ORIGINAL : ARABIC

LOAN NUMBER 724

LOAN AGREEMENT

DAK LAK PROVINCE IRRIGATION PROJECT

BETWEEN

SOCIALIST REPUBLIC OF VIETNAM

AND

KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

DATED : 29.5.2006

LOAN AGREEMENT

Agreement, dated 29.5.2006 between Socialist Republic of Vietnam (hereinafter called the Borrower) of the first part, and Kuwait Fund for Arab Economic Development (hereinafter called the Fund) of the second part.

Whereas, the Borrower has requested the Fund to assist in the financing of Dak Lak Province Irrigation Project described in Schedule 2 to this Agreement (hereinafter called the Project) by providing a loan (hereinafter called the Loan);

Whereas, the Borrower has undertaken to provide all other sums which shall be required -in addition to the Loan- for the carrying out of the Project.

Whereas, the purpose of the Fund is to assist Arab and other developing countries in developing their economies and to provide them with loans necessary for the execution of their development Projects and programmes; and

Whereas, the Fund realizes the importance and usefulness of the Project in developing the Borrower's economy; and

Whereas, the Fund has agreed, in view of the foregoing, to provide a loan to the Borrower on the terms and conditions set forth in this Agreement.

Now therefore, the parties hereto agree as follows:

ARTICLE I

The Loan; Interest and Other Charges; Repayment; Place of Payment

SECTION 1.01. The Fund agrees to lend to the Borrower, on the terms and conditions set forth in this Agreement or herein referred to, an amount equivalent to Kuwaiti Dinars three millions and five hundred thousand (KD. 3,500,000/-).

SECTION 1.02. The Borrower shall pay interest at the rate of two percent (2%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

SECTION 1.03. An additional charge of one half of one per cent (1/2 of 1%) per annum on the amounts withdrawn from the Loan and outstanding from time to time shall be paid to meet the administrative expenses and the expenses of implementing this Agreement.

SECTION 1.04. The charge payable for special commitments entered into by the Fund, at the request of the Borrower pursuant to Section 3.02 of this Agreement, shall be at the rate of one half of one per cent (1/2 of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

SECTION 1.05. Interest and other charges shall be computed on the basis of a 360-day year of twelve 30-day month for any period less than a full one half of a year.

SECTION 1.06. The Borrower shall repay the principal of the Loan in accordance with the provisions set forth in Schedule 1 to this Agreement.

SECTION 1.07. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

SECTION 1.08. The Borrower shall have the right, upon payment of all accrued interest and all other charges, and upon not less than 45 days notice to the Fund, to repay in advance of maturity: (a) all of the principal amount of the Loan at the time outstanding or (b) all of the principal amount of any one or more maturities, provided that on the date of such prepayment there shall not be outstanding any portion of the Loan maturing after the portion to be prepaid.

SECTION 1.09. The principal of, and interest and other charges on, the Loan shall be paid at Kuwait or at such other places as the Fund shall reasonably request.

ARTICLE II

Currency Provisions

SECTION 2.01. All accounts of the financial transactions made pursuant to this Agreement shall be, and all sums falling due thereunder shall be payable, in Kuwaiti Dinars.

SECTION 2.02. The Fund will purchase, at the request of and acting as an agent for the Borrower, such currencies as may be required for payment of the cost of goods to be financed from the Loan under this Agreement, or for reimbursement of such cost in the currency in which it was actually incurred. The amount, which shall be deemed to have been withdrawn from the Loan in any such case, shall be equal to the amount of Kuwaiti Dinars, required for the purchase of the respective amount of foreign currency.

SECTION 2.03. When repayment of principal or payment of interest and other charges on the Loan is being made, the Fund may, at the request of and acting as an agent for the Borrower, purchase the amount of Kuwaiti Dinars required

for such repayment or payment, as the case may be, against payment by the Borrower of the amount required for such purchase in currency or currencies, as may be acceptable from time to time to the Fund.

