

Part I. LEGAL DOCUMENTS

THE MINISTRIES

INTER - MINISTERIAL

THE MINISTRY OF PLANNING AND INVESTMENT - THE MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT - THE MINISTRY OF FINANCE

JOINT CIRCULAR No. 02/2008/TTLT-BKH- BNN-BTC OF JUNE 23, 2008, GUIDING THE IMPLEMENTATION OF THE PRIME MINISTER'S DECISION No. 147/2007/QĐ- TTg OF SEPTEMBER 10, 2007, ON A NUMBER OF POLICIES ON PRODUCTION FOREST DEVELOPMENT

Pursuant to the Prime Minister's Decision No. 147/2007/QĐ-TTg of September 10, 2007, on a number of policies on production forest development during 2007-2015 (below referred to as Decision No. 147/2007/QĐ-TTg).

The Ministry of Planning and Investment, the Ministry of Agriculture and Rural Development and the Ministry of Finance guides the implementation of this Decision as follows:

I. GENERAL PROVISIONS

The terms and phrases referred to in this Circular are construed as follows:

1. Bare land, hills and mountains for

forestation referred to in this Circular means land areas already planned for production forests on which there is no forest over the past three or more years (status Ia, Ib or Ic).

2. State-run organizations include protection forest management boards, special-use forest management boards, state-run forestry farms, forestry companies and enterprises in which the State owns 50% or more of charter capital and which are allocated or leased forest land by the State.

3. Non-state organizations include cooperatives, private enterprises, limited liability companies, joint-stock companies in which the State owns less than 50% of charter capital, partnerships and population communities.

4. Silvicultural activities include forestation and forest tending (including also building of seedling forests and gardens, and assay forests); building of nurseries; silvicultural consultations (formulation of projects, silvicultural technical designs; allocation of land or forests, contracting of land for forestation); building of firebreaks; drawing of forestation maps.

5. Long-term contracting of land for forestation: For state-run organizations that contract land areas allocated or leased to them to households, individuals or population communities, the contracting duration is the remaining time of the allocation or lease term stated in land allocation decisions of competent agencies or land lease contracts between these organizations and competent agencies but must not exceed 50 years.

6. Consolidated forest area means a forest area of adjacent or neighboring forest lots, in which the land area without forest accounts for 10% or less of the total consolidated forest area.

II. SPECIFIC GUIDANCE

1. Formulation, evaluation and approval of production forest planting support projects

1.1. Identification of investors and project scope: Investors of production forest planting support projects shall be identified under Clause 1, Article 15 of the Prime Minister's Decision No. 147/2007/QĐ-TTg.

a/ Projects to support the planting of production forests by households and individuals (below collectively referred to as households): Based on the existing capability of state-run organizations, forest ranger stations and border-guard stations (below collectively referred to as state-run organizations) as well as existing production forest land areas, district-level steering boards shall assign each organization to formulate a production forest planting support project in some communes.

b/ Non-state organizations may themselves formulate production forest planting support projects. Such a project may target a commune or communes covered by a project to support the planting of production forests by households but must not cover the same site.

c/ For non-state organizations that have no projects but have forestation needs: provincial-level People's Committees shall permit them to formulate production forest planting support projects. After being approved, these projects serve as a basis for land allocation or lease.

1.2. Activities of formulating a production forest planting support project include:

a/ Determination of to be-forested land areas and identification of foresters up to the year of forestation, including:

- Forestation of bare land, hill and mountain areas planned as production forest land;

- Reforestation of land areas after exploitation of forests already planted with capital sources 327 and 661, which are now planned as production forest land;

- Identification of land areas eligible for support (communes hit by exceptional difficulties, border communes and other communes);

- Preliminary identification of forest owners eligible for support (ethnic minority or Kinh people);

- Identification of main forest tree population to be recommended to forest owners.

b/ Elaboration of land allocation, lease or contracting for forestation (according to Section 2 of this Circular).

c/ Planning of a system of nurseries (according to Section 14 of this Circular).

d/ Planning of a system of firebreaks for forest fire prevention and combat (according to Section 15 of this Circular).

e/ General map (of a 1:10,000 scale) clearly showing the boundary of the project area.

f/ Total investment capital, including investment support capital to be allocated from the state budget and specifying the estimated investment capital amounts for each project component.

g/ Expected financial results.

h/ Investor's capability to mobilize capital.

In some cases the planning of the nursery system, elaboration of plans on land allocation, lease or contracting for forestation or planning of the firebreak system may be carried out under a separate project provided the reason for that

separate project is accepted by the district-level steering board and its expenses are within the assigned spending level specified in Clause 1.4 of this Section.

1.3. Evaluation and approval:

a/ For projects to support the planting of production forests by households formulated by state-run organizations:

- After a project is formulated, the district-level project management unit shall report it to the district-level steering board and solicit verification opinions of the provincial-level Agriculture and Rural Development Service. If the provincial-level Agriculture and Rural Development Service gives no written opinions within 15 working days after receiving the complete and valid dossier, it will be regarded as having approved the project. Within subsequent 10 working days, the district-level project management unit shall submit the project to the district-level People's Committee for evaluation and approval. The project approval decision must be sent to members of the district-level steering board, provincial-level project management unit and concerned organizations and individuals;

- For state-run organizations that have already formulated projects to support the planting of production forests by individuals or households but their projects are incompliant with the provisions of Decision No. 147/2007/QĐ-TTg on investors and support levels, project owners are allowed to execute these projects and disburse project capital under decisions approved by competent authorities until the end of 2008; concurrently, they shall review and adjust their projects under this Circular and report them to district-level People's Committees for approval

before provincial-level People's Committees assign capital plans for implementation from 2009.

b/ For projects of non-state organizations:

- Provincial-level People's Committees shall assign functional agencies (provincial-level Agriculture and Rural Development Services for projects on forestation and investment in silvicultural works; provincial-level Planning and Investment Services for general investment projects) to organize the evaluation of these projects and submit them to presidents of provincial-level People's Committees for approval;

Non state organizations that have formulated investment projects and obtained any of the following decisions or documents of competent authorities: project approval decision; land allocation decision; or land lease contract, are only required to work out plans on use of investment support capital sources under Decision No. 147/2007/QĐ-TTg, and submit them to provincial-level People's Committees for approval and assignment.

1.4. The expense for formulation and evaluation of projects to support the planting of production forests by individuals or households is VND 30,000/hectare, covering also firebreak planning, nursery system planning and land allocation plan elaboration.

2. Order of elaboration of land and forest allocation plans, grant of land use rights certificates, contracting of forestation land to organizations and households covered by production forest planting support projects.

