Tokyo, June 6, 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 economic stabilization and development efforts of the Socialist Republic of Viet Nam:

1. A loan in Japanese yen up to the amount of forty-eight billion nine hundred and fifty-seven million yen (¥48,957,000,000) (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 implementing the projects enumerated in the list attached hereto (hereinafter referred to as "the Projects" and "the List" respectively) according to the allocation for each project as specified in the List.

2. (1) The Loan will be made available by loan agreements 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 agreements, 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;

His Excellency
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Minister of Planning and Investment
of the Socialist Republic of Viet Nam

(c) Notwithstanding sub-paragraph (b) above, where a part of the Loan is made available to cover payments to consultants of the Projects, then the rate of interest of the said part will be nought point nought one per cent (0.01%) per annum; and

(d) The respective disbursement periods will be nine (9) years with regard to the project mentioned in 1 of the List and ten (10) years with regard to the project mentioned in 2 of the List after the dates of coming into force of the said loan agreements.

(2) The loan agreements mentioned in sub-paragraph (1) above will be concluded after JICA is satisfied with the feasibility of the Projects, including environmental consideration.

(3) The respective disbursement periods mentioned in sub-paragraph (1)(d) 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 to be made by the Vietnamese executing agencies to suppliers, contractors and/or consultants of eligible source countries under such contracts as may be entered into between them for purchases of products and/or services required for the implementation of the Projects, provided that such purchases are made in such eligible source countries for products produced in and/or services supplied from those countries.

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

(3) A part of the Loan may be used to cover eligible local currency requirements for the implementation of the Projects.

4. 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.

5. 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.

6. Japanese nationals whose services may be required in the Socialist Republic of Viet Nam in connection with the supply of the products and/or services mentioned in sub-paragraph (1) of paragraph 3 shall be accorded, in accordance with the relevant laws of the Socialist Republic of Viet Nam, such facilities as may be necessary for their entry into the Socialist Republic of Viet Nam and stay therein for the performance of their work.

7. (1) 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.

(2) The Government of the Socialist Republic of Viet Nam shall ensure that import tax, value added tax and special consumption tax imposed in the Socialist Republic of Viet Nam on Japanese companies operating as suppliers, contractors and/or consultants with respect to import of materials and equipment necessary for the implementation of the Projects are borne by the executing agencies of the Projects.

8. The Government of the Socialist Republic of Viet Nam shall take necessary measures to:

(a) ensure that the Loan be used properly and exclusively for the Projects;

(b) ensure and maintain the safety of persons engaged in the implementation of the Projects and of the general public of the Socialist Republic of Viet Nam in constructing the facilities under the Loan and in using such facilities; and

(c) ensure that the facilities constructed under the Loan be maintained and used properly and effectively for the purpose prescribed in the present understanding.

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 progress of the implementation of the Projects; and

(b) any other information, including information on corrupt practice, related to the Projects.

List

		(Maximum amount in million yen)
1	Ben Tre Water Management Project	24,257
2	Bien Hoa City Drainage and Wastewater Treatment Systems Project (Stage 1)	24,700
	Total	48,957

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 June 6,2017, concerning a Japanese loan up to forty-eight billion nine hundred and fifty-seven million yen to be extended with a view to promoting economic stabilization and development efforts of the Socialist Republic of Viet Nam (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 (3) of paragraph 3 of the Exchange of Notes concerning the financing of eligible local currency requirements for the implementation of the projects mentioned in paragraph 1 of the Exchange of Notes (hereinafter referred to as "the Projects"), the representative of the Japanese Delegation stated that:

(a) such local currency requirements as general administrative expenses, interest during construction, taxes and duties, expenses connected to office, remuneration to employees of the executing agencies and housing, not directly related to the implementation of the Projects, as well as purchases of land properties, compensation and the like, however, will not be considered as eligible for financing under the loan mentioned in paragraph 1 of the Exchange of Notes (hereinafter referred to as "the Loan"); and

(b) the procurement of products and/or services will be made in accordance with the procedures of competitive bidding except where such procedures are inapplicable or inappropriate.

2. With regard to the Loan, the representative of the Japanese Delegation stated that any financial requirements of the Projects exceeding the amount of the Loan under the loan agreements mentioned in sub-paragraph (1) of paragraph 2 of the Exchange of Notes will be duly met by the Government of the Socialist Republic of Viet Nam to assure the smooth implementation of the Projects.

3. 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; and

(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 cases where JICA considers such audit to be necessary.

4. The representative of the Vietnamese Delegation stated that the Vietnamese Delegation had no objection to the statements by the Japanese Delegation.

梅田邦夫

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and Investment
of the Socialist Republic
of Viet Nam

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