LOAN NUMBER 2610-VIE

LOAN AGREEMENT
(Ordinary Operations)

(Mong Duong 1 Thermal Power Investment Program - Loan 2)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 9 NOVEMBER 2010

LAL:VIE 39595

LOAN AGREEMENT
(Ordinary Operations)

LOAN AGREEMENT dated 9 November 2010 between SOCIALIST REPUBLIC OF VIET NAM (hereinafter called the Borrower) and ASIAN DEVELOPMENT BANK (hereinafter called ADB).

WHEREAS

(A) by a framework financing agreement dated 9 October 2007 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for the purposes of financing tranches under the Mong Duong 1 Thermal Power Project (hereinafter called the Investment Program);

(B) by a periodic financing request 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 Viet Nam Electricity (hereinafter called EVN), and for this purpose the Borrower will make available to EVN 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 EVN;

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, 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 thereof (said Ordinary Operations Loan Regulations as so modified being hereinafter called the Loan Regulations):

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

> **Commitment Charge; Credit.** (aa) 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.

(bb) 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.

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

(aa) 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.

(bb) 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.

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

(aa) 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.

(bb) 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, unless the context otherwise requires, the several terms defined in the Loan Regulations have the respective meanings therein set forth, and the following additional terms have the following meanings:

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

(b) "CFB" means Circulating Fluidized Bed;

(c) "Consulting Guidelines" means ADB's Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2007, as amended from time to time);

(d) "EIA" means the environmental impact assessment prepared for the Project by the Borrower and agreed by ADB;

(e) "EMP" means an environmental management plan;

(f) "EPC" means engineering, procurement and construction;

(g) "EVN" has the meaning given in Recital C of this Loan Agreement;

(h) "FFA" means the framework financing agreement dated 9 October 2007 between ADB and the Borrower with respect to the Investment Program;

(i) "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;

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

(k) "IEE" means an initial environmental examination;

(l) "Implementing Agency" means TPPMU 1;

(m) "Investment Program" means Mong Duong 1 Thermal Power Project, as more fully described in Schedule 1 to the FFA;

(n) "MD1" means Mong Duong 1;

(o) "MD2" means Mong Duong 2;

(p) "PFR" means the periodic financing request submitted or to be submitted by the Borrower, for the purposes of each loan under the Investment Program, and for the purpose of this Loan Agreement means the periodic financing request dated 9 November 2010;

(q) "Procurement Guidelines" means ADB's Procurement Guidelines (2007, as amended from time to time);

(r) "Procurement Plan" means the procurement plan for the Project dated 20 November 2009 and agreed between EVN and ADB, as updated from time to time in accordance with Procurement Guidelines, Consulting Guidelines, and other arrangements agreed with ADB;

(s) "Project area" means northern Viet Nam covering Ha Noi, Hai Phong, Hai Duong, Hung Yen, Quang Ninh, Bac Ninh and Vinh Phuc provinces;

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

(u) "Project facilities" means the facilities to be constructed, provided or maintained under the Project;

(v) "REMDP" means the resettlement and ethnic minority development plan prepared for the Project;

(w) "RF" means the resettlement framework prepared for the Investment Program;

(x) "Subsidiary Loan Agreement" means an agreement between the Borrower and EVN referred to in Section 3.01 of this Loan Agreement;

(y) "TPPMU 1" means Thermal Power Project Management Unit 1; and

(z) "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 nine hundred two million and eight hundred fifty thousand Dollars ($902,850,000), 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 19 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 0.40% 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 sixty (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 EVN under a Subsidiary Loan Agreement upon terms and conditions satisfactory to ADB. Except as ADB may otherwise agree, the terms for relending the proceeds of the Loan shall include (i) the same interest and other charges as those applicable to the Loan, and (ii) an onlending fee pursuant to the Borrower's regulations.

(b) The Borrower shall cause EVN 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 Goods, Works, consulting services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan among different categories of such Goods, Works, consulting services and other items of expenditure shall be 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, all Goods, Works and consulting services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement. ADB may refuse to finance a contract where Goods, Works or consulting services have 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 Goods, Works and consulting services financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The closing date for withdrawals from the Loan Account for the purposes of Section 9.02 of the Loan Regulations shall be 31 December 2014 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 EVN to carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental and power generation 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 and the Project Agreement.

