LOAN NUMBER 3201-VIE(SF)

LOAN AGREEMENT
(Special Operations)

(Second Lower Secondary Education for the Most Disadvantaged Areas Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 23 JANUARY 2015

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 23 January 2015 between SOCIALIST REPUBLIC OF VIET NAM ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

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

(B) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

(a) "BOET" means the District Bureau of Education and Training of the Borrower in each Project Province, or any successor thereto;

(b) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(c) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 3 of Schedule 1 to this Loan Agreement;

(d) "CPMU" means a Central Project Management Unit, established under the Project Executing Agency;

(e) "DOET" means the Department of Education and Training of the Borrower in each Project Province, or any successor thereto;

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

(g) "Existing Project" means the Lower Secondary Education for the Most Disadvantaged Regions Project in respect of which ADB and the Borrower executed a loan agreement dated 10 January 2008;

(h) "Existing Project Province" means each of the following twelve (12) provinces of the Borrower: Cao Bang, Dak Lak, Dien Bien, Gia Lai, Ha Giang, Kien Giang, Lao Cai, Ninh Thuan, Soc Trang, Son La, Tra Vinh and Yen Bai;

(i) "Gender Action Plan" or "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed to between the Project Executing Agency and ADB;

(j) "Goods" means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

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

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

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

(n) "M&E" means monitoring and evaluation;

(o) "MOET" means the Ministry of Education and Training of the Borrower, or any successor thereto;

(p) "New Project Province" means each of the following sixteen (16) provinces of the Borrower: Bac Lieu, Binh Dinh, Binh Thuan, Ha Tinh, Hoa Binh, Lang Son, Nghe An, Phu Tho, Phu Yen, Quang Binh, Quang Nam, Quang Ngai, Quang Tri, Thai Nguyen, Thanh Hoa and Thua Thien Hue;

(q) "PAM" means the project administration manual for the Project dated 6 September 2014 and agreed between the Borrower, Project Executing Agency and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower, Project Executing Agency and ADB;

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

(s) "PPMU" means a Project Provincial Management Unit, established under DOET of each Project Province, and which is responsible for overall management and coordination of activities in that Project Province;

(t) "Procurement Guidelines" means ADB's Procurement Guidelines (2013, as amended from time to time);

(u) "Procurement Plan" means the procurement plan for the Project dated 6 September 2014 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

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

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

(x) "Project Province" means each Existing Project Province and each New Project Province;

(y) "REMDF" means the resettlement and ethnic minority development framework for the Project, including any update thereto, prepared and submitted by the Project Executing Agency and cleared by ADB;

(z) "REMDP" means the resettlement plan for the Project, combined with an ethnic minority development plan for the Project, including any update thereto, prepared and submitted by the Project Executing Agency pursuant to the requirements set forth in the REMDF and cleared by ADB;

(aa) "Resettlement Plan" or "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by the Project Executing Agency pursuant to the requirements set forth in the REMDF and cleared by ADB;

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

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

(dd) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to fifty-two million six hundred eighty-eight thousand Special Drawing Rights (SDR52,688,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in subsection (a) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 1 May and 1 November in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.05. The currency of repayment of the principal amount of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be the Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. Withdrawals from the Loan Account in respect of Goods, Works, and Consulting Services shall be made only on account of expenditures relating to:

(a) Goods which are produced in and supplied from and Works and Consulting Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and

(b) Goods, Works, and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 September 2021 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. (a) The Borrower shall cause the Project Executing Agency to (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for imprest fund(s) and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) The Borrower shall cause the Project Executing Agency to enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Project Executing Agency's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Project Executing Agency, unless the Project Executing Agency shall otherwise agree.

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

ARTICLE V

Effectiveness

Section 5.01. The following is specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations:

(a) the Project Executing Agency provides a letter to ADB confirming that a PPMU has been established by the relevant PPC in each New Project Province, together with a list of key employees assigned to work in each of these PPMUs;

(b) the Project Executing Agency provides a letter to ADB confirming that the PPMU established in each Existing Project Province is still fully operational and staffed by employees either continuing their involvement from the Existing Project or new staff (as the Project Executing Agency considers appropriate).

Section 5.02. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Governor of the State Bank of Vietnam of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

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

For the Borrower

State Bank of Vietnam
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 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2228.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

SOCIALIST REPUBLIC OF VIET NAM

By _____
NGUYEN VAN BINH
Governor
State Bank of Vietnam

ASIAN DEVELOPMENT BANK

By _____
TOMOYUKI KIMURA
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Project is to provide more equitable access and retention of ethnic minority, girls and disadvantaged children in lower secondary schools in the Northern Midland and Mountainous Areas, Central Highlands, Mekong River Delta, and Northern Central and Costal Central Areas which are frequently affected by typhoons.

