

LOAN AGREEMENT  
(Special Operations)

(Health Care in the South Central Coast Region Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 16 DECEMBER 2008

## **LOAN AGREEMENT (Special Operations)**

LOAN AGREEMENT dated 16 December 2008 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; and

(B) 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) "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);

(b) "Decision 139" means the Borrower's Prime Minister Decision No. 139/2002/QD-TTg on Health Care for the Poor;

(c) "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;

(d) "Health Care Funds for the Poor" means health care funds targeting poor households, established under Decision 139;

(e) "MOH" means the Borrower's Ministry of Health, or any successor thereto;

(f) "MTEFs" means medium term expenditure frameworks to be developed by each of the Project province;

(g) "NGO" means non government organization;

(h) "PMU" means the Project Management Unit established at central level under MOH, as more fully described in paragraph 3 of Schedule 5 of this Loan Agreement;

(i) "PPC" means, for the purpose of this Project, the provincial peoples committee in a Project province;

(j) "PPMUs" means the Provincial Project Management Units to be established in the Project Provinces, as more fully described in paragraph 4 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 15 September 2008 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 facilities" means the health and other facilities to be constructed, provided or maintained under the Project;

(n) "Project provinces" means the Provinces of Quang Nam, Quang Ngai, Binh Dinh, Phu Yen, Khanh Hoa, Ninh Thuan and Binh Thuan, and Da Nang City, or any successors thereto, where the Project will be carried out;

(o) "Provincial Annual Health Plan" means an annual health plan of each Project province covering whole provincial health system;

(p) "Provincial Health Plan" means a five year health plan of each Project province covering whole provincial health system; and

(q) "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 six million seven hundred fifty five thousand Special Drawing Rights (SDR 46,755,000).

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 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 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. 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****Effectiveness**

Section 5.01. 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) Each Project province shall have established a PPMU.
- (b) Each Project province and MOH shall have signed a memorandum of understanding providing, among other things:
  - (i) commitment of the Project province to the Project; and
  - (ii) the project terms and conditions including the preparation and carrying out of Provincial Health Plan and Annual Health Plans and budget estimates, performance monitoring, the provincial project scope, provincial counterpart funding, implementation arrangements, and adherence to ADB's procurement guidelines, environmental and social safeguards.

Section 5.02. 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 VI****Miscellaneous**

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

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

**For the Borrower**

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

Facsimile Number:

(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) 636-2305.

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 overall goal of the Project is to improve the health status of the population in the Project provinces, in particular the poor, women, children and ethnic minority people. The Project's outcome is more comprehensive and well managed and better used provincial health systems in the Project provinces with a focus on health care for the poor, women and children and ethnic minorities through (i) improving health facilities, (ii) strengthening human resources through improved workforce planning and training capacity and specific training programs, (iii) improving access to health services for the poor, and (iv) strengthening provincial health systems by improving management and monitoring of the provincial health systems and hospitals.

2. The scope of the Project comprises:

#### **Component 1: Improving Health Facilities**

1.a. Provide new and upgraded facilities and equipment through:

- upgrading or newly constructing selected facilities, including district hospitals, regional hospitals, a provincial hospital, a rehabilitation hospital, a traditional medicine hospital, a secondary medical school and district preventive medicine centers;
- upgrading the national hospital design and construction standards and guidelines;
- supporting the preparation of guidelines for preventive maintenance, the collection and translation of technical manuals, the training of hospital personnel in preventive maintenance procedures and arrangements;
- financing procurement of medical equipment for selected facilities;
- supporting purchase of an initial inventory of reagents and other supplies necessary in using the new equipment; and
- supporting training in the use of equipment and maintenance management.

1.b. Improve water, sanitation and waste water management through:

- where necessary, making investment to ensure that the Project facilities have adequate safe water, sanitation and medical waste management systems, including waste water systems, proper containers to segregate contaminated and hazardous waste, proper collection and storage facilities, and access to modern medical waste incineration methodologies and/or disposal facilities;
- training hospital personnel in the theory, methodologies, and supervision of modern waste management practices; and
- providing consulting services to assist the provincial authorities to develop a province-wide plan for the management of medical waste.

