EMBASSY OF JAPAN
HANOI

Hanoi, January 16, 2017

Excellency,

I have the honour to confirm the following understanding recently reached between the representatives of the Government of Japan and of the Government of the Socialist Republic of Viet Nam concerning a Japanese loan to be extended with a view to promoting the economic stabilization and development efforts of the Socialist Republic of Viet Nam with particular focus on promoting the efforts by the Government of the Socialist Republic of Viet Nam for achieving both reduction of emissions of greenhouse gases and economic growth as well as for contributing to climate stability:

1. A loan in Japanese yen up to the amount of ten billion yen (¥10,000,000,000) (hereinafter referred to as "the Loan") will be extended, in accordance with the relevant laws and regulations of Japan, to the Government of the Socialist Republic of Viet Nam by the Japan International Cooperation Agency (hereinafter referred to as "JICA") for the purpose of supporting the Government of the Socialist Republic of Viet Nam in implementing its policy document under the Support Program to Respond to Climate Change (VII) (hereinafter referred to as "the Policy Document").

2. (1) The Loan will be made available by a loan agreement to be concluded between the Government of the Socialist Republic of Viet Nam and JICA. The terms and conditions of the Loan as well as the procedures for its utilization will be governed by the said loan agreement, within the scope of the present understanding, which will contain, inter alia, the following principles:

(a) The repayment period will be thirty (30) years after the grace period of ten (10) years;

(b) The rate of interest will be nought point three per cent (0.3%) per annum; and

His Excellency Mr. Nguyen Chi Dung
Minister of Planning and Investment
of the Socialist Republic of Viet Nam

(c) The disbursement period will be two (2) years after the date of coming into force of the said loan agreement.

(2) The disbursement period mentioned in sub-paragraph (1)(c) above may be extended with the consent of the authorities concerned of the two Governments.

3. (1) The Loan will be made available to cover payments already made and/or to be made by importers in the Socialist Republic of Viet Nam to suppliers of eligible source countries under such contracts as have been and/or may be entered into between them for purchases of products, except such products as will be enumerated in a list to be mutually agreed upon between the authorities concerned of the two Governments, and/or for purchases of services incidental to the purchase of those products, provided that such purchases are made in such eligible source countries for products produced in and/or services supplied from those countries.

(2) The list mentioned in sub-paragraph (1) above may be modified by agreement between the authorities concerned of the two Governments.

(3) The scope of eligible source countries mentioned in sub-paragraph (1) above shall be agreed upon between the authorities concerned of the two Governments.

4. The Government of the Socialist Republic of Viet Nam shall take measures to have the equivalent in Vietnamese currency of the amount of yen disbursements of the Loan transferred to the state budget account opened in the name of the Government of the Socialist Republic of Viet Nam. The amount thus transferred shall be included in the state budget of the Government of the Socialist Republic of Viet Nam, and shall be used to support the implementation of the Policy Document by the Government of the Socialist Republic of Viet Nam.

5. The Government of the Socialist Republic of Viet Nam shall ensure that the products and/or services mentioned in sub-paragraph (1) of paragraph 3 be procured in accordance with the guidelines for procurement of JICA, which set forth, inter alia, the procedures of international competitive bidding to be followed except where such procedures are inapplicable or inappropriate.

6. With regard to the shipping and marine insurance of the products purchased under the Loan, the Government of the Socialist Republic of Viet Nam shall refrain from imposing any restrictions that may hinder fair and free competition among the shipping and marine insurance companies.

7. The Government of the Socialist Republic of Viet Nam shall exempt JICA from all fiscal levies and taxes imposed in the Socialist Republic of Viet Nam on and/or in connection with the Loan as well as interest accruing therefrom.

8. The Government of the Socialist Republic of Viet Nam shall take necessary measures to ensure that the Loan be used properly and exclusively for the economic stabilization and development efforts of the Socialist Republic of Viet Nam.

9. While ensuring fair treatment of sources of information and data, the Government of the Socialist Republic of Viet Nam shall, upon request, furnish the Government of Japan and JICA with:

(a) information and data concerning the use of the Loan and the progress of the implementation of the Policy Document; and

(b) any other information, including information on corrupt practice, related to the Loan and the Policy Document.

10. The two Governments shall consult with each other with respect to any matter that may arise from or in connection with the present understanding.

I have further the honour to propose that this Note and Your Excellency's Note in reply confirming on behalf of the Government of the Socialist Republic of Viet Nam the foregoing understanding shall constitute an agreement between the two Governments, which shall enter into force on the date of Your Excellency's Note in reply.

I avail myself of this opportunity to extend to Your Excellency the assurance of my highest consideration.

梅田邦夫

Kunio Umeda
Ambassador Extraordinary
and Plenipotentiary of Japan
to the Socialist Republic of Viet Nam

Record of Discussions

In connection with the Exchange of Notes between the Government of the Socialist Republic of Viet Nam and the Government of Japan dated January 16, 2017, concerning a Japanese loan up to the amount of ten billion yen to be extended with a view to promoting the economic stabilization and development efforts of the Socialist Republic of Viet Nam with particular focus on promoting the efforts by the Government of the Socialist Republic of Viet Nam for achieving both reduction of emissions of greenhouse gases and economic growth as well as for contributing to climate stability (hereinafter referred to as "the Exchange of Notes"), the representatives of the Vietnamese Delegation and of the Japanese Delegation wish to record the following:

1. With regard to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, Japanese Note Verbale No. J.D. 3 dated January 16, 2017 and Vietnamese Note Verbale No.370/BKHDT-KTDN dated January 16, 2017, it was a shared view of the two Delegations that suppliers of eligible source countries mean nationals of the eligible source countries or juridical persons incorporated and registered in those countries, and which have their appropriate facilities for producing or providing goods and services in those countries and actually conduct their business there.

2. With regard to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, the representative of the Japanese Delegation stated that the loan mentioned in paragraph 1 of the Exchange of Notes (hereinafter referred to as "the Loan") may be made available to cover payments already made and/or to be made since January 1, 2014.

3. With regard to paragraph 4 of the Exchange of Notes, the representative of the Japanese Delegation stated that the possibility of succeeding Japanese loans will be subject to confirmation of the performance and the progress achieved by the Government of the Socialist Republic of Viet Nam in implementing its policy document under the Support Program to Respond to Climate Change referred to in paragraph 1 of the Exchange of Notes.

4. With regard to paragraph 8 of the Exchange of Notes, the representative of the Japanese Delegation stated that:

(a) the necessary measures referred to in the said paragraph include measures preventing any offer, gift or payment, consideration or benefit which would be construed as a corrupt practice in the Socialist

Republic of Viet Nam from being made as an inducement to or reward for the award of the contracts referred to in sub-paragraph (1) of paragraph 3 of the Exchange of Notes;

(b) the Government of the Socialist Republic of Viet Nam will take all necessary measures to enable and facilitate ex-post procurement audit to be carried out by independent auditors which the Japan International Cooperation Agency (hereinafter referred to as "JICA") will designate and to be paid at JICA's expense, in order to ensure fairness and competitiveness of the procurement process, in case where JICA considers such audit to be necessary; and

(c) the products and/or services purchased under the Loan will not be used for the military purposes.

5. The representative of the Vietnamese Delegation stated that the Vietnamese Delegation had no objection to the above-mentioned statements by the Japanese Delegation.

Hanoi, January 16, 2017

Nguyen Chi Dung
Minister
of Planning and Investment
of the Socialist Republic
of Viet Nam

梅田邦夫

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