

THE GOVERNMENT**DECREE No. 117/2007/ND-CP OF JULY 11, 2007, ON CLEAN WATER PRODUCTION, SUPPLY AND CONSUMPTION****THE GOVERNMENT**

Pursuant to the December 25, 2001 Law on Organization of the Government;

At the proposal of the Construction Minister;

DECREES:***Chapter I*****GENERAL PROVISIONS**

Article 1.- Governing scope and subjects of application

1. This Decree provides for activities in the domains of production, supply and consumption of clean water under the complete concentrated water supply systems in urban areas, rural areas, industrial parks export processing zones, hi-tech parks and economic zones (below referred to as industrial parks for short); the rights and obligations of organizations, individuals and households engaged in activities related to clean water production, supply and consumption in the Vietnamese territory.

2. This Decree applies to domestic organizations, individuals and households and foreign organizations and individuals engaged in activities related to clean water production, supply and consumption in the Vietnamese territory.

3. If a treaty to which Vietnam is a contracting party contains provisions different from those of this Decree, the provisions of that treaty prevail.

Article 2.- Interpretation of terms

In this Decree, the terms below are construed as follows:

1. Water supply activities mean relevant activities in the domain of production, supply and consumption of clean water, including planning, designing consultancy, construction investment, operation management, clean water wholesale, clean water retail and water use.

2. Water supply services mean relevant activities of organizations or individuals in the domains of clean water wholesale and clean water retail.

3. Water supply units mean organizations or individuals that conduct some or all of activities of exploiting, producing, conducting, wholesaling and retailing clean water.

4. Water supply wholesale units mean water supply units that sell clean water to other water supply units for direct distribution or sale to water-using customers.

5. Water supply retail units mean water supply units that sell clean water directly to water-using customers.

6. Water-using customers mean organizations, individuals and households that buy clean water of water supply units.

7. Clean water means water, which has gone through treatment, pertains to safe quality and satisfies the use requirements.

8. A complete concentrated water supply system means the one composed of water-exploiting and -treating works, pipeline networks for supply of clean water to water-using customers, and relevant support facilities.

9. Water supply networks mean systems of pipelines conducting clean water from production places to consumption places, including grade-I networks, grade-II networks, grade-III networks and relevant support facilities.

10. Grade-I networks mean systems of principal pipelines functioning to conduct water to areas of water supply service regions and to major water-using customers.

11. Grade-II networks mean systems of connecting pipelines functioning to regulate water flows for principal pipelines and ensure the operation safety of water supply systems.

12. Grade-III networks mean systems of distribution pipelines conducting water from principal pipelines and connecting pipelines to water-using customers.

13. Support facilities mean those in support of the management, operation, maintenance and repair of water supply systems, such as yards, roads, workshops, fence walls, transformer stations, assorted valve holes, meter boxes, fire plugs, etc.

14. Water-measuring equipment means flow and pressure-measuring equipment, including water meters, pressure meters and accompanying equipment and accessories.

15. Water stealing means acts of illegally taking water not via meters, impacting to falsify figures indicated by water meters and other relevant equipment, deliberately or connivingly recording inaccurately meters' figures and other acts of taking water fraudulently.

16. Water supply service regions mean areas with definite boundaries where water supply units are obliged to supply clean water to water users.

Article 3.- Operating principles and policies on development of water industry

1. Water supply activities constitute a type of production and business activities subject to State control aiming to ensure the lawful rights and interests of water supply units and water-using customers, taking into account the water supply support for the poor and regions meeting with exceptional difficulties.

2. To sustainably develop water supply activities on the basis of tapping to the utmost all resources, meeting people's demand for clean water with adequate quality, civilized and economical service and socio-economic development requirements.

3. To exploit, produce and supply clean water without depending on administrative boundaries.

4. To prioritize the exploitation of water sources for supply for daily-life activities of communities.

5. To encourage the rational and thrifty use of clean water and to apply technologies of reusing water for different purposes.

6. To encourage various economic sectors and social communities to invest in the development and management of water supply activities

Article 4.- Clean water quality

1. The quality of clean water used for daily-life activities (drinking, personal hygiene) must be up to the technical standards set by competent state bodies. The Health Ministry promulgates standards of clean water used for daily-life activities.

2. The quality of clean water used commonly for daily-life and other purposes must be up to the technical standards of clean water used for daily-life activities.

3. The quality of clean water used for purposes other than the daily-life activities is agreed upon between water supply units and water-using customers.

Article 5.- Using water sources for water supply activities

1. Administrations of all levels, organizations and individuals shall protect water sources; cases of infringing upon or undermining water sources shall be strictly handled.

2. Where water sources are limited due to national conditions or prolonged droughts, natural disasters or war, the supply of crude water sources for daily-

life water supply is given the first priority.

3. To rationally exploit and use water sources; to combine the use of surface and underground water sources for water supply, based on water resource exploitation plannings and water supply plannings approved by competent state bodies.

4. Relevant ministries and branches shall conduct investigations and surveys, formulate and manage complete data sets on water sources in service of water supply. Water resource management agencies shall elaborate plannings on exploitation and use of water resources and supply necessary information in service of water supply; units exploiting and using water sources for water supply shall formulate plans on hygiene protection zones for water exploitation areas and submit them to competent agencies for decision, protect water sources and environment in exploitation areas and supply adequate information and data on water exploitation and use in accordance with law.

Article 6.- Land use in water supply activities

1. The State and local administrations at all levels shall prioritize land funds for the construction of water supply works, based on practical demands and development requirements of each period under the approved water supply plannings.

2. Local administrations at all levels shall, based on the approved water supply plannings, organize the management and protection of land funds identified for water supply works.

Article 7.- Principles of combining traffic, irrigation and hydro-electric power works with water supply

1. The planning blueprints and investment projects on construction of traffic works must ensure their synchronism with relevant water supply systems and be considered and agreed in writing by local water supply state management agencies before they are submitted to competent authorities for

approval.

2. The planning blueprints and investment projects on construction of irrigation or hydroelectric power works must ensure their synchronism with relevant water supply systems, prioritizing the supply of crude water for water supply works upon the construction of irrigation or hydroelectric power works, and be considered and agreed in writing by state management agencies in charges of water supply in localities before they are submitted to competent authorities for approval. Water supply systems fed with crude water from irrigation or hydroelectric power works are liable to payment of crude water charges as provided for by law.

