

TIPS ON GOVERNMENT OF VIETNAM PROJECT APPROVAL

December 16, 2020

This toolkit provides three guidance notes designed to help the United States Agency for International Development (USAID) improve the speed and success of Government of Vietnam (GVN) project approval relating to Official Development Assistance (ODA).

1 How to Support Project Approval during **Design**



2 How to Support Project Approval during **Solicitation and Contracting**



3 How to Support Project Approval after **Award**



Various USAID offices play important roles throughout the Program Cycle to steward the project approval process in partnership with the GVN. This toolkit aligns the process with Decree 56 on ODA (May 2020) and shows how to develop strong relationships with the GVN Managing Agency (MA) along the way. This will create the foundation for implementation and partnerships that support Vietnam's Journey to Self-Reliance.

This is a compendium guidance note to a more detailed report: [GVN Project Approval Process Study 2020](#).

Which types of activities require GVN project approval?

Decree 56 classifies ODA into two groups by their nature and uses.

1. **Investment:** Includes grants for investment, concessional loans, and technical assistance in preparation of investment.
2. **Technical Assistance (TA):** Includes assistance from activities based in and out of Vietnam.

Apart from projects on Dioxin Remediation of Bien Hoa and Da Nang airports, most USAID/Vietnam activities fall under the TA grant category. Decree 56 defines two distinct types of TA:

Project-based TA is defined in Article 3.10, as "projects that support research, policy, institutions, technical and professional capacity by providing local and international consultants, training, lessons, study missions, workshops, equipment, and demonstration models." These are activities designed and implemented by USAID/Vietnam.

Non-project-based TA is defined in Article 3.16 as "ODA activities that are not associated with a particular project and is provided in separate activities in the form of provision of cash, goods, and consultants on a specific activity such as workshops, training, study, research." These are activities conducted under a regional project or out of Washington, D.C.

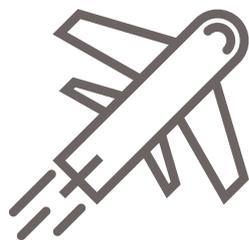
The approval procedures for these two types are similar under Decree 56, but the template for the Project Document (PD) of non-project-based TA is simpler. Because USAID/Vietnam's TA activities fall under the former category, this guidance note focuses on project approval procedures for project-based TA. See full report, [Annex V](#) for an overview of the approval procedures for investment grants and [Annex IV](#) for a PD template for project-based TA and non-project-based TA.

HOW TO SUPPORT PROJECT APPROVAL DURING DESIGN

This guidance note shares how United States Agency for International Development (USAID) Design Teams can support project approval during the design process. These best practices are grounded in the Government of Vietnam (GVN) Decree 56 on Official Development Assistance (ODA) (May 2020) and USAID's Automated Directives System (ADS) 201 (October 2020). It may be revised to reflect USAID/Vietnam's Mission Order on Design once available.

PHASE 1

ACTIVITY DESIGN PLANNING



Activity Design Plan (ADP) Preparation and Review (2-3 weeks)



FORM THE DESIGN TEAM

When defining roles and responsibilities, identify the team member best placed to champion the project approval process with the GVN. This will likely be a senior National staff with strong understanding of the subject matter and institutional environment in the sector.



DRAFT THE ADP

Plan an institution and stakeholder mapping to identify different interest groups and who could be potential Managing Agencies (MAs). This will identify several MAs to target during the design process.



CONSIDER CO-CREATION

USAID/Vietnam may work with MAs and stakeholders to co-create designs to ensure commitment and agreement from the MAs, their technical departments, and relevant stakeholders on key parameters of the activity. This would build broad support for the design and minimize the chance of significant changes after the award. For guidance on a wide range of approaches, see the [Co-Creation Discussion Note](#).



ANALYSIS

Conduct an **institution and stakeholder mapping** to identify different interest groups and potential MAs.

- Identify if the activity will work primarily with the GVN, private sector, and/or civil society.
- Identify the potential beneficiaries and supporters of the activity.
- Identify several MAs to target during the activity design process.

For more guidance and templates, take a look at the [Collaboration Mapping toolkit](#).



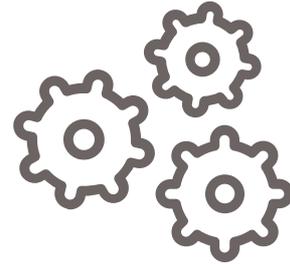
Keep this in mind for the institution and stakeholder mapping. To qualify as an MA, the agency has to be a central or provincial government agency, headquarters of mass organizations, or NGOs or associations tasked with some state administration functions and provided with state budget to conduct these functions.

