LOAN NUMBER 1340 VIE(SF)

LOAN AGREEMENT
(Special Operations)

(Agriculture Sector Program)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 19 JANUARY 1995

LPS:VIE 25325

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 19 January 1995 between SOCIALIST REPUBLIC OF VIET NAM (hereinafter called the Borrower) and ASIAN DEVELOPMENT BANK (hereinafter called the Bank).

WHEREAS

(A) The Bank has received from the Borrower a development policy letter dated 4 November 1994 (hereinafter called the Policy Letter), setting forth certain objectives, policies and actions, described in Schedule 1 to this Loan Agreement, designed to develop the Borrower's agriculture sector (hereinafter called the Program);

(B) the Borrower has applied to the Bank for a loan from its Special Funds resources for the purposes of the Program;

(C) the Borrower has also applied to the Bank for technical assistance in connection with (i) a study of rice market monitoring and policy options, and (ii) a study of the land information system and agricultural taxation, and by Technical Assistance Agreements of even date herewith, the Bank has agreed to provide to the Borrower for these purposes technical assistance grants up to the equivalent of one million four hundred seventy-eight thousand dollars ($1,478,000) in the aggregate; and

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

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Special Operations Loan Regulations of the Bank, dated 7 December 1982, are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully

set forth herein, subject, however, to the following modifications thereof (said Special Operations Loan Regulations as so modified being hereinafter called the Loan Regulations):

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

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

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

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

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

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

(e) Section 4.05 is deleted.

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) "CLT" means a Certificate of Land Tenure issued in accordance with the 1993 Land Law;

(b) "Counterpart Funds" means the Dong proceeds accruing to the Borrower and generated from the Loan proceeds under the Program, and referred to in paragraph 4 of Schedule 5 to this Loan Agreement;

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

(d) "Eligible Items" means the machinery, equipment, materials and production inputs required for the agriculture sector and described in, but not excluded under the provisions

of, Attachment 1 to Schedule 3 to this Loan Agreement, the foreign exchange costs of which are eligible for financing out of the proceeds of the Loan;

(e) "First Tranche" means the portion of the proceeds of the Loan in an amount not exceeding the equivalent of SDR 26,944,500 to be initially withdrawn and utilized;

(f) "Fiscal Year" means, for VBA, the period beginning on 1 January of each year and ending on 31 December of the same year;

(g) "GDLA" means the General Department of Land Administration of the Borrower, and any successor thereto;

(h) "GPD" means the Government Price Department of the Borrower, and any successor thereto;

(i) "Harmonized System" means the Harmonized Commodity Description and Coding System of the Borrower, which is based on the Customs Cooperation Council (CCC) Nomenclature established by the Convention for the Classification of Goods in Customs Tariff and published by CCC in Brussels;

(j) "Imprest Account" means the account to be established with SBV pursuant to paragraph 4 of Schedule 3 to this Loan Agreement;

(k) "MAFI" means the Ministry of Agriculture and Food Industries of the Borrower, and any successor thereto;

(l) "MINFOR" means the Ministry of Forestry of the Borrower, and any successor thereto;

(m) "MOF" means the Ministry of Finance of the Borrower, and any successor thereto;

(n) "MOT" means the Ministry of Trade of the Borrower, and any successor thereto;

(o) "Prime Minister" means the Prime Minister of the Borrower, or any other official or office of the Borrower authorized to perform the duties of the Prime Minister;

(p) "Program Executing Agency" means, for the purposes and within the meaning of the Loan Regulations, MOF, which is responsible for the carrying out of the Program;

(q) "Program facilities" means facilities provided or to be provided under the Program;

(r) "Program period" means the period commencing on the Effective Date and ending on 31 December 1997 or such other date as may from time to time be agreed between the Borrower and the Bank;

(s) "SBV" means the State Bank of Viet Nam, and any successor thereto;

(t) "Second Tranche" means the balance of the proceeds of the Loan remaining after the utilization of the First Tranche, to be withdrawn pursuant and subject to the provisions of paragraph 7 of Schedule 3 to this Loan Agreement;

(u) "SPC" means the State Planning Committee of the Borrower, and any successor thereto;

(v) "VBA" means the Viet Nam Bank for Agriculture, and any successor thereto; and

(w) "1993 Land Law" means the Land Law adopted by the National Assembly of the Borrower on 14 July 1993, as amended from time to time.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower from the Bank's Special Funds resources an amount in various currencies equivalent to fifty-three million eight hundred eighty-nine thousand Special Drawing Rights (SDR 53,889,000).

