

PROJECT AGREEMENT

(Viet Nam Water Sector Investment Program – Project 2)

between

ASIAN DEVELOPMENT BANK

and

BAC GIANG WATER SUPPLY AND SEWERAGE ONE MEMBER LIMITED COMPANY

BINH DUONG WATER SUPPLY, SEWERAGE AND ENVIRONMENT ONE MEMBER

LIMITED COMPANY

CUA LO WATER SUPPLY ONE MEMBER LIMITED COMPANY

DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED

COMPANY

DANANG WATER SUPPLY ONE MEMBER LIMITED COMPANY

HAI PHONG WATER SUPPLY ONE MEMBER LIMITED COMPANY

LAM DONG WATER SUPPLY AND SEWERAGE ONE MEMBER LIMITED COMPANY

NGHE AN WATER SUPPLY ONE MEMBER LIMITED COMPANY

QUANG NAM WATER SUPPLY AND DRAINAGE JOINT STOCK COMPANY

QUANG TRI WATER SUPPLY AND CONSTRUCTION ONE MEMBER LIMITED COMPANY

SONG CHU ONE MEMBER LIMITED COMPANY

THAI HOA WATER SUPPLY ONE MEMBER LIMITED COMPANY

THAI NGUYEN WATER JOINT STOCK COMPANY

THUAN AN CONSTRUCTION AND INVESTMENT LIMITED COMPANY

THUA THIEN HUE CONSTRUCTION AND WATER SUPPLY STATE ONE MEMBER

LIMITED COMPANY

DATED 23 MAY 2013

## **PROJECT AGREEMENT**

PROJECT AGREEMENT dated 23 May 2013 between ASIAN DEVELOPMENT BANK ("ADB") on the one part and BAC GIANG WATER SUPPLY AND SEWERAGE ONE MEMBER LIMITED COMPANY; BINH DUONG WATER SUPPLY, SEWERAGE AND ENVIRONMENT ONE MEMBER LIMITED COMPANY; CUA LO WATER SUPPLY ONE MEMBER LIMITED COMPANY; DAK LAK WATER SUPPLY AND CONSTRUCTION INVESTMENT ONE MEMBER LIMITED COMPANY; DANANG WATER SUPPLY ONE MEMBER LIMITED COMPANY; HAI PHONG WATER SUPPLY ONE MEMBER LIMITED COMPANY; LAM DONG WATER SUPPLY AND SEWERAGE ONE MEMBER LIMITED COMPANY; NGHE AN WATER SUPPLY ONE MEMBER LIMITED COMPANY; QUANG NAM WATER SUPPLY AND DRAINAGE JOINT STOCK COMPANY; QUANG TRI WATER SUPPLY AND CONSTRUCTION ONE MEMBER LIMITED COMPANY; SONG CHU ONE MEMBER LIMITED COMPANY; THAI HOA WATER SUPPLY ONE MEMBER LIMITED COMPANY; THAI NGUYEN WATER JOINT STOCK COMPANY; THUAN AN CONSTRUCTION AND INVESTMENT LIMITED COMPANY; and THUA THIEN HUE CONSTRUCTION AND WATER SUPPLY STATE ONE MEMBER LIMITED COMPANY ("WSCs") on the other part.;

### **WHEREAS**

(A) by a Loan Agreement of even date herewith between the Socialist Republic of Viet Nam ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan of two hundred twelve million Dollars (\$212,000,000), on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the Loan be made available to the WSCs and that the WSCs agree to undertake certain obligations towards ADB as hereinafter set forth; and

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

NOW THEREFORE the parties hereto agree as follows:

## **ARTICLE I**

### **Definitions**

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

## ARTICLE II

### Particular Covenants

Section 2.01. (a) The WSCs shall carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

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

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

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

(b) Except as ADB may otherwise agree, all Goods, Works and Consulting Services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where Goods, Works or Consulting Services have not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 2.04. The WSCs shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. The WSCs shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

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

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

Section 2.06. The WSCs shall maintain, or cause to be maintained, records and accounts adequate to identify the Goods, Works and Consulting Services and other items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to

reflect, in accordance with consistently maintained sound accounting principles, their operations and financial condition.