2.1. Elaboration of land allocation plans, grant of land use rights certificates and contracting of

forest land:

a/ Principles for forest land allocation, lease and contracting:

- All forest land areas under a project must be allocated and leased and for which land use rights certificates must be granted or forestation land contracting maps must be supplied (only in areas lacking conditions for the grant of land use rights certificates) for forestation, building of nurseries, seedling forests, gardens or centers;

- For forest land areas planned for production forests (or converted from prevention forests into production forests) and contracted to households by state-run forestry farms, agro-forestry companies, other state units or non-state enterprises transformed from state enterprises in the course of implementation of the program on reorganization and renewal of state enterprises, if these households have not received any seedling, material or technical supports for three consecutive years or the contracting parties have used only the state budget source to provide supports (the 5 million hectares afforestation project or former Program 327), that means the contracting parties have contracted forest land areas to households without providing any supports and collected land rents, presidents of provincial-level People's Committees shall consider and decide on the recovery of these land areas for allocation or lease, and grant land use rights certificates under regulations.

For forest land areas already planned as a raw material zone for a specific wood processing plant already approved by the time of forestation under Decision No. 147/2007/QĐ-TTg, these land areas should not be recovered but must be contracted on a long-term

and stable basis to foresters. Products shall be shared in proportion to the capital contribution ratios of the involved parties and their selling prices based on market prices must be agreed upon by the involved parties under contracts. If the land-contracting party does not contribute investment capital, the contracted party shall only pay a management charge as prescribed in Section 2, Article 6 of Decision No. 147/2007/QĐ-TTg.

b/ Provincial-level Agriculture and Rural Development Services shall assume the prime responsibility for, and coordinate with provincial-level Natural Resources and Environment Services in, reviewing all forest land areas which must be recovered, then proposing them to provincial-level People's Committees for decision, and assigning a competent agency to grant land use rights certificates under the guidance at Point a of this Clause.

c/ Based on the approved planning of three types of forest and the principles for land allocation and recovery, district-level project management units shall elaborate plans on land allocation, lease or contracting for forestation, notify them to local people and communities for opinions and adjust the plans (when necessary). Then, they shall hire functional units to measure land areas, complete dossiers and submit them to competent authorities for grant of land use rights certificates.

2.2. Activities of elaborating a land allocation plan: Determining land areas under a project, specifying those with land use rights certificates, those requiring land use rights certificates or contracting for forestation, and those to be recovered and granted land use rights certificates. Particularly for to be-contracted land areas (for

which land use rights certificates are not granted), the contracting party shall, upon land contracting, draw land contracting maps of a 1/5,000 scale, get them certified by district-level People's Committees, and supply them to contracted parties.

2.3. Expenses for land allocation, forest allocation and forestation land contracting (pending the grant of land use rights certificates)

a/ The expense for allocation or lease of land or contracting of forest land to households is VND 200,000/ha on average. Specific expense levels shall be approved by competent authorities.

b/ The expense for allocation or lease of land to non-state organizations is VND 100,000/ha (covering the whole process from the stage of working out option plans to the grant of land use rights certificates). Investors may themselves make cost estimates and approve land allocation or lease expenses and implement the assigned plans.

2.4. The time limit for finishing the grant of land use rights certificates is within 12 months after forestation contracts are signed.

3. Order of and procedures for providing forestation investment supports (advance supports)

3.1. For households

a/ The condition for a village to receive an advance support is that it must have at least 50 hectares of consolidated land for forestation. Advance supports will not be provided for small and scattered land areas.

b/ Order of and procedures for providing supports

- Based on the forestation support plan assigned for three years and the project's land area,

the district-level project management unit shall send written notices to all communes and organize a meeting with each village or hamlet to announce the forestation plan and location and management and protection measures for discussion and modification (when necessary), so as to obtain the consent of at least 70% of participants, and supply forestation application forms to households.

- Households that wish to plant forests shall make applications according to a set form (*not printed herein*), get them certified by the village chief, and send them to the commune People's Committee. The commune People's Committee shall sum up, within 10 days after the deadline for application receipt, the needs for forestation in its locality, make a list of households wishing to plant forests, specifying the land area for, and location of, forestation of each household in a priority order, and publicly post up it at the office of the commune People's Committee and send it to the district-level People's Committee;

- Based on applications, minutes of local people's meetings, planned land areas and approved forestation plans, the district-level project management unit shall coordinate with commune People's Committees and villages in reaching agreement on submitting to the district-level People's Committee for approval the list of households engaged in forestation, forestation land areas and locations;

- After the district-level People's Committee approves the list of foresting households, investors shall publicly notify this list at the offices of the commune People's Committees, sign forestation contracts with and supply written technical instructions to households on the approved list.

c/ Advance supports shall be provided twice.

Supports for paying forestation seedling and fertilizer costs (if any) shall be provided in the first year. The remainder (if any) shall be paid in the third year after the forest take-over test.

d/ Take-over test, payment and settlement:

- Annually, when a forest is eligible for take-over test, the investor shall notify a take-over test schedule to the forest owner and the commune or village forest development board. Based on the take-over test schedule, the investor shall assume the prime responsibility for, and invite the commune or village forest development board to participate in, conducting a take-over test of the forest for the forest owner;

- A dossier for take-over test of a forest of a household comprises the forestation contract and certificates of variety origin (for varieties requiring certificates of origin);

- A dossier for payment and settlement comprises a contract excerpt made by the investor and a written record of forest take-over test.

3.2. For non-state organizations

a/ Condition on advance supports is the availability of a plan on planting of at least 100 hectares of consolidated forests.

When a project on forestation support is approved, the investor shall request in writing the provincial-level People's Committee to assign a three-year forestation support plan. Within 15 working days, the provincial-level People's Committee shall base itself on the assigned plan to decide on assigning a three-year support plan to the investor according to its competence.

b/ Advance supports shall be provided twice: When being assigned the plan, the investor may advance 50% of support funds for preparing seedlings and grounds for forestation. The remainder of supports shall be paid in the third

year when forests are tested for take-over by the provincial-level project management unit.

c/ Take-over test, payment and settlement:

- When a forest is eligible for take-over test, the investor shall send a written request for take-over test enclosed with a written record of internal take-over test made by the investor to the provincial-level project management unit. Within 15 working days, the provincial-level project management unit shall assume the prime responsibility for, and invite a number of provincial-level services and branches and district-level People's Committees to participate in, conducting a take-over test of the forest for the forest owner;

- A dossier for take-over test comprises the project approval decision, the document approving the forestation plan, the decision on approval of the technical design and cost estimate for forest planting and tending, the decision on establishment of the project management unit, and certificates of variety origin (for varieties requiring certificates of origin);

- A dossier for payment and settlement comprises the document approving the forestation plan and a written record of forest take-over test.

4. Order of and procedures for providing post-investment forestation supports

4.1. For households

a/ Eligible households:

- Households that have land use rights certificates (for planting production forests);

- Households that have long-term land use contracts (including production forest land or land under protection forest newly switched to production forest land) with state-run organizations (including newly equitized state-run enterprises) before the effective date of Decision

No. 147/2007/QĐ-TTg;

- Households that have land under a production forest planting planning and have been cultivating on that land on a stable basis for at least three years without any dispute but have no land use rights certificates or no long-term land use contracts. These households must have a self-drawn land lot plan with the self-measured area of the lot, indicating the location and boundaries of the land lot with the certifications of adjacent land owners, proving that there is no dispute. Such a plan also needs to be certified by the village or commune administration. For these land areas, the grant of land use rights certificates or the drawing of forestation land contracting maps must be completed within 12 months for forest owners.

b/ Procedures are the same as provided at Point b, Clause 3.1, Section 3 of this Circular.

