
GRANT NUMBER 0736-CAM (SCF)

GRANT AGREEMENT
(ADB Strategic Climate Fund)
(Grid Reinforcement Project)

between

KINGDOM OF CAMBODIA

and

ASIAN DEVELOPMENT BANK
Acting as implementing entity
Of the Strategic Climate Fund

DATED 12 OCT 2020

CAM 53324

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

GRANT AGREEMENT dated 12 OCT 2020 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 ("ADB Loan Agreement"), ADB has agreed to make a concessional loan to the Recipient from ADB's concessional ordinary capital resources in the amount of one hundred twenty seven million eight hundred thousand Dollars (\$127,800,000) ("ADB Loan") for the purposes of the Grid Reinforcement Project ("Project") described in Schedule 1 to the ADB Loan Agreement;

(B) by a grant agreement of even date herewith between the Recipient and ADB ("CEF Grant Agreement"), ADB has agreed to provide a grant from the multi-donor Clean Energy Fund under the Clean Energy Financing Partnership Facility administered by ADB in the amount of two million Dollars (\$2,000,000) ("CEF Grant") for the purposes of financing a part of the Project;

(C) by a project agreement of even date herewith, between Electricité du Cambodge ("Project Executing Agency") and ADB ("Project Agreement") the Project Executing Agency agreed to undertake certain obligations towards ADB for the purposes of, and in connection with, the Project;

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

(E) the Recipient has also applied to ADB for a grant from the SCF under the Scaling up Renewable Energy in Low Income Countries Program, to be administered by ADB, for the purposes of cofinancing expenditures under the Project; and

(F) ADB, acting in its capacity as an implementing entity of SCF in accordance with the Financial Procedures Agreement dated 18 March 2010, has agreed to make the proceeds of the grant from the ADB SCF available to the Recipient, for the purposes of cofinancing a part of the Project upon the terms and conditions set forth herein;

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 in the ADB 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 four million seven hundred thousand Dollars (\$4,700,000) ("Grant").

ARTICLE III**Use of Proceeds of the Grant**

Section 3.01. The Recipient shall make available the proceeds of the Grant to the Project Executing Agency and shall cause the proceeds of the Grant to be applied to the financing of expenditures on the Project (in particular, exclusively towards the expenses relating to the Component 2 of the Project, as specified in Schedule 1 of the ADB Loan Agreement) 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 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. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 31 December 2025 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 2 to this Grant Agreement, Schedule 4 to the ADB 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 have 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 ADB Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date; and
- (b) the CEF Grant shall have become liable for suspension or cancellation.

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 ADB 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 CEF Grant 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.

Section 6.02. The following are specified as an 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 ADB Loan Agreement has been duly authorized, executed and delivered, on behalf of the Recipient, and is legally binding upon the Recipient in accordance with its terms; and
- (b) the CEF Grant Agreement has been duly authorized, 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 ADB Loan Agreement terminates.

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

Facsimile Number:

+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.

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

For: 

SUNNIYA DURRANI-JAMAL
Country Director
Cambodia Resident Mission

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:

- (a) until the Recipient has provided evidence to ADB confirming the ownership or the use rights to the land plot, facilities or premises made

available for the Works under the EPC (O&M) Contract for Component 2; and

- (b) unless the Project Executing Agency has allocated adequate funds and resources to cover the contingency amount under the Project equal to (i) as of the date immediately prior to the first disbursement of the Grant, twenty one million two hundred and twenty thousand Dollars (\$21,220,000) and (ii) for any subsequent withdrawal, an amount calculated by ADB in accordance with PAM and notified to the Recipient and the Project Executing Agency in due course.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS			
Number	Item	Total Amount Allocated for SCF Financing (\$)	Percentage and Basis for Withdrawal from the Grant Account
		Category	
1	Goods, Works, Consulting Services (Engineering, Procurement, Construction, and 3-year Operation and Maintenance (battery energy storage system))**	4,700,000	70.15% of total expenditure claimed*
	TOTAL	4,700,000	

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

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

SCHEDULE 2**Execution of Project**Combating Money Laundering and Financing of Terrorism

1. The Recipient shall ensure that (a) the Project Executing Agency complies 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, including payment to persons and entities that are subject to financial sanctions of United Nations Security Council resolutions on combating the financing of terrorism.

2. ADB shall inform the SCF in a timely manner if, during the implementation of this 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.