OFID The OPEC Fund for International Development

LOAN NO. 1216P

HA TINH PROVINCE IRRIGATION DEVELOPMENT PROJECT

LOAN AGREEMENT

BETWEEN

THE SOCIALIST REPUBLIC OF VIETNAM

AND

THE OPEC FUND FOR
INTERNATIONAL DEVELOPMENT

DATED

NOVEMBER 5, 2008

AGREEMENT dated November 5, 2008, between the Socialist Republic of Vietnam ("the Borrower") and OFID.

Whereas the Borrower has requested assistance from OFID in the financing of the Project described in Schedule 1;

And whereas OFID has approved a loan to the Borrower in the amount of ten million five hundred thousand Dollars ($ 10,500,000) upon the terms and conditions set forth hereinafter;

Now, therefore, the parties to this Loan Agreement (the "Agreement") hereby agree as follows:

Article 1
GENERAL CONDITIONS; DEFINITIONS

1.01 The General Conditions attached hereto shall constitute an integral part of this Agreement.

1.02 In addition to the terms defined in the preamble, the following terms and expressions shall have the following meanings or, where they duplicate terms and conditions in the General Conditions, the following specific meanings:

(a) "Authorized Representative of the Borrower" means the Minister of Finance of the Borrower;

(b) "Closing Date" means June 30, 2013;

(c) "Dollar and the sign $" mean and refer to the lawful currency of the United States of America;

(d) "Eligible Expenditure Commencement Date" means June 18, 2008;

(e) "Executing Agency" means Ha Tinh Province People's Committee;

(f) "General Conditions" means OFID General Conditions Applicable to Public Sector Loan Agreements, December 2007; and

(g) "Grace Period" means the period beginning on November 5, 2008 and ending five (5) years from that Date.

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Article 2
THE LOAN

2.01 OFID agrees to lend to the Borrower and the Borrower agrees to borrow from OFID the Loan in the amount of ten million five hundred thousand Dollars ($ 10,500,000) on the terms and conditions set forth in this Agreement.

2.02 The Borrower shall pay interest at the rate of one and one half of one per cent (1.5%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.03 The Borrower shall pay a Service Charge at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.04 Interest and Service Charges shall be paid semi-annually on May 15 and November 15 in each year into OFID Account.

2.05 Immediately following the end of the Grace Period, the Borrower shall repay the principal of the Loan in Dollars, or in any other freely convertible currency acceptable to OFID Management, in an amount equivalent to the Dollar amount due according to the market exchange rate prevailing at the time and place of repayment. Repayment shall be effected in thirty (30) semi-annual instalments in the amounts, and on the dates, all as specified in Schedule 3 (AMORTIZATION).

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Article 3
EFFECTIVENESS

3.01 This Agreement shall enter into force and effect in accordance with Section 3.02 upon receipt by OFID of:

(a) satisfactory evidence that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized and ratified according to the legal requirements of the Borrower; and

(b) a certificate issued by the Minister of Justice or the Attorney General or any other competent legal authority of the Borrower confirming that this Agreement has been duly authorized and ratified by the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

3.02 After the conditions specified in Section 3.01 shall have been satisfactorily fulfilled, OFID Management shall cause this Agreement to enter into full force and effect on the Date of Effectiveness as shall be advised to the Borrower.

3.03 If this Agreement shall not have become effective within ninety (90) days after the Date of the Agreement, the Agreement and all obligations of the parties hereunder shall terminate, unless OFID Management, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section.

* * *

Article 4
ADDRESSES

4.01 The parties' addresses are as specified below:

For the Borrower:

Ministry of Finance
28 Tran Hung Dao
Hoan Kiem District, Hanoi
Socialist Republic of Vietnam

Facsimile: (++84 4) 2208020 or (++84 4) 220 8021

For OFID:

The OPEC Fund for International Development
Parkring 8
A-1010 Vienna
Austria
Facsimile: (++43-1) 513 92 38

* * *

LOAN NO. 1216P

IN WITNESS whereof the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed and delivered at Vienna in two copies in the English language, each considered an original and both to the same and one effect as of the day and year first above written.

