

Materials below are only for reference

THE GOVERNMENT

No: 79/2010/ND-CP

SOCIALIST REPUBLIC OF VIET NAM

Independence - Freedom - Happiness

Ha Noi, 14th Jul 2010

DECREE

ON PUBLIC DEBT MANAGEMENT OPERATIONS

THE GOVERNMENT

Pursuant to the December 25, 2001 Law on Organization of the Government;
Pursuant to the December 16, 2002 Law on the State Budget;
Pursuant to the June 17, 2009 Law on Public Debt Management;
At the proposal of the Minister of Finance,

DECREES:

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation

This Decree provides public debt management instruments; management of loan raising and use and debt payment, risk management and debt restructuring; accounting, statistical review and audit of debts; public information on and reporting and publicity of public debts.

Article 2. Interpretation of terms

The terms below used this Decree are construed as follows:

1. Long-term strategy on public debts means a document setting objectives, orientations, solutions and policies for public debt management, which is formulated within the framework of the national financial strategy and in line with the national five-year socio-economic development plan and ten-year socio-economic development strategy.
2. Medium-term loan management program means a document materializing the long-term strategy on public debts for 3 subsequent years in line with the Government's medium-term economic and financial policies and budget plan.
3. Annual detailed plan on the Government's borrowing and debt payment means a document which is formulated annually to plan in detail the Government's loan withdrawal and repayment.
4. Public debt database means a collection of statistics and reports on the implementation, assessment and analysis of national public debts, which are systematically and organizationally stored as electronic data or written reports.
5. Publicity of public debt information means the provision of public debt information and data to the public under law.

6. The Government's foreign commercial loans means loans borrowed from foreign commercial banks under lending conditions similar to financial or export credit loans or borrowed through the issue of international government bonds.
7. Debt portfolio risks means all possible risks upon market, credit, liquidation, foreign exchange and interest rate fluctuations and risks in the Government's loan raising and use and debt payment.
8. Financial incomes earned from debt or debt portfolio restructuring are differences between debt payment liabilities before and after restructuring debts or debt portfolios, including principals, interests and expenses related to debt or debt portfolio restructuring.
9. Managing agency means a ministry, a ministerial-level agency or a provincial-level People's Committee.

Chapter II

PUBLIC DEBT MANAGEMENT INSTRUMENTS

Article 3. Types of public debt management instruments

1. The Government shall perform the unified and comprehensive management of public debts with the following instruments:
 - a) Long-term strategy on public debts;
 - b) Medium-term loan management program;
 - c) Annual detailed plan on the Government's borrowing and debt payment;
 - d) Public debt safety and control norms.
2. Based on public debt management instruments, the Ministry of Finance shall assume the prime responsibility for elaborating debt safety norms and submitting them to the Government for further submission to the National Assembly for decision, decide on objectives and orientations for loan raising and use and public debt management for every five years; and decide on the total annual loan, borrowing structure and debt payment of the Government under Clause 2, Article 8 of the Law on Public Debt Management.

Article 4. Long-term strategy on public debts

1. A long-term strategy on public debts covers:
 - a) Assessment of the status and management of public debts in the previous strategy implementation period;
 - b) Objectives and orientations for loan raising and use and public debt management;
 - c) Administration solutions and policies to guarantee efficient loan raising and use and financial security;
 - d) Organization of the strategy implementation.
2. Bases for the formulation of a long-term strategy on public debts:
 - a) Socio-economic development strategy for each period;
 - b) Resolutions and decisions on loan raising and use and debt management of the Party, National

Assembly and Government;

- c) Five- and ten-year socio-economic development plans, development plans of sectors, domains and regions;
- d) Scheme on orientations for attraction and use of official development assistance (ODA) funds for each period;
- e) Relevant statistics, survey findings and reference documents.

3. The Ministry of Finance shall assume the prime responsibility for, and coordinate with the Ministry of Planning and Investment, the State Bank of Vietnam and concerned ministries and branches in, formulating and submitting to the Government a long-term strategy on public debts within the national financial strategy and organizing its implementation after it is approved by the Government.

Article 5. Medium-term loan management programs

1. A medium-term loan management program covers objectives, tasks and solutions for loan raising and use and debt payment and mechanisms and policies on and organization of debt management for 3 subsequent years to achieve debt safety norms determined by the National Assembly in the objectives and orientations for loan raising and use and public debt management.

