HB2063

LOAN NUMBER 1718 VIE(SF)

LOAN AGREEMENT
(Special Operations)

(Teacher Training Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 28 June 2000

LAS:VIE 31039

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 Borrower has applied to the Bank for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Borrower has also applied to the Government of New Zealand for a grant in an amount equivalent to four hundred thousand dollars ($400,000) to assist in the financing of the Project pursuant to an agreement to be entered into between the Borrower and the Government of New Zealand; and

(C) the Bank has 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(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.

(b) 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.

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

(d) Section 4.05 is deleted.

(e) 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 Project, 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.

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) "Disadvantaged Provinces" means the provinces of Ha Giang, Lao Cai, Lai Chau, Thanh Hoa, Binh Dinh, Quang Nam, Quang Ngai, Binh Phuoc, Tra Vinh, and Soc Trang in the territory of the Borrower, which were selected to participate in the Project on the basis of poverty, facilities shortages at TTCs (defined *infra*), and other regional disadvantages;

(b) "DOET" means the Borrower's provincial Department of Education and Training;

(c) "Key Learning Facilities" means the upgrading, construction and provision of on-campus facilities, including, but not limited to, (i) students' working areas or study areas, (ii) tutorial rooms, (iii) demonstration classroom, (iv) teachers' common room, and (v) computer workstations, at selected TTCs (defined *infra*);

(d) "Model TTCs" (TTCs defined *infra*) means the TTCs under DOETs in the cities of Hanoi, Hue, and Ho Chi Minh City which were selected to be developed under Part 1.f. of the Project to act as hubs for the training, pilot testing, and dissemination of the new TTC curriculum, textbooks, and teacher manuals referred to in paragraphs 2.I.a. and 2.I.b of Schedule 1 to this Loan Agreement;

(e) "MOET" means the Borrower's Ministry of Education and Training;

(f) "Other Provinces" means the provinces of Tuyen Quang, Cao Bang, Lang Son, Bac Can, Thai Nguyen, Son La, Bac Ninh, Vinh Phuc, Ninh Binh, Da Nang, Ninh Thuan, Kon Tum, Ba Ria-Vung Tau, Kien Giang, Bac Lieu, Ca Mau, and Binh Thuan in the territory of the Borrower which were selected to participate in the Project;

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

(h) "Project facilities" means the Key Learning Facilities, materials and other equipment funded by the Loan and provided under the Project; and

(i) "TTCs" means the teacher training colleges and teacher training schools in the territory of the Borrower.

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 eighteen million one hundred and six thousand Special Drawing Rights (SDR 18,106,000).

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 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 Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The goods and services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan among different categories of such goods and services and other items of expenditure shall be 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 goods and services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 and Schedule 5 to this Loan Agreement. The Bank may refuse to finance a contract where goods or services have not been procured under procedures substantially in accordance with those 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. Except as the Bank may otherwise agree, the Borrower shall cause all goods and services 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 and services shall be made only on account of expenditures relating to

(a) goods which are produced in and supplied from and services which 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) goods and services which meet such other eligibility requirements as shall have been specified by the Bank from time to time.

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 30 September 2006 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 Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental, social and pedagogical 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 6 to this Loan Agreement.

Section 4.02. The Borrower shall make available, promptly as needed, the funds, facilities, services, land and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project and for the operation and maintenance of the Project facilities.

Section 4.03. (a) In the carrying out of the Project, the Borrower shall cause competent and qualified consultants and contractors, acceptable to the Borrower and the Bank, to be employed to an extent and upon terms and conditions satisfactory to the Borrower and the Bank.

(b) The Borrower shall cause the Project to be carried out in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to the Borrower and the Bank. The Borrower shall furnish, or cause to be furnished, to the Bank, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

Section 4.04. 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 4.05. (a) The Borrower shall make arrangements satisfactory to the Bank for insurance of the Project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure, or cause to be insured, the goods to be imported for the Project and to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such goods.

Section 4.06. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to identify the goods and services and other items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operations and financial condition of the agencies of the Borrower responsible for the carrying out of the Project and operation of the Project facilities, or any part thereof.

(b) The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to the Bank; (iii) furnish to the Bank, as soon as available but in any event not later than twelve (12) months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the covenants of this Loan Agreement as well as on the use of the procedures for imprest account/statement of expenditures), all in the English language; and (iv) furnish to the Bank such other information concerning such accounts and financial statements and the audit thereof as the Bank shall from time to time reasonably request.

