

# GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIET NAM

## UNITED NATIONS DEVELOPMENT PROGRAMME

### UNITED NATIONS CAPITAL DEVELOPMENT FUND

**Title of Project:** Strengthening local government capacities for planning, budgeting and managing public resources (SLGP)

#### **Brief description of the project**

SLGP will implement a range of innovations linked to local government planning, budgeting and management of development resources in three provinces. It will do so in accordance with the existing national policy framework, as defined by laws and other statutory regulations. Pilot activities are intended to lead to sustainable, inclusive and pro-poor outcomes by promoting improvements to provincial, district and commune service delivery frameworks and processes, and by building local capacities to provide appropriate and high quality infrastructure and services. In order to ensure that lessons learned from project activities inform and influence national and provincial policies, thus having a wider impact, SLGP will actively ensure that information about its three provincial pilots is made available to a range of stakeholders at both central and local levels. Particular emphasis will be placed on contributing to the development of national planning guidelines. On the other hand, SLGP will try to cooperate with other similar government- and donor-funded projects in order to ensure a good coherence. SLGP will be a process project, and has been deliberately formulated so as to retain considerable flexibility. Annual work planning exercises will enable the project – whilst remaining focussed on five key outputs – to adapt its activities to the specificities of individual pilot provinces and to the rapidly evolving nature of the overall policy environment in Viet Nam. The project will be implemented by the Ministry of Planning and Investment and will have a lifetime of four years, beginning in 2005.

## SIGNATURE PAGE

Country: Socialist Republic of Viet Nam

UNDAF Outcome(s)/Indicator(s): Government economic policies support growth that is more equitable, inclusive and sustainable.

Policies, law and governance structures effectively support a rights-based development to realise the values and goals of the Millennium Declaration.

Expected Outcome(s)/Indicator (s): **Participation, empowerment and accountability:**  
Decisions relating to the allocation, utilization and mobilization of resources involve & are accountable to local people.

Governance structures and practices are representative, transparent and accountable to their respective constituencies and decentralized to the extent possible.

Expected Output(s)/Indicator(s): 1. An increasing proportion of public investments are made on the basis of local participation in decision-making and monitoring of outcomes.

2. Powers are devolved to local government where appropriate and the aims and objectives of administrative decentralization are realised.

3. Local communes have the administrative capacity to accept responsibility for a wider range of powers and to exercise these powers in an accountable and transparent manner;

4. The public has easy access to reliable information relating to government policies, policy choices and the impact of policies, and mechanisms are in place for people to influence national and local policy.

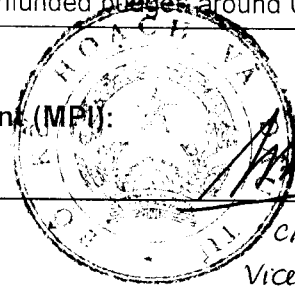
Implementing Partner: Ministry of Planning and Investment

Other Partners: DLRE/MPI

Programme Period: 2001 – 2005 and  
2006-2010  
Programme Component: Achieving the  
MDGs and reducing human poverty  
Project Title: SLGP  
Project ID: 00039111  
Project Duration: 2005-2008  
Management Arrangement: NEX

Budget: US\$3,872,500  
General Management Support Fee: US\$127,500  
Total budget: US\$4,000,000  
  
Allocated resources: US\$2,750,000  
● Regular (UNDP): US\$1,000,000  
● Other:  
○ UNCDF: US\$750,000  
○ DFID: US\$1,000,000  
● Government (in kind and in cash):  
US\$248,000  
  
Unfunded budget: around US\$1,250,000

Agreed by Ministry of Planning and Investment (MPI):



*CSH*  
CAO VIET SINH  
Vice - Minister, MPI

Agreed by UNDP:

*Jordan Ryan*

JORDAN RYAN  
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## Abbreviations and acronyms

CACERP	Capacity Building for Central Region Poverty Reduction Project
CBRIP	Community Based Rural Infrastructure Project
CCA	Common Country Assessment
CCF	Country Cooperation Framework
CEBA	Committee for Economic and Budgetary Affairs
CFAW	Committee for the Advancement of Women
CIDA	Canadian International Development Agency
CIEM	Central Institute for Economic Management
CPCom	Commune People's Committee
CPCouncil	Commune People's Council
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CRLIP	Central Region Livelihoods Improvement Project
DFID	Department for International Development
DLRE	Department of Local and Regional Economy
DoFP/DFP	Department of Finance and Prices
DNPD	Deputy National Project Director
DPI	Department of Planning and Investment
DPCom	District People's Committee
DPCouncil	District People's Council
GDD	Grassroots Democracy Decree
GMS	General Management Service
GoVN	Government of Viet Nam
IGFT	Inter Governmental Fiscal Transfer
ISD	Infrastructure and Service Delivery
ISOS	Institute for State Organisational Sciences
ISTA	International Senior Technical Adviser
M&E	Monitoring & Evaluation
MoHA	Ministry of Home Affairs
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MIS	Management Information System
MPI	Ministry of Planning & Investment
MTR	Mid Term Review
NEX	National Execution Modality
NMPPR	Northern Mountains Poverty Reduction Project
NSC	National Steering Committee
O&M	Operations and Maintenance
OoG	Office of Government
PAR	Public Administration Reform
PER	Public Expenditure Review
PFMRP	Public Financial Management Reform Programme
PIP	Public Investment Programme
PMU	Project Management Unit
PPCom	Provincial People's Committee
PPCouncil	Provincial People's Council
RIDEF	Rural Infrastructure Development Fund
SBL	State Budget Law
SLGP	Strengthening Local Government Project
STC	Senior National Coordinator
TPR	Tripartite Review
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Fund
VFA	Viet Nam Farmers' Association
VWU	Viet Nam Women's Union
5YPP	Five Year Planning Process

# SECTION I - ELABORATION OF THE NARRATIVE

## PART I. SITUATION ANALYSIS

The Strengthening Local Government Capacities for Planning, Budgeting and Managing Public Resources Project (hereafter referred to as SLGP) seeks to address a range of policy issues. These issues are ultimately linked to pro-poor and gender sensitive planning, budgeting and management of development resources by local governments in Viet Nam. In doing so, SLGP will also explicitly ensure that national policies are informed and influenced by pilot experience, particularly with regard to national guidelines and procedures for local socio-economic development planning.

### ***Policy context - outline***

Although GoVN's overall policy and regulatory framework continues to evolve, there is a clear and consistent national commitment to poverty reduction, to social equity and to progressive decentralisation and improvements in local governance (as ways of improving service delivery). This is evidenced in a range of policy commitments and statutory provisions, *inter alia*:

- the Master Programme on Public Administration Reform (PAR)<sup>1</sup> for the period 2001-2010 commits GoVN to major reforms in the organisation, functioning and financing of public institutions. PAR is clear on the need to undertake administrative decentralisation and to clearly define the responsibilities of local government. Since 2001, several significant institutional reforms have taken place, defining increased administrative autonomy for local governments. The Government's recent Resolution No. 08/2004/NQCP (issued on 30 June 2004 by the Prime Minister) spells out the key principles seen as underlying a series of new decrees on decentralisation, scheduled for promulgation in 2005;
- the State Budget Law (SBL, 2002), which became effective in 2004, has endowed provincial authorities with considerably greater budgetary powers and responsibilities and reduced *ex-ante* central controls over local government planning and budgeting processes. The SBL also increases the overall importance of local government management of GoVN fiscal resources. In general, there is a clearly identifiable trend in Viet Nam towards greater provincial and local management of public services – today, for example, about 50% of all public expenditure takes place at the provincial and local levels. The importance of provincial and local governments in promoting growth and reducing poverty is thus likely to increase over the next few years; this tendency is underlined in the SBL. However, the guidelines for implementation of the SBL are yet developed. The SBL stipulates clearly the roles and functions of provincial authorities, however it does not provide clear roles and functions of district and commune authorities who play a crucial role in poverty reduction and socio-economic development in Vietnam;
- the Government (through the Ministry of Planning and Investment) is currently in the process of submitting a new draft Ordinance on planning to the National Assembly. This will provide a key component of the overall policy framework within which SLGP will be implemented. In addition, the Prime Minister's Instructions (No 33/2004/CT-TTg, 23 September 2004) on the preparation of the 5 Year Socio-Economic Development will also provide an important policy backdrop to the project. The Prime Minister's Instruction No. 33/2004/CT-TTg provides the framework for a much more participatory and bottom-up approach to strategic planning at all levels;
- the Government's Comprehensive Poverty Reduction and Growth Strategy (CPRGS), approved by the Prime Minister in May 2002, which (along with other State planning instruments) spells out a three-pronged strategy for growth and poverty reduction:
  - completing the transition to a market economy;

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<sup>1</sup> as defined by Prime Ministerial Decision No. 136/2001/QD-TTg.

- keeping development socially inclusive and environmentally sustainable;
- building modern governance.

Beyond pro-poor and equitable growth (seen as the over-riding way of reducing poverty), CPRGS and other policy instruments envisage two public sector approaches to poverty alleviation in Viet Nam: through (i) the implementation of targeted programmes and (ii) a more general pro-poor focus in public expenditure patterns;

- the newly amended Law on the Organization of the People's Councils and People's Committees, approved by the National Assembly in 2003, provides for clearer oversight and "legislative" functions on the part of People's Councils and People's Committees at provincial, district and commune levels. This has the potential to significantly increase local participation in public sector management;
- the Prime Ministerial Decree promulgating the regulation on the exercise of democracy in the communes (better known in Viet Nam as the Grassroots Democracy Decree – GDD<sup>2</sup>) provides for the establishment of a number of mechanisms for ensuring greater participation and transparency in the management of local government activities;
- the National Committee for the Advancement of Women (NCFAW) Plan of Action to 2005 provides a clear pathway forward for increasing the involvement of women in public policy, and gender equality through cooperation with MPI.

The above constitute the broad policy framework within which SLGP will operate, providing the project with a range of opportunities for strengthening and supporting pro-poor and gender-sensitive initiatives at the local government level.

### ***Policy context – opportunities and challenges***

Overall – and as can be seen from the above – the current policy context provides a wide range of opportunities for policy-relevant initiatives aimed at promoting pro-poor and socially inclusive planning, budgeting and public resource management at local levels. Notwithstanding these opportunities (as articulated by policy commitments on the part of GoVN), it is equally clear that there are significant challenges in doing so.

Given that national policy substantially increases the importance of local government public service delivery in poverty reduction and social inclusion as a whole, many issues related to local "capacities" will need to be addressed if this policy orientation is to be implemented and to yield the desired results. Briefly, several broad "capacity" areas can be identified as key challenges as follows:

- *systems and procedures*: there are lots of things to do in order to improve and institutionalise appropriate systems and procedures that allow local governments to effectively plan, budget and manage public resources in pro-poor, participatory and gender-sensitive ways;
- *accountabilities and incentives*: Viet Nam's policy framework provides a basis for holding local governments and frontline service agencies accountable for the delivery of pro-poor public services. However, practical and fully institutionalised mechanisms for downward, horizontal and vertical lines of accountability remain nascent and will require much effort by all concerned before they become fully operational. Other issues are the availability of information and the empowerment of citizens (cf. CCA 2004: 49-51), factors that underpin transparency and meaningful accountability;
- *financing*: local governments at all levels (provincial, district and commune) will need to have access to financial resources on a predictable, transparent and equitable basis and in appropriate forms in order to be able to deliver public services of the quality needed. This is not self-evident in Viet Nam, despite the SBL;
- *human resources*: shifting service delivery responsibilities to local levels also raises issues to do with human resource and coordination capacities (cf. CCA 2004: 30), especially at

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<sup>2</sup> replacing Decree 29/1998/ND-CP

district and commune levels. It is at these lowest levels of government in Viet Nam that human resources are the least developed;

- finally, a *set of potential constraints* to be faced concerns the extent to which central government regulations (such as the SBL) and policies are actually complied with by local governments. This is not easy to determine, and is the subject of some debate, and thus constitutes a potential limitation to the generally enabling nature of the current national policy framework.

### **Local government planning, budgeting and management of public resources – some key issues**

At local levels (province, district and commune), SLGP will need to address a range of issues linked to planning, budgeting and the management of public resources<sup>3</sup>.

#### *(i) Planning and budgeting issues*

Planning, both strategic and annual, remains very much a “top-down” affair in most provinces:

- there appears to be little in the way of systematic input from citizens – or indeed from lower levels of the local government system (communes have little say in the district planning process, districts have little say in the provincial planning process);
- there are rarely any regular mechanisms in place and tools are available for ensuring a “bottom-up” approach to planning. As a result, public participation in planning and budgeting is insufficient, especially at the grassroots level. The same can be said about the involvement of the poorer or more marginalised groups in the planning process;
- mass organisations, such as the VWU, VFA etc. are only timidly involved in the overall planning & budgeting process;
- in most (if not all) cases, local stakeholders tend to see planning and budgeting as the “business” of DPI/DoFP or other government authorities, but not “your and my” business.

Local officials lack *an appropriate set of guidelines and a toolkit* to undertake “bottom-up” planning. There are also *“mindset” issues* here – few officials are accustomed to anything other than a top-down approach to planning and budgeting, although everybody insists that the people do need to be consulted.

Even if “bottom-up” planning and budgeting systems were in place, the *current calendar* does not provide enough time for genuine and meaningful consultation to take place. Planning and budgeting by line departments and local governments is usually limited to a one-to-two month period – and this quite simply does not provide enough time for grassroots or wider consultations and input to be meaningful (as in the Instruction No. 33/2004/CT-TTg dated 23th September 2004 on the Preparation of the 5 Year Socio-Economic Development Plan).

Much annual investment planning appears to be heavily influenced by the 5-Year Socio-Economic Development Plan. Whilst there is nothing intrinsically problematic or inconsistent with this, it does become an issue given the very top-down way in which 5-Year Planning is carried out.

There is little evidence of any *inter-sectoral coordination* during the planning and budgeting process. Each department at each level tends to plan/budget in isolation from the others – which is likely to result in inconsistent and un-coordinated activities. This is very much an “inherited” practice, linked to traditional ways of undertaking socio-economic development planning in Viet Nam. Notionally, DPI, DoFP and – ultimately – the PPCom are expected to ensure that there is some degree of coordination between sectors – but none of these bodies is especially well-placed to do this. The division of responsibilities between DPis and DoFPs,

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<sup>3</sup> the specific cases of Tra Vinh, Quang Nam and Vinh Phuc provinces are discussed in *SLGP formulation notes*, GoVN/UNDP/UNCDF (September 2004).

moreover, is not always conducive to coherence. In short, *planning and budgeting are relatively closed affairs and are not conducted in ways that ensure the formal involvement of relevant stakeholders; nor do they foster consistency and coherence.*

*Social inclusion issues, including gender aspects,* are not sufficiently captured in the planning and budgeting process. There is little evidence of any serious analysis of social issues or the current local situation.

Planning by local governments also suffers from *insufficient and inadequate flows of accurate and appropriate information.* Although agencies at all levels – communes, districts and provinces – do collect sometimes formidable amounts of information, it is often the case that such information is (i) not used for planning purposes and (ii) relatively insensitive to pro-poor and inclusive planning. There is a great deal of room for improving the extent to which local level planning is evidence-based.

There do not appear to be any clear and pre-established criteria by which: (i) budgetary priorities are accorded to different sectors at either provincial, district or commune level; (ii) budgetary priorities are accorded to specific sub-sectors (e.g. primary vs. secondary education). Few departments at the provincial level are able to justify why resources are spent on one investment project and not another. There is no systematic evidence to the effect that provinces, districts and communes are pursuing a particularly pro-poor or gender sensitive focus – investments seem simply to be budgeted, with no prior analysis of whether or how they correspond to a set of policy options – let alone to pro-poor policies.

In general, capital expenditure is not being balanced by the operations & maintenance expenditure. Budgeted allocations for O&M are known to be woefully inadequate, even though capital expenditure levels may be relatively high. It is likely that some (indeed, much) of the burden of maintenance is actually being borne by poor rural communities. There is a general sense that maintenance will “take care of itself”, and this raises concerns about the sustainability of the assets created by investments. This may also be seen as being linked to the division of responsibilities between MoF/MPI and their provincial departments, as well as to the continued use of out-dated and inappropriate budgetary norms by local governments.

There are, of course, many other problematic issues linked to local planning and budgeting in Vietnamese provinces<sup>4</sup> - but the ones highlighted here appear to be those which need to be addressed most urgently by SLGP. The following inset provides a summarised listing of planning and budgeting problems as perceived by local government officials at a recent Poverty Task Force meeting (October 2004).

*Planning and budgeting issues as perceived by local government officials:*

- Five year and annual plans tend to be treated as decrees ‘assigning’ tasks rather than based on actual assessment/analysis of local potentials and challenges. Planning parameters are scattered across many sectors and do not constitute a coherent set of measures for achieving a common set of prioritised targets. There is very little linkage between inputs and outputs and outcomes.
- Criteria for assessing poverty, as well as other data needed for making sound assessments for planning and budgeting purposes are not consistently and systematically collected and made available.
- Five Year and annual plans focus largely on quantitative targets for growth, and much less on targets for social development and the “quality” of growth.
- Targets are set in empirical ways by applying certain levels of increase from year to year, rather than on a sound analysis of past achievements and trends, constraints and opportunities.

<sup>4</sup> see Greig, F. (August 2004): *SLGP formulation: social inclusion issues*, UNDP/UNCDF, Hanoi; and SLGP Formulation Team (August 2004): *Findings, Issues and Preliminary Options*, UNDP/UNCDF, Hanoi.



- Planning still follows an old path – drawing a broad picture with a shopping list of targets and measures, rather than trying to set out clear priorities and a feasible action plan.
- Mechanisms for investment allocations do not link budgets with plans and policies
- Planning and budgeting documents include too many technical terms – and are difficult for the poor/grassroots and non-technical people to understand and use.

Source: PTF meeting, October 2004

(ii) *Scheme implementation issues*

Implementation arrangements remain insufficiently decentralised – this applies particularly to medium- and small-scale investments, and much less so to large investments. In some provinces, almost all education and health investments continue to be managed by their respective provincial departments, whilst most commune-level investments are still managed by districts and district departments. In many cases, communes are only involved in identifying investments, in mobilising local contributions and in providing some kind of monitoring of works – they are usually not given the responsibility for managing scheme implementation.

Whilst the authority to approve, manage and implement large investment projects (e.g. categories B and C) has been decentralised to the provincial level, some issues remain outstanding. Firstly, the public investment programme (PIP) process continues to lack transparency and operates without reference to pro-poor and gender criteria for selection/prioritising; secondly, the weak linkage between this and the actual funding/budget allocation process results in little real delegation of authority to the local level; thirdly, the further delegation of such authority and responsibility to lower (district and commune) levels remains *ad hoc* and – for the most part – inoperative.

Many provincial and district officials, and even communes themselves, claim that communes do not have the technical capacity to handle investments – they do not have engineers, for example. But this misses the point – the communes could out-source technical services (such as design and costing) and/or receive technical support from the district/province.

At the same time, districts in some provinces tacitly complain that they themselves are not given sufficient responsibility for scheme implementation in the education and health sectors even though they are fully capable of managing such investments.

Technical supervision of works (and clearance for payment) is generally done by specific sector department units. Some districts also have engineering staff to call on for supervision – who can not only supervise works at district level, but also provide support to communes and wards (both for design/costing and technical supervision). It is at commune level – quite understandably – that such technical staff are not available; but, as already pointed out, communes and wards can receive support from districts or even out-source technical inputs.

Whilst commune representatives are often involved in providing day-to-day oversight of project implementation, it is less common that local communities are involved in this kind of activity. This is unfortunate, in that villages and neighbourhoods (who are often the most immediate beneficiaries of any small-scale investments) are generally well-placed to ensure that any works are of adequate quality and lead to sustainable asset creation.

(iii) *Financing issues*

Vital to SLGP's efforts to strengthen the ability of local government to deliver public services lies *the need to ensure that financial resources are made available to local governments and their service delivery units in appropriate forms*. Without financial resources (however limited they may be), local governments and local service delivery units will be unable to provide

public services of value to citizens, in general, and to the poor and the more disadvantaged groups, in particular.

The newly amended *State Budget Law* provides for considerable provincial discretion in the allocation and use of public financial resources. The SBL significantly increases the powers of the legislative bodies at the provincial level, the Provincial People's Councils (PPCouncils). PPCouncils now have the power to determine the allocation of the budget between the three tiers of government at the local level – province, district and commune. They can also decide on revenue and expenditure, including types of fees and contributions that can be collected at the local level and the financial norms to be followed by the various levels of local government (except for education and science where the norms continue to be established nationally).

These new orientations have only been partially implemented by most provinces, and often in ways that are difficult to understand, and not always in a coherent manner. Given the newness of the changes introduced by the SBL, this is perhaps unsurprising. Problems include the following:

- *expenditure assignments* (separating out the respective functions of provincial, district and commune authorities, as well as the line departments that have sectoral responsibilities) remain ad hoc, are frequently inconsistent, and are usually not very explicit – they do not clearly spell out responsibilities and provide for only a limited degree of responsibility on the part of lower tier local governments (districts and communes);
- *budgetary norms* for recurrent expenditure are frequently out-of-date, inappropriate and not particularly equitable;
- *revenue assignments* in some provinces have been formally defined, but in ways that do not necessarily result in equitable outcomes;
- finally, and despite recent developments in some provinces, *provincial budgetary allocations* (especially – but not only – for capital expenditure) to departments, districts and communes remain unpredictable, depriving spending units of an annual hard budget ceiling within which to realistically plan and prioritise. “Beg and receive”, despite central Government policies to the contrary, remains a defining feature of the budgeting process in many provinces.

Another issue with regard to local government fiscal frameworks concerns *debt*. SBL provisions specify that for a given year, a province's stock of outstanding debt cannot exceed 30 percent of its capital budget for that year. Irrespective of how appropriate this might be as a ceiling on debt and how far it is enforced, it is clear that some provinces have “informal” debts. These often take the form of outstanding payments to contractors, un-funded projects, etc. (rather than in the form of bonds or institutional loans) that are substantial – and which require the use of the current year's capital budget allocation to finance the previous year's commitments. This may not be a problem for the time being, but may well become one in the future. The facility to over-spend suggests a marked lack of budgetary discipline, weaknesses in existing systems of monitoring and financial control, and perhaps also problems linked to delays in the process of appraisal and approval of investment projects.

