LOAN NUMBER 3032-VIE (SF)

LOAN AGREEMENT
(Special Operations)

(Productive Rural Infrastructure Sector Project in the Central Highlands)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 16 October 2013

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 16 October 2013 between SOCIALIST REPUBLIC OF VIET NAM ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement; and

(B) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

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

(a) "Candidate Subproject" means a candidate subproject for financing under the Project, a list of which has been agreed upon between the Borrower and ADB and provided in the PAM;

(b) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(c) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 3 of Schedule 1 to this Loan Agreement;

(d) "CPMU" means a central Project management unit established within MARD with its role and responsibilities more fully described in the PAM;

(e) "DARD" means a department of agriculture and rural development within each of Project Provinces, and any successor thereto;

(f) "Environmental Assessment and Review Framework" or "EARF" means the environmental assessment and review framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(g) "Environmental Management Plan" or "EMP" means each environmental management plan for a Subproject, including any update thereto, incorporated in the respective IEE;

(h) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

(i) "Ethnic Minority Development Framework" or "EMDF" means the ethnic minority development framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(j) "Ethnic Minority Development Plan" or "EMDP" means each ethnic minority development plan for a Subproject, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the EMDF and cleared by ADB;

(k) "GAP" means the gender action plan for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(l) "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;

(m) "HIV/AIDS" means human immunodeficiency virus/acquired immune deficiency syndrome;

(n) "Initial Environmental Examination" or "IEE" means each initial environmental examination for a Subproject, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the EARF and cleared by ADB;

(o) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

(p) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

(q) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2012, as amended from time to time);

(r) "MARD" means the Borrower's Ministry of Agriculture and Rural Development, and any successor thereto;

(s) "PAM" means the project administration manual for the Project dated 12 June 2013 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(t) "PPMU" means a provincial Project management unit established within each of the Project Provinces with its role and responsibilities more fully described in the PAM;

(u) "Procurement Guidelines" means ADB's Procurement Guidelines (2013, as amended from time to time);

(v) "Procurement Plan" means the procurement plan for the Project dated 12 June 2013 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(w) "Project facilities" means facilities developed, constructed, updated and/or maintained under the Project;

(x) "Project Province" means each of the Borrower's provinces of Gia Lai, Kon Tum, Dak Lak, Dak Nong and Lam Dong where the Project are carried out;

(y) "Resettlement Framework" or "RF" means the resettlement framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(z) "Resettlement Plan" or "RP" means each resettlement plan for a Subproject, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the RF and cleared by ADB;

(aa) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of, and compliance with, the EMPs, the RPs and the EMDPs (as applicable), including any corrective and preventative actions;

(bb) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);

(cc) "Subproject" means a subproject to be selected and carried out in accordance with paragraph 16 of Schedule 5 to this Loan Agreement and the relevant provisions of the PAM; and

(dd) "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. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to fifty-three million forty-one thousand Special Drawing Rights (SDR53,041,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and 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 subsection (a) hereinabove means the period prior to the first Principal 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 March and 15 September in each year.

Section 2.04. 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.

Section 2.05. The currency of repayment of the principal amount of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be the Dollar.

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 Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn 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, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. Withdrawals from the Loan Account in respect of Goods, Works, and Consulting Services shall be made only on account of expenditures relating to:

(a) Goods which are produced in and supplied from and Works and Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and

(b) Goods, Works, and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2019 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. 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 Schedule 5 to this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles 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 international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for imprest fund(s) and statement of expenditures) 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 30 days of the date of their receipt by posting them on ADB's website.

(c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower'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 Borrower, unless the Borrower shall otherwise agree.

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

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this 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 Vietnam 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 Vietnam
47 – 49 Ly Thai To
Hanoi, Viet Nam

Facsimile Numbers:

(84-4) 38250-612
(84-4) 38258-385.

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro 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 as of the day and year first above written and to be delivered at the principal office of ADB.

SOCIALIST REPUBLIC OF VIET NAM

By _____
NGUYEN VAN BINH
Governor
State Bank of Vietnam

ASIAN DEVELOPMENT BANK

By _____
JAMES NUGENT
Director General
Southeast Asia Department

SCHEDULE 1

Description of the Project

1. The objective of the Project is improved rural and agricultural productivity with improved access to, and use of, water, materials, knowledge, production inputs and markets.

2. The Project shall comprise the following outputs:

Output 1. Physical improvements to selected critical productive rural infrastructure: Carrying out Subprojects to be selected in accordance with paragraph 16 of Schedule 5 to this Loan Agreement and the relevant provisions of the PAM.

