LOAN NUMBER 2789-VIE (SF)

LOAN AGREEMENT
(Special Operations)

(Transport Connections in the Northern Mountainous Provinces Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 2 DECEMBER 2011

VIE 41433

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 2 December 2011 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) the Project will be carried out by the Provincial People's Committees of Bac Kan, Cao Bang, Ha Giang, Tuyen Quang, Yen Bai, and Lao Cai ("PPCs"), and for this purpose the Borrower will make available to the PPCs the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB;

(C) the Government of the Borrower has also applied to the Nordic Development Fund ("NDF") for a grant to finance capacity enhancement activities in relation to mitigation of potential climate change impacts under Component 2 of the Project ("NDF Grant") upon terms and conditions set forth in the grant agreement between the Government of the Borrower and NDF ("NDF Grant Agreement"); and

(D) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and the PPCs;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the 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, subject, however, to the following modifications:

(a) Section 2.01(25) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB and the People's Committees of the Provinces of Bac Kan, Cao Bang, Ha Giang, Tuyen Quang, Yen Bai, and Lao Cai.

(b) The term "Project Executing Agency" appearing in Section 6.01(a), 8.01(d), 8.01(f), 8.01(k), 9.01(c) and 9.02(c) of the Loan Regulations

shall be substituted by the term "the Provincial People's Committees of Bac Kan, Cao Bang, Ha Giang, Tuyen Quang, Yen Bai, and Lao Cai".

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) "Affected Persons" means displaced persons, as defined in the SPS, who are physically and/or economically displaced as a result of involuntary acquisition of land or involuntary restrictions on land use or on access to legally designated parks and protected areas under the Project;

(b) "Committee for Ethnic Minorities" means a committee dealing with issues related to ethnic minorities established within each PPC;

(c) "Component" means a component of the Project, as more fully described in Schedule 1 to this Loan Agreement;

(d) "Consulting Guidelines" means the *Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers* (2010, as amended from time to time);

(e) "Consulting Services" means the services to be financed out of the proceeds of the Loan, but excluding any services provided in relation to Goods and Works;

(f) "Department of Transport" means a department of transport within a PPC;

(g) "Dong Van Karst Plateau Global Geopark Management Board" means the management board for Dong Van Karst Plateau Geopark established within Ha Giang Provincial People's Committee on 9 September 2009;

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

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

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

(k) "GAEMDP" means the gender action and ethnic minority development plan for the Project, including any update thereto, prepared and submitted by the Borrower and accepted by ADB;

(l) "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;

(m) "HIV/AIDS" means human immunodeficiency virus/acquired immune deficiency syndrome;

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

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

(p) "JCC" means the Joint Coordination Committee established within Bac Kan Province, with its membership, functions and responsibilities as described in the PAM;

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

(r) "PAM" means the project administration manual for the Project dated 17 August 2011 and agreed between the PPCs and ADB, as updated from time to time in accordance with the respective administrative procedures of the PPCs and ADB;

(s) "PATA" means ADB's technical assistance to the Government of the Borrower for Strengthening Institutional and Financial Arrangements, Operation and Maintenance, and Governance in Road Transport, dated 24 September 2010 (TA7611-VIE);

(t) "PPC" means a provincial people's committee in a Project province, which represents such Project province for implementing the Project;

(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 17 August 2011 and agreed between the PPCs 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 facilities" means facilities developed, constructed, updated and/or maintained under the Project;

(x) "Project provinces" means the Provinces of Bac Kan, Cao Bang, Ha Giang, Tuyen Quang, Yen Bai, and Lao Cai, or any successors thereto;

(y) "Project road" means any road section to be constructed, rehabilitated or maintained under the Project;

(z) "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by each PPC and accepted by ADB;

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

(bb) "SPS" means ADB's *Safeguard Policy Statement* (2009);

(cc) "UNESCO" means United Nations Educational, Scientific and Cultural Organization;

(dd) "Women's Union" means a union for women established and operating within each of the Project provinces; and

(ee) "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 forty-five thousand Special Drawing Rights (SDR 50,045,000).

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 paragraph (a) of this Section means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 March and 15 September 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 make the proceeds of the Loan available to the PPCs upon terms and conditions satisfactory to ADB and shall cause the PPCs to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project 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. 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 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 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 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. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.03. The Borrower shall take all actions which shall be necessary on its part to enable the PPCs to perform their obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

ARTICLE V

Effectiveness

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

ARTICLE VI

Delegation of Authority

Section 6.01. The Borrower hereby designates each of the PPCs its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02 and 3.03 of this Loan Agreement.