It is also clear that provincial and *local budgets, at all levels, rarely include all the financial resources* that are used to finance public services. There are, in sectors such as education and health, *significant “off-budget” revenues* (raised in the form of fees, user charges, and the like) that enable service delivery units to pay for operations and maintenance costs. These “off-budget” revenues are not factored into the overall local fiscal framework, and are frequently regressive in their implications – operating as an inequitable burden for poorer or disadvantaged groups (CCA 2004: 30).

It should also be noted that *a dequate accounting, audit and review mechanisms are not in place*. The current system relies heavily on paper-based controls (formal annual reports) and one-off audit type checks (by State Inspectorate etc.). Financial documentation and recording at the commune level is a weak link in the system. Many local programme activities are not

reflected in the accounts and commune finance staff often do not have knowledge and training in project planning, managing, accounting and financing.

Finally, there is *the issue of overall (or absolute) resource availability* – particularly, but not exclusively, in the case of what are seen as “deficit” or poorer provinces, which are heavily “dependent” on central Government transfers. This is admittedly a national issue, but one that is very much alive in certain provinces. Clearly, resources are always going to be insufficient in relation to “needs” – which is precisely why planning is important – but some provinces certainly appear to operate with woefully insufficient allocations. This may well be due to a lack of equitable inter-provincial transfer mechanisms, with only a limited degree of equalisation taking place.

(iv) *Oversight and accountability issues*

Accountability “upward” within the provinces appears to be the cultural norm, what officials are used to – and generally does not seem to be much of an issue.

“Downward” accountability applies to relations between the People’s Councils and People’s Committees as well as between both Councils/Committees and citizens as a whole. Here, the oversight functions of People’s Councils appear to be relatively weak – plans and budgets are not necessarily well understood (and are indeed presented in a sometimes confusing format), and monitoring of scheme implementation and service delivery is insufficient. This, given the relative newness of the powers enjoyed by the Councils, is hardly surprising. The Councils do not have the staff or resources to carry out detailed analyses of the plans and budgets that are submitted to them by People’s Committees. In general, the weakness of the oversight role deepens with lower tier Councils (district and commune) – whose powers are, in any case, ambiguous and constrained given the nested nature of the planning/budgeting process in the provinces, such that upper tier local government institutions have to approve lower tier decisions and policies. People’s Councils’ Standing Committees, which are expected to provide oversight on a regular basis, are also weak and lack the information (and analytical skills) with which to hold the People’s Committees accountable.

*Information about plans and budgets* in many provinces is not readily available to the public. Budgets are rarely made public, despite prescriptions (such as the Grassroots Democracy Decree) to that effect. People at the grass root levels are not informed of budgets and final accounts, nor are they involved in discussions on how to implement budgets. Revenue and expenditure statements and budgets are presented in ways that non-professional people (even economists) cannot easily understand. The insufficient attention to transparency and accountability has resulted from a lack of incentives, capacity and willingness for information provision by the respective authorities, weak demand for this type of information from the public, and little awareness of their right to information on the part of citizens. This lack of transparency does little to enhance downward accountability.

In recent years, and largely in line with PAR, there has been an increasing tendency for the PPComs and some DPComs to establish formal “offices for feedback”, through which citizens are able to complain about public services. Whilst this is clearly a positive step, it is unclear whether (a) people know that such feedback is officially welcomed or (b) whether feedback, when it is provided by local people, is acted upon by PComs. How far the poor and more marginal are able to use such mechanisms is a moot point. Clearly, more practical mechanisms for obtaining and responding to citizen feedback need to be developed.

“Horizontal” accountability is also quite strong in most provinces. At the provincial level, all line departments (with the possible exception of the State Treasury) now tend to regard the PPCom as the administrative body to which they are most accountable; the powers of line ministries have eroded over time, and this has been reinforced by the SBL and other new laws and regulations. Local frontline service suppliers clearly see the PPCom as the body to which they are immediately accountable – and this looks likely to become even more marked as and when

the Government's new Resolution No. 8 on Decentralisation becomes better known at the local level – and as and when the Government issues further decentralisation decrees (scheduled for 2005). That said, the key issue here is one of how far the PPComs and DP/CPComs have access to the information that allows them to assess the performance of frontline service suppliers (such as teachers, health workers, etc.) and how far performance assessments result in sanctions (in the case of inadequate performance) and rewards (in the case of robust performance). At all levels in the provinces, officials insist that they have regular meetings with the people – but it is not clear whether such venues are necessarily the best fora for citizens to express satisfaction or dissatisfaction with public services.

### ***SLGP and UNDP's overall programme framework***

SLGP's orientation is consistent with and contributes to existing UNDP programmatic priorities, as spelt out in the 2001-2005 UNDAF, the UN's 2004 Common Country Assessment (CCA), and UNDP's 2001-2005 Country Cooperation Framework (CCF).

In general, and in line with its overall objective of poverty alleviation, UNDP commits itself to "...focus on creating an environment of good government for poverty alleviation." (CCF: 4). Within that general focus, UNDP seeks to contribute to:

- "Improved public investment, planning and budgeting procedures to ensure equitable, effective, transparent and sustainable allocation and use of development resources mobilised externally and domestically.." (CCF: 5);
- "Increased awareness and understanding of grass-roots democracy (decentralisation and participation) and the respective roles of the different actors in local-level development planning." (CCF: 6);
- "Enhanced quality of government-provided public services, in terms of responsiveness, transparency, efficiency, effectiveness and equitable accessibility." (CCF: 6); and
- "The establishment of a sound institutional framework that clearly defines the effective decentralisation of functional, fiscal and decision-making power and provides appropriate mechanisms for local governments to fulfil their roles in development planning and delivery of services." (CCF: 6)

Throughout the CCF, UNDP commits itself to cross-cutting activities aimed at increasing gender sensitivity.

Among other things, the 2001-2005 UNDAF focuses in on:

- rural development, which is to be facilitated "...through support in the areas of basic human needs, governance and environmental management. A well-managed ... system of governance that allows people, including the poor and disadvantaged, to participate in economic life and decision making provides the framework within which sustained rural development can take place." (UNDAF: 10)
- governance, where "...to improve the efficiency, effectiveness, transparency and accountability of the state, the UN will contribute towards improved public service delivery and decentralisation." (UNDAF: 12)

SLGP is also fully consistent with UNDP's current country programme. The project should be seen as contributing to two of UNDP's strategic outcomes:

- "Local capacity strengthened for implementing the pro-poor policies and plans", as an outcome for poverty reduction;
- "More accountable, transparent and participatory governance through the effective implementation of the PAR Master Programme and a more coherent framework for the sustainable financing of development", as an outcome for PAR.

In addition, SLGP is firmly in line with the recent 2004 CCA, which identifies the following three key themes as a starting point for the next round of UNDAF consultations:

- ensuring that the process of economic growth is equitable, inclusive and sustainable

- improving the quality of delivery and equity in access to social services:
- laws, policies and governance structures that support and promote a rights-based development process

All three themes are – in one way or another – central to the issues that SLGP will seek to address.

Finally, SLGP must also be seen as making a contribution to the attainment of MDGs, an essential part of UNDP's overall rationale in Viet Nam. By promoting better planning, budgeting and public resource management at the local level, SLGP will have a positive impact on public service delivery and governance, thus contributing to achieving a range of key MDGs (and VDGs).

## PART II. STRATEGY

### *Introduction*

SLGP, in line with UNDP and UNDAF orientations, will seek to strengthen local government capacities to promote pro-poor and gender sensitive planning, budgeting and management of public resources. It will exploit the opportunities that exist in the current policy framework and seek to address some of the on-the-ground problems and issues (briefly discussed above) that presently constrain the ability of local government to make a significant contribution to poverty reduction and to deliver socially inclusive public services in Viet Nam. Moreover, SLGP will do so in ways that are policy-relevant, and mainstream lessons learned into national thinking about, and policy on, the ways that local governments can and should contribute to pro-poor and inclusive outcomes. In addition, SLGP will be a “process” project, with the inherent flexibility of modifying its activities as, when and if the overall policy environment changes.

The project will operate at both national and local levels. At the national level, SLGP will be anchored in the Ministry of Planning and Investment (MPI) as well as being closely linked to other relevant institutions (Ministry of Finance – MoF and Ministry of Home Affairs – MoHA). At the local level, the project will support pilot activities – *initially* in three provinces (Tra Vinh, Quang Nam, and Vinh Phuc), but with a built-in capacity to expand later into two more provinces (one in the Central Highlands) once more resources (around USD 1 million) will be mobilised. Although SLGP will only undertake specific pilot activities in these three provinces, the project will explicitly seek to inform the *national* policy framework – most importantly, by contributing to the development of national guidelines for bottom-up socio-economic development planning. SLGP will learn from similar government or donor-funded programmes/projects, ensure a good cooperation and coherence among them. These will be done through regular information sharing, organising workshops, exchange visits etc. (see more at Management Arrangements).

### *Outcomes, outputs and activities*

SLGP will contribute to the country programme outcome of **participation, empowerment and accountability** as stated in UNDAF i) governance structures and practices are representative, transparent and accountable to their respective constituencies and decentralized to the extent possible; and ii) decisions relating to the allocation, utilization and mobilization of resources involve & are accountable to local people.

Specifically the project will deliver a series of outputs that will directly contribute to:

- improve **local capacities in pilot provinces** to undertake socio-economic development planning that is participatory, developed closely with budgets and gender sensitive and to manage public resources effectively and transparently – with a view to improving the quality of social services especially for poor and marginalized people.
- **National policy** by ensuring that lessons learned in three pilot provinces inform the development and improvement of **national guidelines** on local socio-economic development planning, as well as other aspects of GoVN’s overall policy on decentralisation.

However, given the rapidly evolving nature of Viet Nam’s policy environment, significant differences between the three pilot provinces, and other dynamic factors, SLGP will necessarily be a **process project**. Although the broad shape of SLGP activities may be pre-defined, the project will need to retain a high degree of flexibility in order to be effective. Activities described below, then, must necessarily be seen as *indicative* and subject to refinement and amendment as and when SLGP becomes operational. During its inception phase, initial SLGP activities will be defined in detail; in subsequent years, SLGP’s annual work-planning exercises will identify detailed activities. SLGP annual work plans will be formulated in collaboration with each pilot

province and – for each output – will clearly define capacity development activities that will be supported by the project. As mentioned above, SLGP will actively share information/experience with and learn from other similar programmes/projects to ensure good coherence and broader impact.

It is important to note that SLGP will help strengthen the local government capacities in managing public resources **available** for socio-economic planning and budgeting, not just managing ODA funds.

SLGP will focus on **institutionalisation** of local SED planning and budgeting at all three levels using the best practices from past and current programmes/projects such as RIDEF, CBRIB, NMPPR, MTEF etc. Piloting of new initiatives in 3 provinces aims at identifying and addressing issues/problems that local governments have been facing, especially at district and commune level. These pilot provinces are selected mainly by the following criteria:

1. Willingness and commitment of provincial authorities to undertake SLGP activities;
2. Representativity of three geographical/regional - North, Centre and South;
3. Revenues mobilisation capability: three categories - deficit, nearly self-sufficient and surplus.

In order to achieve its objectives, SLGP will undertake a range of broad activities aimed at delivering **five key outputs**<sup>5</sup>:

*Output 1: More effective, participatory and inclusive planning and budgeting systems are developed and used by local governments in the pilot provinces.*

This will entail undertaking activities such as the following:

- *reviewing and improving the current local annual planning and budgeting guidelines and procedures at all three levels:* technical assistance will be provided for this activity. In addition, SLGP will assist three provinces in developing and piloting simple procedures for ensuring consultation with citizens in the planning and budgeting process;
- *working on key sector planning and budgeting processes at the provincial level* to make them more inclusive, open, analytical, better coordinated and gender sensitive. This will include provision of advisory services to key sector departments, establishing more consultation with service users/clients, and strengthening policy analysis in sector departments;
- *developing prioritisation tools for pre-appraisal of planning and budgeting options:* SLGP will assist local authorities in designing appropriate prioritisation and sequencing tools so as to better inform decision-making and providing relevant training in their use. Pre-appraisal criteria are likely to include, among others, poverty impact, gender sensitivity, and (in line with Viet Nam's commitment to Agenda 21) sustainability;
- *establishing partnerships and policy processes:* this would involve SLGP facilitation of greater participation by mass organisations and CFAWs in the general planning and budgeting process, as well as building up the capacity of provincial officials to undertake policy relevant analyses of key social inclusion issues.
- *all these activities will ultimately support for the five-year planning process*<sup>6</sup> and make it more consultative and more clearly targeted. SLGP support will include the provision of technical assistance, training and other capacity-building activities, and modest initial funding to cover some of the extra costs of wide consultations.

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<sup>5</sup> these outputs and their related, indicative, activities are described in more detail in the annexes to this document. Section III also provides a detailed annual work plan for the first year of SLGP implementation.

<sup>6</sup> undertaking this activity will depend on the timing of SLGP's start-up.

*Output 2: Investment scheme implementation by local government is more transparent and effective in the pilot provinces.*

To deliver this output, project activities will include:

- developing and piloting an inclusive and participatory planning and budgeting process for *capital investments at district and commune levels*, including the development of robust and transparent criteria for prioritising investment projects. This is to aim, on a pilot basis, to increase the responsibilities of districts, communes and local communities in annual investment planning. TA, training and other capacity-building activities will be provided;
- *promoting a process of decentralisation in “project ownership”* such that districts and communes will be accorded greater responsibilities for the implementation of investments. This would include the organisation of provincial workshops, establishing suitable technical back-stopping arrangements, training, study tours and other capacity-building activities;
- *establishing provincial guidelines on technical backstopping and mentoring*, such that lower tier local governments benefited from support from upper tiers. Technical assistance will help provincial authorities establish guidelines and implement them;
- *capacity-building for financial management*: dependent upon coordination with other programmes and projects, this will include strengthening and supporting district and commune-level financial management capacities;
- *increasing community involvement* in procurement and overseeing works, as well as in operations and maintenance: SLGP support will include the provision of technical advice for drafting appropriate provincial policies and ensuring that such policies are widely disseminated and understood.

*Output 3: Appropriate local government financial management mechanisms and fiscal arrangements are established and used in the pilot provinces.*

Activities in this area will include:

- *clarifying the roles and responsibilities of local government agencies* through coherent and consistent expenditure and revenue assignments, and determining (as a consequence) inter-governmental fiscal transfer mechanisms from provinces to lower tier local governments and departments. This is largely a question of ensuring that “finance follows function” and determining appropriate ways of allocating resources to local governments and their agencies. In addition, SLGP will devise and pilot measures to enhance budgetary discipline and better manage debt. SLGP support in this area will entail establishing and advising provincial task forces, providing appropriate training, organising study tours to other provinces, providing consultants, and organising workshops;
- *assessing the progressiveness of and regulating the off-budget fees and charges* that are often levied for key services. SLGP will support provincial policy reviews of such practices and help provincial authorities develop better guidelines and more equitable arrangements;
- enhancing the awareness and understanding, and improving the implementation of the new SBL among local authorities and population (by organising training courses, workshops, seminars etc.);
- reviewing and improving current accounting, audit and review mechanisms for local government; strengthening the capacity of relevant local cadres in these matters;
- *developing plans for the mobilisation of additional financial resources*: although SLGP will not be directly delivering additional financial resources to pilot provinces, it will – contingent upon progress in key areas – actively support pilot provinces, districts and communes in developing and implementing their resource mobilisation plans;

*Output 4: Oversight, accountability and monitoring mechanisms are enhanced at local levels in the pilot provinces.*

To deliver this output, SLGP will include activities such as the following:



- *developing and introducing sound monitoring and evaluation systems at local levels:* SLGP will help provinces in reviewing existing M&E systems, in developing more robust monitoring mechanisms and providing relevant departments and local government units with appropriate guidelines and training. M&E indicators for plans will be developed based on CPRGS indicators; in addition to performance, financial and impact monitoring, process monitoring will include measures of participation, transparency and accountability in planning. The project will also try to adapt UNCDF's Local government MIS for the pilot provinces, which would provide a comprehensive information management system for local government infrastructure and service delivery<sup>7</sup>. Strengthening local level M&E systems will also contribute to improving the planning and budgeting process as a whole, by ensuring that it is better informed and more evidence-based;
- *supporting and assisting the establishment and implementation of provincial transparency policies:* SLGP will support the establishment and functioning of provincial task forces to review and determine procedures, tools and mechanisms aimed at ensuring as much transparency as possible in the areas of planning, budgeting and the management of public resources. The project will facilitate task force activities, provide technical assistance, organise workshops and provide modest subsidies for information provision;
- *improving the quality and flow of information provided to People's Committees and People's Councils and citizens on the quality of public service delivery:* SLGP will help the provinces develop systems, including piloting client surveys, that provide People's Committees and Councils with the information they need to assess the quality of local public services;
- *supporting People's Councils to fulfil their oversight mandate:* SLGP will work to improve the quality of information flows to People's Councils, thus enabling them to strengthen their oversight functions. To strengthen their role in oversight, SLGP will provide technical support and training for members of People's Councils, as well as support in establishing appropriate mechanisms for oversight.

*Output 5: Experience from SLGP provincial innovations as well as from other similar government and donor-funded projects informs and influences national policies (in particular, national guidelines for local socio-economic development planning and budgeting) and is made available to other provinces/donors.*

For this output, the project will undertake activities such as the following:

- *tracking pilot activities closely and analytically:* SLGP will ensure this activity by establishing a sound monitoring system at national and provincial management units, updating its information and data bases and regularly organising workshops to analyse progress and constraints;
- *promoting inter-provincial/district/commune exchanges:* in order to enable learning across the local government system, SLGP will organise regular exchange visits and study tours (both within and between pilot provinces, as well as from other provinces);
- *providing national-level institutions with opportunities to familiarise themselves with pilot activities and SLGP innovations:* SLGP will actively promote the involvement of national policy think tanks in its technical assistance activities, promote visits to pilot provinces by key national stakeholders, and organise regular workshops to familiarise national officials with SLGP pilot activities;
- *publishing and disseminating information on project activities:* SLGP will publish regular bulletins on the progress of its pilot activities and establish a website for disseminating information about the project;
- *liaising/networking with other "like-minded" GoVN and donor-funded programmes:* this will involve ensuring regular interaction with a range of programmes and projects that share

<sup>7</sup> Activities in this area will be closely coordinated with UNDP and DFID's programme of support for the development of a socio-economic development monitoring framework and related capacity-building activities

similar concerns to those of SLGP Activities will include common lesson-learning and sharing forums/workshops and other such events;

- *supporting policy initiatives related to decentralised public service delivery*: SLGP will retain the flexibility to provide, on a demand-driven basis, support for national policy initiatives in the field of decentralisation and local planning, budgeting and management of public resources. Such support may take the form of technical assistance, and organising workshops or appropriate study tours.

In all five outputs, capacity-building – seen here in the specific sense of human resource development – will be a cross-cutting and vital theme. As planning, budgeting and implementation systems/procedures and financing arrangements are refined, and mechanisms for accountability strengthened, SLGP will provide local government officials and citizens with appropriate training and skills development so that they can properly use these enhanced frameworks. Thus local capacities (at provincial, district and commune levels) in the three pilot provinces will be built, improved upon and standardised, and then serve as a platform for building local capacity nationwide. In particular, the project will deal with the following capacities:

- capacity for identifying clearly the local development needs and priorities, especially those of poor men and women;
- capacity for developing, implementing and managing local socio-economic development plans that are closely linked with local budgets and are based on sound analysis and outcomes;
- capacity for managing local budgets and available resources in an effective and transparent manner;
- capacity of governments at higher levels to provide support to and monitoring of governments at lower levels in planning, budgeting and implementation of their plans and budgets;
- capacity for mainstreaming gender into local socio-economic development and poverty reduction activities;
- capacity for facilitating the participation of grassroots citizens and their organisations in planning, budgeting and public resource management.

Such capacity-building will contribute to the delivery of SLGP's specific outputs. Capacity-building therefore needs to be seen as a means to an end, rather than an end in itself – local capacities will be strengthened and built in order to deliver substantive outputs linked to improvements in the planning, budgeting and management of public resources.

These outputs and their related activities are consistent with GoVN policy orientations (particularly with regard to the PAR Master Programme) and are in line with UNDP/UNDAF priorities.

They are also complementary to and supportive of a range of other GoVN and donor-supported initiatives, of which the most important are as follows:

- UNDP's project aimed at strengthening the budgetary oversight functions of the National Assembly and the People's Provincial Councils (CEBA) should be seen as a key partner for SLGP. SLGP will work closely with the CEBA project and avoid duplication, especially at the provincial level. SLGP will focus more on districts and communes, as well as on the oversight functions of People's Committees at all levels.
- UNDP's support for People's Councils is another key SLGP partner project. SLGP will extensively use and build on this project's capacity-building activities for People's Councils. Regular interactions between SLGP and this project will ensure synergy and complementarity between the two.
- UNDP projects that support implementation of the PAR Master Programme are another set of key partners for SLGP. The project will complement PAR activities by working intensively with pilot provinces, with a special focus on planning, budgeting and financing of local-level

service delivery functions – and will ensure that lessons learned are made available to all PAR-related projects.

- other donor-funded CPRGS “roll-out” activities will be complemented by SLGP, in that the project will take a more intensive approach to institutionalising planning, budgeting and financing processes in a limited number of pilot provinces. CPRGS “roll-out” will be seen as potentially providing a strategic framework for provincial planning – and SLGP (by concentrating on the more routine processes of annual planning and budgeting) will seek to add greater depth to any pro-poor focus that is fostered by CPRGS “roll-out” to the provinces.

