LOAN NUMBER 2731-VIE

LOAN AGREEMENT
(Ordinary Operations)

(Ho Chi Minh City Urban Mass Rapid Transit Line 2 Investment Program – Loan 1)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 11 MARCH 2011

LAL:VIE 39500

LOAN AGREEMENT
(Ordinary Operations)

LOAN AGREEMENT dated 11 March 2011 between SOCIALIST REPUBLIC OF VIET NAM ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 13 December 2010 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Ho Chi Minh City Urban Mass Rapid Transit Line 2 Investment Program;

(B) by a periodic financing request dated 13 December 2010 submitted by the Borrower, the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(C) the Borrower has also applied a loan and a grant to Kreditanstalt für Wiederaufbau ("KfW") to finance a portion of the Project ("KfW Loan and Grant") upon terms and conditions set forth in the respective loan and grant agreements between the Borrower and KfW ("KfW Loan Agreement" and "KfW Grant Agreement", respectively);

(D) the Project will be carried out by Ho Chi Minh City People's Committee ("HCMC PC"), and for this purpose the Borrower will make available to HCMC PC a portion of the proceeds of the Loan provided for herein upon terms and conditions satisfactory to ADB; and

(E) 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 HCMC PC;

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 HCMC PC.

(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 "HCMC PC".

(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 amount of the credit against the interest payable by the Borrower.

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

(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:

(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) "Component" means a component which is implemented under the Project, as more fully described in Schedule 1 to this Loan Agreement;

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

(c) "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, but excluding any services provided in relation to Goods and Works;

(d) "EMP" means the environmental monitoring plan developed in accordance with the Environmental Assessment and Review Framework as agreed for the Investment Program;

(e) "FAM" means the facility administration manual for the Project dated 5 November 2010 and agreed between HCMC PC and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(f) "Goods" means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(g) "HIV/AIDS" means human immunodeficiency virus/acquired immune deficiency syndrome;

(h) "Investment Program" means the Ho Chi Minh City Urban Mass Rapid Transit Line 2 Investment Program;

(i) "LARF" means the Land Acquisition and Resettlement Framework dated July 2010 as agreed for the Investment Program;

(j) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2007, as amended from time to time);

(k) "HCMC PC" means the people's committee of Ho Chi Minh City within the territory of the Borrower;

(l) "MAUR" means the Management Authority of Urban Railways established within HCMC PC;

(m) "MRT" means a mass rapid transit, including underground subways and elevated urban railways;

(n) "MRT Line 2" means the mass rapid transit line connected between Ben Thanh and Tham Luong;

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

(p) "Procurement Plan" means the procurement plan for the Project dated 5 November 2010 and agreed between HCMC PC and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

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

(r) "Project facilities" means facilities developed, constructed, updated and/or maintained under the Project;

(s) "RP" means a resettlement plan to be developed under the Project in accordance with the LARF;

(t) "Subsidiary Loan Agreement" means the subsidiary loan agreement between the Borrower and HCMC PC, as described in Section 3.01(b) of this Loan Agreement; and

(u) "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 forty million Dollars ($40,000,000), 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 14 years, and a grace period as defined in paragraph (c) of this Section.

(c) The term "grace period" as used in paragraph (b) of this Section 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 LIBOR and 0.60% as provided by Section 3.02 of the Loan Regulations, less a credit of 0.30% 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 1 June and 1 December 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 paragraph (a) of this Section 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 make the proceeds of the Loan available to HCMC PC upon terms and conditions satisfactory to ADB.

(b) The Borrower shall relend a portion of the Loan proceeds to HCMC PC under the Subsidiary Loan Agreement upon terms and conditions satisfactory to ADB.

(c) The Borrower shall cause HCMC PC to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the 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 items of expenditure in accordance with the provisions of Schedule 4 to this Loan Agreement, as applicable. 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 Project.

Section 3.05. The Loan Closing Date for withdrawals from the Loan Account for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2017 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 HCMC PC to carry out the Project with due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. The Borrower shall make available to HCMC PC, promptly as needed, and on terms and conditions acceptable to ADB 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 HCMC PC 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.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Loan Regulations:

(a) the KfW Grant shall have become liable for suspension or cancellation; and

(b) HCMC PC shall have failed to perform any of its obligations under the Project Agreement.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Loan Regulations: the KfW Grant Agreement shall have been duly executed and delivered, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled or arrangements satisfactory to ADB shall have been made for the fulfillment thereof within a period of time satisfactory to ADB.

Section 6.02. A date ninety (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 VII

Delegation of Authority

Section 7.01. The Borrower hereby designates HCMC PC as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.05 of this Loan Agreement and under Sections 6.01, 6.02 and 6.03 of the Loan Regulations.

