LOAN NUMBER 2636-VIE (SF)

LOAN AGREEMENT
(Special Operations)

(Strengthening Water Management and Irrigation Systems Rehabilitation Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 7 Sep. 2010

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 7 Sep 2010 between SOCIALIST REPUBLIC OF VIET NAM (the "Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

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

(B) the Borrower has also applied to Agence Française de Développement ("AFD") for a loan (the "AFD Loan") in an amount of twenty million Euro (€20,000,000) to assist in financing a part of the Project, pursuant to agreements to be entered into between the Borrower and AFD (the "AFD Loan Agreement"); and

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

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 (the "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. The definitions set forth in the Loan Regulations are applicable to this Loan Agreement unless the context requires otherwise. In addition, the following terms have the following meanings:

(a) "BHH" means Bac Hung Hai Irrigation and Drainage Scheme located in the Borrower's Red River Delta;

(b) "BHH IDMC" means an irrigation and drainage management company within BHH, or any successor thereto;

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

(d) "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);

(e) "CPMU" means, for the purpose of the Project, a central project management unit established within MARD, or any successor thereto, as more fully described in paragraph 2 of Schedule 5 to this Loan Agreement;

(f) "EMP" means the Project's environmental management plan developed for each of Components 1 and 2;

(g) "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;

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

(i) "MARD" means the Borrower's Ministry of Agriculture and Rural Development, or any successor thereto;

(j) "PMU" means, for the purpose of the Project, a project management unit to be established within WRU, BHH IDMC and provincial Departments of Agriculture and Rural Development of the Project provinces, or any successor thereto, as more fully described in paragraph 3 of Schedule 5 to this Loan Agreement;

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

(l) "Procurement Plan" means the procurement plan for the Project dated 19 March 2010 and agreed between the Borrower and ADB, as updated from time to time in accordance with Procurement Guidelines, Consulting Guidelines, and other arrangements agreed with ADB;

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

(n) "Project facility" means any facility to be constructed, provided, rehabilitated, operated and/or maintained under the Project;

(o) "Project province" means the Borrower's province where the Project is implemented;

(p) "Resettlement Framework" means the resettlement framework developed by the Borrower and approved by ADB on 9 December 2009;

(q) "Resettlement plan" means any resettlement plan for the Project developed in accordance with the Resettlement Framework;

(r) "Subproject" means any subproject by which a selected new pumping station will be constructed or existing pumping station will be rehabilitated under Component 2;

(s) "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; and

(t) "WRU" means the Borrower's Water Resources University, or any successor thereto.

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 sixty five million two hundred twenty two thousand Special Drawing Rights (SDR 65,222,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of one percent (1%) per annum during the grace period, and one and one-half percent (1.5%) per annum thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in paragraph (a) of this Section means the period prior to payment of the first principal amount of the Loan on the payment date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 April and 15 October 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 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 Dollars.

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 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.

Section 3.04. Withdrawals from the Loan Account in respect of Goods, Works, and consulting services shall be made only on account of expenditures relating to:

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

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

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 December 2016 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 (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial 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; (iii) furnish to ADB, as soon as available but in any event not later than 6 months after the end of each related fiscal year, 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 financial covenants of this Loan Agreement as well as on the use of the procedures for imprest account/statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Borrower shall enable ADB, upon ADB's request, to discuss the Borrower's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by the Borrower pursuant to Section 4.02(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 the Borrower unless the Borrower shall otherwise agree.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works financed out of the proceeds of the Loan, and any relevant records and documents.

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 8.01(m) of the Loan Regulations: the AFD Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) 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 9.01(f) of the Loan Regulations: MARD shall have issued a decision for Project implementation which specifies, among other things, the roles and responsibilities of CPMU and PMUs.

Section 6.02. 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 9.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. 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 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

State Bank of Vietnam
47 – 49 Ly Thai To
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) 636-2331.

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
Authorized Representative

ASIAN DEVELOPMENT BANK

By _____
AYUMI KONISHI
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The impact of the Project is to contribute to increased agricultural productivity in the BHH area. The outcome of the Project will be quality of water-related services strengthened, including (i) improved technical supervision as well as management competencies of stakeholders involved in the delivery of irrigation and drainage services in the BHH; and (ii) higher operational efficiency of irrigation and drainage systems.

2. The Project comprises the following components:

Component 1. New Educational Facilities for Water Resources University: Constructing a part of WRU's new campus including educational facilities, offices, libraries, laboratories, dormitories and parking.