Any payment to the Fund required under this Agreement shall not be deemed to have been effected except from the time and to the extent that Kuwaiti Dinars have actually been received by the Fund.

SECTION 2.04. Whenever it shall be necessary for the purposes of this Agreement to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Fund.

ARTICLE III

Withdrawal and Use of Proceeds of the Loan

SECTION 3.01. The Borrower shall be entitled to withdraw from the Loan amounts expended or to be expended for the Project in accordance with the provisions of this Agreement.

Except as the Fund may otherwise agree, no amount shall be withdrawn from the Loan on account of expenses incurred prior to 1/9/2005 or to finance local costs of goods produced in the territories of the Borrower.

SECTION 3.02. Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Borrower and the Fund, the Fund may enter into special commitments in writing to pay amounts to the Borrower or others in respect of the cost of goods to be financed under this Agreement notwithstanding any subsequent suspension or cancellation.

SECTION 3.03. When the Borrower shall desire to withdraw any amount from the Loan or to request the Fund to enter into a special commitment pursuant to Section 3.02, the Borrower shall deliver to the Fund a written application in such form, and containing such statements, agreements and other documents as the Fund shall reasonably request. Applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall, except as the Borrower and the Fund shall otherwise agree, be made promptly in relation to expenditures for the Project.

SECTION 3.04. The Borrower shall furnish to the Fund such documents and other evidence in support of the application for withdrawal, as the Fund shall reasonably request, whether before or after the Fund shall have permitted any withdrawal requested in the application.

SECTION 3.05. Each application for withdrawal and the accompanying documents and other evidence must be sufficient in form and

substance to satisfy the Fund that the Borrower is entitled to withdraw from the Loan the amount applied for and that the amount to be withdrawn from the Loan is to be used only for the purposes specified in this Agreement.

SECTION 3.06. The Borrower shall apply the proceeds of the Loan exclusively to financing the reasonable cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Fund, subject to modification by further agreement between them.

SECTION 3.07. The Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

SECTION 3.08. Payment by the Fund of amounts, which the Borrower is entitled to withdraw from the Loan, shall be made to or on the order of the Borrower.

SECTION 3.09. The right of the Borrower to make withdrawals from the Loan shall terminate on 31/12/2009 or such other date as may from time to time be agreed upon between the Borrower and the Fund.

ARTICLE IV

Particular Covenants

SECTION 4.01. (a) The Borrower shall entrust the Peoples Committee of Dak Lak Province (hereinafter called the Committee) with the overall responsibility of carrying out the Project in accordance with the provisions of Decree 16/2005/ND-CP date February 07, 2005 of the Borrower on management of investment Projects.

(b) The Borrower shall cause the Committee to establish before the beginning of the Project's implementation a "Project Steering Committee" (hereinafter called the Steering Committee) and a "Project Management Unit" (hereinafter called the Unit) for the implementation of the Project (both agencies hereinafter called the Implementing Agencies). The constitution, functions and responsibilities of the said agencies shall be acceptable to The Fund.

(c) The Borrower shall make arrangements satisfactory to the Fund for making the proceeds of the Loan available to the Unit which shall be entrusted with managing, coordinating and supervising the Project's execution. The Borrower shall ensure that the said Unit shall be provided with resources, equipment and personnel sufficient to enable it to perform its tasks efficiently. The Unit shall at all times conduct its activities in close co-operation, co-ordination and consultation with the Steering Committee.

SECTION 4.02. The Borrower shall make or cause to be made available promptly as needed all other sums which shall be required, in addition to the Loan, for the carrying out of the Project, all such sums to be made available on terms and conditions satisfactory to the Fund.

SECTION 4.03. The Borrower shall cause the Unit to furnish to the Fund, promptly upon their preparation, the studies of, and the plans and specifications for, the Project, the schedules of its execution and any material modifications subsequently made therein, in such detail as the Fund may from time to time request.

SECTION 4.04. The Borrower shall cause the Unit to carry out the Project with due diligence and efficiency and in conformity with sound engineering, agricultural, administrative and financial practices.

