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GRANT NUMBER 0645-CAM (EF)

GRANT AGREEMENT  
(ADB Strategic Climate Fund)  
(National Solar Park Project)

between

KINGDOM OF CAMBODIA

and

ASIAN DEVELOPMENT BANK  
acting as an implementing entity  
of the Strategic Climate Fund

DATED 28 JUN 2019

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CAM 51182

**GRANT AGREEMENT  
(ADB Strategic Climate Fund)**

GRANT AGREEMENT dated 28 JUN 2019 between KINGDOM OF CAMBODIA ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB"), acting solely in its capacity as an implementing entity of the Strategic Climate Fund ("SCF").

**WHEREAS**

(A) by a loan agreement of even date herewith between the Recipient and ADB ("Ordinary Operations [Concessional] Loan Agreement"), ADB has agreed to make to the Recipient a concessional loan of seven million six hundred forty thousand Dollars (\$7,640,000) on the terms and conditions set forth in the Ordinary Operations [Concessional] Loan Agreement for the purposes of the National Solar Park Project ("Project"), described in Schedule 1 to the Ordinary Operations [Concessional] Loan Agreement.

(B) ADB has established the ADB Strategic Climate Fund ("ADB SCF") to receive, hold in trust and administer funds from the Strategic Climate Fund ("SCF");

(C) the Recipient has applied to ADB for a loan and grant from the SCF for the purpose of the Project;

(D) ADB, acting in its capacity as an implementing agency of SCF in accordance with the Financial Procedures Agreement dated 18 March 2010 between the International Bank for Reconstruction and Development ("IBRD") and ADB ("Financial Procedures Agreement"), ADB has agreed to make a loan in the amount of eleven million Dollars (\$11,000,000) ("SCF Loan") to the Recipient from the ADB SCF for the purposes financing a part of the Project;

(E) ADB, acting in its capacity as an implementing agency of the SCF in accordance with the Financial Procedures Agreement, has agreed to make a grant to the Recipient from the ADB SCF for the purposes financing a part of the Project upon the terms and conditions set forth herein; and

(F) the Project will be carried out pursuant to the Project Agreement of even date herewith between the Project Executing Agency and ADB;

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.

Section 1.02. Wherever used in this Grant Agreement, the several terms defined in the Grant Regulations and Section 1.02 of the Ordinary Operations [Concessional] Loan Agreement, have the respective meanings therein set forth unless modified herein or the context otherwise requires.

## **ARTICLE II**

### **The Grant**

Section 2.01. ADB agrees to make available to the Recipient a grant from the ADB SCF in the amount of three million Dollars (\$3,000,000) ("Grant").

## **ARTICLE III**

### **Use of Proceeds of the Grant**

Section 3.01. The Recipient shall make available to the Project Executing Agency the proceeds of the Grant and 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, the Ordinary Operations [Concessional] Loan Agreement, the ADB SCF Loan 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 1 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 4 to the ADB Loan Agreement.

Section 3.04. (a) Withdrawals from the Grant Account in respect of Goods, Works and Services shall be made only on account of expenditures relating to:

- (i) Goods which are produced in and supplied from and Works 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
- (ii) Goods, Works and Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

(b) For purposes of subparagraph (a)(ii), Goods, Works and Services may also be procured under the Project from non-member countries of ADB.

Section 3.05. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2022 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 4 to the Ordinary Operations [Concessional] Loan Agreement, the ADB SCF Loan Agreement and the Project Agreement.

Section 4.02. The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.03. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as an implementing entity of the SCF. Accordingly, the Recipient agrees that (a) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from the SCF and such proceeds has not been suspended or cancelled in whole or in part by the SCF, and (b) that ADB does not assume any obligations or responsibilities of SCF 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 are specified as additional events 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:

- (a) the Ordinary Operations [Concessional] Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date; and
- (b) the ADB SCF Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date.

## ARTICLE VI

### Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations:

- (a) the Ordinary Operations [Concessional] 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; and
- (b) the ADB SCF Loan Agreement has been duly authorized, and executed and delivered on behalf of the Recipient, and is legally binding upon the Recipient in accordance with its terms.

Section 6.02. The following are specified as additional matters, 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:

- (a) the Ordinary Operations [Concessional] Loan Agreement has been duly authorized, and executed and delivered on behalf of the Borrower, and is legally binding upon the Recipient in accordance with its terms; and
- (b) the SCF Loan Agreement has been duly authorized, and executed and delivered on behalf of the Recipient, and is legally binding upon the Recipient in accordance with its terms.

Section 6.03. 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 the date on which the Ordinary Operations [Concessional] Loan Agreement and the SCF Loan Agreement terminate.

**ARTICLE VIII****Miscellaneous**

Section 8.01. The Minister of Economy and Finance 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**

Ministry of Economy and Finance  
St. 92, Sangkat Wat Phnom  
Khan Daun Penh  
Phnom Penh, Cambodia

**Facsimile Numbers:**

+855 23 427-798  
+855 23 428-424

**For ADB**

Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro 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 as of the day and year first above written and to be delivered at the principal office of ADB.

KINGDOM OF CAMBODIA

By 

H.E. DR. AUN PORNMONIROTH  
Deputy Prime Minister  
Minister of Economy and Finance

ASIAN DEVELOPMENT BANK

By 

GENEVIEVE MARY O'FARRELL  
Authorized Representative

## SCHEDULE 1

### 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 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.

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

#### Condition for Withdrawals from Grant Account

5. Notwithstanding any other provision of this Grant Agreement, no withdrawals shall be made from the Grant Account for Category 1 until (i) all land acquisition activities for the solar park required for the construction of the initial 60 MW capacity of solar power plant is completed, and (ii) the conditions for acquiring such land through negotiated settlement as set out in paragraph 9 of Schedule 4 to the Ordinary Operations [Concessional] Loan Agreement are satisfied.



**TABLE**

<b>ALLOCATION AND WITHDRAWAL OF SCF GRANT PROCEEDS</b>			
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for SCF Financing USD (\$)</b>	<b>Percentage and Basis for Withdrawal from the Grant Account</b>
		<b>Category</b>	
1	Works (turnkey contract)*	3,000,000	17.67% of total expenditure claimed**
	<b>TOTAL</b>	<b>3,000,000</b>	

\* Subject to the condition for withdrawal described in paragraph 5 of Schedule 1.

\*\* Exclusive of taxes and duties to be imposed within the territory of the Recipient.