LOAN NUMBER 3173-VIE (SF)
(Additional to Loan Number 2357-VIE (SF))

LOAN AGREEMENT
(Special Operations)

(Integrated Rural Development Sector Project in the Central Provinces–Additional Financing)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 23 JANUARY 2015

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 23 January 2015 between SOCIALIST REPUBLIC OF VIET NAM ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement dated 20 December 2007 between the Borrower and ADB ("Ongoing Loan Agreement"), ADB provided a loan (No. 2357-VIE(SF)) from ADB's Special Funds resources in the amount of fifty-eight million seven hundred twenty-three thousand Special Drawing Rights (SDR58,723,000) for the purposes of the project described in Schedule 1 to the Ongoing Loan Agreement ("Ongoing Project");

(B) the Borrower has applied to ADB for an additional loan for the purposes of providing additional financing for the expansion of the Ongoing Project through the project financing described in Schedule 1 to this Loan Agreement (the "Project"); and

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

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

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

(a) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(b) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 3 of Schedule 1 to this Loan Agreement;

(c) "CPMU" means the central project management unit established within the Agriculture Project Management Board of MARD, responsible for Project implementation at the central government level, or any successor thereto;

(d) "DARD" means the relevant Department of Agriculture and Rural Development in each Project Province, or any successor thereto;

(e) "EMP" or "Environmental Management Plan" means an environmental management plan prepared for a particular Subproject, including any update thereto, incorporated in the relevant IEE;

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

(g) "GAP" or "Gender Action Plan" means the gender action plan agreed under the Ongoing Project, including any update thereto, and agreed to between the Borrower and ADB;

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

(i) "HIV/AIDS" means human immunodeficiency virus/acquired immunodeficiency syndrome;

(j) "IEE" or "Initial Environmental Examination" means an initial environmental examination prepared for a particular Subproject, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

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

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

(m) "IPP" means an indigenous peoples plan for the Project, if any, including any update thereto submitted by the Borrower and approved by ADB;

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

(o) "MARD" means the Ministry of Agriculture and Rural Development of the Borrower, or any successor thereto;

(p) "PAM" means the project administration manual for the Project dated 15 July 2104 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(q) "PPC" means a Provincial People's Committee of the Project Provinces, or any successor thereto;

(r) "PPMU" means each Provincial Project Management Unit established in each of the Project Provinces, responsible for day-to-day implementation of the Project and as more fully described in the PAM, or any successor thereto;

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

(t) "Procurement Plan" means the procurement plan for the Project dated 15 July 2014 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(u) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means MARD or any successor thereto, acceptable to ADB, which is responsible for the overall implementation and coordination of the Project;

(v) "Project facilities" mean any facilities to be constructed, provided, rehabilitated, operated and/or maintained under the Project;

(w) "Project Implementing Agency" means each PPC for each Project Province for the Project, or any successor thereto;

(x) "Project Provinces" means the provinces of Ha Tinh, Thua Thien-Hue, Binh Dinh, Phu Yen, Ninh Thuan and Binh Thuan, or any successors thereto, in the territory of the Borrower where the Project will be carried out;

(y) "REMDF" means the Resettlement and Ethnic Minorities Development Framework prepared for the Project agreed between the Borrower and ADB, in compliance with the SPS and Borrower's laws and regulations;

(z) "REMDP" means the Resettlement and Ethnic Minorities Development Plan to be prepared for each applicable Subproject agreed between the Borrower and ADB, in compliance with the SPS and Borrower's laws and regulations;

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

(bb) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EMPs, the REMPs, the GAP and IPP (if any), including any corrective and preventative actions;

(cc) "Subproject" means a subproject to be selected, implemented and funded under the Project meeting the selection eligibility agreement between the Borrower and ADB; and

(dd) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to fifty-five million twenty-four thousand Special Drawing Rights (SDR55,024,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

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

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

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.05. The currency of repayment of the principal amount of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be the Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. Withdrawals from the Loan Account in respect of Goods, Works, and Consulting Services shall be made only on account of expenditures relating to:

(a) Goods which are produced in and supplied from and Works and Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and

(b) Goods, Works, and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2019 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for imprest fund(s) and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs where they relate to

the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

ARTICLE V

Suspension; 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 8.01(m) of the Loan Regulations: the Ongoing Loan Agreement shall have become liable for suspension or cancellation.

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 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 receipt of confirmation determined to be satisfactory to ADB from each PPC that it has allocated sufficient counterpart funds for the consulting services to prepare the feasibility study, detail design and construction supervision for its relevant Subprojects.

