LOAN NUMBER 2353-VIE

LOAN AGREEMENT
(Ordinary Operations)

(Mong Duong 1 Thermal Power Investment Program – Loan 1)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 9 OCTOBER 2007

LAL:VIE 39595

LOAN AGREEMENT
(Ordinary Operations)

LOAN AGREEMENT dated 9 October 2007 between SOCIALIST REPUBLIC OF VIET NAM (hereinafter called the Borrower) and ASIAN DEVELOPMENT BANK (hereinafter called ADB).

WHEREAS

(A) the Borrower has entered into a Framework Financing Agreement dated [•] (hereinafter called "FFA") with ADB to seek financing for an investment program (as described in Schedule 1 to the FFA) for the construction of the Mong Duong 1 thermal power plant and associated common facilities to support the Mong Duong 2 thermal power plant (hereinafter called the "Investment Program");

(B) the Investment Program has two components, namely (i) the preparation of the site for the Mong Duong 1 thermal power plant and associated common facilities to support the Mong Duong 2 thermal power plant as further described in Schedule 1 to this Loan Agreement (hereinafter called the "Project") and (ii) the construction of the Mong Duong 1 Thermal Power Plant and associated common facilities to support the Mong Duong 2 thermal power plant;

(C) the Borrower has submitted a periodic financing request (hereinafter called a "PFR") to ADB for a loan for the purposes of the Project;

(D) the Project will be carried out by Vietnam Electricity (formerly Electricity of Vietnam) (hereinafter called EVN), and for this purpose the Borrower will make available to EVN pursuant to a subsidiary loan agreement the proceeds of the Loan.

(E) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and EVN;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001, are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein (said Ordinary Operations Loan Regulations being hereafter called the Loan Regulations).

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) "Consulting Guidelines" means ADB's Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers" dated February 2007, as amended from time to time;

(b) "EMP" means, for the purpose of the Project, the Project's environmental management plan to be applied for the Project;

(c) "EPC" means engineering, procurement and construction;

(d) "Goods" means equipment and materials to be financed out of the proceeds of the Loan; including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding consulting services;

(e) "MD1" means Mong Duong 1;

(f) "Procurement Guidelines" means ADB's "Procurement Guidelines" dated February 2007, as amended from time to time;

(g) "Procurement Plan" means the procurement plan for the Project dated 27 April 2007 and agreed between EVN and ADB, as updated from time to time in accordance with Procurement Guidelines, Consulting Guidelines, and other arrangements agreed with ADB;

(h) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means EVN which is responsible for the carrying out of the Project;

(i) "Project Facilities" means the facilities to be constructed, provided or maintained under the Project; and

(j) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding consulting services.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of twenty seven million eight hundred and sixty thousand dollars ($27,860,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a term of 25 years, including a grace period of 6 years, as provided in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of LIBOR and 0.60% as provided by Section 3.02 of the Loan Regulations.

Section 2.03. (a) The Borrower shall pay a commitment charge at the rate of 0.35% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing sixty (60) days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 June and 15 December in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

(i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;

(ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and

(iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall relend the proceeds of the Loan to EVN under a Subsidiary Loan Agreement upon terms and conditions satisfactory to ADB. Except as ADB may otherwise agree, the terms and conditions for relending the proceeds of the Loan shall include interest at the rate equal to the sum of (i) the rate specified in Section 2.02 above and (ii) an onlending fee pursuant to the Borrower's regulations. The commitment charge to be incurred in accordance with Section 2.03 and any other charge payable by the Borrower under this Loan Agreement shall be paid by EVN.

(b) The Borrower shall cause EVN to apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The Goods, Works and consulting services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan among different categories of such Goods, Works and consulting services and other items of expenditure shall be 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 ADB.

Section 3.03. Except as ADB may otherwise agree, all Goods, Works and consulting services 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. ADB may refuse to finance a contract where Goods, Works or consulting services have not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all Goods, Works and consulting services financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The closing date for withdrawals from the Loan Account for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2013 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause EVN to carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental and power generation practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedules 5, 6 and 7 to this Loan Agreement.

Section 4.02. The Borrower shall make available or cause to be made available to EVN, promptly as needed, the funds, facilities, services, land and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project.

