LOAN NUMBER 3353 - VIE(SF)

LOAN AGREEMENT
(Special Operations)

(Second Greater Mekong Subregion Corridor Towns Development Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED March 21, 2016

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated March 11, 2016 between SOCIALIST REPUBLIC OF VIET NAM ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

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

(B) the Project will be carried out in relevant parts by the Provincial People's Committee of Bac Giang ("PPC Bac Giang"), Provincial People's Committee of Lao Cai ("PPC Lao Cai") and Provincial People's Committee of Quang Ninh ("PPC Quang Ninh"), and for this purpose the Borrower will relend to each Project Executing Agency a portion 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 of even date herewith between ADB and the Project Executing Agencies (the "Project Agreement");

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

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

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

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

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

(c) "Environmental Management Plan" or "EMP" means the environmental management plan prepared and submitted by each Project Executing Agency for its Parts under the Project, including any update thereto, incorporated in the IEE;

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

(e) "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed to between the Project Executing Agencies and ADB;

(f) "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;

(g) "Implementing Agency" means each of Bac Giang City People's Committee, Mong Cai City People's Committee and the Lao Cai Department of Planning and Investment, or any successor thereto acceptable to ADB, each of which is responsible for the implementation of its Parts under the Project;

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

(i) "Initial Environmental Examination" or "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Lead Project Executing Agency and cleared by ADB;

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

(k) "Lead Project Executing Agency" means PPC Bac Giang in its capacity as the lead Project Executing Agency responsible for coordinating with the other Project Executing Agencies on Project implementation and reporting and other Project-related activities;

(l) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2015, as amended from time to time);

(m) "PAM" means the project administration manual for the Project dated 15 October 2015 and agreed between the Borrower, the Project Executing Agencies and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(n) "Part" means each of Parts 1 – 11 of the Project as described in paragraph 2 of Schedule 1 to this Loan Agreement;

(o) "PPC Bac Giang" means the Provincial People's Committee of the Borrower's Bac Giang Province or any successor thereto;

(p) "PPC Lao Cai" means the Provincial People's Committee of the Borrower's Lao Cai Province or any successor thereto;

(q) "PPC Quang Ninh" means the Provincial People's Committee of the Borrower's Quang Ninh Province or any successor thereto;

(r) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);

(s) "Procurement Plan" means the procurement plan for the Project dated 15 October 2015 and agreed between the Project Executing Agencies and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(t) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means each of PPC Bac Giang, PPC Lao Cao and PPC Quang Ninh or any successor thereto acceptable to ADB, each of which is responsible for carrying out its activities under the Project;

(u) "REMDP" means the resettlement and ethnic minority development plan for the Project, including any update thereto, prepared and submitted by the relevant Project Executing Agency and cleared by ADB;

(v) "Resettlement Plan" or "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by the relevant Project Executing Agency and cleared by ADB;

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

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

(y) "Subsidiary Loan Agreement" means each agreement between the Borrower and the applicable Project Executing Agency referred to in Section 3.01 of this Loan Agreement; and

(z) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to seventy million eight hundred forty-eight thousand Special Drawing Rights (SDR 70,848,000).

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

(b) The term "grace period" as used in subsection (a) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

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

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

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

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall relend a portion of the proceeds of the Loan to each Project Executing Agency under a Subsidiary Loan Agreement upon terms and conditions satisfactory to ADB.

(b) The Borrower shall ensure that the proceeds of the Loan are relent to each Project Executing Agency up to the following:

(i) an amount not exceeding twenty percent (20%) of the Loan proceeds to PPC Bac Giang;

(ii) an amount not exceeding twenty percent (20%) of the Loan proceeds to PPC Lao Cai; and

(iii) an amount not exceeding fifty percent (50%) of the Loan proceeds to PPC Quang Ninh.

(c) Except as ADB shall otherwise agree, the terms for relending the proceeds of the Loan shall include interest at the rate and the repayment period (including the grace period) identical to those applied to the Loan.

(d) 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 proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement.

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

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

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

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

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2021 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement 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 (a) The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for imprest fund(s) and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

Section 4.04. The Borrower shall take all actions which shall be necessary on its part to enable each 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.

Section 4.05 (a) The Borrower shall exercise its rights under each Subsidiary Loan Agreement 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 any Subsidiary Loan Agreement shall be assigned, amended, or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following is specified as an additional event 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: any Project Executing Agency 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: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VII

Delegation of Authority

Section 7.01. The Borrower hereby designates each Project Executing Agency as its agent for the purposes of taking any action or entering into any agreement required or permitted under 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 any Project Executing Agency 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 each Project Executing Agency under Section 7.01 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 of the Borrower 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) 636-2018.

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

SOCIALIST REPUBLIC OF VIET NAM

By _____
NGUYEN VAN BINH
Governor
State Bank of Viet Nam

ASIAN DEVELOPMENT BANK

By _____
ERIC SIDGWICK
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is improved urban services in the towns of Bac Giang (Bac Giang Province), Mong Cai (Quang Ninh Province) and Sa Pa (Lao Cai Province), Socialist Republic of Viet Nam.

