LOAN NUMBER 1992-VIE (SF)

LOAN AGREEMENT
(Special Operations)

(Program Loan to Support Implementation of the Public Administration Reform Master Program in Viet Nam – Phase I)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 18 FEBRUARY 2003

LPS:VIE 35342

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 18 February 2003 between SOCIALIST REPUBLIC OF VIET NAM (hereinafter called the Borrower) and ASIAN DEVELOPMENT BANK (hereinafter called the Bank).

WHEREAS

(A) the Bank has received from the Borrower a development policy letter dated 6 December 2002 (hereinafter called the Policy Letter) describing its Public Administration Reform Master Program, a program consisting of two phases with seven action programs, and setting forth certain objectives, policies, and actions designed to develop the Borrower's public administration sector;

(B) the Borrower has applied to the Bank for a loan from its Special Funds resources for purposes of financing two of the seven action programs under the Borrower's Public Administration Reform Master Program, as outlined in Schedule 1 to this Loan Agreement (hereinafter called the Program);

(C) the Bank has, on the basis inter alia of the foregoing, agreed to make a loan to the Borrower from the Bank's Special Funds resources upon the terms and conditions hereinafter set forth;

(D) the Borrower has applied to the Bank for technical assistance (hereinafter called the Technical Assistance to MOHA) for Institutional and Capacity Building Support to MOHA, and the Bank has agreed to provide to the Borrower a grant of up to the equivalent of nine hundred twenty thousand dollars ($920,000); and

(E) the Borrower has applied to the Bank for two technical assistance grants (hereinafter called the Technical Assistance Grants to OOG) for (i) Implementation of Administrative Modernization including Computerization and E-government Initiatives, for which the Bank has agreed to provide to the Borrower a grant of up to the equivalent of one million two hundred seventy thousand dollars ($1,270,000), and (ii) Policy Coordination Support, for which the Bank has agreed to provide to the Borrower a grant of up to the equivalent of eight hundred fifteen thousand dollars ($815,000);

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Special Operations Loan Regulations of the Bank, dated 7 December 1982, are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Special Operations Loan Regulations as so modified being hereinafter called the Loan Regulations):

(a) Section 2.01(9) is deleted and the following is substituted therefor:

> 9. The term "Program" means the program for which the Bank has agreed to make the Loan, as described in the Loan Agreement and as the description thereof may be amended from time to time by agreement between the Bank and the Borrower.

(b) The term "Project" wherever it appears in the Loan Regulations shall be substituted by the term "Program".

(c) Section 2.01(10) is deleted and the following is substituted therefor:

> 10. The term "Program Executing Agency" means the entity or entities responsible for the carrying out of the Program as specified in the Loan Agreement.

(d) The term "Project Executing Agency" wherever it appears in the Loan Regulations shall be substituted by the term "Program Executing Agency".

(e) Section 2.01(17) is deleted and the following is substituted therefor:

> 17. The term "dollar" or "dollars" or the sign "$" means dollar or dollars in the currency of the United States of America.

(f) Section 2.01(27) is deleted and the following is substituted therefor:

> 27. The term "interest charge" means a charge made on the Loan pursuant to Section 3.02, and includes a portion to cover administrative expenses and a portion that does not.

(g) The term "service charge" wherever it appears in the Loan Regulations shall be substituted by the term "interest charge".

(h) Section 4.05 is deleted and Sections 4.06, 4.07 and 4.08 are renumbered as Section 4.05, 4.06 and 4.07, respectively.

(i) Section 5.01(a) is deleted and the following is substituted therefor:

> (a) Subject to any conditions or restrictions specified in the Loan Agreement, the Borrower shall be entitled to withdraw from the Loan Account such amounts as shall be required to meet payments for expenditures required for the Program and to be financed under the Loan Agreement.

(j) Section 5.02 is deleted and the following is substituted therefor:

> **Commitment Letters by the Bank.** Upon the Borrower's request, the Bank may issue commitment letters to pay amounts in respect of the cost of goods and services to be

financed under the Loan Agreement notwithstanding any subsequent suspension or cancellation.

(k) Section 5.03 is deleted and the following is substituted therefor:

Application for Withdrawal. When the Borrower shall desire to withdraw any amount from the Loan Account or to request the Bank to issue commitment letters pursuant to Section 5.02, the Borrower shall deliver to the Bank an application in such form and containing such statements and agreements as the Bank shall reasonably request.