Section 4.07. (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 and services and other items of expenditure financed out of the proceeds of the Loan; (iii) the Project; (iv) the administration, operations and financial condition of the agencies of the Borrower responsible for the carrying out of the Project and operation of the Project facilities, or any part thereof; (v) financial and economic conditions in the territory of the Borrower and the international balance-of-payments position of the Borrower; and (vi) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, the Borrower shall furnish, or cause MOET through the PIU to furnish, to the Bank quarterly reports on the carrying out of the Project and on the operation and management of the Project facilities.

Such reports shall be submitted in such form and in such detail and within 30 days of the end of each quarter, and shall indicate, among other things, (i) progress made against established targets, both technical and financial; (ii) status of management indicators; (iii) problems encountered during the quarter under review and steps taken or proposed to be taken to remedy these problems; (iv) compliance with Loan covenants; and (v) proposed program of activities and expected progress during the following quarter.

(c) Promptly after physical completion of the Project, 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 and initial operation of the Project, 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 4.08. The Borrower shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, and any relevant records and documents.

Section 4.09. The Borrower shall ensure that the Project facilities are operated, maintained and repaired in accordance with sound administrative, financial, engineering, environmental, and maintenance and operational practices.

Section 4.10. (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.

(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 the State Bank of Viet Nam and any other institution performing the functions of a central bank for the Borrower.

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: the Project Steering Committee referred to in paragraph 2 of Schedule 6 to this Loan Agreement shall have been established.

Section 5.02. 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 VI

Miscellaneous

Section 6.01. The Governor of the State Bank of Viet Nam 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 Viet Nam
47-49 Ly Thai To
Hanoi, Viet Nam

Cable Address:

VIETBANK

Telex Number:

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

Facsimile Number:

(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 Numbers:

(632) 636-2444
(632) 636-2310.

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 _____

SCHEDULE 1

Description of the Project

1. The overall objective of the Project is to assist the Borrower in improving the quality and efficiency of the lower secondary education subsector by upgrading the quality, access, and institutional capacity of the lower secondary preservice teacher training system.

2. The Project consists of the following parts:

I. Quality Improvements of Lower Secondary Preservice Teacher Training Program

a. Curriculum Redesign: (i) redesign of the existing TTC curriculum to meet the modern requirements of the new lower secondary school curriculum developed under Loan No. 1537-VIE(SF): Lower Secondary Education Development Project; (ii) institution of a double major system at TTCs and the reorganization of major-minor subjects at TTCs in line with the new lower secondary school subject groups as well as with the demand for teachers in each subject group; (iii) revision of teaching methodologies to focus on a student-centered approach; and (iv) provision of a short-term overseas study visit for about 15 curriculum experts and short-term in-country training for about 20 curriculum experts on TTC program design and curriculum development.

b. Instructional Materials Development: (i) revision of about 300 TTC student textbooks for 15 TTC subjects and development of about 45 TTC teacher manuals in accordance with the new TTC curriculum by local textbook writers; (ii) pilot testing and publication of these instructional materials; (iii) provision of a short-term overseas study visit for about 15 textbook experts on textbook development and publication, and short-term in-country training for about 228 textbook writers; (iv) design of special teaching methodologies and teaching aids for ethnic minorities; and (v) translation of the revised curriculum, textbooks, and teacher manuals into web-based modules for inclusion on an internet site for TTC teachers.

c. Provision of Instructional Materials: (i) provision of approximately 50 sets of TTC student textbooks, 10 sets of teacher manuals for all TTC subjects, and 50 sets of the new lower secondary school textbooks and teacher manuals to each of about 61 TTC libraries; (ii) introduction of a textbook lending scheme for the poorest 50 percent of TTC students in the Disadvantaged Provinces and in the three Model TTCs; and (iii) provision of short-term in-country training in textbook lending scheme operations to about 40 administrative staff from MOET, DOETs, and TTCs.

d. Orientation to New Curriculum and Textbooks: provision of short-term in-country workshops on the new TTC curriculum, student textbooks, and teacher manuals for about 335 administrative staff of MOET, DOETs, and TTCs; about 915 TTC lead subject teachers; and about 4,085 TTC teachers.

