

Project

Strengthening the Capacities for Budgetary Decision and Oversight of People's Elected Bodies in Vietnam

Project number : 00050739
Implementing Partner (IP) : Committee for Financial - Budgetary Affairs of the
National Assembly of Vietnam
Project duration : 48 months (2009-2012)

Project summary

The ultimate objective of the Project is to enhance the capacity of People's elected bodies in budgetary decision and oversight with the following focuses:

Ensure the power of People's elected bodies in deciding on strategic priorities of socio-economic development that the State budget should be oriented, linking with the formation of a modern public finance and budget allocation norms based on sound foundations;

Ensure the accountability, transparency and wide participation of people and business community in budget revenues and expenditures by establishing and smoothly operating i) a system and indicators for oversight, monitoring and assessment of budget activities of the Government and of State budget users; ii) a reporting system providing timely information on suitable budget requirements of People's elected bodies; iii) a mechanism to ensure the participation of people and business community in budget activities of People's elected bodies;

Enhance institutional capacity, legal framework and budgetary skills for People's elected deputies and support staff in budget area, including policy research capacity with focus on reforming research methodology and improving the availability and quality of the economic-budgetary database.

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PART I. PROJECT OVERVIEW

GENERAL INFORMATION

1. **Project title:**
Strengthening the Capacities for Budgetary Decision and Oversight of People's Elected Bodies in Vietnam
2. **Project Proposing Agency/Project Owner/Implementing Partner (IP):**
 - Committee for Financial - Budgetary Affairs of the National Assembly (CFBA)
 - Address: 37 Hung Vuong, Hanoi, Vietnam
 - Tel: 08046293 - 08048157
3. **Co-implementing partners:**
 - Committee for Economic Affairs
 - Ethnic Council and other related committees of the National Assembly
 - State Audit, Ministry of Planning and Investment, Ministry of Finance
 - Selected provincial People's Councils.
4. **Project Duration:** 48 months (2009 – 2012)
5. **Project implementation locations:** 20 selected provinces (see Annex)
6. **Proposed project donor:** United Nations Development Programme (UNDP)
7. **Total budget:** USD 5,242,824 including:
 - UN funding: USD 5,000,000
 - Counterpart funds from the Government of Vietnam (including in-kind contributions) USD 242,824 equivalent
8. **Type of project support:** Technical Assistance
9. **Type of official development assistance (ODA):** Non-refundable

I. PROJECT JUSTIFICATION

1.1. Context

Vietnam is proud of its huge achievements in the last decade in enhancing the power and capacity of People's elected bodies. Fundamental changes inclusive of amendments of the Constitution (1992) adopted by the National Assembly in 2001, the Law on State budget (LSB 2002), amendments of the Law on People's Councils and People's Committees have considerably enhanced the power of the National Assembly and People's Councils in state budget decision, allocation and oversight.

Since the fiscal year 2004, the National Assembly has approved the overall State budget draft, structure and some sectoral allocation, decided on State budget draft of individual ministries, governmental agencies, central agencies, central budget supplement to local budget for individual provinces and cities under central authority which was previously entrusted to the Standing Committee of the National Assembly. Since then, People's Councils at all levels make decision on State budget allocation at their level of authority in line with local demands and priorities. The new law also further empowers provincial People's Councils such as decision on revenues and expenditures for individual budget levels at their local authority, decision of the percentage of local budget allocation among authoritative levels, etc. As a result, for the time being, nearly 50% of State budget expenditures have been decided and implemented at local level.

The above reforms in the Constitution and the Law on State budget have contributed to i) the further improvement of financial-budgetary management decentralization, enhancing administrative reform in budgetary management, increasing proactiveness and encouraging creativeness of local authorities; ii) improving transparency in budgetary process; iii) development of People's elected bodies in Vietnam towards better representation for the interests of constituents and clearer accountability of the political system, especially in the oversight of the performance of executive agencies in the process of better public service provision to citizens.

Important institutional initiatives have been also continuously proposed to enable People's elected bodies to satisfy more and more demanding requirements in pursuit of deeper and broader reform and international integration (i.e. Vietnam has become a full member of the World Trade Organization). One significant event was the establishment of the independent State Audit (in 2005) responsible to the National Assembly and for the disclosure of audit results. Another important change was the separation of the Committee for Economic - Budgetary Affairs into Committee for Financial - Budgetary Affairs and Committee for Economic Affairs. In addition, the National Assembly has also

decided to expand the scope of oversight activities by requesting clarifications to be made right away in working sessions of Committees and the Standing Committee of the National Assembly whenever problems arise, rather than waiting for Q&A sessions at the year-end session of the National Assembly as usual.

However, people's elected bodies in Vietnam have been facing a number of challenges in fiscal, financial and budgetary areas, with some most noticeable issues as follows:

- a) ***Lack of a long-term strategy and vision*** on position and role of people's elected bodies in state budget decision and oversight. A sound strategy would set a clear vision on the position, the role as well as the influence of people's elected bodies to not only encourage and create favorable conditions for upholding high and sustainable growth, but would also ensure people's feeling of contentment thanks to rapid development coupled with equal and human life. Such strategy would enable people's elected bodies to outline suitable roadmaps and steps to minimize inconsistent and undirected development.
- b) ***Lack of strong linkages between the state budget plan and country's development priorities***. A number of causes can be cited, which includes such important ones as the habit of simplifying state budget formulation by simply using indicative numbers provided by the Ministry of Finance or by establishing the state budget (both revenues and expenditures) as an automatic increment based on the previous year's number in preparing the following year's plan; lack of proper attention to revenue and expenditure forecast; lack of reliable foundation and data to support the budget formulation at grassroots levels; lack of sufficient attention of people's elected bodies on setting development priority and analysis of policy impacts before budget formulation; lack of time for thorough debate on development requirements before approving state budget aggregate and allocation (normally only two to three days are allocated for debate on socio-economic development situation and state budget decision in the year-end session)¹.
- c) ***Unclear basis for state budget allocation norms***. These norms reflect the socio-economic development direction, policies and priorities of the State in every period, especially at the beginning of every three years' plan (currently 2007-2009). The Law stipulates that the Standing Committee of the National Assembly

¹ To solve this weakness, some deputies to the National Assembly have suggested debate on development priorities and requirements for State budget in the first session (April - May) to facilitate the debate for State budget aggregate and allocation in the later session (November - December).

is to provide written comments on those norms at the beginning of every stable period. Although this task has been carried out so far, however the quality and reliability of those comments remains questionable as they don't result from research findings, assessment or social surveys to ensure essential credibility and objectiveness.

- d) ***Lack of policy analysis of outputs and impacts of State budget expenditures.*** If well and timely done, such an analysis can serve the National Assembly in state budget allocation decision to ensure the efficient implementation of resolutions of the National Assembly. After all, the primary concern of the National Assembly should not necessarily lie on state budget allocation decision itself, but should really be policy-impact to be made through state budget execution.
- e) ***Scattered and unconcentrated attention by people's elected bodies on stages in the budgetary process at policy level.*** The traditional role of any Parliament is to make decision on the entire envelope of state budget revenue - spending and state budget allocation for spending units. However due to time and human resource limitations (every year the Vietnamese National Assembly holds only two sessions, and as over 70% of MPs are part-time), the National Assembly of Viet Nam would need to re-define its priorities in budgetary activities. The focus could be on policy setting before budget formulation and impact analysis of state budget (the step after final financial settlement). In these two steps, the room for the National Assembly and peoples' councils remains much bigger than the other steps, in which the executive agencies have larger comparative advantages.
- f) ***Lack of a system and criteria of overseeing Government's budget activities.*** Every year the National Assembly approves budget targets and entrusts the Government to implement them. At the end of the year, the Government reports to the National Assembly for review and approval. Both report maker and evaluator cope with difficulty, since the review of annual achievements is based only on subjective estimates, as there is no baseline assessment to compare with. Also there is a lack of measurement criteria which are objectively developed and based on credible basis and data. The clearest example is on budget revenue. Almost every year, actual revenue collection exceeds the budgeted revenue set by the National Assembly. The situation raises the issue of whether the budget revenue-

targets are soundly based. Also, if budget collection targets are exceeded, the question is whether it is used in the most efficient and democratic manner².

1.2. Priorities for Strengthening Budgetary Capacity of People's Elected Bodies in Vietnam

The political commitment on assuring and enhancing the role of people's elected bodies in state budget decision and oversight has been clearly stated in the Political Document of the X Congress of the Communist Party of Vietnam. However, due to time and capacity limitations of people's elected bodies and deputies, **it is necessary to identify priorities** and concentrate on important issues to ensure the efficient and real participation of people's elected bodies in the budgetary area. This matter has also been of particular interest to the leadership of the XII National Assembly.

In order to solve the above-mentioned challenges, the Project will focus on the following main priorities in the second phase:

- Enhance policy dialogues to support *the development of long term strategy and vision* on public finance reform in view of the identified role, position and influence of people's elected bodies to provide direction, create favorable conditions and promote fast, sustainable and equitable socio-economic development; Set up development priorities and rationalize budget allocation norms.
- *Enhance the accountability, transparency and broad participation* of people and business community in budget revenue and expenditure by establishing and smoothly operating of i) a system and indicators for oversight, monitoring and assessment of budget activities of the Government and of state budget spending units; ii) a reporting system to provide timely information on budget that satisfies requirements of people's elected bodies; iii) a mechanism to ensure the participation of people and business community in budget activities of people's elected bodies.
- Support *the enhancement of institutional capacity, legal framework and budget impact analysis skills* for people's elected deputies and support staff, including policy research capacity, in which renewal of research methodology and improving the quality of the economic-budgetary database should be paid a due attention.

² For the first time in Viet Nam Parliament's history, in its 2008 February session, the Standing Committee of the National Assembly discussed and decided on how the approved budget collection surplus from year's beginning would be used.