**SLGP – precisely because it focuses on supporting the capacity of provinces to manage public resources at the sub-provincial level – will be a complement to other similar programmes/projects such as the MoF’s PFMRP particularly with regard to its piloting of provincial Medium Term Expenditure Frameworks (MTEFs); the to-be-formulated Trust Fund for Planning Reform (DFID and MPI); SDC-funded project in Cao Bang province; NORAD-funded PAR project in Ninh Binh province etc.** Ensuring that SLGP’s activities are complementary (rather than parallel) to these and other interventions will be a key responsibility of the Central PMU and the National Steering Committee. It would be necessary to establish a working group/forum with clear agenda and mechanism to serve for local government capacity building purpose.

It is stressed that SLGP will be a *process* project, with the flexibility to respond to new policy initiatives (both national and local) as and when they emerge, and with an in-built capacity to adjust activities in the light of experience and local situations.

### ***Sustainable impact***

SLGP will not be injecting supplementary budgetary resources into local public resource management systems. It will, instead, pursue a strategy of improving the management and use of public resources by local government in selected pilot provinces. Improvements, then, will take place *within* the framework of existing institutional arrangements – and will therefore stand a greater chance of being sustained following project completion. In addition, SLGP will proactively seek to scale-up on a wider basis by promoting national level endorsement of a range of tried and proven improvements in local government activities, and a subsequent “roll-out” – where possible and appropriate – of such improvements to other provinces in Viet Nam. This flexible approach, based on local needs, will further enhance the sustainability of project outcomes.

As mentioned above, SLGP will explicitly contribute to the development of national guidelines for participatory socio-economic development planning and budgeting. By informing this process, the project will thus aim for a sustainable impact through the application by local governments and possible nation-wide replication of the innovations tested out in pilot provinces.

### ***Risks***

The following table provides a brief analysis of the risks associated with SLGP, along with some suggested mitigating actions. These risks are (i) described; (ii) the likelihood of their occurrence is assessed; (iii) their potential impact estimated; and (iv) potential mitigating actions (for avoiding such risks) are outlined.

Table 1: SLGP risk analysis

Risk	Likelihood	Impact	Mitigating action(s)
Pilot provinces prove unwilling to innovate	Possible	High	PM Instruction No. 33 on the 5 Year planning process specifies clear directions for planning reforms, as well as making it clear that provinces are responsible for developing plans that meet local needs and reflect local solutions. SLGP will build on this as an incentive for pilot provinces to innovate. DLRE/MPI – through well-established relations of trust with the provinces – will play a vital role in encouraging provincial commitment to SLGP. In addition, SLGP will (contingent upon changes in planning, budgeting and public resource management by pilot provinces) commit itself to helping provinces mobilise additional resources.
The outputs of the project will not applied/institutionalised by the provinces due to the complexity of the problems and difficulties in reaching consensus.	Possible	Medium to High	SLGP will pursue a strategy of improving the management and use of public resources by local governments in selected pilot provinces. Therefore, the commitment for innovations of governments at all levels is very important and will be sought. As a process project, during the inception phase and through regular technical reviews, detailed needs/capacity assessments will be carried out and activities and work plans will be drawn up by the stakeholders.
GoVN does not sustain its commitment to decentralisation	Unlikely	High	UNDP support to implementation of GoVN's PAR Master Programme provides an opportunity for decentralisation to remain a policy issue.
Local citizens and service users prove unwilling to participate in planning, budgeting and implementation activities	Unlikely	High	Activities aimed at improved transparency will provide local citizens and service users with greater information about planning, budgeting and management of public resources – thus heightening their interest in such issues. Planning systems will reach out in order to make consultations more systematic and comprehensive.
The capacity of implementing agencies proves to be inadequate	Unlikely	Medium	SLGP includes a significant amount of national & international technical assistance; this will strengthen DLRE's capacity to implement SLGP. Provincial agencies will be backstopped and supported by a strengthened central PMU.
Existing institutional framework proves inadequate	Unlikely	Medium	By supporting the implementation of national policies on decentralised planning, budgeting and financing of service delivery, SLGP will be effectively "testing" the overall institutional framework. As, if and when this proves to be a constraint, the project will rapidly feed such learning into national policy circles, where solutions can be identified.
Lack of coordination resulting in working in isolation or in parallel to other GoVN and donors' efforts in the same areas	Unlikely	Medium	MPI (as a whole) will play a leading role in SLGP implementation, thus ensuring close coordination with GoVN and donor initiatives aimed at "CPRGS roll-out" and planning reform. In addition, SLGP will involve the direct participation of MoF (particularly the Budget department, responsible for PFMRP implementation) and other line ministries and their local departments.

There clearly are risks attached to achieving SLGP objectives and outputs. However, whilst many of them would potentially have a high negative impact if they were to materialise, the likelihood of their occurring is not that high. In addition, a range of measures will be taken to minimise risks.

## PART III. MANAGEMENT ARRANGEMENTS

SLGP implementation will begin with *an intensive inception phase*, during which:

- baseline studies and assessments (see below) will be conducted;
- M&E and database needs will be assessed and met;
- detailed activities and plans and budgets for 2005 and 2006 will be defined.

In subsequent years, SLGP will develop annual work plans, which – for each output and for each pilot province – will define project activities and support in detail. This flexible approach to the definition of activities will enable SLGP to be responsive to provincial specificities, to lessons learned during the course of project implementation, and to changes in the overall policy environment in Viet Nam. SLGP annual work plans will be submitted to the National Steering Committee for approval and endorsement.

### **Counterpart capacity assessment**

Primary responsibility for project implementation will lie with the Department of Local and Regional Economy (DLRE) in MPI, the mandate of which includes jointly working with the Department of General Economic Issues (in MPI) for providing guidance on the formulation of long, medium and short term plans at local and regional levels. In terms of mandate, DLRE is well-suited to assuming responsibility for SLGP implementation.

Although DLRE has not to date managed any UNDP projects, it currently manages several large community-based development programmes, funded by the World Bank (in the case of CBRIP – Community-Based Rural Infrastructure Project) and the Asian Development Bank (in the case of CACERP – Capacity Building for Central Region Poverty Reduction Project and CRLIP – Central Region Livelihoods Improvement Project). In the case of CBRIP (which supports small-scale infrastructure delivery in almost 500 communes in 13 provinces in central Viet Nam), DLRE management includes no long term international technical assistance and depends entirely on national personnel. The recent (2004) Mid-Term Review of CBRIP indicated considerable progress and expressed no serious concerns about DLRE project management.

DLRE is well-suited to being the implementing agency for SLGP for other reasons. The Department has a track record of embracing innovative and participatory planning methods that devolve decision-making to local levels – it was an early champion of the participatory approach pioneered by RIDEF in Quang Nam and Da Nang provinces, an approach that has gone on to become the norm for large GoVN national programmes (such as P135) and for a large number of donor-funded initiatives. In addition, DLRE has a well-deserved reputation for understanding the provinces and, as a result, enjoys their trust – this is crucial to SLGP. Finally, DLRE is committed to the institutionalisation of improved approaches to local level infrastructure and service delivery

At project start-up, SLGP will carry out a thorough baseline study and capacity assessment of institutional & organisational arrangements and human resource endowments in each of the three pilot provinces as well as in the NEA. This will allow SLGP to not only assess local capacities in detail (thus leading to the identification of relevant capacity issues, appropriate project activities and work plans) but also to establish a benchmark, against which future progress will be able to be measured. In addition, provincial baselines will be supplemented by a national “baseline”, aimed at mapping the overall institutional framework – again, this will provide a benchmark against which to track future policy developments. Terms of reference for these baseline studies and assessments are included in the annexes to this document.

### ***Designated institution***

SLGP will be implemented in accordance with National Execution modalities (NEX), with the Ministry of Planning and Investment playing the role of the National Executing Agency (NEA).

SLGP will be under the overall responsibility of a National Project Director (NPD), who will be a Vice-Minister of MPI in order to ensure close collaboration between all MPI departments and concerned line ministries (at both national and local levels).

### ***Implementing agency and technical support***

The project will be housed within DLRE/MPI, in office space provided by GoVN. At central level, SLGP will receive technical support from a dedicated PMU, composed of MPI staff and of the following additional members (terms of reference for these and other project positions are included in the annexes of this document):

- an International Senior Technical Adviser (STA);
- a full-time Senior National Technical Coordinator (STC);
- a National Planning Specialist (part-time);
- a National Finance Specialist (part-time);
- an Institutional Specialist (part-time);
- a National Information and Communications Specialist (part-time);
- full-time support staff (project assistant, translator, accountant, etc.).

The International STA (whose input will be full-time in the first year of the project but which will be gradually reduced over the remaining years of SLGP) will provide overall technical coordination for SLGP. Other sources (both national and international) of technical assistance will be provided as and when required.

The central PMU will be responsible for assisting Provincial Implementation Units (PIUs) in designing, implementing and monitoring appropriate activities, and for coordinating project activities – especially technical advisory services and scaling up through activities linked to output 5. Given the many differences between pilot provinces, SLGP will actively encourage flexible and demand-driven work planning – thus allowing local governments and departments the opportunity to obtain appropriate support. SLGP's annual work planning exercises will provide a flexible framework within which to identify detailed activities for each pilot province.

The Budget Department of Ministry of Finance, MPI's Department of General Economic Issues and other departments have mandates and therefore important roles to play in budgeting and financing. Their involvement in SLGP implementation will thus be defined further during the inception phase of the project

At provincial level, and in each of the pilot provinces, SLGP implementation will be the overall responsibility of DPIs. Provincial Implementation Units will be established and composed of:

- a senior officer of DPI (part-time): officer-in-charge
- a full-time local technical expert;
- necessary support staff.

These provincial units will work closely with DoFPs and other line departments, report to their respective Provincial Directors of Planning and Investment, PPComs and to the National PMU. In each pilot province, SLGP will develop a range of suitable activities (in line with project orientations). Any training activities will be sub-contracted out to appropriate service suppliers and supervised by SLGP's national and provincial teams.

Terms of reference for all important SLGP positions are to be found in the Annex I in this document.

UNDP and UNCDF will – as and when necessary and in accordance with SLGP annual work plans – provide short term international technical assistance to the project. This short term international TA will be consistently coupled with national TA, drawn from national policy research institutions and experts (e.g. CIEM, Academy of Finance, NCFAW etc.). By twinning – on an institutional basis – SLGP TA inputs with national expertise, the project would seek to strengthen the capacity of Vietnamese policy think tanks to deal with decentralised service delivery issues as well as to ensure crucial experience of practical working application and inputs to suggested improvements in local government planning/budgeting, financing, and service delivery.

### ***National steering committee***

Although SLGP will be directly implemented by DLRE/MPI, its overall orientations and annual work plans will be appraised and endorsed by a National Steering Committee (NSC) that will include the key national institutions in Viet Nam that oversee poverty reduction and decentralisation policies. One important task of the NSC, together with the Central PMU, is to ensure a good cooperation and coherence with other “like-minded” programmes/projects so that the SLGP’s and other innovations in this field will be institutionalised. The following institutions will be represented in the NSC:

- MPI Vice Minister: Chair
- Senior representative of DLRE: Secretary
- Senior representative of DGEI: Member
- Senior representative of MoF’s Budget Department: Member
- Leaders of PPComs of the pilot provinces (Tra Vinh, Quang Nam and Vinh Phuc): Members

The NSC will meet bi-annually to approve annual workplans and budgets, to examine SLGP progress against the work plans, as well as to ensure that the project is well-placed to grasp any new opportunities offered by Viet Nam’s rapidly evolving policy framework. As and when necessary, the NSC will invite representatives from other organisations (e.g. MPI departments, MoHA PAR project, donor agencies, etc.) to participate in its meetings.

### ***Public information and advocacy***

SLGP – as an integral part of its strategy (see Part II above, output 5) – will engage in routine activities aimed at providing information to national, local and other stakeholders in the implementation of Viet Nam’s poverty reduction, development and decentralisation policies. Information provision will take a variety of forms:

- the publication and dissemination of regular project bulletins;
- annual review workshops (for both local and national stakeholders);
- specifically targeted study tours within and between pilot provinces (for both local and national stakeholders);
- regular information sharing with other like-minded programmes/projects

SLGP will participate actively in national and local forums (conferences, workshops, etc.); and make use of other communication tools (newspaper articles, papers, etc.) for disseminating project activities and results.

## PART IV. MONITORING AND EVALUATION

### *Monitoring and reporting*

During the start-up phase of the project and as part of project inception, external technical assistance will be provided to SLGP in designing a robust monitoring and evaluation (M&E) system. This M&E system will:

- provide stakeholders (GoVN, local authorities, UNDP, UNCDF, etc.) with information on project progress against planned outputs and activities. This aspect of the M&E system will be largely “orthodox” and will provide quantitative indicators enabling stakeholders to assess whether the project is generally on target and making progress towards the delivery of specified outputs. In line with the project’s process-based approach, this aspect of M&E will be closely linked to SLGP’s flexible annual work planning process;
- ensure that there are adequate “process” indicators, which will track the *quality* of the processes and procedures being piloted by the project, and their likely impact on service delivery. This aspect of the M&E system will require the identification of more qualitative indicators, many of which are likely to require periodic surveys and the use of participatory methodologies;
- ensure that corporate reporting requirements (e.g. UNDP and UNCDF’s Strategic Results Framework) are adequately met.

### *Evaluations*

The NSC will conduct half-yearly technical reviews of SLGP. NSC review findings and recommendations will be set out in a clear matrix, and the project will be expected to ensure that these recommendations are translated into action plans.

Representatives from Government Aid Coordination Agency’s (GACA) members, donors and NEA will be invited to annual meetings.

Not later than the end of the second year of the project, a mid-term review (MTR) of SLGP will take place. This will be conducted by UNCDF, UNDP and GoVN. The MTR will determine whether the project is likely to deliver prescribed outputs and achieve its objective. In the light of MTR findings, SLGP will be fine-tuned and adjusted; in the event that progress is judged to be highly satisfactory, the MTR will make recommendations with regard to ways of scaling up and/or replicating SLGP achievements.

Towards the end of the final year of SLGP, a final and independent outcome evaluation of SLGP will take place.



## PART V. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement between the Socialist Republic of Viet Nam and the United Nations Development Programme signed by the parties on 21 March 1978. The host country executing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the Government Cooperating Agency described in that Agreement.

Project Revisions: The following types of revision of this project document may be made with the signature of the UNDP Resident Representative only, provided s/he is assured that the other signatories of the project document have no objections to the proposed changes:

- (a) Revisions in, or addition to, any of the Annexes of the project document;
- (b) Revisions which do not involve significant changes in the outputs or activities of the project, but are caused by rearrangements of inputs already agreed to, or by cost increases due to inflation;
- (c) Mandatory annual revisions which rephase delivery of agreed project inputs, or reflect increased expert or other costs due to inflation, or take into account agency expenditure flexibility.

National Professional Project Personnel: the Government agrees to the recruitment of nationally recruited project professional personnel (NPPP) required for the implementation of this project, in accordance with UNDP policies and procedures established within the United Nations system for this purpose. These services constitute an addition to the regular personnel resources to be provided by the Government and will be available for the duration of UNDP participation in the project. The remuneration of NPPP will be determined on a case-by-case basis in accordance with the policies and procedures of UNDP; it should exceed neither the prevailing compensation for comparable functions in the host country nor remuneration levels applicable within the United Nations system.

## SECTION II – RESULTS AND RESOURCES FRAMEWORK<sup>8</sup>

<p><b>Intended Outcome as Stated in the Country Results Framework:</b></p> <p>1.3. <b>Participation, empowerment and accountability:</b> Decisions relating to the allocation, utilization and mobilization of resources involve &amp; are accountable to local people.</p> <p>3.2. <b>Participation, empowerment and accountability:</b> Governance structures and practices are representative, transparent and accountable to their respective constituencies and decentralized to the extent possible.</p>
<p><b>Outcome indicator as stated in the Country Programme Results and Resources Framework, including baseline and target:</b></p>
<p><b>Applicable MYFF Service Line:</b></p> <p>1.3. Local poverty initiatives, including microfinance</p> <p>1.6. Gender mainstreaming</p> <p>2.6. Decentralisation, local governance and urban/rural development</p> <p>2.7. Public administration reform and anti-corruption</p>
<p><b>Partnership Strategy</b></p> <p>SLGP will be implemented by DLRE/MPL, in conjunction with other central government agencies and three provinces to pilot improved decentralised provision of public goods and services. In addition, SLGP will provide other stakeholders (at central and local levels) with access to information about project activities/outcomes and engage in consistent dialogue with appropriate GoVN institutions and “like-minded” projects and programmes (funded by GoVN and/or donors).</p>
<p><b>Project title and ID: Strengthening Local Government Project (SLGP)</b></p>

<sup>8</sup> **Note:** specific indicators, as well as the detailed activities, workplans and budget will be developed after the completion of the Inception Phase.

Intended Outcomes	Output Targets for (years)	Indicative Activities	Responsible Parties	Inputs
<p><b>1. More effective, participatory and inclusive planning and budgeting systems are developed and used by local governments</b></p> <p><b>Indicators:</b></p> <ul style="list-style-type: none"> <li>- local planning/budgeting procedures revised, improved and operational which allow participatory inputs by and feedback from local communities and lower governments</li> <li>- planning &amp; budgeting procedures revised, improved and operational which ensure that more sustainable financing and institutional O&amp;M arrangements are in place</li> <li>- local-level sector plans prepared which better reflect public input and priorities including gender needs/analysis</li> <li>- commune, district and province plans and budgets approved which reflect public input and a pro-poor focus of expenditures</li> <li>- intersectoral taskforces (or similar) constituted and operational</li> <li>- 5 year provincial plan prepared reflecting public input and which prioritises poverty issues and pro-poor activities</li> </ul>	<ul style="list-style-type: none"> <li>• Annual and longer term SED plans are developed in a more consultative way taking into account, among others, gender aspects (2005+)</li> <li>• Greater coordination between departments and levels in planning &amp; budgeting (2005+)</li> <li>• Participatory and inclusive planning processes are institutionalised (2007+)</li> <li>• Sector planning is more inclusive and more policy-driven (2006+)</li> <li>• Tools for prioritisation developed and used (2006+)</li> <li>• Regular policy issues raised with provincial authorities (2005+) ???</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewing and improving current institutional arrangements and framework for local planning</li> <li>• Piloting participatory and inclusive investment planning and budgeting in selected districts and communes with a view of replicating them across pilot provinces</li> <li>• Support to inclusive and policy-driven planning in selected provincial sector departments</li> <li>• Developing and applying tools for planning and budgeting prioritisation at all levels.</li> <li>• Establishing mechanisms for receiving feedback from mass organizations and CFAWs; taking gender aspects into consideration for planning.</li> <li>• Maintaining dialogue with provincial authorities on policy issues/processes</li> </ul>	<p>CPMU and Provincial Teams</p>	<ul style="list-style-type: none"> <li>• STA</li> <li>• National Specialists</li> <li>• Short term national TA (Institutions)</li> <li>• Training</li> <li>• Study tours</li> <li>• Workshops</li> <li>• Publications and communications</li> </ul> <p>The total value of inputs for Output 1 is US\$414,000 including GMS fees.</p>

Intended Outputs	Output Targets for (years)	Indicative Activities	Responsible Parties	Inputs
<p><b>2. Investment scheme implementation by local government is more transparent and effective</b></p> <p><b>Indicators:</b></p> <ul style="list-style-type: none"> <li>- <i>implementation responsibilities for local investments delegated to district and communes</i></li> <li>- <i>procedures devised and operationalised to ensure technical support by district/province line departments to support investment implementation by communes and communities</i></li> <li>- <i>a greater monitoring role assigned to communes and communities for those investments still managed by provinces and districts</i></li> </ul>	<ul style="list-style-type: none"> <li>• Project ownership is delegated to lower tier local governments (2005+)</li> <li>• Technical backstopping for lower tier local governments is institutionalised (2005+)</li> <li>• District and commune level financial management is improved (2006+)</li> <li>• Community involvement in scheme implementation is increased (2006+)</li> </ul>	<ul style="list-style-type: none"> <li>• Provincial PCs hand over project ownership to districts and communes</li> <li>• Provincial authorities develop guidelines on technical backstopping commune and district investments</li> <li>• Training on financial management for district and commune level cadres</li> <li>• Implementing community-level oversight of investment implementation</li> </ul>	<p>CPMU, Provincial Teams and related local PCcoms and departments</p>	<ul style="list-style-type: none"> <li>• STA</li> <li>• National Specialists</li> <li>• Training</li> <li>• Study tours</li> <li>• Workshops</li> <li>• Publications and communications</li> </ul> <p>The total value of inputs for Output 2 is US\$ 354,500 including GMS fees.</p>

Intended Outputs	Output Targets for (years)	Indicative Activities	Responsible Parties	Inputs
<p><b>3. Appropriate local government financial management mechanisms and fiscal arrangements are established and used</b></p> <p><b>Indicators:</b></p> <ul style="list-style-type: none"> <li>- awareness/understanding of SBL of local cadres and population improved</li> <li>- policy guidelines providing clear definition of the respective province, district &amp; commune functions and expenditure assignments prepared, adopted and applied by province authorities</li> <li>- policy guidelines providing clear definition of the respective province, district and commune tax and non-tax revenue assignments prepared, adopted and applied by Province authorities</li> <li>- policy guidelines setting out transparent and equitable sub-province fiscal transfer arrangements prepared, adopted and applied by province authorities</li> <li>- policy guidelines for simpler, more equitable and transparent fees and charges prepared and adopted by province authorities, and applied by communes</li> <li>- increased availability of capital budget resources to province authorities -</li> </ul>	<ul style="list-style-type: none"> <li>• Local authorities and population fully aware of the new SBL</li> <li>• Provincial fiscal frameworks established and operative (2006+)</li> <li>• Improved current accounting, audit and review mechanisms for local government and build up the capacity of relevant local cadres.</li> <li>• Policies on fees and charges reviewed and amended (2006+)</li> <li>• Improved mobilisation of resources at local levels (2006+)</li> </ul>	<ul style="list-style-type: none"> <li>• Training/campaign on the new SBL</li> <li>• Reviewing and improving the current provincial fiscal frameworks</li> <li>• Reviewing and improving current accounting, audit and review mechanisms for local government</li> <li>• Strengthening the capacity of relevant local cadres.</li> <li>• Helping provinces to conduct assessments/reviews and the development of provincial policies on fees and charges</li> <li>• Facilitate provincial plans for mobilising more resources</li> </ul>	<ul style="list-style-type: none"> <li>• CPMU, Provincial Teams and consultants</li> </ul>	<ul style="list-style-type: none"> <li>• STA</li> <li>• Short term international TA</li> <li>• National Specialists</li> <li>• Short term national TA (Financial Institutions)</li> <li>• Workshops</li> <li>• Training on SBL, accounting, audit mechanisms</li> <li>• Study tours</li> <li>• Publications and communications</li> </ul> <p>The total value of inputs for Output 3 is US\$ 396,500 including GMS fees.</p>

