MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT
VIETNAM ADMINISTRATION OF FORESTRY

HANDBOOK
ON ACCOUNTING AND FINANCIAL MANAGEMENT
FOR PAYMENTS FOR FOREST ENVIRONMENTAL SERVICES

(Issued according to Decision no.5307/QD-BNN-TCLN, dated 22nd December 2015 of Minister of Agriculture and Rural Development)
MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

SOCIALIST REPUBLIC OF VIETNAM

Independence-Freedom-Happiness

Ha Noi, dated 22nd December 2015

DECISION

On issuance of “Handbook on accounting and financial management for payments for forest environmental services”

MINISTER OF AGRICULTURE AND RURAL DEVELOPMENT


Pursuant to the Decree no.199/2013/ND-CP dated 26/11/2013 of the Government on functions, tasks, entitlements and organizational structure of the Ministry of Agriculture and Rural development;


Pursuant to the Circular no. 85/2012/TT-BTC dated 25/5/2012 of Ministry of Finance guiding the financial management regime for forest protection and development funds;

Pursuant to the Joint Circular no. 62/2012/TTLT-BNNPTNT-BTC dated 16/11/2012 of Ministry of Agriculture and Rural development and Ministry of Finance on instructions on the mechanism of managing and using the payment for forest environment services.

At the proposal of the Director General of the Vietnam Administration of Forestry,

DECIDES:

Article 1. Issuing enclosed with this Decision the “Handbook on accounting and financial management for payments for forest environmental services”.

Article 2. This decision takes effect from the date of signing.

Article 3. Chief of the Ministry Office, Director General of VNFOREST, Director of Forest protection and development Funds at all levels together with heads of relevant agencies are responsible to implement this Decision./.

FOR MINISTER

FOR VICE MINISTER

Recipients:
- As Article 3;
- Minister (for reporting);
- Filling: DPF.

(Signed)

Ha Cong Tuan
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**ACRONYMS**

| Central Fund | Vietnam Forest Protection and Development Fund |
| Commune fund | Forest Protection and Development Fund at commune level |
| CPC | Commune People’s Committee |
| DARD | Department of agriculture and rural development |
| District fund | Forest Protection and Development Fund at district level |
| DPC | District People’s Committee |
| DoF | Department of Finance |
| FES | Forest Environmental Services |
| FPDF | Forest protection and development Fund |
| MARD | Ministry of agriculture and rural development |
| MOF | Ministry of Finance |
| PFES | Payment For Forest Environmental Services |
| PPC | Provincial People’s Committee |
| Provincial funds | Forest Protection and Development Fund of provinces, cities under the Central Government, or agencies, organizations take over the tasks of Provincial funds |
| VNFF | Vietnam Forest Protection and Development Fund |
| VNFOREST | Vietnam Administration of Forestry |
INTRODUCTION

After 4-year implementation of Decision no. 99/2010/ND-CP dated 24/9/2010 of the Government on the policy on the payment for forest environmental services, a system of Forest protection and development Funds has been established from the central to the local. Until June 2015, beside the Fund at the central level, 37 provincial forest protection and development funds have been established; 351 entrusted contracts on payments for forest environmental services (PFES) have been signed; more than 3,890 billion dong has been mobilized that contributed to manage and protect from 2.8 to 3.4 million ha forest per year and improved livelihood for local people working on forestry in the mountainous areas.

Despite being achieved encourageably initial results, there are some difficulties arising during the process of policy implementation. These difficulties are not only about technical issues, policies but also concerning regulations, guidelines on accounting and financial fields, especially the confusion and lack of consistency when applying the accounting regime, transaction records for the mobilization, management and utilization of PFES money in provincial funds, forest owners who are organizations and organizations which are not forest owners but assigned by the State to protect and manage forests.

As above practice, the “Handbook on accounting and financial management for payments for forest environmental services” has been developed in order to remove difficulties and ensure the consistency in reflecting, recording and reporting the receipt, management and utilization of payments for forest environmental services. Ministry of Agriculture and Rural Development (MARD) assigned Vietnam Forest Protection and Development Fund (VNFF) with the responsibilities as a lead agency to provide professional guidance and coordinate with the technical assistance project “CDTA 8592 VIE: Improving Payment for Forest Ecosystem Service Implementation” funded by Japan Fund for Poverty Reduction, entrusted through Asian Development Bank to develop this Handbook.

This Handbook will focus on the issues related to the accounting and financial management for payments for forest environmental services. It will not go further into financial problems of Forest Protection and Development Funds. The major contents of the Handbook include:

- Policy overview
- Financial issues
- Accounting

The Handbook is synthesized to develop on the basis of existing relevant regulations of the State, associated with the consultation of experts in the field of financial-accounting and related subjects in implementing the policy on payments for forest environmental services. This Handbook is hoped to provide more useful materials and experience for staff of management agencies, authorities, forest owners in implementing the policy on payments for forest environmental services; it will be an effective tool to help accountants, financial staff at all levels further understand the financial mechanism, enter accounting transactions, reflect systematically, accurately, fully and promptly the receipt, management and utilization of PFES. On that basis, managers will have information, annual financial report openly and transparently.

Ministry of Agriculture and Rural Development would like to thank Japan Fund for Poverty Reduction, Asian Development Bank and the Technical assistance project CDTA 8592 VIE for supporting the compilation of Handbook; thank Vietnam Forest Protection and Development Fund and relevant individuals, agencies participated in the process of compiling this guiding document.

Ministry of Agriculture and Rural Development would like to introduce the Handbook and look forward to receiving many comments of Project Management Unit, agencies and individuals who will use this Handbook.
PART I:
POLICY OVERVIEW

HANDBOOK ON ACCOUNTING AND FINANCIAL MANAGEMENT FOR PAYMENTS FOR FOREST ENVIRONMENTAL SERVICES
I. PURPOSE OF THE POLICY

On 24/9/2010, the Government issued Decree no. 99/2010/ND-CP regulated the policy on payments for forest environmental services. According to this Decree, forest environment service means the provision of use values of the forest environment to meet the needs of the society and people’s life.

The purpose of this policy including:

• To mobilize social resources, especially from organizations and individuals benefit from forest environmental services (FES), to create financial resource to ensure stable, long-term and direct investment for forest protection and development, contribute to implement forestry socialization.

• To create economic relations between service providers and beneficiaries from FES, ensure income for forestry workers, improve livelihoods and continue maintaining sustainable labor for forest protection and development, contribute to improve quality of services provision, especially ensure water source for hydropower generation, water supply and tourism services, etc.

• To contribute to raise awareness and responsibilities for forest protection and development of the beneficiaries from forests as well as of the whole society.

II. TYPES OF FORESTS AND TYPES OF FOREST ENVIRONMENTAL SERVICES

1. Types of forests must be paid

Forests entitled to payment for forest environment services are forests that provide one or more forest environment services, including protection forest, special-use forest and production forest.

The multi-purpose tree species planted on the land areas planned for forestry will be defined as plantation forests when these land areas are providing FES.

2. Types of services

According to the Decree no. 99/2010/ND-CP, there are 5 types of FES, including:

a) Soil protection, restriction of erosion and sedimentation of reservoirs, rivers and streams;

b) Regulation and maintenance of water sources for production and social life;

c) Forest carbon sequestration and retention, reduction of greenhouse gas emissions by measures of preventing forest degeneration and forest area decrease and developing forests in a sustainable manner;

d) Protection of natural landscape and conservation of biodiversity of eco-systems for tourism services;

e) Provision of spawning grounds, sources of feed and natural seeds, use of water from forests for aquaculture.

III. SERVICE PROVIDERS AND USERS

1. Service providers

a) Entities to enjoy payment for forest environment services are owners of forests providing such services, including:

• Forest owners that are organizations with forests allocated or leased by the State for stable and permanent use for forestry purposes and organizations that plant by themselves forests on allocated forestry land areas certified by the provincial-level People’s Committee at the proposal of the provincial-level Department of Agriculture and Rural Development;

• Forest owners that are households or individuals with forests allocated or leased by the State; village communities with forests allocated by the State for stable and permanent use for forestry purposes; forest owners that are households and individuals or village communities planting forests by themselves on state-allocated forest land areas certified by the district-level People’s Committee at the request of a specialized forestry agency, certified by the commune-level People’s Committee.

b) The organizations which are not forest owners assigned by the State for forest management (collectively known as forest owners) including: commune-level People’s Committee; agencies, social-political organizations.

c) Organizations, households, individuals and village communities that have concluded contracts on stable and permanent forest protection with forest owners that are state organizations (below referred to as contracted households); forest protection contracts shall be made and signed by the contractual parties and certified by the commune-level People’s Committee.

2. Service users

Service users including:

• Hydropower generation facilities;

• Clean water production and supply facilities;

• Industrial manufacture facilities using water directly from water sources;

• Organizations and individuals doing tourism business that benefit from forest environment services;

• Other subjects.