1.3. Lessons learnt from project operation in the first phase

Phase I of the Project “*Strengthening the capacities of the National Assembly and People’s Councils in Vietnam in examination, decision and oversight of state budget*” (VIE/02/008) in 2003-2008 has significantly strengthened the capacity of People’s elected bodies and laid a basic and favorable foundation for thorough reforms in budget approval and oversight as well as public finance.

The mid-term independent project review³ concluded that the project has gradually created some impacts and benefits, contributing to the clarification of the role of the National Assembly and people’s councils in budgetary area. Main outputs included the support for the development of the legal and institutional framework to ensure a more efficient participation of people’s elected bodies in the budgetary cycle. This output was assessed as quite sustainable; partly forming a working procedure, in general, and budgetary activities; in particular, of people’s elected bodies of Vietnam.

Moreover, the project supported the implementation of the Law on state budget adopted in 2002. The project also supported the preparation for the amendment of the law on state budget 2002⁴ and the enactment of the Law on State Audit as well as the establishment of the independent state audit agency. In addition to the support for legal framework development, the project promoted policy dialogue on budgetary issues, especially on budget for education and healthcare, enhanced capacity for many deputies to the National Assembly and People’s Councils, improved the quality of information supplied to the Legislature and enhanced the capacity of State Audit, Ministry of Finance and other beneficiary agencies.

However, the implementation of the project in phase I also unearthed some shortcomings. Based on the above review and additional views expressed in interviews of concerned project stakeholders during the formulation process, the following lessons have been drawn for the next period:

- The Project should focus on *the support for the development of a long term vision and strategy on public finance reform* as well as *the establishment of a system of criteria for measurement, monitoring and assessment of budgetary activities of the Government and the project itself*. The project should support the enhancement of the role of the National Assembly and people’s councils to ensure the strategic implementation of budgetary oversight of the National Assembly in a broad meaning, i.e. inclusive of policy analysis and policy priority setting.

³ Implemented in December 2006.

⁴ Proposed to implement in 2009.

- Due to time and human resource constraints, it is important to define a ***strategic focus of the project*** which could create strategic breakthroughs, add values, make best use of experiences as well as comparative perspectives and at the same time try to avoid doing daily work that beneficiary agencies should do any way.
- ***Strong ownership, commitment and leadership of project beneficiary agencies*** (Committee for Financial - Budgetary Affairs, budgetary - related Committees of the National Assembly and People's Councils of selected provinces and cities) is the key to project success.
- To do so, the project should direct its support to promote and create favorable conditions for ***renovation of working approach and improving quality of budgetary decision and oversight of people's elected bodies***. These should be the expected outputs rather than the number of activities, as they are means to achieve the ends, but not the ends in themselves.
- The ***selection of provincial People's Councils*** to participate in the project should rely on a clear set of rolling out expected results of pilot activities and prospective replication upon project completion.
- ***Renovation of project implementation strategy*** also plays an important role in obtaining project's objectives. One of the renovation directions is to maximize transfer of project implementation activities to service providers in the market. ***The project management unit (PMU) should only focus on the identification of priorities, setting up criteria for quality, monitoring, evaluation, verification, assessment, checking and final acceptance project's outputs. PMU should also facilitate aid coordination, implement supporting activities, strengthen experience sharing, knowledge management and project results.*** PMU can also conduct several tasks which are deemed essential and should not be outsourced.

1.4. Comparative Advantages of the UNDP

The comparative advantage of UNDP in support for strengthening capacity of people's elected bodies of Vietnam is its impartiality, neutrality and reliability; the long-term mutual partnership that has been built and continuously developed since the middle of the 90s via capacity development projects for people's elected bodies. Moreover UNDP has demonstrated its ability to develop multi-lateral development partnership, attracting and coordinating financial resources among bilateral donors for capacity development of people's elected bodies in Vietnam. Especially since mid 2008, the unification of United Nations organizations with the One United Nations Fund has created a clearer prospect for cooperation, since One UN will be the single coordinating body for all bilateral and multilateral donors in their support for people's elected bodies of Vietnam.

The Committee for Financial-Budgetary Affairs of the National Assembly - the main implementing agency of this project will enhance the coordination of funding sources from donors for this project so that project results can have a far reaching impact on local people's elected bodies, in general, and Commissions for Economic-Budgetary Affairs of people's councils, in particular.

II. PROJECT OVERVIEW

2.1. Main Contents

One United Nations Plan Outcome: The principles of accountability, transparency, participation, and rule of law are integrated into Vietnam's representative, administrative, judicial and legal systems.

One UN Plan Output: Strengthened capacities of the National Assembly and Provincial People's Councils to oversee the functioning of the executive represent the interests of the public.

Project Results: The capacity of budget decision and oversight of National Assembly's institutions and several piloted provincial people's councils will be further strengthened.

Project Outputs: The project will support People's elected bodies to obtain several main long-term results until the end of 2011 via three integrated components as follows:

- **Component A:** Vision and development strategy. General and crosscutting issues
- **Component B:** Strengthening capacity of state budget decision and oversight for National Assembly's institutions and supporting staff.
- **Component C:** Strengthening capacity of state budget decision and oversight for provincial people's councils and support staff.

The following table summarizes expected outputs of the above components. Detailed outputs of the three components are displayed in the Results & Resources Framework in Part II.

Table 1: Main Project Outputs

<p>COMPONENT A: VISION AND DEVELOPMENT STRATEGY: GENERAL AND CROSSCUTTING ISSUES</p>
<p>Target: <i>A long-term vision and development strategy for public finance management and</i></p>

oversight with the focus on state budget, satisfying requirements for fiscal transparency, broad social participation and conformity with international practices. An oversight/evaluation system and measurement indicators to facilitate the budget decision and oversight for guiding activities of the National Assembly and provincial People's Councils.

Output A.1: Strategy (2011-2020) and vision to 2025 for people's elected bodies in public finance and state budget will be proposed and submitted to the Standing Committee of the National Assembly for review.

Contents of the above-mentioned vision and strategy will be identified in the inception period of the project (tentatively six to nine months after project launches). Following are several priorities that should be considered in those documents:

- The function of budget decision and oversight of people's elected bodies of Vietnam (within the public finance/asset management reform framework) meet the requirements for socio - economic development of the country with middle income level and deeper international integration (new standards of fiscal transparency issued by the IMF in 2007);
- Budget management decentralization: clearly identify the role and responsibility of central government and local governments in the supply of basic public services for people; responsibility and authority of local governments at all levels in state budget revenue; each budgetary level and each duty will only be borne by one subject;
- The annual budget formulation will be relied on clear macroeconomic and fiscal policy objectives and placed in a mid-term fiscal framework;
- Budgetary cycle ("financial calendar") will be improved towards enhancing the role of people's elected bodies at the "pre"-budget formulation (i.e. identification of policy priorities) and the "post"-budget reporting (i.e. analysis of state budget impacts over the depth and quality of the implementation of socio-economic development objectives decided by the National Assembly, especially in terms of social advancement and equity, including gender equality).

Output A.2: The supply of information on all fiscal activities of the Government and budget users (past, present and forecast information as well as main fiscal risks) will be strengthened.

Output A.3: State Audit's results will be fully used in budget decision and oversight of people's elected bodies at all levels, especially in provincial people's council.

Output A.4: Suitable tools and system will be developed and piloted and then reported to the Standing Committee of the National Assembly for considering the application in the measurement and evaluation of budget activities at all levels, in general, and the oversight of building capacity of budget decision and oversight for People's elected bodies, in

particular.

Output A.5: A feedback mechanism to promote the level and efficiency of participation by people and business community in the public finance, in general, and in State budget decision and oversight, in particular, will be developed and piloted.

Output A.6: Gender mainstreaming in the Budget process.

COMPONENT B:
STRENGTHENING THE CAPACITY OF STATE BUDGET DECISION AND
OVERSIGHT FOR NATIONAL ASSEMBLY'S INSTITUTIONS
AND SUPPORTING STAFF

Target: *Methods and quality of budget decision and oversight of the National Assembly reformed and improved.*

Output B.1: Research capacity in general and in policy analysis in particular on budget decision and oversight of key groups in National Assembly's institutions strengthened;

Output B.2: (Public and non-public) question sessions and hearings at the Committee for Financial-Budgetary Affairs and Budget-related National Assembly's institutions designed, prepared and piloted for replication;

Output B.3: Public consultations on big fiscal/budgetary issues enhanced;

COMPONENT C:
STRENGTHENING THE CAPACITY OF STATE BUDGET DECISION AND
OVERSIGHT FOR PROVINCIAL PEOPLE'S COUNCILS AND SUPPORT STAFF

Target: *Methods and quality of budget decision and oversight of pilot People's Councils renewed and improved.*

Output C.1: A legal framework and internal governance structure satisfying the demand for improving the operation efficiency of provincial people's councils in budget decision and oversight recommended, inclusive of a roadmap and action plan on capacity enhancement, and submitted to the Standing Committee of the National Assembly for approval and application;

Output C.2: A medium-term fiscal and budgetary framework and output-based budget formulation method will be piloted in several provinces to draw lessons for future multiplication.

Output C.3: Selected evidence-based researches on the impacts of state budget and local budget over economic development objectives and social advancement and equity will be implemented and applied in three groups of provincial people's councils representing for three regions of the country.

Output C.4: A capacity building program for support staff will be devised and piloted to enhance the performance efficiency of support staff so as to meet the increasing decentralization requirements.

Main Groups of Activities:

1. Component A: Vision and development strategy: general and crosscutting issues:

- Organizing policy seminars, dialogues, roundtable conferences.
- Conducting overseas and domestic field studies to raise awareness on the necessity of building strategy and vision in public finance and the role of the National Assembly in national finance oversight and decision in the coming 20 years.
- Preparing materials related to vision and strategy.
- Preparing cooperation regulations between State Audit of Vietnam and National Assembly, and between local State Audit offices and related provincial People's Councils.
- Developing M&E system for elected bodies and the project.
- Studying and developing feedback mechanism on public finance and budget decision and oversight.
- Conducting analysis of gender equality aspects.
- Codifying legal system on financial/budgetary areas.

