LOAN NUMBER 3161-VIE

LOAN AGREEMENT
(Ordinary Operations)

(Ha Noi and Ho Chi Minh City Power Grid Development Sector Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 07 November 2014

LOAN AGREEMENT
(Ordinary Operations)

LOAN AGREEMENT dated _____ 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) for the purposes of the Project or parts thereof, the Borrower has also applied to ADB for and ADB agreed to make a loan in the amount of $100,000,000 ("AIF Loan") to be funded by ADB entirely from a participation therein by ASEAN Infrastructure Fund Limited ("AIF") pursuant to a loan agreement of even date herewith between the Borrower and ADB ("AIF Loan Agreement");

(C) the Project in relevant parts will be carried out by Hanoi Power Corporation ("EVN HANOI") and Ho Chi Minh City Power Corporation ("EVN HCMC", and together with EVN HANOI, the "Executing Agencies"), and for this purpose the Borrower will relend to the Executing Agencies the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

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

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 ("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(50) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB and Executing Agencies.

(b) The term "Project Executing Agency" appearing in Section 7.04(b), 9.01(d), 9.01(f), 9.01(k), 10.01(c) and 10.02(c) of the Loan Regulations

shall be substituted by the term "Executing Agencies", or EVN HANOI or EVN HCMC, as the context may require.

(c) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit. (a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the credit against the interest payable by the Borrower.

(d) Section 3.06 is deleted and the following is substituted therefor:

Rebate. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

(e) Section 3.07 is deleted and the following is substituted therefor:

Surcharge. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge.

The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

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 2 of Schedule 1 to this Loan Agreement;

(c) "Environmental Assessment and Review Framework" or "EARF" means the environmental assessment and review framework for the Project, including any update thereto, agreed between the Executing Agencies and ADB;

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

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

(f) "EVN" means Vietnam Electricity, a wholly state-owned corporation duly registered and validly existing under the laws of the Borrower, itself owning 100% chartered capital (i.e. parent holding company) of the Executing Agencies;

(g) "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;

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

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

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

(k) "PAM" means the project administration manual for the Project dated 24 June 2014 and agreed between the Executing Agencies and ADB, as updated from time to time in accordance with the respective administrative procedures of the Executing Agencies and ADB;

(l) "Procurement Guidelines" means ADB's Procurement Guidelines (2013, as amended from time to time);

(m) "Procurement Plan" means the procurement plan for the Project or Subproject(s) dated 24 June 2014 and agreed between the 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;

(n) "Resettlement Framework" or "RF" means the resettlement framework for the Project, including any update thereto, agreed between the Executing Agencies and ADB;

(o) "Resettlement Plan" or "RP" means the resettlement plan for the Project or Subprojects, including any update thereto, prepared and submitted by the Executing Agencies in accordance with the RF and cleared by ADB;

(p) "Safeguards Monitoring Report" means each report prepared and submitted by the Executing Agencies to ADB that describes progress with implementation of and compliance with the EMP, the RP and the IPP (as applicable), including any corrective and preventative actions;

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

(r) "Subproject" means any subproject meeting the criteria set forth in paragraph 3 of Schedule 1 hereof, and included in the Project for financing out of the proceeds of this Loan and AIF Loan;

(s) "Subsidiary Loan Agreement" means a subsidiary loan agreement or agreements between the Borrower and the Executing Agencies on relending the proceeds of

the Loan and the AIF Loan for purposes of the Project, as described in Sections 3.01 of this Loan Agreement and the AIF Loan Agreement; and

(t) "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. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred seventy-two million seven hundred thousand Dollars ($172,700,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 15 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) 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 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

(a) LIBOR; and

(b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 March and 15 September in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

(i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;

(ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and

(iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall relend the proceeds of the Loan to the Executing Agencies upon terms and conditions satisfactory to ADB and shall cause the Executing Agencies to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

(b) The Borrower shall ensure that the proceeds of the Loan are relent to the Executing Agencies in the following amounts:

(i) $74,550,000 to EVN HANOI; and

(ii) $98,150,000 to EVN HCMC.