Article 8.- Community participation

1. The State encourages people and communities to participate in the management and oversight of water supply activities.

2. The Construction Ministry guides the process of contributing opinions and overseeing by communities in the course of formulating, concluding and implementing agreements on water supply service provision.

3. People's Committees at all levels must abide by the process of contributing opinions and overseeing by communities in the course of formulating, concluding and implementing agreements on water supply service provision with water supply units.

Article 9.- Propagation, dissemination and education of law on water supply

1. Ministries, ministerial-level agencies, government-attached agencies, People's Committees of all levels and water supply units shall, within the ambit of their respective responsibilities, coordinate with mass media agencies and schools in mobilizing, educating and guiding people to protect water supply works, to thriftily use water and strictly observe legal provisions on water supply.

2. Political organizations, social organizations and socio-political and professional organizations shall, within the ambit of their respective responsibilities, coordinate with water supply state management bodies in propagating and mobilizing people to protect water supply works, to use water thriftily and to strictly observe legal provisions on water supply.

Article 10.- Prohibited acts in water supply activities

1. Destroying water supply works, equipment.
2. Violating the regulations on protection of safety areas of underground water wells, surface water sources in service of water supply.
3. Violating regulations on protection of safety corridors of crude water pipelines, clean water-conducting pipelines, technical facilities and water supply networks.
4. Obstructing the examination and inspection of water supply activities.
5. Stealing water.
6. Polluting unused clean water.
7. Supplying untruthful information, thus affecting the lawful rights and interests of other organizations or individuals in water supply activities.
8. Abusing positions and powers to trouble or harass other organizations or individuals in water supply activities.
9. Supplying water by water supply units for daily-life activities, which is not up to the technical standards promulgated by competent state bodies.
10. Dispersing toxic substances and contagious diseases.
11. Other acts in violation of legal provisions on water supply.

Chapter II

WATER SUPPLY PLANNINGS

Section 1. GENERAL PROVISIONS

Article 11.- General provisions on water supply plannings

1. Water supply plannings are elaborated and approved for use as a basis for subsequent water supply activities.

2. All organizations and individuals participating in water supply activities must abide by water supply plannings approved by competent state bodies.

Article 12.- Subjects of elaboration of water supply plannings

1. Upon elaboration of water supply plannings, the study on elaboration of water supply plannings must be organized as an inseparable part of construction planning blueprints and the provisions of this Decree and legal provisions on construction plannings must be complied with.

2. A water supply planning is elaborated as a separate planning blueprint in the following cases:

a/ Regional water supply planning: For different localities where natural conditions, socio-economic development conditions and population distribution permit the regional water supply but the regional construction planning is neither available nor formulated. In case of necessity, a regional water supply planning may be formulated to serve as a basis for management and deployment of water supply activities in service of regional socio-economic development requirements;

b/ Urban water supply planning: For urban centers of grade II or higher (and other urban centers when it is deemed necessary), aiming to concretize the water supply orientations identified in general planning on urban construction.

Water supply plans formulated as separate planning blueprints comply with the provisions in Sections 2 and 3 of this Chapter and relevant legal provisions on construction plans.

Section 2. REGIONAL WATER SUPPLY PLANNING

Article 13.- Regional water supply planning terms and formulation duration

1. Regional water supply plans are formulated for a short term of 5 years or 10 years or a long term of 20 years or longer.

2. The regional water supply planning formulation duration does not exceed 18 months, counting from the date the planning tasks are approved by competent authorities.

Article 14.- Tasks of regional water supply planning formulation

1. Contents of regional water supply planning tasks:

a/ Assessing and forecasting the urban and rural development, regional infrastructures in compatibility with general socio-economic development plans, construction plans, branch development plans for 5-year, 10-year and longer terms;

b/ Evaluating natural conditions, forecasting developments of water environment in terms of quality, deposit and capability to exploit regional, interregional water sources;

c/ Organizing regional water supply with technological optimum, without depending on administrative boundaries of water exploitation and use areas.

2. Drawings on positions, boundaries, sizes and regional relations of between 1/100,000 and 1/500,000 scale.

The duration for formulation of regional water supply planning tasks shall not exceed 2 months,

for regional water supply plans within a province, 3 months for regional water supply plans within inter-provincial areas, counting from the date the tasks are officially assigned.

Article 15.- Bases for formulation of regional water supply plans

1. Socio-economic development general plans, construction plans, water resource exploitation, use and development plans, relevant branch development plans, if any.

2. Orientations of urban development general plans and orientations for development of national technical infrastructures already approved by the Prime Minister.

3. Investigation and survey results and relevant data and documents.

4. Standards and norms.

5. Regional water supply planning tasks already approved.

Article 16.- Contents of regional water plans

Depending on the characteristics and size of each region, a regional water plan contains the following major contents:

1. Investigation, survey and assessment of actual socio-economic situation, natural conditions and technical infrastructure system of the planned region.

2. Investigation, survey and assessment of deposit and quality of surface water and underground water sources and capability to exploit them for water supply.

3. Assessment and forecast of socio-economic development, regional technical infrastructure system.

4. Identification of water supply norms, water use demands according to planning terms for each area of the region.

5. Identification of water supply sources, water supply capacity for each term.

6. Identification of positions, capacities of key works (pumping stations, treatment plants...), principal pipelines and land use demands for water supply works.

7. Phasing of investment according to planning terms, preliminary determination of total investment, projection of projects entitled to investment priority.

8. Proposed regulations on protection of water sources and water supply systems.

9. Proposed solutions to the implementation of the planning.

10. Proposed schemes on organization of regional water supply management.

11. Assessment of environmental impacts.

Article 17.- Dossiers on regional water supply planning blueprints

Depending on the characteristics and size of each region, the dossiers on a regional water supply planning blueprint comprise:

1. Drawings:

a/ Maps of positions and inter-regional relations, of between 1/100,000 and 1/500,000 scale;

b/ Maps of surface and underground water sources and water source- exploiting capability of between 1/25,000 and 1/250,000 scale;

c/ Map of current status of regional water supply system, of between 1/25,000 and 1/250,000 scale;

d/ Maps on regional water supply development orientation (positions, capacities of water supply works, conducting pipelines, water supply areas in the region), of between 1/25,000 and 1/250,000 scale.