e. Upgrading TTC Teachers Qualifications: (i) provision of about 200 one-year overseas scholarships and about 1,000 in-country joint-program scholarships to TTC teachers for Master of Art (MA) or Master of Education (MEd) studies; (ii) provision of short-term in-country English language training at Teacher Training Universities or local language institutions to the candidates who qualify for the overseas scholarships and joint program scholarships; (iii) provision of short-term overseas training for about 45 TTC lead subject teachers on teaching methodologies for their subject areas; (iv) provision of short-term in-country training for the remaining TTC lead subject teachers on new subject contents and teaching methodologies in their subject areas; and (v) provision of short-term in-country workshops for about 134 administrative staff of MOET, DOETs, and TTCs, about 915 TTC lead subject teachers, and about 4,085 TTC teachers on the use of web-based modules for the new curriculum and textbooks.

f. Support to Model and Specialized TTCs: (i) development of the Model TTCs and provision of Key Learning Facilities and materials; (ii) provision of short-term overseas study visit for about three TTC administrators (coordinators) and short-term in-country training for about six TTC staff (assistant coordinators) on the operation of the Key Learning Facilities; (iii) development of an operational plan of model TTCs and provision of short-term in-country training on operational planning of model TTCs to about 15 TTC planning administrators; (iv) provision of short-term in-country training to about 30 TTC teachers on operations and maintenance of the language, informatics, and science laboratories facilities; and (v) provision of necessary instructional materials and minor rehabilitation for three specialized TTCs under MOET offering only art and music courses.

g. Re-establishment of External Assessment Mechanism: (i) re-establishment of the external assessment system; (ii) provision of operational support for the design, development, piloting, and implementation of a fully computerized TTC quality assurance (QA) system; and (iii) provision of short-term overseas study visit for orientation to the modern QA system to about 13 MOET and DOET staff; (iv) provision of short-term in-country training to about 50 additional QA experts from MOET, DOETs, and TTCs in test construction and grading, and about 195 exam coordinators from MOET, DOETs, and TTCs in QA system implementation.

II. Improved Facilities and Access to TTCs in the Disadvantaged and Other Provinces

a. Upgrading TTC Facilities in the Disadvantaged Provinces: (i) upgrading of, and provision of Key Learning Facilities to, TTCs in the Disadvantaged Provinces; (ii) provision of a short-term overseas study visit for about 10 TTC administrators (coordinators) and short-term in-country training for about 20 TTC staff (assistant coordinators) on the operation of the Key Learning Facilities; and (iii) provision of short-term in-country training to about 50 TTC teachers on operations and maintenance of the language, informatics, and science laboratories facilities.

b. Improved TTC Pre-entrance Qualifications of Ethnic Minorities: (i) design and implementation of a special transition program to enhance TTC pre-entrance qualification of prospective ethnic minorities (about 4,000 students or 800 students per year for five years); and (ii) carrying out beneficiary identification recruitment campaigns in the Disadvantaged Provinces to enroll suitable trainees in the special transition program.

c. Provision of Instructional Support Resources to Other Provinces: (i) provision of instructional support resources to TTCs in the Other Provinces; and (ii) provision of short-term in-country training in operations and maintenance of language, informatics, and science laboratories to about 85 TTC teachers from the Other Provinces.

III. Institutional Capacity Building and Project Implementation Support

a. Strengthening Management and Technical Skills: provision of (i) short-term overseas study visits in education planning and management to about 59 MOET, DOET, and TTC administrators; (ii) one-year overseas MEd scholarships in education planning and management to about 100 MOET, DOET, and TTC administrators, together with short-term in-country English language training at Teacher Training Universities or local language institutions prior to studies; (iii) short-term in-country management training to about 244 DOET administrators and technical skills training to about 610 DOET technical staff; (iv) short-term in-country management/leadership training to about 488 TTC department heads; (v) short-term in-country English communication skills training to about 848 MOET, DOET, and TTC staff; and (vi) short-term in-country internet operations training to about 337 MOET, DOET, and TTC staff.

b. Project Implementation Support: Provision of (i) equipment, furniture, and consulting support for Project implementation; and (ii) short-term in-country training workshops in project implementation procedures on an annual basis to about 288 MOET, DOET, and TTC staff directly and indirectly involved in central Project implementation; and to about 468 DOET and TTC staff directly and indirectly involved in provincial Project implementation.

