bidding documents will also specify the relevant factors in addition to price to be considered in bid evaluation and the manner in which they will be applied for the purpose of determining the lowest evaluated bid. For goods and equipment, other factors which may be taken into consideration include, among others, costs of inland transport and insurance to the specified site, payment schedule, delivery time, operating costs, efficiency and compatibility of the equipment, availability of service and spare parts, and relating training, safety, and environmental benefits.*



*The factors other than price to be used for determining the lowest evaluated bid will, to the extent practicable, be expressed in monetary terms.*

**III. Advertising**

1. The second sentence of the first paragraph of the Article 4 of the Regulations is hereby modified to read that “*Procuring entity shall advertise Invitation for Bids for participation at least 10 days before issuing bidding documents in a newspaper of national circulation. Advertising should indicate that foreign bidders are eligible.*” The first and third sentences of this paragraph remain valid.

**IV. Time for Bid Preparation**

1. The first paragraph of the Article 12 is hereby modified to read that “*time allowed for bid preparation shall be at least 30 days for National Competitive Bidding from the availability of the bidding documents.*”

**V. Bid Opening**

1. The first paragraph of the Article 13 is hereby modified to read that *“Bids shall be opened immediately or promptly after the deadline for submission of bids, as specified in the Invitation for Bids.”*

2. The following sub-paragraph shall be added to the first paragraph of the Article 13:

All bids shall be opened at the same time. Bids received after the time stipulated in the Invitation for Bids as well as those not opened and read out at the bid opening including any discounts, shall not be considered.

**VI. Bid Evaluation**

1. In lieu of the provisions of Articles 13, 29, 30, 31, 40, 41 and 55 of the Regulations, bid evaluation shall be carried out in accordance with the following provisions:

*(a) The purpose of bid evaluation is to determine the cost to the Recipient of each bid in a manner that permits a comparison on the basis of their evaluated cost.*

*(b) If bidders have been invited to bid on the basis of having been pre-qualified, then the bid with the lowest evaluated cost shall be selected for award.*

*(c) If bidders have been invited to bid on the basis of post-qualification, then the Recipient shall determine whether the bidder whose bid has been determined to offer the lowest evaluated cost has the capability and resources to effectively carry out the contract as offered in the bid. The minimum criteria to be met shall be set forth in the bidding documents, and if the bidder does not meet them, the bid shall be rejected. In such case the Recipient shall make a similar determination for the next lowest evaluated bidder. Bidders' technical and financial capacity shall be judged separately from the evaluation of bids and shall be conducted exclusively under a pass/fail basis. Experience, technical and financial capacity of the bidder to execute the contract shall not be considered for purposes of comparison of bids.*

*(d) The Recipient shall ascertain whether the bids: (i) have been properly signed; (ii) are accompanied by the required securities as specified in the bidding documents; (iii) are substantially responsive to the bidding documents; and (iv) are otherwise generally in order. If a bid is not substantially responsive, that is, it contains material deviations from or reservations to the terms, conditions, and specifications in the bidding documents, it shall not be considered further. The bidder shall not be permitted to correct or withdraw material deviations or reservations once bids have been opened.*

*(e) In the comparison of bids among bidders, no domestic or regional preferences to bidders shall apply and bids shall be compared on delivered price inclusive of any prevailing duties.*

*(f) The bid price and any discounts read out at the bid opening shall be adjusted to correct any arithmetical errors.*

*(g) Under works contracts, Contractors are responsible for all duties, taxes, and other levies, and bidders shall take these factors into account in preparing their bids. The evaluation and comparison of bids shall be on this basis. Bid evaluation for works shall be strictly in monetary terms. If time is a critical factor, the value of early completion to the Recipient may be taken into account according to criteria presented in the bidding documents, only if the conditions of contract provide for commensurate penalties for noncompliance.*

*(h) Award of the contract shall be to the lowest evaluated responsive bidder. Price negotiation with bidders shall not be undertaken before award except as provided for below.*

*(i) Bids may not be rejected for the sole purpose of obtaining lower prices. All bids shall not be rejected and new bids invited on the same specifications solely for*

*the purposes of obtaining lower prices, except in cases where the lowest evaluated bid exceeds the cost estimates by a substantial amount. In such cases the Recipient may, as an alternative to re-bidding, negotiate with the lowest evaluated bidder to try to obtain a satisfactory contract, and failing a satisfactory response, with the next lowest evaluated bidder. Rejection of all bids may be permissible when bids are not substantially responsive or there is lack of effective competition.*

