

THE GOVERNMENT

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THE SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness

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DECREE

PROVIDING FOR PROVINCIAL-GOVERNMENT DEBT MANAGEMENT

Pursuant to the Law on government organization dated June 19, 2015;

Pursuant to the Law on organization of local governments dated June 19, 2015;

Pursuant to the Law on state budget dated June 25, 2015;

Pursuant to the Law on public debt management dated November 23, 2017;

Pursuant to the Law on public investment dated June 18, 2014;

At the request of the Minister of Finance;

The Government promulgates a Decree providing for provincial-government debt management.

Chapter I

GENERAL PROVISIONS

Article 1. Scope and regulated entities

1. Scope:

This Decree deals with provincial-government debt management, including debt management rules, types of borrowing and eligibility requirements to be satisfied by provincial governments to get loans, formulation of 5-year borrowing and repayment plan, 03-year debt management program, annual borrowing and repayment plan, getting loans and repayment, accounting, auditing, reporting and debt-related information publishing.

2. Regulated entities:

This Decree applies to People's Councils and People's Committees of provinces and central-affiliated cities, the Ministry of Finance and other regulatory authorities, organizations and individuals involved in borrowing, management and use of borrowed funds, and debt repayment by provincial governments.

Article 2. Rules for managing provincial-government debts

1. A provincial government is allowed to get loans for making up its budget deficit and paying outstanding principal amounts.
2. When getting loans, a provincial government must comply with the Law on state budget, the Law on public debt management and the followings:
 - a) Its 5-year borrowing plan, 03-year debt management program and annual borrowing plan shall not exceed the ceilings announced by competent authorities (if any) and outstanding balances on loans prescribed in Clause 6 Article 7 of the Law on state budget and Article 4 of the Government's Decree No. 163/2016/ND-CP dated December 21, 2016, and relevant Government's Decrees on specific financial - budget policies applicable to some provincial governments as set forth in Article 74 of the Law on state budget;
 - b) Loan amounts received in a year shall not exceed the annual loan limit decided by the National Assembly and approved by the Prime Minister for each provincial government;
 - c) Loans granted for making up its budget deficit shall be only used for implementing investment and development programs and/or projects included in the medium-term public investment plan approved by the Provincial People's Council;
 - d) Loans are granted and recorded in VND, except amounts on-lent from the Government's ODA loans or foreign concessional loans as prescribed in Point b Clause 1 Article 3 herein;
 - dd) A provincial government is not allowed to directly ask for a foreign loan.
2. A provincial government is not allowed to act as a guarantor for any organizations or individuals for their domestic or foreign loans or bond issues.
3. A provincial government must balance and allocate its budget or other legal sources of funding to pay debts in full and on schedule as prescribed in Article 11 and Article 12 herein.
4. Provincial-government debts must be calculated and recorded in an accurate, adequate, open and transparent manner; responsibility of relevant authorities and individuals must be determined in the management of provincial-government debts.

Article 3. Types of borrowing and eligibility requirements to be satisfied by a provincial government

1. Types of borrowing:
 - a) Issue municipal bonds in domestic market under regulations herein;

b) Borrow funds on-lent from the Government's ODA loans or foreign concessional loans under regulations in Chapter V of the Law on public debt management, the Government's Decree on on-lending of ODA loans and foreign concessional loans, and regulations herein;

c) Get loans directly from domestic financial institutions or credit institutions; borrow money from state funds; get loans from financial reserve fund under regulations herein.

2. When applying for loans, provincial governments must satisfy eligibility requirements as prescribed in Article 52 of the Law on public debt management and the Government's Decree No. 163/2016/ND-CP.

Chapter II

5-YEAR BORROWING AND REPAYMENT PLAN, 03-YEAR DEBT MANAGEMENT PROGRAM, AND ANNUAL BORROWING AND REPAYMENT PLAN OF A PROVINCIAL GOVERNMENT

Article 4. Provincial government's 5-year borrowing and repayment plan

1. The 5-year borrowing and repayment plan of a provincial government is a part of its 5-year financial plan, and formulated and reported by the Provincial Finance Department to the Provincial People's Committee for submission to the Provincial People's Council for reference before it is submitted to the Ministry of Finance for consolidation.