Output 2. Increased capacity to efficiently develop, manage and use productive rural infrastructure: (a) Providing training courses completed on Project management; (b) developing condition inventories and operation and management plans for all Subprojects; (c) providing training in the development and management of productive rural infrastructure to MARD and DARD staff; (d) providing in-service training to upgrade formal qualifications to MARD and DARD staff; (e) providing training courses for users and beneficiaries to optimally use the upgraded productive rural infrastructure; (f) carrying out road and dam safety campaigns; and (g) implementing special studies, pilots and demonstrations for improved productive rural infrastructure and irrigation scheme management.

Output 3. Efficient project management: (a) establishing a CPMU and 5 PPMUs; (b) recruiting and fielding consultants for Project start-up, implementation, benefit monitoring and safeguard monitoring; and (c) completing feasibility study and construction works.

3. Unless otherwise agreed upon between the Borrower and ADB, Consulting Services may be used for (a) Project implementation/management, (b) safeguards review, (c) detailed design and construction supervision for Subprojects, (d) special studies, pilot/demonstration and water management, (e) monitoring and evaluation, (f) dam, road safety and HIV awareness and baseline survey, (g) Project financial audit, and (h) Project start up, research design and bid preparation.

4. The Project is expected to be completed by 31 December 2018.

SCHEDULE 2

Amortization Schedule

(Productive Rural Infrastructure Sector Project in the Central Highlands)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
15 March 2019	1,326,000
15 September 2019	1,326,000
15 March 2020	1,326,000
15 September 2020	1,326,000
15 March 2021	1,326,000
15 September 2021	1,326,000
15 March 2022	1,326,000
15 September 2022	1,326,000
15 March 2023	1,326,000
15 September 2023	1,326,000
15 March 2024	1,326,000
15 September 2024	1,326,000
15 March 2025	1,326,000
15 September 2025	1,326,000
15 March 2026	1,326,000
15 September 2026	1,326,000
15 March 2027	1,326,000
15 September 2027	1,326,000
15 March 2028	1,326,000
15 September 2028	1,326,000
15 March 2029	1,326,000
15 September 2029	1,326,000
15 March 2030	1,326,000
15 September 2030	1,326,000
15 March 2031	1,326,000
15 September 2031	1,326,000
15 March 2032	1,326,000
15 September 2032	1,326,000
15 March 2033	1,326,000
15 September 2033	1,326,000
15 March 2034	1,326,000
15 September 2034	1,326,000
15 March 2035	1,326,000
15 September 2035	1,326,000
15 March 2036	1,326,000
15 September 2036	1,326,000
15 March 2037	1,326,000
15 September 2037	1,326,000
15 March 2038	1,326,000
15 September 2038	1,327,000
Total	**53,041,000**

*The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3

Allocation and Withdrawal of Loan 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 Loan and the allocation of the Loan 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 Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Interest Charge

3. The amount allocated to Category 9 is for financing the interest charge on the Loan during the implementation period of the Project.

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 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, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Productive Rural Infrastructure Sector Project in the Central Highlands)				
Number	**Item**	**Total Amount Allocated for ADB Financing (SDR)**		**Basis for Withdrawal from the Loan Account**
		Category	**Subcategory**	
1	Works	41,243,000		100% of total expenditure claimed
2	Construction Services	3,288,000		
2A	Subproject Detailed Designs		2,008,000	100% of total expenditure claimed
2B	Construction Supervision		763,000	100% of total expenditure claimed
2C	Subproject Special Studies and Quality Assurances		245,000	100% of total expenditure claimed
2D	Subproject Safeguard Reviews		232,000	100% of total expenditure claimed
2E	Bid Preparation		40,000	100% of total expenditure claimed
3	Vehicle, Equipment and Accounting Software	329,000		
3A	Vehicle		199,000	100% of total expenditure claimed
3B	Equipment and Accounting Software		130,000	100% of total expenditure claimed
4	Consulting Services	2,323,000		100% of total expenditure claimed
5	Training	1,444,000		100% of total expenditure claimed
6	Study Tours	197,000		100% of total expenditure claimed
7	Project Management*	2,601,000		
7A	Central Level		781,000	100% of total expenditure claimed
7B	Provincial Level		1,820,000	100% of total expenditure claimed
8	Project Financial Auditing	80,000		100% of total expenditure claimed
9	Interest Charges	1,536,000		100% of amounts due
	Total	53,041,000		

* Including salaries for Project contracted staff and office operation costs at the CPMU and PPMUs, but not including any salaries/remunerations other than travel costs and daily subsistence allowances for the government officials who work for the Project.

SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.

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

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:

(a) International Competitive Bidding;
(b) National Competitive Bidding; and
(c) Shopping.

4. 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.

Domestic Preference

5. 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.

