PHẦN VĂN BẢN KHÁC

BỘ NGOẠI GIAO

BỘ NGOẠI GIAO	**CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM** **Độc lập - Tự do - Hạnh phúc**
Số: 79/2011/TB-LPQT	*Hà Nội, ngày 30 tháng 12 năm 2011*

THÔNG BÁO
Về việc điều ước quốc tế có hiệu lực

Thực hiện quy định tại khoản 3 Điều 47 của Luật Ký kết, gia nhập và thực hiện điều ước quốc tế năm 2005, Bộ Ngoại giao trân trọng thông báo:

Hiệp định giữa nước Cộng hòa xã hội chủ nghĩa Việt Nam và Liên minh Châu Âu cho Chương trình 'Hỗ trợ chính sách ngành y tế', ký tại Brúc-xen (Bỉ) ngày 06 tháng 12 năm 2011, có hiệu lực kể từ ngày 06 tháng 12 năm 2011.

Bộ Ngoại giao trân trọng gửi Bản sao Hiệp định theo quy định tại Điều 68 của Luật nêu trên.

Thông báo này thay thế Thông báo số 77/2011/TB-LPQT ngày 23 tháng 12 năm 2011 của Bộ Ngoại giao./.

TL. BỘ TRƯỞNG
KT. VỤ TRƯỞNG
VỤ LUẬT PHÁP VÀ ĐIỀU ƯỚC QUỐC TẾ
PHÓ VỤ TRƯỞNG

Lê Thị Tuyết Mai

Financing Agreement
No. DCI-ASIE/2010/20587

FINANCING AGREEMENT

BETWEEN

THE EUROPEAN UNION

AND

THE SOCIALIST REPUBLIC OF VIETNAM

"Health Sector Policy Support Programme"

FINANCING AGREEMENT

Special Conditions

The European Union, hereinafter referred to as "**the EU**", represented by the European Commission, hereinafter referred to as "**the Commission**",

of the one part, and

The Socialist Republic of Vietnam, represented by the Ministry of Finance, hereafter referred to as "**the Beneficiary**"

of the other part,

have agreed as follows:

ARTICLE 1 - NATURE AND PURPOSE OF THE OPERATION

1.1. The EU shall contribute to the financing of the following programme:

Health Sector Policy Support Programme
Ref: DCI/ASIE/2010/20587

hereinafter referred to as the programme which is described in the Technical and Administrative Provisions in Annex II.

1.2 This programme will be implemented in accordance with the financing agreement and the annexes thereto: the General Conditions (Annex I) and the Technical and Administrative Provisions (Annex II).

ARTICLE 2 – THE EU'S FINANCIAL CONTRIBUTION

2.1 The total cost of the programme is estimated at 39 250 000 Euro.

with the following components

2.1.1 Budget support:

39 150 000 Euro

2.1.2 Complementary support:

100 000 Euro

2.2 The EU undertakes to finance a maximum of 39 250 000 Euro. The breakdown of the EU's financial contribution into budget headings is shown in the budget included in the Technical and Administrative Provisions in Annex II.

ARTICLE 3 – THE BENEFICIARY'S CONTRIBUTION

3.1 The Beneficiary shall contribute zero Euro to the programme

3.2 Where there is a non-financial contribution by the Beneficiary the detailed arrangements shall be set out in the Technical and Administrative Provisions in Annex II.

ARTICLE 4 - PERIOD OF EXECUTION

The period of execution of the financing agreement as defined in Article 4 of the General Conditions shall commence on the entry into force of the financing agreement and end at 72 month after this date.

ARTICLE 5 - ADDRESSES

All communications concerning the implementation of the financing agreement shall be in writing, refer expressly to the programme and be sent to the following addresses:

a) **for the Commission**

Head of Delegation of the European Union to Vietnam

17th floor, 83B Ly Thuong Kiet, Hanoi, Vietnam

b) **for the Beneficiary**

The Ministry of Finance of Vietnam

28 Tran Hung Dao Street, Hanoi, Vietnam

ARTICLE 6 - ANNEXES

6.1 The following documents shall be annexed to this agreement and form an integral part thereof:

Annex I: General Conditions

Annex II: Technical and Administrative Provisions.

6.2 In the event of a conflict between the provisions of the Annexes and those of the Special Conditions of the financing agreement, the provisions of the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex I and those of Annex II, the provisions of Annex I shall take precedence.

ARTICLE 7 - CONDITIONS APPLYING TO A BUDGET SUPPORT OPERATION

7.1. Given the nature of a budget support operation, the following clauses of the General Conditions (Annex I) shall not be applicable in respect to the amount specified in Article 2.1.1 (Budget support) of these Special Conditions: Articles 2, 4.2 first sentence, 5, 6, 7, 8, 9, 11, 12.2 and 13.2.

7.2. In respect to the amount specified in Article 2.1.1 (Budget support) of these Special Conditions, the following clauses of the General Conditions shall be replaced by the following:

7.2.1 In respect to Article 3.1: The programme shall be implemented by the Commission. This consists of the verification of the compliance with the conditions for payment and the payment of the amounts due for each instalment, in conformity with this financing agreement.

7.2.2 In respect to Article 10: The Beneficiary undertakes to apply its national foreign exchange regulations in a non-discriminatory manner to the payments made under this financing agreement. The foreign exchange transfers will be accounted for under the value date of the notification of credit to the account of the State Centralized Fund for Foreign Currencies opened at the State Bank of Vietnam (SBV) for this purpose and held by the State Treasury of Viet Nam (STV). The exchange rate will be announced by the Ministry of Finance on the date of conversion of funds into Vietnam Dong (VND). Also under Article 10 of the General Conditions, "the State of the Beneficiary" should be interpreted as "the Beneficiary".

7.3 In respect to the amount specified in Article 2.1.1 (Budget support) of these Special Conditions, Article 4.1 of the General Conditions shall be supplemented by the following: All payment requests submitted by the Beneficiary in accordance with the provisions set out in the Technical and Administrative Provisions (Annex II) shall be eligible for EU financing provided that such requests are submitted by the Beneficiary during the operational implementation phase.

7.4 Article 14.3 of the General Conditions shall mutatis mutandis be applicable in relation to any practices of active or passive corruption whatsoever in relation to the implementation of the operation.

7.5 Articles 22 and 24 of the General Conditions shall be supplemented by the following: This operation may be subject to review in light of the implications of the Commission's revised policy on budget support.

ARTICLE 8 - ENTRY INTO FORCE OF THE FINANCING AGREEMENT

The financing agreement shall enter into force on the date on which it is signed by the last party.

Done in four original copies in the English language, two being handed to the Commission and two to the Beneficiary

FOR THE COMMISSION

Dirk Meganck
Director
Directorate Asia, Central Asia and Pacific
Europeaid Development and
Co-operation Directorate-General

FOR THE BENEFICIARY

Vuong Dinh Hue
Minister of Finance

Signed in Brussels on 6th December 2011 by both parties.

ANNEX I - GENERAL CONDITIONS

TITLE I - PROJECT/PROGRAMME FINANCING

ARTICLE 1 – GENERAL PRINCIPLE

1.1 The EU's financial contribution shall be limited to the amount specified in the Financing Agreement.

1.2 The provision of the EU financing shall be subject to fulfilment of the Beneficiary's obligations under this Financing Agreement.

1.3. The expenditure incurred by the Beneficiary before the entry into force of the Financing Agreement is not eligible for the EU financing.

ARTICLE 2 - COST OVERRUNS AND COVERING THEM

2.1 Individual overruns of the budget headings of the Financing Agreement shall be dealt with by reallocating funds within the overall budget, in accordance with Article 22 of these General Conditions.

2.2 Wherever there is a risk of overrunning the global amount set in the financing Agreement, the Beneficiary shall immediately inform the Commission and seek its prior approval for the corrective measures planned to cover the overrun, proposing either to scale down the project/programme or to draw on its own or other non-EU resources.

2.3 If the project/programme cannot be scaled down, or if the overrun cannot be covered either by the Beneficiary's own resources or other resources, the Commission may, at the Beneficiary's duly substantiated request, decide to grant additional EU financing. Should the Commission take such a decision, the excess costs shall be financed, without prejudice to the relevant EU rules and procedures, by the release of an additional financial contribution to be set by the Commission.