2. Component B: Strengthening the capacity of state budget decision and oversight for National Assembly's institutions and support staff

- Drafting guidelines on policy analysis.
- Overseas and domestic training courses for the NA's deputies and support staff.
- Practicing policy analysis during the drafting of verification report on socio-economic development plan, state budget estimate, final state budget statement and state budget oversight report in some prioritized areas (education and training, healthcare, irrigation, etc.)
- Conducting internships for support staff at some advanced foreign parliaments.

- Reviewing legal base, strengths and benefits of public and non-public hearings and question in budget decision and oversight activities of elected bodies.
- Developing budget oversight skills and modalities.
- Conducting seminars and workshops.

3. Component C: Strengthening the capacity of state budget decision and oversight for Provincial People’s Councils and support staff.

- Drafting guidelines on policy analysis.
- Developing legal framework for information exchange mechanism, budget oversight and submission to the Standing Committee of the National Assembly.
- Developing roadmap and action plan to enhance performance efficiency and effectiveness of People's Councils.
- Supporting People's Councils for pilot application of MTFE, MTEF and OBB to raise knowledge and awareness and draw lessons.
- Overseas and domestic training for deputies and support staff.
- Supporting People's Councils to conduct several evidence-based studies.
- Developing budget oversight skills and modalities.
- Conducting seminars and workshops.
- Supporting People's Councils to assess capacity development needs and to develop training program and implement the training.

Main project beneficiaries: Committee for Financial-Budgetary Affairs, Budget-related National Assembly’s institutions, twenty provincial People’s Councils and their support staff. Indirect beneficiaries include executive agencies related to budgetary issues such as Ministry of Finance, Ministry of Planning and Investment, State Audit, non-governmental civil organizations, media agencies, etc.

Project implementation period: 48 months (01/2009-12/2012)

2.2. Project Budget

Total project budget is estimated at USD 5,242,824 including:

- ✓ UNDP funding of USD 5,000,000 (See Annex 7 for details)
- ✓ Vietnamese Government contribution from counterpart funds and in kind equivalent to USD 242,824 (See Annex 8 for details), including project offices, necessary equipment, electricity, water supply, automobile petrol, office maintenance, etc.

2.3. Project Implementation Strategy

In view of international experiences and Vietnam's requirements in budget activities of legislative agencies as well as consideration of time and human resource constraints of the project, following strategic approaches will be applied in the Project:

- a. Focus on the representative role of the National Assembly and provincial People's Councils;* focus on the operation of these agencies in the budget area with more attention to the oversight of revenue generation, socio-economic and environmental impacts, and other policy impacts of budget spending over different groups of constituents. Expected changes will be a more efficient role in the decision of budget formulation and enhanced oversight power over issues beyond budget. This strategy will be linked with the political system reform, the Project of the National Assembly Office (Phase III) and with other public management reform strategies.
- b. Strengthen the institutional capacity of National Assembly's institutions and budget-related Commissions of provincial People's Councils,* support for the formation of parliamentary procedures, internal governance structure and promote the cooperative relationship between National Assembly's institutions and executive bodies. This strategy relies on the fact that National Assembly's Committees support for the preparation of the most important decisions of the National Assembly. As a result, the capacity building for National Assembly's institutions will focus on the development and improvement of internal procedures, ensuring better and more efficient information access as well as improving the efficiency of public consultation channels during the decision-making process.
- c. Increase social support* for representative bodies, develop models and management mechanisms, increase mass media's propaganda over activities of representative bodies, utilize external research capacity from the public, civil organizations and interest groups to ensure decisions on budget issues to be highly convincing. This strategy is linked with the requirement for increased transparency and participation of civil organizations and individuals in policy and budgetary preparation.
- d. Focus on synchronous transformation at all three integrated components of institutional, legal aspects and human resources.* This project is to strengthen the budgetary capacities for the National Assembly and People's Councils, not simply a project of technical assistance. While impacts on human are the most important, it is not sufficient. If the change in awareness, behavior and working skills of related people does not lead to the change in budget-related institutional and legal framework, the objective of strengthening budget capacity of People's elected bodies cannot be achieved. Hence the project is designed to simultaneously support all three

integrated components mentioned above. Specifically capacity strengthening in institutional and legal component is mainly conducted in Component A (general issues), while Components B (support for the National Assembly) and C (support for People's Councils) place more attention on enhancing the awareness, changing behavior, attitudes and skills of elected deputies and relevant support staff.

- e. Focus on the establishment of the system of monitoring and evaluation (M&E) criteria of the project.* The project success indicator is not the number of implemented project activities, but their results and impacts over the improvement and reform of budget management and oversight to serve policy objectives via the establishment and the application of a system of monitoring and evaluation (M&E) criteria of the project.
- f. Support will not aim at taking over the daily routine work of elected bodies in budgetary cycle.* Instead, the project will place concentration on the support for the budget reform process of the National Assembly and People's Councils by influencing strategic spearheads, creating breakthrough changes, taking advantage of specific comparative advantages of the project to add values for elected bodies in the budget area. The results and resource framework (RRF) clearly demonstrates this strategic principle. Specifically, group of activities are newly-added ones which are different from routine activities of elected bodies. As a result, the success of the project will require strongly committed reform determination from elected bodies participating in the project.
- g. The application of a broad definition of budget oversight.* The oversight here has the broad, strategic, active and positive meaning. "Broad" means that the oversight of elected bodies lies on not only budget obedience as usual, but also the whole budgetary cycle. "Strategic, active and positive" mean that the project will focus on prioritized areas of oversight of "pre" budget formulation and "post" budget reporting. It helps promote specific comparative advantages of elected bodies. At the "pre" budget formulation, the primary concern of the project lies on the identification of fiscal policy priorities which are based on socio-economic development objectives set for individual periods and years and should be met for state budget mobilization and allocation. At the "post" budget reporting level, the project will support policy analysis to learn how budget spending in a previous period influences the socio-economic development of the country. The former has a close connection with the first step-input (policy setup), while the latter reflects the impacts over the outputs of state budget. That is the objective of budget activity, since; ultimately, budgeting is merely a means for the State to realize its development policy.

h. The application of inclusion and representative principles regarding project beneficiaries and pilot provinces. In principle, the project will focus on full-time deputies and support staff of agencies related to budget oversight to enhance the sustainability of project results. If appropriate and in order to increase the economy of scale of project activities, several part-time deputies may be invited to participate in project activities.

Regarding pilot provinces, the project will support up to 20 selected provincial People's Councils to create an outstanding transformation compared to the remaining provinces. Among the 20 provinces, during the inception period, up to 10 provinces will be selected as core ones for the implementation of key project activities (e.g. pilot public consultations and hearings, etc.) on a competitive performance basis for about one year. After that, other provinces would be selected to fill in the gap as some of the first 10 provinces would drop out due to their poor performance. Once selected, the provinces will be clearly stipulated in the AWP. They will be divided into groups in terms of representation for geographical regions, development levels, and the budget revenue-spending level among them. Each group will be assigned to achieve specific outputs (see C.3) and crosschecked with the requirements at the year-end. The other provinces will participate in project activities as beneficiaries. Pilot results will be reviewed and incorporated into lessons so that the National Assembly and People's Councils of Vietnam can make multiplication after project completion. In principle, project activities will be concentrated at provincial level. Some flexibility will be allowed to address commune needs as appropriate and if project financial resources permit.

III. PROJECT MANAGEMENT

3.1. Capacities Assessment of the IP:

- **Technical capacity and commitment:** CFBA is a National Assembly's specialized Committee mandated to act as the focal point for examining annual budget estimates, budget allocation proposals at central level; examining draft laws and/or ordinances relating to financial and budgetary issues for the National Assembly to decide; oversight the implementation of laws, resolutions, ordinances. The Committee comprises of 35 members, of whom 7 are full-timers, who are experienced specialists in finance and budget issues. The Committee is technically backed up by a strong department of ONA-Department of Financial and Budgetary Affairs (DEBA), composing of economic, financial and budget specialists.

However, the Committee still faces several difficulties in its capacity as the IP:

- ✓ The renovation of method of state budget decision and oversight requires not only the enhancement of awareness and skills, but also reforming institutional and legal framework, the political determination and the reform commitment from the higher level of leadership such as the Standing Committee of the National Assembly. In other words, the project can only completely succeed, if it receives a high level of support from the leadership of the National Assembly.
- ✓ The renovation of method of state budget decision and oversight requires a great deal of time and appropriate steps for its success, while the project duration is limited to 3 -5 years.
- ✓ It is difficult to ensure sufficient and efficient participation of deputies to the National Assembly, since most of them are part-time deputies. This is more difficult with People's Councils, because the Committee has only a cooperation relationship with People's Councils, not direct line reporting.

Those difficulties have been identified during the project design and several solutions have been proposed in the Risk Analysis table in this document.

At the same time, the Committee has shown a high level of commitment to continue with the Project Phase II. A Vice Chair of the CFBA, Director and at least one deputy director of the DEBA are to be involved in project activities to provide professional guidance and back up for project activities. In short, the Committee and the way it plans to mobilize the resources within it and from the DEBA fully ensure technical capacity and commitment to back project implementation. This has firmly been proved during the first phase.

- **Management capacity:** Over the last years, CFBA has a high level of effective cooperation with UNDP in managing the Project VIE/02/008-Phase I. The project has recorded consistently high delivery rates to bring about expected results. With the direction of the Committee, the Project has run activities in a notably effective manner. Actually the accountant of the project in the first phase has been considered as one of the best accountants of UNDP-supported projects.

At the same time, concerns have been raised by stakeholders that the implementation of activities has not always followed the agreed annual and quarterly work plans. While flexibility is important and ad hoc activities that prove their significance and relevance should be implemented, a good plan would bring about better results-oriented outcome.

