

**UN-EU GUIDELINES FOR FINANCING OF
LOCAL COSTS IN DEVELOPMENT CO-OPERATION
WITH VIET NAM**

Version 2017

ISSUED BY UN AGENCIES IN VIET NAM, THE EU DELEGATION TO VIET NAM AND THE
MINISTRY OF PLANNING AND INVESTMENT OF VIET NAM

PREFACE

We are pleased to present these updated guidelines, including a set of unified norms for local costs related to the management of Official Development Assistance (ODA) in Viet Nam. This is a result of a joint collaboration between the Government of Viet Nam (GoV), United Nations (UN) and European Union (EU).

We commend the GoV for leading this tripartite initiative, thereby creating greater transparency and a basis for harmonization and alignment between donors and Government, in the spirit of the Ha Noi Core Statement on Aid Effectiveness.

The results of this joint endeavour can be found in these guidelines. The UN/EU is committed to follow these guidelines as much as possible subject to their respective rules and regulations.

Other donors are invited to use these guidelines for their ODA projects/programmes in Viet Nam.

We firmly believe that these harmonized cost norms will make a tangible contribution to improving aid effectiveness in Viet Nam.

Ha Noi, November 2017



Nguyen The Phuong
Vice Minister
Ministry of Planning and
Investment of Viet Nam



Kamal Malhotra
Resident Coordinator
United Nations in Viet Nam



Bruno Angelet
Ambassador
EU Delegation to Viet Nam

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LIST OF ACRONYMS

EU	European Union
GoV	Government of Viet Nam
IP	Implementing Partner/Agency
MOF	Ministry of Finance
MPI	Ministry of Planning and Investment
ODA	Official Development Assistance
TOR	Terms of Reference
UN	United Nations

INTRODUCTION

In June 2009, the GoV, UN and EU for the first time introduced the common UN-EU Guidelines for Financing of Local Costs in Development Co-operation with Viet Nam (Version 2009). This all-encompassing concerted effort - based upon an open market approach - was considered a significant step towards gradual alignment of donor cost norms and GoV systems for ODA-funded programmes and projects in Viet Nam. It also signified the GoV's intention to progressively update its cost norms closer to market conditions.

Since 2009, the common UN-EU Guidelines approach has brought positive results for improving aid effectiveness and strengthening national ownership in Viet Nam and further facilitate the implementation of ODA-funded programmes and projects in Viet Nam.

This common UN-EU Guidelines document is based upon the following principles:

- Reflect the spirit of the Ha Noi Core Statement in respect of harmonization and alignment, with increased ownership and capacity in public systems involved in ODA, at all levels
- Ensure transparency and accountability in utilizing ODA resources under specific ODA agreements
- Enable appropriate resourcing and effective implementation of projects in a timely manner
- Simplify structures giving clear guidelines for implementation
- Use of local market conditions through the application of qualitative standards linked to respective reference markets using an established methodology
- Encourage the adoption of best practices
- Facilitate periodical reviews of rates, at least annually, using the same methodology suggested by the Tripartite Working Group¹.

¹ Tripartite Working Group consists of representatives from GoV agencies (MPI and MOF), the UN and EU.

GLOSSARY OF KEY TERMS

Implementing Partner/Agency

Is the entity selected by the GoV, UN and the EU and documented in the detailed project outline or project document to directly manage and implement a programme or project supported by a UN Agency or the EU.

Project Personnel

An individual (in a position as identified in Annex I) directly contracted through a selection process by the IP to provide services to the IP as per the agreed terms of reference (TOR).

Service Providers

Individuals who are not project personnel and meet the requirements identified by the project to provide technical and professional support services in specific fields, issues and activities during a specified period as designated in the work plan. Service providers include the following:

Consultants

Tasked to provide specific and time bound outputs, for which they are contracted through a selection process, as per the agreed TOR.

Interpreters/Translators

Experienced professionals with a proven official record of providing high quality translation/interpretation services (including sign language) for UN agencies, the EU or other international donor organizations and (or) their projects, in relevant subject areas to provide interpretation/translation services in support of specific project activities.

Resource Persons

Individuals who are required to prepare and/or provide inputs to finalize resource materials, organize/facilitate and/or provide technical/intellectual inputs for training, seminar and workshop events of a specific project.

Regular Project Meetings

Meetings that concern project management.

A High Level Meeting, Conference or Event

An event chaired or participated in by a representative equal to or higher than a minister or provincial people's committee chairman from the GoV side and/or a representative equal to or higher than an ambassador/head of mission from the donor side.

