LOAN NUMBER 2968-VIE (SF)

LOAN AGREEMENT
(Special Operations)

(Low Carbon Agricultural Support Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 7 MARCH 2013

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 7 March 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;

(B) part of the Project will be carried out by Vietnam Bank for Agricultural and Rural Development ("VBARD"), Central People Credit Fund ("CCF") and any other financial institution(s) agreed by ADB from time to time (each an "FI" and together the "FIs") and for this purpose the Borrower will make available to the FIs part of the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(C) 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 between ADB and the FIs.

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 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, subject, however, to the following modifications:

(a) Section 2.01(25) is deleted and the following is substituted therefor:

> "Project Agreement" means each of: (i) the Project Agreement of even date herewith between ADB, VBARD and CCF, as such agreement may be amended or supplemented from time to time; and (ii) any Project Agreement entered into after the date of this Loan Agreement between ADB and financial institution(s) agreed by ADB from time to time, as such agreement may be amended or supplemented from time to time.

(b) The term "Project Executing Agency" appearing in Section 6.01(a), 8.01(d), 8.01(f), 8.01(k), 9.01(c) and 9.02(c) of the Loan Regulations shall be substituted by the term "party to the Project Agreement".

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) "APMB" means the Agricultural Projects Management Board, or any successor thereto, of the MARD, as defined hereunder;

(b) "Biogas Plant" means biogas digesters and associated infrastructure necessary to produce biogas;

(c) "Biogas Value Chain Infrastructure" means (i) well-constructed Biogas Plants; and (ii) an environmental package that includes installation of foot baths to reduce transmission of disease organisms into farm areas, improved livestock drainage sewers, installed storage tanks to hold the bio-slurry before applying it to the fields as organic fertilizer, and facilities to fully utilize the potential surplus of gas and electricity;

(d) "CLZ" means a centralized livestock zone of the Borrower in which agricultural land is allocated for the long term use of livestock farming and commercial production and for which control measures have been implemented to safeguard against disease outbreaks and to ensure a sanitary environment for the production of livestock;

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

(f) "Consulting Services" means the services to be financed out of the proceeds of the Loan, referred to in paragraph 3 of Schedule 1 to this Loan Agreement;

(g) "CPMU" means the Central Project Management Unit to be established in APMB and which is responsible for overall Project coordination and management of activities under the Project;

(h) "CSAWMP" means Climate Smart Agricultural Waste Management Practices;

(i) "DARD" means a Department of Agriculture and Rural Development located in a Project Province, or any successor thereto;

(j) "Dong" or the sign "VND" means dong, the lawful currency of the Borrower;

(k) "Eligible Beneficiary" means a person or an entity, who satisfies the financial and other eligibility criteria contained in the Guidelines for Biogas Value Chains;

(l) "Eligible Subproject" means a specific subproject for the construction of Biogas Value Chain Infrastructure to be carried out by an Eligible Beneficiary under Part 2 of paragraph 2 of Schedule 1 to this Loan Agreement and which satisfies the Subproject Eligibility Criteria;

(m) "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;

(n) "Environmental Management Plan" or "EMP" means an environmental management plan, including any update thereto, incorporated in the IEE;

(o) "Environmental Monitoring Report" means each report prepared and submitted by the Borrower to ADB on its and each FI's progress with implementation of, and compliance with, the EMP and the EMDP, including any corrective and preventative actions;

(p) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the Safeguard Policy Statement;

(q) "Ethnic Minority Development Plan" or "EMDP" means the ethnic minority development plan, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(r) "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;

(s) "Guidelines for Biogas Value Chains" means the guidelines of the same name attached as an appendix to the PAM;

(t) "IA" or "Implementing Agency" means each of the FIs and the PPC for each Project Province;

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

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

(w) "MARD" means the Ministry of Agriculture and Rural Development of the Borrower, or any successor thereto;

(x) "MOF" means the Ministry of Finance of the Borrower, or any successor thereto;

(y) "PAM" means the project administration manual for the Project dated 16 August 2012 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;

(z) "PPC" means a Provincial People's Committee of the Borrower, or any successor thereto;

(aa) "PPMU" means a Project Provincial Management Unit established in the PPC of each Project Province and which is responsible for overall management and coordination of activities in that Project Province;

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

(cc) "Procurement Plan" means the procurement plan for the Project dated 16 August 2012 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, Consulting Guidelines and other arrangements agreed with ADB;

