HB2064

LOAN NUMBER 1733-VIE(SF)

LOAN AGREEMENT
(Special Operations)

(SOE Reform and Corporate Governance Program)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 28 June 2000

PLAS:VIE 30058

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 28 June 2000 between SOCIALIST REPUBLIC OF VIET NAM (hereinafter called the Borrower) and ASIAN DEVELOPMENT BANK (hereinafter called the Bank).

WHEREAS

(A) the Bank has received from the Borrower a development policy letter dated 22 November 1999 (hereinafter called the Policy Letter), setting forth certain objectives, policies and actions, described in Schedule 1 to this Loan Agreement, designed to develop the Borrower's industrial enterprise sector (hereinafter called the Program);

(B) the Borrower has applied to the Bank for a loan from its Special Funds resources and a loan from its ordinary capital resources for the purposes of the Program;

(C) by an agreement of even date herewith between the Borrower and the Bank (hereinafter called the Ordinary Operations Loan Agreement) the Bank has agreed to lend to the Borrower from the Bank's ordinary capital resources an amount of forty million dollars ($40,000,000) for the purposes of the Program (hereinafter called the Ordinary Operations Loan);

(D) the Borrower has also applied to the Bank for technical assistance for (i) formulating and implementing an operational strategy and practical methods and modalities for the corporatization of state-owned enterprises (hereinafter called SOEs), and (ii) promoting the efficient functioning of enterprises through the adoption of improved corporate governance, and the Bank has agreed to provide to the Borrower a technical assistance grant up to the equivalent of one million six hundred thousand dollars ($1,600,000) for these purposes;

(E) the Borrower has also applied to the Bank for technical assistance for a reform audit of SOEs, and the Bank has agreed to provide to the Borrower a technical assistance grant up to the equivalent of one million four hundred thousand dollars ($1,400,000) for this purpose; and

(F) the Bank has, on the basis inter alia of the foregoing, agreed to make a loan to the Borrower from the Bank's Special Funds resources upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Special Operations Loan Regulations of the Bank, dated 7 December 1982, 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 thereof (said Special Operations Loan Regulations as so modified being hereinafter called the Loan Regulations):

(a) Section 2.01(9) is deleted and the following is substituted therefor:

> The term "Program" means the program for which the Bank has agreed to make the Loan, as described in the Loan Agreement and as the description thereof may be amended from time to time by agreement between the Bank and the Borrower.

(b) The term "Project" wherever it appears in the Loan Regulations shall be substituted by the term "Program".

(c) Section 2.01(10) is deleted and the following is substituted therefor:

> The term "Program Executing Agency" means the entity or entities responsible for the carrying out of the Program as specified in the Loan Agreement.

(d) The term "Project Executing Agency" wherever it appears in the Loan Regulations shall be substituted by the term "Program Executing Agency".

(e) Section 2.01(17) is deleted and the following is substituted therefor:

> The term "dollar" or "dollars" or the sign "$" means dollar or dollars in the currency of the United States of America

(f) Section 2.01(27) is deleted and the following is substituted therefor:

> The term "interest charge" means a charge made on the Loan pursuant to Section 3.02, and includes a portion to cover administrative expenses and a portion that does not.

(g) The term "service charge" wherever it appears in the Loan Regulations shall be substituted by the term "interest charge".

(h) Section 4.05 is deleted.

(i) Section 5.01(a) is deleted and the following is substituted therefor:

Subject to any conditions or restrictions specified in the Loan Agreement, the Borrower shall be entitled to withdraw from the Loan Account such amounts as shall be required to meet payments for expenditures required for the Program and to be financed under the Loan Agreement.

(j) Section 5.02 is deleted.

(k) Section 5.03 is deleted and the following is substituted therefor:

When the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank an application in such form and containing such statements and agreements as the Bank shall reasonably request.

