

**MEMORANDUM OF UNDERSTANDING**

**between**

**GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM**

**and**

**SCHOOL EDUCATION QUALITY ASSURANCE PROGRAM PARTNERS**

**regarding**

**A SCHOOL EDUCATION QUALITY ASSURANCE PROGRAM**

This Memorandum of Understanding (MOU) is entered into between the Government of the Socialist Republic of Vietnam (Vietnam) represented by Ministry of Education and Training (MOET) and the Governments of Belgium represented by the Directorate General for Development Cooperation (DGDC), of the United Kingdom of Great Britain and Northern Ireland represented by the Department for International Development (DFID), and the International Development Agency (IDA) (DGDC, DFID, IDA together the School Education Quality Assurance Program (SEQAP) Partners, and each a SEQAP Partner).

WHEREAS Vietnam has requested the support of the SEQAP Partners for the execution of its School Education Quality Assurance Program (Program);

WHEREAS Vietnam has satisfied itself as to the feasibility and priority of the Program as described in Attachment 1 hereto, which consists of: (1) support for improving the policy framework, human resources and school facilities and resources for the implementation of Vietnam's Full-Day Schooling Program, and (2) support for Program management;

WHEREAS Vietnam intends to seek from the SEQAP Partners grants and credits to assist in financing the Program on the terms and conditions set forth in an agreement/arrangement to be entered into between Vietnam and each of the SEQAP Partners;

WHEREAS each SEQAP Partner intends to provide support for the Program in the approximate amounts indicated in Attachment 2 hereto;

WHEREAS the SEQAP Partners have committed themselves to the principles of harmonization as reflected in this MOU and strive to reach the highest degree of alignment with the budgetary, accountability and procurement system of Vietnam so as to enhance effective Program implementation and to reduce the administrative burden for Vietnam;

NOW THEREFORE, Vietnam and the SEQAP Partners have come to the following understandings:

## Definitions

- (a) “Foreign Exchange Account” means the Account held by Ministry of Finance (MOF) is opened at the Transaction Center of the State Bank of Vietnam to receive the funds transferred from the donors to finance the program expenditures, except the fund to finance off-budget expenditures financed by IDA
- (b) “Full-Day Schooling Program” or “FDS Program” means the Recipient’s reform program set out in the Government’s 2008-2020 Education Development Strategic Plan, aiming to transition primary schools providing half-day schooling to full-day schooling in order to improve primary education students’ learning outcomes and primary education completion.
- (c) “MOET” means the Recipient’s Ministry of Education and Training, and any successor thereto.
- (d) “MOF” means Vietnam’s Ministry of Finance, and any successor thereto.
- (e) “MPI” means Vietnam’s Ministry of Planning and Investment, and any successor thereto.
- (f) “MOHA” means Ministry of Home Affairs, and any successor thereto.
- (g) “off-budget expenditures” are eligible expenditures under Part A, B3, C3 and D of the Program (as described in the Description of the Program in the Attachment 1 of this MOU), including: consulting service<sup>1</sup>, training and workshops and operating costs.
- (h) “on-budget expenditures” are expenditures under Part B1, B2, C1, C2 of the Program (as described in the Description of the Program in the Attachment 1 of this MOU), including works, school education grants, school student grants, teacher incremental salaries and consulting services, training and workshops.
- (i) “Participating Provinces” means the Recipient’s Provinces of Ha Giang, Cao Bang, Yen Bai, Lang Son, Son La, Lai Chau, Dien Bien, Lao Cai, Hoa Binh, Tuyen Quang, Bac Can, Thanh Hoa, Nghe An, Quang Tri, Quang Nam, Quang Ngai, Ninh Thuan, Binh Thuan, Binh Phuoc, Gia Lai, Kon Tum, Dac Lac, Dac Nong, Lam Dong, Ben Tre, Tra Vinh, Dong Thap, Soc Trang, Vinh Long, Bac Lieu, Hau Giang, Ca Mau, An Giang, Kien Giang, and Long An, (Bac Giang province will be considered to be included subject to the fulfillment of the eligibility criteria for participation), and any successors thereto; and a “Participating Province” means any of said Provinces, as such list may be amended from time to time by mutual agreement between the Recipient and the SEQAP Partners.
- (j) “Program” means the set of activities described in Attachment 1 hereto.
- (k) “State Bank of Vietnam” and “SBV” means Vietnam’s central bank, and any successors thereto.
- (l) “SEQAP Partner” means each of the Governments of Belgium represented by the Directorate General for Development Cooperation (DGDC), of the United Kingdom of Great Britain and Northern Ireland represented by the Department for International Development (DFID), and the International Development Agency (IDA).

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<sup>1</sup> International consulting services under Part A are financed by the Technical Support Component as described in the bilateral MOU signed between the Government of Vietnam and DFID.

(m) “SEQAP Partners” means all the SEQAP Partners together.

(n) “Vietnam” means the Socialist Republic of Vietnam, represented by the Ministry of Education and Training.

(o) “Vietnamese Dong” and “VND” mean the national currency of Vietnam.

## **I. Objective of the School Education Quality Assurance Program (Program) and Scope of the MOU**

1. The objective of the Program is to improve learning outcomes and education completion for primary education students, particularly disadvantaged primary education students, through supporting Vietnam’s Full-Day Schooling (FDS) Program.

2. This MOU sets forth the joint provisions and procedures for financial support to the Program, and serves further as a co-ordination framework for consultation between Vietnam and the SEQAP Partners regarding planning, budgeting, decision-making and monitoring of the Program, joint reviews of performance, common procedures on disbursement, procurement and financial management, including reporting and audits.