2. The Project shall comprise the following outputs and activities thereunder:

(a) **Output 1: Increased access to lower secondary education and lower secondary education equivalency program** - increased access to lower secondary education and lower secondary education equivalency program through the construction of new classrooms, semi-boarding facilities, teacher housing units, kitchens, toilets, conduct of an awareness raising campaign among community leaders, parents and students to encourage enrollment and retention of students;

(b) **Output 2: Decentralization of teaching and learning tools developed** - development of decentralized teaching and learning tools through the development of new regional competency-based textbooks in lower secondary education subject areas to address the needs of lower secondary students in disadvantaged areas of the Project Provinces, providing in-service teacher training for lower secondary education teachers, production of instructional materials on preservation and promotion of ethnic minority cultures and values, on disaster management education, provision of vocational counseling and guidance services;

(c) **Output 3: New School Clustering Established** - establishment of new school clusters and teachers networks which connect lower secondary schools in disadvantaged areas in Project Provinces using information and community technology, providing block grants for improved cluster management, improvement of science education, development of model libraries within school clusters; and

(d) **Output 4: Project implementation and M&E capacity enhanced** - enhanced capacity for Project implementation, M&E through the provision of training to the CPMU, PPMUs, DOETs and lower secondary school principals for successful implementation of the Project, including implementation and reporting on the GAP.

3. The Project also includes the provision of Consulting Services for Project start-up support and implementation, support for resettlement activities, preparation of the Project completion report, development of textbooks, audit services, and conducting an overseas staff training program.

4. The Project is expected to be completed by 31 March 2021.

SCHEDULE 2

Amortization Schedule

(Second Lower Secondary Education for the Most Disadvantaged Areas Project)

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
1 May 2020	1,317,200
1 November 2020	1,317,200
1 May 2021	1,317,200
1 November 2021	1,317,200
1 May 2022	1,317,200
1 November 2022	1,317,200
1 May 2023	1,317,200
1 November 2023	1,317,200
1 May 2024	1,317,200
1 November 2024	1,317,200
1 May 2025	1,317,200
1 November 2025	1,317,200
1 May 2026	1,317,200
1 November 2026	1,317,200
1 May 2027	1,317,200
1 November 2027	1,317,200
1 May 2028	1,317,200
1 November 2028	1,317,200
1 May 2029	1,317,200
1 November 2029	1,317,200
1 May 2030	1,317,200
1 November 2030	1,317,200
1 May 2031	1,317,200
1 November 2031	1,317,200
1 May 2032	1,317,200
1 November 2032	1,317,200
1 May 2033	1,317,200
1 November 2033	1,317,200
1 May 2034	1,317,200
1 November 2034	1,317,200
1 May 2035	1,317,200
1 November 2035	1,317,200
1 May 2036	1,317,200
1 November 2036	1,317,200
1 May 2037	1,317,200
1 November 2037	1,317,200
1 May 2038	1,317,200
1 November 2038	1,317,200

Schedule 2

Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
1 May 2039	1,317,200
1 November 2039	1,317,200
TOTAL	**52,688,000**

* The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Interest Charge

3. The amount allocated to Category 10 is for financing the interest charge on the Loan during the implementation period of the Project.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

5. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

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 items to be retroactively financed as identified in the PAM, and subject to a maximum amount equivalent to 5% of the Loan amount.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Second Lower Secondary Education for the Most Disadvantaged Areas Project)				
Number	**Item**	**Total Amount Allocated for ADB Financing (SDR)**		**Basis for Withdrawal from the Loan Account**
		Category	**Subcategory**	
1	Civil Works	23,742,000		100% of total expenditure claimed*
2	Equipment and Furniture	7,234,000		100% of total expenditure claimed*
3	Cars	84,000		100% of total expenditure claimed*
4	Textbooks and Instruction Materials	3,211,000		100% of total expenditure claimed*
5	Staff Development	6,048,000		
5A	In-Country		5,692,000	100% of total expenditure claimed
5B	Overseas		356,000	100% of total expenditure claimed
6	Workshops	415,000		100% of total expenditure claimed
7	Consulting Services	2,914,000		100% of total expenditure claimed
8	Pilot Initiatives	1,270,000		
8A	Block Grants		988,000	100% of total expenditure claimed
8B	Awareness Raising		282,000	100% of total expenditure claimed
9	Project Implementation Support (PIS)	810,000		100% of total expenditure claimed
10	Interest During Construction	2,634,000		100% of total amount due
11	Unallocated	4,326,000		
	Total	**52,688,000**		

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

Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:

(a) International Competitive Bidding;
(b) National Competitive Bidding; and
(c) Shopping.

