



DIRECT FUNDING ARRANGEMENT

between the

Government of Australia as represented by the Department of Foreign Affairs and Trade (DFAT)

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

Aus4Reform Program ('Restructuring for a more Competitive Vietnam')

1. General

- 1.1. This Arrangement expresses the understandings between the Government of Australia ("GOA"), represented by DFAT, and the Government of Vietnam ("Partner Government"), 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 collectively referred to as "the Participants")
- 1.2. concerning the respective responsibilities and contributions in regard to the provision of Direct Funding to assist with the costs of Aus4Reform Program (hereafter referred to as the "Program"), as further described and detailed in Annex 1.
- 1.3. This Arrangement is made pursuant to the provisions 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.

2. Definitions

- 2.1. Under this Arrangement:
 - 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
 - NCD refers to the National Component Director
 - NPD refers to the National Program Director
 - PCC refers to the Project Coordination Committee
 - PSU refers to the Project Support Unit
 - PDD refers to the Project Design Document commissioned by the Parties

- OM refers to the Operational Manual
- RMP refers to the Risk Management Plan
- SAG refers to the Senior Advisory Group
- SEDP refers to the Socio Economic Development Plan of the Government of Vietnam
- SPM-E refers to the Senior Program Manager cum Economist
- SPA refers to the Senior Policy Adviser
- VCCA refers to the Vietnam Competition and Consumer Protection Agency
- VCCI refers to the Vietnam Chamber for Commerce and Industry

3. Authorities

- 3.1. The respective Contact Representatives of the Participants responsible for the administration of this Arrangement, which may be updated as appropriate by the Participants, will be:

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Contact Representative:

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For the Partner Government: Central Institute for Economic Management (CIEM)

Contact Representative:

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4. Implementing Principles

- 4.1. The Participants mutually determine that the implementation of the Program under this Arrangement will be guided by the following principles:
- (a) implementation of the Program will be based on a partnership approach;
 - (b) Partner Government leadership and ownership of the Program is maximised;
 - (c) GOA support is aligned to the Partner Government's needs and priorities;
 - (d) there is fairness, transparency, openness, accountability and mutual trust in all dealings;

- (e) there is a focus on sustainable and equitable development that meets the needs of the Partner Government and beneficiary communities;
- (f) there is a strategic orientation of policies and strategies;
- (g) program resources are used effectively and efficiently;
- (h) there is a commitment to monitor and evaluate the Program within a jointly determined performance assessment framework;
- (i) implementation of the Program will be responsive to the absorptive capacity of the Partner Government and appropriate capacity building measures will be implemented;
- (j) the Program is based on the Partner Government's sectoral policy and plans as detailed in Socio Economic Development Plan (SEDP) and the Master Plan on Economic Restructuring (MPER), which will be detailed in the AWP as approved by the PCC from time to time; and
- (k) the Paris Declaration and Accra Action Agenda partnership commitments are reflected in implementation to the maximum extent possible.

5. Goal and Strategic Objectives

- 5.1. The overall goal of the Program 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.
- 5.2. The key strategic objectives of the Program are:
 - (a) An improved and more equitable business enabling environment resulting in the registration of at least 1 million formal private enterprises by 2020, including an increasing share of women-headed enterprises, and an acceleration in growth in private sector employment of men and women.
 - (b) More competitive and transparent product and factor markets facilitating the efficient transfer of factors of production (especially land) into more innovative and higher value added products and services, and reduced fragmentation of rural land holdings.
 - (c) Stronger competition institutions, including an amended competition law, and restructured competition agency and enforcement mechanisms.
 - (d) Improved evidence base on impact of efforts to accelerate rural restructuring, with stronger growth in the productivity of female and male rural workers.
 - (e) Increased evidence base and awareness of the links between WEE, reducing gender gaps in labour productivity, and accelerating productivity growth.
- 5.3. A summary outline of the Program is attached as Annex 1.

6. Components of the Program

6.1. The Program has five components:

- (a) Component 1: Building more Competitive and Transparent Markets and a better Business Enabling Environment, implemented by CIEM;
- (b) Component 2: Ensuring Markets Operate Competitively in Consumer and National Economic Interests, implemented by VCCA;
- (c) Component 3: Facilitating the Restructuring of the Rural Economy, implemented by IPSARD;
- (d) Component 4: Greater Business Voice in Implementing Economic Restructuring, implemented by VCCI;
 - (i) VCCI will sign a contract directly with CIEM to formalise this implementation role.
- (e) Component 5: Flexible Fund to Respond to Emerging Bottlenecks to Productivity Growth and Innovation, managed by CIEM. The purpose of the Flexible Fund is to provide a quick response mechanism that will allow Aus4Reform to help the Government of Vietnam to respond quickly to emerging priority issues directly linked to Aus4Reform objectives.
 - (ii) The FF supports a range of activities and the capacity of influential partners, including the Economic Committee of the National Assembly (ECNA) and the Communist Party Economic Commission (CPEC), as mentioned in the IDD.
 - (iii) Other agencies (both central and local level) could be supported by the FF to undertake activities that are consistent with the objectives of Aus4Reform, subject to the approval of the PCC and DFAT, from time to time.

6.2. DFAT will not sign a separate contract with VCCI, as it is not a government agency. CIEM will sign a contract with VCCI to formalise its role to lead Component 4.

7. Implementation Arrangements and responsibilities

- 7.1. The Partner Government will take full responsibility for the implementation of the Program, the management, acquittal and accountability of the GOA's financial contributions and any Program reporting provisions under this Arrangement.
- 7.2. The Partner Government will submit to the GOA quarterly (3 monthly) financial statements in accordance with an identified and applicable financial reporting framework such as the International Public Sector Accounting Standards (IPSAS) or other mutually acceptable standards (national or international). The quarterly 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 in relation to the Program.
- 7.3. The Partner Government will retain receipts and invoices relating to the Program that are payable from or relate to the GOA's financial contributions provided under this Arrangement, for the period of time stipulated in the Partner Government's record-keeping regulations.
- 7.4. The Partner Government will immediately inform the GOA in writing of any circumstance which may interfere or threaten to interfere with the successful

implementation of the Program and, with a view to resolving the issue, will consult with the GOA on remedial action to be taken.

- 7.5. The Partner Government will be responsible for the legal and ethical behaviour of its office-bearers and staff in relation to the Program and the GOA's financial contributions provided under this Arrangement. The MPI, MOIT, MARD of the Partner Government will be responsible for all matters pertaining to the implementation of this Arrangement. VCCI will be responsible for the implementation of its Component 4 as specified in item d) of Paragraph 6.1 here above through an agreement signed with CIEM.

8. GOA Funding

- 8.1. The GOA will contribute up to a maximum of AUD6.5 million through direct funding support to the Partner Government for the Program activities, subject to the GOA's annual parliamentary appropriations.
- 8.2. The indicative annual funding to be provided by GOA is shown in **Table 1** hereunder.

The Schedule for payments by the GOA to the Partner Government is detailed in **Annex 2: Payment of GOA Funds**. Timing may change with written agreement by the DFAT.

Table 1: GOA Indicative Program Funding

Year/Funding	2017-18	2018-19	2019-20	2020-21	Total (AUD)
GOA (Direct Funding)	1,160,000	1,500,000	1,500,000	1,500,000	5,660,000
GOA technical support (Service Provider Contract), as described in 8.12	190,000	190,000	230,000	230,000	840,000

- 8.3. Under the GOA (Direct Funding) as described in Table 1 above, funds are allocated as follows:
- Component funds, which is provided for Component 1, 2, 3, and 4. At the time the IDD was approved, the total funds that has been indicatively allocated to the four components is up to **AUD1,880,000**.
 - Unallocated fund that could be used for the implementation of all the Program's components from Year 2 to the end of Aus4Reform Program. The allocation of this fund will be decided at the annual PCC meeting, following the annual work plan development. At the time the IDD was approved, the total funds that has been indicatively allocated to the four components is up to **AUD1,660,000**.
 - A Flexible Fund (FF), managed by CIEM, will provide opportunities for responding to emerging opportunities and for engaging with other Vietnamese partners. The total budget of this FF is up to **AUD1,120,000**.

- d) Program management and communication: The total budget of this FF is up to **AUD 1,000,000**.

Details of the funding are provided in Table 2: Indicative Annual Budget: DFAT Financing of the Annex 1 hereunder.

- 8.4. The GOA will use its best endeavours to make the payments as outlined in **Annex 2: Payment of GOA Funds** within thirty (30) days of receipt of an appropriate Request for Payment from the Partner Government.
- 8.5. The GOA contributions will be deposited in a single foreign exchange account nominated by the Partner Government (MPI) at Vietcombank in the name of Aus4Reform-PSU.
- 8.6. Each component agencies shall hold a bank account in the name of Aus4Reform-CIEM, Aus4Reform-VCCA, Aus4Reform-IPSARD, Aus4Reform-VCCI to receive funding transfer from the Aus4Reform-PSU account. The funding transfer shall be subject to the approved Annual Work Plan that is provided in Paragraph 10. Management Arrangement.
- 8.7. 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 the GOA.
- 8.8. The Partner Government will immediately acknowledge receipt of the funds, in writing, to the GOA and in the local currency equivalent.
- 8.9. Any interest earned on the GOA's contributions may be held by the Partner Government, if mutually decided by the Participants, and it will only be expended for the Program as outlined in this Arrangement and in a manner consistent with the provisions of this Arrangement. Any interest earned on the GOA's contribution will be reported to the PCC on an annual basis.
- 8.10. Any unexpended portion of the GOA's financial contribution and any interest earned on the GOA's financial contribution that is not expended on the Program at the program completion date or earlier termination of this Arrangement will be refunded to the GOA.
- 8.11. The GOA will not be responsible for the cost(s) of any component of the Program that exceeds the cost(s), including any foreign exchange losses, not detailed in the Program budget. In these circumstances, the GOA will be under no obligation to provide any additional contribution(s). The Partner Government will meet all costs in relation to the Program that exceed the Program Budget.
- 8.12. The GOA may decide to provide up to an estimated AUD840,000 for technical assistance and related support for the implementation of the Program, including audit, monitoring and evaluation, independent reviews and travel expenses of DFAT's officers. This is inclusive in the indicative total amount shown in Table 1 and the GOA may make those contribution through a separate arrangement with a contracted service provider and / or by direct contracting.

