

Specific Agreement

between

the Government of the Kingdom of Belgium

and

the Government of the Socialist Republic of
Vietnam

concerning the project

“Integrated Water Management and Urban
Development in relation to climate change in
Binh Thuan province”

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The Government of the Kingdom of Belgium, hereinafter referred to as "Belgium"
and

The Government of the Socialist Republic of Vietnam, hereinafter referred to as
"Vietnam"

Hereinafter jointly referred to as "the Parties"

- Considering the "Accord Cadre de Coopération Economique, Industrielle et Technique entre le Gouvernement du Royaume de Belgique et le Gouvernement de la République Socialiste du Vietnam" signed in Hanoi on October 11th, 1977;
- Considering the Agreed Minutes of the Meeting of the 6th Joint Commission on Development Cooperation between Vietnam and Belgium held in Hanoi on June 21st 2011.

HAVE AGREED AS FOLLOWS:

Article 1. Object of the Agreement

This Specific Agreement specifies the institutional, administrative and budgetary commitments agreed upon by the Parties with regard to the implementation of the Project "***Integrated Water Management and Urban Development in relation to climate change in Binh Thuan province***", hereinafter referred to as "the Project".

The global objective of the Project is to contribute to the sustainable development of Binh Thuan province.

The specific objective of the Project is to support the institutional capacity in Binh Thuan province in integrated water resources management and urban development in relation to climate change.

This Project, together with the similar interventions in Ha Tinh and Ninh Thuan provinces, and the Technical Support Unit (hereinafter referred to as "the TSU") located at the central level (Ministry of Planning and Investment), constitute a coherent Programme "Water Management and Urban Development in relation to Climate Change".

The Project is fully described in the Technical and Financial File, hereinafter referred to as "the TFF", attached hereto, and being an integral part of this Specific Agreement.

Article 2. Responsibilities of the Parties

2.1. Vietnam designates:

- 2.1.1 The Ministry of Planning and Investment, hereinafter referred to as "MPI", as the agency responsible for the overall supervision of the implementation of the present Agreement;
- 2.1.2 The Provincial People's Committee (PPC) of Binh Thuan as the agency responsible for the Vietnamese financial contribution, the implementation and coordination of the Project under the implementation modality as described in chapter 5 of the TFF.

2.2. Belgium designates:

- 2.2.1 The Directorate General for Development Cooperation of the Federal Public Service of Foreign Affairs, Foreign Trade and Development Cooperation, hereinafter referred to as "DGD", as the agency responsible for the Belgian contribution to the Project. DGD is represented in Vietnam by the Head of Development Cooperation at the Belgian Embassy in Hanoi;
- 2.2.2 The Belgian Development Agency - a public law company with social purposes, hereinafter referred to as "BTC", as the executing agency responsible for the coordination, implementation and monitoring of the Project. BTC is represented in Vietnam by its Resident Representative in Hanoi;

Article 3. Financial contribution of the Parties

Belgium undertakes to contribute to the Project, with a grant limited to **5.200.000 (five million two hundred thousand) euros.**

Vietnam undertakes to contribute to the Project, with an amount of **800.000 (eight hundred thousand) euros.**

The detailed contribution of both sides and its use are described in the TFF.

Article 4. Contribution and obligations of Vietnam

Vietnam shall take all institutional, administrative and budgetary measures required for the proper and smooth implementation of the project, as well as to ensure the sustainability of the project's results.

Vietnam shall therefore:

- Give free access to all documentation required for the implementation of the project's activities;
- Allow the project to open necessary bank accounts as specified in the TFF;

- Keep equipment purchased with project resources within the project and assure their proper utilization and maintenance;
- Grant immunities and privileges to the international project personnel as described in the Prime Minister's Decision No. 119/2009/QĐ-TTg of 01/10/2009, promulgating the regulation on foreign experts implementing ODA programs/projects;
- Provide all usual assistance to the international experts provided by the Technical Support Unit as mentioned in the Article 1, in order for them to accomplish their tasks relevant to the project's implementation;
- Appoint qualified Government staff to the positions and bear their salaries and possible allowances as described in the TFF;
- Provide to all project staff adequate office space that is necessarily furnished and equipped;
- Contribute to the operational and maintenance costs of the project as described in the TFF;
- Be responsible for the financial and technical management of the funds received as financial support for the project implementation in line with the specifications of the TFF.

Article 5. Contributions and obligations of Belgium

Belgium shall contribute to the proper and smooth implementation of the project by providing the inputs detailed in the TFF.

BTC shall therefore:

- Be responsible for the financial and technical management of the Belgian managed budget lines;
- Be responsible for the organisation of the external audits and evaluations as detailed in the TFF;
- Bear the salary, the social insurance, the travel expenses and the accommodation for the international experts and their family members (if and when appropriate);
- Bear the gross salaries for BTC's employed Vietnamese project staff as specified in the TFF, the costs for duty travel and all other expenses related to the execution of their functions within the limits stipulated in the UN-EU guidelines for financing of local costs in development cooperation with Vietnam – Version 2012, issued by UN Agencies, the Embassies of the EU Member States and the EC Delegation to Vietnam and the Ministry of Planning and Investment of Vietnam, or the subsequent revisions;
- Assure timely transfer of funds to the project's accounts for correct implementation of the project, based on verifications that the prior conditions for transfers are fulfilled;
- Provide various kinds of services and equipment as planned in the TFF.

Article 6. Management, Steering and Monitoring of the Project

In line with the Hanoi Core Statement on Aid Effectiveness, both parties will work in a spirit of enhanced mutual accountability and transparency.

