LOAN NUMBER 3038-VIE (SF)

LOAN AGREEMENT
(Special Operations)

(Second Health Care in the Central Highlands Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 8 NOVEMBER 2013

VIE 44265

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 8 November 2013 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;

(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) "CHS(s)" means commune health stations;

(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) "CPMU" means the central project management unit established in MOH to support the overall implementation of the Project or any successor thereto acceptable to ADB;

(e) "DOH" means the Borrower's Department of Health in the Target Provinces or any successor thereto;

(f) "EGDP" means the Ethnic Group Development Plan for the Project, including any update thereto, prepared and submitted by MOH and cleared by ADB;

(g) "EMP" or "Environmental Management Plan" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;

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

(i) "Ethnic Group" means indigenous peoples including students, patients, doctors, nurses, workers, staff, paramedics, VHWs, VBAs and other relevant people under the Project belonging to any ethnic group;

(j) "GAP" means gender action plan for the Project, including any update thereto, prepared and submitted by MOH and cleared by ADB;

(k) "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;

(l) "ICP(s)" means inter-communal polyclinics in the Target Provinces;

(m) "IEC" means information, education and communication;

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

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

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

(q) "MCH" means mother and child health;

(r) "MOH" means the Borrower's Ministry of Health or any successor thereto;

(s) "O&M" means operation and maintenance;

(t) "PAM" means the project administration manual for the Project dated 17July 2013 and agreed between MOH and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(u) "PPMU(s)" means the provincial project management units established within DOH of the Target Provinces or any successors thereto acceptable to ADB;

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

(w) "Procurement Plan" means the procurement plan for the Project dated 17July 2013 and agreed between MOH and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

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

(y) "Project facilities" means equipment to be provided and the facilities to be constructed, upgraded, or rehabilitated under the Project;

(z) "Safeguards Monitoring Report" means each report prepared and submitted by MOH to ADB that describes progress with implementation of and compliance with the EMP and the EGDP, including any corrective and preventative actions;

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

(bb) "Target CHS(s)" means the commune health stations selected under the Project using the selection criteria as described in paragraph 4 of Schedule 5 to this Loan Agreement;

(cc) "Target Provinces" means the Borrower's Dak Lak, Dak Nong, Gia Lai, Kon Tum and Lam Dong provinces in the central highlands where the Project outputs will be implemented;

(dd) "VBAs" means village birth attendants;

(ee) "VHWs" means village health workers; and

(ff) "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 forty-six million six hundred nine thousand Special Drawing Rights (SDR46,609,000).

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 January and 1 July 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 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 cause MOH to (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 cause MOH to enable ADB, upon ADB's request, to discuss the financial statements for the Project and MOH's and PPMUs' 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 MOH, unless MOH 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

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 State Bank of Viet Nam of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

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

For the Borrower

State Bank of Viet Nam
47 – 49 Ly Thai To
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) 636-2228.

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 an increased use of health services, in particular maternal and child health services, in district hospitals, ICPs, and CHSs.

2. The Project shall comprise the following outputs in the Target Provinces:

Output 1: Improved Access and Quality of Community Health Care

This output will:

(a) support 6-month pre-service training of VHWs and VBAs to ensure that all villages in the catchment areas of Target CHSs have adequate VHWs and VBAs;
(b) provide refresher courses for VHWs and VBAs in the Target provinces with priority given to catchment areas of Target CHSs, as appropriate;
(c) provide toolkits for all eligible VHWs and delivery kits for all eligible VBAs;
(d) conduct a knowledge, attitudes and practices study in the villages and produce IEC and social marketing tools appropriate to the socio-cultural environment of the region;
(e) support education campaigns consisting of IEC on health and nutrition promotion;
(f) provide about 11 vehicles for supervision of CHS and outreach services;
(g) build and equip about 24 CHSs, replace and equip approximately 10 ICPs, upgrade and equip about 30 CHSs, and equip other CHSs and ICPs;
(h) provide about 150 scholarships for students from Ethnic Group for medical technician or nursing degree courses;
(i) provide skill-based in-service training of CHS and ICP staff in hospitals; and
(j) provide training to the CHS and ICP staff on awareness of socio-cultural barriers, IEC skills and caring for ethnic patients.

