
LOAN NUMBER 2372-VIE(SF)

LOAN AGREEMENT
(Special Operations)

(Greater Mekong Subregion Southern Coastal Corridor Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 10 January 2008

LAS:VIE 36353

**LOAN AGREEMENT
(Special Operations)**

LOAN AGREEMENT dated 10 January 2008 between the 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 (hereinafter called the Project);

(B) the Borrower has also applied to the Government of Korea to finance Part A(ii) of the Project as described in Schedule 1 to this Loan Agreement (hereinafter called the Government of Korea Loan);

(C) the Borrower has also applied to the Government of Australia for a grant in the amount of approximately twenty-five million United States Dollars (\$25,000,000) to partially finance the Project as described in Schedule 1 to this Loan Agreement (hereinafter called the Government of Australia Grant);

(D) by an agreement of even date herewith between the Borrower and ADB (hereinafter called the Grant Agreement) ADB has agreed to administer the Government of Australia Grant for the purposes of the Project described in Schedule 1 to this Loan Agreement; and

(E) 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) "affected person" means any person whose living environment and/or livelihood activities have been or will be adversely affected by the resettlement activities undertaken or proposed to be undertaken by the Project and specifically including the

holders of existing structures within the corridors of influence whose structures will need to be cleared;

(b) "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);

(c) "EMP" means Environmental Management Plan;

(d) "GMS" means Greater Mekong Subregion;

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

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

(g) "IEE" means Initial Environmental Examination;

(h) "km" means kilometers;

(i) "MOT" means the Borrower's Ministry of Transport and any successor thereto;

(j) "Participating Provinces" means those two provinces in which work will be carried out under the Project and as further identified in paragraph 1 of Schedule 1 to this Agreement;

(k) "PMU-MT" means the My Thuan Project Management Unit under the VRA, and any successor thereto;

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

(m) "Procurement Plan" means the procurement plan for the Project dated October 1, 2007 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;

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

(o) "Project facilities" means the roads and bridges to be constructed or rehabilitated, the structures to be built and the equipment purchased pursuant to this Loan Agreement;

(p) "RP" means any of the Resettlement Plan prepared for the Project and endorsed by the Borrower on 29 June 2007;

(q) "VRA" means the Vietnam Road Administration within the MOT and any successor thereto; and

(r) "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 forty-eight million three hundred thousand Special Drawing Rights (SDR 48,300,000).

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 May and 15 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 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 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 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 among different categories of such Goods, Works, and 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 30 June 2015 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. 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 six (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; Cancellation; Acceleration of Maturity

Section 5.01. The following are specified as additional events 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:

(a) the Government of Korea Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date; or

(b) the Borrower shall have failed to perform any of its obligations under the Grant Agreement.

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: either of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following are 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 Government of Korea Loan Agreement shall have been duly executed and delivered, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled or arrangements satisfactory to ADB shall have been made for the fulfillment thereof within a period of time satisfactory to ADB; and

(b) the Grant Agreement shall have been duly executed and delivered on behalf of the Borrower and all conditions to its effectiveness (other than a condition requiring effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.02. The following are specified as additional matters, for the purposes of Section 10.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: the Grant Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms, subject only to the effectiveness of this Loan Agreement.

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 9.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Governor of the State Bank of Viet Nam of the Borrower is designated as representative of the Borrower for the purposes of Section 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 Viet Nam

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

Facsimile Numbers:

(84-4) 8250-612
(84-4) 8258-385

For ADB

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

Facsimile Numbers:

(632) 636-2444
(632) 636-2336

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 towards economic diversification and development along the Southern Coastal Corridor (a 924 kilometer road along the Gulf of Thailand from Bangkok through Thailand, Cambodia and ending at Nam Can in southern Viet Nam) by reducing transport costs and improving access for the movement of goods and people between GMS countries, specifically Cambodia, Thailand and Viet Nam. The Project will (i) reduce transport times and costs and induce more efficient movement of passengers and goods between GMS countries and within the Participating Provinces of Kien Giang and Ca Mau, and (ii) provide improved road connectivity between rural areas and provincial centers.

2. The Project will have the following components:

Component A: Construction and Rehabilitation of Transport Infrastructure

- (i) Widening within the existing alignment on National Highway 80 from the international border with Cambodia at Xa Xia to the start of the Ha Tien bypass;
- (ii) Widening of National Highway 63, between Minh Luong and the start of the Tac Cau bypass, and between the end of the Tac Cau bypass and Thu Bay, construction of an approximately six (6) km bypass at Tac Cau, including four (4) bridges, and completion of the construction of the Thu Bay bypass;
- (iii) Rehabilitation and improvements to Provincial Road 7 between Thu Bay and Nga Bac Canal; and
- (iv) Construction of embankments and bridge works between the Nga Bac Canal and Ca Mau.