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. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

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 Subprojects selected in accordance with the criteria and procedure set forth in paragraph 3 of Schedule 1 and paragraph 33 of Schedule 5 hereof, respectively.

Section 3.05. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 31 December 2020 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 Project to be carried out 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 obligations set forth in Schedule 5 to this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall make available, or cause to be made available, promptly as needed, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

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

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

Section 4.05. The Borrower shall take all actions which shall be necessary on its part to enable Executing Agencies 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 4.06. (a) The Borrower shall exercise its rights under the 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 the Subsidiary Loan Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

Section 4.07. (a) Except as ADB may otherwise agree, any cancellation by the Borrower of any unwithdrawn amount of the Loan under Section 9.03 of

the Loan Regulations shall be made pro-rata with the cancellation of the AIF Loan: at 63.33% in respect of the Loan, 36.67% in respect of the AIF Loan, or as otherwise provided in the PAM.

(b) Except as ADB may otherwise agree, any prepayment by the Borrower of the Loan under Section 3.05(b) of the Loan Regulations shall be made pro-rata with the prepayment of the AIF Loan: at 63.33% in respect of the Loan, 36.67% in respect of the AIF Loan, or as otherwise provided in the PAM.

ARTICLE V

Effectiveness

Section 5.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Loan Regulations: AIF Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness shall have been fulfilled, subject only to the effectiveness of this Loan Agreement.

Section 5.02. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VI

Delegation of Authority

Section 6.01. The Borrower hereby designates the Executing Agencies as its agent for the purposes of taking any action or entering into any agreement required or permitted under Section 3.03 of this Loan Agreement and under Sections 6.01, 6.02 and 6.03 of the Loan Regulations.

Section 6.02. Any action taken or any agreement entered into by the Executing Agencies pursuant to the authority conferred under Section 6.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 6.03. The authority conferred on Executing Agencies under Section 6.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

ARTICLE VII

Miscellaneous

Section 7.01. The Governor of the State Bank of Vietnam of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

State Bank of Vietnam
47 - 49 Ly Thai To
Ha Noi, Viet Nam

Facsimile Numbers:

(84-4) 3 8250-612
(84-4) 3 8258-385.

For ADB

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

Facsimile Numbers:

(632) 636-2444
(632) 636-2336.

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 objective of the Project is to improve reliable power supply to domestic household, commercial, and industrial sectors within the area of operation of the Executing Agencies.

2. The Project shall comprise the Subprojects that meet the criteria set forth in paragraph 3 of this Schedule, and Consulting Services related to preparation, assessment, implementation, management and monitoring of the Project and/or Subprojects.

3. To be eligible for financing hereunder, each Subproject shall meet the following general eligibility criteria:

(i) It develops, rehabilitates, and/or expands transmission lines and substations of voltage levels not less than 110 kilovolts (kV);

(ii) It is technically feasible, contributes to the increasing reliability of power supply and/or reduces losses;

(iii) It is part of the National Power Development Plan VII (for 220kV substations and transmission lines), and/or is included in the approved power development plans of either Executing Agency (or subsequent revisions thereof);

(iv) It is not classified as category A under the SPS;

(v) It does not include or involve transmission lines emanating from power plants, except for renewable energy resources (other than hydropower); and

(vi) It is economically viable and shall have demonstrated an economic internal rate of return (EIRR) equal to or greater than 12%, or with EIRR of not less than 10% for Subprojects with significant unquantifiable benefits. An economic analysis shall have been conducted in accordance with ADB's *Guidelines for the Economic Analysis of Projects*.

