GRANT AGREEMENT

For

NATIONAL SINGLE WINDOW CUSTOMS PROJECT

September 2010

GRANT AGREEMENT

This Grant Agreement is entered into between the Government of the United States of America, acting through the U.S. Trade and Development Agency ("USTDA") and the Ministry of Finance of the Socialist Republic of Viet Nam acting through the General Department of Viet Nam Customs ("Grantee"). USTDA agrees to provide the Grantee under the terms of this Agreement US$718,600 ("USTDA Grant") to fund the cost of goods and services required for a feasibility study ("Study") on the proposed National Single Window Customs Project ("Project") in the Socialist Republic of Viet Nam ("Host Country").

1. USTDA Funding

The funding to be provided under this Grant Agreement shall be used to fund the costs of a contract between the Grantee and the U.S. firm selected by the Grantee ("Contractor") under which the Contractor will perform the Study ("Contract"). Payment to the Contractor will be made directly by USTDA on behalf of the Grantee with the USTDA Grant funds provided under this Grant Agreement.

2. Terms of Reference

The Terms of Reference for the Study ("Terms of Reference") are attached as Annex I and are hereby made a part of this Grant Agreement. The Study will examine the technical, financial, environmental, and other critical aspects of the proposed Project. The Terms of Reference for the Study shall also be included in the Contract.

3. Standards of Conduct

USTDA and the Grantee recognize the existence of standards of conduct for public officials, and commercial entities, in their respective countries. The parties to this Grant Agreement and the Contractor shall observe these standards, which include not accepting payment of money or anything of value, directly or indirectly, from any person for the purpose of illegally or improperly inducing anyone to take any action favorable to any party in connection with the Study.

4. Grantee Responsibilities

The Grantee shall undertake its best efforts to provide reasonable support for the Contractor, such as local transportation, office space, and secretarial support.

5. USTDA as Financier

(A) USTDA Approval of Competitive Selection Procedures

Selection of the U.S. Contractor shall be carried out by the Grantee according to its established procedures for the competitive selection of contractors with advance notice of the procurement published online through *Federal Business Opportunities (www.fedbizopps.gov)*. Upon request, the Grantee will submit these contracting procedures and related documents to USTDA for information and/or approval.

(B) USTDA Approval of Contractor Selection

The Grantee shall notify USTDA at the address of record set forth in Article 17 below upon selection of the Contractor to perform the Study. Upon approval of this selection by USTDA, the Grantee and the Contractor shall then enter into a contract for performance of the Study. The Grantee shall notify in writing the U.S. firms that submitted unsuccessful proposals to perform the Study that they were not selected.

(C) USTDA Approval of Contract Between Grantee and Contractor

The Grantee and the Contractor shall enter into a contract for performance of the Study. This contract, and any amendments thereto, including assignments and changes in the Terms of Reference, must be approved by USTDA in writing. To expedite this approval, the Grantee (or the Contractor on the Grantee's behalf) shall transmit to USTDA, at the address set forth in Article 17 below, a photocopy of an English language version of the signed contract or a final negotiated draft version of the contract.

(D) USTDA Not a Party to the Contract

It is understood by the parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of the contract and any amendments thereto, including assignments, the selection of all contractors, the Terms of Reference, the Final Report, and any and all documents related to any contract funded under the Grant Agreement. The parties hereto further understand and agree that USTDA, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from exercising these approval rights shall be made as a financier in the course of funding the Study and shall not be construed as making USTDA a party to the contract. The parties hereto understand and agree that USTDA may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the Project with the parties to the contract or any subcontract, jointly or separately, without thereby incurring any responsibility or liability to such parties. Any approval or failure to approve by USTDA shall not bar the Grantee or USTDA from asserting any right they might have against the

Contractor, or relieve the Contractor of any liability which the Contractor might otherwise have to the Grantee or USTDA.

(E) Grant Agreement Controlling

Regardless of USTDA approval, the rights and obligations of any party to the contract or subcontract thereunder must be consistent with this Grant Agreement. In the event of any inconsistency between the Grant Agreement and any contract or subcontract funded by the Grant Agreement, the Grant Agreement shall be controlling.

6. Disbursement Procedures

(A) USTDA Approval of Contract Required

USTDA will make disbursements of Grant funds directly to the Contractor only after USTDA approves the Grantee's contract with the Contractor.

(B) Contractor Invoice Requirements

The Grantee should request disbursement of funds by USTDA to the Contractor for performance of the Study by submitting invoices in accordance with the procedures set forth in the USTDA Mandatory Clauses in Annex II.

7. Effective Date

The effective date of this Grant Agreement ("Effective Date") shall be the date of signature by both parties or, if the parties sign on different dates, the date of the last signature.

8. Study Schedule

(A) Study Completion Date

The completion date for the Study, which is September 15, 2011 is the date by which the parties estimate that the Study will have been completed.

(B) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (a) no USTDA funds may be disbursed under this Grant Agreement for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) all funds made available under the Grant Agreement must be disbursed within four (4) years from the Effective Date of the Grant Agreement.

9. USTDA Mandatory Clauses

All contracts funded under this Grant Agreement shall include the USTDA mandatory clauses set forth in Annex II to this Grant Agreement. All subcontracts funded or partially funded with USTDA Grant funds shall include the USTDA mandatory clauses, except for clauses B(1), G, H, I, and J.

10. Use of U.S. Carriers

(A) Air

Transportation by air of persons or property funded under the Grant Agreement shall be on U.S. flag carriers in accordance with the Fly America Act, 49 U.S.C. 40118, to the extent service by such carriers is available, as provided under applicable U.S. Government regulations.

