LOAN NUMBER 2848-VIE

LOAN AGREEMENT
(Ordinary Operations)

(Power Transmission Investment Program – Loan 1)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 10 FEBRUARY 2012

LOAN AGREEMENT
(Ordinary Operations)

LOAN AGREEMENT dated 10 February 2012 between SOCIALIST REPUBLIC OF VIET NAM ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 20 December 2011 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Power Transmission Investment Program;

(B) by a periodic financing request dated 20 December 2011 submitted by the Borrower, the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(C) the Project will be carried out by the National Power Transmission Corporation ("NPT") wholly owned by Viet Nam Electricity ("EVN"), and for this purpose the Borrower will make available to NPT the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

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

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 ("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(50) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB and the National Power Transmission Corporation.

(b) The term "Project Executing Agency" appearing in Section 7.04(b), 9.01(d), 9.01(f), 9.01(k), 10.01(c) and 10.02(c) of the Loan Regulations

shall be substituted by the term "the National Power Transmission Corporation".

(c) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit. (a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the amount of the credit against the interest payable by the Borrower.

(d) Section 3.06 is deleted and the following is substituted therefor:

(a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

(e) Section 3.07 is deleted and the following is substituted therefor:

(a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any

Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

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) "Component" means a component which is implemented under the Project, as more fully described in Schedule 1 to this Loan Agreement;

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

(d) "Consulting Services" means the services to be financed out of the proceeds of the Loan necessary to carry out Components 2 and 3 of the Project;

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

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

(g) "EVN" means Viet Nam Electricity, duly incorporated within the territory of the Borrower, and any successor thereto;

(h) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;

(i) "FAM" means the facility administration manual for the Investment Program dated 8 November 2011 and agreed between NPT and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower, NPT and ADB;

(j) "FFA" means the framework financing agreement dated 20 December 2011 between ADB and the Borrower with respect to the Facility;

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

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

(n) "International Financial Reporting Standards" means principles-based set of standards adopted by the International Accounting Standards Board established on 1 April 2001;

(o) "International Standards on Auditing" means professional standards for the performance of financial audit of financial information, issued by the International Federation of Accountants through the International Auditing and Assurance Standards Board;

(p) "Investment Program" means the Power Transmission Investment Program;

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

(r) "Loan 1" means the first tranche of the Investment Program, namely the Power Transmission Investment Project 1;

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

(t) "MOF" means the Borrower's Ministry of Finance, or any successor thereto;

(u) "MOIT" means the Borrower's Ministry of Industry and Trade, or any successor thereto;

(v) "PFR" means the periodic financing request submitted or to be submitted by the Borrower, for the purposes of each loan under the Facility, and for the purpose of this Loan Agreement means the periodic financing request dated 20 December 2011;

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

(x) "Procurement Plan" means the procurement plan for the Project dated 8 November 2011 and agreed between NPT and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(y) "Project facilities" means facilities developed, constructed, updated and/or maintained under the Project;

(z) "REMDF" means a resettlement and ethnic minority development framework developed for the Investment Program;

(aa) "Resettlement Plan" or "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by NPT and cleared by ADB;

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

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

(dd) "Subsidiary Loan Agreement" means a subsidiary loan agreement between the Borrower and NPT, as described in Section 3.01(a) of this Loan Agreement;

(ee) "UXO" means unexploded ordinances which are explosive weapons that did not explode when they were employed and still pose a risk of detonation; 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. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred twenty million five hundred thousand Dollars ($120,500,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 21 years, and a grace period as defined in paragraph (c) of this Section.

(c) The term "grace period" as used in paragraph (b) 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 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of LIBOR and 0.60% as provided by Section 3.02 of the Loan Regulations, less a credit of 0.20% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 May and 15 November in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

(i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;

(ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and

(iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall relend the proceeds of the Loan to NPT under a Subsidiary Loan Agreement upon terms and conditions satisfactory to ADB.

(b) The Borrower shall cause NPT to apply the proceeds of the Loan 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. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

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. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 31 December 2015 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause NPT to carry out the Project with due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development practices.

(b) 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. The Borrower shall make, and cause EVN to make, available to NPT, promptly as needed, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.03. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities by NPT are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.04 The Borrower shall cause NPT to enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.05. The Borrower shall take all actions which shall be necessary on its part to enable NPT to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.06. (a) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under the Subsidiary Loan Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Loan Regulations: NPT shall have failed to perform any of its obligations under the Project Agreement or the Subsidiary Loan Agreement.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Loan Regulations: the Subsidiary Loan Agreement shall have been duly executed and delivered, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 10.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: the Subsidiary Loan Agreement shall have been duly executed and delivered, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.03. 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 10.04 of the Loan Regulations.