(dd) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means MARD or any legal successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;

(ee) "Project facilities" means facilities to be provided, constructed, operated, upgraded and maintained under the Project;

(ff) "Project Provinces" means each of the following ten (10) provinces of the Borrower: Bac Giang, Ben Tre, Binh Dinh, Ha Tinh, Lao Cai, Nam Dinh, Phu Tho, Soc Trang, Son La and Tien Giang;

(gg) "Safeguard Policy Statement" means ADB's Safeguard Policy Statement (2009);

(hh) "Subloan" means a loan made, or proposed to be made, by an FI out of the proceeds of the Loan to an Eligible Beneficiary for an Eligible Subproject under an Subloan Agreement;

(ii) "Subloan Agreement" means each of the loan agreements between an FI and an Eligible Beneficiary with respect to a Subloan containing terms and conditions acceptable to ADB;

(jj) "Subproject Eligibility Criteria" means the criteria for the selection of Eligible Beneficiaries and the technical, environmental, financial, economic and other criteria, requirements, recommendations and mitigation measures for the selection, construction, operation and maintenance of Biogas Plants, in each case as set out in the Guidelines for Biogas Value Chains;

(kk) "Subsidiary Loan" means a loan provided under a Subsidiary Loan Agreement;

(ll) "Subsidiary Loan Agreement" means each of: (i) the subsidiary loan agreement between the Borrower and VBARD; (ii) the subsidiary loan agreement between the Borrower and CCF; and (iii) any subsidiary loan agreement entered into from time to time between the Borrower and financial institution(s) agreed by ADB, in each case as referred to in Section 3.02 of this Loan Agreement (together the "Subsidiary Loan Agreements");

(mm) "TSU" means the technical support unit described in paragraph 2 of Schedule 5 to this Loan Agreement; and

(nn) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as the construction of Biogas Value Chain Infrastructure, demonstrations on CSAWMP, 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 eight million one hundred and seventy thousand Special Drawing Rights (SDR48,170,000).

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 1 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 1 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 and the Project Agreement.

Section 3.02. The Borrower shall enter into a Subsidiary Loan Agreement with each FI, providing inter alia for the relending of part of the proceeds of the Loan not exceeding twenty-three million two hundred and thirty-nine thousand Special

Drawing Rights (SDR23,239,000) in aggregate to all FIs, the carrying out by the FIs of the Project activities described in Part 2 of paragraph 2 of Schedule 1 to this Loan Agreement, and the rights of the Borrower and ADB with respect thereto. Such Subsidiary Loan Agreements shall contain terms and conditions acceptable to ADB, and shall be without prejudice to, and without limitation on, the obligations of the Borrower under this Loan Agreement.

Section 3.03. Except as ADB may otherwise agree, the proceeds of the Subsidiary Loans shall be used only for making Subloans to Eligible Beneficiaries for Eligible Subprojects and shall be applied exclusively to the cost of Goods and Works and other items of expenditure required to carry out such Eligible Subprojects.

Section 3.04. The Borrower shall cause the FIs to onlend the proceeds of the Subsidiary Loans to Eligible Beneficiaries under Subloan Agreements, under Part 2 of paragraph 2 of Schedule 1 to this Loan Agreement and in accordance with the provisions of this Loan Agreement.

Section 3.05. 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 3.06. 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 3.07. 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 3.08. 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. (a) The Borrower shall cause the FIs to carry out the Project with due diligence and efficiency and in conformity with sound applicable technical, financial, business and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all the obligations set forth in Schedule 5 to this Loan Agreement and the Project 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 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 the imprest fund 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 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. In addition to the reports and information set forth in Section 6.05 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning (a) the Eligible Beneficiaries, the Eligible Subprojects and the Subloans; and (b) the administration, operations and financial condition of each FI.

Section 4.04. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, any Eligible Beneficiary, any Eligible Subproject, and any relevant records and documents.