2. General reports, covering the explanation, relevant legal documents, reports approving regional water supply planning blueprint.

Article 18.- Responsibilities to formulate, competence to appraise and approve regional water supply planning tasks and blueprints

1. Responsibilities to formulate regional water supply planning tasks and blueprints:

a/ The Construction Ministry organizes the formulation of inter-provincial regional water supply planning tasks and blueprints;

b/ The People's Committees of provinces and centrally run cities (hereinafter called the provincial-level People's Committees for short) shall organize the formulation of regional water supply planning tasks and blueprints within their respective administrative boundaries.

2. Competence to appraise and approve regional water supply planning tasks and blueprints:

a/ For inter-provincial regional water supply plans:

The Prime Minister approves or authorizes the Construction Ministry to approve inter provincial regional water supply planning tasks and blueprints within 25 working days after the receipt of a complete and valid dossier.

The Construction Ministry assumes the prime responsibility for appraising inter-provincial regional water supply planning tasks and blueprints, which fall under the approving competence of the Prime Minister, within 20 working days after the receipt of a complete and valid dossier.

b/ For provincial regional water supply plans:

The provincial-level People's Committee shall approve the regional water supply planning tasks and blueprints within administrative boundaries under its management within 15 working days after the receipt of a complete and valid dossier from the appraising body and consent of the Construction Ministry.

The provincial Construction Service and the municipal Service of Communications and Public Works shall assume the prime responsibility for appraising regional water supply planning tasks and blueprints, which fall under the approving competence of provincial-level People's Committee,

within 20 working days after the receipt of a complete and valid dossier.

Article 19.- Regulations on management of regional water supply plannings

On the basis of drawings and explanations of regional water supply planning blueprints, proposals and solutions to the implementation of regional water supply plannings, the persons competent to approve regional water supply planning blueprints promulgate regulations on management of regional water supply plannings. Such regulations cover:

1. Regulations on positions, roles, functions, sizes of regional water supply works.
2. Regulations on scopes of protection and safety corridors for water supply works and conducting pipelines
3. Division and definition of responsibility for management and implementation of regional water supply plannings.
4. Other regulations.

Article 20.- Adjustment of regional water supply plannings

1. Regional water supply plannings are adjusted in one of the following cases:

a/ There appears the adjustment of relevant socio-economic development general plannings, construction plannings or branch development plannings;

b/ There appear big changes in water source deposits or quality against forecasts.

2. The time limits for considering the adjustment of regional water supply plannings are decided by persons competent to approve regional water supply planning blueprints.

3. The adjustment of regional water plannings must be based on the analysis and assessment of the implementation of the previously approved water supply planning blueprints and the factors affecting

the adjustment of plannings, ensuring their continuity, and only altered contents shall be adjusted.

4. Persons competent to approve regional water supply plannings shall approve the adjusted regional water supply planning blueprints.

Section 3. URBAN WATER SUPPLY PLANNINGS

Article 21.- Urban water supply planning terms and formulation duration

1. Urban water supply plannings are formulated for a short term of 5 years or 10 years or a long term of 20 years.

2. The duration for formulation of an urban water supply planning does not exceed 12 months, counting from the date the planning tasks are approved by a competent authority.

Article 22.- Urban water supply planning tasks

1. Contents of urban water supply planning tasks:

a/ Assessing and forecasting the urban development, urban infrastructures in compatibility with socio-economic development general plannings, construction plannings, branch development plannings for periods of 5 years, 10 years and 20 years;

b/ Evaluating natural conditions, forecasting environmental developments in terms of quality, deposit and exploitation capacity of water sources of urban centers, urban regions;

c/ Organizing urban water supply with techno-economic optimums, the regional relations in urban water supply.

2. Drawings of diagrams of positions, boundaries and regional relations, of 1/25,000 and 1/100,000 scale.

3. The duration for formulation of an urban water supply planning does not exceed 2 months, counting

from the date the tasks are officially assigned.

Article 23.- Bases for formulation of urban water supply plannings

1. Socio-economic development general plannings, construction plannings, water resource exploitation, use and development plannings, regional water supply plannings and relevant branch development plannings, if any.

2. Investigation and survey results and relevant data and documents.

3. Standards and norms.

4. Approved urban water supply planning tasks.

Article 24.- Contents of urban water supply plannings

Depending on the characteristics and size of each urban center, an urban water supply planning has the following contents:

1. Investigation, survey and assessment of the actual socio-economic situation, natural conditions and technical infrastructures of the planned urban center and its relations with relevant regions.

2 Investigation, survey and assessment of the current status of the water supply system: exploitation sources, capacity, efficiency, clean water quality, water pressure, the continuity of services, the ratios of connections, waste and loss ratios and assessment of the conditions of water supply works and pipeline networks.

3. Investigation, survey and valuation of deposits and quality of surface and underground water sources and capability of exploitation for water supply.

4. Assessment and forecast of socio-economic development, urban technical infrastructure systems.

5. Identification of water supply norms for different use purposes and water supply demands according to the planning terms.

6. Identification of capability for regional water

supply relations.

7. Selection of water supply sources, water outlets; identification of positions and capacity of water supply works for each term and determination of land use demands for water supply works.

8. Determination of structure of water pipeline networks; zoning of water supply, calculating grade-I and grade-II networks for each planning term, identification of connection points between grade-I networks and grade-II networks.

9. Phasing of investment according to planning terms, preliminary determination of the total investment, anticipation of priority investment projects.

10. Proposed regulations on protection of water sources, protection of water supply systems.

11. Proposed solutions to the implementation of the planning.

12. Assessment of environmental impacts.

Article 25.- Dossiers of urban water supply planning blueprints

Depending on the characteristics and size of each urban center, the dossier of an urban water supply planning blueprint comprises:

1. Drawings:

a/ Maps of positions and inter-regional relations, the 1/50,000-1/250,000 scale;

b/ Maps of current status of urban water supply systems, the 1/5,000-1/25,000 scale;

c/ Maps of surface and underground water sources and water source-exploiting capability, the 1/5,000-1/25,000 scale;

d/ Maps of water supply regions zoned off according to planning terms, the 1/5,000- 1/25,000 scale;

e/ Maps identifying positions of water supply works, grade-I and grade-II water pipeline networks, the 1/25,000-1/250,000 scale;

f/ Pressure diagram.