ARTICLE VII

Delegation of Authority

Section 7.01. The Borrower hereby designates NPT as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.05 of this Loan Agreement.

Section 7.02. Any action taken or any agreement entered into by NPT pursuant to the authority conferred under Section 7.01 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 7.03. The authority conferred on NPT under Section 7.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

ARTICLE VIII

Miscellaneous

Section 8.01. The Governor of the State Bank of Vietnam is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

State Bank of Vietnam
47 – 49 Ly Thai To
Hanoi, Viet Nam

Facsimile Numbers:

(84-4) 38250-612
(84-4) 38258-385.

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 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
Governor
State Bank of Vietnam

ASIAN DEVELOPMENT BANK

By _____
STEPHEN P. GROFF
Vice President (Operations 2)

SCHEDULE 1

Description of the Project

1. The objective of the Investment Program is to expand power transmission network throughout Viet Nam.

2. As a part of the Investment Program, the Project aims to expand power transmission network in northern and southern Viet Nam.

3. The Project shall consist of:

Component 1: Expanded Transmission Network

(i) 500 kV / 220 kV Bac Ninh 2 – Pho Noi transmission line, which is located in the northern region of Viet Nam;

(ii) 220 kV Song May – Uyen Hung transmission line, which is located in the southern region of Viet Nam;

(iii) 500 kV / 220 kV Pho Noi substation and connections, which are located in the northern region of Viet Nam; and

(iv) 220 kV Phu My 2 Industrial Zone substation, which is located in the southern region of Viet Nam.

Component 2: Operational Effectiveness and Efficiency of NPT

(i) Providing support to NPT for its management and operation efficiency including:

- Strategic corporate planning, business planning and management; and

- Accounting, financial management, planning and control.

Component 3: Project Implementation Support

4. The Project is expected to be completed by 30 June 2015.

SCHEDULE 2

Amortization Schedule

(Power Transmission Investment Program – Loan 1)

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Date Payment Due	Installment Share (Expressed as a %)
15 May 2016	0.739471
15 November 2016	0.776445
15 May 2017	0.815267
15 November 2017	0.856030
15 May 2018	0.898832
15 November 2018	0.943773
15 May 2019	0.990962
15 November 2019	1.040510
15 May 2020	1.092535
15 November 2020	1.147162
15 May 2021	1.204520
15 November 2021	1.264746
15 May 2022	1.327984
15 November 2022	1.394383
15 May 2023	1.464102
15 November 2023	1.537307
15 May 2024	1.614172
15 November 2024	1.694881
15 May 2025	1.779625
15 November 2025	1.868606
15 May 2026	1.962037
15 November 2026	2.060139
15 May 2027	2.163145
15 November 2027	2.271303
15 May 2028	2.384868
15 November 2028	2.504111
15 May 2029	2.629317
15 November 2029	2.760783

15 May 2030	2.898822
15 November 2030	3.043763
15 May 2031	3.195951
15 November 2031	3.355749
15 May 2032	3.523536
15 November 2032	3.699713
15 May 2033	3.884698
15 November 2033	4.078933
15 May 2034	4.282880
15 November 2034	4.497024
15 May 2035	4.721875
15 November 2035	4.957969
15 May 2036	5.205867
15 November 2036	5.466204
Total	100.000000

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within 2 calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating

to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

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" or "Categories" 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 and Commitment Charge

3. The amount allocated to Category 4 is for financing interest and commitment charge on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest and commitment charge.

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.

Schedule 3

Retroactive Financing

6. Withdrawals from the Loan Account may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with Goods, Works and Consulting Services, subject to a maximum amount equivalent to 20% of the Loan amount.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Power Transmission Investment Program – Loan 1)				
CATEGORY				**ADB FINANCING**
Number	**Item**	**Total Amount Allocated for ADB Financing ($)**		**Percentage and Basis for Withdrawal from the Loan Account**
		Category	**Subcategory**	
1	Works	36,670,000		90.3 percent of total expenditure claimed
2	Equipment	58,720,000		100 percent of total expenditure claimed*
3	Consulting Services	1,110,000		
3A	Operation and Management Efficiency of NPT		500,000	100 percent of total expenditure claimed*
3B	Implementation Support Consultants		610,000	100 percent of total expenditure claimed*
4	Interest and Commitment Charge	6,010,000		100 percent of amounts due
5	Unallocated	17,990,000		
	Total	120,500,000		

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

SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

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

2. All terms used 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.

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. NPT shall not award any Works contract which involves environmental impacts until:

(a) NPT has incorporated the relevant provisions from the EMP into the Works contract; and

(b) Consultants to support environmental safeguard implementation and monitoring have been engaged.