SECTION 4.05. In carrying out the Project the Borrower shall cause the Unit to employ engineering consultant acceptable to, and upon terms and conditions satisfactory to the Fund.

SECTION 4.06. The awarding of the contracts for the execution of the Project, which are to be financed from the Loan, and any amendments thereto shall be subject to the Fund's approval.

SECTION 4.07. The Borrower shall cause the Unit to maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof), and to reflect in accordance with consistently maintained sound accounting practices the operations and financial position of the Unit, shall afford all reasonable opportunity for accredited representatives of the Fund to make visits for purposes related to the Loan, and to inspect the Project, the goods and any relevant records and documents, and shall furnish the Fund all such information as the Fund shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods and the operations and financial position of the Unit in respect of the Project.

SECTION 4.08. The Borrower shall cause the Unit to insure with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territories of the Borrower and delivery thereof to the site of the Project, and shall be for such amounts as shall be consistent with sound commercial practices. Such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable, or in freely convertible currency.

The Borrower shall cause the Unit to take out and maintain, with responsible insurers, insurance against risks related to the

implementation of the Project in such amounts as shall be consistent with sound commercial practices.

SECTION 4.09. The Borrower and the Fund shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, the Borrower shall cause the Unit to furnish to the Fund every three months from the date of this Agreement; periodic reports, in English on, the execution of the Project and the general status of the Loan as well as all other information as the Fund shall reasonably request in relation to the Project and the Loan.

The Borrower and the Fund shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Fund of any condition which interferes or threatens to interfere with the accomplishment of the purposes of the Loan (including substantial increase in the cost of the Project) or the maintenance of the service thereof.

SECTION 4.10. (a) The Borrower undertakes to ensure that the execution and operation of the Project shall not adversely affect the water rights of the downstream users, in particular those of the neighbouring countries.

The Borrower shall notify the country or countries whose water rights may be adversely affected by the Project in accordance with the mechanism provided for in the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin of 1995 and shall take all action necessary to mitigate any adverse impact on such water rights if any.

(b) The Borrower shall take or cause to be taken all appropriate measures, in the design, implementation and operation of the Project to eliminate, mitigate, or compensate for any adverse impact the Project may have on the environment.

(c) The Borrower shall take or cause to be taken all action which shall be necessary on its part to execute the Project and shall not take, or permit to be taken, any action which would prevent or interfere with the execution or operation of the Project or the performance of any of the provisions of this Agreement.

SECTION 4.11. The Borrower shall cause the Unit to acquire - as and when needed – all land and rights in land required for the execution or operation of the Project. The Borrower shall cause the Unit to resettle the displaced farmers and adequately compensate those who are adversely affected by such acquisition, and shall ensure that they are provided with the social services necessary for them to settle in the Project area.

SECTION 4.12. (a) The Borrower shall ensure the availability of agricultural inputs to the farmers in the Project's area and shall provide them with sufficient agricultural credit and extensions services.

(b) The Borrower shall develop or cause to be developed during the implementation of the Project a training program based on the needs of the beneficiaries in the Project area, in all aspects of irrigation management, and shall organize training courses to raise the awareness of the local people on environmental sanitation and help the farmers adopt measures to reduce to the lowest level the use of chemicals.

SECTION 4.13. The Borrower undertakes for the purpose of operating and maintaining the Project that it will be entrusted to Water Users Associations (hereinafter called the Associations) which shall be established in the Project areas before the completion of the Project. Such Associations will at all times function under rules and regulations conducive to the realization of the objectives of the Project and satisfactory to the Fund, and have such powers, management and administration as are necessary for the efficient operation and maintenance of the Project, as well as structures and other works and facilities not included in the Project but necessary for the proper and efficient operation thereof, in accordance with sound engineering, agricultural, financial and administrative practices. The Borrower shall ensure that sufficient resources shall be allocated for this purpose.

SECTION 4.14. The Borrower shall ensure that the Implementing Agencies will continue to function at all times under rules and regulations and have such powers, management and administration as are necessary for the diligent and efficient carrying out and operation of the Project.