(B) Marine

Transportation by sea of property funded under the Grant Agreement shall be on U.S. carriers in accordance with U.S. cargo preference law.

11. Nationality, Source and Origin

Except as USTDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by USTDA under the Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. individual; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from Host Country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for performance of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., local lodging, food, and transportation) in Host Country are not subject to the above restrictions. USTDA will make available further details concerning these provisions upon request.

12. Taxes

USTDA funds provided under the Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in Host Country. Neither the Grantee nor the Contractor will seek reimbursement from USTDA for such taxes, tariffs, duties, fees or other levies.

13. Cooperation Between Parties and Follow-Up

The parties will cooperate to assure that the purposes of the Grant Agreement are accomplished. For five (5) years following receipt by USTDA of the Final Report (as defined in Clause 1 of Annex II), the Grantee agrees to respond to any reasonable inquiries from USTDA about the status of the Project.

14. Implementation Letters

To assist the Grantee in the implementation of the Study, USTDA may, from time to time, issue implementation letters that will provide additional information about matters covered by the Grant Agreement. The parties may also use jointly agreed upon implementation letters to confirm and record their mutual understanding of matters covered by the Grant Agreement.

15. Recordkeeping and Audit

The Grantee agrees to maintain books, records, and other documents relating to the Study and the Grant Agreement adequate to demonstrate implementation of its responsibilities under the Grant Agreement, including the selection of contractors, receipt and approval of contract deliverables, and approval or disapproval of contractor invoices for payment by USTDA. Such books, records, and other documents shall be separately maintained for three (3) years after the date of the final disbursement by USTDA. The Grantee shall afford USTDA or its authorized representatives the opportunity at reasonable times to review books, records, and other documents relating to the Study and the Grant Agreement.

16. Representation of Parties

For all purposes relevant to the Grant Agreement, the Government of the United States of America will be represented by the U. S. Ambassador to Host Country or USTDA and Grantee will be represented by the Director General. The parties hereto may, by written notice, designate additional representatives for all purposes under the Grant Agreement.

17. Addresses of Record for Parties

Any notice, request, document, or other communication submitted by either party to the other under the Grant Agreement shall be in writing or through a wire or electronic medium which produces a tangible record of the transmission, such as a telegram, cable or facsimile, and will be deemed duly given or sent when delivered to such party at the following:

To: Mr. Nguyen Manh Tung
General Department of Viet Nam Customs
3rd Floor Silver Wings Building

137A Nguyen Van Cu
Hanoi, Viet Nam

Phone: 84.4.220.7603
Fax: 84.4.220.7600
tungnm@customs.gov.vn

To: U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, Virginia 22209-3901
USA

Phone: (703) 875-4357
Fax: (703) 875-4009

All such communications shall be in English, unless the parties otherwise agree in writing. In addition, the Grantee shall provide the Commercial Section of the U.S. Embassy in Host Country with a copy of each communication sent to USTDA.

Any communication relating to this Grant Agreement shall include the following fiscal data:

Appropriation No.: 1110/111001
Activity No.: 2010-31024A
Reservation No.: 2010310033
Grant No.: GH2010310006

18. Termination Clause

Either party may terminate the Grant Agreement by giving the other party thirty (30) days advance written notice. The termination of the Grant Agreement will end any obligations of the parties to provide financial or other resources for the Study, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the written notice of termination.

19. Non-waiver of Rights and Remedies

No delay in exercising any right or remedy accruing to either party in connection with the Grant Agreement shall be construed as a waiver of such right or remedy.

20. U.S. Technology and Equipment

By funding this Study, USTDA seeks to promote the project objectives of the Host Country through the use of U.S. technology, goods, and services. In recognition of this purpose, the Grantee agrees that it will allow U.S. suppliers to compete in the procurement of technology, goods and services needed for Project implementation.

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IN WITNESS WHEREOF, the Government of the United States of America and the Ministry of Finance of the Socialist Republic of Viet Nam acting through the General Department of Viet Nam Customs, each acting through its duly authorized representative, have caused this Agreement to be signed in the English language in their names and delivered as of the day and year written below. In the event that this Grant Agreement is signed in more than one language, the English language version shall govern.

For the Government of the Socialist Republic of Viet Nam

By:_____

Date: 15th September 2010

For the Government of the United States of America

By: Michael K. Nicholas

Date: _____

Witnessed:

By:_____

Witnessed:

By: Jerin Webster

Annex I – Terms of Reference

Annex II – USTDA Mandatory Clauses

Annex I

Terms of Reference

The proposed USTDA funded Study will support the General Department of Viet Nam Customs ("Grantee"), and Standing Bureau under Viet Nam National Steering Committee on ASEAN Single Window, in identifying how to implement a National Single Window Customs Project ("Project") that helps to facilitate trade in Viet Nam and supports the goals of the ASEAN Single Window Agreement. A National Single Window system will help to increase customs revenue collection, decrease transaction costs and time, improve production of foreign trade statistics and enhance the effectiveness and accountability of customs activities in Viet Nam. Further, the Project will help lead the ASEAN initiative to speed the clearance of shipments and the release of goods by customs authorities in the ASEAN region.

The Contractor shall conduct the Study, which will include a data gap analysis, recommended technical design and specifications, and an implementation plan for the Project. The Grantee shall be able to use the Study recommendations and Final Report to seek Project financing and move forward with Project implementation.

Although the scope of the Study will focus on the needs of the Project in Viet Nam, the Contractor shall also consider ASEAN Single Window requirements when making recommendations to ensure that the Project is compliant with regional standards and can be incorporated into an ASEAN Single Window system.