## **Component 2: Strengthening Provincial Human Resources**

2.a. Improve provincial human resources planning and management through:

- assisting the provincial health bureau in each of the Project provinces to annually update and maintain provincial human resources plan; and
- assisting each of the Project provinces to develop provincial health sector gender and ethnic minority development plans which include focused interventions designed to ensure that the Project provinces reach targets for women and ethnic minorities in training courses at all levels.

2.b. Improve provincial training capacity through:

- improving the quality of pre-service education for medical students and in-service training for medical staff by increasing the capacity of the training facility staff through (i) enhancing leadership by provision of scholarships, (ii) linking secondary medical schools with centers of excellence at medical universities in Viet Nam, (iii) supporting short-course training attachments with the selected medical facilities for medical training and training university staff as advisors for secondary medical schools which serve as specialized high schools for medical personnel, and (iv) enabling secondary medical schools to evaluate preparedness as a mechanism for quality improvement of education programs;
- supporting secondary medical schools in introducing and/or expanding skills-based training;
- providing equipment and materials to enable students to develop skills in demonstration rooms and laboratories;
- supporting provincial training working groups and encouraging the formation of similar groups to serve as master trainers; and
- supporting secondary medical schools and provincial training working groups in evaluating the impact of in-service training.

2.c. Improve quality and availability of health staff in the Project provinces through:

- supporting well-supervised in-service training to improve the quality of care provided by health staff at all levels, though training doctors, nurses, midwives and technicians on priority topics on a short term basis;
- training supervisors in workplaces to ensure that they have skills necessary to support trainees back in the workplaces;
- supporting secondary medical schools to offer subsidized professional education meetings;
- supporting scholarships for bachelor level and post graduate training in core specialties such as surgery and pediatrics; and
- providing scholarships to female school leavers in particular to attend pre-graduate training at secondary medical schools, some of whom will also be provided with bridging education enhancing their basic education in order to qualify for enrolment at secondary medical schools.

2.d. Conduct human resources development policy studies through:

- supporting, in coordination with the MOH's Departments of Science and Training, Therapy, and Organization and Personnel, up to 10 field-based human resources development plan studies related to improving health care for the poor, women, children and ethnic minority people.

### **Component 3: Improving Access to Health Care Funds for the Poor**

3.a. Improve skills of village health workers in remote communes through:

- training commune health station staff near targeted villages as trainers;
- training village health workers in the selected communes; and
- recruiting and training persons, if so required, as new village health workers so that each village has at least one female and one male village health worker to provide basic health care.

3.b. Promoting health and nutrition in ethnic minorities communes through:

- improving the skills of commune health station staff, village members of mass organizations and other volunteers to promote the health and nutrition of women and children through behavior change communication (i) targeting selected poor ethnic minorities communes with a focus on community priorities including reproductive health and nutrition care, and (ii) accessing health services and the Health Care Funds for the Poor; and
- supporting a participatory approach to develop innovative, creative and culturally appropriate health and nutrition activities with support from contracted NGOs.

3.c. Reduce barriers to Health Care Funds for the Poor through:

- supporting preparation and dissemination of locally appropriate materials and programs to inform poor and ethnic minorities communes, local governments, mass organizations and health workers about the entitlements and requirements under Decision 139;
- helping improve procedures for issuing and replacing health insurance cards for Decision 139 beneficiaries, including (i) streamlining procedures and forms related to claims and disbursements for Health Care Funds for the Poor, and (ii) training local health administrators and social security staff regarding such procedures; and
- improving coordination and problem-solving related to Decision 139 at all levels, and monitoring the implementation and impact of Decision 139 through regular data collection by provincial health bureaus, and carrying out participatory assessments and special studies.

#### **Component 4: Strengthening Provincial Health Systems**

4.a. Strengthen the management of provincial health systems through:

- assisting provincial health authorities in evaluating their priorities to help close gaps between programmatic obligations and financial resources using team approach through a series of workshops; and
- providing scholarships for post graduate programs in health system management.

4.b. Strengthen hospital management through:

- supporting short, skill-based training programs upgrading the skills of senior hospital managers and hospital department managers, for example, in planning, information-based problem-solving, leadership, team building, supervision, communication, financial management and project monitoring; and
- supporting on-site sessions on organizational development to identify minimum standards of service, develop performance targets, prepare work plans and designing a system to monitor and report progress.