3. The financial commitments of the SEQAP Partners to the Program will be confirmed through legally binding bilateral arrangements/agreements concluded between Vietnam and the individual SEQAP Partner, or through other form of communication, in accordance with the policies and procedures of such SEQAP Partner.

4. (a) In the event that the SEQAP Partners, subject to the requirements of their policies and procedures, establish bilateral arrangements/agreements with Vietnam, a copy of each such bilateral arrangements/agreement, with the prior concurrence of Vietnam, will be shared with the other SEQAP Partners.

(b) The SEQAP Partners will make their best effort to ensure that their respective bilateral arrangements/agreements are compatible with the spirit and provisions of this MOU and will refrain, as far as possible, from setting conditions in the bilateral arrangements/agreements that diverge from the spirit of this MOU. In case of any inconsistency or contradiction between the provisions and conditions of this MOU and any of the bilateral arrangements/agreements, the provisions of the bilateral arrangements/agreements will prevail. Insofar as specific provisions of bilateral arrangements/agreements should deviate from this MOU, the SEQAP Partner concerned will inform the other SEQAP Partners thereof by specifying the deviations and, if possible, indicating how to resolve them in case of inconsistency with this MOU.

5. The SEQAP Partners will base their actual support on the progress attained in the implementation of the Program. Progress will be measured through the common procedures for monitoring and reporting as described in Parts IX, X and XI below.

## **II. Representation**

6. In matters pertaining to the implementation of this MOU, Vietnam will be represented by Ministry of Education and Training.

7. In matters pertaining to the implementation of this MOU, the representatives of the SEQAP Partners will be regulated in their respective bilateral arrangements/agreements.

## **III. Responsibilities of Vietnam**

8. Vietnam will make all reasonable efforts to facilitate the successful implementation of the Program, and will hereunder:

(a) have the overall responsibility for the planning, administration, procurement, financial management and implementation of the Program, directly and through Participating Provinces, including reporting, performance monitoring, and institutional strengthening;

(b) for on-budget expenditure, establish at the State Bank of Vietnam a Foreign Exchange Account in the name of MOF, with sub-accounts in the currencies specified by each SEQAP Partner, to which the SEQAP Partners will disburse the proceeds, or part of the proceeds as the case may be, of their respective credits/grants and from which funds will be released to the Treasury following conversion into Vietnamese Dong and credited to the budget accounts to be used exclusively for the Program when the budget allocations for the provinces are approved by MOET;

(c) for off-budget expenditure, open Designated Accounts at a commercial bank acceptable to the IDA and DFID to receive advance and replenishment from the IDA's and DFID's funding source.

(d) ensure that accounts for the Program are kept in accordance with the Budget Law (2002), Vietnam's accounting regulations, and the 2010 Joint Circular by MOET and MOF for the implementation of the Program;

(e) maintain a financial management system adequate to reflect the transactions, resources, expenditures and assets of the Program and ensure that Vietnam is able to produce timely, relevant and reliable financial information for planning and implementation of the Program, and monitoring of progress toward its objectives that will also allow the SEQAP Partners to evaluate compliance with agreed procedures;

(f) do its utmost to make available, and cause the Participating Provinces to make available, all financial and human resources that are required for the successful implementation of the Program;

(g) promptly inform the SEQAP Partners of any condition which interferes or threatens to interfere with the successful implementation of the Program, and call for a meeting to consult with the SEQAP Partners on remedial actions to be taken; and

(h) no later than six weeks prior to the annual meeting referred to in paragraph 14 below, provide to the SEQAP Partners an annual work program with estimated budget for the Program for the next succeeding Fiscal Year, consolidating therein the data from annual work plans which have been prepared and submitted by the Participating Provinces in accordance with the requirements of the Joint Circular, and reviewed and approved in accordance with the procedures and guidelines set forth in said Circular.

(i) be responsible for mobilizing sufficient inter-ministerial coordination to support effective policy dialogue.

9. Vietnam will convene and make adequate arrangements and documentation as stated herein for joint consultations.

#### **IV. Responsibilities of the SEQAP Partners**

10. The SEQAP Partners will make available to Vietnam funds through the Foreign Exchange Account at the State Bank of Vietnam referred to in paragraphs 8 (b) and (c) above, to be used exclusively to finance the Selected Program.

11. On an annual basis, the SEQAP Partners will review the annual work program referred to in paragraph 8 (h) above, the related estimated budget for the Program, and the actual expenditure by the Program for the previous year, and commit their contributions as set forth in Part VII below.

12. The SEQAP Partners will, subject to the requirements of their policies and procedures, ensure timely release of their commitments to the Foreign Exchange Account for purposes of the Program, in accordance with the provisions of Part VII below and the bilateral agreements/arrangements, if any.

13. The SEQAP Partners do not bear any responsibility and/or liability to any third party with regard to the implementation of the Program.

#### **V. Meeting Structure**

14. The SEQAP Partners and Vietnam will meet annually by no later than October 15 of each year – just after the September joint implementation review mission - commencing in 2010. The annual review meeting will serve as a consultative meeting for the SEQAP Partners to discuss amongst the partner agencies and with Vietnam the overall performance progress of the Program for the previous Fiscal Year based upon the agreed indicators as mentioned in paragraph 32 (f) below and set forth in Attachment 4, and the findings of a joint implementation review mission. Each of the SEQAP Partners will take their disbursement decision for the following year.

15. Any changes within the year of commitments or the schedule of disbursements by the SEQAP Partners – including additional contributions - or additional commitments from new donors becoming signatories to this MOU will be discussed and decided upon between the SEQAP Partners before such adjustments are made. The SEQAP Partners will promptly inform Vietnam of any such adjustments.

