LOAN NUMBER 3317-VIE(SF)
(Additional to Loan Number 2703-VIE(SF))

LOAN AGREEMENT
(Special Operations)

(Second Northern Greater Mekong Subregion Transport Network Improvement Project – Additional Financing)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED [9] FEBRUARY 2016

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 15 January 2016 between SOCIALIST REPUBLIC OF VIET NAM ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by the Loan Agreement dated 23 February 2011 between the Borrower and ADB ("Ongoing Loan Agreement"), ADB provided a loan (No. 2703-VIE(SF)) from ADB's Special Funds resources in the amount of forty-seven million four hundred fifty thousand Special Drawing Rights (SDR47,450,000) 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 the Project described in Schedule 1 to this Loan Agreement (the "Project", and together with the Ongoing Project, the "Overall 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 and the Ongoing Loan Agreement 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) "CEMP" means the contractors' environmental management plans;

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

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

(d) "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;

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

(f) "GAP" means the gender action plan agreed under the Project, including any update thereto, and agreed to between the Borrower and ADB;

(g) "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;

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

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

(j) "Initial Environmental Examination" or "IEE" means the initial environmental examination prepared for the Ongoing Project, including any update and supplement thereto, prepared and submitted by the Project Executing Agency on 16 September 2010 and cleared by ADB;

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

(l) "km" means kilometers;

(m) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2015, as amended from time to time);

(n) "MOT" means the Borrower's Ministry of Transport, or any successor thereto;

(o) "O&M" means operations and maintenance;

(p) "Ongoing Project" has the meaning set forth in Recital (A) of this Loan Agreement;

(q) "Overall Project" has the meaning set forth in Recital (B) of this Loan Agreement;

(r) "PAM" means the project administration manual for the Project dated 25 September 2015 and agreed between the Project Executing Agency and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(s) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);

(t) "Procurement Plan" means the procurement plan for the Project dated 25 September 2015 and agreed between the Project Executing Agency 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" has the meaning set forth in Recital (B) of this Loan Agreement;

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

(w) "Project facilities" mean the roads, and related structures to be constructed, provided, rehabilitated, operated and/or maintained under the Project;

(x) "Resettlement and Ethnic Minority Development Plan" or "REMDP" means the resettlement and ethnic minority development plan for the Project, including any update thereto, prepared and submitted by the Project Executing Agency and cleared by ADB;

(y) "Safeguards Monitoring Report" means each report prepared and submitted by the Project Executing Agency to ADB that describes progress with implementation of and compliance with the EMP, and the REMDP, as applicable, including any corrective and preventative actions;

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

(aa) "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 million four hundred forty thousand Special Drawing Rights (SDR50,440,000).

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 1 May and 1 November 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, or cause to be maintained, separate accounts and separate 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 on the use of the procedures for imprest funds and statement of expenditures) and a management letter (which sets out, among other things, 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. 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 Numbers:

+84 4 3825-0612
+84 4 3825-8385.

For ADB

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

Facsimile Numbers:

+63 2 636-2444
+84 4 3933-1373.

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 Viet Nam

ASIAN DEVELOPMENT BANK

By _____
ERIC SIDGWICK
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is to make more efficient transport across Highway 217 in Viet Nam that forms part of the GMS Project Area linking Lao PDR and the Borrower.

2. The Project will comprise the following:

(a) Provision of Works for approximately 45 km on Highway 217 from Cam Thuy to Ba Thuoc;

(b) Constructing a new flyover and approach roads in Ha Trung; and

(c) Improving traffic safety measures.

3. The Project includes provision of Consulting Services for (a) construction supervision; and (b) external financial auditing of the Project, each as more fully described in the PAM.

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

SCHEDULE 2

Amortization Schedule

(Second Northern Greater Mekong Subregion Transport Network Improvement Project – Additional Financing)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
01 May 2021	1,261,000
01 November 2021	1,261,000
01 May 2022	1,261,000
01 November 2022	1,261,000
01 May 2023	1,261,000
01 November 2023	1,261,000
01 May 2024	1,261,000
01 November 2024	1,261,000
01 May 2025	1,261,000
01 November 2025	1,261,000
01 May 2026	1,261,000
01 November 2026	1,261,000
01 May 2027	1,261,000
01 November 2027	1,261,000
01 May 2028	1,261,000
01 November 2028	1,261,000
01 May 2029	1,261,000
01 November 2029	1,261,000
01 May 2030	1,261,000
01 November 2030	1,261,000
01 May 2031	1,261,000
01 November 2031	1,261,000
01 May 2032	1,261,000
01 November 2032	1,261,000
01 May 2033	1,261,000
01 November 2033	1,261,000
01 May 2034	1,261,000
01 November 2034	1,261,000
01 May 2035	1,261,000
01 November 2035	1,261,000
01 May 2036	1,261,000
01 November 2036	1,261,000
01 May 2037	1,261,000
01 November 2037	1,261,000
01 May 2038	1,261,000
01 November 2038	1,261,000
01 May 2039	1,261,000
01 November 2039	1,261,000

Schedule 2

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
01 May 2040	1,261,000
01 November 2040	1,261,000
TOTAL	**50,440,000**

* 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 4 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.