Output 2: Increased Access and Quality of Hospital Services

This output will:

(a) support upgrade of about 8 district hospitals and build one new district hospital;
(b) equip about 27 district hospitals and approximately 3 provincial hospitals including for emergency services and provide about 28 ambulances;
(c) support repair and maintenance of water supply and sanitation in eligible district hospitals;

(d) support system development and training in (i) infection control; (ii) waste management; and (iii) quality assurance for selected staff in all district hospitals;
(e) support short term technical skills training courses for nurses, laboratory assistants and maintenance specialists in all district hospitals;
(f) provide training to level one and level two medical doctors specialists, as appropriate; and
(g) provide training to upgrade assistant doctors and assistant pharmacists to doctors and pharmacists, as appropriate.

Output 3: Strengthened Provincial Health System Management

This output will:

(a) provide capacity building in public health and hospital management to include cumulative 3-month certificate training course for provincial, district and hospital managers, CHSs and ICPs heads in health services management, including (i) human resource management; (ii) financial management; (iii) quality assurance; and (iv) health management information system, including mainstreaming gender and Ethnic Groups concerns;
(b) support development of an in-service training system including a provincial training team and coordinator, a core group of teachers to improve (i) teaching methodologies; (ii) distant learning materials; (iii) a database to identify staff training needs; and (iv) field assessment;
(c) support the CPMU and 5 PPMUs and the Project monitoring and evaluation system;
(d) provide training to the staff of the CPMU and 5 PPMUs in (i) planning; (ii) monitoring; (iii) procurement; (iv) disbursement; and (v) financial management; and
(e) provide 1 vehicle for supervision by CPMU.

3. The Project will include provision of consulting services to support (a) the Project management; (b) the implementation of the Project activities; (c) the design and implementation of IEC campaigns; and (d) training institutions and quality assurance system.

4. The Project is expected to be completed by 30 June 2019.

SCHEDULE 2

Amortization Schedule

(Second Health Care in the Central Highlands Project)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
1 January 2019	1,165,200
1 July 2019	1,165,200
1 January 2020	1,165,200
1 July 2020	1,165,200
1 January 2021	1,165,200
1 July 2021	1,165,200
1 January 2022	1,165,200
1 July 2022	1,165,200
1 January 2023	1,165,200
1 July 2023	1,165,200
1 January 2024	1,165,200
1 July 2024	1,165,200
1 January 2025	1,165,200
1 July 2025	1,165,200
1 January 2026	1,165,200
1 July 2026	1,165,200
1 January 2027	1,165,200
1 July 2027	1,165,200
1 January 2028	1,165,200
1 July 2028	1,165,200
1 January 2029	1,165,200
1 July 2029	1,165,200
1 January 2030	1,165,200
1 July 2030	1,165,200
1 January 2031	1,165,200
1 July 2031	1,165,200
1 January 2032	1,165,200
1 July 2032	1,165,200
1 January 2033	1,165,200
1 July 2033	1,165,200
1 January 2034	1,165,200
1 July 2034	1,165,200
1 January 2035	1,165,200
1 July 2035	1,165,200
1 January 2036	1,165,200
1 July 2036	1,165,200
1 January 2037	1,165,200

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
1 July 2037	1,165,200
1 January 2038	1,165,200
1 July 2038	1,166,200
Total	**46,609,000**

* 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 11 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 (Second Health Care in the Central Highlands Project)			
Number	**Item**	**Total Amount Allocated for ADB Financing SDR** **Category**	**Basis for Withdrawal from the Loan Account**
1	Works	12,118,000	85% of total expenditure claimed
2	Medical Equipment	15,048,000	100% of total expenditure claimed
3	Vehicles	1,864,000	100% of total expenditure claimed
4	Training	4,195,000	100% of total expenditure claimed
5	Workshops and Studies	932,000	100% of total expenditure claimed
6	International Consultants	266,000	100% of total expenditure claimed
7	National Consultants	2,797,000	100% of total expenditure claimed
8	Community Development and IEC	1,398,000	100% of total expenditure claimed
9	Project Management and Office Equipment	2,131,000	100% of total expenditure claimed
10	O&M	533,000	100% of total expenditure claimed
11	Interest Charge	1,998,000	100% of total amount due
12	Unallocated	3,329,000	
	Total	**46,609,000**	

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.