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

Section 4.04. The Borrower shall take all action which shall be necessary on its part to enable EVN to perform its obligations under the Project Agreement and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under the Subsidiary Loan Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; Cancellation; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Loan Regulations: the Borrower or EVN shall have failed to perform any of their obligations under the Subsidiary Loan Agreement.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of

the Loan Regulations: the Subsidiary Loan Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of EVN and shall have become fully effective and binding upon EVN in accordance with its terms.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 10.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: that the Subsidiary Loan Agreement has been duly authorized or approved by, and executed and delivered on behalf of, EVN and is legally binding upon EVN in accordance with its terms.

Section 6.03. A date ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VII

Delegation of Authority

Section 7.01. The Borrower hereby designates EVN its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.05 of this Loan Agreement and under Sections 6.01, 6.02, and 6.03 of the Loan Regulations.

Section 7.02. Any action taken or any agreement entered into by EVN pursuant to the authority conferred under Section 7.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 7.03. The authority conferred on EVN under Section 7.01 of this Loan Agreement may be revoked or modified, subject to prior consultation with ADB, by notification by the Borrower to ADB.

ARTICLE VIII

Miscellaneous

Section 8.01. The Governor of the State Bank of Viet Nam of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

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

Facsimile Number:

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

For ADB

Asian Development Bank
P.0. Box 789
0980 Manila, Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2331.

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 ADB, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIET NAM

By _____
NGUYEN VAN GIAU
Governor of State Bank of Viet Nam

ASIAN DEVELOPMENT BANK

By _____
AYUMI KONISHI
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is to (i) meet electricity demand growth and to ensure power system reliability so as to sustain economic growth in northern Viet Nam; and (ii) diversify fuel generation source by increasing the thermal generation capacity and thus gradually reduce the current imbalance of hydropower plants in the power system by 2020.

2. This Project will have the following components:

Part A: Procurement of Civil Works for preparation of the site for the MD1 thermal power plant, which includes leveling of the project site, river diversion, works and supply of equipment for construction a transmission line for power supply..

Part B: Consulting services for reviewing the technical design and drawings, preparation of bid documents for selection of the EPC contractor, assisting EVN in the contract negotiations and supervision of the civil works contracts under Part A.

Part C: Consulting services for preparing an EMP, updating the resettlement plan and supervising their implementation.

3. The Project is expected to be completed by 31 December 2012.

SCHEDULE 2

Amortization Schedule

(Mong Duong 1 Thermal Power Investment Program – Loan 1)

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Payment Due	Installment Share (Expressed as a %)
15-Dec-2013	0.93
15-Jun-2014	0.97
15-Dec-2014	1.02
15-Jun-2015	1.07
15-Dec-2015	1.13
15-Jun-2016	1.18
15-Dec-2016	1.24
15-Jun-2017	1.31
15-Dec-2017	1.37
15-Jun-2018	1.44
15-Dec-2018	1.51
15-Jun-2019	1.59
15-Dec-2019	1.67
15-Jun-2020	1.75
15-Dec-2020	1.84
15-Jun-2021	1.93
15-Dec-2021	2.03
15-Jun-2022	2.13
15-Dec-2022	2.23
15-Jun-2023	2.35
15-Dec-2023	2.46
15-Jun-2024	2.59
15-Dec-2024	2.72

Schedule 2

Payment Due	Installment Share (Expressed as a %)
15-Jun-2025	2.85
15-Dec-2025	2.99
15-Jun-2026	3.14
15-Dec-2026	3.30
15-Jun-2027	3.47
15-Dec-2027	3.64
15-Jun-2028	3.82
15-Dec-2028	4.01
15-Jun-2029	4.21
15-Dec-2029	4.42
15-Jun-2030	4.65
15-Dec-2030	4.88
15-Jun-2031	5.12
15-Dec-2031	5.38
15-Jun-2032	5.66
TOTAL	**100.00**

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of Goods, Works, services and other items to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each such Category (hereinafter called the Table). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table.)

