Agreement

between

The Government of the Socialist Republic of Vietnam

and

The Government of the Kingdom of Denmark

on

Support to the Administrative Reform Process in Dak Lak Province (Phase 2)

Upon a request from the Government of the Socialist Republic of Vietnam the Government of the Kingdom of Denmark has agreed to provide an amount of 15,700 million Danish Kroner (DKK) on a grant basis in support of the implementation of the Project Support to the Administrative Reform Process in Dak Lak Province (Phase 2) (hereinafter referred to as the Project).

The Government of the Kingdom of Denmark and the Government of the Socialist Republic of Vietnam have agreed that the Project will be carried out in accordance with the provisions of this Agreement and the Project which is attached herewith as Annex 1.

The general provisions of this Agreement are set forth in the Agreement on General Terms and Procedures of Development Co-operation between the Government of the Kingdom of Denmark and the Government of the Socialist Republic of Vietnam signed in Hanoi on 25 August 1993.

Article 1

Definitions

For the purpose of this Agreement, unless otherwise stated, the terms listed below mean the following:

a) **"Competent authorities"** means, in the case of the Government of the Socialist Republic of Vietnam, the People's Committee of Dak Lak province (PPC) and in the case of the Government of Denmark, the Ministry of Foreign Affairs or, for both parties, any other authority empowered to perform the functions presently performed by the said authorities.

b) **"The Parties"** means the competent authorities.

c) "The Project Document" mean the documents which by signature has been approved by the Vietnamese competent authorities and the Royal Danish Embassy (RDE). The Project Document as mentioned above is attached as Annex 1 to this Agreement and constitute an integral part of this agreement. The Project Document contain a systematic description of the Project which shall govern the Project implementation.

d) The title of the Project is "Support to the Administrative Reform Process in Dak Lak Province Phase 2"

Article 2

Objectives of the Project

The overall development objective to which the Project is related is:

The administrative regime in Dak Lak province reformed and restructured with a view to decentralisation and delegation of powers to lowest appropriate level.

The immediate objectives of the Project are:

- *Immediate objective A*: Efficient and effective organisational structures developed at provincial and lower levels, simplifying decision making and decentralising competences to the most appropriate level.

- *Immediate objective B*: Replicable and sustainable service delivery units with direct access for citizens and companies designed and implemented at district level.

- *Immediate objective C:* Efficient and effective mechanisms for financial decentralisation with increased role and autonomy for district and commune government structures designed and piloted in selected units.

- *Immediate objective D:*

  Model training programmes for civil servants and cadres developed and tested within key performance areas.

  Knowledge and awareness relative to rights, obligations and procedures for the Grass-root Democracy Decree 79/CP significantly increased.

  Equal access for minority groups in the province to public service at all levels of the public administration established and maintained.

Article 3

Outputs of the Project

The expected outputs for the Project are :

Output A.1:	The provincial task force and core staff trained in Business Process Re-engineering (BPR) techniques and introduced to New Public Management principles.
Output A.2:	Potential for decentralisation of decision making and management powers at provincial, district and commune levels analysed – within the existing rules and regulations, and the most restrictive existing rules and regulations hindering efficient and effective administrative structures at the local levels identified.
Output A.3:	Six departments or other administrative units analysed and restructured.
Output A.4:	Staff of restructured departments or other administrative units trained in their new roles and responsibilities.
Output B.1:	The piloted One Stop Shop (OSS) model at district level expanded to include additional sectors / service areas (e.g. notary services, health).
Output B.2:	The piloted OSS model at district level replicated to 11 new districts.
Output B.3:	A pilot OSS model developed and implemented at commune level for four pilot communes.
Output C.1:	The provincial task force and Department of Finance (DOF) staff trained in theory on financial decentralisation and block grant management.
Output C.2.	Financial decentralisation mechanisms developed for the province and block grant/framework budgeting piloted and implemented in six selected departments or other administrative units.
Output C.3.	Study to identify which further aspects of financial decentralisation is feasible for the Vietnamese provinces to apply, and to identify constraints to this further development of the concept in Dak Lak.
Output D.1.1:	Summary Training Needs Survey (TNS) completed.
Output D.1.2:	Training strategy, topics and service provider identified.
Output D.1.3:	Training strategy implemented.

Output D.1.4: Minority language training courses (Ede) for key staff implemented.

Output D.2.1: Training course for cadres responsible for implementation of GD 79 (Chairmen of communes and Heads of Villages / Hamlets) designed, developed and implemented.

Output D.2.2: Information Education Communication (IEC) strategy addressing minorities developed.

Output D.2.3: Pilot IEC materials in minority language developed and ready for distribution.

Output D.2.4: IEC strategy implemented in selected pilot areas.

Output D.2.5: Impact, results and lessons learned assessed and described.

Output D.2.6: IEC activities replicated in communes with high proportion of minorities.