2. Grounds for formulating a provincial government's 5-year borrowing and repayment plan:

a) The provincial government's implementation of the 5-year socio – economic development plan, the 5-year financial plan, the medium-term public investment plan, and the 5-year borrowing and repayment plan in the previous period;

b) Socio-economic & finance – state budget objectives, targets and orientations included in the national 5-year socio-economic development strategies and plans; strategies for finance, public debts and tax system reform; and socio-economic development objectives, targets and orientations in the 5-year planning period of the provincial government; its master plan for socio-economic development approved by a competent authority;

c) Socio-economic developments which may affect the provincial government's ability to mobilize and use finance - state budget resources in the 5-year planning period;

d) Current regulations on finance and state budget, including the mechanism for managing and assigning state budget revenue sources and spending tasks between central-government budget and provincial-government budget, and between provincial governments; orientations for revision and promulgation of the law on finance-state budget in the 5-year planning period;

dd) Directions of the Prime Minister and by the Provincial People's Committee on formulation of 5-year socio – economic development plans and 5-year financial plans.

3. Requirements on formulation of 5-year borrowing and repayment plan:

- a) Being conformable with the objectives, tasks and solutions provided in the national socio-economic development strategy; strategies for finance, public debts and tax system reform; and with national and provincial socio-economic development objectives, targets and orientations in each 5-year planning period;
- b) Being conformable with forecasts about the socio-economic developments, the ability to balance state budget revenue sources, raise funds and repay debts as well as the requirements on national financial safety limits in the 5-year planning period; being conformable with the principles for balancing, managing and assigning state budget revenue sources and spending tasks, principles for public debt management and the provincial government's maximum allowable outstanding balance;
- c) Prioritizing the allocation of state budget funds and borrowed funds for implementation of programs and projects in each period;
- d) Ensuring publicity, transparency and effectiveness.

4. Contents of a provincial government's 05-year borrowing and repayment plan:

- a) Evaluation of the implementation of the 5-year borrowing and repayment plan in the previous period, achievements, shortcomings, limitations and reasons therefor, and drawn lessons and experiences;
- b) Grounds for formulating the provincial government's 05-year borrowing and repayment plan;
- c) Indicators of the provincial government's 05-year borrowing and repayment plan, including: debt limit, outstanding balance of the provincial government (ratio of its outstanding balance to debt limit); estimated borrowed amounts and repayment amounts;
- d) Forecasts about risks which might affect the provincial-government debt management indicators;
- dd) Regulatory and managerial solutions for ensuring provincial-government budget safety and sustainability.

5. The order of formulation and approval for a provincial government's 5-year borrowing and repayment plan shall be the same as that of formulation and approval for 5-year financial plans of provincial governments set forth in Article 9 of the Government's Decree No. 45/2017/ND-CP dated April 21, 2017.

6. Adjustment of a provincial government's 5-year borrowing and repayment plan shall follow regulations in Article 10 and Clause 5 Article 11 of the Government's Decree No. 45/2017/ND-CP.

Article 5. Provincial government's 3-year debt management program

1. The 03-year debt management program of a provincial government is a part of its 03-year finance - state budget plan, and formulated and reported by the Provincial Finance Department to the Provincial People's Committee for submission to the standing board of the Provincial People's Council for reference before it is submitted to the Ministry of Finance for integrating it into the 3-year public debt management program which shall be then submitted to the Prime Minister for consideration.

2. Grounds for formulation of a provincial government's 3-year debt management program:

a) The implementation of the socio-economic plan, state budget estimates, borrowing and debt repayment by the provincial government in the current year;

b) The national strategy for socio-economic development; strategies for finance, public debts and tax system reform; national and local 5-year socio-economic development plans, medium-term public investment plan (in case the three planning years are covered by a 5-year plan), or objectives, targets and orientations for socio-economic development in 5 subsequent years, and medium-term public investment of the provincial government in the subsequent period (in case the three planning years belong to two consecutive 5-year planning periods);

c) The provincial government's planned major socio-economic targets in the three planning years; estimated budget expenditures in the fields identified in the provincial government's 3-year finance-state budget plan made in the previous year;

d) Current regulations and orientations for revision and promulgation of the law on finance-state budget by central and provincial governments in the three planning years;

dd) The Prime Minister's directive, guidance of the Ministry of Finance and the Ministry of Planning and Investment, and directions of the Provincial People's Committee on formulation of 3-year finance-state budget plan.