Retroactive Financing

6. Withdrawals from the Loan Account may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with any or all of the

following: (i) land acquisition and resettlement costs; (ii) Works; and (iii) Consulting Services, subject to a maximum amount equivalent to 20% of the Loan amount.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Second Northern Greater Mekong Subregion Transport Network Improvement Project – Additional Financing)			
Number	**Item**	**Total Amount Allocated for ADB Financing (SDR) Category**	**Percentage and Basis for Withdrawal from the Loan Account**
1	Works	28,528,000	100% of total expenditures claimed*
2	Consultancy Services	1,872,000	100% of total expenditures claimed*
3	Land Acquisition / Resettlement	11,204,000	100% of total expenditures claimed
4	Interest Charge	1,305,000	100% of amount due
5	Unallocated	7,531,000	
	Total	**50,440,000**	

* Exclusive of taxes and duties imposed within the territory of the Borrower.

SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

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

2. All terms used 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) International Competitive Bidding;
(b) National Competitive Bidding; and
(c) Shopping.

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

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 the Borrower, through the Project Executing Agency has incorporated the relevant provisions from the EMP into the Works contract.

Consulting Services

7. Except as ADB may otherwise agree, the Borrower shall apply (a) quality- and cost-based selection for selecting and engaging Consulting Services for construction supervision, and (b) least-cost selection for selecting and engaging Consulting Services for financial auditing.

8. The Borrower shall recruit the individual consultants for external resettlement monitoring in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

9. (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.

10. 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

11. Contracts procured under international and national competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

Conditions for Works

12. The Borrower shall ensure that no Works are allowed to proceed under any Works' contract financed under the Loan until a CEMP for the section of road covered by the proposed Works contract has been approved by ADB.

13. The Borrower shall ensure that notices of possession of specific property section relating to the Project are not issued to the relevant Works contractors until the Borrower's Chairman of relevant District Compensation, Assistance and Resettlement Board has officially confirmed in writing that (a) payment has been fully disbursed to Affected Persons and rehabilitation measures are in place for that specific section as per the REMDP; (b) already-compensated Affected Persons have cleared the specific sections in a timely manner; and (c) the specific section is free from any encumbrances.

SCHEDULE 5

Execution of Project and Operations of Project Facilities; Financial Matters

Implementation Arrangements; Project Administration Manual

1. The Borrower, through the Project Executing Agency, 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.

Environment

2. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that the preparation, design, construction, implementation, operation and decommissioning of the Project and all 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 IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report. Should there be any discrepancy between the Borrower's laws and regulations and ADB's policy, ADB's policy shall prevail. 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.

3. The Borrower shall ensure that: (a) all bidding documents and Works contracts include the EMP and require contractors to comply with its provisions; (b) portions of the Project, regardless of the source of funding, will adopt the provisions of the EMP and will comply with the Environmental Safeguards; (c) the Project Executing Agency (i) adequately supervises the Works carried out by contractors to ensure compliance with the monitoring and mitigation measures set forth in the EMP; (ii) ensures that consultants engaged for construction supervision closely monitor the contractors' compliance with the EMP; and (iii) the construction contractors develop a CEMP based on the EMP; and (d) semiannual reports on implementation of the EMP are submitted to ADB on a timely basis.

4. In the event that the Borrower and ADB agree during implementation to include improvement of any access roads under the Project, the Borrower shall ensure that: (a) the Project Executing Agency conducts an environmental assessment of such access roads proposed to be financed under the Project based on the EARF and SPS; and (b) such access roads (i) used for logging and or mining; or (ii) that pass through ecologically sensitive areas such as national biodiversity conservation areas and similarly protected sites, in each case, shall not be selected and financed under the Project.

5. In the event that there are additional components or major changes in the Project such as the location and/or design, that are not within the scope of the IEE and are expected to result in adverse environmental impacts, a new or supplementary environmental assessment report shall be prepared in compliance with the EARF and SPS and submitted to ADB for clearance prior to the implementation of the additional component or changes.