2. Major bases for the formulation of a medium-term loan management program

- a) Long-term strategy on public debts;
- b) Macro-economic targets, fiscal and monetary policies;
- c) Current debts and debt safety norms in the period.

3. The Ministry of Finance shall assume the prime responsibility for, and coordinate with the Ministry of Planning and Investment, the State Bank of Vietnam and concerned agencies in, formulating and submitting to the Prime Minister for decision medium-term loan management programs and organize their implementation after they are approved.

Article 6. Annual detailed plans on the Government's borrowing and debt payment

1. An annual detailed plan on the Government's borrowing and debt payment covers:

- a) Domestic borrowing planning, including planning on fund raising for the state budget and for development investment;
- b) Foreign borrowing planning, covering raising of ODA, concessional and commercial loans, to be detailed by foreign creditors;
- c) Debt payment planning: To be detailed by creditor with separation of principal and interest payment; and domestic and foreign debt payment.

2. Bases for the formulation of an annual detailed plan on the Government's borrowing and debt payment:

- a) Objectives and orientations for loan raising and use and management of government debts as decided by the National Assembly;
- b) Long-term strategy on public debts and medium-term loan management program;
- c) Requirements for fund raising to offset state budget overspending and for development investment in

the planning year;

d) Planned fund withdrawal under loan agreements and issue of new government bonds in the planning year;

e) The Government's liability for payment of due debts in the planning year (including also projected debt liability arising from its guarantee);

f) Projected interest and average exchange rate in the planning year and needs for government debt restructuring operations.

3. The process of formulating and approving borrowing plans is provided as follows:

a) Annually at a time appropriate with the state budget estimation time, managing agencies shall direct owners of projects under their management to report on project implementation, formulate borrowing plans under programs and projects in accordance with their implementation schedules and submit them to managing agencies for summarization;

b) Managing agencies shall summarize plans on use of the Government's loans and submit them to the Ministry of Finance and the Ministry of Planning and Investment for summarization;

c) The Ministry of Finance shall assume the prime responsibility for, and coordinate with the Ministry of Planning and Investment and the State Bank of Vietnam in, incorporating the annual detailed plan on the Government's borrowing and debt payment into the state budget estimate and reporting it to the Government for submission to the National Assembly for ratification;

d) Based on the Government's total loan and debt payment levels ratified by the National Assembly together with the state budget estimate, the Ministry of Finance shall formulate a detailed plan on the Government's borrowing and debt payment, based on the contents specified in Clause 2 of this Article and concurrently set limits for commercial borrowing and government-guaranteed foreign loans, and submit them to the Prime Minister for approval.

4. The Ministry of Finance shall assume the prime responsibility for, and coordinate with concerned ministries and branches in, implementing the approved annual detailed plan on the Government's borrowing and debt payment.

Article 7. Norms to oversee national public and foreign debts

1. Norms to oversee national public and foreign debts include:

a) Public debts against the gross domestic product (GDP);

b) National foreign debts against GDP;

c) The nation's liability for foreign debt payment against the total import-export value;

d) Government debts against GDP;

e) Government debts against state budget revenues;

f) Government debt liability against state budget revenues;

g) Provision debt liability against state budget revenues;

h) Limits of foreign commercial borrowing and government-guaranteed foreign borrowing.

2. Major bases for elaborating norms to control national public and foreign debts:

- a) Ten-year socio-economic development strategy and five-year socio-economic development plan;
- b) Implementation of debt oversight and safety norms in the last 5 years;
- c) Economic growth and domestic saving ratio of the economy;
- d) Balances between borrowing and debt payment capacity; foreign currency balance; needs for and structure of investment funds for the entire society, capacity to raise domestic and foreign loans for development investment; state budget balance and other macro-economic balances;
- e) Export situation and export growth possibility, international payment balance, foreign exchange management policies and exchange rates in each period;
- f) International experience and practices regarding debt safety thresholds.