(l) Section 8.03 is deleted and the following is substituted therefor:

Cancellation by the Bank. If (i) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty (30) days, or (ii) at any time the Bank determines, after consultation with the Borrower, that any amount of the Loan will not be required for the purposes of the Program, or (iii) at any time the Bank determines, with respect to any contract to be financed out of the proceeds of the Loan, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Loan during the procurement/consultant selection or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation, or (iv) at any time, the Bank determines that the procurement of any contract to be financed out of the proceeds of the Loan is inconsistent with the procedures set forth or referred to in the Loan Agreement, or (v) by the date specified in the Loan Agreement as the closing date for withdrawals an amount of the Loan shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower and the Guarantor, if any, terminate the right of the Borrower to make withdrawals with respect to such amount or contract. Upon the giving of such notice, the amount of the Loan or the relevant portion thereof shall be cancelled.

(m) Section 8.04 is deleted and the following is substituted therefor:

Amounts Subject to Commitment Letters. No cancellation or suspension shall apply to amounts subject to any commitment letter issued by the Bank pursuant to Section 5.02 except as expressly provided in such commitment letter.

Section 1.02. Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the Loan Regulations have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "Counterpart Funds" means the Dong proceeds generated from the Loan proceeds under the Program and referred to in paragraph 3 of Schedule 1 to this Loan Agreement;

(b) "Deposit Account" means the account referred to in paragraph 4 of Schedule 3 to this Loan Agreement;

(c) "Dong" or the sign "D" means dong in the currency of the Borrower;

(d) "Eligible Items" means the goods imported under the Program (except those specifically excluded pursuant to Attachment 1 to Schedule 3 to this Loan Agreement), the foreign exchange costs of which are eligible for financing out of the proceeds of the Loan;

(e) "First Tranche" means the portion of the proceeds of the Loan in an amount not exceeding the equivalent of SDR 11,219,000, to be initially withdrawn and utilized no earlier than the Effective Date;

(f) "MOHA" means Borrower's Ministry of Home Affairs, and any successor thereto;

(g) "OOG" means the Borrower's Office Of Government, and any successor thereto;

(h) "PMU" means program management units;

(i) "Program Executing Agencies" means, for the purposes and within the meaning of the Loan Regulations, OOG and MOHA, which are jointly responsible for the carrying out of the Program;

(j) "Second Tranche" means the balance of the proceeds of the Loan remaining in the Loan Account after the utilization of the First Tranche, to be withdrawn pursuant to and subject to the provisions of paragraph 5 of Schedule 3 to this Loan Agreement;

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower from the Bank's Special Funds resources an amount in various currencies equivalent to Thirty-Three Million Six Hundred Fifty-Seven Thousand Special Drawing Rights (SDR 33,657,000).

Section 2.02. (a) The Borrower shall pay to the Bank an interest charge at the rate of one percent (1%) per annum during the grace period, and one and one-half percent (1.5%) per annum thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in paragraph (a) of this Section means the period prior to payment of the first principal amount of the Loan on the payment date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 June and 15 December in each year.

Section 2.04. (a) Subject to the provisions of paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

(b) If the Bank shall determine, after due consideration by its Board of Directors, that (i) the Borrower's gross national product per capita (per capita GNP) has exceeded the Bank's per capita GNP operational cutoff in respect of the Bank's Special Funds resources for five consecutive years and (ii) the Borrower has achieved the capacity to borrow from the Bank's ordinary capital resources, the Bank may, by notice to the Borrower, modify the terms of repayment of the Loan by increasing by 100 percent the amount of each maturity due thereafter until the principal amount of the Loan shall have been fully repaid. However, at the request of the Borrower, the Bank may, in lieu of so increasing any such maturity amounts, charge interest, at an annual rate to be agreed between the Borrower and the Bank, on the principal amount of the Loan withdrawn and outstanding from time to time in such a manner and to such extent as to yield the same grant element as would be obtained under the above-stated increase of maturity amounts.

(c) If, at any time after a modification of the lending terms pursuant to the provisions of paragraph (b) above, the Bank shall, after due consideration by its Board of Directors, determine that the Borrower's economic condition has deteriorated significantly, the Bank may, at the request of the Borrower, restore the original lending terms with respect to the remaining amount of the Loan withdrawn and outstanding.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Program in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loan may be withdrawn from the Loan Account only for the purposes of financing foreign currency expenditures incurred for Eligible Items under the Program in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and the Bank.

