LOAN NUMBER 2929-VIE(SF)

LOAN AGREEMENT
(Special Operations)

(Second Upper Secondary Education Development Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 21 DECEMBER 2012

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 21 December 2012 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; and

(B) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All 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) "Block Grants" means the financial assistance package provided, out of the proceeds of the loan, by CPMU to PPMUs for capacity development for meeting the local needs, as described in Output 3 (ii) in Schedule 1 to this Loan Agreement;

(b) "CEC" means Continuing Education Centre;

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

(d) "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;

(e) "CPMU" means the Central Project Management Unit, established within MOET;

(f) "DOET" means the provincial Department of Education and Training;

(g) "EGP" or "Ethnic Group Plan" means the ethnic group plan for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(h) "EM" means ethnic minorities;

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

(j) "GAP" or "Gender Action Plan" means gender action plan for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(k) "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;

(l) "IAs" or "Implementing Agencies" means (i) CPMU, responsible for the implementation of nationwide activities under the Outputs; and (ii) PPMUs, responsible for the implementation of their respective activities under the Outputs or any successors thereto acceptable to ADB;

(m) "IEC" means Inclusive Education Centers;

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

(o) "INSETT" means In-service Teacher Training;

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

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

(r) "M&E" means monitoring and evaluation;

(s) "MOET" means the Borrower's Ministry of Education and Training or any successor thereto;

(t) "NIEM" means the Borrower's National Institute of Education Management or any successor thereto;

(u) "Outputs" means each and any of Outputs 1 through 4 as described in Schedule 1 to this Loan Agreement;

(v) "PAM" means the Project administration manual for the Project dated 29 August 2012 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(w) "PPMU" means a provincial Project Management Unit to be established in all 63 provinces of the Borrower, as described in paragraph 2(a) of Schedule 5 to this Loan Agreement;

(x) "PRESETT" means pre-service teacher training;

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

(z) "Procurement Plan" means the procurement plan for the Project dated 29 August 2012 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

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

(bb) "Project facilities" means the facilities to be provided under the Project;

(cc) "RP" or "Resettlement Plan" means any resettlement plan, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements of the SPS and cleared by ADB;

(dd) "RRP" means the Report and Recommendation of the President of ADB relating to the Project;

(ee) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of, and compliance with, the GAP and the EGP (as applicable), including any corrective and preventative actions;

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

(gg) "Target Provinces" means the Borrower's 33 disadvantaged provinces where Works and related activities will be implemented under the Project and which are listed in Appendix 3 of the RRP;

(hh) "TTU" means Teacher Training University;

(ii) "Training Selection Criteria" means the selection criteria to be developed by MOET and approved by ADB for selecting teachers, managers and Borrower's relevant staff to benefit from in-country or overseas training under the Project as further described in paragraph 6 of Schedule 5 to this Loan Agreement;

(jj) "USE" means Upper Secondary Education;

(kk) "USS" means Upper Secondary Schools; and

(ll) "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 fifty nine million four hundred nineteen thousand Special Drawing Rights (SDR59,419,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 1% per annum during the grace period, and 1.5% per annum thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

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

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 April and 15 October 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. 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.

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 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. 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.

Section 4.02. (a) The Borrower shall, or shall cause to (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for the imprest account 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 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

ARTICLE V

Effectiveness

Section 5.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: MOET has established and set up the CPMU and appointed a full-time Project manager, a deputy Project manager and key technical staff including an appropriate number of experts in curriculum and textbook development, equipment and instructional material development, finance, procurement, Works, staff development, social development, M&E, and administration, whose experience and qualifications are approved by ADB.

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 9.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The State Bank of Vietnam of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 6.02. 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
Ha Noi, 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) 636-2305.

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

SOCIALIST REPUBLIC OF VIET NAM

By _____
NGUYEN VAN BINH
Governor
State Bank of Viet Nam

ASIAN DEVELOPMENT BANK

By _____
TOMOYUKI KIMURA
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is the improved readiness of upper secondary school graduates for tertiary and vocational career development.

