
GRANT NUMBER 0579-CAM(EF)

GRANT AGREEMENT
(ADB Green Climate Fund)
(Climate-Friendly Agribusiness Value Chains Sector Project)

between

KINGDOM OF CAMBODIA

and

ASIAN DEVELOPMENT BANK
acting as an accredited entity of the
Green Climate Fund

DATED 6 JULY 2018

CAM 48409

GRANT AGREEMENT
(ADB Green Climate Fund)

GRANT AGREEMENT dated 6 July 2018 between KINGDOM OF CAMBODIA ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB") acting not in its individual capacity, but solely in its capacity as an accredited entity of the Green Climate Fund ("GCF").

WHEREAS

(A) the Recipient has applied to ADB for a grant for the purposes of the Project described in Schedule 1 to the Ordinary Operations [Concessional] Loan Agreement (as defined herein);

(B) ADB has established the ADB Green Climate Fund to receive, hold in trust and administer GCF funds;

(C) by an agreement of even date herewith between the Borrower and ADB (the "Ordinary Operations [Concessional] Loan Agreement"), ADB has agreed to make a concessional loan to the Borrower from ADB's ordinary capital resources in the amount of ninety million Dollars (\$90,000,000) for the purposes of the Project ("Ordinary Operations Loan");

(D) by a loan agreement ("GCF Loan Agreement") between the Borrower and ADB, ADB, acting in its capacity as an accredited entity of GCF in accordance with the Accreditation Master Agreement dated 17 August 2017 ("AMA") and the Funded Activity Agreement to be entered into between GCF and ADB ("FAA"), has agreed to provide from the ADB Green Climate Fund a loan in the amount of ten million Dollars (\$10,000,000) to assist in financing a part of the Project; and

(E) ADB, acting in its capacity as an accredited entity of GCF in accordance with the AMA and the FAA, between GCF and ADB, has agreed to make a grant to the Borrower from the ADB Green Climate Fund upon the terms and conditions set forth herein and in the Ordinary Operations [Concessional] Loan Agreement;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All provisions of the Externally Financed Grant Regulations of ADB, 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 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 GCF in the amount of thirty million Dollars (\$30,000,000) ("Grant").

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. The Recipient shall cause the proceeds of the Grant to be applied exclusively to the financing of expenditures on the Project in accordance with the provisions of Schedule 5 to the Ordinary Operations [Concessional] Loan Agreement and the provisions of this Grant 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 Ordinary Operations [Concessional] Loan Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 31 March 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 and Schedule 5 to the Ordinary Operations [Concessional] Loan Agreement.

Section 4.02. (a) The Recipient shall cause the Project Executing Agency 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 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 Recipient, unless the Recipient shall otherwise agree.

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

Section 4.04 The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as trustee of GCF. Accordingly, the Recipient agrees that (a) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from GCF, and (b) that ADB does not assume any obligations or responsibilities of GCF 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 Agreement shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date; and
- (b) the GCF Loan Agreement 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 and the GCF Loan Agreement) shall have been fulfilled; and
- (b) the GCF Loan Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness (other than the condition requiring the effectiveness of this Loan Agreement and Ordinary Operations [Concessional] Loan Agreement) shall have been fulfilled;

Section 6.02. 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 GCF Loan Agreement terminate.

ARTICLE VIII

Miscellaneous

Section 8.01. The Minister for Economy and Finance of the Recipient is designated as a 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
+632 636-2231.

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
Senior Minister
Minister of Economy and Finance

ASIAN DEVELOPMENT BANK

By 

HIDEAKI IWASAKI
Acting 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 disbursed on the basis of the withdrawal percentage for each item of expenditure 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.

Retroactive Financing

5. The Grant proceeds shall not be used to finance any commitments or costs incurred prior to the Effective Date unless approved by GCF in advance in writing.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS				
Number	Item	Total Amount Allocated for GCF Financing (\$)		Basis for Withdrawal from the Grant Account
		Category	Subcategory	
1	Works	11,263,860		
1A	Irrigation and Roads		8,295,660	10.5% of expenditure claimed
1B	Other Infrastructure		114,050	7.9% of expenditure claimed
1C	Biogas Plants and Compost Huts		2,854,150	100% of expenditure claimed
2	Equipment, Studies, Surveys, and Project Implementation Services	10,785,430		100% of expenditure claimed*
3	Trainings, Workshops and Demonstration	7,456,780		100% of expenditure claimed
4	Incremental Operating Cost	493,930		100% of expenditure claimed
	TOTAL	30,000,000		

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

SCHEDULE 2

Execution of Project

1. The Recipient acknowledges and agrees that the Recipient has no right of action, whether in contract, tort or under statute to the extent permitted by law, against GCF in respect of the ADB Green Climate Fund, the Project or any loss or damage arising out of ADB's acts or omissions, or the acts of omissions of its officers, employees, agents or consultants under, or in connection with, this Grant Agreement.
2. Without limiting the generality of Section 5.01(a) of the Grant Regulations, the Recipient shall refund, or procure and refund, any unused Grant proceeds to ADB, and shall impose similar refund requirements on its counterparties involved in the Project.
3. The Recipient shall fully cooperate with ADB regarding any reviews, ad hoc checks, verifications or evaluations by GCF.
4. In addition to the audit requirement under Section 4.02 of this Grant Agreement, the Recipient acknowledges and agrees that ADB has the right to conduct financial audits of the Project, by an external auditor selected by ADB, if GCF has a concern as to the manner in which the Grant proceeds have been used; and shall fully cooperate with such audit. The Recipient shall bear the reasonable cost of such audit, if the audit finds that the Grant proceeds have not been used according to this Grant Agreement.
5. The Recipient shall ensure that all necessary and applicable licenses, approvals and consents, including those relating to intellectual property, to implement and carry out the Project and operate the Project facilities are valid for the duration of the Project.
6. The Recipient shall ensure that the activities related to the Project are implemented in compliance with the laws of the Recipient and other laws applicable to it, including but not limited to intellectual property law, if and to the extent any such laws may be applicable to it.
7. The Recipient shall endeavor to acknowledge the visual identity of GCF in funding the Project (e.g., through use of the GCF logo, in accordance with GCF's branding guidelines, and appropriate references in reports, publications, information given to beneficiaries and news media, related publicity materials and any other forms of public information and the displaying of the GCF logo on the site of any infrastructure works). Any branding activities in support of GCF shall comply with GCF's branding guidelines and be reviewed by the GCF Secretariat.