

At the proposal of the Minister of Natural Resources and Environment,

DECIDES:

Article 1.- Function of Vietnam Environmental Protection Fund

Vietnam Environmental Protection Fund has the function of receiving state budget capital; fundings, contributions and entrusted capital from domestic and foreign organizations and individuals in order to finance environmental protection activities nationwide.

Article 2.- Legal status of Vietnam Environmental Protection Fund

1. Vietnam Environmental Protection Fund is a state financial institution attached to the Ministry of Natural Resources and Environment and subject to the Finance Ministry's state management of financial matters.

Vietnam Environmental Protection Fund is a national environmental protection fund.

Vietnam Environmental Protection Fund has the legal person status, charter capital, its own balance sheet and seal, and may open accounts at the State Treasury and domestic and foreign banks in accordance with law.

2. Name: *Quy Bao Ve Moi Truong Viet Nam*. Its transaction name in English: Vietnam Environmental Protection Fund (VEPF).

3. Vietnam Environmental Protection Fund is headquartered in Hanoi.

The Fund has its representative offices in provinces and centrally run cities as decided by its Management Council.

When necessary, the Fund may set up its transaction offices in foreign countries according to the Government's regulations.

DECISION No. 35/2008/QĐ-TTg OF MARCH 3, 2008, ON THE ORGANIZATION AND OPERATION OF VIETNAM ENVIRONMENTAL PROTECTION FUND

THE PRIME MINISTER

Pursuant to the December 25, 2001 Law on Organization of the Government;

Pursuant to the November 29, 2005 Law on Environmental Protection;

Article 3.- Operation of Vietnam Environmental Protection Fund

1. Vietnam Environmental Protection Fund operates for not-for-profit purposes but must preserve its charter capital and self-finance management expenses.

2. The Minister of Natural Resources and Environment shall promulgate a Charter on the organization and operation of Vietnam Environmental Protection Fund in accordance with this Decision and the State's current regulations.

Article 4.- Tasks of Vietnam Environmental Protection Fund

1. To receive capital from sources specified in Article 6 of this Decision for its operation.

2. To provide financial supports for programs, projects and activities on natural and biodiversity conservation; prevention, combat and remedy of national, inter-branch or inter-regional environmental pollution, deterioration and incidents; or settlement of local environmental issues which have great impacts, in the following forms:

a/ Providing soft loans;

b/ Providing loan interest-rate support or loan guarantee for environmental projects loaned by credit institutions in accordance with law;

c/ Financing the formulation and execution of projects funded by the Fund for the performance of tasks and activities to deal with environmental pollution, respond to and overcome consequences caused by environmental incidents or disasters; programs, plans and projects under the Prime Minister's decisions; the presentation of environmental awards and other forms of commendation for honoring organizations and individuals with outstanding environmental

protection efforts under the Natural Resources and Environment Minister's decisions; and environmental protection projects and tasks defined in its organization and operation Charter.

3. To act according to its objectives and functions as a co-donor or co-lender for environmental projects with domestic and foreign financial institutions, the Global Environmental Fund (GEF), foreign environmental funds and branch and local environmental funds, serving environmental protection activities in accordance with law.

4. To evaluate and approve the levels, time and forms of financial support for environmental protection projects and tasks funded with its investment support capital according to its organization and operation Charter.

5. To use idle capital not originated from the state budget, with consent of capital providers, to purchase government bonds in accordance with law.

6. To register, monitor and manage certified emissions reductions (below referred to as CERs; one CER is equal to one ton of carbon dioxide equivalent); to register CERs receipt, allocation and sale for CERs owners or recipients; to collect CERs sale fees in order to cover fee collection expenses; to provide financial supports for the dissemination and propaganda of the clean development mechanism (CDM); to formulate, evaluate and approve documents of investment projects under the CDM (below referred to as CDM projects); to manage and supervise the execution of CDM projects and other CDM-related purposes in accordance with law; to subsidize the prices of products of CDM projects in accordance with law.

7. To receive deposits for environmental restoration in mineral exploitation from organizations or individuals licensed to exploit

minerals.

8. To participate in coordination and financial management of key environmental protection programs and projects as assigned by the Minister of Natural Resources and Environment and decided by a competent authority.

9. To perform other tasks assigned by the Minister of Natural Resources and Environment.

Article 5.- Powers of Vietnam Environmental Protection Fund

1. To organize its administration body and professional units operating according to the Charter, objectives and assigned tasks.