TITLE II - IMPLEMENTATION

ARTICLE 3 – GENERAL PRINCIPLE

The project/programme shall be implemented under the responsibility of the Beneficiary with the approval of the Commission.

ARTICLE 4 - PERIOD OF EXECUTION

4.1 The period of execution of the Financing Agreement shall comprise two phases:

- an operational implementation phase, in which the principal activities are carried out. This phase shall commence on the entry into force of the Financing Agreement and end with the opening of the closure phase;
- a closure phase, during which final audits and evaluation are carried out and contracts and programme estimates for the implementation of the Financing Agreement are technically and financially closed. This phase shall end at the latest 24 months after the end of the operational implementation phase.

4.2 Costs related to the principal activities shall be eligible for EU financing only if they have been incurred during the operational implementation phase. Costs related to final audits and evaluation and closure activities shall be eligible up to the end of the closure phase.

4.3 Any balance remaining from the EU contribution will be automatically cancelled six months after the end of the period of execution.

4.4 In exceptional and duly substantiated cases, a request may be made for the extension of the operational implementation phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the operational implementation phase and approved by the Commission before that latter date.

4.5 In exceptional and duly substantiated cases, and after the end of the operational implementation phase, a request may be made for the extension of the closure phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the closure phase and approved by the Commission before that latter date.

TITLE III – PAYMENTS TO BE MADE BY THE COMMISSION TO THIRD PARTIES

ARTICLE 5 – DEADLINE FOR PAYMENTS TO BE MADE BY THE COMMISSION TO THIRD PARTIES

5.1 When the Commission is making payments related to contracts implementing the Financing Agreement and awarded by the Beneficiary, the Beneficiary shall undertake to provide the Commission with the contractor's requests for payment no more than 15 calendar days after registering an admissible payment request. The Beneficiary shall notify the Commission of the date of registration of this request. The payment request is not admissible if at least one essential requirement is not met. The time limit for payments may be suspended by the Commission by informing the Beneficiary, at any time during the period referred to above, that the payment request can not be met, either because the amount is not due or because the appropriate supporting documents have not been produced. If information comes to the notice of the Commission which puts in doubt the eligibility of expenditure appearing in a payment request, the Commission may suspend the time limit for payment for the purpose of further verification, including an on-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible. The Commission shall inform the Beneficiary as soon as possible.

5.2 The deadline referred to in paragraph 1 shall also apply when payment is conditional on approval of a report. In this case, the request for payment can be considered admissible but the time limit for payment shall begin only when the Beneficiary has approved the report, either expressly, by notifying the contractor, or tacitly, by allowing the contractual deadline for approval to expire without sending the contractor a document formally suspending that deadline. The Beneficiary shall notify the Commission of the date of approval of the report.

5.3 In the event of any delay in forwarding payment requests attributable to the Beneficiary, the Commission shall not be obliged to pay the contractor the late-payment interest provided for in contracts, which will be payable by the Beneficiary.

TITLE IV – PAYMENTS TO BE MADE BY THE BENEFICIARY TO THIRD PARTIES THROUGH PROGRAMME ESTIMATES AND DISBURSEMENT TO BE MADE BY THE COMMISSION

ARTICLE 6 – GENERAL PRINCIPLE

6.1 When the Beneficiary is making payments to third parties, programme estimates must be drawn up and adopted beforehand.

6.2 The programme estimate is a document laying down the programme of measures to be carried out and the human and material resources required, the corresponding

budget and the detailed technical and administrative implementing arrangements for decentralised execution of a project/programme over a specified period by direct labour and/or by means of public procurement and/or the award of grants.

6.3. All programme estimates implementing the Financing Agreement must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

ARTICLE 7 - DISBURSEMENT

7.1 The Commission shall transfer funds no later than 45 calendar days after the date on which it registers an admissible payment request from the Beneficiary. The payment request is not admissible if at least one essential requirement is not met. The time limit for payments may be suspended by the Commission by informing the Beneficiary, at any time during the period referred to above, that the payment request can not be met, either because the amount is not due or because the appropriate supporting documents have not been produced. If information comes to the notice of the Commission which puts in doubt the eligibility of expenditure appearing in a payment request, the Commission may suspend the time limit for payment for the purpose of further verification, including an on-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible. The Commission shall inform the Beneficiary as soon as possible.

7.2 The Commission shall make payments to a bank account denominated in euro and opened at a financial institution accepted by the Commission.

7.3 The Beneficiary shall guarantee that funds paid by the Commission by way of pre-financing can be identified in this bank account.

7.4 Transfers in euro shall, if necessary, be converted into the Beneficiary's national currency as and when payments have to be made by the Beneficiary, at the bank rate in force on the day of payment by the Beneficiary.

7.5 The funds paid by the Commission to this bank account shall yield interest or equivalent benefits. The Beneficiary shall notify the Commission of interest or equivalent benefits yielded by those funds at least once a year.

7.6 Interest or equivalent benefits yielded by the funds paid of more than two hundred fifty thousand euro shall be repaid to the Commission within 45 days of receipt of the Commission's request.

7.7 For a programme estimate which has not given rise to any transfer of funds within three years of its signature, the corresponding committed amount shall be cancelled.

TITLE V - AWARD OF CONTRACTS AND GRANTS

ARTICLE 8 – GENERAL PRINCIPLES.

8.1 All contracts implementing the Financing Agreement must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

8.2 In cases of decentralised contracts, the Beneficiary will inform the Commission when a contractor has been guilty of making false declarations, has made substantial errors or committed irregularities and fraud, or has been found in serious breach of its contractual obligations.

In such cases, without prejudice to the power of the Commission to impose administrative and financial penalties according to the Financial Regulation applicable to the general budget of the European Union and the corresponding provisions applicable to the European Development Fund (EDF), financial penalties to contractors mentioned in the provision on "Administrative and Financial Penalties" of the General Conditions of decentralised contracts shall be imposed by the Beneficiary in accordance with its own rules and procedures, following an adversarial procedure and ensuring the right of defence of the contractor.

ARTICLE 9 - DEADLINE FOR THE SIGNATURE OF THE CONTRACTS IMPLEMENTING THE FINANCING AGREEMENT

9.1 The contracts implementing the Financing Agreement shall be signed by both parties within three years of the entry into force of the Financing Agreement. That deadline may not be extended.

9.2 The above provision shall not apply to audit and evaluation contracts, which may be signed later, as well as to riders to contracts already signed.

9.3 At the end of the three years of the entry into force of the Financing Agreement, any balance for which contracts have not been signed will be cancelled.

9.4 The above provision shall not apply to any balance of the contingency reserve.

9.5 A contract which has not given rise to any payment within three years of its signature shall be automatically terminated and its funding cancelled.

ARTICLE 10 - ELIGIBILITY

10.1 Participation in invitations to tender for works, supply or service contracts and in calls for proposals shall be open on equal terms to all natural and legal persons of the Member States of the EU and, in accordance with the specific provisions in the basic acts governing the cooperation sector concerned, to all natural and legal persons of the beneficiary third countries or of any other third country expressly mentioned in those acts.

10.2 It may be decided, on the basis of the specific conditions laid down in the basic acts governing the cooperation sector concerned, to allow third-country nationals other than those referred to in paragraph 1 to tender for contracts.

10.3 Goods and supplies financed by the EU and necessary for the performance of works, supply and service contracts and procurement procedures launched by the grant beneficiaries for the execution of the action financed must originate in countries eligible to participate on the terms laid down in the previous two paragraphs, except when it is provided otherwise in the basic act.

ARTICLE 11 – PUBLICATION OF INFORMATION

11.1 The Beneficiary undertakes to publish each year in a dedicated and easily accessible place of its internet site the title of each contract financed by the Financing Agreement, the name and nationality of the grant beneficiary or successful tenderer as well as the amount of the corresponding grant or contract.

11.2 If such internet publication is impossible, the information shall be published by any other appropriate means, including the official journal of the Beneficiary. Publication shall take place during the first half of the year following the closure of the year in respect of which the contracts and grants were awarded by the Beneficiary. The Beneficiary shall communicate to the Commission the address of the place of publication and reference shall be made to this address in the dedicated place of the internet site of the Commission. If the information is published otherwise, the Beneficiary shall give the Commission full details of the means used.

