
LOAN NUMBER 3762-VIE(COL)

LOAN AGREEMENT
(Ordinary Operations [Concessional])
(Northern Mountain Provinces Transport Connectivity Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 5 MARCH 2019

VIE 50098

LOAN AGREEMENT
(Ordinary Operations [Concessional])

LOAN AGREEMENT dated 5 March 2019 between SOCIALIST REPUBLIC OF VIET NAM ("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 concessional loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations (Concessional) Loan Regulations, dated 1 January 2017 ("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. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

- (a) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);
- (b) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 3 of Schedule 1 to this Loan Agreement;
- (c) "EA" (or "Project Executing Agency") for the purposes of, and within the meaning of, the Loan Regulations means MOT or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (d) "EIA" means each environmental impact assessment for the Project, including any update thereto, prepared and submitted by the Borrower, through EA, and cleared by ADB;

- (e) "EMDP" means the ethnic minorities development plan, including any update thereto, prepared by each Participating PPC, and submitted by the EA, for relevant portion of the Project (if required) under the Project and cleared by ADB;
- (f) "EMP" means each environmental management plan for the Project, including any update thereto, incorporated in the EIA;
- (g) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (h) "Ethnic Minorities Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;
- (i) "Goods" means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;
- (j) "HIV/AIDS" means human immunodeficiency virus/acquired immune deficiency syndrome;
- (k) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (l) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (m) "MOT" means the Borrower's Ministry of Transport, or any successor thereto;
- (n) "NGO" means non-governmental organization;
- (o) "PAM" means the project administration manual for the Project dated 26 October 2018 and agreed between the Borrower, through EA, and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;
- (p) "Participating PPCs" means all and any of the provincial peoples' committees of Lai Chau, Lao Cai, and Yen Bai, or any successor thereto, which are responsible for implementing certain activities under their respective portion of the Project;
- (q) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (r) "Procurement Plan" means the procurement plan for the Project dated 26 October 2018 and agreed between the Borrower, through EA, and

ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

- (s) "RP" means the resettlement plan, including any update thereto, prepared by each Participating PPC and submitted by the EA, for relevant portion of the Project (if required) under the Project and cleared by ADB;
- (t) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower, through EA, to ADB that describes progress with implementation of and compliance with the EMP, the RPs, and the EMDPs, including any corrective and preventative actions;
- (u) "SPS" means ADB's Safeguard Policy Statement (2009); and
- (v) "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. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred eighty-eight million three hundred sixty thousand Dollars (\$188,360,000).

(b) The Loan has a principal repayment period of 20 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

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 amount 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 the Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn 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, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan 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 Works 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 2025 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 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, through EA, shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the overall Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions 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, and any relevant records and documents.

ARTICLE V

Effectiveness

Section 5.01. A date 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 Minister of Finance 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

Ministry of Finance
No. 28 Tran Hung Dao Street
Hoan Kiem District
Ha Noi, Viet Nam

Facsimile Number:

(8424) 2220-8020

For ADB

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

Facsimile Numbers:

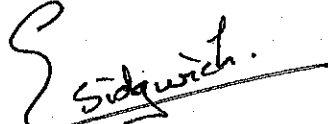
(632) 636-2444
(632) 636-2015.

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 as of the day and year first above written and to be delivered at the principal office of ADB.

SOCIALIST REPUBLIC OF VIET NAM

By 
DINH TIEN DUNG
Minister
Ministry of Finance

ASIAN DEVELOPMENT BANK

By 
ERIC SIDGWICK
Country Director
Viet Nam Resident Mission

SCHEDULE 1**Description of the Project**

1. The objective of the Project is to improve road connectivity to Greater Mekong Subregion corridors in the northwestern provinces of the Borrower.
2. The Project shall comprise:
 - (a) improving the geometry of the project roads to national highways Class III-IV Mountainous roads, except for those under Hoang Lien-Van Ban Nature Reserve, which will remain national highway Class V Mountainous roads;
 - (b) introducing sound slope protection measures in areas of land and rock slides;
 - (c) raising/reconstructing of highway embankments and bridges along road sections prone to dangerous flooding;
 - (d) increasing cross drainage capacity; and
 - (e) installing cost-effective road safety devices and pavement markings.
3. The Project will include Consulting Services, as described in the PAM.
4. The Project is expected to be completed by 31 December 2024.