- 8.13. The Partner Government will use the GOA funding provided solely for the implementation of the Program and in accordance with expenditures as detailed in the Annual Work Program unless the GOA provides written advice to the contrary.
- 8.14. In the event that GOA funding is not used in accordance with Paragraph 8.13 above and/or there is a finding of fraudulent or corrupt practice in respect of the Program, GOA may reduce or suspend its funding until such time as both Participants jointly determine a mutual resolution.
- 8.15. The Partner Government acknowledges and accepts that GOA funds will **not** to be used for the following purposes:
- (a) recurrent administrative costs including salaries of Government officials;
 - (b) overlap expenses for researches and any other kind of assignments that have been financed by the Partner Government and/or any other source of development partners;

9. Partner Government Contribution and funding

- 9.1. The Partner Government will provide such human resources, office accommodation and logistical support as is necessary to ensure the successful implementation of the Program. Total contribution (in-kind) will be estimated up to VND4,5 billion, as specified as follow:

Table 2: Indicative Program contribution (in kind)

Agencies	Indicative contribution (equivalent to)
CIEM	VND1,750,000,000
VCCA	VND750,000,000
IPSARD	VND500,000,000
VCCI	VND500,000,000
OTHERS	VND1,000,000,000
Total	VND4,500,000,000

10. Management Arrangements

- 10.1. The Participants acknowledge that regular consultation between the Participants is critical to the effective implementation of the Program.
- 10.2. CIEM will be the lead agency responsible for overall program delivery. An experienced National Program Director (NPD) will be appointed to oversee the program. Tasks and Responsibilities of the NPD include:
- a) Leading the PCC meetings to ensure that program supported activities are consistent with national reform priorities and annual economic plans and to ensure that the Program operates in line with its objectives.
 - b) Taking the lead in organizing regular policy dialogue with relevant bodies on priority cross-cutting economic restructuring and macroeconomic development issues.

- c) Exploring opportunities to design program activities that are inclusive, and are targeted towards inclusive outcomes for women and men.
 - d) Developing and approving (with DFAT) the Annual Program work plans.
 - e) Approving (jointly with DFAT) any requests for substantive revisions to annual work plans.
 - f) Monitoring and evaluating program implementation, including preparation and submission of an annual progress and results monitoring report.
 - g) Implementation of a Flexible Fund mechanism, including approval (in consultation with DFAT) of new initiatives.
- 10.3. Component implementing agencies are CIEM, VCCA, IPSARD, and VCCI. Component agencies will appoint a National Component Director (NCD) to be responsible for each component, plus additional staff and other resources. Tasks and Responsibilities of the NCDs include:
- a) Developing 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 Operations Manual (OM)).
 - d) Ensuring compliance with financial management, transparency and reporting requirements of the Governments of Vietnam and Australia (details to be provided in the OM),
 - e) Exploring opportunities to ensure program activities are inclusive, and are targeted towards inclusive outcomes for women and men.
 - f) Preparation and submission of consolidated quarterly progress reports.
 - g) Develop and implement a communications and knowledge management strategy in cooperation with the NPD.
 - h) Participating in PCC meetings and other Program related consultations.
 - i) Support the NPD in organizing ad hoc policy dialogue on priority economic restructuring issues.
- 10.4. DFAT will be involved in program planning and strategy decisions, including approval of the Operations Manual (OM), key program personnel in the Program Support Unit (PSU) (including the Senior Program Manager-Economist (SPME)), the Senior Advisory Group, and decisions on the use of the Flexible Fund. Tasks and Responsibilities of the DFAT include:
- a) Manage the direct funding agreement;
 - b) Provide representatives to join in the PCC;
 - c) Review and decide (jointly with the NPD) any substantive changes in the Program goals, strategy, planned outcomes and/or design;

- d) Review and approve (on no-objection basis) proposals for funding under Flexible Fund.
 - e) Approve jointly with the NPD: program implementation guidelines; annual plans including budgets; and any substantial changes to approved annual plans;
 - f) Work with the NPD to review and endorse any changes in program support functions (including appointment of key personnel).
 - g) Support the dissemination of – and dialogue on -- program knowledge products (studies, reports, training materials, policy recommendations).
 - h) Support the development of a communications strategy and implementation of communications activities, including the production of communications products.
- 10.5. A Senior Advisory Group (SAG) - consisting of influential national experts with a demonstrated capacity to engage on reform issues at all levels - will support ongoing quality control, planning and advocacy work. In addition, the SAG is expected to play a key role in the annual program review and planning process. The SAG is set up and managed by GoV in consultation with and upon agreement of DFAT. The SAG will directly support the NPD and PCC in implementing the following activities on an as needed basis:
- a) Provide ongoing advice and support to the NPD and PCC in areas such as:
 - Program priorities, political economy, macro-economic and sectoral policy issues.
 - Tactical options for increasing the program's influence (media, high-level dialogue, etc.).
 - b) Appraise proposals for funding under the Flexible Fund.
 - c) Peer reviews of policy studies and policy recommendations.
 - d) High-profile engagement in policy dialogue (e.g. in mass media and workshops) to raise awareness of program findings and recommendations.
 - e) Providing feedback on Program findings and recommendations to the national leadership.
 - f) Participate in annual program review and planning roundtables.
- 10.6. DFAT will recruit an international Senior Policy Advisor (SPA) to support Aus4Reform implementation, under a periodic contract. The SPA will be jointly accountable to DFAT and the NPD, and will work closely with the SAG. SPA responsibilities will be to provide periodic advice and support, including:
- a) Ongoing support to the NPD and PCC, including:
 - Ongoing advice and support for program planning, implementation and monitoring including inputs to gender mainstreaming, M & E reporting and work plans.
 - Contribute to policy dialogue on economic restructuring issues.

- Monitor and inform the NPD, 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 (particularly from Australia)
 - e) Support the NPD and DFAT in development partner coordination activities, and participate in forums related to economic restructuring and integration.
- 10.7. The SAG and the SPA will play an important advisory role in planning, policy dialogue, communications and quality control over program activities. All outputs that are supported by Aus4Reform shall be peer reviewed by SPA and/or SAG and formally published and/or announced publicly upon completion. Exception shall be justified by the implementing agencies.
- 10.8. Implementing agencies shall be responsible for reporting about the use and expected benefit of the outputs of the activities supported by Aus4Reform.
- 10.9. Coordination between the Participants will be achieved through the establishment of a Program Coordination Committee (PCC) to ensure on-going consultation, planning, coordination and implementation of the Program.
- 10.10. The PCC will meet convene every six months unless an alternative time interval between meetings is jointly determined by the PCC .
- 10.11. The PCC will comprise representatives from:
- (a) DFAT
 - (b) CIEM
 - (c) VCCA
 - (d) IPSARD
 - (e) VCCI
- 10.12. In addition to the above representatives, representatives from other relevant Participant organisations or agencies and/or SPA/SAG may be invited to attend PCC meetings as jointly determined by the Participants.
- 10.13. In accordance with the implementing principles, the PCC will be chaired by the NPD with primary responsibility for implementation.
- 10.14. The Partner Government is responsible for providing the agenda and papers including reports to all PCC representatives five (5) working days in advance of a meeting.
- 10.15. Key subjects to be discussed by the PCC , include but are not limited to:

- a) assessment/review of performance/budget implementation and expenditure priorities on the basis of the indicators described in the Performance Assessment Framework (Annex 3);
 - b) annual review of annual work plans/budget for the forthcoming calendar year/revenue and expenditure priorities; implementation of the Arrangement;
 - c) consideration of audit report(s) and follow up required on audits;
 - d) regular Financial/expenditure reports;
 - e) review/update of Program risk management plan/strategy;
 - f) monitoring, evaluation and review plans or reports;
 - g) requirements for additional technical assistance for implementation; and
 - h) procurement plan/report.
- 10.16. The results of the meeting will be recorded in PCC Minutes.
- 10.17. PCC Minutes will be drafted by the PSU and a draft sent to the GOA and all other PCC representatives present at the PCC meeting, for their approval/comments, within ten (10) working days of the meeting being held.
- 10.18. The GOA will inform the Partner Government of their approval/comments within ten (10) working days of receipt of the draft Minutes. If no comments are received from GOA within ten (10) working days it will be assumed that GOA has endorsed the Minutes.
- 10.19. Additional consultation meetings may be requested by the Partner Government or GOA on any subject relevant to the implementation of the Program.