Schedule 5

Land Acquisition and Involuntary Resettlement

6. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that all land and all rights-of-way required for the Project are made available to the Works contractor 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 REMDP and any corrective or preventative actions set forth in the Safeguards Monitoring Report. In case of discrepancies between the Borrower's laws, regulations and procedures and ADB's requirements, or to the extent there is a discrepancy with the SPS, then the SPS shall prevail.

7. The Borrower shall ensure that: (a) the REMDP agreed with ADB shall be updated following completion of the detailed design and submitted to ADB for review and concurrence; and (b) no land acquisition or site clearing shall be done until after the updated REMDP has been agreed with ADB and the provisions covering resettlement have been completed to the satisfaction of ADB.

8. Without limiting the application of the Involuntary Resettlement Safeguards or the REMDP agreed with ADB, the Borrower shall ensure or cause the Project Executing Agency 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 Persons in accordance with the REMDP; and

(b) income rehabilitation measures have been established in accordance with the REMDP.

9. If the Borrower and ADB agree during Project implementation to include the improvement of existing or new construction of access roads in the Project which requires additional land acquisition or resettlement, an addendum REMDP shall be prepared.

Indigenous Peoples

10. The Borrower shall ensure, or cause the Project Executing Agency to ensure, that the preparation, design, construction, implementation, operation and maintenance of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; and (c) all measures and requirements set forth in the REMDP and any corrective or preventative actions set forth in a Safeguards Monitoring Report. In case of discrepancies between the Borrower's laws, regulations, and procedures, and ADB's requirements, or to the extent there is a discrepancy with the SPS, then the SPS shall prevail.

Human and Financial Resources to Implement Safeguards Requirements

11. The Borrower shall make available or cause the Project Executing Agency to make available necessary budgetary and human resources to fully implement the EMP and the REMDP.

Schedule 5

Safeguards – Related Provisions in Bidding Documents and Works Contracts

12. The Borrower shall ensure, or cause the Project Executing Agency 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 IEE, the EMP, the REMDP (to the extent they concern impacts on Affected Persons 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 Borrower and 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 IEE, the EMP, or the REMDP;

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

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

Safeguards Monitoring and Reporting

13. The Borrower shall, or cause the Project Executing Agency 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 IEE, the EMP, or the REMDP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;

(c) no later than the conduct of the detailed measurement survey, engage a qualified and experienced external expert(s) or qualified NGO(s) under a selection process and terms of reference acceptable to ADB, to monitor resettlement activities and land acquisition facilitate the carrying out of any verification activities by such external expert(s) or qualified NGO(s), and report on a semi-annual basis to the Borrower and ADB, as applicable; and

(d) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the REMDP promptly after becoming aware of the breach.

Labor Standards

14. The Borrower shall ensure that: (a) the Works' contractors comply with all applicable laws related to gender, labor and workers' safety, including ensuring that women are given pay for work that is equal to that paid to men; and (b) Works contracts (i) include appropriate clauses requiring contractors to allow their workers to attend planned campaigns on HIV/AIDS and human trafficking awareness and prevention during construction and to maintain adequate sanitation and working conditions; and (ii) include clauses for termination by the Borrower in case of any breach of the state provisions by the contractors.

15. The Borrower shall ensure that: (a) the HIV/AIDS and human trafficking awareness and prevention program agreed with the ADB (the "program") is implemented in the construction camps, towns and rural areas of the Project area, and shall monitor the operation and effectiveness of the program; and (b) training is provided to strengthen the institutional capacity of the Borrower's Provincial People's Committee and other agencies involved in planning and implementation of the program.

Gender and Development

16. The Borrower shall ensure, and cause the Project Executing Agency to ensure, that (a) the GAP is implemented 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; (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: (i) 15% of the unskilled employment opportunities created in the Work are prioritized to local women; (ii) 50% of the trained community facilitators of the road safety awareness program for the Project are women; and (iii) 25% of the Project Executing Agency's Project Management Unit 1 (PMU1) staff working on the Project are female.

Counterpart Support

17. The Borrower shall ensure that (a) the Project Executing Agency makes the timely submission of annual budgetary appropriation budget allocations and/or grants to the relevant governmental authority to sustain the implementation, operation and maintenance of the Project; and (b) the funds allocated for the Project during each year of Project implementation shall be made available to the Project Executing Agency. The Borrower shall cause the relevant governmental authority to make available additional counterpart funding to cover any funding shortfalls that may occur during Project implementation.

Governance and Anticorruption

18. The Borrower shall ensure, and cause the Project Executing Agency 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; (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation; (c) institute, maintain, and comply with internal procedures and controls following international best practice for standards for the purpose of preventing corruption, money laundering activities, and/or the financing of terrorism; and (d) ensure that any Project auditor has the right to conduct random or spot audits for contract implementation activities under the Project, with the cost of this auditing to be covered by the Project.