8. NPT shall not award any Works contract which involves involuntary resettlement impacts, until (a) NPT has prepared and submitted to ADB the final RP based on the Project's detailed design, and obtained ADB's clearance of such RP, and (b) Consultants to support involuntary resettlement implementation and monitoring have been engaged.

Selection of Consulting Services

9. NPT shall apply the following method for selecting and engaging the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Fixed Budget Selection for operation and management efficiency.

10. NPT shall recruit the individual consultants for (a) environment, (b) involuntary resettlement, and (c) independent monitoring of involuntary resettlement in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

11. (a) NPT 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) NPT 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. NPT 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 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; Environmental, Social and Financial Matters

Implementation Arrangements

1. The Borrower and NPT shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the FAM. Any subsequent change to the FAM shall become effective only after approval of such change by NPT and ADB. In the event of any discrepancy between the FAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Environment

2. The Borrower shall ensure and cause NPT 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 IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

3. The Borrower shall ensure and cause NPT to ensure that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) 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 RP, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

4. The Borrower shall ensure and cause NPT to ensure (a) that the local authorities do not commence any land acquisition and relocation activities until the updated RP has been prepared following detailed design; and (b) that the updated RP has been reviewed and approved by ADB. The Borrower shall further ensure and cause NPT to ensure that the Affected Persons are compensated at replacement cost and assisted before they are displaced from their houses, land, and assets. No Affected Persons shall be displaced until suitable alternative land within the same or a neighboring commune has been allocated to them or compensation has been paid that is sufficient to purchase suitable alternative land within the same or a neighboring commune.

5. The Borrower shall ensure that NPT is responsible for internal monitoring of involuntary resettlement activities, updating of the RPs, and quarterly Safeguard Monitoring Reports to be submitted to ADB together with the quarterly project reporting requirements. The Borrower shall ensure that an independent external monitoring body or person is engaged. External monitoring reports shall be submitted to ADB every 6 months. Internal and external monitoring reports shall be uploaded onto ADB website, until involuntary resettlement and income restoration programs are complete. The monitoring reports shall

include resettlement audit statements and shall be verified by such independent resettlement monitoring body or person.

6. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall ensure and cause NPT to ensure that no physical or economic displacement takes place in connection with the Project until:

(a) compensation and other entitlements have been provided to the Affected Persons in accordance with the RP; and

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

Indigenous Peoples

7. Should indigenous people be found in the Project area, the Borrower and NPT shall ensure that the Project is implemented in accordance with the Borrower's applicable laws and regulations, the Safeguard Policy Statement and REMDF.

Human and Financial Resources to Implement Safeguards Requirements

8. The Borrower shall cause NPT to make available necessary budgetary and human resources to fully implement the EMP and the RP.

Safeguards-Related Provisions in Bidding Documents and Works Contracts

9. The Borrower shall cause NPT 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 RP 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 NPT 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 RP.

Safeguards Monitoring and Reporting

10. The Borrower shall cause NPT to do the following:

(a) submit quarterly Safeguards Monitoring Reports to ADB until the project completion 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, the RP and REMDF as applicable 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, and the RP promptly after becoming aware of the breach.

Prohibited List of Investments

11. The Borrower shall ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Gender

12. The Borrower shall cause NPT to implement the Project in accordance with ADB's Policy on Gender and Development (1998). In particular, the Borrower shall cause NPT to ensure that women shall have equal access to Project information and benefits, including the opportunities to participate in Project planning and implementation.

13. The Borrower shall cause NPT to ensure that resettlement and ethnic minority development plans are prepared and implemented taking into consideration that (a) 100% of female headed and ethnic minority affected households are consulted; (b) the respective women union participates actively in consultations and compensation committees; and (c) fair compensation of all households irrespective of income level, ethnic group or headed by female/male is provided.

Works Contract

14. The Borrower shall cause NPT to ensure that all Works contracts under the Project incorporate provisions and budgets to the effect that contractors shall: (a) comply with applicable core labor standards, labor laws and incorporate applicable workplace occupational safety norms; (b) disseminate, or engage appropriate service providers to disseminate information on the risks of sexually transmittable infections, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project facilities, particularly to females; (c) not differentiate payment between men and women for work of equal value; (d) not employ child labor; (e) eliminate any form of discrimination in respect of employment; and (f) to the extent possible, maximize employment of women, local poor and disadvantaged persons for construction purposes, provided that the requirements for efficiency are adequately met.