4. The Project is expected to be completed by 30 June 2020.

SCHEDULE 2

Amortization Schedule

(Ha Noi and Ho Chi Minh City Power Grid Development Sector Project)

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Sequence	Date Payment Due	Installment Share (Expressed as a %)
1	15 March 2020	3.333333
2	15 September 2020	3.333333
3	15 March 2021	3.333333
4	15 September 2021	3.333333
5	15 March 2022	3.333333
6	15 September 2022	3.333333
7	15 March 2023	3.333333
8	15 September 2023	3.333333
9	15 March 2024	3.333333
10	15 September 2024	3.333333
11	15 March 2025	3.333333
12	15 September 2025	3.333333
13	15 March 2026	3.333333
14	15 September 2026	3.333333
15	15 March 2027	3.333333
16	15 September 2027	3.333333
17	15 March 2028	3.333333
18	15 September 2028	3.333333
19	15 March 2029	3.333333
20	15 September 2029	3.333333
21	15 March 2030	3.333333
22	15 September 2030	3.333333
23	15 March 2031	3.333333
24	15 September 2031	3.333333
25	15 March 2032	3.333333

26	15 September 2032	3.333333
27	15 March 2033	3.333333
28	15 September 2033	3.333333
29	15 March 2034	3.333333
30	15 September 2034	3.333343
	Total	100.000000

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. This Schedule sets forth the allocation of the Loan.

Basis for Withdrawal from the Loan Account

2. (a) Subject to Section 3.01 hereof, and except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the following withdrawal percentages:

(i) Goods – 53.1% of total expenditure claimed; and

(ii) Works, Consulting Services, and other eligible expenditures – 57.6% of total expenditure claimed.

(b) All disbursements from the Loan Account shall be made pro-rata to the corresponding disbursements from the AIF Loan: at 63.33% in respect of the Loan and 36.67% in respect of the AIF Loan or as otherwise provided in the PAM.

(c) ADB shall be entitled to withdraw from the Loan Account and pay itself, on behalf of the Borrower, the amounts required to meet payments, when due, of the interest and commitment charges.

Reallocation

3. Notwithstanding the allocation of Loan amount between the Executing Agencies pursuant to Section 3.01(b),

(a) if the amount of the Loan allocated to any Executing Agency appears to be insufficient to finance expenditures on the Subproject, ADB may, by notice to the Borrower, (i) reallocate to such Executing Agency, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Executing Agency but, in the opinion of ADB, are not needed to meet expenditures of such other Executing Agency's ongoing Subprojects, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan allocated to any Executing Agency appears to exceed all agreed expenditures relevant to the Subprojects of that Executing Agency, ADB may, by notice to the Borrower, reallocate such excess amount to the other Executing Agency.

Disbursement Procedures

4. 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

5. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account until Subsidiary Loan Agreement, in form and substance satisfactory to ADB, has been duly executed and delivered on behalf of the Borrower and EVN HANOI and EVN HCMC, respectively.

Retroactive Financing

6. Withdrawals from the Loan Account 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 the Works, Goods, and Consulting Services, subject to a maximum amount equivalent to 20% of the Loan amount.

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; and

(b) National Competitive Bidding.

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

Domestic Preference

5. The Executing Agencies may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods.

National Competitive Bidding

6. 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 Executing Agencies and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Executing Agencies and ADB.

Conditions for Award of Contract

7. The Borrower shall ensure that the Executing Agencies do not award any Works contract which involves environmental impacts until:

(a) The Ministry (or its Department, as the case may be) of Environment and Natural Resources has issued an environmental certificate approving the IEE relevant to the Subproject; and

(b) the Executing Agencies have incorporated the relevant provisions from the EMP into the Works contract related to the Subproject.

8. The Borrower shall ensure that the Executing Agencies do not award any Works contract which involves involuntary resettlement impacts, until the respective Executing Agency has prepared and submitted to ADB the final RP based on the relevant Subproject's detailed design, if applicable, and obtained ADB's clearance of such RP.

Consulting Services

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

10. The Executing Agencies shall recruit the individual consultants for preparation of safeguard documents, financial and economic analyses, technical specifications, bidding documents and bid evaluation reports in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

11. (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.

12. 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

13. 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 and Operation of Project Facilities; Environmental, Social and Financial Matters

Implementation Arrangements

1. The Borrower and Executing Agencies 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 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.