TITLE VI - RULES APPLICABLE TO THE PERFORMANCE OF CONTRACTS

ARTICLE 12 - ESTABLISHMENT AND RIGHT OF RESIDENCE

12.1 Where justified by the nature of the contract, natural and legal persons participating in invitations to tender for works, supply or service contracts shall enjoy a provisional right of establishment and residence in the Beneficiary's territory(ies). This right shall remain valid for one month after the contract is awarded.

12.2 Contractors (including the grant beneficiaries) and natural persons whose services are required for the performance of the contract and members of their family shall enjoy similar rights during the implementation of the project/programme.

ARTICLE 13 - TAX AND CUSTOMS PROVISIONS

13.1 The Beneficiary shall apply to procurement contracts and grants financed by the EU the most favoured tax and customs arrangements applied to States or international development organisations with which it has relations.

13.2 Where a Framework Agreement is applicable, which includes more detailed provisions on this subject, these provisions shall apply as well.

ARTICLE 14 - FOREIGN EXCHANGE ARRANGEMENTS

14.1 The Beneficiary undertakes to authorise the import or purchase of the foreign currency necessary for the implementation of the project. It also undertakes to apply its national foreign exchange regulations in a non-discriminatory manner to the contractors allowed to participate referred to in Article 10 of these General Conditions.

14.2 Where a Framework Agreement is applicable, which includes more detailed provisions on this subject, these provisions shall apply as well.

ARTICLE 15 – USE OF DATA FROM STUDIES

Where the Financing Agreement involves the financing of a study, the contract related to this study, signed for the implementation of the Financing Agreement, shall govern the ownership of that study and shall include the right for the Beneficiary and the Commission to use data in the study, to publish it or to disclose it to third parties.

ARTICLE 16 - ALLOCATIONS OF AMOUNTS RECOVERED UNDERCONTRACTS

Amounts recovered from payments wrongly effected, from financial guarantees lodged on the basis of procedures of award of contracts or under a contract financed under this Financing Agreement, as well as from financial penalties imposed by the Beneficiary on candidate, tenderer, contractor or grant beneficiary, shall be returned to the Commission. The damages granted to the Beneficiary shall also be returned to the Commission.

ARTICLE 17 - FINANCIAL CLAIMS UNDER CONTRACTS

The Beneficiary undertakes to confer with the Commission before taking any decision concerning a request for compensation made by a contractor and considered by the Beneficiary to be justified in whole or in part. The financial consequences may be borne by the EU only where the Commission has given its prior approval. Such prior approval is also required for any use of funds committed under the present Financing Agreement to cover costs arising from disputes relating to contracts.

TITLE VII - GENERAL AND FINAL PROVISIONS

ARTICLE 18 – VISIBILITY

18.1 Every project/programme financed by the EU shall be the subject of appropriate communication and information operations. These operations shall be defined under the responsibility of the Beneficiary with the approval of the Commission.

18.2 These communication and information operations must follow the rules laid down and published by the Commission for the visibility of external operations in force at the time of the operations.

18.3 In order to comply with international agreements on Aid Transparency and implement the 2008 Accra Agenda for Action, the content of this Financing Agreement and its annexes may be published.

ARTICLE 19 – PREVENTION OF IRREGULARITIES, FRAUD AND CORRUPTION

19.1 The Beneficiary undertakes to check regularly that the operations financed with the EU funds have been properly implemented. It shall take appropriate measures to

prevent irregularities and fraud and, if necessary, bring prosecutions to recover funds wrongly paid.

19.2 "Irregularity" shall mean any infringement of the Financing Agreement, implementing contracts and programme estimates or of EU law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the EU or the European Development Fund (EDF), either by reducing or losing revenue accruing from own resources collected directly on behalf of the EU, or by an unjustified item of expenditure.

"Fraud" shall mean any intentional act or omission concerning:

- the use or presentation of false, incorrect or incomplete, statements or documents which has as its effect the misappropriation or wrongful retention of funds from the general budget of the EU or the EDF;
- non-disclosure of information in violation of a specific obligation, with the same effect;
- the misapplication of such funds for purposes other than those for which they are originally granted.

19.3 The Beneficiary shall immediately inform the Commission of any element brought to its attention which arouses suspicions of irregularities or fraud and of any measure taken to deal with them.

19.4 The Beneficiary shall immediately inform the Commission of the name of the economic operators whom have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the EU's financial interests.

19.5 The Beneficiary undertakes to take every appropriate measure to remedy any practices of active or passive corruption whatsoever at any stage of the procedure for the award of contracts or grants or in the implementation of the related contracts. "Passive corruption" shall mean the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the EU's financial interests. "Active corruption" shall mean the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official, for himself or for a third party, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the EU's financial interests.

ARTICLE 20 - VERIFICATIONS AND CHECKS BY THE COMMISSION, THE EUROPEAN ANTI-FRAUD OFFICE (OLAF) AND THE EUROPEAN COURT OF AUDITORS

20.1 The Beneficiary agrees to the Commission, OLAF and the European Court of Auditors conducting documentary and on-the-spot checks on the use made of EU funding under the Financing Agreement (including procedures for the award of contracts and grants) and carrying out a full audit, if necessary, on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the project/programme, throughout the duration of the agreement and for seven years after the date of the last payment.

20.2 The Beneficiary also agrees that OLAF may carry out on-the-spot checks and verifications in accordance with the procedures laid down by EU law for the protection of the EU's financial interests against fraud and other irregularities.

20.3 To that end, the Beneficiary undertakes to grant officials of the Commission, OLAF and the European Court of Auditors and their authorised agents access to sites and premises at which operations financed under the Financing Agreement are carried out, including their computer systems, and to any documents and computerised data concerning the technical and financial management of those operations, and to take every appropriate measure to facilitate their work. Access by authorised agents of the Commission, OLAF and the European Court of Auditors shall be granted on conditions of strict confidentiality with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be accessible and filed in a manner permitting easy inspection, the Beneficiary being bound to inform the Commission, OLAF or the European Court of Auditors of the exact location at which they are kept.

20.4 The checks and audits described above shall also apply to contractors and subcontractors who have received EU funding.

20.5 The Beneficiary shall be notified of on-the-spot missions by agents appointed by the Commission, OLAF or the European Court of Auditors.

ARTICLE 21 – CONSULTATION BETWEEN THE COMMISSION AND THE BENEFICIARY

21.1 The Beneficiary and the Commission shall consult each other before taking any dispute relating to the implementation or interpretation of this Financing Agreement further.

21.2 The consultation may lead to the amendment, suspension or termination of the Financing Agreement.

ARTICLE 22 – AMENDMENT OF THE FINANCING AGREEMENT

22.1 Any amendment to the Special Conditions, Annex II and Annex III to the Financing Agreement shall be made in writing and be the subject of an addendum.

22.2 If the request for an amendment comes from the Beneficiary, the latter shall submit that request to the Commission at least three months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Beneficiary and accepted by the Commission.

22.3 For technical adjustments which do not affect the objectives and results of the project/programme and alterations in matters of detail which do not affect the technical solution adopted, and with no reallocation of funds, the Beneficiary shall inform the Commission of the amendment and its justification in writing as soon as possible and apply that amendment.

22.4 The use of contingency funds shall be subject to the Commission's prior written approval.

22.5 The specific cases of the extension of the operational implementation phase or closure phase are governed by Article 4 (4) and (5) of these General Conditions.

22.6 If the Beneficiary ceases to satisfy the decentralisation criteria laid down, where relevant, in the Special Conditions and without prejudice to Articles 23 and 24 of these General Conditions, the Commission may decide to retake the financial implementation tasks entrusted to the Beneficiary in order to continue the implementation of the project/programme on behalf, and for the account, of the Beneficiary after informing the later in written form.

ARTICLE 23 – SUSPENSION OF THE FINANCING AGREEMENT

23.1 The Financing Agreement may be suspended in the following cases:

- The Commission may suspend the implementation of the Financing Agreement if the Beneficiary breaches an obligation under the Financing Agreement, and notably if it ceases to satisfy the decentralisation criteria laid down, where relevant, in the Special Conditions.
- The Commission may suspend the Financing Agreement if the Beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law and in serious cases of corruption.
- The Financing Agreement may be suspended in cases of force majeure, as defined below. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations, not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves

insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure. A party shall not be held in breach of its obligations if it is prevented from fulfilling them by a case of force majeure of which the other party is duly informed. A party faced with force majeure shall inform the other party without delay, stating the nature, probable duration and foreseeable effects of the problem, and take any measure to minimise possible damage.