Section 2.02. The Borrower shall pay to the Bank a service charge at the rate of one per cent (1%) per annum on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

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

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

(b) If the Bank shall determine, after due consideration by its Board of Directors, that (i) the Borrower's gross national product per capita (per capita GNP) has exceeded $690 in constant 1985 dollars for five consecutive years and (ii) the Borrower has achieved the capacity to borrow from the Bank's ordinary capital resources, the Bank may, by notice to the Borrower, modify the terms of repayment of the Loan by increasing by 100 per cent the amount of each maturity due thereafter until the principal amount of the Loan shall have been fully repaid. However, at the request of the Borrower, the Bank may, in lieu of so increasing any such maturity amounts, charge interest, at an annual rate to be agreed between the Borrower and the Bank, on the principal amount of the Loan withdrawn and outstanding from time to time in such a manner and to such extent as to yield the same grant element as would be obtained under the above-stated increase of maturity amounts.

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

ARTICLE III

Use of Proceeds of the Loan

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

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

Section 3.03. Except as the Borrower and the Bank may otherwise agree, all Eligible Items to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement. The Bank shall not finance a contract for goods which have not been

procured in accordance with procedures agreed between the Borrower and the Bank or where the terms and conditions of the contract are not satisfactory to the Bank.

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

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

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

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

Section 3.06. The closing date for withdrawals from the Loan Account for the purposes of Section 8.03 of the Loan Regulations shall be 30 June 1998 or such other date as may from time to time be agreed between the Borrower and the Bank.

ARTICLE IV

Particular Covenants

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

(b) In the carrying out of the Program and operation of the Program 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 make available, 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 Program and for the operation and maintenance of the Program facilities.

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

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

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

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

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

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

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

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

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

ARTICLE V

Effectiveness

Section 5.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the Program Coordination Committee shall have been established as provided in paragraph 2 of Schedule 5 to this Loan Agreement.

Section 5.02. The following is specified as an additional matter, for the purposes of Section 9.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank: that this Loan Agreement has been duly ratified by the President of the Borrower.

Section 5.03. 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 9.04 of the Loan Regulations.

ARTICLE VI
Miscellaneous

Section 6.01. The Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

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

For the Borrower

Ministry of Finance
No. 8 Phan Huy Chu Street
Hanoi, Viet Nam

Telex Number:

412232 MOFI-VT

Facsimile Number:

(84-4) 262-266.

For the Bank

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

Cable Address:

ASIANBANK
MANILA

Telex Numbers:

29066 ADB PH (RCA)
42205 ADB PM (ITT)
63587 ADB PN (ETPI)

Facsimile Numbers:

(63-2) 741-7961
(63-2) 632-6816
(63-2) 631-7961
(63-2) 631-6816.

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

SOCIALIST REPUBLIC OF VIET NAM

By _____
VU QUANG DIEM
Authorized Representative

ASIAN DEVELOPMENT BANK

By _____
MITSUO SATO
President

SCHEDULE 1

Description of the Program

1. The principal objectives of the Program are to create a favorable environment for sustained growth, increased efficiency and investment in the agriculture sector, including agricultural production, processing and trade, and to promote socioeconomic equity and reduce poverty through improving farmers' access to credit and improving farmers' rights to long-term land use. The scope of the Program includes three main areas of policy reform: (a) market orientation and efficiency; (b) rural financial intermediation; and (c) land tenure. The Program is described in more detail in the Policy Letter. The Program will be implemented during the period 1995-1997.