Within 20 working days after receiving applications, the district-level project management unit shall, on the basis of forestation support plans of approved projects, assign their personnel to conduct the field verification and determine support levels according to regulations before signing forestation support contracts, which must be enclosed with written instructions of forest planting and tending techniques for households.

c/ Take-over test, payment and settlement:

- When planted forests are 16-18 months old, the district-level project management unit shall notify a take-over test schedule to all forest owners, the commune forest development board and village forest development board, and organize take-over tests according to the notified schedule:

- A dossier for take-over test comprises the forestation support contract and certificates of variety origin (for varieties requiring certificates of origin);

- A dossier for payment and settlement comprises a contract excerpt made by the investor and a written record of forest take-over test.

- Post-investment supports shall be paid in a lump sum right after the forest take-over test.

4.2. For non-state organizations

a/ When a project approval decision is issued by a competent authority, the project owner shall register a three-year forestation plan with the provincial-level People's Committee. Within 15 working days, the provincial-level People's Committee shall base itself on the assigned plan to approve in writing the investor's plan.

b/ The project owner shall base itself on the assigned plan to elaborate a technical design and a forest planting and tending cost estimate, and approve them by itself under current regulations for organizing the forestation.

c/ Take-over test and payment:

- When a forest is eligible for take-over test, the forest owner shall send a written report (enclosed with a written record of internal take-over test of each lot or allotment) to the provincial-level project management unit, requesting a forest take-over test. Within 15 working days, the provincial-level project management unit shall invite concerned branches and representatives of the district-level People's Committee to participate in the forest take-over test for the investor.

- A dossier for take-over test comprises the project approval decision, the document approving the forestation plan, the decision on approval of the technical design and cost estimate for forest planting and tending, and certificates of variety origin (for varieties requiring certificates of origin);

- A dossier for payment and settlement comprises the document approving the forestation

plan and a written record of forest take-over test.

- Post-investment supports shall be paid in a lump sum right after the forest take-over test.

5. Forest take-over test time and quality standards of tested forests

5.1. Take-over test time for advance supports: The first and second take-over tests shall be conducted when forests are 8-10 months old and 31-34 months old, respectively.

5.2. Take-over test time for post-investment supports: The take-over test shall be conducted when forests are 16-18 months old.

5.3. Quality standards of tested forests:

Planted trees are well growing and developing; living trees are fairly equally distributed and account for 85% or more of the total number of trees planted under contracts; each treeless space is smaller than 100 m²; and weeding and earthing-up are conducted before the take-over test. Forest areas which are not up to these standards must be additionally planted with new trees and subject to an additional take-over test in the next year.

6. Forestation completion maps: In the third year of the three-year forestation plan, the district-level project management unit shall make a digital 1/10,000 map of forestation completion results for the whole forest area planted during the three-year planning period. This map is made together with a planning period-end supervision and assessment report for the provincial-level project management unit to supervise, synthesize and report on the forestation to the Central Management Board. The unit expense for making digital maps is VND 30,000/ha.

7. Order of and procedures for providing supports for planting scattered trees

7.1. Supporting principles

a/ District-level project management units shall coordinate with commune People's Committees and villages and organizations having land areas to be planted with scattered trees in working out plans on planting of scattered trees in project sites. They shall organize the registration of tree planters, clearly indicating the planting locations and duration and tree varieties to be planted.

b/ Each organization, individual or household may receive supports only once for the whole period from now to 2015.

c/ For scattered trees planted by households on boundary ridges of their crop fields for the protection of agricultural crops; scattered trees planted by organizations having land areas used for specific purposes (schools, hospitals,...) and enjoying yields from these trees, supports will be provided for planting no more than 200 trees per hectare and at specified levels decided by district-level People's Committees.

d/ Scattered trees on public land areas (along roads or canal banks): Commune-level People's Committees may assign the Youth Union, the War Veterans Association, cooperatives, the Peasants Association and local communities to plant these trees and enjoy their yields.

e/ The district-level project management unit shall notify the approved plan to organizations, individuals and households so that they can register in advance and prepare seedlings. The time limit for making registration in advance depends on the time for nursing seedlings.

f/ After obtaining the plan on and summing up needs for planting scattered trees in its locality, the district-level project management unit shall coordinate with communes and villages in arranging these needs in a priority order and submitting a plan on planting of scattered trees to

the district-level People's Committee for approval. The plan on planting of scattered trees must be publicly notified at the administration office of the commune or village (village or hamlet cultural house) and notified to all concerned organizations, individuals and households.

g/ Supplier(s) of saplings for scattered planting must be chosen through a public bidding (under a three-year plan) and the bidding package must not be divided so as to skip investment procedures.

7.2. Support mode and level: Forest owners may choose either of the following two support modes:

a/ Post-investment support: Organizations and households that plant scattered trees under Clause 7.1 of this Section, when their planted trees are 16-18 months old and are eligible for take-over test specified in Clause 5.3 of Section 5, are entitled to a support equal to 100% of the seedling cost at the level of VND 1.5 million/1,500 trees.

b/ Advance support: Organizations and households may purchase seedlings for scattered planting at a reduced price equal to 20% of the actual price (determined through a supply bidding) in their province. The remaining 80% of the actual seedling price will be covered by the state budget's item for scattered tree planting. The proceeds from the sale of seedlings shall be collected by the district-level People's Committee and used for preparation of seedlings for subsequent years.

7.3. Land areas converted from planted scattered trees: 1,000 or 1,500 scattered trees are equivalent to one hectare of consolidated forest for trees of a growing cycle of over 10 years or under 10 years, respectively.

8. Management of tree sources for forestation

8.1. Organizations, individuals and households

may produce and supply tree sources for forestation (seedlings, seeds or seedling materials). For main forest tree varieties on the announced list, there must be certificates of origin of variety lots under the Regulation on management of forest tree varieties promulgated by the Agriculture and Rural Development Ministry together with Decision No. 89/2005/QĐ-BNN).

8.2. Forestry organizations and individuals may purchase seedling materials and seedlings from seedling source owners or seedling establishments in accordance with Clause 8.1 of this Section.

District-level project management units shall base themselves on seedling requirements of forestation contracts and seedling requests of households to work out plans on planting of scattered trees to suit actual local conditions.

8.3. Management of seedling prices: Every January, provincial-level People's Committees shall approve and publicly notify prices of forestation seedlings for all tree varieties available in their localities.

8.4. Public notification of variety sources: Annually, provincial-level Agriculture and Rural Development Services shall publicly notify in writing establishments producing seedlings up to quality standards and variety sources in their respective localities. The Agriculture and Rural Development Ministry shall publicize on its website variety management establishments producing seedlings up to quality standards and variety sources throughout the country.