Component B: Cross-Border Facilities

Construction of additional cross-border facilities on the Vietnamese side of the border at the Preak Chak – Xa Xia (also known as Lork – Xa Xia) border crossing between Cambodia and Viet Nam to complement existing facilities.

Component C: HIV/AIDS and Trafficking Awareness and Prevention Program

Implementation of an awareness campaign to supplement the Borrower's existing programs by expanding their existing actions to the geographic area covered by the Project, including:

- (i) advocacy actions and information and education campaigns on HIV/AIDS and trafficking awareness and prevention;
- (ii) provision of comprehensive HIV/AIDS medical packages (i.e., sexually transmitted disease treatment packages and HIV/AIDS testing kits) to clinics and medical centers in the transport corridor; and

- (iii) monitoring impact of the HIV/AIDS and Trafficking Awareness and Prevention Program.
- 3. The Project will utilize consulting services.
- 4. The Project is expected to be completed by 31 December 2014.

SCHEDULE 2

**Amortization Schedule
(Greater Mekong Subregion Southern Coastal Corridor Project)**

Date Payment Due	Payment of Principal (expressed in SDR)*
15-May-2016	1,006,250.00
15-Nov-2016	1,006,250.00
15-May-2017	1,006,250.00
15-Nov-2017	1,006,250.00
15-May-2018	1,006,250.00
15-Nov-2018	1,006,250.00
15-May-2019	1,006,250.00
15-Nov-2019	1,006,250.00
15-May-2020	1,006,250.00
15-Nov-2020	1,006,250.00
15-May-2021	1,006,250.00
15-Nov-2021	1,006,250.00
15-May-2022	1,006,250.00
15-Nov-2022	1,006,250.00
15-May-2023	1,006,250.00
15-Nov-2023	1,006,250.00
15-May-2024	1,006,250.00
15-Nov-2024	1,006,250.00
15-May-2025	1,006,250.00
15-Nov-2025	1,006,250.00
15-May-2026	1,006,250.00
15-Nov-2026	1,006,250.00
15-May-2027	1,006,250.00
15-Nov-2027	1,006,250.00
15-May-2028	1,006,250.00
15-Nov-2028	1,006,250.00
15-May-2029	1,006,250.00
15-Nov-2029	1,006,250.00
15-May-2030	1,006,250.00
15-Nov-2030	1,006,250.00
15-May-2031	1,006,250.00
15-Nov-2031	1,006,250.00
15-May-2032	1,006,250.00
15-Nov-2032	1,006,250.00
15-May-2033	1,006,250.00
15-Nov-2033	1,006,250.00

Amortization Schedule**VIE: GMS Southern Coastal Corridor Project**

Date Payment Due	Payment of Principal (expressed in SDR)*
15-May-2034	1,006,250.00
15-Nov-2034	1,006,250.00
15-May-2035	1,006,250.00
15-Nov-2035	1,006,250.00
15-May-2036	1,006,250.00
15-Nov-2036	1,006,250.00
15-May-2037	1,006,250.00
15-Nov-2037	1,006,250.00
15-May-2038	1,006,250.00
15-Nov-2038	1,006,250.00
15-May-2039	1,006,250.00
15-Nov-2039	1,006,250.00
TOTAL	48,300,000.00

* 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 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 Goods, Works, 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.)

Percentages of ADB Financing

2. Except as ADB may otherwise agree, the items of the Categories 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 2 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 ADB's "Loan Disbursement Handbook" (2007, as amended from time to time) (ADB's Loan Disbursement Handbook).

Imprest Account: Statement of Expenditures

6. (a) Except as ADB may otherwise agree, the Borrower shall establish after the Effective Date, an imprest account at a commercial bank acceptable to ADB. The imprest account shall be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. The currency of the imprest account shall be U.S. Dollars. The initial amount to be deposited into the imprest account shall not exceed the lower of (i) the estimated expenditures for the first six months of Project implementation, or (ii) the equivalent of \$5 million.

