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LOAN NUMBER 3113-VIE (SF)

LOAN AGREEMENT  
(Special Operations)

(Sustainable Urban Transport for Ho Chi Minh City Mass Rapid Transit Line 2 Project)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 18 JULY 2014

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VIE 45200

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

LOAN AGREEMENT dated 18 July 2014 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 a part of the Project described in Schedule 1 to this Loan Agreement (“SF Part”);

(B) the SF Part will be carried out by Ho Chi Minh City People’s Committee (“HCMC PC”), and for this purpose the Borrower will make available to HCMC PC the proceeds of the Loan provided for herein upon terms and conditions satisfactory to ADB;

(C) the Borrower has also applied to the Clean Technology Fund (“CTF”) for a loan (“CTF Loan”) in an amount not exceeding the equivalent of forty-eight million nine hundred fifty thousand Dollars (\$48,950,000) to be administered by ADB and upon the terms and conditions set forth in a loan agreement between the Borrower and ADB (“CTF Loan Agreement”) for the purposes of a part of the Project as described in Schedule 2 to the CTF Loan Agreement (“CTF Part”, and together with the SF Part “Project”); and

(D) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and HCMC PC (“Project Agreement”);

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 (“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 CTF Loan as described in paragraph 3 of Schedule 2 to the CTF Loan Agreement;

(c) “CTF” means ADB’s Clean Technology Fund;

(d) “EMP” or “Environmental Management Plan” means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;

(e) “Environmental Safeguards” means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

(f) “GAP” means gender action plan for the Project, including any update thereto, prepared and submitted by HCMC PC and cleared by ADB;

(g) “Goods” means equipment and materials to be financed out of the proceeds of the Loan and the CTF Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(h) “HCMC” means the Ho Chi Minh city within the territory of the Borrower;

(i) “HCMC PC” means the people’s committee of Ho Chi Minh City within the territory of the Borrower;

(j) “HIV/AIDS” means human immunodeficiency virus/acquired immune deficiency syndrome;

(k) “IEE” or “Initial Environmental Examination” means the initial environmental examination for the Project, including any update thereto, prepared and submitted by HCMC PC and cleared by ADB;

(l) “Involuntary Resettlement Safeguards” means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

(m) “Loan Disbursement Handbook” means ADB’s Loan Disbursement Handbook (2012, as amended from time to time);

(n) “MRT” means mass rapid transit;

(o) “O&M” means operation and maintenance;

(p) “PAM” means the project administration manual for the Project dated 08 November 2013 and agreed between HCMC PC and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(q) “Procurement Guidelines” means ADB’s Procurement Guidelines (2013, as amended from time to time);

(r) “Procurement Plan” means the procurement plan for the Project dated 08 November 2013 and agreed between HCMC PC and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(s) “Project” means the SF Part and the CTF Part as described in recital (C) hereinabove;

(t) “Project Executing Agency” for the purposes of, and within the meaning of, the Loan Regulations means HCMC PC or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;

(u) “Project facilities” means equipment to be provided and the facilities to be constructed, upgraded, or rehabilitated under the Project;

(v) “RP” or “Resettlement Plan” means the resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(w) “Safeguards Monitoring Report” means each report prepared and submitted by HCMC PC to ADB that describes progress with implementation of and compliance with the EMP and the RP (as applicable), including any corrective and preventative actions;

(x) “SPS” or “Safeguard Policy Statement” means ADB’s Safeguard Policy Statement (2009);

(y) “UTMD1” means urban transport management department no. 1 under the Department of Transport of HCMC PC which will serve as the Project implementation agency or any successor thereto acceptable to ADB; and

(z) “Works” means construction or civil works to be financed out of the proceeds of the Loan and the CTF Loan, including services such as drilling or mapping, and the 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 six million five hundred thirty thousand Special Drawing Rights (SDR6,530,000).

Section 2.02. (a) 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.

(b) The term “grace period” as used in subsection (a) 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 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 July and 15 January 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 make the proceeds of the Loan available to HCMC PC as a grant upon terms and conditions satisfactory to ADB and shall cause HCMC PC to apply such proceeds to the financing of expenditures on the SF Part of the Project in accordance with the provisions of this Loan Agreement and the Project 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. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the SF Part of the Project.

