GRANT NUMBER 0384-VIE(EF)

GRANT AGREEMENT
(Clean Energy Fund)

(Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project - Additional Financing)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 30 November 2015

VIE 42182

GRANT AGREEMENT
(Clean Energy Fund)

GRANT AGREEMENT dated _____ between Socialist Republic of Viet Nam ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement dated 17 September 2009 between the Recipient and ADB ("Special Operations Loan Agreement"), ADB has agreed to make a loan to the Recipient from ADB's Special Funds resources in the amount of one hundred two million one hundred sixty-one thousand Special Drawing Rights (SDR102,161,000) for the purposes of the project described in Schedule 1 to the Special Operations Loan Agreement (the "Ongoing Project");

(B) the Recipient has applied to the Clean Energy Fund under the Clean Energy Financing Partnership Facility (the "Clean Energy Fund") for a grant, to be administered by ADB, in the amount of three million Dollars ($3,000,000) (the "Grant") for the purpose of providing additional financing for the expansion of the Ongoing Project described in Schedule 1 to this Grant Agreement (the "Additional Financing Project", together with the Ongoing Project shall be referred collectively as the "Project");

(C) ADB has agreed to make the proceeds of the Grant available to the Recipient and to administer the Grant upon terms and conditions set forth herein and in the Amended and Restated Project Agreement of even date herewith between ADB and Power Company No. 1, Power Company No. 2 and Power Company No. 3 (each a "PC" and collectively, the "PCs");

(D) pursuant to decisions of the Ministry of Industry and Trade of the Recipient (No. 0789/QD-BCT, No. 0799/QD-BCT and No. 0739/QD-BCT, each dated 5 February 2010), Power Company No. 1 is now called Northern Power Corporation ("EVN NPC"), Power Company No. 2 is now called Southern Power Corporation ("EVN SPC") and Power Company No. 3 is now called Central Power Corporation ("EVN CPC"); and

(E) the Additional Financing Project shall be carried out by the PCs pursuant to the Amended and Restated Project Agreement and upon terms and conditions satisfactory to ADB;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All provisions of the Externally Financed Grant Regulations of ADB, dated 8 April 2009 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein.

ADB, as updated from time to time in accordance with the respective administrative procedures of the Recipient and ADB.

ARTICLE II

The Grant

Section 2.01. ADB agrees to make available to the Recipient a grant from the Clean Energy Fund in the amount of three million Dollars ($3,000,000).

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. (a) The Recipient shall make the proceeds of the Grant available to the PCs upon terms and conditions satisfactory to ADB.

(b) The Recipient shall cause the PCs to apply the proceeds of the Grant to the financing of expenditures of the Additional Financing Project in accordance with the relevant provisions of this Grant Agreement and the Amended and Restated Project Agreement.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 2 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. Except as ADB may otherwise agree, the Recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 3 to this Grant Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 31 December 2017 or such other date as may from time to time be agreed between the Recipient and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Additional Financing Project and operation of the Additional Financing Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Grant Agreement.

Section 1.02. The definitions set forth in the Grant Regulations and Special Operations Loan Agreement are applicable to this Grant Agreement unless the context requires otherwise or such defined terms have been redefined herewith. Additional Terms used in this Grant Agreement have the following meanings:

(a) "Additional Financing Project facilities" means any facilities to be constructed, provided, rehabilitated, operated and/or maintained under the Additional Financing Project;

(b) "Amended and Restated Project Agreement" means the amended and restated Project Agreement of even date herewith between ADB and the PCs;

(c) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(d) "Eligible Household" means a household in the Project provinces meeting the eligibility criteria specified in paragraph 4 of Schedule 4 of this Grant Agreement;

(e) "EVN" means Vietnam Electricity of the Recipient and any successor thereto;

(f) "Independent Verification Agent" means an independent verification agent engaged pursuant to the Consulting Guidelines to verify the following: (1) whether a household is an Eligible Household; (2) delivery of the service connections to Eligible Households by the relevant PC; (3) compliance with technical standards for the service connections to Eligible Households; and (4) payment of electricity bills by an Eligible Household for three months after the service connection is provided by the respective PC, all as further set out in the Supplemental PAM.