3. Requirements on a provincial government's 3-year debt management program:

a) Being conformable with the practical implementation of 5-year and annual objectives, targets and orientations for socio-economic development and finance, and with forecasts for the three planning years;

b) Being conformable with the principles of budget balancing, management and assignment, and public debt management prescribed by the Law on the state budget and the Law on public debt management;

c) Being formulated according to the successive method for a 3-year period, in which the state budget estimate planned for the first year is used as reference for formulating, submitting and deciding annual state budget estimates, and annual borrowing and repayment estimates.

4. Contents of a provincial government's 3-year debt management program:

- a) Assessment of the performance of debt management tasks by the provincial government in the current year;
- b) Grounds and requirements on formulation of the provincial government's annual borrowing and repayment plan;
- c) Planned debt limit and outstanding balance of the provincial government; planned amounts of borrowing and repayment in the planning year and specific targets for each of the two subsequent years;
- d) Planned borrowing plan, estimated expenses for raising funds; debt obligations and funds for repaying debts; risks which might occur in the planning year and in the two subsequent years;
- dd) Solutions for implementing the program for ensuring budget safety and sustainability of provincial government.

5. Process of formulating 3-year debt management program shall be the same as that of formulating 3-year finance-state budget plan set in Article 16 and Article 17 of the Government's Decree No. 45/2017/ND-CP.

Article 6. Annual borrowing and repayment plan

1. The Provincial Finance Department shall annually formulate the provincial borrowing and repayment plan at the same time when the state budget estimate is formulated, and report it to the Provincial People's Committee for submission to the Provincial People's Council for reference before it is submitted to the Ministry of Finance for consolidation. If the 5-year borrowing and repayment plan of a provincial government must be submitted to the Ministry of Finance at the time different from the time of organizing the meeting of the Provincial People's Council, the Provincial People's Committee shall report the standing board of the Provincial People's Council for reference before it is submitted to the Ministry of Finance for consolidation, and report it to the Provincial People's Council at the next meeting.

2. Grounds for formulation of annual borrowing and repayment plan:

- a) The provincial government's socio-economic development and national defense and security duties;
- b) Assignment of budget revenue sources and spending tasks, and ratio of revenues to be distributed and additional funding for budget balancing allocated by higher-level budgets. Outstanding balance and maximum allowable debt limit and debt obligations;
- c) Legislative documents promulgated by regulatory authorities providing guidance on formulation of socio-economic development plan, state budget estimates, estimates of borrowing and debt repayment in the following year;

d) The 5-year financial plan, the 3-year finance-state budget plan, the medium-term plan for public investment funded by state budget;

dd) State budget situation, borrowing and debt repayment in the previous year.

3. Requirements on formulation of annual borrowing and repayment plan:

a) Borrowed funds and amounts of debt payable must be separately specified in the plan according to forms and time limits prescribed by competent authorities;

b) The plan is made on the basis of signed loan agreements and commitments to pay debts which are mature in the budget estimating year;

c) Estimated borrowed funds for making up the provincial-government budget deficit must be conformable with its capacity of budget balancing, each lending sources, capacity of repaying debts, debt limit of each provincial government and public debt safety limits set in the resolution of the National Assembly.

4. Contents of a provincial government's annual borrowing and repayment plan:

a) Assessment of the performance of debt management tasks by the provincial government in the current year;

b) Estimated outstanding balance and debt limit remaining in the budget year of the provincial government;

c) Planned borrowed amounts, lenders, borrowing plan and expenses thereof; borrowed amounts for making up budget deficit and repaying outstanding principal; debt repayment obligations and funds for repaying debts; forecasts about risks that might occur in the planning year;

d) Solutions for implementing the program for ensuring budget safety and sustainability of the provincial government.

5. Time limits for guidance, formulation, consolidation, decision and assignment of annual borrowing and repayment plan of a provincial government shall follow regulations in Chapter on formulation of state budget estimates of the Law on state budget and the Government's Decree No. 163/2016/ND-CP.