Power Sector and Tariff Reform

15. The Borrower shall take necessary measures to restructure its power sector into a competitive market. Such measures shall include, but not limited to, appropriate amendments to the existing 2005 Electricity Law of the Borrower.

16. The Borrower shall continue to implement effective electricity tariff reforms which set the transmission charges at a level to cover costs and help finance part of the planned transmission expansion, and ensure long-term financial sustainability of power sector entities.

17. Notwithstanding paragraph 16 above, the Borrower shall continue to implement appropriate tariff schemes and social safety nets to ensure continued affordability of electricity to the poor.

Financial Matters

18. Except as otherwise agreed by ADB, the Borrower shall ensure that a transmission charge is set and implemented so that NPT can achieve the financial ratio as provided in paragraph 19 below.

19. For the purposes of this paragraph, all financial calculations, ratios and financial covenants shall be applied in respect of NPT's operations only.

(a) Except as ADB shall otherwise agree, the Borrower shall ensure that for each of its fiscal years after its fiscal year ending 31 December 2012 NPT meets the following requirements:

(i) NPT shall generate funds from internal sources equivalent to not less than (A) 20% in its fiscal years 2013 and 2014; and (B) 25% in its fiscal year 2015, and thereafter of the annual average of NPT's capital expenditures incurred, or expected to be incurred, for that fiscal year.

(ii) The net revenues of NPT shall be at least the following relative to the debt service requirements of NPT: (A) 1.3 times in its fiscal years 2013 and 2014; and (B) 1.5 times in its fiscal year 2015, and thereafter.

(iii) NPT's ratio of debt to equity shall be at least (A) 85:15 in its fiscal year 2013; (B) 80:20 in its fiscal year 2014; and (C) 75:25 in its fiscal year 2015, and thereafter.

(iv) Before December 31 in each of its fiscal years, NPT shall, on the basis of forecasts satisfactory to ADB, review whether it would meet the requirements set forth in paragraphs 19(a)(i) to (iii) above in respect of such year and the next following fiscal year and shall furnish to ADB a copy of such review upon its completion.

(v) If any such review shows that NPT would not meet the requirements set forth in paragraphs 19(a)(i) to (iii) above for NPT's fiscal years covered by such review, the Borrower, through EVN, shall promptly take all necessary measures to enable NPT to meet its requirements, including but not limited to, adjustments of transmission charges, financial and

institutional restructuring including the provision of financial assistance.

(b) For purposes of paragraph 19(a)(i) above:

(i) The term "funds from internal sources" means the difference between: (A) the sum of cash flows from all sources related to operations, plus cash generated from consumer deposits and consumer advances of any kind, sale of assets, cash yield of interest on investments, and net non-operating income; and (B) the sum of all expenses related to operations, including administration, adequate maintenance and taxes and payments in lieu of taxes (excluding provision for depreciation and other non-cash operating charges), debt service requirements, all cash dividends paid and other cash distributions of surplus, increase in working capital other than cash and other cash outflows other than capital expenditures.

(ii) The term "net non-operating income" means the difference between: (A) revenues from all sources other than those related to operations, after making adequate provisions for uncollectible debts; and (B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.

(iii) The term "working capital other than cash" means the difference between current assets excluding cash and current liabilities at the end of each fiscal year.

(iv) The term "current assets excluding cash" means all assets other than cash which could in the ordinary course of business be converted into cash within 12 months, including accounts receivable, marketable securities, inventories and prepaid expenses properly chargeable to operating expenses within the next fiscal year.

(v) The term "current liabilities" means all liabilities which will become due and payable or could under circumstances then existing be called for payment within 12 months, including accounts payable, customer advances, debt service requirements taxes and payments in lieu of taxes, and dividends.

(vi) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments if any) of, and interest and other charges on, debt, excluding interest charged to construction and financed from loans.

(vii) The term "capital expenditures" means all expenditures incurred on account of fixed assets, including interest charged to construction, related to operations.

(viii) The terms "operations" or "operating" refer to all operations of NPT.

(c) For purposes of paragraphs 19(a)(ii) and (iii) above:

(i) The term "debt" means any indebtedness of NPT maturing by its terms more than one year after the date on which it is originally incurred.

(ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement, or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into. Financial liabilities incurred by a borrower who is a lessee under finance leasing agreements may also be included as debt.

(iii) The term "net revenues" means the difference between: (A) the sum of revenues from all sources related to operations, after making adequate provisions for uncollectible debts, adjusted to take account of NPT's rates in effect at the time of the incurrence of debt even though they were not in effect during the twelve-month period to which such revenues relate and net non-operating income; and (B) the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.

(iv) The term "net non-operating income" means the difference between: (A) revenues from all sources other than those related to operations; and (B) expenses including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.