Section 3.03. Except as the Bank may otherwise agree, all Eligible Items to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement. The Bank shall not finance a contract for goods that have not been procured in accordance with procedures agreed between the Borrower and the Bank or where the terms and conditions of the contract are not satisfactory to the Bank.

Section 3.04. Withdrawals from the Loan Account shall be made only on account of expenditures relating to Eligible Items which:

(a) are produced in, and are supplied from, such member countries of the Bank as shall have been specified by the Bank from time to time as eligible sources for procurement, and

(b) meet such other eligibility requirements as shall have been specified by the Bank from time to time.

Section 3.05. Except as the Bank may otherwise agree, no withdrawals shall be made from the Loan Account in respect of expenditures for Eligible Items incurred more than one hundred eighty (180) days prior to the Effective Date.

Section 3.06. The closing date for withdrawals from the Loan Account for the purposes of Section 8.03 of the Loan Regulations shall be 31 December 2005 or such other date as may from time to time be agreed between the Borrower and the Bank.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause the Program to be carried out with due diligence and efficiency and in conformity with sound, financial, engineering, environmental and public administration practices.

(b) In the carrying out of the Program, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. The Borrower shall make available, promptly as needed, the funds, facilities, services, and other resources that are required, in addition to the proceeds of the Loan, for the carrying out of the Program.

Section 4.03. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Program are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.04. (a) The Borrower shall maintain, or cause to be maintained, records and documents adequate to identify the Eligible Items financed out of the proceeds of the Loan and to record the progress of the Program.

(b) The Borrower shall enable the Bank's representatives to inspect any relevant records and documents referred to in paragraph (a) of this Section.

Section 4.05. (a) The Borrower shall furnish, or cause to be furnished, to the Bank all such reports and information as the Bank shall reasonably request concerning (i) the Loan, and the expenditure of the proceeds and maintenance of the service thereof; (ii) the goods financed out of the proceeds of the Loan; (iii) the implementation of the Program, including the accomplishment of the targets and carrying out of the actions set out in the Policy Letter; (iv) financial and economic conditions in the territory of the Borrower and the international balance-of-payments position of the Borrower; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, the Borrower shall furnish, or cause to be furnished, to the Bank semi-annual reports on the carrying out of the Program and on the accomplishment of the targets and carrying out of the actions set out in the Policy Letter. Such reports shall be submitted in such form and in such detail and within such a period as the Bank shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Promptly after the closing date for withdrawals from the Loan Account, but in any event not later than three (3) months thereafter or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, in such form and in such detail as the Bank shall reasonably request, on the execution of the Program, including its cost, the performance by the Borrower of its obligations under this Loan Agreement and the accomplishment of the purposes of the Loan.

Section 4.06. (a) It is the mutual intention of the Borrower and the Bank that no other external debt owed a creditor other than the Bank shall have any priority over the Loan by way of a lien on the assets of the Borrower. To that end, the Borrower undertakes (i) that, except as the Bank may otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest charge and any other charge on, the Loan; and (ii) that the Borrower, in creating or permitting the creation of any such lien, will make express provision to that effect.

(b) The provisions of paragraph (a) of this Section shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) The term "assets of the Borrower" as used in paragraph (a) of this Section includes assets of any administrative subdivision or any agency of the Borrower and assets of any agency of any such administrative subdivision, including State Bank of Viet Nam and any other institution performing the functions of a central bank for the Borrower.

ARTICLE V

Effectiveness

Section 5.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the Bank shall be satisfied, after consultation with the Borrower, that the Borrower has accomplished, in a manner acceptable to the Bank, all the measures required to be accomplished for the release of the First Tranche, as set out in Attachment 2 to Schedule 3 to this Loan Agreement.