Section 4.05. The Borrower shall promptly take all action, including the provision of funds, facilities, services and other resources, which shall be necessary on its part to enable the FIs to perform their respective obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.06. (a) The Borrower shall exercise its rights under the Subsidiary Loan Agreements in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

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

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations:

(a) any FI shall have failed to perform any of its material obligations under the Subsidiary Loan Agreement to which it is a party;

(b) any part of the principal amount of any loan made to an FI shall, in accordance with the terms thereof, have become due and payable prior to the agreed maturity thereof by reason of any default specified in the relevant Subsidiary Loan Agreement providing for any such Subsidiary Loan; and

(c) if the Borrower or ADB is or becomes aware or has a reasonable suspicion that any member of the Project Executing Agency or any FI has engaged in corrupt or fraudulent practices (as defined in ADB's Anticorruption Policy (1998 as amended to date)) under or in connection with the Project or the Loan and the Borrower fails to take such timely and appropriate action satisfactory to ADB to investigate and/or remedy the situation.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred, subject to the requirement that ADB shall consult with the Borrower prior to declaring an acceleration.

ARTICLE VI

Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations:

(a) the CPMU shall have been established; and

(b) a PPMU shall have been established in each of the following Project Provinces: Binh Dinh, Ha Tinh, Lao Cai, Nam Dinh and Soc Trang.

Section 6.02. 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 VII

Miscellaneous

Section 7.01. The State Bank of Vietnam of the Borrower 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) 636-2228.

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 _____
TOMOYUKI KIMURA
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The Project is expected to increase the uptake of CSAWMP as measured by the increased use of clean biogas energy and organic bio-slurry fertilizers. The Project will also improve the capacity of various stakeholders by disseminating skill and knowledge of established good climate smart agricultural waste management practices to beneficiaries.

2. The Project shall comprise:

Part 1: Expanded Use of Livestock Waste Management Infrastructure

Management of Livestock Waste and Carbon Markets

(i) developing training modules for CSAWMP and providing training to supervisors, operators and other stakeholders for application and mainstreaming in the Project Provinces;

(ii) standardizing and disseminating a design package for Biogas Value Chain Infrastructure;

(iii) constructing and registering a program of activities for small Biogas Plants and for medium and large Biogas Plants, which in each case meets the relevant carbon market requirements;

(iv) strengthening the capacity of relevant agencies to handover the monitoring of all constructed Biogas Plants;

(v) monitoring annual attributable CO_2 reduction and issuance of certified emission reduction carbon revenues;

(vi) providing capacity building to government staff and relevant agencies to continuously manage biogas development;

Providing Support for Biogas Plant Development

(vii) monitoring and ensuring the effective use of Biogas Plants with adequate environmental facilities; and

(viii) training and certifying of technicians, contractors, masons through relevant agencies for the construction of Biogas Value Chain Infrastructure and permitting staff of FIs to attend such training sessions.

Part 2: Provision of Credit Line for Biogas Value Chains

(i) facilitating FIs to provide credit lines to Eligible Beneficiaries to finance the construction of Biogas Value Chain Infrastructure which satisfy the Subproject Eligibility Criteria (including construction of sewage drains,

gas pipes, environmental facilities, electricity generators, facilities for using gas and bio-slurry but excluding animal houses, stalls or pens) and encouraging other financiers to finance Biogas Value Chain Infrastructure; and

(ii) monitoring the disbursement of funds paid to Eligible Beneficiaries as a financial incentive to carry out Eligible Subprojects.

Part 3: Enhanced Climate Smart Agricultural Waste Management Practices Technology Transfer

Preparing a Research Strategy to Direct Project Research Activities on CSAWMP

(i) utilizing farmer-based research including using biochar and other agricultural wastes as organic fertilizers, applying other efficient low greenhouse gas emission agricultural practices which generate bio-energy, managing waste treatments in aquaculture and other CSAWMP;

(ii) establishing an information system for sharing CSAWMP;

(iii) support research and train staff in efficient, CSAWMP including organizing study tours;

(iv) developing training programs, textbooks and syllabus for training farmers on appropriate techniques for CSAWMPs and providing vocational training for farmers;

(v) upgrading CSAWMP-based map sets for seven agro-ecological regions to forecast the direct impact of climate change and provide support for agricultural planning;

Constructing Low Carbon Agricultural Demonstrations for Agricultural Waste Management

(vi) developing livestock waste management models for agricultural production and greenhouse gas emissions reductions; and

(vii) training extension staff and farmers in low-carbon agricultural production technologies to promote application of the technologies in agricultural production.