(l) Section 8.03 is amended as follows:

Cancellation by the Bank. If (i) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty (30) days, or (ii) at any time the Bank determines, after consultation with the Borrower, that any amount of the Loan will not be required for the purposes of the Program, or (iii) at any time the Bank determines, with respect to any contract to be financed out of the proceeds of the Loan, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Loan during the procurement/consultant selection or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation, or (iv) at any time, the Bank determines that the procurement of any contract to be financed out of the proceeds of the Loan is inconsistent with the procedures set forth or referred to in the Loan Agreement, or (v) by the date specified in the Loan Agreement as the closing date for withdrawals an amount of the Loan shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower and the Guarantor, if any, terminate the right of the Borrower to make withdrawals with respect to such amount or contract. Upon the giving of such notice, the amount of the Loan or the relevant portion thereof shall be cancelled.

(m) Section 8.04 is deleted.

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

(a) "Counterpart Funds" means the Dong proceeds generated from the proceeds of the Loan;

(b) "Deposit Account" means the account to be established by the Borrower pursuant to paragraph 4 of Schedule 3 to this Loan Agreement;

(c) "Dong" means Dong in the currency of the Borrower;

(d) "Eligible Items" means the goods imported under the Program (except those specifically excluded pursuant to Attachment 1 to Schedule 3 to this Loan Agreement), the foreign exchange costs of which are eligible for financing out of the proceeds of the Loan;

(e) "First Tranche" means the portion of the proceeds of the Loan and the Ordinary Operations Loan to be initially withdrawn and utilized, in amounts not exceeding the equivalent of SDR21,728,000 and $20,000,000, respectively;

(f) "MPI" means the Ministry of Planning and Investment of the Borrower, and any successor thereto;

(g) "Program Executing Agency" means, for the purposes and within the meaning of the Loan Regulations, SBV, which is responsible for the carrying out of the Program;

(h) "SBV" means the State Bank of Viet Nam, and any successor thereto;

(i) "SSC" means the State Securities Commission of the Borrower, and any successor thereto;

(j) "SITC" means the Standard International Trade Classification, Revision 3 (SITC, Rev. 3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev. 3 (1986); and

(k) "Second Tranche" means the balance of the proceeds of the Loan and the Ordinary Operations Loan remaining in the respective loan accounts after the utilization of the First Tranche, to be withdrawn pursuant to and subject to the provisions of, respectively, paragraph 5 of Schedule 3 to this Loan Agreement and paragraph 5 of Schedule 2 to the Ordinary Operations Loan Agreement .

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower from the Bank's Special Funds resources an amount in various currencies equivalent to forty-three million four hundred fifty-six thousand Special Drawing Rights (SDR43,456,000).

Section 2.02. (a) The Borrower shall pay to the Bank an interest charge at the rate of one percent (1%) per annum during the grace period, and one and one-half percent (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 paragraph (a) of this Section means the period prior to payment of the first principal amount of the Loan on the 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 June and 15 December in each year.

Section 2.04. (a) Subject to the provisions of paragraphs (b) and (c) below, 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.

(b) If the Bank shall determine, after due consideration by its Board of Directors, that (i) the Borrower's gross national product per capita (per capita GNP) has exceeded the Bank's per capita GNP operational cutoff in respect of the Bank's Special Funds resources for five consecutive years and (ii) the Borrower has achieved the capacity to borrow from the Bank's ordinary capital resources, the Bank may, by notice to the Borrower, modify the terms of repayment of the Loan by increasing by 100 percent the amount of each maturity due thereafter until the principal amount of the Loan shall have been fully repaid. However, at the request of the Borrower, the Bank may, in lieu of so increasing any such maturity amounts, charge interest, at an annual rate to be agreed between the Borrower and the Bank, on the principal amount of the Loan withdrawn and outstanding from time to time in such a manner and to such extent as to yield the same grant element as would be obtained under the above-stated increase of maturity amounts.

(c) If, at any time after a modification of the lending terms pursuant to the provisions of paragraph (b) above, the Bank shall, after due consideration by its Board of Directors, determine that the Borrower's economic condition has deteriorated significantly, the Bank may, at the request of the Borrower, restore the original lending terms with respect to the remaining amount of the Loan withdrawn and outstanding.

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 Program in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loan may be withdrawn from the Loan Account only for the purposes of financing foreign currency expenditures incurred for Eligible Items under the Program 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 the Bank.

Section 3.03. Except as the Bank may otherwise agree, all Eligible Items to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement. The Bank shall not finance a contract for goods which have not been procured in accordance with procedures agreed between the Borrower and the Bank or where the terms and conditions of the contract are not satisfactory to the Bank.