(b) The statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account, in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Greater Mekong Subregion Southern Coastal Corridor Project)			
CATEGORY			ADB FINANCING BASIS
	Item	Total Amount Allocated for ADB Financing SDR Category	Percentage of ADB Financing from the Loan Account
1	Works	41,982,000	91 percent of total expenditure claimed*
2	Interest Charge	1,256,000	100 percent of amount due
3	Unallocated	5,062,000	
	Total	48,300,000	

* Inclusive of 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 and 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

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. Conditions for Award of Contract

6. The Borrower shall not award any Works contracts financed under the Loan until:

(a) An RP for the section of road covered by the proposed Works contract has been approved by the Borrower, submitted to ADB for approval, and disclosed to affected persons; and

(b) The EMP for the section of road covered by the proposed Works contract has been approved by the Borrower and submitted to ADB for approval.

D. Selection of Consulting Services

7. 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.

E. Industrial or Intellectual Property Rights

8. (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.

9. 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.

F. ADB's Review of Procurement Decisions

10. 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. Without limiting the generality of para. 5(iii)(a) of this Schedule, documentation for the first contract procured under National Competitive Bidding shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan; thereafter, post review shall be required.

SCHEDULE 5

Execution of Project and Operation of Project Facilities; Financial Matters

Project Implementation and Coordination

1. VRA shall be the Executing Agency for the Project. Responsibility for planning and implementation shall be delegated by VRA to PMU-MT and its responsibilities shall include procurement, withdrawal of Loan proceeds, engagement and direction of consultants, and reporting to ADB.

Operations and Maintenance

2. The Borrower shall ensure that upon completion of each Project road under a Works contract, VRA assigns responsibility for operations and maintenance of that Project road with associated Project facilities to the regional Road Management Unit No. 7 (RRMU7).
3. The Borrower shall ensure that the Project-financed roads and bridges are maintained to design standards and in accordance with sound maintenance practices. The Borrower shall ensure that annual road maintenance plans are prepared for the Project-financed roads and bridges, on the basis of maintenance standards, traffic volumes, and assessment of needs, as agreed between the Borrower and ADB.
4. The Borrower shall ensure that within three (3) months of the completion of rehabilitation and improvements to Provincial Road 7 under the Project, the MOT reclassifies that portion of Provincial Road 7 (TL7) as a National Road (QL) and responsibility for the maintenance and operation of this road shall be transferred to VRA.

Resettlement

5. The Borrower shall ensure that MOT issues appropriate instructions to the relevant Project Provincial Peoples Committees with regard to resettlement, and shall further ensure that the relevant Project Provincial Peoples Committees timely acquire the land required for the Project and for compensation and, if required, relocate, resettle and rehabilitate people affected by any sub-project of the Project. VRA shall be responsible for preparing a new Resettlement Plan for any Project component requiring one under the Resettlement Framework (i.e., for components not yet appraised and which will cause resettlement impacts) and shall submit such Resettlement Plan to ADB for its approval prior to its implementation. Each Resettlement Plan prepared shall follow completion of a detailed design prior to commencing resettlement planning activities and shall be prepared in full consultation with affected persons and disclosed to the affected persons prior to its submission to ADB. The Resettlement Plans shall include detailed measurement surveys, compensation unit rates for all categories of losses and allowances and a final database of affected persons.

6. The Borrower shall ensure that, within twelve (12) months of the Effective Date, the Kien Giang and Ca Mau Provincial Peoples Committees have established District Compensation, Assistance and Resettlement Boards, and Commune Resettlement Task Forces which are responsible for the preparation and implementation of the Resettlement Plans during the Project period. The Kien Giang and Ca Mau Provincial Peoples Committees shall also establish Provincial Resettlement Committees, if needed, based on Project needs.
7. The Borrower shall complete a detailed measurement survey and derive updated compensation unit rates for all categories of losses and allowances. The Borrower shall provide to ADB a final database of affected persons, a summary of the updated detailed measurement survey data, and replacement cost tables for each Project-financed road, and formulation of appropriate rehabilitation measures for severely affected, very poor and other vulnerable groups. The revisions to an entitlement matrix in an updated Resettlement Plan shall be limited to: (a) inclusion of new entitlements to address impacts not previously recognized, or (b) changes of mode of payment from cash to in-kind. The Resettlement Plans shall be prepared in compliance with ADB's *Involuntary Resettlement Policy* (1995) and the Borrower's laws, regulations, and procedures. In case of discrepancies between the Borrower's laws, regulations, and procedures and ADB's *Involuntary Resettlement Policy*, ADB's Policy shall prevail.
8. The Borrower shall ensure that affected persons, including those from any host community, are compensated at replacement cost and assisted prior to displacement from their houses, land, and assets, such that they will be at least as well off as they would have been in the absence of the Project, and the poorest affected persons and vulnerable groups, including affected persons from ethnic minorities, are assisted to help improve their socioeconomic status.
9. The Borrower shall ensure timely provision of counterpart funds for resettlement to meet any unforeseen obligations in excess of the resettlement budget estimates in order to satisfy resettlement requirements and objectives.
10. The Borrower shall cause VRA to ensure that PMU-MT (a) engages resettlement and gender specialist consultants to assist in updating, implementing and monitoring the agreed upon Resettlement Plans and an independent external monitoring organization before commencement of any land acquisition activities; (b) does not commence any land acquisition and relocation activities for a geographic area nor commence any Works in that geographic area until the updated Resettlement Plan for that section has been prepared following detailed design, the updated Resettlement Plan has been reviewed and approved by ADB, and it has been disclosed to affected persons; and (c) carries out all resettlement activities in accordance with the updated Resettlement Plans agreed upon between the Borrower and ADB.
11. The Borrower shall cause VRA to ensure that Works contractors are not issued a notice of possession for a geographic area until (a) compensation payment and relocation to new sites has been satisfactorily completed for that geographic area, (b)