6. If an annual borrowing and repayment plan includes funds from issuance of municipal bonds, the Provincial People's Committee shall formulate a preliminary scheme for issuance of municipal bonds, and submit it to the Provincial People's Council for approval at the same time when its annual borrowing and repayment plan and budget estimates are approved. The preliminary scheme for issuance of municipal bonds must include maximum quantity of bonds, purpose of issuance, funds for payment of bonds, and estimated date of issuance.

7. The Provincial People's Council shall consider giving approval for the provincial government's annual borrowing and repayment plan and budget estimates, including: Total borrowed amounts, divided into amounts for making up budget deficit and amounts for repaying outstanding principal; borrowing types, including the policy for issuance of municipal bonds as set in the bond issuance scheme formulated by the Provincial People's Committee (if any); plan for payment of principal, interest and fees in the budget year of the provincial government.

8. Adjustment of the provincial government's annual borrowing and repayment plan shall follow regulations in Article 52 and Article 53 of the Law on state budget.

Chapter III

PROVINCIAL GOVERNMENT'S BORROWING AND REPAYMENT

Section 1. PROVINCIAL GOVERNMENT'S BORROWING

Article 7. Implementation of annual borrowing and repayment plan

1. Based on the provincial-government budget estimates, annual debt limit and the policy for issuance of municipal bonds approved by the Provincial People's Council, the Provincial Finance Department shall take charge and cooperate with relevant authorities in formulating the provincial government's borrowing plan, including borrowed amounts, borrowing date, lender and borrowing type, and reporting it to the Provincial People's Committee for consideration. With respect to a plan for borrowing funds from the Government's ODA loans or concessional loans, the plan must be conformable with total amount of debts assigned by the Prime Minister, decided by the People's Council and disbursement capacity of programs and/or projects according to signed loan agreements.

2. Based on the provincial-government budget estimates for repaying principal and funds for paying principal, interest, fee and relevant expenses decided by the Provincial People's Council, the Provincial Finance Department shall take charge and cooperate with relevant authorities in making plan for repayment of debts by provincial government, including principal amounts payable and funds for repaying principal, interest, fee and expenses relating to loans of the provincial government, date of debt repayment, and reporting it to the Provincial People's Committee for consideration.

Article 8. Borrowing funds by issuing municipal bonds

1. Based on budget estimates, the annual borrowing and repayment plan, the policy for issuance of municipal bonds of the provincial government as approved by the Provincial People's Council and the provincial government's borrowing plan prescribed in Article 7 herein, the Provincial People's Committee shall complete the scheme for issuance of municipal bonds and submit it to the Ministry of Finance for giving opinions about bond terms and conditions as prescribed in Article 53 of the Law on public debt management. A scheme for issuance of municipal bonds includes:

- a) The issuer is the Provincial People's Committee;
- b) Purposes of issuance of municipal bonds as regulated by the Law on state budget and the Law on public debt management;
- c) Planned terms and conditions of municipal bonds, including:
 - Quantity of bonds to be issued;
 - Bond term which must be at least 01 year;
 - Bond's face value which is VND 100,000 or its multiple;
 - Currency which is VND;
- d) Planned time and method of issuance of municipal bonds;
- dd) The provincial government's borrowing and repayment of principals and interests of all loans in 03 budget years preceding the year in which municipal bonds are issued;
- e) Debt limit granted to the provincial government, repayment of principals and interests during the year, outstanding balance at the time of formulation of bond issuance scheme, and planned remaining debt after issuance of bonds;
- g) The plan for using funds to pay bond principal and interest upon their maturity date;
- h) Information to be provided for investors before the bond issue;
- i) The issuer's commitments to bondholders;
- k) The issuance of municipal green bonds must conform to regulations on issuance of municipal regular bonds, and Provincial People's Committee must report the list of projects using funds from issuance of municipal green bonds as regulated by the Ministry of Finance.

2. The Provincial People's Committee shall submit a written request to the Ministry of Finance for opinions about terms and conditions of municipal bonds, enclosed with the following documents:

- a) The scheme for issuance of municipal bonds as regulated in Clause 1 of this Article;
- b) The Resolution of the Provincial People's Council approving the provincial government's budget estimate, and borrowing and repayment plan of the year in which municipal bonds will be issued, and medium-term public investment plan;
- c) The provincial government's annual borrowing and repayment plan approved by the Provincial People's Committee under regulations in Article 7 herein;

d) Other relevant documents.

