EMBASSY OF JAPAN
HANOI

Hanoi, March 14, 2014

Sir,

I have the honour to refer to the recent discussions held between the representatives of the Government of Japan and of the Government of the Socialist Republic of Viet Nam concerning Japanese economic cooperation to be extended with a view to strengthening friendly and cooperative relations between the two countries, and to propose on behalf of the Government of Japan the following understanding:

1. For the purpose of contributing to promotion of the economic and social development efforts by the Government of the Socialist Republic of Viet Nam, the Government of Japan shall extend to the Government of the Socialist Republic of Viet Nam, in accordance with the relevant laws and regulations of Japan, a grant of five hundred million Japanese Yen (¥500,000,000) (hereinafter referred to as "the Grant").

2. (1) The Grant and its accrued interest shall be used by the Government of the Socialist Republic of Viet Nam properly and exclusively for the purchase of products and services enumerated in a list to be mutually agreed upon between the authorities concerned of the two Governments, provided that such products are produced in and such services are supplied from eligible source countries, as well as for the purchase of services incidental to the said products and services.

(2) The list mentioned in sub-paragraph (1) above will be subject to modifications which may be agreed upon between the authorities concerned of the two Governments.

Mr. NGUYEN THE THAO
Chairman of
Hanoi City People's Committee

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

3. (1) The Government of the Socialist Republic of Viet Nam shall open a yen ordinary deposit account at a bank in Japan in the name of the Government of the Socialist Republic of Viet Nam (hereinafter referred to as "the Account") immediately after the entry into force of the present understanding and shall notify in writing the Government of Japan of the completion of the procedure for opening the Account by March 14, 2014.

(2) The sole purpose of the Account is to receive the payment in Japanese yen by the Government of Japan referred to in paragraph 4 as well as to make payments necessary for the purchase of the products and services referred to in sub-paragraph (1) of paragraph 2, and such other payment as may be agreed upon between the authorities concerned of the two Governments.

4. The Government of Japan shall execute the Grant by making payment in Japanese yen of the amount referred to in paragraph 1 to the Account during the period between the date of receipt of the written notification referred to in sub-paragraph (1) of paragraph 3 and March 31, 2014. The period may be extended by mutual consent between the authorities concerned of the two Governments.

5. (1) The Government of the Socialist Republic of Viet Nam shall take necessary measures:

(a) to ensure that the Grant and its accrued interest be completely disbursed from the Account to be ready for the procurement of goods or services within a period of twelve months after the date of the execution of the Grant unless the period is extended by mutual consent between the authorities concerned of the two Governments and to refund the amount remaining in the Account after the period to the Government of Japan;

(b) to ensure that customs duties, internal taxes and other fiscal levies which may be imposed in the Socialist Republic of Viet Nam with respect to the purchase of the products and services referred to in sub-paragraph (1) of paragraph 2 shall not be borne by the Grant and its accrued interest;

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(c) to ensure that the Grant and its accrued interest be used properly and effectively for promotion of the economic and social development efforts;

(d) to present to the Government of Japan a report prepared in a written form acceptable to the Government of Japan on the transactions on the Account together with copies of contracts, vouchers and other documents concerning the relevant transactions without delay when the Grant and its accrued interest are completely used for the purchase of the products and services referred to in sub-paragraph (1) of paragraph 2, or when the period for the use of the Grant and its accrued interest expires in accordance with the provisions of (a) above, or upon request by the Government of Japan; and

(e) to give due environmental and social consideration in the uses of the Grant and its accrued interst.

(2) While ensuring fair treatment of sources of information, the Government of the Socialist Republic of Viet Nam shall provide the Government of Japan with necessary information, including information on corrupt practice, related to the Grant.

(3) The products purchased under the Grant and its accrued interest shall not be re-exported from the Socialist Republic of Viet Nam.

6. Further procedural details for the implementation of the present understanding shall be agreed upon through consultation between the authorities concerned of the two Governments.

7. The two Governments shall consult with each other in respect of 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 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 Note in reply.

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I avail myself of this opportunity to extend to you the assurance of my high consideration.

Vụ Luật pháp và Điều ước quốc tế
Bộ Ngoại giao

HIDEO SUZUKI
Charge d'Affaires ad interim
of Japan

Agreed Minutes on Procedural Details

With reference to paragraphs 2 and 6 of the Exchange of Notes between the Government of the Socialist Republic of Viet Nam (hereinafter referred to as "the Recipient") and the Government of Japan (hereinafter referred to as "the Donor") dated March 14, 2014 (hereinafter referred to as "the Exchange of Notes") concerning the Japanese economic cooperation to be extended for the purpose of contributing to promotion of the economic and social development efforts by the Recipient (hereinafter referred to as "the Grant"), the representatives of the Recipient and of the Donor wish to record the following procedural details, as agreed upon between the authorities concerned of the two Governments:

1. List of Eligible Products and services

The products and services referred to in sub-paragraph (1) of paragraph 2 of the Exchange of Notes except for incidental services (hereinafter referred to as the "Components") shall be those enumerated in Appendix I.