2. To regularly or irregularly inspect its capital users in the performance of environmental protection activities, tasks and projects. To withdraw loans, stop funding or provision of loan interest rate supports for investors that breach commitments with the Fund or violate state regulations, and initiate lawsuits against those investors with competent agencies in accordance with law.

3. To invite experts of concerned ministries, branches and organizations to participate in the Council for evaluation of environmental protection activities, tasks and projects that call for funding or investment support, and in other activities of the Fund.

4. To enjoy wage, bonus and welfare entitlements like a state enterprise according to regulations.

5. To refuse any organizations' or individuals' requests to supply its information or other resources if those requests contravene the law or the Fund's organization and operation Charter.

6. To directly establish relationships with domestic and foreign organizations and individuals in order to call for, act and receive

fundings or raise additional capital.

7. To send its staff members for overseas work trips, study tours or surveys in accordance with law.

Article 6.- Capital sources of Vietnam Environmental Protection Fund

Vietnam Environmental Protection Fund's operating capital is formed from the following sources:

1. The Fund's charter capital of VND 500 (five hundred) billion allocated from the state budget within two years from the effective date of this Decision. Annually, the Fund will additionally be allocated with capital from the state budget's non-business fund for environmental issues in order to offset expenses for environmental protection projects and tasks, ensuring that the Fund's operating capital from the state budget will be at least equal to VND 500 billion. The adjustment of the Fund's charter capital shall be decided by the Prime Minister at the proposal of the Minister of Natural Resources and Environment and the Minister of Finance.

2. Other annual additional sources of capital:

a/ Environmental protection charges for wastewater, waste gas, solid waste and mineral exploitation, and other environmental protection charges as prescribed by law;

b/ Environmental damages remitted into the state budget;

c/ Fines for administrative violations in the environmental protection domain;

d/ CERs sale fees;

e/ Fundings, supports, contributions and entrusted investments of domestic and foreign organizations and individuals;

f/ Other additional sources of capital as prescribed by law.

Article 7.- Management and administration apparatus of Vietnam Environmental Protection Fund

Vietnam Environmental Protection Fund's management and administration apparatus is composed of the Fund's Management Council, the Control Board, the professional administration body and the Fund's representative offices.

1. The Fund's Management Council has its chairman and members.

The Council Chairman will be a vice minister of the Ministry of Natural Resources and Environment.

Council members will be departmental-level leaders of the Ministry of Natural Resources and Environment, the Ministry of Finance, the Ministry of Planning and Investment and the State Bank of Vietnam.

At the proposal of the Ministry of Finance, the Ministry of Planning and Investment and the State Bank of Vietnam, the Minister of Natural Resources and Environment shall issue decisions appointing Council members. Council members will operate on a part-time basis and enjoy entitlements under the State's current regulations.

2. The Control Board has its head and members.

The Control Board's head shall be appointed and relieved from office by the Chairman of the Fund's Management Council. Control Board members shall be decided by the Chairman of the Fund's Management Council at the proposal of the Control Board's head; the number of Control Board members must not exceed five. The Control Board shall operate on a full-time basis.

3. Vietnam Environmental Protection Fund's professional administration body has the director, deputy directors, the chief accountant, professional sections and departments and the Fund's representative offices.

a/ The Fund director shall be appointed or relieved from office by the Minister of Natural Resources and Environment at the proposal of the Chairman of the Fund's Management Council;

b/ The director shall recommend while the Chairman of the Fund's Management Council shall consider and submit the titles of deputy director and chief accountant to the Minister of Natural Resources and Environment for appointment or relief from office;

c/ The organizational structures, functions and tasks of professional sections and units assisting the Fund's professional administration body shall be decided by the Fund director after obtaining the approval of the Chairman of the Fund's Management Council;

The Fund's professional administration body shall work on a full-time basis.

Article 8.- Implementation provisions

This Decision takes effect 15 days after its publication in "CONG BAO" and replaces the provisions on organization and operation of Vietnam Environmental Protection Fund defined in Articles 1 thru 9 of Decision No. 82/2002/QĐ-TTg of June 26, 2002.

The Ministers of Natural Resources and Environment; Finance; Planning and Investment; and Home Affairs, the Governor of the State Bank of Vietnam, and the Chairman of the Management Council and the director of Vietnam Environmental Protection Fund shall organize the implementation of this Decision.

Ministers, heads of ministerial-level agencies, heads of government-attached agencies and presidents of provincial/municipal People's Committees shall implement this Decision.

For the Prime Minister
Deputy Prime Minister
HOANG TRUNG HAI