Potential MA Selection Criteria

1. MA interest in hosting the activity
2. The amount of support or benefit that the MA will receive from the activity
3. The jurisdiction or expertise of the MA over the activity subject matter

activity. USAID identifies the best fitting MA based on the criteria and should try to secure commitment from the MA to host the activity through a Memorandum of Understanding (MOU), Limited Scope Grant Agreement (LSGA), or other written form. A signed document may be an effective tool to solidify commitment, though not required. These are usually signed by the head of the MA or authorized Deputy. USAID/Vietnam will need to work with the international relation and technical departments on preparing these documents.

The commitment should include program funding and key parameters such as activity objectives, priorities, and components. Where possible, these agreements should also include a section on the mode of delivery via a contractor who will manage the financial resources of USAID/Vietnam in accordance with United States Government (USG) rules. At this stage, it is important to identify the department within the MA that will work with USAID/Vietnam on co-creating the activity and work on the project approval after the award. This department is called Project Owner in the ODA Decree.



Activity Design Preparation and Review (3-6 months)



ENGAGEMENT

Engage with leadership and technical staff from the targeted MA to **seek support and inputs on the activity design**.

Stakeholder consultations or co-creation events with the MA during design are critical to **establish joint priorities and shared understanding**.

The design team initiates the first engagement step by consulting with possible agencies to decide which one should be the best fitting MA for the

2. HOW TO SUPPORT PROJECT APPROVAL DURING SOLICITATION AND CONTRACTING

This guidance note shares how the United States Agency for International Development (USAID) Office of Acquisition and Assistance (OAA) can support project approval during the solicitation and contracting process. These best practices help USAID align with the Government of Vietnam (GVN) Decree 56 on Official Development Assistance (ODA) (May 2020).

PROCUREMENT

- Identify the Managing Agency (MA) in the solicitation document and ask bidders how they plan on engaging as part of the technical proposal. Explain what roles/responsibilities USAID will hold in this process.
- To continue securing commitment from the MA, USAID may want to invite a representative of the MA to participate in the procurement evaluation if appropriate and feasible. If there is a prohibition for any reason, consider allowing the MA to have a non-voting role where they are allowed to make comments and ask clarifying questions about proposals.
- Agree with the MA on how to respond to meeting requests and requests for information from potential bidders. Consider requesting all questions in advance and conducting a pre-bid conference with the MA and potential bidders. Individual meetings may be perceived as creating advantages for some. Agree with the MA on measures to deal with procurement sensitivities.
- Given the importance of senior Implementing Partner (IP) engagement, consider mandating mobilization of key personnel within a short period of time after the award to work on project approval.
- Include a clause in solicitations stating, "In order to fully implement the activity, the Recipient is required to comply with Decree No. 56/2020 ND-CP and obtain project approval from the GVN. A report, which outlines the implications of the new GVN Decree No. 56/2020/ND-CP on the Management and Use of Official Development Assistance and Concessional Loans from Foreign Donors on USAID programming will be shared with the Recipient upon award. Project approval is expected to take approximately six (06) months, as such the Recipient is requested to initiate the process immediately following award. While seeking project approval, in close consultation with the AOR/COR, the Recipient shall consider staffing and related consequence impacting implementation to ensure an efficient use of resources."

CONTRACTING/AWARD

- The responsibility of IPs to secure project approval should be included in awards. Include a startup/inception phase in the award, where the IP mobilizes a small team to work on project approval, a work plan, and other preparatory work in close coordination with the MA and Project Owner (PO). Key deliverables for this period would be completion of the Project Document (PD) and project approval. Deliverables during the project startup and inception phase should be reasonable, as the activity will not be able to conduct much programming work without project approval.
- Given the importance of senior IP engagement in this process, it would be ideal to confirm Chief of Party/ Deputy Chief of Party availability.
- Provide guidance on a preliminary phase that builds out the administrative infrastructure for successful operations in full implementation phase. In addition to mobilization of key personnel and achievement of project approval, this could also include development of internal reporting processes and policies, so when programming starts, this early pause will be less detrimental to the overall workplan.