11. Annual Program Review and PCC Meeting(s)

- 11.1. In July each year, the PCC will convene an Annual Work Plan and PCC meeting. In the first year of implementation, the PCC meeting will be organised within two weeks after the signing of the DFA to review and approve the First Annual Work Plan.
- 11.2. Prior to the meeting the Partner Government will develop and circulate to the GOA the following papers in advance of the meeting:
- (a) An Annual Program Management Report, which outlines the:
 - (i) overall progress and achievements of the Program over the previous 12 months compared against the Annual Work Program for the period; and
 - (ii) Program's performance against the mutually determined Performance Assessment Framework (Annex 3);
 - (b) A costed draft Annual Work Plan for the next 12 months which identifies priorities and provides detail of proposed funding levels compared against funding levels for the previous year.
- 11.3. At this meeting the PCC will:

- (a) assess the performance of the Program against the Performance Assessment Framework indicators based on the most recent available data and/or monitoring and evaluation reports;
- (b) 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;
- (c) review the proposed Partner Government Annual Program of Work for the following year in relation to Program priorities and funding availability; and
- (d) decide on a final Annual Work Program for implementation.

12. Program Coordinating Unit

12.1. The Partner Government will establish a Program Supporting Unit (PSU) within the CIEM. The PSU will be staffed by Partner Government employees/recruited people and will be responsible for:

- (a) providing the Secretariat for the PCC including;
 - (i) drafting and distributing the agenda and working papers and reports to PCC members;
 - (ii) the collation, analysis and reporting of performance indicators data;
 - (iii) coordinating and distributing financial reports;
- (b) providing inputs in developing the draft Annual Workplan and finalising the Workplan following endorsement by the PCC;
- (c) preparing papers and reports for the Annual Review meeting;
- (d) updating the RMP as requested by the PCC;
- (e) undertaking any other specific responsibilities/tasks as relevant/appropriate to the program;
- (f) preparing requests for Technical Assistance for presentation to the PCC ;
- (g) Managing and implementing the Flexible Fund in accordance with OM requirements; and
- (h) developing and maintain a website for the program.

12.2. The PSU shall comprise of:

- (a) SPM-E;
- (b) accountant cum procurement officer; and
- (c) interpreter cum administrative assistant.

12.3. The PSU will also be in charge of managing communication activities, conducted by a professional entity that will be jointly selected by the Partner Government agencies and DFAT.

12.4. The PSU may also be supported by technical assistance provided by the GOA .

13. Financial Arrangements and Planning

- 13.1. DFAT's funds are transferred to the Aus4Reform bank account, managed by the PSU, in accordance with the schedule provided in Annex 2. The PSU follows Partner Government financial procedures, has its own accounting and payments system documented in an Operations Manual, and produces quarterly financial reports;
- 13.2. The Annual Work Plan (AWP) consists of budget plan which indicates the budget allocation to outputs and activities in the year;
- 13.3. Allocations of unallocated resources will be considered and decided by PCC during annual planning processes with additional funding dependent on past performance in delivering and demonstrating outcomes from earlier support.
- 13.4. Based on the approved AWP, Aus4Reform components will prepare quarterly budgets with corresponding TORs for activities. the annual detail budget of each component will be approved as follows:
 - a) Step 1: each component has to prepare its detail budget and send to the PSU
 - b) Step 2: PSU will submit the aggregated budget to DFAT
 - c) Step 3: DFAT checks and issue a "No objection" letter
- 13.5. Based on the work plans (annual and quarterly), the PSU then transfers to the bank accounts nominated by each partner and held at Vietcombank (Aus4Reform -CIEM; Aus4Reform -VCCA; Aus4Reform -IPSARD; Aus4Reform -VCCI).
- 13.6. Any changes/adjustments from the approved budget should be notified to the PSU, which will report those adjustments to the PCC/NPD and DFAT. Substantial changes should proceed only with a DFAT no-objection.
- 13.7. All the PSU and CMUs follow Partner Government regulations on financial management and procurement (See Annex 9 of the IDD). These regulations and the quarterly financial report requirements have been reflected in the Operations Manual.
- 13.8. DFAT will work with PSU throughout Aus4Reform's life to conduct regular and /or random check on financial and procurement regulation compliance.

14. Program Risk Management

- 14.1. The Participants are jointly responsible for managing Program risks in accordance with the RMP attached as Annex 4.
- 14.2. The RMP is to be reviewed annually by the Program PCC and updated as required.

15. Procurement

- 15.1. 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.

- 15.2. DFAT will directly procure the services of the Senior Policy Adviser (SPA). The Partner Government will be responsible for all other procurement in accordance with its established rules, procedures and legislation. The PSU will be responsible for:
- a) Providing procurement advice to the staff of program beneficiary agencies
 - b) Reviewing procurement practices and providing advice for improvement as required;
 - c) Advising the NPD and DFAT of any concerns regarding procurement practices.
- 15.3. The Partner Government may request DFAT to undertake specific procurement action on behalf of the program. DFAT can also undertake other procurement for Technical Assistance under its own volition, including:
- a) Accounting and auditing services
 - b) SAG (if needed)
 - c) M&E
 - d) Communication
- 15.4. The Partner Government will provide an Annual Program Procurement Plan to the PCC indicating anticipated major (above the equivalent of AUD 50,000) procurements to be undertaken in the next financial year.
- 15.5. The Participants jointly determine that a sample of major procurements may be audited periodically either independently or by the GoV State Audit Office.
- 15.6. The Participants jointly determine that the GOA will provide a Procurement Specialist to support the CIEM to develop the Partner Government procurement capacity for an initial period of 12 months. The initial period for the deployment of the Procurement Specialist may be extended with the approval of the PCC .
- 15.7. The Procurement Specialist will be responsible for:
- (a) the development of Partner Government staff capacity in procurement;
 - (b) the provision of specialist procurement advice to the CIEM ;
 - (c) the oversight of major procurement tender documentation;
 - (d) oversight of the selection process and associated documentation;
 - (e) review small scale procurement practices and provide advice for improvement as required;
 - (f) review existing procurement process and recommend improvements if required; and
 - (g) develop a Program Procurement Manual aligned with existing or proposed Partner Government rules, procedures and legislation.

16. Environment Protection

- 16.1. 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 commitments at international law including under international Treaties signed or ratified by them relating to the environment.
- 16.2. The Partner Government may request the GOA to provide specialist support to strengthen their capacity to develop and implement environment protections related to the Program.
- 16.3. GOA may request the Partner Government to provide official records which demonstrate the Program has adhered with environmental policies, relevant national laws, rules, regulations and standards. For the purposes of this provision "Official Record" means any report, record, verification document or certificate issued by a recognised and appropriate environmental authority certifying the adherence of the Program with the Partner Government's national/local laws, rules, regulations, policies and standards and any international environmental obligations, including International treaties signed or ratified by the Partner Government relating to the environment. GOA may request all information, records, certificates and reports documenting any processes and procedures followed during the environmental assessment that informed the issuing of the Official Record of compliance to enable GOA to decide whether relevant environmental obligations and commitments have been adhered to and met. Consent to provide this information will not be unreasonably withheld.
- 16.4. The Partner Government is responsible for reporting to GOA any actual or potential failure to adhere with applicable environment laws, rules, regulations and standards or any measures set out in the risk or environmental management plans, immediately after becoming aware of the breach.
- 16.5. The Partner Government will promptly inform GOA in writing of any unanticipated or emergency incidents relating to the Program that may have a negative impact on the environment. Partner Governments are responsible for developing and implementing appropriate remedial measures to address the impacts of such incidents in accordance with their national laws, rules, regulations and standards and obligations under international law.

17. Program Accounts and Records

- 17.1. The Partner Government is committed and will use its best endeavours to:
 - (a) maintain a sound administrative and financial system capable of verifying all Acquittal Statements;
 - (b) keep proper and detailed accounts, records and assets registers along with adequate Program management records providing clear audit trails in relation to expenditure under this Arrangement;
 - (c) afford adequate facilities for audit and inspection of the financial records referred to in this Arrangement by the GOA and its authorised representatives at all reasonable times and allow copies and extracts to be taken; and

- (d) ensure that its accounts and records are held for the life of this Arrangement and for a period of three (3) years from the date of expiry or termination of this Arrangement.

18. Audit

- 18.1. DFAT is responsible for ensuring that the Program and its associated funding are audited on an annual basis.
- 18.2. The annual audit will, if requested by the PCC , also examine (i) procurement decisions and /or related arrangements; and/or (ii)adherence with partner government procedures and regulations where GOA funds are utilised by the Partner Government for the procurement of goods and/or services.
- 18.3. The Annual audit of the Program will, wherever possible, be undertaken by the Partner Government's State Auditor General.
- 18.4. Where circumstances arise that the State Auditor General advises that it will be unable to undertake the annual audit, DFAT will decide that an independent auditor will be engaged to undertake the annual audit.
- 18.5. The arrangements, including the terms of reference, selection method and costs, for the engagement of an independent auditor will be mutually determined by the PCC.
- 18.6. The annual audit report will include formal advice detailing any weaknesses in the Program's internal controls and recommendations for strengthening identified weaknesses.
- 18.7. 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.
- 18.8. Partner Government shall be responsible for co-operation with the audit implementation, response to audit findings, and implementing recommendations. The Partner Government acknowledges and accepts that DFAT may commission independent audits, including financial, compliance and/or performance audits, of the Program and acknowledges that it will cooperate fully with any such audits.
- 18.9. DFAT will provide the Partner Government with copies of any independent audit reports.

