AGREEMENT

BETWEEN

THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM

AND

THE GOVERNMENT OF THE REPUBLIC OF FINLAND

ON

THE CO-OPERATION IN WATER AND SANITATION PROGRAMME FOR SMALL TOWNS IN VIETNAM, PHASE III

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FOR SMALL TOWNS IN VIETNAM, PHASE III

The Government of the Socialist Republic of Viet Nam ("Viet Nam"), and the Government of the Republic of Finland ("Finland"), represented by the Ministry for Foreign Affairs of Finland, jointly referred to as "the Parties", have, on the basis of the Agreement on General Terms and Procedures for Development Co-operation between Finland and Viet Nam, signed on 8 April 1992, and on the basis of consultations on development co-operation held in Helsinki in June 2012 between the representatives of the two Governments, agreed, in respect of the co-operation in the Water and Sanitation Programme for Small Towns in Vietnam (WSPST), Phase III in Vietnam ("the Programme"), as follows:

ARTICLE I
Scope and Objective

1. The Programme shall be implemented in accordance with the Programme Document and the Budget, dated November 2013 and attached as Annex I to this Agreement, as well as in accordance with the annual work plans and budgets to be mutually agreed upon.

2. The overall objective of the Programme is to promote safe potable water supply and environmentally sound sewerage that will satisfy the needs of urban population as human right holders and will contribute to the social and economic growth in WSPST in Vietnam

ARTICLE II
Principles of Co-operation

1. Respect for human rights, democratic principles, good governance and, the rule of law shall form the basis for the co-operation between Finland and Viet Nam and constitute the essential elements of this Agreement.

2. The Programme shall be implemented in accordance with the principles of transparency and open dialogue.

ARTICLE III
Competent Authorities and Implementing Agency

1. The Ministry for Foreign Affairs of Finland, represented in Viet Nam by the Embassy of Finland, and the Ministry of Construction of Viet Nam shall be the Competent Authorities in matters relating to this Agreement.

2. The responsibility for the implementation of the Programme lies with the Ministry of Construction, the Ministry of Finance of Vietnam and the People's Committees of the programme participating provinces.

ARTICLE IV
Financing by Finland

The contribution of Finland to the implementation of the Programme in 2013 - 2016 shall, on a grant basis and subject to annual parliamentary approval in Finland, be a maximum of two million five hundred thousand Euros (€ 2,500,000). However, the contribution shall only be used up to the actual amount necessary to cover the costs resulting from the implementation of the Programme as specified in the Programme Document.

ARTICLE V
Financing by Viet Nam

1. Viet Nam shall cover the costs, amounting approximately to four hundred twenty thousand Euros (€ 420,000) as a contribution to the implementation of the Programme as specified in the Programme Document.

2. All financial and other resources required for the implementation of the Programme exceeding the Finnish contribution shall be provided by Viet Nam.

ARTICLE VI
Procurements

1. Finland shall procure the supporting services prescribed in the Programme Document and shall conclude a contract with a consulting agency to be agreed upon with Viet Nam.

Other procurements for the Programme shall be made by Finland, a Consulting Agency or Viet Nam as defined in the Programme document and the Inception Report agreed upon between Finland and Viet Nam.

2. No offer, gift, payment or benefit of any kind, which would or could be construed as an illegal or corrupt practice, shall be accepted, either directly or indirectly, as an inducement or reward for the award or execution of procurement contracts.

3. All procurements shall be made in accordance with the procurement regulations of Vietnam or Finland, depending on the location of the procurement. Invitations to tender as well as procurement contracts shall, respectively, include a clause on the possibility of the tender being rejected and the contract being cancelled, in case any illegal or corrupt practices have been connected with the award or execution of the contract. Furthermore, the damage or loss caused to the buyer shall, in case of the cancellation of the contract, be compensated by the supplier.

ARTICLE VII
Information

1. The Parties shall:

(a) promptly inform each other of any event or situation which might affect the implementation of the Programme; and

(b) ensure that all relevant authorities and organisations are informed of this Agreement and the Programme.

