GRANT NUMBER 0781-VIE(EF)

# GRANT AGREEMENT
(Externally Financed)

(COVID-19 Relief for Women-led Small and Medium-sized Enterprises Project)

between

GOVERNMENT OF SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 22 December, 2020

VIE 54233

**GRANT AGREEMENT**
**(Externally Financed)**

GRANT AGREEMENT dated _____ between GOVERNMENT OF SOCIALIST REPUBLIC OF VIET NAM ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Recipient has applied to the Women's Entrepreneurs Finance Initiative ("We-Fi") for a grant, to be administered by ADB, for the purposes of the Project described in Schedule 1 to this Grant Agreement;

(B) by agreement dated 24 January 2018 between ADB and the We-Fi ("Cofinancing Agreement"), the We-Fi has agreed to provide, and ADB has agreed to administer, the grant provided for herein upon the terms and conditions set out in the Cofinancing Agreement;

(C) the Project will be carried out by the Participating Banks, through the State Bank of Vietnam ("SBV"), and for this purpose the proceeds of the grant provided for herein will be made available to the Participating Banks provided upon terms and conditions satisfactory to ADB; and

(D) ADB has agreed to make the proceeds of the grant from the We-Fi available to the Recipient upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and the Participating Banks;

NOW THEREFORE the parties agree as follows:

## ARTICLE I

## Grant Regulations; Definitions

Section 1.01. All the provisions of ADB's Externally Financed Grant Regulations, dated 1 January 2017 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01(m) is deleted and the following is substituted therefor:

"Project Agreement" means the project agreement of even date herewith between ADB, and Asia Commercial Joint Stock Bank, Joint Stock Commercial Bank for Investment and Development of Vietnam, Sai Gon-Ha Noi Commercial Joint Stock Bank, Tien Phong Commercial Joint Stock Bank and Viet Nam Prosperity Joint Stock Commercial Bank, as such agreement may be amended from time to time; and such project agreement includes all schedules to the Project Agreement;

(b) The term "Project Executing Agency" appearing in Sections 6.01(a), 8.01(c), 8.01(e), 8.01(i), 9.01(b) and 9.02(b) of the Grant Regulations shall be substituted by the term "Asia Commercial Joint Stock Bank, Joint Stock Commercial Bank for Investment and Development of Vietnam, Sai Gon-Ha Noi Commercial Joint Stock Bank, Tien Phong Commercial Joint Stock Bank and Viet Nam Prosperity Joint Stock Commercial Bank".

Section 1.02. Wherever used in this Grant Agreement, the several terms defined in the Grant Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Grant Agreement have the following meanings:

(a) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);

(b) "Memorandum of Agreement" means the agreement or agreements entered into between SBV, as assigned by the Recipient, and each of the Participating Banks for the purposes of making available the proceeds of this Grant to such Participating Banks;

(c) "PAM" means the project administration manual for the Project dated 11 November 2020 and agreed between the Recipient, through SBV, and ADB, as updated from time to time in accordance with the respective administrative procedures of the Recipient and ADB;

(d) "Participating Bank" means each of Asia Commercial Joint Stock Bank, Joint Stock Commercial Bank for Investment and Development of Vietnam, Sai Gon-Ha Noi Commercial Joint Stock Bank, Tien Phong Commercial Joint Stock Bank and Viet Nam Prosperity Joint Stock Commercial Bank, or any other commercial banks as agreed between the Recipient and ADB; and

(e) "SPS" means ADB's Safeguard Policy Statement (2009).

## ARTICLE II

## The Grant

Section 2.01. ADB agrees to make available to the Recipient a grant from the We-Fi in the amount of five million Dollars ($5,000,000) ("Grant").

## ARTICLE III

## Use of Proceeds of the Grant

Section 3.01. The proceeds of the Grant shall be made available to the Participating Banks upon terms and conditions satisfactory to ADB and in accordance with the laws and regulations of the Socialist Republic of Viet Nam, and the Recipient shall cause the Participating Banks to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement and the 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. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2023 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 Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 3 to this Grant Agreement and the Project Agreement.

Section 4.02. (a) The Recipient shall cause the Participating Banks to (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards 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 auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Grant proceeds, and a management letter (which sets out the deficiencies in the internal control of the 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 Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The Recipient shall cause the Participating Banks to enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Recipient's financial affairs where they relate to the 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 concerned Participating Banks, unless the concerned Participating Banks shall otherwise agree.

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

Section 4.04. The Recipient shall take all actions which shall be necessary on its part to enable the Participating Banks to perform their obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Recipient shall ensure that SBV shall exercise its rights under the Memorandum of Agreement in such a manner as to protect the interests of the Recipient and ADB and to accomplish the purposes of the Grant.

(b) No rights or obligations under the Memorandum of Agreement shall be assigned, amended, or waived without the prior concurrence of ADB.

