



## **Investment Design for Restructuring for a more Competitive Vietnam**

<b>Start date: 5 May 2014</b>	<b>End Date: 31 December 2016</b>
<b>Proposed funding allocation:</b>	<b>AUD\$ 3,100,000</b>

Department of Foreign Affairs and Trade, Australian Embassy in Hanoi

8 May 2014

# Table of Contents



.....	1
<b>Acronyms .....</b>	<b>iv</b>
<b>0. Executive Summary .....</b>	<b>vi</b>
Planned Development Outcomes .....	vi
Timeframe and Resource Commitments .....	vii
Delivery Approach and Key Partnerships .....	vii
Key Challenges and Solutions .....	viii
<b>1. Analysis and Strategic Context.....</b>	<b>1</b>
Country/Regional and Sector Issues .....	1
Development Problem/Issue Analysis .....	2
Evidence-base/Lessons Learned.....	4
Experiences Underpinning the Program Design .....	4
Strategic Setting and Rationale for Australian Engagement .....	5
Strategic Alignment and Options Considered .....	5
What are other donors doing? .....	6
Context for Australian Support: What does Australia have to offer? .....	6
What National Level Development Outcomes will the Program Support? .....	7
Program Beneficiaries .....	7
<b>2. Investment Description.....</b>	<b>9</b>
RCV Logic and Expected Outcomes .....	9
RCV Goals and Purpose .....	9
Delivery Approach.....	12
Program Delivery through Government Systems.....	12
Other options considered .....	12
Resources .....	12
<b>3. Implementation Arrangements.....</b>	<b>14</b>
Management and Governance Arrangements and Structure .....	14
Overview of Program Management .....	14
Management of Program Components .....	15
Program Support .....	15
Funding arrangements .....	16
Implementation Plan .....	16
Procurement Arrangements.....	16
Monitoring and Evaluation (M&E) .....	17

Sustainability .....	18
Inclusiveness .....	18
Risk assessment and management response .....	19
Risk management approach and responsibilities .....	20
<b>APPENDIX 1. RCV: M&amp;E Framework .....</b>	<b>21</b>
The RCV Theory of Change .....	21
Overview of M&E .....	23
Logical Framework Matrix .....	27
<b>Appendix 2: Program Management Structure and Terms of Reference for Key Stakeholders and Personnel .....</b>	<b>31</b>
Overview .....	31
Decision Making Principles .....	31
Tasks and Responsibilities of Key Stakeholders .....	32
Program Director .....	32
Component Directors .....	33
Program Coordinating Committee (PCC) .....	33
DFAT .....	34
Terms of Reference for Program Supported Personnel .....	34
Senior Advisory Group (SAG) .....	34
The Senior Technical Adviser (STA) .....	35
Senior Program Coordinator-Economist .....	36
Program Support Unit (PCU) .....	37
<b>Appendix 3: The RCV Flexible Fund .....</b>	<b>39</b>
Introduction .....	39
Criteria for Selection of Projects for Funding from the Flexible Fund .....	39
Proposals for Funding for the Flexible Fund .....	39
Approving the Use of Flexible Funds .....	40
Use of Funds .....	40
<b>Appendix 4: Indicative Table of Contents for RCV Operation Manual .....</b>	<b>41</b>
<b>Appendix 5: Risk Management Plan .....</b>	<b>42</b>
<b>Appendix 6: Direct Funding Agreement .....</b>	<b>47</b>
Planned Development Outcomes .....	60
Timeframe and Resource Commitments .....	61
Delivery Approach and Key Partnerships .....	61
<b>Appendix 7: Component Implementation Schedule .....</b>	<b>65</b>

## Acronyms

ACCC	Australian Competition and Consumer Commission
AEC	ASEAN Economic Community
AFTA	ASEAN Free Trade Agreement
AICD	Australian Institute of Company Directors
ANU	Australian National University
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
AUD	Australian Dollar
AusAID	Australian Agency for International Development (now DFAT)
BTA	Bilateral Trade Agreement
B-WTO	Beyond WTO
CD	Component Director
CIEM	Central Institute for Economic Management
CNs	Concept Notes
CPV	Communist Party of Vietnam
CSU	Component Support Unit
DB	Doing Business
DFAT	Department of Foreign Affairs and Trade (Australia)
DFAT SPM	DFAT's Senior Program Manager (for RCV)
DfID	Department for International Development (UK)
EU	European Union
FTA	Free Trade Agreement
GAP	Government Action Plan
GDLM	General Department of Land Management
GFC	Global Financial Crisis
GoV	Government of Vietnam
HCMC	Ho Chi Minh City
IPSARD	Institute of Policy and Strategy for Agriculture and Rural Development
LFM	Logical Framework Matrix
M&E	Monitoring and Evaluation
MARD	Ministry of Agriculture and Rural Development
MDG	Millennium Development Goals
MOIT	Ministry of Industry and Trade
MPER	Master Plan on Economic Restructuring
MPI	Ministry of Planning and Investment
MTR	Mid-term Review
MUTRAP	European Trade Policy and Investment Support Project

NA	National Assembly
NCIEC	National Committee for International Economic Cooperation
CD	National Component Director
NCI	National Steering Committee on Integration
PD	National Project Director
NSCSDC	National Steering Committee on Sustainable Development and Competitiveness
ODA	Official Development Assistance
OOG	Office of Government
PCC	Program Coordinating Committee
PD	Project Director
PCU	Program Support Unit
RCEP	Regional Comprehensive Economic Partnership (RCEP)
RCV	Restructuring for a Competitive Vietnam (Program)
SAG	Senior Advisory Group
SEDP	Socio-Economic Development Plan
SMEs	Small and Medium Enterprises
SE	State Enterprise
SPC-E	Senior Program Manager/Economist
STA	Senior Technical Adviser
TFP	Total Factor Productivity
ToR	Terms of Reference
TPP	Trans Pacific Partnership
VCA	Vietnam Competition Authority
VCCI	Vietnam Chamber of Commerce and Industry
VNS	Vietnamese Dong
WB	World Bank
WEF	World Economic Forum
WTO	World Trade Organization

## 0. Executive Summary

### Planned Development Outcomes

1. The Restructuring for a Competitive Vietnam (RCV) Program has been designed to support implementation of selected elements of the Government Master Plan on Economic Restructuring (MPER, 2013-2020). MPER goals supported by RCV are to:
  - a) Increased national economic competitiveness.
  - b) Accelerated growth in labour productivity, employment and incomes.
  - c) Improved transparency in business regulation and reduce corruption.
2. Key results expected from the program by March 2016 are:
  - a) Reductions in business compliance costs (following approval of revisions to the Enterprise and Investment Laws).
  - b) Increase in the quantity and quality of the cases handled by the Vietnam Competition Authority.
  - c) Concrete actions taken by GoV to begin restructuring the rice value chain at national and central level.
  - d) Policy recommendation resulted in GoV, CPV's strategic documents dealing with economic restructuring including restructuring of the rural economy.
3. The program will help the GoV achieve these objectives via three targeted components and a flexible fund to respond to emerging priority issues linked to the economic restructuring program. The three components and planned outputs are:
  - a) Enhanced business competitiveness and transparency. This Central Institute for Economic Management (CIEM)- Ministry of Planning and Investment (MPI) led component will result in:
    - i. More business friendly Enterprise and Investment Law approved by National Assembly (in 2014-15, with key implementing regulations approved by the GoV by 2015-16).
    - ii. Diagnostic report on impediments to private sector development and to implementation of international economic commitments submitted to GoV (by 2015-16).
    - iii. Quarterly and annual reports on progress and issues with MPER used by GoV to sustain pressures to implement the MPER, and to adapt MPER priority actions to meet changing circumstance.
    - iv. At least two quality analytical reports on priority macro-economic and broader economic development issues submitted by the MPI to the national leadership and widely discussed in mass media (by December 2016).

- b) Restructuring competition institutions in line with international commitments. The intended outputs of this Vietnam Competition Authority (VCA)- Ministry of Industry and Trade (MOIT) led component are:
  - i. Enhanced evidence base, information and skill to enforce competition policy.
  - ii. Enhanced policies, systems and support to minimize the negative impact of anti-dumping actions and other trade remedies.
  - iii. Expanded early warning systems on potential trade defence cases.
- c) Restructuring the rural economy to increase value added. This Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD)- Ministry of Agriculture and Rural Development (MARD) led component will result in the following outputs:
  - i. Analysis and reports contribute to improved institutional structure for rice value chain collaboration in Dong Thap supported by representatives of all stages of the rice value chain.
  - ii. Reports on modelling of impacts of rice value chain restructuring (including proposed reforms to paddy land reservation policies, and proposed reforms to increase competition in rice sector in line with international commitments) submitted to Minister, Ministry of Agriculture and Rural Development (MARD).
  - iii. Policy dialogue on rice value chain restructuring issues reflected in media coverage and public awareness of issues and policy options.

### **Timeframe and Resource Commitments**

- 4. The initial pilot program will be implemented from April 2014 to December 2016. The Government of Australia will provide AUD 3,100,000, in which AUD2,500,000 will be grant to GoV and the remaining AUD600,000 will be for technical support for the implementation of the Program and design of the new phase, including funding the Senior Technical Adviser (STA) position. The GoV will provide, through the implementing agencies, in-kind support estimated at about AUD 122,000). Considerable in-kind contributions (mostly in the form of people's time) are expected from the private sector, media, business associations, research institutes, and the broader community.
- 5. In late 2015/early 2016, DFAT will conduct a review of the program to assess its effectiveness and design a new phase to 2020. The new phase to 2020 will support priorities of the new National Socio-economic Development Plan (SEDP 2016-2020).

### **Delivery Approach and Key Partnerships**

- 6. CIEM will be the lead agency responsible for overall program delivery. CIEM will appoint a Project Director (PD) to oversee the program. CIEM, VCA and IPSARD will be responsible and accountable for effective and efficient delivery of component outputs as discussed above. Component implementing agencies will appoint Component Directors (CDs). CIEM will be responsible for the overall program management and coordination and for the implementation of the Flexible Fund to respond quickly to emerging policy issues.
- 7. A Program Coordination Committee (PCC) will be established and meet at least every six months to review progress and implementation issues. All CDs and DFAT (First

Secretary of Development Cooperation and First Secretary of Trade) will participate in the PCC. The PD, in consultation with DFAT, may decide to invite other observers (such as representative of Senior Advisory Group (SAG), National Assembly (NA) or CPV) if that is seen as advancing the Program objectives.

8. DFAT will be involved in program planning and strategy decisions, including approval of the Operational Manual (OM), key program personnel in the Project Coordination Unit (PCU) (including the Senior Program Coordinator-Economist (SPC-E), the SAG, and decisions on the use of the Flexible Fund.
9. The SAG and the international Senior Technical Advisor (STA) will play an important role in planning, policy dialogue, communications and quality control over program activities.

### **Key Challenges and Solutions**

10. Successful implementation of this program will depend critically on continuing broad based support for the proposed reforms amongst the national leadership in the GoV, NA and CPV. Such leadership will be important in resisting attempts by vested interests to stall reforms. The program includes a strong focus on policy dialogue and outreach programs in order to help sustain and build on the apparent existing support for reform.
11. Another critical assumption is that the Program's implementing partners continue to exercise the respect of, and access to, key policy makers in the GoV, NA and National Assembly. It will also be important that partners are effective in engaging with the broader community. The program includes a several strategies in this regard. Firstly, the selected lead agency, CIEM, has an established reputation in engaging with leaders, the media and other stakeholders to implement reform. Secondly, (drawing on experiences with the Beyond WTO program) a SAG will be established consisting of influential national experts with a demonstrated capacity to engage on reform issues at all levels. Finally, DFAT expertise will be used to help facilitate dialogue between international and national experts as appropriate.
12. The analysis and advice provided under the program must be credible and readily defensible to a mix of audiences. The program will need to access to information on international and national best practices, and to national and international experts with the capacity to undertake and explain program supported analysis in a credible manner. The program includes peer review processes to help ensure the quality and credibility of analysis to national audiences. Strategies are included to ensure that program supported analysis feeds into national policy debate covered by the mass media.
13. As demonstrated in earlier Australian supported programs, opportunities to support reform can emerge unexpectedly, and at times there may be limited windows of time to have the most significant impact in terms of influencing new legislation or policies. The program includes flexibility in the program design to respond to these needs, including the establishment of a Flexible Fund. The GoV and DFAT will monitor implementation of this Fund to ensure that it is effective in responding to relevant reform priorities.

# 1. Analysis and Strategic Context

## Country/Regional and Sector Issues

1. Low growth, hyperinflation and food shortages -- exacerbated by the collapse of the (former) USSR and Eastern Europe (Vietnam's then major source of trade and development cooperation) -- provided the initial impetus for economic renovation (*Doi Moi*) in Vietnam in the 1980s. Grassroots pressure to alleviate food and other shortages, evidence that neighbouring market economies were more effectively achieving social development goals, and evidence of China's initial success with economic reforms combined to build a compelling case for reform.
2. Relatively quick and equitable gains from land and price reforms and removal of restrictions on petty trading helped reduce ideological resistance to reform. Further reforms from the late 1980s -- combined with a relatively low-cost work force and a young population with a relatively strong and equitable basic education system -- helped transform the economy. Despite periodic recurrences of macro instability -- especially during the Asian Financial Crisis (which started in 1997) -- per capita incomes increased steadily and the poverty rate fell, from 58% in the 1990s, to 14.5% in 2010<sup>1</sup>.
3. Following the onset of the Global Financial Crisis (GFC) in 2007 growth stagnated, despite rapid increases in short-term capital inflows and private remittances following WTO accession. This surge in foreign capital inflows -- combined with rapid growth in domestic credit, a GoV stimulus package that included increased public investment (some of which was channelled through inefficient State enterprises), and rising international commodity prices -- contributed to increased inflation and macro-economic instability. The current account deficit blew out from 2008 to 2009, and annual inflation increased from 6.7% in 2008, to above 20% in 2008 and 2009 and again in 2011.
4. Following the 11<sup>th</sup> Party Congress in 2011, the GoV acted to address imbalances by limiting credit growth and increasing interest rates. This helped reduce macroeconomic imbalances, with inflation falling to about 6.5% in 2013. Export growth has remained strong (despite difficult international conditions following the GFC, the country has a current account surplus, and international reserves are robust. However, the domestic private sector continues to be adversely affected by the tighter monetary conditions, the bursting of the property and capital market bubbles, and subdued growth in domestic demand. Those investing in land and capital markets have experienced sharp drops in wealth. Average GDP growth has fluctuated at around 6% per annum since 2008, well below average growth in the previous decade. Labour productivity and per capita income remain well below China and most other East Asian economies. There is growing national pressure for change to accelerate and ensure more equitable outcomes from economic development.
5. Economic integration remains a central element of Vietnam's strategy to "catch up" with neighbouring countries in terms of labour productivity and living standards. Vietnam is a member of WTO and the ASEAN Free Trade Area (AFTA), and has signed bilateral trade agreements with several major trading partners. Vietnam is also active in regional economic cooperation agreements such as the ASEAN Economic Community (AEC) the regional economic cooperation partnership (RCEP) and the Trans-Pacific Partnership (TPP)<sup>2</sup>. Planned implementation of the AEC, RCEP and TPP, and new bilateral agreements (including with the EU), and the recently approved (2013) WTO Trade Facilitation Agreement<sup>3</sup> will increase pressures to restructure the economy and will impact on the pace and

---

<sup>1</sup> Source: UNDP MDG report: <http://www.vn.undp.org/content/vietnam/en/home/mdgoverview/overview/mdg>. The methodology for calculating Vietnam's poverty rate, however, has recently come into question -- see 2012 Poverty Assessment by WB-Vietnam Academy for Social Science at [http://www.worldbank.org/content/dam/Worldbank/document/vn\\_PA2012Executive\\_summary\\_EN.pdf](http://www.worldbank.org/content/dam/Worldbank/document/vn_PA2012Executive_summary_EN.pdf)

<sup>2</sup> Regional economic cooperation agreements are shifting from comparatively simple Free Trade Agreements (FTAs), to broader and more complex economic cooperation agreements, covering the movement of goods, services, technology, competition policy, state enterprise reform, people and capital, as well as environmental standards.

<sup>3</sup> The agreement will increase customs efficiency and revenue collection, and help businesses access new export opportunities via more transparent customs practices, streamlined documentary requirements, and processing of documents.  
[http://www.wto.org/english/tratop\\_e/tradfa\\_e/tradfa\\_e.htm](http://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm)

distribution of economic growth. The challenge is to facilitate economic restructuring to promote more positive and equitable impacts from integration.

## Development Problem/Issue Analysis

6. The recent prolonged economic slow-down has prompted increasing public debate about inequities, corruption, and the most appropriate socio-economic development models for Vietnam. There have been growing concerns that those most closely connected to political power have been able to accumulate wealth relatively easily due to their privileged access to capital, land, and markets. This is seen as inequitable, and it acts as barrier to the entry of new businesses, competition and innovation.
7. Weaknesses in the emerging regulatory and legal framework and institutions have allowed these unfair advantages to persist, stifling growth in productivity, competitiveness, incomes, and living standards. Vietnam continues to rank poorly in terms of the WB's Doing Business Index and the World Economic Forum's Global Competitiveness Index<sup>4</sup>. Relatively strong economic performance prior to the GFC and the recent economic slowdown made it easier for vested interests (e.g. politically connected managers and owners of State and private enterprises) to resist reforms.
8. The sustained economic slowdown since 2008 has resulted in growing pressure to accelerate reforms to increase competition, productivity and national competitiveness in order to realize national aspirations for reducing poverty and achieving equitable improvements in living standards. Party and Government resolutions and strategies, business forums and the Vietnamese media have become increasingly frank in their critique of vested interests, corruption and inequity. Increasingly, senior government and party leaders, academics, business people, and the broader community – as well as international development experts -- have emphasised the need to accelerate economic restructuring to help address these concerns. WTO's recent Trade Policy Review for Vietnam<sup>5</sup> found that “the contribution of total factor productivity (TFP) to the growth of Vietnam's factor driven economy appears to have collapsed” with “the slow pace of structural reform” impeding TFP growth. The press, the internet, and social media are increasingly important platforms for domestic discussion about how best to achieve national development goals.
9. In response to community pressure, the Government of Vietnam (GoV) and the Communist Party of Vietnam (CPV) have made economic restructuring one of the highest priority development issues. Economic restructuring -- to ensure Vietnam maximises the employment and poverty reduction benefits of ongoing global economic integration – was identified as a key development objective of Vietnam's Socio-Economic Development Plan (SEDP: 2011-15)<sup>6</sup>. A 11<sup>th</sup> Party Congress Resolution (January 2011) called for innovation in Vietnam's development model to restructure the economy. The Prime Minister approved (in February 2013) a Master Plan on Economic Restructuring (MPER) from 2013 to 2020<sup>7</sup>.
10. The MPER aims to build and implement a new model of economic growth focusing on quality, efficiency and competitiveness by 2020. Core MPER objectives are more transparent and broad based business investment leading to an increased share of the workforce being employed in higher productivity and higher income formal employment in both rural and urban areas. The MPER focuses on the need to: more clearly delineate the roles of the State and the market; facilitate higher value added agriculture production and rural economic development; reduce barriers to efficient business investment; develop

---

<sup>4</sup> <http://www.doingbusiness.org/reports/global-reports/doing-business-2014> and <http://www.weforum.org/reports/global-competitiveness-report-2013-2014>

<sup>5</sup> WTO. 2013. Trade Policy Review: Viet Nam. [http://www.wto.org/english/tratop\\_e/tptr\\_e/tp387\\_e.htm](http://www.wto.org/english/tratop_e/tptr_e/tp387_e.htm)

<sup>6</sup> GoV SEDP 2011-15 (Chapter II. Development Perspectives. Building an independent and autonomous economy in the context of increasingly broader international integration).

<sup>7</sup> Decision 339/QĐ-TTg (19/2/13) approving the MPER to revamp the growth model with the aim of improving the quality, efficiency and competitiveness of the economy from 2013-2020. A summary of the MPER is included in **Appendix 8-MPER**.

more competitive markets; improve corporate governance (of state enterprises, and publicly listed companies); and strengthen prudential supervision and management of the financial sector (banking and capital markets).

