

GRANT AGREEMENT

Nordic Partnership Initiative Pilot Programme

between

SOCIALIST REPUBLIC OF VIETNAM

and

NORDIC DEVELOPMENT FUND

Dated 17 May 2013

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GRANT AGREEMENT

between SOCIALIST REPUBLIC OF VIETNAM (the "Recipient") and NORDIC DEVELOPMENT FUND (the "Fund").

WHEREAS

- a) the Fund was established as a Nordic multilateral development financing institution pursuant to an agreement between the Governments of Denmark, Finland, Iceland, Norway and Sweden for the purpose of promoting economic and social development in developing countries through participation in financing on concessional terms of projects of interest to the Nordic Countries;
- b) the financing to be provided by NDF is intended to be offered as co-financing with other multilateral financial institutions and the Fund follows policies similar to such other multilateral financial institutions as regards project execution;
- c) the project concept was first discussed between the Recipient and the Nordic working group for global climate negotiations (NOAK) and the Nordic Finance Corporation (NEFCO)
- d) the Recipient, having satisfied itself of the feasibility and priority of the project described in Annex 1 to this Agreement (the "Project"), has requested the Fund to assist in the financing of the Project;
- e) the Project will be carried out by the Department of Science, Technology and Environment / Ministry of Construction (the "Implementing Agency") in consultation with the Ministry of Natural Resources and Environment, the Ministry of Trade and Industry, and the Ministry of Planning and Investment. The Recipient will make the proceeds of the Grant (as defined in Article 1) available to the Implementing Agency as provided for in this Agreement;
- f) the Fund will cooperate with NOAK, NEFCO and other development partners including the Asian Development Bank (ADB) during the implementation of the Project;
- g) the Recipient and the Fund have on 12 September 1996 entered into an agreement on the legal status of the Fund in Vietnam;
- h) the Fund has agreed, on the basis, inter alia, of the foregoing, to extend the Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW IT IS AGREED:

ARTICLE I

Definitions

1.01 Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the Preamble to this Agreement have the meanings therein set forth, and the following additional terms have the following meanings:

"Agreement" means this particular grant agreement, including all annexes, schedules and agreements supplemental hereto, as such agreement may be amended from time to time;

"Anticorruption Policy" means NDF's Policy on Anticorruption and Integrity dated 1 October 2012, as amended from time to time;

"Banking Day" means, in relation to any place where transactions under this Agreement have to be carried out, a day on which commercial banks in such place are neither required nor authorised to be closed;

"Closing Date" means a date after which the right of the Recipient to make drawdowns under this Agreement may be terminated by the Fund;

"Contractor" means a supplier of goods, works and/or services for the Project, selected in accordance with Annex 1 to this Agreement;

"Dollar(s)", "USD" and the sign "\$" mean the currency of the United States of America;

"EUR" and the sign "€" mean euro, the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25th March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7th February 1992);

"Grant" means the grant provided for in this Agreement or any part thereof, as the context requires;

"Prohibited Practices" mean corrupt, fraudulent, collusive, coercive and obstructive practices, as defined in the Anticorruption Policy;

"Taxes" includes imposts, levies, fees and duties of any nature, whether in effect at the date of this Agreement or imposed thereafter.

ARTICLE II
The Grant
Use of the Grant - Financing of Taxes
Disbursements

2.01 The Fund agrees to grant to the Recipient, on the terms and subject to the conditions set forth or referred to herein, an amount of up to EUR 1,500,000.00 (one million and five hundred thousand euros).

2.02 The Recipient shall be entitled to draw down the Grant in accordance with the provisions of this Agreement, for the purpose of paying eligible expenditures incurred in respect of the reasonable cost of goods, works and services required for the Project and to be financed by means of the Grant.

2.03 Unless the Fund shall agree otherwise, no amount of the Grant shall be drawn or be applied, directly or indirectly, on account of expenditures incurred prior to the date of this Agreement.

The use of any of the proceeds of the Grant to pay for Taxes levied by, or in the territory of, the Recipient on or in respect of eligible expenditures, or on the importation, manufacture, procurement or supply of goods, works and services for such eligible expenditures, if permitted pursuant to this Agreement, is subject to the Fund's policy of requiring economy and efficiency in the use of the proceeds of its grants. To that end, if the Fund at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Fund may, by notice to the Recipient, adjust the percentage of such expenditures to be financed out of the proceeds of the Grant, as required to ensure consistency with such policy of the Fund.