Part 4: Project Management

Providing support in the implementation, management, supervision, monitoring and evaluation of Project activities including exploring all potential carbon markets, undertaking baseline surveys with collection and analysis of sex and ethnicity disaggregated data in all Project Provinces, conducting a gender awareness raising training workshop for the CPMU and PPMUs,

facilitating the organization of biogas plant owners and participants of CSAWMP through relevant agencies, preparing progress reports.

3. The Project also includes provision of Consulting Services. The Project is expected to be completed by 31 December 2018.

SCHEDULE 2

Amortization Schedule

(Low Carbon Agricultural Support Project)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
1 June 2021	1,003,542
1 December 2021	1,003,542
1 June 2022	1,003,542
1 December 2022	1,003,542
1 June 2023	1,003,542
1 December 2023	1,003,542
1 June 2024	1,003,542
1 December 2024	1,003,542
1 June 2025	1,003,542
1 December 2025	1,003,542
1 June 2026	1,003,542
1 December 2026	1,003,542
1 June 2027	1,003,542
1 December 2027	1,003,542
1 June 2028	1,003,542
1 December 2028	1,003,542
1 June 2029	1,003,542
1 December 2029	1,003,542
1 June 2030	1,003,542
1 December 2030	1,003,542
1 June 2031	1,003,542
1 December 2031	1,003,542
1 June 2032	1,003,542
1 December 2032	1,003,542
1 June 2033	1,003,542
1 December 2033	1,003,542
1 June 2034	1,003,542
1 December 2034	1,003,542
1 June 2035	1,003,542
1 December 2035	1,003,542
1 June 2036	1,003,542
1 December 2036	1,003,542
1 June 2037	1,003,542
1 December 2037	1,003,542
1 June 2038	1,003,542
1 December 2038	1,003,542

Schedule 2

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
1 June 2039	1,003,542
1 December 2039	1,003,542
1 June 2040	1,003,542
1 December 2040	1,003,542
1 June 2041	1,003,542
1 December 2041	1,003,542
1 June 2042	1,003,542
1 December 2042	1,003,542
1 June 2043	1,003,542
1 December 2043	1,003,542
1 June 2044	1,003,542
1 December 2044	1,003,526
TOTAL	**48,170,000**

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 11 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.

Condition for Withdrawals from Loan Account

6. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account for Part 2 of the Project until:

(a) the FIs have entered into a Project Agreement with ADB; and

(b) each of the Subsidiary Loan Agreements, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the relevant FI, and shall have become fully effective and binding on the parties thereto in accordance with their terms, subject only to the effectiveness of this Loan Agreement.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Low Carbon Agricultural Support Project)			
CATEGORY			**ADB FINANCING**
Number	**Item**	**Total Amount Allocated for ADB Financing (SDR) Category**	**Percentage and Basis for Withdrawal from the Loan Account**
1	Biogas Value Chain Management and CSAWMP Civil Works	3,450,000	100% of total expenditure claimed
2	Credit lines for Biogas Value Chain Management Construction through FIs*	23,239,000	85% of total expenditure claimed
3	Incentives for Carbon Market Development	5,288,000	100% of total expenditure claimed
4	Equipment	651,000	100% of total expenditure claimed
5	Vehicles	260,000	100% of total expenditure claimed
6	Training and Workshops	1,974,000	100% of total expenditure claimed
7	Consulting Services	1,926,000	100% of total expenditure claimed
8	Research and Development	4,069,000	100% of total expenditure claimed
9	Organizing CSAWMP Technology Transfer	2,258,000	100% of total expenditure claimed
10	Incremental Operating Costs	1,525,000	100% of total expenditure claimed
11	Interest Charge	1,570,000	100% of total amount due
12	Unallocated	1,960,000	
	Total	**48,170,000**	

*Subject to the conditions for withdrawal from the Loan Account set out in paragraph 6 of Schedule 3.

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) National Competitive Bidding;
(b) Shopping; and
(c) Commercial practice by beneficiaries who are recipients of Subloans from FIs.

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.

National Competitive Bidding

5. 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.

Consulting Services

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

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

Least-Cost Selection for Project auditing.

8. The Borrower shall recruit individual consultants for carbon market development, Project start-up support, Project evaluation and other positions agreed by ADB each in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

9. (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.

10. 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 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

11. Contracts procured under national competitive bidding procedures and Shopping 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; Safeguards; Reporting and Other Matters

PROJECT IMPLEMENTATION

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.