3. The Project is expected to be completed by 31 March 2006.

SCHEDULE 2

Amortization Schedule
(Teacher Training Project)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
15 June 2008	SDR 377,208
15 December 2008	377,208
15 June 2009	377,208
15 December 2009	377,208
15 June 2010	377,208
15 December 2010	377,208
15 June 2011	377,208
15 December 2011	377,208
15 June 2012	377,208
15 December 2012	377,208
15 June 2013	377,208
15 December 2013	377,208
15 June 2014	377,208
15 December 2014	377,208
15 June 2015	377,208
15 December 2015	377,208
15 June 2016	377,208
15 December 2016	377,208
15 June 2017	377,208
15 December 2017	377,208
15 June 2018	377,208
15 December 2018	377,208
15 June 2019	377,208
15 December 2019	377,208
15 June 2020	377,208
15 December 2020	377,208
15 June 2021	377,208
15 December 2021	377,208
15 June 2022	377,208
15 December 2022	377,208

* 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 2

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
15 June 2023	377,208
15 December 2023	377,208
15 June 2024	377,208
15 December 2024	377,208
15 June 2025	377,208
15 December 2025	377,208
15 June 2026	377,208
15 December 2026	377,208
15 June 2027	377,208
15 December 2027	377,208
15 June 2028	377,208
15 December 2028	377,208
15 June 2029	377,208
15 December 2029	377,208
15 June 2030	377,208
15 December 2030	377,208
15 June 2031	377,208
15 December 2031	377,224
TOTAL	SDR18,106,000

* 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

General

1. The table attached to this Schedule sets forth the Categories of goods, services and other items to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each such Category (hereinafter called the Table). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table.)

Taxes

2. No withdrawals from the Loan Account shall be made in respect of any local taxes.

Percentages of Bank Financing

3. Except as the Bank may otherwise agree, the items of the Categories listed in the Table shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

4. Notwithstanding paragraph 5 of this Schedule, any contract awarded to a local supplier after effective international competitive bidding or international shopping pursuant to the relevant provisions of Schedule 4 to this Loan Agreement shall be financed out of the proceeds of the Loan on the following basis:

(a) where the goods procured from a local supplier are manufactured locally, 100 percent of the ex-factory price of the goods supplied (exclusive of any taxes); and

(b) where the goods procured from a local supplier have been entirely imported, 100 percent of the foreign-currency component of the contract price.

Local Expenditure

5. (a) Loan proceeds up to the amount of four million nine hundred ninety-seven thousand Special Drawing Rights (SDR 4,997,000) may be withdrawn from the Loan Account in foreign currency for the purposes of financing local expenditure.

(b) Except as provided in this paragraph or as the Bank may otherwise agree, no withdrawals from the Loan Account shall be made in respect of any local expenditure on the Project.

Interest Charge

6. The amount allocated to Category 8 is for interest charge on the Loan during the implementation period of the Project. The Bank 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 charge.

Schedule 3

Reallocation

7. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table and subject to paragraph 5 of this Schedule,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, the Bank 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 the Bank, 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 then allocated to any Category appears to exceed all agreed expenditures in that Category, the Bank may, by notice to the Borrower, reallocate such excess amount to any other Category.

Imprest Account; Statement of Expenditures

8. Except as the Bank may otherwise agree, the Borrower shall establish immediately after the Effective Date, an imprest account at a commercial bank acceptable to the Bank. The imprest account shall be established, managed, replenished and liquidated in accordance with the Bank's "Loan Disbursement Handbook" dated June 1996, as amended from time to time, and detailed arrangements agreed upon between the Borrower and the Bank. The initial amount to be deposited into the imprest account shall not exceed the equivalent of one million dollars ($1,000,000).

9. The statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account in accordance with the Bank's "Loan Disbursement Handbook" dated June 1996, as amended from time to time, and detailed arrangements agreed upon between the Borrower and the Bank. Any individual payment to be reimbursed or liquidated under the SOE procedure shall not exceed the equivalent of fifty thousand dollars ($50,000).

Advance Action

10. Prior to the date of this Loan Agreement, the Bank has approved certain advance action undertaken on behalf of the Borrower for the selection of consultants. The Borrower shall select such consultants in accordance with the provisions of this Loan Agreement. The approval of advance action shall not in any way derogate from the obligations set forth in this Loan Agreement.

