

LEGAL DOCUMENTS

THE GOVERNMENT

Project on Restoration and Sustainable Management of Protection Forests (JICA2 Project)

Pursuant to the June 17, 2009 Law on Management of Public Debts;

Pursuant to the Government's Decree No. 79/2010/ND-CP of July 14, 2010, on the operation of public debt management;

Pursuant to the Government's Decree No. 38/2013/ND-CP of April 23, 2013, on the management and use of official development assistance sources and concessional loans of donors;

Pursuant to the Government's Decree No. 118/2008/ND-CP of November 27, 2008, defining the functions, powers and organizational structure of the Ministry of Finance;

Pursuant to Loan Agreement VN11-P9 concluded on March 30, 2012 (below referred to as the Loan Agreement) between the Government of the Socialist Republic of Vietnam and the Japan International Cooperation Agency (JICA) to finance the Project on Restoration and Sustainable Management of Protection Forests (below referred to as the Project);

THE MINISTRY OF FINANCE

Circular No. 118/2013/TT-BTC of August 23, 2013, guiding the mechanism of financial management of ODA loans from the Japanese Government for the

At the proposal of the director of the Department of Debt Management and External Finance;

The Minister of Finance promulgates the Circular to guide the mechanism of financial management of ODA loans from the Japanese

Government for the Project on Restoration and Sustainable Management of Protection Forests.

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation

This Circular prescribes the disbursement procedures and financial management mechanism applicable to the Project and borrowing of ODA loans from the Japanese Government.

Article 2. Subjects of application

This Circular applies to the following agencies and units:

1. The Ministry of Agriculture and Rural Development; the People's Committees of the provinces participating in the Project and related affiliated units.

2. Service banks: The Joint-Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) and bank(s) managing custody accounts chosen by the project management units.

3. The Ministry of Finance and agencies, organizations and units involved in the use of ODA loans from the Japanese Government for implementation of the Project.

Article 3. Description of the Project

The Project is aimed at restoring and sustainably managing protection forest areas and improving livelihood for people in 11

provinces (Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri, Thua Thien Hue, Quang Ngai, Binh Dinh, Phu Yen, Ninh Thuan and Binh Thuan) under Loan Agreement VN11-P9 signed between JICA and the Government of the Socialist Republic of Vietnam on March 30, 2012 (Loan Agreement) and conformable with the investment project approved by the Ministry of Agriculture and Rural Development in Decision No. 319/QĐ-BNN-HTQT of February 22, 2012.

Article 4. Principles of management and use of loans for the Project

JICA loans under the Loan Agreement are the Government's loans managed in accordance with the Law on the State Budget and legal documents guiding the Law and current expenditure regulations. The Ministry of Finance shall repay loans (principals and interests) to JICA when these loans are due. These loans are included in the state budget and allocated to the Ministry of Agriculture and Rural Development for performance of its tasks in project activities (including also foreign consultancy for the whole Project) and to other localities in the form of the central budget's targeted additional allocation for local budgets for implementation of component projects in these localities.

Article 5. Organizational structure of project management

Project management levels:

1. Central level: The agency managing the

whole Project is the Ministry of Agriculture and Rural Development (pursuant to the Minister of Agriculture and Rural Development's Decision No. 319/QĐ-BNN-HTQT of February 22, 2012). The investor is the forestry project management unit. The project implementation agency is the Central Project Management Unit established under the Minister of Agriculture and Rural Development's Decision No. 602/QĐ-BNN-TCCB of March 22, 2012. The central project management unit shall implement the Project's part at the central level and coordinate the whole Project in 11 provinces.

2. Local levels: In charge of the Project are the People's Committees of 11 provinces participating in the Project. Investors are provincial Agriculture and Rural Development Departments of these provinces. Project implementation units are provincial project management units established under decisions of provincial People's Committees. Local project management agencies shall implement specific sub-projects in their localities in conformity with approved investment projects, the Loan Agreement and current domestic regulations.

Article 6. Service banks

1. The Joint-Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) may authorize other banks to perform external payment operations, sign banking agreements with foreign partners on the basis of the JICA loan agreement, and perform domestic banking

operations necessary for payment for the contracts under the Project.

2. Banks managing custody accounts of protection forest management units shall manage such accounts in accordance with the law on management of banking activities and this Circular.