9. Determination and realization of forestation support levels

Supports for each item, which come from the total allocated fund source, are specified below:

Eligible beneficiaries	Planting of production forests in communes hit by exceptional difficulties (Decision No. 164/2006/QĐ-TTg)						Communes other than those meeting with exceptional difficulties	Planting of assay forests
	Large timber trees	Small timber trees	Border areas		Resettlement areas			
			Large timber	Small timber	Large timber	Small timber		
Ethnic minority people	VND 3 mil	VND 2 mil	VND 4 mil	VND 3 mil	VND 5 mil	VND 4 mil	VND 2 mil	60% of approved cost estimates
Other beneficiaries	VND 3 mil	VND 2 mil	VND 4 mil	VND 3 mil	VND 5 mil	VND 4 mil	<VND 1.5 mil	
Expenses for forestry extension	VND 200,000/ha						VND 100,000/ha	
Expense for survey for technical design and technical instruction	VND 50,000/ha							
Expense for formulation and evaluation of production forest planting support projects,	VND 30,000/ha							
Expense for land allocation or contracting	VND 200,000/ha for households and individuals VND 100,000/ha for organizations and communities							
Expense for drawing digital maps of forestation completion	VND 30,000/ha							
Benefits	To enjoy 100% of products							
Obligations	To remit 80 kg of paddy/ha/forestation cycle							

Provinces shall base themselves on their actual conditions to consider the use of local budgets to provide additional supports for projects with high seedling expenses and executed in difficult localities.

The support expense of VND 100,000 - 200,000/ha/year for the forestry extension work shall be used mainly for payment of salaries, training costs and working mission expenses for persons forestry extension cadres.

10. Enjoyment of benefits by non-state organizations, individuals and households previously contracted to plant special-use or protection forests with funding from Program 327 and the 5 million hectares afforestation program after these forests are planned as production forests.

10.1. For forest areas contracted to households or non-state organizations for planting, tending and protection, their current contracts may be converted into stable and long-term contracts or land use rights certificates will be granted under regulations. These households and organizations may enjoy benefits under Article 6 of Decision No. 147/2007/QĐ-TTg.

Forest owners shall re-plant forests within 12 months after exploiting these forests under regulations without enjoying state budget supports for the next forestation cycle.

10.2. For forest areas contracted to households for protection only (currently contracted for protection): Upon exploitation of these forests, households may enjoy an additional forest protection remuneration of VND 200,000/ha/year of protection on average which is paid from the proceeds from the sale of timber exploited from these forest areas. The specific levels of this remuneration shall be proposed by state-run

organizations and decided by district-level People's Committees.

The whole proceeds, after subtracting lawful expenses for organizing the bidding for timber exploitation and providing supports to contracted parties, must be remitted into a custody account for provision of forestation supports under Decision No. 147/2007/QĐ-TTg. If the proceeds are smaller than (or not enough to provide) additional supports to contracted parties, the collected proceeds amount must be used firstly to cover lawful expenses for management, designing and compilation of bidding dossiers by state-run organizations. The remainder, if any, must be divided to households in proportion to their respective forest areas and number of years of contracted forest management and protection.

The exploitation and sale of timbers from these forests must be conducted through biddings under current regulations: state-run organizations currently assigned to manage forests shall decide by themselves on the time of exploitation, compile and submit dossiers for bidding of to be exploited forest areas to competent authorities for approval, and organize public biddings.

10.3. For protection forest areas in which project owners have previously made additional investments with their own capital for planting, tending and protection purposes and these investments have been approved by competent authorities, proceeds from the sale of these forest areas shall be used to cover lawful expenses for the bidding, timber exploitation and provision of additional supports to households. The remainder shall be divided according to the ratio between investment capital from the state budget and investment capital of the project owner. The amount belonging to the state budget will be retained for further investment in forestation under

this policy. The project owners may receive profits in proportion to their additionally invested amounts.

10.4. For protection forest areas still managed by project owners themselves without the participation of households, project owners shall decide by themselves on the time of exploitation. Project owners shall compile and submit bidding dossiers to competent authorities for approval before organizing bidding. Proceeds from biddings shall be remitted into custody accounts of project owners and reported to provincial-level People's Committees for permission for investment under Decision No. 147/2007/QĐ-TTg.

10.5. Protection or special-use forest areas in which silvicultural capital construction is currently carried out (one year of planting + three years of tending), when being planned as production forests under Directive No. 38/2005/CT-TTg of December 5, 2005, shall be handled as follows:

a/ For forest areas already allocated or contracted on a stable basis to non-state economic entities, these economic entities shall invest their own capital in tending and protecting these forests and enjoy benefits therefrom.

b/ For forest areas of state-run organizations, the norms already approved for the whole duration of silvicultural capital construction shall be complied with.

11. Forest exploitation, and collection and remittance of sums of money payable by forest owners

11.1. Before conducting exploitation, a forest owner shall notify in writing specific exploitation plans for different lots or allotments to the district-level forest ranger station, and concurrently to the commune-level People's Committee for

monitoring. Within five working days after receiving the written notice, if the forest ranger station makes no written opposition, the forest owner may exploit forests, transport and sell forest products. Within 45 days after sending timber exploitation plan to the forest ranger station, the forest owner shall remit a sum of money into the forest development fund of the commune or village under regulations. Past the above time limit, if the forest owner fails to pay that sum of money, he/she/it shall be sanctioned as for delayed tax payment.

After being exploited, forests must be re-planted within 12 months.

11.2. Paddy price used to calculate the sum of money payable by each forest owner into the commune budget is the price of ordinary long-grain paddy annually set by the provincial-level People's Committee (the paddy price for collection of agricultural tax).

11.3. Commune forest development boards and village forest development boards shall open their own bank accounts and collect sums of money from forest owners. They shall use these sums of money under Clause 21.8, Section 21 of this Circular.

12. Supports for investment in planting and management of seedling forests or gardens

12.1. Formulation of projects on planning of seedling forests and gardens:

a/ Planning on seedling forests and gardens is a long-term and stable planning uniformly managed by the Agriculture and Rural Development Ministry under general regulations. Provincial-level Agriculture and Rural Development Services shall assume the prime responsibility for planning the system of seedling forests and gardens up to 2050:

- To plan a system of seedling forests and gardens on the basic principles of ensuring sufficient supply of variety sources for the branch, using largely existing variety sources and additionally planning new variety sources in line with the branch's strategic planning on forestry seedlings already approved by the Agriculture and Rural Development Ministry;

- To identify investors, locations and areas of seedling forests and gardens capable of supplying seedlings as well as areas of which owners need to be changed. State-run organizations shall manage 30% of the total area of seedling forests and gardens which are of national importance;

- To apply solutions to changing investors for seedling forests and gardens which need new investors;

- A newly planted seedling forest or garden must be at least one hectare in size. A converted seedling forest must be at least five hectares.

b/ Plannings of seedling forests and gardens shall be submitted by the provincial-level Agriculture and Rural Development Services to the Agriculture and Rural Development Ministry for evaluation and to provincial level People's Committees for approval. Decisions on approval of plannings must be sent to owners of seedling forests and gardens and publicly notified.