2. Eligible Source Countries

The eligible source countries referred to in sub-paragraph (3) of paragraph 2 of the Exchange of Notes shall be Japan, unless otherwise decided upon by mutual consent between the authorities concerned of the two Governments.

3. Procurement

(1) The Grant and its accrued interest shall be used for the purchase of the products and the services referred to in sub-paragraph (1) of paragraph 2 of the Exchange of Notes with due attention to economy and efficiency, unless otherwise agreed between the authorities concerned of the two Governments.

(2) In order to ensure compliance with such requirements, it is required that the Recipient employ an independent and competent agent for procurement of the products and services referred to in sub-paragraph (1) of paragraph 2 of the Exchange of Notes.

The Recipient shall, therefore, conclude an employment contract, in principle within three months after the date of entry into force of the Exchange of Notes, with Japan International Cooperation System (JICS) (hereinafter referred to as "the Agent") to act on behalf of the Recipient in accordance with the Scope of the Agent's Services as set forth in

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(3) The said employment contract shall become effective upon the approval of the Donor in a written form.

(4) The contracts for purchase of the Components shall be concluded in Japanese Yen between the Agent and Japanese nationals (The term "Japanese nationals" in the present Agreed Minutes on Procedural Details means Japanese physical persons or Japanese juridical persons controlled by Japanese physical persons.).

(5) The Components shall be procured in accordance with the "Procurement Guidelines of Japan's Non-Project Grant Aid", which set forth, inter alia, the procedures of tendering to be followed except where such procedures are inapplicable or inappropriate.

(6) The Recipient shall take necessary measures to expedite utilization of the Grant and its accrued interest, including facilitation of the existing import procedures.

4. The Committee

(1) Within ten days after the date of entry into force of the Exchange of Notes, the Recipient and the Donor shall appoint their representatives who will be members of a consultative committee (hereinafter referred to as "the Committee"), the role of which shall be to discuss any matter that may arise from or in connection with the Exchange of Notes. Immediately after the conclusion of the employment contract referred to in sub-paragraph (2) of paragraph 3 above, the Agent shall appoint its representative who will participate in the Committee meetings as an adviser.

(2) The Committee shall be chaired by the representative of the Recipient. Representatives of other organizations than the Agent may, when necessary, be invited to participate in the Committee meetings to provide advisory services.

(3) The terms of reference of the Committee shall be as set forth in Appendix V.

(4) The first meeting of the Committee shall be held immediately after the approval of the Donor of the employment contract referred to in sub-paragraph (2) of paragraph 3 above. Further meetings will be held upon request of either the Recipient or the Donor. The Agent may advise the Recipient and the Donor on the necessity to call a meeting of the Committee.

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5. Disbursement Procedure

Disbursement procedure relating to the procurement of the Components and incidental services including the Agent's fees under the Grant and its accrued interest shall be as follows:

(1) The Recipient (or its designated authority) and the bank in Japan referred to in sub-paragraph (1) of paragraph 3 of the Exchange of Notes (hereinafter referred to as "the Bank") shall conclude an arrangement regarding transfer of funds in which the Recipient shall designate the Agent as the representative acting in the name of the Recipient concerning all transfers of funds to the Agent.

(2) The Agent shall make requests to the Bank for transferring of funds to cover expenses necessary for the procurement of eligible Components and incidental services and the Agent's related services set forth in Appendix II. Each of the requests shall be accompanied by a detailed estimate of the expenses which is to be covered by the funds transferred and a copy of the approval by the Donor of the contract referred to in sub-paragraph (3) of paragraph 3 above. A copy of the request and of the estimation shall be sent at the same time to the Recipient.

(3) Pursuant to the Agent's request as per sub-paragraph (2) above, the Bank shall notify the Recipient of the request made by the Agent. The Bank shall pay the amount to the Agent from the account referred to in sub-paragraph (1) of paragraph 3 of the Exchange of Notes (hereinafter referred to as "the Account") unless the Recipient makes opposition to such payment within ten working days after the notification by the Bank. The Agent shall make payments to suppliers from the funds received (hereinafter referred to as "the Advances") in accordance with the terms of the contracts with them.