Chapter II

SPECIFIC PROVISIONS

Section 1

DISBURSEMENT OF CAPITAL AND
PAYMENT

Article 7. Valid payments from JICA loans

1. JICA loans under the Loan Agreement may be used to pay for the following:

a/ Contracts to hire foreign consultants;

b/ Contracts on import and procurement of materials, goods and equipment at home and abroad for the Project;

c/ Construction and installation volumes, silvicultural works and other services under contracts of the Project;

d/ Committed charges and loan interests during the period of disbursement under the Loan Agreement.

2. JICA loans may not be used to pay compensations for ground clearance, taxes, project management expenses, banking service charges and work insurance costs.

Article 8. Domestic capital

1. Domestic capital is allocated by the central budget: The Ministry of Agriculture and Rural Development shall ensure domestic capital according to the project implementation progress and progress of disbursement of foreign capital for the following:

a/ Project management expenses, for the central project management unit;

b/ Banking service charges, for payments related to consultancy services;

c/ Expenses for survey and making of technical plans on construction, estimates of bomb and landmine sweeping and chemical toxin removal;

d/ Expenses for pre-acceptance re-testing of silvicultural investment of the whole Project;

dd/ Expenses for supervision, monitoring and evaluation of the Project;

e/ Domestic expenses for the importer in case of entrusted import; charges for entrusted import, import duty, value-added tax (if any), expenses for receipt, supply and transportation of goods from ports to construction sites or places of receipt;

g/ Expenses for annual audit for the whole Project;

h/ Other valid expenses of investment projects in accordance with current laws.

2. Domestic capital allocated by local budgets: Local budgets shall allocate domestic capital according to the progress of disbursement of foreign capital in each planning period of the Project for the following items:

a/ Management expenses of local project management units;

b/ Expenses for payment of compensations for ground clearance, exploration, designing survey and estimation of expenses for project formulation, management expenses (for the project construction process), and supervision consultancy charges;

c/ Domestic banking service charges (for payments to contractors);

d/ Indirect taxes (including value-added tax, excise tax and import duty) on goods and services applicable to programs and projects borrowing ODA loans for allocation to local projects;

e/ Domestic expenses for the importer in case of entrusted import; import entrustment charges; import duties, value-added tax (if any), and expenses for receipt, supply and transportation of goods from ports to construction sites;

f/ Work insurance costs (if any);

g/ Expenses for audit of final settlements of completed projects, for provincial sub-projects;

h/ Other valid expenses of investment projects in accordance with current laws.

Article 9. Matters related to economic contracts

1. Procedures for approving JICA's contracts comply with the Loan Agreement. A contract valued at 0.5 billion Japanese yen or more (converted into Vietnam dong at the JPY/VND

exchange rate announced by Vietcombank at the time of contract signing) must be sent to the Management Board of forestry projects/ the Central Project Management Unit for summarization and sending to JICA for completion of procedures for approval;

2. List of contracts: Contracts valued at under 0.5 billion Japanese yen (converted into Vietnam dong at the JPY/VND exchange rate announced by Vietcombank at the time of contract signing) must be included by provincial project management units in the list of JICA-funded contracts (made according to the form in Appendix 2 to this Circular). Provincial project management units shall send the list of signed contracts to the Central Project Management Unit. Within 5 working days after receiving the list, if the Central Project Management Unit makes no objection, contracts on the list will be approved and entitled to payments made with JICA loans. The list of contracts must be sent to JICA for monitoring. Provincial project management units shall take responsibility for contents of contracts.

3. Some noteworthy contents of a contract:

a/ The contract must specify the value funded by JICA;

b/ Tax clauses in the contract must comply with current tax regulations applicable to ODA-funded projects;

c/ The initial advance level depends on each specific contract and complies with current regulations. Particularly for phased silviculture

contracts, this advance level must not exceed 50% of the contract value;

d/ Currency used for making payment for a foreign consultancy contract is that stated in the contract and based on bidding results approved by a competent authority;

e/ Currency used for making payment for other contracts, except foreign consultancy contracts, must be Vietnam dong;

g/ Payments made with JICA loans must conform with the project progress and are not limited by annual foreign capital disbursement plans of the Project.

Article 10. Forms of foreign capital disbursement

1. Procedures for foreign capital disbursement comply with the Loan Agreement.

2. Forms of capital disbursement applicable to foreign consultancy contracts:

a/ Reimbursement procedure;

b/ Money transfer procedure: Applicable to Vietnam-dong payments;

c/ Commitment procedure: Applicable to foreign-currency payments.