3. Within 15 working days from the receipt of the provincial government's request and documents prescribed in Clause 2 of this Article, the Ministry of Finance shall consider giving written approval for terms and conditions of municipal bonds as specified in Point c Clause 1 of this Article before the Provincial People's Committee organizes the bond issue. In case of refusal, the Ministry of Finance shall state its reasons for refusal in writing.

4. Issuance of municipal bonds:

a) At least 05 working days before the planned date of bidding, or at least 10 working days before the date of issuing municipal bonds through underwriting, the Provincial People's Committee must publish basic information about the bond issue on its website or on the website of the organization that is authorized to issue municipal bonds or in charge of conducting bidding. Information to be published is specified in Section 1 of the Appendix I enclosed herewith;

b) Issuance methods:

- Bidding: The bidding for municipal bonds is conducted by the organization in charge of conducting bidding for Government's debt instruments. The principles and methods of bidding, participants in bidding, procedures for organization of the bidding, method of determining bidding results and bond settlement method shall comply with regulations on issuance of government's debt instruments through bidding;

- Underwriting: The Provincial People's Committee, or its authorized authority, shall carry out a negotiation directly with the main underwriter on the quantity, terms and conditions of bonds (including bond term, interest rate, date of issuance, date of bond settlement, and bond prices), underwriting fee and relevant contents. Process of issuance of municipal bonds through underwriting shall be the same as that of issuance of government's debt instruments through underwriting.

c) Interest rate:

- At least 10 working days before the issuance of municipal bonds, the Provincial People's Committee shall request the Ministry of Finance in writing to announce the bracket of bond interests. Such request should indicate the planned date of issuance, quantity of bonds to be issued, bond term, method and type of issuance, needs to buy bonds of investors (including expected quantity, term and interest rate);

- Within 07 working days from the receipt of the written request, the Ministry of Finance shall announce the bracket of bond interests in order for the Provincial People's Committee to organize the issuance of municipal bonds;

- The Provincial People's Committee shall decide the interest rate of municipal bonds to be issued according to the interest bracket announced by the Ministry of Finance and the market developments at the date of issuance;

d) Within 07 working days upon the end of each issue, the Provincial People's Committee shall publish results of the bond issue, including the quantity, term and interest rate of municipal bonds issued, on its website or on the website of the organization that is authorized to issue municipal bonds or in charge of conducting bidding.

5. Registering, depositing, listing and trading bonds: Municipal bonds shall be registered and deposited at the Vietnam Securities Depository, listed and traded at the Stock Exchange. Procedures for registering, depositing, listing and trading municipal bonds are the same as those applied to government's debt instruments.

6. Repurchase of bonds:

a) The Provincial People's Committee may repurchase bonds before they mature to its debt or serve debt restructuring according to the plan approved by the Provincial People's Council;

b) Bonds must be openly and transparently repurchased according to market rules;

c) The plan for repurchase of municipal bonds includes the following contents: purposes; terms and conditions of bonds to be repurchased; repurchase method; planned date of repurchase; list of holders of bonds to be repurchased; provincial-government budget's outstanding balance after the repurchase;

d) Funds for repurchasing bonds and repurchase expenses shall be covered by provincial-government budget in accordance with regulations of the Law on state budget, the Law on public debt management and their instructional documents;

dd) Process of repurchase of municipal bonds shall follow guidance of the Minister of Finance;

e) Interest rate of repurchased bonds:

- At least 10 working days before the repurchase date, the Provincial People's Committee shall submit a written request, indicating the date of repurchase, quantity of bonds to be repurchased, bond term and repurchase method, to the Ministry of Finance for announcement of bracket of interests of bonds to be repurchased;

- Within 07 working days from the receipt of such written request, the Ministry of Finance shall announce the bracket of interests of repurchased bonds in order for the Provincial-level People's Committee to organize the repurchase of municipal bonds;

- The Provincial People's Committee shall decide the interest rate of municipal bonds to be repurchased on the basis of the interest bracket announced by the Ministry of Finance and the market developments at the date of repurchase;

g) Within 07 working days upon the end of the repurchase, the Provincial People's Committee shall publish information concerning the repurchase, including the code, quantity and interest rate of municipal bonds repurchased, on its website or on the website of the organization in charge of conducting bidding for repurchase of municipal bond.