23.2 No prior notice shall be given of the suspension decision.

23.3 As a precautionary measure, payments referred to in Article 7 (1) of these General Conditions shall be suspended.

23.4 When the suspension is notified, the consequences on the ongoing contracts and programme estimates or contracts and programme estimates to be signed will be indicated.

23.5 A suspension of the Financing Agreement is without prejudice to the suspension of payments by the Commission for the sake of ensuring sound financial management or protecting the EU's financial interests.

ARTICLE 24 – TERMINATION OF THE FINANCING AGREEMENT

24.1. If the issues which led to the suspension of the Financing Agreement have not been resolved within a maximum period of four months, either party may terminate the Financing Agreement at two months' notice.

24.2. Where a Financing Agreement has not given rise to any payment within three years of its signature or no implementing contract has been signed within this period, that Financing Agreement will be terminated.

24.3 When the termination is notified, the consequences on the ongoing contracts and programme estimates or contracts and programme estimates to be signed will be indicated.

ARTICLE 25 - DISPUTE-SETTLEMENT ARRANGEMENTS

25.1 Any dispute concerning the Financing Agreement which cannot be settled within a six-month period by the consultations between the parties provided for in Article 21 of these General Conditions may be settled by arbitration at one of the parties' request.

25.2 In this case the parties shall each designate an arbitrator within 30 days of the request for arbitration. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration (The Hague) to designate a second arbitrator. The two arbitrators shall in their turn designate a third arbitrator within 30 days. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration to designate the third arbitrator.

25.3 Unless the arbitrators decide otherwise, the procedure laid down in the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States shall apply. The arbitrators' decisions shall be taken by a majority within a period of three months.

25.4 Each party shall be bound to take the measures necessary for the application of the arbitrators' decision.

ANNEX II TO FINANCING AGREEMENT N° DCI-ASIE/2010/20587

TECHNICAL AND ADMINISTRATIVE PROVISIONS

BENEFICIARY COUNTRY / REGION	VIETNAM		
REQUESTING AUTHORITY	GOVERNMENT OF VIETNAM		
BUDGET HEADING	19.100101		
TITLE	Health Sector Policy Support Programme (HSPSP)		
TOTAL COST	€ 39 250 000		
Aid method / management mode	**Sector Policy Support Programme:** - Sector budget support (centralised management)		
DAC-CODE	*12110*	*SECTOR*	*Health policy and administrative support*

1. INTERVENTION

1.1. Objectives

The **overall objective** is to contribute to the improvement of the health status of the population especially the poor and most vulnerable through a more effective, efficient and equitable health system. The **specific objective** is to support the implementation of the five year health plan (2011-2015) of the Government of Vietnam, which addresses the 6 building blocks of a health system (WHO). Five of them are considered as inputs: 1. Governance; 2. Health financing; 3. Biological products, pharmaceuticals, vaccines, medical equipment and technologies; 4. Health workforce; 5. Health information system, and 6: Service Delivery is included as the central process.

The activities of the 5-year health plan 2011-2015 will have positive environmental impacts. It is expected that it will address, among others, the issue of hospital waste management and establish norms for climate change proofing.

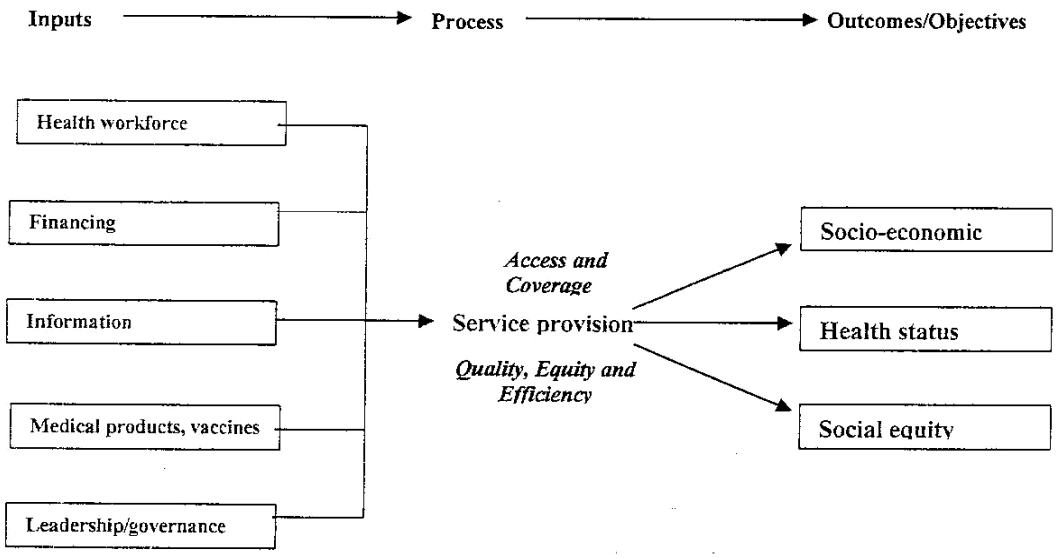
With regard to gender equality the health plan is expected to strongly emphasise the right of women to quality reproductive health services as a strengthening of current gender equality policy.

The health plan is also expected to strengthen good governance by enhancing the capacity of the Ministry of Health (MoH) to exercise its stewardship role and by strengthening procedures relevant to transparency of management in the health sector.

1.2. Expected results and Main activities

The 3-year Health Sector Policy Support Programme (HSPSP) contributes to the achievement of results of the 5-year plan (2011-2015). The European Commission envisages continued support, through the same modality, to the implementation of the 5-year plan under the MIP 2011-2013.

The expected results will be linked to the building blocks of Vietnam's health care system:



The conceptual framework of a health system, developed by WHO[1], has been adapted by MoH into 5 building blocks: (1) health workforce; (2) financing; (3) information; (4) medical products, vaccines and medicines; (5) leadership and governance, which contribute to the provision of good quality services for all people. Process indicators, identified by this framework, are accessibility,

[1] WHO, Strategic Plan for Strengthening Health Systems in the WHO Western Pacific Region, March 2008, http://www.wpro.who.int/publications/PUB_9789290613848.htm

coverage, quality, equity and efficiency. Upper level outcomes are improved people's health status, social equity and national socio-economic development[2].

The expected results of the HSPSP are yearly progress against the 19 indicators (See appendix 3) of the 5 years health plan covering both inputs (number of doctors, pharmacists, midwives, hospital beds, etc...) and outputs/outcomes (percentage of vaccinations, insurance coverage, mortality rates, child malnutrition, AIDS prevalence, etc..). The plan also foresees that additional indicators should be monitored and supervised to capture an overview and insights of the health sector, including indicators of health service provision; health status, health human resources, health information system, drugs and medical equipment and health financing against which progresses are also expected.

The main activities that will be undertaken under the HSPSP, besides provision of budget support funds, are linked to the sector policy dialogue activities (Health Partnership Group - HPG, Joint Annual Health Review - JAHR, others), donors coordination and the assessment of the disbursement requests.

The EU Delegation to Vietnam will in particular undertake the following activities:

- take part actively in the joint sector performance assessment (the JAHR) and retain the responsibility for mobilising adequate technical assistance from the Health Sector Capacity Support Project in support of the assessment, upon the request of the Government;
- contribute to and coordinate the dialogue among European Union Member States and other donors and Government around the health sector policy and implementation of 5 years health plan; and
- undertake visibility and communication activities.

1.3. Duration

The execution period of the Agreement will be 72 months. This execution period will comprise 2 phases under the conditions provided for in article 4.1 of the General Conditions (Annex I of the present Agreement):

1. Operational implementation phase that starts from the entry into force of the financing agreement and will have a duration of 48 months.
2. Closure phase of a duration of 24 months that starts from the expiry date of the operational implementation phase.

Pursuant to article 6 of the General Conditions (Annex I of the present Agreement), the contracts implementing the financing agreement shall be signed at the latest within three years of the entry into force of the financing agreement (except audit and evaluation). That deadline may not be extended.

2. IMPLEMENTATION

2.1 Implementation method and Procurement and Payment clauses

The present Programme will be implemented through a sector budget support modality. Therefore the method of implementation is direct centralised management with the signature of a Financing Agreement. The budget support is untargeted. The Ministry of Finance will confirm that the relevant account has been credited and provide documentary evidence of the transfer, including the exchange rate used.