2. (a) Within 12 months of the date of effectiveness of the Loan Agreement, the Borrower shall submit written evidence satisfactory to ADB showing that a TSU has been established under the CPMU to undertake Project-advisory activities as described in the PAM.

(b) The evidence to be delivered under paragraph (a) above shall:

(i) provide the names of counterpart staff from the government agencies specified in the PAM who together will comprise the TSU; and

(ii) provide the name of the head of the TSU, who shall be determined during Project implementation.

(c) The Borrower shall ensure or cause CPMU to ensure that no amount is deposited into the TSU's sub-account unless and until the Borrower has complied with paragraphs (a) and (b) above and the terms of reference for each member of the TSU have been agreed with ADB. Such terms of reference shall reflect the purely technical and advisory role of the TSU and shall not include any activities related to Project management or implementation, which shall be undertaken by the Project Executing Agency and IAs only.

Biogas Development, Eligibility, Financing and Incentives for Carbon Market Development

3. The Borrower shall ensure that each Subsidiary Loan, unless otherwise agreed by ADB: (i) is denominated in Dong; (ii) has a maturity, grace period and interest rate to be determined by the Borrower in accordance with the Borrower's lending practices applicable to the onlending of funds externally borrowed by the Borrower; and (iii) is made under such other terms and conditions acceptable to ADB.

4. For each Biogas Value Chain Infrastructure construction project to be financed by a Subloan under Part 2 of paragraph 2 of Schedule 1 to this Loan Agreement, the Borrower shall cause the relevant FI to ensure that: (i) such Subloan is made only to Eligible Beneficiaries for Eligible Subprojects; (ii) the Biogas Plant is constructed by certified masons or contractors who will certify compliance with the relevant technical and environmental standards specified in the Subproject Eligibility Criteria; and (iii) the Subproject Eligibility

Criteria is incorporated into each FI's standard loan eligibility criteria to ensure the targeted clients under the Project is reached and the Project objectives are achieved.

5. For each medium and each large Biogas Value Chain Infrastructure construction project to be financed by a Subloan under Part 2 of paragraph 2 of Schedule 1 to this Loan Agreement, the Borrower shall prioritize construction of such plant in a CLZ (if any).

6. The Borrower shall ensure that: (i) the FIs together provide counterpart financing in an amount not less than $6,300,000 in aggregate to finance the Project activities described in Part 2 of paragraph 2 of Schedule 1 to this Loan Agreement; (ii) for each Subloan, a maximum of 85% of the original principal amount of that Subloan is financed from a Subsidiary Loan, a minimum of 15% is financed from the relevant FI's own funds and the recipient borrower of the Subloan shall be contributed in-kind including by providing available local materials and/or labor of equivalent value; (iii) each Subloan has an interest rate as agreed by MOF and the FI concerned as set out in the relevant Subsidiary Loan Agreement; (iv) the interest rate for each Subloan is determined based on market interest rates; and (v) each Subloan has such other terms and conditions as required in the Guidelines for Biogas Value Chains and any other terms and conditions as the relevant FI may have in extending loans to customers from time to time in the ordinary course of its business. In determining the applicable interest rate and other terms and conditions for a Subloan, the Borrower and the FIs shall take into consideration, and hence ensure, that Eligible Beneficiaries have access to affordable financial sources for construction of Biogas Plants and the Borrower shall ensure or cause the FIs to ensure that no amendments, waivers, supplements or other modifications are made to the terms and conditions of any Subloan which would jeopardize this principle.

7. The Borrower shall allocate a fund to Eligible Beneficiaries as a financial incentive to carry out Eligible Subprojects and supporting carbon market development. Such allocation shall be done in accordance with the PAM.

8. In respect of an Eligible Subproject, the Borrower shall ensure or cause the CPMU, PPMUs and FIs to ensure that allocated funds are not credited to the accounts of the relevant Eligible Beneficiaries until the PPMU associated with that Eligible Subproject has confirmed to the relevant FI and ADB following due investigation and physical inspection and such certifications as required under paragraph 4(ii) above, that such Eligible Subproject and certification has complied with all technical, engineering, construction, environmental and other requirements and safeguards set out in the Subproject Eligibility Criteria.

9. The Borrower shall ensure or cause the CPMU, PPMUs and FIs to ensure that the Subproject Eligibility Criteria is not amended, supplemented, waived, deferred or otherwise modified in any way without the prior consent of ADB.