Intended Outputs	Output Targets for (years)	Indicative Activities	Responsible Parties	Inputs
<p><b>4. Oversight, accountability and monitoring mechanisms are enhanced at local levels</b></p> <p><b>Indicators:</b></p> <ul style="list-style-type: none"> <li>- timely, comprehensive and accurate reports by local governments and sector departments are available on plan/budget implementation, and on local infrastructure &amp; service delivery performance</li> <li>- PComs receive increased information and are performing effective scrutiny and control of PComs and sector department activities</li> <li>- PComs receive increased information and are performing effective scrutiny and control over sector department activities, and lower level PComs activities</li> <li>- increased efforts by local governments and by local sector departments to publicise their activities, plans and budgets</li> <li>- increased public awareness of local government and local sector plans, budgets and activities</li> <li>- evidence of feedback -- by the public and by People's Councils -- being acted upon by concerned bodies</li> <li>- provincial policy guidelines to enhance overall transparency and accountability devised, adopted and applied by provinces, districts and communes</li> </ul>	<ul style="list-style-type: none"> <li>• Simple M&amp;E systems developed and used (2005+)</li> <li>• Provincial policy on transparency is established and operational (2005+)</li> <li>• People's Committees have access to better information on service delivery performance (2005+)</li> <li>• People's Councils provide better oversight (2005+)</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and introduce robust M&amp;E systems in 3 pilot provinces</li> <li>• Develop provincial policies on transparency</li> <li>• Develop and support information systems for People's Councils and People's Committees</li> <li>• Support People's Councils in enhancing their capacity to implement oversight role (needs identification and training programme)</li> </ul>	<ul style="list-style-type: none"> <li>• STA and national TA</li> <li>• CPMU and Provincial Teams</li> <li>• Related PPCs, DPCs and departments</li> </ul>	<ul style="list-style-type: none"> <li>• STA</li> <li>• Short term international TA</li> <li>• Short term national TA (National Institutions)</li> <li>• Publications and communications</li> <li>• Workshops</li> <li>• Study tours</li> <li>• Training sessions</li> </ul> <p>The total value of inputs for Output 4 is US\$ 395,500 including GMS fees.</p>

Intended Outputs	Output Targets for (years)	Indicative Activities	Responsible Parties	Inputs
<p><b>5. Experience from SLGP innovations informs and influences national policies (in particular, planning guidelines) and is made available to other provinces/donors</b></p> <p><b>Indicators:</b></p> <ul style="list-style-type: none"> <li>- SLGP innovations are analysed, documented and reports made available in accessible form</li> <li>- national legal/regulatory framework on (PRGS, PAR and (fiscal) decentralization adapted or further developed to reflect SLGP lessons</li> <li>- national (and project) guidelines and manuals on local planning, budgeting, investment implementation, operation and maintenance, etc., are revised or developed, reflecting SLGP lessons</li> <li>- donor-funded projects or support programmes adopt one or other aspect of SLGP strategy and innovations</li> </ul>	<ul style="list-style-type: none"> <li>• Project activities tracked and analysed (2005+)</li> <li>• National level actors are familiar with SLGP principles and practices (2005+)</li> <li>• Project bulletins published and circulated (2005+)</li> <li>• Regular contact maintained with “like-minded” programmes and projects (2005+)</li> <li>• GoVN policy initiatives are supported (2005+)</li> <li>• National guidelines on local planning developed and used, gender aspects addressed.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular monitoring and analysing project activities against its outcomes</li> <li>• Organising inter-local exchanges over project activities</li> <li>• Providing national level actors with access to information on project principles and activities</li> <li>• Exchange visits take place (2006+)</li> <li>• Publishing and disseminating information on project activities</li> <li>• Liaising with “like-minded” programmes and projects (networking, regular meetings, workshops etc.)</li> <li>• Promoting GoVN policy initiatives on decentralisation</li> <li>• Supporting development of national guidelines on local planning and budgeting</li> </ul>	<p>NSC, CPMU, Provincial Teams and consultants</p>	<ul style="list-style-type: none"> <li>• STA</li> <li>• National Communications Specialist</li> <li>• Short term international TA (M&amp;E)</li> <li>• Short term national TA (M&amp;E)</li> <li>• Publications and communications</li> <li>• Workshops</li> <li>• Study tours</li> <li>• Training</li> </ul> <p>The total value of inputs for Output 5 is US\$ 356,000 including GMS fees.</p>
<p><b>6. Project support</b></p>	<ul style="list-style-type: none"> <li>• Central PMU and provincial teams established (2005)</li> <li>• Equipment/vehicle(s) procured (2005)</li> <li>• Operations &amp; maintenance costs covered</li> </ul>	<ul style="list-style-type: none"> <li>• Establish central PMU and provincial teams</li> <li>• Procure equipment/vehicle(s)</li> <li>• Operations and maintenance</li> </ul>	<p>NSC, CPMU, Provincial Teams, UNDP, UNCDF</p>	<ul style="list-style-type: none"> <li>• NSC</li> <li>• PA</li> <li>• Central PMU staff</li> <li>• Provincial staff</li> <li>• Equipment</li> <li>• Operations costs</li> <li>• Travel</li> <li>• Audit</li> <li>• Management fees</li> </ul> <p>Total value of inputs for Output 6: US\$ 833,500</p>

# SLGP ANNUAL WORKPLAN AND SUMMARY BUDGET (USD)

Award ID: 00039111  
 Award Title: Strengthening Local Government Capacity  
 Year: 2005

Project ID	Exp. Outputs	Indicative Activities	Timeframe				Resp Party	Planned Budget		2005	Years 2+	Total		
			Q1	Q2	Q3	Q4		Fund	Donor					
			Budget Description											
	<b>Output 1:</b> <i>Improved procedures and systems for local planning and budgeting</i>	<b>Activity 1:</b> Developing tools for planning and budgeting prioritisation at all levels	x	x	x	x	CPVN	UNCDF	71200 STA	9,540	20,000	29,540		
			x	x	x	x	CPVN	UNCDF	71600 Travel STA	1,590	4,600	6,190		
			x	x	x	x	CPVN	UNDP	71300 Planning consultant	1,908	4,000	5,908		
			x	x	x	x	CPVN	UNDP	71300 Finance consultant	2,544	4,000	6,544		
			x	x	x	x	CPVN	UNDP	71300 Institution consultant	3,816	4,000	7,816		
			x	x	x	x	CPVN	UNDP	71300 Com. consultant	3,815	4,000	7,815		
			x	x	x	x	CPVN	DFID	71300 Sub-contract	4,770	5,000	9,770		
			x	x	x	x	CPVN	UNDP	72400 Communication	477	900	1,377		
			x	x	x	x	CPVN	DFID	74500 Miscellaneous	9,540	29,500	39,040		
							UNDP		75100 GMS (5%)					
					<b>Sub-total A1</b>							38,000	76,000	114,000
					<b>Activity 2:</b> Piloting new investment schemes					UNCDF	71200 STA	-	40,000	40,000
										UNCDF	71600 Travel STA	-	13,000	13,000
										UNDP	71300 Planning consultant	-	14,000	14,000
										UNDP	71300 Finance consultant	-	31,000	31,000
							UNDP	71300 Institution consultant	-	40,000	40,000			
							UNDP	71300 Com. consultant	-	40,000	40,000			
							DFID	71300 Sub-contract	-	35,000	35,000			
						UNDP	72400 Communication	-	3,000	3,000				
						CPVN	74500 Miscellaneous	-	70,000	70,000				
						UNDP	75100 GMS (5%)	-	14,000	14,000				
		<b>Sub-total A2</b>								300,000	300,000			
		<b>Sub-total Output 1</b>							<b>38,000</b>	<b>376,000</b>	<b>414,000</b>			



<b>Output 2:</b> <i>District and commune investments become more transparent and effective</i>	<b>Activity 3</b> Decentralising project ownership to districts and communes	UNCDF	71200 STA		CPVN	x				20,500	40,000	60,500	
		UNDP	71300 Planning consultant		CPVN	x				2,000	6,000	8,000	
		UNDP	71300 Finance consultant		CPVN	x				4,000	12,000	16,000	
		UNDP	71300 Institution consultant		CPVN	x				2,000	7,000	9,000	
		UNDP	71300 Com. consultant		CPVN	x				2,000	7,000	9,000	
		DFID	71300 Sub-contract		CPVN	x				10,000	25,000	35,000	
		UNDP	72400 Communication		CPVN					10,000	2,500	2,500	
		DFID	74500 Miscellaneous		CPVN	x				10,000	34,500	44,500	
			75100 GMS (5%)		UNDP					50,500	134,000	184,500	
			<b>Sub-total A3</b>										
	<b>Activity 4</b> Developing commune technical guidelines	UNCDF	71200 STA		CPVN					-	20,000	20,000	
		UNDP	71300 Planning consultant		CPVN					-	12,000	12,000	
		UNDP	71300 Finance consultant		CPVN					-	12,000	12,000	
		UNDP	71300 Institution consultant		CPVN					-	16,000	16,000	
		UNDP	71300 Com. consultant		CPVN					-	18,000	18,000	
		DFID	71300 Sub-contract		CPVN					-	36,000	36,000	
		UNDP	72400 Communication		CPVN					-	2,000	2,000	
		DFID	74500 Miscellaneous		CPVN					-	54,000	54,000	
			75100 GMS (5%)		UNDP					-	170,000	170,000	
			<b>Sub-total A4</b>										
<b>Output 3:</b> <i>Improved local fin. management mechanisms at all three levels</i>	<b>Activity 5</b> Establishing appropriate provincial fiscal frameworks	UNCDF	71200 STA		CPVN	x	x			17,000	40,000	57,000	
		UNCDF	71600 Travel STA		CPVN	x	x			5,000	10,000	15,000	
		UNDP	71300 Finance consultant		CPVN	x	x			6,000	40,000	46,000	
		UNDP	71300 Com. consultant		CPVN	x	x			2,000	20,000	22,000	
		DFID	71300 Sub-contract		CPVN	x	x			10,000	45,000	55,000	
		UNDP	72400 Communication		CPVN	x	x			10,000	4,500	4,000	
		DFID	74500 Miscellaneous		CPVN	x	x			10,000	60,500	70,500	
			75100 GMS (5%)		UNDP					50,000	220,000	269,500	
			<b>Sub-total A5</b>										
			<b>Sub-total Output 2</b>								<b>50,500</b>	<b>304,000</b>	<b>354,500</b>





												235
												120,500
												55,000
												45,800
												72,000
												74,400
												17,500
												131,630
												12,000
												37,000
												8,000
												100,000
												24,000
												11,500
												30,000
												30,500
												108,670
												713,000
												833,500
												2,750,000
												311,000
												366,000
												802,000
												402,000
												467,500
												802,000

**Notes:**

- The current available budget is \$2,750,000 (including General Management Service fees but excluding the government contribution) and the project planned budget is \$4,000,000.
- The planned activities **will not be, in any case, affected** by the difference between the actual available budget and the planned budget, rather it reflects the intention to include two more pilot provinces (one in the Central Highlands) into the project coverage.
- The budget deficit of \$1,250,000 will be mobilised from the UN joint programme 2006-2010 and from other potential donors.

## GOVERNMENT CONTRIBUTIONS (IN KIND AND IN CASH)

*Currency unit: USD*

Description	Year 1	Year 2+	Total
<b>Personnel</b>			
Central government personnel (part time)	11,250	33,750	45,000
Salary for 8 senior officials CPMU: 02 (NPD and DNPD) PPMU: 3 provincial leaders and 3 directors	5,250	15,750	21,000
Local experts: 15 - Province: 9 - CPMU: 6	6,000	18,000	24,000
Office premises: 6 PPMU: 03 CPMU: 03	103,000	-	103,000
O&M (Charge for car purchasing, electricity, water supply, drivers, fuel for cars, etc.)	25,000	75,000	100,000
<b>Total</b>	<b>139,250</b>	<b>108,750</b>	<b>248,000</b>

Proposed List of Equipment

#	Equipment	Unit	Ha Noi	Vinh Phuc	Quang Nam	Tra Vinh	Total	Unit price (USD)	Cost	Remark
1	Car (7 seats)	item		1	1	1	3	30,000	90,000	
2	PC and UPS	set	5	3	3	3	14	1,000	14,000	
3	Laptop	item	1				1	2,000	2,000	
4	Laser Printer	item	2	1	1	1	5	500	2,500	
5	LCD projector	item	1				1	3,000	3,000	
6	USB driver	item	5	2	2	2	11	50	550	
7	Photocopy machine	set	1				1	4,000	4,000	
8	Facsimile machine	set	1	1	1	1	4	350	1,400	
9	Desk telephone	set	3	1	1	1	6	30	180	
10	Filing cabinet	set	6	2	2	2	12	300	3,600	
11	Computer desk & chair	set	5	3	3	3	14	50	700	
12	Meeting table + 6 chairs	set	1	1	1	1	4	300	1,200	
13	Desk + 2 chairs	set	7	2	2	2	13	100	1,300	
14	Airconditioner	item	3	1	1	1	6	1,000	6,000	
16	Cabinet	item	3	1	1	1	6	200	1,200	
<b>Total</b>			<b>44</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>101</b>		<b>131,630</b>	

# ANNEX I – TERMS OF REFERENCE

## I. SLGP BASELINE ASSESSMENTS AND SURVEYS

### 1. *Introduction*

Prior to the operational start-up of the project, baseline assessments and surveys will be carried out in all three pilot provinces. These assessments will:

- provide baseline data on the current institutional set-up in Quang Nam, Tra Vinh and Vinh Phuc provinces that will be of use to later evaluations and reviews. This data will provide SLGP with a detailed description of current organisational structures; systems, procedures and regulations; and management arrangements;
- inform decision-making during the inception phase (at project start-up) concerning issues such as local capacities for planning, budgeting and managing public resources; current public expenditure management arrangements; service and infrastructure delivery procedures and practices; existing oversight arrangements and capacity, etc.

The provincial baseline assessments will focus in on institutional and related issues, and are not intended to provide a comprehensive socio-economic overview of each province.

In addition, the baseline assessments and surveys will include a detailed examination of the overall national policy framework within which SLGP will begin its activities.

### 2. *Provincial baselines - thematic areas*

The surveys/assessments in each of the three provinces will provide information on the following subjects:

#### (1) Organisational and HRM issues:

- current staffing (number, qualifications, gender, etc.) and functional (job descriptions, departmental functions and responsibilities, organogrammes, etc.) arrangements at provincial, district and commune levels;
- existing training and HRM arrangements in the province;
- ICT availability at provincial and district levels;
- existing “cross-cutting” committees and/or working groups (functions, composition, functionality, etc.). Examples of such committees might include inter-sectoral task forces, HEPR committees, etc.

#### (2) Planning

- current planning practice at provincial, district and commune levels (methods used, community participation, sector involvement, etc.);
- existing screening and prioritisation methods for provincial, district and commune investments;
- current design and costing methods for infrastructure investment preparation.

### (3) Budgeting and financial management

- current budgeting arrangements (levels of budget preparation, recurrent budgeting practices, use of norms, approval systems, local level discretion, linkages between recurrent and capital budgets, etc.);
- current expenditure/revenue assignments, transfer mechanisms and debt management policies in each province;
- current accounting and financial reporting arrangements (periodicity, timeliness, content, etc.), especially at all local government and departmental levels;
- current internal auditing mechanisms (periodicity, responsibility, reporting, etc.).

### (4) Service and infrastructure delivery

- current procurement arrangements at provincial, district and commune levels (procurement committees, adherence to regulations, ceilings, etc.);
- existing private sector capacity to provide/produce services (e.g. infrastructure, engineering services, etc.);
- existing operations and maintenance procedures and practices;
- current service delivery arrangements (facilities, access, staffing, quality, etc.) in key sectors (education, health, roads, agriculture).

### (5) Oversight, monitoring and evaluation

- current executive oversight mechanisms for service delivery within the PPComs and PPCouncils (flows and quality of information, analysis, feedback to departments, etc.). This would include examining current practices with regard to the scrutiny and approval of plans and budgets by the People's Councils;
- current monitoring arrangements used by key sector departments (health, education, agriculture) and how/whether these are performance related;
- current opportunities for citizen and corporate feedback on the quality and completeness of key service functions (education, health, etc.);

In addition, the baseline study would also indicate whether other projects and programmes linked to the planning, budgeting and management of public resources were operational in pilot provinces. This would provide SLGP with a basis upon which to establish useful linkages with them.

## 3. *Policy framework baseline study*

In addition to the provincial baseline assessments/surveys, SLGP will also conduct a study of the national policy framework. This study will examine the current set of laws, regulation and policies that underpin the structure, functioning and operations of local government systems in Viet Nam. The study will:

- detail the principal provisions of laws and regulations and policy orientations as they apply to local government in Viet Nam, and assess the extent to which they provide an enabling framework for decentralised planning, budgeting and management of public resources. If the assessment indicates potential bottlenecks or constraints, recommendations will be made with regard to how SLGP should try to deal with them.
- examine the extent to which the national policy framework is of a binding nature and the degree to which provinces actually comply with the spirit and letter of policies and statutory regulations. In the event that compliance is weak, the study will go on to examine some of the ways in which GoVN might wish to strengthen it.



#### 4. *Organisational and other issues*

The baseline survey/assessment will be conducted over a period of one month in each of the three provinces, *prior* to project start-up. The baseline surveys will be coordinated by a short term international consultant (team leader), with expertise in institutional assessments of this kind and experience in the fields of HRM, organisational analysis and public service delivery. Surveys will be conducted by a team of national consultants (preferably from GoVN policy think tanks such as CJEM, Academy of Finance, ISOS, etc.).

The team will provide SLGP with a full report (in English and Vietnamese), to be made available prior to the inception phase of the project.

## II. SLGP INSTITUTIONS AND POSITIONS

### (i) **NATIONAL STEERING COMMITTEE (NSC)**

The National Steering Committee (NSC) of SLGP will be established by the Vietnamese side. The NSC will meet bi-annually to examine SLGP progress and to review annual work plan proposals, as well as to ensure that the project is well-placed to grasp any new opportunities offered by Viet Nam's rapidly evolving policy framework. As and when necessary, the NSC will invite representatives from other organisations (e.g. MPI departments, MoHA/PAR, donor agencies, etc.) to participate in its meetings.

The primary responsibilities of the NSC are to:

1. endorse the overall orientations of the project;
2. approve and endorse the inception report of the project, including the proposed M&E plan as well as the work plan for the first year of the project;
3. approve and endorse subsequent annual work plans of the project;
4. oversee the implementation of the project;
5. guide and supervise the departments, agencies and local administrations at national and provincial levels concerned with regard to the activities and implementation of the project;
6. receive and analyse the various reports of the project;
7. analyse and resolve any issues that may arise during the course of project implementation;
8. ensure solid linkages between central and local level counterparts and propose potential solutions to any issues arising from central-local interactions;
9. ensure good cooperation and coherence of SLGP with other similar projects/programmes.

The NSC will be composed of representatives from the following:

- Vice-Minister (MPI): Chair (NPD)
- Senior representative of DLRE (MPI): Secretary (DNPD)
- Senior representative of the Budget Department (MoF): Member,
- Senior representative of the Department of General Economic Issues (MPI): Member,
- Lead representatives of People's Committees of the three pilot provinces (Tra Vinh, Quang Nam and Vinh Phuc): Members.

Other departments, agencies and stakeholders will be represented in accordance with decisions made by the Chairperson.

**(ii) NATIONAL PROJECT DIRECTOR (NPD)**

The National Project Director (NPD) is the focal point for responsibility and accountability in a nationally executed project. The NPD will be a Vice Minister of the Ministry of Planning and Investment. The NPD is responsible for overall management, successful, timely and cost effective implementation of project activities achieving project objectives and is accountable to UNDP and the Government for proper and effective use of project resources. The NPD is also primarily responsible for supervising and guiding SLGP's PMU.

In accordance with these primary responsibilities, the NPD will:

1. act as the focal point and responsible party for the project on behalf of the NSC and MPI;
2. in accordance with the project document, appoint the Deputy National Project Director (DNPD), who will be authorised to take charge of day-to-day project implementation;
3. ensure that all government inputs committed to the project are made available as and when needed;
4. supervise the activities and performance of the PMU;
5. assist the PMU in the implementation of the project, in accordance with the Project Document and annual work plans;
6. chair meetings of the PMU;
7. endorse and approve project-related appointments (PMU members, counterparts and consultants);
8. ensure close coordination between the project, local authorities and central levels of government;
9. assume overall financial responsibility for the project and approve timely disbursement of project funds in accordance with the procedures stipulated in the official NEX Manual and as specified in Part V of the project document. As and when necessary, these functions will be delegated to the DNPD;
10. call for and organise annual NSC meetings;
11. give guidance by attending the PMU's regular meetings;
12. represent the project at meetings of the parties to the project document;
13. provide assistance to the project in the implementation of activities that involve other agencies of the government;
14. ensure good cooperation and coherence of SLGP with other similar projects/programmes.