2.04 Drawdowns shall reflect the implementation of the Project. The proceeds of the Grant shall be paid in accordance with the Fund's Disbursement Instructions (i) directly to the Contractor(s), or (ii) to a third party for eligible expenditures under special commitments entered into, in writing, at the Recipient's request and on terms and conditions agreed between the Fund and the Recipient, or (iii) to one or more special accounts opened for the purposes of the Project on terms and conditions acceptable to the Fund.

2.05 Subject to the conditions of disbursement specified in Article III having been, and remaining, fulfilled to the Fund's satisfaction, disbursements under the Grant shall be made upon receipt by the Fund of (i) a disbursement request acceptable to the Fund, duly documented, and submitted by or on behalf of the Recipient, or (ii) in case of special commitment, a payment request submitted by the third party to whom the special commitment was provided by the Fund.

2.06 Each disbursement shall be made on a date determined by the Fund. Unless the Recipient has requested disbursement on a specified later date, disbursement will normally be made not later than 30 calendar days after receipt of the disbursement request, provided that all conditions precedent to disbursement set out in Article III hereof have been fulfilled.

2.07 The Closing Date shall be 31 December 2016, or such later date as the Fund shall establish. The Fund shall promptly inform the Recipient of such later date.

ARTICLE III
Conditions of Disbursement

3.01 Unless otherwise agreed, the making of disbursements from the Grant shall be subject to the conditions precedent that

(a) this Agreement is in full force and effect, and no event, which would entitle the Fund to suspend disbursements under this Agreement, shall have occurred and be continuing;

(b) the Recipient has taken or caused to be taken all action necessary or advisable to enable the Recipient to receive the Grant and to perform its obligations hereunder, including obtaining all required exemptions, consents and permits; and

(c) the Fund has received and accepted

- (i) a legal opinion showing that this Agreement has been duly authorised or ratified by, and executed and delivered on behalf of, the Recipient and is legally binding upon the Recipient in accordance with its terms;
- (ii) if requested by the Fund, further evidence satisfactory to it that the execution and delivery of this Agreement on behalf of the Recipient has been duly authorised by all necessary authorities;
- (iii) evidence satisfactory to it of the authority of the person or persons authorised to sign disbursement requests and the authenticated specimen signature of any such person;
- (iv) evidence satisfactory to it that other financing contemplated for the Project, including financing from the Recipient, has been obtained, and that conditions precedent to the effectiveness of such financing have been met;
- (v) if relevant, certified copies of implementation agreements, acceptable to the Fund, whereby the Recipient makes the Grant available to the Implementing Agencies; and
- (vi) if relevant, evidence that Special Account(s) have been opened on terms and conditions satisfactory to the Fund.

ARTICLE IV
Currency Provisions

4.01 The proceeds of the Grant shall be disbursed in freely convertible currency with reference to EUR in accordance with section 4.02 hereof.

4.02 Whenever it shall be necessary for the purpose of this Agreement to determine the value of one currency or unit of account with reference to another currency or unit of account as of a given date, such value shall be as reasonably determined by the Fund.

ARTICLE V
Co-operation and Information
Recipient's Undertakings and Representations

5.01 The Recipient and the Fund shall co-operate fully to ensure that the purpose of the Grant will be accomplished. To that end, each of them shall furnish to the other party all such information as it shall reasonably request with regard to the general status of the Project.

5.02 (a) The Recipient and the Fund declare their commitment to counteract Prohibited Practices, as defined in NDF's Anticorruption Policy in relation to the Grant and the execution of the Project. The Recipient shall promptly inform the Fund whenever such Prohibited Practices are indicated.

(b) The Recipient undertakes to take all necessary action to prevent Prohibited Practices within its territory and to pursue, by all appropriate means, any such practices whenever identified and to ensure that the Project is implemented in accordance with the Anticorruption Policy.

5.03 The Recipient shall promptly inform the Fund of (i) any condition which interferes or threatens to interfere with the accomplishment of the purpose of the Grant (including substantial increase in the cost of the Project), and (ii) any event which with the lapse of time or otherwise would entitle the Fund to suspend disbursements under this Agreement.