(v) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on debt. Interest charges which are incurred in financing capital expenditures during development should be excluded, if such charges are capitalized. However, if NPT's policy is to meet the cost from operating income, such interest charges should be included in "debt service requirements". Lease payments under finance leases should also be included.

(vi) The term "equity" means the sum of the total unimpaired paid-up capital, retained earnings and reserves of NPT not allocated to cover specific liabilities.

(vii) The terms "operations" or "operating" refer to all operations of NPT.

(d) Whenever for purposes of this paragraph it shall be necessary to value, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such currency is, at the time of valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to ADB.

20. The Borrower shall cause NPT to strengthen its financial sustainability throughout the implementation of the Investment Program through, but not limited to: (a) the undertaking of asset revaluation; (b) management and staff training in financial management, planning, control, accounting, and budgeting; and (c) the application of up to date accounting and financial management and planning tools and procedures.

Reporting and Auditing

21. Notwithstanding the generality of Section 2.08 of the Project Agreement, the Borrower shall ensure that NPT prepares regular progress reports for submission to ADB on a quarterly basis. Such reports shall include: (a) a narrative description of the Project's physical progress during the period; (b) changes in the implementation schedule; (c) implementation progress of financial improvement measures including management and staff training; (d) performance of the Project implementation consultants; (e) a description of problems encountered and anticipated with suggested corrective action; (f) a description of implementation of the EMPs and RPs including status of satisfactory completion of compensation, resettlement and rehabilitation activities; and (g) a summary financial account, including Project expenditures during the reporting period, year-to-date, and total expenditure to date.

22. Notwithstanding the generality of Section 2.09 of the Project Agreement, the Borrower shall ensure that:

(a) Within 6 months after the end of the fiscal year, NPT submits audited (i) Annual Project Accounts (APA); and (ii) Annual Financial Statements (AFS). The APA shall contain detailed descriptions of the sources of receipts and expenditures. The AFS shall consist of an income statement, balance sheet, statement of cash flows and related notes to financial statement. The AFS shall be consolidated for all of NPT's operations.

(b) The accounts shall be prepared using International Financial Reporting Standards and the audit shall be carried out using International Standards on Auditing.

(c) The auditors shall be required to provide an opinion on NPT's compliance with the financial covenants in this Loan Agreement and indicate the details of the actual calculations for all ratios, in conformity with the definitions contained in this Loan Agreement.

(d) Except as otherwise agreed by ADB, NPT shall continue its practice of retaining external auditors satisfactory to ADB to audit its AFS and APA. The memorandum of issues identified during the audit process (i.e., management letter) shall be attached to the respective reports.

(e) For future contracts or contract revisions with external auditors, the terms of reference of the external auditors shall be provided to ADB.

UXO Clearance

23. For any Works supported under the Project, the Borrower shall ensure that NPT does not issue a notice to proceed with such Works, until it has confirmed that the related construction site is free from any UXOs.

Governance and Anticorruption

24. The Borrower and NPT 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 acknowledges that ADB, consistent with its commitment to good governance, accountability, and transparency, reserves the right to investigate directly, or through its agents, any possible corrupt, fraudulent, collusive, or coercive practices relating to the Investment Program. In particular, the Borrower shall ensure that NPT includes in the bidding documents and in all contracts financed by ADB in connection with the Project: (a) provisions specifying the right of ADB to audit and examine the records and accounts of NPT, and all contractors, suppliers, consultants, and other service providers as they relate to the Project; (b) periodic inspections of the contractor's activities related to fund withdrawals and settlements are carried out by NPT; and (c) the auditors engaged by NPT have the right to conduct random or spot audits of contract implementation activities under the subprojects.

25. The Borrower and NPT shall ensure that staff are fully knowledgeable of and comply with the Borrower's and ADB's procedures, including, but not limited to, procedures for (a) Project implementation; (b) procurement; (c) use of consultants; (d) disbursement; (e) reporting; (f) monitoring; and (g) prevention of fraud and corruption.

26. The Borrower shall cause NPT to publicly disclose on the NPT website information how the Loan proceeds are being used, presenting (a) award of Goods and/or Works contracts including (i) the list of participating bidders, (ii) name of the winning bidder, (iii) basic details on bidding procedures adopted, (iv) amount of the contract awarded, (v) list of Goods and/or Works, and (vi) intended and actual utilization of Loan proceeds under each contract; and (b) internal and external resettlement reports. The website shall be updated within 2 weeks after: (a) each award of contract; (b) each submission of the external monitoring agency's quarterly resettlement reports; and (c) each submission of NPT's internal quarterly resettlement reports.