Task 1: Project Start-Up and Kick-off Workshop

The Contractor shall meet with the Grantee and Stakeholders as defined in the Master Plan of the Implementation of Viet Nam National Single Window (VNSW) and identified by the Grantee, to discuss the Study scope, objectives and work plan. In addition, the Contractor shall review all previous relevant studies and data provided by the Grantee and document any data gaps.

The Contractor shall gain an initial understanding of the roles and responsibilities of Stakeholders as it relates to international trade requirements, the proposed Project and ASEAN Single Window system (ASW). The Contractor shall also gather information concerning the work accomplished by the VNSW steering committee and its working groups.

The Contractor shall hold a one-day workshop inviting Stakeholders to learn about the Project's scope, objectives, work plan, study methodology, coordinating mechanism as well as to get suggestions and comments from Stakeholders on these matters. The Grantee shall coordinate Stakeholder invitations.

The Contractor shall refine and finalize the Project's work plan as well as the study methodology, based on the outcomes of the above workshop, to meet Grantee requirements.

On the basis of the agreed coordinating mechanism among Stakeholders, the Grantee shall work with the Stakeholders to assign official representatives from each Stakeholder agency that will act as a point of contact and counterpart for the Contractor's team. The Stakeholder representative will be responsible for facilitating data collection, acquisition of information, and coordinating work for their Stakeholder agency, with the Contractor and Grantee team.

Deliverable: The Contractor shall provide a detailed report of findings including the agreed Project's scope, objectives, work plan, study methodology, coordinating mechanism, data availability, and potential data gaps. The report shall also include a summary of the main findings from the discussions with the various Stakeholders during this task.

Task 2: Assessment of Existing Conditions and Operational Procedures

The Contractor shall conduct a detailed assessment of the existing operational environment, existing information systems and IT infrastructure. The Contractor shall develop a detailed description of the requirements, stages and flow of a trade transaction. The Contractor shall identify the governmental and state-owned entities involved in trade transactions with a clear description of each agency's role. The above shall be done for each category of cross border trade (e.g., import versus export, transit shipments, sub-categories of customs transaction such as red line and green line transactions and others, etc.).

The Contractor shall also gather information related to the time release and the time of issuance requirements of the types of transactions, permits, licenses, and certificates. If the information is not available, the Contractor shall conduct a rapid time release/ time of issuance survey per the World Customs Organization standards. This information shall be the baseline data/benchmark for release time to allow the Contractor to conduct a financial analysis. Specifically, the Contractor shall assign monetary values of the time dedicated to current customs operations versus the proposed Project.

The Grantee will be responsible for facilitating the Contractor's work by conducting the preliminary surveys, which solicit necessary information from Stakeholder agencies. The Contractor shall help and advise the Grantee during the survey and data collection process on the survey methodology, business process modeling standards, among others as well as provide a training meeting for the Grantee personnel to administer the survey and data collection, if required. The Grantee and Contractor shall agree to a specific deadline by which the surveys and data collection shall be completed.

The Contractor shall:

i. Gather information related to the capacity of traders/freight forwarders to utilize advanced IT systems implemented for the Project.

ii. Gather information related to the existing automated processing/IT systems of Stakeholders that have been used for collecting information from traders/applicants, processing and making decision, among others.

iii. Gather information, conduct structured interviews, and develop a detailed description of the information needed from importers/exporters and the mode by which such information is submitted. This shall be done for the different types of trade transactions, types of cargo, and entry points (i.e., border crossings, airports, and ports).

iv. Based on the results from preliminary surveys and data collection provided by the Grantee, the Contractor shall gather information, conduct structured interviews, and develop a structured document in line with international standards such as WCO Data Model V3.0, UML V2.0. The document shall include a detailed process flow map for international or cross border trade transactions. The map shall detail the steps transactions go through from the point when information is submitted by the trader to the destination of delivery. This shall be done for the different types of trade transactions, cargo, and entry points. The Contractor shall identify and describe the Stakeholder entities involved in each step of the process with a detailed description of related information/forms required, at least at the level of division and the clear sequence for the transactions with reference to the existing legislation and regulations at least at the level of Ministry's Circular or Minister's Decision. A detailed description of how customs duties are estimated shall also be included in the map.

v. While conducting the above, the Contractor shall consider different information requirements and clearance procedures for trade transactions with neighboring countries that have bi- or multi-lateral trade facilitation agreements with Viet Nam. This includes ASEAN specific agreements and requirements.

vi. Study and evaluate the existing technology platforms used to submit information by traders with emphasis on the existing VNC automated processing systems of declaration. The Contractor shall also study and describe in detail the existing e-customs system and assess its inter-connectivity with Stakeholders.

vii. Identify restrictions in the current customs and Stakeholders processes (e.g., inspections stages, declaration stages, transport stages, etc.), and identify the amount of time associated with each restriction. This shall be used in the financial analysis to identify monetary gains and losses associated with customs and Stakeholders operations.

Deliverable: The Contractor shall provide a detailed report of the existing conditions' assessment, which covers the structured document developed in the above item (iv) and all the outcomes from the above items including preliminary recommendations to proceed with the framework and architecture of the Project.

Task 3: Consultations with Stakeholders

The Contractor shall meet with Stakeholders to present the findings of the above task. The Contractor shall identify areas and aspects of trade transactions (both technical and

legislative) that would be impacted as a result of NSW implementation. The Contractor shall detail the changes needed to successfully implement the Project.

The Contractor shall present at least two but no more than four National Single Window case studies where single window operations have been implemented. At least two case studies shall reflect countries that have similar structure and characteristics to Viet Nam. The Contractor shall be sure to describe the steps and the reforms that were made to implement NSW in those countries.