11. Implementation of the MPER will not be easy: vested interests can be expected to resist changes that will affect their current privileged positions. Integration and economic restructuring will expose uncompetitive sectors of the economy to competition. Restructuring can lead to increased productivity and competitiveness, but can also lead to the failure of some enterprises and significant adjustments in some areas. Policy responses need to be timely and adapted to prevailing circumstance to help minimize adverse impacts. Vietnam has limited capacity to: (i) monitor and/or provide evidence based predictions of the impacts of economic reforms (especially equity impacts) or; (ii) to develop policy actions aimed at ensuring better and more equitable outcomes. Without a sound understanding of potential impacts and potential policy responses, it will be difficult to build a consensus for reforms, and Vietnam's leaders will be reluctant to push forward with difficult reforms for fear of a possible popular backlash when reforms begin to bite.
12. While there is no way of being sure that the increasing pressures for economic reform and restructuring will be adequate to bring significant change soon. Nor is it possible to be sure about the details of how this change might happen. However, pressure from within the political system, and public sentiment on the need for change, support the case for engaging on economic reform issues at this time. Moreover, there are firm targets for key reforms such as the changes to the Enterprise and Investment legislation. Past experience (since the beginning of Doi Moi) suggests that Vietnam's leaders are prepared to take a pragmatic approach to economic reform when there are compelling arguments and significant pressure. More substantive public debate about equity issues and the need for legitimacy -- that partly depends on achieving 'broad enough' -based economic growth -- is contributing to pressure for reform. Past experience suggests that international support -- to help provide advocates of reform with better access to information and credible national and international evidence of linkages between economic reform and equitable socio-economic outcomes -- can help in building support for such reforms.
13. In order for the GoV to effectively implement the restructuring plan, it will need to ensure:
  - a) Capacity exists to implement the restructuring plan, including capacity to monitor and assess the distributional impacts of structural impediments to development, and proposed solutions to address these impediments<sup>8</sup>.
  - b) The institutional capacity and evidence base exists to support the development and implementation of policy, regulatory and public investment reform strategies that will promote increased efficiency and competitiveness, and more equitable outcomes;
  - c) Adequate resources are mobilized to develop and strengthen the core market institutions that will be central to implementation of the economic restructuring plan (e.g. policy analysis, competition and corporate governance institutions).
14. The RCV is designed to help the GoV address key elements of these challenges, and thus to help the GoV achieve its targeted outcomes from economic restructuring. As discussed below other donors are also involved in supporting economic reforms, but RCV will be unique in being the only support focussed on MPER implementation, and directly supporting the national institution responsible for overall coordination, monitoring, evaluation and reporting on implementation of the MPER. RCV will also directly support the development of key market institutions that impact on business investment, corporate governance, competition policy, and restructuring of the rural economy.

---

<sup>8</sup> Monitoring and building understanding of the distributional impacts of reform will be important to sustain support for reform, and to sustain pressures to effectively implement the reforms.

## Evidence-base/Lessons Learned

### Experiences Underpinning the Program Design

15. Lessons learned from GoV experiences in developing and implementing reform processes -- and from international support for Vietnam's reform program (including the B-WTO program) -- have underpinned the design of this program. Some specific lessons relevant to the proposed program include:
- Well-designed support to help improve the evidence base for reform advocates can be cost-effective.
    - Economic reforms are more likely to be broadly supported and succeed where there is effective whole-of-government and public-private collaboration.
    - Broad based policy dialogue, including effective engagement with the media, is important in building national support for reform.
    - International experience and good practices, effectively translated to directly relate to national reform issues, can play a critical role in building support for national reforms. International support can play a valuable role in helping national institutions to effectively access relevant experience and expertise.
    - Externally financed support for reform is likely to be more effective if it is linked with appropriately networked "champions of reform". Ideally, reform proponents should have a clear vision of intended results, reform strategies, and options for realizing change.
    - Planning the specifics of support for reform is difficult. Opportunities for reform can emerge unexpectedly. Flexibility to respond to emerging needs is needed to maximize potential returns on development investments.
  - Getting the right institutional structure (governance, accountability, delegation, and ownership) is critically important to effective support for reform:
    - Complex and/or ambiguous decision making structures should be avoided. Responsibility and accountability for component operational and financial decisions should be delegated to component directors to ensure clear lines of accountability;
    - National ownership of design and implementation of reform initiatives is particularly important. Support should be implemented directly with the Vietnamese implementing agencies to address specific policy reform issues and/or to build capacity.
  - Establishing clear guidelines for quality assurance can help enhance the quality of outcomes. Useful approaches to quality assurance include:
    - Peer reviews (e.g. of study designs, findings and recommendations). Utilization of international expertise for peer reviews can be particularly helpful in shaping the design of activities, developing methodologies, and in reviewing policy analysis and recommendations.
    - Formal participant evaluation of all learning and capacity building activities, including study tours (including concrete examples of how the support was used to enhance institutional outcomes).
    - Use of senior and seriously motivated national experts (such as the SAG) in informal and formal peer reviews of policy studies and recommendations.
    - Providing easy public access to all program supported studies and reports (e.g. via a program website).
  - Because timing of reform can be uncertain, some flexibility in defining and monitoring results indicators may be needed to capture information on the most important reform results:

- Many of the most compelling indicators of reform results are likely to become apparent as the details of reform emerge from the dialogue and consensus building process.
- At the same time, it is important that programs supporting reform include sufficiently focussed results targets (or at least criteria for making funding decisions) to help in choosing between competing priorities.

## Strategic Setting and Rationale for Australian Engagement

### Strategic Alignment and Options Considered

#### *Alignment with GoV and CPV Priorities*

16. The GoV has identified restructuring the economy -- to ensure Vietnam maximises the employment and poverty reduction benefits of ongoing global economic integration<sup>9</sup> -- as a key development objective of Vietnam's SEDP: 2011-15<sup>10</sup>. The MPER aims to facilitate a major restructuring of the economy by 2020<sup>11</sup>. The Ministry of Planning and Investment (MPI) acts as the advisory body and coordinator of the program, and is responsible for monitoring and reporting to the GoV in implementation of this plan, MPI is also responsible for implementing major elements of the MPER, including reforms to the business environment, corporate governance and public investment. Within MPI, the Central Institute for Economic Management (CIEM) has the lead role in implanting MPI's responsibilities for restructuring, in addition to its responsibilities to lead efforts to improve the business-enabling environment. Planned RCV support will help build CIEM's capacity to implement these responsibilities.

#### *Alignment with Australian Government policy*

17. This investment aligns well with the Australian Government's strategic priorities in Vietnam, especially in the context of Australia's advocacy for RCEP, TPP, and trade facilitation. Economic diplomacy is at the core of the Australian government's international engagement. Its implementation is guided by the objectives of (i) improved trade liberalisation through participating in regional and global trade agreements, (ii) improved growth through promoting economic reform and infrastructure, (iii) improved investment through promoting Australian investment; and (iv) improved business through promoting a stronger private sector and advancing Australian business overseas.
18. Australia's country strategy for Vietnam identifies reforms in state enterprise policies and competition policy as priorities for development cooperation investments. Support to build an evidence-base for policy making, as well as legal and regulatory reforms in areas that will improve Vietnam's competitiveness and productivity, are also identified as priorities. RCV supported reforms should increase transparency, reduce opportunities for corruption, and ensure more equitable development outcomes, all core strategic objectives of Australian support to Vietnam. The Australian government recently announced a refocussing of assistance, giving even greater prominence to the role of aid for trade and private sector development in raising the living standards of the most vulnerable<sup>12</sup>.
19. The Vietnam country strategy also highlights the importance of building partnerships between Australian and Vietnamese institutions. Several of the components proposed under this investment build on partnerships begun under the B-WTO program (e.g. with the Australian Competition and Consumer

<sup>9</sup> Politburo Resolution No. 22 (April 2013) requires the establishment of a coordination mechanism led by the Prime Minister, with inter-agency and central-local collaboration, to exploit the opportunities of increased integration while minimising any adverse impacts. Detailed priorities are currently being formulated into a GoV action plan to implement this resolution.

<sup>10</sup> SEDP 2011-15 (Chapter II. Development Perspectives. Building an independent and autonomous economy in the context of increasingly broader international integration).

<sup>11</sup> Decision 339/QĐ-TTg (19/2/13) approving the MPER to revamp the growth model with the aim of improving the quality, efficiency and competitiveness of the economy from 2013-2020.

<sup>12</sup> [http://foreignminister.gov.au/releases/2014/jb\\_mr\\_140118.html](http://foreignminister.gov.au/releases/2014/jb_mr_140118.html)

Commission (ACCC), the Australian National University (ANU), and Monash University) and potentially new partnerships such as with the Australian Institute of Company Directors (AICD).

### **What are other donors doing?**

20. The WB is arguably the lead donor agency involved in providing advice on the broad economic reform agenda and for trade facilitation (e.g. logistics). Much of the WB support is in the form of export advice, studies, and policy dialogue (sometimes linked to budget support and/or sector operations). The Asian Development Bank (ADB) is providing complementary support to the WB, with a particular focus on State enterprise reform, and SME and private sector development.
21. ADB is also developing a sub-regional Mekong Business Initiative (MBI: with proposed AUS 20 million in Australian Government financing), with the aim of addressing the binding constraints to private sector-led economic growth in the region. The MPI is expected to focus on the core themes of private sector growth, state enterprise reform, public-private partnerships, and business regulation.
22. The IMF provides technical assistance to help national institutions address macroeconomic and monetary and financial sector policy issues.
23. The US Government is developing a Governance for Inclusive Growth program to work with the public and private sectors to support economic growth and governance, including: (i) trade and investment; (ii) private sector competitiveness; (iii) public administration and financial management; and (iv) social and economic inclusion.
24. The European Union's support for integration (MUTRAP) focuses on implementation of bilateral (EU-Vietnam) trade and investment commitments. MUTRAP is currently in its 4<sup>th</sup> phase of operations and is one of the longest running programs of support provided for trade related reforms in Vietnam.
25. Japan (JICA) and Switzerland are also providing limited support for competition policy reforms. The Vietnam Competition Authority (VCA) is also engaged in regional technical cooperation arrangements funded through the ASEAN Secretariat. VCA plays a proactive role in ensuring that donors are aware of all competition policy related support in order to maximize complementarity and avoid any overlap.
26. Australia has collaborated effectively with these donors under established GoV led donor coordination mechanisms, and under specific programs such as the Beyond WTO program. These mechanisms have proved generally effective in providing with Vietnam with differing perspectives and foci in key areas of reform, while avoiding unproductive duplication of effort.
27. Effective communications and knowledge management will be important in ensuring complementarity with related donor initiatives. Provision is included in the program design for communications and knowledge sharing activities. Program design documents, work plans and program supported studies will be made available on the program website (integrated within the CIEM website) to facilitate coordination with other donors.

### **Context for Australian Support: What does Australia have to offer?**

28. The GoV articulated an ongoing demand for Australian support to assist with the economic restructuring process at High Level Consultations on development cooperation between Australia and Vietnam in 2013. Vietnam sees Australia as a logical partner to address these issues, because:
  - a) Australia is viewed as a leading advocate of trade related reforms, and is active in promoting regional partnerships that will impact on Vietnam (especially the AEC, RCEP and TPP). Australia is also active in addressing "beyond the border" reforms, including the WTO Trade Facilitation Agreement, which will require Viet Nam to reform its customs and border procedures.
  - b) Australia has particular expertise in modelling the impact of economic restructuring, including assessing equity impacts;

- c) Australia has the capacity to tap into regional expertise;
- d) There is an opportunity to build on the results of activities funded under the B-WTO program, where effective partnerships have been developed between counterpart Vietnamese and Australian institutions (as noted above):

#### **What National Level Development Outcomes will the Program Support?**

29. MPER goals supported by the RCV are to improve competitiveness, increase employment and labour productivity, and improved transparency and reduce corruption. This will help to reduce poverty.
30. The RCV will help the GoV realize these goals by:
  - a) Building capacity to monitor, evaluate, report and facilitate dialogue on implementation of the MPER, and thus ensure greater accountability to ensure that the program is implemented effectively and in line with intended goals;
  - b) Building a stronger consensus on the actions needed to facilitate economic restructuring and reduce barriers to business entry, growth and competition by:
    - i. Enhanced dialogue among policy makers, the public, academics and politicians;
    - ii. Strategic use of the media to disseminate evidence that highlights the costs of the status quo and impacts of proposed reforms;
  - c) Supporting policy dialogue and implementation of core elements of the MPER relating to business, competition policy, and rural development.
  - d) Strengthening the capacity of Vietnamese institutions to conduct research and analysis on economic reform issues;
  - e) Strengthening partnerships between Australian and Vietnamese counterpart institutions.
31. More broadly, the proposed reforms will help ensure greater transparency in policy-making processes and reduce opportunities for corruption. This, combined with reforms to remove barriers to entry and innovation, should help ensure more inclusive development outcomes.
32. The focus of the RCV will be on: monitoring and evaluation of implementation of the MPER; improving the business enabling environment including State enterprise restructuring; competition policy, trade remedies; restructuring of the paddy rice value chain, and rural institutional reform and development.

#### **Program Beneficiaries**

33. The immediate beneficiaries will be the CIEM (MPI), VCA (MOIT), and IPSARD (MARD) officials who are playing leading roles in planning, coordinating and implementing economic restructuring initiatives. The capacity and reputations of these institutions should be strengthened. Policy makers and researchers in the CPV, NA, central and local GoV agencies, business associations, and other researchers will benefit from an improved evidence base for reform and more effective consultation with stakeholders on key reform issues.
34. The program will engage and work with a range of policy researchers in research institutes, civil society organizations and private firms. Researchers will benefit from the employment, and more importantly, from improved capacity resulting from international and national experiences and advice and support on study design, methodology, and analysis and policy recommendations.
35. Administrative reforms should simplify the work of sub-national level officials, and help improve their relations with local clients (firms and other stakeholders). There will be fewer opportunities for local level corruption.

36. The Program is expected to benefit households, farmers, private firms and other business and their employees. Thus, the impact will be felt across most areas of society, including both women and men. Those business owners that are least connected to existing power structures should benefit the most.
37. The program may negatively impact on those that currently benefit from the lack of transparent competition via preferential access to decision makers, land, capital and markets. These groups can be expected to resist reforms. The program supported policy dialogue should help to build the support for reform that will be needed to counteract potential resistance from vested interests. Knowledge dissemination will also be critical to addressing potential resistance from vested interests.

## 2. Investment Description

### RCV Logic and Expected Outcomes

#### RCV Goals and Purpose

38. The RCV **goal** is to help the GoV achieve its MPER goals of developing a more internationally competitive economy with increased productivity, reduced corruption and accelerated growth in employment and income. A Logical Framework Matrix (LFM) and Theory of Change with objectively verifiable indicators are included in the Monitoring & Evaluation (M&E) Framework as **Appendix 1 – M&E framework**.
39. In summary, the program design will support measurable improvements<sup>13</sup> (by 2020) in:
- a) Vietnam's Global Competitiveness Index score (up from 4.18 in 2013-14).<sup>14</sup>
  - b) A recovery in the annual rate of growth in labour productivity, from 3.2% in 2005-11, to > 4.8% (the average rate for 2000-2011)<sup>15</sup>.
  - c) Vietnam's Corruption Perception Index score (up from the score of 31 in 2013)<sup>16</sup>
40. The **Purpose** is to help improve implementation of selected elements<sup>17</sup> of the Government's Master Plan for Economic Restructuring (MPER) in line with international economic cooperation agreements.
41. Successful program success should be reflected, by 2016<sup>18</sup>, in:
- a) Improved business-enabling environment with reduced compliance costs, greater transparency, reduced corruption and improved corporate governance (including reforms to enterprise and investment legislation).
  - b) Strengthened analytical capacity and information base resulting in enhanced implementation of competition policy in line with international good practice (including proposals submitted to the GoV on changes in the Competition Law).
  - c) Concrete actions taken by provincial authorities and other stakeholders in Dong Thap to restructure rice sector institutions, with pilot initiatives attracting interest from local

---

<sup>13</sup> These are indicators of success for the Government program supported by RCV. RCV is designed to contribute to these outcomes, but many factors will impact on the final outcome. The key objective in monitoring these high level indicators is to ensure that the national program supported by RCV remains on track, and key assumptions underpinning the design logic remain valid.

<sup>14</sup> <http://www.weforum.org/reports/global-competitiveness-report-2013-2014>

<sup>15</sup> Source: APO: [www.apo-tokyo.org/publications/files/APO\\_Productivity\\_Databook\\_2013.pdf](http://www.apo-tokyo.org/publications/files/APO_Productivity_Databook_2013.pdf)

<sup>16</sup> <http://cpi.transparency.org/cpi2013/>

<sup>17</sup> The program does not support other key elements of the MPER such as financial and capital market restructuring, or restructuring public investment, because of the limited resources and lessons learned from B-WTO on the need for a clear focus on a limited number of results, as well as the substantive involvement of other donors (e.g. WB and ADB) in these areas. The focus areas selected will allow Australian support to build on initial successful outcomes achieved under B-WTO.

<sup>18</sup> More specific objectively measurable indicators for outcomes and outputs are specified in the LFM (Appendix 1). The aim of this narrative is to provide a picture of what the program aims to achieve, and the key elements of the program strategy for achieving these aims.

and central stakeholders. Ideally, there should also be evidence of more substantive policy debate about the impediments to increasing value added in the rural economy.

### **Proposed Program Components**

#### *Enhanced Business Competitiveness and Transparency (CIEM)*

42. Program support will build the capacity and evidence-based needed to effectively manage the economy and economic restructuring -- in line with regional and international commitments under economic cooperation agreements -- in order to: boost the inclusiveness, efficiency and competitiveness of economic growth; increase business investment and employment; and reduce opportunities for rent-seeking and corruption. Planned support and key outputs by component are:
- a) Improved Enterprise and Investment Legislation. Diagnostic studies and field surveys contributing to recommended reforms, including proposed amendments to Enterprise and Investment legislation (laws amended by 2014, and implementing regulations by 2015)<sup>19</sup>.
  - b) Reduced Impediments to Competitive Business Environment. Diagnostics studies, field surveys and reports on business impediments, and recommended reform to address these impediments -- and to comply with international commitments -- submitted to the GoV. Potential reform areas to be addressed include (i) trade facilitation; (ii) market entry; (iii) adoption of corporate governance guidelines consistent with international (e.g., OECD) good practices, and; (iv) State enterprise reforms.
  - c) Economic Restructuring. Improved evidence based analysis and public dialogue on MPER implementation performance and emerging issues<sup>20</sup>, including analysis of the implications of international commitments for economic restructuring,
  - d) Independent Assessments of Macroeconomic Performance. More substantive public-private dialogue (reflecting account international experiences) on macroeconomic and broader economic development issues and options.

#### *Restructuring Competition Institutions (VCA)*

43. This component aims to increase productivity and competitiveness by strengthening Vietnam's capacity to implement competition policy and trade remedy actions in line with its regional and international commitments. Targeted outputs include:
- a) Enhanced enforcement of competition policy. Sector and industry competition studies conducted in line with international good practice, and being used to inform effective enforcement. Enhanced skills. Consultations with stakeholders, leading to changes in mindsets, and the submission of proposals to the GoV to reform competition policy and institutions in line with international good practice.
  - b) Revisions to trade remedies regulations to comply with international economic agreements, and detailed implementing guidelines issued and accessible by businesses. Skills training will also be provided.

<sup>19</sup> Planned reforms will address: business and investment establishment and registration procedures; business transparency; business restructuring (including dissolution, mergers and acquisitions), investment protection, and regulatory enforcement. These reforms will contribute to improvements in Vietnam's rating in the WB Doing Business Index.

<sup>20</sup> Specific requirement of Decision 339/QD on MERP (III.2.c)

- c) Enhanced early warning systems for trade defence cases with additional markets and products to the system.

*Restructuring the Rural Economy (IPSARD).*

44. This component aims to help the GoV formulate evidence-based strategies for restructuring the rural economy to improve access to higher value-added economic opportunities in rural areas<sup>21</sup>. The focus under this pilot phase will be on restructuring the rice value chain. This component is important in terms of promoting inclusive growth as most of the poor people live in rural areas, and about 50% of women and 45% of men in Vietnam are directly employed in the agriculture sector. Targeted outputs include:
  - a) Rice value chain studies and pilot innovations. Support will be provided for policy analysis and consultations leading to the formulation and pilot implementation of new institutional structures to increase the value added in rice production value chains in Dong Thap. Specific attention will be given to gender issues in value chain development.
  - b) Recommendations to Minister, MARD, on rice sector restructuring. Improved modelling and analysis of impacts of constraints to developing rice value chain (e.g. paddy land reservation, barriers to competition and innovation, institutions) and impacts of emerging international commitments informing national policy debate on policy options to promote higher value added, more efficient and sustainable rice sector<sup>22</sup>. This analysis will contribute to the strategy for agriculture and rural development for the SEDP 2016-2020.
  - c) Policy dialogue and awareness raising. Information dissemination and policy dialogue will be used to improve awareness of opportunities for increasing competitiveness through re-structuring of rice value chains, and to build consensus on priority actions for rural restructuring.