ARTICLE VI
Execution of the Project

6.01 The Recipient shall take or cause to be taken all action which shall be necessary to execute the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, social, environmental and climate change mitigation and adaptation practices. These practices also include transparency in project operations and wide and

easy access to public information on the project. In particular, the Recipient shall make available to the public (i) project related safeguards assessments and plans related to environment, resettlement, and indigenous peoples; (ii) audited annual financial statements for the project; (iii) procurement plans; and (iv) results of procurement procedures.

6.02 (a) The Recipient shall ensure that the proceeds of the Grant shall be used only for the financing of the Project or, as applicable, Project component(s) for which the Grant is extended. Procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be governed by the provisions of Annex 1 to this Agreement as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall prepare or cause to be prepared a Procurement Plan in form and substance acceptable to the Fund and in accordance with procurement guidelines acceptable to the Fund, for a period covering at least 18 initial months of the project execution, and update the Procurement Plan and furnish such update to the Fund for "no objection" not later than 12 months after the date of the preceding Procurement Plan.

(c) The Recipient shall ensure that in respect of procurement of goods, works and services for the Project, invitations to tender as well as procurement contracts shall, respectively, include clauses that gives the Recipient and the buyer the right to (i) demand investigations of the tenderer's/Contractor's books by independent auditors for the purpose of ascertaining whether or not Prohibited Practices have taken place, (ii) reject any tender and cancel any procurement contract in case any Prohibited Practices have taken place in connection with the procurement procedure related to the contract or the execution thereof, (iii) claim compensation for the damage or loss arising from any such rejection of tender or cancellation of contract, and (iv) exclude the tenderer/Contractor, either indefinitely or for a certain period of time, from competing for and participating in the execution of contracts in the territory of the Recipient.

6.03 In addition to the proceeds of the Grant, the Recipient shall make available or cause to be made available promptly when needed, all other funds that are required for the execution of the Project (including any funds that may be required to meet any increase in cost).

6.04 The Recipient shall insure or cause to be insured, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Grant against hazards incidental to the acquisition, transportation and delivery thereof to the place of use or installation. Any indemnity for such insurance shall be payable in a freely usable currency to replace or repair such goods.

6.05 The Recipient shall:

(i) maintain records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods, works and services financed out of the proceeds of the Grant and to disclose their use in the Project;

(ii) enable the Fund's representatives to visit any facilities and construction sites included in the Project and to examine the goods, works and services financed out of proceeds of the Grant and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of the obligations of the Recipient under this Agreement; and

(iii) furnish to the Fund at regular intervals reasonably detailed information concerning the Project, its budgeted and actual cost, the budgeted and actual expenditure of the proceeds of the Grant, and the goods and services financed out of such proceeds. Audited accounts of the use of the Grant for the preceding financial year (January - December) shall be provided not later than 30 June each year up to and including Project completion.

6.06 Promptly after completion of the Project, but in any event not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Fund, the Recipient shall prepare and furnish to the Fund a reasonably detailed report on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it.

ARTICLE VII

Suspension and Cancellation

7.01 If any of the following events of suspension shall have occurred and be continuing, the Fund may, by notice to the Recipient, suspend in whole or in part the right of the Recipient to draw down the Grant:

- (a) The Recipient shall have failed to perform any obligation under this Agreement.
- (b) The Recipient shall have failed to make payment of principal, charges or any other amount due to the Fund under any credit, grant or guarantee agreement between the Recipient and the Fund.
- (c) The Recipient shall have failed to perform any of its obligations (other than payment obligations) under any credit or grant agreement with the Fund which gives the Fund the right to suspend in whole or in part the right of the Recipient to make drawings under such agreement
- (d) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Project can be carried out or that the Recipient will be able to perform its obligations under this Agreement.
- (e) An extraordinary situation shall have arisen in which any further disbursement by the Fund would exceed its resources available for disbursement.
- (f) A representation made by the Recipient in or pursuant to this Agreement, or any statement furnished in connection therewith, and intended to be relied upon by the Fund in extending the Grant, shall have been incorrect in any material respect.
- (g)
 - (i) (A) The right of the Recipient to draw down the proceeds of any grant or loan made to the Recipient (other than by the Fund) for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(B) any such grant shall have become repayable or any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Fund that (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Recipient to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

(h) The Fund shall have determined, with respect to any contract to be financed in full or in part out of the proceeds of the Grant, that Prohibited Practices were engaged in by representatives of the Recipient or any beneficiary of the Grant during the procurement of goods and services, consultants' selection or the execution of a contract, without the Recipient having taken timely and appropriate action satisfactory to the Fund to remedy the situation; or the Fund shall have determined that the procurement of any goods or services to be financed out of the proceeds of the Grant is inconsistent with the relevant procedure agreed on between the Recipient and the Fund.