Section 5.02. A date that is ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Governor of the State Bank of Viet Nam of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

State Bank of Viet Nam
47-49 Ly Thai To
Hanoi, Viet Nam

Facsimile Numbers:

(84-4) 8250-612
(84-4) 8258-385

For the Bank

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Facsimile Numbers:

(632) 636-2446
(632) 636-2231
(84-4) 933-1373.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and to be delivered at the principal office of the Bank, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIET NAM

By _____
LE DUC THUY
Authorized Representative

ASIAN DEVELOPMENT BANK

By _____
JOHN SAMY
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Program

Objectives

1. The principal objective of the Program is to support and facilitate the implementation of the Borrower's Public Administration Reform Master Program and to assist in building a professional, modern, effective and efficient public administration system for the Borrower.

Scope

2. The scope of the Program includes the implementation of two of the seven action programs under the Borrower's Public Administration Reform Master Program. These two reform actions are (i) the training and retraining of public officials to improve the quality of public service; and (ii) the administrative modernization including computerization of the government administrative system and the implementation of e-government initiatives. The Program is described in more detail in the Policy Letter.

3. In support of the Program:

(a) the proceeds of the Loan shall be used to finance the foreign exchange costs of Eligible Items; and

(b) the Counterpart Funds shall be used to finance the local currency costs relating to the implementation of certain programs and other activities consistent with the objectives of the Program.

Period of Implementation

4. The Program will be implemented during the period January 2003 to December 2005.

SCHEDULE 2

Amortization Schedule

(VIE: Program Loan to Support Implementation of the Public Administration Reform Master Program in Viet Nam – Phase I)

Date Payment Due				Payment of Principal (expressed in SDR)*
15 June	2011			1,051,781
15 December	2011			1,051,781
15 June	2012			1,051,781
15 December	2012			1,051,781
15June	2013			1,051,781
15 December	2013			1,051,781
15 June	2014			1,051,781
15 December	2014			1,051,781
15 June	2015			1,051,781
15 December	2015			1,051,781
15 June	2016			1,051,781
15 December	2016			1,051,781
15 June	2017			1,051,781
15 December	2017			1,051,781
15 June	2018			1,051,781
15 December	2018			1,051,781
15 June	2019			1,051,781
15 December	2019			1,051,781
15 June	2020			1,051,781
15 December	2020			1,051,781
15 June	2021			1,051,781
15 December	2021			1,051,781
15 June	2022			1,051,781
15 December	2022			1,051,781
15 June	2023			1,051,781
15 December	2023			1,051,781
15 June	2024			1,051,781
15 December	2024			1,051,781
15 June	2025			1,051,781
15 December	2025			1,051,781
15 June	2026			1,051,781
15 December	2026			1,051,789
		TOTAL	SDR	33,657,000

* The figures in this column represent SDR equivalents determined as of the respective dates of withdrawal. The arrangements for payment for each maturity are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

1. Except as the Bank may otherwise agree, the following provisions of this Schedule shall apply to the withdrawal of Loan proceeds from the Loan Account.

2. (a) Withdrawals from the Loan Account shall be made for the financing of the foreign exchange cost of Eligible Items.

(b) No withdrawals from the Loan Account shall be made in respect of (i) any local expenditures; or (ii) any foreign exchange expenditures which have been financed by credits from official international or bilateral aid agencies or any other loans made by the Bank.

3. (a) An application for withdrawal from the Loan Account shall be submitted to the Bank by the Borrower and shall be in a form satisfactory to the Bank.

(b) Such withdrawal application shall be accompanied by a certificate of the Borrower confirming that (i) in case the proceeds of the Loan will finance imports already made, the value of Eligible Imports in the period concerned exceeded the amount of the requested withdrawal, or (ii) in case the proceeds of the Loan will finance items to be imported, the value of Eligible Imports in the immediately preceding one-year period was equal to or greater than the amount of the requested withdrawal plus all other amounts expected to be withdrawn from the Loan Account during the succeeding one-year period.

(c) For the purposes of this paragraph, the term "Eligible Imports" means the total imports of the Borrower during the relevant period minus the following imports during the same period:

(i) imports from countries which are not members of the Bank;

(ii) imports for ineligible items specified in Attachment 1 to this Schedule; and

(iii) imports financed from credits from official international or bilateral aid agencies or any other loans made by the Bank.

(d) The Borrower shall allow experts appointed by the Bank to verify the value of Eligible Imports during any period in respect of which the Borrower has certified the value of Eligible Imports in its withdrawal application.

4. (a) Prior to submitting the first application to the Bank for withdrawal from the Loan Account, the Borrower shall open an account (the Deposit Account) at a commercial bank acceptable to the Bank, into which all withdrawals from the Loan Account shall be deposited. The Deposit Account shall be established, managed and liquidated in accordance with terms and conditions satisfactory to the Bank.