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.

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.

Conditions for Award of Contract

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

(a) Department of Natural Resources and Environment of the Borrower has granted the final approval of the IEE;

(b) the Borrower has incorporated the relevant provisions from the EMP into the Works contract; and

(c) Department of Natural Resources and Environment of the Borrower has issued the certificates of environmental protection or environmental impact assessment certificates.

8. The Borrower shall cause MOH not to award any Works contract which involves impacts on indigenous peoples until MOH has prepared and submitted to ADB the final EGDP, and obtained ADB's clearance of such EGDP.

Consulting Services

9. Except as ADB may otherwise agree, and except as set forth in the paragraphs below, the Borrower shall apply quality- and cost-based 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) Quality-Based Selection for engaging civil society organizations or consulting firm for technical assistance for IEC and quality assurance;
(b) Least-Cost Selection for engaging financial audit company.

11. The Borrower shall recruit the individual consultants to provide the Project implementation support in the provinces in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

12. (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 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.

13. 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 of any third party.

ADB's Review of Procurement Decisions

14. Contracts procured under international competitive bidding procedures, first contracts procured under the national competitive bidding procedures and the shopping 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.

SCHEDULE 5

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower and 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 MOH and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Counterpart Financing

2. The Borrower through the Project Executing Agency shall ensure that counterpart financing necessary for the Project is provided in time, and that MOH and the PPMUs make available all funds and resources necessary for construction, administration, management and O&M of the Project facilities on a timely basis. The Borrower through the Project Executing Agency shall further ensure that additional counterpart funding is available to cover any funding shortfalls that may occur during the Project implementation.

Scholarships

3. The Borrower shall cause MOH and the PPMUs to ensure that all candidates are selected for in-country scholarships for technician or nursing degree for the students from the Ethnic Groups in accordance with the Selection Criteria developed and approved by ADB and stated in the PAM.

Selection of Target CHSs

4. The Borrower shall cause MOH and the PPMUs to ensure that at least 20% of the rural CHSs are selected to work with surrounding villages for improving community health care in accordance with the following criteria: (a) poverty incidence; (b) remote distance from district hospital; (c) Ethnic Group population; (d) population density; and (e) achievement of commune health standards as defined by MOH.

Training

5. The Borrower shall cause MOH and the PPMUs to ensure that (a) within 24 months from the Effective Date, an effective in-service training system is developed including (i) a provincial training team and coordinator; (ii) a core group of teachers to improve teaching methodologies; (iii) distant learning materials; (iv) a data base to identify staff training needs; and (v) training assessment system; and (b) the in-service and other training, refresher courses, technician or nursing scholarship programs and other capacity development activities under the Project are provided in a timely manner to ensure successful implementation of the Project.

Schedule 5

Quality Assurance System

6. The Borrower shall cause MOH and the PPMUs to ensure that upon provision of quality assurance course under the Project, the provincial, district and hospital managers establish and implement a comprehensive quality assurance system as per MOH's policy in their respective health facilities.

O&M of Project Facilities

7. The Borrower shall cause MOH and the PPMUs to ensure that the Project facilities procured, constructed or upgraded are maintained properly and adequate budget and resources are provided for O&M of the said Project facilities.

Qualified Civil Society Organization or Consulting Firm

8. The Borrower shall cause MOH to ensure that the CPMU and the PPMUs engage a well qualified civil society organization or consulting firm in accordance with the criteria agreed by ADB to (a) support the development of an in-service training system and quality assurance system in hospitals, CHSs and ICPs; and (b) support the design and implementation of IEC campaign.