Per Diem

Comprises the total allowance intended to cover accommodation, meals and sundry expenses (incidentals), including transport costs from place of accommodation to the first meeting location in the area of official business, and vice versa.

Authorization to Work for a Project

Authorization to work for a project must be in the form of written permission from an appropriate representative of an employer to an individual to work as project personnel or a service provider for a project/programme for a specified period of time.

Relevant Experience

Full-time work experience after graduation in the area of expertise as required in the TOR.

SCOPE OF APPLICATION

These common UN-EU guidelines are applicable to activities under projects/programmes funded by the UN and/or EU that are approved in project documents and/or work plans and implemented by IPs and other counterparts in Viet Nam.

The cost norms in these common UN-EU guidelines concern general project management and implementation costs.

For specific cost categories not covered in the common UN-EU guidelines, they can be addressed by additional sector-specific cost norms and/or cost norms established by legally recognized implementing partners approved by the MPI, MOF and donors.

The guidelines are available in English and Vietnamese languages and both versions are considered to be of equal official standing. In the unlikely case of discrepancies between the two versions, the English version will take precedence over the Vietnamese one.

These guidelines become effective for all new and ongoing project/programmes as of the date of signature of this document. In the case of ongoing and officially committed projects/programmes, the application is subject to their current financial year budget availability.

These common UN-EU guidelines, when implemented, will completely supersede all previous common UN-EU guidelines.

GUIDING PRINCIPLES

1. Viet Nam Contributions to Project/Programme Budgets

The GoV is expected to meet the following costs:

- i. Salaries and allowances for GoV officials of the implementing partners, and for GoV officials on secondment to the project/programme
- ii. Project office costs: encompassing electricity, local telecommunications services, water, office space as well as office equipment and furniture, if available in working condition
- iii. Project operational costs: encompassing electricity, water, work space, fuel, maintenance and repair costs for project equipment and vehicles if ownership of equipment and vehicles has been transferred to the IP
- iv. Use of IP's facilities, in principle when feasible, for trainings, workshops and seminars are to be provided on a gratis basis
- v. Costs of organizing regular project meetings.

Except in the cases of (i) and (iv) above, if the required contribution from the IP is beyond its capacity, upon formal approval of the corresponding donor, the shortfall in funding could be filled by the project budget based on the submission of an official request by the IP.

If a IP is not a GoV entity, the IP will be responsible for costs as outlined above in points (ii) to (v).

2. Project Personnel

Project personnel are employed from outside an IP in cases (a) when the IP is not in a position to provide personnel with a level of competence required for the implementation of the project/programme from its own resources, and/or (b) where other circumstances do not make it possible or feasible to use IP personnel.

Project personnel are recruited and remunerated under conditions specified in [Annex I](#).

If prospective project personnel do not resign from his/her current job to work/consult for the project/programme for a specific amount of time, authorization to work for the project is required from the appropriate representative of his/her employer.

3. Service Providers

- i. Consultants, interpreters, translators and resource persons must be recruited from outside IP to provide services for a specific task or assignment conducted during a specified period of time as designated in the work plan. In cases where the recruited service provider is currently employed, an authorization to work for the project is required.

- ii. In cases when the local labour market cannot provide the personnel as specified under item 3(i) above with specialized expertise as required by the project, staff members of the IP can be recruited as service providers provided that:
 - They have specialized expertise required and meet the qualifications as outlined in TORs;
 - They have authorization to work issued by the IP;
 - Their recruitment is agreed upon by the donor.
- iii. Service providers are remunerated as per the following:
 - Consultants are paid on an agreed basis (e.g. daily or monthly) at rates outlined in [Annex II-A](#) or as a fixed amount resulting from competitive bidding.
 - Interpreters or translators are paid at rates as per [Annex II-B](#) for interpretation services and [Annex II-C](#) for translation services.
 - Resource persons are paid at rates as per [Annex II-D](#).
- iv. Remuneration for consultants, interpreters and translators may also be determined by a competitive bidding process on a case-by-case basis.

4. Per Diem

Per diems are paid to cover the costs of participation in trainings, workshops, seminars, conferences, monitoring missions or any other mission in Viet Nam, including overnight stay(s) away from an employee's habitual place of residence as required by the project director or designated person based on the approved work plan.

The full per diem will only be paid in cases where accommodation, meals and other expenses are not covered by any other means. The per diem will be reduced if officially covered by project or project-related entities under the following circumstances: (a) if accommodation is provided, the per diem will be reduced by the amount specified as the room rate as per [Annex III](#), (b) if meals are provided, then the meals and incidentals amounts as per [Annex III](#) will be reduced by 30% each for lunch and dinner and 15% for breakfast.