Section 4.06. 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 We-Fi. Accordingly, the Recipient agrees that (a) the Grant proceeds may be withdrawn to the extent that ADB has received proceeds for the Grant from the We-Fi and such proceeds has not been suspended or cancelled in whole or in part by the We-Fi pursuant to the Cofinancing Agreement, and (b) that ADB does not assume any obligations or responsibilities of the We-Fi in respect of the 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: either SBV or the Participating Banks shall have failed to perform any of their obligations under the Memorandum of Agreement.

## 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

## Termination

Section 7.01. The Grant Agreement and all obligations of the parties thereunder shall terminate on a date 3 years after the date of this Agreement.

## ARTICLE VIII

## Miscellaneous

Section 8.01. The Governor of 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 Viet Nam
47- 49 Ly Thai To
Hanoi, Viet Nam

Facsimile Number:

(84-24) 38250-612
(84-24) 38258-385

For ADB

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

Facsimile Numbers:

(632) 8636-2444
(632) 8636-2228.

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.

GOVERNMENT OF SOCIALIST REPUBLIC OF VIET NAM

By _____
NGUYEN THI HONG
Governor
State Bank of Viet Nam

ASIAN DEVELOPMENT BANK

By _____
ANDREW JEFFRIES
Country Director
Viet Nam Resident Mission

## SCHEDULE 1

### Description of the Project

1. The objective of the Project is to catalyze financing to eligible enterprises affected by COVID-19.

2. The Project shall comprise the following output.

   **Output: Access to finance for eligible enterprises affected by COVID-19 improved.** By using the Grant to incentivize the Participating Banks to reschedule the principle payments of or to grant new loans to eligible enterprises.

3. The Project is expected to be completed by 31 December 2022.

## 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 of the Table.)

Basis for Withdrawal from the Grant Account

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

Disbursement Procedures

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

Retroactive Financing

4. Withdrawals from the Grant Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 1 month before the date of this Grant Agreement in connection with the Project expenditure, subject to a maximum amount equivalent to 20% of the Grant amount.

Condition for Withdrawal

5. Notwithstanding any other provision of this Grant Agreement, no withdrawals shall be made from the Grant Account for a Participating Bank, until the Memorandum of Agreement, in a form and substance acceptable to ADB, shall have been duly executed and delivered on behalf of SBV and such Participating Bank, and are fully effective and legally binding upon SBV and the Participating Bank in accordance with its terms.

Attachment to Schedule 2

**TABLE**

| ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS | | | |
|---|---|---|---|
| **Number** | **Item** | **Total Amount Allocated for We-Fi Financing ($)** | **Basis for Withdrawal from the Grant Account** |
| | | **Category** | |
| 1 | Project Costs | 5,000,000 | 100% of total expenditure claimed* |
| | TOTAL | 5,000,000 | |

* Subject to the condition for withdrawal described in paragraph 5 of Schedule 2.

## SCHEDULE 3

### Execution of Project; Financial Matters

Implementation Arrangements

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

Safeguards

2. The Recipient shall ensure and cause the Participating Banks to ensure that the Project does not have any environment, involuntary resettlement and indigenous peoples impacts, all within the meaning of the SPS. In the event that the Project does have any such impact, the Recipient shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Recipient and with the SPS.

Gender and Development

3. The Recipient shall ensure that the principles of gender equality aimed at increasing Project benefits and impact on women in the Project area are followed during implementation of the Project.

Selection of eligible enterprises and Supported Loans

4. The Recipient shall cause the Participating Banks to ensure that they will apply the criteria for eligible enterprises to be supported under the Project, as described in the PAM. In particular;

(a) At the time of loan approval, at least 51% of the enterprise ownership is controlled by women; or (i) at least 20% of the enterprise ownership is controlled by women, (ii) a woman is either the chief executive officer (i.e., senior most manager) or chief operations officer (i.e., second most senior manager), and (iii) at least 30% of the board members are women, where a board exists;

(b) its original loan principle is equivalent of between $5,000 and $1 million; or it meets 2 out of the following 3; (i) it has 10-300 employees, (ii) its total assets is between $100,000-$15million and (iii) its annual sales is between $100,000-$15million; and

(c) it does not engage in any activities included in the list of prohibited investment activities provided in Appendix 5 of SPS, and its activities are consistent with (i) the Recipient's Decree No. 18/2015/ND-CP and Decree No. 40/2019/NĐ-CP on environment impact assessment, and (ii) category

C on environment, involuntary resettlement, and indigenous peoples as defined in SPS.

Governance and Anticorruption

5. The Recipient and the Participating Banks 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 Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

6. The Recipient and the Participating Banks 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 Project.

Combating Money Laundering and Financing of Terrorism

7. The Recipient shall ensure that (a) the Participating Banks comply with applicable laws and regulations of the Socialist Republic of Viet Nam 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[, including payment to persons and entities that are subject to financial sanctions of United Nations Security Council resolutions on combating the financing of terrorism.

8. ADB shall inform the We-FI in a timely manner if, during the implementation of this Grant Agreement, ADB becomes aware that the Grant proceeds are being used for money laundering or financing of terrorism, including any payment to persons or entities that is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.