19. The Borrower shall ensure, and cause the Project Executing Agency 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 Project Executing Agency, any implementing agency and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

20. The Borrower shall cause the Project Executing Agency (a) to update and modify the Ongoing Project website that was established under and required by the terms of the Ongoing Loan Agreement to disclose information about various matters on the Overall Project as reasonably requested by ADB, including resettlement and land acquisition to be retroactively financed by the proceeds of this Loan; and (b) following such updates and modifications as required in clause (a) above, to demonstrate to the satisfaction of ADB that the website for the Overall Project is fully operational. The Borrower shall cause the Project Executing Agency to maintain the website for the Overall Project for the duration of the Loan. The website for the Overall Project must include or link to information on the Overall Project procurement including the list of participating bidders, name of each winning bidder, basic details on bidding procedures adopted, the value of each contract awarded, and the list and value of goods/services procured and the intended utilization of Loan proceeds under each contract being awarded. In addition to any information required with respect to the Overall Project, the website must also include general information regarding the Overall Project, Overall Project progress, and contact details for the PMU1 counterpart staff in Vietnamese and English languages, and shall link to ADB's Integrity Unit website at http://www.adb.org/site/integrity/complaint-form for reporting to ADB any grievances or allegations of corrupt practices arising out of the Overall Project and/or Overall Project activities. The Borrower shall cause the Project Executing Agency to ensure that all Overall Project staff are fully aware of ADB's procedures, including, but not limited to, procedures for implementation, procurement, use of consultants, disbursements, reporting, monitoring, and prevention of fraud and corruption.

Audit

21. The Borrower shall ensure that the Project Executing Agency commences any necessary action to resolve any outstanding issues identified by any Project auditor within one (1) month of such Project auditor notifying the Project Executing Agency of any such outstanding issue, unless otherwise agreed with ADB.

Sustainability

22. The Borrower shall ensure that: (a) the Project Executing Agency is responsible for the O&M of the Project facilities; (b) from the date of completion of the Ongoing Project, the Project Executing Agency maintains that portion of the Ongoing Project

from (i) Na Meo to Ba Thuoc to a minimum standard of International Roughness Index 4; and (ii) Ha Trung to Cam Thuy to the same or better standard adopted for the Borrower's national road network; and (c) adequate funding has been applied for and received to enable and fund the Project Executing Agency's performance of its O&M obligations required in this paragraph 22.

23. The Borrower shall ensure that the Project Executing Agency develops a program to control the overloading of vehicles along the roads of the Overall Project, subject to the approval of ADB, by the time Works have been completed; provided that the Borrower may satisfy this obligation by updating the program developed and agreed with ADB for the Ongoing Project to include the Project, subject to ADB's approval of the updated program. For so long as the Loan remains outstanding, the Borrower shall maintain the database on the incidence of vehicle overloading with respect to the Overall Project and post in a timely manner such information on the website for the Overall Project or the Project Executing Agency's website if the website for the Overall Project is no longer being maintained.

Road Safety

24. The Borrower shall ensure that (a) the Project design includes road safety measures; and (b) such measures are implemented during and/or after Project implementation, as applicable, and related information is posted in a timely manner on the website for the Overall Project or the Project Executing Agency's website if the website for the Overall Project is no longer being maintained.

25. The Borrower shall ensure that the Project Executing Agency (a) perform a road safety audit at the time of the detailed design stage and at the time the Works are completed, and (b) implement the community road safety awareness program agreed to with ADB.

Grievance Redress Mechanism

26. The Borrower shall cause the Project Executing Agency to utilize (a) the grievance redress mechanism (GRM) established and implemented for the Ongoing Project to receive and facilitate resolution of concerns, complaints, and grievances about the Project's performance, including possible corruption, and environmental, social and other concerns from people affected by the Project; and (b) the existing task force at the Project Executing Agency's PMU1 to receive and resolve complaints/grievances or act upon reports from stakeholders on misuse of funds and other irregularities with respect to the Project, including grievances caused by resettlement and environmental issues, which will: (i) make public the existence and availability of the GRM for the Project through a public awareness campaign; (ii) review and address grievances of stakeholders in relation to the Project, any of the services providers, or any person responsible for carrying out any aspect of the Project; and (iii) proactively and constructively respond to such grievances with respect to the Project within the established time protocol, including reviewing the effectiveness of the GRM from time to time and implementing necessary enhancements.

Schedule 5

Prohibited List of Investments

27. The Borrower shall 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.

Ongoing Loan Agreement and Ongoing Project

28. 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.