

# MEMORANDUM OF AGREEMENT

Between

**MINISTRY OF AGRICULTURE & RURAL DEVELOPMENT  
of the Socialist Republic of Vietnam**

and

**Embassy of Australia  
Royal Embassy of Sweden  
Royal Embassy of Denmark  
Royal Embassy of the Netherlands**

for the

**INTERNATIONAL SUPPORT GROUP**

**Version 1.0 – with ISG and AusAID comments**

## **1. Signatories to this MOA**

The International Support Group (ISG), representing the Ministry of Agriculture and Rural Development (MARD), at the one hand and The Embassy of Australia (AusAID), The Royal Swedish Embassy, The Royal Danish Embassy (RDA) and The Royal Netherlands Embassy (RNE) on the other hand, called in this MOA “the Funding Agencies”.

## **2. General**

The ISG of MARD serves as a mechanism to establish and enhance the effectiveness and efficiency of the co-operation between MARD and international donors and NGO's. MARD and the Funding Agencies wish to implement the ISG work plan, which has been approved by the ISG Steering Board on 17th June 2003. The Work Plan provides a framework for ISG operations during a period of 3 consecutive years, starting in October 2003 and finishing in October 2005. Through this MOA the Funding Agencies commit themselves to provide the financial resources required for the implementation of the Work Plan. The Trust Fund contribution for the implementation of the ISG Work Plan 2003-2005 will be administered under Vietnamese Law.

### **3. Trust Fund**

MARD has the ISG Trust Fund under , which is managed by the International Co-operation Department (ICD) of MARD. This Trust Fund will be used to administer and manage the funds for implementation of the ISG Work Plan 2003-2005. Contributions by the Funding Agencies will be made to the Trust Fund of ISG of MARD. MARD is solely responsible for the management, accountability and transparency of the deposited funds and funding under the Trust Fund.

### **4. Transfer of funds**

The individual contributions by AusAID, RSE, RDE and RNE will be directly made to the Trust Fund of ISG of MARD. The following bank reference is used to transfer funds to ISG of MARD.

Business Name	:	(Chuong trinh ho tro quoc te)
Account Number	:	0011370288792 (USD) 0011000288782 (VND)
Bank	:	Bank for Foreign Trade of Vietnam (Vietcombank) 198 Tran Quang Khai St., Hanoi

### **5. Expenditures**

Where applicable expenditures under ISG Trust Fund will be done according to the Guidelines on the Management and Utilization of the Trust Fund of the International Support Group (ISG) issued in attachment to Decision No 2204 QD/BNN/TCKT dated 24th May 2001 by the Minister of Agriculture and Rural Development (MARD). It is agreed herewith, that budget items, not mentioned in the budget overview of the Work Plan will not be invoiced. Any invoices exceeding the items as per budget overview will be the exclusive responsibility of MARD and not of the Funding Agencies.

### **6. Reporting**

The ISG shall provide the signatories of this MOA with the following reports. One reporting format will be used by ISG of MARD to serve the signatories of this MOA. The reports will all report against the logframe structure.

#### **Quarterly report**

The quarterly report will outline the activities has been carried out in a reporting period against the Annual Plan and their relevant expenses.

The reporting period for the quarterly report is three months. The first reporting period is from October 01, 2003 to December 31, 2003. When a six monthly report or Annual Plan is to be presented, the quarterly report will not be required.

The quarterly report shall be presented to the signatories no later than two week after the final day of the reporting period. The quarterly report will be reviewed by signatories in a Core donor group meeting, which will be held no later than two weeks from the day that the quarterly report is presented to the signatories.

## **Six monthly report**

The six monthly report will contain the following:

- A review the outputs achieved and activities undertaken in the reporting period with reference to the Annual Plan;
- a financial reporting sheet (showing expenditure versus the budget estimate of the Annual Plan)
- an outline of outputs and activities proposed for the coming six months, with explanations of proposed variation from the Annual Plan.

The reporting period for the six monthly report will be six months. The first periodical report will cover the period from October 01, 2003 to March 31, 2004. When an Annual Plan is to be presented a six monthly report will not be required.

The six monthly report shall be presented to the signatories no later than two weeks after the final day of the reporting period.

The six monthly report will be reviewed by signatories in the Core donor group meeting, which will be held no later than two weeks from the day that the six monthly report is presented to the signatories.

## **Annual Plan**

The Annual Plan will contain the following:

- A review the outputs achieved and activities undertaken in the previous 12 month period with reference to the previous Annual Plan;
- a financial reporting sheet (showing expenditure versus the budget estimate of the previous Annual Plan)
- a narrative description of the expected outcomes, outputs and planned activities for the next 12 month period;
- an activity schedule for the Annual Plan period;
- an input schedule and a relevant budget estimate of the Annual Plan period.

