LOAN NUMBER 3208-VIE (SF) LOAN NUMBER 3209-VIE (SF)

LOAN AGREEMENT
(Special Operations)

(Greater Mekong Subregion: Kunming-Hai Phong Transport Corridor – Noi Bai-Lao Cai Highway Project – Additional Financing)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 4 May 2015

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 4 May 2015 between SOCIALIST REPUBLIC OF VIET NAM ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement dated 26 September 2008 between the Borrower and ADB ("Initial ADF Loan Agreement"), ADB provided a loan (No. 2392-VIE[SF]) in the amount of one hundred twenty-seven million three hundred seventy-three thousand Special Drawing Rights (SDR127,373,000) for the purpose of Greater Mekong Subregion: Kunming-Hai Phong Transport Corridor – Noi Bai-Lao Cai Highway Project ("Project") as described in Schedule 1 to the Loan Agreement for the Loan (No. 2392-VIE[SF]) ("Initial ADF Loan Agreement");

(B) by a loan agreement dated 26 September 2008 between the Borrower and ADB ("Initial OCR Loan Agreement", together with the Initial ADF Loan Agreement, "Initial Loan Agreements"), ADB provided a loan (No. 2391-VIE) in the amount of eight hundred ninety-six million Dollars ($896,000,000) for the purpose of the Project;

(C) the Borrower has applied to ADB for loans for the purposes of financing additional cost incurred under the Project;

(D) by an agreement of even date herewith between the Borrower and ADB ("OCR Loan Agreement"), ADB has agreed to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred seventeen million Dollars ($117,000,000) for the purposes of the Project;

(E) the Project is being carried out by the Vietnam Expressway Corporation ("VEC"), and for this purpose the Borrower will make available to VEC the proceeds of the loans provided for herein upon terms and conditions satisfactory to ADB; and

(F) ADB has agreed to make loans to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein and in the Project Agreement, as amended dated _____ between ADB and VEC;

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 and the OCR Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources:

(a) an amount in various currencies equivalent to ten million eight hundred seventy-nine thousand Special Drawing Rights (SDR10,879,000) ("Loan (Regular Term)"); and

(b) an amount in various currencies equivalent to nine million four hundred five thousand Special Drawing Rights (SDR9,405,000) ("Loan (Hard Term)" and, together with the Loan (Regular Term), the "Loans").

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and thereafter, on the amount of the Loan (Regular Term) withdrawn from the Loan Account and outstanding from time to time.

(b) The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and thereafter, on the amount of the Loan (Hard Term) withdrawn from the Loan Account and outstanding from time to time.

(c) The term "grace period" as used in subsections (a) and (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedules set forth in Schedules 1A and 2A to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loans shall be payable semiannually on 15 May and 15 November in each year.

Section 2.04. The Borrower shall repay (a) the principal amount of the Loan (Regular Term) withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 1A to this Loan Agreement; and (b) the principal amount of the Loan (Hard Term) withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 1B to this Loan Agreement.

Section 2.05. The currency of repayment of the principal amount of the Loans 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 Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall make the proceeds of the Loans available to VEC upon terms and conditions satisfactory to ADB and shall cause VEC 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 Loans shall be allocated and withdrawn in accordance with the provisions of Schedule 2 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 the Initial ADF 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 Loans to be used exclusively in the carrying out of the Project.

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

(a) Works 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) Works 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 2016 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 the Initial Loan Agreements, Schedule 3 to the OCR Loan Agreement and the Project 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 Agency to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

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 Accounts for the purposes of Section 8.01(m) of the Loan Regulations:

(a) the Borrower or VEC shall have failed to perform any of its obligations under the Initial Loan Agreements;

(b) the Borrower or VEC shall have failed to perform any of its obligations under the OCR Loan Agreement; and

(c) VEC shall have failed to perform any of its obligations under the Project Agreement.

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 events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the OCR Loan Agreement shall have been duly executed and delivered on behalf of the Borrower and all conditions to its effectiveness (other than a condition requiring effectiveness of this Loan Agreement) shall have been fulfilled.

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

Delegation of Authority

Section 7.01. The Borrower hereby designates VEC as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.05 of this Loan Agreement and under Sections 5.01, 5.02 and 5.03 of the Loan Regulations.