*(j) A bid evaluation report shall be prepared by the Recipient's department or agency requesting the bids setting out a record of all bids submitted, the reasons for disqualification of any bids, the criteria, weighting and evaluation of all responsive bids, the recommended award, and, if the recommended award is to other than the lowest price bidder, the reasons therefore.*

**VII. Award of Contract**

1. Article 31 and Article 42 are hereby modified to read as follow:

*Eligible bidder having bid substantially responsive to the bidding documents and determined as lowest evaluated shall be recommended for award provided that the bidder has been determined to be qualified in accordance with pre-qualification or post-qualification criteria.*

**VIII. Bid Security**

1. Article 28 3(c) shall not apply.

2. The following sub-paragraph shall be added to paragraph 2 of Article 28:

*Bid Security shall be valid 30 days longer than bid validity.*

**IX. Procurement of Smaller Contracts**

1. Chapter V is not applicable.

**X. Suppliers and Contractors**

1. For contracts financed by the GEF Trust Fund Grant, suppliers and contractors shall permit the Bank to inspect their accounts and records relating to the performance of the contracts and to have them audited by auditors appointed by the Bank.

## SCHEDULE 4

### Implementation Program

#### Part A: Project Management

1. The Recipient shall, until completion throughout the period of implementation of the Project, maintain the MOI Project Management Board established on \_\_\_\_\_<sup>3</sup>, headed by a qualified and experienced officer, with such functions, responsibilities and funds, satisfactory to the Bank, and with competent staff in adequate numbers, as shall be required for the implementation of Part B.1 and B.3 of the Project and for the overall coordination and supervision of Part B.2 of the Project, including inter alia: (i) supervision and review of the performance of the Participating Financial Institution; (ii) engaging the services of consultants required under the Project; and (iii) carrying out monitoring, evaluation and reporting activities under the Project.

2. The Recipient shall cause EVN, until the completion of the Project, to maintain the EVN DSM Board, for the implementation of EVN's Respective Part of the Project, under terms of reference satisfactory to the Bank, chaired by a qualified and experienced officer and with competent staff in sufficient numbers and adequate resources for carrying out its functions.

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<sup>3</sup> The Borrower to provide date and documentation of establishment prior to or on negotiations.





Part B: Project Implementation

3. The Recipient:

(a) shall adopt and cause EVN to adopt their respective Project Implementation Plan for carrying out the Project, consistent with the provisions of this Agreement and satisfactory to the Bank, which shall include the description of, inter alia: (i) implementation arrangements; (ii) the procurement procedures set forth 9 in Schedule 3 to this Agreement to this Agreement and standard procurement documentation; (iii) reporting requirements, financial management procedures and audit procedures as set forth in Article 4 of this Agreement; (iv) the project performance indicators as set forth in a supplemental letter of even date herewith; Guidelines to this A and (v) procedures for monitoring and reporting of the Project;

(b) shall adopt the Operational Manual for carrying out Part B.2 of the Project, consistent with the provisions of this Agreement and satisfactory to the Bank, which shall include the description of, inter alia, the eligibility of Sub-projects, guidelines for appraisal, approval and supervision of Sub-projects, and terms and conditions applicable to Sub-grants;

(c) shall cause EVN to adopt the CFL Program Plan, in form and substance satisfactory to the Bank; and

~~(d) shall not amend, waive or abrogate the provisions of the Project Implementation Plans, the Operational Manual and the CFL Program Plan without the prior concurrence of the Bank.~~<sup>1.1</sup> The Borrower shall:

~~(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with [indicators satisfactory to the Association] [the indicators set forth in Schedule \_\_\_ to this Agreement]<sup>2</sup>, the carrying out of the Project and the achievement of the objectives thereof;~~

4. The Recipient:

(a) shall cause EVN to deposit the proceeds of the sale of compact fluorescent lamps financed from the GEF Trust Fund Grant into an account, managed and maintained by EVN in accordance with the CFL Program Plan; and

(b) may, in consultation with the Bank, permit ENV to keep the proceeds of the sale of compact fluorescent lamps after the completion of the Project for the purpose of continuing the demand-side management and energy efficiency program.