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

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

ARTICLE VIII

Miscellaneous

Section 8.01. The 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 8.02. 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
Hanoi, Viet Nam

Facsimile Numbers:

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

For ADB

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

Facsimile Numbers:

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

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

SOCIALIST REPUBLIC OF VIET NAM

By _____
NGUYEN VAN GIAU
Governor
State Bank of Vietnam

ASIAN DEVELOPMENT BANK

By _____
AYUMI KONISHI
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Investment Program is expected to be the establishment of an integrated sustainable urban transport system in Ho Chi Minh City. The outcome of the Program is the competitive MRT services in Ho Chi Minh City and its neighboring provinces. The Project is the first Loan of the Investment Program.

2. The Project shall comprise the following components:

Component 1. MRT Line 2 System Development: Completing site preparation works and constructing an initial building at Tham Luong depot site and remaining depot infrastructure work.

Component 2. MRT Implementation Support: Providing consulting services to MAUR for:

- Project management and implementation support, including procurement, compliance with financier requirements, MRT management, operations and maintenance (O&M), and public transport management;
- Social development, gender issues and public awareness; and
- Integrated sustainable urban transport study, including; (a) demand forecasting, integrated fares and ticketing, (b) bus restructuring and intermodal facilities, and (c) sustainable transport policy.

3. The Project is expected to be completed by 31 December 2016.

SCHEDULE 2

Amortization Schedule

(Ho Chi Minh City Urban Mass Rapid Transit Line 2 Investment Program – Loan 1)

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.

Payment Due	Installment Share (Expressed as a %)
01-Jun-17	3.571429
01-Dec-17	3.571429
01-Jun-18	3.571429
01-Dec-18	3.571429
01-Jun-19	3.571429
01-Dec-19	3.571429
01-Jun-20	3.571429
01-Dec-20	3.571429
01-Jun-21	3.571429
01-Dec-21	3.571429
01-Jun-22	3.571429
01-Dec-22	3.571429
01-Jun-23	3.571429
01-Dec-23	3.571429
01-Jun-24	3.571429
01-Dec-24	3.571429
01-Jun-25	3.571429
01-Dec-25	3.571429
01-Jun-26	3.571429
01-Dec-26	3.571429
01-Jun-27	3.571429
01-Dec-27	3.571429
01-Jun-28	3.571429
01-Dec-28	3.571429
01-Jun-29	3.571429
01-Dec-29	3.571429
01-Jun-30	3.571429
01-Dec-30	3.571417
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 2 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. 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 amounts of the Loan to each such Category or Subcategory ("Table"). (Reference to "Category" or "Categories" or "Subcategory" or "Subcategories" in this Schedule is to a Category or Categories or Subcategory or Subcategories of the Table).

Percentages of ADB Financing

2. Except as ADB may otherwise agree, each item of expenditure shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

Interest and Commitment Charge

3. The amount allocated to Category 3 is for financing interest and commitment charge on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest and commitment charge.

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

Imprest Account and Statement of Expenditures

6. (a) Except as ADB may otherwise agree, the Borrower shall establish immediately after the Effective Date, an imprest account at a commercial bank acceptable to ADB. The imprest account shall be established, managed, replenished and liquidated in accordance with the Loan Disbursement Handbook, and detailed arrangements agreed upon between the Borrower and ADB. The currency of the imprest account shall be Dollars. The ceiling for the imprest account shall not exceed the lower of (i) the estimated expenditure for the first 6 months of Project implementation, or (ii) the equivalent of 10% of the Loan amount.

(b) The statement of expenditures procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account, in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. Any individual payment to be reimbursed or liquidated under the statement of expenditures procedure shall not exceed the equivalent of $100,000.

Condition for Withdrawals from Loan Account

7. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account for Component 1 until, (i) for initial Tham Luong depot land acquisition activities, the relevant retrofit RP as approved by ADB has been implemented, and (ii) for land not yet acquired, the respective RP and its due diligence report are reviewed and approved by ADB, and the affected people identified in such RP have been compensated at replacement value for their losses due to the Project.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Ho Chi Minh City Urban Mass Rapid Transit Line 2 Investment Program – Loan 1)				
CATEGORY				ADB FINANCING
Number	Item	Total Amount Allocated for ADB Financing ($'000,000)		Percentage and Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works	22.7		
1A	Initial Depot Works		7.7	100 percent of total expenditure claimed*
1B	Main Depot Works		15.0	100 percent of total expenditure claimed*
2	Consulting Services	12.1		100 percent of total expenditure claimed*
3	Interest and Commitment Charge	5.2		100 percent of amounts due
	Total	40.0		

* Exclusive of taxes and duties 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 and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Procurement of 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 and paragraphs 2.55(b) and 2.56 of the Procurement Guidelines for domestic Works.

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.

Consulting Services

7. 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.

Schedule 4

Industrial or Intellectual Property Rights

8. (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.

9. 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

10. 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; Financial and Safeguard Matters

Implementation Arrangements

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

Integration of Traffic System

2. The Borrower shall cause HCMC PC to carry out an integrated sustainable urban transport study under the Project. Based on the result of such study, HCMC PC shall develop, and adopt, an integrated traffic system plan, and implement necessary policy and regulatory measures to promote shift from private to public transport mode, including but not limited to, issuing the necessary regulations before the operation of MRT Line 2.