3. The Ministry of Finance shall assume the prime responsibility for, and coordinate with the Ministry of Planning and Investment and the State Bank of Vietnam in, determining methods of calculating and elaborating debt oversight norms under Clause 1 of this Article. The Ministry of Finance shall propose the Government to approve debt safety norms under Clause 1. Article 7 of the Law on Public Debt Management. The Ministry of Planning and Investment shall incorporate government-approved debt safety norms into the five-year socio-economic development plan and submit it to the Government for approval and reporting to the National Assembly for consideration and decision. The Ministry of Finance shall propose the Prime Minister to decide on other debt oversight norms together with the annual detailed plan on the Government's borrowing and debt payment.

Article 8. Public debt oversight

1. Regular oversight over public debts:

- a) To monitor and calculate current and future debt norms based on domestic and overseas macro-economic, financial and monetary developments in order to identify debt risks in order to adopt appropriate measures;
- b) To monitor public debt norms in relation with macro-economic indicators to guarantee debt safety thresholds;
- c) To anticipate and warn risks for the national portfolios of public and foreign debts and propose timely solutions, to regularly or irregularly report to the Prime Minister;
- d) To supervise the observance of limits of foreign commercial borrowing and government-guaranteed foreign borrowing.

2. Analysis and assessment of sustainable debts cover:

- a) Quantitative analysis and assessment: Aiming to calculate public debt norms under Clause 2, Article 7 of this Decree;
- b) Qualitative analysis and assessment:
 - Analysis and assessment of domestic and international environments related to national public and foreign debts;
 - Qualitative analysis and assessment of policies related to decision making for debt safety norms, including budget policies, market analysis, exchange rate policies, trade policies and national economic growth targets;

- Institutional and legal issues.

3. Methods to regularly oversee public debts and periodically analyze and assess sustainable debts

a) Public debts shall be regularly overseen in association with loan raising and use and debt payment, providing a basis for debt assessment and warning.

b) Sustainable debts shall be analyzed and assessed annually in association with the medium-term loan management program in order to comprehensively, systematically and objectively consider their appropriateness, borrowing expenses, loan use efficiency, debt payment capacity, types of risks and risk levels, impacts and sustainability of portfolios of current and future debts.

4. Public debt oversight responsibilities

a) The Ministry of Finance shall assume the prime responsibility for overseeing public debts, guide methods to calculate debt oversight norms; assume the prime responsibility for analyzing and assessing debt sustainability; administer public debt limits, limits of foreign commercial borrowing and government-guaranteed foreign borrowing; and coordinate with concerned agencies in borrowing loans and paying public debts and inspecting and supervising borrowing and public debt payment.

b) The State Bank of Vietnam shall coordinate with the Ministry of Finance in elaborating debt oversight norms and administering limits of foreign commercial borrowing and government-guaranteed foreign borrowing; and guide its attached units, credit institutions and enterprises in implementing reporting regulations and providing information for debt assessment and oversight under this Decree.

c) The Ministry of Planning and Investment shall coordinate with the Ministry of Finance in elaborating debt oversight norms and assume the prime responsibility for assessing the status and efficiency of ODA borrowing under the Government's regulations.

Chapter III

MANAGEMENT OF LOAN RAISING AND USE AND DEBT PAYMENT, RISK MANAGEMENT AND DEBT RESTRUCTURING

Article 9. Management of fund raising through issue of debt instruments and loan agreements

1. The issue of debt instruments and loan agreements shall be strictly managed according to the order and procedures provided in the Law on Public Debt Management and relevant legal documents, ensuring that debts are within limits and under approved annual plans on borrowing and debt payment.

2. The issue of domestic and international government bonds must comply with regulations on securities issue and the decree on issue of government bonds.

3. Borrowing and payment of foreign loans under loan agreements must comply with regulations on foreign borrowing and debt payment and on foreign exchange management. The order and procedures for negotiation, signing and approval of specific loan agreements comply with Article 10 of this Decree.

4. Loans taken from lawful financial sources comply with the State Budget Law based on specific loan agreements or contracts, ensuring explicitness and transparency of loan conditions such as loan amount, term and interest and debt payment conditions.

Article 10. Order and procedures for signing and approving foreign loan agreements

1. Framework ODA loan agreements and specific loan agreements in the name of the State comply with the Law on Conclusion, Accession to and Implementation of Treaties.