2. The Project shall comprise the following 4 outputs:

Output 1: Enhancing Quality of USE to International Standards

a) **Improvement of Teaching Strategies through PRESETT and INSETT.** This sub-Output will provide: (i) overseas short-term training courses on curriculum and textbook drafting skills for approximately 75 core specialists to assist them to develop the new curriculum and textbooks; and (ii) 3 in-country INSETT training activities for approximately 18,750 teachers regarding piloting and implementing the new USE curriculum and textbooks.

b) **Provision of Textbooks and Development of Instructional Materials based on the New USE Curriculum.** This sub-Output will provide implementation support by providing: (i) textbooks supporting the new curriculum for pilot and nationwide use; (ii) teaching materials and guidelines to assist in piloting effective use of textbooks nationwide; and (iii) specific and targeted teaching support materials/teaching aids for approximately 800 USSs in EM regions.

c) **Improving the Academic Environment for Gifted USS students.** This sub-Output will provide: (i) laboratory equipment and teaching aids for specific programs in physics, chemistry, and biology; (ii) in-country training for approximately 833 teachers on advanced coursework from abroad in support of gifted and talented education; and (iii) short-term overseas training for up to 15 teachers and vice-principals selected by MOET in consultation with ADB.

d) **Support for CEC to Improve INSETT**. This sub-Output will provide: (i) approximately 63 sets of teaching and practical equipment, textbooks and teaching materials to relevant libraries to support programs conducted by the CEC; and (ii) in-country training on curriculum reform for approximately 15 teachers from each CEC.

e) **Improving Quality of Foreign Language Training and Education**. This sub-Output will provide: (i) procurement of books for approximately 2,700 schools; (ii) provision of quality audio-visual equipment to equip 1 specialist foreign language room in each province; and (iii) in-country training for core English teachers.

f) **Establishment of Centers for Pedagogical Excellence.** This sub-Output will: (i) establish 6 Centres for Pedagogical Excellence and provide: (ii) simulation teaching equipment; (iii) construction (or upgrading) of teaching simulation rooms; (iv) in-country training workshops for approximately 20 lecturers per center; and (v) a two-week overseas training program for 6 TTU lecturers and nine specialists from MOET to acquire pedagogical expertise.

g) **Improved Teaching of Selected Subjects.** This sub-Output will provide: (i) in-country training to improve the teaching practice of core teachers; (ii) support to teachers to record, publish and share effective practices; (iii) short-term overseas training program for approximately 15 teachers to acquire internationally updated teaching methodology; and (iv) conduct a pilot study on the teaching of mathematics to assess the new teaching method.

h) **Support for Academically Disadvantaged Groups.** This sub-Output will build the capacity of teachers to support isolated students by conducting a series of in-country INSETT training programs where the teachers will be assisted to develop self study materials and guidelines to ensure that students undertaking study via distance education have access to appropriate materials and support.

Output 2: Increased Access and Retention of Disadvantaged Groups to USE

a) **New Facility Development at Existing USSs in the Target Provinces.** This sub-Output will provide: (i) Works construction for approximately 1,050 rooms at existing USSs, including the provision of furniture; and (ii) specialist equipment for 152 of the newly constructed facilities.

b) **Support for Ethnic Minority Boarding USSs.** This sub-Output will improve the quality and effectiveness of USE in the Target Provinces through the provision of equipment to selected provincial EM boarding USSs.

c) **Pilot an Inclusive Education Program for Students with Special Needs.** This sub-Output will support the: (i) development of sign language tools for deaf students; (ii) development and provision of instructional sign language materials for IEC; and (iii) provision of in-country training of management of inclusive education and teaching methodology for approximately 600 teachers in IEC.

d) **Education for Sustainable Development Support for Disadvantaged Groups.** This sub-Output will provide 3 in-country teacher training programs for approximately 1,650 teachers with a focus on: (i) developing active and engaging approaches to teaching methodologies and disciplines; (ii) developing high quality life skills

together with an improved understanding of the environment and of social issues; and (iii) ensuring the cultural preservation of ethnic minorities.

e) **Capacity Development of Private Sector Schooling.** This sub-Output will provide support to government agencies and MOET to conduct a research study and develop a model on how public-private partnerships can be most effectively applied within USE, including a pilot initiative for in-country teacher training for approximately 300 teachers from private USSs.