All contracts implementing the visibility activities (100 000 EURO) must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

[2] MoH, 5-year national health plan 2011-2015, page 5-6.

Participation in the award of contracts for the Programme shall be open to all natural and legal persons covered by the DCI regulation.

2.2. Budget and calendar

2.2.1 Budget

The EU direct budget support consists of a commitment of 39 150 000 EURO. This amount will be disbursed in three (3) annual tranches as budget support and 100 000 EURO will be retained by EU Delegation for communication and visibility activities. The resources provided should make it possible for the beneficiary Government to achieve the targets specified in the criteria for disbursement (See 2.3.2).

The indicative budget breakdown of the overall amount by main components is presented in the table below:

Table 1 - Budget

	Amount (in euro)	EU contribution (in euro)	Other donors (in euro)	Sector/ministry budget/funding over programme duration (in euro)
Budget Support	39 150 000	39 150 000[3]		7 609 470 945[4]
Technical Cooperation*	0	0		
Visibility	100 000	100 000		

* Technical Cooperation complementary to the Budget Support is provided separately as part of the Health Sector Capacity Support Project (DCI-ASIE/2008/19694).

2.2.2 Calendar

The operational implementation phase of the HSPSP is 48 months from the date of signature of the Financing Agreement.

The disbursement of the sector budget support is foreseen over three fiscal years, spanning over 2012, 2013 and 2014.

In 2012, the annual tranche will be composed of one base instalment. In 2013 and 2014, the annual tranches will be made of a base and a bonus instalment. Criteria for disbursement of the instalments are described at point 2.3.2.

In order to assure the predictability of the EU disbursements, the assessment will take place, for the 2013 and 2014 fiscal years, before the end of September of the previous year.

The schedule for disbursement of the budget support instalments is foreseen as follows:

Table 2 - Calendar

Budget Support Instalments	**1st half of 2012**	**1st quarter 2013**	**1st quarter 2014**
Base instalment	€ 10 000 000	€ 10 000 000	€ 10 000 000
Bonus instalment		€ 4 000 000	€ 5 150 000
TOTAL	€ 10 000 000	€ 14 000 000	€ 15 150 000
GRAND TOTAL			**€ 39 150 000**

[3] This amount is equivalent to 0.5% of estimated budget for 3 consecutive years of 2011, 2012, 2013.

[4] MoH, 5-year national health plan 2011-2015, Annex I on estimated budget, aggregated figure for 2011, 2012, 2013.

2.3 Performance monitoring and criteria for disbursement

2.3.1. Description of performance monitoring arrangements:

The Ministry of Health is responsible for the continued reforms towards sector-wide management, as agreed between the Ministry and key Development Partners in the Statement of Intent of the Health Sector. This reform process is currently supported by EU's Health Sector Capacity Support Project in close collaboration with other Development Partners, members of the Health Partnership Group (HPG).

The Ministry of Health is responsible for evaluating the 5-year plan implementation and annual health indicators using it as a foundation for subsequent planning exercises. Every year the Ministry of Health will work with the HPG to conduct a Joint Annual Health Review (JAHR), laying out the foundation for health policy making and planning, and mobilizing international aid for the sector. The JAHR report will be used to assess the annual health sector performance.

Data for health indicators will be collected by the Ministry through annual health statistics and other reliable sources and will be provided timely to the HPG for the regular monitoring of the 5 years health plan and the production of the JAHR report.

The JAHR process is a joint mechanism for the measurement of and dialogue on (i) sector performance; and (ii) implementation progress of the 5-year plan; as well as the priority setting mechanism for the annual operational plans. The MoH will make sure that the draft JAHR report will be available before the end of July every year so that its recommendations could fit into the sector's planning cycle, and some of its data can be used for the assessment of disbursement criteria for the budget support.

2.3.2. Criteria for disbursement

General criteria for the disbursement of all instalments of budget support:

All annual instalments release will be based on a positive assessment of continued fulfilment of the following three (03) eligibility criteria:

- **Vietnam's stability oriented Macro-economic policy is maintained and the medium-term prospects do not put at risk the sector objectives.**

- **Vietnam's reform plans for public finance management are sufficiently credible and relevant and are implemented satisfactorily, in particular:**

  a. A pilot Public Expenditure and Financial Accountability (PEFA) assessment is undertaken before the assessment of the first instalment. In addition,

  b. Medium-Term Expenditure Framework (MTEF) preparation is carried out in the context of the revised state budget law and its eventual provisions for a national MTEF.

  Clear progress in these areas from year to year will be a necessary condition for release of further instalments.

- **A clearly defined sector policy is in place and implemented satisfactorily.** The *"National strategy for people's health protection, care and improvement and master plan for health sector development, 2011-2020, vision 2030", will need to be finalised and approved by the Government.* By the end of 2010, the 5-year national health plan 2011-2015 was adopted by the Minister of Health. To ensure the operationalisation of the plan, in line with the national sector strategy, the following actions will constitute concrete milestones for the assessment of the criterion on sector policy.

  a. The Ministry of Health ensures that an harmonization process of operational planning and budgeting guidelines for provinces is put in place in consultation with a Technical Working Group for Planning and Finance, established under the Health Partnership Group.

  b. Formulation of provincial operational plans and comprehensive budgets in a number of provinces, using the above-mentioned guidelines, and steps towards consolidation at national level.

c. The JAHR process will monitor annually sector performance and the implementation progress of the 5-year Plan, by establishing, among others, indicators for monitoring the main sector priorities not covered in the list of 19 indicators included in the 5-year Plan, including baselines and target values.

d. The health sector improves its capacity for evidence-based policy formulation, by upgrading its Management Information Systems (HMIS).

In 2012, 2013 and 2014, the base instalment will be disbursed on the basis of a positive assessment of the progress on the above-mentioned general criteria. Justification of incremental progress against the above-mentioned milestones shall be part of the attachments to each request for disbursement introduced by the Ministry of Finance.

Specific criteria for disbursement of bonus instalments of budget support:

Additional specific criteria for the disbursement of the bonus instalments have been agreed in dialogue between the Government of Vietnam (GoV) and the Commission and are detailed in appendix 1 to the present Technical and Administrative Provisions.

In **2013** (year N+1), disbursement for the 1st bonus instalment will be made against the positive assessment by the Commission based on evidences submitted by the Ministry of Finance, on behalf of the Beneficiary Government, and the JAHR report (see criteria in appendix 1).

In **2014** (year N+2), disbursement for the 2nd bonus instalment will be made against the positive assessment by the Commission based on evidences submitted by the Ministry of Finance, on behalf of the Beneficiary Government, and the JAHR report (see criteria in appendix 1).

Analysis of the chosen performance indicators in appendix 1 tells us that they are of adequate quality to justify their use for the disbursement of budget support.

The chosen performance targets and indicators specified in appendix 1 will apply for the duration of the programme. However, in duly justified circumstances, the Ministry of Finance, in close consultation with relevant Ministries and/or Agencies may submit a request to the EU Delegation to Vietnam for the targets and indicators to be adapted. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties. This procedure cannot be applied retroactively as in order to be valid, such changes should have been agreed before the assessment period.

2.3.3 Modalities for Disbursement

The Ministry of Finance (MoF), on behalf of Beneficiary Government, is responsible for the collection of information and figures, as referred above, necessary for the assessment of the criteria for disbursement (See 2.3.2.), from the Ministry of Health; from Vietnam Social Security; from relevant Provinces; and from relevant Departments of the Ministry of Finance. To ensure that the EU Delegation and EU Headquarters are able to confirm in September the amount to be disbursed the following year, relevant information and figures for the assessment of those criteria will be available from the Ministry of Finance in July every year, attached to a formal request for payment.

The EU Delegation will assess the information provided by the Ministry of Finance and the JAHR report, verify if the criteria for disbursement have been fulfilled and recommend to its Headquarters an appropriate level of disbursement.
If the information has been provided in a timely manner, the EU Delegation could confirm in September by means of a formal letter to the MoF the level of its intended disbursement to allow for the integration of this information in the budgetary decision of the National Assembly (end of November annually).
Additional details of disbursement modalities are provided in appendix 1 and 2 of the present Technical and Administrative Provisions.