7. Swap of bonds:

a) The Provincial People's Committee may swap bonds to serve debt restructuring according to the swap plan approved by the Provincial People's Council;

b) Bond swap must be openly and transparently carried out according to market rules. The quantity of bonds issued to swap outstanding bonds must not exceed the debt limit in the year of the provincial government;

c) The plan for swap of municipal bonds includes the following contents: Purposes; terms and conditions of sold bonds and those of purchased bonds (planned quantity of new bonds and bonds additionally issued); swap method; list of holders of bonds swapped at the date of formulation of swap plan; planned date of bond swap; planned outstanding balance of the provincial government after the bond swap;

d) After the bond swap plan has been given approval by the Provincial People's Council, the Provincial People's Committee shall ask for the Ministry of Finance's approval for terms and conditions of sold bonds and purchased bonds before organizing the bond swap;

dd) Expenses for swapping bonds shall be covered by provincial-government budget in accordance with regulations of the Law on state budget, the Law on public debt management and their instructional documents;

e) Process of swap of municipal bonds shall follow guidance of the Minister of Finance;

g) Discount interest rate:

- At least 10 working days before the date of bond swap, the Provincial People's Committee shall request the Ministry of Finance in writing to announce the bracket of discount interests in order to determine the prices of sold bonds and purchased bonds in each bond swap. Such written request should indicate the planned date of swap, quantity and term of sold bonds and purchased bonds;

- Within 07 working days from the receipt of such written request, the Ministry of Finance shall announce the bracket of discount interests in order for the Provincial People's Committee to organize the swap of municipal bonds;

- Based on the discount interest bracket announced by the Ministry of Finance and market developments at the date of bond swap, the Provincial People's Committee shall decide the bond discount interest so as to determine the prices of sold bonds and purchased bonds;

h) Within 07 working days upon the completion of the bond swap, the Provincial People's Committee shall publish results of the bond swap, including codes and quantity of sold bonds and of purchased bonds, and discount interest rate, on its website.

8. Issuance of municipal green bonds shall follow the Scheme approved by the Prime Minister and guidance of the Ministry of Finance.

Article 9. Borrowing funds from ODA loans and foreign concessional loans

Based on a specific on-lending agreement entered into between the Ministry of Finance and the Provincial People's Committee for each program or project, amounts on-lent shall be decided by the Prime Minister and specified in the annual budget estimate of the provincial government; method of fund withdrawal and disbursement of ODA loan or a foreign concessional loan shall be made within the assigned estimate.

Article 10. Other domestic loans

1. Loans from state fund:

a) A Provincial People's Committee may ask for loans from state fund to make up its budget deficit and repay outstanding principal in accordance with regulations of the Law on state budget and must pay fees for borrowing money from state fund;

b) Based on the provincial-government budget estimate and annual debt limit approved by the National Assembly and the Provincial People's Council, the Provincial People's Committee shall send a written request for loan, enclosed with relevant documents, to the Ministry of Finance for consideration;

c) Term of a loan from the state fund shall follow regulations of the Government's Decree No. 24/2016/ND-CP dated April 05, 2016;

d) The Ministry of Finance shall promulgate specific regulations on loans from state fund by provincial governments.

2. Loans from provincial-level financial reserve fund:

a) Only the provincial government applying a specific finance-state budget mechanism or policy, which includes provision on loans from the provincial-level financial reserve fund, as approved by the Government is allowed to ask for loans from this fund source;

b) Based on Point a Clause 2 of this Article, the provincial-government budget estimate, and annual debt limit decided by the Provincial People's Council, the Provincial People's Committee shall make decision on a loan, which specify borrowed amounts and loan term;

Funds borrowed from the provincial-level financial reserve fund must not exceed the debt limit. No interest is charged on this loan but it must be repaid on the prescribed schedule.

3. Loans from domestic financial or credit institutions:

- a) Based on the provincial-government budget estimate and annual debt limit decided by the Provincial People's Council, the Provincial shall submit the plan for getting loans from a domestic financial or credit institution to the Provincial People's Committee;
- b) Terms and conditions of a loan shall be subject to agreements made between the Provincial People's Committee, or its authorized authority, and the lending institution provided that such loan is given in VND, interest rate and relevant expenses must be conformable with the market interest rate at the loan date, and the loan term is at least 03 year;
- c) The Provincial People's Committee, or its authorized authority, shall carry out a negotiation on procedures, documents and conclusion of a loan agreement with the lending institution.