*Flexible Fund to Respond to Priority Emerging Issues (CIEM).*

*Cross-Component Outcomes*

45. This component will provide a mechanism to respond quickly to emerging economic restructuring related issues identified as a priority by the Governments of Vietnam and Australia. Details of the operation of this fund are provided in **Appendix 3- RCV Flexible Fund**.
46. The proposed support will also contribute to improved socio-economic development planning. Vietnam's current SEDP will end in 2015, with a new SEDP (2016-20) to be formulated and approved over the next two years. The CPV has also launched a study to review 30 years of *Doi Moi*. Key counterparts for RCV will play important roles in both these exercises, providing good opportunities to influence the shape of the reform agenda going forward. In addition to these opportunities for influence, the Program will be well positioned to provide concrete recommendations to the highest levels of the GoV and CPV.
47. More broadly, the proposed support will help to build awareness of the benefits of "whole-of-government" and public-private collaborative approaches to analysing and taking action on key economic restructuring and development issues. During implementation the program will need to ensure that policy recommendations feed into other "whole of government"

---

<sup>21</sup> See Decision 339/QĐ on MERP (II.7)

<sup>22</sup> The analysis should take account different gender roles in the rice value chain, and make gender specific policy recommendations where appropriate.

mechanisms such as the National Steering Committee on Sustainable Development and Competitiveness (NSCSDC) and the National Committee on Integration (NCI).

## Delivery Approach

### Program Delivery through Government Systems

48. Supported will be delivered through national implementing agencies, using national procurement and financial management, reporting, and accountability systems. The Project Director will be responsible to the GoV and DFAT for effective and efficient use of program resources. Previous experience have demonstrated that the Vietnamese GoV system can effectively deliver such support in line with Government of Australia requirements<sup>23</sup>.
49. The STA, development experts at DFAT, and other national and international experts, will advise on the development of work-plans, research methodology, identifying and mobilizing international expertise, and results monitoring.
50. In addition to GoV reporting requirements for projects financed from Official Development Assistance (ODA), the Program will be required to submit quarterly, six-monthly and annual performance and results monitoring report to DFAT in line with DFAT reporting needs. Program reporting obligations are provided in the M&E framework attached as **Appendix 1-M&E Framework**. Additional guidance will be included in the program operational manual (OM).<sup>24</sup>

### Other options considered

51. Australia has been working with the GoV on reforms related to economic integration for 6 years under the Beyond WTO (B-WTO) program. This work has been implemented through a multi-donor trust fund based at the Ministry of Industry and Trade. While the program has achieved some important results in areas like land management, price and valuation policy reforms, competition policy, business regulation, and developing improved interaction between business and GoV agencies, the complexity of the management structure impeded effective and efficient decision making and strategic direction setting.
52. The mid-term review of B-WTO confirmed ongoing demand for assistance to support the economic reform processes, but suggested that Australia consider alternative implementation options for any future investments. One option put forward for consideration was a managing contractor model. While this model might bring some efficiency to program implementation, the counterpart agency level ownership of activities that was a positive feature of the B-WTO program would be weakened under such an approach, undermining the influence of interventions. The possibility of involving an international development agency in implementation was rejected for the same reason.
53. Instead, a hybrid model is proposed that offers a balance between efficiency and ownership, and that is more focussed on medium-term capacity building needs of targeted institutions. The program is designed to ensure ownership properties that encourage strong accountability of implementing partners, while avoiding the cumbersome governance structures that hampered the BWTO program.

## Resources

54. The GoV is providing substantial (but only partially quantified) human and financial resources for successful implementation of the RCV (see budget below).

---

<sup>23</sup> E.g., The multi-donor financed Beyond WTO program.

<sup>24</sup> The OM is to be finalized within 3 months of program start-up and jointly endorsed by the PD and DFAT.

55. CIEM will establish a program support unit (PCU) and provide: a national program director (PD); a component manager; a program support office and facilities, and; accounting and administrative support staff. CIEM will also use its status to help convene the key stakeholders needed for policy dialogue.
56. VCA and IPSARD will establish component support units (CSU) and provide component directors (who will also serve on the Program coordination committee), a component manager, accounting and administrative support staff, and office facilities.
57. The business community and other stakeholders are also expected to contribute their time and ideas as inputs for studies and consultations. Targeted efforts will also be made to seek media coverage of program findings and consultations.
58. The Government of Australia will require up to AUD3.1 million to finance the program coordination experts, the SAG, national and international experts, applied policy studies, stakeholder consultations and policy dialogue, and capacity building activities as well as design of a new phase. AUD2.5 million will be direct grant to GoV. AUD600,000 will be for technical assistance and related support for the implementation of the program and design of the new phase, managed by GOA.

**Table: Summary Budget (AUD '000)**

	2014	2015	2016	Total
<b>GRANT</b>				
<b>Component 1</b>				
CIEM	4	10	10	24
DFAT	400	300		700
Sub-total	404	310	10	724
<b>Component 2</b>				
VCA	7	15	10	32
DFAT	300	200		500
Sub-total	307	215	10	532
<b>Component 3</b>				
IPSARD	7	16	10	33
DFAT	200	100		300
Sub-total	207	116	10	333
<b>Flexible fund</b>				
CIEM	7	16	10	33
DFAT	400	600		1000
Sub-total				1,01033
<b>TECHNICAL ASSISTANCE</b>	200	200	200	600
<b>Total</b>				
GoV	25	57	40	122
DFAT	1,500	1400	200	3,100
<u>Sub-total</u>	<u>1,1,525</u>	<u>1457</u>	<u>2240</u>	<u>3,222</u>

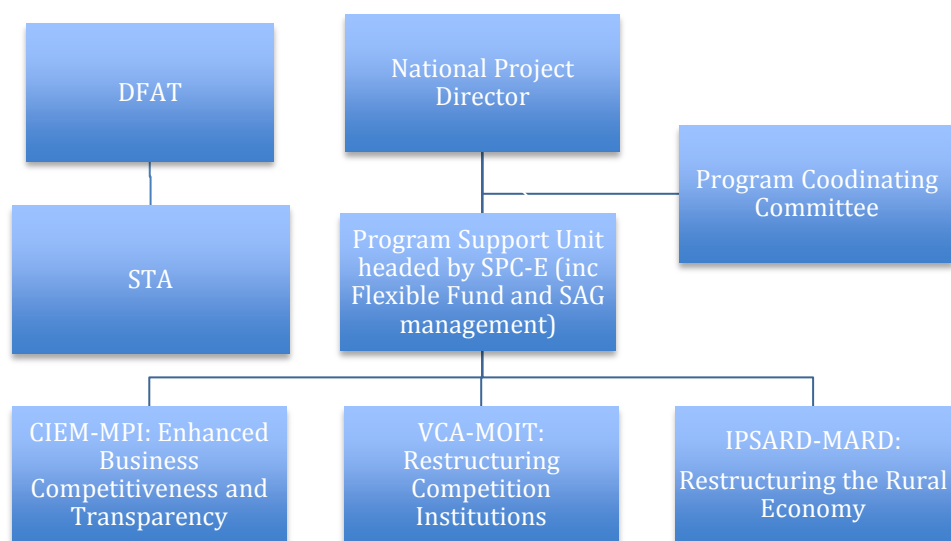
### 3. Implementation Arrangements

#### Management and Governance Arrangements and Structure<sup>25</sup>

##### Overview of Program Management

59. CIEM – a think-tank belonging to the Ministry of Planning and Investment (MPI) -- will have lead responsibility for overall program coordination, reporting, knowledge management and dissemination. This includes managing implementation of a flexible funding to respond to priority emerging issues. CIEM has a successful track record in facilitating whole-of-government and public-private dialogue and cooperation, and in working effectively with external partners. The GoV has assigned MPI to lead, coordinate and guide implementation of this overall master plan, including coordinating monitoring and reporting on implementation of the MPER. CIEM also plays a key role in providing the GoV with semi-independent economic advice. MPI also has the lead on advising the GoV on restructuring public investment, state owned enterprise reform, and on improving the business-enabling environment in Vietnam<sup>26</sup>. The Minister of MPI has assigned CIEM to lead this work on behalf of MPI.
60. CIEM will be accountable to the Governments of Vietnam and Australia for program implementation. The President of CIEM will act as the National Program Director (PD) (see following chart). CIEM will also provide program office facilities and counterpart staff. Implementing agencies will appoint a National Component Director (CD) to be responsible for each component, plus additional staff and other resources (see paras. 54-56).
61. A Program Coordinating Committee (PCC) will be established to ensure effective coordination, policy dialogue, and information sharing between program components and activities. The PCC will have no formal decision-making role, but may make proposals regarding funding for ad hoc activities. Membership of the PCC will comprise the PD, the CDs and DFAT (First Secretary of Development Cooperation and First Secretary of Trade). The PD in consultation of DFAT may decide to invite other observers (such as representative of SAG, NA or CPV). The PCC will meet at least every six months to review progress and implementation issues.

##### Chart: Program Implementation Structure



<sup>25</sup> See [Appendix 2- Program Management Structure](#) for a more detailed description.

<sup>26</sup> Decision 339/QĐ-TTĐ, Master Plan for Economic Restructuring: 2013-2020 assigns MPI responsibility to serve as the advisory board and coordinator of the GoV for this Master Plan.

62. DFAT's responsibilities will be to: manage funding agreement with GoV; review and decide (jointly with the PD) any substantive changes in the Program goals, strategy, planned outcomes and/or design; review and approve (on a no-objection basis) proposals for funding under the Flexible Fund; approve, jointly with the PD, program implementation guidelines and annual budgets; work with the PD to review and endorse any changes in program support functions (including appointment of key personnel), and; support the dissemination of – and dialogue on -- program knowledge products (studies, reports, training materials, policy recommendations).

### **Management of Program Components**

63. In addition to being responsible for overall program coordination as outlined above, CIEM will also be responsible for implementation of Component 1 and the Flexible Fund. VCA and IPSARD will be responsible and accountable for implementing activities under Components 2 and 3 respectively.
64. The CD will be responsible for preparation of annual work plans, budgets, and results reports in line with provisions of the RCV Operations Manual. Each component will need to ensure compliance with financial management, transparency and reporting requirements of the Governments of Vietnam and Australia. Detailed responsibilities are provided in **Appendix 2 – Program Management Structure**.
65. Activities to be funded out of Component 4 (the Flexible Fund) will be proposed by DFAT, the SAG, and the PCC members. The PD in consultation with DFAT will approve activity proposals based on sound appraisals of the STA and SAG against a set of key selection criteria (including relevance to SEDP and MEPR priorities, design logic, expected impacts and beneficiaries, contributions to promoting inclusive/equitable outcomes, value for money and risk). See **Appendix 3- RCV Flexible Fund** for details.

### **Program Support**

66. The PD will be supported by the SAG, a part-time international Senior Technical Adviser (STA), a Senior (national) Program Manager-Economist (SPC-E) and 1-2 national support staff. This section includes a brief description of their respective roles. Detailed TORs are included in **Appendix 2 – Program Management Structure**.

#### *The Senior Advisory Group (SAG)*

67. The SAG will comprise experienced, well connected experts from a range of backgrounds. The SAG will be retained under periodic contracts to provide the program stakeholders with support and advice on: political economy and policy dialogue; sectoral policy issues and considerations; emerging priorities; and tactics for increasing the program's influence.
68. While not necessarily independent of the GoV or the CPV, SAG members must be respected Vietnamese who have been engaged in economic reforms or as advocates of economic reforms, with a track record of providing frank and useful advice and/or stimulating debate in the public arena. The SAG will help build national (including GoV/ CPV) ownership of the program, and build partnerships between key stakeholders and the Australian Embassy to improve the quality of policy dialogue and engagement on economic issues between Australia and Vietnam.

#### *The Senior Technical Adviser (STA)*

69. The STA will be recruited by DFAT and will be accountable to both DFAT and the PD. The STA will help with RCV planning, monitoring and implementation, and will contribute to dialogue on key economic policy issues. Work plans for the STA will be jointly developed and agreed between DFAT and the PCU. The STA will be an experienced international expert with post-graduate qualifications in economics and extensive experience in providing support for economic policy, business enabling environment, and institutional change and development in Vietnam and the region.

*Program Coordination Unit (PCU) led by Senior Program Coordinator-Economist (SPC-E)*

70. The PCU will be established in the CIEM. The PCU will be headed by the SPC-E and will be directly accountable to the PD. The PCU will comprise a small team of program-funded staff who will support and be accountable to the SPC-E. CIEM will provide part-time specialist staff to support the work of the PCU.

**Funding arrangements**

71. A direct grant agreement of AUD2.5 million (**Appendix 7-Grant**) will be signed between DFAT and the GoV, represented by MPI (as the partner GoV ministry with primary responsibility for implementation), MARD and MOIT. CIEM-MPI is the payee under this direct grant agreement. Payments will be made in two tranches, triggered by the AWP's approved by DFAT.
72. DFAT will manage AUD600,000 for technical assistance and related support for the implementation of the program and design of the new phase through a separate agreement with a contracted service provider. This includes fund for the STA position.

**Implementation Plan**

73. Proposed summary implementation schedule is:

Milestone	Date	Responsibility
Program Design	December 2013-February 2014.	CIEM/VCA/IPSARD & DFAT
Advance Action on Program Support	April 2014	PD/DFAT
Approval: Financing Agreement	May 2014	MPI/DFAT
Operation Manual Approved	30 May 2014	PD/DFAT
Program Implementation (pilot phase)	June 2014-December 2016	CIEM/VCA/IPSARD/DFAT
Independent Evaluation	January –March 2016	DFAT/MPI
Decision on any follow-up	April 2016	DFAT/MPI
Design of follow-up	May-July 2016	CIEM/DFAT
Possible follow-up support	January 2017-December 2020	CIEM/DFAT

74. Many of the proposed activities are supporting GoV led reforms initiatives to be implemented within a tight time frame. Thus, it is important that program support be approved implemented as scheduled in order to have maximum impact.
75. The program has been designed with a view to a possible follow-up stage to coincide with the Government's next five year National Socio-economic Development Plan 2016-2010. It is important that the program generates tangible results and proves that the effectiveness of this model by the first quarter of 2016, in order to increase the prospects of follow-up support.
76. Detailed component level implementation schedule are attached as **Appendix 7- Component schedule**.

**Procurement Arrangements**

77. DFAT will directly procure the services of the Senior Technical Adviser (STA).
78. GoV will be responsible for all other procurement in accordance with its established rules, procedures and legislation as may be amended by the GoV from time to time.
79. Both parties agree that a sample of major procurements may be independently audited periodically.
80. The GoV may request the GOA to undertake specific procurement action on behalf of the program.

81. The PCU shall be responsible for:

- a) Provide procurement advice to the staff of program beneficiary agencies
- b) Reviewing procurement practices and provide advice for improvement as required;
- c) Advising the PD and DFAT of any concerns regarding procurement practices.

## **Monitoring and Evaluation (M&E)**

82. The M&E framework serves as an important learning and accountability tool to DFAT and its partners, and the data collect and analyzed data will be contribute to the evidence-based decision making process to improve program performance and to further strengthen the basis for evidence-based policy advocacy and dialogue with relevant stakeholders at central and local level. The M&E framework will also help with testing the program theory of change and verifying key assumptions. This will require an on-going effort in data collection, management, analysis and effective use of that analysis.

### **What to be monitored and evaluated?**

83. The program plans to deliver 10 outputs under 3 components implemented by CIEM, VCA and IPSARD. Those outputs would contribute to the end of program outcomes by stimulating behavioural changes in GoV and other institutions. Expected outputs, end of program outcomes will be monitored and evaluated under agreed timelines with the support of a set of relevant indicators as detailed in the program logical framework matrix under **Appendix 1-M&E framework**.
84. The program and program components will be required to report on progress towards relevant outputs and outcomes indicators on a quarterly, six monthly, annual basis and at program completion. An independent evaluation of the program is scheduled for late 2015.

### **M&E's roles and responsibilities**

85. Monitoring arrangements are broken down by program and component level.

- a) At component level: Implementing agencies will be responsible for the collection, quality assurance and analysis of monitoring data for their respective components. The following monitoring reports will be provided to the PCU each year:

- i. Monthly financial reports
- ii. Two quarterly reports for the first and the third quarter.
- iii. One six monthly report.
- iv. One annual report.

The implementing agencies will be responsible for timely submission of financial reports, overseeing the effective implementation of the M&E, and undertaking quality checks on the monitoring reports by each agency. Each agency will submit to the PCU a final component completion report prior to program completion.

- b) At the program level: the PCU will be responsible for preparation and quality assurance of RCV's consolidated<sup>27</sup> quarterly, six-monthly, annual monitoring report and final program completion report and PCU submitting these reports to the PD and DFAT.

---

<sup>27</sup> Consolidating the narrative and financial reports of the three implementing agencies.

86. The PCU will manage the independent evaluation PCU with technical and financial support from DFAT..
87. Quarterly and annual reporting formats will be specified in the Program Operational Manual and updated from time to time as requested under GoV ODA, and DFAT, regulations.
88. Implementing agencies will submit interim and final versions of all RCV supported studies, reports, training material, training evaluation reports, and other relevant outputs to the PCU in a timely manner to facilitate knowledge management and dissemination.

#### **M&E resources**

89. The lack of permanent M&E staff is a challenge for effective M&E. SPC-EPCU Implementing agencies will draw on their in-house M&E expertise, with possible capacity building support from the DFAT Aid Effectiveness team. Overall program level responsibility for M&E rests with the PCU.
90. Specific tool will be used to support the monitoring task including:
  - a) Peer review process.
  - b) Feedback mechanism to assess the quality and relevance of investments.
  - c) Beneficiary feedback processes following the delivery of all outputs.
  - d) Media clipping and analysis.

#### **Knowledge and communication management**

91. A greater emphasis on communication and knowledge sharing will help increasing pressure and incentives to strengthen the measurement and reporting of results.
92. DFAT, PCU, PCC and implementing partners will be able to readily access the RCV's performance information through both the PCU M&E system and the RCV website, which will be integrated into the CIEM website and the websites of implementing partners.

#### **Inclusiveness**

93. The investment is not a gender-focused intervention. However, whenever relevant and possible, monitoring data will be disaggregated by sex especially for training and capacity building. Whenever relevant and available, analysis and reporting by gender, ethnic minorities and rural/urban populations will be included in studies aimed at developing evidence-based policy recommendations, and in advocacy and M&E activities.

#### **Sustainability**

94. The key risk to both implementation and sustainability are: (a) the Government's continuing commitment to implementing the economic reform program; and (b) sustained progress in building national institutions needed to effectively implement reform and a market economic.

#### **Inclusiveness**

95. The program is designed to make the economic development process more inclusive. This is to be achieved by: (i) reducing bureaucratic impediments to business entry and development (such impediments particularly impact on those less connected to power structures); (ii) reducing opportunities for corruption (again, the less connected are more adversely affected by corruption); and (iii) directly targeting impediments to investments in higher productivity business opportunities in rural areas (where most of the poor households live).
96. All studies and analysis will be required to consider impacts of findings and recommendations on key stakeholders including women and (where appropriate) ethnic minorities and rural populations.

Participation in consultations, surveys, and training programs will be monitored to ensure balanced representation of women.

97. Environmental costs and benefits will be reflected in economic analysis and recommendations to the extent possible. It will be particularly important for the component on rural restructuring to take account environment and climate change considerations.
98. While the program will not directly contribute to any displacement or resettlement, program recommendations are likely to impact on the pace and nature of rural-urban transitions. Program supported studies should evaluate the socio-economic implications of economic restructuring on the urbanization, and include recommendations to address any social costs. The planned economic restructuring should result in a broader range of economic and employment opportunities that may provide more opportunities for disabled workers.

## Risk Assessment and Management

### Risk assessment and management response

99. RCV is designed to operate and support its partner agencies to deliver outputs and outcomes in a highly unpredictable policy and operating environment. This requires robust risk management<sup>28</sup>. The key risks and actions to address these risks are summarized in the following table.

