

**MARD  
LEGISLATION DEPARTMENT**

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**FOREST PROTECTION AND  
DEVELOPMENT FUND (VNFF)**

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## I. LEGAL BASIS

- Article 11 of the Forest protection and development law 2004
  - Decree No.05/2008/NĐ\_CP dated 14/01/2008
  - Decision No.111/2008/QĐ-BNN dated 18/11/2008
  - Decision No. 114/2008/QĐ-BNN dated 28/11/2008
  - Decision No. 128/2008/QĐ-BNN dated 31/12/2008
  - State budget law, Ordinance on fees and charges
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## II. KEY CONTENTS

- 1. Fund establishment purpose:** to mobilize sources of the society to create additional capital to invest directly in forest protection and development activities, execute the forest socialization, while raising awareness and responsibility of those being benefited from forest or impacting directly on forest for contributing to the Fund.
  - 2. Fund operation principles:** Fund is operated for non-profit purpose with condition that initial state fund contribution is secured to maintain fund operations in long and stable manners.
  - 3. Fund establishment conditions:** (1)- Practical demand for fund establishment. (2)-be able to mobilize funding sources. (3)-initial state fund contribution is committed to be secured. (4)- Project document of fund establishment, management and utilization.
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## II. KEY CONTENTS (CONT.)

4. **Fund organization at central level:** Decision 114/2008/QĐ-BNN dated 28 November 2008; Decision 128/2008/QĐ-BNN dated 31 December 2008
    - Board of directors: 9 members
    - Organization structure: Board of directors, Management Unit, Control Unit
    - Head Office: Department of Forestry
  5. **Fund organization at provincial level:** Decision 111/2008/QĐ-BNN dated 18 November 2008
    - **Provincial fund** is established by the PPC and under the management of PPC or DARD
    - **Organization structure:** Board of directors, Control Unit and Management Unit
    - The state encourages establishment of fund at district, commune and village levels; rights, obligations and organization structure of fund are decided by the PPC.
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## II. KEY CONTENTS (CONT.)

### 6. Relation between provincial and central funds

- (1) Fund is not established vertically
  - (2) Responsibility of central fund
    - a) Provide financial support to provincial fund;
    - b) Guide, check and supervise management and utilization of financial support from the central fund;
    - c) Guide and exchange experience on fund management.
  - (3) Responsibility of provincial fund
    - a) Receive, manage and use funding support from the central fund;
    - b) Be under control and checking of the central fund with respect to the funding support;
    - c) Report the fund management and utilization to MARD.
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## II. KEY CONTENTS (CONT.)

### 7. Financial sources of the Fund

- **Central fund:** initial state funding support; donor supports, voluntary contributions of organizations and individuals; trust funds from organizations, individuals or other financial sources.
- **Provincial fund,** as compared to the central fund, is added with compulsory contributions from target groups as specified in Decree no 05.

### 8. Compulsory contributing groups

As regulated in provision 3, Article 11 of the Forest protection and development law, those benefiting from forest or causing impacts on forest are compulsory to contribute to the Fund. However, those are already imposed tax, fees, charge on these services or supposed to compensate for changing forest use purpose, Decree no 05, therefore, only refers to particular groups supposing to do contribution

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## II. KEY CONTENTS (CONT.) - Compulsory contributing groups

- (1) Contribution from forest owner for harvesting, doing business on timber is applied to following cases:
    - Economic organization allocated production forest by the state without collecting forest use fee;
    - Economic organization allocated production forest by the state with collecting forest use fee, but the use fee which has been paid comes from the state budget;
    - Household allocated production forest without collecting forest use fee;
  - (2) Contribution from enterprises doing businesses on landscape, resort, forest ecological and environmental service.
  - (3) Contribution from investment project which is supposed to harvest forest for site clearance and required for reforestation without any conditions.
  - (4) Other funds and financial sources.
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## II. KEY CONTENTS (CONT.)

### 9. Funding modality

- Funding support from the Fund is provided on partial and whole grant basis to implement programs, projects or non-project activities. In principle, organizations, individuals operating profitable activities (production, business and service) are supposed to refund part of the funding support through their legal incomes. However, due to different income sources of grant recipients, the refunding is therefore varied accordingly.
  - MARD shall provide provisions on steps, procedures and eligible recipients being supported partly or wholly upon respective programs, projects or non-project activities, while regulating thresholds, duration for reimbursement and cases are exempted from reimbursement and reimbursement reduction.
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