

CR 4863-VN
CR 3767-VN

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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September 19, 2013

His Excellency Nguyễn VănBIN
Governor
State Bank of Vietnam
Hanoi
Socialist Republic of Vietnam

**Re: Vietnam – Public Financial Management Reform Project
(Credit 3767-VN and Credit Number 4863-VN)
Amendment to Financing Agreement
and Supplemental Letter on Performance Indicators**

Excellency:

We refer to the Financing Agreement (“Agreement”) dated April 7, 2011 between the Socialist Republic of Vietnam (“Recipient”) and the International Development Association (“Association”) and its attached Supplemental Letter on Performance Indicators (“Supplemental Letter”), Amending and Restating the Development Credit Agreement for the Public Financial Management Reform Project (“Project”), as amended. We further refer to: (a) a letter dated January 31, 2013 from Mr. Le Minh Hung, Deputy Governor of State Bank of Vietnam, on behalf of the Recipient, requesting certain modifications to the Agreement and the Supplemental Letter; and (b) further discussions between the Association’s task team and the Recipient’s line ministry.

We are pleased to inform you that the Association concurs with your request and to give effect to such request agrees to amend the Agreement and Supplemental Letter as follows:

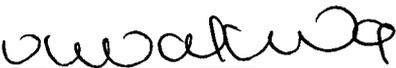
1. Item (a) of Part A.1 of Schedule 1 to the Agreement is amended to read as follows:
“1. (a) Procurement, development, and deployment of TABMIS, and rolling-out of TABMIS deployment to all treasury and financial offices at central, provincial, and district levels, including hardware, software, and services;”
2. Part B.5 of Schedule 1 to the Agreement is amended to read as follows:
“5. Deleted.”
3. The Annex on ‘Key Performance Indicators’ of the Supplemental Letter is hereby amended to read as per the Attachment to this letter.

Except as specifically amended herein, all other provisions of the Agreement remain in full force and effect.

Please confirm your agreement with this amendment by countersigning, dating and returning to us the enclosed copy of this letter. Upon receipt by the Association of the

countersigned copy of this letter, this amendment shall become effective as of the date of the countersignature.

Sincerely Yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By 
Victoria Kwakwa
Country Director for Vietnam
East Asia and Pacific Region

CONFIRMED:
SOCIALIST REPUBLIC OF VIETNAM

By:  _____

Name: Le Minh Hung

Title: Deputy Governor - State Bank of Vietnam

Date: October 7th, 2013

ATTACHMENT

Key Performance Indicators

Sector Indicators

- (a) Development of a sustainable and publicly disclosed Medium-Term Fiscal Framework (MTFF).
- (b) Development of sector-level and provincial-level Medium-Term Expenditure Frameworks (MTEFs) increasingly aligned with MTFF and Socio-Economic Development Plan (SEDP) goals.
- (c) Reduced discrepancies between budget plans and end-year out-turns.
- (d) Timely, annual publication of detailed and accurate budget data and budget out-turns at each level of government.
- (e) Reduced corruption and reduced perception of corruption in use of state budget
- (f) Progress against SEDP goals through better budget management.
- (g) Sustainable public debt ratios, with portfolio reflecting an appropriate debt and fiscal risk strategy.

Outcome/Impact Indicators:

- (a) Accuracy, timeliness, relevance, transparency and compliance with international best practices in budget execution and reporting at each level of government.
- (b) Better planning of the State Budget and the Public Investment Program to achieve the growth and poverty reduction goals set out in the SEDP.
- (c) Greater fiscal sustainability through improved and more integrated recording of external and domestic public and publicly guaranteed debt, improved capacity to monitor SOE liabilities, and improved ability to assess associated fiscal risks.

Output Indicators

Part A of the Project: Strengthen Treasury and Budget Management

- (a) Utilization throughout government of a restructured and integrated chart of accounts for treasury and budget management, consistent with appropriate international standards (by end 2011).
- (b) Implementation of TABMIS in treasury head office, MOF and two pilot provinces (by June 2009), with relevant staff trained.
- (c) Roll-out of TABMIS to all Treasury and Finance Offices in provinces and districts (by end 2011), with relevant staff trained.

- (d) Implementation of budget allocation module in 40 large central ministries and government agencies (by end 2011), with relevant staff trained.
- (e) All large state budget expenditure commitments and associated contracts (above VND 100 million and 500 million for recurrent and capital expenditures respectively) are controlled and monitored through TABMIS (by end 2013).
- (f) Budget execution results consolidated from TABMIS are published on MOF website on a monthly basis within 15 days after the end of the month (after the revised State Budget Law is adopted by the Recipient's National Assembly).
- (g) Preservation of at least 30 dedicated and properly trained technical specialists at central, to manage TABMIS databases, system security, user access, and to provide technical support to end users.
- (h) Progress on the road from cash to accruals accounting; Unified Chart of Accounts for consolidation of state accounting information developed (by March 2013).
- (i) Model, roadmap for development and implementation of cash management system completed (by end 2013); and Treasury Single Account introduced (by October 2013).
- (j) Model, implementation roadmap, technical requirements and bidding document for TABMIS portal developed.
- (k) Model and implementation roadmap for a government financial management information system developed.

Part B of the Project: Strengthen State Budget and Investment Planning

- (a) 3 year MTFs and MTEFs piloted as part of budget cycle in four sectors and four provinces; and rolled over, updated and published as part of each subsequent budget cycle (starting from fiscal year 2005 until fiscal year 2008).
- (b) Workshops on medium-term budget planning provided to relevant senior National Assembly deputies and government officials (by 2008), with consensus for wider roll-out of medium-term budget planning emerging.
- (c) Guidelines for nationwide implementation of MTF and MTEF finalized (by October 2013).

Part C of the Project: Strengthen the Management of Public Debt and Monitoring of SOEs Fiscal Risks

- (a) Identification of a lead department in MOF to direct debt management across Government, with appropriate regulations issued (by mid 2009).
- (b) Approval and publication of a long-term debt management strategy including debt management objectives (by end 2011).
- (c) Analytical capability in debt and risk management enhanced with critical staff identified and trained. Middle Office capacity is sustained by, among other things, preservation of at least five staff of appropriate qualification and experience.

- (d) Domestic debt recording system (able to provide consolidated public debt data, including external debt) established and operational (by end 2013), with key staff trained in new systems/practices.
- (e) Strategy for debt and risk management information system developed (by September 2013).
- (f) DeMPA self-assessment on public debt management performance conducted (by mid 2012).
- (g) Legal framework and monitoring indicators adopted (in 2013); analytical capability enhanced, for monitoring of SOEs fiscal risks.

Part D of the Project: Project Implementation Support

- (a) Key project staff and equipment in place by 2004 and throughout project implementation period.
- (b) Full compliance with procurement, financial management and reporting requirements.
- (c) International project and contract management consultant(s) in place (by March 2011).
- (d) Study on follow-on public financial management reforms and systems development conducted (by October 2013).