Risk	Strategy for Managing Risk
Changes in the domestic policy agenda will influence the level of commitment to economic restructuring. Changes may stifle restructuring and/or create new opportunities for restructuring.	The program design includes the SAG and STA to provide ongoing advice to the PCU and DFAT on changing circumstances that are likely to impact the program. The inclusion of the Flexible Fund allows for flexible responses to changing circumstances.
Delays in implementation could reduce opportunities for study recommendations to influence strategic policy decisions.	Support for high priority reforms, detailed guidance on periodic work planning, close monitoring of work-plans, and quick management responses will minimize this risk.
Participating agencies may tend to “work in silos” (not cooperate effectively with outside stakeholders) undermining the coherence and strength of advice the program provides to Vietnam’s senior leadership.	The project coordinating committee and the SAG will mitigate this risk. Moreover CIEM has an established track record of working with a broad range of public and private stakeholders. The design includes funding for workshops and roundtables to encourage regular inter-agency dialogue and knowledge sharing.
Australia may also be seen as supporting unpopular reforms. Some industries that are exposed to global competition may suffer and cause disruptions to some people’s livelihoods.	The program design supports consultations to help determine reform priorities and rigorous analysis of the overall and distributional impacts of key reforms and the dissemination of this information to help build consensus on the reform agenda.
Fraud, misuse of funding, overlap and/or duplication of resources and efforts.	DFAT and the SMP will meet periodically with other donors to avoid overlap of funding and explore the potential for joint funding. Independent audit reports will be prepared and disclosed to relevant stakeholders.
Flexible Fund activities may be too fragmented, and thus be less efficient and effective in contributing to targeted program outcomes	Clear criteria and process for selecting of activities to be funded under the Flexible Fund are included in <b>Appendix 3- Flexible Fund</b> . The PD, DFAT and SAG/STA will all be involved in the appraisal process to ensure that activities supported by the Flexible Fund

<sup>28</sup> A more detailed breakdown of risks is presented in **Appendix 6- Risk management plan**.

Risk	Strategy for Managing Risk
	are aligned with agreed criteria.

#### **Risk management approach and responsibilities**

100. Risk management is built into all areas of the program design, with key risks summarized in the program LFM (Appendix 1), and detailed risk management strategies included as **Appendix 6- Risk Management Plan**. All program's managers and staff are responsible for effective implementation of risk management strategies. The PD, CPD and DFAT's Senior Program Manager (DFAT's SPM) are:
- a) Accountable to the GoV (via their respective line agencies) and to DFAT for effective RCV governance, including managing all program related risks.
  - b) Responsible for overseeing the highest-level risks and for implementing mitigation strategies.

## APPENDIX 1. RCV: M&E Framework

### The RCV Theory of Change

1. The Program's *change theory* rests on the assumptions or pre-conditions that, if the program provides adequate support in building the capacity of the VCA, IPSARD and CIEM to improve the evidence base for recommending policy and institutional reforms in line with the Government's Master Plan for Economic Re-structuring (MPER) (i.e., Outputs) and these are approved and communicated then GoV will execute these by 2016 (i.e., Outcomes or behavioural changes). The consequences of continuing to do so beyond the Program's investment period will contribute to the targets defined in the MPER by 2020 (i.e., the Impact).
2. The features of the causal mechanism or *action theory* is based on the appraisal, disbursement and monitoring of accountable grants. The nature of what these grants support aim to be fully aligned to supporting the three client agencies carry out activities in their work plans that are based on priorities defined in the MPER. Such support is to be provided by Technical Assistance, ranging from formal training and exchange visits, to more hands-on support in developing methodologies and analytical work. The outputs, reinforced by this support, will be bolstered in two ways: a) a peer review function (e.g. provided by the SAG, STA and international experts); and b) a beneficiary feedback process that gauges the quality of the support provided and c) an explicit testing of the assumptions every six months. This testing of the assumptions will take the form of the agency's clients (i.e., those in GoV and the NA who make decisions) feeding back on the relevance and adequacy of the agencies outputs.
3. The action and change theories described above are implicit in the vertical logic described in the logical framework at heading 5 of this Appendix. Figure 1, on the following page, provides a schematic overview of the RCV's action and change theories.
4. The program's work structure is broken down by three components, with three beneficiary agencies –CIEM, VCA and IPSARD. The program will support 10 outputs. The intended consequences of these outputs are -- in different ways and among different GoV departments at different times -- to stimulate behavioural changes in GoV institutions. These are collectively defined as the program's outcome: "*Improve the execution of selected elements of national Master Plan for Economic Restructuring in line with economic cooperation agreements.*" This change, it is assumed, will have a lasting effect beyond the RCV's two year investment program. These improvements in government's performance in delivering the MPER - as defined by the outcome's indicators - will help the GoV and its citizens realise benefits as judged by the MPER's overall objective (the Program's Impact) and specific targets (the Impact's suite of indicators).
5. As with any program theory the assumptions, particularly those on which the outputs depend in order to stimulate behavioural changes, matter as much as the indicators. The people and institutions in GoV the program supports display behaviours which, whilst having certain regularities, defy prediction. Flexibility is therefore important. This, and the implications it has for monitoring, are discussed further in the section on Monitoring.

**Figure 1: The Theory of Change****The Action Theory****The Change Theory****Processes:**

A mixed package of Technical Assistance and Grants that supports VCA, CIEM and IPSARD, for example to:

- Diagnose opportunities to amend the competition, investment and enterprise laws
- Analyse opportunities with which to improve the business and investment climates; and
- Prepare proposals and action plans to stimulate a more competitive paddy sub-sector in Dong Thap Province

**Component 1**

Enhanced regulatory environment for businesses and corporate governance of SoE promoted by CIEM

**Assumption:** Implementation of MPER remains a high GoV and CPV priority, and received continued support from the broader community

**Component 2**

Strengthened capacity to enforce competition policy and application of trade remedies by VCA

**Assumptions**

**Assumption:** GoV and NA remains committed to taking action to facilitate private sector development.

**Component 3**

Improved strategies to increase competitiveness of Vietnam's paddy value chains endorsed by MARD

**Assumption:** Dong Thap remains committed to take action to restructure the institution for rice production...

**Outcome**

Improved the execution of selected elements of national Master Plan for Economic Restructuring in line with economic cooperation agreements

**Impact**

More transparent and internationally competitive economy with increased productivity, and accelerated growth in employment and income.

**Assumption:** VCA gets high level supports to handle competition issues in targeted sectors...

## Overview of M&E

### 6. Some key principles of M&E:

Alignment between M&E system of the investment and the in-country performance frameworks: The main purpose of the investment is to support the improved execution of selected elements of national MPER in line with international economic cooperation agreements. MPER has itself the M&E system therefore, whenever relevant and possible, the RCV's M&E system will provides quality information to feed into the MPER's M&E system and vice versa. RCV's M&E will also help with conveying key analytical works supported by the investment to some crucial review and planning events like annual review of MPER's execution, 30 years Reform (Doi Moi) review, 5 years SEDP (2015-2020) formulation.

Evidence based: The data collection through the M&E system and its dissemination are arranged to support evidence-based decisions within the program but also evidence-based policy advocacy in related areas. Widely disseminating the investment's outputs and analytical works to relevant stakeholders (mass media, researchers and think tank, GoV institutions, decision makers, development partners...) would help to advocate for expected behavioural and institutional changes.

Flexibility: As with any programs theory, the assumptions, particularly those on which the outputs depend in order to stimulate behavioural changes, matter as much as indicators. The people and institutions in GoV the program supports display behaviours which, whilst having certain regularities, defy prediction. Flexibility is therefore important.

### 7. The contents of the logframe presented in heading 5 of this Appendix define the primary design factors for the M&E framework. One central feature of the M&E framework is to instill a discipline that treats Monitoring and Evaluation as different, albeit related, functions distinguished by their respective: objectives; primary users and responsibilities; and requirements for comparative analysis. In the context of the RCV, these are shown in Table 1 below.

Source of Difference	Monitoring	Evaluation
<b>Responsibility and primary users</b>	<p>At Component level: The agencies are responsible. This is a collaborative effort between the finance and delivery teams within the three agencies across the three parts of a monitoring system. (See Section 3).</p> <p>At Program level: for the PCU to synthesise the three agency's periodic performance reports for presentation to the PCC</p>	<p>Usually done by an independent team. DFAT, in collaboration with the PCC, will define the ToR and recruit and manage the evaluation team. The scope of work is defined by questions nested among the OECD/DAC criteria the evaluation needs to answer (See Section 4)</p>
<b>Objective</b>	<p>To improve performance between 2014-2016 based on analysing information about financial control, output tracking and beneficiary assessments at component and program levels.</p> <p>To serve as basis for evidence-based policy advocacy and dialogue with relevant stakeholders at central and local level in the areas the program is supporting.</p>	<p>To determine the case for further DFAT support to the MPER beyond March 2016</p>

Source of Difference	Monitoring	Evaluation
<b>Requirements for comparative analysis</b>	<p>At component level: Expenditure in relation to activity based budgets; the reach and quality of outputs among beneficiary groups based on their assessments and associated changes in their behaviours.</p> <p>At program level, the analysis will focus on comparing performance across the agencies, including how they work together</p>	The main requirement will be to assess the relative values of program level outcome indicators between 2014 and 2016. Doing this will involve: a) a comparative analysis between the three component's effectiveness and efficiency by analysing their respective outputs; and b) a rigorous testing of the assumptions on which the components' outputs' contribution to the program's outcome rests, and how this varies among the components.
<b>Reference Period</b>	Varies: for expenditure it is a matter of monthly comparisons; for outputs it is likely to be quarterly; for the assessments of quality and relevance of outputs by beneficiaries and analysis of the assumptions and context every six months.	Two years.

### 3. Monitoring

8. Monitoring needs to be an integral part of the learning process managed by the VCA, CIEM and IPSARD over the course of the program. Some RCV successes will result from a process of trial and error. Thus, designing of the monitoring framework needs to include discretion, space and voice to those intended to benefit from the support. In this way, monitoring is a practical antidote to the complex system or institutional context in which the program will be implemented. Success will not result from simply reporting on a fixed intention, nailed down by the Logframe. Good program monitoring will be realised by developing communication processes that help understand how the agencies respond to the support made available and how, in turn, their clients react to them. This learning process helps make Australian Aid more accountable and, by so doing, re-enforces mutual accountability.
9. The purpose of monitoring lies in being able to improve, not just comment and report on, performance. In doing so, the three agencies need to set in motion processes that answer three questions:
  - a) On Effort: What are they spending money and effort on broken down by what they make available (ie, their outputs) to their clients and what is the quality of the support offered through the program to this?
  - b) On Outreach: How useful is their support (what and how well do they make the outputs available), and how and why does this vary by place and people broken down by their outputs?; and
  - c) On Change: How and in what ways are their 'beneficiaries' – and others - responding to their support (are they accepting or rejecting it), and again how and why does this vary by the type of support and among places and people?
10. There are three tools to be used in answering these questions: i) an integrated quality assurance mechanism defined by a peer review process that, for example, will be applied to review the method and output developed by IPSARD for its analysis of the institutional environment for the rice value chain in Dong Thap province; ii) a systematic feedback mechanism used to assess the quality and relevance of technical assistance for example in training VCA staff to better investigate and handle/resolve competition cases; and iii) a beneficiary feedback process adopted in relation to all outputs following

their delivery, for example in gauging the perceptions and behaviours of how and to what extent the GoV responds to CIEM's recommendations to address constraints to private sector development.

11. The arrangements for monitoring the RCV are broken down by two inter-related levels: program and component level. Each level will have its own specific set of responsibilities and reporting process and format. At component level, the budget holder for each agency will be responsible for:
  - a) Preparing *monthly financial statements* broken down by each of the activities defined among the outputs;
  - b) Analysing, for the *first and third quarters* of each year, the main achievements to date defined by progress made in relation to the outputs' indicators along with a summary of the expenditure to date for each output. These reports will include a summary of the performance of the support delivered to the agency as judged by those it targeted; and
  - c) Reviewing their performance every six months (ie, *second and fourth quarters*) that includes an analysis of each of the output to outcome assumptions defined in their logframes. This will also include, probably not until 2015, the degree to which their outputs are contributing to the relevant program level outcome indicators based on an assessment of how and to what extent the outputs are being used by those in GoV the agency has targeted.
12. Given the purpose of monitoring, all quarterly and six monthly reports should include, based on lessons learnt, a workplan and budget for the next reporting period.
13. Given how the support to the three agencies is aligned to the specific priorities set for the MPER defined in their respective workplans and budgets, it follows that monitoring arrangements need to be harmonised with broader MPER monitoring being coordinated by the CIEM. Arrangements for monitoring MPER implementation could be explored during the inception period. This could help ensure that program M&E arrangements are harmonised with implementing MPER reporting needs.
14. The formats, and associated guidelines for these reports will be provided at the detailed Operational Manual, an outline of which is presented in **Appendix 5- Operational Manual Outline**. At program level, the PCU's coordinator will be responsible for analysing these reports submitted by the three agencies and synthesising them into a consolidated report for presentation, not just submission, to the PCC. The agenda for the PCC's meetings across the year will mirror the scope and nature of the above reports accordingly.

#### 4. Evaluation

15. There will be an independent evaluation of the program scheduled for late 2015/early 2016. Its overall objective is to recommend whether and, if so, in what form future support from the Australian Government should take in supporting the Government deliver the MPER up to 2020. This evaluation should be managed by the PCC with technical and financial support from DFAT, specifically the Aid Effectiveness team.
16. The main questions this evaluation should seek answers to, broken down by the OECD/DAC Criteria are defined in the table below.

**Table 1 Evaluation Questions**

OECD/DAC Criteria	Question
Relevance	<p>To what extent do GoV and the NA judge the program support to the three agencies as being priorities for the MPER?</p> <p>How does this vary both within agencies and between them as defined by the 10 outputs?</p>
Efficiency	<p>Based on the resources allocated among the three agencies and the 10 outputs, to what extent do they vary in terms of coverage among the three agencies?</p> <p>How and how well have opportunities being pursued in learning lessons across the components in pursuit of ensuring their outputs can make a difference?</p>
Coherence	<p>How and how well have opportunities been acted on in developing synergies between the three agencies by the PCC in delivering their respective outputs?</p>
Effectiveness	<p>To what extent has the support made available through the program resulted in improved internal capacity among the three agencies, and how has this varied?</p> <p>How and to what extent have the outputs made available among the three agencies stimulated the anticipated changes as defined among the outcome's indicators</p>
Sustainability	<p>What are the prospects for the assumptions defined at the output to outcome level to hold?</p> <p>What evidence is there to support the argument that the three agencies have adequate capacity to implement workplans without further support from 2016?</p>
Impact	<p>What are the prospects for the outcome to impact assumptions to hold?</p>

## Logical Framework Matrix

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
<b>Impact (by 2020)</b> More internationally competitive economy with increased productivity, reduced corruption and accelerated growth in employment and income.	Improvements in Viet Nam's Global Competitiveness Index score (up from 4.18 in 2013-14)	Improvements in Viet Nam's Global Competitiveness Index score	N.A
	A recovery in the annual rate of growth in labour productivity, from 3.2% in 2005-11, to > 4.8%.	Accelerated growth in labour productivity (General Statistics Office Data)	
	Improvements in Vietnam's Corruption Perception Index score (up from a score of 31 in 2013)	Improvements in Vietnam's Global Corruption Index score	
<b>Outcome (by December 2016):</b> Improved implementation of selected elements of the Master Plan for Economic Restructuring in line with economic cooperation agreements	Policy recommendations resulted in GoV, CPV's strategic documents dealing with economic restructuring including restructuring of the rural economy (e.g., CPV 30 years Doi Moi review, CPV Plenum doc, SEDP 2016-2020)	End of RCV Completion Report in December 2016; Annual RCV reports	
	Reduced business compliance costs and time	End of RCV Completion Report in December 2016; Annual RCV reports that include: WB Doing Business report, and CIEM analysis of change in compliance costs following revised laws	GoV and National Assembly remains committed to taking action to facilitate private sector development.
	Concrete actions taken by Dong Thap to restructure the institution for rice production and attract interest from local and central stakeholders	End of RCV Completion Report in December 2016; Annual RCV reports that include Dong Thap province decisions on institution for rice production that address identified impediments.	Dong Thap province authorities remains committed to take action to restructure the institution for rice production
	Number and quality of successful competition and trade remedy cases handled by VCA improves from those reported in 2013	End of RCV Completion Report in December 2016; Annual RCV reports that include: VCA annual reports; reference to VCA role in breaking up cartels in media	VCA gets high-level support to handle competition issues in targeted sectors.

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
<b>Component 1: Enhanced Business Competitiveness and Transparency</b>			
<b>Output 1.1:</b> Improved Enterprise and Investment Legislation	Enterprise and Investment Laws approved by NA by 2014-15, and in effect by 2015-16.	Law approved by National Assembly and issued by appropriate authority	Prime Minister endorses recommendations on alleviating constraints to Private Sector Development
	Key implementing regulations that help reduce business compliance costs; and improve compliance of SOEs on corporate governance that are in line with OECD principles issued by 2015-16	Decree issued by Prime Minister	The National Assembly endorses revisions to the Enterprise and Investment Laws
<b>Output 1.2:</b> Removed impediments to competitive business environment	Diagnostic reports on: impediments to business (e.g. border trade procedures, market entry conditions, market distortion caused by SOEs); and additional reforms needed to comply with international economic cooperation agreements, submitted to PM by 2015-16	Letter submitting report to the Prime Minister	MPI and GoV as relevant endorse proposed changes
<b>Output 1.3:</b> Improved evidence based analysis and dialogue on MPER implementation performance and emerging issues	Improved feedback on MPER dialogue and MPER progress reports	CIEM Quarterly and Annual RCV reports;	National leaders continue to prioritise implementation of MPER and retain confidence in CIEM reporting on implementation.
	Evidence that MPER reports were discussed in national and sub-national level GoV meetings and the media.	Media tracking	
<b>Output 1.4:</b> Enhanced policy dialogue (taking account of international experience) on macro-economic and economic development issues.	At least 2 quality analytical reports submitted by CIEM to national leadership and widely discussed in GoV meetings and mass media by December 2016	CIEM Quarterly and Annual RCV reports; Media tracking	A strong consensus on policy actions to address macro-economic issues is built among policy makers.

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
<b>Component 2: Restructuring competition institutions</b>			
<b>Output 2.1:</b> Enhanced evidence base, information systems and skills to enforce competition policy	Sector analysis completed, information accessible from VCA information systems, and actively disseminated.	VCA Quarterly and Annual RCV reports	The GoV remains committed to revising the Competition Law, and the National Assembly includes revisions to the Competition Law on the drafting agenda of the National Assembly
	Number of staff trained in skills needed to effectively investigate and enforce competition policy		
	Proposed revision to strengthen the Competition Law (e.g. to provide immunity for “whistle-blowers”) submitted to the GoV		
<b>Output 2.2:</b> Strengthened institutions needed for effective application of trade remedies	A report analysing the Ordinances on Anti-Dumping, Anti-subsidy and Safeguards, with recommended changes is presented to state agencies, and businesses by December 2016	VCA Quarterly and Annual RCV reports	GoV continues to support reforms to trade policy and institutions in line with international commitments
	A Handbook with guidelines on dealing with trade remedies, and software to calculate dumping margins in accordance with WTO rules -- are available by 2015-16		VCA staff have adequate resources to support remedy trade cases
	Recommendations to GoV on reforms to subsidy policies that do not comply with international commitments.		
<b>Output 2.3:</b> Enhanced early warning system for trade defense cases	Additional markets and products added to early warning system.	VCA Quarterly and Annual RCV reports	Economic integration environment provides incentives for businesses to use early warning system
	Number of external users of early warning system		

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
<b>Component 3: Restructuring of Rural Economy Focusing on Rice Value Chains</b>			
Output 3.1: Proposed changes to institutional structure for rice production value chain in Dong Thap province	Report submitted to Dong Thap authorities by 2015-16. Stakeholder commitment to recommendations. Action to implement recommendations, by December 2016, including institutional reform	Feedback from stakeholders in the value chain on recommendations; IPSARD Quarterly and Annual RCV Reports	Dong Thap PPC and private stakeholders support rice value chain restructuring scheme; Market opportunities provide incentives for different stakeholders of the value chain to collaborate with each other.
Output 3.2: Improved modeling & analysis of impacts of constraints to rice value chain (e.g. paddy land reservation and impacts to international commitments).	Reports submitted to Minister of MARD on key policy issues with recommended actions to address bottlenecks to increase value-added in the rice value chain.	International peer reviews of methodology and analysis; Feedback from rice value chain stakeholders on draft report.	There is support from different stakeholders in communicating the report's recommendations
Output 3.3: Improved awareness of opportunities for increasing competitiveness through restructuring of rice value chains	Study reports are communicated through provincial and national media and a policy brief.	International peer reviews of methodology and analysis; Feedback from rice value chain stakeholders on draft report.	IPSARD has a voice in formulating the SEDP 2016-20 and prioritizing rice sector restructuring using RCV supported analysis.  Consensus reached on policy actions to address priority issues

## Appendix 2: Program Management Structure and Terms of Reference for Key Stakeholders and Personnel

### Overview

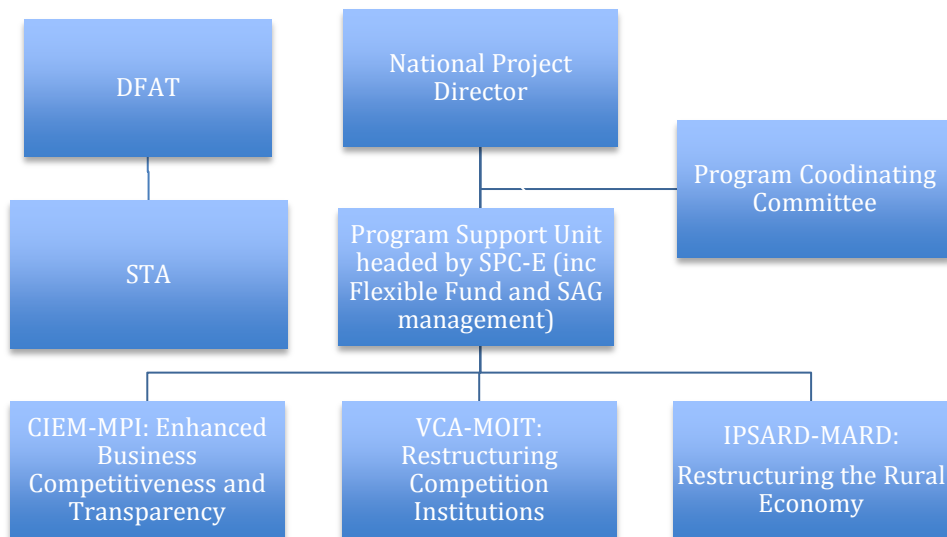
1. The GoV has assigned MPI to lead, coordinate and guide implementation of the MPER, including monitoring and reporting on implementation. MPI has assigned CIEM – a think-tank belonging to MPI -- to lead this work on behalf of MPI. CIEM also plays a key role in providing the GoV with semi-independent economic advice and in supporting business relate reforms<sup>29</sup>.
2. CIEM will be responsible for overall program coordination, reporting, knowledge management and dissemination. This includes managing implementation of a Flexible Fund to respond to priority emerging issues. CIEM has a successful track record in facilitating whole-of-government and public-private dialogue and cooperation, and in working effectively with external partners. CIEM has an established track record of successfully advising the GoV on restructuring public investment, state owned enterprise reform, and on improving the business-enabling environment in Vietnam.
3. CIEM will be accountable to the Governments of Vietnam and Australia for program implementation. The President of CIEM will act as the National Program Director (PD). CIEM will provide office facilities and counterpart staff for the Program Support Unit (PCU).
4. National Component Directors (CDs) will be responsible and accountable for the implementation of each component.
5. A Program Coordinating Committee (PCC) will be established to ensure effective coordination, policy dialogue, and information sharing between various program components and activities.