Section 2. PROVINCIAL GOVERNMENT'S REPAYMENT OF DEBTS

Article 11. Payment of interest, fees and charges relating to loans of a provincial government

1. Based on the provincial government's budget estimate decided by the Provincial People's Council and its due debts, the Provincial Finance Department shall cooperate with the Provincial State Treasury to use the provincial-government budget to pay interest, fees and charges relating to loans of that provincial government.
2. In case the sum of interests, fees and charges payable by the provincial government exceeds its approved budget estimate, the Provincial Finance Department shall aggregate amounts payable, propose solutions and report to the Provincial People's Committee, or the standing board of the Provincial People's Council or the Provincial People's Council for adjusting the provincial-government budget estimate as regulated by the Law on state budget.

Article 12. Payment of loan principal by a provincial government

1. Funds used for paying loan principal by a provincial government shall follow regulations in Article 5 of the Government's Decree No. 163/2016/ND-CP, including:
 - a) Annual amounts borrowed for repaying loan principal as decided by the National Assembly or the Provincial People's Council;
 - b) Estimated surplus of the provincial-government budget;
 - c) Actual surplus of the provincial-government budget as prescribed in Clause 1 Article 72 of the Law on state budget;
 - d) Increase in budget revenue and decrease in budget expenditures as prescribed in Clause 2 Article 59 of the Law on state budget.

2. Based on allocated funds and due debts, the Provincial Finance Department shall cooperate with the Provincial State Treasury to use provincial-government budget to pay loan principal amounts as regulated.

3. In case total loan principal payable by the provincial government exceeds planned funds, the Provincial Finance Department shall aggregate amounts payable, propose solutions and report to the Provincial People's Committee, or the standing board of the Provincial People's Council or the Provincial People's Council for adjusting the provincial-government budget estimate as regulated by the Law on state budget.

4. If borrowed fund is used for repaying the loan principal, partial or entire provincial-government budget for covering development investment expenditures may be converted as follows:

a) The planned borrowed funds for repaying loan principal shall be subtracted from the estimated budget for covering development investment expenditures before it is allocated;

b) After the loan principal is fully paid, funds for covering development investment expenditures shall be returned to be allocated to investment projects. If an application for loan is refused or the approved loan is not enough to pay debt, the fund for covering development investment expenditures shall be reduced for making up the deficit (the provincial government must reduce budget deficit or increase its estimated budget surplus to have funds for repaying loan principal).

Chapter IV

ACCOUNTING, AUDITING, REPORTING AND PUBLISHING OF INFORMATION CONCERNING A PROVINCIAL GOVERNMENT'S DEBTS

Article 13. Accounting

1. Loans, debt repayments and outstanding debts of a provincial government must be properly recorded in accordance with regulations of the Law on accounting and the Law on state budget.

2. Provincial State Treasury shall take charge of accounting works relating to loans, debt repayments and outstanding debts of that provincial government.

Article 14. Auditing

Audit of reports on borrowing, repayment and outstanding debts of a provincial government is a content of auditing works of provincial-government budget statements and is performed by the State Audit Office before they are submitted to the Provincial People's Council for approval.

Article 15. Reporting

1. The Provincial Finance Department shall submit monthly reports on the provincial government's performance of its annual borrowing and repayment plan and implementation of

provincial-government budget estimate to the Provincial People's Committee and relevant authorities.

2. The Provincial People's Committee shall submit quarterly reports on provincial government's performance of its annual borrowing and repayment plan, and implementation of provincial-government budget estimate to the Standing Board of the Provincial People's Council under regulations in Clause 3 Article 52 and Clause 2 Article 59 of the Law on state budget; report on the provincial-government budget status and the provincial government's performance of borrowing and repayment plan to the Provincial People's Council at the year-end meeting, and provide additional information thereof to the Provincial People's Council at the meeting convened in the middle of the following year.