**(iii) DEPUTY NATIONAL PROJECT DIRECTOR (DNPD)**

The Deputy National Project Director will be appointed by the NPD. His/her responsibilities will include all those functions delegated to him/her by the NPD (see ToRs for the NPD). Accordingly, the DNPD – contingent upon official delegation by the NPD – will have the following responsibilities:

1. ensure that all government inputs committed to the project are made available as and when needed;
2. supervise the activities and performance of the PMU;
3. assist the PMU in the implementation of the project, in accordance with the Project Document and annual work plans;
4. chair meetings of the PMU;
5. together with NPD, endorse and approve project-related appointments (PMU members, counterparts and consultants);
6. ensure close coordination between the project, local authorities and central levels of government;
7. approve timely disbursement of project funds in accordance with the procedures stipulated in the official NEX Manual and as specified in Part V of the project document;
8. give guidance by attending the PMU's regular meetings;
9. represent the project at meetings of the parties to the project document;
10. provide assistance to the project in the implementation of activities that involve other agencies of the government;
11. report to the NPD, UNDP and other SLGP donors.

**(iv) NATIONAL SENIOR TECHNICAL COORDINATOR (STC)**

The National Senior Technical Coordinator will be the principal technical counterpart to the International Senior Technical Advisor (STA) and will also assume significant coordination responsibilities for SLGP implementation. S/he will assume day-to-day management responsibilities for the project, and will be assisted by a Project Assistant (PA) and other project staff in this matter.

*A. Principal technical coordination responsibilities:*

1. Under the direction of the NPD/DNPD and in cooperation with the STA, the STC has overall responsibility for overseeing the activities of SLGP's central PMU and Provincial Implementation Units, as well as for coordinating and guiding the work of international and national consultants involved in project implementation;
2. Preparing, in collaboration with the STA and other PMU members, the detailed project inception report and subsequent annual work plans.
3. Advise the NPD/DNPD, UNDP, UNCDF and other stakeholders on substantive issues linked to SLGP implementation.
4. Maintain close collaboration with relevant GoVN agencies and PPComs for all activities linked to SLGP implementation.
5. In close cooperation with STA and other consultants, provide direct inputs for all outputs.
6. Identify key national stakeholders and local partners (GoVN agencies, research and policy institutes, training facilitators, etc.) for involvement in SLGP implementation.
7. In close collaboration with the ISTA, supervise the contracting of international and national experts and consultants. This will include drafting appropriate Terms of Reference, monitoring performance and assessing the quality of outputs.
8. Take responsibility for the implementation of SLGP's annual work plans.
9. Assist the DNPD in acting as secretary to SLGP's National Steering Committee.
10. Supervise and support the work of the Central PMU's staff in coordinating activities and SLGP inputs, and in reporting on the project to the NPD/DNPD, UNDP and UNCDF.
11. Actively participate in all seminars, workshops, conferences and other learning events, whether organised by the project or by other parties.

12. Serve as the national liaison between UNDP/UNCDF and MPI on SLGP activities.
13. Carry out other tasks as defined by the NPD/DNPD.
14. Report to the NPD/DNPD, UNDP and other SLGP donors

*B. Principal management responsibilities*

Under the authority of the NPD/DNPD and in collaboration with the PA, the STC will have the following duties and responsibilities:

1. Assuming operational responsibility for the execution of the project in accordance with procedures and practices outlined in the NEX manual.
2. Ensuring that all agreements with designated implementing agencies and sub-contractors are prepared, negotiated and agreed. Supervise and coordinate the implementation of these agreements.
3. Initiating and administering the mobilisation of project inputs under the responsibility of the NEA.
4. Assuming direct responsibility for managing the project budget on behalf of the NPD/DNPD to ensure that:
  - Project funds are made available as needed and are disbursed properly;
  - Accounting records and supporting documents are kept,
  - Financial reports are prepared,
  - Financial operations are transparent and comply with NEX rules, and,
  - Records are available in order for auditing at any time.
5. Managing project physical resources (equipment, etc.) financed by UNDP.

*C. Qualifications:*

1. Master's degree and at least 15 years experience in development in Viet Nam.
2. Have broad technical knowledge of SLGP's areas of intervention.
3. Be an experienced manager familiar with project implementation processes and procedures, with excellent advocacy and coordinating skills and able to take a forward looking strategic view.
4. Be familiar with senior management practices in MPI.
5. Have excellent interpersonal skills and a proven track record of managing technical inputs from a range of part-time consultants and experts.
6. Prior experience of working with UNDP and other international organisations.
7. Be fluent in written and spoken English.

*D. Duration of assignment: 48 months (full time, yearly contracts)*

*E. Duty station: Hanoi and other provinces of Viet Nam as required.*

**(v) INTERNATIONAL SENIOR TECHNICAL ADVISOR (STA)**

An international **Senior Technical Advisor (STA)** will be recruited to provide technical support to the project management and implementation, as well as policy advices to the GoVN, to participating provinces and UNDP/UNCDF on the above mentioned areas.

**MAIN FUNCTIONS**

The STA is expected to have four main functions as follows:

1. Take the overall technical responsibility for supporting SLGP to deliver all its planned outputs with good quality, the focus will be on providing and coordinating technical inputs for capacity building of government partners.
2. Provide technical support to the project management, implementation and coordination.

3. Serve as policy advisor for the National Executing Agency (NEA), the Government and UNDP/UNCDF in the areas of substantive activity that are being addressed by the project.
4. Advocate for pro-poor, decentralised, participatory and gender sensitive planning, budgeting and public resource management; learn, share and disseminate relevant international and national development experiences/good practices with relevant stakeholders (including similar projects funded by the Government and/or by donors).

### **SPECIFIC DUTIES**

#### **Technical Assistance (TA):**

1. Identify the TA and capacity strengthening needs of the government partners. This includes making substantial inputs and use of the results of the Local Capacity Assessment (LCA) in three pilot provinces (drafting TOR, data analysis, commenting on findings and recommendations etc.).
2. Based on the needs identified, provide TA to the project and coordinate other short-term national and international TA. The later includes i) developing Terms of Reference for short-term technical consultants and sub-contractors; ii) guiding and supporting the short-term technical consultants and sub-contractors; iii) reviewing their outputs and recommendations to make sure that these are of good quality and contribute to the achievement of the project outputs; and iv) ensuring that the recommendations are accompanied by the detailed action plans required for implementation.

#### **Support Management:**

3. Provide technical support to the project implementation, management and coordination. This includes:
  - providing substantive inputs, together with the STC and project team, in preparing annual work plans and budgets, especially in making sure that (i) the findings of the LCA, identified TA/capacity strengthening needs of government partners are incorporated in the annual WPs and budgets, and (ii) the workplans and budgets are feasible and most effectively contribute to the achieving the project outputs/outcome;
  - devising, with the support of the project team and UNDP PO, the project Monitoring and Evaluation (M&E) system and make the system fully operational by the 4<sup>th</sup> quarter 2005;
  - supporting UNDP to ensure that the activities in provinces and national level are implemented in coordinated ways as well as that the SLGP works in harmonization and coherence with other similar and related projects supported by GOVN and/or donors;
  - providing support to NEA in preparing reports for in mid-year and annual reviews.

#### **Policy Advisory and Advocacy:**

4. Provide substantive inputs to workshops, conferences and research on SLGP-related themes;
5. Contribute actively to the policy debates on decentralised planning and budgeting and management of public resources in Viet Nam;
6. Identify, document and actively share updated information and best national and international experience on pro-poor, decentralised, participatory and gender sensitive planning, budgeting and public resource management with relevant stakeholders;
7. Provide policy advices and advocacy supports as may be required by the GoVN and UNDP on the relevant topics;

#### **Reporting:**

8. Prepare detailed project inception report at the end of the 2<sup>nd</sup> month in charge, as well as field mission reports.
9. Prepare an end-of-assignment report which focuses on key lessons learned and best practices drawn from project management and capacity building processes as well as major substantive issues that have emerged and that would require further assistance from UNDP/UNCDF in the future.

**Other:**

10. Provide other relevant professional advice and assistance as needed.

**REPORTING ARRANGEMENTS**

The STA will implement his/her main functions and undertake specific duties under the direct guidance and supervision of the National Project Director (NPD) and delegated Deputy National Project Director (DNPD). The STA will collaborate closely with the national Senior Technical Coordinator (STC) and UNDP PO, and be accountable to UNDP and UNCDF as key partners in this project.

In line with UNDP's staff rules, the STA's annual performance will be measured by a simplified RCA if he/she is an ALD (activity limited duration) contract holder. The RCA will be completed by the STA him/herself and reviewed by UNDP's Competency Review Group.

**QUALIFICATIONS**

- Masters degree in public administration and management or a relevant discipline.
- At least 12 years practical experience(both regionally and internationally, with local experience being desirable) in public sector reform and capacity building of which at least half is related to improving local government capacities for infrastructure/service delivery and/or pro-poor and inclusive planning, budgeting and the management of public resources. This will include experience in establishing accountability and M&E frameworks at the local government level.
- Substantive experience in leading multi disciplinary teams of professionals.
- Strong analytical and conceptualization skills.
- Strong skills in dealing with and presenting sensitive and complex issues in the areas concerned.
- Good team player, sound judgment, flexibility, adaptability and cultural sensitivity.
- Ability to work under pressure, results oriented.
- Strong oral and written English.
- Good computer skills (word, spreadsheets and databases, power point presentation).
- Knowledge of Vietnam and the Vietnamese language is an advantage.

C. *Duration of assignment: full time one year with possible extensions*

D. *Duty station: Hanoi with regular missions to pilot provinces*

**(vi) PROJECT ASSISTANT (PA)**

The Project Assistant's primary responsibility is to assist the STC in his/her management functions (as specified in the STC's Terms of Reference – Section B). The PA will therefore be immediately accountable to the STC. The PA will also have the following specific duties and responsibilities:

A. *Principal responsibilities*

1. Assist the DNP, STC and STA in coordinating and managing the project's activities.
2. Maintain day-to-day collaboration with the national and international experts and consultants, counterpart staff and other project stakeholders.
3. Assist the STC in negotiating the terms of contracts with individuals and institutions to be engaged in SLGP activities, following up on and monitoring the delivery of agreed outputs.
4. Monitor implementation of the project's work plans and ensure that progress and financial reports are submitted on a timely basis.
5. Day-to-day management of the project office and PMU support staff.
6. Procure and maintain any project equipment.
7. Ensure that administrative directions to guide project implementation are in accordance with the UNDP NEX manual and in line with the project document.
8. Keep close contact with other ministries, pilot provinces and other organisations involved in project implementation.
9. Responsible for the organisation of workshops, conferences, meetings and other events at the national level.

B. *Qualifications:*

1. University degree and at least 5 years' experience in administering ODA projects.
2. Have considerable experience of project administration.
3. Have good interpersonal skills and a participatory and flexible approach to the administration of staff and consultants.
4. Be able to work unguided and recognise when to ask for advice.
5. Be fluent in written and spoken English.
6. Preferably have some familiarity with UNDP NEX procedures.

C. *Duration of assignment: 48 months (full time, yearly contracts).*

D. *Duty station: Hanoi with missions to pilot provinces if required*

**(vii) PROJECT ACCOUNTANT**

The Project Accountant will be principally responsible for keeping all SLGP financial accounts and preparing all financial reports.

A. *Specific responsibilities will include:*

1. Working under the direct supervision of the STC and the Project Administrator.
2. Book-keeping and accounting of all transactions associated with SLGP, in accordance with the provisions of the UNDP NEX Manual.
3. Preparing regular financial reports for GoVN, UNDP, UNCDF and SLGP management on the basis of established NEX procedures.
4. Supporting provincial PMU staff in their financial management.
5. Tracking SLGP expenditures against budgets.
6. Preparing documentation for annual audits.
7. Preparing SLGP disbursements in accordance with NEX procedures.

B. *Qualifications:*

1. A diploma in accountancy.
2. At least three years' experience in the accountancy field.
3. Reasonable knowledge of English.
4. Be able to work unguided and recognise when to ask for advice.

- 5. Preferably have some familiarity with UNDP NEX procedures
- C. *Duration of assignment: 48 months (full time, yearly contracts).*
- D. *Duty station: Hanoi with missions to pilot provinces if required.*

**(viii) PROJECT TRANSLATOR**

The Project Translator will be responsible for providing comprehensive translation services for SLGP staff, technical advisers and consultants.

- A. *Specific responsibilities:*
  - 1. Oral translations into English and Vietnamese for SLGP staff, advisers and consultants.
  - 2. Written translations into English and Vietnamese for all SLGP staff, adviser and consultants.
- B. *Qualifications:*
  - 1. A graduate degree in English.
  - 2. Fluent spoken and written English and Vietnamese.
  - 3. At least three year's experience of working as a translator.
  - 4. Be able to work unguided and recognise when to ask for advice.
- C. *Duration of assignment: 48 months (full time, yearly contracts).*
- D. *Duty station: Hanoi with frequent missions to pilot provinces.*



# ANNEX II – SLGP OUTPUT 1: MORE INCLUSIVE AND EFFECTIVE PLANNING AND BUDGETING SYSTEMS ARE DEVELOPED AND USED BY LOCAL GOVERNMENTS IN THREE PILOT PROVINCES

SLGP will undertake a range of activities aimed at making local government planning and budgeting more inclusive and effective. This is fundamental – and complements Output 3, which seeks to put into place appropriate fiscal frameworks for sub-national infrastructure and service delivery. Output 1 aims at improving provincial, district and commune planning & budgeting systems so that the financial resources thus allocated are used and targeted in ways that are socially inclusive, pro-poor, and effective.

## 1. ISSUES & CONTEXT

A number of planning and budgeting issues require highlighting, *inter alia*:

- **planning, both strategic and annual, remains very much a “top-down” affair in most provinces.** There appears to be little in the way of systematic input from citizens – or indeed from lower levels of the local government system (communes have little say in the district planning process, districts have little say in the provincial planning process). There are rarely any regular mechanisms in place for ensuring a “bottom-up” approach to planning, and no tools are available to facilitate this. Public participation in planning and budgeting is insufficient, especially at the grassroots level. There are no tools available that facilitate the involvement of the poorer or more marginalised groups in the planning process – and no special efforts appear to be made to ensure their participation. In most (if not all) cases, local stakeholders tend to see planning and budgeting as the “business” of DPI/DFP or other government authorities, but not “your and my” business. In general, mass organisations are only timidly involved in the overall planning & budgeting process; mass organisations, such as the VWU, are generally not involved in mainstream planning – and are thus unable to ensure systematic input into planning and budgeting on behalf of their constituents and the citizens that they represent. Local officials simply lack an appropriate set of guidelines and a toolkit to undertake “bottom-up” planning. However, there are also “mindset” issues here – few officials are accustomed to anything other than a top-down approach to planning and budgeting, although everybody insists that the people do need to be consulted.
- Even if “bottom-up” planning and budgeting systems were in place, **the current calendar does not provide enough time for genuine and meaningful consultation to take place.** Planning and budgeting by line departments and local governments is usually limited to a one-to-two month period – and this quite simply does not provide enough time for grassroots or wider consultations and input to be meaningful. In addition, **existing planning and budgeting deadlines are rarely respected** – perhaps a consequence of the short amount of time allowed.
- **Much annual investment planning appears to be heavily influenced by the 5-Year Socio-Economic Development Plan.** Whilst there is nothing intrinsically wrong with this, it becomes an issue given the very top-down way in which 5-Year Planning is carried out.
- There is little evidence of any inter-sectoral coordination during the planning and budgeting process. Each department at each level tends to plan/budget in isolation from the others – which is likely to result in inconsistent and un-coordinated activities. Notionally, DPI, DFP and – ultimately – the PPCom are expected to ensure that there is some degree of coordination between sectors – but none of these bodies is especially well-placed to do this. The division of responsibilities between DPIs and DoFPs,

moreover, is not always conducive to coherence. It is rare that mass organisations, representing groups such as women or farmers, are directly involved in sector planning exercises that concern them; and even rarer that less formal groups (e.g. road users or parents' associations) are consulted about plans and budgets. **In short, planning and budgeting are relatively closed affairs and are not conducted in ways that ensure the formal involvement of relevant stakeholders; nor do they foster consistency and coherence.**

- **Social inclusion issues are not sufficiently captured in the planning and budgeting process** for a number of reasons. Firstly, less advantaged groups such as women and ethnic minorities tend to be under-represented in local government and public service agencies – they may sometimes be numerous, but rarely at the decision-making level. The lack of representation of particular groups implies that problems specific to such groups may not be getting the attention they deserve. Secondly, planning guidelines and policies do not include specific requirements or considerations that promote social inclusion in the budgeting and planning process. For example, policies do not set targets for the participation of women or ethnic minorities employed in government institutions, nor do they provide guidelines for how social information can or should be included in the PEM cycle. In addition, recent attempts to mainstream gender issues into the planning process remain poorly understood by local leaders and local government officials. Finally, there is little evidence of any serious analysis of social issues or the current local situation. Provincial understanding of the women's labour market, for example, is usually weak and key provincial departments (such as DOLISA) are generally unable to provide a profile of women employed in the private sector or the number of women migrating in search of work. There is a glaring lack of any local initiative to address emerging socio-economic problems.
- Planning by local governments also appears to suffer from **insufficient and inadequate flows of accurate and appropriate information**. Although agencies at all levels – communes, districts and provinces – do collect sometimes formidable amounts of information, it is often the case that such information is (i) not used for planning purposes and (ii) relatively insensitive to pro-poor and inclusive planning. There is a great deal of room for improving the extent to which local level planning is evidence-based.
- **There do not appear to be any clear and pre-established criteria by which: (i) budgetary priorities are accorded to different sectors at either provincial, district or commune level; (ii) budgetary priorities are accorded to specific sub-sectors** (e.g. primary vs. secondary education). Few departments at the provincial level are able to justify resources spent on one investment project and not another. Although departments claim that they assess the “needs and priorities” of the communities **no criteria exists upon which to assess the likely social impact of projects**. There is no systematic evidence to the effect that provinces, districts and communes are pursuing a particularly pro-poor or socially inclusive focus – investments seem simply to be budgeted, with no prior analysis of whether or how they correspond to a set of policy options.
- In general, **capital expenditure is not being balanced by the operations & maintenance expenditure**. Budgeted allocations for O&M are known to be woefully inadequate, even though capital expenditure levels may be relatively high. It is likely that some (indeed, much) of the burden of maintenance is actually being borne by poor rural communities. There is a general sense that maintenance will “take care of itself”, and this raises concerns about the sustainability of the assets created by investments. This may also be seen as being linked to the division of responsibilities between MoF/MPI and their provincial departments, as well as to the continued use of out-dated and inappropriate budgetary norms by local governments.
- **There is also a general tendency for local authorities to opt for larger, more “strategic” or “flagship”, investments** – at the expense of smaller, potentially more pro-poor investments. This is probably a reflection of the “top-down” nature of the

planning process – and clearly underlines the need to introduce more systematic participatory planning processes, which would probably lead to greater emphasis being placed on more appropriate, pro-poor and smaller scale investments.

There are, of course, many other problematic issues linked to local planning and budgeting in Vietnamese provinces<sup>9</sup> - but the ones highlighted here appear to be those which need to be addressed most urgently by SLGP.

## **2. SLGP INDICATIVE ACTIVITIES**

Although SLGP activities related to Output 1 will probably differ in detail from one province to another, they are likely to consist of a basic core. These core activities are described below. Given the “process” nature of SLGP, it is stressed that these activities should be seen as indicative and subject to review during SLGP inception; it is also stressed that many of these orientations are “experimental” in nature and will inevitably require amendment and fine-tuning as they are implemented.

### *2.1 Working towards a more inclusive and integrated set of institutional arrangements for local annual planning and budgeting*

As mentioned above, one of the major problems in existing arrangements for annual planning and budgeting (of both recurrent and capital expenditure) is the extent to which it is “compartmentalised” – with service delivery and spending units, in most cases, undertaking separate negotiations with DPI and DoFP. This is partly a consequence of the current fiscal framework within which planning and budgeting takes place, whereby allocations are infrequently announced prior to the start of the planning/budgeting process and are more often the result of negotiations and “beg and receive”.

Although SLGP activities linked to output 3 will hopefully diminish this unfortunate tendency, other activities will need to focus in on linking improvements in local fiscal arrangements to more integrated and inclusive planning and budgeting. SLGP will therefore seek to improve local planning in pilot provinces by promoting two, inter-linked, sets of institutional arrangements:

- at all three levels (province, district and commune) of the local government system, the establishment of inter-sectoral “task forces” (or groups) which will ensure that the draft plans/budgets of different sectors are presented to and discussed by all sector departments. This should have the effect of making local planning somewhat more integrated – education plans would thus, for example, be able to take into account changes in access that might result from road planning; irrigation planning would thus be able to take into account proposed extensions to the electricity grid. Such inter-sectoral planning arrangements would include involvement by mass organisations, who would thus have an opportunity to ensure that the interests of their constituents (women, farmers, youth, etc.) are being addressed by local plans and budgets. In addition, and at the provincial level, it would be potentially helpful to include an inter-sectoral CFAW (Committee for the Advancement of Women) group, responsible for raising gender-related issues.
- at district and provincial levels, the establishment of “jurisdictional planning task forces”, bringing together representatives of upper and lower tier local governments. At district level, this would involve CPComs participating in district planning meetings; at provincial level, this would involve DPComs participating in provincial planning processes. This should ensure that there is a greater degree of coherence between plans at different

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<sup>9</sup> see Greig, F. (August 2004): *SLGP formulation: social inclusion issues*, UNDP/UNCDF, Hanoi; and SLGP Formulation Team (August 2004): *Findings, Issues and Preliminary Options*, UNDP/UNCDF, Hanoi.

levels, by providing lower and upper tier local governments with the opportunity to present and discuss their respective planning orientations.

In order to support the emergence of such institutional arrangements for planning, SLGP will:

- work with local government authorities, sector departments and mass organisations to agree upon and then draft a set of guidelines for more integrated and inclusive annual planning and budgeting exercises. These guidelines will need to be simple but clear – spelling out who is to be involved, who should lead the process, how consultations and discussions will take place, and establishing a realistic but appropriate calendar/timetable that (as far as possible) also fits into national prescriptions;
- provide training for those organisations that will be primarily responsible for piloting new institutional arrangements for planning.