Article 4

The Project Document

The Project Document is attached as Annex 1. The Project Documents will be reviewed and updated in connection with annual joint reviews. Changes in the Project Documents are subject to the approval of the competent authorities.

Article 5

Obligations of the Government of Vietnam.

Under this Agreement the Government of Vietnam shall:

a) Promptly inform Danida of any condition, which interferes or threatens to interfere with the successful implementation of the Project.

b) Give its advice on all reports, recommendations and other matters properly referred to it for advice by Danida within a reasonable time in order not to delay or disrupt the execution of the services or the works.

c) Ensure the inputs from the Province of Dak Lak to the project, which will be:

- Project Director;
- Deputy Project Director;
- Sub-project Managers and Deputy Managers

- Sub-project specialists
- Other inputs as needed to ensure implementation at province/district/commune level
- Project Offices
- Stationary and telephone facilities
- Additional Support staff as agreed
- Venue for workshop and training when it is available
- Maintenance of all equipment and vehicles purchased either during first phase or the new phase

d) Be responsible for providing staff salaries and operational expenses for the counterpart staff engaged in the Project.

e) Facilitate the issue of work and residence permits for the duration of the Project for the advisors and consultants.

f) Ensure timely settlement of any other related formalities that might keep the project behind schedule.

g) Ensure funds for the payment of all other expenses required for the establishment and operation of the Project, which are not mentioned as items to be provided by the Government of Denmark.

For the success and sustainability of the project the Government of Vietnam shall also ensure that:

h) The Danish grant for the Project will be passed on to the implementing agencies as grant without any repayment conditions to the Vietnamese Government.

i) The implementing agencies will receive adequate working capital from the Government to enable them to maintain the normal operation.

j) Adequate and skilled staff of the implementing agencies will be in place for the project implementation and throughout the project period.

k) Vehicles, equipment, materials, supplies and spare parts to be purchased for the project will be exempted from any duties, VAT, taxes, and public fees and charges other than user's fee and charges.

Article 6

<u>Obligations of the Government of Denmark</u>

The Government of Denmark will provide the following for the implementation of the Project.

Main thematic area	Allocation in

	DKK
1. Decentralisation of tasks and responsibilities	1,880,000
2. Service Orientation	2,680,000
3. Financial decentralisation	1,905,000
4. Human Resource Development	3,533,000
5. Project management	3,730,000
6. Review / monitoring	445,000
7. Contingencies and unallocated	1,527,000
8. Total project	15,700,000

Any proposals for additional components shall be subject to approval by both parties.

Any unspent balance or any savings of project funds cannot be spent by the Project without the approval of the Competent Authorities. The amount granted is in Danish Kroner (DKK) and gains due to changes in exchange rates or interest accrued from remittances cannot be spent by the Project.

All equipment will be imported from Denmark or locally purchased through tendering by Danida in consultation with the Project, unless otherwise agreed. The equipment will be delivered c.i.f. to site, and the costs for this are included in the budget for procurement of equipment.

Article 7

Shipment

All shipments covered by this Agreement will be in keeping with the principles of free circulation on ships in international trade in free and fair competition.

Article 8

Information, monitoring and evaluation.

1. The Parties shall collaborate fully to ensure that the purpose of this Agreement be accomplished. To that end the Parties shall exchange views with regard to matters relating to the Project and provide each other with all data, documentation and information available to them, shall give all appropriate mutual assistance required in the discharging of the Parties' duties and provide all necessary support, in particular in all administrative questions, to facilitate the due implementation of the Project.

2. Joint Danish-Vietnamese reviews of the Project shall be carried out in accordance with the Project Document or at the request of either Party.

3. Danida shall have the right to carry out any technical or financial mission that it considers necessary to follow the execution of the Project. To facilitate the work of the person or persons instructed to carry out such monitoring missions, the Vietnamese Competent Authorities shall provide all relevant assistance, information and documentation.

4. Evaluation of the Project, preferably undertaken jointly by Danida and the Vietnamese Competent Authorities may be carried out at the request of either Party.

5. Danida shall have the right to carry out monitoring and evaluation according to this article after the termination of the Project.

Article 9

Project reporting

The Project Management Unit (PMU) is responsible for Inception report, quarterly progress reports, including reports from managers of sub-project activities and a Project Completion Report. Project Completion Report shall be prepared within one month after termination of the e project .

The following procedures will be used for quarterly reporting from the project:

Before the start of each quarter a report is delivered to the Provincial PAR Steering Committee and RDE with the following information:

- Outline of activities for the next quarter
- Budget for these activities
- Report of activities the previous quarter
- Financial status for the activities the last quarter

The third quarterly report each year will be extended to include annual progress reports and to propose the activities to be included in the activity plan for the next year.

All reports and plans shall be drawn up in accordance with Danida's "Aid Management Guidelines" and with the Government Decrees No. 17/2001/ND-CP and No. 03/1999/ND-CP. The reports shall be submitted both to the PAR Steering Committee of the Dak Lak Province, the Ministry of Planning and Investment, the Ministry of Home Affairs as well as the Royal Danish Embassy in Hanoi.