Section 3.04. Withdrawals from the Loan Account shall be made only on account of expenditures relating to Eligible Items which:

(a) are produced in, and are supplied from, such member countries of the Bank as shall have been specified by the Bank from time to time as eligible sources for procurement, and

(b) meet such other eligibility requirements as shall have been specified by the Bank from time to time.

Section 3.05. Except as the Bank may otherwise agree, no withdrawals shall be made from the Loan Account in respect of expenditures for Eligible Items incurred more than one hundred eighty (180) days prior to the Effective Date.

Section 3.06. The closing date for withdrawals from the Loan Account for the purposes of Section 8.03 of the Loan Regulations shall be 31 December 2003 or such other date as may from time to time be agreed between the Borrower and the Bank.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause the Program to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, environmental and corporate governance practices.

(b) In the carrying out of the Program, 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, promptly as needed, the funds, facilities, services and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Program.

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

Section 4.04. (a) The Borrower shall maintain, or cause to be maintained, records and documents adequate to identify the Eligible Items financed out of the proceeds of the Loan and to record the progress of the Program.

(b) The Borrower shall enable the Bank's representatives to inspect any relevant records and documents referred to in paragraph (a) of this Section.

Section 4.05. (a) The Borrower shall furnish, or cause to be furnished, to the Bank all such reports and information as the Bank shall reasonably request concerning (i) the Loan, and the expenditure of the proceeds and maintenance of the service thereof; (ii) the goods financed out of the proceeds of the Loan; (iii) the implementation of the Program, including the accomplishment of the targets and carrying out of the actions set out in the Policy Letter; (iv) financial and economic conditions in the territory of the Borrower and the international balance-of-payments position of the Borrower; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, the Borrower shall furnish, or cause to be furnished, to the Bank semiannual reports on the carrying out of the Program and on the accomplishment of the targets and carrying out of the actions set out in the Policy Letter. Such reports shall be submitted in such form and in such detail and within such a period as the Bank shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the six months under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following six months.

(c) Promptly after the closing date for withdrawals from the Loan Account, but in any event not later than three (3) months thereafter or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, in such form and in such detail as the Bank shall

reasonably request, on the execution of the Program, including its cost, the performance by the Borrower of its obligations under this Loan Agreement and the accomplishment of the purposes of the Loan.

Section 4.06. (a) It is the mutual intention of the Borrower and the Bank that no other external debt owed a creditor other than the Bank shall have any priority over the Loan by way of a lien on the assets of the Borrower. To that end, the Borrower undertakes (i) that, except as the Bank may otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest charge and any other charge on, the Loan; and (ii) that the Borrower, in creating or permitting the creation of any such lien, will make express provision to that effect.

(b) The provisions of paragraph (a) of this Section shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) The term "assets of the Borrower" as used in paragraph (a) of this Section includes assets of any administrative subdivision or any agency of the Borrower and assets of any agency of any such administrative subdivision, including SBV and any other institution performing the functions of a central bank for the Borrower.

ARTICLE V

Suspension; Cancellation; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.02(l) of the Loan Regulations: the Borrower shall have failed to perform any of its obligations under the Ordinary Operations Loan Agreement.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations:

(a) all conditions for release of the First Tranche, specified in the policy matrix attached to the Policy Letter, shall have been met; and

(b) the Ordinary Operations Loan Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.02. A date ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Governor of SBV is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

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

Cable Address:

VIETBANK

Telex Number:

411-504 NHTW-VT
411-244 NHTW-VT

Facsimile Numbers:

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

For the Bank

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Cable Address:

ASIANBANK
MANILA

Telex Numbers:

29066 ADB PH (RCA)
42205 ADB PM (ITT)
63587 ADB PN (ETPI)

Facsimile Number:

(632) 636-2444.