- 6.1 The PPC of Binh Thuan shall setup a new Project Coordination Unit (PCU) to be hosted at the Department of Planning and Investment. The PCU will be responsible for coordination, management, and implementation activities of the project in coordination with the relevant provincial departments and the TSU (as mentioned in Article 1). The PPC of Binh Thuan will guarantee that this PCU is fully operational during the whole duration of the project, with the minimum staffing as defined in the TFF. The composition and responsibilities of the PCU are further detailed in the TFF.
- 6.2 The Parties agree to set up a Project Steering Committee (PSC) in charge of guiding and directing the organisational, technical and financial management of the project. Composition, frequency of the meetings, mandate and responsibilities of this PSC are specified in the TFF.
- 6.3 Based on the evaluation of the situation and the progress in implementation, the PSC is entitled to modify the TFF as far as such modifications do not alter the specific objectives of the project (Article 1), the total budget (defined in Article 3 and the TFF) or the duration of this Specific Agreement (Article 12.1). Such modifications, if needed, will be the subject by an Exchange of Letters through diplomatic channels as stipulated in Article 12.2.
- 6.4 A copy of the progress report for the PSC and of the agreed minutes of the PSC Meetings will be transmitted to the Head of Development Cooperation at the Belgian Embassy in Hanoi.

Article 7. Coordination mechanism

- 7.1 The PPC of Binh Thuan, through the PCU, will guarantee a smooth coordination among relevant provincial departments for all activities of the project.
- 7.2 To ensure an overall coherence among the three provinces, the PCU will guarantee effective exchange of information with respective PCUs of Ninh Thuan and Ha Tinh provinces. Specific coordination mechanisms are detailed in the TFF.
- 7.3 The TSU, as mentioned in Article 1, will support the coordination of semester workplans of the three provinces and dispatch technical expertise to provinces as detailed in the TFF.

Article 8. Property of the project's results and exchange of information

- 8.1 All documents and data resulting from the activities of the project are the property of both Governments and shall mention their bilateral origin.

- 8.2 Each Party shall forward to the other Party all information deemed relevant to the smooth and efficient implementation of the project.

Article 9. Taxes and import duties

- 9.1 No part of the Belgian contribution shall be used to pay any taxes, customs, import duties or other tax-related fees (including VAT) on supplies or equipment, labour and services.
- 9.2 The Government of Vietnam exempt all goods, equipment and services purchased for non-refundable ODA projects from all custom duties and taxation in accordance with Vietnamese laws and regulations. The administrative procedures for tax exemption or tax and duties reimbursement will be assumed by the Vietnamese partner.

If full exemption is not possible under the Vietnamese laws and regulations whatever remaining taxes or duties are claimed, they will be taken in charge by the Vietnamese partner.

Article 10. Use of possible budget balance

- 10.1 Financial commitments made for the execution of contracts signed before the end of the project will remain available until final acceptance as foreseen in the contract.
- 10.2 Any balance left of the Belgian contribution, with regard to non-used funds in own-management shall be cancelled at the end of the Project.
- 10.3 Any positive balance left after expiration of the Specific Agreement of the Belgian contribution on a national account set-up to implement this Project will be considered and decided for reprogramming into one of the priority sectors based on unanimous decision by the signatories of the Specific Agreement.

Article 11. Reports, controlling and evaluation

- 11.1 All procedures regarding the administrative and operational reporting, as well as on the accounting and financial reporting are described in the TFF and are in line with the Vietnamese regulations.
- 11.2 Each Party can at anytime, with a prior notice in a timely manner to the other Party, proceed, jointly or separately, to review or assess the Project. The Parties shall inform each other about the results and possible recommendations of these control and evaluation exercises.

Article 12. Duration, cancellation, modification and litigation

- 12.1 This Specific Agreement shall enter into force on the date of its signature by both Parties and shall remain in force **84 (eighty four) months**. The Project duration is foreseen for **72 (seventy two) months** counting from the signing date of this Specific Agreement.
- 12.2 The provisions of this Specific Agreement may be modified by mutual agreement between the Parties, by an Exchange of Letters through diplomatic channels.
- 12.3 Any dispute related to the application and interpretation of this Specific Agreement shall be settled by bilateral negotiations between the Parties.
- 12.4 This Specific Agreement may be terminated by each of the Parties, through diplomatic channels, subject to a three months' written notice.

Article 13. Addresses

All notifications related to this Specific Agreement and, more specifically, any notification pertaining to its modification or interpretation shall be handled through diplomatic channels at the following addresses.

For Belgium, to:

Embassy of Belgium
9th Floor, 49 Hai Ba Trung Street
Hanoi – Vietnam

For Vietnam, to:

Ministry of Planning and Investment
6B Hoang Dieu Street
Hanoi – Vietnam

and

Ministry of Foreign Affairs
1 Ton That Dam Street
Hanoi – Vietnam

All notifications related to the technical execution of this Agreement will also be addressed to:

BTC Resident Representative
Apartment F7, Coco Village
14 Thuy Khue Street
Hanoi - Vietnam

and

Provincial People's Committee of Binh Thuan
4 Hai Thuong Lan Ong Street
Phan Thiet City
Binh Thuan Province

Done in Hanoi on *20/06/2013* in duplicate in the English and Vietnamese languages, all texts being equally authentic. In case of any divergence in interpretation, the English text shall prevail.

In witness whereof the undersigned, being duly authorized thereto by their respective Government, have signed the present Specific Agreement.

For the Government
of the Kingdom of Belgium



BRUNO ANGELET
Ambassador of Belgium
to Vietnam

For the Government
of the Socialist Republic of Vietnam



CAO VIẾT SINH
Vice Minister
Ministry of Planning and Investment