(i) The Recipient has failed to pay any of its external debt to a multilateral financial institution.

(j) Payments to the Recipient are prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

The right of the Recipient to draw down the Grant shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist, unless the Fund shall have notified the Recipient that the right to draw down has been restored in whole or in part, as the case may be.

7.02 If (a) the conditions precedent to the first disbursement have not been fulfilled 150 calendar days after the date of this Agreement, or (b) the right of the Recipient to draw down the Grant shall have been suspended for a continuous period of thirty days, or (c) at any time, the Fund determines, after consultation with the Recipient, that an amount of the Grant will not be required to finance the Project's costs to be financed out of the proceeds of the Grant, or (d) at any time the Fund determines, with respect to any contract to be financed in full or in part out of the proceeds of the Grant, Prohibited Practices were engaged in by representatives of the Recipient or any beneficiary of the Grant during the procurement of goods and services, consultants' selection or the execution of a contract, without the Recipient having taken timely and appropriate action satisfactory to the Fund to remedy the situation; (e) after the Closing Date, an amount of the Grant shall remain undrawn, the Fund may, by notice to the Recipient, terminate the right of the Recipient to draw down the Grant or, as applicable, the relevant amount of the Grant. Upon the giving of such notice, the Grant or the relevant amount of the Grant, shall be cancelled.

7.03 Notwithstanding any suspension or cancellation, all the provisions of this Agreement shall continue in full force and effect except as specifically provided in this Article.

ARTICLE VIII

Repayment

8.01 The Recipient shall upon the Fund's demand promptly repay to the Fund (or, if applicable and agreed by the Fund, to the Special Account) any amount of the Grant used in a manner inconsistent with the provisions of this Agreement.

8.02 The Recipient shall upon the Fund's demand promptly repay to the Fund any amount of the Grant standing to the credit of a Special Account if the Fund determines, after consultation with the Recipient, that such amount will not be required to finance the Project's costs to be financed out of the proceeds of the Grant.

ARTICLE IX

Enforceability and Arbitration

Failure to Exercise Rights

Waiver of Immunity

9.01 This Agreement shall become effective upon the date this Agreement is signed by the Parties. The rights and obligations of the Recipient and the Fund under this Agreement shall be valid and enforceable in accordance with the terms hereof notwithstanding the law of any state or political subdivision thereof to the contrary. Neither the Recipient nor the Fund shall be entitled in any proceeding under this Article to assert any claim that any provision of this Agreement is invalid or unenforceable because of any provision of the Articles of Agreement or the Statutes of the Fund.

9.02 Any dispute, controversy or claim arising out of or relating to the interpretation, application or performance of this Agreement, including its existence, validity or termination, which has not been settled by agreement of the parties within 60 calendar days, shall be settled by final and binding arbitration under the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organizations and States, as in effect on the date of this Agreement.

The place of arbitration shall be Paris and the language of the arbitral proceedings shall be English.

9.03 Service of any notice of process in connection with any proceeding under this Article may be made in the manner provided for in section 10.02 hereof. The parties hereto waive any and all other requirements for the service of any such notice of process.

9.04 No delay in exercising or omission to exercise any right, power or remedy accruing to any party under this Agreement upon default or otherwise shall impair any such right, power or remedy or be construed to be a waiver thereof, nor shall any action of such party in respect of any default affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

9.05 The parties hereby expressly waive any right of immunity they might have on the grounds of sovereignty or otherwise in connection with any arbitral proceeding pursuant to section 9.02 hereof or with the enforcement of any award pursuant thereto.

ARTICLE X
Miscellaneous Provisions

10.01 The Minister of Planning and Investment at the time responsible for finance is designated as representative of the Recipient for the purposes of signing and executing on behalf of the Recipient any documents used in connection with this Agreement. This notwithstanding, an Implementing Agency and the Fund may agree in writing upon any change to, or further specification of, Annex 1, Project Description, including the attached Procurement Schedule, provided that the amount of the Grant will not be increased, and any such change or further specification shall be deemed an integral part of this Agreement.