The Contractor shall modify the work plan and methodologies for the remaining Tasks, based on Stakeholder input, as well as identify the responsibilities and roles that are expected of the Stakeholders for the duration of the Study.

Deliverable: The Contractor shall document Meeting Minutes from the Stakeholder workshop including the agreed revised work plan and methodology for the remaining Tasks. The Meeting Minutes shall also include a summary of the main findings, views and comments from the Stakeholders and case studies.

Task 4: Document, Data and Information Standardization

The Contractor shall develop information standards for the documents and processes associated with import/export/transit goods, equipment and conveyance management for Stakeholders. The Contractor shall recommend how to harmonize the processes requirements for import/export/transit goods, equipment and conveyance. To do this, the Contractor shall:

i. Advise and guide the Grantee to finalize the data analysis and surveys completed in Task 2. This may require the Contractor to directly help the Stakeholder agencies in the completion of questionnaires.

ii. Review and analyze the forms and data currently used in international trade transactions. The Contractor shall understand the pertinence of each data element, establish and map the inter-relationship(s) of the international forms with Viet Nam's forms.

iii. Comparatively analyze Viet Nam's current trade and administrative data models in relation to international best practices such as the WCO Customs Data Model. The Contractor shall identify where Viet Nam's current practices are similar and different from international best practices. The Contractor shall highlight areas where standard, international, harmonized data sets that meet governments' requirements for international cross-border trade could be adopted for an automated environment.

iv. Finalize data standards and requirements for the following, with guidance from the Grantee:

    a. A detailed description of data elements and sets needed for international trade transactions, including justifications for why different data sets are needed and in what format. The Contractor shall be sure to avoid and eliminate data redundancies.

b. Following the recommendations set forth in UN/ECE, the Contractor shall develop and finalize the data standardization requirements including data form identification and analysis, direct agency contacts, data element reports, coding, common data elements, conditional data elements, government-provided data elements, optional data elements, participating government agencies, and others.

The Contractor shall deliver the work under this task accordance with local requirements and in harmonization with document/process models developed by the ongoing ASEAN Single Window project. The ASEAN project is in the process of finalizing the ASEAN Data Model v2 (ADM v2) and providing instruction for implementation in early 2010. ADM v2 seeks to harmonize data requirements for key commercial and transport documents across ASEAN to facilitate the exchange of this data electronically. Forms covered by the ADM v2 include CEPT Form-D, ASEAN Customs Declaration Document, Air Waybill, Bill of Lading, Cargo Manifest, Commercial Invoice, Fishery Certificate, Non-Preferential Certificate of Origin, Packing List, Phytosanitary Certificate, Purchase Order, Trade License, and Veterinary Certificate.

Deliverable: The Contractor shall provide draft documents and processes developed under this task as well as a thorough analysis and justification for proposing the data elements used in the documents and procedures. If previously used data elements are not included in the recommended documents/procedures, the Contractor shall be prepared to provide a thorough explanation for their exclusion or how they are captured elsewhere in the documents.

Task 5: Develop Proposals for Data Models and Data Flow Models

The Contractor shall develop and finalize proposals for data models to be used, data flow models, and data functional requirements. This includes the following:

i. The Contractor shall finalize the data standardization model and requirement from the previous Task. This shall include standardizing requirements for Stakeholders.

ii. The Contractor shall develop a document that defines the data set and trade and administrative data model to be used for Project implementation and operation.

iii. The Contractor shall develop the Single Administrative Document (SAD) for cross-border transactions in both electronic and paper form.

iv. The Contractor shall develop electronic data flow models based on the current paper-based environment process and ensure checks and balances remain intact.

v. The Contractor shall develop user/functional requirements based on the profiles for each participating Stakeholder to include border operations, licensing, permitting, certificating, system security, data management, and other system features for Project implementation.

vi. The Contractor shall complete the above subtasks for application at the national level in the Host Country. The Contractor shall take into consideration and

incorporate, in the deliverables and Final Report, all requirements of the ASEAN Single Widow project currently under finalization.

Task 6: Develop Technology Infrastructure Requirements

Based on the findings and recommendations of Tasks 4 - 6, the Contractor shall develop a detailed IT Master Plan that describes and evaluates options for the computer hardware and software needed to implement NSW. At a minimum, the IT Master Plan shall include recommendations for:

- Servers and workstations
- Operating System to be used for the servers and the workstations
- Application Systems to be used
- Database Management Systems
- Development platforms
- Communications Networks
- Backup Data Centers
- Communication Protocols
- Exchange Gateways features
- Data Storage Requirements (Transaction Database and Data Warehouse)
- Security including Encryption, Network Security, Functional Security, and Data Security
- Network Environments including Routers, Switches, LAN Cabling, and WAN cabling

Deliverable: The Contractor shall provide a detailed IT Master Plan that captures all elements of Task 4-6 which includes, at a minimum, the SAD, data flow models, user requirements, and recommended software and hardware purchases. While aiming at optimum specifications and characteristics for the Project, the Contractor shall assess the availability of potential U.S. sources of supply for any aspect of this activity that could go to procurement following the completion of the Feasibility Study, in accordance with Clause I of Annex II in the Grant Agreement. The Contractor shall provide the business name, point of contact, address, telephone, e-mail, and fax numbers for each source.

Task 7: Legal Review

The Contractor shall review the findings of the ongoing USAID funded legal assessment supporting the Project. The findings and recommendations of the USAID work shall be taken into consideration by the Contractor in the development of the institutional reform plan as required in Task 8.