Attachment to Schedule 3

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Teacher Training Project)				
CATEGORY			PERCENTAGE OF BANK FINANCING	
Number	Item	Amount Allocated [$'000 Equivalent] (SDR) Category	Percentage	Basis for Withdrawal from the Loan Account
1	Civil Works	660,000	74	percent of total expenditure
				(0% for foreign; 74% for local)
2	Equipment and Furniture	3,311,000	92	percent of total expenditure
				(78% for foreign; 14% for local)
3	Instructional Materials	2,966,000	100	percent of foreign expenditure
			79	percent of local expenditure
4	Program Development & Studies	1,604,000	0	percent of foreign expenditure
			100	percent of local expenditure*
5	Staff Development	5,170,000	94	percent of foreign expenditure
			16	percent of local expenditure
6	Consulting Services	1,548,000	100	percent of foreign expenditure
			79	percent of local expenditure
7	PIU Operational Support	79,000	0	percent of foreign expenditure
			30	percent of local expenditure
8	Interest Charge	807,000	100	percent of amounts due
9	Unallocated	1,961,000		
	TOTAL	18,106,000		

* Exclusive of local taxes

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 goods and services to be financed out of the proceeds of the Loan. In this Schedule and the Attachment hereto, the term "goods" includes equipment and materials; the term "services" does not include consulting services.

2. Procurement of goods and services shall be subject to the provisions of the "Guidelines for Procurement under Asian Development Bank Loans" dated February 1999 (hereinafter called the Guidelines for Procurement), as amended from time to time, which have been furnished to the Borrower.

3. Procurement of goods and services shall be made without any restriction against, or preference for, any particular supplier or contractor or any particular class of suppliers or contractors, except as otherwise provided in paragraphs 6 to 9 below.

4. (a) Each supply contract for equipment, furniture or materials estimated to cost the equivalent of more than $500,000 shall be awarded on the basis of international competitive bidding as described in Chapter II of the Guidelines for Procurement.

(b) For contracts to be awarded on the basis of international competitive bidding, there shall be submitted to the Bank, as soon as possible, and in any event not later than 90 days before the issuance the first invitation to bid for the Project, a General Procurement Notice (which the Bank will arrange to publish separately) in such form and detail and containing such information as the Bank shall reasonably request. The Bank shall be provided the necessary information to update such General Procurement Notice annually as long as any goods remain to be procured on the basis of international competitive bidding.

(c) For contracts to be awarded on the basis of international competitive bidding, procurement actions shall be subject to review by the Bank in accordance with the procedures set forth in Chapter IV of the Guidelines for Procurement. Each draft invitation to bid, to be submitted to the Bank for approval under such procedures, shall reach the Bank at least 42 days before it is issued and shall contain such information as the Bank shall reasonably request to enable the Bank to arrange for the separate publication of such invitation.

5. Except as otherwise provided in paragraph 9 below, (a) Each supply contract for equipment, furniture or instructional materials estimated to cost the equivalent of $500,000 or less shall be awarded on the basis of international shopping as described in Chapter III of the Guidelines for Procurement.

(b) Each draft invitation to bid and related bid document shall be submitted to the Bank for approval before they are issued.

(c) Notwithstanding paragraph 3.03(b) of the Guidelines for Procurement, any award of contract shall be subject to prior Bank approval.

6. In comparing bids under international competitive bidding, a margin of preference may be provided, at the option of the Borrower and in accordance with the provisions of the Attachment to this Schedule, for goods manufactured in the territory of the Borrower, provided that the bidder offering such goods shall have established to the satisfaction of the Borrower and the Bank that the domestic value added equals at least 20 percent of the ex-factory bid price of such goods.

7. Except as otherwise provided in paragraph 8 below, civil works contracts may be awarded on the basis of local competitive bidding among contractors in accordance with the standard procurement procedures of the Borrower and acceptable to the Bank. Selection and engagement of contractors shall be subject to the approval of the Bank. As soon as the bids received have been evaluated, the proposal for award of contract shall be submitted to the Bank for approval. For this purpose, the Bank shall be furnished with three copies of (i) an account of the public opening of bids; (ii) a summary and evaluation of the bids; (iii) the proposal for award; and (iv) a draft contract or a draft letter of acceptance. Promptly after each contract is awarded, the Bank shall be furnished with three copies of the contract as executed.

8. Civil works contracts for the rehabilitation of specialized teacher training colleges for art and music estimated to cost the equivalent of $50,000 or less may be awarded on a direct purchase basis.

9. Minor items, including equipment, furniture or instructional materials, valued at less than $100,000 may be procured in accordance with the standard direct purchase procedures of the Borrower and acceptable to the Bank. In provinces where the number of suppliers is not limited, the Borrower shall procure such minor items on the basis of local competitive bidding.