2. Both Parties shall have the right to disseminate information about the Programme, including this Agreement, to the general public and other interested parties

3. Any publication or other material produced in connection with the Programme shall mention that the Programme is being or has been implemented with the financial contribution of Finland and within the framework of the Finnish development co-operation.

ARTICLE VIII
Monitoring and Reporting

The implementation of the Programme shall be reported in the manner specified in the Programme documentation attached to this Agreement. The reports shall be prepared in accordance with the mutually agreed principles.

ARTICLE IX
Auditing

Viet Nam shall permit the representatives of Finland to carry out any inspection or audit in respect of the implementation of the Programme. Such an inspection or audit may also be initiated by Viet Nam.

ARTICLE X
Suspension

1. Both Parties shall have the right, after consulting the other Party, to suspend in whole or in part the financing of the Programme if:

(a) either Party considers that the other Party has failed to fulfill one of the essential elements referred to in Article II of this Agreement.

(b) the financing by the other Party is not forthcoming in accordance with this Agreement and the Programme Document;

(c) any other obligation under this Agreement, the Agreement on General Terms and Procedures for Development Co-operation or the Programme Document is not fulfilled;

(d) following review and consultation, the management of the Programme is deemed to be unsatisfactory;

(e) a condition has arisen which interferes or threatens to interfere with the implementation of the Programme or the attainment of the objectives and purposes of the Programme; or

(f) the suspension is warranted by a fundamental change in the circumstances under which the Programme was started.

2. The suspension shall cease as soon as the event or events which gave rise to suspension have ceased to exist.

3. Finland reserves the right to claim reimbursement in full or in part of the Finnish contribution if it is found to be misused or not satisfactorily accounted for.

ARTICLE XI
Commodities

1. Commodities procured in or imported into Viet Nam under this Agreement for the purposes of the Programme shall be at the exclusive disposal of the Programme. Commodities procured in Phase I and Phase II shall be at the exclusive disposal of Phase III

2. The commodities shall become the property of Viet Nam upon the completion of the Programme, unless otherwise agreed by the Parties.

ARTICLE XII
Liability

The liability of the parties will be as they were defined in the Agreement on General Terms and Procedures of Development Co-operation between the Government of the Republic of Finland and the Government of the Socialist Republic of Viet Nam, signed on the 8th of April 1992.

ARTICLE XIII
Special Provisions

1. Other obligations of the Parties are specified in the Programme Document.

2. The Parties shall have the right to carry out an evaluation during the implementation of and after the completion of the Programme.

3. The implementation of the Programme shall also be governed by the provisions of the Agreement on General Terms and Procedures for Development Co-operation, unless otherwise provided for in this Agreement.

4. All ongoing construction schemes and unspent programme funding from Phase II shall be transferred automatically to Phase III. A written annex confirming the open amount of funding shall be automatically added as Annex II to this Agreement based on the final audit of Phase II.

ARTICLE XIV
Entry Into Force, Termination, Amendments and Settlement of Disputes

1. This Agreement shall enter into force on the date of its signature and remain valid until all the obligations under this Agreement have been duly fulfilled by the Parties, unless terminated earlier by either Party by giving a notice in writing to that effect three months prior to the termination.

2. This Agreement may be amended or supplemented upon written agreement between the Parties. The amendment or supplement shall form an integral part of the Agreement.

3. Any dispute arising from the implementation or interpretation of this Agreement shall be settled amicably by negotiations between the Parties.

4. In witness thereof, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done in Hanoi on 4 December 2013 in two originals in the English language.

FOR THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIET NAM	FOR THE GOVERNMENT OF THE REPUBLIC OF FINLAND
Mr Cao Lai Quang	**Mr Kimmo Lähdevirta**
Deputy Minister of Ministry of Construction	**Ambassador**

ANNEXES
Programme Document, dated November 2013 (Annex I)
Audit statement on the unspent programme funding from Phase II (Annex II)

VIETNAM
CONSTRUCTION