Percentages of ADB Financing

2. Except as ADB may otherwise agree, the items of the Categories listed in the Table shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

Interest and Commitment Charge

3. The amount allocated to Category 3 is for financing interest and commitment charge/interest charge on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower/Beneficiary, the amounts required to meet payments, when due, of such interest and commitment charge.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan 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 Loan then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

5. Except as ADB may otherwise agree, all Goods, Works and consulting services to be financed out of the Loan proceeds shall be disbursed in accordance with ADB's "Loan Disbursement Handbook" dated January 2007 (ADB's Loan Disbursement Handbook) as amended from time to time.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Mong Duong 1 Thermal Power Investment Program – Loan 1)			
CATEGORY			ADB FINANCING
Number	Item	Amount Allocated $ Category	Percentage and Basis for Withdrawal from the Loan Account
1	Works	15,240,000	93.4 percent of total expenditures
2	Consulting Services	3,000,000	100 percent of total expenditure*
3	Interest and Commitment Charge	7,160,000	100 percent of amounts due
4	Contingency	2,460,000	100 percent of amounts due
	Total	27,860,000	

* Exclusive of taxes and duties

SCHEDULE 4

Procurement of Goods and Works, and Consulting Services

A. General

1. All Goods and Works, and consulting services, to be financed out of the proceeds of the Loan shall be subject to and governed by the ADB Procurement Guidelines, and the Consulting Guidelines, respectively.

2. All terms used and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

B. Procurement for Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:

International Competitive Bidding
National Competitive Bidding

The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

4. Domestic Preference. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods and paragraphs 2.55(b) and 2.56 of the Procurement Guidelines for domestic Works.

5. National Competitive Bidding. No procurement activity may be undertaken under national competitive bidding until ADB and the Borrower have agreed in writing on any necessary modifications or clarifications to the Borrower's NCB procedures for purposes of this Project to ensure consistency with ADB's Procurement Guidelines. Any such modifications or clarifications shall be subsequently reflected in the Procurement Plan and are hereby incorporated by reference in this Loan Agreement.

D. Selection of Consulting Services

6. Quality- and Cost-Based Selection. Except as ADB may otherwise agree, the Borrower shall apply quality- and cost-based selection for selecting and engaging consulting services.

E. Industrial or Intellectual Property Rights

7. (a) The Borrower shall ensure that all Goods and Works 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 contracts for the procurement of Goods and Works 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.

8. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

F. ADB's Review of Procurement Decisions

9. All contracts procured under international competitive bidding procedures and contracts for consulting services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

SCHEDULE 5

IMPLEMENTATION FRAMEWORK

Unless otherwise specified in either of the Loan Agreements, the Investment Program will be implemented as follows:

I. Execution

1. The Executing Agency for the Investment Program will be EVN and the Implementing Agency will be TPPMU1. The Project Director, who will be the Director of TPPMU1, will report to the Vice President of EVN, responsible for thermal power generation in northern Viet Nam, on a regular basis.

2. TPPMU 1 Chief Accounts Officer will be responsible for coordinating all accounting procedures under the Investment Program and ensuring compliance with ADB's auditing and accounting requirements.

3. EVN and TPPMU 1 will consult with ADB on matters related to the Investment Program implementation. All matters relating to selection or appointment or to any changes to such selection or appointment, of any officer-in-charge or the Project Director of the PMU will be promptly notified to ADB.

II. Auditing and Accounting

Without limiting the generality of the requirements in the legal documents, the Borrower shall ensure that EVN maintains separate accounts for the Investment Program's expenditures in accordance with sound accounting principles. All accounts for the Investment Program Project, including financial statements, statements of expenditures and account records, will be audited annually as part of the regular audit of accounts and financial statements by an independent auditing firm. Within 6 months of the close of the financial year, the Borrower shall ensure that EVN submits to ADB (i) annual accounts of the Investment Program Project, and (ii) annual financial statements. The annual accounts will contain detailed descriptions of the sources of receipts and expenditures. The annual financial statements will consist of an income statement, balance sheet, statement of cash flows, and for all of EVN's operations. The annual financial statements will be consolidated for all of EVN's operations. The consolidated audit reports (in English) will be submitted to ADB in accordance with the requirements and within the deadlines stated in the applicable Loan Agreement. The audit opinion will include (i) a detailed description of the source of funds and expenditures made; (ii) an assessment of the adequacy of accounting and internal controls systems with respect to each project's expenditures and other financial transactions, and to ensure safe custody of the assets financed by the Investment Program; (iii) a determination as to whether EVN has maintained adequate documentation for all financial transactions, specifically including the statement of expenditures (SOE); and (iv) confirmation of compliance with the financial covenants set out in the Loan Agreement.