2. The sum-up report, including explanation, relevant legal documents, report approving the urban water supply planning blueprint.

Article 26.- Responsibilities to formulate, competence to appraise and approve urban water supply planning tasks and blueprints

1. Provincial-level People's Committees shall organize the formulation of urban water supply planning tasks and blueprints in their respective administrative boundaries.

2. Competence to appraise, approve urban water supply planning tasks and blueprints:

a/ The Prime Minister shall approve or authorize the Construction Ministry to approve water supply planning tasks and blueprints for urban centers of special grade within 25 working days after the receipt of complete and valid dossiers. The Construction Ministry shall assume the prime responsibility for appraising water supply planning tasks and blueprints for urban centers of special grade within 20 working days after the receipt of complete and valid dossiers;

b/ Provincial-level People's Committees shall approve urban water supply planning tasks and blueprints for urban centers (excluding those of special grade) within administrative boundaries under their management within 15 working days after the receipt of complete and valid dossiers from the appraising bodies and the consent of the Construction Ministry;

c/ The Construction Ministry shall consider and approve water supply planning blueprints for urban centers of grade II or higher within 20 working days after the receipt of urban water supply planning blueprint dossiers and written requests of provincial-level People's Committees;

d/ Construction Services of provinces and the Communication and Public Works Services of centrally run cities shall appraise the urban water

supply planning tasks and blueprints which fall under the approving competence of provincial-level People's Committees within 20 working days after the receipt of complete and valid dossiers.

Article 27.- Regulations on management of urban water supply plannings

On the basis of contents of drawings, explanations of urban water supply planning blueprints, proposals and solutions to the implementation of urban water supply plannings, persons competent to approve urban water supply planning blueprints promulgate regulations on management of urban water supply planning. Such regulations cover:

1. The regulations on positions, roles, functions and sizes of water supply works;

2. The regulations on protection scope and safety corridors for water supply works and pipeline networks of the water supply systems;

3. Division and definition of management responsibilities of urban administrations of different levels and relevant organizations and individuals in the implementation and management of urban water supply plannings;

4. Other regulations.

Article 28.- Adjustment of urban water supply plannings

1. Urban water supply plannings are adjusted in one of the following cases:

a/ There appears the adjustment of relevant socio-economic development general plannings, construction plannings or branch development plannings;

b/ There appear big changes in water source deposits or quality against forecasts.

2. The time limit for consideration of adjustment of an urban water supply planning is decided by the person competent to approve the urban water supply

planning blueprint.

3. The adjustment of urban water supply plans must be based on the analysis and assessment of the implementation of previously approved urban water supply planning blueprints and the factors affecting the planning adjustment, and must ensure the continuity.

4. Persons competent to approve urban water supply planning blueprints shall approve the adjusted urban water supply planning blueprints.

Chapter III

WATER SUPPLY DEVELOPMENT INVESTMENT

Article 29.- Selection of water supply units

1. A water supply unit may select or be selected as investor in one, a number or all of items of a water supply system ranging from exploitation, water treatment plant, grade-I or grade-II networks to grade-III networks, for clean water wholesale or retail.

2. For areas where already exist water supply service-providing organizations or individuals, such organizations or individuals are appointed as water supply units providing water supply services in the areas.

3. For areas where water supply units providing water supply services are not available, the selection of water supply units for investment in the construction of water supply systems and clean water business in the areas is carried out in accordance with legal provisions on bidding and under specific conditions of each locality.

4. Water supply source works identified in the water supply plans approved by competent state bodies are publicized for investment calling and bidding to select investors in accordance with law. Investment in a water supply source work is divided into different phases; the water supply unit that has invested in construction in the previous phase can be considered and appointed as investor in the

subsequent phase if meeting the capability conditions and having rational techno-economic proposals.

5. Organizations and individuals are encouraged to take the initiative in studying and registering as investors in investment projects on water supply development.

6. Competence to select water supply units:

a/ People's Committees of cities, towns or townships in urban centers, commune People's Committees in rural areas (below referred to as People's Committees for short) and industrial park management boards shall organize the selection of water supply units in areas under their respective management; if a water supply work is of regional scale in a province, the People's Committee that manages localities in the water supply region covered by that work shall organize the selection of a water supply unit, with participation of localities in the water supply region;

b/ The Construction Ministry shall organize the selection of water supply units for water supply works in urban centers or industrial parks, which are of inter-provincial water supply scale, with participation of relevant provinces;

c/ The Ministry of Agriculture and Rural Development shall organize the selection of water supply units for rural water supply works of inter-provincial scale, with participation of relevant provinces.

Article 30.- Investment incentives, preferences and support

1. Economic sectors are encouraged to invest in water supply development.

2. Water supply rotation fund:

a/ To set up the water supply rotation fund managed by the Vietnam Development Bank with a view to creating available preferential financial sources for investment projects on water supply development in small urban centers and concentrated population quarters;

b/ The Finance Ministry shall coordinate with the Construction Ministry and the Ministry of Agriculture and Rural Development in studying and submitting to the Prime Minister for decision and promulgation an operation mechanism applicable to the water supply rotation fund.

3 Water supply construction investment projects are eligible for the State supports as follows:

a/ Investment in construction of infrastructures outside the fences such as power supply facilities, roads;

b/ Expenses for ground clearance compensation upon execution of water supply projects in urban centers;

c/ Expenses for ground clearance compensation and part of the expenses for investment in construction of works upon the execution of water supply projects for regions meeting with exceptional difficulties in water sources, regions inhabited by ethnic minority people, mountainous regions and islands;

d/ Priority in the use of preferential financial sources for water supply investment projects, regardless of users;

e/ Priority in terms of the post-investment interest rate supports for water supply projects financed by commercial loan capital;

f/ Exemption of land use levies.

4. The Ministry of Planning and Investment shall coordinate with the Finance Ministry, the Construction Ministry, the Ministry of Agriculture and Rural Development and relevant ministries and branches in guiding specific preferential mechanisms for water supply projects and encourage domestic enterprises to produce and use home-made materials and specialized equipment.

Article 31.- Agreements on provision of water supply services

1. Agreements on provision of water supply

services are legal documents concluded between People's Committees or authorized agencies and water supply units providing water supply services in the areas.

