

INTEGRATED SAFEGUARDS DATA SHEET

IDENTIFICATION / CONCEPT STAGE

Report No.: ISDSC17987

Date ISDS Prepared/Updated: 12-Jul-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Vietnam	Project ID:	P160118
Project Name:	VN PFM AAA Program_MOF Executed Trust Fund		
Team Leader(s):	Quyên Hoàng Vũ		
Estimated Date of Approval:	15-Jul-2016		
Managing Unit:	GGO14	Lending Instrument:	IPF
Financing (in USD Million)			
Total Project Cost:	3	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
CA- Dept of Foreign Affairs, Trade and Devlp (former CIDA)			0.266
Swiss State Secretariat for Economic Affairs			2.734
Environment Category:	C - Not Required		

B. Project Development Objective(s)

The development objectives of this Program are to: (i) support strengthening the capacity of executive bodies to make, implement, and monitor policies to improve budget planning and execution in a transparent, accountable, and sustainable manner; and (ii) provide empirical analysis of the effectiveness and efficiency of major public finance reforms at both the central and local levels of government.

C. Project Description

The World Bank has established a Multi-Donor Trust Fund (TFP #2045 approved on December 2, 2015) with other Development Partners, namely the Swiss State Secretariat for Economic Affairs (SECO) and the Department of Foreign Affairs, Trade and Development of Canada (DFATD) to provide Technical Assistance (TA) to Vietnamese counterparts through a Public Financial Management (PFM) Analytical and Advisory Assistance (AAA) Program during 2016-2020. The Program will provide support both at national (the Ministry of Finance) and sub-national (Da Nang City) levels, with the possibility of extending to work with other sub-national governments (e.g. Ho Chi Minh City) and the National Assembly in the future.

This Recipient-Executed Trust Fund (RETF) focuses on the support to the Ministry of Finance, which is the largest component of the Multi-Donor Trust Fund (MDTF). This component covers activities at central level but it is also expected that its outcomes and results will have impact at sub-national levels given the unitary budget system in Vietnam. This RETF therefore shares the overall objectives of the umbrella MDTF.

As mentioned above, the PEFA rating exercise carried out in Vietnam reflected the considerable progress that has already been made in improving PFM systems. The above areas of vulnerability cover only 8 of the 27 performance indicators in the PEFA framework. But they have a common characteristic in that they all relate to the results achieved from public expenditures. The Government's FDS is focused on improving these results through:

- (i) better linkages between plans and budgets set in a medium term context;
- (ii) more effective implementation of those budgets through improved management and monitoring of quality and progress;
- (iii) information that supports both budget managers and those charged with holding them accountable; and
- (iv) the identification and management of the inevitable risks to which a fast growing economy is exposed.

Tackling these areas for improvement will not, of itself, guarantee the better effectiveness of public expenditure that the Government is aiming for as there are policy dimensions that will also need to be addressed. However, it is clear that addressing these areas is an important stepping stone to achieving the important objective of improved service delivery and the better use of public resources.

The Government led the PEFA rating exercise using the objective criteria reflected in the rating framework of PEFA and has embraced the results and their implications. Ministry of Finance Departments have been active in identifying proposals for achieving improvements in the 4 groups of problem areas set out above. They have made their proposals linked not just to the technical activity, but also by improving the performance measures that will be used to measure the impact in achieving better quality of expenditures. The basis of the program of support now proposed is to both help them implement their proposals while maintaining a focus on the impact on expenditure effectiveness.

The support to the MOF therefore encompasses four technical components and the project management operation. The four main components are (i) improving linkages between plans and budgets, (ii) improving effectiveness of budget execution controls, (iii) improving production and supply of quality fiscal information and (iv) improved systems for fiscal stability and risk management. These outcomes align with the four components of the Program support to The Ministry of Finance.

The key activities proposed by the counterparts to be supported include: (1) Developing medium-term fiscal and budget plans; and Improving the linkage between new investment planning process and realistic budget plans; (2) Using the Public Expenditure Review now being undertaken to develop proposals on the formulation of annual and medium term indicative budget ceilings; and Undertaking public expenditure review(s) and other TA support activities to improve the linkage between investment budget and fiscal resource envelope;(3) Developing a road map and management framework for strengthening empowerment of Service Delivery Units; (4) Assessing and improving mechanism of commitment management and control and developing the system of commitment reporting; (5) Improving cash management including (i) strengthening cash flow forecasting and (ii)

developing techniques to manage fluctuations in cash availability; (6) Improving the system of budget classification and reporting of execution; (7) Strengthening the presentation and analysis of budget data in the form of international best practices; (8) Improving production of high quality financial information and utilization of the information by wider groups of data users through further upgrading and enhancing the national fiscal data warehouse; (9) Developing accounting standards/guidelines on the basis of international public sector accounting standards (IPSAS) with adaptation to local conditions; and Defining and improving form of financial statements that meet international standards for public sector entities; (10) Producing whole-of-Government consolidated financial statements; (11) Conducting analysis and developing strategy to manage overarching fiscal risks of public sector finances as a whole; (12) Producing consolidated review of SOE financial position including forward-looking risk analysis; (13) Developing a consolidated report for policy makers on risks arising at sub-national level.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

This is a TA program with planned activities mostly taking place in Hanoi, with occasional capacity building in other cities of Vietnam.

E. Borrower's Institutional Capacity for Safeguard Policies

N/A

F. Environmental and Social Safeguards Specialists on the Team

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	The policy is not triggered as the project will not finance any civil works and not fund any upstream studies or feasibility study that may lead to future investments.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

Appraisal stage ISDS required?: No

IV. APPROVALS

Team Leader(s):	Name: Quyen Hoang Vu	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Surhid P. Gautam (SA)	Date: 14-Jul-2016
Practice Manager/ Manager:	Name: Nicola J. Smithers (PMGR)	Date: 15-Jul-2016

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.