LOAN NUMBER 2826-VIE (SF)

LOAN AGREEMENT
(Special Operations)

(Comprehensive Socioeconomic Urban Development Project in
Viet Tri, Hung Yen, and Dong Dang)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 9 March 2012

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 9 March 2012 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;

(B) the Project will be carried out by the Provincial People's Committees of Phu Tho, Hung Yen and Lang Son ("Project Executing Agencies"), and for this purpose the Borrower will make available to the Project Executing Agencies the proceeds of the loan, provided for herein, as a grant, to be used for the implementation of the Project;

(C) the Borrower has also applied to the Export Import Bank of Korea ("KEXIM") and KEXIM has agreed to make a loan to the Borrower to finance Hung Yen wastewater treatment plant and network ("Hung Yen Project"), which shall complement the Project and shall be beneficial for the socioeconomic urban development of Hung Yen, upon the terms and conditions set forth in a loan agreement to be entered into between the Borrower and KEXIM; and

(D) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and the Project Executing Agencies;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the 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) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2010, as amended from time to time);

(b) "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;

(c) "Corrective Action Plan" or "CAP" means the corrective action plan for component 5 of the Project, including any updates thereto, prepared and submitted by the PPC, Lang Son and cleared by ADB;

(d) "Dong Dang" means the Dong Dang town in the Borrower's Lang Son Province;

(e) "Environment Management Plans" or "EMPs" means the environment management plans for the Project, including any updates thereto, incorporated in the IEEs;

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

(g) "Ethnic Minorities Development Plan" or "EMDP" means the ethnic minorities plan for the Project, including any updates thereto, prepared and submitted by the PPC, Lang Son and cleared by ADB;

(h) "Ethnic Minorities Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

(i) "FGIA" means first generation imprest account;

(j) "Gender Action Plan" or "GAP" means the consolidated gender action plan for the Project, including any updates thereto, prepared and submitted by the Project Executing Agencies and cleared by ADB;

(k) "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;

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

(m) "Hung Yen" means the Hung Yen City in the Borrower's Hung Yen Province;

(n) "Initial Environment Examinations" or "IEEs" means the initial environment examinations for the Project, including any updates thereto, prepared and submitted by the Project Executing Agencies and cleared by ADB;

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

(p) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2007, as amended from time to time);

(q) "PAM" means the project administration manual for the Project dated 7 October 2011 and agreed between the Borrower, Project Executing Agencies and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower, Project Executing Agencies and ADB;

(r) "PIU" means a project implementation unit;

(s) "PPC" means a provincial people's committee;

(t) "PPC, Hung Yen" means the PPC of the Borrower's Hung Yen Province or any successor thereto;

(u) "PPC, Lang Son" means the PPC of the Borrower's Lang Son Province or any successor thereto;

(v) "PPC, Phu Tho" means the PPC of the Borrower's Phu Tho Province or any successor thereto;

(w) "PPTA" means ADB's technical assistance to the Borrower for Preparing Comprehensive Socioeconomic Urban Development Project – Viet Tri, Hung Yen and Dong Dang, dated 12 April 2010 (TA7516-VIE);

(x) "Procurement Guidelines" means ADB's Procurement Guidelines (2010, as amended from time to time);

(y) "Procurement Plan" means the procurement plan for the Project dated 7 October 2011 and agreed between the Project Executing Agencies and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(z) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means each of the PPC, Phu Tho, PPC, Hung Yen and the PPC, Lang Son or any successors thereto acceptable to ADB, which are responsible for the carrying out of their respective components of the Project and "Project Executing Agencies" means all of them;

(aa) "Project facilities" means any facilities to be constructed, provided, rehabilitated, operated and/or maintained under the Project;

(bb) "Province" means the Borrower's Phu Tho Province, Hung Yen Province or the Lang Son Province or any successors thereto;

(cc) "Resettlement Plans" or "RPs" means the resettlement plans for the Project, including any updates thereto, prepared and submitted by the Project Executing Agencies and cleared by ADB;

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

(ee) "Safeguards and Social Monitoring Report" means each report prepared and submitted by each Project Executing Agency to ADB that describes progress with implementation of and compliance with, as applicable, the EMP, the RP, the CAP, the GAP and the EMDP, including any corrective and preventative actions;