Section 6.02. A date ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.03 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The State Bank of Vietnam of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

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

For the Borrower

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

Facsimile Number:

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

For ADB

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

Facsimile Numbers:

(632) 636-2444
(84-4) 39331-373.

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

SOCIALIST REPUBLIC OF VIET NAM

By _____
NGUYEN VAN BINH
Governor
State Bank of Vietnam

ASIAN DEVELOPMENT BANK

By _____
TOMOYUKI KIMURA
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is improved quality, greater coverage and better integration of rural infrastructure in the Project Provinces.

2. The Project shall comprise the following outputs and activities thereunder:

Output 1: A significant amount of the rural and coastal infrastructure in the Project Provinces is rehabilitated, updated and maintained:

(a) approximately 100 kilometers of canal and other rural roads upgraded; and

(b) approximately 20 irrigation and drainage schemes covering about 29,000 hectares rehabilitated.

Output 2: Improved capacities of national and provincial staff in technical design and farmers in agricultural production techniques:

(a) approximately 130 provincial staff trained in technical designs, agriculture and participatory techniques; and

(b) agricultural training received by farmers.

Output 3: Improved project management skills for infrastructure development:

(a) approximately 300 provincial, district and commune level staff trained in project management, supervision and safeguards; and

(b) approximately 40 central and provincial level procurement staff trained in ADB's procurement procedures and requirements.

3. The Project includes provision of Consulting Services for loan implementation, baseline and end-line surveys, financial audit, and Subproject completion audit.

4. The Project is expected to be completed by 31 December 2018.

SCHEDULE 2

Amortization Schedule

(Integrated Rural Development Sector Project in Central Provinces – Additional Financing)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
15 April 2020	1,375,600
15 October 2020	1,375,600
15 April 2021	1,375,600
15 October 2021	1,375,600
15 April 2022	1,375,600
15 October 2022	1,375,600
15 April 2023	1,375,600
15 October 2023	1,375,600
15 April 2024	1,375,600
15 October 2024	1,375,600
15 April 2025	1,375,600
15 October 2025	1,375,600
15 April 2026	1,375,600
15 October 2026	1,375,600
15 April 2027	1,375,600
15 October 2027	1,375,600
15 April 2028	1,375,600
15 October 2028	1,375,600
15 April 2029	1,375,600
15 October 2029	1,375,600
15 April 2030	1,375,600
15 October 2030	1,375,600
15 April 2031	1,375,600
15 October 2031	1,375,600
15 April 2032	1,375,600
15 October 2032	1,375,600
15 April 2033	1,375,600
15 October 2033	1,375,600
15 April 2034	1,375,600
15 October 2034	1,375,600
15 April 2035	1,375,600
15 October 2035	1,375,600
15 April 2036	1,375,600
15 October 2036	1,375,600
15 April 2037	1,375,600
15 October 2037	1,375,600
15 April 2038	1,375,600
15 October 2038	1,375,600
15 April 2039	1,375,600
15 October 2039	1,375,600
TOTAL	**55,024,000**

* The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Interest Charge

3. The amount allocated to Category 7 is for financing the interest charge on the Loan during the implementation period of the Project.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

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

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

Disbursement Procedures

5. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Integrated Rural Development Sector Project in Central Provinces – Additional Financing)				
Number	**Item**	**Total Amount Allocated for ADB Financing** (SDR)**		**Percentage and Basis for Withdrawal from the Loan Account**
		Category	**Subcategory**	
1	Works	42,078,000		100% of total expenditures claimed
2	Equipment	25,000		100% of total expenditures claimed
3	Consultancy Services	1,536,000		91% of total expenditures claimed
4	Training	1,038,000		90% of total expenditures claimed
5	CPMU Management Costs*	459,000		95% of total expenditures claimed
6	Subproject Preparation and Management	878,000		
6A	PPMU Management Costs*		808,000	80% of total expenditures claimed
6B	Safeguards & Community Participation		70,000	91% of total expenditures claimed
7	Interest during Implementation	2,078,000		100% of total amount due
8	Unallocated	6,932,000		
	Total	55,024,000		

* Including salaries, allowance for Project-contracted staff and seconded staff and office operation costs at the CPMU and PPMUs, but excluding any salaries/remunerations other than travel costs and daily subsistence allowance for the government-paid officials who work for the Project. PPMU management costs will be allocated based on Loan Agreement allocation.

** The loan may finance bank charges, transportation and insurance costs.

SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.

2. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:

(a) National Competitive Bidding; and
(b) Shopping.