16. The SEQAP Partners, MOET, MOF, MPI, SBV and MOHA will be represented at the annual review meeting. MOET in consultation with the SEQAP Partners will be responsible for the agenda during the annual review meeting. MOET will coordinate the meeting and will chair the meeting. The outcome of the annual review meeting will be recorded in an aide-mémoire. The aide-mémoire will be drafted in the names of the SEQAP Partners jointly and will be submitted to Vietnam.

17. The discussions and decisions in the annual review meeting will be based on, inter alia, the annual work program to be provided by Vietnam in accordance with paragraph 8 (h) above, and on the following documents, which will be provided to the SEQAP Partners in accordance with the Schedule set forth in Parts IX and X below but not later than four weeks ahead of the meeting: semi-annual interim financial reports; annual financial statements for the Program and the annual financial audit report for the Program; the annual procurement audit report; and the semi-annual implementation progress reports for the Program (including updates on the policy matrix).

#### **VI. Organizational Structure and Consultations**

18. All the SEQAP Partners will be represented in a SEQAP Partners Working Group and through such Working Group will designate the Focal Point for communication and information sharing with Vietnam on matters concerning the implementation of this MOU. However, the designated Focal Point will not have any authority to make decisions on behalf of the SEQAP Partners.

19. The terms of reference for the SEQAP Partners' Focal Point will be prepared by the Working Group and decided upon by the SEQAP Partners; a copy of the TORs will be shared with Vietnam.

20. The selection and role of the SEQAP Partners Focal Point, and any modifications thereof, will be communicated to Vietnam by the SEQAP Partners.

21. The SEQAP Partners will co-operate and communicate fully and in a timely manner with one another on all matters relevant to the implementation of the Program, and this MOU. The SEQAP

Partners will share all information on financial flows, plans to carry out reviews, missions, and any other initiatives relating to the implementation of the Program.

## **VII. Financing Mechanism in regard to the Program**

22. For on-budget expenditure, the disbursement by the SEQAP Partners to the respective sub-accounts of the Foreign Exchange Account will be as follows:

(a) For Fiscal Year 2010, IDA will make an advance in an amount up to the IDA share of the estimated expenditures for 2010, in accordance with the provisions of IDA's bilateral agreement with Vietnam. Belgium and DFID's first installment will be based on their respective bi-lateral agreements.

(b) For each of Fiscal Years 2011, 2012, 2013, 2014 and 2015 IDA will deposit into the Foreign Exchange Account an amount up to IDA's share of the estimated Eligible Expenditures under the Program for each such Fiscal Year less any undocumented balance in the Foreign Exchange Account. Belgium and DFID will follow the indicative disbursement schedule reported in Attachment 2.

(c) "On budget" expenditures will be disbursed using report based disbursement method and will be twice a year, in April (April Disbursement) and September (September Disbursement), upon the submission of the satisfactory following supporting documentation:

For September disbursement:

- (i) Interim Financial Statements (IFRs) for the first half year (January - June)
- (ii) Annual work plan and budget for the next financial year;
- (iii) Audited Financial Statements, auditor report on financial statements and procurement
- (iv) Implementation progress report for the programs.

For April disbursement will be:

- (i) IFRs for the previous second half year (July- December)
- (ii) Updated annual work plan and updated disbursement plan for the next six months (i.e. July - December)
- (iii) Semi-annual implementation progress report

(d) The SEQAP Partners reserve the rights to deduct (i) any undocumented expenditure and (ii) ineligible expenditure identified by auditors (and/or the supervision mission) to the request of disbursement.

(e) Any outstanding advance may be liable for repayment or deduction against the disbursement for the following Fiscal Year.

(f) There may be final adjusted disbursement for a Fiscal Year on the basis of the certified annual financial statement as described in paragraph 32 (d) below. This adjustment will be made against the disbursement for the following Fiscal Year as indicated in sub-paragraph (d) of this paragraph 22.

23. Vietnam through MOET is responsible for submitting the request for disbursement for the next Fiscal Year in writing in accordance with the relevant provisions of this MOU to the SEQAP Partners.

24. Upon receipt of this request, the SEQAP Partners Working Group will have until the annual review meeting to be held by no later than October 15 of each year, preferably by September 15 to align with the Government of Vietnam's budgeting and planning cycle, to review the attached reports and clarify any outstanding issues including validity of cash forecasts for the following Fiscal Year

with MOET. Vietnam and the SEQAP Partners will use their best endeavors to resolve any such issues as quickly as possible.

25. In the event of being acceptable to the SEQAP Partners, the SEQAP Partners will commit the overall disbursement for the Program for the next fiscal year.

26. Promptly in writing to the SEQAP Partners, (a) State Bank of Vietnam will acknowledge receipt of the foreign exchange funds in the Foreign Exchange Account; and (b) MOF will acknowledge receipt of the Vietnamese Dong in the MOF's account for the Program expenditures.

27. The Foreign Exchange Account will be a non-interest bearing account. No fees and commission will be charged by SBV for the operation of the account.

28. The exchange rate at which funds from the Foreign Exchange Account will be converted into Vietnamese Dong will be agreed between MOF and SBV prior to each transaction.

29. For off-budget expenditure, one Designated Account (DA) will be opened for MOET at a commercial bank acceptable to the IDA to receive IDA advance for off-budget expenditure. The ceiling of the DA will be specified in the Disbursement Letter issued by the Bank. MOET is responsible for withdrawal application (WA) submission to the WB.

Disbursement Methods. Reimbursement, Advance, and Direct Payment as per the Bank's disbursement guidelines are available for this project.