3. MONITORING, EVALUATION AND AUDIT

Monitoring, reviewing and evaluating progress along the life of the Programme is based on the improved dialogue established by HPG in line with the lead taken by the Government in improving donors' coordination in the context of the Hanoi Core Statement on Aid Effectiveness.

Progress of the Health Sector and achievements of the five year plan will be integrated in the JAHR process and undertaken jointly by the HPG. Resources for this from the Commission side could be taken from the short term Technical Assistance (TA) resources of the Health Sector Capacity Support project (HSCSP).

A specific evaluation of the sector budget support operation could be undertaken, if deemed necessary, by the Commission.

4. COMMUNICATION AND VISIBILITY

The programme will comply with the guidelines of the "Visibility Manual of the EU applicable to external actions". A signing ceremony followed by a press conference will take place at the signature of the Financing Agreement, workshops and/or dissemination of programme documentation will be organised. During the programme implementation, the EU Delegation to Vietnam will promote consistent and relevant actions of information in collaboration with the Ministry of Health of Vietnam.

APPENDICES

1 - Performance criteria and indicators used for disbursement of bonus instalments
2 - Disbursement arrangements and timetable
3. - Basic health targets during 2011-2015

Appendix 1: Performance criteria and indicators used for disbursement of bonus instalments (budget support)

Criterion 1

- Health expenditure, sourced from State budget, increases faster than the annual increase of State expenditure in general, and an increase also takes place in poorest provinces.

Link with national policy:
The indicator refers to the implementation of Resolution 18 of the National Assembly, which request the GoV to increase its expenditures for health faster than the annual increase of state expenditure. It also looks at the same indicator at provincial level, in order to verify the pro-poor character (equity) of the budget allocation.

Method of calculation:
The Delegation will base its assessment on both of the following sources:

(a) Specific report by the MoF on the planned recurrent expenditure in the Health sector. This report will specify the different components of this figure, among which the figures published on the MoF website.

(b) The figures collected and provided by the MoF on the planned provincial recurrent health expenditure, approved by Provincial People's Councils, for the selected 9 poorest provinces (see table below).

Formula for sub-criterion (a) is as follow: on estimated % increase of planned recurrent health expenditure from State budget (numerator) in comparison with estimated % increase of planned recurrent State expenditure (denominator) between year N-1 and year N.

planned	**2011**	**2012**	**% increase**
Recurrent health expenditure from State budget	**A**	**A'**	$\frac{A'-A}{A}$ **= figure (1)**
Recurrent State expenditure	**B**	**B'**	$\frac{B'-B}{B}$ **= figure (2)**

Baseline figure for sub-criterion (a) is as follow:

planned	**2011** (billion VND)
Aggregated recurrent State budget expenditure	505,960
Recurrent health expenditure from State budget	43,200

Formula for sub-criterion (b) is as follow: figure for year N > figure for year N-1 at provincial level

Baseline figure for sub-criterion (b) is as follow:

9 provinces	Planned recurrent health expenditure, approved by Provincial People's Council, from provincial State budget Planned for 2010: (million VND)	Planned recurrent health expenditure, approved by Provincial People's Council, from provincial State budget Planned for 2011: (million VND)
Dien Bien	105,299	324,402

Son La	206,574	572,200
Lai Chau	135,728	305,821
Gia Lai	286,500	588,146
Kon Tum	96,828	264,698
Bac Kan	81,450	217,722
Yen Bai	168,863	382,976
Vinh Long	136,635	210,226
Kien Giang	208,899	462,561

Target:
The sub-criterion (a) is considered to be fully met if figure (1) > figure (2)
The sub-criterion (b) is considered to be fully met if figure for year N > figure for year N-1 for all provinces. Partial achievement will be treated as described in appendix 2.

Timing for availability:
The data for year N-1 will be available
(a) at the latest by July of year N for planned recurrent health expenditure from State budget
(b) at the latest by July of year N for planned recurrent health expenditure from provincial State budget
and will be attached to the formal request for instalment release as supporting document/evidence by the MoF. MoF will (i) coordinate internally among its relevant departments; and (ii) liaise with the Provincial People's Council of the above-mentioned provinces to ensure the timely availability of those data.

Criterion 2

- Health insurance coverage increases on annual basis.

Link with national policy:
The indicator is strictly related to implementation of the Health Insurance Law, which sets the objective of annually-increased coverage of health insurance, managed by Vietnam Social Security (VSS), until the full coverage of the entire population.

Method of calculation:
The Delegation will base its assessment on:
(a) a formal statement from central VSS
on the increase of health insurance coverage during the previous year. The increase shall be measured as follows: number of persons having health insurance card. See baseline below for central VSS:

	2005	2006	2007	2008	2009
Estimated population, in million	81.3	83.0	83.9	84.8	85.8
Estimated number of insured persons = estimated number of cards , in million	21.8	36.9	35.7	39.4	49.2
Percentage of population insured	27%	44%	43%	46%	57.3%

Target:

	2010	2011	2012	2013	2014
Estimated population, in million	86.7	87.7	88.6	89.6	90.6
Estimated number of cards, in million	50.7	56.2	59	62	68
Percentage of population insured	58.5%	64.1%	66.6%	69.2%	75.1%

Timing for availability:
The data for year N-1 will be available at the latest by July of year N, to be included in a single submission of annual request for instalment release and supporting document/evidence by the MoF. MoF will liaise with central VSS to ensure the timely availability of those data.

Criterion 3

- Comprehensive annual sector operational plan and budget are available in a number of pilot provinces of the Health Sector Capacity Support Project.

Link with national policy:
The indicator is related to the objective of strengthening Stewardship and Regulatory Functions of MoH. It monitors the gradual integration of decentralized operational planning as part of overall sector planning.

Method of calculation:
Progress reports of the Health Sector Capacity Support Project (HSCSP) will inform about the number of pilot provinces with comprehensive annual sector operational plan and budget. Quality of the provincial plan will be assessed by an independent short-term expert, recruited under HSCSP, using the criteria and methodology of the Joint Assessment of National Strategies (JANS).

Target:
2012: at least 1 province
2013: at least 2 provinces

Timing for availability:
The report shall be available by July 2012 and 2013, to be included in a single submission of annual request for instalment release and supporting document/evidence by the MoF. MoF will liaise with the MoH/HSCSP to ensure the timely availability of the report.

Criterion 4

- The monitoring framework of the 5-year plan is integrated in the JAHR process. In other words, as from 2011 - the JAHR report will have a chapter reporting on the implementation progress of the 5-year plan, and analysing progress on the 19 indicators included in the plan and on additional indicators to monitor priorities of the plan defined by the JAHR.

Link with national policy:
The indicator is strictly in line with the SoI, namely milestone number 8, which aims harmonise and align donors' support.

Method of calculation:
The JAHR report will have a chapter reporting on the implementation progress of the 5-year plan, on which dialogue will be opened at HPG meeting under the leadership of the MoH.

Target:
The criterion is fulfilled for the JAHR 2012 and 2013.

Timing for availability:
The draft JAHR report of acceptable quality, with a chapter reporting the implementation progress of the 5-year plan, will be available at the latest by July each year, to be included in a single submission of annual request for instalment release and supporting document/evidence by the MoF. MoF will liaise with the MoH to ensure the timely availability of the report

Criterion 5

The following indicators are selected from the 5-year national plan (2011-2015) (ref. page 36) and from the JAHR monitoring framework.