Component 2. Constructing and rehabilitating BHH Irrigation and Drainage Infrastructure: Constructing new pumping stations and rehabilitating selected existing pumping stations in the BHH area.

Component 3. Strengthening Capacity of BHH Service Providers:

- Developing capacity of water management organizations throughout BHH and establishing a first phase supervisory control and data acquisition system, and
- Facilitating, on a pilot basis, participatory approach for stakeholders to identify investment priorities for strengthening local level water management and upgrading secondary and tertiary canal system infrastructure.

3. The Project will also assist in establishing a project management structure along with strengthening capacity for efficient and effective implementation, and carrying out, with support from project implementation consultants, the project performance and monitoring system.

4. The Project is expected to be completed by 30 June 2016.

SCHEDULE 2

Amortization Schedule

(Strengthening Water Management and Irrigation Systems Rehabilitation Project)

Payment Due Date	Payment of Principal* (expressed in Special Drawing Rights)
15-Oct-2018	1,358,792
15-Apr-2019	1,358,792
15-Oct-2019	1,358,792
15-Apr-2020	1,358,792
15-Oct-2020	1,358,792
15-Apr-2021	1,358,792
15-Oct-2021	1,358,792
15-Apr-2022	1,358,792
15-Oct-2022	1,358,792
15-Apr-2023	1,358,792
15-Oct-2023	1,358,792
15-Apr-2024	1,358,792
15-Oct-2024	1,358,792
15-Apr-2025	1,358,792
15-Oct-2025	1,358,792
15-Apr-2026	1,358,792
15-Oct-2026	1,358,792
15-Apr-2027	1,358,792
15-Oct-2027	1,358,792
15-Apr-2028	1,358,792
15-Oct-2028	1,358,792
15-Apr-2029	1,358,792
15-Oct-2029	1,358,792
15-Apr-2030	1,358,792
15-Oct-2030	1,358,792
15-Apr-2031	1,358,792
15-Oct-2031	1,358,792
15-Apr-2032	1,358,792
15-Oct-2032	1,358,792
15-Apr-2033	1,358,792
15-Oct-2033	1,358,792
15-Apr-2034	1,358,792
15-Oct-2034	1,358,792
15-Apr-2035	1,358,792
15-Oct-2035	1,358,792
15-Apr-2036	1,358,792
15-Oct-2036	1,358,792
15-Apr-2037	1,358,792
15-Oct-2037	1,358,792
15-Apr-2038	1,358,792
15-Oct-2038	1,358,792
15-Apr-2039	1,358,792

Schedule 2

Payment Due Date	Payment of Principal* (expressed in Special Drawing Rights)
15-Oct-2039	1,358,792
15-Apr-2040	1,358,792
15-Oct-2040	1,358,792
15-Apr-2041	1,358,792
15-Oct-2041	1,358,792
15-Apr-2042	1,358,776
Total	65,222,000

* The figures in this column represent SDR equivalents determined as of the respective dates of withdrawal. The arrangements for payment of each maturity are subject to the relevant provisions of the Special Operations Loan Regulations

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of Goods, Works and 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 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 Charge

3. The amount allocated to Category 7 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 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 the Loan Disbursement Handbook.

Schedule 3

Imprest Account; Statement of Expenditures

6. (a) Except as ADB may otherwise agree, the Borrower shall immediately after the Effective Date (i) establish with CPMU an imprest account at a commercial bank acceptable to ADB; and (ii) cause each of WRU, BHH IDMC-PMU, Hung Yen-PMU and Hai Duong-PMU to establish a Second Generation Imprest Account (SGIA) at the commercial bank, or branch thereof, where the imprest account is to be established. The imprest account shall be established, managed, replenished and liquidated in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. The currency of the imprest account shall be Dollars. The amount to be deposited into the imprest account shall not exceed the lower of (i) the estimated expenditure to be financed from the imprest account for the first six (6) months of Project implementation, or (ii) the equivalent of ten (10) percent of the Loan amount. The amount to be deposited into each of the SGIA shall be equivalent to six (6) months estimated expenditures to be funded from the imprest account, but in any event not exceeding the equivalent of two million five hundred thousand Dollars ($2,500,000) for WRU, two million Dollars ($2,000,000) for BHH IDMC-PMU, one million five hundred thousand Dollars ($1,500,000) for Hung Yen-PMU and one million five hundred thousand Dollars ($1,500,000) for Hai Duong-PMU.