The Annual Plan will cover a period of 12 months. The first Annual Plan will cover a period which is from October 01 2003 to September 30 2004.

The Annual Plan shall be presented to the signatories no later than four weeks before the final day of the Annual Plan period for comments and revisions. The Annual Plan shall be approved by the signatories at a Core donor group meeting, which will be held no later than four weeks from the day that the Annual Plan is submitted.

## **7. Contributions**

All contributions under this MOA will be made in US Dollars.

The contributions of the above mentioned donor agencies will be made on the basis of the Annual Plan budget estimate.

The Annual Plan budget estimate for the period of 12 months (2003/2004) is fixed to US\$ 80.000. The budget estimate of the second and third year will depend on the

approved updated Annual Plan for 2004/2005 and 2005/2006. The Annual Plans are designed for 3 scenarios (Base scenario US\$ 80.000/yr; Active scenario US\$ 120.000/yr and Dynamic scenario US\$ 160.000/yr). The total budget estimate for 36 months of ISG operation will vary between US\$ 240.000 and US\$ 480.000. Based on the actual performance of the ISG to implement the Annual Plan, the budget estimates for following years will be agreed upon by MARD and the Funding Agencies. Future contributions will also be dependent on satisfactory audit results from the audit process described in Article 12.

### 8. Practical application

To be realistic and to allow a growing performance of ISG the budget for the first year will be fixed at US\$ 80.000. The budgets for year 2 and year 3 may be increased by US\$ 40.000 respectively US\$ 80.000/year, provided corresponding ISG capacity and performance. The Funding Agencies are committed to share the costs of the ISG Work Plan implementation equally. Covering a period of 36 months the average contribution of the each funding agency will be minimum US\$ 60.000 and maximum US\$ 100.000 (while AusAID has committed US\$ 150.000???) (assuming US\$ 80.000 for Year 1). The Funding Agencies agree to commit to ISG in a flexible manner, which means that sufficient funds will be made available according to the agreed budget for year 2 and year 3. Funding Agencies will agree among themselves when and how much will be made available by each funding agency respectively in annual specified contributions or a contribution covering the period of 3 years.

### 9. Present status of commitments/funding:

The principle described in par. 7 will be applied to the present status of commitments/funding. RDA has provided funding already of “tagged” activities for ISG through the Danish Water Resources Support Fund. AusAID by letter of August 22, 2003, to ISG has committed US\$ 150.000 for the 3 Year Period on the basis of US\$ 50.000 for each year. AusAID funding is dependent on mutually agreeable Annual Plans being developed, satisfactory ISG performance, demonstrated requirement for the funds and Australian annual parliamentary appropriations. These commitments/funding leads to the following overview and indication of additional funding requirements:

Funding Agencies	Amounts	status
AusAID	US\$ 150.000 *) (= US\$ 50.000 for each year)	<i>already confirmed</i>
RDE	Year 1 US\$ 26.250 *) and Year 2 US\$ 48.825 *)	<i>already confirmed</i>
Depending on the performance of ISG the following funding may be additionally required:		
RSE	US\$ 127.463 maximum for Year 2 and Year 3	<i>to be considered later</i>
RNE	US\$ 127.463 maximum for Year 2 and Year 3	<i>to be considered later</i>

Note \*): These contributions will cover almost Year 1 of ISG operations (US\$ 76.250), while US\$ 48.825 for Year 2 is covered by RDA funding for “tagged” activities.

### 10. Disbursements

Funding Agencies will transfer their contributions to the Trust Fund of ISG of MARD.

### 11. Remaining funds

Any remaining funds after the period of 36 months will be transferred to the Funding Agencies. The amounts to be transferred will be specified jointly and after approval of the audit report by the Funding Agencies.

In case ISG and the Funding Agencies decide for any presently unknown reason that the Work Plan covering a period of 36 months will not be fully implemented, then ISG will arrange refunding to the Funding Agencies, according to the value of the contributions.

## **12. Auditing**

After every period of 12 months a financial audit will be carried out.

ISG, in accordance with the Guidelines on the Management and Utilization of the Trust Fund of the International Support Group (ISG) issued in attachment to Decision No 2204 QD/BNN/TCKT dated 24th May 2001 by the Minister of Agriculture and Rural Development (MARD) , will select an independent external internationally operating auditor to review the expenditures, presented in the financial report. The audit will be funded through ISG.

**Agreed and signed in Hanoi on .....**

**on the one hand:**

Minister (or General Director of the International Co-operation Department)  
The Ministry of Agriculture & Rural Development

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**and on the other hand:**

The Ambassador of Australia  
on behalf of AusAID,

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The Ambassador of the Royal Swedish Embassy, Hanoi

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The Ambassador of the Royal Danish Embassy, Hanoi

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The Ambassador of the Royal Netherlands Embassy, Hanoi  
on behalf of the Netherlands Minister for Development Co-operation

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