2. In support of the Program:

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

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

3. The proceeds of the Loan are expected to be utilized by 31 December 1997.

SCHEDULE 2

Amortization Schedule

(Agriculture Sector Program)

Date Payment Due		Payment of Principal (expressed in Special Drawing Rights)*
15 June	2005	SDR 538,900
15 December	2005	538,900
15 June	2006	538,900
15 December	2006	538,900
15 June	2007	538,900
15 December	2007	538,900
15 June	2008	538,900
15 December	2008	538,900
15 June	2009	538,900
15 December	2009	538,900
15 June	2010	538,900
15 December	2010	538,900
15 June	2011	538,900
15 December	2011	538,900
15 June	2012	538,900
15 December	2012	538,900
15 June	2013	538,900
15 December	2013	538,900
15 June	2014	538,900
15 December	2014	538,900
15 June	2015	1,077,800
15 December	2015	1,077,800
15 June	2016	1,077,800
15 December	2016	1,077,800
15 June	2017	1,077,800
15 December	2017	1,077,800
15 June	2018	1,077,800
15 December	2018	1,077,800
15 June	2019	1,077,800
15 December	2019	1,077,800
15 June	2020	1,077,800
15 December	2020	1,077,800

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

Schedule 2

Date Payment Due		Payment of Principal (expressed in Special Drawing Rights)*
15 June	2021	SDR 1,077,800
15 December	2021	1,077,800
15 June	2022	1,077,800
15 December	2022	1,077,800
15 June	2023	1,077,800
15 December	2023	1,077,800
15 June	2024	1,077,800
15 December	2024	1,077,800
15 June	2025	1,077,800
15 December	2025	1,077,800
15 June	2026	1,077,800
15 December	2026	1,077,800
15 June	2027	1,077,800
15 December	2027	1,077,800
15 June	2028	1,077,800
15 December	2028	1,077,800
15 June	2029	1,077,800
15 December	2029	1,077,800
15 June	2030	1,077,800
15 December	2030	1,077,800
15 June	2031	1,077,800
15 December	2031	1,077,800
15 June	2032	1,077,800
15 December	2032	1,077,800
15 June	2033	1,077,800
15 December	2033	1,077,800
15 June	2034	1,077,800
15 December	2034	1,076,800
	Total	SDR 53,889,000

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

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

1. Except as the Bank may otherwise agree, no withdrawals from the Loan Account shall be made in respect of: (i) any local expenditures; or (ii) any foreign exchange expenditures which have been financed by credits from official international or bilateral aid agencies or any other loans made by the Bank.

2. Except as the Bank may otherwise agree, withdrawals from the Loan Account shall be made for the financing of the foreign exchange cost of Eligible Items.

3. (a) The applications for withdrawal from the Loan Account shall be submitted to the Bank by the Program Executing Agency and shall be in a form satisfactory to the Bank.

(b) Except as otherwise provided under the Imprest Account procedure referred to in paragraph 4 of this Schedule or as the Bank may otherwise agree, such applications shall be supported by such documents and other evidence as are necessary to establish, to the satisfaction of the Bank, the eligibility for financing out of the proceeds of the Loan of the expenditures in respect of which such applications are made.

(c) With respect to each contract referred to in paragraph 3(a) of Schedule 4 to this Loan Agreement, and each contract referred to in paragraph 3(b) of Schedule 4 to this Loan Agreement costing the equivalent of $5,000,000 or less, the Borrower shall furnish to the Bank, together with the relevant statement of expenditures, a certification that the expenditures have been incurred in accordance with the terms and conditions of this Loan Agreement, and such other documentation and information as the Bank may reasonably request from time to time.

(d) With respect to each contract referred to in paragraph 3(b) of Schedule 4 to this Loan Agreement estimated to cost more than the equivalent of $5,000,000, the Borrower shall furnish to the Bank, together with the application for withdrawal from the Loan Account in respect thereof, two conformed copies of the corresponding contractual documentation and such other documentation and information as the Bank may reasonably request from time to time.

Schedule 3

4. (a) The Borrower shall establish with SBV promptly after the Effective Date an Imprest Account in order to make adequate amounts of the proceeds of the Loan available on a timely basis for the purposes of the Program. The Imprest Account shall be established, managed and liquidated in accordance with terms and conditions satisfactory to the Bank and consistent with the Bank's "Guidelines on Imprest Fund and Statement of Expenditures Procedures" and subject to detailed implementation arrangements agreed upon between the Borrower and the Bank.