Environment

9. The Borrower shall cause MOH and the PPMUs 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.

10. The Borrower shall cause MOH and the PPMUs to ensure that environment-related capacity development measures contained in Section III D of the IEE are adequately resourced and implemented.

Indigenous Peoples

11. The Borrower shall cause MOH and the PPMUs to ensure that the preparation, design, construction, implementation and operation 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 EGDP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Involuntary Resettlement

12. The Borrower shall cause MOH and the PPMUs to ensure that the Project does not have any involuntary resettlement impacts, all within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower through MOH and the

PPMUs shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

13. The Borrower shall cause MOH and the PPMUs to make available necessary budgetary and human resources to fully implement the EMP and the EGDP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

14. The Borrower shall cause MOH and the 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 IEE, the EMP and the EGDP (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; and

(c) provide MOH 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 and the EGDP.

Safeguards Monitoring and Reporting

15. The Borrower shall cause MOH and the 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 IEE, the EMP and the EGDP, 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 EMP or the EGDP promptly after becoming aware of the breach.

Prohibited List of Investments

16. The Borrower shall cause MOH 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

17. The Borrower shall, and shall cause MOH and the 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.

18. The Borrower shall, and shall cause MOH and the PPMUs to, 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.

19. The Borrower shall, and shall cause MOH and the PPMUs to, ensure that (a) periodic inspection of Project contractors is undertaken to ensure that fund withdrawal and settlement procedures are followed; and (b) a Project website is established within 12 months of the Effective Date, accessible by the general public, to disclose information about various matters concerning the Project, including general Project information, procurement, Project progress, and contact details in the English and Vietnamese languages. With regard to procurement, the website shall include information on the 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.

Grievance Redress Mechanism

20. The Borrower shall cause MOH to ensure that within 3 months of the Effective Date, complaint and problem management mechanisms, acceptable to ADB and in accordance with the Borrower's applicable regulations, are established effectively to (a) review and document eligible complaints of Project stakeholders; (b) proactively address grievances; (c) provide the complainants with notice of the chosen mechanism/action; and (d) prepare periodic reports to summarize the number of complaints received and resolved, and final outcomes of the grievances and chosen actions and make these reports available to ADB as part of the quarterly progress reports. Eligible complaints include those related to the Project, any of the service providers, any person responsible for carrying out the Project, complaints on misuse of funds and other irregularities, and grievances due to any social or other issues.

Gender and Development

21. The Borrower shall cause MOH and the PPMUs to ensure that (a) the GAP is implemented and adequately resourced, supervised and monitored in accordance with ADB's *Policy on Gender and Development* (1998); and (b) measures under the GAP including, but not be limited to the following are implemented effectively: (i) at least 50% of female participation (or proportion equivalent to the number of female staff currently employed at these levels/ areas) in the short term training courses as well as the 2 year training courses for level 1 and level 2 specialists; (ii) 70% female participation in 6 months and in-service training of VHWs; (iii) at least 70% female recipients of the scholarships for

the nursing degree training and 50% female recipients of the scholarships for the technician degree training; (iv) Works include separate facilities for women; and (vi) health management information system includes sex disaggregated data.

Health and Labor Standards

22. The Borrower shall, and shall cause MOH and the PPMUs to ensure that Works contracts and bidding documents under the Project include specific provisions requiring contractors to comply with all core labor standards and the applicable labor laws and regulations of the Borrower including stipulations related to employment on: (a) prohibition of child labor; (b) equal pay for equal work of equal value regardless of gender, ethnicity or caste; (c) timely payment of wages; (d) elimination of forced labor; (e) use of local unskilled labor, as applicable; and (f) the requirement to disseminate information on sexually transmitted diseases including HIV/AIDS to employees and local communities surrounding the Project sites. The Borrower shall, and shall cause MOH and the PPMUs to ensure that records of labor employment are properly maintained and tracked in the Project performance management system.