19. Fraud

- 19.1. The Participants are committed to preventing and detecting fraud.
- 19.2. The Partner Government will take responsibility for:
 - (a) preventing and detecting fraud including fraud within those functions outsourced to or performed by a contractor or any other entity relating to the management or administration of the Program; and

- (b) ensuring that its staff and its contractors' staff are responsible and accountable, as part of their routine responsibilities, for preventing and reporting any fraud or suspected fraud.
- 19.3. The Partner Government will report in writing within five (5) working days to the GOA any detected, suspected, or attempted fraudulent activity concerning the implementation of the Program of which it becomes aware.
- 19.4. In the event of detected, suspected or attempted fraud concerning the implementation of the Program, the Partner Government in consultation with the GOA, will develop and implement a strategy to investigate the matter, based on its own procedures for fraud investigation.
- 19.5. Following the conclusion of such an investigation, where the investigation finds that a Partner Government employee or contractor has engaged in a fraudulent activity, the Partner Government will make every effort to recover any unexpended part of the GOA financial contribution(s) or property acquired with the GOA financial contribution(s) through fraudulent activity, including:
 - (a) taking recovery action in accordance with recovery procedures of the Partner Government, including, civil litigation, where appropriate; and
 - (b) referring the matter to the police or other relevant authorities responsible for prosecution of fraudulent activity; or
 - (c) in the case of a Partner Government employee, taking the relevant disciplinary procedures in accordance with any applicable relevant code of conduct or similar Partner Government provisions where these exist.
- 19.6. For the purposes of this **Paragraph 19 (Fraud)**, the words "fraudulent activity" and "fraud" mean: **dishonestly obtaining a benefit by deception or other means.**

20. Anti-Corruption

- 20.1. The Participants are committed to preventing and detecting corruption and bribery. The Partner Government through its 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 person or entity, as an inducement or reward in relation to the implementation of this Arrangement or any arrangement or provision of funds in relation to the Program. The Partner Government will use its best endeavours to ensure that its employees, agents, representatives or other entities involved in the Program will also adhere to this provision.
- 20.2. For the purposes of this **Paragraph 20 (Anti-Corruption)**, the word "corrupt" includes (but is not limited to) **any action or practice which would warrant disciplinary procedures being taken against an individual under applicable laws.**
- 20.3. In the event of alleged misuse of Program funds involving fraudulent or corrupt behaviour as defined above, the GOA may reduce or suspend its funding until such time as the matter is mutually resolved by the Participants.

21. Intellectual Property

- 21.1. The Participants will each retain all intellectual property rights held in their respective prior material provided in the implementation of this Arrangement.
- 21.2. Any intellectual property rights arising in relation to this Arrangement will vest in the Partner Government upon their creation. The Partner Government grants to the GOA a world-wide, irrevocable, royalty-free licence to use any materials with intellectual property rights arising in relation to the implementation of this Arrangement.
- 21.3. In the absence of any other arrangement between the Participants defining the term "Intellectual Property" in the context of development assistance, for the purposes of this Arrangement "Intellectual Property" will have the meaning provided for in Article 2 of the Convention Establishing the World Intellectual Property Organization, done at Stockholm on 14 July 1967.

22. Status of Arrangement

- 22.1. This Arrangement serves only as a record of the Participants' intentions and does not constitute or create (and is not intended to create) 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 obligations (expressed or implied).

23. Settlement of Disputes

- 23.1. The Participants will consult at any time upon the request of either one regarding any matter relating to the provisions of this Arrangement and will endeavour jointly in a spirit of cooperation and mutual trust to resolve any difficulties or misunderstanding which may arise between the Participants.

24. Extraordinary Events

- 24.1. Neither the Partner Government nor the GOA will be responsible for any failure to perform or any delay in performing their commitments under this Arrangement where the cause of such failure or delay is beyond that Participant's reasonable control (Force majeure). The Participant claiming suspension of its commitments due to an extraordinary event will immediately notify the other Participant in writing of its intent and the reason(s) for suspension.

25. Indemnity and Insurance

- 25.1. The Partner Government will indemnify the 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 Program.
- 25.2. 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 Program supplies and assets and all Program activities and Program 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.

26. Use of Arrangement Information

- 26.1. The Participants will respect the confidentiality of information provided by the other as "Confidential" or "In-Confidence". Neither Participant will disclose such information to a third person or entity without obtaining the written consent of the other Participant unless and except where the disclosure of such information is required by law or government convention.
- 26.2. The GOA may disclose matters relating to this Arrangement, including 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 paragraph will survive termination or expiration of this Arrangement.
- 26.3. The Partner Government may disclose matters relating to this Arrangement, including 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.

27. Amendment

- 27.1. All changes to this Arrangement will be mutually determined in writing by the Participants.

28. Duration of Program

- 28.1. The duration of the Aus4Reform Program is four years.
- 28.2. This Arrangement will take effect from the date of its signature by the Participants and will conclude when all roles of the Participants have been fulfilled unless the Arrangement is terminated earlier.
- 28.3. Any changes to the Program including changes to the funding as shown in Table 1 or duration will be subject to the joint determination of the Participants and a formal amendment of this Arrangement.

29. Termination

- 29.1. Termination of this Arrangement may be effected by one Participant on giving ninety (90) days written notice and reasons for the termination to the other Participant.
- 29.2. In the event of any termination, the Partner Government will provide an independently audited financial statement of the Program funding for the financial year during which termination occurred.

30. Provisions to Prevent the Financing of Terrorism

- 30.1. The Partner Government will use its best endeavours to ensure that funds provided by the GoA under this Arrangement, do not provide direct or indirect support or

resources to organisations and individuals associated with terrorism or listed on a 'Relevant List'.

- 30.2. If, during the course of this Arrangement, the Partner Government discovers that an organisation or individual involved in the Arrangement is listed on a 'Relevant List' or has any link whatsoever with any organisation or individual associated with terrorism it will inform the GOA immediately.
- 30.3. The GOA may terminate this Arrangement immediately by notice in writing to the Partner Government if in the view of the GOA, the Partner Government has not adequately implemented its commitments under this **Paragraph 30 (Provisions to Prevent the Financing of Terrorism)**.
- 30.4. Notwithstanding GOA's ability to terminate this Arrangement under **Paragraph 30.3** in the event the Partner Government does not act in accordance with this paragraph, 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 the GOA.
- 30.5. '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 from time to time to relevant official websites (which at the date of the commencement of this Arrangement is at):
<http://www.nationalsecurity.gov.au/Listedterroristorganisations/Pages/default.aspx> and <http://dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list.aspx>

31. Exemption from Taxation

- 31.1. The Partner Government determines that all the provisions of the MOU apply to this Program including taxation exemptions.

32. Recognition of the Contribution

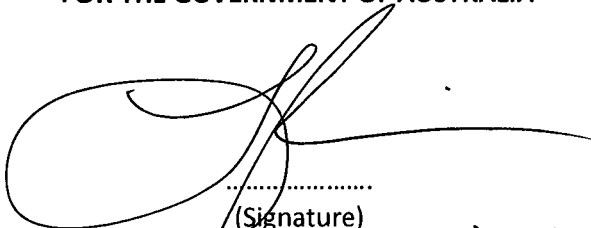
- 32.1. The Partner Government will acknowledge the GOA financial contribution and any other relevant Australian support for the Program in any promotional material including speeches, media statements and publications. In doing so, the Partner Government will make it clear that it is responsible for implementation of the Program, and that the contribution is from the Australian Government through the use of the Australian Aid identifier. Guidelines are available on the DFAT website.

33. Annexes

- 33.1. Annexes to this Arrangement form an integral part of this Arrangement. When it is relevant, contents of the IDD could be appropriately referred to the provisions of this Arrangement.

Signed in duplicate at Hanoi, on 21st day of November, in the year 2017, both texts having equal validity.

FOR THE GOVERNMENT OF AUSTRALIA



.....
(Signature)

LAYTON PIKE, DEPUTY HEAD OF MISSION

AUSTRALIAN EMBASSY VIETNAM

Print Name/Position of Signatory

FOR THE GOVERNMENT OF VIET NAM

Central Institute for
Economic Management,
Ministry of Planning and Investment



.....
(Signature)

NGUYEN DINH CUNG

.....PRESIDENT

Print Name/Position of Signatory

FOR THE GOVERNMENT OF VIET NAM

Institute for Policy and Strategy of
Agriculture and Rural Development,
Ministry of Agriculture and Rural
Development



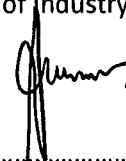
.....
(Signature)

NGUYEN DO ANH TUAN, DIRECTOR GENERAL

Print Name/Position of Signatory

FOR THE GOVERNMENT OF VIET NAM

Vietnam Competition and Consumer
Protection Agency,
Ministry of Industry and Trade



.....
(Signature)

TRINH ANH TUAN

Print Name/Position of Signatory

DEPUTY DIRECTOR GENERAL

Annex 1: Summary outline of the Program

The Restructuring for a More Competitive Vietnam program (RCV), now called 'Aus4Reform', works with the Vietnamese Government to boost productivity and competitiveness in Vietnam. The program supports the development of quality policies, laws, and institutions through advocacy, consultation, and by strengthening the evidence base for economic policies - drawing on international experience and expertise, especially from Australia. Better policies, laws, and institutions enables the private sector and business innovation by both improving the overall business environment and by helping to level the playing field between all businesses. This should particularly benefit SMEs, women-headed firms and other entrepreneurs less-connected to decision makers.