10.02 Any document, notice or request required or permitted to be given or made under this Agreement shall be made in writing in the English language and may be delivered (i) by airmail or internationally recognised courier service, (ii) by telefax, or (iii) by other electronic means to the party to which it is required or permitted to be given or made, at such party's address specified below or at such other address as such party shall have designated by notice to the other party. Any document, notice or request expressly required under this Agreement shall, if given by telefax or by other electronic means, promptly be confirmed by letter, and the Fund shall not be under any obligation to take any action until receipt of such letter:

For the Fund:

Nordic Development Fund
P.O. Box 185
FIN-00171 Helsinki
Finland

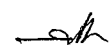
tel: +358 10 618 002 telefax: +358 9 622 1491

For the Recipient:

Ministry of Planning and Investment
6B Hoang Dieu, Ba Dinh
Hanoi, Vietnam

tel:

telefax:



For the implementing Agency:

The Department of Science, Technology and Environment
The Ministry of Construction
37 Le Dai Hanh
Hanoi
Vietnam

tel:

telefax:

10.03 The Fund may disclose this Grant Agreement and any information related to this Grant Agreement in accordance with its policy on access to information, in effect at the time of such disclosure.

10.04 This Agreement is made in two identical copies in the English language, each of which shall be an original.

10.05 The following annex forms part of this Agreement:

Annex 1 Project Description/Procurement

IN WITNESS WHEREOF the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed with their respective names as of _____.

The Ministry of Planning and Investment

for and on behalf of

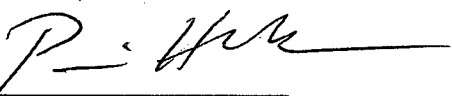
the Government of

SOCIALIST REPUBLIC OF VIETNAM

By: 

<> Cao Viet Sinh
Vice Minister

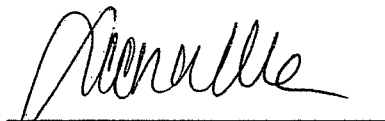
NORDIC DEVELOPMENT FUND

By: 

Pasi Hellman

Managing Director

Date: May 17, 2013



Leena Klossner

Deputy Director

Date: May 17, 2013



Grant Agreement: Nordic Partnership Initiative Pilot Programme

KEY PROJECT INFORMATION:

Sector: CRS Code: 41010 Environmental policy and administration management;
Rio Marker: Mitigation 2

Recipient country/institutions: The Socialist Republic of Vietnam/The Department of Science, Technology and Environment/The Ministry for Construction

Project implementation period: January 2013 - December 2016


Cost -estimate and Financing plan: NDF grant EUR 1.5 million for: the following activities:
1) Set up data and MRV system of international standards for NAMA readiness
2) Identify and design appropriate support instruments for mitigation actions.
3) Identify and address technical, information, and capacity barriers.

Relevance and rationale for NDF's climate change mandate: The focus of the project is on scaling up mitigation actions, which is relevant for NDF's mandate



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Schedule I: Project Description

1.1 Introduction

The project concept was developed in a feasibility study started in January 2011 commissioned by the Nordic working group for global climate negotiations (NOAK) and the Nordic Environment Finance Corporation (NEFCO), which explored the potential for supporting the preparation of a pilot crediting scheme in Peru and Vietnam. The component concerning Peru focusing on the solid waste sector will be implemented with other financing. The project described here concerns Vietnam. The focus of the project is on scaling up mitigation actions. The cement sector in Vietnam has been chosen as a pilot.

The project is foreseen to support nationally appropriate mitigation actions (NAMAs) readiness. This Technical Assistance (TA) project will support the possible implementation of a real, full-scale crediting scheme.