### Decision Making Principles

6. The aim of the program structure is to ensure that decisions are made by people at the level best placed to make them.
7. Decisions on strategy, focus and activity approval will be made by the National Program Director with the concurrence of DFAT. The Senior Advisory Group and an international Senior Technical Adviser (see TORs below) will provide advisory support.
8. Once annual work plans have been approved (by the PD and DFAT), the CDs will make operational decisions on activity implementation in order to implement the agreed work-plans.
9. The Senior Program Manager-Economist (SPC-E) will manage the day-to-day operations of the Program Support Unit (PCU). The PCU will provide support services to both the PD (first priority), the Senior Advisory Group (SAG), Senior Technical Advisor (STA) and the CDs (as needed).
10. Detailed tasks and responsibilities of key stakeholders -- and Terms of Reference (TORs) of Program supported personnel -- are provided below.

---

<sup>29</sup> Decision 339/QĐ-TTĐ, MPER 2013-2020 assigns MPI responsibility to serve as the advisory board and coordinator of the GoV for this Master Plan.



## Tasks and Responsibilities of Key Stakeholders

### Program Director

11. The PD is accountable to the GoV via the MPI for Program performance. The PD must:

- a) Be a senior GoV official with core responsibilities for overseeing the GoV MPER and annual SEDP implementation.
- b) Have access to high-level economic policy makers in the GoV, NA and CPV.
- c) Be enthusiastic in engaging with the mass media, and planning and participating in high profile policy dialogue events.
- d) Be experienced in managing successful external cooperation programs that address economic reform issues, and well-developed international networks (e.g. with economic think-tanks) that can be used to access international expertise.

12. The PD responsibilities include:

- a) Ensuring that program supported activities are consistent with national economic restructuring and annual SEDP priorities.
- b) Taking the lead in organizing regular policy dialogue on priority cross-cutting economic restructuring and macroeconomic development issues.
- c) Developing and approving (in consultation with DFAT and the National Component Directors (CDs)) of consolidated annual Program work plans.
- d) Consolidation and submission of consolidated quarterly progress reports in line with GoV and development partner requirements.
- e) Monitoring and evaluating program implementation and results performance, including preparation and submission of an annual progress and results monitoring report.
- f) Implementation of a Flexible Fund mechanism, including approval (in consultation with DFAT) of new initiatives (see separate Appendix for details of the operation of the Flexible Fund).
- g) Approving (with DFAT concurrence) any CD requests for substantive revisions to annual work plans.
- h) Developing and approving (with DFAT concurrence) the Program Operating Manual (OM).

**Component Directors**

13. Component complementing agencies will appoint a Component Director (CD) to be responsible for each component, plus additional staff and other resources<sup>30</sup>. The CD must:
  - a) Have leading responsible for economic restructuring within the implementing agency.
  - b) Have access to high-level economic policy makers in the Government, National Assembly and Communist Party.
  - c) Be enthusiastic in engaging with the mass media, and planning and participating in high profile policy dialogue events.
14. The CD will be responsible for:
  - a) Development of draft annual component work plans and budgets (and proposed revisions to these plans if needed).
  - b) Ensuring that program supported activities are consistent with established priorities.
  - c) Monitoring and evaluating component implementation and results performance, including preparation and submission of an annual component progress and results monitoring report (as specified in M&E chapter of OM).
  - d) Ensure compliance with financial management, transparency and reporting requirements of the Governments of Vietnam and Australia (details to be provided in the OM),
  - e) Actively explore opportunities to ensure project activities are inclusive, and are targeted towards inclusive outcomes.
  - f) Preparation and submission of consolidated quarterly progress reports.
  - g) Develop and implement a communications, policy dialogue, and knowledge management strategy in cooperation with the PD.
  - h) Participating in quarterly program coordination committee (PCC) meetings and other Program related consultations.
  - i) Support the PD in organizing ad hoc policy dialogue on priority economic restructuring issues.

**Program Coordinating Committee (PCC)**

15. The PCC will comprise the PD (as its Chair), the CDs and DFAT (First Secretary of Development Cooperation and First Secretary of Trade/Economics). The PD may decide to invite other key stakeholders as observers such as representative of the SAG, NA or CPV in order to advance the reform agenda.
16. The purpose of the PCC is to ensure effective program coordination, performance and results monitoring, policy dialogue, and information sharing between various program components and activities. The PCC will facilitate the use of “whole of government” approaches to supporting economic restructuring and development.
17. As PCC members the CDs are expected to:
  - a) Meet to review program performance, plans, priorities and any implementation issues at least twice a year, with additional meetings (if needed) as requested by the PD.

---

<sup>30</sup> Separate grant agreements will be signed between DFAT and MPI/MOIT/MARD for the each of the CIEM/VCA/IPSARD components.

## UNCLASSIFIED

- b) Review and provide comments to the PD on the draft Program OM and other core program documents when requested.
- c) Discuss implementation issues with DFAT and other PCC members as the need arises.
- d) Share knowledge and experiences with program implementation and on implementation of the MPER.
- e) Suggest priorities for policy dialogue and for the use of Flexible Fund.
- f) Help organize and implement major policy dialogue events.

### **DFAT**

18. DFAT's responsibilities will be to:

- a) Manage funding agreements with each of the component agencies;
- b) Review and decide (jointly with the PD) any substantive changes in the Program goals, strategy, planned outcomes and/or design;
- c) Review and approve (on no-objection basis) proposals for funding under Flexible Fund.
- d) Approve jointly with the PD program implementation guidelines and annual budget;
- e) Work with the PD to review and endorse any changes in program support functions (including appointment of key personnel).
- f) Support the dissemination of – and dialogue on -- program knowledge products (studies, reports, training materials, policy recommendations).

## **Terms of Reference for Program Supported Personnel**

### **Senior Advisory Group (SAG)**

- 19. Drawing on B-WTO experiences, the SAG is expected to play a critical role in policy dialogue, and facilitating “whole of-government” approaches to delivering external support for economic restructuring. The SAG will help to achieve strategic GoV/CPV ownership of the project.
- 20. While not necessarily independent of the GoV or the CPV, SAG members must be:
  - a) Respected Vietnamese who have successfully engaged in economic reforms or as advocates of economic reforms,
  - b) Have a track record of providing frank and useful advice and/or stimulating debate in the public arena.
  - c) Enthusiastic about helping to build strategic national (including Government/ Party) ownership of the program.
  - d) Interested in building partnerships with other key stakeholders and in engaging with the Australian Embassy to improve the quality of policy dialogue and engagement on economic issues.
- 21. Members of the SAG will be recruited by PCU under periodic contracts to provide periodic advice and support to DFAT and the PD on:
  - a) Political economy and sector developments that impact on program performance.

- b) Emerging priorities and implications for program activities and work planning. Provide briefings on the impacts of major policy decisions (e.g. National Assembly or Party Policy Resolutions) on Program implementation and priorities.
- c) What will work, what won't work (or isn't working) and who the program should engage with to resolve particular issues.
- d) Program performance, results and other strategic issues, including direct feedback on the references to program findings in high-level policy debate (e.g. in National Assembly or other high level dialogue)
- e) Priorities and strategies for economic policy dialogue between GoV and GoA.

22. The SAG will also directly support the PD and PCU in implementing the following activities:

- a) Provide ongoing advice and support to the PD and PCU in areas such as:
  - i. Program priorities, political economy, macro-economic and sectoral policy issues.
  - ii. Tactical options for increasing the program's influence (media, high level dialogue, etc).
  - iii. Appraise proposals for funding under the Flexible Fund.
  - iv. Peer reviews of policy studies and policy recommendations.
- b) High-profile engagement in policy dialogue (e.g. in mass media and workshops) to raise awareness of program findings and recommendations.
- c) Providing feedback on Program findings and recommendations to high level of national leadership.

23. The composition of the SAG will be agreed between DFAT and the PD, and can be changed as policy issues and advisory support needs changes. The list of initial potential SAG members is available with a brief biography. Additional members can be added from time to time as jointly agreed by DFAT and PD. The Program will build on and learn from the expertise successful experience with the SAG utilized under the B-WTO program. In particular, the program will aim for a better gender balance in the RCV SAG.

The PCU, in consultation with the PD, SAG and DFAT will be responsible for preparing quarterly work plans that identify needs for SAG inputs, and will be responsible for preparing tasking notes for specific inputs. DFAT and PD will be responsible for approving these work plans and tasking notes.

#### **The Senior Technical Adviser (STA)**

24. The STA must have:

- a) Extensive experience (> 15 years) in supporting economic policy and institutional change and development in Vietnam and South-east Asia.
- b) Past experience in supporting international funded, nationally executed programs supporting economic reform.
- c) Proven track record of engaging with senior level policy makers, and with the broader community, on economic development issues.
- d) An awareness of regional economic cooperation initiatives such as ASEAN, AEC, TPP and RCEP.
- e) Post-graduate qualifications in economics or economic development.

UNCLASSIFIED

- f) Have established networks of contacts with leading Vietnamese, regional and international experts working on economic development.
  - g) Have high level report-writing and communications skills.
25. DFAT will recruit the STA under a periodic contract. The STA will be jointly accountable to DFAT and the PD, and will work closely with the SAG.
26. STA responsibilities will be to provide periodic advice and support, including:
- a) Ongoing support to the PD and PCC, including
    - i. Ongoing advice and support for program planning, implementation and monitoring including inputs to the preparation of annual results reporting and annual and quarterly work plans.
    - ii. Contribute to policy dialogue on economic restructuring issues.
    - iii. Monitor and inform the PD, PCC and DFAT of political economy developments that are likely to impact on program performance.
  - b) Prepare independent reports as needed (e.g. as input to PCC meetings) on emerging economic restructuring priorities and implications for program activities and work planning.
  - c) Appraise requests for support under the flexible funding mechanism and support the development of these proposals.
  - d) Identify and facilitate contact with highly qualified international experts and institutions as relevant
  - e) Support the PD and DFAT in donor coordination activities, and participate in forums related to economic restructuring and integration.

**Senior Program Coordinator-Economist**

27. The Senior Program Coordinator-Economist (SPC-E) will be appointed by, and be accountable to, the PD. The PD will consult with, and obtain DFAT concurrence prior to the selection and recruitment of the SPC-E.
28. The SPC-E will be senior Vietnamese expert with:
- a) A well-regarded university degree in economics and/or economic development.
  - b) Excellent Vietnamese and English language communications and reporting skills.
  - c) At least ten years of experience working on high-level policy issues with central GoV agencies. Ideally, the SPC-E should also have work experience interacting with business associations, and/or civil society organizations.
  - d) Past experience in coordinating and/or managing complex, inter-agency development programs. Familiarity with good practices in the monitoring and reporting on the performance of such programs.
  - e) A well-established network of contacts in the Vietnamese government, research institutes, and business associations.
  - f) Familiarity with GoV and donor project reporting and accountability requirements.
  - g) Previous experience with similar GoA funded projects would be an advantage.
29. The SPC-E will be responsible for:

- a) Acting as the key focal point for helping the PD coordinate inputs/operations of the SAG, STA and PCC;
- b) Supporting the PD in the day-to-day Program management and implementation.
- c) Manage the operations of the Program Support Unit (see below), including day-to day management of the Flexible Fund operations.
- d) Helping the PD and CDs facilitate contact with highly qualified international experts and institutions to help with implementation.
- e) Periodic program reporting, monitoring, evaluation, and communication.
- f) Monitoring project financial management and audit procedures in line with DFAT and Vietnamese ODA guidelines.
- g) Other reasonable tasks assigned by the PD.

### **Program Support Unit (PCU)**

30. The PCU will be established in the CIEM. The PCU will be headed by the SPC-E and will be directly accountable to the PD. The PCU will comprise a small team of program-funded staff who will support and be accountable to the SPC-E. The team will include an experienced program assistant/translator/interpreter. CIEM will provide part-time specialist staff to support the work of the PCU.

31. The PCU will be responsible for:

- a) Developing and implementing **program management systems** (Operations Manual (OM)) covering, for example:
  - i. Prioritization, planning and implementation
  - ii. Monitoring and evaluation
  - iii. Policy dialogue and communications.
- b) **Managing and implementing the Flexible Fund** in accordance with OM requirements, including.
  - i. Providing support for proposal development.
  - ii. Receiving, processing, and responding to requests for support.
  - iii. Assessing whether proposals meet program criteria and include all needed information.
  - iv. Arrange for appraisals of proposals (by SAG, STA or other experts).
  - v. Seek concurrence from PD and DFAT within OM specified time limits.
- c) Work **planning and reporting**, including:
  - i. Preparing consolidated annual work plans in line with OM requirements:
  - ii. Preparing quarterly consolidated program progress and issues reports.
  - iii. Preparing quarterly work plans for the SAG and STA.
  - iv. Preparing **tasking notes** for the SAG and STA.
- d) **Financial management and accountability**

UNCLASSIFIED

- i. Ensuring annual and quarterly budgets (program and component levels) are prepared and reported on in line with OM requirements.
  - ii. Overseeing Program compliance with OM requirements, and reporting any compliance issues to the PD.
  - iii. Organizing Program audits in accordance with OM requirements.
  - iv. Follow-up on any Audit recommendations
- e) Provide **administrative support** to Program supported components and activities, including flexible fund activities (which are not delegated to the beneficiary agency for managing and disbursing resources) in:
- i. Financial management.
  - ii. Accessing international and national expertise (e.g. for project design, development of methodologies, and quality control of outputs (e.g. peer reviews)).
  - iii. Recruitment of consultants and procurement process.
- f) **Communications and knowledge management.**
- i. Implementation of program communications and dialogue strategy.
  - ii. Consolidate and communicate information on program results and lessons learned, including:
    - 1. Develop and regularly update program website (program outputs and plans should be available from this web site: the website will be critical for both internal and external knowledge management and sharing) – building from CIEM website
    - 2. Ensure policy briefs produced and distributed for all relevant studies, events and reports.
  - iii. Facilitating policy dialogue and collaboration between SAG, donors, program components and other stakeholders on MPER and related issues;
  - iv. Coordination with other donors working on related programs.
- g) Provide **other support** and information requested by the PD.

## Appendix 3: The RCV Flexible Fund

### Introduction

1. The purpose of the Flexible Fund is to provide a quick response mechanism that will allow CIEM and other agencies implementing the RCV to respond quickly to emerging priority issues relating to economic restructuring, the development of market economy institutions and/or economic integration.
2. The Flexible Fund will initially have AUD 600,000 in resources to be disbursed over two years 4 months. Any unused fund in the 3 individual components and the operation of the RCV PCU based in CIEM will be contributed to the Flexible Fund and vice versa.
3. There will be no formal call for proposals. Proposals may be submitted at any time.
4. The PD may identify specific priority areas for support and target institutions to submit proposals. The SAG, the GoA, and/or the PCC members may suggest priority areas to the PD through RCV PCU.
5. Based on proposals submitted through RCV PCU, the PD may request the SAG and/or STA to work with relevant agencies to develop proposals to be funded.

### Criteria for Selection of Projects for Funding from the Flexible Fund

6. Proposals being considered for Funding from the Flexible Fund must be designed to:
  - a) Support the development and/or implementation of a priority reform issue (or issues) consistent with the MPER and/or the annual GoV resolution to implement the SEDP, and must directly support the law or policy making agenda of the GoV and/or NA including practical efforts on economic integration management; **or**
  - b) Support the evaluation of impacts and/or issues arising from the implementation of the MPER and/or the longer term economic restructuring; **or**
  - c) Provide input into future planning for economic restructuring (e.g. as input to the next SEDP 2016-2020 and/or the 30 year review of Doi Moi).

### Proposals for Funding for the Flexible Fund

7. Subject to the criteria above, any GoV, NA or CPV agency, research institutions, and/or civil society organization with responsibilities directly related to the development and/or implementation of the MPER and annual SEDP may submit a proposal to the PD for funding from the flexible fund.
8. All proposals must be prepared in the prescribed format (as described in the OM) and include an expected results chain with details of targeted policy and/or institutional changes and expected beneficiaries.
9. The PCU will be responsible for vetting proposals to ensure that they meet Flexible Fund guidelines and request STA, and/or SAG members or relevant informed experts to review proposals prior to submission to the PD and DFAT for final approval. Comments and ratings should be obtained within 10 working days of receipt of a compliant proposal.
10. The Appraisers will provide written comments and ratings. In addition to conforming that the proposal meets the above criteria, the expert(s) will rate each proposal against a limited set of key selection criteria, including:
  - a) Relevance to targeted criteria;
  - b) Design logic;
  - c) Expected impacts and beneficiaries

- d) Contributions to promoting inclusive/equitable outcomes;
  - e) Cost effectiveness (value for money) and risk.
11. The Appraisers may suggest resubmission of unsuccessful proposals (details of ratings and cut-off points will be provided in the OM), with advice on changes needed to increase the probability of securing approval for promising proposals.
  12. Proposals rated successful (see OM) by the Appraisers will be consulted with DFAT prior to submission to the PD for consideration.

### **Approving the Use of Flexible Funds**

13. The PD is responsible for endorsing proposals for financing using of flexible funds.
14. The PD will submit endorsed proposals for funding greater than AUD 20,000 to DFAT for their no objection (i.e. final clearance to proceed with implementation).
15. The DFAT representative will provide a response to the request for no-objection within 10 working days of receiving the request from the PD.
16. The PD will report on all decisions regarding flexible fund proposals (including brief justifications for the choices made) in quarterly and annual reports.

### **Use of Funds**

17. CIEM, with the help of the Program Support Unit, will generally be responsible for managing and disbursing flexible fund resources in accordance with the RCV OM.
18. The PD and DFAT may decide to delegate responsibility for managing and disbursing resources to the beneficiary agency depending on the nature of the proposed activities and the capacity of the implementing agency. The Director of any project with delegated responsibility would be subject to the same reporting and accountability obligations as a Component Director.
19. All institutions granted funding from the Flexible Fund must sign a contract with the PD (or the representative of the PD) that all activities will be implemented in accordance with the RCV OM, and will be accountable to the PD for proper and efficient use of funds.
20. Beneficiaries of the Flexible Fund must give due recognition to the RCV as the source of funding, and must be prepared to share all data and studies resulting from this support.
21. The Flexible Fund cannot be used for funding and capital costs, equipment, and/or any regular expenditure of the requesting agency.