Schedule 5

III. Good Governance

4. Consistent with its commitment to good governance, accountability and transparency, ADB reserves the right to investigate directly, or through its agents, any possible corrupt, fraudulent, collusive or coercive practices relating to the Investment Program. To support these efforts, the Borrower shall ensure that:

(a) in its bidding documents for the Investment Program, and in all contracts financed by ADB in connection with the Investment Program, EVN includes provisions specifying the right of ADB to audit and examine the records and accounts of EVN, TPPMU1 and all contractors, suppliers, consultants and other service providers as they relate to the Investment Program; and

(b) EVN requires all procurement activities to be supervised by EVN's Procurement Department to ensure transparency as well as objective and independent assessment of those activities.

(c) EVN's auditors have the right to conduct random or spot audits for contract implementation activities under this Loan;

(d) EVN, and TPPMU 1 will cooperate with any such investigations and extend all necessary assistance, including access to all relevant contracts, and accounting and bookkeeping records, as well as engagement of independent experts that may be needed for satisfactory completion of such investigations; and

(e) EVN publishes in its web site all procurement contracts valued at $1 million and above. It will include the name of the winning bidder, value of the contact and contact details of the bidder.

SCHEDULE 6

SAFEGUARD FRAMEWORKS

From the date on which a Loan Agreement, and unless modified or amended in either of the Loan Agreements, the Borrower shall apply, and shall cause EVN to apply, ADB's Safeguard Policies in, at a minimum, the following manner.

Environmental Issues

1. EVN shall ensure that the Investment Program is developed, conducted, implemented and maintained in accordance with all applicable laws and regulations, including ADB's *Environment Policy* (2002). If there is any discrepancy between the Borrower's laws and regulations, and ADB's Environment Policy (2002), the requirements of ADB's Environment Policy (2002) shall apply. EVN shall ensure that (a) an environmental management plan (EMP) and the mitigation measures included therein, as specified in the Summary Environmental Impact Assessment (SEIA) for the Investment Program Project, are properly implemented; (b) the Investment Program Project will incorporate all mitigation measures identified in the EMP; (c) any environmental permits, licenses and clearances are obtained in a timely manner; (d) any adverse impact on the environment that may arise from the implementation activities of the Investment Program Project is promptly mitigated or minimized in accordance with the EMP; (e) if there are any major changes in the specific locations or components of project facilities after any PFR is approved, the Borrower shall cause EVN to complete a supplementary environmental assessment in relation to such change in compliance with ADB's Environment Policy (2002), as such policy may be from time to time amended and updated; (f) in designing the cooling water system, ensure that the rise in temperature in the discharge channel does not exceed acceptable parameters; (g) implementation of the EMP, including any safety breaches, violation of environmental standards and corrective measures taken thereto, is reported semi-annually to ADB; and (h) all civil works and consultant contracts will contain provisions that reflect the above requirements to mitigate negative environmental impacts caused by the construction and to give due consideration to prevention of damage to the natural environment in the design, construction, operation and maintenance of the facilities relating to the Investment Program Project.

2. EVN shall (a) monitor the contractors' implementation of the EMP; (b) ensure that specific provisions are included for the preparation and implementation of the EMP in the EPC contract and in any consulting services contracts; (c) ensure that the environmental mitigation measures in the EIA and SEIA are adequately implemented by the contractors; and (d) provide adequate budgetary allocation for this activity.

3. EVN shall cause the consultants engaged for construction supervision to monitor closely the compliance by the contractors with the environmental impact mitigation requirements. The Borrower shall ensure that EVN submits to ADB semi-annual monitoring reports on implementation of the EMP.

Schedule 6

Resettlement Issues

4 The Borrower shall cause EVN to engage (i) international resettlement consultants to assist in updating and supervising the implementation of the Resettlement Plan (RP) and (ii) an independent monitoring organization to monitor the implementation of the resettlement plan and compensation payments before commencement of any land acquisition activities.

5. The Borrower shall cause EVN to update the RP following the completion of a detailed measurement survey. The updated RP will also include components that have resettlement impacts which were not anticipated, fully determined or identified as part of the Project during the feasibility study. The updated RP will be prepared in full consultation with affected persons and will be disclosed to the affected persons prior to submission to ADB fro review and approval.

6. The Borrower shall cause EVN not to commence any land acquisition and relocation activities until the RP has been reviewed and approved by ADB.