1.2 Relevance and Rationale

The cement sector is the emitter of biggest industrial greenhouse gases (GHG) in Vietnam. The sector's emissions arise from two main sources: directly from the cement production process (process emissions), and indirectly from fossil fuel combustion to generate heat and electricity for the production process (energy-related emissions). There are currently approx. 50 cement plants and 100 production lines in Vietnam with a total capacity of 57 million tons of cement. Demand for cement has been increasing by 10% annually, and it is projected to rise to up to 105 Mt by 2020 and 126 Mt by 2030 according to the draft Master Plan for Cement Sector Development. According to a recent study funded by the Danish Embassy, cement sector emissions were approx. 40 MtCO_{2e} in 2010. Emissions are projected to increase by up to 15 Mt from the 2010 level by 2020. Emission reduction potential has been estimated to be around 3.5 MtCO_{2e} annually by 2020, including electricity, coal and fuel oil savings. Inclusion of a wider range of mitigation activities would increase the mitigation potential further.

In addition to the direct benefits to Vietnam the project is a joint effort to share experience generated by the project between stakeholders in Vietnam and the Nordic countries. The project has raised interest within the UN climate negotiations as one of the few global initiatives, in which practical preparatory work and thereby insight into the new market mechanisms would be generated.

The project targets mitigation measures, facilitates greater investments in Vietnam and mirrors the Nordic countries' climate and development priorities. The unique feature of the initiative, namely the application of the proposed NAMA framework as envisioned and evolving in climate negotiations, could provide added value also to other ongoing activities.

Efforts will be made to synchronise project activities with related ongoing and planned work contributing to the Government's Green Development Strategy such as NDF's Support for the National Target Program with a Focus on Energy and Transport; ADB's Strengthening Planning Capacity Low-Carbon Growth in Developing Asia; and the World Bank's Vietnam

Low Carbon Options Assessment. Other actors that are supporting mitigation to climate change in Vietnam will be involved to the extent possible. Vietnam recently joined the Partnership for Market Readiness (PMR) of the World Bank. Efforts will be made to coordinate the project activities with the PMR activities

It is envisioned that the project will complement existing NDF, ADB and World Bank financed activities. For example, the scope of the project with regard to GHG emissions data collection and baseline scenarios and institutional capacity building and training activities can build upon similar activities realised in NDF's project Support to the National Target Program on Climate Change. Furthermore, the emphasis of the project is on testing new market-based mechanisms can complement e.g. the joint ADB-WB Clean Technology Fund (CTF) project, as data on GHG reduction potential of the cement sector can be fed into the CTF project and provide support for planned and future investment initiatives in the cement sector.

1.3 Project Background

The pilot project in Vietnam will explore and demonstrate how developing countries can prepare and propose NAMAs within the framework of UNFCCC for a particular economic segment. The Initiative will also illustrate how these actions could be supported and enabled by technology, financing and capacity building, and how these actions could be measured, structured and matched with international climate finance as well as with existing and possible new market mechanisms. It has the potential of providing timely input to the ongoing climate change negotiations e.g. with regard to exploring new market mechanisms and it could encourage other countries to take similar actions.

1.4 Project Objective

The project aims at improving Vietnam's readiness to benefit from international climate financing by supporting scaling up mitigation actions in the cement sector.

1.5 Project Activities and Expected Results

The project will explore and address gaps in data availability and quality regarding sectoral GHG emissions, technical and institutional capacity as well as potential barriers to implementing scaling up greenhouse gas mitigation actions in the cement sector in Vietnam. Special emphasis will be given to exploring opportunities to utilise new forms of international climate finance, including possible new market-based mechanisms in Vietnam's cement and constructions sector, implying a results-based approach for provision of future support. A separate Market Potential Report shall be prepared as part of the project. Attention will also be paid to involving the relevant stakeholders and mapping out the cement sector's viewpoint on the functioning of the overall framework.

The NDF grant is intended to cover the costs (up to a maximum of EUR 1.5 million) related to a Technical Assistance Contract including the following activities:

1) Set up data and MRV system of international standards for NAMA readiness

This subcomponent includes:

- collection of updated sector data on emissions, technologies, costs and mitigation potential,
- development of baseline emission projections for a range of scenarios;
- development of MRV system of international standards; and
- development of data systems and institutions for regular collection of data

2) Identify and design appropriate support instruments for mitigation actions.

This subcomponent includes identification of schemes / policy mix which addresses financial barriers and facilitates enabling investment environment, potential sources of international (supported and/or credited) climate financing for cement sector mitigation, mechanisms for funding, criteria for support, and MRV needs.

3) Identify and address technical, information, and capacity barriers.

This subcomponent includes the design of proposals for addressing technical, information, and capacity barriers (at cement companies, public officials, cement associations...) via e.g. targeted training, manuals, and case studies.