Section 6.02. Any action taken or any agreement entered into by each of the PPCs pursuant to the authority conferred under Section 6.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 6.03. The authority conferred on each of the PPCs under Section 6.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

ARTICLE VII

Miscellaneous

Section 7.01. The State Bank of Vietnam 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) 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) 636-2015.

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
Authorized Representative

ASIAN DEVELOPMENT BANK

By _____
TOMOYUKI KIMURA
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is improved and reliable road connectivity in the Project provinces.

2. The Project shall comprise the following components:

Component 1: Rehabilitation of approximately 304 km of priority provincial roads including partial upgrading of road classifications, application of design guidelines developed through the PATA, and climate proofing of vulnerable road sections;

Component 2: Capacity enhancement on mitigation of potential climate change impacts; and

Component 3: Awareness enhancement of potential social problems among vulnerable people, especially women and ethnic minorities.

3. The Project is expected to be completed by 31 December 2016.

SCHEDULE 2

Amortization Schedule

(Transport Connections in the Northern Mountainous Provinces Project)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
15-Mar-2020	1,042,604.00
15-Sep-2020	1,042,604.00
15-Mar-2021	1,042,604.00
15-Sep-2021	1,042,604.00
15-Mar-2022	1,042,604.00
15-Sep-2022	1,042,604.00
15-Mar-2023	1,042,604.00
15-Sep-2023	1,042,604.00
15-Mar-2024	1,042,604.00
15-Sep-2024	1,042,604.00
15-Mar-2025	1,042,604.00
15-Sep-2025	1,042,604.00
15-Mar-2026	1,042,604.00
15-Sep-2026	1,042,604.00
15-Mar-2027	1,042,604.00
15-Sep-2027	1,042,604.00
15-Mar-2028	1,042,604.00
15-Sep-2028	1,042,604.00
15-Mar-2029	1,042,604.00
15-Sep-2029	1,042,604.00
15-Mar-2030	1,042,604.00
15-Sep-2030	1,042,604.00
15-Mar-2031	1,042,604.00
15-Sep-2031	1,042,604.00
15-Mar-2032	1,042,604.00
15-Sep-2032	1,042,604.00
15-Mar-2033	1,042,604.00
15-Sep-2033	1,042,604.00
15-Mar-2034	1,042,604.00
15-Sep-2034	1,042,604.00
15-Mar-2035	1,042,604.00
15-Sep-2035	1,042,604.00
15-Mar-2036	1,042,604.00
15-Sep-2036	1,042,604.00
15-Mar-2037	1,042,604.00
15-Sep-2037	1,042,604.00
15-Mar-2038	1,042,604.00
15-Sep-2038	1,042,604.00
15-Mar-2039	1,042,604.00
15-Sep-2039	1,042,604.00
15-Mar-2040	1,042,604.00

Schedule 2

15-Sep-2040	1,042,604.00
15-Mar-2041	1,042,604.00
15-Sep-2041	1,042,604.00
15-Mar-2042	1,042,604.00
15-Sep-2042	1,042,604.00
15-Mar-2043	1,042,604.00
15-Sep-2043	1,042,612.00
Total	50,045,000.00

*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 Categories of the 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 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.

Imprest Account and Statement of Expenditures

6. (a) Except as ADB may otherwise agree, each of the PPCs, through its respective Project management unit, shall establish immediately after the Effective Date, an imprest account 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, PPCs and ADB. The imprest accounts shall only be used for the purposes of the Project. The currency of the imprest accounts shall be the Dollar. 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 6 months of Project implementation, or (ii) the equivalent of 10% of the Loan amount, and the amount to be deposited to a particular imprest account shall not exceed the estimated expenditure to be financed from such imprest account for 6 months of Project implementation in the relevant Project province.

(b) The statement of expenditures procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account, 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.

Retroactive Financing

7. 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 Consulting Services, subject to a maximum amount equivalent to six hundred twenty-six thousand Special Drawing Rights (SDR626,000).

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Transport Connections in the Northern Mountainous Provinces Project)			
CATEGORY			**ADB FINANCING**
Number	**Item**	**Total Amount Allocated for ADB Financing (SDR) Category**	**Percentage and Basis for Withdrawal from the Loan Account**
1	Works	40,587,000	87.58% of total expenditure claimed
2	Consulting Services*	3,378,000	100% of total expenditure claimed
3	Equipment	12,000	100% of total expenditure claimed
4	Interest	1,001,000	100% of amounts due
5	Unallocated	5,067,000	
	Total	50,045,000	

* To finance project coordination consulting and financial auditing services.

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

Procurement of 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 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.

Selection of Consulting Services

7. 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.