2. The Project shall comprise:

(a) Construction of a new road that will link Tran Quang Khai road and provincial road 295B, including a new road bridge across the Thuong River and railway crossings, in the town of Bac Giang ("Part 1");

(b) Construction of a new ring road from Road 295B to National Highway 1 in the town of Bac Giang ("Part 2");

(c) Extension of existing wastewater treatment plant and improvements to four ponds to provide wastewater services, with free house connections, to about 2,100 households in Bac Giang ("Part 3");

(d) New and improved pumping stations in two locations and dredging of canals, to protect Bac Giang from periodic flooding due to stormwater ("Part 4");

(e) Upgrading the wastewater collection and treatment systems in Mong Cai, including the construction of two sewerage systems and two wastewater treatment plants ("Part 5");

(f) Upgrading the stormwater system in Mong Cai, including the installation of larger drains to alleviate flooding ("Part 6");

(g) Improvements to the river banks of the Ka Long River running through Mong Cai, including river dredging, construction of embankment protection structures, and riverside walkway and roadway improvements ("Part 7");

(h) Upgrading Route 152 that connects the towns of Sa Pa and Ban Den, including construction of village trading houses and the imposition of traffic management controls ("Part 8");

(i) Improvements to the wastewater and stormwater collection, treatment and drainage systems in the two catchments in the town of Sa Pa, including construction of two wastewater treatment plants ("Part 9");

(j) Improvement of the town center of Sa Pa, including rehabilitating and upgrading the main streets, pedestrian walkways and alleyways of the town center ("Part 10"); and

(k) Preparation of Green City Action Plan for Sa Pa ("Part 11").

3. The Project includes provision of Consulting Services for (a) project management, detailed design, construction supervision and safeguards implementation and monitoring; and (b) capacity development activities, each as more fully described in the PAM

4. The Project is expected to be completed by December 31, 2020.

SCHEDULE 2

Amortization Schedule

(Second Greater Mekong Subregion Corridor Towns Development Project)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
15 May 2021	1,771,200
15 November 2021	1,771,200
15 May 2022	1,771,200
15 November 2022	1,771,200
15 May 2023	1,771,200
15 November 2023	1,771,200
15 May 2024	1,771,200
15 November 2024	1,771,200
15 May 2025	1,771,200
15 November 2025	1,771,200
15 May 2026	1,771,200
15 November 2026	1,771,200
15 May 2027	1,771,200
15 November 2027	1,771,200
15 May 2028	1,771,200
15 November 2028	1,771,200
15 May 2029	1,771,200
15 November 2029	1,771,200
15 May 2030	1,771,200
15 November 2030	1,771,200
15 May 2031	1,771,200
15 November 2031	1,771,200
15 May 2032	1,771,200
15 November 2032	1,771,200
15 May 2033	1,771,200
15 November 2033	1,771,200
15 May 2034	1,771,200
15 November 2034	1,771,200
15 May 2035	1,771,200
15 November 2035	1,771,200
15 May 2036	1,771,200
15 November 2036	1,771,200
15 May 2037	1,771,200
15 November 2037	1,771,200
15 May 2038	1,771,200
15 November 2038	1,771,200
15 May 2039	1,771,200
15 November 2039	1,771,200

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
15 May 2040	1,771,200
15 November 2040	1,771,200
TOTAL	70,848,000

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

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

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

Basis for Withdrawal from the Loan Account

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

Interest Charge

3. The amount allocated to Category 4 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 Withdrawal from Loan Account

6. Notwithstanding any other provision of this Loan Agreement, no withdrawal shall be made from the Loan Account until the Borrower shall cause the relevant Project Executing Agency to employ the necessary financial management and accounting staff to

administer, implement, coordinate and undertake all finance and accounting activities required under the PAM or as otherwise required by or agreed to with ADB.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Second Greater Mekong Subregion Corridor Towns Development Project)				
Number	**Item**	**Total Amount Allocated for ADB Financing (SDR)**		**Basis for Withdrawal from the Loan Account**
		Category	**Subcategory**	
1	Works**	50,068,000		100% of total expenditure claimed*
2	Equipment and Materials**	5,377,000		100% of total expenditure claimed*
3	Consulting Services	1,361,000		
3A	Project Management**		716,000	100% of total expenditure claimed*
3B	Green City Action Plan (Sa Pa)**		645,000	100% of total expenditure claimed*
4	Interest Charge	3,521,000		100% of amounts due
5	Unallocated	10,521,000		
	Total	70,848,000		

* Exclusive of taxes and duties imposed within the territory of the Borrower.
** Subject to the condition for withdrawal described 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) International Competitive Bidding;
(b) National Competitive Bidding; and
(c) Shopping.

4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

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.

Conditions for Award of Contract

6. The Borrower shall not, and shall ensure that each Project Executing Agency does not, award any Works contract which involves environmental impacts until the Borrower has incorporated the relevant provisions from the EMP into the Works contract.