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 and to be delivered at the principal office of the Bank, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIET NAM

By _____
Authorized Representative

ASIAN DEVELOPMENT BANK

By _____
JOHN SAMY
Resident Representative
Viet Nam Resident Mission

SCHEDULE 1

Description of the Program

The principal objectives of the Program are to promote industrial growth by restructuring the industrial sector, to (i) facilitate foreign direct investment; (ii) support the development of private enterprises; and (iii) accelerate industrial SOE reform and improve corporate governance of enterprises. The Program is described in more detail in the Policy Letter. The Program will be implemented during the period of 1 July 1999 to 30 June 2003.

In support of the Program:

(a) the proceeds of the Loan shall be used to finance the foreign exchange costs of Eligible Items; and

(b) the Counterpart Funds shall be used to finance the local currency costs relating to the implementation of certain programs and other activities consistent with the objectives of the Program.

The proceeds of the Loan are expected to be utilized by 30 June 2003.

SCHEDULE 2

Amortization Schedule

(SOE Reform and Corporate Governance Program)

Date Payment Due		Payment of Principal (expressed in Special Drawing Rights)*
15 June	2008	1,358,000
15 December	2008	1,358,000
15 June	2009	1,358,000
15 December	2009	1,358,000
15 June	2010	1,358,000
15 December	2010	1,358,000
15 June	2011	1,358,000
15 December	2011	1,358,000
15 June	2012	1,358,000
15 December	2012	1,358,000
15 June	2013	1,358,000
15 December	2013	1,358,000
15 June	2014	1,358,000
15 December	2014	1,358,000
15 June	2015	1,358,000
15 December	2015	1,358,000
15 June	2016	1,358,000
15 December	2016	1,358,000
15 June	2017	1,358,000
15 December	2017	1,358,000
15 June	2018	1,358,000
15 December	2018	1,358,000
15 June	2019	1,358,000
15 December	2019	1,358,000
15 June	2020	1,358,000
15 December	2020	1,358,000
15 June	2021	1,358,000
15 December	2021	1,358,000
15 June	2022	1,358,000
15 December	2022	1,358,000
15 June	2023	1,358,000
15 December	2023	1,358,000
	Total	43,456,000

*The figures in this column represent SDR equivalents determined as of the respective dates of withdrawal. The arrangements for payment of each maturity are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

1. Except as the Bank may otherwise agree, the following provisions of this Schedule shall apply to the withdrawal of Loan proceeds from the Loan Account.

2. (a) Withdrawals from the Loan Account shall be made for the financing of the foreign exchange cost of Eligible Items.

(b) No withdrawals from the Loan Account shall be made in respect of (i) any local expenditures; or (ii) any foreign exchange expenditures which have been financed by credits from official international or bilateral aid agencies or any other loans made by the Bank.

3. (a) An application for withdrawal from the Loan Account shall be submitted to the Bank by the Borrower and shall be in a form satisfactory to the Bank.

(b) Such withdrawal application shall be accompanied by a certificate of the Borrower confirming that (i) in case the proceeds of the Loan will finance imports already made, the value of Eligible Imports in the period concerned exceeded the amount of the requested withdrawal, or (ii) in case the proceeds of the Loan will finance items to be imported, the value of Eligible Imports in the immediately preceding one-year period was equal to or greater than the amount of the requested withdrawal plus all other amounts expected to be withdrawn from the Loan Account during the succeeding one-year period.

(c) For the purposes of this paragraph, the term "Eligible Imports" means the total imports of the Borrower during the relevant period minus the following imports during the same period:

(i) imports from countries which are not members of the Bank;

(ii) imports for ineligible items specified in Attachment 1 to this Schedule; and

(iii) imports financed from credits from official international or bilateral aid agencies or any other loans made by the Bank.

(d) The Borrower shall allow experts appointed by the Bank to verify the value of Eligible Imports during any period in respect of which the Borrower has certified the value of Eligible Imports in its withdrawal application.

Schedule 3

4. (a) Prior to submitting the first application to the Bank for withdrawal from the Loan Account, the Borrower shall open an account (the Deposit Account) at Vietcombank or another commercial bank acceptable to the Bank into which all withdrawals from the Loan Account shall be deposited. The Deposit Account shall be established, managed and liquidated in accordance with terms and conditions satisfactory to the Bank.