*Reporting on Eligible Expenditures Paid from the off-budget Designated Accounts.* Withdrawal applications reporting eligible expenditures paid from the designated accounts will be with the following documentation: (a) List of payments against contracts, together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for the contracts subject to the Association's prior review as required in the Financing Agreement; and (b) Statement of Expenditure in the form attached for all other expenditures / contracts not subject to the Association prior review.

MOET will report on the use of the IDA credit from its DA on a monthly basis.

30. DFID's contribution for off-budget part will be transferred to the MOF's Foreign Exchange Account opened at the State Bank of Vietnam, then it will be transferred to MOET's account at a commercial bank. The disbursement will be made twice per year, in April and October and the disbursement decision will be made against (i) the unaudited financial statement of those expenditures incurred during the previous period and (ii) the forecast over the coming period.

### **VIII. Procurement**

31. Vietnam, through MOET and the Participating Provinces to which MOET will have delegated appropriate authority, undertakes to effect all procurement of works, goods and training for the Program and is responsible for the contracts to be signed. All procurements of contracts financed wholly or partially by the Credit and multi-donor grants will be carried out in accordance with the World Bank's Procurement and Consultant Guidelines and provisions stipulated in Attachment 3 hereto, Financing Agreement and Procurement Plans. All contracts financed wholly by the Recipient will be performed in accordance with generally accepted procurement principles and good practices and be consistent with Vietnam's procedures and regulations.

### **IX. Reporting**

32. The following set of implementation progress reports to be produced by MOET together with MOF and provided to the SEQAP Partners will form the basis of disbursement to the Foreign Exchange Account by the SEQAP Partners annually:

(a) each year, by no later than six (6) weeks before the annual review meeting referred to in paragraph 14 above, a work plan including the budget allocated to the Program disaggregated by Sub-components and expenditure categories for the following Fiscal Year; Provided, however that the first such report will be provided no later than November 30, 2009;

(b) by no later than September 15 and April 15, interim financial reports - using the templates agreed at negotiations - for the preceding calendar semesters, indicating, both for the period covered and cumulatively for the current Fiscal Year: (i) the sources and uses of funds for Program, showing the actual and planned uses of funds, disaggregated by province; (ii) a report, supported with the evidence on transaction details from SBV, on transfers to and from the Foreign Exchange Account for each Fiscal Year and on the equivalent amounts in Vietnamese Dong credited to MOF's account for the Program expenditures, including the date and name/number of the government's bank account into which the local currency amounts have been deposited; and (iii) physical progress in the implementation of each expenditure category and Sub-component, showing the actual and planned implementation, disaggregated by province and by district; and explaining variances between the actual and planned uses of funds.

(c) by no later than April 15, commencing in 2010, the annual financial statements of the Program, for the preceding Fiscal Year, and by no later than June 30, commencing in 2010, the report of the audit thereof by independent auditors, in accordance with the provisions of paragraph 35 below;

(d) In addition Expenditure Tracking Studies are recommended to ensure funds are utilized for the intended purposes for which they are allocated.

(e) by no later than April 15 and September 15 of each year, commencing in 2010, on the basis of performance indicators acceptable to the SEQAP Partners and attached hereto as Attachment 4 and the policy matrix enclosed on Attachment 5, a progress report on the implementation of the Program (for both on and off-budget) and the achievement of its objectives.

## **X. Monitoring**

33. The SEQAP Partners and MOET will jointly conduct semi-annual implementation review missions of the Program. The SEQAP Partners Working Group and MOET will jointly prepare and agree on the TORs of the review. The SEQAP Partners will jointly with MOET coordinate and manage the implementation review process including the contracting of any external technical assistance for such review. The SEQAP Partners will bear the cost of such a review. The SEQAP Partners may from time to time, at the request of any one of them, and with the concurrence of MOET, hold an ad hoc implementation review mission of the Program.

34. The SEQAP Partners will to the extent possible refrain from initiating unilateral reviews/evaluations of the Program. However, in case a SEQAP Partner is required to conduct a review/evaluation, this SEQAP Partner will in a timely manner consult with MOET and the other SEQAP Partners.

## **XI. Audit**

35. No later than six (6) months following the end of each Fiscal Year, commencing in 2010 Vietnam will provide to the SEQAP Partners an audit report of the annual financial statements of the Program. Such audit will be carried out in accordance with terms of reference acceptable to the SEQAP Partners and international auditing standards by independent auditors acceptable to the SEQAP Partners. The audit report will also include the audit of the Foreign Exchange Account. The costs of such independent financial audit will be financed under the Program, in accordance with the provisions of the bilateral arrangements/agreements between Vietnam and IDA. The SEQAP Partners



will review the recommendations of the independent auditors, and will agree on an action plan with MOET for corrective actions on reported deficiencies.

36. No later than June 30 of each year, commencing in 2010, Vietnam will provide to the SEQAP Partners an annual procurement audit report of the Program prepared by an independent institution acceptable to the SEQAP Partners. Vietnam and the SEQAP Partners will jointly agree on the TORs for such independent procurement audit. The costs of such an independent procurement audit will be financed under the Program in accordance with the provisions of the bilateral arrangements/agreements between Vietnam and IDA. Based on the outcome of such audit, the SEQAP Partners may mutually agree with Vietnam on any corrective measures they consider needed to be undertaken

37. SEQAP will also be subject to SAV audit, depending on their annual audit plan and scope. SAV audit and inspection reports prepared by governmental inspectorates (Government Inspectorate, MOF's Inspectorate, MOET's Inspectorate, provincial inspectorates) will be made available to development partners. Donors will engage in dialogue with GoV about any planned action that may be undertaken if there are adverse results in such audits.