agreed rehabilitation assistance is in place, and (c) the geographic area is free of all encumbrances.

Indigenous Peoples and Ethnic Minorities

12. The Borrower shall ensure that, to the extent any ethnic minorities are likely to be significantly affected by the Project, the measures set forth in the Ethnic Minorities Specific Actions in the Resettlement Plans, and as agreed between the Borrower and ADB, are carried out in accordance with such Actions, applicable laws and regulations of the Borrower and ADB's *Policy on Indigenous Peoples* (1998). In case of discrepancies between the Borrower's laws, regulations, and procedures and ADB's *Policy on Indigenous Peoples*, ADB's Policy shall prevail.

Social Protection Issues

13. The Borrower shall cause MOT to ensure that all Works contracts under the Project incorporate provisions (and sufficient budget) to require that contractors: (a) comply with all applicable labor laws and related international treaty obligations and do not employ child labor; (b) do not provide differential wages or benefits to men and women for work of equal value; (c) provide basic water and sanitation facilities for men and women in the construction camps as well as separate bathing and toilet facilities for men and women; (d) provide day care service for the children of female construction workers; (e) provide safe working conditions for male and female workers; and (f) carry out HIV/AIDS and Human Trafficking Prevention and Awareness campaigns in the campsites and corridors of influence, and which will include (i) women leaders and youth from Project affected households, and (ii) the Women's Union and the Youth Union, with such campaigns being held in coordination with the Borrower's programs and other existing initiatives.

Gender

14. The Borrower shall ensure that District Compensation, Assistance and Resettlement Boards established pursuant to the Resettlement Plans shall include representatives from the district-level Women's Union. Commune Resettlement Task Forces established pursuant to the Resettlement Plans shall include representatives from the commune-level Women's Union, as well as female representatives from affected households, including women-headed households, and women from ethnic minority households. VRA shall ensure there are capacity building training programs to provide training to district-level and commune-level resettlement committee members, as well as female representatives from affected households, including women-headed households and women from ethnic minority households, in order to provide, among other things, detailed information on resettlement activities, such as proposed relocation sites, entitlements, compensation and livelihood strategies for income improvement for affected persons, and grievance procedures.
15. The Borrower shall ensure that (a) VRA develops disaggregated monitoring indicators by gender and ethnic group for purposes of monitoring and reports, and (b) conducts gender sensitization training on gender and resettlement for its relevant staff, the District Compensation, Assistance and Resettlement Boards, and Commune

Resettlement Task Forces, and the Women's Union. In any instance where land is acquired for affected persons, the Borrower and VRA shall ensure joint registration of land or land use rights in the names of both the husband and wife.

Environment

16. The Borrower shall ensure that all actions affecting the environment are carried out in accordance with ADB's *Environment Policy* (2002). The Borrower shall cause VRA to ensure (a) that specific provisions are included in Works and consulting services contracts for the implementation and monitoring of the EMP prepared as part of the IEE, together with budget allowances for these provisions; and (b) the environmental mitigation measures in the IEE and the summary IEE are adequately implemented by the contractors.
17. The Borrower shall cause VRA to ensure that the implementation of the EMP and the contractors' mitigation measures are adequately monitored and updated, when necessary, with semi-annual reporting to the Borrower's environmental regulatory authority and ADB.
18. The Borrower shall cause VRA to ensure that road construction is carried out following good environmental practices, including (a) appropriate selection of quarry and borrow sites and their subsequent rehabilitation after use; (b) proper disposal of construction wastes and materials; (c) use of good environmental design and construction techniques that ensure slope stability and drainage; (d) minimization of construction impacts, such as dust, diversion of stream flow and increased turbulence, equipment noise, etc.; and (e) necessary mitigation measures for other environmental impacts associated with road construction and maintenance.