The Borrower shall in the spirit of good cooperation prevailing between the two parties inform the Fund of any proposed action which would affect the nature or constitution of the Implementing Agencies and shall afford the Fund all reasonable opportunity, in advance of the taking of such action, to exchange views with the Borrower with respect thereto.

SECTION 4.15. It is the mutual intention of the Borrower and the Fund that no other external debt shall enjoy any priority over the Loan by way of a lien hereafter created on governmental assets. To that end, the Borrower undertakes that, except as the Fund shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for the external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to.

(I) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property;

(ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of the sale of such commercial goods; or

(iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term 'assets of the Borrower' as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any entity owned or controlled by the Borrower or by any such political subdivisions, including the Central Bank of the Borrower or any other institution performing the functions of a Central Bank and the term lien includes mortgages, pledges, charges, privileges and priorities of any kind.

SECTION 4.16. The principal of, and interest on the Loan and all other charges shall be paid without deduction for, and free from any tax in force under the laws of the Borrower or laws in effect in its territories or shall be in effect in the future.

SECTION 4.17. This Agreement shall be free from any taxes, imposts, levies, fees and dues of any nature that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay or cause to be paid all such taxes, imposts, levies and dues, if any, imposed under the laws of the country or countries in whose currency the Loan is payable or laws in effect in the territories of such country or countries.

SECTION 4.18. The principal of, and interest and other charges on, the Loan shall be paid free from all restrictions including exchange restrictions imposed under the laws of the Borrower or laws in effect in its territories.

SECTION 4.19. All Fund documents, records, correspondence and similar material shall be considered by the Borrower as confidential matters. The Borrower shall accord the Fund full immunity from censorship and inspection of publications.

SECTION 4.20. All Fund assets and income shall be exonerated from nationalization, confiscation and seizure.

ARTICLE V

Cancellation and Suspension

SECTION 5.01. The Borrower may by notice to the Fund cancel any amount of the Loan which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Loan in respect of which the Fund shall have entered into a special commitment pursuant to Section 3.02 of this Agreement.

SECTION 5.02. If any of the following events shall have happened and be continuing, the Fund may by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Loan:

(a) A default shall have occurred in the payment of principal or interest or any other payment required under this Agreement or any other Loan Agreement between the Borrower and the Fund;

(b) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower under this Agreement;

(c) The Fund shall have suspended in whole or in part the right of the Borrower to make withdrawals under any other loan agreement between the Borrower and the Fund because of a default on the part of the Borrower;

(d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower will be able to perform its obligations under this Agreement.

Any event occurring after the date of this Agreement and prior to the effective date which would have entitled the Fund to suspend the Borrower's right to make withdrawals if this Agreement had been effective on the date such event occurred, will entitle the Fund to suspend withdrawals under the Loan exactly as if it had occurred after the effective date.

The right of the Borrower to make withdrawals under the Loan shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Fund shall have notified the Borrower that the right to make withdrawals has been restored; provided, however, that in the case of any such notice of restoration the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Fund in respect of any other subsequent event described in this Section.

SECTION 5.03. If any event specified in paragraph (a) of Section 5.02 shall occur and shall continue for a period of thirty days after notice thereof shall have been given by the Fund to the Borrower, or if any event specified in paragraphs (b), (c) and (d) of Section 5.02 shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Fund to the Borrower, then at any subsequent time during the continuance thereof, the Fund at its option, may declare the principal of the Loan to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

SECTION 5.04. If (a) the right of the Borrower to make withdrawals from the Loan shall have been suspended with respect to any amount of the Loan for

a continuous period of thirty days, or (b) the date specified in Section 3.09 as the Closing Date an amount of the Loan shall remain unwithdrawn, the Fund may by notice to the Borrower terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice such amount of the Loan shall be cancelled.

SECTION 5.05. No cancellation or suspension by the Fund shall apply to amounts subject to any special commitment entered into by the Fund pursuant to Section 3.02 except as expressly provided in such commitment.