(b) Except as the Bank may otherwise agree, any contract for Eligible Items estimated to cost the equivalent of more than $5,000,000 shall not be financed from the Imprest Account.

5. (a) Separate accounts and records in respect of the Imprest Account shall be maintained in accordance with consistently maintained sound accounting principles and shall be audited annually by independent auditors, whose qualifications, experience and terms of reference are acceptable to the Bank, in accordance with appropriate auditing standards. Promptly after their preparation but in any event not later than six months after the close of the fiscal year to which they relate, or not later than six months after the date of the closing of the Loan Account, as the case may be, certified copies of such audited accounts and records shall be furnished to the Bank, all in the English language.

(b) The Borrower shall retain, until at least one year after the Bank shall have received the report of auditors for the fiscal year in which the last withdrawal from the Imprest Account shall have been made, all records and other relevant documents (contracts, orders, invoices, bills, receipts) which formed the basis for withdrawal from the Imprest Account.

6. The Bank's Statement of Expenditures procedure shall be used for (i) reimbursement of expenditures on Eligible Items incurred within one hundred eighty days prior to the Effective Date; provided, however, that such procedure shall not be utilized in respect of expenditures incurred pursuant to contracts costing more than the equivalent of $5,000,000 each, and (ii) liquidation of expenditures from the Imprest Account.

7. Notwithstanding any other provisions of this Loan Agreement or the Loan Regulations, and except as the Bank may otherwise agree, no withdrawals shall be made from the Second Tranche unless the Bank shall be satisfied, after consultation with the Borrower, that: (a) sufficient progress has been achieved by the Borrower in the carrying out of the Program; and, in particular, (b) the Borrower has fulfilled the conditions for the release of the Second Tranche specified in Attachment 2 to this Schedule.

Attachment 1 to Schedule 3
(Page 1)

List of Eligible Items

1. Subject to the provisions of paragraph 2 below, the proceeds of the Loan shall be used to finance the foreign currency expenditures on imported goods included under the following Harmonized System Chapters, Headings and Code Numbers:

Chapter	Heading	Code	Description
1	1.01-1.06	101.11-106.00	Live animals
6	6.01	601.10-601.20	Bulbs, tubers, tuberous roots, corns, crowns and rhizomes; chicory plants and roots
6	6.02	602.10-602.99	Other live plants, cuttings and slips
10	10.01-10.08	1001.10-1008.90	Cereals
12	12.01-12.14	1201.00-1214.90	Oilseeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder
27	27.01-27.16	2701.11-2716.00	Mineral fuels, mineral oil and products of their distillation; bituminous substances; mineral waxes
30	30.02	3002.20-3002.39	Vaccines for veterinary medicine
30	30.05	3005.10-3005.90	Wadding, gauze, bandages and similar articles for veterinary purposes
31	31.01-31.05	3101.00-3105.90	Fertilizers

Chapter	Heading	Code	Description
38	38.08	3808.10-3808.30	Insecticides; fungicides; herbicides, anti-sprouting products and plant-growing regulators
39	39.23	3923.10-3923.90	Plastic articles for the conveyance or packing of goods
40	40.06-40.17	4006.10-4017.00	Rubber articles (including tubes, pipes, hoses, belts, tires, inner tubes, gaskets, washers and seals)
82	82.01-82.12	8201.10-8212.90	Hand tools
84	84.13-84.14; 84.19; 84.23; 84.24; 84.32-84.37	8413.11-8414.90; 8419.31; 8423.10-8423.90; 8424.81; 8432.10-8437.90	Pumps; dryers for agricultural products; weighing machines; spraying machines for agricultural use; machines for soil preparation, cultivation, harvesting, threshing, incubating, cleaning, sorting or grading of agricultural products
87	87.04; 87.06-87.08	8704.10-8704.90; 8706.00-8708.99	Vehicles for transport of goods; chassis, bodies and parts therefor

2. With respect to the procurement of items included under Chapter 38 in paragraph 1 above, the proceeds of the Loan shall not be used to finance expenditures incurred on the following items:

Name	WHO Classification	Toxicity Value LD_{50} (mg/kg)
Aldicarb	Ia	0.93
Arsenous oxide	Ia	180
Brodifacoum	Ia	0.3
Bromadialone	Ia	1.12
Bromethalin	Ia	2
Calcium cyanide	Ia	39