Aus4Reform is well-aligned with Vietnam's national priorities, Australia's priorities for its economic partnership with Vietnam, and Australian expertise. It will contribute directly to implementation of key high-level Vietnamese economic policy documents, including: the Resolution on a New Growth Model; the Socio-economic Development Plan 2016-2020, and the National Gender Equality Strategy 2011-2020. It will also contribute to addressing the issues highlighted in the Australian-funded Vietnam 2035 Report. The program contributes directly to two of the three pillars under Australia's Vietnam Aid Investment Plan (AIP): Pillar 1 on enabling and engaging the private sector for development and Pillar 3 on women's economic empowerment. Lastly, Aus4Reform is well-aligned with Australia's comparative advantage as a development partner – a key reason why there is ongoing demand from Vietnam for Australia to assist with economic reform.

Aus4Reform's approach is based on a clear understanding of how Vietnam undertakes economic reform and how development partners should support this process (see Table 1 below).

Table 1: Evidence-base/lessons learned that underpin Aus4Reform approach

How Vietnam undertakes economic reform	How development partners can best support economic reform in Vietnam
Gradual	Support nationally-led efforts
Domestically-driven with international support	Consultation and quality assurance helps build broad support
Decentralisation and experimentation	Get the institutional structure right
Use of external drivers, especially international commitments	Be responsive and flexible, but with clear objectives

Aus4Reform will be delivered through grant financing of **AUD 6,500,000** between November 2017 and June 2021. The overarching development problem that Aus4Reform will address is declining productivity growth caused by (i) Weak business environment; (ii) Inefficient factor markets; (iii) Unfair competition; (iv) Barriers to restructuring the rural economy; (v) Barriers to women's economic empowerment.

Aus4Reform will directly support outputs that contribute to the established work programs of:

- Central Institute for Economic Management (CIEM), under the Ministry of Planning and Investment (MPI)

- Vietnam Competition and Consumer Protection Authority, under the Ministry of Industry and Trade (MoIT)
- Institute of Policy and Strategy for Agriculture and Rural Development, under the Ministry of Agriculture and Rural Development (MARD)
- Vietnam Chamber of Commerce and Industry (VCCI)

Aus4Reform will comprise 5 components:

- Promoting more inclusive and competitive factor markets and innovative business development (led by CIEM).
- Strengthening competition and consumer protection institutions (led by VCCA).
- Facilitating the restructuring of the rural economy (led by IPSARD)
- Increased private sector and female participation in economic reforms (led by VCCI).
- Flexible fund to address bottlenecks to innovation and productivity growth (managed by CIEM).

Delivery approach and implementation arrangements

1. CIEM (an applied research institute under MPI) will have lead responsibility for overall program coordination, budget management, reporting, M&E, and communications. This includes managing the Flexible Fund. The Partner Government 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 Partner Government with semi-independent economic advice. MPI also has the lead on advising the Partner Government on restructuring public investment, SOE reform, and on improving the business-enabling environment in Vietnam. The Minister of MPI has assigned CIEM to lead this work.
2. An experienced National Program Director (NPD) will be appointed to oversee the program. CIEM, VCCA, IPSARD and VCCI will be responsible and accountable for effective and efficient delivery of component outputs. A Flexible Fund, managed by CIEM, will provide opportunities for responding to emerging opportunities and for engaging with other Vietnamese partners.
3. CIEM will be accountable to DFAT and the Partner Government for program implementation. CIEM will also provide program office facilities for the PSU and counterpart staff.
4. A Program Coordination Committee (PCC) will be established to ensure effective coordination, implementation, policy dialogue, and information sharing between various program components and activities. Membership of the PCC will comprise the NPD, NCDs and DFAT representatives. The NPD may decide to invite other participants (such as representative of the SAG, NA or CPV). Details of the PCC setting as well as task and responsibilities of the members are provided in Annex 3.
5. The PCC will meet at least every six months. These meetings will be important opportunities for strategic discussions between DFAT and program partners. They will include discussion of: results achieved; political-economy analysis, testing if program objectives and M&E indicators are still appropriate and achievable; testing strategies for

achieving those objectives, including how well we are reaching relevant stakeholders; and forward work plans. This will ensure DFAT is well-informed about the program's activities and progress and will make better use of DFAT's own information, expertise and experience.

6. DFAT's responsibilities will be to: manage the funding agreement with CIEM; review and decide (jointly with the NPD) any substantive changes in the Program goals, strategy, planned outcomes and/or design; review and approve (on no-objection basis) proposals for funding under Flexible Fund; review and approve jointly with the PCC program implementation guidelines and annual budget; work with the PCC to review and endorse any changes in program support functions (including appointment of key personnel); support the dissemination of and dialogue on program knowledge products (studies, reports, training materials, policy recommendations).
7. DFAT will be involved in program planning and strategy decisions, including approval of the Operations Manual (OM), key program personnel in the Program Co-ordination Unit (PSU) (including the Senior Program Manager-Economist (SPME)), the SAG, and decisions on the use of the Flexible Fund. DFAT will recruit an international Senior Policy Advisor (SPA) to support Aus4Reform implementation.
8. A Senior Advisory Group (SAG) - consisting of influential national experts with a demonstrated capacity to engage on reform issues at all levels - will support ongoing quality control, planning and advocacy work. Periodic contracts may be used – on an as needed basis -- to provide timely access to SAG members that are expected to provide substantive inputs. The SAG and the SPA will play an important advisory role in planning, policy dialogue, communications and quality control over program activities.
9. The following budget provides an indicative allocation of resources by year and by component. The details are by component will be adjusted during annual planning exercises (moving resources from the flexible fund and/or any underutilized budgets from other components). The indicative component budgets below are based on the expected financing costs of activities as at November 2016. Most activities from 2018 onwards will be defined during annual planning exercises with additional component funding allocated to components based on past performance and demonstrated need, with ad hoc needs financed from the Flexible Fund.

Table 2: Indicative Annual Budget: DFAT Financing (1000AUD)

Component	November 2017-June 2018	July 2018- June 2019	July 2019- June 2020	July 2020- June 2021	Total
CIEM	180	180	180	180	720
VCCA	150	150	150	150	600
IPSARD	70	70	70	70	280
VCCI	70	70	70	70	280
Flexible Fund (*)	280	280	280	280	1120
Program management and	250	250	250	250	1000

Component	November 2017-June 2018	July 2018- June 2019	July 2019- June 2020	July 2020- June 2021	Total
communication (see details in Table 5.1 hereunder)					
Unallocated (the allocation of this fund will be decided at the annual PCC meeting in March)		500	630	500	1660
DFAT's technical assistance (*)	190	190	230	230	840
Total					6500

(*) The budget for DFAT's technical assistance includes contracts with the international Policy Advisor, independent audit firms, monitoring and traveling cost of DFAT's staff, reviews and evaluation activities and other program-related TA.

Table 3. Break-down of expenses for Flexible Fund and Program management component

No.	Component	Budget Breakdown	Note
1	Flexible Fund	280,000	
1.1	CPEC	70,000	
1.2	ECNA	60,000	
1.3	Provinces	70,000	
1.4	Emerging issues	80,000	
2	Program management	250,000	
2.1	PSU staff	92,900	
	SPC-E	36,000	12 months x AUD3,000 (full time)
	01 Finance cum procurement officer and 01 Interpreter cum admin support staff	42,000	12 months x (AUD2,000 + AUD1,500) (full time)

No.	Component	Budget Breakdown	Note
	Salary related expenses as Vietnamese legal requirements	14,900	Insurance paid by employer (21% of 20 times of Vietnamese minimum monthly wage); 13th month salary;
2.2.	SAG	35,000	100 days * USD 245 (AUD 350)
2.3.	Admin expenditure	27,000	Stationary, photocopying, mailing, telephone, fax, travel, translation
2.4.	M&E	23,440	
2.4.1	M&E specialist	11,440	40 days * USD 200 (AUD 286)
2.4.2	M&E trips	12,000	6 trips x 2 persons; airfare, per diem, accommodation
2.5	Gender specialist	8,580	30 days * USD 200 (AUD 286)
2.6	PR and communication	63,080	
2.6.1	Communication specialist/company	28,000	
2.6.2	PR and communication activities	35,080	(video clips, website upgrade, hosting and maintenance, events, brochure, printing...)
	Total	530,000	

Management of Program Components

10. Agencies will be responsible and accountable for implementing activities under the components they lead. CIEM will be responsible for overall program coordination as well as implementation of the Flexible Fund. Criteria for deciding the allocation of Flexible Fund (FF) resources are provided in Annex 6 herein. Similar criteria will be used to decide on priority activities during the annual review and planning process, with weight also applied to the past performance (if any) of the implementing agency when cooperating with Aus4Reform. Given limited program staff and financial resources, and MTR recommendations, the program will avoid unnecessary fragmentation of FF resources to too many different partners. While not precluding new partners, priority will be given to working with ongoing partners with an established track record for delivering results. The SAG and/or the SPA will be asked to assist in reviewing and improving FF proposals as needed.
11. Implementing agencies will appoint a National Component Director (NCD) to be responsible for each component, plus additional staff and other resources.