SCHEDULE 2

Amortization Schedule

<u>Payment Due Date</u>	<u>Payment of Principal</u> (Expressed in Dollars)*
15 April 2024	4,709,000
15 October 2024	4,709,000
15 April 2025	4,709,000
15 October 2025	4,709,000
15 April 2026	4,709,000
15 October 2026	4,709,000
15 April 2027	4,709,000
15 October 2027	4,709,000
15 April 2028	4,709,000
15 October 2028	4,709,000
15 April 2029	4,709,000
15 October 2029	4,709,000
15 April 2030	4,709,000
15 October 2030	4,709,000
15 April 2031	4,709,000
15 October 2031	4,709,000
15 April 2032	4,709,000
15 October 2032	4,709,000
15 April 2033	4,709,000
15 October 2033	4,709,000
15 April 2034	4,709,000
15 October 2034	4,709,000
15 April 2035	4,709,000
15 October 2035	4,709,000
15 April 2036	4,709,000
15 October 2036	4,709,000
15 April 2037	4,709,000
15 October 2037	4,709,000
15 April 2038	4,709,000
15 October 2038	4,709,000
15 April 2039	4,709,000
15 October 2039	4,709,000
15 April 2040	4,709,000
15 October 2040	4,709,000
15 April 2041	4,709,000
15 October 2041	4,709,000
15 April 2042	4,709,000
15 October 2042	4,709,000
15 April 2043	4,709,000
15 October 2043	<u>4,709,000</u>
Total	188,360,000

*The arrangements for payment 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 items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. 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, in consultation with 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 allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works	152,560,000		100% of total expenditure claimed*
2	Consulting Services	7,750,000		
2A	Construction supervision		7,550,000	100% of total expenditure claimed*
2B	External financial audit		200,000	100% of total expenditure claimed*
3	Unallocated	28,050,000		
	TOTAL	188,360,000		

*Exclusive of taxes and duties imposed within the territory of the Borrower.

SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. Except as ADB may otherwise agree, Goods and Works shall be procured and Consulting Services shall be selected and engaged only on the basis of the procurement methods and the selection methods set forth below. These methods are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the procurement methods and the selection methods or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
3. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

4. Goods and Works shall be procured on the basis of the procurement methods set forth below:
 - (a) International Competitive Bidding; and
 - (b) National Competitive Bidding.

National Competitive Bidding

5. 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 approval of such change by the Borrower and ADB.

Conditions for Award of Contract

6. The Borrower shall not, and shall ensure that the EA does not, award any Works contract which involves environmental impacts until:
 - (a) ADB has granted the final approval of the updated EMP, which is prepared based on the relevant detailed design; and
 - (b) the EA has incorporated the relevant provisions from the updated EMP into the relevant Works contract.

7. The Borrower shall not, and shall ensure that the EA does not, award any Works contract which involves land acquisition and/or involuntary resettlement impacts, until the relevant Participating PPC has prepared and submitted through the EA to ADB the final RP based on the detailed design, and the EA obtained ADB's clearance of such RP.

8. The Borrower, through EA, shall not award any Works contract which involves impacts on ethnic minorities until the relevant Participating PPC has prepared and submitted through the EA to ADB the final EMDP based on the relevant detailed design, and the EA obtained ADB's clearance of such EMDP.

Consulting Services

9. Except as set forth in the paragraph below, the Borrower, through EA, shall apply Quality- and Cost-Based Selection for Consulting Services.

10. The Borrower, through EA, shall apply the following selection method for the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Consultants' Qualifications Selection for external financial audit.

Industrial or Intellectual Property Rights

11. (a) The Borrower, through EA, 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, through EA, 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.

12. The Borrower, through EA, 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.

ADB's Review of Procurement Decisions

13. 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.