Service users and types of services must be paid are defined in the Table 1.
Table 1. Subjects, types of services, level of payment and payment amount

<table>
<thead>
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<th>Subjects</th>
<th>Types of services must be paid</th>
<th>Level of payment</th>
<th>Payment amount</th>
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<td>Hydropower generation facilities</td>
<td>Soil protection, restriction of erosion and sedimentation of reservoirs, rivers and streams; Regulation and maintenance of water sources for hydropower production</td>
<td>20 dong/1kwh commercial electricity</td>
<td>Equals the electricity amount in the payment period (kwh) (x) 20 dong/kwh</td>
</tr>
<tr>
<td>Clean water production and supply facilities</td>
<td>Regulation and maintenance of water sources for clean water production</td>
<td>40 dong/m³ commercial water</td>
<td>Equals the commercial water volume in the payment period (m³) (x) 40 dong/1m³</td>
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<tr>
<td>Organizations and individuals doing tourism business</td>
<td>Protection of natural landscape and conservation of biodiversity of eco-systems for tourism services</td>
<td>1% to 2% of turnover realized in the period</td>
<td>Equals turnover in the payment period (x) level of payment (from 1 to 2%)</td>
</tr>
<tr>
<td>Industrial manufacture facilities</td>
<td>Regulation and maintenance of water sources for production</td>
<td></td>
<td>Regulated by the Prime Minister</td>
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<td>Regulated by the Prime Minister</td>
<td>Forest carbon sequestration and retention</td>
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<td></td>
<td>Provision of spawning grounds, sources of feed and natural seeds, use of water from forests for aquaculture</td>
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IV. CONDITIONS OF IMPLEMENTING PAYMENT

FES users pay for FES providers according to:

- Voluntary negotiated agreements for direct payment; or
- Entrusted contract of PFES for indirect payment.

Forest owners who are households, individuals, village communities will receive PFES under the commitment on forest protection and FES provision with the communal People’s committee.

Forest owners who are organizations will receive PFES under the commitment on forest protection and FES provision with the provincial-level Department of Agriculture and Rural Development. The enterprises which have projects on forest and forest land management, business shall implement regulations on forest and land lease according to current Government’s regulations.

The organizations who are not forest owners with forests allocated by the State for forest protection will receive PFES according to the forest protection and management plans approved by the provincial-level People’s Committees.

Households contracted for forest protection (organizations, households, individuals, village communities have concluded contracts on stable and permanent forest protection with forest owners that are state organizations) shall receive PFES according to forest protection contracts.

V. DETERMINING FOREST AREAS MUST BE PAID AND PAYMENT COEFFICIENT

1. Determining forest areas must be paid

The forest area in the basins providing FES such as: Regulation and maintenance of water sources for production and social life; Soil protection, restriction of erosion and sedimentation of reservoirs, rivers and streams according to regulations in Circular no. 60/2012/TT-BNNPTNT dated 09/12/2012 of MARD.

The forest area within basin that identified by administrative units (communes, districts, provinces) and classified by origin of forest (natural forest, plantation forest).

The paid forest areas within the basin that providing FES shall be:

a) Determined according to forest owners;

b) Payment acceptance is “accepted” according to the regulations in Circular no. 20/2012/TT-BNNPTNT dated 07/5/2012 of MARD.

2. Payment level adjustment coefficient (K coefficient)

K coefficient shall be determined for each forest plot as a basis to calculate levels of PFES payable to forest owners. Forest plots of similar status located on the same basin and provide specific environmental services of similar features share the same K factor. Regulations on K coefficient in the Annex 1.

3. Payment acceptance

The acceptance of the forest area for PFES is the basis of PFES payable to forest owners and contracted households.

a) According to the direct payment method

For the case of direct payment, parties parties agree by themselves on the PFES on acceptance procedures, can refer to indirect payment.
b) According to the indirect payment method

- Acceptance agency.
  - The forest owners as organizations and the organizations who are not forest owners allocated by the State for forest management: the PPC assigns to the DARD to be focal point of validating, assessing quality and quantity of forest and make confirmation for forest owners.
  - The forest owners as households, individuals and local communities as the Districts’ Forest Protection Unit being assigned by the PPC to carry out the acceptance exercises upon proposal of the District PC or DARD (for cases that the District Forest Protection Unit is responsible for managing and protecting forests of more than one district).

- Application subjects of acceptance:
  - Forest owners are households, individuals, village communities.
  - Forest owners are the state organizations and households being contracted for forest protection; organizations that are not forest owners but allocated forests for protection by the State.
  - Forest owners are economic organization, non-public non-business units.

- The acceptance steps, procedures, methods and contents are regulated in Circular no. 20/2012/TT-BNNPTNT dated 07/5/2012 of MARD.
- The cost for acceptance exercises of the acceptance agency shall be balanced in the management cost of Provincial funds.

For the forest owners who are organizations and organizations are not forest owners assigned by the State for forest management: acceptance cost shall be calculated in their management cost.

VI. METHODS AND PRINCIPLES OF PAYMENT

FES users conduct payment by cash through the direct or indirect payment for FES providers.

1. Direct payment

The FES users pay directly for the FES providers.

Direct payment is applied to the cases where the users of forest environmental services are able and have sufficient conditions for making direct payment to the suppliers of forest environmental services without having to go through an intermediary organization. Direct payment is carried out according to the voluntary negotiated agreements between the users and suppliers of forest environmental services in line with the regulations in Decree 99/2010/ND-CP, where the payment level is not lower than the level regulated by the Government for the same forest environmental service.

2. Indirect payment

Indirect payment is that the FES users pay for the FES providers through the Central Fund or the Provincial funds or agencies and organizations decided by the Provincial People’s Committee, acting in place of the provincial Forest Protection and Development Fund.

Indirect payment is applied to cases where the FES users are not able to and do not have sufficient conditions to make direct payment to the FES providers but to make payment through an intermediary organizations which are FPFDs. Indirect payment is subject to the intervention and support of the Government with prices of forest environmental services stipulated by the Government.

3. Payment principles

The FES users must pay for FES to the forest owners of the forests creating provided services.

a. Payment for forest environmental services is in money through direct or indirect payment methods.

b. Payment for forest environmental services is factor of the production costs of products that use forest environmental services and does not substitute the resource tax or other payments stipulated by law.

c. The payment must be ensured transparency, democracy, subjectivity, and equity.

VII. AGENCIES ENTRUSTED WITH PFES IMPLEMENTATION

1. Forest Protection and Development Fund and entrusted contracts

PFES money is entrusted through FPFD:

- For the case that the users of forest environmental services use forest environmental services from forests situated within the administrative boundaries of 2 or more provinces or cities, the entrusted money is transferred to the Central Fund. The Central Fund will sign entrusted contracts with service users, collect entrusted money and transfer to the Provincial funds.

- For the case that users of forest environmental services use forest environmental services from forests situated within the administrative boundaries of one province or the entrusted money from the users of forest environmental services is transferred directly to the Provincial funds based on the entrusted contract signed between the Provincial funds and FES users. The provincial funds conduct entrusted tasks to pay directly to forest owners or through payment organizations at district and commune levels. For the provinces without sufficient conditions to establish FPFD, PPC shall decide the agency, organization acting in place of provincial FPFD.

2. Payment agencies at district and commune levels

The payment agencies at the district and commune levels implement entrusted payment for FES from provincial funds to the forest owners who are individuals, households, village communities without bank accounts.

The payment agencies at the district level can be FPFD at district (if any); Forest Protection Unit; agencies established or assigned by PPC.
The payment agencies at commune level include: communal fund (if any); Communal Forestry Board; or payment agencies established by the district People’s Committee.

VIII. THE ROLE AND RESPONSIBILITIES OF RELEVANT AGENCIES FOR POLICY IMPLEMENTATION

1. Ministry of Agriculture and Rural Development
   a) Arrange the identification and approval for forest areas providing FES from 2 or more provinces, cities under the national government, give announcement for PPC;
   b) Take the lead and collaborate with relevant Ministries, sectors to mobilize financial, scientific and technical resources from national and international organizations, individuals to implement the policy;
   c) Approve national and regional forest protection and development plans;
   d) Decide the deduction amount that can be used for professional operations of the Central Fund;
   e) Approve the Plan on FES collection and expenditure of the Central Fund, verify and approve the annual finalization as regulations;
   f) Annually, take the lead and collaborate with Ministry of Finance and relevant Ministries and agencies to review and report the Prime Minister on the policy implementation.

2. Vietnam Administration of Forestry
   a) Cooperate to implement PFES policy;
   b) Coordinate all resources, combine with the PFES policy to implement forest protection exercises;
   c) Implement the tasks authorized and decentralized by MARD.

3. Vietnam Forest Protection and Development Fund
   a. Determine forest area providing FES from 2 or more provinces to submit MARD for approval;
   b. Sign entrusted contracts and coordinate FES money to the Provincial funds for the forest area providing FES from 2 or more provinces;
   c. Provide guidelines to the provincial funds on the professional operations; develop the plan on FES collection and expenditure.

4. Provincial People’s Committee
   a) Establish Steering Committee to guide the implementation of PFES policy;
   b) Arrange the communication, dissemination of the policy for payment for forest environmental services;
   c) Direct the Department of Agriculture and Rural Development to take lead and collaborate with relevant provincial agencies to develop and submit PPC for approval of the schemes, projects concerning the implementation of PFES policy;
   d) Collaborate with relevant Ministries, sectors to direct and check the PFES implementation of organizations, individuals in the local area; conduct the monitoring and supervision of the policy implementation in the local area;
   e) Be responsible for approving to ensure the stability of areas and functions of forests supplying forest environmental services in the land use planning schemes and forest protection and development planning schemes;
   f) Certify the list of forest owners being organizations supplying forest environmental services to one particular user entity based on recommendation from the Department of Agriculture and Rural Development;
   g) Regulate the number of times for advancing for the forest owners annually;
   h) Assign DARD to act as the focal point to arrange the PFES acceptance;
   i) Direct commune PC to implement the PFES policy; certify the list of households contracted for forest protection with the forest owners being the State organizations so that the households can receive payment for forest environmental services;
   j) Decide types of FES must be paid, payment level and subjects must pay and subjects must be paid on the provincial area according to the regulations in the Decree 99/2010/ND-CP;
   k) Annually review the PFES situation on the provincial area, submit report to MARD and Ministry of Finance.