Section 4.02. The Borrower shall make available to EVN, promptly as needed, the funds, facilities, services, land and other resources which are 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 are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.04. The Borrower shall take all action which shall be necessary on its part to enable EVN 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 4.05. (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: the Borrower or EVN shall have failed to perform any of their obligations under 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, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Borrower and EVN and shall have become effective and binding upon the parties in accordance with its terms.

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: that the Subsidiary Loan Agreement has been duly executed and delivered on behalf of the Borrower and EVN, and is legally binding upon the parties in accordance with its terms.

Section 6.03. A date ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of the 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 EVN 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 and under Sections 6.01, 6.02, and 6.03 of the Loan Regulations.

Section 7.02. Any action taken or any agreement entered into by EVN 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 EVN 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 Viet Nam of the Borrower 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 Viet Nam
47-49 Ly Thai To
Hanoi, Viet Nam

Facsimile Numbers:

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

For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2331.

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 and to be delivered at the principal office of ADB, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIET NAM

By _____
NGUYEN VAN GIAU
Governor
State Bank of Vietnam

ASIAN DEVELOPMENT BANK

By _____
AYUMI KONISHI
Country Director
Vietnam Resident Mission

SCHEDULE 1

Description of the Project

1. The intended impact of the Investment Program is more reliable, uninterruptible supply of electricity to industries, businesses, and households to enable socio-economic development and industrialization in the Project area. The intended immediate outcome of the Investment Program is that the Borrower's power system will have adequate generating capacity with more balanced generation mix between thermal and hydro capacities to ensure system reliability for meeting growing electricity demand in the Project area.

2. The Investment Program's output is a 1,000 megawatt coal-fired power plant using CFB boiler technology, an environmentally cleaner coal technology, situated in Mong Duong ward, Cam Pha district, Quang Ninh province.

3. As a part of the Investment Program, the Project will have the following scope:

(i) complete, test and commission 2 (two) CFB units (each 500 megawatt) of MD1 power plant, including the ash pond; and

(ii) complete common facilities for MD1 and MD2 such as fuel oil jetties and limestone jetties, site boundary and drainage, cooling water discharge channel beyond the outfall, cooling water inlet and outlet channels, and fresh water supply system for operation of both plants.

4. The Project includes provision of consulting services. The Project is expected to be completed by 30 June 2014.

SCHEDULE 2

Amortization Schedule

(Mong Duong 1 Thermal Power Investment Program - Loan 2)

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.

	Payment Due	Installment Share (Expressed as a %)
1	15 May 2016	0.928423
2	15 Nov 2016	0.974844
3	15 May 2017	1.023586
4	15 Nov 2017	1.074766
5	15 May 2018	1.128504
6	15 Nov 2018	1.184929
7	15 May 2019	1.244176
8	15 Nov 2019	1.306384
9	15 May 2020	1.371704
10	15 Nov 2020	1.440289
11	15 May 2021	1.512303
12	15 Nov 2021	1.587918
13	15 May 2022	1.667314
14	15 Nov 2022	1.750680
15	15 May 2023	1.838214
16	15 Nov 2023	1.930125
17	15 May 2024	2.026631
18	15 Nov 2024	2.127963
19	15 May 2025	2.234361
20	15 Nov 2025	2.346079
21	15 May 2026	2.463383
22	15 Nov 2026	2.586552
23	15 May 2027	2.715879
24	15 Nov 2027	2.851673
25	15 May 2028	2.994257
26	15 Nov 2028	3.143970
27	15 May 2029	3.301168

28	15 Nov 2029	3.466227
29	15 May 2030	3.639538
30	15 Nov 2030	3.821515
31	15 May 2031	4.012591
32	15 Nov 2031	4.213220
33	15 May 2032	4.423881
34	15 Nov 2032	4.645075
35	15 May 2033	4.877329
36	15 Nov 2033	5.121196
37	15 May 2034	5.377255
38	15 Nov 2034	5.646098
	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 two 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 Goods, Works, consulting services and other items to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each such Category (hereinafter called the Table). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table and reference to "Subcategory" or "Subcategories" in this Schedule is to a Subcategory or Subcategories of a Category.)