3. Capital disbursement form applicable to other contracts: Special account procedure.

4. The process of capital disbursement according to money transfer procedure, reimbursement procedure and commitment procedure comply with the Ministry of Finance's Circular No. 108/2007/TT-BTC of September 7, 2007, guiding the mechanism

of financial management of ODA-funded programs and projects, or documents revising or replacing this Circular.

Article 11. Process of disbursement of capital into special accounts

1. As authorized by the Ministry of Finance, Vietcombank may open a special account in Japanese yen and an account for interest of the special account at Tokyo-Mitsubishi UFJ Bank, with the Ministry of Finance as the account holder. Vietcombank may conduct transactions on these accounts at the request of the Ministry of Finance.

2. At the request of the Central Project Management Unit, the Ministry of Finance shall carry out procedures for initial and additional disbursements into the above special account under the Loan Agreement.

a/ The initial disbursement procedure does not require any accompanied documents.

b/ Additional disbursement procedure: Based on a written request of the Central Project Management Unit, the Ministry of Finance shall carry out procedure for additional disbursement of capital into the special account under the Loan Agreement. The Central Project Management Unit shall make a list and collect documents on payments made from the special account (including payment requests of contractors, direct debits clearly stating sums of money transferred from the special account to accounts of contractors). The additional capital disbursement rate complies with the Loan Agreement. After the last capital disbursement,

if there is a positive difference between the disbursed amounts and paid amounts from the special account stated in payment documents (due to exchange rate disparity or other reasons), the Ministry of Finance shall request the Ministry of Agriculture and Rural Development to allocate capital for refunding such difference in JPY to JICA.

Article 12. Dossiers of payment from the special account

A dossier of request for payment of JICA loans to be sent to the Ministry of Finance (the Department of Debt Management and External Finance) must be made under current regulations on management of disbursement of ODA capital, comprising:

1. A written request for payment/advance from the special account of the Central Project Management Unit;

2. A contract signed between the Investor/Project Management Unit and the contractor (a copy bearing a true copy mark of the Investor/Project Management Unit);

3. A written request for payment/advance of the contractor, made according to the form in Appendix 1 to this Circular (two originals) and approved by the Investor/Project Management Unit;

4. A table showing the completed work volume under the contract (except advance payment);

5. A written request for capital payment/advance of the investor, certified by the

State Treasury where the transaction account is opened, made according to form No. 05 provided in the Ministry of Finance's Circular No. 86/2011/TT-BTC of June 17, 2011, clearly stating the money amount requested to be paid with JICA loans (one original). In case of disbursement of capital from the special account to pay for the silviculture contract, certification by the State Treasury complies with the guidance at Point d, Clause 1, Article 13 of this Circular.

6. The unconditional and irrevocable bank guarantee paper for the advance (in case of advance payment, except the case of advance for the protection forest management board for silviculture contracts), made according to the form in Appendix 3 to this Circular (a copy bearing a true copy mark of the Investor/Project Management Unit).

Article 13. Procedure for payment from the special account

1. Payment for a silviculture contract signed between a provincial project management unit and the protection forest management board.

a/ After signing the contract, the provincial project management unit shall coordinate with the protection forest management board in opening a custody account at a branch/ transaction bureau of Vietcombank or a bank selected by the project management unit. The custody account holder is the protection forest management board. The condition for payment from this account is the payment control certification of the State Treasury.

b/ In order to advance payments into the custody account, the provincial project management unit shall send to the Central Project Management Unit requests for disbursement of capital into the custody account. A dossier to be sent to the Central Project Management Unit for submission to the Ministry of Finance for disbursement of capital from the special account to the custody account comprises:

- A written request of the provincial project management unit for disbursement of capital into the custody account of the protection forest management board;

- A contract signed between the provincial project management unit and the protection forest management board, clearly stating the advance value under the contract;

- A payment request (capital disbursement) of the protection forest management board, made according to the form in Appendix 1 to this Circular and certified by the provincial project management unit for disbursement of capital into the custody account.