2. An agreement on provision of water supply services has the following fundamental details:

a/ The area supplied with water;

b/ The water supply development planning orientations;

c/ The projected financial sources for implementation of the water supply development plan;

d/ The water supply charges, the roadmap and principles for its adjustment;

e/ Service conditions (water quality, pressure, flow and continuity), roadmap for improvement of service conditions;

f/ Obligations and rights of the involved parties.

Article 32.- Areas provided with water supply services

1. A water supply unit may cover one or a lot of water supply service areas, each of which is provided with water supply services by only one water supply unit.

2. Water supply service areas are determined based on water supply demands, managerial and financial capabilities of water supply units, water sources and other techno-economic factors.

3. Water supply units are obliged to ensure water-using customers connections to water supply networks in their respective service areas, balancing the water use demands for different purposes.

4. Water supply service areas are adjusted upon requirements.

Article 33.- Water supply development plans

1. A water supply development plan covers investment solutions and schemes, specific jobs to

be done in order to incrementally increase the service coverage and improve service quality conditions in water supply service areas.

2. Water supply development plans must conform to the approved construction plans and water supply plans and ensure the coordination with relevant localities.

3. Water supply units are obliged to formulate and submit to the People's Committees that have signed with them agreements on water supply service provision for approval annual and long-term water supply development plans in their respective service areas.

Article 34.- Investment compatible with water supply development plans and plans

1. Investment in construction of water supply works must be compatible with the approved water supply development plans and plans.

2. Investment in development of networks of distribution and connections to water using customers rests with water supply units once the water supply development plans were approved by competent authorities.

Article 35.- Investment phasing and scaling

The investment phasing and scaling of water supply works must suit the practical conditions and anticipate the socio-economic development plans, construction plans, water supply plans within 5 years from the time the works are expected to be commissioned with a view to promoting investment efficiency.

Article 36.- Transfer of water supply service business rights

The transfer of part or all of water supply service business rights of a water supply unit to other organizations or individuals must be approved by the People's Committees or their authorized bodies, that have signed agreements on water supply service

provision with that water supply unit.

Article 37.- Management of water supply work construction quality

1. The management of water supply work construction quality shall comply with legal provisions on construction.

2. Large-scale water supply works of important significance must be inspected and certified for compatibility with construction work quality in accordance with the provisions of law on construction before they are commissioned.

Article 38.- Investment projects on construction of water supply works

1. The formulation, appraisal, approval and implementation of investment projects on construction of water supply works shall comply with the provisions of this Decree and other relevant provisions of law on work construction investment.

2. When studying the formulation of investment projects on construction of water supply works in areas where concentrated water supply systems are not available or areas where already exist concentrated water supply systems, which substantially alter the service quality conditions and clean water supply charge rates, consultancy organizations must:

a/ Conduct sociological investigations and surveys and public polling in order to assess the actual living standards, capabilities and readiness for connections and performance of obligations to pay water supply charges of the people in the areas covered by the projects; at the same time, notify them of information on the projects, the quality of services provided to them once the projects are completed, so that they participate in the process of making decisions and supervise the implementation;

b/ Examine the selection of technical and technological options and capacity and determine the total investment of the projects in their

comprehensive relations with management and operation costs in order to ensure the overall economic efficiency of the projects;

c/ Calculate clean water charge options suitable to specific conditions of capital sources of the projects;

d/ Draft agreements on water supply service provision or supplements or amendments to the water supply service-providing agreements already concluded between People's Committees and water supply units.

3. Investment projects on construction of water supply works of a capacity of 30,000 m³/day or more each, for urban centers of special grade, or 10,000 m³/day or more each, for other urban centers, must be consented in writing by the Construction Ministry before they are submitted to competent authorities for approval.

Chapter IV

CONNECTIONS AND WATER SUPPLY SERVICE CONTRACTS

Section 1. CONNECTIONS

Article 39.- Connection points

1. Water supply units must establish points of connection to water supply networks for water-using customers, the connection points must be situated close to the land use boundary markers or the foot of fence wall of customers' works when conditions permit.

2. Where water-using customers stay far away from distribution pipelines and outside the service areas of water supply units, the two parties must reach agreement in order to ensure the business interests of the water supply units.

Article 40.- Service quality at connection points

1. The service quality at connection points with regard to clean water used for the purpose of daily-

life activities covers the water quality, pressure, flow and continuity of services, which must be compatible with the technical standards promulgated by competent state bodies.

2. The service quality at connection points with regard to clean water used for other purposes shall be agreed upon between water supply units and their customers.

Article 41.- Water meter installation points

1. Water meter installation points can be located before, at or behind the customers' points of connection to water supply networks, ensuring convenience for the installation, management, figure reading and protection of water meters.

2. The water meter installation points are agreed upon between water supply units and their customers.

Article 42.- Connection agreements

1. Water using customers staying within the service areas of water supply units are entitled to the connection to such units' networks, except for the cases specified in Article 43 of this Decree.

2. Water-using customers being households, that have agreed to connect to water supply networks of water supply units but do not use water or use water less than 4m³/household/month are obliged to pay, and the water supply units are entitled to collect, water supply charges according to the prescribed minimum water-using volume of 4m³/household/month, except for cases of suspension of water supply services specified at Point 1, Article 45 of this Decree. The provisions on the minimum water using volume must be notified to households in the course of consulting and gathering opinions of communities and stated in water supply service contracts concluded between water supply units and households.

3. Water supply units have the responsibility for comprehensive investment up to the points of

connection with customers, including water meters. Where water meters are installed behind the identified connection points, the expenses for supply and installation from the connection points to the water meter installation points are paid by water-using customers after reaching agreement with water supply units.

4. Water-using customers are allowed to install and responsible for water supply equipment behind the connection points and behind water meters. Such equipment must be designed and installed in compatibility with equipment of water supply units, ensuring safety and causing no risks to the equipment of water supply units.

5. Water-using customers with connections to water supply networks of water supply units permit representatives of such units to inspect the types, conditions and operation of the equipment, which have been or will be installed into water supply networks of the water supply units. The inspection must be conducted in a way, which causes less inconvenience for water-using customers.

6. The design, installation, maintenance, use and inspection of customers' equipment connected to water supply units' networks must comply with the technical standards and norms as well as the terms of water supply service contracts.