## *2.2 Developing an inclusive and participatory planning and budgeting process for capital investments at district and commune levels*

In a selected number of districts (2-3) in each province, SLGP will work intensively on improving local infrastructure (investment budget) planning at commune and district levels. Ideally, this will be facilitated by improved provincial fiscal arrangements (SLGP output 3) that devolve investment budgets to districts and communes, in accordance with their expenditure assignments. As and when this process of commune and district investment planning and budgeting yields positive results, SLGP will assist local authorities in extending it to the remaining districts.

### **(i) Commune level**

There is now considerable experience in Viet Nam of commune level planning and budgeting for small-scale infrastructure. A range of projects and programmes (RIDEF, CBRIP, NMPRP, IFAD-funded programmes, to name but a few) have demonstrated that communes are able to successfully undertake participatory planning for small-scale infrastructure – and oversee scheme implementation (see SLGP Output 2). However, this has generally been done through the provision of external donor funds, earmarked for communes, and in the context of intensive project inputs (capacity-building, etc.). It has rarely been the case that communes plan and budget for significant State Budget expenditures<sup>10</sup> - although there are signs that this is gradually changing (as witnessed in Tra Vinh Town, where wards do have small investment budgets allocated to them by the Town). The challenge for SLGP is to build on the experience of other projects with regard to commune-level planning and budgeting of investments, but to do so within the framework of regular State Budget resources and with rather less intensive backstopping.

At commune-level, then, SLGP will:

- establish an initial phase of differentiating between conditional and unconditional capital budget allocations to the commune;
- develop and disseminate simple planning and budgeting guidelines for small-scale infrastructure, consistent with commune expenditure assignments (as defined by the provincial fiscal framework). These guidelines will:
  - (i) foster community participation in the planning process;
  - (ii) ensure that less advantaged groups have opportunities to voice themselves;
  - (iii) provide guidance on technical backstopping by district-level staff;

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<sup>10</sup> 135 funds, derived from the State Budget, have of course been allocated for commune-level infrastructure for several years. However, it has usually been the case that districts have retained primary responsibility for managing such investments – although there are exceptions (such as Tuyen Quang province).

- (iv) establish mechanisms for preliminary technical vetting and costing of priority proposals identified by communities;
- (v) ensure that O&M considerations and recurrent cost implications are properly taken into account through annual maintenance planning (as pioneered by RIDEF in Quang Nam) and sector endorsement for investments with recurrent cost implications (e.g. salaries for teachers in the case of school construction); and
- (vi) promote the use of robust tools for the eventual prioritisation of investments (based on sound criteria, such as cost-benefit, sustainability, poverty focus, gender sensitivity, etc.), thus encouraging serious debate about the use of scarce resources.

The guidelines will also define suitable institutional arrangements for commune-level planning, ensuring that local planning and decision-making bodies are representative and inclusive. Such arrangements will also be in accordance with the Law on People's Councils and People's Committees as it applies to communes. SLGP guidelines will be developed by SLGP's technical advisers in collaboration with provincial planning authorities and be based on good practice elsewhere in Viet Nam;

- commune-level investment planning guidelines would include a realistic timetable for all activities and stages in the process. They would also be simple, clear and user-friendly;
- under-write the cost of training commune and district level stakeholders in using the guidelines and in undertaking participatory planning and budgeting;
- under-write the initial costs of publishing limited numbers of commune-level planning guidelines;
- organise, if necessary, exchange visits to other provinces (or even within the same province – CBRIP already operates in Quang Nam, and a CIDA-funded small-scale infrastructure project has pioneered commune level planning in Tra Vinh) or other projects where such approaches to small-scale infrastructure planning have been successfully piloted.

## **(ii) District level**

There has been less experience in Viet Nam with introducing inclusive and effective investment planning and budgeting to district levels. District investment planning remains, for the most part, relatively top-down and unintegrated – and SLGP's pilot provinces are no exception in this respect.

SLGP will therefore promote sounder, more inclusive, investment planning and budgeting in selected districts in each province. As with commune-level activities, this will apply to district-level expenditure assignments, as defined by provincial fiscal arrangements.

Although the precise nature of district-level investment planning arrangements will be determined during SLGP's inception phase, they are likely to include the following features:

- an initial step of ensuring that capital budget allocations for the district (as determined by the provincial fiscal framework) are correctly understood. Allocations are likely to be a mixture of both conditional and unconditional grants – with ring-fencing, for example, of education sector investment budgets (as reflected in national policy). District authorities will need to ensure that subsequent planning is in accordance with provincial prescriptions about the degree of discretion they enjoy with regard to their overall capital budget. In addition, where districts do have their own revenues, initial decisions will need to be made about how they are to be earmarked (particularly if the provincial transfer system includes an element of matching funds);
- for sector-specific or conditional allocations, planning and budgeting guidelines would be drafted that provided for consultation with users (e.g. parents' associations in the case of education; farmers, market women and local transport companies for rural roads) as a way of ensuring inclusion. Input from user consultations would then need to

be technically vetted, analysed, discussed and eventually prioritised within a hard budget constraint. Issues similar to those covered by commune planning guidelines (see above) would be addressed in sector planning guidelines. In accordance with existing laws and regulations, draft sector plans and budgets would need to be submitted to the DPCom for approval and then (along with the overall district budget) submitted to the DPCouncil for endorsement;

- for unconditional capital budget allocations, the use of which the district enjoyed considerable discretion, planning and budgeting guidelines would be drafted. These would ensure that all major stakeholders (CPCom representatives, line departments, mass organisations, representative user groups wherever possible) were consulted and asked for input. A multi-sector and multi-stakeholder task force would be responsible for technical vetting of proposals, appraisal and prioritisation. The same principles that apply to commune-level guidelines (see above) would also apply to district level planning and budgeting. Again, as with planning for sector or conditional resources, draft plans and budgets would need to be submitted to the DPCom and DPCouncil for final approval;
- as with commune-level guidelines, district planning guidelines would be simple and user-friendly, and would include a coherent and realistic timetable for all steps in the process. This timetable would be synchronised to fit with planning timetables for the other two tiers (province and commune) of local government;
- in order to ensure coherence between commune and district plans/budgets, SLGP will also promote better institutional arrangements – such that commune plans are presented to district authorities – not for approval, but for purposes of information, thus allowing the district to factor in commune proposals to its own investment plans. This is in line with SLGP orientations as described in § 2.2. above.

As with commune-level planning and budgeting, SLGP would provide technical advisory services for designing district-level guidelines, as well as under-writing the costs of publishing guidelines, training, and other capacity-building activities.

### *2.3 Working on key sector planning and budgeting processes at the provincial level to make them more inclusive, open and analytical*

Provincial line departments are likely to retain significant influence over their respective sectors. This influence is legitimate, and is likely to translate into sector-specific policy orientations for lower tier departments, and some control over the use of conditional or sector budget allocations (for both recurrent and capital expenditure). It is therefore important for SLGP to promote sound sector policies and orientations – by trying to increase the extent to which they emerge out of a consultative process and thus increasing the likelihood of them being in line with what local stakeholders consider important.

Accordingly, SLGP will initially prioritise provincial level support to one or more of four key sectors – education, health, roads, and agriculture. These four sectors not only together account for the largest share of provincial expenditure, they are also the public services that have the most impact on economic growth and poverty reduction. Within each province, SLGP – in collaboration with PPComs – will select one or more of these four sectors to begin with. As, if and when SLGP support in these initial sectors yields tangible and positive results, further sectors will be included.

A more detailed set of SLGP support activities to provincial line departments will be defined during the project's inception phase. However, SLGP is likely to provide support in order to achieve the following results:

- increasing the extent to which provincial sector departments consult with those who are supposed to benefit from their services. In the roads sector, for example, this might involve establishing some kind of annual consultative forum, bringing Transport

Department officials with representatives of road users (and tax payers) – such as bus companies, private sector firms represented by their entrepreneurs' clubs, farmers (represented by the VFU), market women (represented by the VWU). Meetings for the road sector might involve departmental presentations on draft annual plans, so as to get feedback from users and ground-truth overall orientations. Such meetings would enable road users to raise issues of concern to them – for example, poor or inadequate road maintenance, for which they (as users) largely bear the costs; or issues about the extension of the provincial road network to isolated areas with significant agricultural potential. Assisting sector departments in getting feedback from their clients would enable them to develop better policies and address local issues;

- strengthening the “policy” capacities of sector departments, by providing them with support in the analysis of information and enabling them to examine local problems in more rigorous and sensitive ways. In the education sector this might, for example, lead to a greater sensitivity to higher “fall-off” rates for girls between lower secondary and upper secondary schools or to the particular importance of pre-primary schools to women who are household heads. Assisting provincial departments in strengthening their policy functions might then lead to more responsive planning and budgeting – e.g. greater pre-primary school budget allocations to districts or communes where the proportion of women-headed households is especially high; or provincial policies and prescriptions to make upper secondary school facilities better suited to the needs of older girls. For other sectors, policy development might focus on other issues – e.g. in-migrants and their access (or lack of access) to basic public services such as health; ethnic minorities and their access (or lack of access) to secondary education.

SLGP inputs to provincial sector departments would include:

- technical advisory services to help them establish consultation mechanisms and define policy agendas;
- under-writing the costs of organising fora for consulting service users/clients about sector plans and budgets;
- under-writing the initial costs of hiring consultants to carry out policy-relevant analyses that examine social inclusion issues and their implications for planning and budgeting.

#### *2.4 Developing prioritisation tools for pre-appraisal of planning and budgeting options*

In general, there is little evidence of much rigour in either the allocation of resources across and within sectors or the decision-making process about priorities. This applies to both recurrent and capital expenditure items. And yet this is now an increasingly important issue because of the discretion accorded to provinces in the SBL and will become more important as and when provinces establish increasingly coherent fiscal arrangements, and devolve greater responsibilities to lower tier local governments.

There are two key areas in which SLGP will support better prioritisation tools:

- firstly, at the overall provincial level, where decisions are made about how to allocate resources to different sectors. With the exception of education and science & technology<sup>11</sup>, the SBL and its associated regulations leave provinces largely to themselves to decide on how to allocate budgetary resources to sectors. Provincial authorities, however, have little in the way of any guidelines as to how they are to carve up the annual provincial budget or sequence priorities. Logically, strategic orientations and policy orientations would derive from the 5YPP – which SLGP will seek to support. They need some effective tools to link policy statements to budgetary consequences,

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<sup>11</sup> According to GoVN rules, local governments will need to spend (i) at least 18% of their budgets on education by 2005 and at least 20% by 2010; and (ii) at least 2% of their budgets on science and technology.

allowing them to make informed decisions about how resources are allocated to different priority sectors and in an appropriate sequence;

- secondly, within sectors and within lower tiers of local government, there is little in the way of any planning tools which permit officials (both elected and appointed) to prioritise sub-sectors or particular investments. There are, at the moment, no consistent criteria (e.g. cost-benefit, poverty impact, gender impact, etc.) that are applied to appraise priorities.

In both areas and for different levels, then, SLGP (in collaboration with local officials) will develop and introduce robust prioritisation tools that will make the decision-making process about the use of scarce budgetary resources more transparent and rigorous. This will be done through:

- the provision of technical advisory services for the development of suitable prioritisation and sequencing tools;
- training (through workshop sessions or other events) of local officials in the use of such tools.

## 2.5. *Support for the 5-Year Planning process*

The provinces will be embarking on their next round 5-Year Socio-Economic Development Planning during the course of 2005. Given the importance attached to this process and to 5-Year Plans by MPI and the provinces, SLGP will need to play a supporting role. This, of course, assumes that project start-up is on schedule, with arrangements in place at the beginning of 2005 – and, in the event that project start-up happens too late for any meaningful inputs into the 5-Year planning process, these indicative activities will not take place.

Within the framework of MPI guidelines for the 5-Year Planning Process (5YPP), SLGP will seek to:

- help the PPComs in each province establish a broadly consultative process for the 5YPP, involving a range of institutions at a variety of levels, as well as society as a whole. Consultations would include all line departments, all mass organisations, district and commune representatives, and a cross section of society as a whole (private sector actors, parents' associations, women's groups, etc.). The aim would be to ensure that the 5YPP was "opened up" and made inclusive to a greater extent than has traditionally been the case;
- support the provinces in developing a vision of what kind of place they want to be in the future, and then map out a series of strategies that might enable this vision to be achieved in reality. Key questions will be much the same ones as informed the national CPRGS process, focusing in on growth and poverty reduction. The policy orientations that the provinces adopt will then need to be translated into concrete planning proposals in the 2006-2010 FYP – which should, as far as possible, reflect the reality of likely resource constraints, as well as the viewpoints of a wide range of stakeholders;
- inform the 5YPP in terms of establishing indicators (linked to measuring progress in achieving growth and poverty reduction), thus providing the provinces with benchmarks with which to track implementation of their 5YPP.

SLGP support for the 5YPP would take the following forms:

- technical advisory inputs aimed at assisting provincial DPIs in establishing a simple set of guidelines (complementary to those issued by MPI) for consultations with stakeholders and for working towards a strategic vision;
- providing provincial DPIs and other departments with a methodology for determining suitable indicators for any targets identified during the 5YPP;



- under-writing the costs of any training needed to help provinces familiarise themselves with consultative/inclusive approaches, strategic visioning, overall planning methods, and the identification of suitable indicators;
- partially under-writing some of the costs of consultations undertaken during the 5YPP.

The latitude that SLGP will enjoy to do all this will depend very largely on the 5YP Guidelines issued by MPI.

Finally, in the event that any of SLGP's pilot provinces are included in MPI's CPRGS "roll-out", the project will ensure that its inputs into strategic planning are fully harmonised.

## 2.6. *Partnerships and policy processes*

There are two "general" activity sets that SLGP will undertake to promote more socially inclusive planning and budgeting. These are aimed at modifying the overall parameters and environment within which planning and budgeting takes place in the pilot provinces. The first set concerns partnerships, and the second concerns provincial policy processes.

### (i) **Partnerships**

SLGP will ensure that its activities are rolled out in close partnership with the following organisations.

- **VWU and mass organisations**

The VWU and other mass organisations are the main representative bodies for civil society, which exist in Viet Nam. For this reason SLGP will benefit from partnering with them. An obstacle facing SLGP will be the inconsistent capacity and areas of focus of the various mass organisations. For example, currently many of the mass organisations play a service delivery role and are not involved in advocacy or policy work. Similarly, some mass organisations are active at the provincial level but may not be active at the commune level. This is evident in areas where certain mass organisations are not represented in people's councils.

Due to the different levels of capacity and activity of mass organisations at each level of society and pilot area, SLGP will need to develop a clear role for the participation of mass organisations. Possible roles for mass organisations in SLGP include: (i) educating and disseminating information to the general public on planning and budgeting; and (ii) playing a generally more active advisory role in planning, service delivery and budgeting. Where possible mass organisations should also be considered to play a more active role as investment project owners or implementers.

- **CFAWs within departments and people's committees at the provincial level**

UNDP's VIE01/015 project on gender in public policy has had great success in institutionalising Committees For the Advancement of Women (CFAW) in government ministries, departments and people's committees. The project reports particular success in Tra Vinh where government officials were trained in gender mainstreaming for policy development. The project has also established a corps of 25 gender trainers throughout Viet Nam who can be tapped to support SLGP activities. Although the strength and action of the CFAWs varies from department to department, it will be necessary for SLGP to conduct an inventory of the capacities / activities of CFAWs and other existing sectoral groups which exist at the provincial level in each pilot site.

### (ii) **Policy processes for social inclusion**

SLGP will dialogue with provincial authorities with a view to promoting some of the following types of policy:

- setting provincial affirmative action targets for the participation of women and ethnic minorities in departments, who can thus participate in the planning process;
- providing additional support and training to women and people from ethnic minority groups employed in the government who can play key roles in strengthening the budgeting and planning process;
- disseminating information on the NCFAW gender policy to departments etc. at all levels;
- reviewing the gender policy / NCFAW policy on gender inclusion and ensure that this is re-echoed in departmental policies;
- continuing to actively promote the participation of women and ethnic minority representatives in elected committees;
- using the tools developed by NCFAW on gender mainstreaming, continue to support the capacity building of local officials and policy makers.

## ANNEX III – SLGP OUTPUT 2: INVESTMENT SCHEME IMPLEMENTATION BY LOCAL GOVERNMENTS IN THREE PILOT PROVINCES IS MORE TRANSPARENT AND EFFECTIVE

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This SLGP output is concerned with the quality of the process whereby investments are implemented and transformed into public assets. It thus concerns capital budget execution and follows on logically from some of the activities described for output 1 (linked to planning and budgeting).

### 1. ISSUES & CONTEXT

In general, scheme implementation at the sub-national level in Viet Nam appears to be reasonably sound – although there are a number of issues.

**Implementation arrangements remain insufficiently decentralised.** In some provinces, almost all education and health investments continue to be managed by their respective provincial departments, whilst most commune-level investments are still managed by districts and district departments. In many cases, communes are only involved in identifying investments, in mobilising local contributions and in providing some kind of monitoring of works – they are usually not given the responsibility for managing scheme implementation. And this despite the fact that the some DPComs insist that communes (despite “capacity” constraints) are able to manage investments of up to 1 billion VND. Many communes themselves claim that they do not have the technical capacity to handle investments – they do not have engineers, for example. But this misses the point – the communes could out-source technical services (such as design and costing) and/or receive technical support from the district/province. At the same time, districts in some provinces tacitly complain that they themselves are not given sufficient responsibility for scheme implementation in the education and health sectors – but that they are fully capable of managing such investments.

Whilst the authority to approve, manage and implement large investment projects (categories A, B and C) has been decentralised to the provincial level, some issues remain outstanding. Firstly, the PIP process continues to lack transparency and operates without reference to (pro-poor) criteria for selection/prioritising; secondly, the weak linkage between this and the actual funding/budget allocation process results in little real delegation of authority to the local level; thirdly, the further delegation of such authority and responsibility to lower levels (district and commune levels) remains *ad hoc* and – for the most part – inoperative.

**Technical supervision of works (and clearance for payment) is generally done by specific sector department units.** Provincial education departments, for example, usually have engineers on their payroll – and they are able to supervise most investments without any real problems. Some districts also have engineering staff to call on for supervision – who can not only supervise works at district level, but also provide support to communes and wards (both for design/costing and technical supervision). **It is at commune level – quite understandably – that such technical staff are not available;** but, as already pointed out, communes and wards can receive support from districts or even out-source technical inputs.

**Whilst commune representatives are often involved in providing day-to-day oversight of project implementation, it is less common that local communities are involved in this kind of activity.** This is unfortunate, in that villages and neighbourhoods (who are often the most immediate beneficiaries of any small-scale investments) are generally well-placed to ensure that any works are of adequate quality and lead to sustainable asset creation.

Finally, procurement practices are not always as transparent as they could be. It is rare, for example, that the communities that are to benefit from an infrastructure item – such as a new or rehabilitated, primary school – are represented (as observers) in the process of contracting.

## **2. SLGP INDICATIVE ACTIVITIES**

In order to make investment scheme implementation more transparent and effective, SLGP will provide support in a limited number of areas. However, given the “process” nature of SLGP, project activities for this output will be increased as and when the need to do so is felt. Moreover, in the event that there are any modifications to current procurement arrangements, SLGP will review its on-the-ground and policy-related activities to bring them into line with developments.

### *2.1 Promoting a process of decentralisation in “project ownership”*

In line with emerging provincial fiscal frameworks and expenditure assignments for capital items, SLGP will encourage pilot provinces to fully devolve “project ownership” to the lowest possible levels. Where, for example, communes have the responsibility of providing primary school infrastructure, they should be given the authority to manage the procurement of contractors and oversee all aspects of implementation. The same applies to districts.

Whilst SLGP will promote this policy on a province-wide basis, it will do so with greater intensity in those districts selected for direct support in investment planning and budgeting. In those districts (and their constituent communes), SLGP will undertake activities such as the following:

- training local officials in the application of GoVN procurement procedures;
- training local officials in GoVN disbursement procedures for investment expenditures so as to ensure that State Treasury branches at district level are able to make timely payments to contractors;
- organising, where necessary, exchange visits to other provinces or districts where lower tier local governments manage investment schemes;
- establishing, where necessary, arrangements for technical backstopping from districts or other public agencies, to provide communes with assistance in design & costing and in technical supervision.

Such activities will, if necessary, be scaled up to other districts and communes as and when provinces follow through on their fiscal frameworks.

Through other projects (e.g. CBRIP, RIDEF, etc.) in Viet Nam there is a great deal of experience in the decentralisation of investment project ownership. This experience will be fully used by SLGP.

### *2.2 Establishing provincial guidelines on technical backstopping and mentoring*

SLGP will support each pilot province in establishing guidelines for systematic mentoring and technical backstopping (design/costing, technical oversight of works, etc.) on the part of higher tier local governments, such that they support lower tier local governments in project

implementation. This would build upon existing practice, but go beyond it by formalising these kinds of arrangements. This would go a long way to resolving some of the perceived “capacity” issues that are thought to constrain local management of investments.

These guidelines would be developed by the PPCom with SLGP assistance and would provide lower tier local governments with the right to draw upon technical and other support from upper tier local governments and sector departments. More inclusive and integrated planning exercises (as described for output 1) would provide lower tier local government officials with the opportunity to “call” in such support.

SLGP inputs here would include:

- technical advisory services for drafting appropriate guidelines in consultation with relevant agencies and the PPComs;
- under-writing the costs of disseminating such guidelines to concerned local governments and technical departments.

### 2.3. *Strengthening financial management at district and commune levels*

On a pilot basis, SLGP will assist selected districts and communes in strengthening their financial management capabilities for investment implementation. This is frequently seen as being a bottleneck – and SLGP will accordingly develop training courses for district and commune officials that improve their ability to handle investment funds in rigorous, transparent and effective ways. This will be done based on collaboration with other programmes (both GovN- and donor-funded), and will be done in accordance with MoF guidelines and procedures.

SLGP inputs here would include:

- clearly identifying nationally acceptable accounting and financial management procedures;
- developing user-friendly training modules for district and commune officials;
- providing training to district and commune officials.

### 2.4 *Increasing community involvement in procurement and overseeing works*

SLGP will assist provinces in developing an investment implementation policy that actively increases the involvement of local communities in the procurement process and in monitoring scheme implementation, as well as in operations and maintenance. This would increase transparency and result in better quality infrastructure.