(b) The statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures not exceeding the equivalent of $100,000 per payment and to liquidate advances provided into the imprest account, in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB.

Retroactive Financing

7. Withdrawals from the Loan Account may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with consulting services, subject to a maximum amount equivalent to $1,000,000.

Condition of Disbursements to Civil Works Contracts

8. Notwithstanding any other provision of this Loan Agreement, no disbursements shall be made to a particular civil works contract financed under the Project until (i) the resettlement plan for the relevant civil works has been approved by ADB; and (ii) all resettlement activities related to the particular civil works have been completed in accordance with the resettlement plan or other requirements relating to resettlement and vulnerable groups as applicable, including related compensation payments and replacement of assets or other assistance for the affected people prior to the dispossession or displacement of the affected people.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Strengthening Water Management and Irrigation Systems Rehabilitation Project)				
CATEGORY				ADB FINANCING
Number	Item	Amount Allocated [SDR'000] Category	Subcategory	Percentage and Basis for Withdrawal from the Loan Account
1	Civil Works & Mechanical Works	56,283		
1A	Civil Works – Water Resources University		34,933	90 percent of total expenditure
1B	Civil & Mechanical Works – Bac Hung Hai Subprojects		21,350	90 percent of total expenditure
2	Surveys, Design, Monitoring & Supervision	2,952		
2A	Water Resources University		1,488	90 percent of total expenditure
2B	Bac Hung Hai Subprojects		1,464	90 percent of total expenditure
3	Vehicles & Equipment	1,311		90 percent of total expenditure
4	Training & Workshops	537		90 percent of total expenditure
5	Consulting Services	1,265		90 percent of total expenditure
6	Operations Costs	653		36.9 percent of total expenditure
7	Interest Charge	2,221		100 percent of amount due
	Total	65,222		

SCHEDULE 4

Procurement of Goods, 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 for 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
Direct Contracting

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, and except as set forth in the paragraph below, the Borrower shall apply quality- and cost-based selection for selecting and engaging consulting services.

7. 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:

Fixed Budget Selection for training, preparation of resettlement plans, independent external monitoring for EMP and resettlement plans, and auditing; and
Consultants' Qualifications Selection for surveys, design, monitoring, and supervision, training, preparation of resettlement plans, independent external monitoring for EMP and resettlement plans, and auditing.

8. The Borrower shall recruit the individual consultants for independent monitoring, preparation of resettlement plans, training, and surveys, design, monitoring, and supervision in accordance with procedures acceptable to ADB for recruiting individual consultants.

D. Industrial or Intellectual Property Rights

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

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

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

E. ADB's Review of Procurement Decisions

11. All contracts 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

A. Project Management

1. MARD, though CPMU, shall be the Project Executing Agency. WRU, BHH IDMC and the Borrower's respective Provincial Peoples Committees and their Departments of Agriculture and Rural Development shall implement their respective parts of the Project.

2. CPMU, headed by a Project Director with full delegated responsibility for decision making, shall comprise full-time qualified and experienced staff of the central project office under MARD, and shall (i) provide overall management and coordination of the Project, (ii) liaise with implementing agencies to improve WRU facilities and BHH irrigation management systems; (iii) implement the project performance management system; (iv) procure Goods, Works and consulting services in accordance with the Procurement Plan; (v) coordinate with implementing agencies the procurement of goods and services; (vi) prepare forecasts of contract awards and disbursements and arrange project account audits; and (vii) prepare Project reports including the project completion report.

3. Five (5) PMUs, headed by project managers with qualifications acceptable to ADB, shall be established under the direct administration of WRU, BHH IDMC and the provincial Departments of Agriculture and Rural Development, and shall comprise full-time qualified and experienced staff. PMUs shall, with support of the Project consultants, (i) construct facilities for the new campus of WRU; (ii) improve irrigation management systems; (iii) construct new irrigation and drainage infrastructure; (iv) rehabilitate existing irrigation and drainage infrastructure; (v) procure Goods, Works and consulting services; (vi) operationalize the project performance and monitoring system; and (vii) implement resettlement plans, EMPs and the gender action plan.