Lunch should be provided by the project/programme for full-day events if the project decides it is more economical to do so. If lunch cannot be arranged, 30% of the applicable meals and incidentals column of [Annex III](#) is to be paid to participants who are not eligible for a per diem.

For official travel or a mission exceeding 10 hours, including travel time and returning the same day, the full amount specified in the meals and incidentals column of [Annex III](#) for the place of the mission is applicable for the per diem.

For half-day events, no per diem is provided to participants.

If the last day of the official travel/mission exceeds 10 hours or more including travel time, 60% of the amount specified in the meals and incidentals column of [Annex III](#) for the place of the mission is applicable for the per diem of the last day.

Payment will be made on a lump sum basis.

QUALITATIVE STANDARDS

1. Payment

In the case of cost norm items stipulated in US Dollars, payments will be made in Viet Nam Dong, using the exchange rate of the day of payment applied by the corresponding donor.

2. Vietnamese Law

The IP is responsible for applying Vietnamese Law in terms of payment, retention, filing, etc. for taxes (PIT, VAT, etc.) and insurance (health, social, unemployment, etc.).

3. Rates

The rates in these common UN-EU guidelines are all-inclusive rates (i.e. inclusive of all applicable tax and insurance, and other subsidies, if any).

4. Per Diem

Per diem rates for participants of workshops, meetings and conferences are based on mid-range quality, equivalent to a three-star hotel. Breakfast, lunch and dinner are also based on mid-range quality, equivalent to that served in a three-star hotel. See [Annex III](#).

5. Travel

Transportation costs are set as follows:

- i. For air, land, waterway travel, the most direct and economic route in economy class in accordance with the least costly fare structure using public transportation and time least spent travelling should be taken into account when deciding the mode of transport.
- ii. Private transportation for project-related purposes is only permitted when point (i) above cannot be applied due to the unavailability of public transportation. The use of private transportation for project-related purposes is only reimbursed at a standard cost per kilometre on distance basis upon prior approval of the project director or designated person based on the approved work plan. See [Annex V](#).
- iii. The cost of use of individual/private transportation shall only be reimbursed when joint/pooled transportation cannot be arranged.
- iv. Rental of different transportation, which should be of a non-luxurious nature, shall only be undertaken for specific tasks such as project monitoring and with prior approval of the project director based on the approved work plan using the prevailing market rate.
- v. For air travel requiring journeys to and from an airport, a lump sum reimbursement of a person's taxi travel costs will apply. See [Annex VI](#).

With the exception of points (ii) and (v) above, supporting documentation must be provided with all expense claims.

6. Project Personnel

The project personnel *pro forma* costs and categorisation will be referenced to local market surveys for equivalent work. The project personnel *pro forma* costs must be consistent with prevailing levels for similar services and comparable work in the local labour market. See [Annex I](#).

7. Meetings/Conferences/Events

- i. Generally, meeting room costs for meetings/conferences/events and other associated costs should not be higher in standard and cost than those of a three-star hotel or equivalent and not exceed the rates under 'standard level' in Annex IV.
- ii. In cases of high level meetings, conferences or events where a higher standard (higher than three-star) is required as approved in the quarterly work plan, the meeting package cost per participant of this higher standard for a half or full day event hotel should not exceed the rates specified under 'high level' in [Annex IV](#). In cases where high level meetings, conferences or events are to be held in a hotel of higher standard and have yet to be approved in the quarterly work plan, official written acceptance by the donor must be obtained.
- iii. The meeting package cost per participant include meeting room rental, costs for two tea breaks and a lunch for a full day event, a tea break and lunch for a half day event along with the provision of complimentary equipment such as table microphones, wireless microphones, sound system, event backdrops, note pads, pencil and water for all participants in accordance with the policy of the hotel. The meeting package does not include translation equipment or conference headphones.

Prior approval should be obtained from the donor in case of additional expenses is charged to facilitate the participation of disabled people.

8. Service Providers

Rates are established to broadly reflect pay that is comparable to the remuneration of project personnel and covers services for consultancies, translation, interpretation, resource persons, technical inputs, production of technical reports and policy papers, etc. See [Annex II-A](#) to [Annex II-D](#).

9. Resource Persons

Resource persons can only be contracted if their input does not exceed five consecutive working days.

The number of resource persons providing organizational support to an event should not exceed more than two people. See [Annex II-D](#).