5. Department of Agriculture and Rural Development
   a) Provide guidelines on the samples of forest protection commitments of forests providing FES for the forest owners being organizations and the forest owners being individuals, households, village communities;
   b) Be the focal point to arrange the acceptance, assessment of forest quality and quantity and inform to the forest owners being organizations; arrange the checking and monitoring the forest owners being organizations in the implementation of their rights and obligations when joining in PFES;
   c) Guide the acceptance, re-assess the acceptance of forest protection;
   d) Appraise the list of forest owners being organizations to submit PPC for approval;
   e) Take the lead or collaborate with the Department of Finance to verify the tasks as assigned or decentralized by the PPC including: Financial plan on PFES; Estimation of expenditures on the professional management of the Fund; and Finalization of PFES (in the case that the FPDF belongs to DARD).
6. Provincial Forest Protection and Development Fund

a) Determine forest area providing FES to serve the PFES in the province to submit PPC for approval and announcement;

b) Make the list of FES users must pay for FES in province; list of the forest owners being organizations providing FES to submit PPC for approval;

c) Announce subjects of using FES to submit the Registration Form for Plan of Payment for Forest Environment Services;

d) Guide the forest owners being organizations to develop the plan on the collection and disbursement of PFES money;

e) Guide the organizations who are not forest owners assigned by the State for forest management: develop the options of forest protection and management to submit PPC for approval; make plans on the funding proposals for forest protection and management.

7. District People’s committee and payment agencies at the district

a) Disseminate and grasp thoroughly the implementation of the PFES policy in the local area;

b) Certify the list of the forest owners being households, individuals, village communities who are providing FES for a specific FES user as recommendation of the agency specialized in forestry at the same level, certified by the commune level People’s Committee;

c) Approve the list of the forest owners being households, individuals, village/hamlet communities, social political organizations, social organizations who are providing FES for a particular FES user according to the recommendation of Payment board at the district level with certification of the commune level People’s Committee;

d) Forest protection unit at district level shall conduct the acceptance for the forest owners being households, individuals, village communities; confirm, make a synthesis table on the acceptance results of forest protection with forests providing FES and then submit the Provincial funds;

e) Synthesis the PFES plans of all communes in the district and the estimation of management cost of the payment agency at the district level to send the provincial funds.

8. The communal People’s Committee and the payment agency at the commune level

The payment agencies at the commune level include: communal Fund (if any); communal forestry board; or payment agencies established by district PC:

a) Propagate and disseminate the PFES policy at the commune level;

b) Certify the list of contracted households to the forest owners being organizations to be paid for FES money;

c) Develop plans: make a table on determining forest area providing FES according to the Form no. 5 enclosed with the Circular no. 62/2012/TTLT-BNNPTNT-BTC to send the payment agency at the district level.

9. Forest owners being State organizations

Forest owners being State organizations include public non-business units, armed forces and state enterprises:

a) Sign commitment to forest protection and management for forest providing FES or review the annual commitments with DARD;

b) Sign or review contracts to forest protection with contracted households according to the current regulations of the State;

c) Make a list of households contracted to forest protection;

d) Make plan on PFES;

e) Forest owners being State organizations having contracts on forest protection with the local communities, households, individuals: certify the FES amount to pay contracted households; arrange acceptance; carry out payment for contracted households;

f) Approve the expenditure plan on management costs according to their financial management regulations.

10. Organizations are not forest owners but assigned by the State for forest management

Organizations who are not forest owners assigned by the State for forest management include: The commune level People’s Committee; agencies, social and political organizations.

a) Develop schemes on forest protection and management to send DARD (concurrently to the provincial funds) to verify and submit the competent authorities (PPC or decentralized, authorized agency) for approval;

b) Make annual plan on forest protection and management to call for funding as specified for the forest owners being State organizations, and then send to the provincial funds;

c) Approve the expenditure plan on management costs according to their financial management regulations.

11. Forest owners are households, individuals, village communities

The forest owners who are households, individuals, village communities include: (i) the forest owners being households, individuals with forests allocated or leased by the State; (ii) the village communities with forests allocated by the State for stable and permanent use for forestry purposes; (iii) the forest owners being households, individuals, village communities that plant by themselves forests on State-allocated forestry land areas certified by the district-level People’s Committee at the request of a specialized forestry agency, certified by the commune level People’s Committee.

a) Sign the commitments on forest protection and provide FES with the commune level People’s Committee;
b) Use the whole PFES amount for forest protection, development and management as well as for living improvement.

12. Users of forest environmental services

a) Implement their rights and obligations according to the regulations stipulated in the Decree no. 99/2010/ND-CP;

b) Sign entrusted contracts on PFES with the FPDFs or direct PFES contracts with the FES providers in the case of direct payment;

c) Send the registration for plan of payment for forest environment services in the next year before the 15th of July every year;

d) Make and send FPDF the declaration of payment at the latest on the 15th day of the first month of the next quarter;

e) Make a declaration on self-finalization for PFES and send FPDF after 45 days of the end of accounting period of the year.

IX. REPORTING

Diagram 1. Reporting system

1. Every year the forest owners being organizations, organizations are not forest owners but assigned by the State for forest management shall make report on the results of PFES implementation according to the Form 9 attached with the Circular 62/2012/TTLT-BNNPTNT-BTC to send Provincial funds.

2. Provincial fund shall synthesize the situation of PFES implementation of the whole province to report PPC, DARD, Department of Finance and the Central Fund.

3. The Central Fund shall synthesize the situation of PFES implementation of the whole country to report MARD and Ministry of Finance.

X. FINANCIAL CHECKING, MONITORING AND DISCLOSURE

1. MARD shall take lead and collaborate with the Ministry of Finance to arrange the checking and monitoring Ministries, sectors and provinces in the field of implementing the Decree no. 99/2010/ND-CP.

2. Central Fund, Provincial funds, payment agencies at district and commune levels shall arrange the checking and monitoring the PFES implementation.

3. Central Fund, Provincial funds, forest owners being organizations, organizations are not forest owners assigned by the State for forest management shall implement financial disclosure according to the legal regulations on finance and accounting.

4. Payment agencies at district and commune levels:
   - Be inspected, supervised by the State agencies, social and political organizations, local people at district and commune levels and Central Fund, Provincial funds as stipulated by law.
   - Inform the hamlet community, social and political organization and make disclosure in accordance with the democracy regulations at the grassroots level on the list of subjects of payment for forest environment services, amount of payment, method of payments.
PART II:
SOME ISSUES ON FINANCIAL MANAGEMENT FOR ENTRUSTED RESOURCE

HANDBOOK ON ACCOUNTING AND FINANCIAL MANAGEMENT FOR PAYMENTS FOR FOREST ENVIRONMENTAL SERVICES
I. GENERAL PRINCIPLES ON MANAGEMENT AND USE OF ENTRUSTED SOURCE

1. Entrusted responsibilities
   a) Entrusted through FPDFs.
   b) Total entrusted amount after being deducted to pay for the implementation of entrusted tasks and contingency (for the provincial funds), the remaining amount is paid to the FES providers (forest owners).
   c) For revenue collected from FES users but subjects of payment are not defined or have not yet been identified:
      • Central Fund allocate to provinces with average level of payment per 1 hectare that is lower than that of the country in the year;
      • Provincial funds make plan on PFES utilization to submit PPC for approval as a basis of implementation.

2. Management and use of PFES according to the indirect payment
   a) Central Fund:
      • A maximum of 0.5% of total entrusted money actually received in the year (including interest on the delayed payment for forest environment services, interest on source of payment for forest environment services) is deducted to pay for professional activities of the Fund. The specific rate of deduction is decided by Minister of MARD;
      • The remaining amount (> 99.5%) is transferred to the Provincial funds in accordance with the Circular no. 80/2011/TT-BNNPTNT dated 23/11/2011 of MARD instructing the method of determining payment for forest environment services.
   b) Provincial funds:
      • A maximum of 10% of total entrusted money actually received in the year (including interest on the delayed payment for forest environment services, interest on source of payment for forest environment services) to pay for the activities of the Provincial Forest Protection and Payment Fund). The rate of deduction is decided by the Chairman of the Provincial People’s Committee.
      • The contingency deduction is stipulated in the Article 6, Circular no. 85/2012/TT-BTC;
      • The remaining amount (> 85%) is paid for forest owners as stipulated in the Circular no. 80/2011/TT-BNNPTNT.

Overview of the management and use of PFES in the provincial funds is described in Diagram 2.

Diagram 2. Determination of PFES in the provincial funds

Note:
- Rotation of FES cash flow
- Contents and subjects of managing and using PFES

c) For forest owners
   • Forest owners being non-state organizations manage and use PFES in accordance with the regulations of applicable law on financial management for such type of organization and pay for the management, protection and development of forest.
   • Forest owners being households, individuals, village communities use the whole payment for forest environment services for forest management, protection and development and life improvement.
   • Forest owners being State organizations and implement forest protection contracting use 10% of the payment for forest environment services for management costs to pay for such activities as: making documents, management maps of the forest supplying for forest environment services; inspecting, supervising; accepting, evaluating; propagandizing, mobilizing, training for officers, civil servants of the forest owners, Commune People’s Committee, households receiving forest protection contracting; conferences, workshops, summing-up, closing; supporting activities at...
district, commune, hamlet levels; purchasing assets and other management costs of payment forest environment services. The remaining amount (90%) is used as follows:

- In case the forest owners contract the whole forest area which is paid for forest environment services, the whole payment is made for the contracted households.
- In case the forest owners contract a part of the forest area which is paid for forest environment services for the contracted households, the remaining forest area is directly protected by the forest owner, the payment for forest environment services of this area is the source of revenue of the forest owners. The forest owners manage and use in accordance with the applicable regulations of the Government on finance applied to each type of organization.
- The rate of payment for forest environment services for contracted organizations, individuals is stipulated at Circular no. 80/2011/TT-BNNPTNT.