Subproject Selection

2. Prior to the detailed design of any proposed Subproject, the relevant Executing Agency shall have ensured and confirmed to ADB in writing that based on such Subproject's appraisal report it satisfies the criteria set forth in paragraph 3 of Schedule 1 hereof and shall have complied with the Subproject selection procedure set forth in paragraph 33 of this Schedule 5.

Environment

3. The Borrower shall cause the Executing Agencies to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) the Borrower's applicable laws and regulations 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

4. The Borrower shall cause the Executing Agencies to ensure that (i) all Subprojects have requisite RPs prepared in form and substance satisfactory to ADB and (ii) all land and all rights-of-way required for the Project are made available to the Works contractors in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) the Borrower's applicable laws and regulations relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the RPs, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

5. The Borrower shall cause the Executing Agencies to ensure (a) that the local authorities do not commence any land acquisition and relocation activities until the RP consistent with the RF has been prepared or updated, as applicable, following detailed design, and (b) that the updated RP has been reviewed and approved by ADB. The Borrower shall cause the Executing Agencies to further ensure that the affected persons are compensated at replacement cost and assisted before they are displaced from their houses, land, and assets. No affected persons shall be displaced until suitable alternative land within the same or a neighboring commune has been allocated to them or compensation has been

paid that is sufficient to purchase suitable alternative land within the same or a neighboring commune.

6. The Borrower shall cause the Executing Agencies to carry out internal monitoring of involuntary resettlement activities and updating of the RPs, and submit quarterly Safeguard Monitoring Reports to ADB together with the quarterly Project reporting requirements. Internal monitoring reports shall be uploaded onto ADB website, until involuntary resettlement and income restoration programs are completed.

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

(a) compensation and other entitlements have been provided to the affected persons in accordance with the RP; and

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

Human and Financial Resources to Implement Safeguards Requirements

8. The Borrower shall cause the Executing Agencies to make available necessary budgetary and human resources to fully implement the EMP and the RP.

Safeguards-Related Provisions in Bidding Documents and Works Contracts

9. The Borrower shall cause the Executing Agencies 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 and the RP 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; and

(c) provide the Executing Agencies 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, and the RP.

Safeguards Monitoring and Reporting

10. The Borrower shall cause the Executing Agencies to do the following:

(a) submit semiannual Safeguards Monitoring Reports to ADB until the Project completion and disclose relevant information from such reports to the affected persons and to ADB website 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, and the RP, as applicable, 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, and the RP promptly after becoming aware of the breach.

11. ADB may require selection and engagement of external monitor(s) if the Safeguards Monitoring Reports are of quality not satisfactory to ADB or substantially delayed.

Prohibited List of Investments

12. The Borrower shall cause the Executing Agencies 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 SPS.

Gender

13. The Borrower shall cause the Executing Agencies to implement the Project in accordance with ADB's Policy on Gender and Development (1998). In particular, the Borrower shall cause the Executing Agencies to ensure that women will have equal access to Project information and benefits, including the opportunities to participate in Project planning and implementation.

14. The Borrower shall cause the Executing Agencies to ensure that RPs are prepared and implemented taking into consideration that (a) female-headed affected households are consulted; (b) the respective women union participates actively in consultations and compensation committees; and (c) fair compensation of all households irrespective of income level, ethnic group or headed by female/male is provided.

Power Sector and Tariff Reform

15. The Borrower shall take necessary measures to restructure its power sector into a competitive market. Such measures shall include, but not limited to, appropriate amendments to the existing Electricity Law of the Government.

16. The Borrower shall continue to implement effective electricity tariff reforms which set the retail tariffs and bulk supply tariffs to the Executing Agencies based on transparent methodology and international best practices at a level that ensures long-term financial sustainability of the Executing Agencies.

17. Notwithstanding paragraph 16 above, the Borrower shall continue to implement appropriate social safety nets to ensure continued affordability of electricity to the poor.

Counterpart Funding

18. The Borrower shall ensure that necessary arrangements continue to be in place so that the Executing Agencies finance their respective portion of the Project through their own resources.