Schedule 5

OTHER MATTERS

Reporting of Subloans

10. The Borrower shall ensure that the portfolio of Subloans shall be accounted for and reported separately by the FIs in such form and at such frequency as may be required by ADB.

11. The Borrower shall immediately notify ADB if at any time it receives information from an FI that: (i) the percentage of non-performing Subloans financed by that FI is likely to exceed 5% of the aggregate outstanding amount of all Subloans financed by that FI at that time; and (ii) the percentage of non-performing Subloans financed by that FI is likely to exceed 10% of the aggregate outstanding amount of all Subloans financed by that FI at that time (the "NPL Limit"). If, at any time, it receives information from an FI that the NPL Limit has been exceeded, until further notice given by ADB, the Borrower shall immediately cease processing any current or pending withdrawal applications for Subsidiary Loans to that FI and shall temporarily suspend all further disbursements under Subsidiary Loans to that FI.

Screening and Categorization

12. The Borrower shall ensure or cause the FIs to ensure that none of the Subprojects involve any environmental, involuntary resettlement impacts or impacts on indigenous peoples or ethnic minority groups which can be categorized as Category A, all within the meaning of the Safeguard Policy Statement.

Involuntary Resettlement

13. The Borrower shall ensure that: (i) the Project does not have any involuntary resettlement impacts within the meaning of the Safeguard Policy Statement; and (ii) the site selected for any Subproject shall be situated on land already owned by the Eligible Beneficiary thereby ensuring that the Subproject will not entail any land acquisition. In the event that the Project does have any such involuntary resettlement impacts, the Borrower shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the Safeguard Policy Statement.

Environment

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

Ethnic Minority Groups

15. The Borrower shall ensure or cause the FIs to ensure that the preparation, design, construction, implementation and operation of each Eligible Subproject complies with (i) all applicable laws and regulations of the Borrower relating to ethnic minorities; (ii) the Indigenous Peoples Safeguards; and (iii) all measures and requirements set forth in the

EMDP, and any corrective or preventative actions set forth in a Environmental Monitoring Report.

16. The Borrower shall ensure that the EMDP prepared for the Project and agreed with ADB is updated and fully implemented in a timely manner, and that adequate resources are allocated for this purpose.

Monitoring and Reporting

17. The Borrower shall do the following or cause the FIs to do the following:

(a) submit semi-annual Environmental Monitoring Reports to ADB;

(b) if any unanticipated environmental and/or social risks and impacts arise during Eligible Subproject implementation 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 EARF and any EMP or EMDP promptly after becoming aware of the breach.

Labor Standards

18. The Borrower shall cause the Project Executing Agency to ensure that: (i) the contracts for relevant Works contain provisions prohibiting use of child labor and differentiation in wages between male and female workers for work of equal value, in accordance with the relevant laws and regulations of the Borrower; (ii) such contracts also include mandatory provisions on health, sanitation and appropriate working conditions; and (iii) contractors and their workers observe local protocols concerning acceptable behavior towards the local population.

Gender and Development

19. The Borrower shall ensure that the gender action plan prepared for the Project and agreed with ADB is fully implemented in a timely manner and that adequate resources are allocated for this purpose. The gender action plan for the Project ensures that: (i) at least 20% of those who are trained in biogas management and technical issues are women; (ii) at least 20% of those who are trained and certified as masons for the construction of small Biogas Plants are women and at least 80% of these women shall find employment; (iii) at least 50% of those trained on utilization of biogas technology and operation and maintenance are women; (iv) at least 50% of those who are trained on farm management and waste management on farms are women; (v) at least 30% of employees trained in medium Biogas Plants and large Biogas Plants are women; (vi) at least 50% of recipients of Subloans from FIs will be registered under husband-wife joint accounts or on behalf of women; (vii) at least 50% of official registration of all purchased biogas units and plants under the Project will be under husband-wife joint accounts or on behalf of women; (viii) 30% of research topics undertaken under Part 3 of paragraph 2 of Schedule 1 to this Loan Agreement relate to gender issues associated with Biogas Plants; (ix) at least 40% of those selected as champions of smart-agriculture in research and dissemination of CSAWMP technology are

women; (x) training materials of CSAWMP technology and methodology of dissemination will be women-friendly and at least 50% of dissemination events and consultations will involve women-only groups; (xi) a sex-disaggregated and ethnic minority data base is established as part of the Project's project performance and monitoring system established by the CPMU; (xii) 30% of staff in the CPMU and PPMUs are women and that the CPMU and each PPMU has a gender focal point; and (xiii) gender indicators are included in the overall monitoring and evaluation framework for the Project.