7. The Borrower shall cause EVN to carry out all activities related to resettlement, in accordance with the RP agreed on between the Borrower and ADB, Borrower's laws, regulations and procedures, and ADB's social safeguards policies. In case of discrepancies between the Borrower's laws, regulations and procedures and ADB's policies, ADB's policies will prevail. The Borrower shall cause EVN to implement the RP to the satisfaction of ADB.

8. The Borrower shall cause EVN not to issue a notice of possession of site to any civil works contractor for any section of construction works unless EVN and TPMMU1 has satisfactorily completed all resettlement activities in a geographic area, ensured that the required rehabilitation assistance is in place, and the area required for civil works is free from all encumbrances.

9. The Borrower shall cause EVN to ensure timely provision of counterpart funds for resettlement to meet any unforeseen obligations in excess of the resettlement budget estimates in order to satisfy resettlement objectives.

10. The Borrower shall cause EVN to ensure that (a) it designs and implements an alternative livelihood program for affected persons to ensure sustainable alternate livelihoods are in place prior to the end of year 5 of implementation; (b) it ensures that baseline and monitoring reports are provided to ADB and to affected people; (c) it ensures that any loss of fishery livelihood that has not been mitigated by the livelihood development program are inventoried and immediately compensated and restored in accordance with the agreed updated RP and RF; (d) it engages resettlement specialist consultants to assist in implementing the RP and engages an independent monitoring organization; (e) it updates the RP for the first PFR on completion of detailed design and submits this to ADB for review prior to award of civil works or similar milestone including; (f) it discloses of the updated RP to affected persons; (g) it prepares the RP for the second PFR in accordance with the RF agreed between the Borrower and ADB and (h) it mobilizes the resettlement consultant and the independent monitoring organization before any land acquisition activities. Commence.

C. Social Issues

11. The Borrower shall cause EVN to ensure that all civil works contractors (i) comply with all applicable labor laws, (ii) use their best efforts to employ women and local people living in the vicinity of the Investment Program Project, (ii) include a line item in their budget for contracting a qualified non-governmental organization (NGO) to conduct an information and education campaign on human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) and other sexually transmitted diseases, targeting workers employed to construct the Investment Program Project and communities along the transmission line routes and substations; (iii) ensure that such campaign will be undertaken as part of the health and safety programs at campsites during construction, and is supplemented by an education/information program targeted at the local communities and mobile populations living within the site of the Investment Program Project; (iv) provide annual medical checkups for the people living close to the Investment Program Project.

12. The Borrower shall ensure that EVN (i) requires its contractors not to differentiate between men's and women's wages or benefits for work of equal value; (ii) ensures that contracts for the Investment Program Project include specific clauses on the undertakings referred to in the foregoing paragraph, and (iii) strictly monitors compliance with the relevant requirements during Project implementation.

SCHEDULE 7

GENERAL ASSURANCES

The Borrower gives the following further general assurances in relation to the Investment Program:

(i) **Technical Issues.** The Borrower shall ensure that EVN: (a) adopts appropriate seismic design standards in designing the Investment Program Project; (b) has 14 days of coal stock on site for the duration of the life of the Investment Program Project; (c) takes satisfactory security measures along the discharge channel to safeguard power plant operations; (d) assigns adequately trained staff to operate and maintain the project facilities; and (e) takes measures to ensure annual operation and maintenance of MD1 is carried out.

(ii) **Financial ratios and reporting.** The Borrower shall ensure through appropriate tariff adjustments and other means, that EVN (a) achieves a self-financing ratio of 25%, (b) a debt service coverage ratio of 1.5 or above, and a long-term debt-equity ratio of at least 70:30 or less. EVN shall (a) maintain an internal audit function to undertake timely audit of Investment Program Project accounts in accordance with generally accepted accounting principles; (b) maintain separate accounts for the Investment Program Project including the financing provided by EVN; and (c) submit to ADB quarterly progress reports, annual audited accounts for the Investment Program Project and consolidated annual audited accounts of EVN.

(iii) **Anticorruption.** The Borrower shall cause EVN to ensure that, EVN's inspectorate department takes necessary action to prevent corruption by: (a) supervising the bidding processes, bid evaluation and construction of the Investment Program Project; (b) preventing interference in project contract bidding and evaluation processes; and (c) regularly briefing TPPMU1 and relevant government authorities including, as and when an incident of corruption has been detected, the local prosecutor's office.