Monitoring and Evaluation (M&E)

One difficulty with M & E for a governance/reform program like Aus4Reform is making the link between outcomes and the program outputs and activities. A related challenge is that Aus4Reform takes a whole of government approach and has several implementing agencies and other institutional partners. For these reasons, Aus4Reform uses a two-tiered approach to M & E: Component-level and Program-level (see Table 6 below), with component level indicators finalized during annual planning processes. At both levels, M & E will consider gender dimensions wherever possible, including providing data disaggregated by gender.

Table 3: Two-tier M & E approach

Component-level	Program-level
<ul style="list-style-type: none"> - Specific - More output-focused - More qualitative - Implementing agencies responsible 	<ul style="list-style-type: none"> - Aggregate - More outcome-focused - More quantitative - PSU responsible (with SPA advice)

Annex 2: Payment of GOA funds

This annex details the proposed mechanism/schedule for the payment of GOA funds.

Payment by 2 tranches/year linked to the following Key points in the program

- a. 50% upon Approval of Annual Work Plan (AWP)
- b. The remaining amount upon the First Six Month Reports on the progress and results of approved activities implemented within the duration of the AWP (in estimation: due in April of every year within the Program period).

Annex 3: Program Performance Assessment Framework

Program Focus	Desired result	Intermediate outcome indicators	Baseline	2017-18	2018-19	2019-20	2020-21	Data collection method, frequency and timing
Intermediate outcomes 1. An improved and more equitable business enabling environment	Strong growth in the number of formal private enterprises registered and operating in Viet Nam and sustained growth in the average size of private firms.	Number of newly registered private business registered in Viet Nam	Nearly 94,750 business newly registered in 2015	TBA	TBA	TBA	Steady growth in numbers of newly registered enterprises (with > 100,000 businesses newly registered in 2020).	MPI Enterprise registration department. NB. New business registrations is an indicator of competition and confidence. Not all these enterprises will succeed.
	Accelerated growth in private sector employment of men and women.	Average capital of newly registered private businesses	VND 6.3 billion/enterprise (2015)	TBA	TBA	TBA	Average annual real growth >7%	MPI Enterprise registration department
	Important to recognize that a dynamic economy needs growing numbers of new firms, recognizing that many firms will not succeed.	Share of women headed businesses in total new business registrations.	32% (2015)	TBA	TBA	TBA	>35% (2020)	MPI Enterprise registration department (CIEM will need to request data by gender)
		Share of total workforce engaged under formal	20.5% in 2013	TBA	TBA	TBA	25% in 2020	GSO data (annual) supplemented by WB/ILO reports

Program Focus	Desired result	Intermediate outcome indicators	Baseline	2017-18	2018-19	2019-20	2020-21	Data collection method, frequency and timing
		employment contracts						
		Sustained growth in numbers of operational non-agricultural establishments.	4.75 million in 2015 (4.21 in 2010)	TBA	TBA	TBA	5.0 million in 2020	GSO data (annual).
2. More competitive and transparent product and factor markets.	Increase in overall labour productivity and incomes, and increased share of total workforce working in higher productivity sectors.	Average annual real growth in labour productivity (by gender if possible)	4.5% (2012-16)	TBA	TBA	TBA	5.0% (2017-2020)	GSO data (annual). As key indicators for SEDP implementation, this data is monitored by GoV and CIEM on a regular basis.
		Labour productivity (VND million per worker/year in current prices))	VND 79.4 million/worker (2015)	TBA	TBA	TBA	>VND120 million/worker (2020)	
		More transparent and active market for agriculture land use	Growing and more transparent market for transactions in agriculture land use	To be collected as part of study.	TBA	TBA	Data is available and shows increased	At least two survey reports to be completed over life of program.

Program Focus	Desired result	Intermediate outcome indicators	Baseline	2017-18	2018-19	2019-20	2020-21	Data collection method, frequency and timing
3. Stronger competition law institutions.	rights in Mekong Delta province(s).	rights in Mekong Delta (province(s)).					transactions and progress in	
		Reduction in fragmentation of land in selected province(s)	To be collected as part of study.	TBA	TBA	TBA	Reduction in fragmentation of agriculture land holdings	
	Approval by the Government of amended competition law in line with international economic cooperation agreements.	Law approved and widely recognised as complying with international agreements	The NA (in 2016) scheduled approval of amended law for 2018.	Competition Law will be approved in 2018	TBA	TBA	Amended law approved and enacted by end of 2018	VCA will provide documents to PSU as available. PSU will compile and store relevant documentation and make available for review teams.
	Development of a more independent competition agency with stronger enforcement capacity	Reformed competition agency has power to make decisions more independently of sectoral ministries.	Competition agency is directly accountable to the Ministry of Industry and Trade	TBA	TBA	TBA	Competition Agency is directly accountable to an institution that does not exercise ownership rights in any	

Program Focus	Desired result	Intermediate outcome indicators	Baseline	2017-18	2018-19	2019-20	2020-21	Data collection method, frequency and timing
							commercial business.	
	More systematic framework for periodic reviews of barriers to competition.	Competition policy framework approved with provision for periodic reviews.	Competition policy issues addressed in ad hoc manner by different Gov agencies with no accountability.	TBA	TBA	TBA	Competition policy framework establishes accountability for action to remove barriers to competitive markets.	
4. Accelerated restructuring of the rural sector.	Strengthened policy and legal environment contributes to accelerated growth in productivity of female and male rural labour and incomes.	Improved legal framework for agriculture investment. Agriculture GDP/number of agricultural workers (VND billion/worker in current prices, with assessment of any changes in gender gaps))	30.6 (2015)	TBA	TBA	TBA	55.0 (2020)	Cong Bao (for new laws and policies) GSO data (annual)

Program Focus	Desired result	Intermediate outcome indicators	Baseline	2017-18	2018-19	2019-20	2020-21	Data collection method, frequency and timing
5. Economically empowering women to accelerate productivity growth.	Increase in value added per hectare of cultivated land (as a result of a shift into higher value added production)	Value of agriculture output/ha of land	VND 82.6 million (2015)	TBA	TBA	TBA	VND 140 million (2020)	Cong Bao (for new laws and policies GSO and MARD data)
	An increasing share of women headed enterprises	Share of new business headed by women	32% (2015)	TBA	TBA	TBA	35% (2020)	MPI Enterprise registration department Published data does not regularly gender disaggregated data.
	Reduction in gender productivity gaps	Average female productivity/average male productivity	Not available yet.	TBA	TBA	TBA	Reduction in gap.	Aus4Reform study to combine GSO and survey data
	Reduction in gap between female and male labour participation rate	Gap between female and male labour force participation rates	Female 72.9% (2014) 83.0% (2014)	TBA	TBA	TBA	Gap reduced to <9 percentage points.	GSO (Annual Report on labour force survey 2015)

Program Focus	Desired result	Intermediate outcome indicators	Baseline	2017-18	2018-19	2019-20	2020-21	Data collection method, frequency and timing
			Gap 9.3 percentage points					
	Reduction in Viet Nam's gender gaps for economic participation and opportunity.	WEF Gender Gap sub-index for economic participation and opportunity	0.74 (2016)	TBA	TBA	TBA	0.76 (2020)	WEF publishes <u>report</u> annually around October.

Annex 4: Program Management Structure and Terms of Reference for Key Stakeholders and Personnel

Overview

The GoV has assigned MPI to lead, coordinate and guide implementation of key elements of the GoV economic reform agenda, including the new growth model and 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 related reforms.

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 related to implementation of economic restructuring and reform. 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 economic restructuring and reform, and investment climate and state enterprise reform.

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 (NPD). CIEM will provide office facilities and counterpart staff for the Program Support Unit (PSU).

National Component Directors (NCDs) will be responsible and accountable for the implementation of each component.

A Program Coordination Committee (PCC) will be established to ensure effective coordination, implementation, policy dialogue, and information sharing between various program components and activities.

Decision-making Principles

- The aim of the program structure is to ensure that decisions are made by people at the level best placed to make them.
- Decisions on strategy, focus and activity approval will be made by the PCC. The Senior Advisory Group and an international Senior Policy Adviser (see TORs below) will provide advisory support.
- Once annual work plans have been approved by the PCC, the NCDs will make operational decisions on activity implementation in order to implement the agreed work-plans.
- The Senior Program Manager-Economist (SPME) will manage the day-to-day operations of the Program Support Unit (PSU). The PSU will provide support services (including communications support) to both the NPD, PCC, the Senior Advisory Group (SAG), Senior Policy Advisor (SPA).
- Detailed tasks and responsibilities of key stakeholders -- and Terms of Reference (TORs) of Program supported personnel -- are provided below.

Tasks and Responsibilities of Key Stakeholders

National Program Director (NPD)

- The NPD is accountable to the GoV via the MPI for Program performance. The NPD must:

1. Have relevant experience working as a senior GoV official supporting the planning and oversight of GoV economic and investment climate reform and restructuring initiatives.
 2. Have access to high-level economic policy makers in the GoV, NA and CPV, and access to sub-national officials and leading business representatives.
 3. Be enthusiastic in engaging with the mass media, and planning and participating in high profile policy dialogue events.
 4. 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.
- The NPD responsibilities include:
 1. Leading the PCC meetings to ensure that program supported activities are consistent with national reform priorities and annual economic plans and to ensure that the Program operates in line with its objectives and is on the right track.
 2. Taking the lead in organizing regular policy dialogue on priority cross-cutting economic restructuring and macroeconomic development issues.
 3. Exploring opportunities to design program activities that are inclusive, and are targeted towards inclusive outcomes for women and men.
 4. Developing and approving the Annual Program work plans.
 5. Approving (jointly with DFAT) any requests for substantive revisions to annual work plans.
 6. Monitoring and evaluating program implementation, including preparation and submission of an annual progress and results monitoring report.
 7. Implementation of a Flexible Fund mechanism, including approval (in consultation with DFAT) of new initiatives (see separate Annex for details of the operation of the Flexible Fund).