Public Awareness Raising

20. The Borrower shall ensure that in all Project Provinces, information dissemination, education and mass communication activities are carried out in a timely manner to promote the replication of biogas technology application and utilization.

Prohibited List of Investments

21. The Borrower shall ensure or cause the FIs 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 Safeguard Policy Statement.

Governance and Anticorruption

22. The Borrower shall comply with, and shall cause the Project Executing Agency, the TSU and each IA to comply with ADB's Anticorruption Policy (1998, as amended to date). The Borrower: (i) acknowledges 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) agrees to cooperate with, and to cause the Project Executing Agency, the TSU and each IA to cooperate fully with any such investigation and extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for satisfactory completion of such investigation and shall allow, and cause the Project Executing Agency, the TSU and each IA to allow, ADB to investigate any violation or potential violation of these undertakings.

23. Without limiting the generality of the preceding paragraphs, the Borrower shall: (i) ensure that the Project Executing Agency and each IA conduct periodic inspections on the contractors' activities related to fund withdrawals and settlements; and (ii) ensure and cause the Project Executing Agency and each IA to ensure that all bidding documents and contracts financed by ADB in connection with the Project include anticorruption provisions acceptable to ADB including provisions specifying the right of ADB to audit and examine the records and accounts of the contractors, suppliers, consultants, and other service providers as they relate to the Project.

24. If the Borrower or ADB is or becomes aware or has a reasonable suspicion that any member of the Project Executing Agency, TSU or any IA has engaged in corrupt or fraudulent practices (as defined in ADB's Anticorruption Policy (1998 as amended to date)) under or in connection with the Project or the Loan, the Borrower shall take such timely and appropriate action satisfactory to ADB to investigate and/or remedy the situation, including in the case of corrupt or fraudulent practices of an FI, demanding immediate repayment or otherwise recovering any portion of the relevant Subsidiary Loan, with such repayment or recovery to be promptly paid to ADB in prepayment of the Loan. If the Borrower does not

undertake investigative and/or remedial action to the satisfaction of ADB, without prejudice to any other rights contained in this Loan Agreement, ADB may declare the relevant FI ineligible, either indefinitely or for a stated period, to be considered as a provider of financial intermediary loans or any other financial instruments for future ADB projects.

25. In addition to these requirements, to deter corruption and increase transparency, the Borrower shall create a Project website within 5 months of the Effective Date, accessible by the general public, to disclose various information concerning the Project including general information about the Project, public procurements related to the Project, Project progress and contact details in 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. For each contract, the website shall include information on, among others, 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/services, including consulting services, procured. The Borrower shall cause the Project Executing Agency to permit any bidder to request an explanation as to why a bid was unsuccessful and either the Project Executing Agency shall respond within 20 working days. The website will be updated promptly and regularly after each award of contract, (ii) each submission of the semi-annual Environmental Monitoring Report to ADB. In addition to the web-based disclosure, stakeholders, which include civil society and non-governmental organizations, shall be provided by the Borrower with detailed information on procurement on public notice boards in their respective areas.

Combating Money Laundering and Financing of Terrorism

26. The Borrower shall and shall ensure that the Project Executing Agency and each IA complies with: (i) ADB's policy relating to Enhancing the Asian Development Bank's Role in Combating Money Laundering and the Financing of Terrorism (2003); and (ii) applicable laws and regulations of the Borrower on combating money laundering and financing of terrorism and that Loan proceeds are not used, directly or indirectly, in money laundering or financing of terrorism.

27. The Borrower shall ensure that each FI formulates and implements internal control procedures, including customer due diligence procedures, to prevent violation of paragraph 26 above.

28. The Borrower shall and shall ensure that each FI promptly informs the Borrower and ADB if there is any violation or potential violation of paragraph 26 above. In the event that ADB informs an FI of its concern that there has been such an alleged violation, that FI shall: (i) cooperate in good faith with ADB and its representatives so that ADB can determine whether such a violation has occurred; (ii) respond promptly and in reasonable detail to any query from ADB; and (iii) furnish documentary support for such response upon ADB's request.