4.c. Improve health management information systems through:

- providing computers, associated software, other health management information systems office equipment, and holding planning and training workshops.

4.d. Support effective project management through:

- providing vehicles, computers, software, office equipment and supplies for PPMUs and the PMU; and
- supporting baseline and end-of-project household and health services surveys to evaluate the progress of the sector and impact of the Project in the Project provinces.

3. The Project is expected to be completed by 31 December 2013.

## SCHEDULE 2

### Amortization Schedule (Health Care in the South Central Coast Region Project)

Date	Amount *
15-Apr-2017	974,063.00
15-Oct-2017	974,063.00
15-Apr-2018	974,063.00
15-Oct-2018	974,063.00
15-Apr-2019	974,063.00
15-Oct-2019	974,063.00
15-Apr-2020	974,063.00
15-Oct-2020	974,063.00
15-Apr-2021	974,063.00
15-Oct-2021	974,063.00
15-Apr-2022	974,063.00
15-Oct-2022	974,063.00
15-Apr-2023	974,063.00
15-Oct-2023	974,063.00
15-Apr-2024	974,063.00
15-Oct-2024	974,063.00
15-Apr-2025	974,063.00
15-Oct-2025	974,063.00
15-Apr-2026	974,063.00
15-Oct-2026	974,063.00
15-Apr-2027	974,063.00
15-Oct-2027	974,063.00
15-Apr-2028	974,063.00
15-Oct-2028	974,063.00
15-Apr-2029	974,063.00
15-Oct-2029	974,063.00
15-Apr-2030	974,063.00
15-Oct-2030	974,063.00
15-Apr-2031	974,063.00
15-Oct-2031	974,063.00
15-Apr-2032	974,063.00
15-Oct-2032	974,063.00
15-Apr-2033	974,063.00
15-Oct-2033	974,063.00
15-Apr-2034	974,063.00
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15-Apr-2035	974,063.00
15-Oct-2035	974,063.00
15-Apr-2036	974,063.00
15-Oct-2036	974,063.00
15-Apr-2037	974,063.00
15-Oct-2037	974,063.00
15-Apr-2038	974,063.00
15-Oct-2038	974,063.00
15-Apr-2039	974,063.00
15-Oct-2039	974,063.00
15-Apr-2040	974,063.00

Date	Amount *
15-Oct-2040	974,039.00
<b>Total</b>	<b>46,755,000.00</b>

\* 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.)

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 9 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" dated January 2007 (ADB's Loan Disbursement Handbook), as amended from time to time.

### Imprest Account; Statement of Expenditures

6. (a) Except as ADB may otherwise agree, the Borrower shall, immediately after the Effective Date, (i) establish an imprest account at a commercial bank acceptable to ADB; and (ii) cause each of the Project provinces 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 ADB's Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. The currency of the imprest account shall be dollars. The initial 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 months of Project implementation, or (ii) \$4,000,000. The initial amount to be deposited into each of the SGIA shall be equivalent to 6 months estimated expenditures to be funded from the imprest account, but in any event not exceeding the equivalent of \$250,000.

(b) The statement of expenditures (SOE) procedure may be used for individual payment not exceeding the equivalent of \$100,000 for the imprest account, and for individual payments not exceeding the equivalent of \$50,000 for each SGIA, and to liquidate advances provided into the imprest account and SGIAs, in accordance with ADB's 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 reasonable 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 consultancy services, subject to a maximum amount equivalent to 20 percent of the Loan amount.

### Condition of Withdrawals from Loan Account

8. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account for a particular civil works contract until the respective resettlement activities have been satisfactorily completed in accordance with the respective resettlement plan as agreed between the Borrower and ADB.