38. The SEQAP Partners will, to the extent possible, refrain from initiating unilateral audits of the Program. However, in case any SEQAP Partner is required to conduct any special review as part of their supervision, this Partner will timely consult with the other SEQAP Partners. Vietnam will offer all reasonable support to facilitate such a special review. The cost of such a review will be covered by the initiating SEQAP Partner through separate arrangements.

## **XII. Non-Compliance; Suspension**

39. In case of non-compliance with the provisions of this MOU and/or violation of the essential elements mentioned in this MOU, the SEQAP Partners reserve the right to suspend further disbursements to the Program, and/or to reclaim all or part of the funds already transferred, in accordance with their respective institutional policies and procedures. Non-compliance includes inter alia:

(a) substantial deviations from the annual work plan for the Program provided to the SEQAP Partners under paragraph 8 (h) above, or failure to provide the financial statements and reports described in paragraph 30 above in a timely basis, or failure of any Participating Province to comply with the provisions of the Joint Circular and Memorandum of Understanding between the Participating Province and MOET;

(b) failure by MOET or the Participating Provinces to use the proceeds of the grants and credits provided by the SEQAP Partners (i) for the implementation of the Program, or (ii) in accordance with the terms and conditions of the respective bilateral agreements/arrangements;

(c) failure by MOET or the Participating Provinces to implement the Program, in accordance with the conditions of this MOU; or

(d) Vietnam has amended, suspended, abrogated, repealed or waived the Program and/or the Joint Circular so as to materially and adversely affect the implementation of the Program or the accomplishment of its objectives.

40. The SEQAP Partners also reserve the right to suspend further disbursement in the event of a fundamental change in circumstances compared to those which existed at the start of the Program.

41. Any suspension of further disbursements will cease as soon as the event/events which gave rise to suspension have ceased to exist.

42. If a SEQAP Partner intends to suspend new disbursements, reclaim funds or terminate its support, the SEQAP Partner will call for a meeting with the other Partners in order to seek a solution in the matter and the SEQAP Partners will seek to reach a joint position on the remedial measures required. The SEQAP Partners will promptly inform Vietnam of their decision and discuss such measures with Vietnam.

43. Conditions within each bilateral agreement/arrangement between Vietnam and a SEQAP Partner have primacy over this MOU.

### **XIII. Corruption**

44. Vietnam will promptly inform the SEQAP Partners of any incidence of accidental or deliberate misuse of funds or corruption as investigated by anti-corruption bodies.

### **XIV. Modification, Donor Accession, Withdrawal**

45. Any modification or amendment of/to the provisions of this MOU will only be effective if decided in writing by all signatories to this MOU.

46. Subject to the concurrence of Vietnam and the SEQAP Partners at the time, any bilateral or multilateral donor agency may become a SEQAP Partner by acceding to the terms and conditions of this MOU.

47. (a) If a SEQAP Partner intends to withdraw/terminate its support, that SEQAP Partner will call for a meeting to inform the other SEQAP Partners on its decision and to consult on the consequences for the Program. Each SEQAP Partner reserves the right to withdraw/terminate its support to the Program, in accordance with the terms and conditions of its bilateral arrangement/agreement with Vietnam; but will make its best effort to inform Vietnam and the other SEQAP Partners of its intent before June 30 of each year.

(b) Notwithstanding the above, this MOU may be terminated in respect of any SEQAP Partner upon ninety (90) days prior written notice to Vietnam and the other SEQAP Partners.

### **XV. Dispute Settlement**

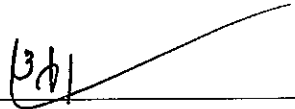
48. If any dispute arises between the SEQAP Partners and/or Vietnam as to the interpretation, application or performance of this MOU, Vietnam and the SEQAP Partners will consult with one another in order to reach an amicable solution.

### **XVI. Entering into Effect. Termination.**

49. This MOU comes into effect on the date of signature by Vietnam following the signatures of the three SEQAP Partners.

50. Subject to the provisions of paragraph 47 (b) above, the arrangements covered by this MOU will terminate on either December 31, 2015 or the date on which all funds committed by the SEQAP Partners in respect of the Program have been fully disbursed, whichever occurs first, unless Vietnam and the SEQAP Partners otherwise agree in writing.

GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM

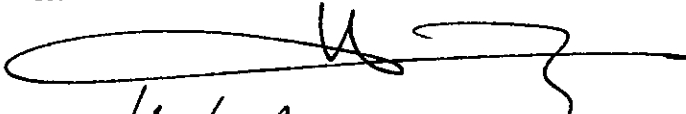
By 

Authorized Representative

Name Nguyen Vinh Hien

Date 10. 3. 2010

DIRECTORATE GENERAL FOR DEVELOPMENT COOPERATION  
for BELGIUM

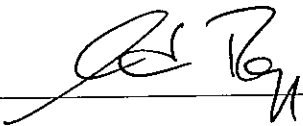
  
By Hubert Cooreman

Authorized Representative

Name Hubert Cooreman

Date 10. 03. 2010

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT  
for THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

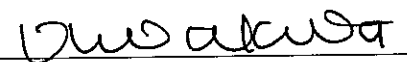
By 

Authorized Representative

Name CHRISTIAN ROGG

Date 10/3/2010

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 

Authorized Representative

Name VICTORIA KUMAREMA

Date 10/03/2010

- Attachment 1: Description of the Program
- Attachment 2: Indicative Financing
- Attachment 3: Clarifications on Procurement
- Attachment 4: Performance Indicators
- Attachment 5: Annual Schedule of Reports and Reviews

### **Description of the Program**

The objective of the Program is to improve learning outcomes and education completion for primary education students, particularly disadvantaged primary education students, through supporting the Government's Full-Day Schooling (FDS) reform program. The Program consists of the following parts:

#### **Part A. Improve Policy Framework for the Implementation of the FDS Program**

1. Develop a FDS model to be applied in the period 2009-2015 and improve such FDS model to be applied in the period of 2015-2025; and prepare guidelines, training and teaching-learning materials to assist primary schools in the Participating Provinces to transition from half-day schooling to full-day schooling.
2. Develop policy frameworks, including relevant data collection, studies and capacity building, for implementing the FDS Strategy in the areas of education quality assurance, human resources management, community and parental participation, and financing mechanisms for schools' recurrent expenditures.