Article 10

Transfer of ownership

Items provided by the Government of Denmark shall remain the property of the Project, unless

the parties agree otherwise. Upon the successful completion of the Project these items will be transferred to Dak Lak Province.

Article 11

Suspension

1. If serious irregularities or suspicion thereof within the project have been ascertained, either Party may suspend project implementation, wholly or in part, until the suspending Party decides to resume implementation.

2. The Government of Denmark may cancel the Agreement if it determines, with respect to any contract to be financed by Danish funds, that corrupt or fraudulent practices were engaged in by representatives of the recipient or of a beneficiary of the funds during procurement or during the execution of the contract without the recipient having taken timely and appropriate action satisfactory to the Government of Denmark to remedy the situation.

Article 12

Accounting procedures and audit

1. As regards the Danish contribution accounting procedures and audit will be done in accordance with Danida's rules entitled "General Guidelines" attached to this Agreement as Annex 2 and "Decentralised Project Accounting" attached to this Agreement as Annex 3. As regards the Vietnamese contribution Vietnamese relevant rules and regulations will be applied.

2. Within 6 months after the expiry of the Project, audited accounts shall be submitted to Danida in accordance with Danida's standard format. The Royal Danish Embassy will select an auditor to the Project.

3. Representatives of the Auditor General of Denmark shall have the right to:

a) Carry out any audit or inspection considered necessary as regards the use of Danish funds in the question, on the basis of all relevant documentation.

b) Inspect any accounts and records of suppliers and contractors relating to the performance of the contract, and to perform a complete audit.

Article 13

Other stipulations

Before the project begins, the project will appoint a national Project Director, and a Deputy Project Manager.

Article 14

Entry into force

This Agreement shall enter into force on the date of signature and shall remain in force within 6 months from the end of the Project.

Article 15

Project duration

The Project will have the duration of 4 years from the starting date. In case of delays in project implementation the project duration may be extended by mutual agreement and within the agreed budget.

Article 16

Settlement of disputes

1. Any dispute concerning the interpretation or implementation of this Agreement shall be settled by negotiation between the two parties. In case the dispute has not been settled within a time limit of one year, the matter may be referred to arbitration by either Party.

2. The arbitration shall operate according to the following rules: The number of arbitrators shall amount to a total of three, one designated by either of the Parties, i.e. two, and a third designated by the former two. In case of dispute between the former two arbitrators as to the designation of the latter, the latter will be designated by a neutral institution to be identified by the former two. The arbitration award shall be submitted in written form and must be signed by the three arbitrators. The proceedings to be followed by the Court of Arbitration shall be decided on by the three arbitrators, who shall also determine the distribution between the two parties of the costs relating to arbitration.

Article 17

Termination

This Agreement shall remain in force until the completion of the Project.

The Parties may terminate the Project by agreement through an exchange of letters or

unilaterally by a notice of termination. Such notice will come into effect six months after having been received by the other Party.

In witness hereof the Parties hereto, acting through their representatives duly authorised for this purpose, have caused this Agreement to be signed in two originals in the English language on this day of 13 June 2004

For the Government of the Socialist Republic of Vietnam	For the Government of the Kingdom of Denmark
Nguyen Van Lang Chairman People's Committee of Dak Lak province	Bjarne Henneberg Sorensen Ambassador Royal Danish Embassy Hanoi

BỘ NGOẠI GIAO

Số : 51/2004 /LPQT

SAO Y BẢN CHÍNH

Hà Nội, ngày 23 tháng 6 năm 2004

TL. BỘ TRƯỞNG BỘ NGOẠI GIAO
KT. Vụ trưởng Vụ Luật pháp và Điều ước quốc tế
Phó Vụ trưởng



Nguyễn Hoàng Anh

Nơi nhận :

- Văn phòng Quốc hội (để báo cáo),
- Văn phòng Chủ tịch nước (để báo cáo),
- Văn phòng Chính phủ (để báo cáo và đăng Công báo)
- Bộ Kế hoạch và Đầu tư,
- Bộ Nội vụ,
- UBND tỉnh Đắk Lắk,
- Đại sứ quán CHXHCN Việt Nam tại Đan Mạch,
- Vụ Châu Âu 2, Bộ Ngoại giao,
- Vụ Luật pháp và Điều ước quốc tế, Bộ Ngoại giao,
- Lưu trữ, Bộ Ngoại giao.

Hiệp định giữa Chính phủ nước Cộng hòa xã hội chủ nghĩa Việt Nam và Chính phủ Vương quốc Đan Mạch về Hỗ trợ tiến trình cải cách hành chính tại tỉnh Đắk Lắk - Giai đoạn 2 có hiệu lực từ ngày 13 tháng 6 năm 2003.