

Carolyn Turk
Country Director for Vietnam
East Asia and Pacific Region

December 8, 2021

Ms. Nguyễn Thị Hồng
Governor
State Bank of Vietnam
49 Ly Thai To
Hanoi, Vietnam

**Re: Vietnam Scaling Up Energy Efficiency Project
(GCF Grant No. TF0B4389)
*Amendment to Green Climate Fund Financing Agreement***

Dear Governor Hồng,

We refer to the Green Climate Fund Financing Agreement dated March 5, 2021 (the “GCF Financing Agreement”) between the Socialist Republic of Vietnam (the “Recipient”) and the International Bank for Reconstruction and Development/International Development Association (the “Bank”) acting as an Accredited Entity of the Green Climate Fund for the above-mentioned project. We also refer to the letter dated November 25, 2021, from Mr. To Huy Vu, Director General, International Cooperation Department, State Bank of Vietnam requesting certain amendments to the GCF Financing Agreement.

We are pleased to inform you that in response to your request the Bank proposes to amend the GCF Financing Agreement as follows:

1. Paragraph 1 of Section I.C to Schedule 2 to the GCF Financing Agreement shall be deleted in its entirety and replaced with the following:

“1. The Recipient, through MOIT, represents and warrants that it: (a) has duly appointed an entity to act as the Program Implementing Entity, in accordance with criteria acceptable by the Bank, as set forth in Annex 1 to this Agreement; and (b) has duly authorized the Program Implementing Entity to establish, maintain and manage the RSF on behalf of the Recipient, including opening, maintaining and operating accounts required for the RSF in such number and manner agreed with the Bank.”
2. A new Part B shall be added to Section IV to Schedule 2 to the GCF Financing Agreement to read as follows:

“B. Financing Mechanism

To enable the Program Implementing Entity to manage and operate the RSF, the Recipient, through MOIT, shall establish and implement the financing mechanism set forth in Annex 3 to this Agreement, and incorporate such mechanism in the Operations Manual and the Implementation Agreement.”

3. A new Annex 3 shall be added to the GCF Financing Agreement to read as in the Attachment to this letter.

Except as specifically amended in this letter, all other terms and conditions of the GCF Financing Agreement shall remain in full force and effect.

Please confirm your agreement to the amendments proposed under this letter on behalf of the Recipient by signing and dating the form of confirmation set forth below and returning one fully countersigned original of this amendment letter to us and retaining one original for your records. This amendment letter shall become effective as of the later date of: (a) the Bank’s receipt of a duly countersigned original of this letter by the authorized representative of the Recipient; and (b) the Bank’s dispatch of the notice confirming its satisfaction with the conditions of effectiveness of the GCF Financing Agreement.

Sincerely yours,



Carolyn Turk
Country Director for Vietnam
East Asia and Pacific Region

CONFIRMED
SOCIALIST REPUBLIC OF VIETNAM

By: 
Authorized Representative

Name: PHAM THANH HA

Title: Alternate Governor, State Bank of Vietnam

Date: December 15th, 2021

Attachment**Annex 3
Financing Mechanism for the RSF**

Unless otherwise agreed with the Bank, the Recipient, through MOIT, shall:

