



Viet Nam: Supporting Public Financial Management in Viet Nam

Project Name	Supporting Public Financial Management in Viet Nam								
Project Number	49341-001								
Country	Viet Nam								
Project Status	Active								
Project Type / Modality of Assistance	Technical Assistance								
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">TA 8980-VIE: Supporting Public Financial Management in Viet Nam</td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 225,000.00</td> </tr> <tr> <td colspan="2">TA 8980-VIE: Supporting Public Financial Management in Viet Nam (Supplementary)</td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 225,000.00</td> </tr> </table>	TA 8980-VIE: Supporting Public Financial Management in Viet Nam		Technical Assistance Special Fund	US\$ 225,000.00	TA 8980-VIE: Supporting Public Financial Management in Viet Nam (Supplementary)		Technical Assistance Special Fund	US\$ 225,000.00
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Technical Assistance Special Fund	US\$ 225,000.00								
Strategic Agendas	Inclusive economic growth								
Drivers of Change	Governance and capacity development								
Sector / Subsector	Public sector management - Public expenditure and fiscal management								
Gender Equity and Mainstreaming	No gender elements								
Description	<p>The TA will have four Outputs: (i) assessment of financial management information system requirements for monitoring of debt mobilization of sub-national governments completed; (ii) drafting of Decree on Infrastructure Asset Management facilitated; (iii) assessment on information system requirements for public asset management prepared; and (iv) manual on National Budget oversight functions of the National Assembly, following State Budget Law (2015), drafted. TA activities will include a mix of: a) direct advisory assistance through a mix of international and national consultants; and b) capacity development activities (including specialized workshops on best international practices, new legislation dissemination seminars, training events, etc.). Final design and implementation of TA activities will use a consultative approach where all relevant stakeholders will be involved, including national and local government agencies, development partners, and private sector among others.</p>								
Project Rationale and Linkage to Country/Regional Strategy	<p>Over the past 2 years, the Government of Viet Nam has approved a number of landmark reforms to its system of PFM. This has included the passage of the Public Investment Law (PIL) in 2014 and more recently the passage of the State Budget Law (SBL) in June 2015. This is the first revision of the SBL since 2002. Recent reforms aim to incorporate generally regarded international good practices to Viet Nam's public financial management system. These include: a) introducing medium-term expenditure and revenue planning; b) increasing the fiscal autonomy of provincial governments (particularly with regards to debt management); c) introducing output-based budgeting practices; d) reducing the extent of off-budget expenditure; e) strengthening the management of public assets; and enhancing budget accountability and transparency. Over time, these measures have the potential to significantly improve the efficiency and effectiveness of public expenditure in Viet Nam.</p> <p>The Government's drive towards enhancing the country's public financial management system will soon include two key additional pieces of legislation. In 2015, the National Assembly is expected to approve the Law on Accounting, and a new draft Law on Public Asset Management (PAML) will be submitted for consideration in 2016. The latter has important implications for budget formulation (both recurrent and investment components) and important linkages to all of the other elements of the PFM system, with the management of public assets being better integrated with financial management information systems. In light of these recently passed and forthcoming legislative initiatives, the Government is faced with significant implementation challenges. An important number of decrees and circulars are needed to clarify how the high-level principles of the PIL, SBL and the upcoming PAML will be put to work. Significant capacity development and training is also required at both national and provincial government levels to ensure officials are fully aware of, and able to implement, new requirements. With the SBL (2015) coming into effect on the 1st of January 2017, many of the law's implementing regulations need to be in place by the middle of 2016, when 2017 budget preparations commence. At the same time, several draft implementation decrees need to be prepared in parallel to the finalization of the draft PAML, which is expected to be submitted to the Government in May 2016. This situation provides ADB with an opportunity to deepen its engagement in and support to the Government of Viet Nam's public financial management reform.</p>								

Impact	The Project will support the implementation of the Ministry of Finance's Financial Sector Strategy 2012-2020 objectives of improving the efficiency and accountability of public financial management systems in Viet Nam.
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Project Outcome

Description of Outcome	The Government's knowledge and implementation capacity in selected PFM reform areas are enhanced.
Progress Toward Outcome	Reporting templates for provincial public debt sustainability assessments have been completed, and hands-on support for public debt assessment has been provided to 8 provinces participating in ADB projects

Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> 1. Assessment of financial management information systems for monitoring debt mobilization of sub-national governments prepared. 2. Background papers for the drafting of Decree on Infrastructure Asset Management prepared. 3. Assessment on information system requirements for public asset management prepared. 4. Manual on Budget Oversight Functions of the National Assembly, following State Budget Law (2015) prepared.
Status of Implementation Progress (Outputs, Activities, and Issues)	<p>Project's outputs are being completed on schedule, including:</p> <ul style="list-style-type: none"> " A Decree on rail and metro asset management has been prepared and submitted to the Government for approval; " A manual on national budget oversight has been completed and published; " The National Public Borrowing and Debt Repayment Plan, 2016-2020 has been prepared and submitted to the Government for approval; " A plan of priority actions to strengthen public debt management has been prepared and submitted to Ministry of Finance for approval; " A decree on government guarantees for projects has been revised and approved by the Government; " A revised law on public asset management has been prepared and is being finalized by 31 March 2017 for submission to the National Assembly for approval in May 2017; " A methodology to calculate risk-based government guarantee fees for projects is being finalized, by 31 March 2017; and " Reporting templates for provincial public debt sustainability assessments have been completed, and hands-on support for public debt assessment has been provided to 8 provinces participating in ADB projects.

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	ADB undertook a series of scoping meetings with relevant government stakeholders and development partners to gauge the level of demand for ADB technical assistance, between May and August 2015. These meetings reached agreement on high priority reform areas currently not being supported by other development partners and for which targeted support had the potential to generate strong synergies with ADB's existing operations in the country. The meetings included the Ministry of Finance Departments of State Budget, Banking and Financial Institutions, Debt Management and External Finance, Public Assets Management, Tax Policies and International Cooperation Department. In addition, meetings were held with the National Assembly's Committee for Financial and Budgetary Affairs (CFBA), and with the Foreign Economic Relations Department of the Ministry of Planning and Investment (MPI). Policy dialogue was also held with the staff from World Bank and the Australian Department of Foreign Affairs and Trade (DFAT).
During Project Implementation	ADB maintained frequent dialogue with counterpart agencies to ensure timely adjustments to technical assistance priorities.

Business Opportunities

Consulting Services	Three international consultants (total of 5.0 person-months), and four national consultant (13.0 person-months) will be recruited by the ADB on an individual basis to implement the TA activities in accordance with ADB's Guidelines on the Use of Consultants (2013 as amended from time to time).
Procurement	N/A

Responsible Staff

Responsible ADB Officer	Batten, Aaron
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Viet Nam Resident Mission
Executing Agencies	<i>Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines</i>

Timetable

Concept Clearance	-
Fact Finding	19 Aug 2015 to 21 Aug 2015
MRM	-
Approval	14 Oct 2015
Last Review Mission	-
Last PDS Update	30 Mar 2017

TA 8980-VIE

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
14 Oct 2015	-	14 Oct 2015	30 Sep 2016	31 Jul 2017	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
450,000.00	0.00	0.00	0.00	0.00	0.00	450,000.00	14 Oct 2015	428,544.63

Project Page	https://www.adb.org/projects/49341-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=49341-001
Date Generated	06 July 2017

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