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

Section 7.03. The authority conferred on VEC under Section 7.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

ARTICLE VIII

Miscellaneous

Section 8.01. The Governor of the State Bank of Vietnam is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

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

Facsimile Numbers:

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

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

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

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

SOCIALIST REPUBLIC OF VIET NAM

By _____
NGUYEN VAN BINH
Governor
State Bank of Viet Nam

ASIAN DEVELOPMENT BANK

By _____
TOMOYUKI KIMURA
Country Director
Viet Nam Resident Mission

SCHEDULE 1A

Amortization Schedule – Loan (Regular Term)

(Greater Mekong Subregion: Kunming-Hai Phong Transport Corridor – Noi Bai-Lao Cai Highway Project – Additional Financing)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
15 May 2020	271,975
15 November 2020	271,975
15 May 2021	271,975
15 November 2021	271,975
15 May 2022	271,975
15 November 2022	271,975
15 May 2023	271,975
15 November 2023	271,975
15 May 2024	271,975
15 November 2024	271,975
15 May 2025	271,975
15 November 2025	271,975
15May 2026	271,975
15 November 2026	271,975
15 May 2027	271,975
15 November 2027	271,975
15 May 2028	271,975
15 November 2028	271,975
15 May 2029	271,975
15 November 2029	271,975
15 May 2030	271,975
15 November 2030	271,975
15 May 2031	271,975
15 November 2031	271,975
15 May 2032	271,975
15 November 2032	271,975
15 May 2033	271,975
15 November 2033	271,975
15 May 2034	271,975
15 November 2034	271,975
15 May 2035	271,975
15 November 2035	271,975
15 May 2036	271,975
15 November 2036	271,975
15 May 2037	271,975
15 November 2037	271,975
15 May 2038	271,975
15 November 2038	271,975
15 May 2039	271,975
15 November 2039	271,975
TOTAL	**10,879,000**

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

SCHEDULE 1B

Amortization Schedule – Loan (Hard Term)

(Greater Mekong Subregion: Kunming-Hai Phong Transport Corridor – Noi Bai-Lao Cai Highway Project – Additional Financing)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
15 May 2020	235,125
15 November 2020	235,125
15 May 2021	235,125
15 November 2021	235,125
15 May 2022	235,125
15 November 2022	235,125
15 May 2023	235,125
15 November 2023	235,125
15 May 2024	235,125
15 November 2024	235,125
15 May 2025	235,125
15 November 2025	235,125
15 May 2026	235,125
15 November 2026	235,125
15 May 2027	235,125
15 November 2027	235,125
15 May 2028	235,125
15 November 2028	235,125
15 May 2029	235,125
15 November 2029	235,125
15 May 2030	235,125
15 November 2030	235,125
15 May 2031	235,125
15 November 2031	235,125
15 May 2032	235,125
15 November 2032	235,125
15 May 2033	235,125
15 November 2033	235,125
15 May 2034	235,125
15 November 2034	235,125
15 May 2035	235,125
15 November 2035	235,125
15 May 2036	235,125
15 November 2036	235,125
15 May 2037	235,125
15 November 2037	235,125
15 May 2038	235,125
15 November 2038	235,125
15 May 2039	235,125
15 November 2039	235,125
TOTAL	**9,405,000**

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

SCHEDULE 2

Allocation and Withdrawal of Loan Proceeds

General

1. The tables attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loans and the allocation of the Loan proceeds to each such Category ("Tables"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Tables.)

Basis for Withdrawal from the Loan Accounts

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

Interest Charge

3. The amounts allocated to Category 2 of Table A and Table B is for financing the interest charges on the Loan (Regular Term) and the Loan (Hard Term), respectively, 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 (Regular Term) or the Loan (Hard Term) 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 (Regular Term) or Loan (Hard Term), as the case may be, 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 (Regular Term) or the Loan (Hard Term) 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 of Table A or B, respectively.

Disbursement Procedures

5. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Schedule 2

Retroactive Financing

6. Withdrawals from the Loan Accounts may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with Works, subject to a maximum amount equivalent to 20% of the respective Loan amounts.

Attachment to Schedule 2

TABLE A
Loan (Regular Term)

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Greater Mekong Subregion: Kunming-Hai Phong Transport Corridor – Noi Bai-Lao Cai Highway Project – Additional Financing)			
Number	**Item**	**Total Amount Allocated for ADB Financing (SDR) Category Subcategory**	**Basis for Withdrawal from the Loan Account**
1	Works	7,978,000	10.73% of total expenditure claimed
2	Interest Charge	906,000	100% of amounts due
3	Unallocated	1,995,000	
	Total	10,879,000	

TABLE B
Loan (Hard Term)

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Greater Mekong Subregion: Kunming-Hai Phong Transport Corridor – Noi Bai-Lao Cai Highway Project – Additional Financing)			
Number	**Item**	**Total Amount Allocated for ADB Financing (SDR) Category Subcategory**	**Basis for Withdrawal from the Loan Account**
1	Works	6,897,000	9.27% of total expenditure claimed
2	Interest Charge	784,000	100% of amounts due
3	Unallocated	1,724,000	
	Total	9,405,000	