LOAN NUMBER 2828-VIE (SF)

LOAN AGREEMENT
(Special Operations)

(Development of Northern Chu and Southern Ma Rivers Irrigation System Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 09 March 2012

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 09 March 2012 between SOCIALIST REPUBLIC OF VIET NAM ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement; and

(B) 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 (2010, as amended from time to time);

(b) "Consulting Services" means the services to be financed out of the proceeds of the Loan as referred to in paragraph 2 of Schedule 1 to this Loan Agreement;

(c) "CPMU" means the Central Project Management Unit established within MARD, or any successor thereto, as described in the PAM;

(d) "DARD" means the Borrower's Department of Agriculture and Rural Development in Thanh Hoa Province, or any successor thereto;

(e) "EMP" means environmental management plan submitted by MARD and agreed by ADB;

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

(g) "Ethnic Minorities Development Plan" or "EMDP" means the ethnic minorities development plan for the Project, including any update thereto, prepared and submitted by the MARD and cleared by ADB;

(h) "Ethnic Minority Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

(i) "GAP" means the gender action plan prepared for the Project in accordance with ADB's Policy on Gender and Development (1998);

(j) "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;

(k) "IA" or "IAs" means the implementing agencies as described in the PAM;

(l) "IMC" means an irrigation management company as described in the PAM;

(m) "Initial Environmental Examination" or "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by MARD and cleared by ADB;

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

(o) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2007, as amended from time to time);

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

(q) "PAM" means the Project administration manual for the Project dated 27 October 2011 and agreed between MARD and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(r) "PPC" means the Provincial People's Committee in the Project Province, or any successor thereto;

(s) "PPMU" the provincial project management unit established within DARD, or any successor thereto, as described in the PAM;

(t) "PRMU" means the Project Resettlement Management Unit established within DARD, or any successor thereto, as described in the PAM;

(u) "Procurement Guidelines" means ADB's Procurement Guidelines (2010, as amended from time to time);

(v) "Procurement Plan" means the procurement plan for the Project dated 27 October 2011 and agreed between MARD and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

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

(x) "Project facilities" means the facilities constructed, rehabilitated, procured, financed, and provided under the Project;

(y) "Resettlement Framework" or "RF" means the resettlement framework developed by MARD and approved by ADB on 17 October 2011;

(z) "Resettlement Plan" or "RP" means a resettlement plan required for the Project, including any update thereto, prepared and submitted by MARD and cleared by ADB, including (i) the Resettlement Plan for the construction of the new North and South Main Canals described in Schedule 1, developed by MARD and approved by ADB on 17 October 2011, and (ii) any Resettlement Plan prepared by MARD and approved by ADB for other Project's components in accordance with its laws and regulations, the SPS, the Resettlement Framework;

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

(bb) "Safeguards Monitoring Report" means each report prepared and submitted by CPO to ADB that describes progress with implementation of and compliance with the EMP, the RP and EMDP (as applicable), including any corrective and preventative actions;

(cc) "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;

(dd) "WUA" means a water user association, an umbrella organization of WUG; and

(ee) "WUG" means a water user group.

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 sixty nine million and five hundred and eighty seven thousand Special Drawing Rights (SDR 69,587,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 1% per annum during the grace period, and 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 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 June and 1 December 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 31 December 2017 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 cause MARD to: (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 ADB; (iii) furnish to ADB, as soon as available but in any event not later than 6 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 financial covenants of this Loan Agreement as well as on the use of the procedures for imprest account and statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Borrower shall cause MARD to enable ADB, upon ADB's request, to discuss MARD's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by MARD pursuant to subsection (a) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion

shall be conducted only in the presence of an authorized officer of MARD unless MARD shall otherwise agree.

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

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Governor 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 6.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

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

Facsimile Numbers:

(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
(632) 636-2331.

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 _____
TOMOYUKI KIMURA
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is to improve water and land productivity of irrigated cropping systems within the Northern Chu and Southern Ma Rivers Irrigation System command area.

2. The Project shall comprise the following outputs:

Part A. Improvement of Water Resources Management, Delivery of Irrigation Services and Irrigation System Operation and Maintenance

(a) establishing financially viable service providers through assisting DARD in preparing business plans of the IMCs to operate as autonomous and financially viable entities, and restructuring the IMCs;
(b) developing capacity of MARD, DARD and IMCs in water resources and irrigation management system, in understating and supporting the institutional reforms for improved irrigation management, in modernizing the Northern Chu and Southern Ma Rivers Irrigation System management system, improving market opportunities for irrigated crop production, and addressing climate change adaptation within the system;
(c) strengthening capacity and participation of WUGs and WUAs in irrigation management and developing on-farm infrastructure and building O&M capacity through a participatory, rural development support process; and
(d) supporting social assistance and environmental monitoring programs, including implementation of GAP, EMDP and EMP.