(g) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2015, as amended from time to time);

(h) "PAM" means the project administration manual for the Project, including the Supplemental PAM and agreed between the Recipient and ADB, as updated from time to time in accordance with the respective administrative procedures of the Recipient and ADB;

(i) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);

(j) "Procurement Plan" means the procurement plan for the Project dated 9 July 2015 and as agreed between the PCs and ADB, as updated from time to time in accordance with the Procurement Guidelines and other arrangements agreed with ADB; and

(k) "Supplemental PAM" means the project administration manual for the Additional Financing Project dated 9 July 2015 and as agreed between the Recipient and

ARTICLE VI

Effectiveness

Section 6.01. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of this Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

ARTICLE VII

Delegation of Authority

Section 7.01. The Recipient hereby designates the PCs as its agents for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02 and 3.03 of this Grant Agreement and under Sections 5.01, 5.02 and 5.03 of the Grant Regulations.

Section 7.02. Any action taken or any agreement entered into by the PCs pursuant to the authority conferred under Section 7.01 of this Grant Agreement shall be fully binding on the Recipient and shall have the same force and effect as if taken by the Recipient.

Section 7.03. The authority conferred on the PCs under Section 7.01 of this Grant Agreement may be revoked or modified by agreement between the Recipient and ADB.

ARTICLE VIII

Miscellaneous

Section 8.01. The State Bank of Vietnam of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For the Recipient

State Bank of Vietnam
47-49 Ly Thai To
Hanoi, Viet Nam

Section 4.02. (a) The Recipient shall (i) maintain separate accounts and records for the Additional Financing Project; (ii) prepare separate annual financial statements for the Additional Financing Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Grant proceeds and compliance with the financial covenants of this Grant Agreement as well as on the use of procedures for statement of expenditures and a management letter (which sets out the deficiencies in the internal control of the Additional Financing Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Additional Financing Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) The Recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the Additional Financing Project and the Recipient's financial affairs where they relate to the Additional Financing Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Recipient, unless the Recipient shall otherwise agree.

Section 4.03. The Recipient shall enable ADB's representatives to inspect the Additional Financing Project, the Goods and Works, and any relevant records and documents.

Section 4.04. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as grant administrator for the Clean Energy Fund. Accordingly, the Recipient agrees that (i) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from the Clean Energy Fund, and (ii) that ADB does not assume any obligations or responsibilities of the Clean Energy Fund in respect of the Additional Financing Project or the Grant other than those set out in this Grant Agreement.

ARTICLE V

Suspension

Section 5.01. The following is specified as an additional event for suspension of the right of the Recipient to make withdrawals from the Grant Account for the purposes of Section 8.01(k) of the Grant Regulations: the Recipient or the PCs shall have failed to perform any of its obligations under the Special Operations Loan Agreement.

Facsimile Numbers:

(84-4) 38250-612
(84-4) 38258-385

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2366.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Grant Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

SOCIALIST REPUBLIC OF VIET NAM

By _____

NGUYEN VAN BINH
Governor
State Bank of Viet Nam

ASIAN DEVELOPMENT BANK

By _____

ERIC SIDGWICK
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Additional Financing Project

1. The objective of the Additional Financing Project is to provide reliable and affordable supply of electricity to remote, mountainous and poor communes in the Project provinces.

2. The Additional Financing Project will comprise the following:

(i) the financing of the one-time electricity service connection costs including in-house wiring for Eligible Households; and

(ii) the financing of rehabilitation costs of ad hoc service connections exclusive of in-house wiring for Eligible Households.

3. The Additional Financing Project includes the provision of Consulting Services for independent verifications of service connections as described in paragraphs 6 and 7 of Schedule 4.

4. The Additional Financing Project is expected to be completed by 30 June 2017.

SCHEDULE 2

Allocation and Withdrawal of Grant Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Grant and the allocation of the Grant proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Grant proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Grant allocated to any Category or Sub-Category appears to be insufficient to finance all agreed expenditures in that Category or Sub-Category, ADB may, in consultation with the Recipient, (i) reallocate to such Category or Sub-Category, to the extent required to meet the estimated shortfall, amounts of the Grant which have been allocated to another Category or Sub-Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category or Sub-Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Grant allocated to any Category or any Sub-Category appears to exceed all agreed expenditures in that Category or Sub-Category, ADB may, in consultation with the Recipient, reallocate such excess amount to any other Category or Sub-Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Grant proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

5. Disbursement from the Grant Account may be made for reimbursement of eligible expenditures incurred under the Additional Financing Project before the Effective Date, but not earlier than 12 months before the date of this Grant Agreement in connection with items to be retroactively financed, subject to the maximum equivalent to 20% of the Grant amount.

