

**DECISION No. 661/QD-TTg OF JULY 29,
1998 ON THE TARGET, TASK, POLICY
AND ORGANIZATION FOR THE
IMPLEMENTATION OF THE PROJECT**

OF PLANTING FIVE MILLION NEW HECTARES OF FOREST

THE PRIME MINISTER

Pursuant to the Resolution of the National Assembly of the Socialist Republic of Vietnam, Legislature X, Second session, on the project of planting five million new hectares of forest;

Pursuant to the Law on Protection and Development of Forests of August 19, 1991;

Pursuant to the Law on Organization of the Government of September 30, 1992;

Pursuant to the Resolution of the regular meeting of the Government in May, 1998;

At the proposal of the Minister of Agriculture and Rural Development, the Minister of Planning and Investment, the Minister of Finance, the Minister of Science, Technology and Environment, the Minister of Labor, War Invalids and Social Affairs, the Minister-Head of the Commission for Nationalities and Mountain Regions, the Governor of the Vietnam State Bank, and the General Director of the General Land Administration,

DECIDES:

I. TARGET, TASK AND GUIDING PRINCIPLES OF THE PROJECT

Article 1.- Target

1. To plant five million new hectares of forest together with protecting the existing forest area in order to increase the forest cover to 43% thus helping to ensure environmental security, reduce natural disasters, increase the capacity of water generation and preserve the source of genes and biological diversity.

2. To use efficaciously the area of waste land, bare hills and mountains and create many more jobs for the laborers, contributing to the eradication of famine and alleviation of poverty, sedentarisation of farming and population; increase the income of the population in the rural areas of the mountain regions; ensure political and social stability, national defense and security, especially in the border regions.

3. To supply wood as raw material for the production of paper, and artificial timber, meeting the

need in wood, firewood and other special forest products for domestic consumption and the production of export goods, along with developing the forest product processing industry and turning forestry into an important economic branch to contribute to socio-economic development in the mountain regions.

Article 2.- Guiding principle

1. The population are the principal force in the planting and protection of forests and in afforestation and are entitled to the benefits of forestry. The State shall create a favorable legal environment, organize research and the transfer of technology and shall adopt policies to encourage foresters, provide support in investment from the budget sources or preferential credit sources, and support the building of essential infrastructure.

2. To closely combine afforestation, reforestation and protection of the existing forest area with the task of sedentarisation of farming and population and the eradication of famine and alleviation of poverty.

3. To develop the overall effect of the economic, social and environmental benefits of the forests through a sustainable integrated agriculture-forestry system with a reasonable, multi-effect plant structure using the intensive farming technology and associated with advanced processing industry.

4. To rationally distribute the task of planting protection forests and production forests among the different regions, but emphasis must be laid on the priority regions, closely combining concentrated afforestation and planting of scattered trees.

- With regard to protection forests, priority investment shall be given to the vital key protection regions, head waters, reservoirs, especially the headwaters of the hydro-power projects, cities, coastal protective areas and areas with urgent need of ecological rehabilitation.

- With regard to production forests, priority must be given to developing trees with high economic effect and which have also the effect of protecting the environment in the short and long term.

5. Afforestation in each period shall be conducted through projects worked out from the grassroots with the participation of the population and ratified by the competent authority according to current regulations. It must be done urgently but steadfastly in order to ensure both the tempo and effect of each project.

Article 3.- Task

1. To protect effectively the existing forest fund, first of all to protect the natural forests which are special-use forests and protection forests in very vital and vital areas, including the protection forests which have been planted under Program 327 and production forests with rich and average potentials. To carry out right from the outset the allocation of land and forests to the organizations, households and individuals associated with sedentarisation of farming and population and with the eradication of famine and alleviation of poverty in order to protect and afforest, combining supplementary planting with planting of new forests.

2. Afforestation:

a/ To plant two million hectares of protection forests and special-use forests: reforestation combined with supplementary planting of one million hectares and planting of one million new hectares associated with sedentarization of farming and population.

b/ To plant three million hectares of production forests : forests to supply raw material for the paper industry, artificial timber, pit props, specialty timber trees, forests of rare timber... about two million hectares; perennial industrial trees and fruit trees, about one million hectares; at the same time mobilize the organizations and population to make the most of the bare land to plant scattered trees.