4. For Nghi Xuyen pumping station, CPMU shall be responsible for the activities as provided in paragraph 3 above.

B. Operation and Maintenance

5. The Borrower shall finance:

(i) planned canal cleaning and dredging works for the BHH and recurrent operation and maintenance expenses associated with such works;

(ii) construction of the Cau Xe sluice in Hai Duong province to provide efficient drainage for a large portion of the BHH and tidal irrigation for parts of Dong Nam Cuu An, Binh Giang–Bac Thanh Mien and the Gia Loc-Tu Ky areas, and recurrent operation and maintenance expenses associated with such structure;

(iii) cost of repairing or operationalizing the Nhu Quynh pump station to ensure efficient irrigation of the Gia Thuan area of the Bac Ninh province, and recurrent operation and maintenance expenses associated with such structure; and

(iv) cost of operation and maintenance to sustain the irrigation and drainage infrastructure constructed under the Project for a minimum thirty (30) years through cost-sharing arrangements, acceptable to ADB, between the central government and relevant provincial governments.

6. MARD shall ensure the proper care, training and operation and maintenance to sustain the effectiveness of the supervisory control and data acquisition system, and the supervisory control and data acquisition data and information will be shared among all relevant stakeholders including the Ministry of Natural Resources and Environment, and the relevant Departments of Natural Resources and Environment.

C. Water Level of the Red River

7. Within twelve (12) months of the Effective Date, the Borrower shall have established a legal framework for water sharing, water rights and river basin management. The Borrower shall ensure that such legal framework will ultimately lead to agreements between relevant ministries and agencies which provide inter-reservoir operation rules optimizing the use of water resources and achieving a one point eighty-five (1.85) meter water level in the Red River at the Xuan Quan Intake during the dry season (January-February) when crucial agricultural land preparation takes place.

D. Environment

8. The Borrower shall ensure that the Project facilities will be constructed and operated in compliance with applicable environmental laws and regulations of Viet Nam and ADB's *Environment Policy* (2002). The respective EMPs for Components 1 and 2 shall be updated with detailed designs of the Project activities. The proposed mitigation measures specified in the EMPs shall be implemented and monitored to a satisfactory standard.

E. Resettlement

9. The Borrower shall finance the full cost of land acquisition, compensation and resettlement arising out of the Project, including for the site of the new WRU campus.

10. The Borrower shall apply the policies of the Project's agreed Resettlement Framework that defines, in particular, severely affected households, who are eligible for livelihood stabilization and restoration programs, as those people being physically displaced from housing and/or having ten percent (10%) or more of their productive income generating assets lost.

11. All land acquisition and resettlement activities under the Project shall be implemented in accordance with the Resettlement Framework and the resettlement plans to be approved by both the Borrower and ADB. Prior to the start of land acquisition and resettlement activities for a particular Subproject and construction of WRU's new campus, the Borrower shall have (a) updated the relevant resettlement plan based on the detailed design and submitted to ADB for approval, and (b) signed a contract with a qualified social science or other suitably qualified institution acceptable to ADB to conduct independent external monitoring and evaluation of the resettlement process and impacts.

F. Gender

12. The Borrower shall take measures to ensure that women benefit equally from the project activities as outlined in the project's Gender Strategy. These measures shall include: (i) ensuring that fifty percent (50%) of the dormitory space in the WRU is allocated to women; (ii) promoting training on gender awareness in participatory irrigation management for all government stakeholders in the Project; and (iii) supporting measures within Component 3 to increase the representation of women to fifty percent (50%) of active members of water user associations, and promote women taking on leadership roles in water user associations.

G. Community Participation and Other Social Matters

13. The Borrower, though MARD, shall ensure that the Department of Agriculture and Rural Development in the Project provinces actively continue to promote community participation, equally targeting both women and men, in selection, preparation, implementation, and performance monitoring of Subprojects. Bidding documents financed by the Project shall include provisions to ensure contractors' preferential hiring of local labor, to guarantee equal opportunities for female workers with the principle of equal pay for work of equal value, and to prevent employment of child labor.

H. Governance

14. Within two (2) months of the Effective Date, the Borrower, though MARD, shall create a Project website, accessible by the general public, to disclose information about various matters concerning the Project, including general project information, procurement, project progress, and contact details in the English and Vietnamese languages. The website shall also provide a link to ADB's Integrity Unit (http://www.adb.org/Integrity/complaint.asp) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. With regard to procurement, the website shall include information on the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of goods, works and consulting services procured.

I. Accounting, Auditing and Reporting

15. Within twelve (12) months of the Effective Date, the Borrower, though CPMU, shall establish a computerized management information system suited to the financial management and reporting needs of the Project; and each of PMUs shall prepare Project progress reports every three (3) months.