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

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

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

Section 2.08. (a) The WSCs shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the Goods, Works and Consulting Services and other items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of the WSC; and (v) any other matters relating to the purposes of the Loan.

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

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

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

(b) The WSCs shall enable ADB, upon ADB's request, to discuss the WSC's financial statements and its financial affairs from time to time with the auditors appointed by the WSC pursuant to Section 2.09(a) above, 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 WSC unless the WSC shall otherwise agree.

Section 2.10. The WSCs 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.

Section 2.11. (a) The WSCs shall, promptly as required, take all action within their powers to maintain their corporate existence, to carry on their operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of their business.

(b) The WSCs shall at all times conduct their business in accordance with sound technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

(c) The WSCs shall at all times operate and maintain their plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound technical, financial, business, development and operational and maintenance practices.

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

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

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

Section 2.15. The WSCs shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of their constitutional documents which, if implemented, could adversely affect the carrying out of the Project or the operation of the Project facilities. The WSCs shall afford ADB an adequate opportunity to comment on such proposal prior to taking any action thereon.

### **ARTICLE III**

#### **Effective Date; Termination**

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

Section 3.02. This Project Agreement and all obligations of the parties hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

Section 3.03. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

### **ARTICLE IV**

#### **Miscellaneous**

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

#### For ADB

Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

Facsimile Number:

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

For Bac Giang Water Supply and Sewerage One Member Limited Company

No. 386 Xuong Giang Street  
Bac Giang City  
Bac Giang Province

Facsimile Number:

(84-240) 3554717.

For Binh Duong Water Supply, Sewerage and Environment One Member Limited Company

11 Ngo Van Tri Street  
Phu Loi Ward  
Thu Dau Mot City  
Binh Duong Province

Facsimile Number:

(84-650) 3827738.

For Cua Lo Water Supply One Member Limited Company

Block 1 Nghi Tan Ward  
Cua Lo Town  
Nghe An Province

Facsimile Number:

(84-38) 3943177.

For Dak Lak Water Supply and Construction Investment One Member Limited Company

70 Nguyen Tat Thanh Street  
Buon Ma Thuot city  
Dak Lak Province

Facsimile Number:

(84-500) 3818733.

For Danang Water Supply One Member Limited Company

28 Le Dinh Ly Street  
Hai Chau District  
Da Nang City

Facsimile Number:

(84-511) 3697222.

For Hai Phong Water Supply One Member Limited Company

54 Dinh Tien Hoang Street  
Hong Bang District  
Hai Phong City

Facsimile Numbers:

(84-31) 3841143  
(84-31) 3823748.

For Lam Dong Water Supply and Sewerage One Member Limited Company

No. 7 Bui Thi Xuan Street  
Ward No.2  
Da Lat City  
Lam Dong Province

Facsimile Numbers:

(84-63) 3821831  
(84-63) 3824050

For Nghe An Water Supply One Member Limited Company

No. 32 Phan Dang Luu Street  
Vinh City  
Nghe An Province

Facsimile Number:

(84-38) 3842208.



For Quang Nam Water Supply and Drainage Joint Stock Company

No 86-88 Phan Boi Chau Street  
Tan Thanh Ward  
Tam Ky City  
Quang Nam Province

Facsimile Number:

(84-510) 3810549.

For Quang Tri Water Supply and Construction One Member Limited Company

No 02 Nguyen Trai Street  
Dong Ha City  
Quang Tri Province

Facsimile Number:

(84-053) 3855291.

For Song Chu One Member Limited Company

24 Pham Binh Street  
Ngoc Trao Ward  
Thanh Hoa City  
Thanh Hoa Province

Facsimile Number:

(84-37) 3750390.

For Thai Hoa Water Supply One Member Limited Company

Lien Thang Block  
Hoa Hieu Ward  
Thai Hoa Town  
Nghe An Province

Facsimile Number:

(84-038) 3811163.

For Thai Nguyen Water Joint Stock Company

Ben Oanh Street

Trung Vuong Ward  
Thai Nguyen City  
Thai Nguyen Province

Facsimile Number:

(84-280) 3857272.