In the next phase, following mechanisms are suggested to further strengthen the execution/implementation capacity of the CFBA and the Project Management Unit:

- ✓ Maintaining regular consultations with senior authorities of the CFBA to ensure the feasibility for the agreed workplans and priority activities to avoid frequent abrupt changes or a huge number of non-planned activities.
- ✓ Placing a national specialist on planning, communication, M&E to help the PMU ensure a high quality of planning and its follow-up. This is an essential input for the project.
- ✓ Providing more training to PMU staff to meet specific requirements as imposed by HACT and related issues. The training should be tailored as much as possible to help the concerned staff catch up the required skills.

3.2. Management Arrangement:

Given the explanations above regarding CFBA's commitments and management capacities, it is appropriate to apply National Execution (NEX) modality for this project with CFBA as the IP to execute the project. As such, CFBA will be responsible to the Government of Vietnam and UNDP for expected project results and the use of project resources. At the same time through a *Project Management Regulation*, competent agencies of the National Assembly and People's Councils of selected provinces will make full use of their participation and contribution in accordance with the project implementation strategy to ensure project success.

The National Project Director (NPD) will be a leader of the Committee for Financial-Budgetary Affairs appointed by the CFBA. The NPD is ultimately responsible for the project to the Government and the donor as mentioned above. If authorized by the NPD and in his/her absence, a Deputy NPD may, on behalf of the NPD, endorse several project activities. However, the NPD remains the single person responsible for decisions made by his designate. The NPD, on behalf of the Committee for Financial-Budgetary Affairs of the National Assembly will be responsible for the following issues:

- Properly use all funding resources of the Project;
- Ensure quality and efficiency of project results;
- Timely implement approved activities;
- Efficiently use resources, including international experts;

- Properly coordinate the participation of related partners of the Project, specifically of domestic partners.

National Project Manager (NPM) is under the direction of and responsible to the National Project Director and Deputy National Project Director for the organization of Project activities, results and progress. This position will be recruited based on criteria mentioned in the job description on a competitive, open and work performance basis.

A **Project Management Unit (PMU)** will be established consisting of but not exceeding nine project staff (See Annex 4 for details), specifically:

(1) *National Specialist for Planning, M&E and Communications*

(2) *National Specialist for Budget and Finance*

(3,4,5) *Three component officers*, responsible respectively for components A, B and C.

(6) *Interpreter*

(7) *Finance/accounting assistant*

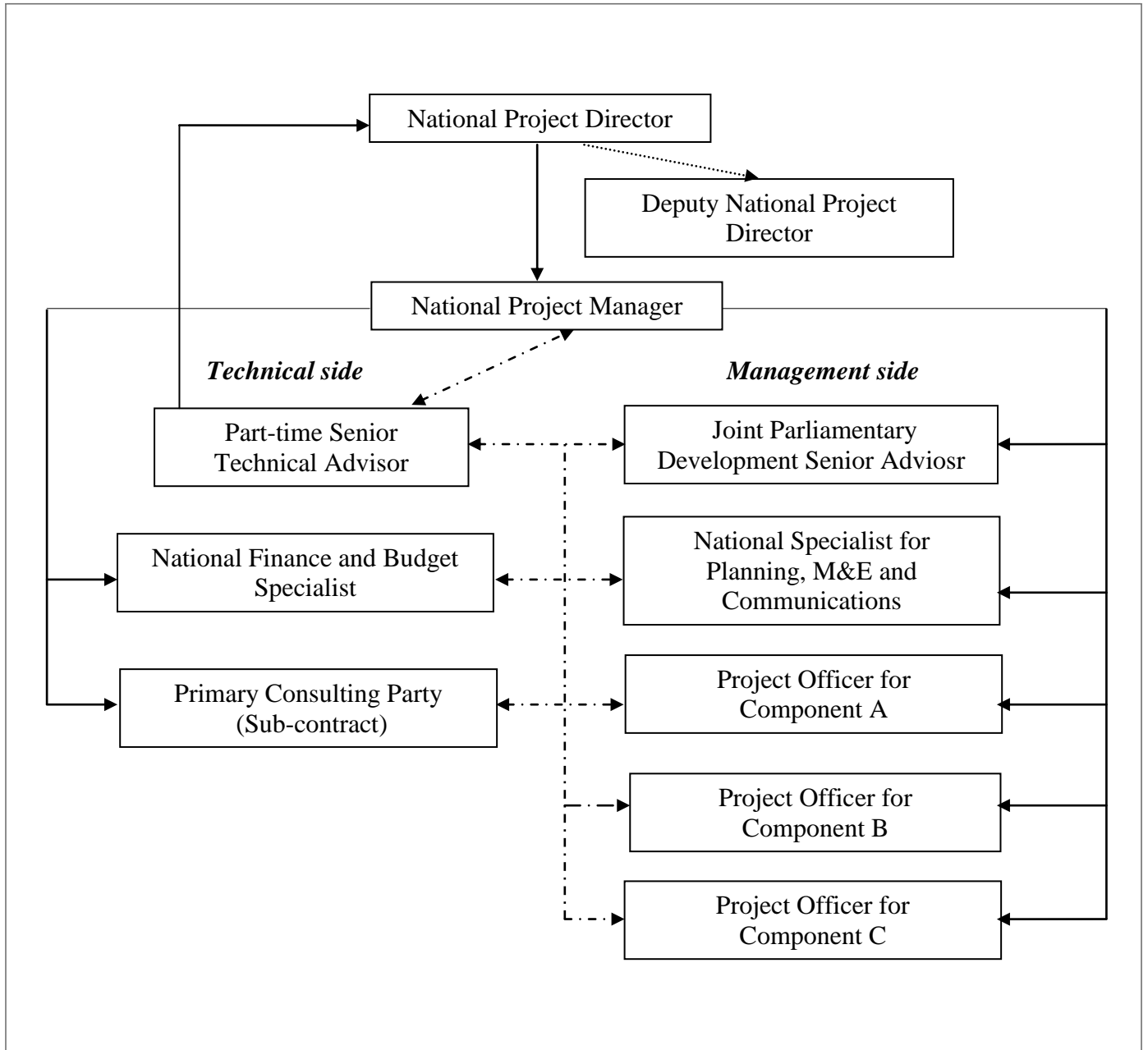
(8) *Administrative assistant*

(9) *Driver*

The PMU will be supported by a group of international consultants including overseas and project-based experts as follows (see Annex 5 for details):

1. **Parliamentary Development Joint Senior Advisor:** This is a shared position with the other project owned by the Office of the National Assembly. Work half-time (50%) time for the project, up to six months a year during the whole project duration (as will be decided by the PMU later).
2. **A Senior Technical Advisor - STA.** STA will work for the Project in Viet Nam at intervals (about 3-5 intervals annually as specified by the project later, but in total not more than four months a year, including working time overseas, during the whole project duration).

PROJECT ORGANISATION STRUCTURE



LEGEND: —————▶ : Supervisory/report relationship
 ◀ - - - - - ▶ : Cooperative/advisory relationship
▶ : Authorative relationship

IV. PROJECT COORDINATION

4.1. Coordination with Vietnamese Agencies

The project management regulation, in addition to other important parts, will also specify a project coordination mechanism. Accordingly, under the overall direction of the NPD, the PMU will be the focal point for coordination among Vietnamese parties as well as between the Vietnamese partners and with the international donor community. The expert on planning, M&E, evaluation and communication of the project will be in charge of the coordination tasks.

The project will be implemented under close consultation/involvement of the Committee of Economic Affairs, especially for the Component A, given the Committee's leading role in economic legislation, decision on economic development policy issues, and oversight. The Ethnic Council and other committees including Committees on Social Affairs; Youth, Children and Education etc. have important role in respective sectors. In addition, the project's implementation will also involve 20 Provincial People Councils with a group of 10 core provinces for specific activities.

Other main Vietnamese parties participating in the project are relevant ministries and agencies such as State Audit, Ministry of Finance, Ministry of Planning and Investment, non-governmental organizations, etc. The project will also cooperate with other related projects of National Assembly's committees such as the Project "Strengthening Capacity of Representative Bodies (Phase 3)", Project "Institutional Support by the European Union", Project "Capacity Strengthening for Local Government (SLGP) executed by Ministry of Planning and Investment," and other projects supporting the National Assembly and People's Councils, etc.

Regarding the coordination among projects supporting the NA, the recent establishment of the Coordination Board directly reporting to the NA Standing Committee will further enhance the coordination of all external support to the NA. Under this overall coordination framework, with ONA as the focal point, the project would look at possibilities to increase synergies and avoid unnecessary duplication in its activities. In addition, by ways of doing thematic planning and review of all projects having support from UNDP, as conducted at the end of 2007 and early 2008, the coordination with other related projects will be significantly enhanced.

The coordination mechanism is mainly via some concrete channels: i) Official information sharing via project webpage, quarterly bulletins (to be developed) and other relevant publications of the project; ii) Periodical meetings and discussions between the IP and concerned Vietnamese parties/stakeholders to create synergies, map out main

activities for quarterly and annual work plans, and share knowledge/experience. Each party's specific participation and role will be assigned respectively at the beginning of each year and stipulated in the Annual Work Plan.

4.2. Coordination with Donors

The coordination mechanism with donors will be mainly exercised by the executing agency with the NPD as the focal point via the following channels: i) CFBA web-site developed and made operationalized in the first phase; ii) Periodical roundtables, partnership forum, policy dialogues, briefing discussions to stock-take/analyse project results, share knowledge/experience, and define/refine needs for coming periods.

Most of donors interested in this project contribute their funding via the joint funding channel of the United Nations. Hence the maintenance of annual policy dialogues with direct participation of interested donors and the information sharing channel initiated and maintained by the UNDP (coordinated by the UNDP Parliamentary Development Joint Senior Advisor) will be a useful channel of coordination with donors. The above-mentioned regular bulletin will also provide useful information for the donors.