This will be intensively supported in the pilot districts and communes that SLGP will support for investment planning and budgeting (see output 1).

SLGP inputs in this area will include:

- technical advisory services for drafting a provincial investment policy that explicitly increases community involvement;
- under-writing the costs of disseminating such a policy to all concerned.

## **ANNEX IV – SLGP OUTPUT 3: APPROPRIATE LOCAL GOVERNMENT FINANCIAL MANAGEMENT MECHANISMS AND FISCAL ARRANGEMENTS ARE ESTABLISHED AND USED IN THREE PILOT PROVINCES**

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### **1. ISSUES & CONTEXT**

Of considerable importance to SLGP's efforts to strengthen the ability of sub-national government to deliver public services lies the need to ensure that financial resources are made available to local governments and their service delivery units in appropriate forms. Without financial resources (however limited they may be), local governments and local service delivery units will be unable to provide public services of value to citizens, in general, and to the poor and more disadvantaged, in particular.

The newly amended State Budget Law (SBL) provides for considerable provincial discretion in the allocation and use of public financial resources. The SBL significantly increases the powers of the legislative bodies at the sub-national level, the Provincial People's Councils (PPCs). PPCs now have the power to determine the allocation of the budget between the three tiers of government at the sub-national level—province, district and commune. They can also decide on revenue and expenditure, including types of fees and contributions that can be collected at the local level and the financial norms to be followed by the various levels of sub-national government (except for education and science where the norms continue to be established nationally).

The ongoing fiscal decentralization process – as provided for in the SBL – also significantly limits the role of line ministries in the budgeting process. Whereas, up until recently, line ministries were responsible for allocating the budget within their sector, the new system provides for Provincial People's Councils and Provincial People's Committees to play this role while the line ministries only elaborate the overall financing proposal for the sector. Whilst line ministries continue to be responsible for the elaboration and implementation of sector strategies, they play a very limited role in budget allocation. However, sub-national levels of government are expected to follow the sector plan in determining budget allocations.

These new orientations have only been partially implemented by most provinces, and often in ways that are difficult to understand, and not always in a coherent manner. Expenditure assignments (separating out the respective functions of provincial, district and commune authorities, as well as the line departments that have sectoral responsibilities) remain ad hoc, are frequently inconsistent, and are usually not very explicit. Budgetary norms for recurrent expenditure are frequently out-of-date, inappropriate and not particularly equitable. Revenue assignments in provinces like Vinh Phuc and Tra Vinh have been formally defined, but in ways that do not necessarily result in equitable outcomes. Finally, and despite recent developments in provinces such as Quang Nam and Tra Vinh, provincial budgetary allocations (especially – but not only – for capital expenditure) to departments, districts and communes remain unpredictable, depriving spending units of an annual hard budget ceiling within which to realistically plan and prioritise. "Beg and receive", despite central Government policies to the contrary, remains a defining feature of the budgeting process in many provinces.

Another issue with regard to local government fiscal frameworks concerns debt. SBL provisions specify that for a given year, a province's stock of outstanding debt cannot

exceed 30 percent of its capital budget for that year. Irrespective of how appropriate this might be as a ceiling on debt and how far it is enforced, it is clear that some provinces have “informal” debts. These often take the form of outstanding payments to contractors, unfunded projects, etc. (rather than in the form of bonds or institutional loans) that are substantial – and which require the use of the current year’s capital budget allocation to finance the previous year’s commitments. This may not be a problem for the time being, but may well become one in the future. The facility to over-spend suggests a marked lack of budgetary discipline, weaknesses in existing systems of monitoring and financial control, and perhaps also problems linked to delays in the process of appraisal and approval of investment projects.

It is also clear that sub-national budgets, at all levels, rarely include all the financial resources that are used to finance public services. There are, in sectors such as education and health, significant “off-budget” revenues (raised in the form of fees, user charges, and the like) that enable service delivery units to pay for operations and maintenance costs. These “off-budget” revenues are not factored into the overall local fiscal framework, and are frequently regressive in their implications – operating as an inequitable burden for poorer or disadvantaged groups.

It should also be noted that adequate accounting, audit and review mechanisms are not in place. The current system relies heavily on paper-based controls (formal annual reports) and one-off audit type checks (by State Inspectorate etc.). Financial documentation and recording at the commune level is a weak link in the system. Many local programme activities are not reflected in the accounts and commune finance staff often do not have knowledge and training in project planning, managing, accounting and financing.

Finally, there is the issue of overall (or absolute) resource availability – particularly, but not exclusively, in the case of what are seen as “deficit” or poorer provinces (such as Tra Vinh), which are heavily “dependent” on central Government transfers. This is admittedly a national issue, but one that is very much alive in provinces like Quang Nam and Tra Vinh. Clearly, resources are always going to be insufficient in relation to “needs” – which is precisely why planning is important – but some provinces certainly appear to operate with woefully insufficient allocations. This may well be due to a lack of equitable inter-provincial transfer mechanisms, with only a limited degree of equalisation taking place.

## **2. SLGP INDICATIVE ACTIVITIES**

Although SLGP activities related to Output 3 may differ from one province to another, they are likely to consist of a basic core: These core activities are described below.

### *2.1. Establishing provincial fiscal frameworks: improving the management of public resources*

#### **2.1.1. Orientations**

SLGP will actively support each pilot province in reviewing its existing fiscal framework with the aim of then designing and establishing a more coherent and appropriate set of financial arrangements (expenditure and revenue assignments, inter-governmental fiscal transfers, borrowing and debt). This is fundamental to any improvement in the ways in which public resources are managed – an important part of SLGP’s intended immediate outcome. This is also in accordance with provisions of the SBL and will be conducted in accordance with the provisions of Decree No. 73/2003/ND-CP (dated 23<sup>rd</sup> June 2003), as well as any other relevant regulations.

Provincial fiscal frameworks can broadly be divided into four closely interrelated dimensions or building blocks:

- a. The assignment of **functional expenditure** responsibilities: what are the functions and expenditure responsibilities of each level of government and their respective service delivery units?
- b. Assignment of **local revenue sources**: once sub-national governments are assigned certain expenditure responsibilities, which tax or non-tax revenue sources will be made available to sub-national governments in order to provide them with resources?
- c. **Intergovernmental fiscal transfers** (province-district-commune fiscal transfers or grants): in addition to assigning revenue sources, provincial authorities will usually need to provide service delivery units, districts, and communes with additional resources through a system of intergovernmental fiscal transfers or grants.
- d. Sub-national deficits, **borrowing and debt**.

These four building blocks constitute a logical sequence, in that each one builds upon the other. By determining what functional responsibilities are most suitably devolved to lower levels of government, it becomes possible to identify what kinds of finance they will require. By then determining what revenue responsibilities are most suitably devolved to lower level governments, it becomes possible to identify the “vertical” gap between their expenditure responsibilities and their revenue raising potential or powers. By determining this “vertical” gap, it becomes possible to identify what transfers from upper levels of local government will be needed to make up for shortfalls.

Each province – with SLGP assistance – will conduct a review of the arrangements that currently exist for each of these dimensions. The review would be a preliminary step in the process of re-defining, fine-tuning, and improving the province’s overall set of financial arrangements.

Once the review has been completed, the province will then (again, with SLGP assistance) carry out a series of analyses that will focus on the four building blocks of their fiscal framework.

### (1) Expenditure Assignments

Assigning sensible functional expenditure responsibilities will be an essential part of each province’s fiscal framework. This defines what different levels of local government (and their respective service delivery units) are responsible for (their mandate), thus defining what they are expected to plan and budget for. This will need to be done within the overall national framework (as defined by the SBL), thus taking into account national level expenditure assignments and the limited number of policy prescriptions concerning local level expenditure assignments.<sup>12</sup>

The key principle in determining which level of government should do what in a fiscally decentralized system of government is known as the “**subsidiarity**” principle. This principle suggests that public services should be provided at the lowest level of government that is capable of efficiently providing the goods or services in question. This principle results in a situation where, as much as possible, the area where the benefits of a public service are felt coincides with the government boundaries at each level of government.

It is important to recognize that the assignment of expenditure responsibility has a multi-dimensional component: expenditure responsibility is often broken down into the responsibility to (i) provide, (ii) finance, and (iii) regulate a certain public service function. For example, while districts might provide secondary education, provincial governments will

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<sup>12</sup> For example, article 34 of the SBL requires that townships and cities under a province must be assigned responsibilities for the construction of public schools, lighting, water supply and sewerage, urban traffic, and other public infrastructure.



often need to share the responsibility of financing and regulating secondary education. Thus, additional policy issues need to be resolved if the responsibilities to provide, finance and regulate a certain function do not all fall within the jurisdiction of a single level of government in order to assure that different levels of government effectively work together.

The assignment of expenditures to spending units within the provinces would include two key activities:

- a. Providing a detailed determination of the appropriate responsibilities of local bodies (provincial units, districts and district units, communes) for service delivery and expenditure, and their relations with the PPCom. For example, under Primary Education there are a wide range of functions and expenditure roles, for: planning & building new schools, repairing existing schools, maintaining schools, hiring and managing teachers, training teachers, procuring furniture or books, designing or providing inputs to the teaching curriculum, inspecting schools and teacher performance. Which of these is best undertaken by each level? Provincial department?, Partnership between levels?
- b. There may be merit in introducing variations to service and expenditure responsibilities, categorising different bodies at the same level into Classes, reflecting differing local capacities or even different revenue bases. It may well be, for example, that more functions could be devolved to towns than, say, to rural districts, reflecting greater capacity in urban areas. Similarly, it may be the case that in certain provinces, very small communes would not be an appropriate level at which to situate expenditure responsibilities for, say, lower secondary education, although much larger communes might be an appropriate level for managing secondary schools.

The end product of this set of analyses would be a provincial policy paper, spelling out (as clearly as possible) who is responsible for providing different kinds of infrastructure and service. This would enable each level (and its respective spending units) to know what expenditures it was responsible for – thus providing a clear functional framework for planning and budgeting.

## **(2) Revenue assignments**

The SBL and its related regulations spell out a range of revenue-sharing arrangements between the centre and the provinces. The way in which provinces assign revenue to districts and communes is not provided for by national regulations – and it is up to provincial authorities to decide this. Indeed, many provinces have already established revenue assignments for districts and communes – and SLGP-supported reviews in the three pilot provinces would examine such arrangements in terms of their consistency, efficiency and equitability.

Once the assignment of expenditure responsibility (see above) has been determined, the second key question is: who gets what resources? Obviously, an important determinant of the assignment of revenue sources to lower tier local governments and local service delivery units is the assignment of expenditure responsibilities, in that finance should follow function. If districts, for example, are assigned responsibility for providing lower secondary education, they will also need to be assigned revenues that enable them to finance lower secondary education. If sufficient revenues (or compensating transfers from the province) are not made available to districts, they will be unable to properly provide lower secondary education – leading to an un-funded mandate. A significant positive development in the SBL is the prohibition of un-funded expenditure mandates from higher to lower levels of government. It is especially important for the current context in Viet Nam with the provincial governments having practically complete freedom to assign expenditure responsibilities to the lower level governments.

In addition to determining how much revenue lower tier local governments need, it is also of importance to consider which types of revenues sources they should receive. Some taxes are better suited for lower tier local governments, while others are better suited for provinces. Local taxes should be easy to administer and it should be easy to separate the tax base (the base that is being taxed, such as property or income) across jurisdictions. In addition, it is preferable if local taxes are related somehow to benefits received by local residents – in this regard, internationally accepted examples of good local revenue sources include real estate property taxes, business fees, regional personal income taxes, motor vehicle fees, and user charges. Revenue sources that are often considered bad local taxes include the value-added tax (VAT), corporate income taxes, and trade (import/export) taxes.

The end product of this set of analyses would be a provincial policy paper that made clear and coherent assignments of different types of revenue to different levels of sub-national government (province, district, commune).

### **(3) Intergovernmental fiscal transfers (IGFTs)**

One problem regarding the assignment of revenue sources may be that while lower tier local governments need to have at least some revenue discretion in order to fully benefit from fiscal decentralisation, provincial authorities may be unwilling or unable to provide any significant degree of real revenue autonomy to districts and communes. In addition, many of the largest sources of revenue may often be better assigned to provinces, rather than to lower tiers of local government. In these cases, intergovernmental fiscal transfers become necessary to ensure that districts and communes have adequate resources to fulfil their expenditure responsibilities.

Transfers are grants from one level of government to another (usually from higher to lower governments) for the purpose of funding public service delivery activities. Transfers can take a variety of forms depending on the purpose for which they are used. For instance, transfers can be conditional (sector or targeted) or unconditional transfers. Transfers can come as block grants, as a reimbursement of actual local expenditures, or matching in some proportion to local government expenditures.

Transfers can be used for a wide variety of purposes. They can be used to ensure vertical fiscal balance (ensuring a balance between the fiscal needs and resources available to different levels of government), horizontal fiscal balance (ensuring fiscal balance in resource allocations between government units at the same level), to fund specific national priorities or to counteract the effects of interregional spillovers or externalities.

In designing IGFT arrangements, provincial authorities will need to examine a range of issues, *inter alia*:

- a. The size of the overall provincial budgetary “pool” that is to be managed by the province as well as devolved, in part, to districts and communes (so as to address the “vertical gap”). This will need to take into account likely revenues (as defined by the revenue assignment component) as well as transfers (in the case of “deficit” provinces) from central government; the latter, assuming the maintenance of stability periods (as provided for in the SBL) should be relatively predictable;
- b. the appropriate balance between (i) unconditional and (ii) sectorally tied or conditional transfers (and the possible phasing of the latter into the former over time);
- c. the respective arrangements for transferring recurrent and development budgets from the province to districts/communes;
- d. appropriate results or output monitoring arrangements to ensure accountability for use of transfers by local bodies, to satisfy provincial policy oversight authorities (People’s Councils, People’s Committees);
- e. an appropriate allocation formula to distribute the overall provincial budgetary pool (or the two – unconditional and conditional - streams) between different levels of local

- government, to meet policy objectives of efficiency, equity, etc. (so to address the “horizontal gap”). This will also involve considerable examination of existing budgetary norms, with a view to understanding their implications for equity. In addition, and to avoid “beg and receive” mechanisms, consideration will also need to be given to ensuring how allocations will be made public and known well in advance of any planning and budgeting activities;
- f. the opportunity to introduce performance incentives to encourage good governance and sound management at local level. This can be achieved by devising both (i) conditions of access to funds, agreed beforehand between the province and lower tier local governments, and (ii) adjusting the allocation formula to allow weighting for improvement (on agreed quantifiable measures) of local performance. One set of performance-based criteria that needs particular attention here relates to social inclusion issues and the extent to which they are taken into account during the planning and budgeting process.
  - g. the regular consultative & negotiating procedures whereby provincial and lower tier authorities exchange and confer on each of the above policy issues.

The end product from this process of analysing IGFT arrangements would be a provincial policy paper spelling out how the province proposes to devolve fiscal resources to its districts and communes. Obviously, this will be a complex task – and will require considerable technical advisory support.

#### **(4) Borrowing and debt**

Although there is little evidence to the effect that provinces are actively or formally borrowing to finance local expenditure<sup>13</sup>, there is some evidence (from Quang Nam and Tra Vinh) that provinces are accumulating significant arrears on capital expenditure – by effectively over-spending. Thus, large proportions of the current year’s capital budget are often used to pay for capital investments that were actually made in previous years – with contractors and others effectively becoming provincial (or even district) creditors. The reviews of provincial fiscal frameworks would need to assess this and determine a clear provincial policy. SLGP will devise and pilot measures to enhance budgetary discipline and better manage debt.

In addition, and in accordance with evolving national policies on sub-national borrowing, provinces may wish to look closely at their need for borrowing, especially to finance much-needed infrastructure<sup>14</sup>. Although credit markets are few and far between, and provincial credit-worthiness may be low, there are grounds for encouraging provincial authorities to adopt a fiscally prudent borrowing policy and then develop a strategy for implementing it.

The final product of work on debt and borrowing would be a provincial policy paper, spelling out the province’s approach and strategy with regard to debt.

#### **2.1.2. Implementation**

The development of coherent and comprehensive fiscal frameworks for each province would be largely undertaken by a multi-stakeholder group, representing the key actors that will be responsible for implementing policy decisions. The precise arrangements may vary from one province to another. However, for the sake of simplicity, SLGP will assume that the provinces will establish some form of “task force”, charged with overseeing the formulation of a provincial fiscal framework. Such a “task force” would consist of representatives from the following institutions:

- PPSCom;

<sup>13</sup> See Martinez-Vazquez, J. (2004), *Making Fiscal Decentralisation Work in Vietnam*, PER Paper.

<sup>14</sup> See Martinez-Vazquez (2004) – *ibid.*

- DPI;
- DoFP;
- State Treasury;
- Major line departments (education, health, roads, agriculture);
- some DPComs;
- some CPComs.

The provincial “task force” would have overall responsibility for managing the process of designing an appropriate fiscal framework, and would have access to SLGP support in the following forms:

- international and national technical advisory services to help define – in detail – the parameters of activities;
- some initial training in the principles underlying the fiscal framework;
- exchange visits to other pilot provinces to discuss activities – this would allow “task forces” to learn from each other and share ideas and thoughts;
- access to consultants for any studies, assessments, analyses and drafting;
- subsidies for workshops and related policy events.

“Task forces” would agree upon and finalise any policy recommendations. The four policy papers resulting from the fiscal framework process would be synthesised into a single (and coherent) provincial policy paper and then submitted to the PPCom for consideration. The “task force” would probably need to organise a workshop with the PPCom, during which the policy paper would be presented and discussed.

Upon PPCom approval of the policy paper, a finalised version would need to be submitted to the PPCouncil for approval. Again, this might require some additional preparation to ensure that the Council can fully understand what it is that is being submitted for approval. Assuming that the PPCouncil does approve the policy paper, it would probably be helpful to consider approved document as a normative act, thus having the force of local law. In addition, and if necessary, approved provincial fiscal frameworks may need to be submitted to the central government for endorsement<sup>15</sup>.

## 2.2. *Assessing and regulating extra-budgetary items*

As mentioned earlier, there are numerous ways in which revenues (in the form of fees and charges) are collected for public services and then used to finance service delivery – and in many, if not most, cases these are off-budget items that are not subject to scrutiny by People’s Councils at any level. In addition, current policies encourage – whether by design or default – a very considerable dependence<sup>16</sup> by communes on cash and labour levies of various sorts, and much freedom in how these are applied locally. There is much evidence to show that these levying powers are not only inconsistently applied between communes, but that overall they are regressive and penalise the poorer households disproportionately.

Given the potential for these off-budget items to be regressive, and thus unfavourable to the worse-off and socially disadvantaged citizens, SLGP will facilitate and support a provincial process of assessing and analysing the progressiveness or regressiveness of existing practices and then deciding on an appropriate policy for the management and use of fees and charges. The SBL does indicate that provinces do have the authority to determine fees and charges within their jurisdictions.

<sup>15</sup> Although nothing in the existing legal framework indicates that this will be necessary.

<sup>16</sup> Recent research suggests that these account for up to 60% of overall Commune fiscal resources in some cases.

In addition, because these fees and charges are off-budget, the systems that have been put into place to manage them may also require some scrutiny. It is unclear whether such revenues are managed efficiently and rigorously, and to what extent they are subject to any external controls. In the event that provincial policies endorse the continued use of off-budget revenues and expenditure (even if provincial policy also allows for some clawing back of such items into regular local government budgets), SLGP would support the development of a robust oversight mechanism (in the form, perhaps, of internal audits or the like) by the province, aimed at ensuring that such resources are properly and transparently managed.

This entire process of policy review would ideally be entrusted to a provincial “task force”, very similar to the fiscal framework “task force” in terms of its composition. In some provinces, indeed, the same “task force” could manage both processes; in others, local authorities might prefer to have separate “task forces”. Initially, it might be prudent (for purposes of achieving focus and depth) to concentrate “task force” activities on a few, key service delivery sectors – education (where it is known that there are many off-budget items), health, roads (where maintenance is often seen as a “community” responsibility without sufficient understanding of how equitable labour contributions are) and agriculture (especially with regard to water user fees in the irrigation sector). Arrangements will need to be negotiated between provincial authorities and SLGP.

SLGP would support the process in much the same way as it would the fiscal framework process, through:

- international and national technical advisory services;
- training for “task force” members, organising exchange visits to other provinces, etc.;
- under-writing the costs of necessary workshops and retreats;
- providing consultants as and when necessary.

The end product of this process would be a provincial policy paper on fees and charges, which reviewed existing practice and then – in the light of equity and other considerations (transparency, accountability, etc.) – proposed better or modified mechanisms for cost recovery practices and management in the province. The paper would be submitted to the PPCom for approval – and then, assuming approval, would be forwarded to the PPCouncil for final endorsement. As a normative act of the PPCouncil, the policy would then apply to all jurisdictions within the province; the PPCom would then ensure compliance with provincial policy.

### 2.3. *Facilitating the mobilisation of additional financial resources*

All provinces naturally insist that they are resource-starved (in relation to “needs”) and that this is their primary problem. This is an understandable sentiment, particularly in the poorer provinces, where needs are considerable and resources are scarce. However, public financial resources are always going to be limited – which is precisely why planning is necessary. Nonetheless, there is a case to be argued for providing pilot provinces with additional resources or helping them in developing strategies for mobilising additional resources, not only to assist them in responding to local needs, but also as a *quid pro quo* for undertaking policy reviews and drawing up new policies for fiscal and financial arrangements.

Although SLGP does not envisage injecting significant financial resources into provincial, district or commune budgets, it will – depending on progress in the key activities linked to this output – actively support provincial efforts to mobilise or access additional budgetary allocations, whether from central government, from donors, or from own-source revenues. In the case of the mobilisation of additional external resources, this will be limited to capital

expenditure support and would be carefully targeted so as to be consistent with SLGP-supported activities (see annex I for district/commune level planning and budgeting).