National Competitive Bidding

6. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

Conditions for Award of Contract

7. The Project Provinces shall not award any Works contract for the respective Subprojects which involves environmental impacts until MARD has:

(a) obtained the final approval of the IEE from the Borrower's Ministry of Natural Resources and Environment; and

(b) incorporated the relevant provisions from the EMP into the Works contract.

8. The Project Provinces shall not award any Works contract for the respective Subprojects involving involuntary resettlement impacts until such Project Provinces have prepared and submitted to ADB the final RPs for the Subprojects based on the Subprojects' detailed design, and obtained ADB's clearance of the RPs.

9. The Project Provinces shall not award any Works contract for the respective Subprojects which involve impacts on indigenous peoples until such Project Provinces have prepared and submitted to ADB the final EMDP and obtained ADB's clearance of the EMDP.

Consulting Services

10. Except as ADB may otherwise agree, and except as set forth in the paragraph below, the Borrower shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

11. The Borrower shall apply the following methods for selecting and engaging the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan:

(a) Fixed Budget Selection for construction supervision, detailed design, special studies, pilot/demonstration, water management, safeguards review, and monitoring and evaluation;

(b) Least-Cost Selection for Project financial audit; and

(c) Consultants' Qualifications Selection for dam, road safety and HIV awareness and baseline survey.

12. The Borrower shall recruit the individual consultants for Project start-up, research design and bid preparation in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

13. (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.

14. 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.

ADB's Review of Procurement Decisions

15. 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

Execution of Project; Environmental, Social, Financial and Other Matters

Implementation Arrangements

1. The Borrower shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Environment

2. The Borrower shall ensure and cause the Project Provinces to ensure that the preparation, design, construction, implementation, operation and decommissioning of each Subproject and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the EARF; and (d) all measures and requirements set forth in the respective IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

3. The Borrower shall further ensure that (a) no Subprojects with significant adverse environmental impacts are financed under the Project; and (b) Subprojects are carried out in accordance with environmental assessment procedures provided in the EARF as agreed between the Borrower and ADB.

Resettlement

4. The Borrower shall ensure and cause the Project Provinces to ensure that all land and all rights-of-way required for each Subproject and all Project facilities are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the RF; and (d) all measures and requirements set forth in the respective RP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

5. The Borrower shall further ensure and cause the Project Provinces to ensure that no Subprojects which meet the Category A resettlement criteria as defined in the SPS, are included in the list of the Candidate Subprojects, and that no Subproject with Category A resettlement criteria is financed under the Project. Should actual resettlement related costs for the Project be in excess of the agreed amount to be financed by the Loan proceeds, the Borrower shall cause the Project Provinces to provide the necessary additional funds to cover such excess.

6. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or the RPs, the Borrower shall ensure and cause the Project Provinces to ensure that no physical or economic displacement takes place in connection with the respective Subprojects until:

(a) compensation and other entitlements have been provided to affected people in accordance with the RP; and

(b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Ethnic Minorities

7. The Borrower shall ensure and cause the Project Provinces to ensure that the preparation, design, construction, implementation and operation of the Project, each Subproject and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to ethnic minorities; (b) the Indigenous Peoples Safeguards; (c) the EMDF; and (d) all measures and requirements set forth in the respective EMDPs, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

8. The Borrower shall make available and cause the Project Provinces to make available necessary budgetary and human resources to fully implement the EMPs, the RPs and the EMDPs.

Safeguards-Related Provisions in Bidding Documents and Works Contracts

9. The Borrower shall ensure and cause the Project Provinces to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

(a) comply with the measures and requirements relevant to the contractor set forth in the respective IEEs, EMPs, RPs and EMDPs (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report;

(b) make available a budget for all such environmental and social measures;

(c) provide the Borrower, through the respective Project Provinces, with a written notice of any unanticipated environmental, resettlement or ethnic minority risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the RP or the EMDP;

(d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and

(e) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-Project condition upon the completion of construction.

Schedule 5

Safeguards Monitoring and Reporting

10. The Borrower shall do or shall cause the Project Provinces to do the following:

(a) submit semiannual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;

(b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEEs, the EMPs, the RPs or the EMDPs, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and

(c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMPs, the RPs or the EMDPs promptly after becoming aware of the breach.