4.3. Financial Management Mechanism

The main source of funding for this project will be the One UN Fund. The funding will be disbursed from this Fund based on the approved Annual Work Plan (AWP). The CFBA and UNDP will endorse this annual plan. Together with the approved DPO, AWP will be the legal basis for project implementation. The reporting regime will also follow the stipulation of this Fund based on general provisions project finance management as stipulated in the Provisional Project Management Guidelines (PPMG) for National Executed projects.

In accordance with the approved annual work plan, the project will develop a quarterly work plan in close consultation and agreement with the UNDP. Quarterly work plans will constitute a legal basis for transferring project budget to a project account opened at a chosen bank. The spending of this budget will be recorded in accordance with the provisions of the above-said PPMG. The funds will be spent through the quarterly advances by the project and/or by direct payment to be made by the UNDP as authorized by the National Project Director, depending as necessary and appropriate. In the first case, the project will prepare quarterly financial report at the end of the concerned quarter. The recording, monitoring and consolidation of project expenditures from this non-refundable aid source will be done by the UNDP on the software system named as Atlas. Every year UNDP will issue a Combined Delivery Report (CDR) so that related parties can learn about the annual spending situation.

Unless there are exceptional cases, the budget revision will be done by the UNDP once a year so that related parties can systematically keep track of project budget and expenditures.

The counterpart funds in kind (government contribution) will be disbursed and recorded separately in accordance with Vietnamese regulations.

4.4. Monitoring and Evaluation

1. Monitoring and Evaluation Tools:

The Project Team will be responsible for the preparation and submission of the following reports as tools for the monitoring and evaluation process.

- a. Inception Report.
- b. Monitoring and Evaluation Framework
- c. Annual Work Plan (AWP) and Budget
- d. Quarterly Work Plan (QWP) and Budget
- e. Quarterly and Annually Progress Report
- f. Annual Financial and Audits
- g. Report on project monitoring visits
- h. Training evaluations sheets

2. Monitoring and Evaluation mechanism:

Project monitoring and evaluation will be conducted in accordance with established UNDP rules and regulations.

Day to day monitoring of implementation progress will be the responsibility of the National Project Manager with oversight by UNDP. Based on the project's Annual Work plan and its indicators in the Monitoring and Evaluation framework, the Project Team will inform the UNDP of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely fashion. Targets and indicators will be based on those agreed upon at the inception report and will be redefined at a new workshop to be held at the beginning of each project year.

Periodic monitoring of implementation progress will be undertaken by the UNDP through quarterly meetings with the project staff. This will allow parties to review and troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities. UNDP focal point and GACA responsible officials will conduct yearly visits to field sites to assess project progress at first hand. A Field

Visit Report will be prepared by the UNDP Programme Officer and circulated to all stakeholders.

Evaluation: The Project will be subject to one mid-term project review, tentatively in 2010, enabling related parties to systematically and objectively learn about project accomplishments on its half way. More importantly it considers the relevance of objectives/outputs set forth as initially designed, identifying any deviations which need correction and making recommendations to ensure that the project will achieve expected results.

After the project completes, an independent review of a set of projects in the same area of strengthening capacity for the National Assembly and People’s Councils will be conducted to assess their impacts over the improvement of democratic institutions. This project will fall into such category.

3. An indicative M&E work plan is provided below.

Type of M&E activities	Responsible parties	Time frame
Inception Workshop	<ul style="list-style-type: none"> ▪ Project team 	During the first month of project implementation
Inception Report	<ul style="list-style-type: none"> ▪ Project Manager 	6 months after the project inception
Quarterly Progress Report	<ul style="list-style-type: none"> ▪ Project Team ▪ UNDP 	Quarterly
Annual Progress Report	<ul style="list-style-type: none"> ▪ Project Team ▪ UNDP 	Annually
Mid-term External Evaluation	<ul style="list-style-type: none"> ▪ UNDP ▪ External Consultants (i.e. evaluation team) 	At the mid-point of Project implementation.
Publication of Lessons learned	<ul style="list-style-type: none"> ▪ Project team 	Yearly
Audit	<ul style="list-style-type: none"> ▪ UNDP ▪ Project team 	Yearly
Visits to field sites	<ul style="list-style-type: none"> ▪ UNDP Country Office ▪ Government representatives 	As required

Final Evaluation	<ul style="list-style-type: none"> ▪ Independent Consultants 	Three months prior to the completion of the project
Comprehensive Evaluation of projects in Parliamentary Development portfolio	<ul style="list-style-type: none"> ▪ Independent Consultants 	Three months upon the completion of the project

V. OTHER ISSUES

5.1. Feasibility and Risk Analysis

In general the project has high feasibility, because i) The project meets strategic demands of project beneficiaries; ii) High determination of the leadership of the Committee for Financial - Budgetary Affairs (CFBA) on method reform and quality improvement of budget activity of People's elected bodies; iii) CFBA's capacity of project management and execution after the cooperation period with UNDP and other donors via the project on strengthening budget oversight capacity (VIE/02/008) from 2003 to 2008; some project staff have become familiar with project management work. To ensure that the project can be implemented immediately after the DPO approval, it is necessary to keep as many of the current project staff as possible, if they have demonstrated good performance and their capacity is suitable with job posts in the new project.

However the project will also face some significant challenges as analyzed in the following table:

Table 2: Risk Analysis

Risk	Level	Control measure
The National Project Director is too busy to spend sufficient time for project direction	Medium	Based on the agreed project work plan, the Director will develop the plan and submit it to the leadership of the Committee for approval to be used for project implementation over the whole year
Elected deputies, especially deputies to the National Assembly, are too busy to spend sufficient time on participating in project activities	Very high	Based on the agreed project work plan, the Director will devise a schedule of time which needs the participation of deputies to be submitted to the leadership of the Committee for approval and which will be used for project implementation during the whole year. When any changes are required, there will be further discussion on time adjustment. On the other hand, PMU will

		coordinate project activities so as to suit the working schedule of elected bodies.
The project is not regarded as an integral part in the operation of agencies of the National Assembly and People's Councils	Medium	The essentiality of the project has been confirmed by CFBA's leaders and by the commitment to continue with the Phase II. Project results and their advocacy measures have also helped convince NA's agencies and People's Councils of its importance and significance. In this phase, coordination mechanism has been strengthened (see the project coordination part) to ensure the practical participation of NA's agencies and People's Councils, which in return will benefit those agencies. As a results, project's activities are regarded as important and useful in the operation of those agencies.
It is difficult to find suitable STA and national specialists	Very high	Experience from Phase I shows that this is a very complicated issue. There is no absolute and immediate solution to this problem, but a learning-by-doing approach should be applied. One possible long term solution is posting early announcement of the job vacancy on global mass media and maintaining good relations with the recruited experts.
Project Primary Consulting Party is not familiar with the project on strengthening capacity for elected deputies and does not make a proper attention for the assigned tasks	Medium	This is a practical challenge, but it can be resolved step-by-step. During the inception period, the Academy should be supported to raise its capacity and cooperation determination to conduct their assigned tasks. After one year, the contract will be re-evaluated. In case of dissatisfaction, it will be substituted by another suitable organization.
Provincial People's Councils selected for pilot lack sufficient determination on project implementation	Medium	Detailed tasks will be assigned to each group and a clear monitoring and evaluation mechanism will be set at the beginning. After one year, an evaluation will be made. Any local authority who did not demonstrate determination will be substituted by another provincial authority.
Lack of determination of developing strategy and vision for elected bodies	Medium	Organize seminars and field trips to raise awareness and determination of reform.

5.2. Socio-economic Benefits and Impacts

If the project succeeds, it will bring about significant benefits and impacts. Specifically:

The capacity of the National Assembly and People's Councils will be further enhanced thanks to the reform of method and improvement of decision and oversight quality of these agencies. This plays a significant role, since Vietnam is at an important development turning-point at the end of the first decade of the 21st century to overcome a low middle income level with a number of opportunities and challenges. Such development requires a fundamental transformation in the decision and oversight of state budget, public finance and public assets. This means that it is essential to concentrate on the identification of policy priorities, analysis and monitoring of state budget impacts at policy level, and impacts over the life of various groups of constituents, instead of focusing on financial figures as traditionally. Such transformation will help Vietnam's elected bodies make appropriate fiscal policies, accord with common trend and standards in the world, curb corruption and save public resources per units of development outcomes.

A renewed budgetary cycle will also enable the increasing participation of people and business community who are taxpayers and beneficiaries of budget spending in the financial calendar. This, on one hand, increases the budget cake and, on the other hand, promotes democracy and social equity, contributing to social stability and increase nation's solidarity.

5.3. Gender Equality Issue

Gender equality is one of the key considerations for policies in Vietnam. The Law on Gender Equality (2006) is the highest demonstration of such direction. Budget is the policy tool. Hence gender equality is one of the key concerns in this project as a crosscutting policy issue. The project will conduct a series of activities to support gender mainstreaming comprehensively and deeply in the whole budget activity and all steps of the budgetary cycle. One of the project success indicators (refer to the Results and Resources Framework - Part II) on gender equity aspect is the level of gender mainstreaming in legal documents such as the Law on state budget (tentatively to be amended in 2009), examination reports made by Committees of the National Assembly, materials and guidelines on gender mainstreaming into state budgetary cycle, study reports on state budget impacts over various groups of constituents, including males and females, etc.

The project will also closely coordinate with committees of the National Assembly, first of all the Committee for Social Affairs and other organizations planning future gender budgeting activities in Vietnam, including potentially UNIFEM, DFID and MOF.

As per NEX guidelines, a minimum of 30 % women's participation is targeted in every training activity organised by the project including workshops, trainings and study tours and gender balance on the Project Steering Committee is ensured.

