

Simplified Approval Process

Annex 9a: Legal due diligence



9.A Legal Due Diligence

Please provide the following information:

- *Details of any government or regulatory approvals, licenses or permits required for implementing and operating the project/programme, the relevant issuing authority, and the date of issuance or expected date of issuance.*

Upon approval by the Provincial People's Committee (PPC) of Vietnam of the Project Document, which is converted from the Funding Proposal to a Project Document Template by the Government of Vietnam (GoV) to be compliant with the GoV's procedure of foreign aid management, an agreement between the Government of Vietnam and Government of Luxembourg (the "Agreement") will be signed. This Agreement serves as basis for tax exemptions, ODA expert certificates for experts mobilized by LuxDev in the framework of this specific project. This practice is processed in accordance with the ODA management procedures of Vietnam and the General Cooperation Agreement dated 14th November 2017 between the Government of Luxembourg and the Government of Vietnam which entails contributions of the 2 governments and specific privileges to be applied in technical cooperation projects and programmes (including climate projects and those co-funded by 3rd parties). These privileges encompass exemptions of taxes, custom duties, and fees.

The approval of the Project Document by PPC may require 6-8 weeks following the submission of the Project Document, which will occur immediately after the GCF's board approves the Funding Proposal. The Agreement signature may require approximately 2 months from the approval of Project Document.

Upon the Agreement signature, the Project Management Unit (PMU) will be formally established by the Provincial People's Committee to coordinate with the project Executing Entity (LuxDev) to implement the project.

The Ministry of Planning and Investment of Vietnam has been entrusted with the role of coordinating, planning, and executing development projects and programmes within the parameters established in the Agreement and as per the government regulations on ODA management at the central government level.

Other than the approval of the Project Document mentioned above, no additional approvals, licenses or permits are required for the implementation of the project.

- *Describe applicable taxes (or exemptions thereof) and foreign exchange regulations related to the project/programme.*

As specified in Article XIII of the General Cooperation Agreement, tax exemptions are implemented in adherence to the prevailing regulations in Vietnam. Accordingly, the Government of Vietnam provides exemptions on all contracts pertaining to works, services and goods conducted within the scope of cooperation projects financed by the Government of Luxembourg and implemented by a government agency, an executing agency, a non-governmental organization or an official responsible for government cooperation delegated by the Luxembourg government. These exemptions encompass all customs duties, taxes and levies, (including but not limited to VAT, import tax, export tax), public fees and other contributions in full compliance with the applicable regulations in effect. Once the Agreement is signed, this project will be entitled to all tax exemptions as beforementioned.

The local currency in Vietnam is the Dong (code: VND). The project's local transactions will use VND and LuxDev will apply the European Commission's official monthly accounting rate for the Euro (or the USD as its the case for GCF funding) and the conversion rates as established by the Accounting Officer of the European Commission in line with article 19 of the Financial Regulation.

Regarding foreign exchange, LuxDev is entitled to transfer USD into and out of Vietnam as necessary for project execution without requiring additional approvals. Both AE (LuxDev based in Luxembourg) and EE (LuxDev acting through its office in Laos) are able to receive and remit funds in USD and it is permitted to open the USD (or EUR) denominated account. This is facilitated by the provisions of the General Cooperation Agreement and aligned with foreign exchange regulations applicable to technical cooperation projects.

- *Details of any insurance policies or requirements related to the project/programme.*

LuxDev will ensure that project activities are adequately insured as per LuxDev standard operating procedures and common practices. LuxDev standard operation procedures require contractors to ensure required insurance cover. LuxDev policies provide insurance cover for all LuxDev staff, while short-term and long-term Experts need to have their own insurance.

Furthermore, we assure that all insurance policies related to the project will meet the requirements set out in the AMA. LuxDev's standard operating procedures are designed to comply with such agreements, ensuring that all necessary coverage is in place for the project's activities, staff, and contractual obligations.

- *Details on the legal status of the Executing Entity*

LuxDev, acting through its Regional Office in Vientiane, Lao PDR, will be the Executing Entity (EE) for all activities of this project. LuxDev operates as a singular legal entity in its capacity as the Luxembourg development cooperation agency.

LuxDev is the legal entity that will enter into contract with Implementing Partners or other service providers and who is entitled to directly receive funds from the AE and international sources.

In contracts signed by the EE the following designation is used: "Lux-Development, the Luxembourg Development Cooperation Agency, acting in the name of and on behalf of the project VIE301 Climate Adaptation and Resilience in Thua Thien Hue Province Vietnam (CARE Hue) hereinafter referred to as LuxDev."