10. Hardship Allowance

The hardship allowance aims to compensate non-resident service providers/project personnel living long-term in difficult conditions at locations declared by the GoV as the poorest districts in Viet Nam. The hardship allowance is applied to districts as indicated in the list of 62 poorest districts of Viet Nam published on 1 March 2010 in accordance to the Government Resolution No.30a/2008/NQ-CP on 27 December 2008 (See [Annex VII](#)). This allowance is based upon a maximum 10% increase in standard rates.

ANNEXES

Annex I - Project Personnel Pro Forma Costs

Maximum Monthly Pro Forma Cost ² Per Project Personnel - USD (payable in VND)	Step 1	Step 2	Step 3	Step 4	Step 5
Reference Category	2 to 5 Yr. relevant full time Experience	6 to 10 Yr. relevant full time Experience	11 to 15 Yr. relevant Experience	16 to 20 Yr. Relevant Experience	20 Yr. Relevant Experience and Over
1. Project Director/ Coordinator/ Manager	1,270	1,483	1,696	1,909	2,121
2. Technical Specialist	1,058	1,167	1,434	1,622	1,811
3. Project Administrative Assistant/ Secretary, Accountant, Interpreter/ Translator	718	849	980	1,110	1,241
4. Clerk, Driver, Auxiliary Staff, Messenger, Cleaner (Secondary education)	338	386	434	483	530

Note:

Work experience is only counted if it is relevant to the scope of work for the position and full time after university graduation. Part-time work or experience gained during university study should not be counted.

Qualification for reference categories 1, 2 and 3 requires a University degree. Should an applicant possess a PhD or a Master's degree then the required relevant experience can be reduced by two years. For posts under reference category 4, the minimum requirement is secondary/high school education graduation.

² The *pro forma* cost is all-inclusive (i.e. inclusive of employer's and employee's contributions and other applicable tax and insurance), and the maximum yearly cost is the monthly cost multiplied by 12 equal payments.

Annex II - Service Providers

Annex II - A: National Consultants Rates

National Consultants Rates				
Category	Scope of Service	Relevant Education and Work Experience	Remuneration in USD payable in VND	
			Daily Maximum	Monthly Maximum
VNM 1	Working on an assignment under the supervision of another person	University Degree plus 3-5 years relevant full time experience	72	1,080
VNM 2	Formulating or managing assignments	University Degree plus 4 - 6 years relevant full time experience	117	1,751
VNM3	Formulating, organizing and managing assignments/leading a small team of advisers/supervising a team of technical or multi sector advisers	Master's Degree plus 5 -10 years relevant full time experience	192	2,881
VNM4	Leading a team entrusted with conceiving, implementing, monitoring, development programmes and/or strategies of national scope or development policies	Master's Degree plus 10 -15 relevant full time experience	270	4,043

Note:

The guiding principle defining a suitable consultancy rate is based firstly on the nature of the assignment/scope of service and secondly on the relevant education and work experience required to accomplish it. The rate should not solely be based on a consultant's general education and work experience.

Qualification for the first two categories, VNM 1 and VNM 2, requires a University degree. But, if an applicant possesses a PhD or a Master's degree, the required relevant full-time work experience could be reduced by two years.

These rates are also applicable to international consultants as and when agreed upon between the related parties.

Annex II-B: Interpretation Services Rate

Interpretation Rates in USD (payable in VND)	
Level	Rate
Simultaneous (*)	
Daily	600
Half Day	300
Hourly	75
Non Simultaneous	
Daily	200
Half Day	100
Hourly	25

Sign Language Interpretation Rates in USD (payable in VND)	
	Rate
In Vietnamese	
Daily	100
Half Day	50
English-Vietnamese or Vietnamese-English	
Daily	600
Half Day	300

(*) The simultaneous interpretation services rate is paid per full or half day irrespective of the number of people providing the service.

Annex II-C: Translation Rates

Translation Rates in USD (payable in VND)	
English/EU Language to Vietnamese	USD 11 per page of 350 words
Vietnamese to English/EU Language	USD 11 per page of 350 words

Note:

Rates may be increased by up to 10% in exceptional circumstances, subject to availability of funds with justification by the IP and approval of the donor(s).

In cases where there is a change or revision to the original document requiring additional translation, an additional charge of USD2 per page of 350 words will apply.