Prohibited List of Investments

11. The Borrower shall ensure or cause the Project Provinces to ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Gender and Development

12. The Borrower, through MARD shall ensure that the GAP is fully implemented and that the gender mainstreaming activities are incorporated into the Project design and undertaken during annual Project implementation planning and Project implementation with sufficient budget. Such activities shall include: (a) women's participation in the design consultation; (b) the inclusion of representatives of the commune level women's union to the commune supervision board; (c) the employment opportunity of women to participate in Subproject construction activities on the basis of equal pay with men for equal work; (d) the opportunity for women to participate in post-construction Subproject operation and maintenance activities on the basis of equal pay with men; (e) pro-poor activities specifically focused on women's needs; (f) equal opportunity for men and women to attend training courses and sessions of the capacity building component; (g) the appointment of CPMU and PPMUs' gender focal points and the inclusion of a social and gender specialist in the Project implementation consulting team to support CPMU and PPMUs to address gender issues as and where necessary; (h) the proposed use of gender-disaggregated data in the benefit monitoring aspects of Project monitoring and evaluation; and (i) reporting to ADB on the above activities implementation on regular basis.

Works Contract

13. The Borrower, through the Project Provinces, shall ensure that (a) Works contractors comply with all applicable Viet Nam's labor laws and related international treaty

obligations, and (b) the bidding document for Works contracts shall include provisions to require the contractors to (i) provide equal pay for equal work; (ii) provide the timely payment of wages; (iii) use local unskilled labor, as applicable; (iv) comply with core labor standards and the applicable Viet Nam's labor laws and regulations, including stipulations related to employment; and (v) not employ child labor or trafficked labor for any activities. The Borrower shall cause each of the Project Provinces to ensure that its relevant records of labor employment (disaggregated by gender and ethnic minority groups) are properly maintained and tracked in the Project performance monitoring system, and compliance is strictly monitored.

Community Awareness and Beneficiary Participation

14. The Borrower, through MARD, shall ensure that Project Provinces promote active community awareness and stakeholder participation in the design, implementation and performance monitoring of Subprojects, through (a) disseminating the nature of the proposed Works in open public forums, (b) establishing a mechanism for public consultation, and (c) financing the operations of the respective commune supervision board during Project physical implementation activities.

Disbursement to a Particular Project Province

15. The Borrower shall ensure that prior to any disbursement of the Loan proceeds to a particular Project Province, in such a Project Province, a PPMU has been established within each DARD, with key staff acceptable to ADB, appointed including safeguard officers who will be responsible for monitoring safeguard compliance during Subproject design and implementation, together with other administrative support staff.

Subproject Eligibility and Priority

16. The Borrower shall ensure that (a) only Candidate Subprojects are considered for financing under the Project; (b) Candidate Subprojects in each Project Province are taken up in the order of priority as indicated in the PAM; (c) feasibility studies and detailed design for such Candidate Subprojects are carried out in accordance with the relevant provisions under the PAM; and (d) only Candidate Subproject which meets feasibility criteria as provided in the PAM is financed as a Subproject under the Project.

Operation and Maintenance of Project Facilities

17. The Borrower shall ensure that before approval of the relevant Subproject investment reports, each Project Province executes with MARD a memorandum of understanding, acceptable to ADB, providing such Project Province shall (a) prepare a maintenance management plan that includes estimates of the physical works and associated costs required for routine and periodic maintenance, as well as provisions for emergency repairs for the whole life of the Project facilities; (b) include the maintenance management plans in its annual budgets and provide adequate funds in a timely manner from provincial budgets to implement the maintenance management plan; and (c) establish mechanisms for the safe and proper use for each of the Project facilities in accordance with national regulations and practice, including, but not limited to, posting signs on roads and bridges of maximum weight limits, and as necessary alerting users of hazards or establishing physical barriers that prohibit vehicles above a certain size to pass.

18. The Borrower shall cause each Project Province to (a) allocate, from 2018 to 2034, an annual budget equal to the amount to be calculated based on the whole life asset analysis of the concerned Project facilities for Project-related operation and maintenance work; and (b) ensure that its respective provincial irrigation and drainage company receives adequate budget allocations for the operation and maintenance work under its responsibility.

Governance and Anticorruption

19. The Borrower shall comply and cause the Project Provinces to comply with ADB's Anticorruption Policy (1998, as amended to date) and the Combating Money Laundering and the Financing of Terrorism Policy (2003). The Borrower (a) acknowledges ADB's right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project; (b) agrees to cooperate fully with, and to cause each of the Project Provinces to cooperate fully with, any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation; and (c) agrees to refrain, and cause each of the Project Provinces to refrain, from engaging in money laundering activities or financing of terrorism and shall allow, and cause each of the Project Provinces to allow, ADB to investigate any violation or potential violation of these undertakings.

20. The Borrower shall disclose, through MARD's Agriculture Project Management Board's website, information concerning the Project, including general Project information, procurement, Project progress, and contact details in the English and Vietnamese languages. The website shall also provide a link to ADB's Integrity Unit (http://www.adb.org/Integrity/complaint.asp) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. With regard to procurement, the website shall include information on the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of Goods, Works and Consulting Services procured.