5.4. Sustainability

The sustainability of this project will lie in the high level of activeness and ownership of project beneficiaries like the Committee for Financial-Budgetary Affairs and Provincial People's Councils, the development and implementation of a demand-driven project as well as interests of beneficiaries. The project implementation strategy targeting on full-time deputies and on enhancing the capacity of support staff is also an essential and practical measure to maintain the sustainability. Moreover the support for raising the independent research capacity of elected bodies via the reform of thinking methodology and the improvement of the fiscal database is the “golden key” for sustainability increase. However public finance reform linked with method renovation and quality improvement of state budget decision and oversight is new and challenging for elected bodies in Vietnam. Therefore it is essential to have international support for this issue, especially when this is just the second phase of the project. The project may bring about significant added value in this area.

5.5. Environmental Impacts

Although the project does not directly deal directly with environmental problems, however, accurate, efficient and effective state budget revenue and spending, especially with the constituents' participation in budgetary cycle, will make the voice of constituents, including their environmental concerns, heard and answered.

5.6. Time frame

Tentatively 48 months (2009-2012)

PART 2. RESULTS AND RESOURCES FRAMEWORK

One United Nations Plan (OP) Outcome: *The principles of accountability, transparency, participation and rule of law are integrated into Viet Nam’s representatives, administrative, judicial and legal systems.*

OP Output: *Strengthened capacities of the National Assembly and Provincial People's Councils to oversee the functioning of the executive and represent the interests of the public.*

Related Government Decree 131/2006 Priority Area: *Institutional capacity strengthening and human resources development; technology transfer, enhancing the research and development capability.*

COMPONENT A: VISION AND DEVELOPMENT STRATEGY: GENERAL AND CROSSCUTTING ISSUES

Component Target: A long-term strategic development vision on the reform of public finance management and monitoring, with focus on State Budget, satisfying requirements for fiscal transparency, broad public participation and international practices suitability. A monitoring/evaluation system and indicators in budget decision and oversight that guides the work of the National Assembly and Provincial People's Councils

No	Intended outputs	Indicators <i>(time and quality)</i>	Baseline	Target	Methods of Verification	Risks and Assumptions
A1	Strategy (2011-2020) and vision to 2025 for People’s elected bodies in public finance and State Budget drafted.	<ul style="list-style-type: none"> • Timeliness of the following stages: <ul style="list-style-type: none"> ✓ Drafted plan for specific procedures and timeline for the development of strategy and vision. ✓ Review of relevant background information to strategy and vision. 	N/A	<ul style="list-style-type: none"> • By December 2008 • By June 2009 • By December 2009 • By June 2010 	<ul style="list-style-type: none"> • Inception Report • Reports of consultants/international and national partners • Project Annual/Quart 	<ul style="list-style-type: none"> • The willingness of senior officials to discuss strategies. • The ability to come to a consensus on strategies

		<ul style="list-style-type: none"> ✓ Drafted Strategic Concept Paper ✓ Consultations on drafted concept paper ✓ Concept paper consolidated <ul style="list-style-type: none"> • Quality of the Strategy 		<ul style="list-style-type: none"> • By December 2010 • The Strategy will be submitted to the National Assembly Standing Committee (NASC) for consideration. 	<p>erly Progress Reports</p> <ul style="list-style-type: none"> • Mid-term Evaluation Report • UN Evaluation 	
A2	Provision of a comprehensive set of information regarding past, current and projected government fiscal activities and on major fiscal risks strengthened.	<ul style="list-style-type: none"> • The level of frequency and transparency of information provision to the National Assembly 	<ul style="list-style-type: none"> • Provision of information is on ad hoc basis. 	<ul style="list-style-type: none"> • Regular and transparent provision of information. • Clear rules and regulations on provision of information stipulated in the amended Resolution 387 by NASC. 		<ul style="list-style-type: none"> • The willingness of the Government to provide information. • The commitment of CFBA in improving information provision in the regard.
A3	State audit findings fully made used in the budget decision and oversight by elected bodies at all levels.	<ul style="list-style-type: none"> • The level of audit recommendations reflected in verification and monitoring reports of the NASC and pilot People's Councils. 	<ul style="list-style-type: none"> • State Audit findings have not been thoroughly taken into consideration in the budget process. 	<ul style="list-style-type: none"> • State Audit findings are thoroughly translated into the budget formulation, decision, allocation, execution and approval. 		<ul style="list-style-type: none"> • The willingness of the Government to take into consideration of State Audit recommendations.

A4	Proper monitoring and evaluation tools and system for budget activities and budget decision and oversight capacity at all levels developed and piloted.	<ul style="list-style-type: none"> • The application of monitoring and evaluation tools for budget activities and budget decision and oversight capacity developed. 	N/A	<ul style="list-style-type: none"> • A long-term existence and use of the M&E system in practice. • The drafted set is widely consulted and submitted to NASC for consideration 		<ul style="list-style-type: none"> • The willingness of the Government to adopt the system.
A5	A feedback mechanism towards a more efficient and effective people's and business community's participation in public finance in general and on budget decision and oversight in particular developed and put in pilot use.	<ul style="list-style-type: none"> • The number and content of feedback. • The coverage of mass media on feedback 	<ul style="list-style-type: none"> • Feedback have been seen on ad hoc basis 	<ul style="list-style-type: none"> • Feedback will be responsive, regular and systematic. 		<ul style="list-style-type: none"> • The openness of media regarding the issue.

A6	Gender budgeting integrated entirely into the budgetary cycle.	<ul style="list-style-type: none"> • The adoption of manual on gender budgeting for training. • The availability of a list of important issues in budget revenues and expenditures requiring gender equality consideration. 	<ul style="list-style-type: none"> • Awareness of gender budgeting is considerably low • Manual on Gender Budgeting published and circulated. 	<ul style="list-style-type: none"> • Gender budgeting adopted by the competent authorities and used in the budgetary cycle. • The revised version of 2002 State Budget Law is gender responsive. • A strategic plan and model for Vietnam how to implement gender budgeting drawing on international experiences from over 60 countries. 		<ul style="list-style-type: none"> • The willingness and commitment of the Government in terms of gender issue.
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COMPONENT B: STRENGTHENING THE CAPACITY OF STATE BUDGET DECISION AND OVERSIGHT FOR NA-INSTITUTIONS AND SUPPORT STAFF

Overall Target: *Renovated method and improved quality of budget decision and oversight of the National Assembly*

No	Intended outputs	Indicators	Baseline	Target	Methods of Verification	Risks and Assumptions
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B1	Improved research skills in general and policy analysis skills in particular, in budget decision and oversight for focused groups of National Assembly's institutions.	<ul style="list-style-type: none"> • The quality of research works made by deputies to the National Assembly and support staff • The quality and policy sensitiveness of draft verification reports, monitoring reports and other reports • The quality of the webpage of the Committee for Financial - Budgetary Affairs, in general, and the National Assembly's fiscal, financial and budgetary database, in particular 	<ul style="list-style-type: none"> • NA deputies and support staff were equipped with basic research skills upon the completion of the Project-phase I. 	<ul style="list-style-type: none"> • Ample and practical research skills obtained by NA deputies and support staff. 	<ul style="list-style-type: none"> • Inception Report • Reports of consultants/inter national and national partners • Project Annual/Quarterly Progress Reports • Mid-term Evaluation Report 	<ul style="list-style-type: none"> • The willingness and keenness of NA deputies to learn new knowledge and techniques. • The application of skills into actual work.
B2	Question sessions and hearings (both public and non-public) in CFBA and other budget-related NA-institutions designed, prepared and piloted.	<ul style="list-style-type: none"> • The level and quality of piloted question session and hearings on budget. 	N/A	<ul style="list-style-type: none"> • Regular and qualified questions sessions and hearings in the area. 	<ul style="list-style-type: none"> • UN Evaluation 	<ul style="list-style-type: none"> • The willingness to conduct hearings for important issues.
B3	Public consultations on major selected fiscal/budget-related issues intensified and conducted.	<ul style="list-style-type: none"> • The number of budget-related issues identified and selected and incorporated in annual plan for public consultations. 	N/A	<ul style="list-style-type: none"> • Regular and qualified implementation of public consultations in the area. 		<ul style="list-style-type: none"> • The willingness to conduct public consultations for

		<ul style="list-style-type: none"> The number of Public consultations implemented 				important issues.
COMPONENT C: STRENGTHENING THE CAPACITY OF STATE BUDGET DECISION AND OVERSIGHT FOR PROVINCIAL PEOPLE'S COUNCILS AND SUPPORT STAFF						
Overall Target: Reform the methods and improve the quality of budget decision and oversight of piloted provincial People's Councils						
No	Intended outputs	Indicators	Baseline	Target	Methods of Verification	Risks and Assumptions
C1	A legal framework and internal governance structures, roadmap and action plan for efficient and effective performance of Provincial People's Councils in budget decision and oversight developed.	<ul style="list-style-type: none"> The timeliness of the availability of the legal framework The timeliness of the availability of the roadmap and action plan 	N/A	<ul style="list-style-type: none"> The legal framework and internal governance structures, roadmap and action plan endorsed by the NASC and put into use at the end of the project. 	<ul style="list-style-type: none"> Inception Report Reports of consultants/international and national partners 	<ul style="list-style-type: none"> The willingness of the local governments to adopt such legal framework.
C2	Mid-term fiscal framework (MTFF), mid-term expenditure framework (MTEF) and output-based budget formulation method (OBB) piloted by participating Provincial People's Councils in budget decision and oversight and	<ul style="list-style-type: none"> The level of application of MTFF, MTEF and OBB reflected in the People's Council's documents on State Budget decision and oversight. 	N/A	<ul style="list-style-type: none"> Participating People's Council's documents on State Budget decision and oversight regularly adopt MTFF and MTEF and OBB. Lessons learned and plan for multiplication in other provinces. 	<ul style="list-style-type: none"> Project Annual/Quarterly Progress Reports Mid-term Evaluation Report 	<ul style="list-style-type: none"> The willingness of the local governments to adopt such fiscal framework.

	multiplication.				<ul style="list-style-type: none"> • UN Evaluation 	
C3	Evidence-based research work on the impacts of State Budget and local budget on the economic development and social progress/equality implemented in three geographically representative Provincial People's Councils.	<ul style="list-style-type: none"> • The timeliness of the report. • The quality of the report. 	N/A	<ul style="list-style-type: none"> • The pilot evidence-based research will be completed by 2010 and appraised by the local governments. • Research's recommendations will be taken into budget process of the local governments. 	<ul style="list-style-type: none"> • Training need analysis report (in the Inception report) • Capacity development program and progress report 	<ul style="list-style-type: none"> • The willingness of the Government to accept independent research.
C4	Capacity development program for support staff developed and piloted to enhance performance efficiency of support staff.	<ul style="list-style-type: none"> • The timeliness of the capacity development plan. • The level of training needs met by the programme. 	N/A	<ul style="list-style-type: none"> • A comprehensive training programme will be completed by 2009. • The training programme will address the needs of support staff. 		<ul style="list-style-type: none"> • The willingness and keenness of NA deputies to learn new knowledge and techniques. • The application of skills into actual work.