Based on the request of the Central Project Management Unit for disbursement of capital from the special account into the custody account of the protection forest management board enclosed with the above documents, within 5 working days, the Ministry of Finance shall carry out procedures for disbursement of capital from the special account into the custody account of the protection forest management board.

c/ Expenses from the custody account of the protection forest management board under contracts for development of protection forests (covering planting and tending of forests; upgrading of forests; zoning off for reforestation of natural forests with/without additional planting; management and protection of forests) signed between the protection forest management board and households, contractors, suppliers, etc., comply with Articles 10 and 11 of the Ministry of Finance's Circular No. 172/2011/TT-BTC of December 1, 2011, on the management, payment and final settlement of investment capital for construction of silviculture works from the state budget. Expenses from the custody account are based on the payment control certification by the State Treasury.

d/ For additional disbursement of capital into the custody account: Based on the balance of the custody account and implementation progress, the protection forest management board shall request the provincial project management unit to make a dossier for payment for the completed work volume according to Point b, Clause 2 of this Article for further disbursement of foreign loans into the custody account. A payment request sent by the provincial project management unit to the Central Project Management Unit must be enclosed with a list, made by the protection forest management board, of expenses from the custody account and the serial number and date of the payment control certification by the State Treasury for these expenses. The

protection forest management board shall take responsibility for the accuracy of the list, while the provincial project management unit shall check the list.

e/ After liquidating the custody account, the protection forest management board shall report to the provincial project management unit for use of the interest on the account for valid items of the Project under regulations.

2. For contracts other than silviculture contracts:

a/ Advance payment: The contractor may get advance payments at the level stated in contracts and in accordance with JICA's regulations and Vietnamese laws on management of contracts funded with the state capital. A dossier of payment request complies with Article 12 of this Circular. The payment procedures are similar to those specified at Point b, Clause 2 of this Article.

b/ Payment for completed work volume

After the contractor completes the work volume under the signed contract, the provincial project management unit shall compile and send a dossier of payment request to the local State Treasury for advance payment control under current regulations on payment of domestic capital construction capital;

Total money amount requested to be paid with JICA loans equals the appraised value of the completed work volume minus the advance in a percentage (%) stated in the contract and must not exceed the aid amount provided by JICA stated in the contract. In case the money

amount appraised by the local State Treasury is smaller than the money amount requested for payment, the contractor shall remake the payment request according to the appraised money amount;

After obtaining payment control results of the local State Treasury, the provincial project management unit shall compile a dossier set as specified in Article 12 of this Circular, and send it to the Central Project Management Unit;

Within 5 working days after receiving a complete dossier, the Central Project Management Unit shall collect and examine relevant dossier sets, compare them with the assigned capital plan and the list of contracts; reply to the provincial project management unit in case the dossier does not fully satisfy the payment conditions; send the dossier set eligible for payment to the Ministry of Finance (the Department of Debt Management and External Finance). The dossier set to be sent to the Ministry of Finance comprises: a payment request of the contractor (original), a table showing the value of the completed work volume under the contract (original), a payment request certified by the State Treasury where the transaction account is opened, made according to a set form, (original), and a summary of payment requests of the Central Project Management Unit (original);

Within 5 working days after receiving a complete dossier from the Central Project Management Unit, the Ministry of Finance shall base itself on the balance of the special

account to request Vietcombank to transfer within 2 working days money to the contractor/ protection forest management board to the account indicated by the latter in the payment request. After transferring money, Vietcombank shall send the Ministry of Finance and the Central Project Management Unit money transfer notices enclosed with money transfer documents issued by the bank to the contractor/ protection forest management board for the Ministry of Finance to coordinate with the Central Project Management Unit in carrying out the procedure for additional capital disbursement into the special account. At the same time, Vietcombank shall send money transfer notices to the concerned provincial project management units for monitoring the disbursement and accounting.

Section 2 CHARGES

Article 14. Banking charges and payment thereof

1. Banking charges include:

a/ Charge for domestic payment services: Vietcombank shall collect this charge according to the banking charge tariff promulgated by its general director;

b/ Charge for external payment services: This charge is paid according to money amounts actually requested by foreign banks.

2. Charges are paid as follows:

a/ Charge for money transfer for payment of foreign debts: Vietcombank may automatically

debit the deposit account of the state budget (opened at Vietcombank):

b/ Charge for domestic banking services for payments from the special account: The provincial project management unit shall open an account at the local Vietcombank branch for payment of the charge. The charge must be paid from the domestic capital of the local budget;

c/ Charge for direct payment or committed payment for foreign consultancy contracts: This charge is collected from the account opened by the Central Project Management Unit at Vietcombank using the domestic capital allocated by the Ministry of Agriculture and Rural Development.