Percentages of ADB Financing

2. Except as ADB may otherwise agree, the items of the Categories and Subcategories listed in the Table 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 3 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 then 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 for financing Goods, Works, consulting services and other items shall be disbursed in accordance with ADB's Loan Disbursement Handbook.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Mong Duong 1 Thermal Power Investment Program - Loan 2)				
CATEGORY				**ADB FINANCING BASIS**
Number	**Item**	**Total Amount Allocated for ADB Financing $**		**Percentage of ADB Financing from the Loan Account**
		Category	**Subcategory**	
1	Works	783,350,000		
1A	EPC package		764,330,000	87 percent of total expenditure claimed*
1B	Civil works		19,020,000	100 percent of total expenditure claimed*
2	Consulting Services	13,060,000		100 percent of total expenditure claimed*
3	Interest and Commitment Charge	42,730,000		100 percent of amounts due
4	Unallocated	63,710,000		
	Total	902,850,000		

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

SCHEDULE 4

Procurement of Goods and Works, and Consulting Services

A. General

1. All Goods, Works and consulting services to be financed out of the proceeds of the Loan 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.

B. 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:

International Competitive Bidding
National Competitive Bidding
Shopping

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.

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

5. National Competitive Bidding. 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 written approval of such change by the Borrower and ADB.

C. Selection of Consulting Services

6. Quality- and Cost-Based Selection. Except as ADB may otherwise agree, the Borrower shall apply quality- and cost-based selection for selecting and engaging consulting services.

D. Industrial or Intellectual Property Rights

7. (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.

8. 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.

E. ADB's Review of Procurement Decisions

9. All 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; Financial Matters

Implementation Arrangements

1. EVN shall be the Project Executing Agency and shall be responsible for overall execution of the Investment Program. TPPMU 1 shall be the Implementing Agency. The Project Director, who shall be the Director of TPPMU 1, shall report to the Vice President of EVN, responsible for development of power generation in the Project area, on a regular basis.

2. TPPMU 1 Chief Accounts Officer shall be responsible for coordinating all accounting procedures under the Project and ensuring compliance with ADB's auditing and accounting requirements.

3. EVN and TPPMU 1 shall consult with ADB on matters related to the Project implementation. All matters relating to selection or appointment or to any changes to such selection or appointment, of any officer-in-charge or the Project Director shall be promptly notified to ADB.

Technical Issues

4. The Borrower shall ensure that EVN (a) has at least 14 days of coal stock on site for the duration of the Project life, (b) takes satisfactory security measures along the discharge channel to safeguard power plant operation, (c) assigns adequately trained staff to operate and maintain the Project facilities, and (d) takes measures so that annual operation and maintenance of the plant is carried out.

Financial Ratios and Reporting

5. The Borrower shall ensure, through appropriate tariff adjustments and other means, that EVN shall maintain (a) self-financing ratio of 25% or above, (b) debt service coverage ratio of 1.5 or above, and (c) long-term debt-equity ratio of at least 70:30 or less. The Borrower shall also ensure that EVN (a) maintains an internal audit function to undertake timely audit of project accounts in accordance with generally accepted accounting principles; (b) maintains separate accounts for the Project, including the financing provided by EVN; and (c) submits to ADB quarterly progress reports, annual audited project accounts, and consolidated audited accounts of EVN.

