

LEGAL UPDATE (December 27th, 2021)

In this issue, we would like to bring to your attention to the following:

- Some adjustments in subjects, pension benefits, social insurance and monthly allowances.
- New regulations on using the official development assistance (ODA) and concessional loans from foreign donors.

1. **Some adjustments in subjects, pension benefits, social insurance and monthly allowances**

On November 7th, 2021, the Government issued Decree No.108/2021/ND-CP on adjusting pension benefits, social insurance and monthly allowances (“**Decree 108**”). According, from January 1st, 2022, the level of pension, social insurance allowance and monthly allowance for the subjects mentioned in this Decree will be changed as follows:

a. **Subjects of application:**

Clause 1, Article 1 of Decree 108/2021 refers to 07 subjects governed by this Decree, including:

- Cadres, civil servants, workers, public employees and employees; soldiers, the people's public forces and people doing cipher work receiving monthly pension;
- Cadres of communes, wards and towns specified in Decree 92/2009/ND-CP and Decree 34/2019/ND-CP; people working part-time at commune level;
- The beneficiaries of monthly incapacitation allowance as prescribed by law; the beneficiaries of monthly allowance under Decision No. 92 and Decision No. 613 of the Government; rubber workers as the beneficiaries of monthly allowances according to the policy for newly liberated workers who do heavy and unhealthy jobs, are old and weak, and have to quit their jobs;
- Cadres of communes, wards and towns who are receiving monthly allowances according to Decision No.130 dated on June 20th, 1975 of the Government Council and Decision No.111 dated on October 13th, 1981 of the Government Council on amending and supplementing some policies and regimes for commune and ward officials;
- Soldiers as the beneficiaries of monthly allowance according to Decision No. 142 and No. 38 of the Government;

- The people's public forces as the beneficiaries of monthly allowance according to Decision No.53 of the Government;
- Soldiers, the people's public forces and people doing cipher work receive salaries like soldiers and the people's police forces who are receiving monthly allowances according to Decision No. 62 of the Government.

b. Time and level of pension, allowance after adjustment

For the subjects mentioned above, from January 1st, 2020, the level of pension, social insurance and monthly allowance will be equal to the level of pension, social insurance and monthly allowance on December 2021 multiplied by 1,074 (increase by 0,74%).

In addition, if the applicable subjects mentioned on Section 1 retire before January 1st, 1995, and after adjusting for increasing by 0.74% but the level of pension, social insurance and monthly allowance is still under 2,500,000 dong/person/month, additional adjustments shall be made as follows:

- If the level of pension, social insurance and monthly allowance is from 2,300,000 dong/month or less, it will be increased by 200,000 dong/person/month;
- If the level of pension, social insurance and monthly allowance is from 2,300,000 VND/month to less than 2,500,000 dong/person/month, it will be increased by 2,500,000 dong/person/month.

Decree 108 takes effect from January 20th, 2022. The provisions of this Decree will take effect from January 1st, 2022.

2. New regulations on using the official development assistance (ODA) and concessional loans from foreign donors

On December 16th, 2021, the Government issued Decree No.114/2021/ND-CP on using the official development assistance (ODA) and concessional loans from foreign donors (“**Decree 114**”). The ODA capital will be prioritized for infrastructure, health, education and environment development. Specifically:

- (i) Methods of providing ODA and concessional loans including:** Programme; Project; Non-project; Budget support
- (ii) Non-refundable ODA capital:**
 - To be given priority to use to implement programs and projects on socio-economic infrastructure development; strengthen ability;
 - Supporting policy, institutional and innovation;
 - Natural disaster risk prevention and mitigation, disaster relief, disease prevention; adapting to climate change;

- Green growth;
- Creative and innovation;
- Social security;
- Preparing investment projects or being co-financer for projects using concessional loans to increase the concessional component of loans;
- Supporting policy, institutional and innovation;
- Natural disaster risk prevention and mmitigation, disaster relief, disease prevention; adapting to climate change;

(iii) ODA loan:

To be given priority to use for programs and projects in the fields of health, education, vocational education, adaptation to climate change, environmental protection, essential economic infrastructure that has no ability to no direct return of capital.

(iv) Concessional loans

To be given priority to use for programs, loan projects to on-lending in accordance with the law on on-lending of ODA loans and foreign concessional loans of the Government; programs and projects under the expenditure assignments of the state budget in the field of socio-economic infrastructure development.

Decree 114 takes effect from December 16th, 2021.

We hope this Monthly Newsletter would bring you useful information.

Best regards.

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