Task 8: Institutional Reform Plan and Capacity Building Needs

The Contractor shall (1) design a detailed plan for institutional reform to implement and operate the Project, (2) design training and capacity building programs to empower future users of the Project, and (3) design awareness and outreach program to introduce the Project among users/Stakeholders.

Institutional Reform Plan

The Contractor shall develop a detailed plan for institutional reforms, and a transition plan for Stakeholders, for Project operation. The Contractor shall also recommend how redundant efforts/responsibilities can be eliminated between Stakeholders using interagency agreements. The Contractor shall:

i. Develop a detailed Project plan listing Stakeholder needs related to acquiring and preparing facilities, hosting computer sites and offices.

ii. Develop detailed descriptions for modifications to ports of entry (physical and institutional) to accommodate the Project.

iii. Identify trade community software requirements needed for Project operations.

iv. Develop a detailed Project implementation plan, which includes a step-by-step timeline, deliverables and requirements to achieve successful Project implementation.

v. Identify implementation options including initial pilot projects or prototype sites and detail the phases of locations selection, participant agencies, and functions.

vi. Develop a detailed plan for system development including management, work breakdown structure, documentation, development model, and interface requirements.

vii. Develop detailed responsibility matrix for the Grantee, Stakeholders and Project operators while including trade-related and international users.

viii. Develop a detailed plan for user support in the initial phases of implementation including systems acceptance testing and customer service requirements.

Training and Capacity Building Program

The Contractor shall develop a Training Plan to be deployed during Project implementation. Based on the findings and observations made during Task 2 and the recommendations of other Tasks, the Contractor shall advise the Grantee and complete the following at a minimum:

i. Identify key project users who will need training including Stakeholders, government executives, trade executives, government end-users, government inspectors, trade community filers, system integrators, government end-system operators, and legal groups.

ii. Determine the required number of trainees from the various target groups including training-of-trainers for each.

iii. For each user group listed in "i", prepare detailed training needs assessment that includes a scope of the training and recommended mode to deliver the training (e.g., on-the-job, in-class, study tours, etc.). This shall include a detailed description of the current skill gaps and the skill sets needed at the various target groups, and for different levels within each target group.

iv. Design training modules for the groups to include the training curricula framework, course descriptions, training requirements (e.g., prioritization of the various training modules, recommended instructional delivery systems, facility requirements, etc.), and the predicted training outcomes for each module.

v. For each training module, the Contractor shall prepare qualifications requirements for the training instructors that would be used by the Grantee to procure and select training services.

Awareness and Outreach Program

The Contractor shall, with guidance from the Grantee:

i. Develop a clear outreach and communication implementation plan focusing on each phase of Project implementation (planning stage, pre-deployment, deployment, post-deployment, etc.)

ii. Clearly define the target audience at each stage (government, private sector, media, public, etc.)

iii. Develop key messages for each target audience during the different stages outlined above.

iv. Develop outreach tools for each target audience bearing the key messages identified above including Websites and FAQ links, Email newsletters, Pamphlets, and Media interviews/press kits.

Deliverable: The Contractor shall provide a detailed plan for institutional reforms and a transition plan for Stakeholders, for Project implementation and operation. Additionally the Contractor shall provide a detailed training plan and outreach program that the Grantee can deploy during Project implementation.

Task 9: Financial and Technical Analysis

The Contractor shall estimate the financial viability of the Project using both quantitative and qualitative estimates of the system deployment costs and benefits. The analysis shall include full costs of design and implementation, equipment, costs of operations, and revenues (monetary and non monetary). The Contractor shall recommend potential US based export technologies, services and suppliers for the equipment listed under this task. The Contractor shall:

- Estimate Project impact on reducing the burden incurred by the trade community to meet government requirements electronically and in paper form.
- Identify Project impact on government personnel productivity and government spending on IT.
- Assess Project impact on the trading community's compliance with trade laws and regulations and assess the cost impact that will be borne by the trading community.
- Estimate reduced costs for trade compliance.
- Estimate Project impact on international trade policies.

- Identify Project improvement on border crossing times.
- Determine Project impact on port, facilities and transport infrastructure.

To meet the above, the Contractor shall:

i. Define technical characteristics for the Project's layout including operations and equipment and maintainability of the Project.

ii. Review and update all implementation and operating costs and benefits of the Project. The Contractor shall estimate the economic internal rate of return (EIRR) on the basis of non-incremental and incremental economic benefits and economic costs (including economic capital, operation, and maintenance costs) in constant economic prices.

iii. Develop realistic and competitive fees/revenue and assess the adequacy of revenues to ensure sustained financial viability of investment (covering operation and maintenance costs, depreciation, debt service in excess of depreciation, taxes, and reasonable profit).

iv. Assess and prepare financial projections for the Project over 20 years of operation including balance sheet, income statement, and cash flow statement in nominal terms covering a period of 20 years. Assumptions made in the financial statements shall be explained in detail. Financial projections shall take into consideration the likely effects of inflation and the potential for exchange rate fluctuations.

v. Carry out a financial evaluation for the Project over the implementation and operation period by calculating the Financial Internal Rate of Return (FIRR) and comparing it with weighted average cost of capital (WACC). The FIRR and WACC shall be computed using constant 2009 prices. The cost estimates and financial projections in nominal terms shall be converted to real terms by removing the projected effects of foreign and domestic inflation and currency fluctuations. Incremental costs and benefits shall be derived from evaluating the financial position under a with-project and without-project scenario.

vi. Identify risk factors and test the sensitivity of the Project to them, and propose mitigating measures. The Contractor shall undertake sensitivity analysis by varying charges, costs, implementation delay, and combinations of these factors. Switching values for these factors, excluding implementation delay, shall also be calculated and the sensitivity of the financial viability of the Project to future exchange rate movements shall be reviewed.

vii. Undertake a financial management requirements assessment of the operating entity which shall include (a) corporate planning and budgetary control, (b) financial and management accounting, and (c) internal control and audit system. The Contractor shall determine what capacity building at the system's operating entity shall be considered.

viii. Develop a best estimate of potential procurements and the supply of U.S. goods and services for Project implementation. This estimate shall be broken down by

category and dollar value of goods and services required for successful Project implementation as well as likely source of import. The Contractor shall also provide a list of potential U.S. suppliers that can provide the goods and services listed. The Contractor shall – per USTDA's requirements - contact U.S. companies that offer these goods and services and summarize their level of interest in the Project.

ix. Identify likely sources of financing.