(ff) "SGIA" means second generation imprest account;

(gg) "Viet Tri" means the Viet Tri City in the Borrower's Phu Tho Province; and

(hh) "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 forty five million seventeen thousand Special Drawing Rights (SDR 45,017,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 1% per annum during the grace period, and 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 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 1 June and 1 December 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 make the proceeds of the Loan available, as a grant, to the Project Executing Agencies and shall cause the Project Executing Agencies to apply such proceeds 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 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 2017 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 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. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.03. The Borrower shall take all actions which shall be necessary on its part to enable the Project Executing Agencies to perform their obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

ARTICLE V

Effectiveness

Section 5.01. A date 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

Delegation of Authority

Section 6.01. The Borrower hereby designates each Project Executing Agency as its agent for the purposes of taking any action or entering into any agreement required or permitted under Section 3.03 of this Loan Agreement and under Sections 5.01, 5.02, and 5.03 of the Loan Regulations.

Section 6.02. Any action taken or any agreement entered into by the Project Executing Agencies pursuant to the authority conferred under Section 6.01 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 6.03. The authority conferred on the Project Executing Agencies under Section 6.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

ARTICLE VII

Miscellaneous

Section 7.01. The State Bank of Vietnam is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 7.02. 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) 636-2018.

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 Viet Nam

ASIAN DEVELOPMENT BANK

By _____
TOMOYUKI KIMURA
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is improved urban infrastructure and municipal services in Viet Tri, Hung Yen and Dong Dang.

2. The Project shall comprise the following components:

Component 1: **Viet Tri Urban Roads:** This component comprises: (a) construction and improvement of western part of the city ring road from the northern dyke road to the southern dyke road, including two road sections; and (b) construction of a new road from the Noi Bai–Lao Cai expressway to the city center.

Component 2: **Viet Tri Solid Waste Management:** This component comprises the provision of fleet and equipment for solid waste collection and transfer to Viet Tri.

Component 3: **Hung Yen Old Town Infrastructure:** This component comprises upgradation of basic infrastructure through improvement of narrow and unpaved roads with provision of water supply, wastewater collection and drainage pipes and utility ducts for electricity and telecommunications in Hung Yen.

Component 4: **Hung Yen Urban Road:** This component comprises construction of approximately 3.3 kilometers (km) road across the extended new town towards north of Hung Yen.

Component 5: **Dong Dang Huu Nghi Border Gate:** This component comprises: (a) development of infrastructure of the Huu Nghi border gate, including roads, drainage and parking areas; and (b) construction of office buildings and footbridges connecting the office buildings.

Component 6: **Dong Dang Drainage and Flood Protection:** This component comprises increasing the capacity of existing drainage to protect the Dong Dang market from frequent inundation.

3. The Project shall provide consulting services to: (a) help in ensuring that Project implementation shall fully comply with ADB's policies and operational requirements in terms of detailed designs, procurement, construction supervision, disbursement, financial management and social and environmental safeguards; (b) design and conduct capacity development programs in urban planning and management, public infrastructure planning and implementation, operation and maintenance, financial management and cost recovery, and environmental management; (c) help local communities in increasing awareness of public health, environmental management and traffic safety; and (d) assist in analytical studies on specific topics including a long-term residential land development plan for Viet Tri, a detailed master plan for the old town in Hung Yen, and potential for public-private partnership at the Huu Nghi border gate facilities in Dong Dang.

4. The Project is expected to be completed by 31 December 2016.

SCHEDULE 2

Amortization Schedule

(Comprehensive Socioeconomic Urban Development Project in Viet Tri, Hung Yen, and Dong Dang)