## **Appendix 4: Indicative Table of Contents for RCV Operation Manual**

### **Part A. Overview of ERP**

### **Part B. Institutional structure and responsibilities**

1. Organizational structure chart
2. National Program Director
3. DFAT Role
4. Program Coordinating Committee
5. Senior Technical Advisor (STA)
6. Senior Advisory Group (SAG)
7. Coordination Office (TORs for SPC-E and supporting staff)
8. Component Director and Component Management Units

### **Part C. Implementation procedures**

1. Annual program and component work plans (AWPs and CWPs)
2. Annual program and component results reports (AWPs and CWPs)
3. Appraisal and approval of substantive changes to components or AWPs
4. Monitoring, evaluation and periodic reporting
5. Communications and information sharing
6. Flexible Fund

### **Part D. Financial management procedures**

1. Financial management mechanisms
2. Budgeting
3. Procurement and cost norms
4. Disbursements
5. Auditing

### **Part E. Other provisions**

1. Sanctions
2. Dealing with claims
3. Anti-corruption

### **Annexes**

1. Logical Framework and Results Indicators
2. Financial reporting formats
3. Quarterly progress report formats
4. Annual progress report formats
5. Final report formats
6. Activity Evaluation Formats
  - a. Workshops
  - b. Training courses
  - c. Study tours
7. Guidance on Knowledge Products

## Appendix 5: Risk Management Plan

No	Description of Risks	Impacts	Risk rating			Management response	Residual risk rating	Owner
			Consequence	Likelihood	Risk Rating			
I	Overarching risks applying across the program							
1	Changes in domestic policy agenda will influence the level of commitments to restructuring in program-targeted areas. Changes may stifle restructuring and/or create new opportunities for restructuring	Strategic policy recommendations in targeted areas of the program are not reflected into strategic documents dealing with economic restructuring.	Moderate	Possible	High	-The PD (also President of CIEM and economic advisor to the PM) is in a good position to convey strategic policy advice to national leaders. -Inclusion of the well- connected PD and SAG in the program design, combined with commitment of DFAT experts in Hanoi will mitigate this uncertainty. -The SAG will provide program's managers with up-to-date understanding of changing circumstances that might impact on program performance -The program is structured to allow flexibility to respond quickly to changing circumstances.	Moderate	PCU, Program Director, DFAT's First Secretary and SPM
2	Delays in implementation could substantially reduce opportunities for study recommendations to influence strategic policy decisions	Impacts and returns on investment lower than expected. Loss of credibility	Moderate	Unlikely	Moderate	While some delays are possible, relationships developed during BWTO, intensive counterpart involvement in program design, and the involvement of the SAG (many who were also involved with BWTO) means that is unlikely that any delays would substantially reduce opportunities for recommendations to influence policy making.	Low	Program Director DFAT's SPM
3	Australia is associated with an unpopular restructuring program.	Undermining of Australia's reputation with the GoV and people of Vietnam could have adverse political and economic costs.	Moderate	Unlikely	Moderate	-DFAT's SPM will draw on the expertise and understanding of the PD, SAG, PCU and STA to implement a communications strategy to support program objectives and raise Australia's profile as Vietnam partner in economic restructuring. -Policy dialogue and knowledge dissemination will help build consensus on program supported restructuring. -DFAT will work with development partners to coordinate efforts and raise the program's profile.	Low	DFAT's First Secretary and SPM

## UNCLASSIFIED

No	Description of Risks	Impacts	Risk rating			Management response	Residual risk rating	Owner
			Consequence	Likelihood	Risk Rating			
4	Flexible funds are fragmented and less strategic focused	Activities funded by flexible funds do not fully contribute to the program's expected outcomes	Moderate	Likely	High	- Set of criteria to select partners, activities will be developed taking into account how funded activities or partners will contribute to the program overall outcomes - No objection from DFAT as donor will be needed before allocating flexible funds	Moderate	PCU, Program Director, DFAT's First Secretary and SPM
5	Fraud, misuse of funding, overlap of funding and resources between DFAT, counterpart funding and other donors' funding	Poor program's value for money and corruption	Moderate	Unlikely	Low	- Different funding agreement signed between DFAT and implementing partners will define clearly funding contribution from different stakeholders to the program - DFAT's Senior Program Manager, PCU's manager will have regular information exchange with other donors to avoid overlap of funding but also to explore potential areas for joined funding - Audit reports for funding (both GOA and GoV contributions) will be disclosed to relevant stakeholders	Moderate	PCU, Program Director, DFAT's First Secretary and SPM
II	Specific risks							
Component 1: Enhanced Business Competitiveness and Transparency								
1	Party and GoV leaders don't act on recommendations to alleviate constraints to private sector development, and improving the enforcement of corporate governance of State Enterprises	National Assembly does not approve revised Enterprise and Investment Legislations or the revisions to the legislation fails to address the most important constraints to private sector development	Major	Unlikely	Moderate	-Concrete policy recommendations on alleviating constraints to private sector development will be conveyed by PD to Party and GoV high-level leadership in all relevant forums. -Program communication strategy will be developed and implemented to convey the program's policy recommendations in a timely manner. -The program is designed so that researchers will work with the private sector, mass media, development partners, SAG, think tanks and researchers for harmonised and collective policy recommendations on private sector development	Moderate	Program Director, DFAT First Secretary and SPM

No	Description of Risks	Impacts	Risk rating			Management response	Residual risk rating	Owner
			Consequence	Likelihood	Risk Rating			
2	Implementation of the MPER is a long time exercise (from 2013-2020), covering a broad range of economic issues that need coordinated action, while program's resources are limited with a short timeline	The program can only support limited elements of the MPER with limited impacts in terms of analytical inputs to implementation of MPER and to MPER performance monitoring and reporting.	Moderate	Likely	High	<p>- Program will target selective areas in the MPER, burning macroeconomic issues that are relevant to the program's intervention areas for evidence-based analysis and reporting.</p> <p>-The Program design recognizes that with limited resources, time and capacity Program activities need to be tightly focussed on priority activities that have already been included on the action agenda of the GoV and/or NA.</p>	Moderate	Program Director, DFAT First Secretary and SPM
<b>Component 2: Restructuring competition institutions</b>								
3	-Politically connected interest groups that currently benefit from monopoly powers or from GoV subsidies can be expected to resist reforms	Progress with reforms will be slower than planned, with negative implication for national competitiveness and potential negative implications in terms of complying with international agreements. This could negatively affect growth in trade and investment, and will slow innovation and growth in productivity and incomes.	Moderate	Likely	High	<p>- VCA, based on sectors analysis' outputs will select typical case for evidence- based analysis for concrete policy recommendations.</p> <p>- VCA will pursue various policy advocacy tactics including working with mass media, private sector, law firm, policy-making agencies to convey key policy messages.</p> <p>-the PD will support advocacy initiatives as appropriate.</p>	High	VCA Component Director, Program Director

No	Description of Risks	Impacts	Risk rating			Management response	Residual risk rating	Owner
			Consequence	Likelihood	Risk Rating			
4	-Capacity building targets only individuals	VCA's institutional capacity is not improved as expected	Moderate	Likely	High	-Training needs assessment (including assessment of gaps in institutional capacity) will be carried out before capacity building design - Detailed knowledge transfer/ sharing to wider beneficiaries in the agency will be part of follow up action plan of capacity building's beneficiaries - Criteria to select trainees will take into account trainees' potential to make institutional reforms		VCA Component Director
<b>Component 3: Component 3: Restructuring of Rural Economy Focussing on Rice Value Chains</b>								
5	Interest of rice value chain's stakeholders are different	Institutional structure for rice production value chain in Dong Thap is not changed. (e.g., the establishment of appropriate rice value chain institutional arrangements in Dong Thap is delayed or ineffective)	Major	Likely	High	- IPSARD will pursue bottom up approach in working with local level's stakeholders in the value chain in Dong Thap to build pressure for changes in institutional structure -Open policy debate will be conducted with all stakeholders of the rice value chain including farmers, researcher, SOE, private sector....) to present evidence based analysis and get their consensus on the most appropriate institutional structure to increase rice value added in Dong Thap	High	IPSARD Component Director
6	The activities proposed by IPSARD are still vague.	Program support may not generate the tangible contributions to practical restructuring initiatives expected under this program	Moderate	Likely	High	-The program will closely monitor the planning and implementation of IPSARD's activities. Two years planning will be carried out but with an initial focus on specific and feasible outputs for the first year of program budgeting and resources allocation. - Annual review and planning mechanism will allow the adjustment of the intervention areas as needed.	High	PCU, Program Director, DFAT SPM, IPSARD Component Director

## UNCLASSIFIED

No	Description of Risks	Impacts	Risk rating			Management response	Residual risk rating	Owner
			Consequence	Likelihood	Risk Rating			
7	Change of IPSARD's leader.	Reduced opportunity for IPSARD to be involved in strategic rural reform planning & policy development. This may result in sub-optimal program impacts in terms of influencing the rural restructuring agenda	Moderate	almost certain	High	-The program will explore the opportunity to invite IPSARD's leader who will retire to be member of SAG	Moderate	DFAT's SPM, Project Director, PCU

## **Appendix 6: Direct Funding Agreement**

**Direct Funding Agreement between the  
Government of Australia as represented by the Department of  
Foreign Affairs and Trade  
and  
Government of Vietnam as represented by the Ministry of Planning  
and Investment, the Ministry of Industry and Trade and the Ministry  
of Agriculture and Rural Development  
In relation to**

***Restructuring for a more Competitive Vietnam Project (RCV)***

### **General**

1. This Agreement expresses understandings between the Government of Vietnam as represented by the Ministry of Planning and Investment (MPI), the Ministry of Industry and Trade (MOIT), and the Ministry of Agriculture and Rural Development (MARD) hereafter referred to as the “Partner Government” and the Government of Australia as represented by the Department of Foreign Affairs and Trade hereafter referred to as “GOA”, hereafter referred to collectively as “the Parties”.
2. This Agreement is made pursuant to the terms of Memorandum of Understanding on Development Cooperation of 27 May 1993 and its amendment of 28 August 2011 (MOU) between GOA and the Partner Government. This Agreement constitutes a Subsidiary Arrangement under Article 5 of the MOU.
3. The terms of the MOU between GOA and the Partner Government apply to this Agreement.
4. This Agreement represents the understanding of the respective responsibilities and contributions of both Parties with regard to the provision of the Restructuring for a more Competitive Vietnam Project (“the Project”).

### **Definitions**

5. Under this Agreement:

**AWP** refers to the Annual Work Plan

**CD** refers to the Component Director

**CIEM** refers to the Central Institute for Economic Management

**CPV** refers to Communist Party of Vietnam

**IPSARD** refers to the Institute for Policy and Strategy of Agriculture and Rural Development

**MARD** refers to the Ministry of Agriculture and Rural Development

**MOIT** refers to the Ministry of Industry and Trade

**MPER** refers to the Master Plan on Economic Restructuring of the Government of Vietnam

**MPI** refers to the Ministry of Planning and Investment

**NA** refers to National Assembly of Vietnam

**PCC** refers to the Project Coordination Committee

**PCU** refers to the Project Coordination Unit

**PD** refers to the Project Director

**PDD** refers to the Project Design Document commissioned by the Parties

**OM** refers to the Operational Manual

**SAG** refers to the Senior Advisory Group

**SEDP** refers to the Socio Economic Development Plan of the Government of Vietnam

**SPC-E** refers to the Senior Project Coordinator cum Economist

**STA** refers to the Senior Technical Adviser

**VCA** refers to the Vietnam Competition Agency

### **Implementation Arrangements and responsibilities**

6. The Partner Government will be fully responsible for the implementation of the Project and for the management of the GOA financial contributions.
7. The Partner Government will provide quarterly (3 monthly) financial statements in accordance with an identified and applicable financial reporting framework – Vietnamese Accounting Standards. The financial statements will show all sources of funding, with sufficient breakdowns of data to permit identification of individual sources of funds and disbursements on major activities or types of expenditure. Project reporting formats are detailed in Project Operational Manual (OM), which will be developed by the Project Coordination Unit (PCU) in consultation with Partner Government agencies.
8. The Partner Government will immediately inform GOA in writing of any circumstance which may interfere or threaten to interfere with the successful implementation of the Project and, with a view to resolving the issue, will consult with the GOA on remedial action to be taken.
9. In matters pertaining to the implementation of this Agreement, the Partner Government Ministry with overall responsibility for implementing the Project will be the MPI.

### **Implementing Principles**

10. The Parties agree that the implementation of the Project under this Agreement will be guided by the following principles
  - a) Implementation will be based on a partnership approach;
  - b) Partner Government leadership and ownership of the Project is maximised;
  - c) GOA support is aligned to the Partner Government needs and priorities;
  - d) Fairness, transparency, openness, accountability and mutual trust in all dealings;
  - e) A focus on sustainable and equitable development that meets the needs of the Partner Government and beneficiary communities;
  - f) The strategic orientation of policies and strategies;
  - g) The effective and efficient use of Project resources;

- h) A commitment to joint monitoring and evaluation within an agreed performance assessment framework;
- i) Ensuring the pace of implementation is appropriate and responsive to the absorptive capacity of the Partner Government and appropriate capacity building measures are implemented;
- j) Be based on the Partner Government's sectoral policy and plans as detailed in the Socio Economic Development Plan (SEDP) and the Master Plan on Economic Restructuring (MPER) as may be amended from time to time; and
- k) The Paris Declaration, Accra Agenda for Action and Busan partnership commitments are reflected in implementation to the maximum extent possible.

### **Goal and Strategic Objectives**

11. The overall goal of the Project is to support the Partner Government in achieving its MPER goals of developing a more internationally competitive economy with increased productivity, reduced corruption and accelerated growth in employment and income.
12. The strategic objective of the Project is improved implementation of selected elements of the MPER in line with international economic cooperation agreements, supported by the following key sub-objectives:
  - i. Improved business-enabling environment with reduced compliance costs, greater transparency, reduced corruption and improved corporate governance (including reforms to enterprise and investment legislation).
  - ii. Strengthened analytical capacity and information base resulting in enhanced implementation of competition policy in line with international good practice (including proposals submitted to the Partner Government on changes in the Competition Law);
  - iii. Concrete actions taken by provincial authorities and other stakeholders in Dong Thap province to restructure rice value chain institutions, with pilot initiatives attracting interest from local and central stakeholders. Ideally, there should also be evidence of more substantive policy debate about the impediments to increasing value added in the rural economy;
  - iv. Policy recommendation resulting in Partner Government strategic documents dealing with economic restructuring including restructuring of the rural economy.

13. A summary outline of the Project is attached as **Annex 1.**

### **Duration of Project**

14. The duration of the initial Phase of the Project is 2 years 6 months (April 2014-October 2016).
15. This Agreement will take effect from the date of its signature by the Parties and will conclude when all responsibilities and obligations of the Parties have been fulfilled unless the Agreement is terminated earlier.
16. Any changes to the Project including changes to the funding as shown in **Table 2** or duration will be subject to the mutual agreement of the Parties and a formal amendment of this Agreement.

### GOA Funding

17. Subject to annual parliamentary appropriations, the GOA will contribute up to a maximum of AUD 2,500,000 through direct funding support to the Partner Government for the Project activities.
18. The indicative annual funding to be provided by GOA is shown in **Table 2**.
19. In addition to the indicative total amount as shown in **Table 2**, GOA will also provide up to an estimated AUD 600,000 for technical assistance and related support for the implementation of the Project and design of the new phase either through a separate Agreement with a contracted service provider and/or by direct contracting by GOA. This includes fund for the Senior Technical Adviser (STA) position, which will be directly contracted by GOA.
20. Any technical assistance to be provided is to be demand driven and the Partner Government is responsible for requesting specific technical assistance and providing an outline of the justification, purpose and estimated duration of the assistance.
21. The Partner Government agrees to use the GOA funding provided solely for the implementation of the Project and in accordance with expenditures as detailed in the Annual Work Plans (AWP) unless the GOA provides written advice to the contrary.
22. In the event that GOA funding is not used in accordance with **Clause 21** above and/or there is a finding of fraudulent or corrupt practice in respect of the Project, GOA may reduce or suspend its funding until such time as both Parties agree a mutual resolution.
23. The Partner Government agrees that GOA funds will **not** to be used for the
  - i. Recurrent administrative costs including salaries of permanent staff, housing allowances or office costs;
  - ii. Capital costs, vehicles and equipment.
24. At the Agreement Completion Date any unexpended portions of GOA funds will be refunded to GOA.

### Partner Government Contribution and funding

25. Partner Government Budget funding details over the duration of the Project and breakdown by component are shown in **Table 1** below.

**Table 1: Indicative Partner Government Project Funding (AUD'000)**

Year/Component	2013-14	2014-15	2015-16	Total
Component 1				
MPI	4	10	10	<b>24</b>
Component 2				
MOIT	7	15	10	<b>32</b>
Component 3				
MARD	7	16	10	<b>33</b>
Component 4 - Flexible fund and project coordination				
MPI	7	16	10	<b>33</b>
<b>Total</b>	<b>25</b>	<b>57</b>	<b>40</b>	<b>122</b>

26. The GOA and Partner Government funding for the Project is shown in **Table 2**.

**Table 2: Indicative Project Funding (AUD'000)**

Year/Funding	2013-14	2014-15	2015-16	2016-17	Total
GOA(Direct Funding)	1,300	1,200			<b>2,500</b>
GOA technical support (Service Provider Contract)		200	200	200	<b>600</b>
Partner Government (Budget)	25	57	40		<b>122</b>
<b>Total</b>	<b>1,325</b>	<b>1,457</b>	<b>240</b>	<b>200</b>	<b>3,222</b>

27. In addition to its financial contribution, the Partner Government undertakes to provide such human resources, office accommodation and logistical support as is required to ensure the successful implementation of the Project.

#### **Deposit and Disbursement of GOA funds**

28. The Schedule for payments by GOA to the Partner Government are detailed in **Annex 2 - Payment of GOA funds**.
29. GOA contributions will be deposited in a single foreign exchange account nominated by the Partner Government (MPI) at the Vietcombank and held in the name of the PCU under the CIEM-MPI.
30. The local currency equivalent of the GOA contribution will be calculated on the basis of the exchange rate on the date of transfer of the funds by GOA.
31. The PCU will immediately acknowledge receipt of the funds, in writing, to GOA and the local currency equivalent. The PCU will also immediately transfer to local currency bank accounts nominated by and held in the name of the VCA-MOIT and IPSARD-MARD the amounts for respective Components as detailed in **Annex 2 - Payment of GOA funds**. The VCA-MOIT and IPSARD-MARD will immediately acknowledge receipt of the funds, in writing, to GOA and the local currency equivalent.
32. Any interest income attributable to the GOA contribution(s) may be utilised by the Partner Government solely for the implementation of the Project.
33. Any interest income attributable to the GOA contribution will be reported to the Project Coordination Committee (PCC) on an annual basis.

#### **Management Arrangements**

34. Decisions on Project strategy, focus and activity approval (for Flexible Fund) will be made by the Project Director (PD), who is the leader of CIEM, with the concurrence of GOA. Component implementing agencies (MOIT-VCA and MARD-IPSARD) will appoint Component Directors (CD) to be responsible for respective component.
35. Once AWP have been approved (by the PD and GOA), the CDs will make operational decisions on activity implementation and accountable for fund management in order to implement the agreed work-plans.

#### **Project Director and Component Directors**

36. The PD responsibilities include:

- i. Ensuring that Project supported activities are consistent with annual MERP and SEDP priorities.
- ii. Taking the lead in organizing regular policy dialogue on priority cross-cutting economic restructuring and macroeconomic development issues.
- iii. Developing and approving (with GOA concurrence) the Project Operating Manual (OM).
- iv. Developing, approving (in consultation with GOA and the CDs) of consolidated AWP and approving (with GOA concurrence) any CD requests for substantive revisions to AWP.
- v. Consolidation and submission of consolidated quarterly progress reports in line with Partner Government and GoA requirements.
- vi. Monitoring and evaluating Project implementation and results performance, including preparation and submission of an annual progress and results monitoring report.
- vii. Management of the Flexible Fund Component, including approval (in consultation with GOA) of funded activities.

37. The CDs responsibilities include:

- i. Developing draft annual component work plans and budgets (and proposed revisions to these plans if needed).
- ii. Ensuring that Project supported activities are consistent with established priorities.
- iii. Ensuring compliance with financial management, transparency and reporting requirements of the GOA and Partner Government
- iv. Actively exploring opportunities to ensure project activities are inclusive, and are targeted towards inclusive outcomes.
- v. Preparing and submitting consolidated quarterly progress reports.
- vi. Monitoring and evaluating component implementation and results performance, including preparation and submission of an annual component progress and results monitoring report.
- vii. Developing and implementing a communications, policy dialogue, and knowledge management strategy in cooperation with the PD.
- viii. Participating in PCC meetings and other Project related consultations.
- ix. Supporting the PD in organizing ad hoc policy dialogue on priority economic restructuring issues.