Diagram 3. Determination of PFES for the forest owners being organizations

For organizations who are not forest owners assigned by the State for forest management providing FES make request for funding support for forest protection and management from the collection source of PFES and submit DARD for appraisal, synthesis in PFES plan to submit PPC for approval. The average of funding support per hectare of forest is not higher than the average payment for the forest area supplied for forest environment services in the province.

3. Interests on bank deposits and other receivables

Other receivables include: interest from the delayed payment of FES users, the revenue is recorded according to the actual collection from FES users; other collections (if any).

Interests on bank deposits and other receivables are allocated to payments, one of bellow options can be implemented:

a) Interests on bank deposits

Option 1. Interests on bank deposits from any source shall be added to that source:
- At FPDFs, interests from payments for the forest owners shall be added to the expenditures to pay for the forest owners; interests from expenditures to pay for professional activities of the Fund shall be added to this expenditure source.
- At the forest owners being organizations: Interests on bank deposits shall be allocated according to the proportion deducted for management costs and costs for forest protection.
- Interests from delayed payment of FES users: the revenue shall be recorded according to the actual collection and this interest shall be added to the total amount collected from FES users in the accounting period.

Option 2. Determining total interests on bank deposits, interests from delayed payments of FES users at end of accounting period of the accounting year to allocate according to the proportion of all sources. Interests collected from delayed payment of FES users shall be broadly reflected into the interests on bank deposits for allocation.

b) Other receivables (if any): depending on the nature of the collected amounts to allocate.

II. MAKING AND ASSIGNING PLAN OF RECEIPTS AND PAYMENTS FOR FOREST ENVIRONMENTAL SERVICES

Making and assigning the plan of receipts and payments for FES shall be implemented according to the regulations of Joint-Circular no. 62/2012/TTLT-BNNPTNT-BTC.

1. General provisions

a) Subjects of making plan include:
- Central Fund, Provincial funds; payment agencies at commune level; forest owners being organizations.
Note:

(1) At commune level: Make the Table of determining forest area providing FES of the commune for the forest owners who are households, individuals, village communities (Form 5 of Joint Circular no. 62/2012/TTLT-BNNPTNT-TC); send the payment agencies at district level.

Forest owners being organizations: Make the table of determining forest area providing FES (Form 6 of Joint Circular no. 62/2012/TTLT-BNNPTNT-TC), determine according to contracted forest area and non-contracted forest area (self-arrange the forest protection and management); send to the provincial funds.

Organizations who are not forest owners assigned by the State for forest management: develop the options of forest protection and management to send the provincial funds.

Central Fund informs the provincial funds the estimated amount to be allocated in the planning year.

(2) At district level: synthesize the forest area of all communes to send the provincial funds.

(3) Provincial funds: synthesize the plan of receipt and payment of the whole province to send DARD. Contents of the plan include: plan of receipts and payments for FES (Form 7 of Joint Circular no. 62/2012/TTLT-BNNPTNT-TC).

Plan of receipt: based on the Registration form of PFES of FES users (Form 2 of Joint Circular no. 62/2012/TTLT-BNNPTNT-TC); or based on the estimated collection of the current year.

Plan of payment: based on the expected revenue according to plan of receipt and forest area providing FES include: management costs; payments for the forest owners and organizations who are not forest owners but assigned by the State for forest management.

(4) DARD shall arrange the appraisal and submit PPC for approval.

(5) Approved results shall be sent to the provincial funds and DARD.

(6) Provincial funds send approved plan to the Central Fund.

c) Notes to the plan:
Assess the situation of the receipt and payments for FES in the first 6 months, expected implementation of the whole year; compare with the implementation results of the previous year; assess the implementation of the PFES policy, clarify the positive results, shortcomings, difficulties and causes, propose solutions in the planning year.

Clearly define criteria of receipt and payments for FES on the basis of actual implementation in the previous year; predict the revenue fluctuations, subjects of payments in the planning year; the plan of receipts and payments for FES of the Fund, the forest owners being organizations, of payment agencies at district and commune levels; estimation of management cost of the Fund, forest owners being State organizations, organizations who are not forest owners assigned by the State for forest management according to the progress of each quarter of the year.

3. Plan adjustment
In case at the end of the second quarter, the Central fund, Provincial funds, forest owners being State organizations have not collected or collected enough payment for forest environment services
in accordance with the approved plan, the rate of fund deduction of the previous year’s plan and estimate is applied but not higher than the rate approved in the following year; at the end of the planning year, make plan of adjustment to submit to the competent authority for approval.

In case there are changes in the payment task or changes in the plan during the year for objective reasons, FPDFS, forest owners being State organizations, organizations who are not forest owners assigned by the State for forest management make plan of adjustment to submit to the competent authority for approval.

4. Making financial plan of the Fund

a) Plan of receipts and payments for professional activities of the Fund.

Annually, the Central Fund makes plan of receipts and payments of the fund to report MARD for approval and implementation. The provincial funds make and submit financial plan of receipt and expenditure of the Fund according to the regulations of the PPC.

<table>
<thead>
<tr>
<th>No.</th>
<th>Content</th>
<th>Central fund</th>
<th>Provincial funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Collection plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1)</td>
<td>Supported by State budget</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2)</td>
<td>Entrusted financial sources: (i) PFES; (ii) Entrusted money of international organizations; domestic and overseas organizations and individuals according to the entrusted contracts relating to forest protection and development;</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3)</td>
<td>Compulsory contributions as stipulated in the Article 10 of Decree no. 05/2008/ND-CP</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>4)</td>
<td>Voluntary contributions, fundings of the international organizations; domestic and overseas organizations and individuals</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>5)</td>
<td>Refunds from programs and projects subject to capital refund</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>6)</td>
<td>Interests from savings deposits at credit institutions; Interests from saving deposits at management cost of the Fund</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>7)</td>
<td>Other financial sources</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>II</td>
<td>Expenditure plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1)</td>
<td>Expenditures for the performance of entrusted tasks: FES; entrusted tasks under other entrustment contracts;</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2)</td>
<td>Support for programs, projects or non-project activities</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3)</td>
<td>Support for lower-level funds:</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>4)</td>
<td>Expenditures for the Fund’s management and administration work</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

b) Plan of receipt, expenditures of the Fund’s management and administration work

<table>
<thead>
<tr>
<th>No.</th>
<th>Content</th>
<th>Central fund</th>
<th>Provincial funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Receipt plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1)</td>
<td>Funds for entrustment of forest environmental services</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2)</td>
<td>Entrustment charges under entrustment contracts</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3)</td>
<td>Interests from savings deposit being operational funds for the fund management unit</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4)</td>
<td>Other financial sources</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>II</td>
<td>Expenditure plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1)</td>
<td>Regular expenditures:</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>- Expenditures for management: wages, allowances and contributions of fund management council members, the fund control board and the fund management board; postage and communication; fuel, electricity and water; business trips and conferences; and regular repair of assets</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>- Expenditures for professional operations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Appraisal of programs and projects; payment services; examination; public information, communication and advertising; and entrustment services.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>- Expenditures for inspection, checking, supervision, acceptance and assessment of forest.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Expenditures for audit (if any)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>- Other expenditures (if any)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2)</td>
<td>Irregular expenditures:</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>- Professional retraining, conferences; procurement and overhaul of assets in service of the operation of the fund apparatus;</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>- Technical assistance in monitoring quality of forest environmental services;</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Support for activities related to payment for forest environmental services in districts and communes;</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Expenses for organizations authorized to collect compulsory contributions to funds;</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Other expenditures (if any).</td>
<td>✓</td>
<td>✓</td>
</tr>
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</table>

5. Approval

- MARD shall approve the plan of receipts and payments for FES and the plan of expenditures for the professional activities of the Central Fund.
Handbook on accounting and financial management for payments for forest environmental services

III. DETERMINATION OF PAYMENT AMOUNT

The regulations stipulated in the Circular no. 80/2011/TT-BNNPTNT dated 23/11/2011 of MARD guiding the methods of determining payment for forest environmental services as below:

1. Identification of the actual FES revenue in the year
   a) Central Fund: The actual FES revenue in the year (B) is defined as below:

   \[ \text{The actual FES revenue in the year (B)} = \text{The amount paid by FES users} + \text{Interests from delayed payments of FES users as of the 1st quarter of the following year} + \text{Interests on bank deposits, others as of the 1st quarter of the following year} \]

   b) Provincial funds: The actual FES revenue in the year (B1) is defined as below:

   \[ \text{The actual FES revenue in the year (B1)} = \text{The amount received by the Central Fund and internal collection accumulated as of the 1st quarter of the following year} + \text{Interests from delayed payments of FES users as of the 1st quarter of the following year} + \text{Interests on bank deposits, others as of the 1st quarter of the following year} \]

   c) Forest owners: The actual FES revenue in the year (B2) is defined as below:

   \[ \text{The actual FES revenue in the year (B2)} = \text{The amount paid by FES users} + \text{Interests from delayed payments of FES users as of the 1st quarter of the following year} + \text{Interests on bank deposits, others as of the 1st quarter of the following year} \]

2. Define the amount deducted from management cost to pay for professional activities of the Fund
   a) Central Fund

   • Define the deducted amount (Q1) to pay for professional activities of the Fund as the following formula:

   \[ Q_1 = B \times \text{Deduction level} \]

   • Deduction level: a maximum of 10% of total actual FES revenue in the year (B1) (not include unpaid amount for the forest owners carried over from the previous year), decided by the Chairman of PPC.