3. HOW TO SUPPORT PROJECT APPROVAL AFTER AWARD

This guidance note shares how the United States Agency for International Development (USAID) and Implementing Partners (IPs) can increase the likelihood and efficiency of project approval once an activity has been awarded. These best practices align with the Government of Vietnam (GVN) Decree 56 on Official Development Assistance (ODA) (May 2020).



USAID RESPONSIBILITIES

The actions taken by USAID in toolkits 1 and 2 will identify the most suitable Managing Agency (MA) for the activity, help inform the MA of the upcoming activity, and ensure the MA's engagement and commitment to host and participate in the activity, with the main parameters of the activities defined in a Limited Scope Grant Agreement (LSGA) or other written document.

Introduce the IP to the MA. USAID should provide guidance and support to the IP to enable project approval and to build a lasting partnership with the MA and its Project Owner (PO). Though the IP is responsible for project approval, USAID needs to support IP efforts to work effectively with the MA and PO in seeking approval.

From the perspective of the MA, USAID is the donor for funding the project, and the PD reflects the agreement between the donor and the MA.

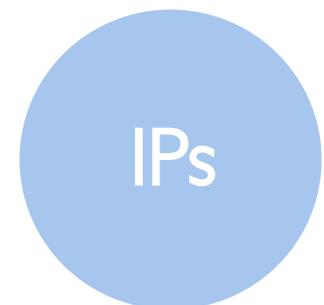
The most common challenge in seeking project approval is the time it takes to build consensus with the MA on the project objectives, components, beneficiaries, and activities in the Project Document (PD). Developing the PD requires translating the requirements of contracts and requests for proposal into a PD that can be approved by the MA.

IP RESPONSIBILITIES

Project approval is not only important to comply with GVN regulation but also to minimize the risk of tax liability on corporate income tax for the IP and expatriate personal income tax. These taxes are exempted for approved ODA activities. IPs should lead post-award activities on project approval in close cooperation with USAID. The IP chief of party (COP) and deputy chief of party (DCOP) should lead these efforts and build relationships with the MA while developing the PD.

Translating the request for proposal, proposal, and contract into the PD will require negotiation and compromise. The key to doing this effectively is to understand the needs, agenda, and operating principles of the MA. The IP and USAID should use this knowledge to manage expectations, building common ground, and lasting partnerships. The IP should maintain a transparent flow of communications with the MA and USAID to ensure consistent messaging and information flow. Though project approval is a GVN process, USAID endorsement is needed at key decision points.

Hiring consultants with prior experience and connections may be useful but is no substitute for IP leadership.





PD PREPARATION

(3-5 months)

The IP and MA draft the PD. Other departments within the MA may review the PD. Then the PD is submitted to the head of the MA and USAID for approval.



The IP should establish its presence in Vietnam through a representative office. Mobilize a small team (COP, DCOP, accountant, and translator) to lead project approval and startup.



The IP should engage the MA at the leadership and operational levels to seek their commitment and collaboration in developing and completing the PD. Set a deadline for completion of the draft PD with the head of the MA.



The IP should prepare the PD following the template provided in Decree 56. Include the name of the IP, expatriates working on the project, and a reference to the Agreement for Economic and Technical Cooperation between the United States and Vietnam (BILAT) on tax exemptions. Describe the project office, its status, and the ability to obtain a project seal.



Manage expectations and build trust with the MA throughout the process. If certain requests cannot be accommodated, explain why and build consensus to overcome these. Involve USAID when dealing with tough issues.

PD REVIEW

(1-5 months)



BEST PRACTICE

★ The IP should be prepared to share its Finance and Procurement Policy on how USAID resources will be managed in a compliant and transparent way. Some MAs need this before they approve the PD.

★ The IP should work with the MA, PO, and relevant divisions in pushing the PD through the system as optimally as possible.

The head of the MA sends the draft PD to the Ministry of Planning and Investment (MPI), Ministry of Finance (MOF), and other relevant agencies for review. As per Decree 56, MPI, MOF, and relevant agencies shall respond within 10 days. The head of the MA will complete the review process within 20 days from receiving comments from MPI, MOF, and other agencies. Based on the comments, the MA and IP revise the PD and submit to the head of MA and USAID/Vietnam for approval.



PD APPROVAL

(2 weeks)

The head of the MA decides whether to approve the project. Decree 56 requires this decision to be made within two weeks after the completion of the review process. The MA will need to send a full set of the PD and decision to approve the project to MPI, MOF, and other relevant agencies. MPI will then notify the donor of the decision and the request for support.