#### **Local Senior Advisory Group – International Senior Technical Adviser**

38. The PD will be provided with advisory support by the local SAG and an international STA.

39. The SAG will comprise experienced, well connected local experts from a range of backgrounds. The SAG will be retained under periodic contracts with the PCU to provide the Project

stakeholders with support and advice on: political economy and policy dialogue; sectoral policy issues and considerations; emerging priorities; and tactics for increasing the Project's influence.

40. While not necessarily independent of the GoV or the CPV, SAG members must be respected Vietnamese who have been engaged in economic reforms or as advocates of economic reforms, with a track record of providing frank and useful advice and/or stimulating debate in the public arena. The SAG will help build national (including GoV/ CPV) ownership of the program, as well as building partnerships with key stakeholders to and the Australian Embassy to improve the quality of policy dialogue and engagement on economic issues between Australia and Vietnam.
41. The STA will be recruited by GOA and will be accountable to both GOA and the PD. Work plans for the STA will be jointly developed and agreed between GOA and the PCU. The STA will be an experienced international expert with post-graduate qualifications in economics and extensive experience in providing support for economic policy and institutional change and development in Vietnam and the region.

### **Project Coordination Unit**

42. The Partner Government will establish a Project Coordination Unit (PCU) within CIEM, MPI.
43. The PCU will be headed by Senior Project Coordinator-Economist (SPC-E), and staffed by Partner Government employees and contracted staff.
44. The PCU will be responsible for:
  - i. Providing the Secretariat for the PCC including;
    1. the drafting and distribution of the agenda and working papers and reports to PCC members.
    2. the collation, analysis and reporting of Performance indicators data;
    3. coordinating and distributing financial reports;
  - ii. Development of the draft AWP and finalising the AWP following endorsement by the PCC;
  - iii. Preparation of papers and reports for the Annual Review meeting;
  - iv. Updating the Risk Management Plan as requested by the PCC;
  - v. Preparation of requests for use of Flexible Fund for presentation to the PCC and management of relevant funded activities;
  - vi. Monitoring project financial management and audit procedures in line with GOA and Vietnamese ODA guidelines;
  - vii. Other specific responsibilities/tasks as relevant/appropriate to the Project
45. The PCU may also be supported by technical assistance provided by the GOA.

### **Project Coordination Committee**

46. The Parties acknowledge that regular consultation between the Parties is critical to the effective implementation of the Project.
47. Coordination between the Parties will be achieved through the establishment of a Project Coordination Committee (PCC) to ensure on-going consultation, planning, coordination and

implementation of the Project. The PCC will facilitate the use of “whole of government” approaches to supporting economic restructuring and development.

48. The PCC will meet at least every 6 months unless an alternative time interval between meetings is subsequently agreed by the PD and GOA.
49. The PCC will comprise the PD (as its Chair), CDs and GOA. In addition to the above representatives, representatives from relevant organisations or agencies, such as those from SAG, National Assembly Economic Committee, and CPV Economic Commission may be invited to attend PCC meetings with the agreement of both Parties in order to advance the reform agenda.
50. The PCU is responsible for providing the agenda and papers including reports to all PCC representatives 5 working days in advance of a meeting.
51. Key subjects to be discussed by the PCC include:
  - i. Assessment/review of performance/budget execution and expenditure priorities on the basis of the indicators described in the **Performance Assessment Framework- Annex 3**;
  - ii. Annual review of AWP for the forthcoming calendar year/revenue and expenditure priorities; implementation of the Agreement;
  - iii. Review/update of **Project risk management plan - Annex 4**
  - iv. Consideration of audit report(s) and follow up required on audits;
  - v. Share knowledge and experiences with Project implementation and on implementation of the MPER.
  - vi. Suggest priorities for policy dialogues and implementation of major policy dialogue events
  - vii. Suggest priorities for the use of Flexible Fund, and requirements for additional technical assistance for implementation.
52. The results of the meeting will be recorded in Agreed Minutes.
53. The Agreed Minutes will be drafted by the PCU and a draft sent to GOA and all other PCC representatives, for their comments/approvals, within 10 working days of the meeting being held.
54. The GOA will inform the Partner Government of their approval/comments within ten working days of receipt of the draft Minutes. If no comments are received from GOA within 10 working days it will be assumed that GOA has endorsed the Minutes.
55. Additional consultation meetings may be requested by the Partner Government or GOA on any subject relevant to the implementation of the Project.

#### **Annual Project Review and Planning Meeting(s)**

56. In April 2014 and 2015, the PCC will convene an Annual Project Review and Planning meeting.
57. Prior to the meeting the PCU will develop and circulate the following papers in advance of the meeting:
  - i. An Annual Project Management Report including:
    - a. Summarising overall progress and achievements over the previous 12 months compared against the AWP for the period.

- b. a detailed Project performance report assessing progress against the agreed Performance assessment framework.
- ii. A costed draft AWP for the next 12 months which identifies priorities and provides detail of proposed fund based on the agreed plan of activities approved at the PDD.

58. At this meeting the PCC will:

- i. Assess the performance of the Project against the Performance Assessment Framework indicators based on the most recent available data and/or monitoring and evaluation reports.
- ii. Identify issues and where possible causes of concern arising from the performance assessment and, where necessary, seek to identify measures to be implemented to address these.
- iii. Review the proposed Partner Government AWP for the following year in relation to Project priorities and funding availability.
- iv. Agree a final AWP for implementation.

### **Project Risk Management**

59. Both Parties are jointly responsible for managing Project risks in accordance with the Project Risk Management Plan (RMP) as detailed in **Annex 4- Project risk management plan**.

60. The RMP is to be reviewed quarterly and annually by the PCC and updated as required.

### **Review and Evaluation**

61. The Project will be reviewed at the end of 2015 to assess its effectiveness and inform the design in 2016 of the next phase of the Project to 2020. These timelines will work well with GOA decision-making process and budget cycle.

### **Procurement**

62. The Partner Government will be responsible for all procurement in accordance with its established rules, procedures and legislation as may be amended by the Partner Government from time to time.

63. Both parties agree that a sample of major procurements may be audited periodically either independently or by the Partner Government State Audit.

### **Environment Protection**

64. The Partner Government is responsible for ensuring the protection of the environment in accordance with their national/local laws, rules, regulations and standards and in accordance with their obligations at international law including under international Treaties signed or ratified by them relating to the environment.

### **Project Accounts and Records**

65. The Partner Government agrees that it will:

- i. Maintain a sound administrative and financial system capable of verifying all Acquittal Statements;
- ii. Keep proper and detailed accounts, records and assets registers along with adequate Project management records providing clear audit trails in relation to expenditure under this Agreement;

- iii. Afford adequate facilities for audit and inspection of the financial records referred to in this Agreement by GOA and its authorised representatives at all reasonable times and allow copies and extracts to be taken; and
- iv. Ensure that its accounts and records are held for the term of this Agreement and for a period of three (3) years from the date of expiry or termination of this Agreement.

#### **Audit**

- 66. The Partner Government is responsible for ensuring that the Project and its associated funding are audited on an annual basis.
- 67. The annual audit will also examine (i) procurement decisions and /or related contracts; and/or (ii) compliance with partner government procedures and regulations where GOA funds are utilised by the Partner Government for the procurement of goods and/or services.
- 68. The Annual audit of the Project will be undertaken by independent auditors and, wherever possible, the Partner Government's State Audit.
- 69. The arrangements, including the terms of reference, selection method and costs, for the engagement of an independent auditor will be agreed by the PD and GOA.
- 70. The annual audit report will include formal advice detailing any weaknesses in the Project's internal controls and recommendations for strengthening identified weaknesses.
- 71. The annual audit report will be provided to all representatives of the PCC and be included as an agenda item for the PCC meeting at the earliest opportunity.
- 72. The Partner Government agrees that GOA may commission independent audits, including financial, compliance and/or performance audits, of the Project and acknowledges that it will cooperate fully with any such audits.
- 73. GOA agrees to provide the Partner Government with copies of any independent audit reports.

#### **Fraud**

- 74. 'Fraudulent activity' or 'fraud' means: Dishonestly obtaining a benefit by deception or other means.
- 75. The Parties are committed to preventing and detecting fraud.
- 76. The Partner Government is responsible for preventing and detecting fraud involving or relating to the Project.
- 77. The Partner Government must report in writing to GOA, within five (5) Business Days, any detected, suspected, or attempted fraudulent activity involving or relating to the Project.
- 78. The Partner Government is required to investigate any alleged fraud and must undertake an investigation in accordance with its own procedures and standards.
- 79. Following the conclusion of an investigation, where the investigation finds or identifies acts of a fraudulent nature Partner Government will:
  - i. initiate recovery action in accordance with recovery procedures, including if appropriate civil litigation, available in the Partner Country; and
  - ii. referring the matter to the relevant Partner Country police or other authorities responsible for prosecution of fraudulent activity; or

- iii. where a Partner Government employee is involved in fraudulent activity, take the relevant disciplinary procedures in accordance with relevant Code of Conduct or similar Partner Government provisions where these exist.

### **Anti-Corruption**

- 80. The Parties are committed to preventing and detecting corruption and bribery. Both Parties through their employees, agents or representatives will not make or cause to be made, nor will they receive or seek to receive, any offer, gift or payment, consideration or benefit of any kind, which would or could be construed as an illegal or corrupt practice, either directly or indirectly to any party, as an inducement or reward in relation to the execution of this Agreement or any arrangement or provision of funds in relation to the Project. The Parties will use their best endeavors to ensure that their respective employees, agents, representatives or other entities involved in the Project will also adhere to this provision.
- 81. For the purposes of this paragraph (Anti-Corruption), the term “corrupt” includes (but is not limited to) any action or practice which would warrant disciplinary procedures being taken against an individual under applicable laws.
- 82. In the event of alleged misuse of Project funds involving fraudulent or corrupt behaviour as defined above, GOA may reduce or suspend its funding until such time as the matter is mutually resolved by the Parties.

### **Status of Agreement**

- 83. This Agreement serves only as a record of the Parties’ intentions and does not constitute or create (and is not intended to create) rights or obligations under domestic or international law and will not give rise to any legal process and will not be deemed to constitute or create any legally binding or enforceable rights or obligations (expressed or implied).

### **Settlement of Disputes**

- 84. Any dispute, controversy, or claim, which arises out of the interpretation or application of this Agreement will not be subject to adjudication or arbitration, but will instead be dealt with through amicable consultations and negotiations as the only method of achieving the peaceful settlement of that dispute, controversy, or claim.

### **Extraordinary Events**

- 85. Neither the Partner Government of the GOA will be responsible for any failure to perform or any delay in performing their obligations under this Agreement where the cause of such failure of delay is beyond that Party’s reasonable control (Force majeure). The Party claiming suspension of its obligations due to an extraordinary event will immediately notify the other Party in writing of its intent and the reason(s) for suspension.

### **Indemnity and Insurance**

- 86. The Partner Government will indemnify GOA at all times against any actions, claims, liabilities, damages or expenses suffered or incurred by GOA as a result of, or arising from, the implementation of the Project.
- 87. The Partner Government will be responsible for insurance cover against loss of life, personal accident and illness, loss, theft and damage to personal effects and Project supplies and assets and all Project activities and Project personnel engaged directly by the Partner Government. The GOA will have no responsibility for any insurance cover for the Partner Government personnel, property, assets and supplies or actions.

### **Use of Agreement Information**

88. Both Parties will respect the confidentiality of information provided by the other as “Confidential” or “In-Confidence”. Neither Party will disclose such information to a third party without obtaining the written agreement of the other Party unless and except where the disclosure of such information is required by law or government convention.
89. GOA may disclose matters relating to the Agreement, including the Agreement to governmental departments and agencies, Ministers and Parliamentary Secretaries of the Commonwealth of Australia, and to the Parliament of the Commonwealth of Australia, including responding to requests for information from Parliamentary committees or inquiries. This clause will survive termination or expiration of the Agreement.
90. The Partner Government may disclose matters relating to the Agreement, including the Agreement to its governmental departments and agencies, Ministers and Parliamentary Secretaries, and to the Parliament, including responding to requests for information from Parliamentary committees or inquiries.

#### **Amendment**

91. All changes to this Agreement must be mutually agreed in writing by the Parties in the form of a formal amendment to the Agreement.
92. This Agreement may be amended at any time by an Exchange of Letters between the Parties.

#### **Termination**

93. Termination of this Agreement may be effected by one Party on giving 90 days written notice and reasons for the termination to the other Party.
94. In the event of any termination the Partner Government will provide an independently audited financial statement of the Project funding for the financial year during which termination occurred.

#### **Provisions to Prevent Financing of Terrorism**

95. The Partner Government will use its best endeavors to ensure that funds provided by GoA under the Agreement, do not provide direct or indirect support or resources to organisations and individuals associated with terrorism or listed on a ‘Relevant List’
96. If, during the course of this Agreement, the Partner Government discovers that an organisation or individual involved in the Agreement is listed on a ‘Relevant List’ or has any link whatsoever with any organisation or individual associated with terrorism it will inform GOA immediately.
97. GOA may terminate this Agreement immediately by notice in writing to the Partner Government if the Partner Government breaches any of its obligations to prevent the financing of terrorism.
98. Notwithstanding GoA’s right to terminate this Agreement under **Clause 95** in the event of a breach of this **clause**, the Partner Government will use its best endeavours to recover an amount equivalent to the relevant funds which are found to have been paid to organisations and individuals associated with terrorism and refund that amount to GOA.
99. ‘Relevant List’ means the lists of terrorist organisations made under Division 102 of the *Criminal Code Act 1995* (Cth) and the *Charter of the UN Act 1945* (Cth) posted at:  
<http://www.nationalsecurity.gov.au/Listedterroristorganisations/Pages/default.aspx> and  
<http://www.dfat.gov.au/sanctions/>

#### **Exemption from Taxation**

100. The Partner Government agrees that all the provisions of the MOU apply to this Project including taxation exemptions.

#### **Correspondence**

101. All correspondence related to the implementation of this Agreement should be addressed to:

GOA:	DFAT Australian Embassy, 8 Dao Tan st, Hanoi 84 4 3771076 Attention Ms Nguyen Mai Chi, Senior Project Manager (Development Cooperation): Restructuring for a more Competitive Vietnam Project
Partner Government	CIEM 68 Phan Dinh Phung st, Hanoi 84 4 3845 6795 Attention Mr Nguyen Dinh Cung, President, Project Director: Restructuring for a more Competitive Vietnam Project

ANNEXURES to this Agreement form an integral part of it.

IN WITNESS THEREOF, the undersigned have signed this Agreement.

Signed in duplication the [number] day of [month] in the year of 2014 in two (2) originals in the English language, both of the texts being equally authentic.

**FOR THE GOVERNMENT OF AUSTRALIA**

.....

(Signature)

Michael Wilson, Minister Counsellor,  
Development Cooperation, DFAT Hanoi  
s44 Delegate

**FOR THE GOVERNMENT OF VIETNAM**

.....

(Signature)

Ministry of Planning and Investment  
as Partner Government Ministry with primary  
responsibility for implementation

.....

(Signature)

Ministry of Industry and Trade

.....

(Signature)

Ministry of Agriculture and Rural  
Development

## **Annex 1: Summary outline of the Project**

### **Planned Development Outcomes**

1. The Restructuring for a Competitive Vietnam (RCV) Project has been designed to support implementation of selected elements of the Government Master Plan on Economic Restructuring (MPER, 2013-2020). MPER goals supported by RCV are:
  - ii. Increased national economic competitiveness.
  - iii. Accelerated growth in labour productivity, employment and incomes.
  - iv. Improved transparency in business regulation and reduced corruption.
2. Key results expected from the program by August 2016 are:
  - a) Reductions in business compliance costs (following approval of revisions to the Enterprise and Investment Laws).
  - b) Increase in the quantity and quality of the cases handled by the Vietnam Competition Agency.
  - c) Concrete actions taken by GoV to begin restructuring the rice value chain at national and central level.
  - d) Policy recommendation resulted in GoV, CPV's strategic documents dealing with economic restructuring including restructuring of the rural economy.
3. The program will help the GoV achieve these objectives via three targeted components and a flexible fund to respond to emerging priority issues linked to the economic restructuring program. The three components and planned outputs are:
  - a) Enhanced business competitiveness and transparency. This Central Institute for Economic Management (CIEM)- Ministry of Planning and Investment (MPI) led component will result in:
    - i. More business friendly Enterprise and Investment Law approved by National Assembly (in late 2014, with key implementing regulations approved by the GoV by 2015).
    - ii. Diagnostic report on impediments to private sector development and to implementation of international economic commitments submitted to GoV (by end 2015).
    - iii. Quarterly and annual reports on progress and issues with MPER used by GoV to sustain pressures to implement the MPER, and to adapt MPER priority actions to meet changing circumstance.
    - iv. At least two high quality analytical reports on priority macro-economic and broader economic development issues submitted by the MPI to the national leadership and widely discussed in mass media (by 2016).
  - b) Restructuring competition institutions in line with international commitments. The intended outputs of this Vietnam Competition Agency (VCA)- Ministry of Industry and Trade (MOIT) led component are:

- i. Enhanced evidence base, information and skill to enforce competition policy.
  - ii. Enhanced policies, systems and support to minimize the negative impact of anti-dumping actions and other trade remedies.
  - iii. Expanded early warning systems on potential trade defence cases.
- c) Restructuring the rural economy to increase value added. This Institute for Policy and Strategy of Agriculture and Rural Development (IPSARD)- Ministry of Agriculture and Rural Development (MARD) led component will result in the following outputs:
- i. Analysis and reports contribute to improved institutional structure for rice value chain collaboration in Dong Thap supported by representatives of all stages of the rice value chain.
  - ii. Reports on modelling of impacts of rice value chain restructuring (including proposed reforms to paddy land reservation policies, and proposed reforms to increase competition in rice exports in line with international commitments) submitted to Minister, Ministry of Agriculture and Rural Development (MARD).
  - iii. Policy dialogue on rice value chain restructuring issues reflected in media coverage and public awareness of issues and policy options.

#### **Timeframe and Resource Commitments**

4. The initial pilot program will be implemented during 2 years 8 months from April 2014 to December 2016 with the budget up to AUD 3,100,000. The Government of Australia will provide grant financing of AUD 2,500,000, technical assistance including supervision/evaluation and design of the new phase of AUD 600,000. The GoV will provide, through the implementing agencies, the counter funding of AUD 122,000. Considerable in-kind contributions (mostly in the form of people's time) are expected from the private sector, media, business associations, research institutes, and the broader community.
5. Component 4- the Flexible Fund is estimated of AUD600,000 in value out of the total program budget of AUD3,100,000. The PD is responsible for endorsing proposals for financing using of flexible fund. The PD will submit endorsed proposals for funding greater than AUD 20,000 to DFAT for no objection (i.e. final clearance to proceed with implementation). DFAT, the SAG, and/or the PCC members may suggest priority areas to the PD through the PCU. STA and relevant SAG members will appraise these proposals against a limited set of key selection criteria, including relevance to targeted criteria; design logic; expected impacts and beneficiaries; contributions to promoting inclusive/equitable outcomes; cost effectiveness (value for money) and risk. Clear criteria for selection of activities from the Flexible Fund, appraisal and approval process will be detailed in the Program Operational Manual. Possible activities are policy dialogues led by the Economic Commissions of the National Assembly or the Communist Party of Vietnam; impact assessment activities and practical pilot project at the local level on priorities emerging issues that are identified as the result of improved quality monitoring of the MEPR.
6. A review of the program will be conducted in late 2015 to assess the effectiveness of the program and design a new phase to 2020 to support priorities of the new National Socio-economic Development Plan (SEDP 2016-2020).

#### **Delivery Approach and Key Partnerships**

7. CIEM will be the lead agency responsible for overall program delivery. CIEM will appoint a Project Director (PD) to oversee the program. CIEM, VCA and IPSARD will be responsible and

accountable for effective and efficient delivery of component outputs as discussed above. Component implementing agencies will appoint Component Directors (CDs). CIEM will be responsible for the overall program management and coordination, and for the implementation of the Flexible Fund to respond quickly to emerging policy issues.

8. A Project Coordination Committee (PCC) will be established and meet at least every six months to review progress and implementation issues. PD, CDs and GOA will participate in the PCC. The PD and GOA may decide to invite other observers (such as representative of Senior Advisory Group (SAG), National Assembly (NA) or CPV) if that is seen as advancing the Project objectives.
9. GOA will be involved in program planning and strategy decisions, including approval of the Operational Manual (OM), key program personnel in the Project Support Unit (PCU) (including the Senior Program Manager-Economist (SPME), the SAG, and decisions on the use of the Flexible Fund.
10. The local SAG and the international Senior Technical Advisor (STA) will play an important role in planning, policy dialogue, communications and quality control over program activities.