10. (a) The Borrower shall ensure that all Bank-financed goods and services 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 (i) all Bank-financed goods and services procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) are designed to be used prior to, during, and after the calendar year 2000 AD (Year 2000), (ii) neither the performance nor the functionality of such goods and services shall be affected by dates prior to, during and after the Year 2000, and (iii) such goods and services, and the logic included therein, will operate during each such time period without error relating to date data, specifically including any error relating to, or the production of, date data which represents or references different centuries or more than one century and the correct treatment of the Year 2000 as a leap year.

(c) The Borrower shall ensure that all Bank-financed contracts for the procurement of goods and services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraphs (a) and (b) of this paragraph.

Preference for Domestically Manufactured Goods

1. In the procurement of goods through international competitive bidding, goods manufactured in the territory of the Borrower may be granted a margin of preference in accordance with the following provisions, provided that the bidder shall have established to the satisfaction of the Borrower and the Bank that the domestic value added equals at least 20 percent of the ex-factory bid price of such goods. The 20 percent domestic value added applies to the total ex-factory bid price of the goods and not only to one item in a list.

(a) For application of domestic preference, all responsive bids shall first be classified into the following three categories:

Category I -- bids offering goods manufactured in the territory of the Borrower which meet the minimum domestic value added requirement;

Category II -- bids offering other goods manufactured in the territory of the Borrower; and

Category III -- bids offering imported goods.

(b) The lowest evaluated bid of each category shall then be determined by comparing all evaluated bids in each category among themselves, without taking into account customs duties and other import taxes levied in connection with the importation, and sales and similar taxes levied in connection with the sale or delivery, pursuant to the bids, of the goods.

(c) Such lowest evaluated bids shall next be compared with each other and if, as a result of this comparison, a bid from Category I or Category II is found to be the lowest, it shall be selected for the award of contract.

(d) If, however, as a result of the comparison under subparagraph (c) above, the lowest bid is found to be from Category III, it shall be further compared with the lowest evaluated bid from Category I. For the purpose of this further comparison only, an upward adjustment shall be made to the lowest evaluated bid price of Category III by adding either

(i) the amount of customs duties and other import taxes which a nonexempt importer would have to pay for the importation of the goods offered in such Category III bid; or

(ii) 15 percent of the CIF bid price of such goods if the customs duties and import taxes referred to above exceed 15 percent of the CIF bid price.

If, after such further comparison, the Category I bid is determined to be the lowest, it shall be selected for the award of contract; if not, the lowest evaluated bid from Category III shall be selected for the award.

2. (a) Bidders applying for the preference shall provide evidence necessary to establish the eligibility of a bid for the preference, including the minimum domestic value added.

(b) The bidding documents shall clearly indicate the preference to be granted, the information required to establish the eligibility of a bid for the preference claimed, and the procedures to be followed in the comparison of bids, all as set forth above.

SCHEDULE 5

Consultants

1. The services of international and domestic consultants shall be utilized in the carrying out of the Project, particularly with regard to: (a) curriculum design, (b) materials development and publication, (c) textbook lending scheme design, (d) model TTCs development, (e) external assessment development, (f) design of a transition program to improve TTC pre-entrance qualifications for ethnic minorities, and (g) capacity building in various aspects of Project implementation. The terms of reference of the consultants shall be as determined by agreement between the Bank and MOET.

2. The selection, engagement and services of the international consultants shall be subject to the provisions of this Schedule and the provisions of the "Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers" dated October 1998, as amended from time to time, which have been furnished to MOET.

3. The international consultants shall be selected and engaged by MOET in accordance with the following procedures.

(a) Invitation for proposals. The invitation to submit proposals and all related documents shall be approved by the Bank before they are issued. For this purpose, three copies of the draft invitation to submit proposals, a list of consultants to be invited, the proposed criteria for evaluation of proposals and other related documents shall be submitted to the Bank. A period of at least [60] days shall be allowed for submission of proposals. A copy of the final invitation as issued, together with all related documents, shall be furnished to the Bank for information promptly after issuance.

(b) Draft Contract. A draft contract with consultants shall be furnished to the Bank for approval sufficiently before the commencement of evaluation of proposals.

