
GRANT NUMBER 0022-VIE (SF)

GRANT AGREEMENT
(Special Operations)

(Central Region Transport Networks Improvement Sector Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 30 NOVEMBER 2005

GAS:VIE 34356

**GRANT AGREEMENT
(Special Operations)**

GRANT AGREEMENT dated 30 November 2005 between the SOCIALIST REPUBLIC OF VIET NAM ("Viet Nam") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) ADB has agreed to make a loan to Viet Nam from ADB's Special Funds resources upon the terms and conditions of the Loan Agreement, as defined below;

(B) Viet Nam has applied to ADB for a grant from its Special Funds resources for the purposes of Part C of the Project described in Schedule 1 to the Loan Agreement (the "Project"); and

(C) ADB has also agreed to provide a grant to Viet Nam from ADB's Special Funds resources upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All provisions of the Special Operations Grant Regulations of ADB, dated 7 February 2005 (the "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 to the following modification: the term "Recipient", wherever it appears in the Grant Regulations, shall be substituted by the term "Viet Nam" as defined in the opening paragraph of this Grant Agreement.

Section 1.02. The definitions set forth in the Grant Regulations and in Section 1.02 of the Loan Agreement are applicable to this Grant Agreement unless the context requires otherwise. In addition, the following terms have the following meanings:

(a) "Loan Agreement" means the agreement of even date herewith between ADB and Viet Nam in respect of the Project described in Schedule 1 to the Loan Agreement; and

(b) "Project" means, unless otherwise specified and solely for the purposes of this Grant Agreement, Part C of the Project as described in Schedule 1 to the Loan Agreement.

ARTICLE II

The Grant

Section 2.01. ADB agrees to make available to Viet Nam from ADB's Special Funds resources on terms and conditions set forth in this Agreement an amount of five hundred thousand Dollars (\$500,000).

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. Viet Nam shall cause the proceeds of the Grant to be applied to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement.

Section 3.02. The goods and services and other items of expenditure to be financed out of the proceeds of the Grant and the allocation of amounts of the Grant among different categories of such goods and services and other items of expenditure shall be in accordance with the provisions of the Schedule to this Grant Agreement, as such Schedule may be amended from time to time by agreement between Viet Nam and ADB.

Section 3.03. Except as ADB may otherwise agree, all goods and services to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Schedule 4 and Schedule 5 to the Loan Agreement.

Section 3.04. Withdrawals from the Grant Account in respect of goods and 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 3.05. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 31 December 2010 or such other date as may from time to time be agreed between Viet Nam and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project, Viet Nam shall perform, or cause to be performed, all obligations set forth in Schedule 6 to the Loan Agreement.

Section 4.02. (a) Viet Nam shall (i) maintain, or cause to be maintained, separate accounts for 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 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 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) Viet Nam shall enable ADB, upon ADB's request, to discuss Viet Nam's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by Viet Nam pursuant to Section 4.02(a) hereinabove, 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 Viet Nam unless Viet Nam shall otherwise agree.

Section 4.03. Viet Nam shall enable ADB's representatives to inspect the Project, the goods financed out of the proceeds of the Grant, and any relevant records and documents.

ARTICLE V

Suspension and Cancellation

Section 5.01. The following is specified as an additional event for suspension of the right of Viet Nam to make withdrawals from the Grant Account for the purposes of Section 8.01(k) of the Grant Regulations or cancellation of the Grant pursuant to Section 8.02 of the Grant Regulations: Viet Nam has, in the opinion of ADB, failed to perform any of its obligations under the Loan Agreement.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations: the execution and delivery of the Loan Agreement on behalf of Viet Nam shall have been duly authorized or ratified by all necessary corporate and government actions.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 9.02(c) of the Grant Regulations, to be included in the opinion or opinions to be furnished to ADB: on behalf of Viet Nam, that the Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of Viet Nam and is legally binding upon Viet Nam in accordance with its terms, subject only to the effectiveness of this Grant Agreement.

Section 6.03. A date ninety (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

Miscellaneous

Section 7.01. The State Bank of Viet Nam is designated as representative of Viet Nam for the purposes of Section 11.02 of the Grant Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For Viet Nam

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 _____
LE DUC THUY
Authorized Representative

ASIAN DEVELOPMENT BANK

By _____
BRADFORD R. PHILIPS
Country Director
Viet Nam Resident Mission

SCHEDULE**Allocation and Withdrawal of Grant Proceeds**General

1. Except as ADB may otherwise agree, the requirements and procedures as set forth in ADB's "Loan Disbursement Handbook" dated January 2001, as amended from time to time, shall apply to all goods and services to be financed out of the proceeds of the Grant.

ADB Financing

2. The entire Grant will be utilized to provide the consulting services described in para. 3(d) of Schedule 5 to the Loan Agreement. ADB will provide 100% financing of the consulting services.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Central Region Transport Networks Improvement Sector Project)			
CATEGORY			ADB FINANCING
Number	Item	Amount Allocated* \$	Amount Allocated
1	Consulting Services	500,000	\$500,000
	Total	500,000	