TABLE

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Health Care in the South Central Coast Region Project)</b>			
<b>CATEGORY</b>			<b>ADB FINANCING</b>
<b>Number</b>	<b>Item</b>	<b>Amount Allocated SDR Category</b>	<b>Percentage and Basis for Withdrawal from the Loan Account</b>
1	Works	14,415,000	80 percent of total expenditure*
2	Equipment and Vehicle	11,656,000	100 percent of total expenditure*
3	Drugs and Supplies	2,222,000	100 percent of total expenditure*
4	Staff Development	5,473,000	100 percent of total expenditure*
5	Workshops, Studies, System Development	1,503,000	100 percent of total expenditure*
6	Consulting Services	2,379,000	100 percent of total expenditure*
7	Project Management	1,393,000	100 percent of total expenditure*
8	Operations and Maintenance	1,628,000	81 percent of total expenditure*
9	Interest Charges on Loan During Implementation	1,255,000	100 percent of amount due
10	Unallocated (Contingencies)	4,831,000	
	Total	46,755,000	

\* 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, 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
Procurement from the specialized agency

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 laws to be followed for national competitive bidding shall be those set forth in the Bidding Law No. 61/2005/QH11 of 26 November 2005 and the Construction Law No. 16/2003/QH11 of 29 November 2003 with the clarifications and modifications described in the Procurement Plan.

#### C. Conditions for Award of Contract

6. The Borrower shall not award any Works contracts financed under the Loan until the respective resettlement activities has been satisfactorily completed in accordance with the agreed resettlement plan.

#### D. Selection of Consulting Services

7. 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.

8. The Borrower shall recruit the individual consultants for civil works supervision, resettlement, environment/waste management, management information system, project management and other short-term consulting as necessary in accordance with procedures acceptable to ADB for recruiting individual consultants.

**E. 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.

**F. ADB's Review of Procurement Decisions**

11. All contracts procured under international competitive bidding and national 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; Other Matters

#### A. Project Management

1. MOH shall be the Project Executing Agency. PPC, represented by its Provincial Health Bureau, shall be the implementation agency.

2. The Project Steering Committee, chaired by a Vice Minister of Health and comprising senior officials of MOH's departments, Project provinces and other ministries as required, shall review Project progress, provide overall guidance on a quarterly basis and MOH shall approve the annual plan, report and budget. At the provincial level, each PPC shall review Project progress, provide overall guidance on a quarterly basis and approve the annual plan, report and budget in the respective Project province.

3. The Project shall be implemented through the PMU, established in MOH, and PPMUs, established in the Provincial Health Bureaus in the Project provinces. The PMU shall work under the guidance of the Project Steering Committee and shall be responsible for overall project management, including (i) project planning, monitoring and evaluation, including social safeguards; (ii) civil works and environmental safeguards; (iii) procurement and logistics; (iv) human resource development; (v) personnel and administration; and (vi) accounting and disbursement. The PMU shall comprise a project director, up to three deputy directors, a monitoring and evaluation expert, a study coordinator, an engineer, a medical equipment expert, a training expert, an administrator and an accountant. Each department of MOH shall be responsible for supporting the technical aspects of the Project. Such supports shall be provided by the Department of Medical Equipment and Construction for Component 1 of the Project, by the Department of Science and Training for Component 2 of the Project, by the Department of Preventive Medicine and Environment for Component 3; and by the Department of Planning and Finance for Component 4 of the Project. If necessary, additional experts shall be contracted for a defined period to carry out Project work.

4. In each of the Project provinces, the PPMU shall be responsible for Project implementation. Each PPMU shall have functions similar to those of the PMU (as described in paragraph 3 above) in its respective Project province through the concerned administrative and technical units of such province. The PPMU, headed by the director or deputy director of the provincial health bureau, shall work under the guidance of PPC and PMU's technical support, and shall compose of a full-time deputy director for planning, administration, coordination and monitoring, an engineer, a community development expert, a procurement officer and an accountant.

#### B. Project Budget/Operation and Maintenance

5. The Borrower shall ensure timely and transparent transfer of the Loan proceeds to MOH and provincial health bureaus, and provision of all necessary counterpart funds.

6. The Borrower shall cause each Project province to ensure that the annual budget allocation to the health sector fully covers costs for the operation and maintenance of all health facilities, including Project facilities, based on the projection, agreed by MOH.