(b) Separate accounts and records in respect of the Deposit Account shall be maintained in accordance with consistently maintained sound accounting principles. Upon the Bank's request, the Borrower shall have the Deposit Account audited by independent auditors, whose qualifications, experience and terms of reference are acceptable to the Bank, in accordance with appropriate auditing standards. Promptly after their preparation but in any event not later than six (6) months after the date of the Bank's request, certified copies of such audited accounts and records shall be furnished to the Bank, all in the English language.

(c) Throughout the Program implementation period, the Borrower shall submit trade statistics and any other information as the Bank may require from time to time to assess the Borrower's compliance with the formula for determining Eligible Imports.

5. Notwithstanding any other provisions of this Loan Agreement or the Loan Regulations and except as the Bank may otherwise agree, no withdrawals shall be made from the Second Tranche unless the Bank shall be satisfied, after consultation with the Borrower, that (a) sufficient progress has been achieved by the Borrower in the carrying out of the Program; and, in particular, (b) the Borrower has accomplished, in a manner acceptable to the Bank, all the measures required to be accomplished for the release of the Second Tranche, as set out in Attachment 3 to this Schedule.

Attachment 1 to Schedule 3

Negative List

No withdrawals shall be made in respect of:

(a) expenditures for goods included in the following groups or sub-groups of the United Nations Standards International Trade Classification, Revision 3, or any successor groups or sub-groups under future revisions as shall be designated by the Bank by notice to the Borrower:

Group	Sub-Group	Description of Items
112		alcoholic beverages
121		tobacco, unmanufactured tobacco refuse
122		tobacco, manufactured (whether or not containing tobacco substitutes)
525		radioactive and associated materials
667		pearls, precious and semi-precious stones, unworked or worked
718	718.7	nuclear reactors and parts thereof, fuel elements (cartridges) nonirridiated, for nuclear reactors
897	897.3	jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		gold, nonmonetary (excluding gold ores and concentrates)

(b) expenditures in the currency of the Borrower or of goods supplied from the territory of the Borrower;

(c) payment made for expenditures incurred more than 180 days prior to the Effective Date;

(d) expenditures for goods supplied under a contract that any national or international financing institution or agency will have financed or agreed to finance, including any contract financed under any loans from the Bank;

(e) expenditures for goods intended for military or para-military purposes or for luxury consumption; or

(f) expenditures for pesticides categorized as extremely hazardous or highly hazardous in Class 1a and 1b, respectively, of the World Health Organization's Classification of Pesticides by Hazard and Guidelines to Classification.

Attachment 2 to Schedule 3

Measures to be Accomplished for Release of the First Tranche

1. OOG and relevant agencies shall have developed and submitted to the Borrower, with a request for approval, a legal system development strategy identifying, describing in detail, and prioritizing the reform areas and the responsible agencies, and laying out a budget plan.

2. The Borrower shall have issued a decree to clearly define the functions, duties, and organizational structure of government ministries and agencies.

3. MOHA shall have completed the review of existing arrangements for training management and developed a plan to improve such training management at the central and local levels of government.

4. Based on the foregoing review of existing arrangements for training management, and using modern standards and methodologies, MOHA shall have developed and introduced a plan for developing skill profiles of competencies for public officials.

5. The Borrower shall have established project implementation units in central ministries and Provincial People's Committees with the necessary budgetary and staff resources, to implement planned activities for the development of information communication technology systems, and to be responsible for the operation and maintenance of information communication technology project facilities.

6. OOG shall have conducted a training needs analysis in the area of computerization, particularly information communication technology systems development and management and e-government initiatives, and established a training plan for:

(a) systems-development staff who will participate in the development of computerization and e-government projects,

(b) executive information officers and their support teams, in the areas of systems planning, and support, operation, and maintenance for each ministry, agency and provincial government,

(c) senior managers, in strategic information communication technology planning, and

(d) government personnel, in basic computer usage.

Measures to be Accomplished for Release of the Second Tranche

1. The Borrower shall have revised relevant policies and the legal framework for managing and developing civil servants by amending the Ordinance of Civil Servants and Cadres.

