
GRANT NUMBER 0095-VIE(SF)

GRANT AGREEMENT

(Greater Mekong Subregion Southern Coastal Corridor Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 10 JANUARY 2008

GAS:VIE 36353

GRANT AGREEMENT

GRANT AGREEMENT dated 10 January 2008 between the SOCIALIST REPUBLIC OF VIET NAM (the "Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by an agreement of even date herewith between the Recipient and ADB (hereinafter called the Special Operations Loan Agreement), ADB has agreed to lend to the Recipient from ADB's Special Funds resources an amount in various currencies equivalent to forty-eight million three hundred thousand Special Drawing Rights (SDR 48,300,000) for the purposes of the Project as described in Schedule 1 to the Special Operations Loan Agreement (hereinafter called the Special Operations Loan);

(B) the Recipient has also applied to Government of Korea to finance Part A(ii) of the Project as described in Schedule 1 to the Special Operations Loan Agreement (hereinafter called the Government of Korea Loan);

(C) the Recipient has also applied to the Government of Australia for a grant (hereinafter called Government of Australia Grant) to partially finance the Project described in Schedule 1 to the Special Operations Loan Agreement; and

(D) the Government of Australia Grant will be provided through, and administered by, ADB in accordance with the terms and conditions agreed upon between the Government of Australia and ADB in consultation with the Recipient;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Definitions

Section 1.01. Wherever used in this Grant Agreement, unless the context otherwise requires, the several terms defined in the Special Operations Loan Agreement have the respective meanings therein set forth.

ARTICLE II

Administration and Use of the Government of Australia Grant

Section 2.01. ADB shall administer the Government of Australia Grant in an amount equivalent to twenty-five million United State Dollars (\$25,000,000). ADB shall provide the Recipient with the Government of Australia Grant on a grant basis.

Section 2.02. The Recipient shall cause the proceeds of the Government of Australia Grant to be applied to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement.

Section 2.03. The Goods, Works and consulting services and other items of expenditure to be financed out of the proceeds of the Government of Australia Grant and the allocation of amounts of the Government of Australia Grant among different categories of such goods and services and other items of expenditure shall be in accordance with the provisions of Schedule 1 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 2.04. Except as ADB may otherwise agree, all goods and services to be financed out of the proceeds of the Government of Australia Grant shall be procured in accordance with the provisions of Schedule 4 to the Special Operations Loan Agreement.

Section 2.05. Except as ADB may otherwise agree, the Recipient shall cause all Goods, Works and consulting services financed from the proceeds of the Government of Australia Grant to be used exclusively in the carrying out of the Project.

Section 2.06. Disbursements from the Government of Australia Grant account in respect of Goods, Works and consulting services shall be made only on account of expenditures relating to

- (a) Goods which are produced in and supplied from and services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement, and
- (b) Goods and services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 2.07. The closing date for withdrawals from the Grant Account shall be 30 June 2015 or such other date as may from time to time be agreed between the Recipient and ADB.

ARTICLE III

Particular Covenants

Section 3.01. 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 5 to the Special Operations Loan Agreement.

Section 3.02. The Recipient shall maintain, and cause the PMU-MT to maintain, records and accounts adequate to identify the goods and services and other items of expenditure financed out of the proceeds of the Government of Australia Grant, separately from the records and accounts for the purpose of the Special Operations Loan.

Section 3.03. (a) The Recipient shall (i) maintain, or cause to be maintained, separate accounts for the Government of Australia Grant financed portion of the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB, as soon as available but in any event not later than six (6) months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Government of Australia Grant proceeds and compliance with the financial covenants of this Grant Agreement as well as on the use of the procedures for imprest account/statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Recipient shall enable ADB, upon ADB's request, to discuss the Recipient's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by the Recipient pursuant to Section 3.03(a) hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of the Recipient unless the Recipient shall otherwise agree.

Section 3.04. The Recipient shall enable ADB's representatives to inspect the Project, the goods financed out of the proceeds of the Government of Australia Grant, and any relevant records and documents.