12.2. Investment in, take-over test of, payment and settlement for seedling forests and gardens

a/ Conditions on receiving supports for investment in a seedling forest or garden: There must be a land use rights certificate; stable and long-term land and forest assignment contracts; or a ground plan of the seedling forest or garden drawn by the investor with no-dispute certifications of adjacent land users and the commune People's Committee; and the investor's

written commitments to use land for building a stable and long-term seedling forest or garden and to convert the use purpose of the seedling forest only when so permitted by a competent authority. Planning priority will be given to investors and households with forestry knowledge (possessing diplomas of forestry universities or secondary schools).

b/ Provincial-level Agriculture and Rural Development Services shall guide investors in making technical designs and detailed cost estimates for planting of new seedling forests and gardens, transforming and protecting seedling forests and gardens. Investors may make by themselves or hire consultants to make technical designs and cost estimates under the guidance of provincial-level Agriculture and Rural Development Services. Provincial-level Agriculture and Rural Development Services shall sign contracts on investment supports (according to a set form, *not printed herein*) with investors according to the contents of their cost estimates and technical designs within three months after provincial-level People's Committees issue decisions on approval of seedling forest and garden planning.

c/ After signing contracts, investors shall start investment under contracts.

d/ In the fourth quarter every year, an investor shall report on results of the contract performance to the provincial-level Agriculture and Rural Development Service. Within 20 working days after receiving the investor's report, the provincial-level Agriculture and Rural Development Service shall set up a take-over test council, which has a composition similar to a council for accreditation of forest tree variety sources (under the Regulation on management of forest tree varieties) with the additional participation of the district-level project

management unit and the commune-level forest development board of the locality where exists the seedling forest or garden for conducting a take-over test for the investor.

e/ A dossier for take-over test comprises the contract between the seedling forest or garden owner and the provincial-level Agriculture and Rural Development Service, a dossier evidencing the origin of dominant trees, the seeding and nursing, diary, actual planting activities as compared with the guided technical design. Such a dossier serves as a basis for the grant of a certificate of quality variety source to the variety source owner.

f/ A dossier for payment comprises a written record of take-over test and the provincial-level People's Committee's decision on approval of the seedling forest or garden planning project.

g/ Investment capital in a seedling forest or garden shall be disbursed in four installments. The first installment is equal to 30% of the total support level and made right after the contract is signed. The second installment is equal to the first installment and made upon a take-over test 12 months after investment is made in the seedling forest or garden. The third and fourth installments shall be made upon the third-year and fourth-year take-over tests, each is equal to 20% of the total support level.

h/ Provincial-level forest management units may enjoy 3% of the total support capital provided by the State for seedling forest or garden owners to implement the plannings, and shall provide technical guidance, manage contracts and carry out procedures to grant land use rights certificates to seedling forest or garden owners. They shall also grant certificates of origin of quality varieties. This amount must be clearly stated in contracts between involved parties. Provincial-level forest

management units shall spend this amount according to current regulations on administrative non-business expenses.

13. Order of formulating projects on supports for investment in centers producing high-quality forest tree varieties

13.1. Investment policies and procedures:

a/ If there is no tissue-culturing establishment for propagating forest tree varieties in its locality, the provincial-level project management unit shall publicly announce on the mass media its intention to select enterprise(s) to invest in this activity, giving priority to those with large forestation areas in the locality or those with joint ventures or cooperation with the State's scientific institutes or universities which have technologies for forest tree tissue culture. After the selection, the provincial-level project management unit shall propose the provincial-level People's Committee to grant investment permission.

b/ After obtaining investment policies, investors shall formulate and submit projects to provincial-level Agriculture and Rural Development Services for evaluation. Within 20 working days after receiving valid dossiers, Agriculture and Rural Development Services shall send written evaluations to investors. Evaluation shall be conducted in compliance with Article 8 of Decision No. 147/2007/QĐ-TTg.

c/ Investors shall approve designs and total cost estimates. Investors' decisions must be sent to concerned provincial agencies, the Agriculture and Rural Development Ministry and the Planning and Investment Ministry.

d/ After approval decisions are made by investors, provincial-level Agriculture and Rural Development Services shall sign contracts (made according to a set form, *not printed herein*) with

investors within 20 working days after receiving investors' decisions.

13.2. Allocation of capital and take-over test, payment and settlement

a/ After signing contracts and investing in more than 50% of the total work volume (which is certified by provincial-level Agriculture and Rural Development Services), investors may receive support capital corresponding to the completed work volume.

b/ After completing investment, the investor shall send a report thereon to the provincial level Agriculture and Rural Development Service. Within 20 days, the provincial-level Agriculture and Rural Development Service shall set up a council to conduct a take-over test for the investor. *This council is composed of a representative of the provincial-level Agriculture and Rural Development Service as its head, and representatives of provincial-level Planning and Investment Service, Construction Service and Science and Technology Service.*

c/ Written records of take-over tests, written evaluations, investment decisions and investment policies serve as bases for making the first installment of supports to investors.

d/ Upon the second installment of supports, investors shall report on the actually sold quantities of forest products to provincial-level Agriculture and Rural Development Services for verification. *If the sold quantity reaches one million trees per year, a written record of take-over test shall be made for the investor to receive the whole remaining support.*

e/ Provincial-level take-over test councils and project management units may enjoy 2% of the State's total support capital for investors of high-quality seedling centers for conducting the

evaluation and take-over tests, managing contracts, and carrying out procedures for granting land use rights certificates. This amount must be clearly stated in contracts between involved parties. Provincial-level project management units shall spend this amount according to current regulations on administrative non-business expenses.

14. Supports for investment in seedling nurseries

14.1. Order of and procedures for planning a system of nurseries by a district-level project management unit under a state-run organization:

a/ The district-level project management unit shall make statistics on all existing nurseries in its locality (on locations, areas, sizes, production capacity, owners, etc.).

b/ It shall elaborate a planning on the system of nurseries in its locality under Article 9 of Decision No. 147/2007/QĐ-TTg, incorporating existing nurseries in the planning.

c/ It shall identify owners of nurseries: Domestic organizations, households or individuals.

d/ Newly planned nurseries must have land use rights certificates or ground plans of nursery areas drawn by investors with no-dispute certifications of adjacent land users and the commune People's Committee. Owners of nurseries shall also make written commitments to use land for building nurseries for more than ten years.

e/ Contents of the planning include: locations of nurseries, newly built or upgraded nurseries, existing land areas and owners of nurseries.

f/ After completing the planning, investors shall solicit verification opinions of the provincial-

level Agriculture and Rural Development Service, then submit the planning to the district-level People's Committee for evaluation and approval. The decision on approval of the planning must be sent to members of the district steering board, the provincial-level project management unit and owners of nurseries.

g/ After the planning is approved, the district-level project management unit shall provide technical guidance to owners of nurseries.

h/ After designs of nurseries are made, the district-level project management unit shall sign contracts with owners of nurseries (made according to a set form, *not printed herein*).

i/ The State's support levels comply with Clause 5, Article 9 of Decision No. 147/2007/QĐ-TTg. The level of supports from the central budget for nurseries in border communes must not exceed VND 700 million/nursery. Local budgets shall provide additional supports.