#### **Part B. Improve Human Resources for the Implementation of the FDS Program**

1. Provide in-service training to teachers, school leaders, and education managers/officers to enable them to effectively implement the FDS program, and develop training materials therefore.
2. Support the application of teacher professional standards established by MOET through raising awareness of said teacher professional standards, and provide training to education managers/officers, school leaders and teachers on the application of said teacher professional standards.
3. Provide pre-service training to prospective teachers holding bachelor degrees, and provide training to trainers and local language teachers, to enable them to deliver training or services needed for the implementation of the FDS Strategy, and develop training materials therefore.

#### **Part C. Improve School Facilities and Resources for the Implementation of the FDS Program**

1. Construct and/or upgrade school infrastructure facilities (including classrooms, multi-purpose rooms, and sanitary facilities), including related technical assistance; provide classroom furniture; and upgrade BOET's resources centers to facilitate training activities.
2. Carry out a program to assist Participating Provinces and their selected primary schools in implementing the FDS Strategy, including: (a) providing incremental recurrent expenditure support to selected primary schools through provision of School Education Grants and School Student Grants; (b) providing incremental teacher salaries support to BOETs for helping primary schools to transition from half-day schooling to full-day schooling; (c) providing technical assistance to Participating Provinces and their selected primary schools in implementing the FDS Strategy, including planning, monitoring, and evaluation, and reporting; (d) providing learning materials to poor and ethnic minority students; and (e) supporting community coordinators in their community mobilization campaigns.
3. Provide technical assistance through regional coordinators engaged under the Program to support selected primary schools in planning infrastructure facilities upgrades and in developing schools' work plans in implementing the FDS Strategy.

**Part D: Program Management**

Provide technical assistance and operational support to the Program implementing agencies at the national, provincial, district, commune and school levels in the areas of Program management, financial management, and procurement.

\* \* \*

The Program is expected to be closed by December 31, 2015

**Financing****A. Indicative Financing from the SEQAP Partners**

SEQAP Partners	Support for the Program
Directorate General for Development Cooperation (Belgium)	EUR5,000,000
Department for International Development (United Kingdom)	£17,000,000
International Development Association	SDR85,400,000

**B. (a) Indicative Disbursement Schedule - on budget**

	IDA (SDR)	Belgium (€)	United Kingdom (£)
2009			5,300,000
2010	(*)	1,000,000	4,900,000
2011	(**)		4,900,000
2012	(**)		1,150,000
2013	(**)	2,000,000	
2014	(**)	2,000,000	
2015	(**)		
<i>Totals</i>	SDR72,800,000	€5,000,000	£16,250,000

(\*) Advance in an amount up to the IDA share of the estimated expenditures for 2010

(\*\*) Forecasted amount according to the IFRs less any balance in the Foreign Exchange Account

**(b) DFID's Indicative Disbursement Schedule – off budget**

Off-budget component	Indicative amount (£)
2009	200,000
April 2010	100,000
October 2010	100,000
April 2011	100,000
October 2011	100,000
April 2012	100,000
October 2012	50,000
<b>Total</b>	<b>£750,000</b>

**(c) IDA's Indicative Disbursement Schedule – off budget**

Off-budget component	Indicative amount (SDR)
2010	(***)
2011	(***)
2012	(***)
2013	(***)
2014	(***)
2015	(***)
<b>Total</b>	<b>SDR12,600,000</b>

(\*\*\*) On the basis of withdrawal applications submitted to the WB.



**Procurement**

**A. General**

1. **Goods or Works.** All goods or works required for the Program and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Program and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods or Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, works shall be procured under contracts awarded on the basis of International Competitive Bidding.

**Domestic Preference.** The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines and Appendix 2 thereto, providing for domestic preference in the evaluation of bids, shall apply to domestic Contractors (in the case of ICB contracts) in the territory of the Recipient.

2. **Other Methods of Procurement of Goods or Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods or works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b><u>Procurement Methods</u></b>
(a) National Competitive Bidding, subject to the additional provisions set forth in the Attachment to this Schedule 2
(b) Shopping
(c) Direct Contracting

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$200,000 equivalent per contract may comprise entirely national consultants.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for

consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b><u>Procurement Methods</u></b>
(a) Least Cost Selection
(b) Selection based on Consultants' Qualifications
(c) Single Source Selection
(d) Quality-based Selection
(e) Selection of Individual Consultants
(f) Sole Source Selection of Individual Consultants

**D. Review by the Association of Procurement Decisions**

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association:

- (a) each contract for works to be procured based on ICB, regardless of contract value thereof;
- (b) the first contract for works to be procured by the first ten (10) DOETs using NCB procedures and shopping procedures, regardless of contract value thereof;
- (c) each contract for works estimated to cost the equivalent of \$500,000 or more;
- (d) each contract for works to be procured based on Direct Contracting procedures, regardless of contract value;
- (e) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more;
- (f) each consulting contract using Singly-source Section method or Sole-source Selection method, regardless of contract value thereof;
- (g) each contract for consultants services on procurement and financial management provided by an individual consultant, regardless of contract value thereof;
- (h) each contract for consultants services on external financial audits and procurement audits provided by a firm to be procured through Least Cost Selection method, regardless of contract value; and

All other contracts shall be subject to Post Review by the Association.