Part B. Improvement of Irrigation Infrastructure

(a) constructing the new North Main Canal measuring approximately 34.5 km and the new South Main Canal measuring approximately 23.5 km, including the development and/or rehabilitation of lower order canals and command areas;
(b) constructing and rehabilitating canal controls; and
(c) purchasing electrical and hydraulic control equipment.

Part C. Improvement of Access to and Use of Rural Support Services, Agricultural Inputs and Information

(a) developing capacity of DARD and related organizations to support agricultural extension;
(b) supporting for demonstration plots; and
(c) purchasing equipment and constructing minor infrastructure improvement for seed farms.

Part D. Project Support

(a) supporting the IAs to implement the Project, including providing training.

The Project also includes the Consulting Services required for Part A, C and D and supervision consultancy for Part B.

3. The Project is expected to be completed by 30 June 2017.

SCHEDULE 2

Amortization Schedule

(Development of the Northern Chu and Southern Ma Rivers Irrigation System Project)

DATE	Payment of Principal (expressed in Special Drawing Rights)*
1 June 2020	1,449,729
1 December 2020	1,449,729
1 June 2021	1,449,729
1 December 2021	1,449,729
1 June 2022	1,449,729
1 December 2022	1,449,729
1 June 2023	1,449,729
1 December 2023	1,449,729
1 June 2024	1,449,729
1 December 2024	1,449,729
1 June 2025	1,449,729
1 December 2025	1,449,729
1 June 2026	1,449,729
1 December 2026	1,449,729
1 June 2027	1,449,729
1 December 2027	1,449,729
1 June 2028	1,449,729
1 December 2028	1,449,729
1 June 2029	1,449,729
1 December 2029	1,449,729
1 June 2030	1,449,729
1 December 2030	1,449,729
1 June 2031	1,449,729
1 December 2031	1,449,729
1 June 2032	1,449,729
1 December 2032	1,449,729
1 June 2033	1,449,729
1 December 2033	1,449,729
1 June 2034	1,449,729
1 December 2034	1,449,729
1 June 2035	1,449,729
1 December 2035	1,449,729
1 June 2036	1,449,729
1 December 2036	1,449,729
1 June 2037	1,449,729
1 December 2037	1,449,729
1 June 2038	1,449,729
1 December 2038	1,449,729
1 June 2039	1,449,729

Schedule 2

DATE	Payment of Principal (expressed in Special Drawing Rights)*
1 December 2039	1,449,729
1 June 2040	1,449,729
1 December 2040	1,449,729
1 June 2041	1,449,729
1 December 2041	1,449,729
1 June 2042	1,449,729
1 December 2042	1,449,729
1 Jun2043	1,449,729
1 December 2043	1,449,737
TOTAL	**69,587,000**

* 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").

Percentages of ADB Financing

2. Except as ADB may otherwise agree, each item of expenditure shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

Interest Charge

3. The amount allocated to Category 8 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.

Imprest Account and Statement of Expenditures

6. (a) Except as ADB may otherwise agree, the Borrower shall cause the EA to establish, immediately after the Effective Date: (i) a first generation imprest account for the CPO at a commercial bank acceptable to ADB; and (ii) two second generation imprest accounts, one for each IA, at a commercial bank acceptable to ADB. The imprest accounts

shall be established, managed, replenished and liquidated in accordance with the Loan Disbursement Handbook, and detailed arrangements agreed upon between the Borrower and ADB. The imprest accounts shall only be used for the purposes of the Project. The currency of the first generation imprest account shall be the Dollar, while the currency of the second generation imprest accounts shall be the Dong. The aggregate amount to be deposited into the imprest accounts shall not exceed the lower of (i) the estimated expenditure to be financed from the imprest accounts for the next 6 months of Project implementation, or (ii) the equivalent of 10% of the Loan amount.

(b) The statement of expenditures procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest accounts, in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. Any individual payment to be reimbursed or liquidated under the statement of expenditures procedure shall not exceed the equivalent of $100,000.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (VIE: Northern Chu and Southern Ma Rivers Irrigation System Project)			
CATEGORY			**ADB FINANCING**
Number	**Item**	**Amount Allocated (SDR)**	**Percentage and Basis for Withdrawal from the Loan Account**
1	Works	54,222,000	90.9% of total expenditure claimed
2	Irrigation Equipment	1,220,000	100% of expenditure claimed*
3	Office equipment	82,000	100% of expenditure claimed*
4	Consulting services (international)	3,924,000	100% of expenditure claimed*
5	Consulting services (national)	669,000	100% of expenditure claimed*
6	Training/services	4,110,000	100% of expenditure claimed*
7	Resettlement compensation**	3,770,000	100% of expenditure claimed*
8	Finance Charges during Implementation	1,387,000	100 percent of amount due
9	Unallocated	203,000	
	Total	69,587,000	

* exclusive of taxes and duties
** exclusive of land acquisition 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) International Competitive Bidding;
(b) National Competitive Bidding; and
(c) Community Participation.