Deliverable: The Contractor shall provide a detailed financial and technical analysis, of the requirements for Project implementation.

Task 10: Environmental and Social Analysis

Although not expected to have any environmental impacts, the Contractor shall – per USTDA's requirements - assess social and socioeconomic impacts of implementing the Project in Viet Nam. Key issues to be addressed include trade facilitation, economic development as a result of improved trade, border security issues, safety of goods, etc.

Task 11: Develop proposals and technical specifications for the VNSW system

Based on the findings, recommendations and outcomes in previous Tasks, the Contractor shall:

i. Develop proposals for the Operational Model of the VNSW.

ii. Develop proposals for the Technical Model and overall IT architecture of the VNSW system.

iii. Develop detailed technical specifications for the VNSW system that would be used as reference document in the development of tender documents.

Deliverable: The Contractor shall provide proposals and technical specifications and requirements for the Project.

Task 12: Host Country Development Impacts

The Contractor shall conduct a Host Country Development Impact Analysis. The Host Country Development Impacts analysis is intended to provide the project's decision-makers and interested parties with a broader view of the project's potential effects on the Host Country. The analysis shall focus on what development impact is likely if the project is implemented according to the study recommendations. While specific focus shall be paid to the immediate impact of the project, analysis shall include any additional developmental benefits that may result from the project's implementation, including spin-off and demonstration effects. The factors to be considered shall include but are not limited to the following:

Infrastructure - The Contractor shall analyze the impact that the infrastructure changes will have both on Viet Nam nationally and on the surrounding vicinity of the project.

Market- Oriented Reform - The Contractor shall provide a description of any regulation, laws, or institutional changes that are recommended and the effect they would have if implemented.

Human Capacity Building - The Contractor shall assess the number and type of local positions that would be needed to construct and operate the proposed project, as well as the number of local people who would still need to receive training and describe such additional training programs. The Contractor shall also include an assessment of the multiplier effect on job creation in the agricultural and other sectors.

Technology Transfer and Productivity Enhancement - The Contractor shall include a description of any advanced technologies that would be utilized and/or developed as a result of the project. A description of any efficiency that would be gained (e.g., improvements in the navigation and pilotage of passenger and tourism cruise ships) shall be included by the Contractor.

Other - The Contractor shall describe any other developmental impacts or benefits that would result from the project, for example, follow-on or replication projects in other neighboring countries, improved financial revenue flows to the Host Country, etc.

Task 13: Final Report

The Contractor shall prepare and deliver to the Grantee and USTDA a substantive and comprehensive final report of all work performed under these Terms of Reference ("Final Report"). The Final Report shall be organized according to the above tasks, and shall include all deliverables and documents that have been provided to the Grantee. The Final Report shall be prepared in accordance with Clause I of Annex II of the Grant Agreement.

Notes:

(1) The Contractor is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.

(2) The Contractor and the Grantee shall be careful to ensure that the public version of the Final Report contains no security or confidential information.

(3) The Grantee and USTDA shall have an irrevocable, worldwide, royalty-free, non-exclusive right to use and distribute the Final Report and all work product that is developed under these Terms of Reference.

Annex II

USTDA Mandatory Contract Clauses

A. USTDA Mandatory Clauses Controlling

The parties to this contract acknowledge that this contract is funded in whole or in part by the U.S. Trade and Development Agency ("USTDA") under the Grant Agreement between the Government of the United States of America acting through USTDA and the Ministry of Finance of the Socialist Republic of Viet Nam acting through the General Department of Viet Nam Customs ("Client"), dated _____ ("Grant Agreement"). The Client has selected _____ ("Contractor") to perform the feasibility study ("Study") for the National Single Window Customs Project ("Project") in the Socialist Republic of Viet Nam ("Host Country"). Notwithstanding any other provisions of this contract, the following USTDA mandatory contract clauses shall govern. All subcontracts entered into by Contractor funded or partially funded with USTDA Grant funds shall include these USTDA mandatory contract clauses, except for clauses B(1), G, H, I, and J. In addition, in the event of any inconsistency between the Grant Agreement and any contract or subcontract thereunder, the Grant Agreement shall be controlling.

B. USTDA as Financier

(1) USTDA Approval of Contract

All contracts funded under the Grant Agreement, and any amendments thereto, including assignments and changes in the Terms of Reference, must be approved by USTDA in writing in order to be effective with respect to the expenditure of USTDA Grant funds. USTDA will not authorize the disbursement of USTDA Grant funds until the contract has been formally approved by USTDA or until the contract conforms to modifications required by USTDA during the contract review process.