Governance

19. To ensure transparency and good governance, the Borrower shall publicly disclose on its website (maintained by its Ministry of Planning and Investment) information on how Loan proceeds are being used, presenting procurement contract awards, including for each such contract (a) the list of participating bidders, (b) name of the winning bidder, (c) basic details on bidding procedures adopted, (d) amount of the contract awarded, (d) list of Goods and/or services purchased, and (e) intended and actual utilization of Loan proceeds under each contract. The website shall be updated within two (2) weeks after each award of contract.
20. The Borrower shall ensure that VRA Project staff are fully knowledgeable of and comply with the Borrower's and ADB's procedures, including, but not limited to, procedures for (i) implementation, (ii) procurement, (iii) use of consultants, (iv) disbursement, (v) reporting, (vi) monitoring (including resettlement monitoring), and (vii) prevention of fraud and corruption.

Auditing and Accounting

21. Without prejudice to the generality of Section 4.02 of this Loan Agreement, the Borrower shall ensure that a separate accounting system for Project expenditures is

maintained in accordance with sound accounting principles. All Project accounts, including financial statements, statements of expenditures and account records, shall be audited annually as part of the regular audit of accounts and financial statements by an independent auditing firm. The consolidated audit reports (in English) shall be submitted to ADB in accordance with the requirements and within the deadlines stated in Section 4.02(a) of this Loan Agreement. The audit opinion shall include (i) a detailed description of the source of funds and expenditures made; (ii) an assessment of the adequacy of accounting and internal controls systems with respect to Project expenditures and other financial transactions, and to ensure safe custody of Project-financed assets; and (iii) a determination as to whether the Borrower and VRA have maintained adequate documentation for all financial transactions, specifically including the statement of expenditures and imprest account procedures.

Project Performance Monitoring and Evaluation

22. VRA shall ensure the implementation of a systematic Project performance monitoring and evaluation system for use throughout the Project period, and after as needed, that indicates: (i) the effectiveness of Project implementation activities, including (a) the precise nature, timeliness, cost and quality of physical infrastructure implemented in the Project, (b) the integrity of resettlement and related programs, and (c) the extent to which the HIV/AIDS and human trafficking awareness and prevention programs are implemented as planned and their impacts; and (ii) the effectiveness of the Project with regard to its anticipated effect on economic and social development relative to the baseline prior to its implementation as indicated by changes in (a) per capita income in the Participating Provinces, (b) the volume and type of freight and number of passengers crossing the border between Cambodia and Viet Nam at Preak Chak - Xa Xia (also known as Lork – Xa Xia); (c) passenger and freight vehicle operating costs on roads improved under the Project and between key locations, (d) tariffs for freight and passenger movement between selected locations that indicate the impact of the Project on the community, (e) the quantity and type of traffic on roads improved under the Project, and the quantity and type of freight transported at selected locations, and (f) the processing time for passengers and for freight departing from Viet Nam and entering Viet Nam at the border with Cambodia at Preak Chak - Xa Xia (also known as Lork – Xa Xia). The impacts of development on low income households resulting from improved road access shall receive particular attention with regard to consideration of the effectiveness of the Project.
23. Baseline data shall be collected within 18 months of the Effective Date, with a second survey to be conducted upon Project completion and a third survey to be conducted five (5) years after Project completion to establish Project impact. The baseline and subsequent surveys shall draw on data collected during Project preparatory activities and data collected from traffic and travel surveys, household socioeconomic sample surveys, participatory rapid appraisals and secondary data from government sources. Where relevant, indicators shall be disaggregated by gender and socioeconomic status.
24. The Borrower shall ensure that the PMU-MT: (i) collects and consolidates all Project progress reports, site reports, technical and financial reports and submits them to ADB; (ii) reviews and submits quarterly progress reports, a midterm Project

evaluation report and an overall Project completion report as prepared by its consultants; and (iii) prepares and submits other reports as may be reasonably requested by ADB. Quarterly reports shall include updated implementation, financial and procurement-related information, as well as reports submitted by the independent monitor for resettlement activities. Quarterly reports shall be submitted to ADB within 30 days of the end of each quarter.