Article 43.- Connection exemption

Connection to water supply networks will be exempt in the following cases:

1. It may cause irrational expense burdens for customers due to the minimum water use demand or other special reasons.

2. The connection is exempt for works with available internal water supply systems where the exploitation and use of water resources and the quality of supplied water comply with provisions of law. The exemption is valid until such water supply systems fail to comply with legal provisions on exploitation and use of water resources and quality

of supplied water.

Section 2. WATER SUPPLY SERVICE CONTRACTS

Article 44.- Water supply service contracts

1. Water supply service contracts are legal documents concluded between water supply units and water-using customers.

2. A water supply service contract has the following principal details:

a/ The contracting subjects;

b/ The use purpose;

c/ The service standards and quality;

d/ The rights and obligations of the contractual parties;

e/ The water supply charges, payment mode and time limit;

f/ Conditions for termination of contract;

g/ Handling of contractual breaches;

h/ Other contents agreed upon by the two parties.

3. Water supply service contracts between water supply wholesalers and water supply retailers must be considered and approved in writing by the People's Committees that have concluded water supply service provision agreements with water supply retailers.

Article 45.- Water supply service suspension, cessation

1. Water supply service suspension

Water supply units shall suspend water supply services if it is so requested by water-using customers for such plausible reasons as absence, suspension of production and business for given periods of time but not terminate water supply service contracts.

2. Water supply service cessation

a/ For water-using customers being households using water for daily-life activities:

- Five weeks after they send notices to water-using customers on the water supply service cessation, water supply units may cease the provision of water supply services from the connection points if customers fail to pay water charges, breach the terms of water supply service contracts;

- Ten weeks after the issuance of notices on water supply service cessation, if water-using customers fail to fulfill their payment obligations for objective reasons already notified in advance to water supply units, the water supply service cessation will be effected

b/ For other water users:

Fifteen working days after the issuance of water supply service cessation notices to water-using customers water supply units may cease the provision of water supply services from the connection points if water-using customers fail to pay water charges, breach the terms of water supply service contracts.

Article 46.- Termination of contracts

1. Either contractual party may terminate water supply service contracts when the other party fails to strictly comply with the contractual terms or customers have no demands for water use.

2. Water supply service contracts will be restored or re-concluded after all disputes between the two parties have been settled.

Article 47.- Errors and damage compensation

1. Errors in water supply services are committed when the water quality, the water supply modes or the services of water supply units fail to satisfy the terms of water supply service contracts.

2. Water supply units shall pay compensation for damage caused to water-using customers due to their errors in the course of providing services at variance with the terms of water supply service contracts. Water-using customers' complaints must be addressed to water supply units within 10 days after

the detection of errors. Water supply units shall consider and settle complaints within 15 days after the receipt of water-using customers' complaints.

Article 48.- Water charge payment

1. Water-using customers shall pay in full and on time the water charge amounts stated in bills to water supply units. The payment modes, forms and venues are agreed upon by the two parties in water supply service contracts.

2. Water-using customers who pay water charges one month later than the deadlines stated in water supply service contracts shall pay interests on the late-paid sums to water supply units.

3. Water supply units that collect excessive water charges shall return the excessive amounts to water-using customers, including the interests on the excessively collected amounts if the money return is made one month after the time the water charges are collected in excess.

4. The interests on late-paid amounts or excessively collected sums are agreed upon by the parties in service contracts but must not exceed the highest lending interests of the banks where water supply units opened their accounts as stated in the water supply service contracts at the time of payment.

5. Water-using customers may request water supply units to re-examine the payable water charges. Upon receipt of customers' requests, water supply units shall settle them within 15 working days. If disagreeing with the settlement by water supply units, water-using customers may request competent agencies or organizations to organize the conciliation. In case of non-request for conciliation or failed conciliation, water-using customers may initiate lawsuits at court according to provisions of law on civil procedures. Pending the settlement, water-using customers shall still pay water charges and water supply units must not stop providing water supply services.

Article 49.- Water measurement

1. Water supply units shall invest in and install all water-measuring equipment and other support facilities, unless otherwise agreed upon by the parties.

2. Water-measuring equipment must be compatible with Vietnamese standards and be checked and sealed by measurement state management bodies.

3. Water supply units shall organize the periodical recording of correct figures indicated by water meters and notify them to water-using customers, who may inspect and supervise the recording of water meters' figures by water supply units.

4. Water-using customers shall protect water meters installed in areas under their respective management and promptly notify water supply units of the meter loss or damage upon the detection thereof. Water supply units shall protect water meters installed outside areas managed by water-using customers.

Article 50.- Examination of water-measuring equipment

1. Only competent or authorized organizations defined by measurement state management bodies can examine water-measuring equipment.

2. Water supply units shall organize the examination of water-measuring equipment according to the requirements and time limits set by measurement state management bodies.

3. When doubting that water-measuring equipment are inaccurate, water-using customers may request water supply units to check them. Within 5 working days after the receipt of customers' requests, water supply units must examine and complete the repair or replacement of water-measuring equipment. If disagreeing with the results of examination, repair or replacement by water supply units, water-using customers may request

local water supply state management bodies to organize independent examinations. Within 15 working days after the receipt of customers' requests, local water supply state management bodies shall organize the examination.

4. Expenses for examination of water-measuring equipment under the provisions of Clause 3 of this Article are paid as follows:

a/ If independent examination organizations determine that the water-measuring equipment operate in accordance with Vietnamese standards, water-using customers shall pay the examination charges;

b/ If independent examination organizations determine that the water-measuring equipment operate not in accordance with Vietnamese standards, water supply units shall pay the examination charges.

5. If independent examination organizations determine that the figures indicated by water meters exceed the actually used water volumes, the water supply units shall refund the excessively collected charge amounts to water-using customers.

Chapter V**CLEAN WATER PRICES****Article 51.-** Principles for calculation of water prices

1. Clean water prices must be accurately and fully calculated with reasonable production costs in the course of clean water production and distribution to ensure the lawful rights and interests of water supply units and water-using customers.

2. Ensuring the rights to self-decision on water purchase and sale prices within the price brackets set by the State.

3. Clean water prices must ensure that water supply units can maintain, develop and raise the quality of services and contribute to the thrifty use

of water, taking into account support for the poor.

4. Clean water prices are determined in suitability to water sources, water production conditions of each region, each locality, each zone.