Following is the project of afforestation in each period:

- From 1998 to 2000: to plant 700,000 new hectares (including 260,000 hectares of protection and special-use forests), to reforest in combination with supplementary planting 350,000 hectares.

- From 2001 to 2005: to plant 1.3 million hectares of new forests (including 350,000 hectares of protection and special-use forests), to reforest in combination with supplementary planting 650,000 hectares;

- From 2006 to 2010: to plant 2 million hectares of new forests (including 390,000 hectares of protection and special-use forests).

II. POLICY AND SOLUTIONS

Article 4.- Structure of trees

The trees to be planted in this project shall comprise forest trees and perennial agricultural trees with cover foliage having protection effect like forest trees.

In order to raise the efficiency in environmental protection, and reduce the damage by natural disasters

associated with the need of biodiversity and socio-economic efficiency, the trees to be planted are structured as follows:

1. Special-use forests:

Basing itself on the need of ecological rehabilitation of each kind of special-use forest, the Managing Board of special-use forests shall choose a concrete structure of plants suited to the ecological system of the region which has been approved by the Ministry of Agriculture and Rural Development or the People's Committee of the province or city directly under the Central Government.

2. Protection forests in very vital and vital regions:

Depending on the need of forest protection in each region and on the climate and pedology to select kinds of tree with good protection effect, mixed planting of trees resistant to harsh climate, arid soil, steep terrain and coastal land, resistant to pest and forest fires, to encourage the planting of trees of economic value where conditions permit. The concrete structure of trees shall be prescribed by the People's Committee of the province or city directly under the Central Government.

3. Production forests and protection forests in less vital regions:

To select kinds of tree of high economic value (including perennial industrial trees, fruit trees, specialty trees, medicinal trees with good foliage). The structure of each specific kind of trees shall be decided by the organizations, households and individuals to whom the State assigns or leases land for afforestation according to the general plan of the province or city directly under the Central Government in order to step by step form regions of concentrated specialized production suited to the pedology and associated with the development of the processing industry and the need of the market.

Article 5.- Land policy

The People's Committees of the provinces and cities directly under the Central Government under the guidance of the Ministry of Agriculture and Rural Development and the General Land Administration shall have to revise the fund of forestry and agricultural land to work out the general plan of using waste land and bare hills for the project of planting five million hectares of forest in the provinces, districts and communes; concretely determine the special-use forests and protection forests in the very vital, vital and less vital regions and the production forests according to the regulations of the Ministry of Agriculture and Rural Development; direct the

assignment and lease of land and the issue of certificates of land use right to the organizations, households and individuals as prescribed in Decree No.2-CP of the Government on January 15, 1994.

1. To assign forest land associated with the assignment of forests and the issue of certificates of land use right for the special use forests and protection forests.

a/ To assign forest land associated with the assignment of forests planned to be built into special-use forests to the Managing Boards of special use forests in order to protect and build according to the investment project already ratified by the competent authority.

b/ To assign land planned for the planting of protection forests in very vital and vital regions to the Managing Board of protection forests. The Managing Board of protection forests shall assign land on a contractual basis to the organizations (including forest farms), households and individuals for planting, tending and protecting the forests.

c/ To assign and lease land planned to be built into protection forests in less vital regions in order to protect and plant forests and agricultural trees combined with the main goal of forestry and agricultural production and with the function of protection according to the modality of assignment and lease of land in the same way as with the production forests.

2. To assign and lease land and issue certificates of land use right planned for planting production forests to organizations of various economic sectors, households and individuals.

a/ The People's Committees of the provinces and cities directly under the Central Government shall coordinate with the related Ministries in revising the fund of forest and agricultural land assigned earlier to the forestry and agricultural farms combined with the rearrangement and reorganization of the activities of the State-owned forestry and agricultural farms in order to determine the acreage and boundary of the land assigned to the forestry and agricultural farms. The remaining forest land shall have to be assigned before the year 2000 to organizations, households and individuals for afforestation.

b/ To assign and lease waste land and bare hills to the organizations, households and individuals for afforestation. To give priority in the assignment of land to the families living in the locality.