Anticorruption and Good Governance

6. The Borrower shall, and shall cause EVN and TPPMU 1 to, comply with ADB's *Anticorruption Policy* (1998, as amended to date). The Borrower, EVN and TPPMU1 acknowledge that consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project. To support these efforts, the Borrower shall cause EVN and TPPMU 1 to ensure that:

a. relevant provisions of ADB's *Anticorruption Policy* are included in the bidding documents for the Project and all contracts financed by ADB in connection with the Project include provisions specifying the right of ADB to audit and examine the records and accounts of EVN, and all contractors, suppliers, consultants, and other service providers as they relate to the Project;

b. EVN requires all procurement activities to be supervised by EVN's Procurement Department to ensure transparency as well as objective and independent assessment of those activities;

c. EVN's auditors have the right to conduct random or spot audits for contract implementation activities under this Loan;

d. EVN and TPPMU 1 shall cooperate with any such investigations and extend all necessary assistance, including access to all relevant contracts, and accounting and bookkeeping records, as well as engagement of independent experts that may be needed for satisfactory completion of such investigations; and

e. EVN publishes on its web site information on all procurement contracts valued at $1 million and above. Such information shall include the name of the winning bidder, value of the contract and contact details of the bidder.

7. The Borrower shall cause EVN to ensure that its inspectorate department takes necessary action to prevent corruption by: (a) supervising the bidding processes, bid evaluation, and construction of the Project; (b) preventing interference in Project bidding and evaluation processes; and (c) regularly briefing by TPPMU 1 to relevant government authorities, including as and when an incident of corruption has been detected, by the local prosecutor's office.

Resettlement, Indigenous Peoples and Gender

8. The Borrower, through EVN, shall engage and mobilize resettlement and ethnic minority consultants experienced in ADB's *Involuntary Resettlement Policy* (1995) and ADB's *Policy on Indigenous Peoples* (1998) to (a) assist in updating and implementing the REMDP, and (b) prepare resettlement plans for project components in accordance with the RF.

9. The Borrower shall cause EVN to ensure that (a) the REMDP is implemented efficiently in accordance with the Borrower's applicable laws and regulations and ADB's *Involuntary Resettlement Policy* and *Policy on Indigenous Peoples*; (b) all affected people are given adequate opportunity to participate in resettlement planning and implementation; (c) focus is placed on the needs of the most vulnerable including ethnic minorities and gender issues; (d) the affected people are compensated and assisted prior to displacement from their land and assets such that they shall be at least as well off as they would have been in the absence of the Project; (e) implementation of the REMDP is monitored and evaluated by EVN and the independent monitoring organization acceptable to ADB; (f) monitoring and evaluation is undertaken using gender and ethnic group disaggregated

indicators, and related reports are submitted to ADB on a quarterly basis; (g) the resettlement plans for project components shall be prepared in accordance with the RF, and submitted to ADB for review and approval; and (h) the REMDP and any subsequent resettlement plans are disclosed to the affected people in accordance with ADB policies.

10. The Borrower shall ensure that the gender strategy provided in the REMDP is undertaken to minimize resettlement related impact, including the following specific actions: (a) separate consultation meeting shall be held to disclose each resettlement plan; (b) registration of the replacement land in the names of both husband and wife in cases where land acquisition has taken place; (c) compensation money given to both husband and wife; and (d) consultation with women in planning of income restoration program and livelihood activities, and involvement of women in livelihood training program.

11. The Borrower shall cause EVN to ensure that (a) funds needed for land acquisition and resettlement, including unforeseen obligations in excess of the resettlement budget estimates, are allocated and disbursed in a timely manner; (b) the REMDP and subsequent resettlement plans (for staff quarters, etc.) are updated and submitted to ADB within 3 months of completing the detailed measurement surveys; and (c) ADB is promptly advised of any substantial changes in the resettlement impacts and, if necessary, a revised REMDP/resettlement plan is submitted to ADB for approval.

12. In the event of any conflict or gap between provisions and principles of ADB's *Involuntary Resettlement Policy* and *Policy on Indigenous Peoples* and the Borrower's laws and regulations, the provisions and principles of ADB's policies shall prevail.

Social Matters

13. The Borrower, through EVN, shall ensure that all Works contracts under the Project incorporate provisions and budgets to the effect that contractors (a) comply with the Borrower's applicable labor laws and related international treaty obligations and do not employ child labor; (b) provide safe working conditions, water and separate sanitation facilities for male and female workers in the construction camps and in the construction sites; (c) provide equal wages to male and female workers for work of equal value; (d) provide child day-care services for female construction workers; (e) recruit local labor for construction work; and (f) undertake HIV/AIDS and human trafficking education and awareness campaigns in the construction camps, other risk groups and villages, and along the constructions sites, labor camps and surrounding villages.