SECTION 5.06. Except as the Fund may otherwise agree any cancellation shall be applied pro rata to the several instalments of the principal amount of the Loan maturing after the date of such cancellation.

SECTION 5.07. Notwithstanding any cancellation or suspension, all the provisions of this Agreement shall be continued in full force and effect except as in this Article specifically provided.

ARTICLE VI

Enforceability of this Agreement; Failure to Exercise Rights; Arbitration

SECTION 6.01. The rights and obligations of the Fund and the Borrower under this Agreement shall be valid and enforceable in accordance with their terms notwithstanding any local law to the contrary. Neither the Borrower nor the Fund shall be entitled under any circumstances to assert any claim that any provision of this Agreement is invalid or unenforceable for any reason.

SECTION 6.02. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Agreement upon any default shall impair any such right, power or remedy, or be construed to be a waiver thereof or an acquiescence in such default, nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

SECTION 6.03. Any controversy between the parties to this Agreement and any claim by either party against the other arising out of this Agreement shall be determined by agreement of the parties, and failing such agreement the controversy or claim shall be submitted to arbitration by an Arbitral Tribunal as provided in the following Section.

SECTION 6.04. The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Borrower; the second arbitrator shall be appointed by the Fund; and the third arbitrator (hereinafter sometime called the Umpire) shall be appointed by agreement of the parties or, if

they shall not agree, by the President of the International Court of Justice at the request of either party. If either of the parties shall fail to appoint an arbitrator, such arbitrator shall be appointed by the President of the International Court of Justice upon the request of the adverse party. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as hereinbefore prescribed for the appointment of the original arbitrator, and such successor, shall have all the powers and duties of such original arbitrator.

Arbitration proceedings may be instituted under this Section upon notice by the party instituting such proceedings to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature and extent of the relief sought, and the name of the arbitrator appointed by the party instituting such proceedings.

Within thirty days after the giving of such notice, the adverse party shall notify the party instituting the proceedings of the name of the arbitrator appointed by such adverse party.

If within sixty days after the giving of such notice instituting the arbitration proceedings the parties shall not have agreed upon an Umpire, either party may request the appointment of an Umpire as provided in the first paragraph of this Section.

The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

Subject to the provision of this Section and except as the parties shall otherwise agree, the Arbitral Tribunal shall decide all questions relating to its competence and shall determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote. The Arbitral Tribunal shall afford all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to this Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal.

The parties shall fix the amount of remuneration or fees of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of

the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

The Arbitral Tribunal shall apply the principles common under the current laws of the Borrower and the State of Kuwait, as well as the principles of justice.

SECTION 6.05. The provisions for arbitration set forth in the previous Section shall be in lieu of any other procedure for the determination of controversies between the parties to this Agreement and any claim by either party against the other party arising thereunder.

SECTION 6.06. Service of any notice or process in connection with any proceedings under this Article may be made in the manner provided in Section 7.01. The parties to this Agreement may waive any and all other requirements for the service of any such notice or process.

ARTICLE VII

Miscellaneous Provisions

SECTION 7.01. Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Except as otherwise provided in Section 8.03, such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telex, telegram or cable to the party to which it is required or permitted to be given or made at such party's address specified in this Agreement, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

SECTION 7.02. The Borrower shall furnish to the Fund sufficient evidence of the authority of the person or persons who will sign the applications provided for in Article III or who will, on behalf of the Borrower, take any other action or execute any other documents required or permitted to be taken or executed by the Borrower under this Agreement, and the authenticated specimen signature of each such person.

SECTION 7.03. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of the Borrower may be taken or executed by the Minister of Finance or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of this Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by its aforementioned representative or any person thereunto authorized in writing by him; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under this Agreement. The Fund may accept the execution by such representative or

other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of this Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.