14.2. Allocation of capital, take-over test, payment and settlement for nurseries:

a/ After signing contracts and investing in more than 50% of the total work volume (which is certified by district-level project management units), investors may receive support capital corresponding to the completed work volume.

b/ After completing investment in a nursery, an investor shall send a report thereon to the district-level project management unit. Within 20 days, district-level project management unit shall invite representatives of the district steering board and the commune forest development board for conducting a take-over test for the investor.

c/ A dossier for payment and settlement for a nursery comprises the contract on support for investment in the nursery and a written record of take-over test of completion of the nursery.

d/ District-level project management units may enjoy 3% of the State's total support capital for owners of nurseries for conducting the elaboration of plannings, providing technical guidance, managing contracts, and carrying out procedures for granting land use rights certificates to owners of nurseries. This amount must be clearly stated in contracts between involved parties. District-level project management units shall spend this amount according to current regulations on administrative non-business expenses.

14.3. For nurseries of non-state enterprises conducting forestation on 1,000 hectares or more, investment in these nurseries must be decided right in the course of formulating forestation projects with these enterprises being investors of nurseries (contracts on building nurseries are not required). Enterprises (acting as district-level project management units) shall make technical designs and cost estimates by themselves, then submit them to provincial-level Agriculture and Rural Development Services for evaluation. Subsequently, investors shall approve and start building new nurseries with the support level of VND 200 million/nursery or upgrade existing nurseries. The provincial-level project management unit shall assume the prime responsibility for conducting take-over tests for district-level project management units.

15. Order of and procedures for providing supports for investment in firebreaks

15.1. Standard of firebreaks

a/ Under branch standard (04 TCVN 89-2007), a firebreak has an average width of between 8 and 12 meters, depending on the height of forest trees, land terrain and the financial capability for building it. Firebreaks must be planned to be built along passages of forest plots and allotments.

convenient for transportation of products and connection with existing public roads. In a forestation cycle, first-time investment shall be made in ground bulldozing and leveling, building of stream spillways (with an average surface width of 5 meters) for use also as transportation roads, and clearing of all trees and bushes on firebreaks. In subsequent years, investment shall be made in clearing, maintenance and regular repair of firebreaks.

b/ Apart from firebreaks eligible for support, district-level project management units shall plan auxiliary runways in forests of 100 hectares or more each to divide forest lots and allotments and connect with firebreaks; or plan green runways in forests highly vulnerable to fire. The width of an auxiliary runway is 5-10 meters and the distance between two runways is 50-100 meters.

15.2. Principles and order of planning firebreaks by a district-level project management unit under a state-run organization:

- Taking advantage of the existing system of trails and public roads;
- Ensuring convenient transportation and forest fire prevention and combat;
- Equally laying out the system of roads under Clause 1, Article 10 of Decision No. 147/2007/QĐ-TTg;
- Obtaining the consent of at least 70% of forest owners;
- The district-level project management unit shall act as an investor for planning and investing in firebreaks. In the planning course, it shall hold about three meetings with forest owners to reach agreement on plans. If a firebreak runs through a forest owner's land, it shall explain and persuade that forest owner to voluntarily donate such land

area to the community for common benefit. It may not use the State's supports to pay compensations;

- In the planning course, attention must be paid to previously planted production forest areas for which supports for building firebreaks have not yet been provided. These forest areas may be additionally planned for supports under Decision No. 147/2007/QĐ-TTg.

15.3. Procedures for investment, take-over test and payment:

- When a planning is approved, the district-level project management unit shall coordinate with forest owners in placing landmarks on the field in order to form a system of roads;

- Based on the assigned plan, the district-level project management unit may design by itself or hire experts to design cost estimates before submitting them to the district-level People's Committee for approval. After the designed cost estimates are approved, the district-level project management unit may construct by itself or hire others to construct firebreaks;

- Take-over test, payment and settlement: After making investment, the district-level project management unit shall report it to the district-level People's Committee. Within 20 days, the district-level People's Committee shall invite representatives of the provincial-level project management unit and commune forest development boards to participate in conducting take-over tests for investors.

15.4. Maintenance and repair

Annually, the district-level project management unit shall work out and submit a plan on firebreak maintenance and repair to the district-level People's Committee for approval before implementing it. The annual fund for firebreak maintenance and repair is VND 1 million/km on

average.

15.5. Allocation of funds: After the designed cost estimates are approved, the district-level project management unit may receive 50% of the approved fund for investment in a work.

16. Forestry roads

For forestry roads eligible for construction investment supports for production forest development projects of specific processing establishments and raw material zones as specified in Clause 2, Article 10 of Decision No. 147/2007/QĐ-TTg, the central budget shall provide supports at a level not exceeding VND 300 million/km (for building also bridges, tunnel roads and spillways). The remaining capital shall be provided by local budgets and project owners. For these roads, the current regulation on work investment and construction management shall apply.

17. Supports for transportation of timber processed in the northwestern region

17.1. Entities investing in plants to process wood planks and MDF or particle boards in the northwestern provinces may receive supports under Article 11 of Decision No. 147/2007/QĐ-TTg.

17.2. Contents of investment projects subject to approval by provincial-level People's Committees:

- Sizes of plants suitable to raw material zones;
- Locations of plants.

17.3. Guidance on conversion of volume unit (m^3) of wood products into weight unit (ton):

For MDF boards, 1 m^3 of products is equivalent to 750 kg;

For HDF boards, 1 m^3 of products is equivalent to 1,000 kg;

For particle boards, 1 m^3 of products is

equivalent to 700 kg;

For plank boards of all kinds, 1 m^3 of products is equivalent to 1,000 kg.

17.4. Take-over test councils: A council for take-over test of a plant shall be set up by the provincial-level People's Committee president and composed of a vice president of the provincial-level People's Committee as its chairman and representatives of the provincial level Agriculture and Rural Development Service, Planning and Investment Service, Finance Service, Science and Technology Service, and Industry and Trade Service.

17.5. Advance of capital: In the process of investment in a plant, when 50% or more of the total work volume has been completed, which is certified by the provincial-level project management unit, the investor may allocate support capital corresponding to the completed work volume.

17.6. Clearing of supports against payable tax amounts is made as follows:

a/ Maximum clearing percentage: 30% of total supports.

b/ Clearing duration: 5 years.

c/ Clearing shall be made annually. Enterprises shall determine by themselves specific clearing percentages and incorporate the clearing in their annual tax finalization reports and are accountable for the accuracy of their tax finalization reports. If the to be-cleared value in a fiscal year has not yet been declared for clearing in the tax finalization report of that year, it may be cleared in the following fiscal year.

Annually, upon determining the clearing percentage, enterprises shall send the tax offices' written certifications of cleared amounts to the provincial-level project management unit for

summing up and monitoring.