Part C: Monitoring, Reviewing and Reporting

5. Without limitation to Section 9.07 of the General Conditions, the Recipient, in conjunction with EVN and the Participating Financial Institution, shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about June 30, 2005, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by July 31, 2005, or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

Part D: Sub-grants and Sub-projects

6. For purposes of carrying out Part B.2 of the Project, the Recipient shall, through MOI, enter into a Project Administration Agreement with the Participating Financial

Institution on terms and conditions acceptable to the Bank and as set out in the Operational Manual, according to which the Recipient shall cause the Participating Financial Institution to, inter alia:

(a) appoint a Project manager and other qualified staff in sufficient numbers and with experience and qualifications satisfactory to the Bank, to perform the duties under the Project Administration Agreement and this Agreement;

(b) review Energy Audits and Sub-project proposals and conduct technical assessment according to the requirements and criteria set forth in the Operational Manual;

(c) certify that Energy Audits and Sub-projects are completed in accordance with the requirements and criteria set forth in the Operational Manual; and

(d) maintain adequate records and accounts to reflect in accordance with sound accounting practices, the operations, energy savings, resources and expenditures in respect of the Energy Audits, Sub-projects and Sub-grants.

7. Except as the Bank shall otherwise agree, the Recipient shall cause Sub-grants to be provided to Participating Organizations in accordance with the provisions of the Operational Manual and the following provisions:

(a) the estimated cost of an Energy Audit carried out under Part B.2 of the Project shall not exceed \$8,000 equivalent;

(b) a Sub-grant for an Energy Audit under Part B.2 of the Project shall not exceed:

(i) 100% of the cost of an Energy Audit completed prior to July 1, 2005;

(ii) 75% of the cost of an Energy Audit completed prior to July 1, 2006; and

(iii) 50% of the cost of an Energy Audit completed on or after July 1, 2006; and

(c) a Sub-grant for a Sub-project under Part B.2 of the Project shall not exceed the equivalent of \$30,000 and:

(i) shall not exceed 20% of the cost of a Sub-project completed prior to July 1, 2005;

(ii) shall not exceed 10% of the cost of a Sub-project completed prior to July 1, 2006; and

- (iii) shall not exceed 5% of the cost of a Sub-project completed on or after July 1, 2006.

8. The Recipient shall cause the Participating Financial Institution to enter into Participation Agreements with Participating Organizations, which shall meet the eligibility criteria set forth in the Operational Manual, in form and substance satisfactory to the Bank, as a condition for the making of Sub-grants for Energy Audits and Sub-projects. The terms and conditions of each Agreement shall, *inter alia*:

- (a) require that each Participating Organization: (i) carries out Energy Audits and Sub-projects with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards; and (ii) maintains adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Energy Audit and the Sub-project;

- (b) require that the goods and services to be financed from the proceeds of the Sub-grants shall: (i) be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 3 to this Agreement; and (ii) be used exclusively in the carrying out of the Energy Audit or Sub-project; and

- (c) reserve for the Recipient the right to:

- (i) inspect by itself, or jointly with the Bank, if the Bank shall so request, the goods, works, sites, and construction included in the Sub-project or Sub-projects, the operations thereof and any relevant records and documents;
- (ii) obtain all information as the Recipient or the Bank shall reasonably request regarding the administration, operation and financial conditions of the Participating Organizations; and
- (iii) suspend or terminate the right of the Participating Organization to use the proceeds of the Sub-grant upon the failure by the Participating Organization to perform any of its obligations under the Participation Agreement.

## **SCHEDULE 5**

### **Special Account**

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means (i) Categories 1, 3 (a) and 4 (a) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, in respect of the EVN Special Account; and (ii) Categories 2, 3 (b) and 4 (b) set forth in said table, in respect of the MOI Special Account;

(b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term “Authorized Allocation” means an amount equivalent to \$300,000 in respect of the MOI Special Account and an amount equivalent to \$200,000 in respect of the EVN Special Account, to be withdrawn from the GEF Trust Fund Grant Account and deposited into the respective Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the respective Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.



3. After the Bank has received evidence satisfactory to it that the respective Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the respective Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the respective Special Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the respective Special Account, the Recipient shall furnish to the Bank requests for deposits into the respective Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the

basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the respective Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the respective Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into any Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Recipient directly from the GEF Trust Fund Grant

Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts;

(c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories for the respective Special Account, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Recipient. Such

further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the respective Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of any Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the respective Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into any Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in any Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Accounts.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

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<sup>†</sup> Indicators and terms of reference satisfactory to the Association should be included in this Schedule or a supplemental letter. See B.P. 10.00. Paragraph (b) and (c) may need to be adjusted, depending on the particular requirements of the Project, to require semiannual or annual review.