(c) Execution of Contract. After the conclusion of negotiations but before the signing of the contract, the Bank shall be furnished with (i) the contract as negotiated for approval and (ii) the evaluation of the proposals. Promptly after the contract is signed, the Bank shall be furnished with three copies of the signed contract. If any substantial amendment of the contract is proposed after its execution, the proposed changes shall be submitted to the Bank for prior approval.

4. The domestic consultants shall be selected and engaged in accordance with procedures acceptable to the Bank, and the selection and engagement of the consultants shall be subject to the approval of the Bank with regard to their competence and experience for carrying out the assignment. After the conclusion of negotiations but before the signing of the contract, the contract as negotiated shall be furnished to the Bank for approval. Promptly after the contract is signed, the Bank shall be furnished with three copies of the signed contract. If any substantial amendment of the contract is proposed after its execution, the proposed changes shall be submitted to the Bank for prior approval.

Schedule 5

5. The Borrower shall ensure that all Bank-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that:

(a) the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party; and

(b) (i) all goods and services provided or used by the consultants (including without limitation all computer hardware, software and system) are designed to be used prior to, during, and after the calendar year 2000 AD (Year 2000), (ii) neither the performance nor the functionality of such goods and services shall be affected by dates prior to, during and after the Year 2000, and (iii) such goods and services, and the logic included therein, will operate during each such time period without error relating to date data, specifically including any error relating to, or the production of, date data which represents or references different centuries or more than one century and the correct treatment of the Year 2000 as a leap year.

SCHEDULE 6

Execution of Project and Implementation Arrangements

Project Management

(a) Project Executing Agency

1. MOET, as the Project executing agency shall be responsible for the successful implementation of the Project.

(b) Project Steering Committee

2. The Project Steering Committee (PSC) shall provide overall guidance for Project implementation. The PSC shall be chaired by the relevant Vice Minister for MOET and shall include senior representatives from MOET's Teachers Department, Planning and Finance Department, International Relations Department, Secondary Education Department, Post-Graduate Department, Personnel Department, National Institute for Educational Science, or their successors thereto; and of other concerned agencies (including the Government Office, State Bank of Vietnam, Ministry of Finance, and Ministry of Planning and Investment), or their successors thereto; (iii) the Project Manager of Loan No. 1537-VIE(SF): Lower Secondary Education Development Project; and (iv) upon its establishment, a representative from MOET's Department of Examinations. The PIU's Project Manager will serve as a member on, and Secretary to, the PSC.

(c) Project Implementation Unit

3. A Project Implementation Unit (PIU) shall be established within MOET to implement the Project under the overall guidance of the PSC. The PIU shall be headed by a full-time Project Manager, who shall be assisted by five full-time Assistant Project Managers (for Finance and Administration, Curriculum Development and Implementation, Procurement and Civil Works, Overseas and In-country Training, and Project Monitoring and Evaluation) and regional coordinators equivalent to three full-time staff (for the North, Central, and South). The PIU shall be responsible for ensuring (i) detailed Project planning, scheduling, and implementation; (ii) procurement of all goods and services; (iii) recruitment and supervision of international and domestic consultants; (iv) Project accounting, including arranging necessary audits; (v) disbursement of Project funds, including timely preparation of annual budget plan for counterpart fund and timely submission of withdrawal applications; (vi) management of the imprest account; and (vii) reporting to the Bank on Project progress.

(d) Provincial Project Implementation Units

4. Thirteen provincial PIUs (PPIUs) shall be established in each of the Disadvantaged Provinces and in Hanoi, Hue and Ho Chi Minh City. Each PPIU shall be located at the relevant DOET office, and at least one full-time qualified DOET staff shall be assigned by each participating DOET to act as that PPIU's coordinator.

Schedule 6

Master of Arts (MA) and Master of Education (MEd) Programs

5. MOET shall ensure that the foreign universities participating in the joint-MA or -MEd programs are selected competitively based upon criteria agreed with the Bank. MOET shall also ensure that the overseas universities, to which the candidates for overseas MA or MEd programs and for overseas short-term teaching methodologies training will be sent, will be selected competitively based upon criteria agreed with the Bank.

6. Within six months of the Effective Date, MOET shall submit to the Bank for approval the names of at least three selected Teacher Training Universities and foreign universities that have been selected to offer joint-MA or -MEd programs.

7. Within 12 months of the Effective Date, MOET shall submit the curriculum outlines of the proposed joint-MA or -MEd programs to the Bank for approval.