3. Charges paid to the importer (in case of entrusted import):

The importer selected by the project management unit shall negotiate for a goods purchase contract with the bid-winning unit (the foreign supplier), carry out all procedures for importing goods under supervision by the project management unit, and enjoy a charge for import entrustment and supply as agreed upon with the project management unit and according to current state regulations. The importer shall collect these charges from units receiving goods which are paid from the domestic capital of the project management units.

Section 3

ACCOUNTING INTO THE STATE BUDGET

Article 15. Principle of loan accounting

JICA loans to be allocated to the Project must be fully and promptly accounted into the state budget. The principle of via-budget accounting is to record entries of revenue and expenditure of the central budget or to record an entry of revenue of the central budget and an entry of targeted additional expenditure of the local budgets. The via-budget accounting is conducted as follows:

1. For expenses under contracts performed by the Central Project Management Unit: Based on the disbursement notices of JICA and Vietcombank, the Ministry of Finance shall carry out procedures for recording an entry of revenue for JICA loan and an entry of expenditure for JICA loans allocated to the Ministry of Agriculture and Rural Development for implementation of the Project.

2. For expenses under contracts performed by provincial project management units and the protection forest management board: The Ministry of Finance shall base itself on Vietcombank's notice of disbursement from the special account to carry out procedures for recording an entry of revenue for JICA loans and an entry of expenditure for targeted additional allocations from the central budget for the provincial budgets.

Article 16. Process of accounting loans

1. Every quarter, the Central Project Management Unit shall summarize data on expenditures in the quarter, and send them to the Ministry of Finance for requesting loan accounting.

2. Based on the payment order sent by the Ministry of Finance (via the central operations bureau of the State Treasury), the provincial Finance Department shall make an order of collection of revenues into the local budget and an order of payment of expenditures for beneficiary units, then send them to the provincial State Treasury for accounting loans.

3. The value of recorded revenues and expenditures of the budget is based on the exchange rate announced by Vietcombank at the time of money transfer (for payment from the special account) or the exchange rate for accounting set by the Ministry of Finance at the time of capital disbursement (for direct and committed payments).

Section 4

REPORTING, EXAMINATION AND FINAL SETTLEMENT

Article 17. Reporting, examination and final settlement

1. Annually, the provincial People's Committees and the Central Project Management Unit shall report to the Ministry of Finance, the Ministry of Planning and Investment, and the Ministry of Agriculture and Rural Development on the implementation progress of the Project, and the receipt and use of loans.

2. The Central Project Management Unit shall conduct regular and irregular inspections of the management and use of loans and assets

procured with the local project budgets. If detecting cases in which loans and assets of the Project are used in contravention of regulations, transferred capital amounts and project assets will be recovered or capital transfer will be suspended pending application of appropriate handling measures;

3. The provinces shall summarize and make final settlements of local budgets, and send them to the Ministry of Finance and the Ministry of Planning and Investment for summarization under regulations;

4. The Central Project Management Unit shall coordinate the provision of information and data to examination, inspection and audit teams of JICA and the Vietnamese Government.

5. The provincial project management units shall preserve payment dossiers and documents in accordance with current regulations on settlement of capital construction investment capital and the Accounting Law for production upon request and to serve the supervision, monitoring, evaluation and audit of the Project.

6. Annual capital settlement and final settlement of the completed Project

a/ The provincial project management units shall make reports on settlement under current regulations on payments they have made in their localities, with certification of the State Treasury that has allocated capital, and send them to the provincial People's Committees/ Finance Departments for consideration and

approval, and concurrently to the Central Project Management Unit.

b/ The Central Project Management Unit shall make reports on final settlement of payments it has made at the central level, with the certification of the State Treasury where transactions and final settlement of the whole Project are made (the Central Project Management Unit and the project management units of 11 provinces), then submit them to the Ministry of Agriculture and Rural Development for consideration and approval.

c/ The Ministry of Agriculture and Rural Development shall make annual settlements and final settlement upon the completion of the Project under regulations.

Section 5

RESPONSIBILITIES OF RELATED AGENCIES DURING PROJECT IMPLEMENTATION

Article 18. Responsibilities of the Ministry of Agriculture and Rural Development

1. To perform general management of activities of the Project; to perform financial management of foreign loans and domestic capital allocated to the Ministry of Agriculture and Rural Development for implementation of related components of the Project.