Section 3.05. Withdrawals from the Loan Account in respect of Goods, if any and Works shall be made only on account of expenditures relating to:

- (a) Goods, if any which are produced in and supplied from and Works 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, if any and Works which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2020 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. The Borrower shall or shall cause to enable ADB's representatives to inspect SF Part of the Project, the Goods, if any and Works, and any relevant records and documents.

Section 4.03. The Borrower shall take all actions which shall be necessary on its part to enable the Project Executing Agency to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

## **ARTICLE V**

### **Suspension; Acceleration of Maturity**

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations: If the CTF Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

## **ARTICLE VI**

### **Effectiveness**

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan

Regulations: the CTF Loan Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness shall have been fulfilled.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 9.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: the matter specified in Section 6.01 of this Loan Agreement shall have been satisfied.

Section 6.03. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

## **ARTICLE VII**

### **Miscellaneous**

Section 7.01. 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 7.02. 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  
Ha Noi, Viet Nam

Facsimile Numbers:

(84 4) 38250-612  
(84 4) 38258-385.

#### For ADB

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

Facsimile Numbers:


(63 2) 636-2444  
(63 2) 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   
NGUYEN VAN BINH  
Governor  
State Bank of Viet Nam

ASIAN DEVELOPMENT BANK

  
By \_\_\_\_\_  
TOMOYUKI KIMURA  
Country Director  
Viet Nam Resident Mission



## SCHEDULE 1

### Description of the SF Part of the Project

1. The objective of the Project is to improve access to MRT Line 2 stations and connectivity with other modes of public transport in HCMC, as well as strengthen public transport policies and regulations to encourage public transport usage.
2. The SF Part of the Project shall comprise the following output:  
  
**MRT Line 2 Station Accessibility Improvements:** This output will include (a) provision of part of Works in accordance with the Procurement Plan for MRT Line 2 station accessibility improvements with construction of public transport facilities along the first stage of MRT Line 2 from Ben Thanh to Tham Luong stations, primarily within 100 meter around the nine underground and one elevated stations along the 10.3 kilometer line, including, among others, (i) pedestrian subways and footbridges; (ii) bus stops and feeder links; (iii) dedicated taxi stands; (iv) park and ride facilities for two-wheeled vehicles; and (v) waiting areas for other public transport service providers; and (b) establishment of a station access management system to facilitate the efficient flow of people and traffic around MRT Line 2 stations.
3. The Project is expected to be completed by 31 December 2019.

**SCHEDULE 2****Amortization Schedule****(Sustainable Urban Transport for Ho Chi Minh City Mass Rapid Transit Line 2 Project)**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
15 July 2019	163,250
15 January 2020	163,250
15 July 2020	163,250
15 January 2021	163,250
15 July 2021	163,250
15 January 2022	163,250
15 July 2022	163,250
15 January 2023	163,250
15 July 2023	163,250
15 January 2024	163,250
15 July 2024	163,250
15 January 2025	163,250
15 July 2025	163,250
15 January 2026	163,250
15 July 2026	163,250
15 January 2027	163,250
15 July 2027	163,250
15 January 2028	163,250
15 July 2028	163,250
15 January 2029	163,250
15 July 2029	163,250
15 January 2030	163,250
15 July 2030	163,250
15 January 2031	163,250
15 July 2031	163,250
15 January 2032	163,250
15 July 2032	163,250
15 January 2033	163,250
15 July 2033	163,250
15 January 2034	163,250
15 July 2034	163,250
15 January 2035	163,250
15 July 2035	163,250
15 January 2036	163,250
15 July 2036	163,250
15 January 2037	163,250

<u>Date Payment Due</u>	<u>Payment of Principal (expressed in Special Drawing Rights)*</u>
15 July 2037	163,250
15 January 2038	163,250
15 July 2038	163,250
15 January 2039	163,250
<b>TOTAL</b>	<b>6,530,000</b>

\* 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 disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Interest Charge

3. The amount allocated to Category 2 is for financing the interest charge on the Loan during the implementation period of the Project.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan 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 shall be disbursed in accordance with the Loan Disbursement Handbook.