(2) USTDA Not a Party to the Contract

It is understood by the parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of this contract and amendments thereto, including assignments, the selection of all contractors, the Terms of Reference, the Final Report, and any and all documents related to any contract funded under the Grant Agreement. The parties hereto further understand and agree that USTDA, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from exercising these approval rights shall be made as a financier in the course of financing the Study and shall not be construed as making USTDA a party to the contract. The parties hereto understand and agree that USTDA may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the Project with the parties to the contract or any subcontract, jointly or separately, without thereby incurring any responsibility

or liability to such parties. Any approval or failure to approve by USTDA shall not bar the Client or USTDA from asserting any right they might have against the Contractor, or relieve the Contractor of any liability which the Contractor might otherwise have to the Client or USTDA.

C. Nationality, Source and Origin

Except as USTDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by USTDA under the Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. individual; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from Host Country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for performance of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., local lodging, food, and transportation) in Host Country are not subject to the above restrictions. USTDA will make available further details concerning these provisions upon request.

D. Recordkeeping and Audit

The Contractor and subcontractors funded under the Grant Agreement shall maintain, in accordance with generally accepted accounting procedures, books, records, and other documents, sufficient to reflect properly all transactions under or in connection with the contract. These books, records, and other documents shall clearly identify and track the use and expenditure of USTDA funds, separately from other funding sources. Such books, records, and documents shall be maintained during the contract term and for a period of three (3) years after final disbursement by USTDA. The Contractor and subcontractors shall afford USTDA, or its authorized representatives, the opportunity at reasonable times for inspection and audit of such books, records, and other documentation.

E. U.S. Carriers

(1) Air

Transportation by air of persons or property funded under the Grant Agreement shall be on U.S. flag carriers in accordance with the Fly America Act, 49 U.S.C. 40118, to the extent service by such carriers is available, as provided under applicable U.S. Government regulations.

(2) Marine

Transportation by sea of property funded under the Grant Agreement shall be on U.S. carriers in accordance with U.S. cargo preference law.

F. Workman's Compensation Insurance

The Contractor shall provide adequate Workman's Compensation Insurance coverage for work performed under this Contract.

G. Reporting Requirements

The Contractor shall advise USTDA by letter as to the status of the Project on March 1st annually for a period of two (2) years after completion of the Study. In addition, if at any time the Contractor receives follow-on work from the Client, the Contractor shall so notify USTDA and designate the Contractor's contact point including name, telephone, and fax number. Since this information may be made publicly available by USTDA, any information which is confidential shall be designated as such by the Contractor and provided separately to USTDA. USTDA will maintain the confidentiality of such information in accordance with applicable law.

H. Disbursement Procedures

(1) USTDA Approval of Contract

Disbursement of Grant funds will be made only after USTDA approval of this contract. To make this review in a timely fashion, USTDA must receive from either the Client or the Contractor a photocopy of an English language version of a signed contract or a final negotiated draft version to the attention of the General Counsel's office at USTDA's address listed in Clause M below.

(2) Payment Schedule Requirements

A payment schedule for disbursement of Grant funds to the Contractor shall be included in this Contract. Such payment schedule must conform to the following USTDA requirements: (1) up to twenty percent (20%) of the total USTDA Grant amount may be used as a mobilization payment; (2) all other payments, with the exception of the final payment, shall be based upon contract performance milestones; and (3) the final payment may be no less than fifteen percent (15%) of the total USTDA Grant amount, payable upon receipt by USTDA of an approved Final Report in accordance with the specifications and quantities set forth in Clause I below. Invoicing procedures for all payments are described below.

(3) Contractor Invoice Requirements

USTDA will make all disbursements of USTDA Grant funds directly to the Contractor. The Contractor must provide USTDA with an ACH Vendor Enrollment Form (available from USTDA) with the first invoice. The Client shall request disbursement of funds by USTDA to the Contractor for performance of the contract by submitting the following to USTDA:

(a) Contractor's Invoice

The Contractor's invoice shall include reference to an item listed in the Contract payment schedule, the requested payment amount, and an appropriate certification by the Contractor, as follows:

(i) For a mobilization payment (if any):

"As a condition for this mobilization payment, the Contractor certifies that it will perform all work in accordance with the terms of its Contract with the Client. To the extent that the Contractor does not comply with the terms and conditions of the Contract, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA. "

(ii) For contract performance milestone payments:

"The Contractor has performed the work described in this invoice in accordance with the terms of its contract with the Client and is entitled to payment thereunder. To the extent the Contractor has not complied with the terms and conditions of the Contract, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(iii) For final payment:

"The Contractor has performed the work described in this invoice in accordance with the terms of its contract with the Client and is entitled to payment thereunder. Specifically, the Contractor has submitted the Final Report to the Client, as required by the Contract, and received the Client's approval of the Final Report. To the extent the Contractor has not complied with the terms and conditions of the Contract, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(b) Client's Approval of the Contractor's Invoice

(i) The invoice for a mobilization payment must be approved in writing by the Client.

(ii) For contract performance milestone payments, the following certification by the Client must be provided on the invoice or separately:

"The services for which disbursement is requested by the Contractor have been performed satisfactorily, in accordance with applicable Contract provisions and the terms and conditions of the USTDA Grant Agreement."

(iii) For final payment, the following certification by the Client must be provided on the invoice or separately:

"The services for which disbursement is requested by the Contractor have been performed satisfactorily, in accordance with applicable Contract provisions and terms and conditions of the USTDA Grant Agreement. The Final Report submitted by the Contractor has been reviewed and approved by the Client. "

(c) USTDA Address for Disbursement Requests

Requests for disbursement shall be submitted by courier or mail to the attention of the Finance Department at USTDA's address listed in Clause M below.