- (a) pay the Program Implementing Entity out of the proceeds of the Grant allocated to Category (1) of the withdrawal table set forth in Section III.A of Schedule 2 to this Agreement the Management Fee in the total amount of USD 2,000,000 in accordance with a schedule acceptable to the Bank. Such Management Fee will constitute a fixed fee paid to the Program Implementing Entity: (i) exclusively for covering the costs of gross salaries of staff, management fee, administrative overhead and other relevant eligible costs, including office machines and equipment of the Program Implementing Entity; (ii) based on annual budgets prepared by the Program Implementing Entity and acceptable to MOIT and the Bank during the period from the date of the GCF Guarantee Agreement until the expiration or termination of the GCF Guarantee; and (iii) based on supporting documentation acceptable to MOIT and the Bank, which shall include a semi-annual expenditure plan and an advance payment request for an amount equivalent to the fixed fee for the corresponding six (6) month period prepared by the Program Implementing Entity. With respect to staff salaries of the Program Implementing Entity, the Program Implementing Entity shall use the fixed fee to pay the gross salaries of dedicated staff selected under terms of reference acceptable to the Bank during the availability period and the amortization period of the GCF Guarantee (as such period is determined in the GCF Guarantee Agreement), in each case, in an amount calculated based on reasonable prevailing commercial cost norms, acceptable to the Bank, and which will not exceed:
- (i) USD 100,000 per calendar year for the position of “Project Manager” (as defined by terms of reference acceptable to the Bank);
 - (ii) USD 80,000 per calendar year for the position of “Portfolio Manager” (as defined by terms of reference acceptable to the Bank);
 - (iii) USD 80,000 per calendar year for the position of “Technical Expert” (as defined by terms of reference acceptable to the Bank);
 - (iv) USD 50,000 per calendar year for the position of “Financial Analyst” (as defined by terms of reference acceptable to the Bank); and
 - (v) USD 40,000 per calendar year for the position of “Team Assistant” (as defined by terms of reference acceptable to the Bank).
- (b) make available to the Program Implementing Entity the Seed Capital in the total amount of US 1,000,000 out of the proceeds of the Grant allocated to Category (1) of the withdrawal table set forth in Section III.A of Schedule 2 to this Agreement, and ensure that the Program Implementing Entity is duly authorized to deposit such Seed Capital in an account dedicated to provide loss coverage under the RSF Guarantees;
- (c) authorize the Program Implementing Entity to: (i) charge PFIs, with respect to each RSF Guarantee, an upfront fee of 0.25% on the applicable RSF Guarantee

amount (as such fee may be revised from time with the prior written agreement of the Bank) and an annual fee of 0.70% on the applicable RSF Guarantee balance (as such fee may be revised from time with the prior written agreement of the Bank); (ii) retain for its own account, as a variable fee earned by the Program Implementing Entity, the entirety of the upfront fee and half of the annual fee for each RSF Guarantee issued; and (iii) deposit the other half of the annual fee in one of the RSF Accounts agreed with the Bank and MOIT for providing loss coverage under the GCF Guarantees and paying the fee referred to in sub-paragraph (e) below;

- (d) authorize the Program Implementing Entity to retain for its own account, as part of the variable fee to be earned by the Program Implementing Entity, any residual balance remaining at the expiration of the Risk Sharing Facility in the RSF Accounts (which amount may include, for the avoidance of doubt, the Seed Capital and such portions of the annual RSF Guarantee fees that were previously deposited into such accounts), subject to the satisfaction of all obligations under the GCF Guarantee Agreement in accordance with sub-paragraph 2 (h) of Annex 2 to this Agreement; and
- (e) require the Program Implementing Entity to pay to the Bank an annual guarantee fee of 0.10% on the applicable committed guarantee amount under and pursuant to the GCF Guarantee Agreement. If the Program Implementing Entity shall pay any portion or installment of this guarantee fee out of its own funds when due as a result of a shortfall in an account dedicated to provide loss coverage under the RSF Guarantees, it shall be entitled to reimbursement therefor from subsequent upfront and annual fee receivables under the RSF Guarantees. For the avoidance of doubt, no proceeds of the Grant allocated to Category (1) of the withdrawal table set forth in Section III.A of Schedule 2 to this Agreement shall be used to pay any portion or installment of the guarantee fee to the Bank.

Cc:

- Mr. Đặng Hoàng An, Vice Minister, Ministry of Industry and Trade
- Mr. Tô Huy Vũ, Director General, International Cooperation Department, State Bank of Vietnam
- Mr. Phương Hoàng Kim, Director General, Department of Energy Efficiency and Sustainable Development, Ministry of Industry and Trade
- Mr. Nguyễn Thanh Hải, Director General, International Relations Department, Office of the Government
- Mr. Phạm Hoàng Mai, Director General, Foreign Economic Relations Department, Ministry of Planning and Investment
- Mr. Trương Hùng Long, Director General, Debt Management and External Finance Department, Ministry of Finance