SCHEDULE 5

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower shall through the EA ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower, through EA, and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Environment

2. The Borrower, through EA, shall ensure, and shall cause the Participating PPCs to ensure, that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the EIA, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

3. The Borrower, through EA, shall ensure, and shall cause the Participating PPCs to ensure, that their respective portion of the Project are carried out in accordance with environmental assessment procedures provided in the EIA as agreed between the EA and ADB.

4. The Borrower shall ensure that (a) within one year from the Effective Date, the EA, with assistance of qualified experts acceptable to ADB, develops a compensatory reforestation plan consistent with the Viet Nam's Forestry Law (2017) and the ADB's SPS (2009), to compensate for Project's adverse impacts on special-use and protected forestry areas, including to offset unavoidable deforestation and habitat loss in the Hoang Lien Van Ban Nature Reserve; (b) sufficient budget and other necessary resources are allocated and timely provided for implementation of said reforestation plan; and (c) prior to Project completion, such reforestation plan is fully implemented in accordance with its terms, budget and timetable.

5. The Borrower, through EA, shall ensure that the EIA and EMP are updated after detailed engineering design to include: (a) spoil management and disposal plan; (b) updated noise modeling and mitigation measures for sensitive receptors to ensure compliance with the General Environmental, Health and Safety Guidelines: Environmental Noise Management of the World Bank Group (2007); (c) erosion control plan; and (d) forestry and biodiversity monitoring plan.

Land Acquisition and Involuntary Resettlement

6. The Borrower, through EA, shall ensure, and shall cause the Participating PPCs to ensure, that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and

involuntary resettlement; (b) the Involuntary Resettlement Safeguards; and (c) all measures and requirements set forth in the final RPs, and any corrective or preventative actions set forth in the Safeguards Monitoring Report.

7. Without limiting the application of the Involuntary Resettlement Safeguards or the RPs, the Borrower, through EA, shall ensure, and shall cause the Participating PPCs to ensure, that no physical or economic displacement takes place in connection with the Project until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the final RPs; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the final RPs.

Ethnic Minorities

8. The Borrower, through EA, shall ensure, and shall cause the Participating PPCs to ensure, that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to ethnic minorities; (b) the Ethnic Minorities Safeguards; and (c) all measures and requirements set forth in the final EMDPs, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

9. The Borrower, through EA, shall make available, and shall cause the Participating PPCs to make available, necessary budgetary and human resources to fully implement the EMP, the final RPs, and the final EMDPs.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

10. The Borrower, through EA, shall ensure, and shall cause the Participating PPCs to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the EIA, the EMP, the final RPs, and the final EMDPs (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) prior to commencement of the Works contracts, prepare and submit to the EA for review and clearance a site-specific, contractor environment management plan; and obtain all necessary environmental permits for spoil disposal sites and quarries, and the siting and operation of batching plants, casting yards, and work camps;

- (c) make available a budget for all such environmental and social measures;
- (d) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the EIA, the EMP, the final RPs, and the final EMDPs;
- (e) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (f) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

11. The Borrower, through EA, shall do the following or shall cause the Participating PPCs to do the following:

- (a) for Environmental Safeguards, (1) submit to ADB (i) internal Safeguard Monitoring Reports semiannually during implementation of the Project, until the issuance of ADB's Project completion report unless a longer period is agreed in the EMP; and (ii) annual external Safeguard Monitoring Reports; and (2) disclose relevant information from such reports to affected persons promptly upon submission;
- (b) for Social Safeguards, submit quarterly Safeguard Monitoring Reports to ADB and disclose relevant information from such reports to affected persons and ethnic minority communities promptly upon submission;
- (c) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the EIA, the EMP, the final RPs, and the final EMDPs, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (d) no later than the Works contract award, engage qualified and experienced external experts or qualified NGO under a selection process and terms of reference acceptable to ADB, to verify information produced through the Project monitoring process, and facilitate the carrying out of any verification activities by such external experts;
- (e) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP, the final RPs, and the final EMDPs promptly after becoming aware of the breach.

Prohibited List of Investments

12. The Borrower, through EA, shall ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor Standards, Health and Safety

13. The Borrower, through EA, shall ensure that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower, through EA, shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) do not restrict the workers from developing a legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.