After such payments, the Agent may use the remaining amount of the Advances, if any, for the procurement of other eligible Components and incidental services without transferring the said amount back to the Account.

(4) Reimbursement procedure

When the total of the remaining amount in the Account and the remaining amount of the Advances (hereinafter referred to collectively as "the Remaining Amount") is less than 3% of the Grant and its accrued interest excluding the Agent's fees, the Recipient may request the Agent to reimburse the Remaining Amount to the Recipient for payments which have already been made by the Recipient for the procurement of the products and/or services, which contribute to promotion of the economic and social development of the Socialist Republic of

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Viet Nam, provided that such payments have been made on or after the date of entry into force of the Exchange of Notes. The eligible source countries of such products and/or services may be all countries and areas except the Socialist Republic of Viet Nam, notwithstanding the provisions of paragraph 2 above.

When the Agent deems the request by the Recipient appropriate, the Agent shall make requests to the Bank for transferring to the Agent the remaining amount in the Account by issuing to the Bank a Certificate of Eligible Procurement for the Remaining Amount certified by both the Recipient and the Agent as per the form set forth in Appendix IV. After such transfer, the Agent shall reimburse the Remaining Amount to the Recipient.

(5) With respect to (a) of sub-paragraph (1) of paragraph 5 of the Exchange of Notes, disbursements from the Account shall be made within a twelve-month period after the date of the execution of the Grant, and no further disbursement shall be made thereafter, unless otherwise agreed between the authorities concerned of the two Governments.

6. Refund of the Remaining Amount

With respect to (a) of sub-paragraph (1) of paragraph 5 of the Exchange of Notes, when the Donor finds, upon the receipt of the termination report pursuant to (d) of sub-paragraph (1) of paragraph 5 of the Exchange of Notes, that the use of the Grant and its accrued interest is incomplete, it shall notify the Recipient of the procedures for refunding of the remaining amount of the Grant and its accrued interest. The Recipient shall refund the said remaining amount to the Donor without delay through such procedures as notified above.

7. Utilization of the Components

(1) The Recipient shall take necessary measures:

(a) to ensure that the Components be utilized, in principle, by end-users including the Recipient itself, for non-commercial purposes;

(b) to ensure that the Components be maintained and used properly and effectively for promotion of the economic and social development efforts; and

(c) to give due environmental and social consideration in the utilization referred to in (a) above.

(2) The Recipient shall inform the Donor through the Agent of the situation of the

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utilization referred to in sub-paragraph (1)(a) above upon request by the Donor.

Hanoi, March 14, 2014

NGUYEN THE THAO
Chairman of
Hanoi City People's Committee

HIDEO SUZUKI
Charge d'Affaires ad interim
of Japan

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Appendix I

LIST OF ELIGIBLE PRODUCTS AND SERVICES (COMPONENTS)

- Next-generation eco-friendly vehicles such as Hybrid Vehicle (HV), Plug-in Hybrid Electric Vehicle (PHEV), Electric Vehicle (EV) and Clean Diesel Vehicle (CD)

- Related equipment, materials, civil engineering, training services and other necessary services for operation and maintenance of next-generation eco-friendly vehicles

- Consultant services

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Appendix II

Scope of the Agent's Services

1. Collection of necessary information and provision of advice to the Recipient, if necessary, on the Components to be procured based on the request by the Recipient, including availability of supply of such Components.

2. Provision of information and advice to the Committee meetings

3. Ensuring that the Recipient and the end-users fully understand the procedures to be employed, where necessary

4. (1) Preparation of specifications of the Components for the Recipient, including, where necessary, detailed discussions with the end-users

(2) Preparation of bid documents appropriate to the type and value of the Components to be procured

(3) Advertisement of bids, where the competitive bidding is to be held, the wording of which is to be agreed upon between the Recipient and the Donor

(4) Evaluation of bids, including both technical and financial considerations

(5) Submission of recommendations to the Recipient for approval to place order with suppliers

5. Receipt and utilization of the Advances in accordance with the employment contract with the Recipient referred to in sub-paragraph (2) of paragraph 3 of the Agreed Minutes on Procedural Details

6. Negotiation and conclusion of contracts with suppliers, including satisfactory payment, shipment and inspection arrangements

7. Checking the progress of supplies to ensure that delivery dates are met

8. Providing the Recipient and end-users with documents containing detailed information of progress of orders, notification of orders placed, amendments to contracts,

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delivery information, shipping documents, etc.