**TABLE**

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Sustainable Urban Transport for Ho Chi Minh City Mass Rapid Transit Line 2 Project)</b>			
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing SDR</b>	<b>Basis for Withdrawal from the Loan Account</b>
		<b>Category</b>	
1	Works	4,924,000	24% of total expenditure claimed*
2	Interest Charge	346,000	100% of total amount due
3	Unallocated	1,260,000	
	<b>Total</b>	<b>6,530,000</b>	

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

## SCHEDULE 4

### Procurement of Goods and Works

#### General

1. The procurement of Goods, if any and Works shall be subject to and governed by the Procurement Guidelines.
2. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines.

#### Goods and Works

3. Except as ADB may otherwise agree, Goods, if any and Works shall only be procured on the basis of the methods of procurement set forth below:
  - (a) International Competitive Bidding; and
  - (b) National Competitive Bidding;
4. 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.

#### Domestic Preference

5. 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.

#### National Competitive Bidding

6. 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

7. The Borrower shall cause HCMC PC to not award any Works contract which involves environmental impacts until:
  - (a) Department of Natural Resources and Environment of the Borrower has granted the final approval of the IEE; and
  - (b) the Borrower has incorporated the relevant provisions from the EMP into the Works contract.

8. The Borrower shall cause HCMC PC not to award any Works contract which involves involuntary resettlement impacts, until the HCMC PC has prepared and submitted to ADB the final RP based on the Project's detailed design, and obtained ADB's clearance of such RP.

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 of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods, if any 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.

ADB's Review of Procurement Decisions

10. Contracts procured under international competitive bidding procedures, and national competitive bidding procedures 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 and the Project Executing Agency shall 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 HCMC PC and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

2. The Borrower shall, through HCMC PC, cause UTMD1 to ensure that throughout the Project implementation, the Project management unit is fully equipped with professionally skilled staff, reasonable office space, adequate equipment, and sufficient financial resources required for the smooth and timely implementation of the Project.

#### Counterpart Financing

3. The Borrower shall, and shall cause HCMC PC to, ensure that: (a) counterpart funds necessary for the smooth and successful completion of the Project are provided in a timely manner; (b) additional funds, as and when needed, are provided to meet any Project shortfall or cost overruns; and (c) adequate funds are provided, in a timely manner, for the O&M of the Project facilities.

#### Integration of Public Transport

4. The Borrower shall cause HCMC PC to ensure that (a) sector development studies to address public transport sustainability issues is carried out; (b) recommendations from the said studies especially concerning traffic enforcement, parking and transport pricing are fully implemented in a timely manner; (c) all necessary on-bus equipment and bus stop equipment required to implement the bus information system for bus services connected to MRT line 2 is provided in a timely manner for effective implementation of the bus information system.

#### O&M of Project Facilities

5. The Borrower shall, through HCMC PC, cause UTMD1 to ensure that (a) O&M mechanism for the Project is established; (b) the Project facilities procured, constructed or upgraded are maintained properly; and (c) adequate budget and resources are provided for O&M of the said Project facilities.

#### Environment

6. The Borrower shall cause HCMC PC 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 IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.



7. The Borrower shall cause HCMC PC to ensure that (a) the relevant provisions from the EMP are included in all bidding documents and Works contracts for the Project regardless of the source of financing; and (b) in case of any discrepancy or inconsistency among the Borrower's laws, regulations and procedures relating to environment, health and safety and the SPS, the SPS shall prevail.

#### Involuntary Resettlement

8. The Borrower shall cause HCMC 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 Safeguard; and (c) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report. The Borrower shall cause HCMC PC to further ensure that in case of any discrepancy among the Borrower's laws, regulations and procedures relating to land acquisition and involuntary resettlement and the SPS, the SPS shall prevail.

9. Without limiting the application of the Involuntary Resettlement Safeguards or the RP, the Borrower shall cause HCMC PC 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 RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

10. Without limiting the application of the Involuntary Resettlement Safeguard or the RP, the Borrower shall cause HCMC PC to ensure that (a) the measures provided in the updated RP, including compensation and entitlements for the affected people, are not downgraded; (b) land acquisition, relocation of affected people, and clearance of land does not commence until the respective updated RP has been agreed between ADB and the Borrower and provisions of such final RP have been implemented to the full satisfaction of ADB; and (c) a site possession notice is not issued to the Works contractors to commence construction activities for a specific section, until the head of the provincial resettlement sub-committee has officially confirmed in writing that: (i) payment and assistance has been fully provided to the affected people and rehabilitation measures are in place for that specific section in accordance with the updated RP; (ii) the affected people, who need to be displaced for a specific section of the Project and have already been compensated in accordance with the updated RP, have been relocated from the concerned area in a timely manner; and (iii) each section of the Project is free from any encumbrances.