   Example 1. Define the deducted amount (Q1) to pay for professional activities of the provincial funds:

   At the provincial fund A, total actual FES revenue of the year prior to the reporting year is 5,000,000,000 dong and of the reporting year is 6,000,000,000 dong. Deduction level decided by the PPC for the year prior to the reporting year is 10% and of the reporting year is 8%. Total of deducted amount (Q1) of the year prior to the reporting year is 500,000,000,000 dong (5,000,000,000 dong (x) 10%) and of the reporting year is 480,000,000,000 dong (6,000,000,000 dong (x) 8%).

   • The deduction must be made in accounting documents as the basis of accounting entries.

   b) Provincial funds

   • Define the deducted amount (Q2) to pay for management costs, as the following formula:

   \[ Q_2 = B_1 \times \text{Deduction level} \]

   • Deduction level: 10% of actual received amount (B2) within year.

   • Time of deduction:

   Option 1: after the actual FES revenue of the year has been defined, on the 1st Quarter of the following year.

   Option 2: deducted quarterly or each time of receiving FES money. After defining the actual FES revenue in the year, calculate the official deduction to adjust the deducted amount.

   • The deduction must be made in accounting documents as the basis of accounting entries.

3. Identification and use of provision in the provincial funds
   a) Identification of provision

   • The annual deduction of provision aims at supporting the organizations, households, individuals, village communities that are allocated or contracted forests for permanent protection upon occurrence of natural disasters or droughts. Total deduction amount in the reporting year is the unused amount of provision in the year, is defined as the following formula:

   \[ \text{Provision (P)} = B_1 \times \text{Deduction level} \]

   Of which: The annual deduction level is decided by the PPC but shall not exceed 5% of total actual FES revenue in the year.

   b) Provincial funds

   The operational expenditures of the Provincial funds’ apparatus and expenditures to perform FES entrustment shall be deducted to pay for professional activities of the Fund are only one of the operational funding sources of the Fund’s apparatus.
Step 1: Define an average payment amount paid by a specific service user for 1 hectare of forest as the following formula:

\[ C_{b/q}^{1} = \frac{B - Q}{S} \]

Of which:
- \( C_{b/q}^{1} \): average payment for 1 hectare;
- \( B \): annual actual FES revenue received by VNFF;
- \( Q \): administration costs of VNFF;
- \( S \): total forest area eligible for FES provision.

In the case that total contingency deducted in the reporting year is lower than the un-used amount of the year prior to the reporting year, the provincial funds must submit statement to competent authorities to allow to reduce the amount that higher than the amount deducted in the reporting year.

- **Time of deduction:**
  - Option 1: after the actual FES revenue of the year has been defined, on the 1st Quarter of the following year.
  - Option 2: deducted quarterly or each time of receiving FES money. After defining the actual FES revenue in the year, calculate the official deduction to adjust the deducted amount on the 1st Quarter of the following year.

- **The deduction of contingency must be made in accounting documents as the basis of accounting entries.**

b) **Use of contingency source**

When a natural disaster or drought occurs in a province, based on the fund’s provision and the disaster or drought, the director of the fund shall elaborate a support plan and submit it to competent authority (PPC or authorized and decentralized agency) for approval. The above provision which has not been used up in a year may be carried forward to the subsequent year.

4. **Determination of payment**
   a) **Determination of the amount allocated to the provincial funds**

   - **Competent to determine:**
     - Director of the Central Fund shall decide the PFES amount allocated to the provincial funds for each payment of FES users with forest area locating on 2 or more provinces.
     - Planning officer or accountant of the Fund (assigned by Fund’s Director) shall be responsible for determining and submitting the Fund’s Director for approval as the basis to inform provincial funds.

   - **Time of determining:**
     - Option 1: after the actual FES revenue of the year has been defined, on the 1st Quarter of the following year.
     - Option 2: quarterly or each time of receiving FES money. After defining the actual FES revenue in the year, calculate the official amount to inform the provincial funds.

   - **Determining the amount allocated to the provincial funds:**

Example 2: Make contingency and define the un-used amount:
Following the example 1, with the annual deduction level is 5%: (i) the contingency of the year prior to the reporting year is 250,000,000 dong (5,000,000,000 dong x 5%); (ii) the un-used amount of provision fund in the reporting year is 300,000,000 dong (6,000,000,000 dong x 5%).
Assume that the contingency has not been used in the year prior to the reporting year, this amount of the reporting year shall be 50,000,000 dong (300,000,000 dong – 250,000,000 dong).

Step 2: Define FES payment amount paid by a specific service user for a certain service to allocate the provincial funds as the following formula:

\[ B_{i} = C_{b/q}^{1} \times S_{i} \]

Of which:
- \( B_{i} \): FES payment amount paid by a specific service user to FPDF of province \( i \);
- \( S_{i} \): forest area eligible for FES service provision in the province \( i \).

Step 3: Define total FES payment amount transferred to a specific FPDF as the following formula:

\[ A_{1} = \sum_{i=1}^{n} B_{i} \]

Of which:
- \( A_{1} \): total amount transferred to a specific FPDF;
- \( B_{i} \): the \( j \)th FES payment amount of a specific province \( i \) (\( i = 1, 2, \ldots, n \)).

- **The determination of PFES to allocate the provincial funds must be made in accounting documents as the basis of accounting entries.**

b) **Define FES payment for the forest owners in provincial funds**

- **Competence and time of determination:**
  - Director of the provincial funds shall determine the actual payment of a specific year for the forest owners on the 1st quarter of the following year, based on the actual FES revenue of a specific year and the accepted forest area that converted according to K coefficient.
Planning officer or accountant of the Fund (assigned by Director of the Fund) shall be responsible for determining and submitting the Fund’s Director for approval as the basis to inform forest owners.

Steps of defining:

- Define FES payables to the forest owners

**Example 3. Define FES payables to the forest owners**

Following the example 1, example 2, in case the whole entrusted amount has been defined the subjects of payment, total payment for the forest owners is \( (B_j - Q_j - P) \)

- The amount of the year prior to the reporting year is 4,250,000,000 dong (5,000,000,000 dong - 500,000,000 dong - 250,000,000 dong); and

- The amount of the reporting year is 5,470,000,000 dong (6,000,000,000 dong - 480,000,000 dong - 50,000,000 dong).

Similarly determine the amount paid to forest owners in the same basin from a specific FES user.

In case having decision of authorities about: (i) The use of contingency and/or (ii) supplementation of revenue which have been collected from FES users meanwhile specific subjects of payment cannot be defined or have not yet been defined to receive, such revenues shall be added to total payment for the forest owners.

In case the PPC approve the Fund to advance for forest owners in the planning year (based on actual FES revenue; the average payment per hectare forest, the forest area to be paid as expected plan; and the ability to balance the FES revenue), after determining the actual payment of a specific year for the forest owners, the FPDF shall determine the remaining amount to be paid for the forest owners.

- Define total FES amount paid for each forest owner

Step 1: define the average payment per hectare from a specific FES user for a certain service:

- The average payment amount per hectare paid by a specific user for a certain service shall be defined as the following formula:

\[
C_{b/q} = \frac{B_1 - Q_1 - P}{S_{q/d}}
\]

Of which:

- \( C_{b/q} \): average payment amount per hectare, which has been converted using K coefficient for forest owners;
- \( B_1 \): actual FES revenue in a specific year received by provincial FPDF;
- \( Q_1 \): management costs at provincial FPDF;
- \( P \): Contingency (+/-);
- \( Sq/d \): K-factor-converted forest area is calculated as follows:

\[
S_{q/d} = \sum K_i * S_i
\]

- \( K_i \): K coefficient of the \( i \)th forest plot \((i = 1, 2, \ldots, n)\);
- \( S_i \): area of the \( i \)th forest plot eligible for FES provision \((i = 1, 2, \ldots, n)\) is valid for payment acceptance.

In case where annual average per hectare amount is lower than that of the previous year, provincial FPDF shall submit a request to PPC requesting approval of having additional payment amount extracted from the contingency.

Step 2: Define the FES payables for forest owners (\( B_2 \)) for a certain environmental service with the following formula:

\[
B_2 = C_{b/q} * S_{q/d}
\]

Step 3: Define total FES amount paid to each forest owner.

Forest owners whose forest areas provide different FES services to one or more service users are entitled to enjoy all payments for such services. Total amount is calculated as follows:

\[
A_2 = \sum B_{2j}
\]

Of which:

- \( A_2 \): total FES FES amount paid to forest owners;
- \( B_{2j} \): the \( j \)th FES payment to forest owners \((j = 1, 2, \ldots, n)\).

Note: In case that the applied K coefficient equals 1, the converted forest area equals actually accepted forest area:

- Average payment per hectare forest of each basin equals (+) total FES payment to be paid forest owners divide (:) the accepted forest area.
- Payment amount to be paid forest owners equals (+) average payment per hectare forest of each basin multiply (x) accepted forest area of the forest owners.

- An advance payment or determination of payment amount must be made in accounting documents.