ARTICLE VIII

Effective Date: Termination

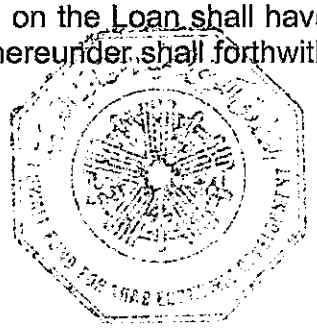
SECTION 8.01. This Agreement shall not become effective until evidence satisfactory to the Fund shall have been furnished to the Fund that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action and that all the laws, rules, regulations and procedures related to the Project in Vietnam has been complied with.

SECTION 8.02. As part of the evidence to be furnished pursuant to Section 8.01, the Borrower shall furnish to the Fund an opinion or opinions of competent authority showing that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

SECTION 8.03. Except as shall be otherwise agreed by the Fund and the Borrower, this Agreement shall come into force and effect on the date upon which the Fund dispatches by cable to the Borrower notice of its acceptance of the evidence required by Section 8.01.

SECTION 8.04. If all acts required to be performed pursuant to Section 8.01 shall not have been performed before ninety days after the signature of this Agreement or such other date as shall be agreed upon by the Fund and the Borrower, the Fund may at any time thereafter at its option terminate this Agreement by notice to the Borrower. Upon the giving of such notice this Agreement and all obligations of the parties thereunder shall forthwith terminate.

SECTION 8.05. If and when the entire principal amount of the Loan and all interest and other charges, which shall have accrued, on the Loan shall have been paid, this Agreement and all obligations of the parties thereunder shall forthwith terminate.



ARTICLE IX

Definitions

SECTION 9.01. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any schedule hereto:

(1) The term 'Project' means the project for which the Loan is granted, as described in Schedule 2 to this Agreement and as the description thereof shall be amended from time to time by agreement between the Fund and the Borrower.

(2) The term 'goods' means equipment, supplies and services which are required for the Project. Wherever reference is made to the cost of any goods, such cost shall be deemed to include the cost of importing such goods into the territories of the Borrower.

The following addresses are specified for the purposes of Section 7.01:

For the Borrower:

Ministry of Finance
8 Phan Huy Chu St.
Hanoi
Vietnam

Alternative address for cables and telexes:

TELEPHONE	TELEX	FAX
(84)48262789		(84)4 8262266

For the Fund:

Kuwait Fund for Arab Economic Development
P.O. Box 2921, Safat
Kuwait. - 13030

Alternative address for cables and telexes:

CABLE	TELEX	FAX
ALSUNDUK KUWAIT	22025 ALSUNDUK 22613 KFAED KT	(965) 2999190 (965) 2999091

IN WITNESSETH WHEREOF the parties hereto acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in Hanoi, in two copies, each considered an original and all to the same and one effect, as of the day and year first above written.

Kuwait Fund for Arab
Economic Development

By_____
(Authorized Representative

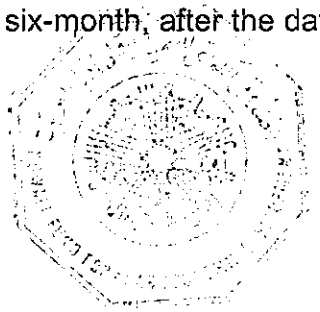
Socialist Republic of Vietnam

By_____
(Authorized Representative)

SCHEDULE 1

Repayment Provisions

The amount of principal withdrawn from loan shall be repaid in forty semi annual installments, the amount and order of sequence of each being as set forth in the attached schedule. The first of these installments shall be due on the first date on which any interest or other charges on the loan shall fall due, in accordance with the provisions of the Loan Agreement, after the elapse of a grace period of four years, commencing from the date on which the Fund pays, any amount from the loan pursuant to the first withdrawal application made by the Borrower or the date on which the Fund issues an undertaking pursuant to Section 3.02 of the Loan Agreement, in case the first withdrawal application requests the issue of such undertaking, whichever is earlier of the two dates. The remaining installments for the repayment of the principal shall be due consecutively, every six-month, after the date on which the first installment falls due.