3. The level and time-limit for land assignment and lease is stipulated as follows:

a/ The level of land assignment and lease to the organizations shall be based on the investment projects already ratified by the competent authority. The level of assignment of land and forests to households and individuals shall be decided by the People's Committees of the provinces and cities directly under the Central Government in conformity with the concrete situation in the locality.

b/ The time limit for land assignment and lease to organizations, and land and forest assignment to households and individuals is 50 years. At the end of this term, if the organization, household or individual still needs the land and is using it according to the set purpose, they shall be assigned or leased the land by the State for the subsequent term. If the cycle of the tree is more than 50 years, after 50 years the State shall continue to lease it to them until harvest.

4. Issue of certificate of land use right.

The People's Committees of the provinces and cities directly under the Central Government shall direct the issue of certificates of land use right to organizations, households and individuals immediately after they are assigned or leased the land. The organizations, households and individuals that are assigned or leased land must use the land according to the set purpose and plant forest at the tempo under the ratified project.

Article 6.- Policy of investment and credit

1. Investment fund from State budget source

a/ To continue implementing the policy of protecting the special-use forests and protection forests in very vital and vital areas on about two million hectares already planted according to Program 327 with an allowance to the provinces and cities directly under the Central Government of no more than 50,000 VND/ha/year for a period of not more than five years.

The contractual allowance for reforestation combined with supplementary planting shall not exceed one million VND/ha for a period of no more than six years. The rate of annual allowance according to the process of reforestation combined with supplementary planting shall be decided by the Ministry of Agriculture and Rural Development.

b/ To plant protection forests in very vital and vital areas with a direct investment to the planters averaging 2.5 million VND/ha including new planting and tending according to the technical process of the Ministry of Agriculture and Rural Development.

The Ministry of Agriculture and Rural Development shall direct the localities to organize

experimental bidding for the economic organizations including the shock youth organization, in order to protect, reforest and plant forests in areas where conditions do not exist to allocate the forests to households.

c/ To give grants averaging two million VND/ha to the organizations, households and individuals that spend their own money on planting production forests to produce timber trees of specially rare species with a cycle of more than 30 years, with priority given to the plan table trees in Group IA and IIA stipulated in Decree No.18-HDBT of the Council of Ministers (now the Government) on January 17, 1992.

The People's Committees of the provinces and cities directly under the Central Government shall direct the use of the above sources of funding to pay for the contractual protection and reforestation combined with supplementary planting of production forests and special-use forests, and to support the planting of production forests that produce timber trees of specially rare species associated with sedentarization of population and farming and the eradication of famine and alleviation of poverty in conformity with the local situation.

d/ Funding for the management of the project of planting protection and special use forests shall represent 8% of the total budget investment of the State devoted to the project of which the branches at the center shall contribute 0.7%, the provinces, districts and communes, 1.3%, and the project owners at the grassroots, 6%.

e/ The investment fund for the infrastructure, scientific research, forestry promotion and agriculture promotion, designing and expenditures on land allocation and issue of certificates of land use right shall be apportioned to the branches and localities by the Ministry of Planning and Investment and the Ministry of Finance in conformity with the requirements of the projects.

The mechanism of financial management of the investment in protection of forests and reforestation combined with supplementary planting and the planting of protection and special-use forests is provided as follows:

- Funding by the State budget is made through the system of the State treasury.

- The State shall advance the money to prepare plant seeds in the first year. From the second year on, the project owner shall have to retrieve the cost of plant seeds according to the afforestation unit price of that year in order to rotate it and prepare the seeds for the next year. Upon completion of the afforestation

project, the project owner shall have to retrieve and return to the budget the advance money used to prepare the seeds in the first year.