National Component Directors (NCD)

- Component complementing agencies will appoint NCDs to be responsible for each component, plus additional staff and other resources. NCDs must:
 1. Have leading responsible related to economic restructuring and reform within the implementing agency.
 2. Have access to high-level economic policy makers in the Government, National Assembly and Communist Party, and in sub-national institutions.
 3. Be enthusiastic in engaging with the mass media, and planning and participating in high profile policy dialogue events.
- The NCDs will be responsible for:
 1. Developing draft annual component work plans and budgets (and proposed revisions to these plans if needed).

2. Ensuring that program supported activities are consistent with established priorities.
3. 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).
4. Ensuring compliance with financial management, transparency and reporting requirements of the Governments of Vietnam and Australia (details to be provided in the OM),
5. Exploring opportunities to ensure program activities are inclusive, and are targeted towards inclusive outcomes for women and men.
6. Preparation and submission of consolidated quarterly progress reports.
7. Develop and implement a communications and knowledge management strategy in cooperation with the NPD.
8. Participating in PCC meetings and other Program related consultations.
9. Support the NPD in organizing ad hoc policy dialogue on priority economic restructuring issues.

Program Coordination Committee (PCC)

- A Program Coordination Committee (PCC) will be established to ensure effective coordination, implementation, policy dialogue, and information sharing between various program components and activities. Membership of the PCC will comprise the NPD, NCDs and DFAT representatives. The NPD may decide to invite other participants (such as representative of the SAG, NA or CPV).
- The PCC will meet at least every six months. These meetings will be important opportunities for strategic discussions between DFAT and program partners. They will include discussion of: results achieved; political-economy analysis, testing if program objectives and M&E indicators are still appropriate and achievable; testing strategies for achieving those objectives, including how well we are reaching relevant stakeholders; and forward work plans. This will ensure DFAT is well-informed about the program's activities and progress and will make better use of DFAT's own information, expertise and experience.

DFAT

- DFAT's responsibilities will be to:
 1. Manage funding agreements with each of the component agencies;
 2. Review and decide (jointly with the NPD) any substantive changes in the Program goals, strategy, planned outcomes and/or design;
 3. Review and approve (on no-objection basis) proposals for funding under Flexible Fund.
 4. Approve jointly with the NPD: program implementation guidelines; annual plans including budgets; and any substantial changes to approved annual plans;

5. Work with the NPD to review and endorse any changes in program support functions (including appointment of key personnel).
6. Support the dissemination of – and dialogue on -- program knowledge products (studies, reports, training materials, policy recommendations).
7. Support the development of a communications strategy and implementation of communications activities, including the production of communications products.

Terms of Reference for Program Supported Personnel

Senior Advisory Group (SAG)

- 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 program.
- While not necessarily independent of the GoV or the CPV, SAG members must be:
 1. Respected Vietnamese who have successfully engaged in economic reforms or as advocates of economic reforms,
 2. Have a track record of providing frank and useful advice and/or stimulating debate in the public arena.
 3. Enthusiastic about helping to build strategic national (including Government/ Party) ownership of the program.
 4. 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.
- Members of the SAG will be recruited by PSU under periodic contracts to provide periodic advice and support to DFAT, the NPD and PCC on:
 1. Political economy and sector developments that impact on program performance.
 2. 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.
 3. What will work, what won't work (or isn't working) and who the program should engage with to resolve particular issues.
 4. 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)
 5. Priorities and strategies for economic policy dialogue between Vietnam and Australia.
- The SAG will also directly support the NPD and PCC in implementing the following activities on an as needed basis:

1. Provide ongoing advice and support to the NPD and PCC in areas such as:
 - Program priorities, political economy, macro-economic and sectoral policy issues.
 - Tactical options for increasing the program's influence (media, high-level dialogue, etc.).
 - Appraise proposals for funding under the Flexible Fund.
 - Peer reviews of policy studies and policy recommendations.
 2. High-profile engagement in policy dialogue (e.g. in mass media and workshops) to raise awareness of program findings and recommendations.
 3. Providing feedback on Program findings and recommendations to high-level of national leadership.
 4. Participate in annual program review and planning roundtables.
- The composition of the SAG will be agreed between DFAT and the NPD, and can be changed as policy issues and advisory support needs changes. Additional members can be added from time to time as jointly agreed by DFAT and NPD. The Program will build on and learn from the experience with the SAG utilized under RCV and the B-WTO program.
 - The PSU, in consultation with the NPD, 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 NPD will be responsible for approving these work plans and tasking notes.

The Senior Policy Adviser (SPA)

- The SPA must have:
 1. Extensive experience (> 15 years) in supporting economic policy and institutional change and development in Vietnam and South-east Asia.
 2. Past experience in supporting international funded, nationally executed programs supporting economic reform.
 3. Proven track record of engaging with senior level policy makers, and with the broader community, on economic development issues.
 4. An awareness of regional economic cooperation initiatives such as ASEAN, AEC, TPP and RCEP.
 5. Post-graduate qualifications in economics or economic development.
 6. Have established networks of contacts with leading Vietnamese, regional and international experts working on economic development.
 7. Have high-level report-writing and communications skills.
- DFAT will recruit the SPA under a periodic contract. The SPA will be jointly accountable to DFAT and the NPD, and will work closely with the SAG.
- SPA responsibilities will be to provide periodic advice and support, including:

1. Ongoing support to the NPD and PCC, including
 - Ongoing advice and support for program planning, implementation and monitoring including inputs to gender mainstreaming, M & E reporting and work plans.
 - Contribute to policy dialogue on economic restructuring issues.
 - Monitor and inform the NPD, PCC and DFAT of political economy developments that are likely to impact on program performance.
2. 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.
3. Appraise requests for support under the flexible funding mechanism and support the development of these proposals.
4. Identify and facilitate contact with highly qualified international experts and institutions as relevant
5. Support the NPD and DFAT in development partner coordination activities, and participate in forums related to economic restructuring and integration.

Senior Program Manager-Economist

- The Senior Program Manager-Economist (SPME) will be appointed and be accountable to the NPD.
- The SPME will be senior Vietnamese expert with:
 1. A well-regarded university degree in economics and/or economic development.
 2. Excellent Vietnamese and English language communications and reporting skills.
 3. At least ten years of experience working on high-level policy issues with central GoV agencies. Ideally, the SPME should also have work experience interacting with business associations, and/or civil society organizations.
 4. 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.
 5. A well-established network of contacts in the Vietnamese government, research institutes, and business associations.
 6. Familiarity with GoV and development partner program reporting and accountability requirements.
 7. Previous experience with similar programs would be an advantage.
- The SPME will be responsible for:

Overall:

1. Acting as the key focal point for helping the NPD coordinate program activities and the focal point for day-to-day contact about program issues.

Program planning:

2. Working with the NPD/SAG/SPA to identify and document Program's priorities and annual work plans including the annual budget allocation for PCC review, and NPD/DDFAT approval
3. Making plans and preparing documents for the PCC meetings
4. Preparing the work plans and tasking notes for Program's regular advisors and specialists, including SAG, M&E, gender, communication specialists

Program implementation:

5. Developing the Program management systems
6. Coordinating Program's activities: giving guidance to program's components, acting as the focal point for implementing agencies, DFAT, SAG, SPA, M&E, gender, communication specialists and related stakeholders
7. Managing and providing supports to the implementation of FF activities
8. Managing the PSU operation

Program reporting, monitoring and evaluation (M&E)

9. Preparing quarterly reports on Program's progress and issues
10. Managing, giving advice and supporting the M&E specialist in preparing the periodical M&E reports

Financial management

11. Overseeing -- together with the Embassy's financial team -- the financial planning and compliance with OM requirements
12. Working with independent audit, following up on audit recommendations

Gender

13. Managing, giving advice and supporting implementation of Program initiatives to mainstream gender into program activities.
14. Oversees the work of the Program gender expert.

Communication

15. Managing, giving advice and supporting the communication specialist/company in implementing the communication activities for the Program

Program Support Unit (PSU)

- The PSU will be established in the CIEM. The PSU will be headed by the SPME and will be directly accountable to the NPD. The PSU, which is headed by SPME, will include the SPME, administrative support staff (including accounting and procurement officer, and administrative staff cum interpreter), and some part-time national experts. The PSU will also look to engage communications/advocacy expert(s), gender experts, and M&E/results management experts on a part-time or full-time basis.
- The PSU 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, SPA or other experts).
 - v. Seek concurrence from NPD 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 SPA.
 - iv. Preparing **tasking notes** for the SAG and SPA.
- d) Financial management and accountability
 - i. Ensuring annual and quarterly budgets (program and component levels) are prepared and reported on in line with OM requirements.
 - ii. Overseeing- together with the Embassy's financial team- the financial planning and compliance with OM requirements
 - 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 in:
 - i. Financial management.
 - ii. Accessing international and national expertise (e.g. for program 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, development partners, program components and other stakeholders on MPER and related issues;
 - iv. Coordination with other development partners working on related programs.
- g) Provide **other support** and information requested by the NPD.