2. Other specific loan agreements comply with the following provisions:

- a) The Prime Minister-assigned negotiating agency shall proactively discuss and agree with the foreign lender on the draft loan agreement;
- b) After reaching agreement with the foreign lender, the negotiating agency shall summarize negotiation results and send them to concerned agencies for consultation, including the Ministry of Foreign Affairs' examination and the Ministry of Justice's appraisal. Consulting agencies shall issue a written reply within 7 working days after receiving a written request;
- c) Based on summarized comments of consulting agencies, the negotiating agency shall discuss again with the foreign lender to finalize the draft loan agreement and propose the Prime Minister to decide on its signing;
- d) After the Prime Minister's decision to permit the agreement signing is issued, the head of the negotiating agency shall sign or authorize a person to sign a specific loan agreement with the foreign lender;
- e) When the contents of a specific draft loan agreement are similar to those of the model or framework loan agreement already approved by the Prime Minister, the negotiating agency shall propose the Prime Minister to decide on the agreement signing after negotiating and reaching agreement with the foreign lender. Before signing a loan agreement which contains contents different from those of the model or framework loan agreement already approved by the Prime Minister and/or specific financial conditions and mechanisms not included in the model or framework loan agreement, the negotiating agency shall report such to the Prime Minister for approval.

Article 11. Modification of specific foreign loan agreements

1. The negotiating agency shall propose the Prime Minister to decide on amendments and supplements to a specific foreign loan agreement which increase the Government's liability for foreign debt payment as compared with previously (such as interest, loan term, loan amount, charges).
2. The Prime Minister may authorize the negotiating agency to reach agreement and sign with the foreign lender on amendments and supplements to a specific foreign loan agreement other than those provided in Clause 1 of this Article.

Article 12. Use of the Government's domestic loans

1. Domestic loans shall be allocated to infrastructure and social welfare investment programs and projects and those in domains incapable of directly recovering capital which fall under National Assembly-approved annual state budget spending tasks.
2. Domestic loans shall be used to restructure debts and debt portfolios which are not included in the state budget under annual detailed plans on the Government's borrowing and debt payment and debt restructuring plans approved by the Prime Minister.

Article 13. Financial mechanisms for use of the Government's foreign loans

1. For ODA and concessional loans associated with programs and projects:
 - a) To apply the state budget allocation mechanism to infrastructure and social welfare investment programs and projects and those in domains incapable of directly recovering capital and entitled to state budget funding, including also cases in which localities borrow foreign loans from the central budget for

allocation to programs and projects;

b) To apply the mechanism on whole or partial on-lending and partial allocation of state budget funds to development investment programs and projects capable of wholly or partially recovering capital, depending on their capital recovery capacity.

2. For the Government's foreign commercial loans:

a) To apply the on-lending mechanism to the State's key development investment programs and projects which need to import equipment and technology and are capable of directly recovering capital and paying debts;

b) To be used to restructure the Government's foreign debts and debt portfolios under annual detailed plans on the Government's borrowing and debt payment or under debt restructuring plans approved by the Prime Minister.

3. Based on investment project appraisal of competent agencies and on-lending agencies, the Ministry of Finance shall assume the prime responsibility for, and coordinate with the Ministry of Planning and Investment in, identifying financial mechanisms applicable to programs and projects and submit them to the Prime Minister for decision.

4. For loans in foreign currencies or in kind not directly associated with programs and projects:

a) Foreign loans in foreign currencies:

- Loans to support the state budget and international payment balance (within government debts) shall be included in the state budget under approved state budget estimates;

- Foreign loans in foreign currencies shall be used under the Prime Minister's specific decisions and in accordance with loan agreements.

b) Foreign loans in kind:

- When a loan agreement identifies domestic users of goods, the Ministry of Finance shall convert the loan value into Vietnam dong at the accounting exchange rate announced by the Ministry of Finance at the time of conversion, for inclusion into the state budget and allocate or on-lend the loan in kind to goods users;

- When a loan agreement identifies domestic users of goods sales, the Ministry of Finance shall assume the prime responsibility for importing and auctioning the goods and remitting revenues to the state budget for use under the loan agreement and the financial mechanism decided by the Prime Minister;

- When a loan agreement does not identify users of goods sales, the Ministry of Finance shall assume the prime responsibility for importing and auctioning the goods and remitting revenues to the state budget for use under the Prime Minister's decision.