III. SOLUTIONS AND ORGANIZATION OF IMPLEMENTATION

18. Management units at different levels to manage supports for the planting of production forests

18.1. Provincial-level project management units are existing management units of the 5 million hectare afforestation project. For a province which has no forestry sub-department, its forest ranger sub-department shall act as the provincial-level (5 million hectares of forest) project management unit. For a province which has no forestry sub-department and forest ranger sub-department, a non-business unit with the forestry function shall act as the provincial-level project management unit.

18.2. District-level steering boards:

A district having 1,000 hectares or more of land for planting production forests shall set up a forestation steering board to closely work with other boards in charge of forestry in its locality (i.e., the commanding board for urgent issues of forest protection and forest fire prevention and combat).

A district-level steering board shall be set up under a decision of the district-level People's Committee president and composed of a vice president of the district-level People's Committee as its head, a representative of the district forest ranger station as its standing member, and representatives of the Fatherland Front, the Peasants' Association, the War Veterans' Association, the Youth Union, the Agriculture and Rural Development Section and the Natural Resources and Environment Section as its

members. The district-level steering board shall promulgate its own operation regulation. Its operating fund is equal to 0.8% of the total silvicultural expenditure of its locality and shall be used under current regulations.

18.3. District-level project management units are investors of production forest planting support projects as specified at Items a, b and d, Clause 1, Article 15 of Decision No. 147/2007/QĐ TTg.

a/ A district-level project management unit has a head, 1-2 deputy heads, an accountant and a number of technician-cum-investment supervisors.

b/ District-level project management units have their own bank accounts and may use their own seals in transactions.

c/ If foresters register and request district-level project management units to supply seedlings and the latter shall organize public biddings for supply of seedlings under three-year plans.

18.4. Commune forest development boards: A commune forest development board shall be set up under Clause 3, Article 16 of Decision No. 147/2007/QĐ-TTg and composed of a vice president of the commune People's Committee as its head, and representatives of the commune forest ranger station, the commune forestry and agriculture section, cadastral section, Youth Union and Peasants Association organizations, military command or War Veterans Association organization, and village or hamlet forest development boards (each village or hamlet forest development board has one representative) as its members.

The operation regulation of a commune forest development board shall be designed to ensure democracy and publicity according to a set form (not printed herein) and approved by the commune People's Committee president. All

annual revenue and expenditure plans of the board must be approved by at least 80% of participants in annual meetings of cooperative members.

18.5. Village or hamlet forest development boards: A village or hamlet forest development board shall be set up under Clause 4, Article 16 of Decision No. 147/2007/QĐ-TTg and composed on the village or hamlet chief or deputy chief as its head, and the village or hamlet patriarch and representatives of the Youth Union, Peasants Association, Women's Union, War Veterans Association and 1-3 farmers representing their community as its members.

The operation regulation of a village or hamlet forest development board shall be designed to ensure democracy and publicity according to a set form (*not printed herein*) and approved by the commune People's Committee president. All annual revenue and expenditure plans of the board must be approved by at least 80% of participants in biannual village or hamlet meetings.

19. Management of contracts and the management information system

19.1. All contracts must be managed through the information technology system. The Agriculture and Rural Development shall develop a software for managing all contracts performed under Decision No. 147/2007/QĐ-TTg, and supply that management software to all concerned localities and projects for uniform use.

19.2. All district-level project management units must have computers connected with those of provincial-level project management units. All signed contracts must be stored in the management database within 3 days after their signing. On the 20th day of every month, district-level project management units shall transfer data and send implementation reports to provincial-level project

management units. Provincial-level project management units shall update data and sum up data and reports before transferring them to the Central Project Management Board on 25th day of every month.

19.3. Encoding of forestation contracts for management:

- The code of a forestation contract consists of the following: the serial number of the contract, which is a cardinal number, starting from 01, followed by the year of contract signing, province code, district code, commune code and the sign for forestation (HDTR);

- A province code consists of three upper-size letters being the initials of the name of the province and must be unique (province codes are those used in making statistics on forest resource development);

- A district code consists of two upper-size letters being the initials of the name of the district and must be unique within a province;

- A commune code consists of two upper-size letters being the initials of the name of the commune and must be unique within a district;

District codes and commune codes shall be uniformly given and notified by the provincial-level project management unit to district-level project management units for use and to the Central Management Board for synthesis.

For example: The forestation contract of Nguyen Van A's household with a serial number 09 for forestation in 2009 in Phong Van commune (PV), Luc Ngan district (LN), Bac Giang province (BGI) should have the following code: 09/2009/BGI/LN/PV/HDTR.

19.4. Management of nursery contracts: The management code of a nursery contract consists

of the same parts as that of a forestation contract, except for the last sign for a nursery (HDVU).

19.5. Management of seedling forest or garden contracts: The management code of a seedling forest or garden contract consists of the same parts as that of a forestation contract, except for the last sign for a seedling forest or garden (HDRVG).

19.6. Management of high-quality seedling center contracts: The management code of a high-quality seedling center contract consists of the same parts as that of a forestation contract, except for the last sign for a high-quality seedling center (HDGCLC).

20. Management funds

20.1. Management funds are equal to 10% of the state budget's total support investment capital for silvicultural activities, of which ministries and central branches, provincial administrations, district-level steering boards, district-level project management units, commune forest development boards, and village or hamlet forest development boards enjoy 0.5%, 0.7%, 0.8%, 6%, 1% and 1%, respectively. Management funds enjoyable by commune forest development boards and village or hamlet forest development boards shall be aggregated to those of district-level project management units. Annually, based on forestation areas of communes, villages and hamlets in their localities, district-level project management units shall transfer management funds to these communes, villages and hamlets.

20.2. Expense items: Priority is given to payment of expenses for training and capacity building for cadres at all levels, such as training, exchange of experience and capacity building for population communities; expenses for evaluation

and approval of projects, information and communication work, community-based consultation, preliminary review and final review conferences, emulation and commendation, purchase of stationery for direction, management and administration work, payment of salaries and salary-based allowances for project management units, working mission allowances, annual settlement of used capital and cost finalization of completed projects. District-level project management units should be furnished with necessary equipment and means (computers, bicycles and motorbikes) as soon as possible and expenses for these equipment and tools may exceed the management fund limit of 6% in the first year but must not exceed this limit for three years of plan assignment.

20.3. Particularly for the management fund portion of 0.5% from the state budget for central agencies: Apart from expenses for the above tasks, this portion may also be spent on the study, review and adjustment of a number of forestry-related mechanisms and policies; research and assessment of economic, social and environmental impacts of forestation; independent audit; experimental manufacture and creation of a number of equipment, technologies and models in service of forestry development under guidelines adopted by the Central Management Board and at levels approved by the investment-deciding agency.

20.4. Detailed estimates of management funds of state-run organizations, central and provincial-level project management units shall be made according to assigned three-year plans and submitted to the investment-deciding agency for approval.

21. Refund of supports, tax exemption and reduction, collection and remittance of amounts

payable by forest owners

21.1. Forest owners that have enjoyed supports for planting forest tree species of an exploitation cycle of 10 years but wish to conduct early exploitation 5 years after the planting shall refund 15% of supports they have received for each year of early exploitation. This refunded amount shall be remitted into the recovery account of the district-level project management unit for re-investment in forestation.