Annex 5: Program Risk Management Plan

Risk	Risk level	Risk Mitigation Measures	Residual Risk Level	Partner Responsible
1. Overall Financial Risk				
Overlap of funding and resources between DFAT, counterpart funding and other donors' funding		<ul style="list-style-type: none"> - NPD and SPA is responsible for this matter. DFAT participates in donor coordination meetings. - The involvement of the SAG (which should be extended) in peer review of the funded activities. All Aus4Reform funded studies, researches should be peer reviewed by SAG/SPA before the final acceptance/payment. - More guidance and tracking activities to be pushed by the PSU, and DFAT, if necessary - Annual work plan is the chance for all participating agencies to review the completed works in the previous years and comparing the proposed activities with GOV's past, present and future priorities 		Joint
2. Fiduciary Risk				
Fraud, misuse of funding	H	<ul style="list-style-type: none"> - Direct funding agreement signed between DFAT and the implementing partners will define clearly funding contribution from different stakeholders to the program - Audit reports for funding (both GOA and GoV contributions) will be disclosed to relevant stakeholders 	M	Joint
No internal audit in the PSU and implementing agencies	H	Internal control measures should be enhanced in the program, i.e. periodical checking of acquittal reports of each component activities (as mentioned in Annex 9 of the IDD)	M	Joint
3. Procurement Risk				

Poor procurement framework	M	<ul style="list-style-type: none"> - Improved procurement guidance through the Operation Manual revision and training - Use of additional controls 	L	Joint
Not acting in accordance with legislation and processes	H	<ul style="list-style-type: none"> - Audits of procurement and follow up - Interim Technical assistance to oversight procurement - external monitoring of procurement (as mentioned in Annex 9 of the IDD) 	M	Joint
Slow procurement process limits program implementation	H	<ul style="list-style-type: none"> - Annual procurement plan with mutually determined sharing of procurement between PG and DFAT external procurement agent - Additional interim temporary support until capacity strengthened 	L	Joint
Development Risk				
Capacity of CIEM and partner agencies to implement	L-M	<ul style="list-style-type: none"> - CIEM and partner agencies have established track record in implementing DFAT projects (as shown in the pilot RCV project) Identify areas where capacity strengthening required - Provide training/TA to build capacity 		Partner Government
Poor progress in achieving progress/outcomes	M	<ul style="list-style-type: none"> - Track record under the earlier RCV was impressive. - More focus in current design on communications and outreach to build support for reform. - Clearer, more easily monitorable results targets included in program design. - Key initiatives are high national priorities as reflected in NA, Party and GoV resolutions 	L	Joint
DFAT capacity to support additional works in the program	M	Additional resources with the participation of Senior Economic Analyst (on communication) and Economic and Trade Officer (on financial management)	M	DFAT
Sustainability				
No medium or long term costed strategy	L	<ul style="list-style-type: none"> - Not really an issue in some as financial costs are small and not a 	L	Partner Government

to assess longer term sustainability		risk. The real risk relates to the investments in political capital to make reform happen. While this risk is largely the responsibility of national leaders, program partners aim to mitigate the risk by broad based consultative and communications approaches in formulating recommendations.		
Reputational Risk				
Significant implementation issue(s) lead to adverse reporting/publicity	H	<ul style="list-style-type: none"> - Program name suggests a leading Australian role in promoting economic reform agenda. There is a risk of popular backlash if there is an economic downturn and increased unemployment. Again the communications and consultative approaches included in the design are intended to mitigate this risk. - Management structure and frequent interaction between senior leaders of CIEM, other national partners and the Australian Embassy can help ensure early awareness of any potential issues. 	L	Joint

Annex 6: Draft Guidelines for Flexible Fund

Objectives of Flexible Fund Support

The purpose of the Flexible Fund is to provide a quick response mechanism that will allow RCV to help the Government of Vietnam to respond quickly to emerging priority issues directly linked to Aus4Reform objectives.

Procedures for Processing Flexible Fund Support

Based on proposal submitted through RCV Program Support Unit (PSU), the Program Director (NPD) may request the Senior Advisory Group (SAG) and/or Senior Policy Advisor (SPA) to work with relevant agencies to develop proposals to be funded.

Criteria for Selection of Programs for Funding from the Flexible Fund

Proposals being considered for Funding from the Flexible Fund must directly support the economic law and/or policy making agenda of the GoV, NA or Party, and must either be:

- Designed to support implementation of SEDP priorities directly linked to increasing productivity and competition. Most proposals should be linked to action priorities in related resolutions/action plans to implement priority elements of the SEDP, such as:
 - The National Assembly (November 2016) resolution on economic restructuring;
 - The CPV (November 2016) resolution on the New Economic Growth model.
 - Related annual related Government resolutions (e.g. on improving the business environment and economic restructuring).
 - Monitoring and evaluation of impacts of economic reform and restructuring initiatives, and/or the formulation of updated related resolutions.
- Or, be designed to help formulate and/or review economic national annual and medium term economic development planning documents (to provide input to the SEDP 2016-2020).

These criteria may be modified during the annual RCV review and programming exercise.

Proposals for Funding for the Flexible Fund

Subject to the criteria above, any GoV, NA or CPV agency, research institutions, and/or civil society organization with responsibilities directly related to the above criteria may submit a proposal to the NPD for funding from the flexible fund.

All proposals must be prepared in the prescribed template and include an expected results chain with details of targeted policy and/or institutional changes and expected beneficiaries.

The PSU 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 NPD and DFAT for final approval.

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:

- Relevance to targeted criteria;
- Design logic;

- Expected impacts and beneficiaries
- Contributions to promoting inclusive/equitable outcomes;
- Cost effectiveness (value for money) and risk.

The Appraisers may suggest resubmission of unsuccessful proposals, with advice on changes needed to increase the probability of securing approval for promising proposals.

Proposals rated successful by the Appraisers will be submitted to DFAT for “no objection” prior to submission to the NPD for consideration.

Approving the Use of Flexible Funds

- The NPD is responsible for endorsing proposals for financing using of flexible funds.
- The NPD will submit endorsed proposals for funding to DFAT for their no objection.
- The NPD will report on all decisions regarding flexible fund proposals (including brief justifications for the choices made) in quarterly and annual reports.

Use of Funds

CIEM, with the help of the PSU, will generally be responsible for managing and disbursing flexible fund resources in accordance with the RCV OM.

The NPD 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 FF activities with delegated responsibility would be subject to the same reporting, M & E, and accountability obligations as a Component Director.

All institutions granted funding from the Flexible Fund must sign a contract with the NPD (or their representative) that all activities will be implemented in accordance with the RCV OM, and will be accountable to the NPD for proper and efficient use of funds.

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.

The Flexible Fund cannot be used for funding and capital costs, equipment, and/or any regular expenditure of the requesting agency.

Template for Proposal for Activity Funding from RCV Flexible Fund

Heading	Details required
Activity Details	
Title	<i>Please provide a short and clear activity title</i>
Agency details and address	<i>Include contact details of the proposing agency: street address, contact person, phone, mobile and email address.</i>
Implementation Partners	<i>Provide details of any other partners with whom the proposing agency will work to implement the activity</i>
Activity objectives and urgency	
Activity objectives and rationale	<i>Describe the activity objectives? What is the problem/issue/ opportunity to be addressed? Describe clearly and briefly the activity logic?</i>
Need for activity	<i>Describe clearly the need for the activity at this time</i>
Links with national & RCV priorities	<i>Briefly and clearly indicate how the activity fits with MPER and RCV priorities</i>
Links with ongoing agency responsibilities	<i>Describe how the proposal fits with the mandated responsibilities and current work priorities of this agency</i>
Related ongoing initiatives	<i>Provide details of any other related initiatives and discuss any action needed to ensure that this activity complements (rather than duplicates) other initiatives.</i>
Activity in details	
Planned outputs	<i>Concisely describe the outputs of the activity</i>
Necessary sub-activities	<i>List down and clearly describe necessary sub-activities: Key targets and/ or indicators of successful implementation of sub-activities</i>
Methodology	<i>Briefly describe the planned methodology for implementing the activity</i>
Timeline	<i>From: _____ To: _____</i>
Input	<i>Estimated fund from RCV Estimated contribution from proposing agency</i>
Activity longer-term impacts, beneficiaries and stakeholders	
Expected impact	<i>Briefly describe the expected impacts (positive and negative). Include social, economic and environmental impacts. Note any gender considerations</i>
Activity beneficiaries	<i>Note the main expected direct and indirect beneficiaries. Note any gender targets for beneficiaries and how this will be monitored</i>
Other stakeholders	<i>Note other stakeholders likely to have an interest in this activity.</i>

Heading	<i>Details required</i>
Sustainability	<i>Briefly discuss the likely sustainability of proposed interventions</i>
<i>Proposal authorisation</i>	
Signature, Name, Position and date	

Cost estimate for the proposed activity (file attached)

No	Description	No. of persons	No. of days	Cost norm	Total (USD)
1.	Local specialists				
2.	International experts				
3.					
4.	Workshops/Technical seminars				
5.	Publications				