Article 14. Domestic funds for programs and projects funded by the Government's foreign loans

1. Programs and projects funded by the Government's foreign loans must elaborate annual financial plans. An annual financial plan covers foreign borrowing planning (classified by country or donor) and domestic fund planning (central budget, local budget and domestic credit funds, investors' funds and other lawful funds under law),

2. For foreign-loaned programs and projects entitled to full allocation of the Government's foreign loans:

a) Domestic funds for projects or component projects to be funded by the central budget shall be

allocated from the central budget and managed by central agencies being project owners;

b) Domestic funds for projects or component projects to be funded by local budgets shall be allocated from local budgets and managed by local agencies being project owners under the law on state budget management;

c) Investors and managing agencies shall fully calculate needs for domestic funds and elaborate annual financial plans and submit them to planning and finance agencies for inclusion into annual state budget estimates.

3. For programs and projects entitled to (whole or partial) on-lending of the Government's foreign loans, sub-borrowers shall arrange domestic funds by themselves.

4. The Ministry of Finance shall guide in detail the financial planning for each type of project funded by the Government's loans (projects entitled to loan allocation, on-lending, credit and mixed projects entitled to both loan allocation and on-lending) for inclusion into annual state budget estimates.

Article 15. Accumulation fund for debt payment

1. To form an accumulation fund for debt payment in order to guarantee the fulfillment of the Government's debt liability for its foreign loans for domestic on-lending or the state budget's provision debt liability arising from government-guaranteed loans.

2. Revenues and expenditures of the accumulation fund for debt payment comply with Clauses 2 and 3, Article 29 of the Law on Public Debt Management. The Prime Minister shall provide in detail revenues and expenditures of the fund.

3. The accumulation fund for debt payment shall be managed on the following principles:

a) To fully and promptly collect revenues of the fund;

b) To use capital of the fund for proper purposes under law;

c) To preserve and develop temporarily idle capital of the fund.

4. To assign the Ministry of Finance to manage the accumulation fund for debt payment. The Ministry of Finance shall elaborate and propose the Prime Minister to promulgate the Regulation on formation, use and management of the accumulation fund for debt payment; promulgate according to its competence the accounting regime applicable to the accumulation fund for debt payment and specifically provide the organization and operation of the fund.

Article 16. Management of the Government's debt portfolios and debt portfolio risks

1. The Ministry of Finance shall assume the prime responsibility for managing the Government's debt portfolios, analyzing sustainable debts and proposing the Prime Minister to approve, and implementing, plans to handle debt portfolio risks.

2. Requirements and principles for management of debt portfolios and debt portfolio risks:

a) Government debt portfolios must be assessed and classified to determine their levels of risk and proactively handle these risks to ensure national debt safety and financial security;

b) Solutions to handling debt portfolio risks must be carried out effectively and flexibly based on domestic and world capital market fluctuations;

c) Handling of government debt portfolio risks and debt restructuring must not increase the

Government's current debt liability.

3. The process of handling debt portfolio risks is as follows:

- a) To identify risks of debt portfolios;
- b) To elaborate a plan to handle debt portfolio risks and submit it to the Prime Minister for approval;
- c) To organize implementation and monitor, supervise and evaluate implementation results;
- d) To report to the Prime Minister on developments related to debt portfolio risks in public debt management and propose appropriate solutions.

4. Major instruments to handle debt portfolio risks: The Ministry of Finance may use financial instruments in the market which guarantee safety and effectiveness such as interest rate swap, currency swap; options transactions; debt extension, debt payment delay and debt reduction, write-off, acquisition and swap, and refinancing.

Article 17. Restructuring of the Government's debts and debt portfolios

1. Based on the medium-term loan management program and annual detailed plan on the Government's borrowing and debt payment approved by the Prime Minister, the Ministry of Finance shall assume the prime responsibility for carrying out solutions to restructuring the Government's debts and debt portfolios.

2. For solutions to restructuring the Government's debts and debt portfolios which are not included in the annual detailed plan on borrowing and debt payment, the Ministry of Finance shall assume the prime responsibility for elaborating a plan to restructure these debts and debt portfolios and submitting it to the Prime Minister for approval. Such plan covers the following:

- a) The Government's debt payment liability for debts and debt portfolios before planning the restructuring of these debts and debt portfolios;
- b) Analysis of the necessity to restructure debts and debt portfolios;
- c) Expected professional operations to restructure debts and debt portfolios, bases for selecting these operations and funding sources for implementation;
- d). Expected results after restructuring debts and debt portfolios based on two basic criteria, namely the Government's debt payment liability and level of risk; revenues from professional operations of debt and debt portfolio restructuring.