The project shall have three stages: Design Stage, resulting in a Baseline and Options Study; Consultation Stage, resulting in a Readiness Plan of the targeted mitigation actions; and Readiness Stage, resulting – as appropriate – in training, capacity building, support scheme design and a set of Final Reports. Although there is a separate Consultation Stage, the Consultant is expected to establish an on-going dialogue with key stakeholders and cooperate closely with them from start to finish.

Deliverables shall include at least the following:

Design Stage

- Status Report and Preliminary Implementation Plan, including:
 - current status of institutions and processes;
 - identification of required data collection, capacity building, training, policy and institutional development;
 - recommended sequence and steps for addressing identified needs, including data collection, training and capacity building, policy design and preparation of NAMA proposal (to be discussed and developed further with Advisory Group stakeholders);
 - initial lessons and ideas for the international climate negotiations; and
 - other possible feedback to Advisory Group regarding the assignment.
- Baseline and Options Study, including:
 - current status, historic and future trends in the sector's emissions data;
 - mitigation potential;
 - baseline scenarios; and
 - policy instrument options.
- Up-to-date sector-level database of historic, current and projected future emission trends for the cement sector

- Functional, user-friendly, sector-level MRV system of international standard, including user manuals, quality control and assurance procedures, maintenance and support plan and institutional plan for operating the MRV system
- Stakeholder Map and Plan identifying relevant stakeholders for Consultation Stage and issues to be discussed
- Preliminary NAMA Framework and Market Potential Study, including:
 - Options for NAMA design, criteria and support categories and associated institutional considerations; and
 - Focus: potential and design options for market-based elements of the NAMA.

Consultation Stage

- Final Readiness Plan, including:
 - Stakeholder Report, including description of process and outcomes of stakeholder consultations, interim lessons and messages for the international climate negotiations
 - Data status and needs, recommended action, relevant stakeholders
 - MRV status and needs, recommended action, relevant stakeholders
 - Training and capacity building needs, recommended action, relevant stakeholders
 - Policy and institutional needs, recommended action, relevant stakeholders
 - Financing status and needs, recommended action, relevant stakeholders
 - Barrier status and removal needs, recommended action, relevant stakeholders
 - NAMA structuring needs, recommended action, relevant stakeholders

Readiness Stage

- Documented training and capacity building activities in accordance with the Final Readiness Plan
- Documented support for policy design and associated MRV needs, as described in Readiness Plan
- Final Readiness Report on results and lessons learned (which may consist of several sub-reports), including NAMA proposal for the cement sector, final lessons and messages for the international climate negotiations and the wider international community
- Final NAMA Framework and Market Potential Study

1.6 Cost Estimates and Financing Plan

The total costs of the project is estimated to be EUR 1,650,000. The NDF grant is up to EUR 1,500,000. NDF's grant is to be used for the total cost of the TA contract, which is estimated at EUR 1,320,000. An amount of EUR 180,000 is to be reserved for contingencies, subject to NDF's advance approval.

The government of Vietnam will contribute with an in-kind contribution in terms of office space, office furniture and some other facilities. In addition, the Government of Vietnam will provide counterpart funding of EUR 150,000.

The tentative cost estimates and financing plan is as follows:

Item	Total Cost in EUR
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A. Nordic Development Fund**1. Consultants****a. Remuneration and per diem**

i. International consultants (39 person-months)	780 000
ii. National consultants (104 person-months)	312 000

b. International and local travel	80 000
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c. Reports and communications, translation of documents	30 000
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2. Equipment ^{a)}	10 000
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3. Data acquisition and processing, design and development of knowledge products	37 986
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4. Training, seminars, and conferences ^{b)}	61 151
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5. Miscellaneous administrative and supply costs	7 194
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6. Contingencies ^{c)}	181 670
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Subtotal (A)	1 500 000
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B. Government of Vietnam (cash)

Counterpart funding	150 000
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Subtotal (B)	150 000
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TOTAL	1 650 000
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^{a)} Includes the cost of computers and software to be handed over to Vietnam after the completion of the project.

^{b)} Includes participation by the Vietnamese stakeholders in key regional climate change-related events.