Program Performance Indicators (36 SEQAP beneficiary provinces)<sup>2</sup>

Project Outcome Indicators	Baseline [2008]	YR1 [2009]	YR2 [2010]	YR3 [2011]	YR4 [2012]	YR5 [2013]	YR6 [2014]	YR7 [2015]	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
1) Percentage of G5 students achieving independent learner status <sup>3</sup> at Vietnamese language a) General b) Non-Kinh c) Female d) Urban-Rural-Remote	a) 55.8 <sup>5</sup> b) 42.9 c) 60.5 d) U: 72.2; R: 60.9; Re: 45.6			a) 61% b) 48% c) 65% d) U: 76% R: 65% Re: 51%			a) 66% b) 54% c) 70% d) U: 80% R: 71%; Re: 57%		Every 3 years	Grade 5 study	MOET/SEQAP
2) Percentage of G5 students achieving independent learner status at Mathematics a) General b) Non-Kinh c) Female d) Urban-Rural-Remote	a) 70.5 <sup>6</sup> b) 58.4 c) 71.8 d) U: 84.4; R: 75.7; Re: 61.3			a) 75% b) 64% c) 77% d) U: 88% R: 80% Re: 67%			a) 80% b) 70% c) 82% d) U: 92% R: 86% Re: 73%		Every 3 years	Grade 5 study	MOET/SEQAP
3) Percentage of G5 students with excellent grade in Vietnamese a) General b) Girls c) Urban-Rural	a) 22% b) 28% c) U: 39% R: 21%				a) 27% b) 33% c) U: 42% R: 27%			a) 32% b) 38% c) U: 46% R: 32%	Annually	End of year exams	MOET/SEQAP

<sup>2</sup> National baselines will be used as reference. Same indicators will also be monitored at the district level.

<sup>3</sup> Independent students are those who are eligible to study in Grade 6 of secondary schooling.

<sup>5</sup> 2007 data.

<sup>6</sup> 2007 data.

4) Percentage of 14 years students completing primary education <sup>4</sup> a) General b) Non-Kinh c) Girls d) Urban-Rural	a) 95% b) 92% c) 95% d) U:97% R: 95%	a)97% b)97% c)97% d)U:97% R:97%	a)98% b)98% c)98% d)U:98% R:98%	Annually	EMIS/DFA	MOET/SEQAP
5) Proportion of students receiving at least 30 periods per week as a total of all students a) General b) Non-Kinh c) Girls e) Urban-Rural	a) 42% b) 36% <sup>7</sup> c) 42% d) U:55% R: 40%	a)47% b)42% c)47% d)U:58% R:46%	a)57% b)52% c)57% d)U:67% R:56%	Annually	EMIS/DFA	MOET/SEQAP
<b>Intermediate Outcome Indicators</b>	<b>Overall</b>					
1) Total Gross Enrollment Rate <sup>8</sup> (GER) a) General b) Non-Kinh c) Girls d) Urban-Rural	a)104% b):104% c)104% d)U=107% R=103%			Annually	EMIS/DFA	MOET/SEQAP
2) Total Net Enrollment Rate <sup>9</sup> (NER) a) General b) Non-Kinh c) Girls e) Urban-Rural	a) 98% b) 96% c) 99% d)U=103% R=97%			Annually	EMIS/DFA	MOET/SEQAP
3) Drop-Out Rate <sup>10</sup> Grade 1 (DOR)	a) 3.4% b) U=1.9%			Annually	EMIS/DFA	MOET/SEQAP

<sup>4</sup> The number of 14 years old students who have completed grade 5 / The total population of 14 years old children

<sup>7</sup> DFA don't have this information, so that we estimated from which schools-site have non-kinh students

<sup>8</sup> Rates are kept stable over project implementation

<sup>9</sup> Rates are kept stable over project implementation

<sup>10</sup> Rates are kept stable over project implementation





Policy Roadmap for Full Day Schooling

	Content	Targets: 2009/2010	2011	2012	2013	2014	2015
<b>A. Develop a Model for Full Day Schooling in Vietnam</b>							
1. Develop guidelines for incorporation to FDS [2009-2015]	<ul style="list-style-type: none"> <li>-Guidelines and procedures for incorporation to FDS (T30, T35)</li> <li>-Format and expected content of school pedagogical proposal on use of time and other FDS related plans</li> <li>-Modules for in-service training on school management and use of time for FDS</li> </ul>	Guidelines and formats for FDS and related documents, manuals and modules for teachers and schools ready	Detailed guidelines and formats for T35 ready				
2. Identify need for reinforcement in Vietnamese, math and local languages and develop related teacher and student teaching-learning materials	<ul style="list-style-type: none"> <li>-New teacher guides and supplementary pupil workbooks</li> <li>-Additional materials for ethnic minority groups (Vietnamese as a second language)</li> </ul>	All materials developed and printed					
3. Review T35 instructional schedule and related minimum criteria for incorporation	<ul style="list-style-type: none"> <li>-Eligible subjects and alternative timetables</li> <li>-Minimum infrastructure and human resource needs</li> <li>-Resource optimization at the school level</li> </ul>	<ul style="list-style-type: none"> <li>-Revised timetable</li> <li>-Studies on room and teacher utilization by school size and resource optimization</li> </ul>					
<b>B. Develop Quality Assurance Framework and Improve Pedagogical Focus for FDS</b>							
	-Standardized assessment of		Grade 3 and	-Data analysis	Assessment	Repeat of	Data