- Each year, when the projects have been assigned plans by the competent authority and had their draft expenditures ratified, the State Treasury shall advance 30% of the project estimated expenditures and after the project has been 50% achieved, they shall receive another 40% of advance money. At the year's end, after the provincial level Council for Test on Completion chaired by the Service of Agriculture and Rural Development has issued its confirmation report, all the funding for the project shall be fully repaid.

2. Investment credit fund

Organizations, households and individuals that plant forests and carry out reforestation to protect protection forests in the less vital areas, the production forests (including the planting of perennial industrial trees, fruit trees, specialty trees and medicinal trees...) and develop establishments for the processing of forest and agricultural products are entitled to the preferential treatment regime as provided for in the Law on Encouragement to Domestic Investment (amended), are entitled to borrow capital from the national fund in support of investment, and other preferential credit funds, the ODA fund of various countries, international organizations and other sources of borrowing.

Forest owners that are non-State organizations, households and individuals are entitled to use production forests and the forest land use right that are assigned to them as collateral when borrowing from the bank.

Article 7.- Policy on benefit enjoyment and product marketing

1. With regard to special use and protection forests:

a/ To give priority assignment of land to the households affected by the policy of farming and population sedentarization, poor households, households that live near forests and households that have earlier contracted to protect and reforest special use forests and protection forests in very vital and vital areas. At the end of the contracting term, if the contracting household wishes it and if in the process of carrying out the contract it protects well the forests, it shall be allowed to contract for the subsequent cycle.

b/ Households that contract to protect the protection forests in very vital and vital areas are entitled to exploit firewood and auxiliary forest

products under the forest foliage.

c/ Households that contract to reforest combined with supplementary planting of protection forests are entitled to enjoy the whole of the products of pruning and other auxiliary products under the forest foliage.

d/ Households that plant protection forests are entitled to the whole pruning products, agricultural products and auxiliary products under the forest foliage.

2. With regard to production forests:

a/ Households that invest in planting production forests and are owners of the forests have the right to decide the point of time and the method to exploit the forests, but they have the duty to restore the forests within no more than two years after the exploitation.

b/ All products taken from bamboo forests and all by-products taken from the natural forests can be freely circulated on the market.

The timber and other forest products taken from natural replanted forests in the production forests of forest owners that are households and individuals can be freely circulated on the market (except the kinds already on the list of rare species of plants and animals stipulated in Decree No.18-HDBT of the Council of Ministers (now the Government) on January 17, 1992. When exploiting the forests and marketing the forest products, the forest owner shall need only to inform the nearest forest control agency or the People's Committee of the local commune or township so that within ten days it shall be issued the certificate that these products are legal products.

c/ The State encourages the processing and exportation of products of planted forests that have been processed. In case the processing establishments in the country cannot use up the raw materials or are not in a position to invest in the building of processing establishments, they are allowed to export the products of their planted forests in the form of primary materials.

d/ The State adopts the policy of marketing products of planted forests and other policies to assure the benefits of the forest planters.

Article 8.- Tax policy

1. Investors, organizations, households and individuals that plant forests or perennial agricultural trees on waste land and bare hills and process agricultural and forest products are entitled to preferential treatment in tax as provided for in the Law on Domestic Investment Promotion (amended).

2. To exempt from resource tax for forest products taken from the production forests which are natural forests restored through reforestation measures.

3. To exempt from consignment trading tax for forest products legally gathered from the planted forests and other forest products outside timber taken from natural forests.

Article 9.- Policy on science and technology

1. The Ministry of Agriculture and Rural Development in coordination with the Ministry of Science, Technology and Environment shall concentrate its guidance on the study, selection, crossing, and import of forest tree breeds that bid well for acclimatization and promise high yield and the technique of planting high-yield forests, and measures to protect, prevent and fight against forest fires... in order to popularize them widely.

2. The Ministry of Agriculture and Rural Development shall coordinate with the People's Committees of the provinces and cities in taking measures to encourage the development of establishments producing plant seeds of all economic sectors, provide support in investment in the creation of seed improvement, issue certificates of plant seeds, and resolutely refrain from using seeds that do not meet quality standard.