For Thuan An Construction and Investment Limited Company

140 Le Quy Don Street  
Buon Ma Thuot City  
Dak Lak Province

Facsimile Number:

(84-0500) 3955969.

For Thua Thien Hue Construction and Water Supply State One Member  
Limited Company

103 Bui Thi Xuan Street  
Hue City  
Thua Thien Hue Province

Facsimile Number:

(84-54) 3826580.

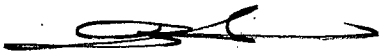
Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement or under Section 6.01 of the Loan Agreement by or on behalf of the WSCs may be taken or executed by their Director or by such other person or persons as he or she shall so designate in writing notified to ADB.

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

Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

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

ASIAN DEVELOPMENT BANK

By   
 Tomoyuki Kimura  
 Country Director  
 Viet Nam Resident Mission

BAC GIANG WATER SUPPLY AND  
 SEWERAGE ONE MEMBER  
 LIMITED COMPANY

By   
 Huong Xuan Cong  
 Chairman - Director

BINH DUONG WATER SUPPLY,  
 SEWERAGE AND ENVIROMENT ONE  
 MEMBER LIMITED COMPANY

By   
 Nguyen Van Thien  
 Chairman-General Director

CUA LO WATER SUPPLY ONE  
 MEMBER LIMITED COMPANY

By   
 Nguyen Huu Luan  
 Chairman-Director

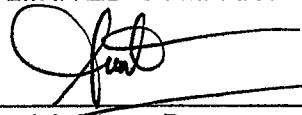
DAK LAK WATER SUPPLY AND  
CONSTRUCTION INVESTMENT ONE  
MEMBER LIMITED COMPANY

By   
Tran Van Thien  
Director

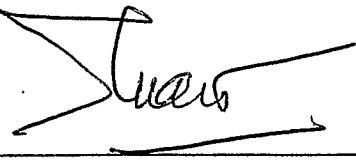
DANANG WATER SUPPLY ONE  
MEMBER LIMITED COMPANY

By   
Nguyen Truong Anh  
Chairman - Director


HAI PHONG WATER SUPPLY ONE  
MEMBER LIMITED COMPANY

By   
Vu Hong Duong  
Chairman-General Director

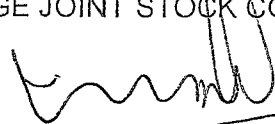
LAM DONG WATER SUPPLY AND  
SEWERAGE ONE MEMBER LIMITED  
COMPANY

By   
Vo Quang Tuan  
Chairman - Director


NGHE AN WATER SUPPLY ONE  
MEMBER LIMITED COMPANY

By   
Phan Canh De  
Chairman - Director

QUANG NAM WATER SUPPLY AND  
DRAINAGE JOINT STOCK COMPANY

By   
Ngo Duc Trung  
Chairman - General Director

QUANG TRI WATER SUPPLY AND  
CONSTRUCTION ONE MEMBER  
LIMITED COMPANY

By   
~~Mai Van Tu~~  
~~Chairman - Director~~  
Dao Battieu  
Deputy Director

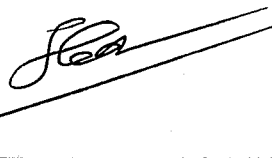
SONG CHU ONE MEMBER LIMITED  
COMPANY

By   
Le Van Nhi  
Chairman of the Board

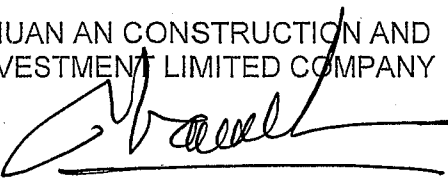
THAI HOA WATER SUPPLY ONE  
MEMBER LIMITED COMPANY

By   
Phan Van Viet  
Chairman - Director

THAI NGUYEN WATER JOINT STOCK  
COMPANY

By   
Tran Quang Han  
Chairman – Director

THUAN AN CONSTRUCTION AND  
INVESTMENT LIMITED COMPANY

By   
Phan Van Chien  
Director

THUA THIEN HUE CONSTRUCTION  
AND WATER SUPPLY STATE ONE  
MEMBER LIMITED COMPANY

By   
Truong Cong Nam  
Chairman - Director