Annex II-D: Resource Person Rates (where applicable)

Resource Person Daily Rates (VND)	
1. Complex tasks that require thorough technical knowledge, autonomy, analytical and problem solving skills, and ability to communicate clearly.	960,000
2. Tasks that require application of a known methodology with technical knowledge, autonomy, and analytical skills.	750,000
3. Logistics and administrative support.	320,000

Annex III - Per diem

Location	Per Diem - USD payable in VND		
Area	Room Rate	Meals & Incidentals	Total
Urban Districts of Ha Noi and Ho Chi Minh City	41	34	75
- Urban Districts of Can Tho City, Da Nang City and Hai Phong City	37	30	67
- Tourism cities including Da Lat, Do Son, Hoi An, Hue, Ha Long, Nha Trang, Phu Quoc and Vung Tau			
- Other townships and Sa Pa town	22	19	41
- Rural Districts of Ha Noi and Ho Chi Minh City, Can Tho City, Da Nang City and Hai Phong City			
Elsewhere	16	14	30

Annex IV - Meeting Package Cost

Location/Area	Maximum Per Participant All Inclusive - USD (payable in VND)			
	Half day event		Full day event	
	Standard Level	High Level	Standard Level	High Level
Urban Districts of Ha Noi and Ho Chi Minh City	19	22	29	40
- Urban Districts of Can Tho City, Da Nang City, Hai Phong City - Tourism cities including Da Lat, Do Son, Hoi An, Hue, Ha Long, Nha Trang, Phu Quoc and Vung Tau	16	18	26	32
Elsewhere	14	15	22	27

Annex V - Reimbursement per Kilometre for Use of Private Vehicle

Reimbursement rate per Km	USD 0.175
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Reimbursement will only apply for missions, meetings and conferences, which take place outside of the office/project duty station.

Annex VI - Airport Taxi

No.	Airport	Location	Airport Taxi - One Way (Amount in VND)
1	Dien Bien	Dien Bien	40,000
2	Noi Bai	Ha Noi City	275,000
3	Cat Bi	Hai Phong City	100,000
4	Vinh	Vinh City	95,000
5	Dong Hoi	Dong Hoi City	140,000
6	Phu Bai	Hue City	210,000
7	Da Nang	Da Nang City	70,000
8	Chu Lai	Tam Ky City and Quang Ngai City	405,000
9	Pleiku	Pleiku City	110,000
10	Phu Cat	Quy Nhon City	285,000
11	Tuy Hoa	Tuy Hoa City	95,000
12	Buon Ma Thuot	Buon Ma Thuot City	150,000
13	Cam Ranh	Nha Trang City	300,000
14	Lien Khuong	Da Lat City	210,000
15	Tan Son Nhat	Ho Chi Minh City	130,000
16	Rach Soi	Rach Gia	120,000
17	Phu Quoc	Phu Quoc	85,000
18	Can Tho	Can Tho City	200,000
19	Con Dao	Con Dao	220,000
20	Ca Mau	Ca Mau	45,000
21	Tho Xuan	Thanh Hoa	420,000

Annex VII - Hardship (District) Locations

Province	Number of Poorest Districts	Districts
Ha Giang	6	Dong Van, Hoang Su Phi, Meo Vac, Quan Ba, Yen Minh, Xin Man
Cao Bang	5	Bao Lac, Bao Lam, Ha Lang, Ha Quang, Thong Nong
Lao Cai	3	Bac Ha, Muong Khuong, Si Ma Cai
Yen Bai	2	Mu Cang Chai, Tram Tau
Bac Kan	2	Ba Be, Pac Nam
Bac Giang	1	Son Dong
Phu Tho	1	Tan Son
Son La	5	Bac Yen, Muong La, Phu Yen, Quynh Nhai, Sop Cop
Lai Chau	5	Muong Te, Phong Tho, Sin Ho, Tan Yen, Than Uyen, Nam Nhun
Dien Bien	4	Dien Bien Dong, Muong Ang, Muong Nhe, Tua Chua, Nam Po
Thanh Hoa	7	Ba Thuoc, Lang Chanh, Muong Lat, Nhu Xuan, Quan Hoa, Quan Son, Thuong Xuan
Nghe An	3	Ky Son, Que Phong, Tuong Duong
Quang Binh	1	Minh Hoa
Quang Tri	1	Da Krong
Quang Ngai	6	Ba To, Minh Long, Son Ha, Son Tay, Tay Tra, Tra Bong
Quang Nam	3	Nam Tra My, Phuoc Son, Tay Giang
Binh Dinh	3	An Lao, Van Canh, Vinh Thanh
Ninh Thuan	1	Bac Ai
Kon Tum	2	Kon Plong, Tu Mo Rong
Lam Dong	1	Dam Rong