2. The Borrower shall have issued a decree on the delegation of authority relating to personnel management, in order to improve the quality of civil service and the efficiency of managing and developing civil servants.

3. The Borrower shall have issued individual decrees for each ministry and agency detailing their responsibilities and organizational structures.

4. MOHA shall have developed regulations for the training and retraining of public officials, including training management mechanisms, incentive schemes, budget resources, and promotion of gender and minority participation.

5. MOHA shall have conducted and finalized a report on a training needs assessment of priority categories of public officials in the area of public administration. The assessment shall be conducted using modern assessment methodologies.

6. MOHA and relevant agencies shall have developed and commenced the implementation of a plan for the revision and improvement of the public administration training curricula and programs, in accordance with appropriate standards for different categories of public officials.

7. MOHA shall have developed and implemented short-term training programs to improve the skills, knowledge, and methods of training of public administration trainers of key training institutions.

8. The Borrower shall have established, with specific terms of reference, an executive information unit in at least 50 administrative agencies responsible for information communication technology matters.

9. OOG shall have established the technical systems platforms and training standards for projects relating to state administrative management and computerization projects.

10. OOG shall have established, in accordance with established standard practice and procedures, a Government Information Portal for publishing information and legal documents relating to government agencies and ministries.

11. OOG shall have established systems-specifications for, and developed and commenced implementation of a plan to, enhance the government information network (CPNet) and the local area networks of various government agencies.

SCHEDULE 4

Procurement

1. Except as the Bank may otherwise agree, the procedures referred to in the following paragraphs of this Schedule shall apply in the procurement of Eligible Items (other than consulting services) to be financed out of the proceeds of the Loan.

2. (a) Except as provided in subparagraph (b) of this paragraph, each contract for Eligible Items shall be awarded on the basis of either the purchaser's normal commercial procurement practices, in the case of procurement by the private sector, or the Borrower's prescribed procurement procedures, in the case of procurement by the public sector, having due regard for the principles of economy and efficiency.

(b) Each supply contract for Eligible Items that are commonly traded commodities shall be awarded on the basis of procedures appropriate to the trade and acceptable to the Bank.

3. (a) The Borrower shall ensure that all Bank-financed goods and services procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all Bank-financed contracts for the procurement of goods and services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

SCHEDULE 5

Program Implementation and Other Matters

Program Management and Coordination

1. OOG and MOHA shall be the Program Executing Agencies, acting under the over-all leadership of the Borrower's Prime Minister. As such, they shall be jointly responsible for overall Program management, including reporting on the administration and disbursements of Loan proceeds and maintenance of the Deposit Account, and the preparation of semi-annual progress reports on Program implementation. To ensure effective handling of the joint implementation roles and responsibilities, each of MOHA and OOG shall establish its own PMU. Each PMU shall be headed by a Program Director and shall have a core team of at least three experts in program implementation. The Borrower shall ensure that the PMUs are at all times provided with the necessary staff and budget resources. The Borrower shall also ensure that the High-Level Coordinating Committee (HLCC) that was established to formulate the Program shall continue to facilitate and monitor Program implementation, and to meet formally at least once every quarter for this purpose.

Periodic Review

3. OOG and MOHA, in coordination with the Bank, shall conduct semi-annual reviews on the progress of Program implementation and assess its impact on the structure, organization, and operational efficiencies of the public administration system of the Borrower.

4. In addition to the semi-annual reports required pursuant to Section 4.05 of the Loan Agreement, the Borrower shall submit annual reports to the Bank on the overall implementation of the Borrower's Public Administration Reform Master Program.

Policy Dialogue

5. The Borrower and the Bank shall continue to engage in policy dialogue on sector issues, policy reforms, and other public administration reform related measures, and additional reforms that may be considered necessary or desirable particularly in relation to the continuation of the implementation of the Borrower's Public Administration Reform Master Program.

6. The Borrower shall (a) ensure that the policies adopted and actions taken as described in the Policy Letter prior to the date of this Loan Agreement continue to be in effect, and (b) timely adopt the other policies and take other actions included in the Program as specified in the Policy Letter and this Loan Agreement.

7. The Borrower shall keep the Bank informed of policy discussions with other multilateral and bilateral agencies that have implications for implementation of the Program, and shall provide the Bank with an opportunity to comment on any resulting policy proposals. The Borrower shall take the Bank's views into consideration before finalizing and implementing such proposals.