SLGP activities in this area would, then, be contingent upon provincial commitments to devising appropriate fiscal frameworks (that allowed for sensible and genuine fiscal decentralisation) and upon demonstrated policy progress with regard to off-budget fees and charges.

#### 2.4. *Process considerations*

Given the rapid pace with which the Government is undertaking institutional reforms linked to further decentralisation and public financial management, SLGP will need to remain open-ended and open-minded with regard to other activities linked to output 3. Several possible activities suggest themselves for inclusion in output 3, *inter alia*:

- providing support for improved financial reporting and accounting in provinces, districts and communes. This has been identified as a key area in the recent PER<sup>17</sup>. SLGP will not, at the outset, earmark funds for this. As, if and when GoVN moves forward on this, however, SLGP will provide support for the introduction of new financial reporting formats and procedures, through training and “roll-out” in its three provincial pilots. Any activities in this area will need to be endorsed by SLGP’s National Steering Committee (which will include MoF representation) as well as carefully coordinated with other GoVN or donor-funded programmes;
- providing support for improved and more effective auditing and *ex-post* financial control mechanisms at provincial, district and commune levels. Again, institutional changes at the national level are underway – but it is probably still too early to predict (with any degree of certainty) how such changes will be translated into procedure or practice at the local level. SLGP will therefore remain open to the provision of support in this area – but will only do so after endorsement from its National Steering Committee and in a way that is consistent with national policy as a whole;
- providing support for revenue collection (on-budget) at the local level. As and when pilot provinces clarify and improve their revenue assignment arrangements in way that are consistent with good practice and likely to lead to equitable outcomes, SLGP will consider providing capacity-building support to local governments (and their revenue collection departments) in the area of improved revenue collection. Again, this will be subject to National Steering Committee endorsement, and coordinated with other efforts in the same field.

These activities will only be undertaken by SLGP in close collaboration with the Ministry of Finance and any associated reform and capacity-building programmes. They should be seen as highly indicative.

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<sup>17</sup> See *Vietnam: Financial Accountability in the Public and Private Sectors*, PER Paper, May 2004.

## ANNEX V – SLGP OUTPUT 4: OVERSIGHT, ACCOUNTABILITY AND MONITORING MECHANISMS ARE ENHANCED AT LOCAL LEVELS IN THREE PILOT PROVINCES

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Output 4 is concerned with improving the extent to which different institutions and organisations (People's Councils, People's Committees, line departments, frontline service workers, etc.) are held to account for their decisions and for the public goods and services they are expected to provide and to deliver to citizens. Within the context of Viet Nam, many of these accountabilities remain embryonic, and often only operate in informal, almost invisible ways. Fundamental to strengthening them is the issue of information – unless stakeholders have access to appropriate information, they will not be able to hold others accountable.

### 1. ISSUES & CONTEXT

To better situate the activities proposed for SLGP, a number of observations about existing oversight, accountability and monitoring mechanisms can be made.

**Accountability “upward” within the provinces appears to be the cultural norm**, what officials are used to – and generally does not seem to be much of an issue. Beyond the provinces – and up to Hanoi – the extent to which the province is held accountable is difficult to determine. However, there is some evidence that there is a degree of upward accountability – in the sense of the provinces respecting central government directives – from the ring-fencing of the education sector budget in 2004, set at 18% of total expenditures, which appears to have been adhered to by provinces. However, and as the recent PER has noted, the actual mechanisms – in the form of regular and accurate monitoring of local public expenditure – for upward accountability are generally weak. SLGP, however, will not be active in this area – MoF (through its own programmes and others funded by donors) is active here, and there seems little point in SLGP carrying out parallel activities.

“Downward” accountability applies to relations between the People's Councils and People's Committees as well as between both Councils/Committees and citizens as a whole. Here, **the oversight functions of People's Councils appear to be relatively weak** – plans and budgets are not necessarily well understood (and are indeed presented in a sometimes confusing format), and monitoring of scheme implementation and service delivery is insufficient. This, given the relative newness of the powers enjoyed by the Councils, is hardly surprising. The Councils do not have the staff or resources to carry out detailed analyses of the plans and budgets that are submitted to them by People's Committees. **In general, the weakness of the oversight role deepens with lower tier Councils** (district and commune) – whose powers are, in any case, ambiguous and constrained given the nested nature of the planning/budgeting process in the provinces, such that upper tier local government institutions have to approve lower tier decisions and policies. **People's Councils' Standing Committees, which are expected to provide oversight on a regular basis, are also weak and lack the information (and analytical skills) with which to hold the People's Committees accountable.**

**Information about plans and budgets in many provinces is not readily available to the public.** Budgets are rarely made public, despite prescriptions to that effect. Though there is a formal regulation from the Central level on making budgets widely available to the public,

the requirement appears to be rarely complied with. People at the grass root levels are not informed of budgets and final accounts, nor they are involved in discussions on how to implement budgets. The insufficient attention to transparency and accountability has resulted from a lack of incentives, capacity and willingness for information provision by the respective authorities, weak demand for this type of information from the public, and little awareness of their right to information on the part of citizens. This lack of transparency does little to enhance downward accountability.

In recent years, and largely in line with PAR, **there has been an increasing tendency for the PPComs and some DPComs to establish formal “offices for feedback”, through which citizens are able to complain about public services.** Whilst this is clearly a positive step, it is unclear whether (a) people know that such feedback is officially welcomed or (b) whether feedback, when it is provided by local people, is acted upon by PComs. **How far the poor and more marginal are able to use such mechanisms is a moot point.** Clearly, more practical mechanisms for obtaining and responding to citizen feedback need to be developed.

**“Horizontal” accountability is also quite strong in most provinces.** At the provincial level, all line departments (with the possible exception of the State Treasury) now tend to regard the PCom as the administrative body to which they are most accountable; the powers of line ministries have eroded over time, and this has been reinforced by the SBL and other new laws and regulations. Local frontline service suppliers clearly see the PCom as the body to which they are immediately accountable – and this looks likely to become even more marked as and when the Government’s new Resolution No. 8 on Decentralisation becomes better known at the local level – and as and when the Government issues further decentralisation decrees (scheduled for 2005). That said, **the key issue here is one of how far the PPComs and DP/CPComs have access to the information that allows them to assess the performance of frontline service suppliers** (such as teachers, health workers, etc.) and how far performance assessments result in sanctions (in the case of inadequate performance) and rewards (in the case of robust performance). At all levels in the provinces, officials insist that they have regular meetings with the people – but it is not clear whether such venues are necessarily the best fora for citizens to express satisfaction or dissatisfaction with public services.

## **2. SLGP INDICATIVE ACTIVITIES**

In order to improve oversight, accountabilities and monitoring in pilot provinces, SLGP will undertake a range of activities. Most of these are linked to improving the quality and flow of information.

### *2.1 Developing and introducing consistent monitoring and evaluation systems at local levels*

In a selected number of districts and communes (where capital investment planning activities are underway – see output 1) and one or two sector departments (selected from education, health, roads and agriculture), SLGP will provide support for the development and use of better monitoring and evaluation systems. These systems will be as simple and easy to use as possible and although they will have limited ambitions, they will allow districts, communes and selected line departments to:

- track the extent to which plans and budgets are being implemented, and how far annual planning targets are being met;
- monitor a range of key, pre-determined, indicators (agreed upon and linked to provincial strategic planning) in a way that consistently allows for disaggregation on the basis of sex, ethnicity and other social variables;



- track the performance of frontline service providers over which they exercise authority.

M&E indicator for plans will be developed based on CPRGS indicators; in addition to performance, financial and impact monitoring, process monitoring will include measures of participation, transparency and accountability in planning. The project will also try to adapt UNCDF's local government MIS for the pilot provinces; this MIS provides a comprehensive information management system for local government infrastructure and service delivery<sup>18</sup>. Strengthening local level M&E systems will also contribute to improving the planning and budgeting process as a whole, by ensuring that it is better informed and more evidence-based.

In order to establish sound monitoring and evaluation systems, SLGP will carry out the following activities:

- review national policies and practices with regard to monitoring and evaluation. This will involve close linkages with GoVN and donor-funded programmes in GSO and elsewhere;
- review existing practice in selected districts and sector departments;
- identify sets of significant indicators for tracking;
- design (in conformity with national policies and standards) data collection and information gathering methods;
- design simple work plan models that translate annual plans/budgets into sets of discrete and trackable activities;
- develop an overall M&E system appropriate to service delivery units and local governments.

SLGP inputs here will include:

- technical advisory services for developing M&E systems;
- training of local officials in the use of M&E systems.

## *2.2 Supporting and assisting the establishment and implementation of provincial transparency policies*

In line with national orientations and existing statutory provisions – such as the Grassroots Democracy Decree, the SBL, and the new Law on People's Councils/Committees – SLGP would help provinces establish clear policies on transparency. Such policies would:

- reiterate (and perhaps expand upon) current regulations about the provision of information (plans, budgets, expenditure/revenue accounts, etc.) to local citizens by public service and administrative units, thus establishing a local charter for transparency. The extent to which the provinces might go beyond and build upon current national regulations will depend on the power of People's Councils to edict such "normative acts" (currently being considered by the National Assembly in Hanoi) – but in principle, there is no reason that this should not be possible;
- establish mechanisms by which the PPComs and PPCouncils monitor information provision activities by all levels of local government, enabling them to assess how far public and administrative agencies at all levels are respecting the provisions of the local charter;
- establish a system of incentives and sanctions, so as to encourage information provision by local officials.

The process of drafting such provincial policies would be entrusted to a "task force", composed of representatives from the following:

<sup>18</sup> activities in this area will be closely coordinated with UNDP and DFID's programme of support for the development of a socio-economic development monitoring framework and related capacity-building activities.

- PCom;
- PCouncil;
- Provincial VCP;
- Some DComs and CComs;
- Department of Communications and Information;
- Selected line departments;
- Selected mass organisations.

With SLGP assistance, provincial “task forces” will review existing practices, national prescriptions, and then determine the kind of information about public services and local government (plans, budgets, expenditure statements, procurement results, etc.) that need to be made publicly available, in what form, by whom, and when. The “task forces” would also consider the budgetary implications of any proposals (and make any necessary recommendations regarding them) as well as the incentives and sanctions that will be needed to ensure compliance. “Task forces” would produce a draft policy paper, outlining the results of their work and making proposals for an official provincial policy on transparency and information provision. This would be submitted to the PCom for consideration and ultimately to the PCouncil for approval and endorsement.

PComs would then need to ensure that provincial policy is adhered to by local government officials – and, where necessary, insist upon compliance and, wherever possible, reward good local performance in the public provision of information (through performance-linked budget allocations, as defined by the provincial fiscal framework – see output 3).

SLGP inputs to this process will include:

- technical advisory services provided to the provincial “task forces”;
- under-writing the costs of any workshops or consultative meetings organised by the “task forces”;
- under-writing the costs of publishing and disseminating the provincial policy paper on information provision;
- if necessary, providing the province with a modest communications budget with which to finance some of the additional costs of information provision.

### 2.3 *Improving the quality and flow of information provided to People’s Committees on the quality of public service delivery*

Whilst People’s Committees at all levels do appear to exercise considerable authority over service delivery units within their respective jurisdictions, it is debatable whether they have access to the information needed to assess the quality of public goods and services. Without such information, People’s Committees are poorly placed to insist upon improved performance or better standards.

SLGP will work with People’s Committees to ensure that they are provided with appropriate information, in two principal ways:

- by helping to improve the existing reporting arrangements for service delivery units and then proposing improvements in them that allow People’s Committees to assess information on performance and quality. This may entail the introduction of modified reporting formats, showing – for example – geographically disaggregated education results (e.g. drop-out rates, examination results, gender and ethnic minority sensitive data, etc.) or health outcomes (e.g. EPI coverage [disaggregated by gender and ethnicity], consultation rates, etc.). The key point is that People’s Committees, if they are to provide effective oversight of public service delivery need the right kind of information.
- by introducing, on a sample and pilot basis, “client” surveys – modelled on an adapted form of the report card methodology developed in Viet Nam and elsewhere. Population

densities in the provinces are sufficiently high to make this affordable. People's Committees – with SLGP support – would be able to commission independent surveys of citizen satisfaction (or dissatisfaction) with the provision of public goods and services. The results of such surveys would help the People's Committees to know what the people think about the services that are financed by the taxes they pay.

SLGP inputs into this set of activities would include:

- technical advisory services for developing performance-oriented and performance-sensitive reporting procedures by service delivery agencies. Such advisory services would work closely with People's Committees to establish their information needs;
- technical advisory services to trial "client surveys" on a pilot basis for a limited number of districts and sectors;
- providing any necessary training in the use of such new tools and methods;
- under-writing the costs of pilot "client surveys" so as to share the budgetary burden of conducting them until such time as they prove their value and worth to the People's Committees.

#### 2.4. *Supporting People's Councils to fulfil their oversight mandate*

The People's Councils and standing committees are the only elected representatives of citizens at the local level – and therefore they provide a key opportunity for SLGP. It is the responsibility of the People's Councils to approve and monitor the implementation of plans and budgets and to ensure that the People's Committees are fulfilling their role and using public resources in responsible ways.

SLGP will therefore undertake activities aimed at strengthening the oversight function of People's Councils at various levels. SLGP support will be targeted at the PPCouncil and a select number of DP- and CP-Councils (where investment planning and budgeting are being supported – see Output 1). Particular attention will be focussed on Standing Committees and (at provincial and district levels) other committees of the People's Councils.

Activities in this area will include, among others:

- helping to set appropriate standards for the kinds of reports submitted to People's Councils by People's Committees. Plans and budgets, for example, are currently presented in ways that are not easy to understand or analyse;
- ensuring that People's Councils are provided with copies of "client surveys" and other reports on the delivery of public goods and services;
- encouraging Standing Committees to improve the quality of their inter-action with regular citizens, by setting "norms" for the conduct and periodicity of meetings (e.g. number of citizens to attend, participation of mass organisations, etc.), ensuring adequate budgetary allocations for meetings.
- training People's Councils members so that they are fully aware of their prerogatives and responsibilities, and better equipped to provide oversight;
- organising exchange visits to other provinces or districts or communes.

A fuller activity list for this aspect of SLGP's work will be drawn up during the inception phase of the project.

SLGP inputs to this set of activities would include:

- providing advice to People's Councils on what their information needs are;
- under-writing the cost of any training exercises targeted at People's Councils members.

## **ANNEX VI – SLGP OUTPUT 5: EXPERIENCE FROM SLGP PROVINCIAL INNOVATIONS AND FROM OTHER SIMILAR INITIATIVES INFORMS AND INFLUENCES NATIONAL POLICIES (IN PARTICULAR GUIDELINES FOR SOCIO-ECONOMIC DEVELOPMENT PLANNING AND BUDGETING) AND IS MADE AVAILABLE TO OTHER PROVINCES/DONORS**

Output 5 ensures that whatever experiences are gained in strengthening local level delivery of public goods and services in SLGP's pilot provinces are fed into national policy thinking and disseminated among other provinces. This output, then, is about making SLGP-supported activities and outcomes policy-relevant and of value beyond the limits of pilot provinces. Lessons learned from supporting:- (i) improvements to planning and budgeting; (ii) enhanced transparency and effectiveness of scheme implementation; (iii) the development of fiscal frameworks and financing arrangements and (iv) the deepening and strengthening of relations of accountability at local levels – will inform national and provincial policy processes.

Of particular importance here is the effort that SLGP will deploy to inform and influence the formulation of guidelines for socio-economic development planning and budgeting.

### **1. ISSUES & CONTEXT**

Whilst there are very few obvious constraints for decentralised infrastructure and service delivery in the current national policy framework, GoVN policies are rapidly evolving, sometimes in a fairly piecemeal way. However, the emerging policy framework at national level is highly fragmented, making it sometimes difficult for local officials to know precisely what regulations apply – this is most obviously the case for statutory provisions such as decrees, decisions, and resolutions, which are issued by the Government and central ministries.

There is also the issue of the very “decentralised” nature of Viet Nam – the SBL, for example, seems very decentralised in the context of a unified state (although this may well be a fallacious representation of Viet Nam). What this means, however, is that the centre has – in practice – remarkably little formal power over the provinces; when there is consensus on key issues, it is not necessarily embodied in laws and the like. Provinces, *de facto*, enjoy an extraordinary degree of autonomy. This poses a particular problem for any attempts to achieve wider policy impact – in that “good” local government practices and processes cannot simply be promulgated into existence by central government, but may need to be diffused and disseminated directly to other provinces, through a process of negotiation and dialogue.

Finally, it must be said that provinces are very different – both in their socio-economic profiles and in their institutional profile. This makes a difference to how lessons learned should be disseminated. Tra Vinh, for example, is a largely rural province in the Mekong Delta – communes there are quite large, but are not necessarily perceived by citizens as being important institutions of governance. This is very different to some of the northern provinces, where communes are actually very small, but historically important. Even within provinces, there can be considerable institutional and socio-economic variation: in Vinh Phuc, for example, the lowlands of the Red River Delta are rapidly industrialising, densely populated and are made up of large communes, in sharp contrast to the uplands, which remain largely agrarian, less densely populated and made up of very small communes. This

variation implies the need for flexible policies – and SLGP will need to bear this in mind as it seeks to have an impact beyond the boundaries of its three provincial pilots.

## **2. SLGP INDICATIVE ACTIVITIES**

### *2.1 Tracking pilot activities closely and analytically*

The first key activity in this area is to ensure that SLGP knows what it has been piloting – and the circumstances under which those activities have led to positive, equivocal or even negative outcomes. The context for any “successes” or “failures” is especially important to understand – what works in one province may not in another, for good reasons.

SLGP will therefore establish a sound tracking system and carefully analyse the conditions under which the activities it supports are undertaken. This will entail:

- collecting relevant information on the provinces, sector departments, districts and communes with which the project works;
- carefully track processes and the outcomes of pilot activities;
- analysing how and why given activities lead either to positive or to negative outcomes.

Inputs for this activity will include:

- initial technical assistance for establishing information collection needs;
- regular project inputs to maintain and update information and data bases;
- periodic project workshops to discuss and analyse pilots.

### *2.2 Promoting inter-provincial/district/commune exchanges*

As and when SLGP pilot activities begin to yield tangible or perceptible results, the project will seek to bring them to the attention of other local government units – from both pilot provinces (because SLGP will not, at the outset, be working in all districts) and provinces that are not the focus of project activities.

SLGP will need to be judicious in its selection of which activities to “promote” to different types of local government. This is where a good knowledge of the context for “success” is important, as it will enable SLGP to identify those who are most likely to replicate in their own jurisdictions. Given its solid familiarity with all of Viet Nam’s provinces, DLRE will play an important role here.

SLGP inputs to this activity will include covering the costs of exchange visits and other related costs (e.g. preparing visits).

### *2.3 Providing national-level institutions with opportunities to familiarise themselves with pilot activities and SLGP innovations*

SLGP will ensure that national authorities are able to learn more about project pilot activities and the ways in which pilot provinces are trying to improve their management of decentralised public service delivery. In particular, this activity will enable SLGP to bring to national attention any institutional issues that constrain the ability of local governments to provide pro-poor and quality public goods and services.

National institutions of particular significance here include:

- MPI (in particular the Department of General Economic Issues) – so as to provide input into the development of national guidelines for local socio-economic development planning;
- MoF (in particular the Budget Department and PFMRP);
- MoHA (in particular the Department of Local Government and PAR).

This activity will also include a component linked to enabling Vietnamese policy think tanks (such as CIEM and ISOS) to better understand some of the principles underlying SLGP innovations and thus provide for a more informed policy debate over SLGP pilots. This will take place in the following way:

- policy think tanks will provide much of the national technical advisory services that will be used by SLGP, in partnership with international advisers. Whilst the former will bring invaluable knowledge of Viet Nam to the process, the latter will provide equally valuable knowledge of good practice from elsewhere;
- SLGP will also enable members of policy think tanks to benefit from overseas learning exercises (e.g. on fiscal decentralisation).

Finally, SLGP will organise annual workshops at which project activities will be presented and discussed by both national and local stakeholders. These workshops will contribute towards national knowledge and understanding of SLGP.

SLGP inputs will include:

- under-writing the costs of visits to pilot provinces by national authorities;
- under-writing the costs of international training;
- under-writing the costs of annual workshops.

#### *2.4. Publishing and disseminating information on project activities*

In order to ensure that information about pilot activities is made available to a wide range of stakeholders (central government, other local governments, policy advisors, donors, etc.), SLGP will:

- publish and disseminate regular bulletins on project progress. Such bulletins will be short, clear and of high quality;
- establish a web-site on which will be posted activity reports, papers, and other features.

SLGP inputs for this activity will include:

- a national communications and information specialist, responsible for publications and website management;
- covering the costs of publications and dissemination.

#### *2.5. Liaising with other "like-minded" GoVN and donor-funded programmes*

SLGP will make special efforts to ensure that it learns from and also informs other "like-minded" GoVN and donor-funded programmes. This will take the form of organising occasional workshops and seminars, as well as through more informal networking processes.

Although there are a wide range of "like-minded" programmes, SLGP will need to be particularly open to dialogue with the following:

- UNDP's CEBA project;
- UNDP's project of support for People's Councils;
- UNDP's PAR Support Fund project;
- PFM RP (jointly funded by GoVN and a number of donors).

In addition to regular staff time dedicated to networking, SLGP inputs for this activity will be limited to funding workshops/seminars.

## 2.6 *Supporting policy initiatives related to decentralised public service delivery*

Through PAR, the Government is committed to further decentralisation – and, over the next few years, a range of policy initiatives are likely to be launched. It is not possible, at the moment, to know (with any reasonable degree of certainty) what areas these policy initiatives will concern. With its strong focus on decentralisation, in general, and decentralised public service delivery, in particular, SLGP will support GoVN policy initiatives as and when such support is requested.

This support for any policy initiatives may take several forms:

- under-writing the costs of contracting national or international advisers for specific issues (e.g. gender-responsive budgeting, fiscal decentralisation, M&E, etc.);
- contributing towards the costs of organising policy dialogue events and the like;
- contributing towards the costs of study tours for GoVN officials.

This activity is entirely “process” – and is thus to be seen as very open-ended.