Section 3.05. Notwithstanding any other provision of this Grant Agreement, ADB is neither obligated to make any disbursement from the Government of Australia Grant Account, except to the extent that ADB has received the Government of Australia Grant funds, nor is it acting as a representative of the Government of Australia.

ARTICLE IV

Suspension and Cancellation

Section 4.01. The following are specified as additional events for suspension of the right of the Recipient to make withdrawals from the Government of Australia Grant Account:

(a) the Recipient shall have failed to perform any of its obligations under the Special Operations Loan Agreement; or

(b) the Government of Korea Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date.

ARTICLE V

Effectiveness

Section 5.01. The following are specified as additional conditions to the effectiveness of this Grant Agreement:

(a) the Government of Korea Loan Agreement shall have been duly executed and delivered, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Grant Agreement) shall have been fulfilled or arrangements satisfactory to ADB shall have been made for the fulfillment thereof within a period of time satisfactory to ADB; and

(b) the Special Operations Loan Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Recipient and all conditions to its effectiveness (other than a condition requiring effectiveness of this Grant Agreement) shall have been fulfilled.

ARTICLE VI

Miscellaneous

Section 6.01. The Governor of the State Bank of Viet Nam of the Recipient is designated as representative of the Recipient.

Section 6.02. The following addresses are specified for the purposes of communication between the Recipient and ADB:

For the Recipient

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

Facsimile Numbers:

(84-4) 8250-612
(84-4) 8258-385

For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Facsimile Numbers:

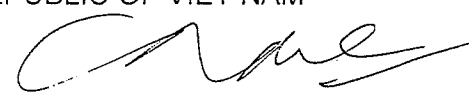
(632) 636-2444

(632) 636-2336

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 and to be delivered at the principal office of ADB, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIET NAM

By



NGUYEN VAN GIAU
Authorized Representative

ASIAN DEVELOPMENT BANK

By



AYUMI KONISHI
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Allocation and Withdrawal of Government of Australia Grant Proceeds

General

1. The table attached to this Schedule sets forth the Categories of Goods, Works, services and other items to be financed out of the proceeds of the Government of Australia Grant and the allocation of amounts of the Government of Australia Grant to each such Category (hereinafter called the Table). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table.)

Percentages of Government of Australia Grant Financing

2. Except as ADB may otherwise agree, the items of the Categories listed in the Table shall be financed out of the proceeds of the Government of Australia Grant on the basis of the percentages set forth in the Table.

Reallocation

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

(a) if the amount of the Government of Australia Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Recipient, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Government of Australia Grant which have been allocated to another 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 may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Government of Australia Grant then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Recipient, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Subject to any conditions or restrictions specified in this Grant Agreement, and except as ADB may otherwise agree, all Goods, Works and consulting services to be financed out of the Government of Australia Grant proceeds shall be disbursed from the Government of Australia Grant account by ADB and in accordance with ADB's "Loan Disbursement Handbook" (2007, as amended from time to time) (ADB's Loan Disbursement Handbook).

Imprest Account: Statement of Expenditures

5. (a) Except as ADB may otherwise agree, the Recipient shall establish after the Effective Date, an imprest account at a commercial bank acceptable to ADB. The imprest account shall be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed upon between the Recipient and ADB. The currency of the imprest account shall be United States Dollars. The initial amount to be deposited into the imprest account shall not exceed the lower of (i) the estimated expenditure for the first six months of Project implementation, or (ii) the equivalent of ten (10) percent of the Government of Australia Grant amount.

(b) The statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account, in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed upon between the Recipient and ADB.

TABLE

ALLOCATION AND WITHDRAWAL OF GOVERNMENT OF AUSTRALIA GRANT PROCEEDS (Greater Mekong Subregion Southern Coastal Corridor Project)			
CATEGORY			ADB ADMINISTERED FINANCING
Number	Item	Total Amount Allocated for Grant Financing \$ Category	Percentage of Grant Financing from the Government of Australia Grant Account
1	Works	13,540,000	91 percent of total expenditure claimed*
2	Consulting Services	9,830,000	100 percent of total expenditure claimed
3	Unallocated	1,630,000	
	Total	25,000,000	

* Inclusive of taxes and duties imposed within the territory of the Recipient.