To fully and promptly incorporate foreign capital and domestic capital to be allocated to the Central Project Management Unit in its annual budget estimates;

2. To guide the provinces in allocating sufficient foreign capital and domestic capital, and use capital for the approved purpose;

3. To elaborate documents to direct and guide local project management units in making plans and managing the performance of project activities in the localities under the signed Loan Agreement;

4. To approve the settlement of foreign capital and domestic capital allocated for implementation of related components of the Project under regulations on annual settlement and final settlement of completed projects.

Article 19. Responsibilities of the Management Board of Forestry Projects

1. To directly manage and use JICA loans and domestic capital for project implementation.

2. To coordinate with the Agriculture and Rural Development Departments of the project-covered provinces in guiding, examining and supervising the management and implementation of the Project.

Article 20. Responsibilities of the Central Project Management Unit

1. To organize bidding and hiring of foreign consultants for the Project under regulations, manage and supervise foreign consultancy services.

2. To coordinate with the Ministry of Agriculture and Rural Development and the Ministry of Finance in organizing training courses, guiding payment and settlement procedures for the localities.

3. To issue the model contract compliant with regulations of the donor and the Vietnamese Government for application to the whole Project.

4. To guide the provincial project management units in making documents according to the form set by JICA to suit each mode of capital disbursement.

5. To receive and examine payment dossiers from the provincial project management units, compare them with JICA loan plans and contracts. To forward valid payment dossiers to the Ministry of Finance for completion of the procedure for capital disbursement, and give feedbacks on invalid payment dossiers to the provincial project management units.

6. To assume the prime responsibility for, and coordinate with consultants and related agencies in, organizing the examination, supervision and audit of the Project.

7. To summarize and report on the implementation progress of the Project, make and send the general financial statement of the Project to the Ministry of Agriculture and Rural Development, Ministry of Planning and Investment and Ministry of Finance and the donor.

8. To organize bidding to select units to conduct annual audit of the whole Project under current regulations.

9. To make settlement reports on foreign capital and domestic capital for the Project, for the capital amount allocated to the Ministry of Agriculture and Rural Development for

implementation of the Project, and submit them to competent authorities for approval under regulations on annual settlement and final settlement of completed projects.

Article 21. Responsibilities of the Ministry of Finance

1. To coordinate with the Ministry of Agriculture and Rural Development and the Central Project Management Unit in guiding the localities to carry out the procedures for payment and settlement.

2. To carry out procedures for dossier examination under this Circular and relevant regulations on financial management of ODA capital for disbursement of JICA loans from abroad and disbursement of capital from the special account for the Project.

3. To carry out procedures for recording entries of revenues and expenditures of the central budget for disbursement of capital from abroad under regulations on accounting of the state budget applicable to ODA capital.

4. To coordinate with the Ministry of Agriculture and Rural Development and the Central Project Management Unit in monitoring and supervising the financial management of capital sources from the central budget for the project implementation.

5. To repay JICA loans when due.

Article 22. Responsibilities of the State Treasury

1. To control the certification of requests for advance and payment from foreign capital

and allocate domestic capital for the Project under the Loan Agreement, this Circular and current regulations on payment of silviculture and capital construction investment capital, clearly identifying amounts covered by JICA loans and domestic capital.

2. To coordinate with the provincial Finance Departments in accounting the budget for the Project.

Article 23. Responsibilities of the provincial People's Committees

1. To comprehensively manage JICA loans allocated to them for implementation of sub-projects in their provinces; to direct and manage their attached agencies in properly implementing the Project in their provinces for proper purposes and in compliance with regulations, and effectively using capital.

2. To approve or direct the provincial specialized agencies in approving plans, cost estimates and final settlements of completed works and work items, annual settlements and final settlements of completed sub-projects under regulations.

3. To fully and promptly allocate domestic capital and land areas for the Project according to the implementation progress of sub-projects in their provinces according to their commitments with the Government, the Ministry of Agriculture and Rural Development and the donor, in order to assure prompt and efficient disbursement of foreign loans.

Article 24. Responsibilities of provincial

Agriculture and Rural Development Departments

1. To act as investors of sub-projects in their provinces and take responsibility before the provincial People's Committees for directing the provincial project management units and the protection forest management board in properly conducting activities of sub-projects according to their investment reports approved by the provincial People's Committees and the signed Loan Agreement.

2. To coordinate with the provincial Planning and Investment Departments and Finance Departments in allocating sufficient domestic capital for local projects.

3. To appraise and approve designs, cost estimates and bidding dossiers for project activities. To monitor and supervise the implementation and management of capital sources for provincial sub-projects.