8. The Borrower shall recruit the individual consultants for such services as provided in the Procurement Plan 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 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 competitive bidding procedures, the first contract of each of the PPCs procured through its Project management unit under national competitive bidding 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; Social and Other Matters

Implementation Arrangements

1. The Borrower and PPCs 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 PPCs 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 cause each of the PPCs to ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) the Borrower's all applicable laws and regulations relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the respective IEE, EMP, and any corrective or preventative actions set forth in the respective Safeguards Monitoring Report. In case of discrepancies between the Borrower's laws, regulations and procedures, and the SPS, the SPS shall prevail.

Land Acquisition and Involuntary Resettlement

3. The Borrower shall cause each of the PPCs 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 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; and (c) all measures and requirements set forth in the updated RP agreed between the PPCs and ADB, and any corrective or preventative actions set forth in the respective Safeguards Monitoring Report. In case of discrepancies between the Borrower's laws, regulations, and procedures, and the SPS, the SPS shall prevail.

4. Without limiting the generality of the foregoing, the Borrower shall cause each of the PPCs to ensure:

(a) prior to award of any Works contract which involves involuntary resettlement impacts, the respective PPC has (i) updated the agreed RP following completion of detailed design; and (ii) prepared, disclosed to the Affected Persons and submitted to ADB the final RP based on the Project's detailed design, and obtained ADB's clearance of such RP;

(b) the measures provided in the final RP, including compensation and entitlements for the Affected Persons, are not downgraded. Land acquisition, relocation of affected households, and clearance of land does not commence until the respective final RP has been agreed between ADB and the concerned PPC and provisions in such final RP have been satisfactorily implemented;

(c) each of the PPCs does not issue a site possession notice to the Works contractors to commence construction activities for a specific section of the Project road, until the head of the concerned district resettlement committee or district resettlement board, as the case may be, has officially confirmed in writing that (i) payment and assistance has been fully provided to the concerned Affected Persons and rehabilitation measures are in place for the specific section in accordance with the respective RP; (ii) such Affected Persons that need to be displaced for such specific section and have already been compensated in accordance with the respective RP have been relocated from the concerned area in a timely manner; and (iii) the specific section is free from any encumbrances; and

(d) no physical or economic displacement takes place in connection with the Project until compensation and other entitlements have been provided to the Affected Persons in accordance with the respective RP.

Ethnic Minority People

5. The Borrower shall cause each of the PPCs to ensure that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) the Borrower's all applicable laws and regulations relating to ethnic minority people; (b) the Ethnic Minority Safeguards; and (c) all measures and requirements set forth in the respective GAEMDP, and any corrective or preventative actions set forth in the respective Safeguards Monitoring Report.

Gender and Other Social Matters

6. The Borrower shall ensure that the gender strategy to be provided in GAEMDP and Summary of Poverty Reduction and Social Strategy shall be properly implemented. The gender strategy shall include, among others, the following specific actions, and such actions shall be included in any bidding documents and Works contracts to be financed under the Project;

(a) HIV/AIDS, Human Trafficking and Road Safety Campaign: gender-responsive and culturally- and linguistically- appropriate information campaign activities shall be used; training of facilitators (village chief and women's union member) per commune shall be conducted by the Women's Unions and representatives from the respective HIV/AIDS centers and communes and the Departments of Transport and Committees for Ethnic Minorities; development of awareness, training, prevention, diagnosis and treatment programs for construction workers and local communities shall be carried out closely with health workers at the district and commune levels; and Works contractors shall develop their own HIV/AIDS awareness programs for their employees in collaboration with the concerned Women's Union and health districts;

(b) Employment during construction: Works contractors shall prioritize the use of local unskilled labor (through subcontracting); at least 20-30% of the labor force shall be local unskilled labor, among which at least 50% shall be female; male and female unskilled workers (regardless of ethnicity) shall receive equal pay for equal work; Works contractors shall not employ child

labor on Works contracts; and Works contractors shall submit to local authorities the amount of needed unskilled labor; and

(c) Implementation and Monitoring: the Women's Unions and Committees for Ethnic Minorities shall lead in planning, implementing and monitoring the gender strategy; gender and ethnic-segregated data shall be collected during implementation and monitoring, and quarterly progress reports shall be submitted to the respective PPCs and ADB; and project coordination consultants shall be composed of 1 international and 3 national gender and ethnic minority specialists to carry out trainings and to assist the PPCs in implementing the gender strategy.

Human and Financial Resources to Implement Safeguards Requirements

7. The Borrower shall cause each of the PPCs to make available necessary budgetary and human resources to fully implement the respective EMP, RP, and GAEMDP. The Borrower shall ensure that each of the PPCs shall meet any unforeseen obligations in excess of the RP budget estimate in order to satisfy resettlement objectives.