Date	Payment of Principal (expressed in Special Drawing Rights)*
1 June 2020	937,854
1 December 2020	937,854
1 June 2021	937,854
1 December 2021	937,854
1 June 2022	937,854
1 December 2022	937,854
1 June 2023	937,854
1 December 2023	937,854
1 June 2024	937,854
1 December 2024	937,854
1 June 2025	937,854
1 December 2025	937,854
1 June 2026	937,854
1 December 2026	937,854
1 June 2027	937,854
1 December 2027	937,854
1 June 2028	937,854
1 December 2028	937,854
1 June 2029	937,854
1 December 2029	937,854
1 June 2030	937,854
1 December 2030	937,854
1 June 2031	937,854
1 December 2031	937,854
1 June 2032	937,854
1-December-2032	937,854
1 June 2033	937,854
1 December 2033	937,854
1 June 2034	937,854
1 December 2034	937,854
1 June 2035	937,854

Schedule 2

Date	Payment of Principal (expressed in Special Drawing Rights)*
1 December 2035	937,854
1 June 2036	937,854
1 December 2036	937,854
1 June 2037	937,854
1 December 2037	937,854
1 June 2038	937,854
1 December 2038	937,854
1 June 2039	937,854
1 December 2039	937,854
1 June 2040	937,854
1 December 2040	937,854
1 June 2041	937,854
1 December 2041	937,854
1 June 2042	937,854
1 December 2042	937,854
1 June 2043	937,854
1 December 2043	937,862
TOTAL	45,017,000

* 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.)

Percentages of ADB Financing

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

Interest Charge

3. The amount allocated to Category 5 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.

Schedule 3

Imprest Account and Statement of Expenditures

6. (a) Except as ADB may otherwise agree, the Borrower shall cause to be established, immediately after the Effective Date, (i) three FGIAs, one each for: (1) PIU for Viet Tri urban roads (including solid waste management component); (2) PIU for Hung Yen old town infrastructure and urban road; and (3) PIU for Huu Nghi border gate (buildings), at commercial banks acceptable to ADB, and (ii) two SGIAs, one each for: (1) PIU for Dong Dang Huu Nghi border gate (infrastructure); and (2) PIU for Dong Dang drainage and flood protection, at commercial banks acceptable to ADB (collectively, imprest accounts). The imprest accounts shall be established, managed, replenished and liquidated in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Project Executing Agencies and ADB. The imprest accounts shall only be used for the purposes of the Project. The currency of the imprest accounts shall be the Dollar. The aggregate amount to be deposited into the imprest accounts shall not exceed the lower of (i) the estimated expenditure to be financed from the imprest accounts for 6 months of Project implementation, or (ii) $3,000,000 with $1,000,000 for each FGIA.

(b) The statement of expenditures procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the FGIAs, in accordance with Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. Any individual payment to be reimbursed shall not exceed the equivalent of $50,000.

(c) The Borrower shall cause the Project Executing Agencies to ensure that (i) their respective PIUs maintain separate accounts for the Project; and (ii) SGIA holders submit to the relevant FGIA holder: (1) full supporting documents for liquidation and replenishment of the SGIAs; and (2) annual financial statements (balance sheet, statement of income and expenses, and related statements) for consolidated audit and further submission to ADB.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Comprehensive Socioeconomic Urban Development Project in Viet Tri, Hung Yen, and Dong Dang)				
CATEGORY				**ADB FINANCING**
Number	**Item**	**Total Amount Allocated for ADB Financing (SDR)**		**Percentage and Basis for Withdrawal from the Loan Account**
		Category	**Subcategory**	
1	Works	28,071,000		
1A	Viet Tri		12,380,000	87% of total expenditure claimed
1B	Hung Yen		3,878,000	88% of total expenditure claimed
1C	Dong Dang		11,813,000	90% of total expenditure claimed
2	Equipment	1,762,000		100% of total expenditure claimed*
3	Consulting Services	2,888,000		100% of total expenditure claimed*
4	Incremental Costs**	1,492,000		100% of total expenditure claimed*
5	Interest During Construction	444,000		100% of total amounts due
6	Unallocated	10,360,000		
	Total	45,017,000		

* Exclusive of taxes and duties imposed within the territory of the Borrower.
** including office equipment (computers, printers, etc), meetings and workshops, and communications and reports.

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 Project Executing Agencies 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.

National Competitive Bidding

5. The Borrower shall cause the Project Executing Agencies to 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 Project Executing Agencies 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 Project Executing Agencies and ADB.