3. Within 07 working days from the end of a bond issue, the Provincial People's Committee shall submit a report on issue results, which is made according to the Form stated in Section 2 of the Appendix I enclosed herewith, to the Ministry of Finance. Within 30 working days from the end of a budget year, the Provincial People's Committee shall submit a report on funds raised from issuance of municipal bonds and payment of bond principal and interest, which is made according to the Form stated in Section 3 of the Appendix I enclosed herewith, to the Ministry of Finance.

4. Within 07 working days from the end of the repurchase or swap of municipal bonds, the Provincial People's Committee shall submit a report on results of such bond repurchase or swap, which is made according to the Form stated in Section 4 of the Appendix I enclosed herewith, to the Ministry of Finance.

5. The Provincial People's Committee shall submit biannual reports on the provincial government's performance of its annual borrowing and repayment plan, which is made according to Appendix II and Appendix III enclosed herewith, to the Ministry of Finance.

Article 16. Information publishing

1. Chairperson of the Provincial People's Committee shall annually publish information concerning the provincial-government debts.

2. Borrowing and repayment contents to be published include:

a) The opening balance (sorted by funding sources);

b) Total amount borrowed in the year (for repaying loan principal and for making budget deficit);

c) Debts paid in the year (interest, fees and charges relating to the provincial government's loans, and loan principal);

d) The ending balance (sorted by funding sources).

3. Information to be published includes specific figures and explanation about the contents specified in Clause 2 of this Article.

4. Deadlines for publishing information:

a) Information concerning the provincial government's borrowing and repayment plan shall be published together with information concerning the provincial-government budget estimate decided by the Provincial People's Council within 30 days from the aforesaid documents are made;

b) Information concerning reports on the provincial government's performance of its borrowing and repayment plan shall be published together with information concerning the provincial-government budget statement approved by the Provincial People's Council within 30 days from the aforesaid documents are made;

5. Methods of publishing information: Information shall be published on the website of the Provincial People's Committee or of the Provincial Finance Department.

Chapter V

TASKS, POWERS AND RESPONSIBILITY OF PROVINCIAL-LEVEL AUTHORITIES IN PROVINCIAL-GOVERNMENT DEBT MANAGEMENT

Article 17. Tasks and powers of provincial people's committees and provincial people's councils

1. A Provincial People's Council shall perform tasks and powers prescribed in Article 16 of the Law on public debt management;

2. A Provincial People's Committee shall perform tasks and powers prescribed in Article 17 of the Law on public debt management.

Article 18. Tasks and powers of regulatory authorities affiliated to a Provincial People's Committee

1. The Provincial Finance Department shall take charge of assisting the Provincial People's Committee in managing the provincial government's debts and discharge the following tasks:

a) Formulate the provincial government's 5-year and annual borrowing and repayment plans, and report them to the Provincial People's Committee for submission to the Provincial People's Council for consideration;

b) Formulate the provincial government's 3-year debt management program, and report it to the Standing Board of the Provincial People's Council for reference before sending it to the Ministry of Finance for reporting the Prime Minister;

c) Formulate the provincial government's scheme for issuance of municipal bonds and other borrowing plans, and submit them to the Provincial People's Committee for submission to competent authorities;

d) Pay loan principal, interest, fees and charges relating to the provincial government's debts on the basis of the provincial-government budget expenditure estimate and its funding sources approved by competent authorities;

dd) Inspect management and use of borrowed funds by relevant authorities.

2. Other regulatory authorities affiliated to the Provincial People's Committee shall, within the ambit of their assigned functions and tasks, cooperate with the Provincial Finance Department to fulfill provincial-government debt management tasks, including applying for a loan, disbursement, management and use of borrowed funds, under regulations herein and relevant laws.

Chapter VI

IMPLEMENTATION

Article 19. Entry into force

This Decree comes into force from July 01, 2018.

Article 20. Transition

Loans for which loan agreements have been entered into before the date of entry into force of this Decree shall be performed in accordance with laws applicable at the date of conclusion of loan agreements.

Article 21. Responsibility for implementation

Ministers, heads of ministerial-level agencies, heads of the Government's affiliates and other central-level authorities, and Chairpersons of People's Committees of provinces and central-affiliated cities shall implement this Decree.

**ON BEHALF OF THE GOVERNMENT
PRIME MINISTER**

Nguyen Xuan Phuc

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