C) Define FES payables to contracted households

Competence to determine: Forest owners being State organizations that signed forest protection contract with local communities, households, individuals shall take responsibility to define FES payable to their contracted households.
Example 4. Define FES payment to be paid contracted households
The Forest management board A received total of 500,000,000 dong in the planning year from two services of two FES users in one basin with accepted forest area of 1,500 ha. The FMB agreed to apply K coefficient equals 1 with the contracted households and stated in the contract of forest protection. The contracted households protected 30 ha forest with the paid amount as below

Step 1: Define average payment per hectare forest (\( C_{b/q} \))

\[
C_{b/q} = \frac{B_j - Q_j}{S_{q/id}}
\]

Of which:
- \( C_{b/q} \): average per hectare payment amount which has been converted using K coefficient for contracted households;
- \( Q_j \): management costs of forest owners.

Step 2: Define FES payment amount paid by a specific service user to contracted household for a certain service as the following formula:

\[
B_j = C_{b/q} \times S_{q/id}
\]

Of which:
- \( B_j \): FES payable to contracted households.

Step 3: define total FES payment amount payable to contracted households.

Contracted households whose forest areas provide different FES to one or more service users are entitled to enjoy all payments for such services. Total amount is calculated as follows:

\[
A_3 = \sum B_j \quad (j = 1, 2, ..., n)
\]

Trong đó:
- \( A_3 \): total FES payment amount paid to contracted households;
- \( B_j \): the jth PFES payment for household contractors.

In case where forest area providing FES located in the one basin and K coefficient equals 1 the average payment per hectare forest (=) total actual FES revenue after deducting management costs (=) accepted forest area.

IV. DISBURSEMENT AND PAYMENT

1. Open and use account

The opening account for FPFDs at all levels shall be implemented according to the regulations in Circular no. 85/2012/TT-BTC. A fund is an independent accounting unit which may open accounts at the State Treasury, commercial banks.

No need to open deposit accounts to monitor separately FES money, FPFDs shall use their deposit account to receive FES money. Similarly for forest owners being organizations.

The forest owners being households, individuals, village/hamlet communities, contracted households are encouraged to open deposit accounts at the bank branches to receive FES money.

2. Allocation of FES money from the Central Fund to the Provincial funds

The allocation of FES revenue from the Central Fund to the Provincial funds is implemented quarterly or according to each time of receiving FES money.

Determination options shall be followed the guidelines in the Article 5 of the Circular no. 80/2011/TT-BNNPTNT.

3. Disbursement and payment from the provincial funds to forest owners
a) Advance

- Advance amount and times of advance shall be decided by the PPC. Based on the approved plan of PFES the provincial funds shall transfer advance amount to pay for the following subjects:
  - Forest owners being organizations, organizations are not forest owners assigned by the State for forest management; forest owners being individuals, households, village communities having account at State Treasury, commercial banks;
• For the forest owners who are individuals, households, village communities do not open bank account the advance amount shall be transferred through the Payment agencies at district and/or commune levels.

• Define advance amount
Advance amount for each time of payment shall be defined according to: actual FES revenue by the time of advance or advance level under the plan approved by the competent authorities.

Table of summarizing payment for the forest owners.
After completing the payment, the payment agency at commune level make written report to submit the provincial fund attached with the payment documents, send the payment agency at district level at the same time (the report) for monitoring. In case that the payment agency at district level conduct payment, after completing payment, this agency must prepare written report to send the provincial fund attached with the payment documents.

4. Disbursement and payment at forest owners being State organizations
Forest owners self-decide the methods of payment for contracted households:

a) Advance, payment;

b) Only conduct payment one time based on the acceptance result and payment amount to be paid.

5. Disbursement, payment at organizations who are not forest owners assigned by the State for forest management
Organizations who are not forest owners assigned by the State for forest management shall conduct payment according to the plan of forest protection and management approved by the PPC.

a) Advance
Level of advance, number of advance payments regulated by the PPC. Based on the plan of payment for forest environment services approved by the PPC, the provincial funds shall transfer advance payment.

Advance procedures
Table of calculating advance payment for the forest owners prepared by planning officer or accountant; and
Plan of payment for FES approved by the PPC.

b) Payment
FPDF conduct payment based on the acceptance results of the district forest protection unit (for forest owners being households, individuals, village communities) and DARD or the agency assigned by the PPC as the acceptance agency (for the forest owners being organizations and organizations who are not forest owners but assigned by the State for forest management).

Based on the announcement of the acceptance results of the acceptance agency, the provincial funds shall pay for FES to the forest owners.

Payment period for FES: The period of making payment for forest environment services is by April 30th of the following year.

c) Payment procedures must be sent to the provincial funds
For the forest owners being State organizations:
Announce the acceptance results of the acceptance agency;
Table of defining payment for the forest owners or “Announcement of PFES to be paid for each forest owner”.

Besides, in order to match the actual situation and requirements of monitoring, more specific procedures can be regulated by each locality (if any).

For the forest owners being households, individuals, village communities:
Announce the acceptance results of the acceptance agency;

Table of summarizing payment for the forest owners.
After completing the payment, the payment agency at commune level make written report to submit the provincial fund attached with the payment documents, send the payment agency at district level at the same time (the report) for monitoring. In case that the payment agency at district level conduct payment, after completing payment, this agency must prepare written report to send the provincial fund attached with the payment documents.

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Plan of payment for FES approved by the PPC.

b) Payment
FPDF conduct payment based on the acceptance results of the district forest protection unit (for forest owners being households, individuals, village communities) and DARD or the agency assigned by the PPC as the acceptance agency (for the forest owners being organizations and organizations who are not forest owners but assigned by the State for forest management).

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Payment period for FES: The period of making payment for forest environment services is by April 30th of the following year.

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For the forest owners being State organizations:
Announce the acceptance results of the acceptance agency;
Table of defining payment for the forest owners or “Announcement of PFES to be paid for each forest owner”.

Besides, in order to match the actual situation and requirements of monitoring, more specific procedures can be regulated by each locality (if any).

For the forest owners being households, individuals, village communities:
Announce the acceptance results of the acceptance agency;
V. EXPENDITURE NORMS

Expenditure norms for the management activities at the FPDFs, forest owners being State organizations, level of management costs for payment agencies at district and commune levels as below:

1. Central Fund, Provincial funds:
   • The expenditures for the professional and management activities are in accordance with the existing regulations.
   • In case where the law does not have regulations on the expenditure norms: the FPDFs shall base on their financial capacity to develop the appropriate norms, decide the expenditures and take full responsibility before the law.

2. Forest owners being State organizations, the forest management organizations who are not forest owners shall follow regulations on the financial regime applied for such type of organization.

3. Support the payment officers
   • Members of the payment agencies at district and commune levels, the Village chiefs shall be received allowances for their working days. The provincial funds will base on their budget source to develop the allowance amount, number of people, time of receiving allowances to submit the PPC for approval.
   • Forest owners being organizations providing FES shall regulate the allowance amount to be paid for their payment officers.

VI. TAX POLICY

The regulations of current tax policy and the guidelines of Ministry of Finance at the letter no. 5854/BTC-TCT dated 7/5/2014 include:

1. Value-added tax (VAT):
   FES money is the payables to be paid FES providers by FES users, this amount is entrusted payment through the forest protection and development funds, this FES revenue shall be deducted for the operational costs and contingency (for the provincial funds), the remaining shall be paid for the forest owners. Therefore, FES revenues are exempted from VAT.

2. Personal income tax (PIT):
   The payment for FES to be paid for households, individuals contracted directly to forest production and plantation shall be exempted from PIT.

3. Profit tax:
   • FPDFs are State-owned financial institutions, operated for non-profit purposes, thus the amount deducted for management costs and contingency of the provincial funds is not subject to declare and pay enterprise income tax.
   • For the forest owners being organizations:
     » In case that the total forest area providing FES is contracted to households, individuals, village communities for forest protection, total FES amount after deducting 10% of management costs has been paid for contracted households, individuals and communities, the forest owners are not required to declare and pay enterprise income tax.
     » In case that a part FES revenue paid for a certain forest area providing FES is contracted to households, individuals, communities for forest protection, the remaining FES amount corresponds to the forest area which directly managed and protected by forest owners shall be revenue of the forest owners. Forest owners are required to declare and pay enterprise income tax according to the law. Taxable income is the different amount between this FES revenue minus the lawful and valid expenses according to the legal regulations.

Example 5. Define the taxable enterprise income tax of forest owners
During the fiscal year, forest owners being organizations A received 1,000 million dong of PFES. Forest owners paid for contracted households 200 million dong; paid for self-management and self-protection 300 million dong and management cost is 90 million dong. Taxable income of forest owners is: 1,000 – (200 + 300 + 90) = 490 million dong.

• For the organizations are not forest owners but assigned by the State for forest management not required to declare and pay enterprise income tax.
VII. FINALIZATION

1. Central Fund and Provincial funds

a) FPDFs at all levels are required to follow the regulations at Article 7, Circular no. 85/2012/TT-BTC. FPDFs must conduct closing the account book on December 31st every year, the period of making and adjusting the finalization report is until April 30th of the following year.

The FES revenue must be monitored and managed separately. Annually, FPDFs are responsible for making finalization with the management agencies (the Central fund shall report to Department of Finance, provincial funds report to local financial agency). FPDFs are also required to inform the situation of payment to forest owners for the FES users.

b) Content of finalization report:

1. The finalization report on PFES is prepared according to the Form enclosed with the Circular 62/2012/TTLT-BNNPTNT-BTC (Form no. 7 of this handbook), and submitted the direct financial management agency before the 31th May of the following year or under specific regulations of the local financial departments.
2. The finalization report of financial revenue and expenditure of the FPDFs: according to the regulations of accounting regime having finalization report included periodical reports (quarterly and yearly).