(4) Termination

In the event that the Contract is terminated prior to completion, the Contractor will be eligible, subject to USTDA approval, for reasonable and documented costs which have been incurred in performing the Terms of Reference prior to termination, as well as reasonable wind down expenses. Reimbursement for such costs shall not exceed the total amount of undisbursed Grant funds. Likewise, in the event of such termination, USTDA is entitled to receive from the Contractor all USTDA Grant funds previously disbursed to the Contractor (including but not limited to mobilization payments) which exceed the reasonable and documented costs incurred in performing the Terms of Reference prior to termination.

I. USTDA Final Report

(1) Definition

"Final Report" shall mean the Final Report described in the attached Annex I Terms of Reference or, if no such "Final Report" is described therein, "Final Report" shall mean a substantive and comprehensive report of work performed in accordance with the attached Annex I Terms of Reference, including any documents delivered to the Client.

(2) Final Report Submission Requirements

The Contractor shall provide the following to USTDA:

(a) One (1) complete version of the Final Report for USTDA's records. This version shall have been approved by the Client in writing and must be in the English language. It is the responsibility of the Contractor to ensure that confidential information, if any, contained in this version be clearly marked. USTDA will maintain the confidentiality of such information in accordance with applicable law.

and

(b) One (1) copy of the Final Report suitable for public distribution ("Public Version"). The Public Version shall have been approved by the Client in writing and must be in the English language. As this version will be available for public distribution, it must not contain any confidential information. If the report in (a) above contains no confidential information, it may be used as the Public Version. In any event, the Public Version must be informative and contain sufficient Project detail to be useful to prospective equipment and service providers.

and

(c) Two (2) CD-ROMs, each containing a complete copy of the Public Version of the Final Report. The electronic files on the CD-ROMs shall be submitted in a commonly accessible read-only format. As these CD-ROMs will be available for public distribution, they must not contain any confidential information. It is the responsibility of the Contractor to ensure that no confidential information is contained on the CD-ROMs.

The Contractor shall also provide one (1) copy of the Public Version of the Final Report to the Foreign Commercial Service Officer or the Economic Section of the U.S. Embassy in Host Country for informational purposes.

(3) Final Report Presentation

All Final Reports submitted to USTDA must be paginated and include the following:

(a) The front cover of every Final Report shall contain the name of the Client, the name of the Contractor who prepared the report, a report title, USTDA's logo, USTDA's mailing and delivery addresses. If the complete version of the Final Report contains confidential information, the Contractor shall be responsible for labeling the front cover of that version of the Final Report with the term "Confidential Version." The Contractor shall be responsible for labeling the front cover of the Public Version of the Final Report with the term "Public Version." The front cover of every Final Report shall also contain the following disclaimer:

> "This report was funded by the U.S. Trade and Development Agency (USTDA), an agency of the U. S. Government. The opinions, findings, conclusions or recommendations expressed in this document are those of the author(s) and do not necessarily represent the official position or policies of

USTDA. USTDA makes no representation about, nor does it accept responsibility for, the accuracy or completeness of the information contained in this report."

(b) The inside front cover of every Final Report shall contain USTDA's logo, USTDA's mailing and delivery addresses, and USTDA's mission statement. Camera-ready copy of USTDA Final Report specifications will be available from USTDA upon request.

(c) The Contractor shall affix to the front of the CD-ROM a label identifying the Host Country, USTDA Activity Number, the name of the Client, the name of the Contractor who prepared the report, a report title, and the following language:

"The Contractor certifies that this CD-ROM contains the Public Version of the Final Report and that all contents are suitable for public distribution."

(d) The Contractor and any subcontractors that perform work pursuant to the Grant Agreement must be clearly identified in the Final Report. Business name, point of contact, address, telephone and fax numbers shall be included for Contractor and each subcontractor.

(e) The Final Report, while aiming at optimum specifications and characteristics for the Project, shall identify the availability of prospective U.S. sources of supply. Business name, point of contact, address, telephone and fax numbers shall be included for each commercial source.

(f) The Final Report shall be accompanied by a letter or other notation by the Client which states that the Client approves the Final Report. A certification by the Client to this effect provided on or with the invoice for final payment will meet this requirement.

J. Modifications

All changes, modifications, assignments or amendments to this contract, including the appendices, shall be made only by written agreement by the parties hereto, subject to written USTDA approval.

K. Study Schedule

(1) Study Completion Date

The completion date for the Study, which is September 15, 2011, is the date by which the parties estimate that the Study will have been completed.

(2) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (a) no USTDA funds may be disbursed under this contract for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) all funds made available under the Grant Agreement must be disbursed within four (4) years from the Effective Date of the Grant Agreement.

L. Business Practices

The Contractor agrees not to pay, promise to pay, or authorize the payment of any money or anything of value, directly or indirectly, to any person (whether a governmental official or private individual) for the purpose of illegally or improperly inducing anyone to take any action favorable to any party in connection with the Study. The Client agrees not to receive any such payment. The Contractor and the Client agree that each will require that any agent or representative hired to represent them in connection with the Study will comply with this paragraph and all laws which apply to activities and obligations of each party under this Contract, including but not-limited to those laws and obligations dealing with improper payments as described above.

M. USTDA Address and Fiscal Data

Any communication with USTDA regarding this Contract shall be sent to the following address and include the fiscal data listed below:

U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, Virginia 22209-3901
USA

Phone: (703) 875-4357
Fax: (703) 875-4009

Fiscal Data:
Appropriation No.: 1110/111001
Activity No.: 2010-31024A
Reservation No.: 2010310033
Grant No.: GH2010310006

N. Definitions

All capitalized terms not otherwise defined herein shall have the meaning set forth in the Grant Agreement.

O. Taxes

USTDA funds provided under the Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in Host Country. Neither the Client nor the Contractor will seek reimbursement from USTDA for such taxes, tariffs, duties, fees or other levies.