Attachment to Schedule 2

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Renewable Energy Development and Network Expansion and Rehabilitation for Remote Commune Sector Project - Additional Financing)				
Number	**Category**	**Total Amount Allocated for Clean Energy Fund Financing ($)**		**Percentage and Basis for Withdrawal from the Grant Account**
		Category	**Subcategory**	
1	Service Connections	2,900,000		
1A	Allocation to PC1 (EVN NPC)		514,214	100% of total expenditure claimed*
1B	Allocation to PC2 (EVN SPC)		494,382	100% of total expenditure claimed*
1C	Allocation to PC3 (EVN CPC)		1,891,404	100% of total expenditure claimed*
2	Consultants	100,000		100% of total expenditure claimed*
	Total	3,000,000		

*Exclusive of taxes and duties within the territory of the Recipient.

SCHEDULE 3

Procurement of Goods, Works and Consulting Services

General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.

2. All terms used in this Schedule and not otherwise defined in this Grant Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the following methods of procurement: National Competitive Bidding and Shopping.

4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Recipient may only modify the method of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

National Competitive Bidding

5. The Recipient and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Recipient's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Recipient and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Recipient and ADB.

Consulting Services

6. The Recipient shall recruit the individual consultant for Independent Verification Agent for the Additional Financing Project in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

7. (a) The Recipient shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Recipient shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

8. The Recipient shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

9. Contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Recipient and ADB and set forth in the Procurement Plan.

SCHEDULE 4

Execution of Additional Financing Project

Implementation Arrangements

1. The Recipient shall ensure or shall cause the PCs to ensure that the Additional Financing Project is implemented in accordance with the detailed arrangements set forth in the Supplemental PAM for the Additional Financing Project. Any subsequent change to the Supplemental PAM shall become effective only after approval of such change by the Recipient and ADB. In the event of any discrepancy between the Supplemental PAM and this Grant Agreement, the provisions of this Grant Agreement shall prevail.

Counterpart Support

2. The Recipient shall ensure that the counterpart funds necessary for the Additional Financing is provided on a timely basis and that the PCs make available all funds and resources necessary for the financing of taxes and duties. The Recipient shall further ensure that additional counterpart funding is available to cover any shortfalls that may occur during the Additional Financing Project implementation.

Output-Based Aid Mechanism

3. The Recipient shall ensure that the Additional Financing Project is implemented based on an output-based aid (OBA) mechanism in accordance with the Supplemental PAM.

Eligibility Criteria

4. For financing of one-time electricity service connections costs including in-house wiring, prior to Grant disbursement, the Recipient shall ensure or cause the PCs to ensure that each household meets at least one of the below eligibility criteria (each an "Eligible Household"), as set forth in detail in the Supplemental PAM:

(a) poor below poverty line;
(b) in danger of falling into poverty;
(c) female-headed household;
(d) disabled or invalid;
(e) elderly;
(f) suffer from chronic illness; or
(g) an ethnic minority.

5. For financing of rehabilitation costs of ad hoc service connections exclusive of in-house wiring, prior to Grant disbursement, the Recipient shall ensure or cause the PCs to ensure that each household is an Eligible Household and have damaged conductor from meter to house which is unsafe and consists of substandard construction, as set forth in detail in the Supplemental PAM.

Independent Verification Agent

6. The Recipient shall cause the PCs to submit to ADB a monitoring report prepared by the Independent Verification Agent regarding the compliance with the following conditions: (a) delivery of the service connections to Eligible Households by the applicable PC; (b) compliance with technical standards detailed in the Supplemental PAM for the service connections to Eligible Households; and (c) evidence of payment of electricity bills for three months by an Eligible Household after service connection is provided by the relevant PC.

7. The Recipient shall ensure or shall cause the PCs to ensure that the Independent Verification Agent is a third party independent agent with no connections to the Recipient or the PCs and shall possess the appropriate experience and technical and operational skills.

Governance and Anticorruption

8. The Recipient and the PCs shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Additional Financing Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

9. The Recipient and the PCs shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Additional Financing Project.

10. The Recipient shall ensure that (a) the PCs comply with applicable laws and regulations of the Recipient on combating money laundering and financing of terrorism; and (b) Grant proceeds are not used, directly or indirectly, in money laundering or financing of terrorism.

Safeguards

11. The Recipient shall ensure that the Additional Financing Project does not have any environmental, indigenous peoples or involuntary resettlement impacts, all within the meaning of ADB's Safeguard Policy Statement (2009). In the event that the Additional Financing Project does have any such impact, the Recipient shall take all steps required to ensure that the Additional Financing Project complies with the applicable laws and regulations of the Recipient and with ADB's Safeguard Policy Statement.

Special Operations Loan Agreement and Ongoing Project

12. The Special Operations Loan Agreement, including without limitation the covenants set out in Schedule 5 thereto, shall continue in full force and effect except as expressly amended hereby.