Environmental Matters

14. The Borrower, through EVN, shall ensure that the Project is developed, conducted, implemented and maintained in accordance with the Borrower's applicable laws and regulations, ADB's *Environment Policy* (2002) and the EIA. If there is any discrepancy between the Borrower's laws and regulations, and ADB's *Environment Policy*, the requirements of ADB's *Environment Policy* shall apply. The Borrower, through EVN, shall ensure that (a) a detailed EMP is prepared by EPC contractor for construction phase consistent with the EMP contained in the EIA and the detailed design; (b) any environmental permits, licenses and clearances are obtained in a timely manner; (c) any adverse impact on the environment that may arise from the implementation of Project activities is promptly mitigated or minimized in accordance with the EMP; (d) if there are any major changes in the

specific locations or components of the Project facilities after the Project is approved, a supplementary environmental assessment is completed in relation to such change in compliance with ADB's *Environment Policy*; (e) design of the cooling water system does not allow the rise in temperature in the discharge channel above acceptable parameters; (f) implementation of the EMP, including any safety breaches, violation of environmental standards and corrective measures taken thereto, is reported semiannually to ADB; and (g) all Works and consultant contracts shall contain provisions that reflect the above requirements to mitigate negative environmental impacts caused by the construction and to give due consideration to prevention of damage to the natural environment in the design, construction, operation and maintenance of the Project facilities.

15. The Borrower, through EVN, shall (a) monitor the implementation of the EMP by contractors; (b) ensure that specific provisions are included for the preparation and implementation of the EMP in the EPC contract; (c) ensure that the environmental mitigation measures in the EIA are adequately implemented by the contractors; and (d) provide adequate budgetary allocation for this activity.

16. The Borrower, through EVN, shall cause the consultants engaged for construction supervision to monitor closely the compliance by the contractors with the environmental impact mitigation requirements.

17. The Borrower, through EVN, shall ensure proper implementation of environmental mitigation and monitoring measures specified in the IEE for the freshwater supply component. Environmental monitoring reports on the implementation of such measures shall be included in the semi-annual reports on EMP implementation for the entire Project.

18. Before ash pond 1 reaches the end of its design life, the Borrower, through EVN, shall undertake evaluation of alternatives and detailed design of preferred site for ash pond 2. The detailed design activities should include consideration of the technical feasibility and capacity of the proposed ash pond 2, the required wastewater treatment system, and the means of transporting ash to the disposal site. The Borrower, through EVN, shall ensure that lessons learned from the operation of ash pond 1 are incorporated into the detailed design activities. Final site, design and management plan of ash pond 2 shall be presented in an IEE/EIA submitted to ADB for approval.

LOAN NUMBER 2610-VIE

PROJECT AGREEMENT

(Mong Duong 1 Thermal Power Investment Program - Loan 2)

between

ASIAN DEVELOPMENT BANK

and

VIET NAM ELECTRICITY

DATED 9 NOVEMBER 2010

PAL: VIE 39595

PROJECT AGREEMENT

PROJECT AGREEMENT dated 9 November 2010 between ASIAN DEVELOPMENT BANK (hereinafter called ADB) and VIET NAM ELECTRICITY (hereinafter called EVN).

WHEREAS

(A) by a Loan Agreement of even date herewith between the Socialist Republic of Viet Nam (hereinafter called the Borrower) and ADB, ADB has agreed to make to the Borrower a loan of nine hundred two million and eight hundred fifty thousand Dollars ($902,850,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the Loan be made available to EVN and that EVN agrees to undertake certain obligations towards ADB as hereinafter set forth; and

(B) EVN, in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

ARTICLE II

Particular Covenants

Section 2.01. (a) EVN shall carry out the Project with due diligence and efficiency, and in conformity with sound administrative, financial, engineering, environmental and power generation practices.

(b) In the carrying out of the Project and operation of the Project facilities, EVN shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to EVN.