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.

Domestic Preference

5. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods and paragraphs 2.55(b) and 2.56 of the Procurement Guidelines for domestic Works.

National Competitive Bidding

6. 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.

Community Participation in Procurement

7. The Borrower may use community participation in procurement for Works contracts for tertiary canal and simple structures in accordance with the agreed procedures set out in the Procurement Plan.

Schedule 4

Consulting Services

8. Except as ADB may otherwise agree, and except as set forth in the paragraph below, the Borrower shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

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

(a) Consultant Qualification Selection for capacity building, rural development support, training and monitoring, including EMP, EMDP and GAP; and
(b) Least Cost Selection for capacity building, rural development support, training and monitoring, including EMP, EMDP and GAP.

10. The Borrower shall recruit the individual consultants for, among other matters, provision of training and monitoring, including EMP, EMDP and GAP in accordance with procedures acceptable to ADB for recruiting individual consultants.

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 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 international competitive bidding procedures, contracts procured under national competitive bidding larger than $2,000,000 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 and Operation of Project Facilities; Financial Matters

Implementation Arrangements

1. The Borrower, MARD, and the IAs shall ensure that the Project is implemented in accordance with the detailed arrangements and responsibilities of the respective implementing agencies 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.

Counterpart Funding

2. The Borrower shall ensure: (a) timely provision of counterpart financing necessary for the Project and provision of additional counterpart funding for any shortfall of funds or cost overrun; and (b) adequate funding for operation and maintenance of the Project facilities.

Construction, Operation and Maintenance of Project Facilities

3. The Borrower shall cause MARD to ensure that (a) all the Project facilities be designed and constructed in accordance with the national engineering norm and technical standards of the Borrower, (b) construction supervision, quality control, and contract management shall be carried out in compliance with the laws and regulations of the Borrower, and (c) all the Project facilities shall be operated and maintained in accordance with the national standards and regulations.

Business Plans of the IMC

4. The Borrower shall, through MARD and PPC, ensure that each IMC develops its own business plan for achieving financial sustainability of irrigation system operation and maintenance, through organizational changes. Each IMC shall define its key functions, services, equipment and skills requirements, budgets, information flows, accounting procedures, performance monitoring, water pricing strategy, and financing plan in accordance with the national standards and regulations on irrigation subsidies and water user fees. The business plans shall set out annual targets and milestones to be approved by PPC, and satisfactory to ADB.

WUGs/WUAs

5. The Borrower shall cause MARD and the PPC to ensure that: (i) each WUG is set up as a legal entity on the basis of hydraulic boundaries, replacing any current user groups linked to cooperatives and based on administrative boundaries; and (ii) WUAs are set up to ensure official representations of WUGs, with at least 40 percent of the participants of WUGs/WUAs being women.

Irrigation Service Fees

6. The Borrower shall take the necessary measures to ensure that IMC, WUGs and WUAs can set, collect and allocate irrigation service fees. The Borrower shall ensure, through PPC that, by end of the fourth year of the Project implementation, irrigation service fees are determined and established in accordance with IMC's business plans to achieve and maintain the financial autonomy of IMCs and WUGs/WUAs.

Land Acquisition and Resettlement

7. The Borrower shall cause DARD and PRMU to ensure that land acquisition and resettlement activities under the Project are implemented strictly in accordance with the Resettlement Framework and the Resettlement Plans in accordance to their terms and to monitor and report on progress to ADB.

8. If prior to construction, any further household, which are not included in existing RPs as updated after detailed measurement survey pursuant to article 10 (a) of this Schedule, is affected by land acquisition or resettlement as specified in the RF, the Borrower shall cause the IAs to prepare a RP in accordance with ADB's SPS, local laws and the agreed RF, and submit to ADB for concurrence prior to any physical or economic displacement of the affected persons.

9. The Borrower, through MARD, shall cause the IAs to ensure that all land required for the Project is made available to the Works contractor in accordance with the respective schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) the Borrower's all applicable laws and regulations relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the RF, if applicable; and (d) all measures and requirements set forth in the relevant RP, 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 the SPS, the SPS shall prevail.

10. Without limiting the generality of the foregoing, the Borrower through MARD shall cause the IAs to ensure that no physical or economic displacement takes place in connection with the Project until:

(a) the relevant RP is updated upon completion of the detailed design and detailed measurement survey and submitted and cleared by ADB; and such updated RP is/are: (a) disclosed to the relevant affected people in accordance with ADB's disclosure requirements applicable for resettlement-related activities; and (b) implemented efficiently in accordance with its terms, all applicable laws and regulations in Viet Nam and SPS;

(b) compensation and other entitlements have been provided to affected people in accordance with the relevant RP; and

(c) a comprehensive income and livelihood restoration program has been established in accordance with the relevant RP.