(b) Separate accounts and records in respect of the Deposit Account shall be maintained in accordance with consistently maintained sound accounting principles. Upon the Bank's request, the Borrower shall have the Deposit Account audited by independent auditors, whose qualifications, experience and terms of reference are acceptable to the Bank, in accordance with appropriate auditing standards. Promptly after their preparation but in any event not later than six (6) months after the date of the Bank's request, certified copies of such audited accounts and records shall be furnished to the Bank, all in the English language.

(c) Throughout the Program implementation period, the Borrower shall submit trade statistics and any other information as the Bank may require from time to time to assess the Borrower's compliance with the formula for determining Eligible Imports.

5. Except as the Borrower and the Bank may otherwise agree, all withdrawals to be made from the Loan and the Ordinary Operations Loan shall be made on a pro rata basis.

6. Notwithstanding any other provisions of this Loan Agreement or the Loan Regulations and except as the Bank may otherwise agree, no withdrawals shall be made from the Second Tranche unless the Bank shall be satisfied, after consultation with the Borrower, that (a) sufficient progress has been achieved by the Borrower in the carrying out of the Program; and, in particular, (b) the Borrower has fulfilled the conditions for the release of the Second Tranche specified in Attachment 2 to this Schedule.

Attachment 1 to Schedule 3

Negative List

1. No withdrawals shall be made in respect of:

(a) expenditures for goods included in the following SITC groups or sub-groups, or any successor groups or sub-groups under future revisions of the SITC, as shall be designated by the Bank by notice to the Borrower:

Group	Sub-Group	Description of Items
112		alcoholic beverages
121		tobacco, unmanufactured; tobacco refuse
122		tobacco, manufactured (whether or not containing tobacco substitutes)
525		radioactive and associated materials
667		pearls, precious and semi-precious stones, unworked or worked
718	718.7	nuclear reactors and parts thereof, fuel elements (cartridges) non-irradiated, for nuclear reactors
897	897.3	jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		gold, non-monetary (excluding gold ores and concentrates)

(b) expenditures for goods intended for a military or para-military purpose or for luxury consumption; or

(c) expenditures for pesticides categorized as extremely hazardous or highly hazardous in Class Ia and Ib, respectively, of the World Health Organization's Classification of Pesticides by Hazard and Guidelines to Classification.

Attachment 2 to Schedule 3
(Page 1)

Conditions for Release of the Second Tranche

1. MPI shall have implemented a transparent system of approval for foreign investment projects that require no investment privileges, meet domestic regulations (for example, zoning, environmental, and safety regulations) and that are not in areas explicitly prohibited for foreign investment;

2. MPI shall have removed restrictions on foreign and domestic investors' purchase of additional shares in joint ventures;

3. MPI shall have submitted a draft legal instrument to the Prime Minister to eliminate the minimum wage differential between domestic and foreign invested enterprises;

4. The People's Supreme Court in cooperation with the Ministry of Justice shall have submitted the draft Civil Procedure Code, including provisions to obtain summary judgment for collection of uncontested debt, to the National Assembly for public consultation;

5. The People's Supreme Court shall have submitted the draft revised Bankruptcy Law, consistent with the legal framework of Viet Nam and satisfactory to the Bank, to the National Assembly;

6. The Borrower shall have issued a Decree to unify tax treatment of transfer of foreign equity to domestic enterprises regardless of ownership;

7. The National Enterprise Reform Committee shall have completed the corporatization of at least fifty medium and large industrial SOEs (based on the size of the fixed assets) into limited liability or joint-stock (shareholding) companies;

8. SSC shall allow the formation of securities investment funds for participation in the equitization program on a pilot basis.

9. SSC shall have established and put into operation the Securities Trading Center;

10. MOF shall have submitted the draft Accounting Law, incorporating the international accounting standards and practices, to the National Assembly;

11. The Borrower shall have issued Guidelines on Best Practice in Corporate Governance satisfactory to the Bank;

12. The Borrower shall have issued a decision requiring all joint-stock (shareholding) companies that meet criteria to be determined under the technical assistance mentioned under (D) of the preamble to this Loan Agreement to comply with the Guidelines on Best Practice in Corporate Governance over a period of eighteen months; and

13. SSC shall have established the requirement to comply with the Guidelines on Best Practice in Corporate Governance as precondition for listing of enterprises.