Quality Improvements of Lower Secondary Preservice Teacher Training

8. Within 12 months of the Effective Date, with the assistance of the Borrower's Curriculum Steering Committee, the Borrower shall have adjusted and formally approved the following changes to the existing lower secondary preservice teacher training program: (i) institution of a double major system with an approximately 60:40 major and minor subject offering ratio, without a reduction of the number of credits allocated to the major subject; (ii) regrouping of the TTC major-minor subject combinations to be consistent with the new lower secondary subject groups proposed under Loan No. 1537-VIE(SF): Lower Secondary Education Development Project; (iii) increase in the number of credits for observation and practice teaching in lower secondary schools, without a reduction in the number of credits allocated to teaching methodologies; (iv) re-institution of an external assessment system for measuring TTC performance and standardizing certification; and (v) increase in the yearly intake of TTC students to match the projected growth in the number of lower secondary school students as agreed with the Bank.

Access to TTCs

9. MOET shall monitor TTC enrolments and report the results to the Bank bi-annually during Project implementation.

Study Programs

10. At least two months before the commencement of each short-term overseas study visit, the PIU shall submit to the Bank for approval the plan of the study visit. The plan shall describe the purpose and objective of the study visit, proposed countries and institutions to be visited, names and positions of participants and their affiliated institutions, proposed areas of study, unit and total cost estimates.

11. Within one month of the completion of each short-term overseas study visit, the PIU shall submit to the Bank, a brief report outlining the results of the study visit.

12. At least six months before the commencement of the short-term overseas study program in teaching methodologies, the PIU shall submit to the Bank for approval the plan of the program. The plan shall describe the purpose and objective of the program, proposed countries and institutions of study, names and positions of participants and their affiliated institutions, proposed areas of studies, unit and total cost estimates.

13. Within two months of the completion of the short-term overseas study program in teaching methodologies, the PIU shall submit to the Bank, a brief report outlining the results of the study program.

14. MOET shall ensure that all candidates for overseas and in-country MA or MEd programs will be selected competitively based upon criteria agreed with the Bank and that they will sign agreements that upon the completion of their programs of studies, they will return to, and serve in, their respective institutions for three years for each year of scholarship studies.

15. At the start of each calendar year, the PIU shall submit to the Bank for approval the plan of the following year's overseas MA or MEd study programs and in-country joint-MA or -MEd study programs. The plan shall describe the purpose and objective of the MA or MEd programs, proposed countries and institutions of studies, names and positions of participants and their affiliated institutions, proposed areas of studies, unit and total cost estimates.

16. Within two months of the completion of each academic year of study under the overseas and in-country MA or MEd programs, the PIU shall submit to the Bank, a brief report on the status and results of the programs.

Project Monitoring and Evaluation

17. Within 12 months of the Effective Date, the PIU shall have (i) completed baseline surveys and have summary results for about 61 provinces; and (ii) set baseline and targeted values of general and Project-specific indicators by province and by total average, as agreed with the Bank. The PIU shall verify the values annually by conducting follow-up surveys.

Gender and Ethnic Minorities

18. The Borrower shall ensure that at least 60 percent of the selected candidates for the Project's MA or MEd programs and transition program are females.

19. The Borrower shall ensure that ethnic minority students who perform reasonably well in the Project's transition program are admitted to TTCs under the Government's scholarship program for ethnic minority students.

20. The Borrower shall ensure that all ethnic minority candidates from the transition program who are admitted to TTCs under the Borrower's scholarship program for ethnic minority students sign agreements that upon the completion of their programs of studies, they will return to their respective home provinces to teach in lower secondary schools for three years for each year of scholarship studies.

21. The Borrower shall give priority to ethnic minorities working at MOET, DOETs and TTCs to participate in the Project's staff development program.

Financial Matters

22. The Borrower shall ensure that the Disadvantaged and Other Provinces, and the cities of Hanoi, Hue, and Ho Chi Minh City, provide the financial contributions in an amount agreed upon between the Borrower and the Bank, to finance the operation and maintenance costs of the Project.

23. The Borrower shall increase the percentage share of its lower secondary recurrent budget in the total recurrent education budget from 20 percent to 21 percent during Project implementation.

BỘ NGOẠI GIAO

Số : 231/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 Giáo dục và Đào tạo,
- 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 đào tạo giáo viên trung học cơ sở) giữa Cộng hoà xã hội chủ nghĩa Việt Nam và Ngân hàng phát triển châu Á có hiệu lực từ ngày 21 tháng 9 năm 2000.