ANNEX TO SCHEDULE 1

AMORTIZATION SCHEDULE

Sl. No.	Payment of Principal (Expressed in Kuwaiti Dinars)
1	87,500
2	87,500
3	87,500
4	87,500
5	87,500
6	87,500
7	87,500
8	87,500
9	87,500
10	87,500
11	87,500
12	87,500
13	87,500
14	87,500
15	87,500
16	87,500
17	87,500
18	87,500
19	87,500
20	87,500
21	87,500
22	87,500
23	87,500
24	87,500
25	87,500
26	87,500
27	87,500
28	87,500
29	87,500
30	87,500
31	87,500
32	87,500
33	87,500
34	87,500
35	87,500
36	87,500
37	87,500
38	87,500
39	87,500
40	87,500
Total	**3,500,000**

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The main objectives of the Project are to reduce poverty and improve living standards of part of the rural population of Dak Lak Province, particularly those of ethnic minorities in the remote rural areas, as well as improving the environment, and securing additional ground water reserves in the Project area, and acquainting framers with modern agricultural practices.

The Project involves the construction of small and medium size irrigation schemes in the most needy areas of the twelve districts of Dak Lak Province, and the surroundings of Buon Ma Thuot, the Capital city of the Province, as well as upgrading some of the existing irrigation schemes.

The Total area of the agricultural land that will be irrigated by the above mentioned schemes will be around 5,000 hectares producing mainly rice and coffee. About 1,000 hectares of lakes, formed by the dams, shall also serve for aquaculture activities of the local inhabitants.

The Project consists of the following main components:

I- Civil Works and electro-mechanical equipment:

a. Constructing about 42 small and medium size concrete and earth dams and related ancillaries; and upgrading about 15 existing small and medium size concrete and earth dams and related ancillaries.

b. Constructing about 80 kilometres concrete irrigation canals of different sizes and related ancillaries; and upgrading about 16 kilometres concrete irrigation canals of different sizes and related ancillaries.

c. Constructing about 7 weirs of different sizes and related ancillaries; and upgrading about 7 weirs of different sizes and related ancillaries.

d. Constructing and equipping three pumping stations of different capacities and related ancillaries.

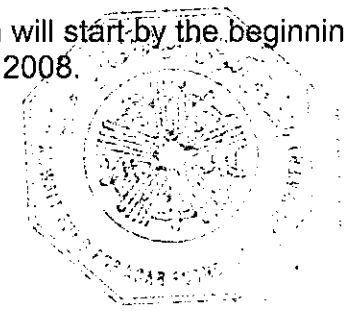
II- Consulting services for the detailed design and supervision of the Project implementation.

III- Resettling the displaced farmers, and compensation for those adversely affected by the Project.

IV- Extension services.

V- Procurement of one four–wheel drive vehicle and IT equipment for the Project Management Unit (PMU).

It is expected that the Project implementation will start by the beginning of the year 2006 and be completed by the end of the year 2008.



Side Letter No. 1

SOCIALIST REPUBLIC OF VIETNAM

Date: 29.5.2006

Kuwait Fund for Arab Economic Development
P.O. Box 2921, Safat
Kuwait, 13030

Dear Sirs:

Subject: List of Goods to be financed from the Loan - Procedure for Procurement.

With reference to Section 3.06 and 4.06 of the Loan Agreement related to Dak Lak Province Irrigation Project signed today between the Kuwait Fund for Arab Economic Development and the Socialist Republic of Vietnam, we confirm that the proceeds of the Loan shall be allocated to financing the goods and services provided for in the attached list in the percentages and amounts therein mentioned, as the same may be amended from time to time with the approval of the Fund, provided that such amendments shall not result in increasing the outstanding amount of the Loan.

We understand that any excess, approved by the Fund, of expenditures over the allocation for any item may be met by transfers from the contingency allocation, and any surplus in the allocation from any item may either be cancelled or transferred, with the approval of the Fund, to the contingency allocation or to some other items.

We also confirm that no proceeds of the loan shall be used for the payment of taxes or duties imposed by the laws in force in Socialist Republic of Vietnam.