2. FES users

FES users shall make declaration of self-preparing PFES finalization and send FPDFs after 45 days since the end of accounting period as the form attached with Circular 62/2012/TTLT-BNNPTNT-BTC (Form 3 of this handbook).

3. Forest owners being State organizations

Forest owners being organizations shall close accounting book, prepare reports, forms of report and time of submitting reports as regulations on financial management for each type of organization.

Example 6. Finalization of PFES at forest owners

a) The management boards for special-use forest and for protection forest which are public non-business units shall prepare and submit finalization reports according to regulations of administrative and non-business accounting regime and specific regulations of financial agencies (if any). The PFES amount is prepared and synthesized together with the activities of production, business and services of their units under the forms regulated by the non-business and Administrative Accounting Regime.

b) Enterprises: prepare reports on the Business result report as Form B02-DN in the enterprise accounting regime.

4. Organizations are not forest owners assigned by the State for forest management

Organizations are not forest owners assigned by the State for forest management shall close accounting book, prepare reports, forms of report and time of submitting reports as regulations on financial management for each type of organization.

Example 7. Finalization of PFES at the commune level People’s Committee

PFES is required to be monitored as a public specialized fund of the commune. By the end of a specific year, the report on revenues and expenditures must be reported before the commune People’s Council. Besides, this report should be prepared in the financial statement of the commune to submit the financial department at district level as general regulations.

VIII. AUDIT

The audit is not compulsory, however, FPDFs and forest owners are encouraged by the State to conduct independent audit to make annual finalization report for PFES source.

The funding source to implement independent audit is deducted from the expenditures for entrusted activities and management costs. The audit should be implemented at the same time of making plan and estimation.

IX. ASSET MANAGEMENT

FPDFs at all levels, forest owners being State organizations, forest management organizations which are not forest owners: assets formed from the source of payment for forest environment services are managed in accordance with Law on Management and Use of State Property and its guiding documents.

Other organizations manage assets formed from the source of payment for forest environment services in accordance with applicable law on financial management of the Government suitable to such type of organization.
I. CONTENTS OF ACCOUNTING EXERCISE

1. Accounting organizational structure and applicable accounting regime

Accounting agencies (Central Fund, Provincial funds, forest owners being organizations, organizations are not forest owners assigned by the State for forest management) are required to arrange their accounting structure, personnel to do accounting exercises or hire outsourced accountant to manage the FES revenues under the Law on accounting. They should organize accounting in the same account system being applied by the units, open accounting book to monitor the details of PFES.

Payment agencies at district and commune levels arrange part-time accounting staff. Applied accounting system: according to the accounting regime of a specific organization and it is implemented within the same accounting system of their organization.

Table 2. Applied accounting system

<table>
<thead>
<tr>
<th>Type of Organization</th>
<th>Accounting Regime</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprises</td>
<td>- Apply the enterprise accounting regime under Circular no. 200/2014/TT-BTC dated 22/12/2014 of Ministry of Finance guiding the enterprise accounting regime.</td>
</tr>
<tr>
<td>- Small and Medium Enterprises (SME) which are implementing the accounting regime applicable to SME (under Decision no. 48/2006/QD-BTC dated 14/9/2006)</td>
<td>able to apply regulations of the Circular no. 200/2014/TT-BTC to match their business characteristics and management requirements.</td>
</tr>
<tr>
<td>Commune People’s Committees apply the Budgetary Accounting Systems and Cooperative Finance issued with Decision no. 94/2005/QD-BTC dated 12/12/2005 of Ministry of Finance.</td>
<td></td>
</tr>
<tr>
<td>The social and political organizations, agencies: apply the accounting regime according to their type of organization.</td>
<td></td>
</tr>
</tbody>
</table>

2. Selection of applicable accounts

a) Central Fund and Provincial funds

Revenue - entrusted expenditures on forest environmental services is one of the financial collection source of the PFESs. It is accounted generally in the account system of the PFESs. In order to monitor, manage separately the entrusted FES expenditures, the PFESs shall select the application and open accounts as below:

- Monitor revenues
  - Use the account 461- Non-business expenses source, to record the situation of receiving, using and finalization of non-business expenses of the Fund’s apparatus, include the expenditures of implementing entrusted tasks on FES.

- Open more accounts as below in order to monitor and manage entrusted PFES:

  a) Use account 5118- Other receivables, to reflect the collection of interests on bank deposits.

  b) Open level 2 account: Account 3313- Payables to forest environmental services: At Central Fund: to reflect the situation of payments to the Provincial funds on entrusted FES; At the provincial funds: to reflect the situation of payments to the forest owners (FES providers) on entrusted FES.

  c) Open level 2 account: Account 5113- FES revenues, to monitor the revenues of entrusted FES.

  d) Open 03 level 3 accounts including:

    - Account 51131 - Entrusted expenditures: reflect expenses to be paid to the forest owners for the provincial funds; or allocated to provincial funds for the Central Fund. Structure and reflecting content of the Account: Debit side – expenses must be paid to forest owners from the Provincial funds, or expenses allocated to the provincial funds from the central Fund; Credit side – entrusted FES revenues.

    - Account 51132 - Contingency: reflect expenses to be used in an emergency. This account is opened at the Provincial funds. When the PPC’s Decision on the use of FES revenues has been issued, these revenues shall be shifted to Account 51131 - Entrusted expenditures.

    - Account 51138- Other receivables: reflect the revenues collected from FES users without defining or have not yet been defined subjects of receiving FES money. When the decision of authorities has been issued to allow the use of FES revenues, these amount shall be shifted to Account 51131-Entrusted expenditures (for the central Fund); or recorded as direct expenditures (Debit entry for Account 51138 - Other expenses for the provincial funds).

b) Monitor expenditures

- Expenditures for the Fund’s management:

  Due to the expenditures of implementing entrusted tasks are deducted from the entrusted expenditures to pay for FES that are defined in the estimation of professional operations of the Fund, therefore the expenditures from this source shall be accounted in the operational expenses of the Fund. In this case the source account is Account 461, PFESs shall use account 661- Operation expenditure to collect expenses.

  In case that PFESs only manage the FES revenue, the expenditures of implementing entrusted tasks of PFES are also the professional management expenditure of the Fund.

- For entrusted expenditures:

  a) At Central Fund: the deduction of entrusted expenditures that allocated to the provincial funds shall be accounted in the Debit side of Account 511 (Account 5113- FES revenues; Entrusted expenditures Account 51131); Use account 331- Payables to monitor the situation of entrusted funding to be transferred to the provincial funds.
At Provincial funds: payables to be paid to forest owners are accounted to Debit side of Account 511 (Account 5113- FES revenues; Entrusted expenditures Account 51131).

Forest owners being State organizations shall apply the administrative and non-business accounting regime

Open level 2 account: Account 3313- Payables to forest environmental services, to reflect the situation of the payments to be paid to contracted households for FES.

Open level 2 account: Account 5113- FES revenues, to monitor FES revenues. Open two more level 3 accounts, including:

Account 51131- Expenditure for forest protection: reflect the revenues and payments for households contracted to forest protection; or directly arrange forest protection.

Account 51132- Management costs: reflect the expenditures from 10% management costs.

Use account 5118- Other receivables, to reflect the collection amount form Interests on bank deposits.

Forest owners being State organizations shall apply enterprise accounting regime

Monitor revenues: Use account 5113- Turnover of goods sale and service provision. Open two more level 3 accounts, including:

Account 51131- Expenses of forest protection: reflect the revenues and payments for households contracted to forest protection; or directly arrange forest protection.

Account 51132- Management costs: reflect the expenditures of 10% management costs.

Monitor expenditures:

For the forest owners applying small and medium enterprise accounting regime, the below Accounts shall be used to collect the expenditures:

Account 154 – Costs for work in progress and Account 632 – Cost of goods sold to collect the direct production costs.

Account 642 – Management costs to collect general management costs.

For the forest owners applying enterprise accounting regime, the below Accounts shall be used to collect expenses:

Account 621 – Direct raw materials cost.

Account 622 – Direct labor cost.

Account 627 – General operation cost.

Account 642 – Enterprise management expenses.

c) Organizations who are not forest owners assigned by the State for forest management

The commune level People's Committee

Revenues monitoring:

- Use account 431- The specialized funds of the commune. Open level 2 account, Account 4313- Forest environmental services
- Debit side: FES expenditures
- Credit side: FES revenues
- Balance of Credit side: un-used FES money.

Expenditures monitoring:

- Open level 2 account, Account 3313- Forest environmental services, to reflect the situation of payments to be paid to contracted households for FES. The structure and content of Account are similar to the Account 331.
- The expenditures shall be accounted to Debit side Account 4313- Forest environmental services.

Agencies, social and political organizations: depend on each type of organization and their using accounting regime to apply appropriately.

3. Accounting book

Each agency has a system of accounting book for an accounting period of a specific year. This accounting book is opened, recorded and closed according to the regulations of Law on accounting and applicable accounting regime. Besides, accounting book is synthesized according to the regulations of the applicable accounting regime and accounting forms (General Journal; Journal – Ledger; bookkeeping documents; accounting on computers). In order to monitor and manage PFES source, accounting units shall open more Books, detailed accounting cards, details as below:

a) At the Central Fund and Provincial funds:

Opening books, detailed accounting cards to monitor and manage separately the entrusted source according to:

- Each entrusted source: entrusted contracts and remittance advices of the Central Fund to the Provincial funds.
- Open an accounting book to monitor the entrusted debt receivables according to each FES user (single-entry bookkeeping); when the Declaration of PFES (quarterly), declaration on self-finalization for PFES (yearly) has been received, this entrusted amount shall be recorded as receivable amount; when FPDFs received the payment for FES, it shall be recorded as paid amount; the difference is the receivable amount.
- Subjects of payment: are Provincial funds for the Central Fund or forest owners for the Provincial funds.