Attachment 1 to Schedule 3
(Page 3)

Name	WHO Classification	Toxicity Value LD_{50} (mg/kg)
Captafol	Ia	5,000
Chlorfenvinphos	Ia	10
Chlormephos	Ia	7
Chlorophacinone	Ia	3.1
Chlorthiophos	Ia	9.1
Coumaphos	Ia	7.1
Crimidine	Ia	1.25
CVP	Ia	10
Cycloheximide	Ia	2
DBCP	Ia	170
Demephion-O and -S	Ia	15
Demeton-O and -S	Ia	1.7
Dibromochloropropane	Ia	170
Difenacoum	Ia	1.8
Difethialone	Ia	0.56
Difolatan	Ia	5,000
Dimefox	Ia	1
Diphacinone	Ia	2.3
Disulfoton	Ia	2.6
EPN	Ia	14
Ethoprop	Ia	26
Ethoprophos	Ia	26
Ethylthiometon	Ia	2.6
Fenamiphos	Ia	15
Fensulfothion	Ia	3.5
Flocoumafen	Ia	0.25
Fonofos	Ia	c8
Fosthietan	Ia	5.7
Hexachlorobenzene	Ia	10,000
Leptophos	Ia	50
M74	Ia	2.6
MBCP	Ia	50
Mephosfolan	Ia	9
Mercuric chloride	Ia	1
Merkaptophos	Ia	1.7
Metaphos	Ia	14
Mevinphos	Ia	4
Parathion	Ia	13
Parathion-methyl	Ia	14
Phenylmercury acetate	Ia	24
Phorate	Ia	2
Phosfolan	Ia	9

Attachment 1 to Schedule 3
(Page 4)

Name	WHO Classification	Toxicity Value LD_{50} (mg/kg)
Phosphamidon	Ia	7
Prothoate	Ia	8
Red squill	Ia	c0.5
Schradan	Ia	9
Scilliroside	Ia	c0.5
Sodium fluoroacetate	Ia	0.2
Sulfotep	Ia	5
TEPP	Ia	1.1
Terbufos	Ia	c2
Thiofos	Ia	13
Thionazin	Ia	11
Timet	Ia	2
Trichloronat	Ia	16
Aldoxycarb	Ib	27
Aldrin	Ib	98
Allyl alcohol	Ib	64
Aminocarb	Ib	50
Antu	Ib	8
Azinphos-ethyl	Ib	12
Azinphos-methyl	Ib	16
Benfuracarb	Ib	138
Bis(tributyltin) oxide	Ib	194
Blasticidin-S	Ib	16
Bromophos-ethyl	Ib	71
Butocarboxim	Ib	158
Butoxycarboxim	Ib	288
Cadusafos	Ib	37
Calcium arsenate	Ib	20
Carbofuran	Ib	8
Carbophenothion	Ib	32
3-chloro-1, 2-propanediol	Ib	112
Cloethocarb	Ib	35
Coumachlor	Ib	33
Coumatetralyl	Ib	16
Crotoxyphos	Ib	74
DDVF	Ib	56
DDVP	Ib	56
Delnav	Ib	23
Demeton-S-methyl	Ib	40
Demeton-S-methylsulphon	Ib	37
Dichlorvos	Ib	56
Dicrotophos	Ib	22

Attachment 1 to Schedule 3
(Page 5)