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

National Competitive Bidding

5. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

Conditions for Award of Contract

6. The Borrower shall not award any Works contract which involves environmental impacts until:

(a) the PPC of each Project Province has granted final approval of the IEE; and

(b) the Borrower, through the Project Executing Agency and PPMUs has incorporated the relevant provisions from the EMP into the Works contract.

7. The Borrower shall award any Works contract which involves involuntary resettlement impacts until the Borrower, the Project Executing Agency or PPMUs has prepared and submitted to ADB the REMDF and the relevant REMDP based on the Project's detailed design, and obtained ADB's clearance of such REMDF and relevant REMDP.

8. The Borrower shall not award any Works contract which involves impact on indigenous peoples, if any, provided, however that in the event that Works in respect of any Subproject are later determined to potentially involve any impacts on indigenous peoples, as determined by the SPS, no Works contract shall be awarded until the Borrower has prepared and submitted to ADB the final IPP and obtained ADB's clearance of such IPP.

Consulting Services

9. Except as ADB may otherwise agree, the Borrower shall apply (i) Single-Source Selection, (ii) Fixed Budget Selection and (iii) Least Cost Selection, for selecting and engaging Consulting Services.

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

(a) Single Source Selection for Loan implementation consultant;
(b) Fixed Budget Selection for baseline/endline surveys consultant and subproject completion auditor; and
(c) Least Cost Selection for project auditor.

Industrial or Intellectual Property Rights

11. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of industrial property or intellectual property right of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

12. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

13. Contracts procured under national competitive bidding procedures shall be subject to prior review by ADB for the (a) first three packages for provinces of Ha Tinh and Thua Thien-Hue and (b) first package for the provinces of Binh Dinh, Phu Yen, Ninh Thuan and Binh Thuan; and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

SCHEDULE 5

Execution of Project; Financial Matters

A. PROJECT IMPLEMENTATION

Project Administration Manual

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

Implementation at the Provincial Level

2. (a) The Borrower shall ensure that the DARD in each Project Province provides additional procurement staff required for timely and adequate procurement support, including during bid preparation and evaluation period.

(b) The Borrower shall ensure that adequate staff is provided in the financial units of the PPMUs in the Project Provinces, including ensuring that the financial management unit of each PPMU comprises at least one chief accountant, one accountant and one cashier to strengthen their internal control in financial management.

B. OTHER MATTERS

Subproject Selection and Eligibility Criteria

3. The Borrower shall ensure, and cause the Project Executing Agency and the PPMUs to ensure that all Subprojects meet the screening and eligibility criteria agreed between the Borrower and ADB and documented in the PAM prepared for the Project, in order to be eligible to receive financing under the Project. Specifically, the Borrower shall ensure, and cause the Project Executing Agency and the PPMUs to ensure that only Subprojects that are categorized as category B or less in terms of environment, resettlement and indigenous peoples impact are financed by the Project. Additionally, each Subproject must meet the following criteria:

(a) subproject cost greater than $2M and less than $7M equivalent;
(b) minimal land acquisition and resettlement implications and minor environmental impacts;
(c) address dire needs of the proposed beneficiaries;
(d) relatively simple designs within one continuous area that are well prepared and presented;
(e) capable of completion with minimum of civil works contract packages; and
(f) economic internal rate of return must be at least 12% (although this should not exclude those subprojects with more significant social and poverty impacts).

Schedule 5

Counterpart Support and Operation and Maintenance

4. The Borrower shall ensure that (a) counterpart funding for the Project is provided on a timely basis, including funds to finance the land acquisition and resettlement costs, CPMU operation costs, loan implementation consultant and other consulting services recruited by CPMU, and training; (b) the Project Provinces provide funds necessary on a timely basis to finance the feasibility studies, detailed design and construction supervision consultants; and (c) the Project Provinces provide adequate funds on a timely basis, through annual provincial budget allocations and/or grants to sustain the operation and maintenance of each Subproject under the Project in sound and functional order during and after completion of each Subproject. The Borrower shall further ensure that additional counterpart funding is available to cover any funding shortfalls that may occur during Project implementation.

Environment

5. The Borrower shall ensure, and cause the Project Executing Agency and the PPMUs to ensure, that the preparation, design, construction, implementation, operation and decommissioning of the Project and Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEEs, the EMPs, and any corrective or preventative actions set forth in a Safeguards Monitoring Report. In the case of any discrepancy or inconsistency among the Borrower's laws, regulations and procedures relating to the environment, health and safety and the SPS, the SPS shall prevail.