Conditions for Award of Contract

6. The Borrower shall cause the Project Executing Agencies not to award any Works contracts:

(a) which involve environmental impacts until: (i) the Department of Natural Resources and Environment of each Province has granted the final approval of its IEE; and (ii) each Project Executing Agency has incorporated the relevant provisions from its EMP into the Works contracts;

(b) which involve involuntary resettlement impacts, until each Project Executing Agency has prepared and submitted to ADB its final RP and

CAP (as applicable) based on the Project's detailed design, and obtained ADB's clearance of such RP and CAP (as applicable); and

(c) which involve impacts on ethnic minorities, until PPC, Lang Son has prepared and submitted to ADB the final EMDP, and obtained ADB's clearance of such EMDP.

Consulting Services

7. Except as ADB may otherwise agree, the Borrower shall cause the Project Executing Agencies to apply quality- and cost-based selection for selecting and engaging Consulting Services.

Industrial or Intellectual Property Rights

8. (a) The Borrower shall cause the Project Executing Agencies to 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 cause the Project Executing Agencies to 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.

9. The Borrower shall cause the Project Executing Agencies to 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

10. 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; Financial Matters

Implementation Arrangements

1. The Borrower shall cause the Project Executing Agencies to 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 Project Executing Agencies 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 cause the Project Executing Agencies to ensure that the preparation, design, construction, commissioning, implementation and operation of the Project 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; and (c) all measures and requirements, including, without limitation, those relating to disposal of sludge, effluent and solid waste, set forth in the IEEs, the EMPs, and any corrective or preventative actions set forth in any Safeguards and Social Monitoring Report. In case of any discrepancy or inconsistency among the Borrower's laws, regulations and procedures relating to environment, health and safety and the SPS, the SPS shall prevail.

3. Prior to commencement of civil works for the Hung Yen Project, the Borrower shall submit to ADB the final initial environmental examination for clearance. The Borrower shall further ensure that environment monitoring reports for the Hung Yen Project are regularly submitted to ADB during the construction phase of the Hung Yen Project.

Land Acquisition and Involuntary Resettlement

4. The Borrower shall cause the Project Executing Agencies to ensure that all land and all rights-of-way required for the Project are made available to the Works contractor(s) in accordance with the schedule set out in the Works contract(s) and that all land acquisition and resettlement activities are carried out and 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; and (c) all measures and requirements set forth in the RPs, and any corrective or preventative actions set forth in any Safeguards and Social Monitoring Report. In case of any discrepancy or inconsistency among the Borrower's laws, regulations and procedures relating to land acquisition and involuntary resettlement and the SPS, the SPS shall prevail. Significant gaps between the Borrower's laws, regulations and procedures relating to land acquisition and involuntary resettlement and the SPS, identified during the preparation of the Project, are specified in the chapter on resettlement policy in each RP.

5. The Borrower shall cause each Project Executing Agency to engage, prior to updating its RP and the CAP (as applicable), (a) social/gender specialist; and (b) resettlement specialist to assist it in the updating, implementation and monitoring of its RP and the CAP (as applicable).

6. Without limiting the application of the SPS or the RPs, the Borrower shall cause the Project Executing Agencies to ensure that no physical or economic displacement takes place in connection with the Project until: (a) compensation and other entitlements have been provided to affected people in accordance with the RPs; and (b) comprehensive income and livelihood restoration programs have been established in accordance with the RPs.

7. The Borrower shall cause the PPC, Lang Son to ensure that for component 5 of the Project: (a) compensation and other entitlements are provided to affected people in accordance with the CAP; and (b) comprehensive income and livelihood restoration program shall be established and implemented in accordance with the CAP. The Borrower shall cause the PPC, Lang Son to also ensure that disruptions to the vendors at Dong Dang Market due to Works are minimized, and that any loss of income resulting from such disruptions is mitigated through income support assistance.