4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

Domestic Preference

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

National Competitive Bidding

6. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

Conditions for Award of Contract

7. The Borrower shall cause the Project Executing Agency not to award any Works contract which involves involuntary resettlement impacts until the Borrower, through the Project Executing Agency, has prepared and submitted to ADB the final RP or REMDP based on the Project's detailed design, and obtained ADB's clearance of such RP or REMDP.

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

Consulting Services

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

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

(a) Fixed Budget Selection for textbook development and overseas staff training; and

(b) Least-Cost Selection for audit services.

11. The Borrower shall recruit the individual consultants for Project start-up support, support for resettlement activities and preparation of the Project completion report in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

12. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

13. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

14. 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; Operation of Project Facilities, Financial and Other Matters

Implementation Arrangements

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

2. The Borrower, through the Project Executing Agency, shall ensure that the DOET in each Project Province liaises closely with and facilitates cooperation and coordination between the CPMU, the relevant PPMU, BOET, and District Continuing Education Center for that Project Province.

3. Where baseline data and M&E indicators have not yet been established, MOET will ensure that within six months of the Effective Date of the Loan, such data and indicators are established and submitted for ADB's approval, paying particular attention to gender-disaggregated data.

4. The Borrower shall cause MOET and DOETs to ensure, that PPMUs actively promote and undertake full community participation in the selection and preparation of the school construction sites prior to and during the construction of the schools and related facilities.

Counterpart Support

5. The Borrower, through the Project Executing Agency, shall ensure that (a) counterpart funds for Project implementation are provided on time; (b) the Project Executing Agency and the DOETs of the Project Provinces make available all funds and resources necessary for construction, operation, and maintenance of the project on a timely basis; (c) timely submission of annual budgetary appropriation requests are made by the Project Executing Agency and the PPCs of the Project Provinces and that the appropriated funds are promptly disbursed during each year of Project implementation.

6. The Borrower, through the Project Executing Agency, shall ensure that the PPCs of the Project Provinces submit to ADB, within six months of the Effective Date, an official commitment that adequate funds and staff resources will be allocated for construction, operation and routine and periodic maintenance of Project facilities through provincial budgets in order to maintain the rehabilitated and constructed facilities and the equipment provided under the Project.

Scholarship and Training Opportunities

7. The Borrower shall ensure that within one year of the Effective Date, the Project Executing Agency establishes and submits for ADB's approval transparent and merit-based criteria for the selection of teachers for training programs or study tours. The Borrower shall cause the Project Executing Agency to ensure that all education

administrators selected for overseas short-term training program or study tours execute agreements under which such education administrators agree to continue working with the same institution from which they were originally selected for at least three years after completing the overseas program.

8. The Borrower shall cause the Project Executing Agency to ensure that: (a) at least 50% of staff selected for in-country and overseas training programs or study tours are female; and (b) training programs provided under the Project are strictly in accordance with the selection criteria agreed between the Project Executing Agency and ADB.

School Construction and Replacement

9. The Borrower shall ensure that, within 12 months of the Effective Date, the Project Executing Agency: (a) submits to ADB for approval a list of the names and locations of the designated lower secondary schools to be supported for construction or rehabilitation work under the Project; (b) submits to ADB a complete list of Works sites in the Project Provinces and details of land use rights in order to determine whether any land acquisition will be required and any involuntary resettlement impacts; and (c) ensures that all Project facilities are constructed in a manner that accommodates the privacy and security concerns of female students, including provision of separate sanitation facilities for female and male students, and secure rooms that maintain privacy.

Environment

10. The Borrower shall ensure that the Project does not have any environmental impacts, all within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

Land Acquisition and Involuntary Resettlement

11. The Borrower shall ensure or cause the Project Executing Agency to ensure that all Project facilities are screened for potential involuntary resettlement impacts and that all land and all rights-of-way required for the Project, and all Project facilities 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) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the REMDF; and (d) all measures and requirements set forth in the respective RP or REMDP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

12. Without limiting the application of the Involuntary Resettlement Safeguards, the REMDF, the RP or REMDP, the Borrower shall ensure or cause the Project Executing Agency 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 affected people in accordance with the RP or REMDP; and

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

Indigenous Peoples

13. The Borrower shall ensure or cause the Project Executing Agency to ensure that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; (c) the REMDF; and (d) all measures and requirements set forth in the respective REMDP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

14. The Borrower shall make available or cause the Project Executing Agency to make available necessary budgetary and human resources to fully implement the RP and the REMDP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

15. The Borrower shall ensure or cause the Project Executing Agency to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

(a) comply with the measures and requirements relevant to the contractor set forth in the RP and the REMDP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report;

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

(c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the RP or the REMDP; and

(d) fully restore construction sites to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

16. The Borrower shall do the following or shall cause the Project Executing Agency to do the following:

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

(b) if any unanticipated social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the RP or the REDMP, 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 RP or the REMDP promptly after becoming aware of the breach.