7. The Borrower shall not award any Works contract which involves involuntary resettlement impacts, until the Borrower has prepared and submitted to ADB the final RP based on the Project's detailed design, and obtained ADB's clearance of such RP.

Consulting Services

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

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 the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

11. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

SCHEDULE 5

Execution of Project

Implementation Arrangements

1. The Borrower and each Project Executing Agency 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 Project Executing Agencies and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Environment

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

Land Acquisition and Involuntary Resettlement

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

4. Without limiting the application of the Involuntary Resettlement Safeguards, the RP or the REMDP, the Borrower shall ensure or cause each Project Executing Agency to ensure that no physical or economic displacement takes place in connection with the Project until:

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

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

Indigenous Peoples

5. The Borrower shall ensure or cause each Project Executing Agency to ensure that the preparation, design, construction, implementation and operation of the Project comply with (a) all applicable laws and regulations of the Borrower relating to indigenous

peoples; (b) the Indigenous Peoples Safeguards; and (c) all measures and requirements set forth in any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

6. The Borrower shall make available or cause each Project Executing Agency to make available necessary budgetary and human resources to fully implement the EMP, the RP and the REMDP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

7. The Borrower shall ensure or cause each Project Executing Agency to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

(a) comply with the measures relevant to the contractor set forth in the IEE, the EMP, the RP and the REMDP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;

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

(c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the RP and the REMDP;

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

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

Safeguards Monitoring and Reporting

8. The Borrower shall do the following or cause each Project Executing Agency to do the following:

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

(b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the RP and the REMDP, 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 EMP, the RP or the REMDP promptly after becoming aware of the breach.

Prohibited List of Investments

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

Gender and Development

10. The Borrower shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB; and (e) key gender outcome and output targets include, but not limited to: (i) at least 20 persons (30% female) trained in key project management areas; (ii) at least 100 persons (50% female) provided gender sensitization training for community leaders, government officers, and consultants involved in project implementation and delivery; and (iii) in all project towns, 75% of all unskilled laborers are of local origin.

Governance and Anticorruption

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

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

13. Within six (6) months of the Effective Date, the Project Executing Agencies (or any one of them on behalf of the other Project Executing Agencies) shall create or modify a Project website to disclose information about various matters on the Project. The website will include information on Project procurement including the list of participating bidders, name of each winning bidder, basic details on bidding procedures adopted, the value of each contract awarded, and the list and value of goods/services procured and the intended utilization of Loan proceeds under each contract being awarded. The website shall also include general Project information, Project progress and contact details for each Project Executing Agency's

counterpart staff in Vietnamese and English languages, and shall link to ADB's Integrity Unit website at http://www.adb.org/site/integrity/complaint-form for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and/or Project activities. The Borrower shall cause each Project Executing Agency to ensure that all Project staff are fully aware of ADB's procedures, including, but not limited to, procedures for implementation, procurement, use of consultants, disbursements, reporting, monitoring, and prevention of fraud and corruption.

Grievance Redress Mechanism

14. The Borrower shall through the Project Executing Agencies further ensure that within nine (9) months of the Effective Date, a grievance redress mechanism (GRM) acceptable to ADB is established for non-safeguards complaints in accordance with the PAM. In each case, such GRM shall function to (a) review and document eligible complaints of Project stakeholders; (b) proactively address grievances; (c) provide the complainants with notice of the chosen mechanism and/or action; and (d) prepare and make available to ADB upon request periodic reports to summarize (i) the number of complaints received and resolved; (ii) chosen actions; and (iii) final outcomes of the grievances and make these reports available to ADB upon request. Eligible non-safeguards complaints include those related to the Project, any of the service providers, any person responsible for carrying out the Project, complaints on misuse of funds and other irregularities as well as gender issues.

Sector Development and Counterpart Support

15. (a) The Borrower shall cause each Project Executing Agency to (i) adopt a business plan consistent with the terms and requirements of the PAM (including, but not limited to, the necessary tariffs, tariff collection rates, increases in tariff rates and service coverage rates for wastewater collection and treatment for the operational period of the relevant facilities), subject to prior consultation with ADB, for achieving full cost recovery to cover operations and maintenance expenditures of the facilities developed under Parts 3, 5 and 9 of the Project, as applicable, prior to their physical completion; and (ii) administer the applicable business plan in accordance with its terms and the PAM, including, but not limited to, the collection of all necessary tariffs and implementation of any tariff increases, as applicable.

(b) The Borrower shall (i) if there is any deficiency in the budget for the operations and maintenance of the facilities constituting Part 3, Part 5 or Part 9 (or any or all of them) of the Project in any fiscal year, require the applicable Project Executing Agency to fund immediately such deficiency through budget allocations for such facilities; and (ii) if the applicable Project Executing Agency fails to undertake its obligation under clause (b)(i) above, allocate and make available such funds to the relevant Project Executing Agency to cover such deficiency in the budget for the operations and maintenance for the facilities constituting Part 3, Part 5 or Part 9 (or any or all of them) of the Project, as applicable, for the relevant fiscal year to ensure proper operations and maintenance of such facilities for the remainder of the relevant fiscal year.