4. To coordinate with the Central Project Management Unit in examining and supervising the project implementation.

Article 24. Responsibilities of the provincial project management units

1. To act as representatives of the investors of the provincial sub-projects and the focal point for management of the project implementation in the localities, make and implement plans, and report to the Central Project Management Unit, provincial Agriculture and Rural Departments and provincial People's Committees. To regularly coordinate with and report to

the provincial Finance Departments and State Treasury offices on the project in their localities.

2. To formulate investment projects, make technical designs, work cost estimates, plans on compensations for ground clearance, etc., according to the procedures for capital construction investment and silviculture investment; to organize bidding in accordance with the current Bidding Law.

3. To sign contracts with bid-winning units or units appointed as contractors in accordance with the law on contracts. To make lists of JICA-funded contracts in their localities (according to the form in Appendix 2 to this Circular), and send them to the Central Project Management Unit.

4. To inspect or sign contracts with supervision consultancy units for inspection of work quality in conformity with technical designs. To give certification in payment requests of contractors (according to the form in Appendix 1 to this Circular).

5. To urge, examine and organize pre-acceptance test of results of the performance of contracts signed with contractors. To carry out procedures for disbursement of JICA loans under this Circular.

6. To gather, within 5 working days after receiving complete dossiers, valid payment requests, and send them to the Central Project Management Unit.

7. To guide contractors, the protection forest management board and other related

local agencies in carrying out procedures for management and use of JICA loans.

8. To make and report on plans on JICA loans to the provincial Agriculture and Rural Development Departments and Finance Departments for allocation of sufficient domestic capital for local projects.

9. To report on the project implementation progress to related management agencies under regulations.

10. To make payments for expenses from the domestic capital.

11. To monitor the progress of project implementation and make final settlement of contracts with contractors based on the Ministry of Finance's notices of payment for contractors.

12. To make final settlements of project and sub-project investment items under current regulations on final settlement of capital construction capital.

13. To coordinate with the Central Project Management Unit in organizing annual audits:

14. To organize bidding to select units to audit final settlements of completed provincial sub-projects.

15. To make reports on annual settlements and final settlements of capital sources allocated to them for implementation of provincial sub-projects under regulations, and submit them to competent authorities for approval.

Article 26. Responsibilities of the provincial Finance Departments

1. To appraise, summarize and submit to the provincial People's Committees for consideration and approval annual settlements and final settlements of completed sub-projects.

2. To account into the provincial budgets JICA loans allocated by the central budget as targeted supports for implementation of provincial sub-projects, based on budget revenue and expenditure entry documents of the Ministry of Finance.

3. To ensure sufficient domestic capital for the State Treasury to promptly make payments for the Project according to the progress of disbursement of foreign capital.

Article 27. Responsibilities of the domestic service banks

1. Vietcombank

a/ To open accounts of the Project under the Loan Agreement, this Circular and current regulations on opening and management of accounts of ODA-funded projects.

b/ To guide the Central Project Management Unit in opening letters of credit (L/C) and perform external payment operations.

c/ To make payments by the methods of capital disbursement prescribed in the Loan Agreement at the request of the Ministry of Finance and send documents appropriate to each payment method to the Ministry of

Finance, the Central Project Management Unit, provincial project management units and beneficiary units.

d/ To monitor and notify the Ministry of Finance and the Central Project Management Unit of transactions on the special account (disbursement of capital into the special account, spending from the special account and balance of the special account) upon arising of transactions and on a monthly basis.

2. The bank managing the custody account of the Project (selected by the project management units): To control the custody account and make payments from the custody account only when obtaining the payment control certification by the local State Treasury.

Article 28. Responsibilities of the protection forest management boards

1. To use advances and payments for the Project for proper purposes and under regulations.

2. To regularly report on the performance of and payment for signed silviculture contracts to the provincial project management units and closely coordinate with local administrations and communities in performing silviculture contracts under regulations.

3. To submit to examination by related agencies of the performance of contracts signed with the provincial project management units, households and units involved in protection forest development, and observe the audit regime when requested.

Chapter III

IMPLEMENTATION PROVISIONS

Article 29. Effect

1. This Circular takes effect on October 9, 2013.

2. Any problems arising in the course of implementation of this Circular should be promptly reported to the Ministry of Finance for consideration and revision, if necessary.-

For the Minister of Finance

Deputy Minister

TRUONG CHI TRUNG