Chapter IV

MANAGEMENT OF LOCAL ADMINISTRATIONS' BORROWING AND DEBT PAYMENT

Article 18. Setting borrowing limits for local administrations

1. Based on the law on budget management, provincial-level People's Committees shall set borrowing limits for local budgets for reporting to provincial-level People's Councils and submission to the Prime Minister for approval.

2. Loans of and bonds issued by local administrations must be within the approved borrowing limits. A provincial-level People's Committee which needs loans in excess of its borrowing limit shall elaborate a specific plan and submit it to the Ministry of Finance for appraisal and reporting to the Prime Minister for decision.

Article 19. Plans on borrowing and debt payment of provincial-level People's Committees

1. Based on borrowing limits under the State Budget Law, the capacity to balance provincial-level budgets for debt payment, implementation schedule and needs for funds of loaned projects, provincial-level People's Committees shall elaborate annual detailed plans on borrowing and debt payment and submit them to provincial-level People's Councils for approval.
2. The annual detailed plan on borrowing of a provincial-level People's Committee shall be elaborated based on funding sources, including bond issue, other lawful financial sources and borrowing of the Government's foreign loans; and based on use purposes, including borrowing for socio-economic development investment to be funded by the provincial-level budget and for investment in local projects capable of recovering capital.
3. The annual detailed plan on debt payment of a provincial-level People's Committee shall be elaborated based on debt payments from the provincial-level budget and from capital recovery of projects.
4. After the annual detailed plan on borrowing and debt payment is approved by the provincial-level People's Council, the provincial-level People's Committee shall send it to the Ministry of Finance for summarization.

Article 20. Borrowing and debt payment of local administrations

1. For bond issue:
 - a) The provincial-level People's Committee shall elaborate a plan on bond issue and submit it to the Ministry of Finance for appraisal and may issue bonds only after obtaining written approval of the Ministry of Finance;
 - b) The bond issue plan must specify the quantity of bonds to be issued, bond term, use purpose, projected interest rate and investment capital recovery capacity;
 - c) The order and procedures for bond issue comply with the law on issue of government bonds, bonds of local administrations and government-guaranteed bonds.
2. For loans borrowed from the Government's foreign loans:
 - a) The provincial-level People's Committee shall proactively coordinate with ministries and functional sectors in formulating programs and projects loaned by the Government's foreign loans while making use of and tapping foreign parties' funding capacity;
 - b) Ministries and functional sectors shall negotiate and sign agreements on foreign loans to be lent to local administrations under the Law on Public Debt Management and relevant guiding documents. The provincial-level People's Committee shall give its comments to ministries and sectors in the process of negotiation;
 - c) On-lending to local administrations complies with the law on on-lending of the Government's foreign loans.

Article 21. Management and oversight of debts of local administrations

1. Provincial-level People's Committees shall borrow loans and pay debts of local administrations according to approved borrowing limits and plans. The Ministry of Finance shall supervise local administrations in borrowing and debt payment.

2. Allocation of funds for debt payment must adhere to the following principles:

a) For loans which are included in the budget, provincial-level budget funds shall be allocated to pay debts due;

b) For loans used for programs and projects, revenues from those programs and projects shall be used to pay debts. When such revenues are insufficient for debt payment, provincial-level budget funds shall be allocated to pay debts.

3. Provincial-level People's Committees shall direct provincial-level departments and functional sectors to closely monitor the use of loans of programs and projects. Quarterly, owners of loaned programs and projects shall report to provincial-level People's Committees on the implementation, fund withdrawal, disbursement and debt payment of programs and projects.

4. Provincial-level People's Committees shall report on local administrations' borrowing and debt payment under Point e Clause 4 Article 24 of this Decree. Data on local administrations' borrowing and debt payment shall be sent to the Ministry of Finance for summarization, assessment and oversight of public debts under the Ministry of Finance's regulations.

