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Project Number: 43400  
Loan Number: L2814  
January 2014

Loan Cancellation  
Socialist Republic of Viet Nam: O Mon IV Combined  
Cycle Power Plant Project

1. O Mon IV Combined Cycle Gas Turbine Power Plant is a 750 megawatt (MW) thermal power plant to be constructed in the south of the Socialist Republic of Viet Nam (Viet Nam) to generate 4,388 gigawatt-hours (GWh) of electricity annually using natural gas from the offshore gas fields (Block B/52) in the Gulf of Thailand. The total project cost is estimated to be \$793.45 million.
2. The Asian Development Bank (ADB) Board approved Loan 2814-VIE: O Mon IV Combined Cycle Power Plant Project in the amount of \$309.89 million from ADB's ordinary capital resources for the project on 24 November 2011. The project was to be cofinanced by the German Government through Kreditanstalt für Wiederaufbau Bankengruppe (KfW) in the amount of €295.00 million (equivalent to \$370.00 million at the time of Board approval), with the balance of \$113.56 million to be financed by the Government of Viet Nam and Vietnam Electricity (EVN), the executing agency.
3. After the approval of the loan, the Government of Viet Nam decided not to sign the loan agreements for both ADB and KfW loans until the upstream gas sales and purchase agreement (GSPA) for Block B/52 was concluded between the private foreign partners and Vietnam Oil and Gas Group (PetroVietnam; PVN) who represents the Government of Viet Nam for the GSPA. Since the GSPA was not concluded before the one year deadline of loan approval validity set on 23 November 2012, the Government of Viet Nam requested ADB to extend the validity by 12 months until 23 November 2013.
4. Although the Government of Viet Nam and EVN remained committed to the project and the conclusion of the upstream GSPA, the negotiation on the GSPA did not progress as expected after the extension. On 18 September 2013, representatives of ADB and KfW met with Deputy Prime Minister Hoang Trung Hai, who requested both the ADB and KfW loans to be cancelled since the GSPA agreement with the foreign partners is unlikely to be concluded.
5. Following this meeting, the Government of Viet Nam issued a letter to ADB to cancel the loan on 20 November 2013. Since the loan agreement was not signed, the validity of ADB approval lapsed on 23 November 2013.