Output 3: Strengthening Planning and Management of USE

a) **Capacity Development of USE Managers.** This sub-Output will provide in-country training to improve USE, including planning, management and leadership for education reform. Approximately 2,700 USS principals and about 600 directors of CECs and principals of complementary education schools will participate in the training programs. The programs will also include about 15 key USE managers participating in an overseas training program to learn international approaches to effective and efficient management and delivery of quality USE programs. This sub-Output will also support procurement of school mapping software to improve the education planning capacity in the Target Provinces.

b) **Provision of Block Grants to Support Local Government.** This sub-Output will support: (i) building the planning and management capacity of DOETs to meet local needs; and (ii) developing agreed solutions to key management issues for each DOET to meet the reform requirements associated with a revised curriculum, new approaches to education and new textbooks after 2015. Each DOET will receive 1 Block Grant package including a Block Grants manual, orientation workshops and M&E training.

c) **Support for Pilot Research Studies for USE.** This sub-Output will develop the capability of MOET/DOETs/Research institutes to promote and implement the ongoing "Education Renovation" initiatives of MOET. Five action-research packages will be conducted with a focus on: (i) developing a model of USSs autonomy within a framework of social responsibility and accountability; (ii) developing management and planning skills for TTU students; (iii) managing curriculum change and developing instructional materials for complementary USE; (iv) student counseling in USSs; and (v) organization of USS applied science research.

d) **Support for Enhancement of Research and Training Capacity for Education Management.** This sub-Output will provide: (i) equipment for a multifunction room at the NIEM; and (ii) in-country training to develop the teaching and scientific research capacity of lecturers at NIEM and the Institute of Educational Managers, Ho Chi Minh City.

Output 4: Support for Project Implementation, Quality Assurance and Monitoring

a) **Capacity Development of CPMU, PPMUs and other Implementing Agencies.** This sub-Output will support the capacity strengthening of CPMU and others responsible for Project management and implementation by providing in-country training for Project management.

b) **Provision of Equipment and Facilities for Project Implementing Agencies.** This sub-Output will provide office equipment, furniture and facilities, and vehicles for the CPMU. Equipment will also be provided for PPMUs.

c) **Project Monitoring, Quality Assurance and Evaluation.** This sub-Output will strengthen Project implementation through Project review workshops, component assessments, and independent Project evaluation.

3. The Project shall include the provision of Consulting Services for supporting implementation of the Project.

4. The Project is expected to be completed by 31 December 2019.

SCHEDULE 2

Amortization Schedule

(Second Upper Secondary Education Development Project)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
15 April 2021	1,237,896
15 October 2021	1,237,896
15 April 2022	1,237,896
15 October 2022	1,237,896
15 April 2023	1,237,896
15 October 2023	1,237,896
15 April 2024	1,237,896
15 October 2024	1,237,896
15 April 2025	1,237,896
15 October 2025	1,237,896
15 April 2026	1,237,896
15 October 2026	1,237,896
15 April 2027	1,237,896
15 October 2027	1,237,896
15 April 2028	1,237,896
15 October 2028	1,237,896
15 April 2029	1,237,896
15 October 2029	1,237,896
15 April 2030	1,237,896
15 October 2030	1,237,896
15 April 2031	1,237,896
15 October 2031	1,237,896
15 April 2032	1,237,896
15 October 2032	1,237,896
15 April 2033	1,237,896
15 October 2033	1,237,896
15 April 2034	1,237,896
15 October 2034	1,237,896
15 April 2035	1,237,896
15 October 2035	1,237,896
15 April 2036	1,237,896
15 October 2036	1,237,896
15 April 2037	1,237,896
15 October 2037	1,237,896
15 April 2038	1,237,896
15 October 2038	1,237,896
15 April 2039	1,237,896
15 October 2039	1,237,896