Name	WHO Classification	Toxicity Value LD_{50} (mg/kg)
Dieldrin	Ib	37
Dimetilan	Ib	47
Dinoseb	Ib	58
Dinoseb acetate	Ib	60
Dinoterb	Ib	25
Dioxathion	Ib	23
DMTP	Ib	25
DNBP	Ib	58
DNBPA	Ib	60
DNOC	Ib	25
EDDP	Ib	150
Edifenphos	Ib	150
Endrin	Ib	7
ESP	Ib	105
Famphur	Ib	48
Fenthion	Ib	330
Flucythrinate	Ib	c67
Fluoroacetamide	Ib	13
Formetanate	Ib	21
Fosmethilan	Ib	49
Furathiocarb	Ib	137
Heptenophos	Ib	96
Isazofos	Ib	60
Isofenphos	Ib	28
Isothioate	Ib	150
Isoxathion	Ib	112
Lead arsenate	Ib	c10
Mecarbam	Ib	36
Mercuric oxide	Ib	18
Methamidophos	Ib	30
Methidathion	Ib	25
Methomyl	Ib	17
Methylmerkaptophosteolovy	Ib	40
Metilmerkaptophosoksid	Ib	65
Metriltriazotion	Ib	16
Monocrotophos	Ib	14
MPP	Ib	330
Nicotine	Ib	50
Nitrilacarb	Ib	9
Omethoate	Ib	50
Oxamyl	Ib	6
Oxydemetonmethyl	Ib	65

Name	WHO Classification	Toxicity Value LD_{50} (mg/kg)
Oxydeprofos	Ib	105
Paris green	Ib	22
Pentachlorophenol	Ib	80
Phenylmercury nitrate	Ib	27
Pirimiphos-ethyl	Ib	140
Propaphos	Ib	70
Propetamphos	Ib	75
Sodium arsenite	Ib	10
Sodium cyanide	Ib	6
Strychnine	Ib	16
TBTO	Ib	194
Tefluthrin	Ib	c22
Thallium sulfate	Ib	11
Thiofanox	Ib	8
Thiometon	Ib	120
Thioxamyl	Ib	6
Triamiphos	Ib	20
Triazophos	Ib	82
Triazotion	Ib	12
Vamidothion	Ib	103
Warfarin	Ib	10
Zinc phosphide	Ib	45

The information provided in this paragraph 2 is derived from the World Health Organization (WHO) Classification of Pesticides by Hazard and Guidelines to Classification 1992-93 (WHO/PCS/92.14).

Conditions for Release of the Second Tranche

Pursuant to the provisions of paragraph 7 of Schedule 3 to this Loan Agreement, no proceeds of the Second Tranche shall be withdrawn unless and until the Borrower has performed or caused to be performed, to the satisfaction of the Bank, all of the undertakings specified below:

A. Market Orientation and Efficiency

1. MOT, by 31 December 1996, shall have abolished import licenses for the import of fertilizer.

2. The Prime Minister of the Borrower, by 31 March 1996, shall have issued an instruction permitting all enterprises, regardless of form of economic organization, to participate equally and directly in the export of rice.

B. Rural Financial Intermediation

3. External audits by international auditors of VBA's financial statements shall have been completed (a) for fiscal year 1993, by 30 June 1995, and (b) for fiscal year 1994, by 30 September 1995.

4. SBV, by 31 December 1996, shall have authorized necessary provisioning for bad debts of VBA and related adjustments to VBA's transaction margin and lending ceiling rates.

5. VBA, by 30 June 1996, shall have introduced differential interest rates, based on its transaction costs for different credit products, within the ceiling rates set by SBV (or, alternatively, shall have introduced front-end credit processing charges).

C. Land Tenure

6. GDLA, by 30 September 1996, shall have confirmed the issuance of CLTs for agricultural land to at least 3.6 million households.

7. GDLA, by 30 September 1996, shall have confirmed the reduction of agricultural land held as a reserve by communes for public use to the maximum of five per cent of agricultural land stipulated in the 1993 Land Law, through the allocation of land use rights to households and individuals.

8. MINFOR, by 30 September 1996, shall have prepared an action plan to determine the extent of encroached-upon forest land in all provinces of the Borrower and, in consultation with GDLA, shall have prepared guidelines on the appropriate future use of such forest land.

SCHEDULE 4

Procurement

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

2. (a) Except as the Bank may otherwise agree, and as provided in paragraph 3(b) below, each supply contract for Eligible Items estimated to cost the equivalent of more than $5,000,000 shall be awarded on the basis of international competitive bidding as described in Chapter II of the "Guidelines for Procurement under Asian Development Bank Loans" dated March 1989, as amended from time to time, with the deletion of the prior review and approval provisions specified in Chapter IV thereof.