Chapter V

ACCOUNTING AND AUDIT

Article 22. Public debt accounting and audit

1. Debts of the Government and local administrations shall be recorded in accounting books under the accounting law. The Ministry of Finance shall specify the accounting of debts of the Government and local administrations.

2. Loans and debt payment of the Government and local administrations shall be audited by the State Audit of Vietnam under the audit law.

3. Statistics on government-guaranteed loans shall be collected and the Government's provision debt liability shall be monitored. The Ministry of Finance shall specify the statistical recording of government-guaranteed loans.

Article 23. Audit of programs and projects funded by loans of the Government and local administrations

1. Programs and projects funded by loans of the Government or local administrations shall be audited by the State Audit of Vietnam or independent audit institutions.

2. Audit shall be conducted under the Government's foreign loan agreements (if any), the State Audit of Vietnam's annual audit plans or audit contracts signed between owners of programs and projects and independent audit firms established and operating under the audit law.

3. Annually, owners of programs and projects shall sign audit contracts with independent audit firms to audit annual financial statements and statements of investment capital settlement of completed projects (upon completion of programs and projects) under the audit law. When a program or project is subject to compulsory audit by the State Audit of Vietnam under the latter's annual plan, the owner of such program or project may use audit results of the State Audit of Vietnam and is not required to use an independent audit firm.

4. Expenses for audit of programs and projects shall be accounted as investment expenses of programs

and projects (unless these expenses are funded by the foreign lender from non-refundable aid not associated with programs and projects).

Owners of programs and projects shall send copies of annual reports on audit of programs and projects to the Ministry of Finance (for those funded by the Government's loans) or provincial-level People's Committees (for those funded by loans of local administrations) within thirty (30) working days after these reports are signed or announced by the State Audit of Vietnam or independent audit firms. Annual audit reports serve as a basis for evaluating the efficiency of loan use.

Chapter VI

INFORMATION ORGANIZATION, REPORTING AND PUBLICITY OF PUBLIC DEBTS

Article 24. Organization of information on public debts

1. Organization of information on public debts covers:

- a) Information collection and summarization of and reporting on loan agreement signing, fund withdrawal and debt payment of the Government's foreign loans, government-guaranteed foreign loans, on-lending and capital recovery of the Government's loans;
- b) Information collection and summarization of and reporting on the Government's domestic loans and debt payment;- borrowing and debt payment of local administrations, borrowing and debt payment by domestic borrowers of government-guaranteed loans;
- c) Sharing of statistics and documents on public debts among involved agencies;
- d) Disclosure of public debt reports.

2. Public debt information shall be collected, reported, shared and disclosed according to the following major classification criteria:

- a) Source-based loans, including foreign and domestic loans;
- b) Borrower-based loans, including loans borrowed by the Government; local administrations; enterprises and financial and credit institutions guaranteed by the Government;
- c) Type-based loans, including official development assistance (ODA); concessional; and commercial loans;
- d) Term-based loans, including short-, medium-, and long-term loans;
- e) Interest-based loans, including loans with fixed and floating interest rates;
- f) Creditor- or creditor group-based loans, including official creditors (including bilateral creditors being governments or agencies representing governments and multilateral creditors being multilateral international financial organizations); private creditors (including commercial banks; bond owners; other private creditors neither under nor representing the Government);
- g) Debt instrument-based loans, including loan agreements; treasury bills, bonds; public bonds and other debt instruments.

3. Principles for public debt data collection and reporting:

- a) To guarantee honesty, objectivity, accuracy, adequacy and promptness;
- b) Organizations and individuals may provide information other than those on the list of state secret

protection for the Ministry of Finance in documents, via fax or in electronic data on information-transmitting devices;

c) Organizations shall provide information on the list of state secret protection for the Ministry of Finance under the law on state secret protection.