Schedule 2

15 April 2040	1,237,896
15 October 2040	1,237,896
15 April 2041	1,237,896
15 October 2041	1,237,896
15 April 2042	1,237,896
15 October 2042	1,237,896
15 April 2043	1,237,896
15 October 2043	1,237,896
15 April 2044	1,237,896
15 October 2044	1,237,888
Total	**59,419,000**

* 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 and Subcategories 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 or Subcategory ("Table"). (Reference to "Category" or "Subcategory" 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 10 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.

Schedule 3

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 contracting consultants for Project implementation support, subject to a maximum amount equivalent to 5% of the Loan amount.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Second Upper Secondary Education Development Project)				
Number	**Item**	**Total Amount Allocated for ADB Financing (SDR)**		**Basis for Withdrawal from the Loan Account**
		Category	**Subcategory**	
1	Works (Construction)	23,107,000		100% of total expenditure claimed*
2	Equipment	13,332,000		100% of total expenditure claimed*
3	Vehicles	89,000		100% of total expenditure claimed*
4	Textbooks and Instructional Materials	2,823,000		100% of total expenditure claimed*
5	Staff Development	7,875,000		
5A	In-county Training		7,150,000	90% of total expenditure claimed
5B	Overseas Training		725,000	100% of total expenditure claimed
6	Workshops, Research & Surveys	264,000		100% of total expenditure claimed
7	Consulting Services	2,224,000		100% of total expenditure claimed
8	Pilot Initiatives for USE	1,439,000		
8A	Block Grants		1,281,000	100% of total expenditure claimed
8B	Other Pilot Activities		158,000	100% of total expenditure claimed
9	Project Implementation Support	647,000		45% of total expenditure claimed
10	Interest during Construction	1,981,000		100% of the amount due
11	Unallocated	5,638,000		
	Total	**59,419,000**		

* Exclusive of taxes and duties imposed within the territory of the Borrower.

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.

Domestic Preference

5. The Borrower 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 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.

Advanced Action

7. Prior to the date of this Loan Agreement, ADB approved advance action for Consulting Services under the Project up to, but not including, contract signing, in respect of Consulting Services to be financed by ADB. Notwithstanding approval of such advance action, the Borrower shall ensure that Consulting Services are carried out in accordance with the provisions of this Loan Agreement.

Schedule 4

Conditions for Award of Contract

8. The Borrower shall not award any Works contract which involves environmental impacts, provided, however, that in the event that Works in respect of any Project facility are later determined to potentially involve any environmental impacts, no Works contract shall be awarded until the Borrower has prepared and submitted to ADB a final environmental management plan based on the Project's detailed design for such Works and obtained ADB's clearance of such environmental management plan.

9. The Borrower shall not award any Works contract which involves involuntary resettlement impacts, provided, however, that in the event that Works in respect of any Project facility are later determined to potentially involve any involuntary resettlement impacts, as determined under the SPS, no Works contract shall be awarded until the Borrower has prepared and submitted to ADB a final resettlement plan based on the Project's detailed design for such Works and obtained ADB's clearance of such resettlement plan.

10. The Borrower shall not award any Works contract which involves negative impacts on EM, provided, however, that in the event that Works in respect of any Project facility are later determined to potentially involve any negative impacts on EM, as determined under the SPS, no Works contract shall be awarded until the Borrower has prepared and submitted to ADB the final EGP and obtained ADB's clearance of such EGP.

Consulting Services

11. 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.

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

(a) Fixed Budget Selection for overseas training;
(b) Least-Cost Selection for annual audit;
(c) Consultants' Qualifications Selection for selected staff development training and research studies; and
(d) Single Source Selection for selected workshops.

