LOAN NUMBER 2968-VIE (SF)

PROJECT AGREEMENT

(Low Carbon Agricultural Support Project)

between

ASIAN DEVELOPMENT BANK

and

VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

CENTRAL PEOPLE'S CREDIT FUND

DATED 7 MARCH 2013

VIE 45406

PROJECT AGREEMENT

PROJECT AGREEMENT dated 7 March 2013 between ASIAN DEVELOPMENT BANK ("ADB") of the one part and VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT ("VBARD") and CENTRAL PEOPLE'S CREDIT FUND ("CCF") (each an "FI" and together the "FIs") of the other part.

WHEREAS

(A) by a Loan Agreement of even date herewith between Socialist Republic of Viet Nam ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan in various currencies equivalent to forty eight million one hundred and seventy thousand Special Drawing Rights (SDR48,170,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that a portion of the proceeds of the Loan be made available to the FIs and that the FIs agree to undertake certain obligations towards ADB as set forth herein; and

(B) the FIs, in consideration of ADB entering into the Loan Agreement with the Borrower, has 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, except that for purposes of this Project Agreement:

(i) the term "Loan" means the part of the proceeds of the Loan (as defined in the Loan Agreement) which will be relent to the FIs under Section 3.02 of the Loan Agreement; and

(ii) the term "Project" means the project activities described in Part 1(ii) of Schedule 1 to the Loan Agreement to be carried out by the FIs.

ARTICLE II

Subloans

Section 2.01. (a) Except as ADB may otherwise agree the proceeds of the Loan shall: (i) be used only for onlending Subloans to Eligible Beneficiaries for Eligible Subprojects under and in accordance with the Subloan Agreements; and (ii) be applied exclusively to the cost of Goods and Works and other items of expenditure required to carry out such Eligible Subprojects and the FIs shall ensure that any facilities and services financed out of such proceeds are used exclusively in the carrying out of the Project.

(b) Except as ADB may otherwise agree, all Goods and Works shall be procured in accordance with the provisions of Schedule 4 to the Loan Agreement.

Section 2.02. In addition to any other provisions which a prudent lender would request, each Subloan Agreement shall include provisions to the effect that:

(i) the Eligible Beneficiary shall carry out and operate the Eligible Subproject with due diligence and efficiency and in accordance with the requirements of the Subproject Eligibility Criteria, sound applicable technical, financial, business and development practices, including maintenance of adequate accounts and records;

(ii) the proceeds of the Subloan shall be used only for procurement in member countries of ADB, in accordance with procedures acceptable to ADB, of Goods which are produced in and supplied from, and Works which are supplied from, such countries;

(iii) the Goods and Works procured for an Eligible Subproject shall be used exclusively in the carrying out of that Eligible Subproject;

(iv) ADB and the FI shall each have the right to inspect such Goods and Works, the Eligible Beneficiary, the Eligible Subproject and any relevant records and documents;

(v) the Eligible Beneficiary shall take out and maintain with responsible insurers insurance against such risks and in such amounts as shall be consistent with sound business practice, and without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of Goods 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;

(vi) ADB and the FI shall each be entitled to obtain all such information as each shall reasonably request relating to the Subloan, the Goods, Works, the Eligible Subproject, the Eligible Beneficiary and other related matters; and

(vii) the FI shall be entitled to suspend or terminate further access by the Eligible Beneficiary to the use of the proceeds of the Subloan upon failure by the Eligible Beneficiary to perform its obligations under its Subloan Agreement with the FI.

Section 2.03. Each FI shall promptly and effectively exercise its rights in relation to an Eligible Subproject in accordance with the standards of a prudent lender and in such manner as to protect the interests of the Borrower, the relevant FI and ADB.