#### Indigenous Peoples

11. The Borrower shall cause HCMC PC to ensure that the Project does not have indigenous peoples impacts, all within the meaning of the SPS. In the event that the Project

does have any such impact, HCMC PC shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

Human and Financial Resources to Implement Safeguards Requirements

12. The Borrower shall, and shall cause HCMC PC to, make available necessary budgetary and human resources to fully implement the EMP and the RP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

13. The Borrower shall through HCMC PC cause UTMD1 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 IEE, the EMP and the RP (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) make available a budget for all such environmental and social measures;
- (c) provide HCMC PC 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 IEE, the EMP and the RP; and
- (d) reinstate pathways, other local infrastructure, and agricultural land to at least their pre-Project condition upon the completion of construction.

Safeguards Monitoring and Reporting

14. The Borrower shall, and shall cause HCMC PC to, do the following:

- (a) submit semi-annual Safeguards Monitoring Reports in respect of implementation of and compliance with the Environmental Safeguards and the EMP and Involuntary Resettlement Safeguards and the RP, and disclose relevant information from such reports to affected persons promptly upon submission;
- (b) 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 IEE, the EMP and the RP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan;
- (c) prior to commencement of RP updating, engage qualified and experienced external expert(s) or qualified NGO(s) 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; and

- (d) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RP, promptly after becoming aware of the breach.

#### Prohibited List of Investments

15. The Borrower shall, and shall cause HCMC PC to, 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.

#### Gender and Development

16. The Borrower shall cause HCMC PC and through HCMC PC shall cause UTMD1 to ensure that: (a) the GAP is implemented and adequately resourced, supervised and monitored in accordance with ADB's *Policy on Gender and Development* (1998); and (b) measures under the GAP including, but not be limited to the following are implemented effectively: (i) gender friendly design to improve MRT Line 2 station accessibility , including: women-only waiting spaces at the bus terminal, adequate lighting around stations and walkways; separate toilets for women; spaces allocated for women vendors to operate in/ around the stations and terminal; (ii) 20% of Works and 30% of O&M jobs in street management, attendants and security are provided to women; and (iii) public transport information system and scheduling is developed based on a gender analysis of transport patterns and needs and provides trip schedules linked to other types of multi modal public transport, to support accessibility.

#### Governance and Anticorruption

17. The Borrower shall cause HCMC PC and through HCMC PC shall cause UTMD1 to (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.

18. The Borrower shall cause HCMC PC and through HCMC PC shall cause UTMD1 to 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.

Grievance Redress Mechanism

19. The Borrower shall cause HCMC PC and through HCMC PC shall cause UTMD1 to ensure that within 3 months of the Effective Date, complaint and problem management mechanisms, acceptable to ADB and in accordance with the Borrower's applicable laws and regulations, are established effectively to (a) review and document eligible complaints of Project stakeholders; (b) proactively address grievances; (c) provide the complainants with notice of the chosen mechanism/action; and (d) prepare periodic reports to summarize the number of complaints received and resolved, and final outcomes of the grievances and chosen actions and make these reports available to ADB as part of the quarterly progress reports. Eligible 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, and grievances due to any social or other issues.

Health and Labor Standards

20. The Borrower shall cause HCMC PC and through HCMC PC shall cause UTMD1 to ensure that Works contracts and bidding documents under the Project include specific provisions requiring contractors to comply with all core labor standards and the applicable labor laws and regulations of the Borrower including stipulations related to employment on: (a) prohibition of child labor; (b) equal pay for equal work of equal value regardless of gender, ethnicity or caste; (c) timely payment of wages; (d) elimination of forced labor; (e) use of local unskilled labor, as applicable; and (f) the requirement to disseminate information on sexually transmitted diseases including HIV/AIDS to employees and local communities surrounding the Project sites. The Borrower shall, and shall cause HCMC PC to ensure that records of labor employment are properly maintained and tracked in the Project performance management system.