Ethnic Minorities

8. The Borrower shall cause the PPC, Phu Tho and the PPC, Hung Yen to ensure that the Project does not have any ethnic minorities' impact, all within the meaning of the SPS. In the event the Project does have any such impact, PPC, Phu Tho and PPC, Hung Yen shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

9. The Borrower shall cause the PPC, Lang Son to ensure that the preparation, design, construction, commissioning, implementation and operation of the Project and all Project facilities comply with: (a) all applicable laws and regulations of the Borrower relating to ethnic minorities; (b) the Ethnic Minorities Safeguards; and (c) all measures and requirements set forth in the EMDP and any corrective or preventative actions set forth in any Safeguards and Social Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

10. The Borrower shall cause the Project Executing Agencies to make available necessary human and budgetary resources to fully implement, as applicable, the EMPs, the RPs, the CAP, the GAP and the EMDP.

Safeguards-Related Provisions in Bidding Documents and Works Contracts

11. The Borrower shall cause the Project Executing Agencies to ensure that all bidding documents and contracts for Works contain specific provisions that require contractors to:

(a) comply with the measures relevant to the contractors set forth in the IEEs, the EMPs, the RPs, the CAP (as applicable) and the EMDP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards and Social Monitoring Report;

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

(c) provide the Project Executing Agency concerned with a written notice of any unanticipated environmental, resettlement or ethnic minorities risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEEs, the EMPs, the RPs, the CAP (as applicable) and the EMDP;

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

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

(f) (i) comply with all applicable labor laws of the Borrower on the prohibition of child and forced labor; (ii) give equal pay for equal work regardless of gender, ethnicity or social group; (iii) disseminate information on sexually transmitted diseases (including HIV/AIDS) and human trafficking to sub-contractors/employees and local communities surrounding the Project construction sites; and (iv) implement HIV/AIDS and human trafficking awareness activities.

Safeguards Monitoring and Reporting

12. The Borrower shall cause the Project Executing Agencies to:

(a) submit, at least, semi-annual Safeguards and Social 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, the CAP (as applicable) and the EMDP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;

(c) engage, prior to commencement of any land acquisition and resettlement activities, qualified and experienced external expert(s) under a selection process and terms of reference acceptable to ADB, to: (i) verify resettlement impacts; (ii) verify timely and full implementation of RPs and CAP (as applicable); (iii) if any unanticipated resettlement/social risks arise during construction, implementation or operation of the Project that were not considered in the RPs, the CAP (as applicable) and the EMDP, promptly inform the Project Executing Agency concerned and ADB of the occurrence of such risks, with detailed description of the event and proposed corrective action plan; and (iv) evaluate RPs' and CAP's (as applicable) effectiveness in achieving the desired outcome;

(d) facilitate the external expert(s) engaged under sub-paragraph (c) in the carrying out of any verification activities by such external expert(s);

(e) establish city/town resettlement committees to oversee and monitor implementation of the RPs and the CAP (as applicable); and

(f) report any actual or potential breach of compliance with the measures and requirements set forth in the EMPs, the RPs, the CAP (as applicable) or the EMDP, promptly after becoming aware of the breach.

Gender and Development

13. The Borrower shall cause the Project Executing Agencies to adopt the GAP and to ensure that it is fully implemented in a timely manner over the entire period of the Project, and that adequate resources are allocated for this purpose. In particular, the Borrower shall cause the Project Executing Agencies to ensure that: (i) at least 30% of the unskilled labor force in Works are women; (ii) at least 50% of community facilitators for hygiene and sanitation awareness related activities are women; (iii) women unions provide capacity building training and material support to ensure that women's needs are addressed during the implementation of the Project; and (iv) awareness and prevention programs on sexually transmitted diseases, including HIV/AIDS, and human trafficking specifically mitigate risks to women.

14. Each Project Executing Agency shall cause its PIU to prepare a field manual for the GAP and to conduct training of all Project staff on the GAP. The Borrower shall cause the Project Executing Agencies to closely monitor the implementation of the GAP and to report progress in the Safeguards and Social Monitoring Reports to ADB.

Counterpart Support

15. The Borrower shall cause the Project Executing Agencies to make available necessary counterpart funds for advance actions to: (i) prepare detailed designs based on the engineering concepts developed under the PPTA; and (ii) initiate the process of engagement of consultants for implementation support, capacity development, and awareness building activities under the Project.

Governance and Corruption

16. The Borrower, the Project Executing Agencies and the PIUs shall (i) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (ii) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

17. The Borrower shall cause the Project Executing Agencies to ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the Project Executing Agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.