## **Annex 2: Payment of GOA funds**

1. Total GOA funds for this Project is AUD3,100,000 in which AUD2,500,000 is for direct grant to Partner Government and AUD600,000 is for technical assistance and related support for the implementation of the Project and design of the new phase either through a separate Agreement with a contracted service provider and/or by direct contracting by GOA.
2. GOA will pay the Partner Government up to a maximum of **AUD2,500,000**, in tranches divided as follows:

<b>Indicative Date</b>	<b>Tranche Number</b>	<b>Amount of Grant Funds</b>
May 2014	1	AUD 1,300,000
May 2015	2	Up to AUD 1,200,000

3. GOA will pay Tranche 1 within thirty (30) days of the date of this Agreement and subject to receipt of a valid invoice.
4. GOA will pay subsequent tranche at the date indicated above subject to the Partner Government:
  - a) submitting AWP and an annual project management report approved by GOA; and
  - b) submitting a valid invoice.
5. GOA contributions will be deposited in a single foreign exchange account nominated by the Partner Government (MPI) at the Vietcombank and held in the name of the PCU under the CIEM-MPI.
6. The local currency equivalent of the GOA contribution will be calculated on the basis of the exchange rate on the date of transfer of the funds by GOA.
7. The PCU will immediately acknowledge receipt of the funds, in writing, to GOA and the local currency equivalent. The PCU will also immediately transfer the amounts for respective Components to local currency bank accounts nominated by and held in the name of the IPSARD-MARD and the VCA-MOIT. The IPSARD-MARD and the VCA-MOIT will immediately acknowledge receipt of the funds, in writing, to GOA and the local currency equivalent.
8. The allocation of grants to respective Components is detailed below based on schedule of activity implementation of the Investment Design. However, these amounts for Tranche Number 2 might be changed subject to the amount approved by GOA for the AWP of Year 2 for each Component.

<b>Indicative Date</b>	<b>Tranche Number</b>	<b>Amount of Grant Funds</b>
May 2014	1	<p>AUD 1,300,000, in which:</p> <ul style="list-style-type: none"> <li>- Component 1-CIEM: 400,000</li> <li>- Component 2- VCA: 300,000</li> <li>- Component 3- IPSARD: 200,000</li> <li>- Component 4 - CIEM: 400,000</li> </ul>
May 2015	2	<p>Up to AUD 1,200,000, in which:</p> <ul style="list-style-type: none"> <li>- Component 1-CIEM: 300,000</li> <li>- Component 2- VCA: 200,000</li> <li>- Component 3- IPSARD: 100,000</li> <li>- Component 4 - CIEM: 600,000</li> </ul>

## Appendix 7: Component implementation schedule

CIEM

Summary Description	Performance/target Indicators	Data sources to verify progress	Key assumptions	Timeline										
				Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q2 16
Activity 1.1: Periodical reports	(1) Drafting 2 periodical thematic reports: recruiting 02 senior national consultants for each report; (2) Organizing fieldvisits to provinces in 3 regions for each report; (3) Organizing 01 consultation workshop for each report; (4) Peer-review: Recruiting 02 senior national experts and 1 senior international expert for each report; (5) Organizing 02 national conference for report dissemination (for 02 report); (6) Publication of 02 final reports.	Periodical reports	Reports on implementation of economic restructuring undertaken by ministries, central and local government agencies, enterprises; Statistic data; In-depth interviews; Experts.											
Activity 1.2: Ad hoc reports	(1) Drafting 01 thematic report: recruiting 02 national consultants; (2) Organizing 01 consultation workshop; (3) Peer-review: Recruiting 01 senior national experts and 1 senior international expert; (4) Publication of the final report	Ad-hoc reports	Reports provided by ministries, central and local government agencies, enterprises; Statistic data; In-depth interviews; Experts.											

Activity 2.1: Thematic studies for the meetings of the Enterprise Law Drafting Committee and the Investment Law drafting Committee	(1) Drafting 2 thematic reports: recruiting 01 senior national consultants for each report; (2) Organizing 01 consultation workshop for each report; (3) Peer-review: Recruiting 01 senior national experts and 1 senior international expert for each report; (4) Publication of the final reports.	Reports as inputs for the Enterprise Law and the Investment Law	Literature review Reports provided by ministries, central and local government agencies, enterprises; Statistic data; In-depth interviews; Experts.											
Activity 2.2: Public consultation workshops for getting comments on the Enterprise Law and the Investment Law	Organize 5 workshops in 3 regions for each law. Of which: - 03 workshops in Hanoi: + 01 workshop for staff of central government agencies; + 01 workshop for staff of local government agencies; + 01 workshop for bussiness and community. - 01 workshop in the Central (for all audience) - 01 workshop in the South (for all audience)	Public consultation workshops for getting comments on the two laws.	The audience includes: staff of government agencies at both central and local level, business and community.											

Activity 2.3: Learning international experiences - Study tour to Australia	(1) Study tour to Australia is to study Australia's experiences in enabling the business environment, enhancing fair competition among different types of business; role of SOEs in Australia and their compliance of the standard principles of corporate governance; (2) Workshop on sharing the results of the study-tour.	Study tour Summary report of the study tour	Organizing a delegation of 10 persons from the following agencies: - National Assembly; - Party's agencies; - Government agencies; - Project management Committee; - CIEM The delegation plans to visit Australia's state government departments/agencies, business organizations, and some enterprises											
Activity 2.4: Laws publication/ printing	Printing 2000 items of the Enterprise Law submitted to the National Assembly and government agencies													
Activity 2.5: Thematic studies for drafting the Decree of guiding the implementation of the Enterprise Law	(1) Drafting 01 thematic report: recruiting 01 senior national consultant (2) Organizing 01 consultation workshop; (3) Peer-review: Recruiting 01 senior national experts and 1 senior international expert for each report; (4) Publication of the final report	Report as inputs for the decree guiding the implementation of the Enterprise Law	Literature review Reports provided by ministries, central and local government agencies, enterprises; Statistic data; In-depth interviews; Experts.											

Activity 2.6: Training on the Enterprise Law and the Investment Law for local staff and enterprises	(1) Building training materials of guiding specific contents of the Enterprise Law and the decree. (2) Organizing 03 training workshops in 3 regions for People Committees/ Government Departments/ agencies at local levels (3) Organizing 6 training workshops in 3 regions for enterprises and community	Training workshops												
Activity 2.7: Monitoring and evaluating the implementation of the Enterprise Law, the Investment Law and the decrees	(1) Conducting 01 report on assessing SOEs' compliance with the standard principles of corporate governance stipulated in the Enterprise Law; (2) Conducting 02 thematic reports as inputs for the 6-month report and the annual report on the implementation of the Enterprise Law: (3) Fieldvisits to provinces of 3 regions; (4) Consultation workshops for reports; (5) Peer-review for reports; (6) Organizing 02 national conferences on the reports on implementation of the Enterprise law and the decrees.	Reports and conferences												

Activity 3.1: Identifying the market distortion caused by SOEs and their impacts on the business environment, resource allocation; and solutions on imposing hard budget for SOEs	(1) Drafting reports; (2) Fieldvisit to provinces in the North and the South; (3) Organizing 01 consultation workshop; (4) Peer review on reports; (5) Organizing 01 national conferences; (6) Publication	Report and recommendations on imposing hard budget for SOEs															
Activity 3.2: Assessing the real situation of market entry according to Doing Business report (World Bank) and policy implications of reducing time and cost of market entry	(1) Drafting reports; (2) Fieldvisit to provinces in the North and the South; (3) Organizing 01 consultation workshop; (4) Peer review on reports; (5) Organizing 01 national conferences; (6) Publication	Report and recommendations on reducing time and cost of market entry															

Activity 3.3: Assessing administrative procedures for cross-border trade activities and solutions for reducing the number of days and the cost of completing the export and import procedures	(1) Drafting reports; (2) Fieldvisit to provinces in the North and the South; (3) Organizing 01 consultation workshop; (4) Peer review on reports; (5) Organizing 01 national conferences; (6) Publication													
Activity 3.4: Identifying and assessing impacts of TFAs (such as TPP and RCEP) on economic restructuring, and key recommendations towards domestic reforms in line with deeper economic integration.	(1) Drafting reports; (2) Fieldvisit to provinces in the North and the South; (3) Organizing 01 consultation workshop; (4) Peer review on reports; (5) Organizing 01 national conferences; (6) Publication		<ul style="list-style-type: none"> <li>• Survey of key at-the-border and behind-the-border impediments to Vietnam's trade with TPP, RCEP partners</li> <li>• Consultations on approaches and policies to facilitate Vietnam's trade with TPP, RCEP partners</li> <li>• Research on harmonizing implementation of TPP, RCEP commitments and preparations for FTAAP (Free Trade Area of Asia-Pacific)</li> </ul>											

Activity 4.1: Quarterly reports on the independent assessments of macro-economic changes in Vietnam for high-level policy discussion/ dialogues	(1) Drafting reports; (2) Organizing 01 consultation workshop/report; (3) Peer review on reports	Quarterly reports on the independent assessments of macro-economic changes in Vietnam	Data framework Use macroeconomic model with quarterly data (structural, using SNA data) to provide macroeconomic judgments and forecast Trainings of practical econometric modelling															
Activity 4.2: High-level policy dialogues	05 policy dialogues and report publication																	
Activity 4.3: Reports on recommendations for improving the effectiveness of the State's macro-economic management submitted to the MPI, the PM and other GoV agencies	(1) Drafting reports (4 reports for 2 years 2014-2016); (2) Organizing 01 consultation workshop/report; (3) Peer review on reports		Data framework Use macroeconomic model Conclusions from high-level policy dialogues															

Contingency															
Activity: Flexible reports															

**COMPONENT 2: VCA**

Activity	Activity description	Inputs needed	Outputs	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16
Activity 1.1. Research on pillars to be revised and options for consideration in the Competition Law and other guiding legal documents	<ul style="list-style-type: none"> <li>• Research on pillars to be revised and options for consideration and organize a seminar to public results of report in the Competition law and other guiding legal documents</li> <li>• Studies on the enforcement and effectiveness of the Vietnamese competition law</li> <li>• Studies on international experience to build the competition law</li> <li>• Other studies upon the request of the Government and the National Assembly</li> </ul>	<ul style="list-style-type: none"> <li>• Local experts</li> <li>• International experts</li> <li>• Publications</li> </ul>	• Study report											
1.1.1. Conducting research on pillars to be revised and options for consideration in the Competition Law and other guiding legal documents														
1.1.2. Printing														

Activity 1.2. Report on reviewing the conflicts between Sectoral Laws and Vietnam Competition Law	Report on reviewing the conflicts between Sectoral Laws and Vietnam Competition Law	• Local experts	Report on reviewing the conflicts between Sectoral Laws and Vietnam Competition Law											
Activity 1.3. Conducting advocacy activities of the competition law in order to increase the compliance level of the law within the business community	<ul style="list-style-type: none"> <li>• Survey on the awareness of competition law</li> <li>• Building the advocacy strategy and compliance strategy for the competition law</li> <li>• Building tools/ advocacy materials for the competition law</li> <li>• Conducting advocacy seminars</li> </ul>	<ul style="list-style-type: none"> <li>• Local experts</li> <li>• International experts</li> <li>• Questionnaires</li> <li>• Seminars</li> <li>• Publications</li> </ul>	<ul style="list-style-type: none"> <li>• Report on the level of awareness about the competition law</li> <li>• Advocacy tools reach the business community</li> </ul>											
1.3.1. Building leaflet advocacy for the competition law														
1.3.2. Making a short video to advocate on cartel (5 minutes)														



2.1.1. Conducting comparative reports to assess the competition environment in selected economic sectors	of the market in their sectors. • Conference/ Seminar to publish the study results • Report publications	• Printing cost												
2.1.2. Printing														
2.1.3. Seminar/ Conference to publish the report in Ho Chi Minh city and Hanoi														
Activity 2.2. Activities to support effective control of economic concentration in Vietnam in the context of the economic restructure	• Collecting and compiling statistics related to the economic concentration activities in Vietnam • Reviewing the legal documents related to the economic concentration • Consulting/ Exchanging information with the Department of Planning and Investment about the procedure for the enterprises to register/ notify their economic concentration plan	• Local experts • International experts • Conference • Printing cost • Statistics	• Report on M&A published • Cooperation Procedure between VCA and DPIs over M&As built up - Enhancing capacity in control M&A transactions in Vietnam - Database on M&A set up											
2.2.1. Building report														
2.2.2. Printing														

2.2.3. Conference/ Seminar to publish report	<ul style="list-style-type: none"> <li>• Working with sectoral regulators about cooperating regime to control the economic concentration</li> <li>• Conducting a report on M&amp;As in Vietnam with view of competition and organize a Seminar to public results of report</li> <li>• Organizing national conference and seminar to publish the study results.</li> <li>• Report publications</li> </ul>													
Activity 3.1. Reviewing report on three Ordinances related to Vietnamese trade remedy, taking into account the comparison with the commitments of economic integration, specifically those related to WTO; recommendati ons so that the Vietnamese legal	<ul style="list-style-type: none"> <li>• Reviewing report on three Ordinances (anti-dumping, anti-subsidiary, and Countervailing) and other legal guidelines on implementation</li> <li>• Reviewing report on other legal documents related to trade defense</li> <li>• Reviewing report on Vietnam's commitments to apply trade remedies or trade dispute resolution body at WTO stated in its Agreements (both bilateral and multilateral)</li> <li>• Recommendations to complete the legal documents so as to ensure the legal system in Vietnam in line with the Vietnam's commitments regarding the international economic integration.</li> <li>• Organizing seminars</li> </ul>	<ul style="list-style-type: none"> <li>• Local experts</li> <li>• International experts</li> <li>• Conference</li> </ul>	<ul style="list-style-type: none"> <li>• Reports are built and might be sent to the Government/ National Assembly (in case a recommendation to revise the Ordinances is made)</li> <li>• Recommendations are made and sent to related state agencies</li> </ul>											

documents are in accordance with the mentioned commitments	discussing issues related to trade defense														
3.1.1. Building report															

Activity 3.2. Building the Handbook and software on investigation procedure, calculation method for dumping margin and injury in the anti-dumping cases in line with international trade law and good practices	<ul style="list-style-type: none"> <li>• Building Reports on international practices regarding the investigation, including the calculation method in the anti-dumping cases</li> <li>• Building handbook on investigation procedure and the software program on calculating the dumping margin in line with the international law and good practices.</li> <li>• Building the handbook on investigation procedure and the software program on calculating the injury in the anti-dumping cases in line with international law and good practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Local experts</li> <li>• International experts</li> <li>• Printing cost</li> </ul>	<ul style="list-style-type: none"> <li>• Handbook for investigator in the anti-dumping field is built</li> <li>• Software program on calculating the dumping margin and injury in the anti-dumping cases is built</li> </ul>										
3.2.1. Build the Handbook on investigation procedure in anti-dumping cases													
3.2.2. Build the software on calculating the dumping margin and injury in the anti-dumping cases													



Activity 3.4. Report on reviewing state subsidy policies for economic sectors so as to place recommendations for the Government to remove those policies conflict with the economic integration commitments	<ul style="list-style-type: none"> <li>• Building reports on reviewing anti-subsidy cases against Vietnam products</li> <li>• Building reports on reviewing state subsidy policies for certain economic sectors (including those being sued in the anti-subsidy cases).</li> <li>• Recommendations to remove state subsidy policies that conflict with the economic integration commitments.</li> <li>• Conducting conferences/seminars to publish the reports' result.</li> </ul>	<ul style="list-style-type: none"> <li>• Local experts</li> <li>• International experts</li> <li>• Conference</li> </ul>	Report on reviewing state subsidy policies for economic sectors so as to place recommendations for the Government to remove those policies conflict with the economic integration commitments											
3.4.1. Conducting research to review state subsidy policies for economic sectors														
3.4.2. Printing														

Activity 4.1. Strengthening the early warning for the anti-dumping and anti-subsidiary cases so as to reduce the cases against Vietnamese exports	<ul style="list-style-type: none"> <li>• Implement a research on current platform of the EWS for the anti-dumping and anti-subsidiary cases against Vietnamese exports and solutions to increase effectiveness of the EWS</li> <li>• Upgrading and expanding the online early warning system for the anti-dumping cases against Vietnamese exports</li> <li>• Training course designed for enterprises and trade associations about exploiting the early warning system</li> </ul>	<ul style="list-style-type: none"> <li>• Local experts</li> <li>• International experts</li> <li>• Domestic training</li> <li>• Statistics</li> </ul>	<ul style="list-style-type: none"> <li>• The early warning system is upgraded and expanded</li> <li>• The early warning is timely and more effective</li> <li>• The number of enterprises receiving the instruction on using the early warning system increases</li> </ul>										
4.1.1. Building report on the status quo of the early warning system for the anti-dumping and anti-subsidiary cases and recommendations													
4.1.2. Upgrading the EWS													
4.1.3. Conducting 02 training courses for the business community to utilize the EWS													

### COMPONENT 3: IPSARD

Activity	Activity description	Inputs needed	Outputs	Q2 /14	Q3/ 14	Q4/ 14	Q1/ 15	Q2/ 15	Q3/ 15	Q4/ 15	Q1/ 16	Q2/ 16	Q3/ 16	Q4 16
<b>Output 1: Proposed changes to institutional structure for rice production value chain in Dong Thap</b>														
1.1	Vietnam rice sectoral overview and Experiences in developing rice value chain	Secondary data and information	Report on rice sectoral overview and experiences in developing rice value chain											
1.1.1	Collecting rice data		Rice database											
1.1.2	Reviewing rice policies		Rice policy review											
1.1.3	Reviewing experiences in developing agro-commodities and particularly rice value chain		Literature review on value chain development											
1.1.4	Writing report on rice sectoral overview and experiences in developing rice value chain		Report on rice sectoral overview and experiences in developing rice value chain											
1.2	Activity 1.2: Case study on paddy/rice value chain in Dong Thap	Collaboration/ support from Dong Thap local authorities and other line agencies and	Field survey data and report											



1.2.7	Field report on risks and benefits sharing among stakeholders of the value chain		Field report on risks and benefits sharing among stakeholders of the value chain											
1.2.8	Writing report on field survey results at Dong Thap		Field survey report											
1.2.9	Workshop in Dong Thap to present findings and collect comments/advice		Event minutes											
1.2.10	Report finalizing		Final field survey report											
1.3	Recommend the Plan for Restructuring Rice Value Chain in Dong Thap province	Case study results/ report	Plan for Restructuring Rice Value Chain in Dong Thap											
1.3.1	Preparing a Plan on Restructuring Rice Value Chain in Dong Thap province (team leader)		Draft plan for Restructuring Rice Value Chain in Dong Thap											
1.3.2	Regional workshop to present restructuring plan and collect comments/advice		Event minutes											
1.3.3	Seminar/Policy dialogue		Event minutes											
1.3.4	Restructuring plan finalizing		Final restructuring plan											

Output 2: Developing economic models to evaluate the impacts of policies regarding rice/paddy land conversion and FTA commitments													
2.1	Activity 2.1: Survey of international experience and processing data for modeling	Secondary data and information	Literature review & database for modelling										
2.1.1	Surveying models proposed for evaluating policies regarding the conversion of production factors (especially land)		Literature review										
2.1.2	Processing data for modeling rice/paddy land conversion		Database for modelling										
2.2	Activity 2.2: Developing a Computable General Equilibrium (CGE) model to evaluate the impacts of the land conversion policy and FTA commitments		Report on evaluating the impacts of the land conversion policy and FTA commitments										
2.2.1	Formulating the model, coding, simulation and scenario analysis	SAM table for CGE modelling, FTA negotiation scenarios, household data for livelihood and food security analysis											

2.2.2	A model-based assessment of the impacts of the policies on macroeconomic indicators such as GDP, inflation, employment, trade balance		CGE model											
2.2.3	A model-based assessment of the impacts of the policies on microeconomic aspects such as livelihoods of farmers and food security		CGE model											
2.2.4	Using the CGE model to propose the optimal rate of paddy land conversion		CGE model											
2.2.5	A model-based assessment of the impacts of FTAs on rice production		CGE model											
2.2.6	Report writing		Draft report											
2.2.7	Organizing workshop to collect comments for the report		Event minutes											
2.2.8	Report finalizing		Final report											
<b>Output 3: Improved awareness of opportunities for increasing competitiveness through re-structuring of rice value chains</b>														
3.1	Writing the synthesis draft report and policy recommendations/ brief	Component reports	Synthesis report that wrap-up findings from survey and modelling work											
3.2	Printing the synthesis report (01) and policy recommendations/ briefs (03 tentatively)		Printed report and policy brief											
3.3	Seminar for launching report and/or policy dialogue		Event minutes											