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Ousmane Dione
Country Director for Vietnam
East Asia and Pacific Region

August 2, 2019

H.E. Lê Minh Hưng
Governor
State Bank of Vietnam
49 Lý Thái Tổ
Hà Nội
Socialist Republic of Vietnam

Re: **PHRD Grant No. TF0A9380**
Revenue Administration Reform Support Project
Letter Agreement

Excellency:

In response to the request for financial assistance made on behalf of Socialist Republic of Vietnam ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by the Government of Japan ("Donor") under the Japan Policy Human Resources Development Fund, proposes to extend to the Recipient a grant in an amount not to exceed four million one hundred ninety-nine thousand eight hundred five United States Dollars ($ 4,199,805) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Very truly yours,
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT
ASSOCIATION

By _____
Ousmane Dione
Country Director for Vietnam
East Asia and Pacific Region

AGREED:
SOCIALIST REPUBLIC OF VIETNAM

By _____
Authorized Representative

Name: Nguyen Thi Hong
Title: Deputy Governor of State Bank of Vietnam
Date: August 2, 2019

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
(2) Disbursement Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017

PHRD Grant No. TF0A9380
ANNEX

Article I
Standard Conditions; Definitions

1.01. ***Standard Conditions.*** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. ***Definitions.*** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement; and the following additional terms have the following meaning:

(a) "GDT" means the Recipient's General Department of Taxation, or any successor thereto.

(b) "Large Taxpayer Department" or the acronym "LTD" means the office established within MOF and operating pursuant to the Decision Number 2156/QD-BTC issued by MOF dated November 15, 2018; or any successor thereto.

(c) "MOF" means the Recipient's Ministry of Finance, or any successor thereto.

(d) "Project Management Unit" or "PMU" means the project management unit established and maintained by MOF, and referred to in Section 2.03.(a).(2) of this Annex.

(e) "Project Operations Manual" or "POM" means the project operations manual dated July 25, 2019, approved and adopted by the Recipient, through MOF, acceptable to the World Bank, setting forth implementation, organizational, administrative, monitoring and evaluation, financial management, disbursement, and procurement arrangements for the purposes of Project implementation, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such Project Operations Manual.

(f) "Project Steering Committee" or the acronym "PSC" means a committee to be established and maintained by MOF, and referred to in Section 2.03.(a).(1) of this Annex.

(g) "Tax Administration Law" means the Law No. 78/2006/QH11 dated November 29, 2006 issued by the Recipient's National Assembly, as amended thereof.

(h) "Training" means training activities under the Project (but excluding foreign training and study tours), incurred for the purpose of the Project, and attributable to seminars and workshops, along with the cost and subsistence for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to training preparation and implementation.

(i) "World Bank's Safeguards Policies" means the operational policies and procedures for financing of development projects by the World Bank at the date of this Agreement and relating to Environmental Assessment, Natural Habitats, Pest Management, Indigenous Peoples (Ethnic Minorities), Physical Cultural Resources, Involuntary Resettlement, Forests, Safety of Dams, Projects on International Waterways, and Projects in Disputed Areas, as published under http://policies.worldbank.org/.

Article II
Project Execution

2.01. ***Project Objectives and Description.*** The objectives of the Project are to develop tax policy and legislation proposals for enhancing domestic resources mobilization and streamlining the tax regime; and to enhance risk-based tax administration performance. The Project consists of the following parts:

Part A: Institutional Development

1. Support the amendment of tax policies through providing technical assistance in reviewing of tax legislation proposals and preparation of the legislative framework for introduction of the property tax; and carrying out technical workshops and outreach activities.

2. Support the development of a full-fledged LTD model through developing the operational model for a centralized LTD at GDT and providing capacity building for application of the new LTD.

Part B: Tax Administration Capacity Development

1. Carrying out a program of activities to: (a) develop a risk management framework for tax administration; (b) develop organizational development alternatives for risk management in GDT; and (c) formulate a tax compliance plan in GDT's long-term business plan with inputs from the risk management framework.

2. Carrying out a program of activities to: (a) provide technical and operational support for revision of the Tax Administration Law; (b) conduct information technology assessment for development of future enterprise architectures for GDT; (c) perform gap analysis to align GDT business processes with modern business process solutions; and (d) prepare a comprehensive proposal and roadmap for modernization of revenue collection business processes and the supporting IT system.

Part C: Project Management, Monitoring & Evaluation, and Knowledge Dissemination

Providing: (a) Project management support, including day-to-day administration, coordination, financial management, financial audits, procurement, and monitoring and evaluation; and (b) capacity building and knowledge dissemination activities through provision of trainings and workshops on related areas.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Finance ("MOF") in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the

"Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. ***Institutional and Other Arrangements.***

(a) ***Institutional Arrangements.*** The Recipient shall, through MOF, (1) maintain, throughout the period of implementation of the Project, a Project Steering Committee headed by a ministerial leader of MOF, with composition, powers, functions, staffing, facilities and other resources satisfactory to the World Bank, responsible for providing overall policy guidance and general oversight of the Project; and (2) maintain, throughout the period of implementation of the Project, a Project Management Unit, with composition, powers, functions, staffing, facilities and other resources acceptable to the World Bank, responsible for: (i) planning and managing the implementation of the Project, including financial management and procurement; (ii) ensuring coordination among all relevant departments and agencies; and (iii) monitoring and reporting on all Project activities.

(b) ***Project Operations Manual.*** The Recipient shall, through MOF: (i) ensure that the Project is carried out in accordance with the POM; and (ii) except as the World Bank shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the POM or any provisions thereof. In the event of a conflict between the provisions of the POM and those of this Agreement, the latter shall govern.

(c) ***Safeguards.*** The Recipient shall ensure, that all studies and technical assistance to be supported under the Project are carried out under terms of reference acceptable to the World Bank, and that such terms of reference are consistent with, and pay due attention to, the World Bank's Safeguards Policies.

2.04. ***Project Monitoring, Reporting and Evaluation.***

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank and set forth in the POM. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. ***Financial Management.***

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance acceptable to the World Bank.

(c) The Recipient shall have Financial Statements of the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.06. ***Procurement***

All goods and consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the "World Bank Procurement Regulations for IPF Borrowers" dated July 2016, revised November 2017 and August 2018 ("Procurement Regulations"), and the provisions of the Recipient's procurement plan for the Project ("Procurement Plan") dated January 11, 2019 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing", dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of goods (but excluding purchase of motor vehicles), consulting services, and Training, inclusive of Taxes.

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

3.03. ***Withdrawal Period.*** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 31, 2023.

Article IV
Recipient's Representative; Addresses

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

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

State Bank of Vietnam
49 Ly Thai To
Hanoi, Vietnam

Facsimile:

(84-4) 3825 0612

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

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

Facsimile:

1-202-477-6391