13. The Borrower shall recruit the individual consultants for Project implementation support in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

14. (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.

15. 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

16. Contracts procured under international competitive bidding procedures, contracts procured under national competitive bidding procedures, first contracts procured under the shopping procedure 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; Financial Matters

Implementation Arrangements

1. The Borrower and MOET shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

2. Within 6 months of the Effective Date, MOET shall:

(a) ensure that a PPMU is established in each of the 63 provinces, NIEM and selected TTUs and notify ADB by submission of a list of all PPMU members;

(b) submit to ADB an official commitment letter from each of the 63 provinces, NIEM and selected TTUs to provide the necessary financial and human resources to ensure the effective and timely operation and maintenance of the Project facilities, including equipment provided under the Project; and

(c) submit to ADB a list of the names and locations of the designated USSs, TTUs, IECs, CECs and relevant institutes to be supported under the Project.

Counterpart Support

3. The Borrower shall ensure that the counterpart funds for Project implementation are provided on time, and that MOET shall or shall cause to make available all funds and resources necessary for construction and M&E of the Project on a timely basis. The Borrower shall also make timely submission of annual budgetary appropriation requests and ensure prompt disbursement of appropriated funds during each year of Project implementation.

New Curriculum

4. The Borrower shall cause MOET to ensure that new curriculum for USS is developed in a timely manner to ensure successful implementation of the training programs under the Project.

Criteria, Reporting and Work Commitments for Training Participants

5. The Borrower shall cause MOET to ensure that teachers, managers and the Borrower's staff are selected for in-country and overseas training in accordance with the Training Selection Criteria to be agreed on between the Borrower and ADB in accordance with paragraph 6 below.

6. Within 12 months of the Effective Date, MOET shall: (a) ensure that transparent and merit-based Training Selection Criteria for the in-country and overseas training of the teachers, managers and the Borrower's staff is developed and submitted to ADB for its approval; and (b) establish and submit to ADB for approval, the baseline data and M&E indicators, paying particular attention to gender-disaggregated data.

7. The Borrower shall cause MOET to ensure that (a) candidates for training are selected strictly in accordance with the Training Selection Criteria as approved by ADB; and (b) agreements are executed with all selected candidates for receiving overseas training, financed under the Project, ensuring that the training recipients continue working with MOET or the institution from which they were originally selected for at least 3 years after completing the overseas training program.

8. The Borrower shall cause MOET and PPMUs to ensure that all candidates receiving overseas training: (a) submit a training report to their respective ministry, department or institution; and (b) conduct a training workshop for their colleagues for sharing the knowledge and training that they received abroad.

9. The Borrower shall ensure that, by 31 December 2013, the monitoring framework is established enabling MOET to track the progress of upper secondary graduates in higher education and/or professional/vocational institutions and the work environment and generate feedback for improving the relevance, management and implementation of upper secondary education.

Environment

10. The Borrower shall ensure or cause MOET to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; and (b) ADB's Environmental Safeguards.

Land Acquisition and Involuntary Resettlement

11. The Borrower shall ensure or cause MOET to ensure that all land and all rights-of-way required for Project facilities 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) ADB's Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in any required resettlement plan, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

12. Without limiting the application of the Involuntary Resettlement Safeguards, the Borrower shall ensure or cause MOET 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 any required resettlement plan; and

(b) a comprehensive income and livelihood restoration program has been established in accordance with any required resettlement plan.

Ethnic Minorities

13. The Borrower shall ensure or cause MOET to ensure that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with: (a) all applicable laws and regulations of the Borrower relating to ethnic minorities; (b) the Indigenous Peoples Safeguards; (c) the EGP; and (d) all measures and requirements set forth in the EGP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

14. The Borrower shall make available or cause MOET to make available necessary budgetary and human resources to fully implement the EGP.