Financial Matters

19. Except as otherwise agreed by ADB, the Borrower shall ensure that the retail tariffs and bulk supply tariffs are set and implemented so that the Executing Agencies achieve the financial ratio as provided in paragraph 20 below.

20. For the purposes of this paragraph, all financial calculations, ratios and financial covenants shall be applied in respect of the Executing Agencies operations only.

(a) Except as ADB shall otherwise agree, the Borrower shall ensure that for each of its fiscal years after its fiscal year ending 31 December 2013, the Executing Agencies meet the following requirements:

(i) The Executing Agencies will, in their fiscal year 2014, and thereafter, generate funds from internal sources equivalent to not less than 25% of the annual average of the Executing Agencies' capital expenditures incurred for the previous, current, and the next fiscal year;

(ii) The net revenues of the Executing Agencies relative to their debt service requirements will be at least 1.5 times in their fiscal year 2014, and thereafter;

(iii) Executing Agencies' ratio of debt to equity will not exceed 70:30 in their fiscal year 2014 and thereafter;

(iv) Before December 31 in each of their fiscal years, the Executing Agencies will, on the basis of forecasts satisfactory to ADB, review whether they would meet the requirements set forth in paragraphs 20(a)(i) to (iii) above in respect of such year and the next following fiscal year and will furnish to ADB a copy of such review upon its completion; and

(v) If any such review shows that the Executing Agencies would not meet the requirements set forth in paragraphs 20(a)(i) to (iii) above for Executing Agencies' fiscal years covered by such review, the Borrower, through EVN, shall promptly take all necessary measures to enable the Executing Agencies to meet their requirements, including but not limited to, adjustments of retail tariff, bulk supply tariffs, financial and institutional restructuring.

(b) For purposes of paragraph 20(a)(i) above:

(i) The term "funds from internal sources" means the difference between: (A) the sum of cash flows from all sources related to operations, plus cash generated from consumer deposits and consumer advances of any kind, sale of assets, cash yield of interest on investments, and net non-operating income; and (B) the sum of all expenses related to operations, including administration, adequate maintenance and taxes and payments in lieu of taxes (excluding provision for depreciation and other non-cash operating charges), debt service requirements, all cash dividends paid and other cash distributions of surplus, increase in working capital other than cash and other cash outflows other than capital expenditures.

(ii) The term "net non-operating income" means the difference between: (A) revenues from all sources other than those related to operations, after making adequate provisions for uncollectible debts; and (B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.

(iii) The term "working capital other than cash" means the difference between current assets excluding cash and current liabilities at the end of each fiscal year.

(iv) The term "current assets excluding cash" means all assets other than cash which could in the ordinary course of business be converted into cash within 12 months, including accounts receivable, marketable securities, inventories and prepaid expenses properly chargeable to operating expenses within the next fiscal year.

(v) The term "current liabilities" means all liabilities which will become due and payable or could under circumstances then existing be called for payment within 12 months, including accounts payable, customer advances, debt service requirements taxes and payments in lieu of taxes, and dividends.

(vi) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments if any) of, and interest and other charges on, debt, excluding interest charged to construction and financed from loans.

(vii) The term "capital expenditures" means all expenditures incurred on account of fixed assets, including interest charged to construction, related to operations.

(viii) The terms "operations" or "operating" refer to all operations of the Executing Agencies.

(c) For purposes of paragraphs 20(a)(ii) and (iii) above:

(i) The term "debt" means any indebtedness of the Executing Agencies maturing by its terms more than one year after the date on which it is originally incurred.

(ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement, or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into. Financial liabilities incurred by a borrower who is a lessee under finance leasing agreements may also be included as debt.

(iii) The term "net revenues" means the difference between: (A) the sum of revenues from all sources related to operations, after making adequate provisions for uncollectible debts, adjusted to take account of Executing Agencies' rates in effect at the time of the incurrence of debt even though they were not in effect during the twelve-month period to which such revenues relate and net non-operating income; and (B) the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.