PART 3. ANNEXES

Annex 1: Selection Criteria for Piloted Provinces

- 20 provinces with typical socio-economic development conditions (mountainous, delta and urban) to create favorable conditions for multiplication after project completion. Focus on motive, influential and reform-agent provinces/cities in the regions;
- Certain inheritance of provinces already participated in Phase I (eleven provinces) and new provinces (nine);
- Have much renovation in public financial reform at locality and deep concern about the operations of people's elected bodies;
- Have qualified and learning-attitude support staff of the Commission for Economic - Budgetary Affairs;
- Be ready to perform pilot tasks to be assigned to groups.

Annex 2. Proposed Main Requirements for Specialized Services to be Provided to the Project by a Primary Consulting Party

The project needs specialized services in terms of budget decision and oversight as follows:

1. Investigation, survey, assessment, study and analysis:

- Survey, baseline assessment on budget capacity of elected bodies before project implementation to compare capacity progress after project completion;
- Support (together with international consultants) for training need assessment for elected deputies and support staff;
- Support (together with international consultants) for the development of a system and criteria of measurement, monitoring and evaluation of budget activity of elected bodies; similar to project progress;
- Support (together with international consultants) for the development of vision to 2025 and strategy (2011-2020) of public finance management reform, including the identification of the position and the role of elected bodies in such transformation process;
- Support (together with international consultants) for analysis of gender equality aspects in State budget revenue and spending, and State budget impacts over males and females;
- Support (together with international consultants) for the preparation of technical materials and documents to serve the piloted hearings and public consultation in terms of State budget issues at CFBA;
- Conduct other tasks as requested by the project to be identified later.

2. Awareness and skills enhancement activities

- Support for the conduct of awareness enhancement such as organizing seminars, workshops, round table discussion, policy dialogues;
- Support for practice of policy analysis and research capacity improvement;
- Support for the development of fiscal, financial and budgetary database;
- Conduct other tasks as requested by the project.

Annex 3: Selection Criteria for the Project's Primary Consulting Party

(Detailed TOR will be further developed when bidding process is conducted.)

The Primary Consulting Party (PCP) will provide technical assistance and support to the PMU in conducting survey/researches and implementing capacity development programmes for elected deputies as outlined in Annex 2 above.

General responsibilities

The PCP is expected to provide technical assistances and support to the PMU in conducting survey/researches and implementing capacity development programmes for elected deputies, specifically:

- In cooperation with the PMU, provide consulting services to surveys/researches;
- Provide technical assistance and support to the PMU to implement capacity development programmes

Required Qualifications:

Institutions/organisations must demonstrate the following minimum qualifications and experience:

- Comprehensive and high level capacity to conduct public finance/fiscal studies and research;
- Experience/capacity in organization and delivery of different kinds of training in general, training of fiscal/budgetary staff in particular;
- Strong experience in working with National Assembly agencies, state institutions, senior officials and local authorities.
- Extensive first-hand knowledge of project's activities typically performed in similar institutions;
- Verified substantial participation in the participation in projects of similar nature;
- Previous experience in UNDP or other UN projects is an advantage;

Timing, duration and location:

The work will take place in Ha Noi and provinces from 2009 until 2012. Technical assistance and support will be provided as required by the PMU in Ha Noi.

Annex 4: Main Requirements for Project Positions

(Details will be stipulated in TORs before actual recruitment process starts)

Title	Main duties	Requirements on qualification and experience
<p>1. National Project Director</p>	<p>Report to the Government and UNDP on the utilization of the Project's resources in order to achieve the targets and expected results;</p> <p>Maintain and coordinate at high level between the Project and stakeholders like ministries, industries, institutes and people's councils, including the collaborating agencies and sub-contracts with an aim to achieve the targets and to make them become outputs;</p> <p>Play a role as Co- President of Annual Coordination Meeting and quarterly meetings to make decision on quarterly/annual workplans, to assess the Project progress in attaining the targets and results;</p> <p>Review and approve the quarterly targets/activities, officially submit quarterly/annual workplans to UNDP for approval;</p> <p>Review the quality and progress of the activities of the Implementing Partner prior to</p>	<ul style="list-style-type: none"> ✓ Bachelor Degree in political science, economics, law or related fields. Have knowledge and experience in management of ODA projects. ✓ Having experience in executing UNDP's projects at national level is much preferable; have much experience and good relationship with ONA and PCs, be among leaders of the CFBA.

	<p>submitting documents on national project execution to UNDP;</p> <p>Be responsible to the CFBA and UNDP for the use of the Project's funding and assets.</p>	
2. Deputy National Project Director	<p>Be responsible to the National Project Director (NPD) and on behalf of NPD to manage the project.</p>	<ul style="list-style-type: none"> ✓ Bachelor Degree in political science, economics, law or related fields. Have knowledge and experience in management of ODA projects. ✓ Having experience in executing UNDP's projects at national level is much preferable; have much experience and good relationship with ONA and PCs, be one of leaders of the Department of Financial and Budgetary Affairs.
3. National Project Manager	<p>Under the direction of to the National Project Director, manage and report to the National Project Director on project's daily activities, results and progress.</p> <p>Closely cooperate with STA in the coordination, development and implementation of activities under three project components; cooperate with stakeholders to prepare expert input allocation plan (international consultants, local consultants, sub-contracts, etc.)</p>	<ul style="list-style-type: none"> ✓ Master degree on macroeconomics, public finance, public governance, administrative reform, law or equivalent. ✓ Have at least five years' working experience with National Assembly's institutions. ✓ Have experience on managing capacity development projects. ✓ Fluent in English (reading, speaking, listening, writing).
4. National Finance and Budget	<p>Under the direct supervision and management of the Project</p>	<ul style="list-style-type: none"> ✓ Master degree on public finance.

<p>Specialist</p>	<p>Manager, responsible for the quality and standard of project's budgetary activities (workshop, research, study tour etc.).</p> <p>Serves as a watchdog in the design and implementation of budgetary activities.</p> <p>Participate in other activities as assigned by the Project Manager.</p>	<ul style="list-style-type: none"> ✓ Have at least three year's working experience with State agencies in budgetary areas. ✓ Two years' working experience with the National Assembly would be an advantage. ✓ Fluent in English (reading, speaking, listening, writing)
<p>5. National Specialist on Planning, M&E and Communications.</p>	<p>Under the direct supervision and management of the Project Manager, responsible for the planning, monitoring and evaluation of project activities. The Specialist is also responsible for design and implementation of the efficient communication strategy to support for all areas of the project, ensure timely provision of information on project activities to stakeholders, both domestic ones and donor community.</p> <p>Participate in other activities as assigned by the Project Manager.</p>	<ul style="list-style-type: none"> ✓ Bachelor degree on related areas or equivalent ✓ Have at least three years' working experience with State agencies. At least one year working experience in communication would be an advantage ✓ Fluent in English (reading, speaking, listening, writing)
<p>6. Component A Officer</p>	<p>Under the direct supervision and management of the Project Manager, responsible for the assigned component, including Project procedures, progress and output quality.</p> <p>Participate in other activities as assigned by the Project Manager.</p>	<ul style="list-style-type: none"> ✓ Bachelor degree on public finance, macroeconomics, public governance, administrative reform, law or equivalent ✓ Have at least three years' working experience with State agencies. At least one year working experience in Financial - Budgetary area would be an advantage

		<ul style="list-style-type: none"> ✓ Have at least two consecutive years' experience on project plan preparation, report writing, progress monitoring, result evaluation ✓ Fluent in English (reading, speaking, listening, writing)
7. Component B Officer	<p>Under the direct supervision and management of the Project Manager, responsible for the National Assembly's component, including Project procedures, progress and output quality.</p> <p>Participate in other activities as assigned by the Project Manager.</p>	<ul style="list-style-type: none"> ✓ Bachelor degree on public finance, macroeconomics, public governance, administrative reform, law or equivalent ✓ Have at least three years' working experience with State agencies. At least one year working experience with National Assembly's institutions in Financial - Budgetary area is an advantage ✓ Have at least two consecutive years' experience on project plan preparation, report writing, progress monitoring, result evaluation ✓ Fluent in English (reading, speaking, listening, writing)
8. Component C Officer	<p>Under the direct supervision and management of the Project Manager, responsible for the people's councils component, including Project procedures, progress and output quality.</p> <p>Participate in other activities as assigned by the Project Manager.</p>	<ul style="list-style-type: none"> ✓ Bachelor degree on public finance, macroeconomics, public governance, administrative reform, law or equivalent ✓ Have at least three years' working experience with State agencies. At least one year working experience with people's councils in Financial - Budgetary area would be an advantage ✓ Have at least two consecutive years'

		<p>experience on project plan preparation, report writing, progress monitoring, result evaluation</p> <ul style="list-style-type: none"> ✓ Fluent in English (reading, speaking, listening, writing)
9. Finance/Accounting Assistant	<p>Under the direct supervision and management of the Project Manager, responsible for the quality, accuracy and fidelity (in accordance with accounting standards of the donor and the Government of Vietnam) and timeliness of accounting data, including the funding source and the reciprocal source of Vietnam. Supply equipment and stationery for PMU activities on a timely basis. Participate in other activities as assigned by the Project Manager.</p>	<ul style="list-style-type: none"> ✓ Graduated from the University of Finance – Accounting. ✓ Have at least five years’ working experience on accounting practice after graduating from that university. Experience on accounting for international support projects would be an advantage. ✓ Have experience on procurement for project activities. ✓ Fluent in English (reading, speaking, listening, writing).
10. Interpreter	<p>Under the direct supervision and management of Project Manager, responsible for the quality and timeliness in normal interpretation and translation activity of the Project.</p> <p>Participate in other activities as assigned by the Project Manager.</p>	<ul style="list-style-type: none"> ✓ Graduated from the University of Foreign Languages Training with major in English. ✓ Have at least three years’ working experience on interpretation/translation. Experience with National Assembly’s institutions would be an advantage. ✓ Fluent in English (reading, speaking, listening, writing).
11. Administrative Assistant	<p>Under the direct supervision and management of the Project Manager, responsible for administration - archives, ensure</p>	<ul style="list-style-type: none"> ✓ Graduated from the University of Foreign Languages Training with major in English.