^{c)} The possible use of the contingency budget will be subject to NDF's advance approval

NDF financing for the project is provided as parallel co-financing to Vietnam. This will complement NDF's financing for the project NDF C18 Support to the National Target Program on Climate Change.

Schedule II: Implementation Arrangement, Project Monitoring, Reporting and Evaluation

2.1 Project Organization

The Ministry of Construction (MOC) will be the Implementing Agency for the Project. The Implementing Agency will set up a Project Steering Committee which consists of representatives of Ministry of Planning and Investment, Ministry of Finance, Ministry of Natural Resources and Environment, Ministry of Science and Technology, and Ministry of Industry and Commerce and others if applicable. The Project will be managed by the Project Management Unit established by the Ministry of Construction.

The Project Management Unit is responsible for implementing the following tasks;

- Approving and monitoring Project implementation;
- Monitoring the utilized resources, completion deadline, quality goal and indicators for acceptance of project outputs according to this Agreement;
- Organising consultant selection according to the regulations of NDF
- Providing assistance to the consultant team to implement Project activities; and
- Arranging and organising meetings with relevant organisations during the Project Implementation Period; and
- Arranging and organising workshops, training events and awareness raising activities.

NDF may consult with its cooperation partners before providing its 'No objections' to the Implementing Agency. The Implementing Agency will thus be the organisation in charge, and NDF will be in charge of reviewing this process and providing the necessary approvals in close cooperation with NOAK and NEFCO.

2.2 Project Reports; Completion Reports

The Implementing Agency shall prepare progress reports in accordance with the provisions of Section 6.05 of the Agreement and on the basis of indicators specified for the Project. Each progress report shall cover a calendar quarter and shall be furnished to NDF not later than 45 days after the end of the quarter.

The recipient shall prepare the Completion report in accordance with the provisions of Section 6.06 of the Agreement. The Completion report shall be furnished to NDF not later than three months after the closing date.

In addition to the above, the consulting firm will prepare reports as specified among the deliverables in the Contract between the consulting firm and the Implementing Agency.

It is foreseen that there will a broader exchange between Nordic and Vietnamese stakeholders, ADB and the World Bank under an Advisory Group that will meet four times during the implementation of the project to discuss the deliverables relating to the project. The objective of the Advisory Group work is to ensure sufficient exchange of views between all key stakeholders during the implementation of the project. The discussions will

be summarised in writing and shared with all stakeholders.

2.3 Financial Reporting/Audits

The Implementing Agency shall prepare financial reports in accordance with the provisions of Section 6.05 of the Agreement and on the basis of an agreed format specified for the Project. Each progress report shall cover a calendar quarter and shall be furnished to NDF not later than 45 days after the end of the quarter.

2.4 Monitoring and Evaluation

The Implementing Agency is expected to have the overall responsibility for establishing the monitoring system, including establishing the baseline and collecting data for each indicator and reporting regularly to NDF .

Schedule III: Grant Proceeds, Disbursement, Eligible Expenditures

3.1 Disbursement

Disbursements under the project will be made directly by NDF to the consultancy firm/association based on requests from the Implementing Agency. The disbursements will be based on outputs as to be prescribed in the consultancy contract.

There will be no Special Account opened for the NDF grant funds.

3.2 Eligible Expenditures

The eligible expenditures are specified in Chapter 1.6

Schedule IV: Procurement

4.1 NDF General Procurement Guidelines

The consultants' services shall be procured in accordance with Section 5 of the "NDF General Procurement Guidelines for Grant-financed Projects", and with the provisions of this Schedule.

4.2 Particular Methods of Procurement of Consultants' Services

To achieve the TA outcomes, an international consulting firm will be recruited, following the quality- and cost-based selection method (90/10) after submission of a full technical proposal, to provide international and national consulting services. The consultant firm will be engaged by the Implementing Agency in accordance with *NDF Procurement Guidelines*. It is planned that all services will be covered by one contract.

It is envisaged that 39 person months of international consultants and 104 person months of national consultants will be needed to complete the activities of the component.

Specialists required will include industrial specialist, cement sector specialist, legal and regulatory expert, climate finance expert, public participation and awareness expert, and modelling expert. A Draft Terms of Reference (ToR) have been prepared already. A detailed Procurement Schedule shall be prepared during inception phase.

4.3 Review by NDF of Procurement Decisions

The contract shall be subject to Prior Review by NDF.