(iv) The term "net non-operating income" means the difference between: (A) revenues from all sources other than those related to operations; and (B) expenses including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.

(v) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on debt. Interest charges which are incurred in financing capital expenditures during development should be excluded, if such charges are capitalized. However, if the Executing Agencies' policy is to meet the cost from operating income, such interest charges should be included in "debt service requirements". Lease payments under finance leases should also be included.

(vi) The term "equity" means the sum of the total unimpaired paid-up capital, retained earnings and reserves of the Executing Agencies not allocated to cover specific liabilities.

(vii) Whenever for purposes of this paragraph it shall be necessary to value, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such currency is, at the time of valuation, obtainable for the purposes of servicing such debt, or, in the absence of

such rate, on the basis of a rate of exchange acceptable to ADB.

(viii) The terms "operations" or "operating" refer to all operations of the Executing Agencies.

21. The Executing Agencies shall furnish for review to ADB, no later than June 30 throughout Project Implementation, a five-year financial plan comprising forecast balance sheets, income statements and cash flow statements for the ongoing fiscal year and the following four fiscal years ("the financial projections"). The financial projections will take into account the application of International Financial Reporting Standards.

22. The Borrower shall cause the Executing Agencies to strengthen their financial sustainability throughout the Project implementation through, but not limited to: (a) the undertaking of asset revaluation, (b) management and staff training in financial management, planning, control, accounting, and budgeting; and (c) the application of up to date accounting and financial management and planning tools and procedures.

Works Contract

23. The Borrower shall cause the Executing Agencies to ensure that all Works contracts incorporate provisions and budgets to the effect that contractors will: (a) comply with applicable core labor standards, labor laws and incorporate applicable workplace occupational safety norms; (b) disseminate, or engage appropriate service providers to disseminate information on the risks of sexually transmittable infections, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project facilities, particularly to females; (c) not differentiate payment between men and women for work of equal value; (d) not employ child labor; (e) eliminate any form of discrimination in respect of employment; and (f) to the extent possible, maximize employment of women, local poor and disadvantaged persons for construction purposes, provided that the requirements for efficiency are adequately met.

Reporting and Auditing

24. The Borrower shall cause the Executing Agencies to prepare regular progress reports for submission to ADB on a quarterly basis. Such reports shall include: (a) a narrative description of the Project's physical progress during the period; (b) changes in the implementation schedule; (c) implementation progress of financial improvement measures including management and staff training; (d) performance of the Project implementation consultants; (e) a description of problems encountered and anticipated with suggested corrective action; (f) a description of implementation of the EMPs and RPs including status of satisfactory completion of compensation, resettlement and rehabilitation activities; and (g) a summary financial account, including Project expenditures during the reporting period, year-to-date, and total expenditure to date.

25. The Borrower shall ensure the following:

(a) Within 6 months after the end of the fiscal year, the Executing Agencies submits audited (i) Annual Project Accounts (APA) and (ii) Annual Financial Statements (AFS). The APA will contain detailed

descriptions of the sources of receipts and expenditures. The AFS will consist of an income statement, balance sheet, statement of cash flows and related notes to financial statement. The AFS will be consolidated for all of the Executing Agencies' operations;

(b) The accounts will be prepared using International Financial Reporting Standards and the audit will be carried out using International Standards on Auditing;

(c) The auditors will be required to provide an opinion on the Executing Agencies' compliance with the financial covenants in this Loan Agreement and indicate the details of the actual calculations for all ratios, in conformity with the definitions contained in this Loan Agreement;

(d) Except as otherwise agreed by ADB, the Executing Agencies shall continue their practice of retaining external auditors satisfactory to ADB to audit its AFS and APA. The memorandum of issues identified during the audit process (i.e., management letter) will be attached to the respective reports; and

(e) For future contracts or contract revisions with external auditors, the terms of reference of the external auditors will be provided to ADB.