	Indicators (national level)	2010 (baseline)	2011	2012	2013	2014
1.	Infant Mortality Rate (per 1,000 live births)	15.8	15.4	15.1	14.8	14.4
2.	Proportion of deliveries assisted by trained health practitioners	97.1	97.5	98.0	98.5	98.9
3.	Under 5 child malnutrition (weight for age) in %	17.5	17.0	16.5	16.0	15.5

	Indicators (provincial level)	2010 (baseline)	2011	2012	2013	2014
1.Infant Mortality Rate (per 1,000 live births)						
	1.1. Dien Bien	37.3	37.2	37.1	37.0	36.9
	1.2. Son La	25.6	24.1	23.3	22.6	22.0
	1.3. Lai Chau	46.1	45.6	45.4	45.3	45.0
	1.4. Gia Lai	25.7	25.6	25.5	25.4	25.3
	1.5. Kon Tum	38.1	38.0	37.9	37.8	37.7
	1.6. Bac Kan	19.5	19.1	18.7	18.3	17.9
	1.7. Yen Bai	26.5	25.4	24.7	24.4	24.2
	1.8. Vinh Long	11.5	11.0	10.7	10.6	10.5
	1.9. Kien Giang	13.6	13.5	13.4	13.3	13.2
2. Proportion of deliveries assisted by trained health practitioners						
	2.1. Dien Bien	55.2	57.3	59.4	61.5	63.6
	2.2. Son La	83.9	85.1	86.4	87.7	88.9
	2.3. Lai Chau	62.7	62.9	63.0	63.1	63.2
	2.4. Gia Lai	88.0	89.1	90.1	91.2	92.3
	2.5. Kon Tum	72.3	74.6	77.0	79.3	81.7
	2.6. Bac Kan	97.4	97.4	97.5	97.5	97.6
	2.7. Yen Bai	82.3	83.4	84.5	85.6	86.6
	2.8. Vinh Long	99.8	99.8	99.9	99.9	100.0
	2.9. Kien Giang	99.7	99.8	99.9	99.9	99.9
3. Under 5 child malnutrition (weight for age) in %						
	3.1. Dien Bien	22.5	22.1	21.6	21.2	20.7
	3.2. Son La	26.5	26.0	25.4	24.9	24.4

	3.3. Lai Chau	26.5	26.0	25.4	24.9	24.4
	3.4. Gia Lai	26.3	25.8	25.2	24.7	24.2
	3.5. Kon Tum	28.3	27.7	27.2	26.6	26.0
	3.6. Bac Kan	25.4	24.9	24.4	23.9	23.4
	3.7. Yen Bai	22.8	22.3	21.9	21.4	21.0
	3.8. Vinh Long	18.8	18.4	18.0	17.6	17.1
	3.9. Kien Giang	17.0	16.6	16.3	15.9	15.5

Link with national policy:
The selected indicators represent a strict link to the implementation of 5-year plan's building blocks as part of the measurement of achievement of relevant objectives of the plan, with particular attention of the Government to addressing the disparities in those indicators between the poorest regions and the rest of the country.

Method of calculation:
These indicators' targets will be jointly assessed mid-2013 and reported in the JAHR report 2013.

Timing for availability:
The JAHR report 2013, with a chapter reporting the implementation progress of the 5-year plan should include information on the national figures and provincial figures require specific reporting, both of which will be available at the latest by July 2013 for the retrospective data of 2012, to be included in a single submission of annual request for instalment release and supporting document/evidence by the MoF. MoF will liaise with the MoH's Department of Planning and Finance (including health statistics division) and the 9 selected provinces to ensure the timely availability of those figures.

Summary of reporting requirements

Agency	
MoH	JAHR report 2012 and 2013 HSCSP progress report 2012 and 2013 HSCSP consultant JANS report on provincial plan(s) for 2012 and 2013 Statistics on 3 indicators at national and provincial level in 2013
Central/Provincial VSS	HI coverage statement
MoF	Information on recurrent expenditure for health from State budget and disaggregated recurrent expenditure for health from provincial State budget in 9 poorest provinces PFM progress report
MPI	Report on Macro-Economic policy

MoF, representing Beneficiary Government, will coordinate the preparation of all reports and collection of necessary information and submit to the Delegation together with a request for payment, sent before the end of 2011, July 2012 and July 2013.

Appendix 2: Disbursement arrangements and timetable (budget support)

1. Responsibilities

On the basis of the criteria for disbursement set out in this Financing Agreement, the Ministry of Finance of Vietnam shall make a formal request to the Commission for each instalment disbursement on the dates set out in Table A below, including (i) the fullest possible analysis and justification for the release of funds, including supporting documentation which should be annexed; and (ii) a duly signed Financial Identification Form in order to facilitate subsequent payment.

2. Indicative disbursement timetable

An indicative disbursement timetable is set out below.

Table A - Summary indicative disbursement timetable

Type of instalment	Year 1 (2012)				Year 2 (2013)				Year 3 (2014)				TOTAL
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Base instalment		10 M €			10 M €				10 M €				30 M €
Bonus instalment		0			4 M €				5.15 M €				9.15 M €
TOTAL		**10 M €**			**14 M €**				**15.15 M €**				**39.15 M €**

3. General criteria for instalment release

The General Criteria for instalment release set out below shall apply to the disbursement of all instalments and all requests for instalment release shall be accompanied by supporting information on this matter.

Table B - General criteria for instalment release

Area	Condition	Source of verification
Macroeconomic stability	**Vietnam's stability oriented Macro-economic policy is maintained and the medium-term prospects do not put at risk the sector objectives:** The condition refers to satisfactory progress in the maintenance of a stability-oriented macroeconomic policy as evidenced, inter alia, by the Article IV of annual IMF report, which is available in May on annual basis. Where the review of an IMF programme is delayed or temporarily suspended or lapses, the Commission may still take the decision to disburse budget support if it judges that stability-oriented macroeconomic policy is still being implemented, following communications as appropriate with the partner country and the IMF.	International Monetary Fund (IMF), MPI report and other sources
Public Finance Management	**Vietnam's reform plans for public finance management are sufficiently credible and relevant and are implemented satisfactorily, in particular:** • A pilot Public Expenditure and Financial Accountability (PEFA) assessment is undertaken before the assessment of the first instalment. In addition,	Ministry of Finance of Vietnam (MoF) and multi-lateral dialogue within the framework of the Multi Donor Trust Fund (MDTF) for PFM reforms

	• MTEF preparation is carried out in the context of the revised state budget law and its eventual provisions for a national MTEF. The condition refers to satisfactory progress in the implementation of a programme to improve and reform public finance management, as evidenced inter alia by a PFM progress report prepared by the MoF for mid-term CG meeting to jointly judge the improvement made in reforming critical components of PFM during the previous year. This report is available in May on annual basis.	
Sector policy and strategy	**A clearly defined sector policy is in place and implemented satisfactorily.** The Draft "National strategy for people's health protection, care and improvement and master plan for health sector development, 2011-2020, vision 2030", will need to be finalised and approved by the Government. By the end of 2010, the 5-year national health plan 2011-2015 was adopted by the Minister of Health. To ensure the operationalisation of the plan, in line with the national sector strategy, the following actions will constitute concrete milestones for the assessment of the criterion on sector policy: • The Ministry of Health ensures that an harmonization process of operational planning and budgeting guidelines for provinces is put in place in consultation with a Technical Working Group for Planning and Finance, established under the Health Partnership Group • Formulation of provincial operational plans and comprehensive budgets in a number of provinces, using the above-mentioned guidelines, and steps towards consolidation at national level • The JAHR process, will monitor annually sector performance and the implementation progress of the 5-year Plan, by establishing among others indicators for monitoring the main sector priorities not covered in the list of 19 indicators included in the 5-year Plan, including baselines and target values • The health sector improves its capacity for evidence-based policy formulation, by upgrading its Management Information Systems (HMIS)	Ministry of Health (MoH) and multi-lateral dialogue within the framework of the Health Partnership Group and its affiliate sub-groups

4. Specific criteria for instalment release

The specific criteria for instalment release apply to individual instalments in addition to general criteria which are applicable to all instalments.

Table C - Specific criteria for instalment release

Year	Instalment	Amount	Indicative disbursement request date	Indicative disbursement date	Criteria for disbursement	Source of Verification
2012	First Base Instalment:	€ 10 M	4th quarter of 2011	2nd quarter of 2012	General criteria as set out in Table B above	As mentioned above

2013	Second Base Instalment:	€ 10 M	July 2012-	1st quarter of 2013	General criteria as set out in Table B above	As mentioned above
	Second Instalment: Bonus	€ 4 M			General criteria as set out in Table B above Specific criteria as set out in Appendix 1 to these TAPs (i) Specific criterion 1 (ii) Specific criterion 2 (iii) Specific criterion 3 (iv) Specific criterion 4	As mentioned above As mentioned in Appendix 1 to these TAPs
2014	Third Base Instalment:	€ 10 M	July 2013 -	1st quarter of 2014	General criteria as set out in Table B above	As mentioned above
	Third Instalment: Bonus	€ 5.15 M			General criteria as set out in Table B above Specific criteria as set out in Appendix 1 to these TAPs (i) Specific criterion 1 (ii) Specific criterion 2 (iii) Specific criterion 3 (iv) Specific criterion 4 (v) Specific criterion 5	As mentioned above As mentioned in Appendix 1 to these TAPs

The criteria for disbursement under the bonus instalments are fixed for the duration of the programme, but may be modified in accordance with the TAPs section 2.3.2 of this Financing Agreement.

