
LOAN NUMBER 3340-VIE

PROJECT AGREEMENT

(Urban Environment and Climate Change Adaptation Project)

between

ASIAN DEVELOPMENT BANK

and

PROVINCIAL PEOPLE'S COMMITTEE OF QUANG BINH

PROVINCIAL PEOPLE'S COMMITTEE OF QUANG NAM

DATED 25 March 2017

VIE 43237

PROJECT AGREEMENT

PROJECT AGREEMENT dated 25 March 2017 among ASIAN DEVELOPMENT BANK ("ADB"), PROVINCIAL PEOPLE'S COMMITTEE OF QUANG BINH ("Quang Binh PPC"), and PROVINCIAL PEOPLE'S COMMITTEE OF QUANG NAM ("Quang Nam PPC").

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 one hundred million Dollars (\$100,000,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the Borrower will relend the proceeds of the Loan to Quang Binh PPC and Quang Nam PPC and that Quang Binh PPC, and Quang Nam PPC agree to undertake certain obligations towards ADB set forth herein;

(B) by a Grant Agreement of even date herewith between the Borrower and ADB, ADB has agreed to administer a grant provided by the Urban Climate Change Resilience Trust Fund under the Urban Financing Partnership Facility in an amount of four million Dollars (\$4,000,000) for the purposes of the Project; and

(C) Quang Binh PPC, and Quang Nam PPC in consideration of ADB entering into the Loan Agreement with the Borrower, have agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. (a) 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) Quang Binh PPC and Quang Nam PPC shall carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

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

Section 2.02. Quang Binh PPC and Quang Nam PPC shall make available, promptly as needed, and on terms and conditions acceptable to ADB, the funds, facilities, services, land and other resources as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 2.03. (a) In the carrying out of the Project, Quang Binh PPC and Quang Nam PPC 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, Quang Binh PPC and Quang Nam PPC shall procure all items of expenditures to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where any such item has 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. Quang Binh PPC and Quang Nam PPC shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. Quang Binh PPC and Quang Nam PPC 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) Quang Binh PPC and Quang Nam PPC shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance against such risks and in such amounts as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, Quang Binh PPC and Quang Nam PPC undertake to insure, or cause to be insured, the Goods to be imported for the Project 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. Quang Binh PPC and Quang Nam PPC shall maintain, or cause to be maintained, records and accounts adequate to identify the 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 conditions.

Section 2.07. (a) Quang Binh PPC and Quang Nam PPC shall cooperate fully to ensure that the purposes of the Loan shall be accomplished.

(b) Quang Binh PPC and Quang Nam PPC 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 the Subsidiary Loan Agreements, or the accomplishment of the purposes of the Loan.

(c) Quang Binh PPC and Quang Nam PPC shall from time to time, at the request of any party, exchange views through their representatives with regard to any matters relating to the Project, Quang Binh PPC, Quang Nam PPC, and the Loan.

Section 2.08. (a) Quang Binh PPC and Quang Nam PPC 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 items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial conditions of Quang Binh PPC and Quang Nam PPC; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, Quang Binh PPC and Quang Nam PPC 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, Quang Binh PPC and Quang Nam PPC 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 Quang Binh PPC and Quang Nam PPC of their obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) Quang Binh PPC and Quang Nam PPC shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements for the Project audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Loan proceeds as well as on the use of the procedures for imprest fund(s) and statement of expenditures) 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 close of the fiscal year to which they relate, 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 30 days of the date of their receipt by posting them on ADB's website.

(c) Quang Binh PPC and Quang Nam PPC shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and Quang Binh PPC and Quang Nam PPC and their financial affairs where they relate to the Project with the auditors appointed by Quang Binh PPC and Quang Nam PPC 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 Quang Binh PPC and Quang Nam PPC, unless Quang Binh PPC and Quang Nam PPC shall otherwise agree.

Section 2.10. Quang Binh PPC and Quang Nam PPC shall enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents.

Section 2.11. (a) Quang Binh PPC and Quang Nam PPC shall at all times conduct their operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

(b) Quang Binh PPC and Quang Nam PPC 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 applicable technical, financial, business, development, operational and maintenance practices.

Section 2.12. Except as ADB may otherwise agree, Quang Binh PPC and Quang Nam PPC 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, Quang Binh PPC and Quang Nam PPC 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 items of expenditures financed out of such proceeds are used exclusively in the carrying out of the Project.

Section 2.14. Except as ADB may otherwise agree, Quang Binh PPC and Quang Nam PPC shall duly perform all of their obligations under the 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 Agreements.

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 comes into force and effect. ADB shall promptly notify Quang Binh PPC and Quang Nam PPC 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 Numbers:

(63-2) 636-2444
(63-2) 636-2018.

For Quang Binh PPC

Provincial People's Committee of Quang Binh
06 Hung Vuong Street
Dong Hoi City
Quang Binh Province

Facsimile Number:

(84-52) 3822791.

For Quang Nam PPC

Provincial People's Committee of Quang Nam
62 Hung Vuong
Tam Ky City
Quang Nam Province

Facsimile Number:

(84-510) 3852748.

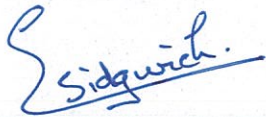
Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement by or on behalf of Quang Binh PPC and Quang Nam PPC may be taken or executed by Vice Chairman, Quang Binh PPC; and Vice Chairman, Quang Nam PPC; respectively, or by such other person or persons as he or she shall so designate in writing notified to ADB.

(b) Quang Binh PPC and Quang Nam PPC shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, 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 any 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 as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By 
ERIC SIDGWICK
Country Director
Viet Nam Resident Mission

PROVINCIAL PEOPLE'S COMMITTEE
OF QUANG BINH


By _____
NGUYEN HUU HOAI
Chairman

PROVINCIAL PEOPLE'S COMMITTEE
OF QUANG NAM


By _____
DINH VAN THU
Chairman