FOR THE BORROWER:

Signature: _____

Name: H.E. Nguyen Ba Than

Title: Ambassador of the Socialist Republic of Vietnam to Austria

FOR THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT:

Signature: _____

Name: Mr. Suleiman J. Al-Herbish

Title: Director-General

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THE SOCIALIST REPUBLIC OF VIETNAM
HA TINH PROVINCE IRRIGATION DEVELOPMENT PROJECT

SCHEDULE 1
DESCRIPTION OF THE PROJECT

The Project aims at improving the irrigation infrastructure at the Ha Tinh province. The Project's objectives will be achieved through the implementation of the following components:

(a) Civil Works

This component funds the construction and rehabilitation of about 51 small-scale irrigation works, water reservoirs and dams to ensure stable water supply in order to irrigate an area of about 2,345 ha. This component includes:

- Constructing three and upgrading about 48 dams and reservoirs with heights ranging from two to four meters and length ranging from 45 to 100 meters;
- Constructing and upgrading about 22 canal distribution systems consisting of 40 Km of main canals, branch canals, water offtakes, and side spillways;
- Constructing about 39 pumping stations with capacities ranging from 50-2000 cubic-meters per hour and pumping level heights of 6-17 meters.

(b) Land Acquisition, Resettlement, and Reclamation

This component covers all land and other property acquisition, relocation, resettlement and compensation for all affected peoples. It also funds the reclamation and restoration of about 1,225 ha of unused land to develop fields for the cultivation of rice. In addition, this component will support the farmers in the excavation and improvement of unused land, including grass clearances, field levelling, and constructing embankment for water retention.

(c) Consultancy Services

This component meets the cost of hiring domestic consultants. During the preparation period, the consultants will assist in the Civil Works survey and technical design, the bidding process, preparation of an environmental assessment and monitoring plan, and organization of workshops for local government officials and farmers.

(d) Project Management and Administration

This component meets costs related to the procurement of one vehicle and office equipment as well as administration activities. It will also fund capacity building for local government agencies and beneficiaries.

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THE SOCIALIST REPUBLIC OF VIETNAM
HA TINH PROVINCE IRRIGATION DEVELOPMENT PROJECT

SCHEDULE 2
LOAN ALLOCATION

1. Unless otherwise agreed between the Borrower and OFID Management, the table below sets forth the components to be financed out of the proceeds of the Loan, the allocation of amounts of the Loan to each component and the percentage of total expenditures for items so to be financed in respect of each component:

Component	Amount of the Loan Allocated (Expressed in US Dollars)	Percentage of Total Expenditures to be Financed
(a) Civil Works	8,570,000	95
(b) Land Acquisition, Resettlement and Reclamation	---	---
(c) Consultancy Services	1,290,000	100
(d) Project Management and Administration (including 100% financing of vehicle and equipment for PMU)	640,000	56
Total:	10,500,000	

2. Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in paragraph 1 above, if OFID Management has reasonably estimated that the amount of the Loan then allocated to any component will be insufficient to finance the agreed percentage of all expenditures in that component, OFID Management may, by notice to the Borrower: (i) reallocate to such component, to the extent required to meet the estimated shortfall, proceeds of the Loan which are then allocated to another component and which in the opinion of OFID Management are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals in respect of such component may continue until all expenditures thereunder shall have been made.

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THE SOCIALIST REPUBLIC OF VIETNAM
HA TINH PROVINCE IRRIGATION DEVELOPMENT PROJECT

SCHEDULE 3
AMORTIZATION

No.	Date of Repayment	Amount Due (Expressed in US Dollars)
1	November 15, 2013	350,000
2	May 15, 2014	350,000
3	November 15, 2014	350,000
4	May 15, 2015	350,000
5	November 15, 2015	350,000
6	May 15, 2016	350,000
7	November 15, 2016	350,000
8	May 15, 2017	350,000
9	November 15, 2017	350,000
10	May 15, 2018	350,000
11	November 15, 2018	350,000
12	May 15, 2019	350,000
13	November 15, 2019	350,000
14	May 15, 2020	350,000
15	November 15, 2020	350,000
16	May 15, 2021	350,000
17	November 15, 2021	350,000
18	May 15, 2022	350,000
19	November 15, 2022	350,000
20	May 15, 2023	350,000
21	November 15, 2023	350,000
22	May 15, 2024	350,000
23	November 15, 2024	350,000
24	May 15, 2025	350,000
25	November 15, 2025	350,000
26	May 15, 2026	350,000
27	November 15, 2026	350,000
28	May 15, 2027	350,000
29	November 15, 2027	350,000
30	May 15, 2028	350,000
	Total:	10,500,000

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