11. The Borrower, through MARD, shall cause the CPMU to engage an independent monitoring agency acceptable to ADB to carry out monitoring and evaluation of resettlement, including data disaggregated by gender where applicable, and forward semi annual reports to ADB during resettlement implementation and annually for two (2) years after completion of resettlement.

Environment

12. The Borrower shall, through MARD and PPC, cause the IAs to ensure that all Project facilities are built, operated, maintained, and monitored in strict conformity with: (i) all applicable laws and regulations, including national and local regulations and standards for environmental protection, health, labor, and occupational safety; (ii) the Environmental Safeguards; and (ii) all environmental mitigation and monitoring measures detailed in the IEE and EMP for the Project, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Ethnic Minorities

13. The Borrower shall cause MARD, PPC, and the IAs to ensure that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (i) all applicable laws and regulations of the Borrower relating to ethnic minorities; (ii) the Ethnic Minority Safeguards; and (iii) all measures and requirements set forth in the EMDP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report. The Borrower shall cause MARD, PPC, and the IAs to ensure that the Project's effect on women and ethnic minorities during Project implementation are monitored.

Gender and Development

14. The Borrower shall through MARD ensure that the GAP is fully implemented and that all Project activities are designed and implemented in accordance with ADB's Policy on Gender and Development (1998). MARD shall ensure that the results of GAP are monitored and reported to ADB quarterly until the completion of the Project, based on sex-disaggregated data. Gender and development measures shall include, but not be limited to, the following: (i) at least 40% of members of WUAs and WUGs shall be women; (ii) at least 40% of WUG and WUA representatives shall be women; (iii) at least 40% of trainees in project technical training courses shall be women; (iv) at least 40% of participants in non-agricultural, occupational training shall be women; (v) at least 30% of CPMU and PPMU staff shall be women; and (vi) gender sensitive training shall be conducted for all staff.

Social Aspects

15. MARD shall, and shall cause the IAs, to include in any bidding documents and Works contracts to be financed under the Project clauses, providing that contractors shall:

(a) Labor standards: (i) comply with the applicable labor laws and regulations of the Borrower, including stipulations related to the core labor standards for employment; (ii) incorporate occupation safety norms; and (iii) observe protocols concerning applicable behavior toward the local population;

(b) Employment during construction: (i) provide timely payment of wages and safe working conditions to all workers with such requirements monitored by Project implementation consultants; (ii) employ women, where appropriate, and pay equal wages to the female and male employees for similar work; (iii) do not employ child labor as defined by the relevant laws and regulations of the Borrower; (iv) maximize the employment of local poor people who meet the job and efficiency requirements for construction and maintenance of the Project facilities; and (v) provide adequate on-the-job training to such local workers; and

(c) HIV/AIDS and Human Trafficking: disseminate information on the risks of human trafficking, socially and sexually transmitted diseases, including HIV/AIDS, to their employees, temporary laborers and their family members, and subcontractors during Project implementation.

MARD shall, and shall cause the IAs, to ensure that these clauses shall be monitored and reported semi annually to ADB.

Human and Financial Resources to Implement Safeguards Requirements

16. The Borrower shall cause MARD and PPC to make available necessary budgetary and human resources to fully implement the EMP, the RP and the EMDP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

17. The Borrower shall cause MARD 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 as set forth in the IEE, the EMP, the RP and the EMDP (to the extent they concern impacts on affected people during construction), and any related corrective or preventative actions agreed to in accordance with this Agreement;

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

(c) provide the Borrower 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, the RP and the EMDP;

(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

18. The Borrower shall ensure through MARD and PPC to cause the IAs to:

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

(b) adequately supervise and monitor Works carried out by contractors to ensure compliance with the IEE, the EMP, the RP and the EMDP;

(c) if any unanticipated social risks and impacts arise during construction, implementation or operation of the Project, within 60 days inform MARD and ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;

(d) no later than 31 December 2012, engage qualified and experienced external experts or qualified NGOs under a selection process and terms of reference acceptable to ADB, to verify information produced through the Project monitoring process, and facilitate the carrying out of any verification activities by such external experts;

(e) establish and maintain a grievance review mechanism as agreed in RP and the IEE to receive and facilitate resolution of affected peoples' concerns, complaints, and grievances about the Project's land acquisition, resettlement and environmental impacts; and

(f) report any actual or potential breach of compliance with the measures and requirements set forth in the IEE, the EMP, the RP and the EMDP promptly after becoming aware of the breach.

Governance and Anticorruption

19. The Borrower, MARD, PPC, and the IAs shall: (i) 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 (ii) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

20. The Borrower, MARD, PPC, and the IAs shall ensure that the 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.