(b) Except as the Bank may otherwise agree, for contracts to be awarded on the basis of international competitive bidding, there shall be submitted to the Bank, as soon as possible, and in any event not later than 90 days before the issuance of the first invitation to bid under the Program, a General Procurement Notice (which the Bank will arrange to publish separately) in such form and detail and containing such information as the Bank shall reasonably request. The Bank shall be provided the necessary information to update such General Procurement Notice annually as long as any Eligible Items remain to be procured on the basis of international competitive bidding.

(c) With respect to each contract referred to in subparagraph (a) of this paragraph, the Borrower shall furnish to the Bank, prior to the submission to the Bank of the first application for withdrawal from the Loan Account in respect of such contract, two conformed copies of such contract, together with an analysis of the respective bids and recommendations for award, a description of the advertising and tendering procedures followed and such other information as the Bank shall reasonably request.

3. (a) Except as the Bank may otherwise agree, and as provided in paragraph 3(b) below, each contract for Eligible Items estimated to cost the equivalent of $5,000,000 or less shall be awarded on the basis of either the purchaser's normal

commercial procurement practices, in the case of procurement by the private sector, or the Borrower's prescribed procurement procedures, in the case of procurement by the public sector.

(b) Except as the Bank may otherwise agree, each supply contract for Eligible Items which are commonly traded commodities shall be awarded on the basis of procedures appropriate to the trade and acceptable to the Bank.

SCHEDULE 5

Program Implementation and Other Matters

I. Coordination and Administration

1. MOF, as the Program Executing Agency, shall be responsible for (a) the coordinated implementation of the Program by the concerned ministries and agencies of the Borrower, including without limitation GDLA, GPD, MAFI, MINFOR, MOT, SBV, SPC and VBA, and (b) the effective administration and utilization of the proceeds of the Loan.

2. To ensure effective coordination of Program implementation, the Borrower shall establish, prior to the Effective Date, a Program Coordination Committee, to be chaired by a Vice-Minister of MOF and comprising representatives of all ministries and agencies involved in the implementation of the Program.

II. Implementation of the Policy Letter

3. The Borrower shall (a) ensure that the policies adopted and actions taken pursuant to the Policy Letter prior to the date of this Loan Agreement continue in effect for the duration of the Program period; and (b) promptly adopt the other policies and take the other actions included in the Program as specified in the Policy Letter, and ensure that such policies and actions continue in effect for the duration of the Program period.

III. Counterpart Funds

4. The Borrower shall ensure that the Counterpart Funds are used generally to support the reform measures included in the Program.

IV. Policy Dialogue

5. The Borrower shall keep the Bank informed of, and the Borrower and the Bank shall from time to time exchange views on, the progress made in carrying out the policies and actions set out in the Policy Letter and in the formulation and implementation of new agriculture sector policies.

6. The Borrower shall keep the Bank informed of policy discussions with other international and bilateral organizations and agencies that may affect the overall objectives and scope of the Borrower's agriculture sector development program, and shall provide the Bank with an opportunity to comment on any resulting policy proposals. The Borrower shall take the Bank's views into consideration before finalizing and implementing any such proposals.

7. The Borrower shall promptly discuss with the Bank problems and constraints encountered during implementation of the Program and appropriate measures to overcome or mitigate such problems and constraints.

V. Monitoring and Evaluation

8. The Bank shall closely monitor the Borrower's future policies, programs and legal and institutional developments affecting the agriculture sector. Before 31 December 1996, or such other date as the Borrower shall request, the Bank shall carry out a review of (a) the Borrower's progress in implementing the policy reforms set out in the Policy Letter (including, in particular, the undertakings listed in Attachment 2 to Schedule 3 to this Loan Agreement), and (b) the impact of these and earlier reforms on the development of the agriculture sector. To facilitate this review, the Program Executing Agency shall assist the Bank by providing relevant information, in addition to the reports and information referred to in Section 4.05 of this Loan Agreement, in such detail as the Bank may reasonably request. This review shall form the basis for discussions between the Borrower and the Bank on further measures that may be considered necessary or desirable to promote the continued reform of the agriculture sector.

9. The Program Executing Agency shall evaluate the benefits of the Program, after it has been completed, in accordance with a schedule and terms of reference to be mutually agreed upon by the Borrower and the Bank.