14. The Borrower, through EA, shall strictly monitor compliance with the requirements set forth in paragraph 13 above and provide ADB with regular reports.

Gender and Development

15. The Borrower, through EA, shall ensure that the principles of gender equality aimed at increasing Project benefits and impact on women in the Project area are followed during implementation of the Project. These include (a) equal pay to men and women for work of equal value, (b) enabling working conditions for women workers, and (c) taking necessary actions to encourage women living in the Project area to participate in the design and implementation of Project activities.

Operations and Maintenance

16. During Project implementation and thereafter, the Borrower shall ensure budgetary allocation to the proper operation and maintenance (O&M) of the Project facilities, and cause the EA and Participating PPCs, as applicable, to maintain the Project facilities and provide proper technical supervision. The funds required for O&M of the Project facilities shall be allocated and released in accordance with annual budgetary plan. The Borrower shall ensure that the EA prepare and maintain a road asset management system during Project implementation and thereafter.

17. The Borrower, through EA, shall ensure that within three years after the award of the first Works contract, an operation and maintenance arrangement is made, including an option for a performance-based maintenance, and reported to ADB.

Road Safety

18. The Borrower shall ensure that the EA implement road safety measures taking into account findings and recommendations of the design and the supervision consultants, accompanied by road safety awareness sessions during the design process, construction, and post construction.

Counterpart Support

19. The Borrower, through the EA and the Participating PPCs, shall make available, promptly as and when needed, the funds, facilities, services, land, and other resources as shall be necessary or required, in addition to the proceeds of the Loan, for the carrying out of the Project and for the operation and maintenance of the Project facilities. The Borrower, through MOT, shall furnish to ADB, promptly at its reasonable request, evidence satisfactory to ADB that such funds, facilities, services, land and other resources are available for purposes related to the Project.

20. Further, the Borrower shall through the EA ensure availability and timely release of alternative funding (including cofinancing) and/or corresponding counterpart funding for the timely implementation of parallel subproject/components relating to axle load control program, awareness campaign for road safety, HIV/AIDS and human trafficking. For this purpose, within six months of the Effective Date, the Borrower shall through the EA furnish to ADB (a) a detailed implementation program and (b) a financing plan on, and financial commitments for, the projected financing needs of such parallel subprojects/components, all satisfactory to ADB.

Grievance Redress Mechanism

21. The Borrower shall through the EA cause the Participating PPCs to ensure that a safeguards grievance redress mechanism(s) acceptable to ADB is established in accordance with the provisions of the EIA and the Participating PPCs' corresponding RPs and EMDPs at the project management units, within the timeframes specified in the corresponding EMP, RPs and EMDPs, to consider safeguards complaints. The grievance redress mechanism shall be translated to Vietnamese language and be disclosed in a place that are accessible to the local communities to make them aware of the grievance mechanism and their potential involvement and responsibilities in the project activities. The grievance redress mechanism shall include the names of the focal persons in the provincial project management units and the procedures for submitting complaints.

22. Further, the Borrower shall through the EA ensure that within 90 days following the Effective Date, a grievance redress mechanism acceptable to ADB is established for non-safeguards complaints in accordance with the PAM. In each case, such GRM shall function to (i) review and document eligible complaints of Project stakeholders; (ii) proactively address grievances; (iii) provide the complainants with notice of the chosen mechanism and/or action; and (iv) prepare and make available to ADB upon request periodic reports to summarize (a) the number of complaints received and resolved, (b) chosen actions, and (c) final outcomes of the grievances and make these reports available to ADB upon request. Eligible non-safeguards complaints include those related to the Project, any of

the service providers, any person responsible for carrying out the Project, complaints on misuse of funds and other irregularities as well as gender issues.

Governance and Anticorruption

23. The Borrower shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

24. The Borrower, through EA, shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

25. The Borrower shall disclose, through the websites of EA, information about various matters concerning the Project, including general project information, procurement, Project progress, and contact details in the English and Vietnamese languages. The website will also provide a link to ADB's Office of Anticorruption and Integrity (<http://www.adb.org/site/integrity/main>) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. With regard to procurement, the website will include information on the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of Goods, Works, and Consulting Services procured.