9. Payment to suppliers from the Advances

10. Providing the following documents to the Recipient and the Donor:

(l) Certificate of Eligible Procurement as per Appendix III

(2) Pro forma invoice

11. Preparation of quarterly status reports for the Recipient and the Donor, covering enquiries, orders, order status, values and delivery information

12. Submission of quarterly statements to the Recipient and the Donor detailing balance against the Grant and its accrued interest and all disbursements for the quarter

13. Transferring of the balance of the Advances to the Account after the period referred to in sub-paragraph (5) of paragraph 5 of the Agreed Minutes on Procedural Details

14. Submission to the Donor of an overall evaluation report including details of all the Components shipped, source country, delivery date, value of the Components (including relevant charges) and total amounts disbursed and remaining

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Appendix III

Certificate of Eligible Procurement

Date:
Ref. No.:

To whom it may concern:

With reference to the pro forma invoice attached hereto, we hereby certify that the procurement complies with all the relevant terms and conditions of the Exchange of Notes between the Government of Japan and the Government of the Socialist Republic of Viet Nam dated March 14, 2014 and the Agreed Minutes on Procedural Details between the authorities concerned of the two Governments dated March 14, 2014.

The following are the principal relevant facts concerning the procurement.

1. Method of Procurement
(Insert X in appropriate place)
a. _____ : Competitive Bidding
b. _____ : Limited Bidding
c. _____ : Shopping
d. _____ : Direct Contracting

2. Components
a. Name of Components:
b. Origin:

3. Cost of Components and Incidental Services
a. Components:
b. Freight:
c. Marine Insurance:
d. Agent's Fees:
e. Total (a+b+c+d):

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4. Supplier

Name:

Address:

Nationality:

(Country where the Supplier is incorporated and registered)

5. Consignee

Name:

Address:

(Signature)

The Agent

Name Title

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Appendix IV

Certificate of Eligible Procurement
for the Remaining Amount
(Reimbursement Procedure)

Date:
Ref. No.:

With reference to the payment order, the undersigned hereby certify that the procurement related to the said payment order as listed below complies with all the relevant terms and conditions of the Exchange of Notes between the Government of Japan and the Government of the Socialist Republic of Viet Nam dated March 14, 2014 and the Agreed Minutes on Procedural Details between the authorities concerned of the two Governments dated March 14, 2014.

The undersigned recipient representative further certifies that the Recipient has neither heretofore applied for reimbursement under the Exchange of Notes nor for any other financing arrangements with other sources of official assistance in respect of any of the amount requested for reimbursement as covered by the payment order.

The following are the principal relevant facts concerning the procurement.

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1. Trans-action	2. Purchaser	3. Supplier (Name)	4. Nationality of Supplier	5. Products and/or Services	6. Origin	7. Date of Payment	8. Amount of Payment	9. Method of Procurement
1.								
2.								
3.								
4.								
.								
.								
.								

The following documents (in one copy) are enclosed herewith for each of the above transactions.

a. Covering letter made by a negotiating/paying bank
b. Bill of lading, post parcel receipt or air consignment note
c. Invoice

Authorized Signature
(the Recipient)
Name, Title

Authorized Signature
(the Agent)
Name, Title

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Appendix V

Terms of Reference of the Committee

1. To formulate a time scale plan for the speedy and effective utilization of the Grant and its accrued interest

2. To exchange views on allocations of the Grant and its accrued interest as well as on potential end-users

3. To identify problems which may delay the utilization of the Grant and its accrued interest, and to explore solutions to such problems

4. To exchange views on publicity related to the utilization of the Grant and its accrued interest

5. To discuss any other matter that may arise from or in connection with the Exchange of Notes

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Record of Discussions

In connection with the Exchange of Notes dated March 14, 2014 concerning Japanese economic cooperation to be extended with a view to strengthening friendly and cooperative relations between the Socialist Republic of Viet Nam and Japan (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 paragraph 2 of the Exchange of Notes, the representative of the Japanese Delegation stated as follows:

The Government of Japan understands that the Government of the Socialist Republic of Viet Nam will take necessary measures to prevent 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 or reward related to the award of the contracts that the agent referred to in sub-paragraph (2) of paragraph 3 of the Agreed Minutes on Procedural Details of the Exchange of Notes will enter into with a view to purchasing the products and services referred to in paragraph 2 of the Exchange of Notes.

2. The representative of the Vietnamese Delegation stated that the Vietnamese Delegation has no objection to the statement by the representative of the Japanese Delegation referred to above.

Hanoi, March 14, 2014

NGUYEN THE THAO
Chairman of
Hanoi City People's Committee

HIDEO SUZUKI
Charge d'Affaires ad interim
of Japan

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