5. Clean water prices are determined regardless of users being domestic or foreign organizations or individuals.

6. Implementing the mechanism of reasonable price subsidies between groups of customers with different use purposes, gradually reducing and proceeding to eliminate the cross-subsidy between prices of water used for daily-life activities and prices of water used for other purposes, contributing to boosting production and increasing the competitiveness of water supply units.

7. Local administrations at all levels, organizations and individuals engaged in water supply activities must work out programs against the loss of water and water charges, adopt contracting and rewarding mechanisms while setting the maximum levels of water and water charge loss eligible for inclusion into production costs so as to encourage water supply units to operate with efficiency.

8. If the decided clean water prices are lower than the accurately and fully calculated prices of clean water, provincial-level People's Committees shall annually consider and allocate the deficit amounts from local budgets in order to ensure the lawful rights and interests of water supply units.

9. The Finance Ministry shall assume the prime responsibility for, and coordinate with the Construction Ministry and the Ministry of Agriculture and Rural Development in, guiding the principles and methods of determining clean water consumption prices.

Article 52.- Grounds for formulation and adjustment of water prices

1. The principles for water price calculation.
2. The socio-economic development conditions

of the country and regions and people's incomes in each period.

3. The clean water supply-demand relationship.

4. Clean water production and business costs and reasonable profits of water-supply units.

5. The changes in water-treating technology, service quality standards, fluctuations in market prices and state policies.

Article 53.- Formulation and submission of water price schemes

Pursuant to the provisions of Article 52 of this Decree and the guidance of the Finance Ministry, the Construction Ministry and the Ministry of Agriculture and Rural Development, water supply units shall formulate clean water consumption price schemes according to identified water supply service areas, reach agreement with the signatories to water supply service provision agreements and submit them to provincial-level People's Committees for consideration and decision.

Article 54.- Competence to decide on water prices

1. The Finance Minister shall promulgate the daily-life clean water price bracket for application nationwide.

2. Provincial-level People's Committees shall approve water price schemes and promulgate clean water price brackets in their respective localities, suitable to the price bracket promulgated by the Finance Minister.

3. Water supply units shall themselves decide the prices of clean water used for other purposes, ensuring their suitability with the water price schemes already approved by provincial-level People's Committees.

4. Clean water wholesale prices are agreed upon by water supply wholesale units and water supply retail units; in case of failure to reach agreement, either party (or both parties) may request the

organization of negotiations on prices according to law.

Chapter VI

RIGHTS AND OBLIGATIONS OF WATER SUPPLY UNITS AND WATER-USING CUSTOMERS

Article 55.- Rights and obligations of water supply units

1. Water supply units have the following rights:

a/ To do business in water supply according to regulations, to be allowed to enter water-using customers' premises for the maintenance, repair and replacement of water supply equipment, water pipelines and water meters;

b/ To request competent state agencies to amend and supplement norms and technical standards related to water supply activities;

c/ To contribute opinions to the formulation of water supply plans in localities;

d/ To be compensated for damage caused by water-using customers in accordance with law;

e/ Other rights provided for by law.

2. Water supply units have the following obligations:

a/ To comply with the process and regulations on operation of water supply systems;

b/ To handle incidents and restore the water supply;

c/ To comply with legal provisions on water resources and environmental protection;

d/ To invest in the installation of pipelines to the connection points, including water meters, for water-using customers, except otherwise agreed upon;

e/ To protect water source safety, build up hygiene protection zones for water outlets, water supply works systems according to regulations;

f/ To provide water supply services to customers,

meeting the norms and technical standards of service quality according to regulations;

g/ To send extraordinary reports upon request and periodical reports according to regulations to local administrations and central and local water supply state management bodies;

h/ To pay compensation for damage they have caused to water-using customers according to law;

i/ Other obligations provided for by law.

Article 56.- Rights and obligations of water-using customers

1. Water-using customers have the following rights:

a/ To be adequately and timely supplied with water and be assured of service quality stated in contracts;

b/ To request water supply units to promptly restore the water supply upon the occurrence of incidents;

c/ To be supplied with or briefed on information on water supply activities;

d/ To be compensated for damage caused by water supply units under the provisions of law;

e/ To request water supply units to inspect the service quality, the accuracy of water measuring equipment and the payable water charges;

f/ To complain about or denounce violations of the law on water supply committed by water supply units or involved parties;

g/ Other rights provided for by law.

2. Water-using customers have the following obligations:

a/ To pay water charges in full and on time and to fulfill other agreements in water supply service contracts;

b/ To use water thriftily;

c/ To promptly notify water supply units of detected abnormal signs of possible water supply

failure, impacts on service quality or unsafety to humans and property;

d/ To create conditions for water supply units to examine and record figures indicated by water meters;

e/ To ensure that their water-using equipment meet the norms and technical standards and suit the technical properties of equipment of water supply units;

f/ To pay compensation for damage they have caused to water supply units and relevant organizations or individuals under the provisions of law;

g/ Other obligations provided for by law.

Chapter VII

ASSURANCE OF WATER SUPPLY SAFETY

Article 57.- Protection of water supply systems

1. Administrations at all levels, organizations and individuals shall coordinate with water supply units in protecting safety for the water supply systems in their localities.

2. Water supply units have the tasks to organize forces to protect safety for the water supply systems under their respective management.

3. Organizations and individuals wishing to visit or study water supply works must be permitted by water supply units.

Article 58.- Stabilization of water supply services

1. Water supply units have the tasks to organize the safe production and the stable provision of water supply services for water-using customers in terms of water quality, pressure, flow and continuity in accordance with technical standards and signed water supply service contracts.

2. Upon the occurrence of incidents on water supply systems:

a/ Water supply units shall promptly notify water-using customers thereof so that the latter take measures to reserve water during the restoration of water supply services;

b/ Water supply units shall promptly notify traffic management agencies and may take the initiative in addressing the incidents in order to ensure water supply safety and, at the same time, ensure traffic safety at places where the incidents occur and restore the ground according to regulations;

c/ If the incident-addressing duration prolongs, water supply units shall coordinate with local administrations in applying measures to temporarily supply water, meeting the minimum daily-life demand of people in affected areas.

Article 59.- Fire-fighting water

Fireplug systems must be installed according to regulations. Fireplugs must be always supplied with water with minimum pressure calculated according to pipeline networks. Fire-fighting forces shall manage fireplug systems and pay for the actually used water volume to water supply units.