Land Acquisition and Involuntary Resettlement

6. The Borrower shall ensure, and cause the Project Executing Agency and the PPMUs to ensure, that all land and all rights-of-way required for the Project and Project facilities are made available to the Works contractor(s) in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the REMDF and relevant REMDPs, and any corrective or preventative actions set forth in the Safeguards Monitoring Report. If there is a discrepancy or inconsistency among the Borrower's laws, regulations and procedures relating to land acquisition and involuntary settlement and the SPS, the SPS shall prevail.

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

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

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

Schedule 5

Indigenous Peoples

8. The Borrower shall ensure, and cause the Project Executing Agency and PPMUs to ensure that the preparation, design, construction, implementation and operation of the Project does not have any indigenous peoples impact, all within the meaning of the SPS. In the event that the Project does have such impact, the Borrower shall or shall cause the Project Executing Agency to ensure that an IPP is prepared in accordance with the SPS and take all steps necessary to ensure that the Project complies with (a) all applicable laws and regulation of the Borrower relating to indigenous peoples, (b) the Indigenous Peoples Safeguards, and all measures and requirements set forth in the IPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Gender and Development

9. The Borrower shall ensure, and shall cause the Project Executing Agency and the PPMUs to ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB; and (e) key gender outcome and output targets include, but not limited to the requirement that at least thirty percent (30%) of the members of each community supervision boards are women and at least forty percent (40%) of the farmers receiving agricultural training are women.

Labor Standards

10. The Borrower shall ensure, and cause the Project Executing Agency and the PPMUs to ensure, that bidding documents include provisions to ensure (i) contractors' preferential hiring of local labor; (ii) equal opportunities are guaranteed for female workers to work with the principle of equal pay for work of equal value; and (iii) necessary measures are taken to prevent employment of child labor, in compliance with the relevant rules and regulations of the Borrower.

Human and Financial Resources to Implement Safeguards Requirements

11. The Borrower shall ensure, and shall cause the Project Executing Agency and the PPMUs to ensure that necessary budgetary and human resources are available to fully implement the GAP, EMPs, the REMDPs and the IPPs (if any).

Safeguards–Related Provisions in Bidding Documents and Works Contracts

12. The Borrower shall ensure and shall cause the Project Executing Agency and PPMUs to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

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

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

(c) provide the Project Executing Agency with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEEs, the EMPs, the REMDPs and the IPP (if any);

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

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

(f) (i) comply with all applicable labor laws of the Borrower on the prohibition of child and forced labor; (ii) give equal pay for equal work regardless of gender, ethnicity or social group; (iii) disseminate information on sexually transmitted diseases (including HIV/AIDS) and human trafficking to sub-contractors/employees and local communities surrounding the Project construction sites; and (iv) implement HIV/AIDS and human trafficking awareness activities.

Safeguards Monitoring and Reporting

13. The Borrower shall ensure and shall cause the Project Executing Agency and PPMUs to do the following:

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

(b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEEs, the EMPs, the REMDPs and the IPP (if any), promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and

(c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMPs, the REMDPs or the IPP (if any) promptly after becoming aware of the breach.

Prohibited List of Investments

14. The Borrower shall ensure, or cause the Project Executing Agency and PPMUs to ensure, that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Schedule 5

Governance and Anticorruption

15. The Borrower shall ensure, and cause the Project Executing Agency and PPMUs to, (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

16. The Borrower shall ensure, and cause the Project Executing Agency and PPMUs to ensure, that anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

Public Disclosure

17. Within two (2) months of the Effective Date, the Borrower shall ensure, and shall cause the Project Executing Agency to ensure the disclosure of information about various matters concerning the Project, including general project information, procurement (including information on list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded and the list of Goods, Works and Consulting Services procured), project progress, and contact details in the English and Vietnamese languages through a Project website. The website shall also provide a link to ADB's Integrity Unit (http://www.adb.org/Intergrity/complaint.asp) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities.

Grievance Redress Mechanism

18. The Borrower shall ensure, and shall cause the Project Executing Agency and PPMUs to ensure, that a complaint and problem management task force, acceptable to ADB, is established and functioning effectively to (a) review and document eligible complaints of Project stakeholders, (b) proactively address any complaints, and (c) provide the complainants with notice of complaints received and resolved and final outcomes of the grievances and chosen actions and make these reports available to ADB upon request. Eligible complaints include those related to the Project, any of the service providers, any person responsible for carrying out the Project, complaints on the misuse of funds, and other irregularities and grievances due to any gender or safeguard issues.

Ongoing Loan Agreement and Ongoing Project

19. The Ongoing Loan Agreement, including without limitation the covenants set out in Schedule 5 thereto, shall continue in full force and effect, except as expressly amended hereby.