Safeguards-Related Provisions in Bidding Documents and Works Contracts

8. The Borrower shall cause each of the PPCs 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 respective IEE, EMP, RP, and GAEMDP (to the extent they concern impacts on affected people and construction workers during construction), and any corrective or preventative actions set forth in the respective Safeguards Monitoring Report;

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

(c) provide the respective PPC with a written notice of any (i) unanticipated environmental, resettlement or ethnic minority risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the respective IEE, EMP, RP, and GAEMDP, and (ii) corresponding measures as set forth in the EMP and RP.

Safeguards Monitoring and Reporting

9. The Borrower shall cause each of the PPCs, through JCC, to do the following:

(a) adequately supervise and monitor Works carried out by contractors to ensure compliance with the respective EMP;

(b) submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to the Affected Persons promptly upon submission;

(c) 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 respective IEE, EMP, RP and GAEMDP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;

(d) prepare new or supplementary environmental assessment report in compliance with the Environmental Safeguards if there are any additional components or changes in the Project such as, but not limited to, specific location and design, among others, that will result to adverse environmental impacts and are not within the scope of the environmental assessment report cleared by ADB; and submit such documents to ADB for clearance prior to implementation of additional components or major changes; and

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

Environmental Consideration for Dong Van Karst Plateau Geopark

10. The Borrower shall cause Ha Giang province to ensure that the Dong Van Karst Plateau Global Geopark Management Board is consulted during detailed design phase for Project road 176A and that a requisite Project report is compiled to obtain UNESCO's concurrence.

NDF Grant

11. The Borrower shall ensure that the NDF Grant shall materialize as planned. In case that it does not materialize, the Borrower shall ensure that all the activities as planned under the NDF Grant are implemented in a timely manner through using either its own or other financiers' financial resources.

Detailed Design of Project Roads

12. The Borrower shall cause each of the PPCs to ensure that, if appropriate, detailed design of the Project roads will be updated to incorporate the outcomes and recommendations of (a) PATA and (b) climate change adaptation activities under Component 2 to be financed by NDF.

Construction Supervision of Project Roads

13. The Borrower shall cause each of the PPCs to have a provision in a consulting contract for the respective local construction supervision that the consultant shall provide his/her services in coordination with the project coordinating consultant to be engaged by JCC.

Operation and Maintenance of Project Roads

14. The Borrower shall cause each of the PPCs to ensure that adequate budget is allocated annually for the operation and maintenance of the Project facilities during and after the Project.

Schedule 5

Prevention of Vehicle Overloading

15. The Borrower shall cause each of the PPCs to provide, through JCC, annual reports on the status of load enforcement measures and incidence of vehicle overloading commencing from 1 year after such province has been provided with portable truck-axle scales through the Project.

Checkpoints for Movement of Forest Products

16. The Borrower shall cause the relevant PPCs, in which check points to control movement of forest products are developed under the Project, to provide annual reports on the movement of forest products, commencing from 1 year after establishing the first checkpoint on any Project road.

Governance

17. The Borrower and PPCs shall comply with *ADB's Anticorruption Policy* (1998, as amended to date) and the *Combating Money Laundering and the Financing of Terrorism Policy* (2003). The Borrower (a) acknowledges ADB's right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project; (b) agrees to cooperate fully with, and to cause each of the PPCs to cooperate fully with, any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation; and (c) agrees to refrain, and cause each of the PPCs to refrain, from engaging in money laundering activities or financing of terrorism and shall allow, and cause each of the PPCs to allow, ADB to investigate any violation or potential violation of these undertakings.

18. The Borrower shall ensure that each of the PPCs conducts periodic inspections on the contractors' activities related to fund withdrawals and settlements, and the Borrower and the PPCs shall ensure that all contracts financed by ADB in connection with the Project include provisions specifying the right of ADB to audit and examine the records and accounts of all contractors, suppliers, consultants and other service providers as they relate to the Project.

19. Within 2 months of the Effective Date, the Borrower shall cause each of the PPCs to disclose, though the JCC's Project website accessible to the general public, information about various matters concerning the Project, including general project information, procurement, project progress, and contact details in the English and Vietnamese languages. The website shall also provide a link to ADB's Integrity Unit (http://www.adb.org/Integrity/complaint.asp) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. 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.

Monitoring and Evaluation

20. The Borrower shall cause the PPCs, through JCC, to develop socio-economic monitoring indicators to measure the Project impacts, including indicators to monitor

movement of people and goods. The indicators shall be, if applicable, disaggregated by gender and ethnic minorities.

21. The Borrower shall cause the PPCs, through JCC, to collect (a) baseline data within 6 months of the Effective Date, (b) a second data at the Project completion, and (c) a third data 3 years after Project completion for the monitoring indicators as referred to in paragraph 20 above.