Prohibited List of Investments

17. The Borrower shall ensure or cause the Project Executing Agency to ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor Standards

18. The Borrower shall ensure that all bidding documents for Works shall include provisions to require the contractors to (a) prioritize employment of women and the poor to at least the percentages of the labor force as set out in the GAP; (b) provide equal pay for equal work, regardless of gender, age, ethnicity or any other factors; (c) provide the timely payment of wages; (d) maximize the employment of local people who meet the job and efficiency requirements for Project construction, operation and maintenance and in that regard, not discriminate against people based on age, provided they are capable of performing the work; (e) advertise labor requirements in a timely manner prior to recruitment, in a venue that can reasonably be expected to be seen by interested men and women, regardless of age or ethnicity; (f) provide workers with a written contract; (g) provide such workers with adequate on-the-job training and safety training; (h) comply with core labor standards and the applicable labor laws and regulations, including stipulations related to employment; (i) not employ child labor; and (j) maintain records of labor employment (including the name, ethnicity, age, gender, working time and payment of wages) and ensure that such records are included in summary form in the project performance management system.

Health

19. The Borrower shall ensure that the preparation, construction, operation and maintenance of the Project facilities comply with all applicable laws and regulations of the Borrower relating to health and safety.

Gender and Development

20. The Borrower shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are

allocated for implementation of the GAP; (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB; and (e) key gender outcome and output targets include, but are not limited to: (i) at least 50% of allocations for semi-boarding are allocated to female students; (ii) at least 50% of allocations for teacher housing units are allocated to female teachers; (iii) 100% of teachers participating in the Project are trained on implementing the new curriculum supported under the Project; (iv) all new instructional materials and textbooks supported under the Project are gender-sensitive; (v) 100% of female education managers are trained on managing school clusters; and (vi) school performance monitoring systems report sex-disaggregated data on access, reduction of dropouts, and completion of lower secondary education.

Governance and Anticorruption

21. The Borrower shall and shall cause the Project Executing Agency and PPMUs to: (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and; (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

22. The Borrower, through the Project Executing Agency, shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the Project Executing Agency, DOETs, CPMU and PPMUs and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

23. The Borrower shall cause the Project Executing Agency and PPMUs to take all actions necessary to protect the Goods procured under the Project by ensuring: (a) that all deliveries of such Goods are verified upon receipt by each PPMU, including verifying that the Goods ordered are of the quality or standard as ordered, are in good and proper working order and condition; (b) that an accurate asset register is established and maintained, recording all Goods and allowing regular, unannounced inspections and audits to take place to verify the presence of all Goods and their uses for the purposes for which they are purchased for this Project; (c) all Goods leaving the central procurement site are safely delivered to their end use site in accordance with their purchase order, maintained in good and proper working condition at the location of delivery, and used for the purpose for which they were purchased; and (d) that all inspections of Goods are carried out by personnel within each PPMU who are qualified to verify their appropriate use and do not have an interest that could improperly influence the performance of their duties and responsibilities to carry out due and proper inspections of such Goods (such as vested interests or connections with any contractors, suppliers, consultants, and other service providers as they relate to the project).

24. In addition to these requirements, to deter corruption and increase transparency, the Borrower shall cause the Project Executing Agency to continue to use the project website established for the Existing Project to disclose various information concerning the Project, including general information about the Project, public procurements related to the Project, Project progress, and contact details in English and Vietnamese. The website

will also provide a link to ADB's Integrity Unit (http://www.adb.org/Integrity/complaint.asp) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. For each contract, the website will include information on, among others, the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and list of Goods and Consulting Services. The Borrower shall cause the Project Executing Agency to permit any bidder to request an explanation as to why a bid was unsuccessful, and ensure the Project Executing Agency responds promptly. The website will be updated regularly. In addition to the web-based disclosure, stakeholders will be provided by the Project Executing Agency with detailed information on procurement on public notice boards in their respective areas.