1. Develop quality assurance framework for FDS	student learning outcomes in grade 3 and 5 applied and mainstreamed, and improved school assessments - Evaluation of impact of FDS on learning outcomes		5 learning assessment applied (including baseline for program schools)	and report -Assessment improved/mainstreamed	improved/mainstreamed	Grade 3 and 5 assessment	analysis and report, includes impact of FDS on learning outcomes
2. Improve pedagogical focus for FDS	-Monitoring of teaching methodologies and evaluation of impact on learning outcomes -Improved pedagogical approaches for FDS, including use of multi-grade teaching	Analysis of multi-grade methodology	-Repeat of time on task study and classroom observations (including program schools) -Impact of teaching practices on learning outcomes	Improved practices	Improved practices	-Repeat of time on task study and classroom observations (including program schools) -Impact of teaching practices on learning outcomes	
3. Ensure minimum school standards	-Primary school census/survey to monitor FSQ and other key indicators -Study on minimum school standards of non salary recurrent expenditure (see E)	Annual primary school census	Annual primary school census	Annual primary school census	Annual primary school census	Annual primary school census	Annual primary school census
<b>C. Develop more Effective Policies for Human Resource Management and Teacher Deployment for FDS</b>							
1. Improve teacher deployment and review teacher workload	-Identification of efficiency gains in teacher allocation (minimum	Studies and diagnostics	Studies and diagnostics	Studies and diagnostics	New regulations	New regulation	New regulati-



	class size; options for teacher deployment rationalization; optimal ratios of teachers per class group for T30 and T35) -Revision of teacher workloads (total working hours; relation teaching-non teaching; other) - Diagnostic of general versus specialist teachers	undertaken	undertaken	completed	on teacher-class group ratios, minimum class size and teacher workload	on teacher-class group ratios, minimum class size and teacher workload	ons on teacher-class group ratios, minimum class size and teacher workload [revision of JC 35/2006]
2. Improve the application of professional standards	-Link professional standards with titles and career growth		Review regulation on standards and titles and roll-out [Decision 61/2005]	New regulation on standards and titles and roll-out	New regulation on standards and titles and roll-out		
<b>D. Improve Community and Parental Participation for more Effective FDS</b>							
Improve community and parental participation for more effective FDS	-Strategies to mobilize communities and parents for transition to FDS and more effective school management	PAs and communities involved in transition to FDS and study on further enhancement of PA/PTA role			-Study on role of community officers and language assistants -Study on longer term implications of socialization of education	Broad strategy to mobilize parents and communities for FDS developed and implemented	Impact of new participation strategies on FDS schools and learning outcomes
<b>E. Improve Recurrent Financing Mechanism for Transition to FDS</b>							
Improve recurrent financing mechanism for transition to FDS	-Minimum school standards in non salary recurrent expenditure -Long-term recurrent budget	Study on minimum levels of school		Study on long term recurrent implications of		-School-based funding	Strategy on use and

	<p>implications of FDS (to T35)</p> <ul style="list-style-type: none"> <li>-Development of school-based financial mechanisms, including funding formula</li> <li>-Strategies for sustainable financing of additional salary and other recurrent costs for transition to T30 and T35, including use of public and private funds</li> </ul>	<p>non salary recurrent expenditure</p>	<p>T35</p>			<p>formula developed -Strategy on use and mobilization of resources for FDS developed (also based on D)</p>	<p>mobilization of resources for FDS developed</p>
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## Annual Schedule of Reports and Reviews

Responsibility	Government	SEQAP Partners	External Agencies
<b>January</b>			
<b>February</b>	15 <sup>th</sup> from 2010 report certified by SBV on transfers to and from the Foreign Exchange Account for each fiscal year		Conduct external audit
<b>March</b>			
<b>April</b>	15 <sup>th</sup> from 2010 annual financial statement 15 <sup>th</sup> interim financial reports for the preceding calendar semester 15 <sup>th</sup> from 2010 a report certified by SBV on transfers to and from the Foreign Exchange Account for each Fiscal Year and on the equivalent amounts in Vietnamese Dong credited to MOF's account reserved for the Program expenditures	30 <sup>th</sup> Semi-annual implementation mission	
<b>May</b>	15 <sup>th</sup> from 2010 progress report		30 <sup>th</sup> submit the audit report to MOET
<b>June</b>	30 <sup>th</sup> annual financial and procurement audit reports		
<b>July</b>			
<b>August</b>			
<b>September</b>	1 <sup>st</sup> annual work program with estimated budget by sub-components (or expenditure categories)	30 <sup>th</sup> Semi-annual implementation mission	

	<p>15<sup>th</sup> from 2010 a report certified by SBV on transfers to and from the Foreign Exchange Account for each Fiscal Year and on the equivalent amounts in Vietnamese Dong credited to MOF's account reserved for the Program expenditures</p> <p>15<sup>th</sup> semi-annual financial monitoring report, annual financial statement, annual financial audit report, annual procurement report, semi-annual implementation progress reports</p> <p>15<sup>th</sup> interim financial reports for the preceding calendar semester</p> <p>15<sup>th</sup> from 2010 progress report</p>		
<b>October</b>	<p>15<sup>th</sup> Annual Review Meeting with SEQAP Partners</p>	<p>15<sup>th</sup> Annual Review Meeting with GOV</p> <p>Disbursement of the fund for estimated eligible expenditures</p>	
<b>November</b>	<p>Nov. 30<sup>th</sup>, 2009 first report on budget by sub-components (expenditure categories)</p>		
<b>December</b>			