Section 2.02. EVN shall make available, promptly as needed, the funds, facilities, services, equipment, land and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 2.03. (a) In the carrying out of the Project, EVN shall employ competent and qualified consultants and contractors, acceptable to ADB, to an extent and upon terms and conditions satisfactory to ADB.

(b) Except as ADB may otherwise agree, all Goods, Works and consulting services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where Goods, Works or consulting services have 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 2.04. EVN shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. EVN shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.05. (a) EVN shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance of Project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, EVN undertakes to insure, or cause to be insured, the Goods to be imported for the Project and to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.

Section 2.06. EVN shall maintain, or cause to be maintained, records and accounts adequate to identify the Goods, Works and consulting services and other items of expenditure 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 principles, its operations and financial condition.

Section 2.07. (a) ADB and EVN shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) EVN shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement or the Subsidiary Loan Agreement, or the accomplishment of the purposes of the Loan.

(c) ADB and EVN shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, EVN and the Loan.

Section 2.08. (a) EVN shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the Goods, Works, consulting services, and other items of

expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of EVN; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, EVN shall furnish to ADB quarterly reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter.

(c) Promptly after physical completion of the Project, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, EVN shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by EVN of its obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) EVN shall (i) maintain separate accounts for the Project and for its overall operations; (ii) have such accounts and related financial statements (balance sheet, statement of income and expenses, and related statements) audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; and (iii) furnish to ADB, promptly after their preparation but in any event not later than 6 months after the close of the fiscal year to which they relate, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the covenants of the Loan Agreement), all in the English language. EVN shall furnish to ADB such further information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) In addition to annual audited financial statements referred to in paragraph (a) of this Section, EVN shall furnish to ADB within 2 months after the end of each fiscal year, unaudited annual financial statements on the Project operations for such fiscal year.

(c) EVN shall enable ADB, upon ADB's request, to discuss EVN's financial statements and its financial affairs from time to time with the auditors appointed by EVN pursuant to Section 2.09(a) hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of EVN unless EVN shall otherwise agree.

Section 2.10. EVN shall enable ADB's representatives to inspect the Project, the Goods and Works financed out of the proceeds of the Loan, all other plants, sites, properties and equipment of EVN, to the extent relevant to the Project, and any relevant records and documents.

Section 2.11. (a) EVN shall, promptly as required, take all action within its powers to maintain its corporate existence, to carry on its operations, and to

acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of its business.

(b) EVN shall at all times conduct its business in accordance with sound administrative, financial, environmental and power generation practices, and under the supervision of competent and experienced management and personnel.

(c) EVN shall at all times operate and maintain its plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound administrative, financial, engineering, environmental, power generation, and maintenance and operational practices.

Section 2.12. Except as ADB may otherwise agree, EVN shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Project Agreement.

Section 2.13. Except as ADB may otherwise agree, EVN shall apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall ensure that all Goods, Works and consulting services financed out of such proceeds are used exclusively in the carrying out of the Project.

Section 2.14. Except as ADB may otherwise agree, EVN shall duly perform all its obligations under the Subsidiary Loan Agreement, and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Subsidiary Loan Agreement.

Section 2.15. EVN shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of its Charter and shall afford ADB an adequate opportunity to comment on such proposal prior to taking any action thereon.

ARTICLE III

Effective Date; Termination

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement shall come into force and effect. ADB shall promptly notify EVN of such date.

Section 3.02. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

ARTICLE IV

Miscellaneous

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, facsimile or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2331

For EVN

Viet Nam Electricity
18 Tran Nguyen Han
Hanoi, Viet Nam

Facsimile Number:

(84-4) 3824-9462.

Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement or under Section 7.01 of the Loan Agreement by or on behalf of EVN may be taken or executed by its President or by such other person or persons as he shall so designate in writing notified to ADB.

(b) EVN shall furnish to ADB sufficient evidence of the authority of each person who will act under paragraph (a) of this Section, together with the authenticated specimen signature of each such person.

Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project 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.

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.

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

ASIAN DEVELOPMENT BANK

By _____
AYUMI KONISHI
Country Director
Vietnam Resident Mission

VIET NAM ELECTRICITY

By _____
DINH QUANG TRI
Vice President