We further confirm that unless otherwise agreed with the Fund, procurement of all items to be financed from the Loan will proceed on the basis of domestic competitive bidding.

As regards the application of Section 4.06 referred to above and the Procurement of all items to be financed from the Loan, we shall furnish you with a copy of all tender documents in advance of issuing for review and comments and shall make such reasonable modifications as may be requested by you in such documents or in the bidding procedure. Upon the receipt and analysis of bids we shall furnish you with a detailed report on the evaluation of bids together with the

recommendation for award for your consideration and approval. Any material modification proposed to be made in the terms and conditions of any contract before or after award, will also be presented to you for approval.

Following the signing of contracts we shall furnish you with conformed copies of such contracts for the purpose of your records and disbursements from the Loan in accordance therewith.

In order to ensure the timely award of contracts for the execution of the Project, a programme will be drawn for the various stages of bidding, evaluation of the bids, and award of all major contracts and we shall take all necessary steps to adhere to this programme and will furnish you with a copy thereof.

Please indicate your agreement to the foregoing and to the attached "List of Goods" by signing the form of confirmation on the enclosed copy with this letter and returning it to us.

Socialist Republic of Vietnam

By: _____
(Authorized Representative)

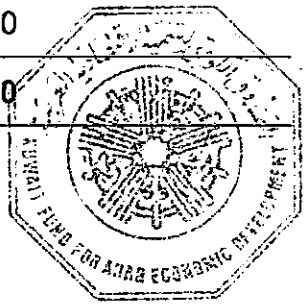
Confirmed:

Kuwait Fund for Arab
Economic Development

By: _____
(Authorized Representative)

LIST OF GOODS

No.	Items	Allocation of Proceeds (in Kuwaiti Dinars)	Percentage of Total Cost of Item
1.	Irrigation Schemes	3,020,000	85
2.	One four–wheel drive vehicle and IT equipment	25,000	100
3.	Contingency	455,000	
	Total	**3,500,000**	



Side Letter No. 2

SOCIALIST REPUBLIC OF VIETNAM

Date: 29.5.2006

Kuwait Fund for Arab Economic Development
P.O. Box 2921, Safat
Kuwait, 13030

Dear Sirs:

Reference is made to the Loan Agreement of even date herewith signed between us for the financing of Dak Lak Province Irrigation Project. We confirm that we have been duly informed that in accordance with the regulations in force in the State of Kuwait, the use of public funds in connection with transactions involving trading or dealing with any country, firm or concern subject to boycott under these regulations is prohibited.

We therefore undertake that the proceeds of the above-mentioned Loan will not be used in any manner to finance directly or indirectly any goods or services produced or supplied by any country, firm or concern subject to boycott under the regulations in force in the State of Kuwait.

Please confirm your acceptance of the assurance given above by signing the attached copy of this letter and returning it to us.

Socialist Republic of Vietnam

By _____
(Authorized Representative)

Confirmed:

Kuwait Fund for Arab
Economic Development

By: _____
(Authorized Representative)

Side Letter No. 3

SOCIALIST REPUBLIC OF VIETNAM

Date: 29.5.2006

Kuwait Fund for Arab Economic Development
P.O. Box 2921, Safat
Kuwait, 13030

Dear Sirs:

We refer to the financial section 2.04. of the Loan Agreement of even date herewith signed between us for the financing of Dak Lak Province Irrigation Project.

It is our understanding that the value of any currency in terms of Kuwaiti Dinars will be determined on the basis of the rate published by the Central Bank of Kuwait on the date of the particular transaction. As regard the rate of exchange between any two currencies, other than the Kuwaiti Dinar, such rate will be as applied and advised by the commercial bank executing the transaction.

Please confirm that the above understanding is correct by signing the form of confirmation attached herewith and returning it to us.

Socialist Republic of Vietnam

By: _____
(Authorized Representative)

Confirmed:

Kuwait Fund for Arab
Economic Development

By: _____
(Authorized Representative)