Section 2.04. (a) Each FI shall submit for prior review and clearance by ADB: (i) a draft and final version of the first Subloan Agreement financing the construction of a small biogas plant, (ii) a draft and final version of the first Subloan Agreement financing the construction of a medium biogas plant and a draft and final version of the first Subloan Agreement financing the construction of a large biogas plant; and (iii) each Subloan proposal financing the construction of a large biogas plant for which the principal amount of the Subloan borrowed by an Eligible Beneficiary is equal to or exceeds $187,000.

Section 2.05 In determining the terms and conditions for a Subloan, each FI shall take into consideration, and hence ensure, that Eligible Beneficiaries have access to affordable financial sources for construction of biogas plants and shall ensure that no amendments, waivers, supplements or other modifications are made to the terms and conditions of any Subloan which would jeopardize this principle.

Section 2.06 None of the FIs shall amend, supplement, waive, defer or otherwise modify the Subproject Eligibility Criteria in any way without the prior consent of ADB.

ARTICLE III

Particular Covenants

Section 3.01. (a) The FIs shall carry out the Project with due diligence and efficiency and in conformity with sound applicable technical, financial, business, engineering, environmental and biogas investment practices.

(b) In the carrying out of the Project and in the conduct of its business, the FIs shall perform all the obligations set forth in the Loan Agreement to the extent that they are applicable to the FIs, and shall perform all obligations set forth in their respective Subsidiary Loan Agreements.

Section 3.02. The FIs shall maintain records and accounts adequate to record the progress of the Project and the Eligible Subprojects (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operations and financial conditions of the FIs.

Section 3.03. (a) ADB and the FIs shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

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

(c) ADB and the FIs 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 FIs and the Loan.

Section 3.04. (a) The FIs 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 Project; (iii) the Eligible Beneficiaries, the Eligible Subprojects and the Subloans; (iv) the administration, operations and financial conditions of the FIs; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, the FIs shall furnish to ADB quarterly reports on the execution of the Project and on the operation and management of the FIs. Such reports shall be submitted in such form, content and 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 quarter.

(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 FIs shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the utilization of the Loan, the execution of the Eligible Subprojects, their costs, the performance by the FIs of their respective obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 3.05. (a) The FIs shall: (i) maintain separate accounts for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have the Project accounts and 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, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iii) 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; (iv) as part of each such audit, the auditors shall prepare a report (which includes the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of this Project Agreement as well as on the use of the procedures for the imprest fund 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); (v) have the FIs corporate accounts and 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, in accordance with international standards for auditing or the national equivalent; and (vi) furnish to ADB

promptly after the close of the fiscal year to which they relate, copies of such audited corporate 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. ADB may disclose the annual audited financial statements for the Project within 30 days of the date of their receipt by posting them on ADB's website.

(b) Each FI shall enable ADB, upon ADB's request, to discuss its financial statements and its financial affairs from time to time with the auditors appointed by the relevant FI pursuant to subsection (a) hereinabove, 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 FI unless the FI shall otherwise agree.

Section 3.06. The FIs shall enable ADB's representatives to inspect any Eligible Beneficiary, any Eligible Subproject, the Goods and Works, all other properties and equipment of the FIs and any relevant records and documents.

Section 3.07. (a) Each FI shall:

(i) adhere to the eligibility and other criteria set out in the Guidelines for Biogas Value Chains when selecting Eligible Beneficiaries and documenting Subloan Agreements and comply with or otherwise ensure that the Project adheres to the technical, engineering, construction, environmental, financial, economic and other requirements, recommendations and protection measures set out in the Subproject Eligibility Criteria;

(ii) offer flexibility in the borrowing, guarantee and collateral requirements for Subloans used to finance the construction of small biogas plants including the following (as may be amended from time to time with the agreement of the FIs and ADB): permitting group loans in addition to individual loans, expanding the list of acceptable collateral so that it includes collateral other than certificates granting ownership of and right to use land, ownership of houses and other assets attached to land (the red book), accepting one collateral for several credits for one or more Eligible Beneficiaries, permitting one collateral to be provided both as security for a Subloan and for any other loans for which an Eligible Beneficiary has or will apply, accepting guarantees and collateral from third parties in lieu of guarantees or collateral from an Eligible Beneficiary, and in all cases subject to the FI's satisfaction with the ratio of the value of guarantees and collateral offered by an Eligible Beneficiary to the value of a Subloan;