4. Responsibilities for public debt information collection and reporting:

a) The Ministry of Finance shall organize the collection of data on loans and domestic and overseas bond issue of the Government, loans of enterprises and financial and credit institutions guaranteed by the Government, and loans and bond issue of local administrations for reporting under Clause 1, Article 44 of the Law on Public Debt Management and submission to the Government for reporting to the National Assembly;

b) The Ministry of Planning and Investment shall make reports according to its assigned functions and tasks under Article 11 of the Law on Public Debt Management and provide them for the Ministry of Finance, including a report on implementation of the Scheme on orientations for attraction and use of ODA funds in each period, an annual list of official funding needs, an annual report on planning on ODA attraction and annual list of ODA funding needs; and an annual report on ODA loan raising and use under current regulations on management and use of ODA funds; and biannually and annually provide the Ministry of Finance with data concerning the national account, including:

- GDP calculated by actual and comparative prices;
- Consumer price index (CPI);
- Goods and service export value; goods and service export growth;

c) The State Bank of Vietnam shall guide and organize the registration and collection of data and reporting on foreign loans of enterprises for reporting to the Ministry of Finance, including a general report on foreign loans and debt payment and commercial borrowing limits for enterprises and financial and credit institutions and a report on international payment balance and foreign exchange reserves for overseeing the state of national foreign borrowing;

d) Ministries and ministerial-level agencies shall make general reports under Clause 3, Article 13 of the Law on Public Debt Management, including biannual and annual reports on borrowing, loan use and debt payment by their attached units; a report on the ministry's annual budget estimates, projecting capital withdrawal of foreign loans, allocation of domestic funds for programs and projects according to the Government's common schedule for annual state budget estimation;

e) Provincial-level People's Committees shall make reports under Clause 2, Article 44 of the Law on Public Debt Management, including an annual planning report and biannual and annual reports on borrowing and bond issue of local administrations, loans from other lawful financial sources and annual detailed debt payment of their localities after they are approved by provincial-level People's Councils; and a report on implementation of foreign-loaned programs and projects and projects borrowing the Government's foreign loans under the Government's decree on on-lending of the Government's foreign loans;

f) On-lending agencies shall collect data on loans for on-lending for making and sending regular reports to involved agencies under on-lending authorization agreements (contracts);

g) Owners of ODA programs and projects shall collect data and make reports on foreign borrowing and

debt payment under the Government's current regulations on management and use of ODA funds;

h) Enterprises and credit institutions shall report on borrowing and debt payment of domestic and foreign loans guaranteed by the Government under the Government's decree on grant and management of government guarantee.

5. The Minister of Finance shall provide in detail forms of reports and guide this Article.

Article 25. Public debt reporting regulations

1. Ministries, branches and localities shall submit annual planning reports to the Ministry of Finance on July 20 every year at the latest (in accordance with regulations on annual state budget estimation).

2. Ministries, ministerial-level agencies and provincial-level People's Committees shall submit reports on first-six-month implementation to the Ministry of Finance on July 31 every year at the latest. After summarizing these reports, the Ministry of Finance shall send sum-up reports to concerned agencies on August 31 at the latest.

3. Ministries, ministerial-level agencies and provincial-level People's Committees shall submit annual implementation reports to the Ministry of Finance on February 15 of the subsequent year at the latest.

4. The Ministry of Finance shall submit the reports specified at Point a, Clause 4, Article 24 of this Decree to the Government for submission to the National Assembly and the National Assembly's agencies and concurrently send them to involved agencies before March 31 of the subsequent year.

Article 26. Publicity of public debts

1. The Minister of Finance shall publicize and provide information on the Government's domestic and foreign borrowing and debt payment and government-guaranteed debts; foreign borrowing and debt payment of the nation and local administrations under law by publishing public debt bulletins.

2. Public debt bulletins shall be published by the Ministry of Finance biannually in Vietnamese and translated into English in publications and data on the Ministry of Finance's website. Funds for the printing, distribution and publicity of these bulletins shall be included in the Ministry of Finance's annual estimated operational funds.

3. The Ministry of Finance shall provide in detail forms for distribution of public debt bulletins.

Chapter VII

IMPLEMENTATION PROVISIONS

Article 27. Effect

1. This Decree takes effect on August 30, 2010.

2. Previous regulations of the Government, ministries, ministerial-level agencies and government-attached agencies which are contrary to this Decree cease to be effective on the effective date of this Decree.

Article 28. Implementation responsibilities

Ministers, heads of ministerial-level agencies, heads of government-attached agencies, chairpersons of provincial-level People's Committees and concerned enterprises, organizations and individuals shall implement this Decree.

THE GOVERNMENT

PRIME MINISTER

(signed)

Nguyen Tan Dung