	<p>smooth correspondent exchange and information sharing between the project and stakeholders.</p> <p>Participate in other activities as assigned by the Project Manager.</p>	<ul style="list-style-type: none"> ✓ Have at least three years' working experience on project secretary and archives. Experience with National Assembly's institutions would be an advantage. ✓ Fluent in English (reading, speaking, listening, writing).
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Annex 5: Main Requirements for Local and International Consultants

(Details will be stipulated in TORs before the recruitment processes)

Type of specialist	Main functions, duties	Requirements of qualification and experience
<p>1. Senior Technical Advisor (STA): About 3-4 working trips/year in accordance with practical project demand to be identified later, three weeks per trip, maximum 4 months/year, including working time abroad, for the whole three years).</p>	<p><u>Functions:</u> ISTA a) responsible to the National Project Director for the consultancy quality of the whole consultant group, including local and international consultants; b) be the chief consultant for the CFBA, related National Assembly's institutions and UNDP on policy issues within the project scope; c) act as a bridge of exchanging international and Vietnam view and experience.</p> <p><u>Main duties:</u> Provide advice for the National Project Director on the following areas: project plan; project monitoring and evaluation; training need assessment and support for capacity development for elected bodies and support staff; project coordination; communication, propaganda; policy advice for elected bodies and UNDP, especially at important events such as policy dialogues, consultative conference of donors - CG etc.; support for strengthening and governing and sharing knowledge and experience; withdraw lessons and good practices for sharing and multiplication before mandate fulfillment.</p>	<ul style="list-style-type: none"> ✓ Be an expatriate ✓ At least master degree or equivalent on economics, public finance, public policy or similar areas; ✓ Have at least 20 years' practical experience, including at least five years' experience on providing consultancy service on fiscal, financial and budgetary issues for elected bodies of developing countries; working experience with elected bodies of Vietnam would be a strong advantage. ✓ Experience on gender mainstreaming ✓ Fluent in English. Excellent in writing and presentation skills
<p>2. Joint Parliamentary</p>	<p><u>Function:</u> Coordinate with the STA and his working trips to Vietnam as well as his</p>	<ul style="list-style-type: none"> ✓ Be an expatriate, residing in Hanoi

<p>Development Senior Advisor. Work 50% time for the project, maximum six months/year within 3.5 years.</p>	<p>later activities in his country to ensure the highest support efficiency for the project.</p> <p><u>Main duties:</u></p> <ul style="list-style-type: none"> ✓ Prepare or cooperate with the PCP Project Consulting Party or/and other organizations/individuals to prepare specialized/technical data/materials for discussions between STA with National Project Director and PMU and project beneficiaries; ✓ Prepare or cooperate with Project Consulting Party or/and other organizations/individuals to prepare for case studies for capacity development activities (seminars, workshops, etc); ✓ Help STA prepare comments on annual plans, progress reports, training need assessment, other reports as requested by STA 	<ul style="list-style-type: none"> ✓ A master degree or equivalent on economics, public finance, public policy or similar areas; ✓ Have at least seven years' practical working experience in project management, coordination and/or facilitation of substantive parliamentary work. ✓ Experience in providing advisory services on fiscal, financial – budgetary issues and working experience with elected bodies of Vietnam is a strong advantage. ✓ Strong presentation skills both verbal and in writing in English are required ✓ Strong team coordination experience ✓ Experience on gender mainstreaming ✓ Professional attitude and high commitment
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Annex 6. Some Technical Terms

<i>Legislative budgeting</i>	Budgeting activities of elected bodies (NA and local people councils) in debating and approving of development priorities and norms for budget formulation, in overseeing budget implementation and ratify budget report. (We use this term to avoid the possibly risk of misunderstanding of budget oversight in narrow sense, i.e. just focusing on parliamentary supervision of budget implementation. The term legislative budgeting rather includes a process of taking influence of elected bodies, starting from setting development priorities, criteria for budget formulation to using independent information to oversee the budget implementation) in the entire budget cycle.
<i>NA budget-related institutions</i>	Committees of the National Assembly, which have a role in the process of legislative budgeting, includes the Ethnic Council
<i>PPC budget-related commissions</i>	Commissions of the province people councils, which have a role in the process of formulating and overseeing of implementation of budget in the given province
<i>Financial Calendar</i>	The timing calendar, which defines the time framework for executive and legislative budgeting activities, example deadline to submit draft budget, to review or approve budget implementation or to decide on budget allocation.
<i>Legislative bodies</i>	Elected bodies empowered with the representative mandate to make law at national level (National Assembly) and local regulation (at least at provincial level, PPC)
<i>Inter-dependent budget system</i>	Current budget system divided and integrated into central national budget and local budget at provincial, district and commune levels.
<i>Independent Research Capacity</i>	The capacity to gather evidence, data and all other information needed, to evaluate and make judgment on the gathered information and to formulate own opinion to exercise critical review of any budget proposal as presented by the executive agency
<i>Budgeting Capacity</i>	Included at least institutional and individual capacity to addressing the current issues of budgeting process. At institutional level, the capacity composes at least the clear defined authority, role and mission (legal status and political mandate), clear accountability concept, clear working procedures, material and human resources. At individual level, capacity composes at least the knowledge, skill and attitude of the MP, deputies or staff in budgeting activities.
<i>Off-budget funds</i>	Technical term referring to funds owned by the government or only administered by it and excluded from the sphere of the regular government budget.
<i>Extra-budgetary activities</i>	In the paper, it has been defined as special entities (or units) owned by the government that are not part of the budget and that receive revenues from earmarked levies, possibly next to other sources such as fees and contributions from the general tax fund (Public corporations; public services units, etc.)

Annex 7. Proposed Project Budget (2009-2012)

1. Annual Budget Allocation

Currency: USD

Component	2009	2010	2011	2012	Aggregate
A. Vision and development strategy. General and crosscutting issues	230,000	250,000	250,000	200,000	930,000
B. Strengthening capacity of State budget decision and oversight for National Assembly's institutions and support staff	230,000	400,000	240,000	250,000	1,120,000
C. Strengthening capacity of State budget decision and oversight for provincial People's Councils and assisting staff	200,000	400,000	300,000	250,000	1,150,000
Project Management	240,000	550,000	510,000	500,000	1,800,000
Total	900,000	1,600,000	1,300,000	1,200,000	5,000,000

2. Component-based Budget Allocation

Currency: USD

Type of project inputs	Component A	Component B	Component C	Project Management	Cost (\$)
Technical Assistance (STA, international consultants, national consultants)	150,000	200,000	200,000	200,000	750,000
Supplies	N/A	30,000	60,000	90,000	180,000
Training (Seminars, Workshop, Conferences, Study tours)	300,000	480,000	480,000	N/A	1,260,000
Sub-contracting: - Research - Intensive training - Research and training material publications	480,000	410,000	410,000	N/A	1,300,000
Administrative Costs (Salary for Staff, travel cost, operational cost)	N/A	N/A	N/A	880,000	880,000
Project M&E	N/A	N/A	N/A	150,000	150,000
Project Advocacy: - Public Relations activities - Website - Publications	N/A	N/A	N/A	80,000	80,000
Other Costs	N/A	N/A	N/A	50,000	50,000
GMS	N/A	N/A	N/A	350,000	350,000
Total	930,000	1,120,000	1,150,000	1,800,000	5,000,000

Annex 8. Budget Contributed by the Vietnamese Partner (Counterpart funds)

No	Items	Monthly expenditures (VND)	Aggregate (VND)
I	Contribution by existing resources		
1.1	National Project Director	5,000,000	240,000,000
1.2	Deputy National Project Director	3,500,000	168,500,000
	<i>Sub-total contribution by existing resources</i>	8,500,000	408,000,000
II	Contribution in cash		
2.1	Salary allowance	2,500,000	120,000,000
2.2	Costs of office running and conferences, overseas study tour:	75,000,000	3,600,000,000
	Public service (power charges, automobile petroleum, maintenance, office cleaning, etc.)	10,000,000	480,000,000
	Communication charges (telephone, internet, books, magazines, etc.)	4,000,000	192,000,000
	Meeting cost	15,000,000	720,000,000
	Office Rent	26,000,000	1,248,000,000
	Other expenditures (office utilities, automobile insurance, travelling charges, parking fees, guest reception, costs for working delegations, etc.)	20,000,000	960,000,000
	<i>Sub-total contribution in cash</i>	77,500,000	3,720,000,000
III	Total	86,000,000	4,128,000,000

VND 4,128,000,000 = USD 242,824 (Exchange rate VND/USD = 17,000)