5. Modalities of assessment of performance in the case of bonus instalments

Criteria for 2nd year disbursement of bonus instalment (2013)	*Maximum related disbursed amount*	*Level of disbursement according to performance*	*Assessment*
Health expenditure, sourced from State budget, increases faster than the annual increase of State expenditure in general, and this also takes place in poorest provinces Target by July 2012: as per Appendix 1	***€ 1 million*** At national level: € 0.3 million At provincial level: € 0.7 million	At national level: *Expenditure decrease: 0%* *Limited increase: 50%* *Substantial increase, but below target: 75%* *Full compliance : 100%* At provincial level: *None of provinces meet target: 0%* *A minority of provinces meet target: 25%* *A majority of provinces meet target: 75%* *All provinces meet target: 100%*	The Delegation will base its assessment on both of the following sources: (a) Specific report by the MoF on the planned recurrent expenditure in the Health sector. This report will specify the different components of this figure, among which the figures published on the MoF website. (b) The figures, approved by Provincial People's Councils, collected and provided by the MoF on the planned provincial recurrent health expenditure for the selected 9 poorest provinces.
Health insurance coverage increases on annual basis Target by July 2012: 63%	***€ 1 million***	*Coverage decreases: 0%* *Limited increase: 50%* *Substantial increase, but below target: 75%*	The Delegation will base its assessment on formal statement from central VSS on the increase of health insurance coverage during the previous year.

		Full compliance : 100%	
Comprehensive annual sector operational plan and budget are available in a number of pilot provinces of Health Sector Capacity Support Project Target by July 2012: at least 1 province	***€ 1 million***	*No progress: 0%* *Limited progress: 50%* *Substantial progress: 75%* *Full compliance: 100%*	Progress reports of the Health Sector Capacity Support Project (HSCSP) will inform about the number of pilot provinces with comprehensive annual sector operational plan and budget. Quality of the provincial plan will be assessed by an independent short-term expert, recruited under HSCSP, using the criteria and methodology of the Joint Assessment of National Strategies (JANS)
The monitoring framework of the 5-year plan is integrated in the JAHR process. Target by July 2012: The JAHR report 2012 has a chapter reporting on the implementation progress of the 5-year plan, and analysing progress on the 19 indicators included in the plan and on additional indicators to monitor priorities of the plan defined by the JAHR	***€ 1 million***	*No progress: 0%* *Partial integration: 50%* *Full compliance: 100%*	The JAHR report will have a chapter reporting on the implementation progress of the 5-year plan, on which dialogue will be opened at HPG meeting under the leadership of the MoH

Criteria for 3rd year disbursement of bonus instalment (2014)	*Maximum related disbursed amount*	*Level of disbursement according to performance*	*Assessment*
Health expenditure, sourced from State budget, increases faster than the annual increase of State expenditure in general, and this also takes place in poorest provinces Target by July 2013: as per Appendix 1	***€ 0.75 million*** <u>At national level</u>: € 0.3 million	<u>At national level</u> *Expenditure decrease: 0%* *Limited increase: 50%*	The Delegation will base its assessment on both of the following sources: (a) Specific report by the MoF on the planned recurrent expenditure in the Health sector. This report will specify the different components of this figure, among which the figures published on the MoF website.

	At provincial level: € 0.45 million	*Substantial increase, but below target: 75%* *Full compliance : 100%* At provincial level: *None of provinces meet target: 0%* *A minority of provinces meet target: 25%* *A majority of provinces meet target: 75%* *All provinces meet target: 100%*	(b) The figures, approved by Provincial People's Councils, collected and provided by the MoF on the planned provincial recurrent health expenditure for the selected 9 poorest provinces.
Health insurance coverage increases on annual basis Target by July 2013: 67%	***€ 0.75 million***	*Coverage decreases: 0%* *Limited increase: 50%* *Substantial increase, but below target: 75%* *Full compliance : 100%*	The Delegation will base its assessment on formal statement from central VSS on the increase of health insurance coverage during the previous year.
Comprehensive annual sector operational plan and budget are available in a number of pilot provinces of Health Sector Capacity Support Project Target by July 2013: at least 2 province	***€ 0.75 million***	*No progress: 0%* *Limited progress: 50%* *Substantial progress: 75%* *Full compliance: 100%*	Progress reports of the Health Sector Capacity Support Project (HSCSP) will inform about the number of pilot provinces with comprehensive annual sector operational plan and budget. Quality of the provincial plan will be assessed by an independent short-term expert, recruited under HSCSP, using the criteria and methodology of the Joint Assessment of National Strategies (JANS)
The monitoring framework of the 5-year	***€ 0.75 million***	*No progress: 0%*	The JAHR report will have a chapter reporting on the implementation progress of the 5-year plan, on which

plan is integrated in the JAHR process. Target by July 2013: The JAHR report 2013 has a chapter reporting on the implementation progress of the 5-year plan, and analysing progress on the 19 indicators included in the plan and on additional indicators to monitor priorities of the plan defined by the JAHR		*Partial integration: 50%* *Full compliance: 100%*	dialogue will be opened at HPG meeting under the leadership of the MoH
The following indicators are selected from the 5-year national plan (2011-2015) (ref. page 36), and from the JAHR monitoring framework: 1. Infant Mortality Rate (per 1,000 live births) 2. Proportion of deliveries assisted by trained health practitioners 3. Under 5 child malnutrition (weight for age) in % Target by July 2013: as per Appendix 1	***€ 2.15 million*** At national level: € 0.3 million € 0.35 million € 0.3 million At provincial level: € 0.4 million each criterion	At national level: for each indicator *No progress: 0%* *Substantial increase, but below target: 50%* *Full compliance : 100%* At provincial level: for each indicator *None of provinces meet the target: 0%* *1-3 provinces meet the target: 25%* *4-5 provinces meet all target: 50%* *6-7 provinces meet the target: 75%* *8-9 provinces meet the target: 100%*	The Delegation will base its assessment on the M&E framework of the JAHR and specific reporting from MoH's Department of Planning and Finance (including health statistics division) and the 9 selected provinces

Appendix 3: Basic health targets 2011-2015 (source: Ministry of Health of Vietnam, approved 5-year health sector development plan, page 36)

No	Indicators	Estimates 2010	In 2011	In 2012	In 2013	In 2014	In 2015
	Input indicators						
1.	Number of doctor/10,000 inhabitants	7	7.2	7.4	7.6	7.8	8
2.	Number of pharmacian/10,000 inhabitants	1.2	1.3	1.4	1.5	1.6	1.8
3.	Villages with active VHW (%)	85	86	87	88	89	90
4.	Commune with doctor (%)	70	72	74	76	78	80
5.	Commune with midwife or assistant doctor in obstetric and paediatric care (%)	> 95	> 95	> 95	> 95	> 95	> 95
6.	Hospital bed per 10,000 inhabitants (exclude CHS bed)	20.5	21	21.5	22.0	22.5	23.0
	Performance indicators						
7.	Fully vaccinated infants (%)	>90	>90	>90	>90	>90	>90
8.	% of commune achieving new national benchmark for commune health	-	40	45	50	55	60
9.	Health insurance coverage (%)	60	63	67	71	76	80
	Outputs indicators						
10.	Life expectancy at birth (years)	73.0	73.2	73.4	73.6	73.8	74.0
11.	MMR (p100,000)	68	67	66	64	61	58.3
12.	IMR (p1,000)	<16	15,5	15,3	15,2	15	14,8
13.	U-5MR (p1,000)	25	24.0	23.0	22.0	21.0	19.3
14.	Size of population (million inhabitants)	86,920	87,810	88,694	89,570	90,438	<92
15.	Population growth rate reduction ‰	0.20	0.20	0.20	0.20	0.20	0.20
16.	Population growth rate (%)	1.04	1.02	1.00	0.98	0.96	0.94
17.	Sex ratio at birth (boys/100 girls)	111	112	112	112	113	113
18.	Under-five child malnutrition rate (weight for age) (%)	18.0	17.3	16.6	16.0	15.5	15.0
19.	HIV/AIDS prevalance in community (%)	<0.3	<0.3	<0.3	<0.3	<0.3	<0.3

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