UXO Clearance

26. For any Works supported under the Project, the Borrower shall ensure that the Executing Agencies will not issue a notice to proceed with such Works, until it has been confirmed in writing that the related construction site is free and clear from any unexploded ordnance.

Governance and Anticorruption

27. The Borrower and the Executing Agencies shall comply with ADB's Anticorruption Policy (1998, as amended to date) and the Combating Money Laundering and the Financing of Terrorism Policy (2003). The Borrower acknowledges that ADB, consistent with its commitment to good governance, accountability, and transparency, reserves the right to investigate directly, or through its agents, any possible corrupt, fraudulent, collusive, or coercive practices relating to the Project. In particular, the Borrower shall ensure that the Executing Agencies includes in the bidding documents and in all contracts financed by ADB in connection with the Project: (a) provisions specifying the right of ADB to audit and examine the records and accounts of the Executing Agencies, and all contractors, suppliers, consultants, and other service providers as they relate to the Project; (b) periodic inspections of the contractor's activities related to fund withdrawals and settlements are carried out by the Executing Agencies; and (c) the auditors engaged by the Executing Agencies have the right to conduct random or spot audits of contract implementation activities under the subprojects.

28. The Borrower and the Executing Agencies shall ensure that staff are fully knowledgeable of and comply with the Government's and ADB's procedures, including, but not limited to, procedures for (a) Project implementation, (b) procurement, (c) use of

consultants, (d) disbursement, (e) reporting, (f) monitoring, and (g) prevention of fraud and corruption.

29. The Borrower shall cause the Executing Agencies to publicly disclose on its website information on how the Loan proceeds are being used, presenting (a) award of Goods and/or Works contracts including (i) the list of participating bidders, (ii) name of the winning bidder, (iii) basic details on bidding procedures adopted, (iv) amount of the contract awarded, (v) list of Goods and/or Works, and (vi) intended and actual utilization of Loan proceeds under each contract, and (b) internal and external resettlement reports. The website will be updated within 2 weeks after: (a) each award of contract, (b) each submission of the external monitoring agency's quarterly resettlement reports, and (c) each submission of the Executing Agencies' internal quarterly resettlement reports.

Change of Ownership

30. The Borrower shall through EVN ensure that in the event that (a) any change in ownership in the Executing Agencies or of any Project facilities, or (b) any sale, transfer, or assignment of the responsibilities in the Executing Agencies or of any Project facilities is anticipated, then ADB shall be informed and consulted at least 6 months prior to such anticipated change, sale, transfer, or assignment.

31. The Borrower shall cause EVN to ensure that (a) no material organizational changes (either financial, operational, or structural) to, nor material asset transfers to or from the Executing Agencies be formally approved or implemented without the prior consultation with ADB, if such changes may affect any Executing Agencies' ability to perform its obligations under the Project Agreement; and (b) any such change is carried out in a lawful and transparent manner.

Midterm and Subsequent Reviews

32. ADB and the Borrower in consultation with the Executing Agencies shall undertake a midterm review and periodic reviews thereafter, as may be necessary, to assess utilization of Loan proceeds and, to the extent feasible, revise initial Loan allocation provided in Section 3.01(b) of this Loan Agreement based on, but not limited to, the following performance-related criteria: each Executing Agency's Loan utilization rate, quality and timeliness of Subproject preparation.

Subproject Selection Procedure

33. Each Subproject meeting the criteria set forth in paragraph 1 of Schedule 1 shall be processed and considered as follows:

(i) the relevant Executing Agency prepares feasibility study of the candidate Subproject and obtains required governmental approvals;

(ii) environmental clearance and compensation plan are approved by relevant authority(ies);

(iii) IEE and RP (if applicable), are prepared, in English, in accordance with SPS and consistent with EARF and RF, and reviewed and endorsed by Project's implementation consultants;

(iv) English translation of the feasibility study summary, IEE and RP (if required) are submitted to ADB for review; and

(v) ADB considers and approves Subprojects that are estimated to cost at least $1,000,000 and provides comments, at its discretion, on Subprojects below $1,000,000.