SCHEDULE 4

Procurement

1. Except as the Bank may otherwise agree, the procedures referred to in the following paragraphs of this Schedule shall apply in the procurement of Eligible Items to be financed out of the proceeds of the Loan.

2. (a) Except as provided in paragraph 2(b) below, each contract for Eligible Items shall be awarded on the basis of either the purchaser's normal commercial procurement practices, in the case of procurement by the private sector, or the Borrower's prescribed procurement procedures, in the case of procurement by the public sector, having due regard for the principles of economy and efficiency.

(b) Each supply contract for Eligible Items which are commonly traded commodities shall be awarded on the basis of procedures appropriate to the trade and acceptable to the Bank.

SCHEDULE 5

Program Implementation and Other Matters

I. Implementation and Coordination

1. SBV, as Program Executing Agency, shall bear overall responsibility for the Program. The Program Secretariat, chaired by the Vice Governor of SBV and including senior officials from the relevant departments of the National Enterprise Reform Committee, SBV, the Ministry of Justice, the People's Supreme Court, MPI, the Ministry of Finance, the Ministry of Labor, Invalids and Social Affairs, and SSC, shall be responsible for the implementation of the policy actions under the Program.

2. The National Steering Committee for Coordination with International Financial Institutions(the National Steering Committee), chaired by the First Deputy Prime Minister/Governor of SBV shall oversee the progress of the Program and provide guidance and direction to the ministries and agencies involved. The National Steering Committee shall meet on a quarterly basis to review the Program implementation progress.

II. Implementation of the Policy Letter

3. The Borrower shall (a) ensure that the policies adopted and actions taken as described in the Policy Letter prior to the date of this Loan Agreement continue to be in effect, and (b) timely adopt the other policies and take other actions included in the Program as specified in the Policy Letter and the Policy Matrix, and ensure that such policies and actions continue to be in effect.

III. Policy Dialogue

4. The Borrower shall keep the Bank informed of, and the Borrower and the Bank shall from time to time exchange views on, the progress made in carrying out the policies and actions set out in the Policy Letter and the Policy Matrix.

5. The Borrower shall promptly discuss with the Bank problems and constraints encountered during implementation of the Program and appropriate measures to overcome or mitigate such problems and constraints.

6. The Borrower shall keep the Bank informed of policy discussions with other multilateral and bilateral agencies that have implications for implementation of the Program, and shall provide the Bank with an opportunity to comment on any resulting policy proposals. The Borrower shall take the Bank's views into consideration before finalizing and implementing any such proposals.

Schedule 5

IV. Monitoring and Evaluation of the Program

7. At such time or times as the Borrower and the Bank may agree, a review shall be carried out concerning the Borrower's progress in implementing the policy reforms set out in the Policy Letter including, in particular, the fulfillment of the conditions listed in Attachment 2 to Schedule 3 to this Loan Agreement.

8. The Borrower shall evaluate the benefits of the Program during and after implementation in accordance with a schedule and terms of reference to be mutually agreed upon by the Borrower and the Bank.

BỘ NGOẠI GIAO

Số : 22 /LPQT

SAO Y BẢN CHÍNH
(Để thực hiện)

Hà Nội, ngày 12 tháng 4 năm 2001

TL. BỘ TRƯỞNG BỘ NGOẠI GIAO
KT. Vụ trưởng Vụ Luật pháp và Điều ước quốc tế
Phó Vụ trưởng

Trần Duy Thi

Nơi nhận :

- Văn phòng Chủ tịch nước (để báo cáo),
- Văn phòng Chính phủ (để báo cáo),
- Bộ Kế hoạch và Đầu tư,
- Bộ Tài chính,
- Bộ Thương mại,
- Bộ Tư pháp,
- Ngân hàng Nhà nước Việt Nam,
- Đại sứ quán Việt Nam tại Manila,
- Vụ TH Kinh tế,
- Vụ LPQT,
- Lưu trữ.

Hiệp định vay (Dự án Chương trình cải cách doanh nghiệp nhà nước và quản lý điều hành công ty) giữa Cộng hoà xã hội chủ nghĩa Việt Nam và Ngân hàng phát triển châu Á có hiệu lực từ ngày 02 tháng 10 năm 2000.