21.2. Planted forest areas contracted by state-run organizations to households on a stable and long-term basis are eligible for tax and land use levy exemption or reduction as in the case of land allocation or lease to households in the same locality.

21.3. Forests failing to satisfy the requirements specified in Clause 5.3, Section 5 of this Circular shall be handled as follows:

- In case of forest loss due to such *force majeure* circumstances as natural disasters, fires or pests under the Agriculture and Rural Development Ministry's regulations, foresters are not required to refund received supports;

- In case of forest loss for other reasons, foresters shall refund received supports under Clause 2, Article 6 of Decision No. 147/2007/QĐ-TTg. Agencies signing forestation contracts shall liquidate these contracts and recover and refund capital to the state budget, and may use recovered capital to invest in other areas in the same project.

21.4. For nurseries: In case owners of nurseries fail to use allocated land areas for the purpose of seedling production for the full 10 years, they shall refund 15% of the State's supports for production of forest seedlings for each year of non-production

21.5. For seedling forests and gardens: Seedling forests and gardens are stably planned. If owners of seedling forests and gardens no longer need to deal in seedling forests and gardens or seedling forests and gardens are not up to set quality standards, provincial-level Agriculture and Rural Development Services shall assume the prime responsibility for, and coordinate with concerned branches in, considering and proposing provincial-level People's Committees to issue decisions on recovery and transfer of these seedling forests and gardens attached to land to other investors without having to refund received supports.

In case of a change in the planning on use of seedling forest or garden land from the seedling to the public-utility purpose, the Agriculture and Rural Development Ministry shall permit that planning change and received supports must be refunded.

21.6. For high-quality seedling centers: If investors of seedling centers fail to strictly comply with contract terms, they shall refund all received supports plus interests thereon at the commercial loan interest rate applicable at the time of refund.

21.7. Support-recovering agencies and use of recovered supports: Agencies that have signed contracts shall supervise the performance of these contracts and recover supports under regulations in case of contract breaches. Recovered supports shall be remitted into the recovery accounts (accounts for refunds) of these agencies. Subsequently, these agencies shall report to the investment-deciding agency (the district-level or provincial-level People's Committee) for support investment in forestation under Decision No. 147/2007/QĐ-TTg.

21.8. Methods of collection and management

of sums of money remitted by forest owners under Clause 2, Article 6 of Decision No. 147/2007/QĐ-TTg.

- For communes and villages or hamlets: They shall elaborate operation regulations of their forest development boards and regulations on management of commune-level and village-level forest development funds, then open accounts for forest owners to remit money under regulations. Account numbers must be notified to forest owners in their localities. In the near future, communes and villages or hamlets that have no operation regulation and forest development fund management regulation may only open accounts for local forest owners to remit money but may not use it.

- For state-run organizations: They shall manage and use operating funds like administrative non-business funds for forest protection and development.

22. Elaboration, synthesis and assignment of plans and supervision and assessment

22.1. Elaboration of three-year plans:

a/ Pursuant to Decision No. 147/2007/QĐ-TTg and this Circular, provincial-level People's Committees shall direct the elaboration of three-year medium-term plans on support for planting of production forests, divided into specific annual plans on the basis of approved projects and consultations of population communities. In the near future, they shall elaborate and send 2008-2010 plans to the Planning and Investment Ministry and the Agriculture and Rural Development Ministry.

b/ A plan elaborated by a province includes:

- A report on assessment of implementation results of the previous three-year plan (made at

the end of the planning period and according to the assigned plan and work items invested with other capital sources and participation of all economic sectors);

- The subsequent three-year plan, stating the objectives, expected results and investment capital sources, tasks and investment capital from the state budget;

- A list of projects, tasks and capital sources as specified in the policies;

- A medium-term forestation plan must be elaborated in line with the local socio-economic development plan by the current method of elaboration of five-year plans.

22.2. Assignment of plans

a/ The Planning and Investment Ministry shall assume the prime responsibility for, and coordinate with the Agriculture and Rural Development Ministry and the Finance Ministry in, synthesizing and balancing plans, then reporting them to the Prime Minister for decision on assignment of three-year plans for implementation.

b/ Within 30 working days after being assigned plans, ministries, branches and localities shall assign three-year plans to specific projects, clearly stating annual capital and tasks for each project. Results of plan assignment must be reported to the Agriculture and Rural Development Ministry and the Planning and Investment Ministry for supervision and monitoring.

c/ Subsequent three-year plans must prioritize the payment for forest areas and investment activities already performed with post-investment supports under previous three-year plans.

d/ For important projects enjoying the state budget's investment supports valued at VND 10

billion each and executed by non-state economic sectors under Decision No. 147/2007/QĐ-TTg, the Prime Minister shall assign plans listing projects and investment capital sources.

22.3. Adjustment of plans

a/ In the third quarter of the second year of three-year plans, provinces shall send their reports on assessment of implementation of their assigned plans (made in the middle of the planning period) on work volumes, executed capital amounts and applied mechanisms and policies to the Agriculture and Rural Development Ministry and the Planning and Investment Ministry for summing up and reporting to the Prime Ministry for adjustment of plans. On principle, the central government shall transfer capital amounts assigned under capital plans to provinces but not used up to other provinces with capital needs.

b/ Annually, based on the implementation of plans by district-level project management units, provincial-level People's Committees shall transfer capital plans of projects unlikely to be implemented to well implemented projects with capital needs. Capital for silvicultural tasks must not be used for infrastructure construction tasks, unless it is so permitted by competent authorities.

c/ Adjustment of plans of district-level project management units must comply with Point c, Clause 2, Article 17 of Decision No. 147/2007/QĐ-TTg.

22.4. Supervision and assessment: Pursuant to this Circular and Decision No. 147/2007/QĐ-TTg, each local level shall work out plans on supervision and assessment of the achievement of objectives and expected results of the policies.

22.5. Responsibilities of concerned ministries and branches:

a/ The Agriculture and Rural Development Ministry shall assume the prime responsibility for guiding branch technical standards not specified in this Circular and sustainable exploitation of planted forests.

b/ The Planning and Investment Ministry shall assume the prime responsibility for providing guidance on supervision and assessment in order to ensure the transparent and effective implementation of the policies.

c/ The Finance Ministry shall assume the prime responsibility for guiding procedures for payment and settlement of state budget expenditures.

23. Implementation provisions

This Circular takes effect 15 days after its publication in "CONG BAO." All previous circulars containing provisions contrary to those of this Circular are annulled.

Any problems arising in the course of implementation should be promptly reported in writing to the Planning and Investment Ministry, the Agriculture and Rural Development Ministry and the Finance Ministry for study and settlement.

For the Finance Minister
Vice Minister
NGUYEN CONG NGHIEP

*For the Agriculture and Rural
Development Minister*
Vice Minister
HUA DUC NHI

*For the Planning and
Investment Minister*
Vice Minister
CAO VIET SINH