Counterpart Funding

3. The Borrower shall ensure that HCMC PC provides, on a timely basis, all funds and resources necessary for incremental administration cost, land acquisition costs and management of the Project facilities financed under the Project.

Operation and Maintenance

4. The Borrower shall cause HCMC PC to establish operation and maintenance mechanism of the Project facilities. In particular, HCMC PC shall establish an operation and maintenance company, responsible for overall operation and maintenance of such facilities, and adequately financing the cost of the operation and maintenance.

Environment

5. The Government and HCMC PC shall ensure that (a) the Project and Investment Program is carried out in accordance with the Project design, construction, and operations and complies with all the Borrower's applicable environmental laws, and ADB's *Safeguard Policy Statement* (2009); (b) the EMP is updated during final design, as required; (c) the environmental mitigation measures specified in the EMP are incorporated into the bidding documents, and Works contractor's specifications include requirements to comply with the environmental mitigation measures contained in the EMP; (d) Works contractors are closely supervised to ensure compliance; and (e) the Project and Investment Program undertakes environment monitoring and reflects the results in the project progress reports and project completion report.

Schedule 5

Land Acquisition and Resettlement

6. The Borrower shall cause HCMC PC to ensure that any involuntary resettlement is carried out in accordance with the resettlement plans as agreed between the Borrower and ADB, ADB's *Safeguard Policy Statement*, and the Borrower's relevant laws and regulations. In case that there are any differences between Borrower's laws and regulations and ADB's *Safeguard Policy Statement*, ADB's policy shall prevail.

7. Prior to commencing land acquisition and involuntary resettlement activities, the Borrower shall ensure that HCMC PC prepares the relevant RPs in accordance with the LARF and submit them to ADB for approval. The RPs shall be disclosed to the public in accordance with the ADB's *Public Communications Policy* (2005). The Borrower shall ensure that HCMC PC allocates the adequate resources to prepare and implement the RPs and supervises and monitors their implementation. The Borrower shall cause HCMC PC to ensure that (a) any land acquisition activities to be carried out under the Project shall not commence until the relevant RPs and their due diligence reports are reviewed and approved by ADB; (b) Works shall not start until the affected people identified in the respective RPs have been compensated at replacement value for their losses due to the Project; (c) the RP is updated after the completion of detailed design, agreed on with ADB, and disclosed to the affected people; and (d) all compensation is paid in a legal and transparent manner before taking possession of the acquired land, structures, and other assets.

Applicability of ADB's Safeguard Policy to Entire Project

8. The Borrower shall ensure that the portion of the Project to be financed by KfW and the European Investment Bank abides by all the requirements under ADB's *Safeguard Policy Statement*.

Gender Action Plan

9. The Borrower shall cause HCMC PC and MAUR to ensure that Gender Action Plan as agreed for the Project is fully implemented in accordance with ADB's *Gender and Development Policy* (1998) including, but not limited to: (a) use of employment targets for women and gender-specific core labor standards as part of all Works and other transport services employment generation; (b) consideration of gender-inclusive physical design features in new transport infrastructure and sustainable transport measures; (c) targets for women's participation and inclusion of gender-related content in capacity building activities; (d) reference to gender in terms of reference for consulting services, research and plans developed under the Project; and (e) mitigating gender-related impacts of resettlement, and increased risks of human trafficking and HIV/AIDS.

Health Risks

10. The Borrower shall cause HCMC PC to ensure that all Works contractors have measures to prevent the sexually transmitted infections and HIV/AIDS in the construction campsites. HCMC PC shall include specific provisions to this effect in Works contracts, and strictly monitor compliance.

Schedule 5

Labor Laws

11. The Borrower shall cause HCMC PC to ensure that Works contractors comply with all applicable labor laws and related international treaty obligations, and do not employ child labor or trafficked labor for any activities. HCMC PC will ensure that specific provisions to this effect are included in bidding documents and Works contracts, and monitor strict compliance on such measures.

Governance

12. The Borrower shall cause HCMC PC to ensure that (a) periodic inspections of the Project contractor's activities related to fund withdrawals and settlements are carried out; (b) relevant provisions of ADB's *Anticorruption Policy* (1998, as amended to date) are included in all bidding documents for the Project; and (c) any contracts financed under the Project include provisions specifying the right of ADB to audit and examine the records and accounts of HCMC PC, contractors, suppliers, consultants, and other service providers as they relate to the Project.

13. Within 2 months of the Effective Date, HCMC PC shall create a Project website, accessible by the general public, to disclose information about various matters concerning the Project, including general project information, procurement, project progress, and contact details in the English and Vietnamese languages. The website shall also provide a link to ADB's Integrity Unit (http://www.adb.org/Integrity/complaint.asp) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. 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.