Article 10.- On cooperation in investment with foreign countries

1. To encourage foreign investors to enter into joint venture with organizations and individuals in the country to invest in forest planting and processing of forest products, to continue the trial application of the modality of leasing land and investing 100% of foreign capital to plant forests.

Foreign investors shall enjoy the preferential policies stipulated in the Law on Foreign Investment, Decree No. 10/1998/ND-CP of the Government on January 23, 1998 on a number of measures to encourage and assure direct foreign investment activities in Vietnam.

2. To assign to the Ministry of Planning and Investment, the Ministry of Agriculture and Rural Development and the related Ministries and branches the task of giving priority to the allocation of the ODA source of capital, at the same time soliciting more aid from various countries and international organizations in order to get more fund for the project of planting 5 million hectares of forest.

III. ORGANIZATION OF IMPLEMENTATION AND MANAGEMENT OF PROJECT

Article 11.- Managerial apparatus of the project at the center

1. The Leading Board of the project at the State level has been set up under Decision No. 7/1998/QĐ-TTg of the Prime Minister on January 16, 1998.

2. To set up the Operating Board of the project directly attached to the Ministry of Agriculture and Rural Development with the participation of the representatives (department level) of the Ministry of Finance, the Ministry of Planning and Investment, the Vietnam State Bank, the Commission for Nationalities and Mountain Regions, the General Land Administration, the Ministry of Science, Technology and Environment and the Vietnam Peasants Association.

To assign to the Minister of Agriculture and Rural Development the task of providing clearly for the function, tasks and working statute of the Operating Board of the project. The Standing Board assisting the Operating Board shall be assumed by the Ministry of Agriculture and Rural Development and no new recruitment shall be made.

Article 12.- Managerial apparatus in the localities

1. In the provinces and cities directly under the Central Government where the afforestation project is implemented, the President of the People's Committee of the province or city directly the Central Government shall take overall responsibility for the result of the implementation of the project in his locality.

To set up the Project Operating Board of the province headed by a Vice President of the People's Committee of the province or city and with a member of the leadership of the Agriculture and Rural Development Service as Deputy Head, and the Heads of the Services of Planning and Investment, Finance, Land Administration, the State Treasury and the State Bank of the province as members.

To set up the Managing Board of the project attached to the Agriculture and Rural Development service to assist the Project Operating Board.

- In the provinces and cities having a Forest Promotion Service, the service shall act as Managing Board of the project at the provincial level.

- In the provinces and cities which do not yet have

a Forestry Promotion Service, a Project Managing Board shall be set up. The personnel and wage fund of this Board is incorporated in the personnel and non-business wage fund of the province.

2. No Project Operating Board shall be set up at the district level. The President of the People's Committee of the district shall take responsibility for State management of the projects in the district territory.

3. In the communes which take part in the afforestation project at a given scale decided by the People's Committee of the province or city directly under the Central Government they shall have a forestry officer to assist the President of the People's Committee of the commune in directing the implementation of the project of afforestation and forest protection and shall enjoy allowance from the fund of project management.

4. The afforestation projects at the grassroots shall have a Project Managing Board with a compact personnel comprising the Project Director, the chief accountant and a number of technicians to direct the site. The members of the Project Managing Board who are receiving wages from the non-business budget of the province shall continue to do so; the members of the newly established projects shall receive their wages from the budget of the Project. The Managing Boards of the protection forests and special-use forests under Program 327 shall be arranged accordingly.

The Minister of Agriculture and Rural Development shall lay down the concrete functions, tasks and working statute of the Project Managing Boards at different levels.

Article 13.- The Project Directing Boards and Managing Boards of different levels under Program 327 shall have to complete the general review and submit it before December 31, 1998.

The Project Directing Boards and Operating Boards at different levels under the program of planting 5 million new hectares of forest shall have to take over and continue directing the projects 327 on protection and special-use forests which have not yet been completed according to the policy mechanism defined in this Decision.

Article 14.- This Decision takes effect 15 days after its signing. The earlier decisions contrary to this Decision are now annulled.

Article 15.- The Ministers, the Heads of ministerial-level agencies, the Head of the agencies attached to the