Safeguards-Related Provisions in Bidding Documents and Works Contracts

15. The Borrower shall ensure or cause MOET to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

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

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

(c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or ethnic minorities risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the EGP or in the PAM;

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

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

Safeguards Monitoring and Reporting

16. The Borrower shall cause MOET to do the following:

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

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

Labor Law, Health, Social Protection

17. The Borrower shall ensure that Works contracts and bidding documents under the Project include specific provisions requiring contractors to comply with all (a) applicable labor laws and core labor standards on (i) prohibition of child labor as defined in national legislation for construction and maintenance activities; (ii) equal pay for equal work of equal value regardless of gender, ethnicity or caste; and (iii) elimination of forced labor; and (b) the requirement to disseminate information on sexually transmitted diseases including HIV/AIDS to employees and local communities surrounding the Project facilities. Such contracts shall also include clauses for termination by the Borrower in case of any breach of the stated provisions by the contractors.

Gender and Development

18. The Borrower shall cause MOET to ensure that (a) the GAP is fully implemented and adequate budget is allocated for its implementation; (b) all Project activities are designed and implemented in accordance with the principles of ADB's Policy on Gender and Development (1998) and the SPS; (c) the Project activities do not adversely affect ethnic minorities, disabled, poor household and disadvantaged groups; and (d) all targets under the GAP are achieved, including, but not limited to: (i) 100% of female USS principals, directors of CECs and principals of complementary education schools are trained in school management; and that training includes strategies to promote female and ethnic group access to and completion of USE; (ii) 40% of participants in INSETT training to improve professional skills are female; (iii) 60% of teachers trained on life skills curricula for disadvantaged students are female; (iv) all new curriculum, textbooks, teachers guides and instructional materials as well as self-study guidelines for students are gender sensitive; (v) an appropriate number of separate latrines are provided for female and male students in Project supported schools and boarding facilities; (vi) 20% of provincial Block Grants are earmarked for addressing local access and equity issues of ethnic minority girl students; (vii) gender and ethnic group criteria are included in school network mapping procedures and data analyses; and (viii) all Project M&E reports include sex and ethnicity disaggregated data related to access, learning outcomes and other USE indicators.

Governance and Anticorruption

19. The Borrower shall and shall cause MOET to: (a) comply with ADB's Anticorruption Policy (1998, as amended to date); (b) acknowledge that ADB reserves the right to investigate directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project; (c) agree to cooperate, and cause the IAs and entities involving in implementing the Project, to cooperate fully with any such investigation

and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation.

20. The Borrower shall cause MOET and the IAs to ensure that 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 Agency, the IAs and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

21. The Borrower shall cause MOET and the IAs to ensure that within 3 months of the Effective Date, a publicly-accessible Project section is developed in the MOET's already existing website and information about various Project matters is disclosed, including procurement, Project progress, and contact details in the English and Vietnamese languages. MOET shall, and shall cause the IAs to further ensure that the website also provides a link to ADB's Integrity Unit (http://www.adb.org/site/integrity/main) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. With regard to procurement, the website shall include information on the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of Goods, Works and Consulting Services procured.

22. The Borrower shall cause MOET to ensure that, within 2 months of the Effective Date, a grievance redress mechanism, acceptable to ADB, is established and functioning effectively to: (a) review and document eligible complaints of Project stakeholders; (b) proactively address grievances; (c) provide the complainants with notice of the chosen mechanism/action; and (d) prepare periodic reports to summarize (i) the number of complaints received; (ii) chosen actions; and (iii) final outcomes of the grievances, and make these reports available to ADB. Eligible complaints shall include: (a) those related to the Project; (b) any of the service providers; (c) any person responsible for carrying out the Project; (d) complaints on misuse of funds and other irregularities; and (e) grievances due to any safeguards or gender issues.

Development Coordination

23. The Borrower, MOET, and the IAs shall keep ADB informed of discussions with other multilateral and bilateral aid agencies that may have implications for the implementation of the Project. The Borrower, MOET and the IAs shall provide ADB with an opportunity to comment on any resulting policy reforms which could affect the Project, and shall take into account ADB's views before finalizing and implementing any such proposals.