(iii) establish a revolving fund into which all principal repayments under Subloans will be deposited and each FI shall relend the proceeds of the revolving fund to other Eligible Beneficiaries under subsequent Subloans;

(iv) upon request from MARD or ADB, promptly provide up-to-date information on any non-performing Subloans in the portfolio of

Subloans financed by that FI and promptly provide full and comprehensive responses to any follow-up queries raised by MARD or ADB;

(v) at any time during Project implementation, use its best endeavors to ensure that the percentage of non-performing Subloans financed by that FI does not exceed 5% of the aggregate outstanding amount of all Subloans financed by that FI at that time;

(vi) immediately notify MARD and ADB upon becoming aware or having a reasonable suspicion to believe that at any time: (A) the percentage of non-performing Subloans financed by that FI exceeds 5% of the aggregate outstanding amount of all Subloans financed by that FI at that time; and (B) the percentage of non-performing Subloans financed by that FI exceeds 10% of the aggregate outstanding amount of all Subloans financed by that FI at that time (the "NPL Limit"); and

(vii) immediately cease processing any current or pending credit or withdrawal applications for Subloans and immediately suspend all further disbursements under Subloans if that FI becomes aware at any time that the NPL Limit has been exceeded.

Section 3.08. (a) The FIs shall, promptly as required, take all action within their respective 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 FIs shall at all times conduct their business in accordance with sound applicable administrative, technical, financial, business, environmental and banking practices, and under the supervision of competent and experienced management and personnel.

(c) The FIs shall at all times operate and maintain their business facilities, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound administrative, financial, engineering, environmental, banking and maintenance and operational practices.

(d) Except as ADB may otherwise agree, the FIs 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 respective obligations under this Project Agreement.

Section 3.09. Except as ADB may otherwise agree, the FIs shall duly perform all of their respective obligations under the Subsidiary Loan Agreement to which they are party 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 that Subsidiary Loan Agreement.

Section 3.10. The FIs 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 FIs shall afford ADB an adequate opportunity to comment on such proposal prior to taking any affirmative action thereon.

ARTICLE IV

Effective Date; Termination

Section 4.01. This Project Agreement shall come into force and effect on the date:

(a) the execution and delivery of this Project Agreement on behalf of the FIs has been duly authorized or ratified by all necessary corporate, administrative and governmental action; and

(b) the FIs have furnished to ADB an opinion of a counsel of their respective legal departments showing that this Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the FIs and is legally binding upon the FIs in accordance with its terms.

Section 4.02. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

ARTICLE V

Miscellaneous

Section 5.01. 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:

(632) 636-2444
(632) 636-2228.

For VBARD

Vietnam Bank for Agriculture and Rural Development
No. 2 Lang Ha Street
Ba Dinh District, Ha Noi, Viet Nam

Facsimile Number:

(84-4) 3831-3690.

For CCF

Central People's Credit Fund
15T Building, Nguyen Thi Dinh Street
Trung Hoa – Nhan Chinh
Cau Giay District, Ha Noi, Viet Nam

Facsimile Number:

(84-4) 3974-1615.

Section 5.02. (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 the FIs may be taken or executed by their respective presidents or by such other person or persons as they shall so designate in writing notified to ADB.

(b) The FIs 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 5.03. 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 as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By _____
TOMOYUKI KIMURA
Country Director
Viet Nam Resident Mission

VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

By _____
NGUYEN QUOC HUNG
Deputy General Director

CENTRAL PEOPLE'S CREDIT FUND

By _____
NGUYEN DUC DUNG
Deputy General Director