C. Provincial Health Planning

7. Each PPC shall submit to MOH and ADB (i) updated 5-year plans and MTEFs by June 2009, (ii) annual provincial health plans and budgets, and (iii) annual provincial work plans for the Project, all based on a format agreed to by the concerned parties, as a basis for monitoring performance and allocating funds.

D. Provincial Human Resources Development Plan

8. Each PPC shall ensure that the annual human resources development plan as developed under Component 2 shall take into account national policy initiatives, including licensure, certification and continuing education, and shall include targeted strategies to increase the number of female and ethnic minority health workers in targeted communities.

E. Support to Commune Health Stations and Primary Health care

9. To complement investment under the Project, MOH shall provide additional support for commune health stations and primary health care in general to the Project provinces starting from January 2009.

F. Environment/Social Matters

10. The Borrower shall ensure that the Environmental Assessment and Review Framework dated 21 May 2008 and approved by ADB shall be fully implemented. The Borrower shall prepare an Initial Environmental Examination which conducts assessment on a set of project activities, and provides the recommendations to mitigate negative impacts. The Borrower shall fully implement the Project's Environmental Management Plan which reflects any recommendations provided in the Initial Environmental Examination and identifies the impacts to be mitigated, the environmental monitoring plan, the planned public consultation process, description of responsibilities and authorities for reporting and review, and cost estimates to implement the Plan.

11. The Borrower, through MOH, shall ensure that the construction and operation of all health facilities under the Project comply with all applicable national laws and regulations and with ADB's environmental policies and regulations, specifically ADB's Environment Policy (2002). The Borrower shall immediately inform ADB if the construction of any health facility requires the removal of hazardous materials including asbestos. Safe removal of asbestos and other hazardous materials shall be undertaken following international procedures, as outlined in the Project's Environmental Assessment and Review Framework. Subprojects will be reviewed and addressed under the Project's Environmental Assessment and Review Framework prepared for the Project

12. The Borrower shall ensure that the Gender Action Plan as agreed for the Project between the Borrower and ADB is fully implemented. Each project province shall ensure that the Project Gender Action Plan shall be included in the updated 5 year plan and MTEFs and that specific actions and targets shall be included in the provincial annual operating plans. Activities identified in each plan shall be implemented in a timely manner

and have adequate resources allocated for its implementation. Gender-related targets and indicators shall be included in the project monitoring system.

13. The Borrower shall ensure that the Ethnic Minorities Development Framework and Plan developed for the Project and agreed between the Borrower and ADB is fully implemented. Each Project province will ensure that the Project Ethnic Minority Development Framework and Plan shall be included in the updated 5 year plan and MTEFs and that specific actions and targets shall be included in the provincial annual operating plans. Activities identified in each plan shall be implemented in a timely manner and have adequate resources allocated for its implementation. Ethnicity-related targets and indicators shall be included in the project monitoring system. By mid-term, each Project province shall develop health sector gender and ethnic minority development plans, incorporating project lessons.

14. The Borrower, through MOH, shall ensure the Resettlement Framework and resettlement plans developed for the Project and agreed between the Borrower and ADB are fully implemented. The Borrower shall further ensure that:

- (i) for subproject sites already identified at the Project appraisal, resettlement activities shall be carried out in accordance with the resettlement plans as agreed between the Borrower and ADB;
- (ii) for sites not yet identified at the Project appraisal, the Borrower shall prepare resettlement plans in accordance with the agreed Resettlement Framework and ADB's Involuntary Resettlement Policy (1995). The Borrower shall disclose such plans to the public and submit them to ADB for approval; and
- (iii) For all sites, the resettlement plans shall be updated after completion of detailed designs and detailed measurement survey and prior to the award of any civil works contract. Such updated resettlement plans shall be disclosed to the public and submitted to ADB for approval. Any civil works shall be commenced only after the required land has been acquired and affected households have been relocated and compensated at full replacement costs. External monitoring reports shall be submitted to ADB and uploaded on ADB's website. Adequate budget shall be committed by the Borrower and made available to cover the costs of land acquisition and resettlement. Resettlement activities shall be conducted in accordance with Vietnamese laws and ADB's Involuntary Resettlement Policy. In case of discrepancies between the Vietnamese laws and ADB's requirements on involuntary resettlement, ADB's policy shall apply.