Chapter VIII

STATE MANAGEMENT OF WATER SUPPLY

Article 60.- Responsibilities for state management of water supply

1. The Government shall perform the unified state management of water supply activities in the Vietnamese territory; promulgate and direct the implementation of strategies and orientations for water supply development at the national level.

2. The Construction Ministry shall perform the function of state management of water supply activities in urban centers and industrial parks nationwide:

a/ To study and formulate mechanisms and

policies on water supply in urban centers and industrial parks and submit them to the Government or the Prime Minister for promulgation or promulgate them according to its competence;

b/ To formulate and submit to the Prime Minister for promulgation and organize the implementation of programs and plans on development of water supply in urban centers and industrial parks at the national level;

c/ To promulgate regulations, standards, economic-technical norms on water supply in urban centers and industrial parks;

d/ To guide, direct and inspect urban and industrial-park water supply activities nationwide.

3. The Ministry of Agriculture and Rural Development shall perform the function of state management of water supply activities in rural areas:

a/ To study and formulate rural water supply mechanisms and policies and submit them to the Government or the Prime Minister for promulgation or promulgate them according to competence;

b/ To formulate and submit to the Prime Minister for promulgation and organize the implementation of national programs on rural water supply;

c/ To promulgate regulations, standards and economic-technical norms on rural water supply;

d/ To guide, direct and inspect rural water supply activities nationwide.

4. The Health Ministry shall perform the function of state management of community health, promulgate standards of clean water used for daily-life activities, organize the inspection and supervision of the realization of clean water standards nationwide.

5. The Ministry of Planning and Investment:

a/ To study and formulate mechanisms and policies to encourage and mobilize domestic and foreign investment capital sources for water supply

works;

b/ To act as coordinator in mobilizing official development assistance (ODA) capital sources for investment in water supply development in the order of priorities already approved by the Prime Minister.

6. The Finance Ministry:

a/ To perform the unified financial management of the ODA capital sources for investment in water supply development;

b/ To coordinate with the Construction Ministry, the Ministry of Agriculture and Rural Development in guiding the principles and methods of determining clean water consumption prices, promulgate clean water price brackets and organize the examination and supervision of their implementation nationwide.

7. Ministries, ministerial-level agencies shall, within the ambit of their tasks and powers, coordinate with the Construction Ministry and the Ministry of Agriculture and Rural Development in performing the state management of water supply activities.

8. Provincial-level People's Committees shall, within the ambit of their tasks and powers, perform the state management of water supply activities in geographical areas under their management; define the functions and tasks of, and decentralize the management of water supply activities to, professional bodies and subordinate People's Committees. Construction Services of provinces and Communications and Public Works Services of centrally run cities shall act as professional advisory bodies, assisting provincial-level People's Committees in performing the state management of urban and industrial-park water supply; provincial/municipal Services of Agriculture and Rural Development act as professional advisory bodies, assisting provincial-level People's Committees in performing the state management of rural water supply in their localities.

9. People's Committees of all levels shall organize and develop water supply services to satisfy various demands in their localities, in compatibility with the community development, and participate in the common regional plans on water supply; upon the appearance of demand for water supply, People's Committees at all levels must apply appropriate measures to select or newly set up water supply units, support, facilitate and supervise the materialization of water supply service provision agreements of water supply units in areas under their management, ensuring adequate water supply services and meeting communities' demands for water use.

Article 61.- Inspection and examination

1. Construction specialized inspectorates shall conduct specialized inspection of urban and industrial-park water supply.

2. Agriculture and rural development specialized inspectorates shall conduct specialized inspection of rural water supply.

3. Contents: Inspecting and examining the observance of law on water supply; detecting, preventing and handling according to competence or proposing competent bodies to handle violations of law on water supply; proposing measures to ensure the implementation of law on water supply.

4. The inspection of water supply activities complies with the law on inspection.

Article 62.- Settlement of complaints and denunciations

1. Organizations and individuals have the rights to complain about or denounce violations of law in water supply activities.

2. The settlement of complaints about, and denunciations of, violations of law in water supply activities complies with the law on complaints and denunciations.

3. During the time of complaint, denunciation or lawsuit, organizations and individuals shall still abide by administrative decisions of competent state management bodies in charge of water supply. Upon the issuance of decisions on settlement of complaints or denunciations in water supply activities by competent state management bodies or effective court rulings, such decisions and rulings shall be complied with.

Article 63.- Handling of violations

1. Organizations and individuals shall detect, prevent and propose the timely handling of violations of law in water supply activities.

2. Organizations or individuals that commit prohibited acts in water supply activities defined in Article 10 of this Decree shall, depending on the nature and severity of their violations, be administratively handled or examined for penal liability according to law.

3. If violations of law in water supply activities cause damage to the interests of the State, the lawful rights and interests of organizations or individuals, violators shall pay compensation therefor.

Chapter IX

IMPLEMENTATION PROVISIONS

Article 64.- Transitional matters

1. The Finance Ministry shall assume the prime responsibility for, and coordinate with relevant ministries and branches in:

a/ Guiding and directing the final settlement and property assessment for invested water supply works;

b/ Studying and submitting to the Prime Minister schemes on valuation of amortized properties for inclusion in the production costs and measures to handle the remaining property value of invested water supply works.

2. Provincial/municipal People's Committees shall:

a/ Direct the transfer of concentrated water supply works in district towns in their localities, which have been invested with sources of state capital allocated to state enterprises engaged in water supply activities under the provincial management;

b/ Direct and organize the final settlement, property valuation of water supply works constructed with investment by state enterprises under their management, valuation of property assigned as capital to enterprises according to guidance of the Finance Ministry;

c/ Organize and direct local administrations at all levels under the provincial management to sign agreements on water supply service provision in localities with water supply units according to the provisions of Articles 29 and 31.

3. The jobs defined in Clauses 1 and 2 of this Article must be completed within 12 months after the effective date of this Decree.

Article 65.- Implementation effect

This Decree takes effect 15 days after its publication in "CONG BAO."

Article 66.- Organization of implementation

1. The Construction Minister shall coordinate with relevant ministries and branches in guiding the implementation of this Decree.

2. Ministers, heads of ministerial-level agencies, heads of government-attached agencies, presidents of provincial/municipal People's Committees, and relevant organizations and individuals shall implement this Decree.

On behalf of the Government
Prime Minister
NGUYEN TAN DUNG