Types of books, accounting cards:

- Specific records of revenues: to monitor the entrusted FES revenues.
• Specific accounting book of Accounts:
  » Account 331 (3313) to reflect expenditures allocated for the Provincial funds from the central 
  Fund and Payables of Provincial funds for each forest owner (service provider).
  » Account 461 must be used to keep records of funding deducted to pay for professional activities 
  of the Fund.
  » Account 511 must be used to keep records in details of: each source of entrustment; Contingency 
  (Provincial funds); Interests on bank deposits on FES entrustment, etc.,

b) Forest owners applying administrative and non-business accounting regime
Open accounting books, detailed accounting cards to keep records and manage separately the 
entrustment source according to:
• Each entrustment source: under the remittance advice of the Provincial funds; and
• Subjects of payment: are contracted households; or directly arrange forest protection.

Types of books, accounting cards:
• Records in details of revenues: to keep records of FES revenues.
• Specific accounting book of Accounts:
  » Account 331 to reflect Payables to pay for contracted households.
  » Account 511 to keep records in details of: each source of entrustment; Interests on bank deposits 
  on FES entrustment.

c) Forest owners applying enterprise accounting regime
Open books, detailed accounting cards to keep records, manage separately the revenues of FES 
provision and the corresponding expenses according to:
• Each funding of revenues, payments for households contracted to forest protection or directly 
  arrange forest protection based on the remittance advice of the provincial funds.
• Subjects of payment: are contracted households; or directly arrange forest protection.
• Subjects of collecting production costs: production teams or units which directly protect forests.

Types of books, accounting cards:
• Accounting book detailing Account 511 - Turnover of goods sale and service provision (Account 
  51131, Account 51132): to keep records of FES revenues.
• Account 331 to reflect Payables for contracted households.
• Specific accounting book of Accounts:
  Account 154 – Cost for work in process to keep records in details of expenses incurred at the location 
  of generating the expenses such as at the production teams, units and Account 6422 - Enterprise 
  management expenses (for the organizations apply the small and medium enterprise accounting 
  regime).

Account 621 – Direct raw materials cost, Account 622 – Direct labor cost, Account 627 – General 
operation cost, Account 642 – Enterprise management expenses detailing the costs of labor, materials, 
tools, depreciation, purchase cost, etc...

d) The organizations assigned by the State for forest management but not the forest owners: 
depending on the accounting regime using to open suitable accounting books and cards.

4. Filing accounting documents
Accounting documents of FES money are managed according to the Law on accounting and filed at 
the accounting unit. Accounting unit shall be defined at the point 1.1 item 1 part III.

Example 8. Filing accounting documents
a) Forest owners being State organizations are accounting units: All generated accounting documents 
shall be archived at the accounting units.
  - Send the below documents to the provincial funds: plan; list of contracted households.
  - Send the acceptance agency: Synthesize the acceptance results.

b) Payment agencies at district and commune levels are not accounting units: after completing the pay-
ment, the payment agencies at commune level are required to prepare written report to send the provin-
cial funds attached with the payment documents and send to the payment agencies at district level (for 
reporting). In case the payment agencies at district level conduct payment, a written report should be 
prepared and sent to the provincial funds attached with the payment documents.

II. ACCOUNTING METHODS AT THE CENTRAL FUND
The recording the FES money in the same accounting system that is Administrative and non-business 
accounting regime being applied by the accounting unit, issued in the Decision no. 19/2006/QD-
BTC dated 30/3/2006 of MoF Minister.

Accounting methods for several major transactions as follows:
1. Accounting the receiving of FES revenues
When receiving FES revenues from FES users
a) When receiving the Credit notes of the Treasury, banks, the entrusted FES expenditures by cash 
shall be recorded as follow:
  » Debit account 112 - Cash in bank
  » Credit account 511 - Receivables (Account 51131- Entrusted expenditures: money collected from
FES users who have defined the payment entities: Account 51138- Other receivables: collection amount from FES users but the payment entities are not defined or have not yet been defined).

2. Accounting the expenses of professional activities of the FPDF’s Management Unit

a) Deduct the funds for the professional activities of the Fund: accountants prepare the deducting documents and submit Director for approval, the following accounts shall be recorded:
   - Debit account 511- Receivables (51131)
   - Credit account 461- Operation funding sources (4612)

b) Accounting expenses of professional activities:

Expenses of professional activities follow regulations of Circular no. 85/2012/TT-BTC that are operation expenses of the Fund’s apparatus. All accounting operations of arising economic and financial transactions shall follow regulations of the administrative and non-business accounting regime.

The whole operation expenditure of the Fund’s apparatus is reflected at Account 661- Operation expenditure (Diagram 5).

3. Accounting funds allocated to the provincial funds

a) Deduct the funds allocated to the provincial funds: accountants prepare the deducting documents and submit the Fund’s Director for approval, the following accounts shall be recorded:
   - Debit account 511- Receivables (51131- Entrusted expenditures)
   - Credit account 3313- Payables to forest environmental services

b) In fact, accountants often combine the deduction of expenses for the Fund’s professional activities and the funds allocated to the provincial funds, then the combination of the transaction (2) and (4) as below:
   - Debit account 511- Receivables (51131)
   - Credit account 461- Operation funding sources (4612)
   - Credit account 3313- Payables to forest environmental services

In fact, accountants often combine the deduction of expenses for the Fund’s professional activities and the funds allocated to the provincial funds, then the combination of the transaction (2) and (4) as below:
   - Debit account 511- Receivables (51131)
   - Credit account 461- Operation funding sources (4612)
   - Credit account 3313- Payables to forest environmental services

b) Regarding the revenues from FES users meanwhile subjects of payment are not defined or have not been yet defined, the Central Fund shall allocate provinces whose average annual FES payment amount/per hectare is lower than the national average payment level, in accordance with decision made by MARD’s Minister, the following accounts shall be recorded:
   - Debit account 51131- Entrusted expenditures
   - Credit account 51138- Other receivables

3. Accounting the FES money transferred the provincial funds according to each period and end of the year. When transferring provincial funds, the following accounts shall be recorded:
   - Debit account 004 “Difference between revenues and expenditures for regular activities”
   - Credit account 661- Operation expenditure
   - Credit account 431- Funds.
   - Credit account 334- Payable to employees

And record Credit account 004 “Difference between revenues and expenditures for regular activities”.

4. Accounting the interest arising on deposits

a) At the ending of the accounting period, when receiving the reconciliation of treasury, banks, the following accounts shall be recorded:
   - Debit account 112- Cash in bank
   - Credit account 511- Receivables (5118)

b) At the ending of the accounting period, accountants shall prepare document to allocate according in proportion: rate of deducting the entrusted operation expenses and the expenses transferred to the provincial funds, the following accounts shall be recorded:
   - Debit account 511- Receivables (5118)
   - Credit account 3313- Payables to forest environmental services (expenses transferred to the provincial funds)
   - Credit account 461- Operation funding sources

5. Accounting other receivables

Other receivables (if any): based on the content of incurred transactions to conduct the accounting.

6. Accounting the differences between regular activities and created and used funds

Because FES money is only one of revenues of the Central Fund, therefore the creation, management and use of Funds (based on the on the level of financial autonomy) shall follow the regulations of the non-business units. The accounting in the accounting regime is guided as below:

a) During the year, based on the increased revenues and savings of fundings allocated for administrative expenses or financial autonomy as stipulated by the financial regulations, accountants shall temporarily determine that the revenue is greater than expenses for regular activities, the following accounts shall be recorded:
   - Debit account 004 “Difference between revenues and expenditures for regular activities”
   - Credit account 661- Operation expenditure
   - Credit account 431- Funds.
   - Credit account 334- Payable to employees

And record Credit account 004 “Difference between revenues and expenditures for regular activities”.
When the finalization report of the unit has been approved by the authorities:

- In case this difference in the finalization report is higher than the temporarily determined amount, the following accounts shall be recorded:
  - Debit account 004 "Difference between revenues and expenditures for regular activities" (The difference increases in comparison with the temporarily determined figure within the year).

The unit is allowed to create funds and pay additional income (the difference increases in comparison with the temporarily deducted amount), the following accounts shall be recorded:

- Debit account 661- Operation expenditure (6611- previous year)
- Credit account 431- Funds
- Credit account 334- Payable to employees.

And record Credit account 004 “Difference of revenue and expenditures of the regular activities”.

- In case the difference in approved finalization report is smaller than the temporarily determined amount within year, the following accounts shall be recorded:
  - Debit account 004 “Difference between revenues and expenditures for regular activities” (negative sign) (the difference decreases in comparison with the temporarily determined amount within year).

III. ACCOUNTING METHODS AT PROVINCIAL FUNDS

Accounting PFES amount in the same accounting system that being applied by the unit. That is the administrative and non-business accounting regime issued together with Decision no. 19/2006/QĐ-BTC dated 30/3/2006 of MoF Minister.

Accounting methods for some major economic transactions as below:

1. Accounting the receiving of FES revenues

   a) When receiving entrusted FES expenditures by cash in bank (transferred by the Central Fund or revenues within province), the following accounts shall be recorded:
     - Debit account 112- Cash in bank
     - Credit account 511- Receivables (51131- Entrusted expenditures: in case FES providers/forest owners have been defined)
     - Credit account 511- Receivables (51138- Other receivables: in case subjects to payment are not been defined or have not been yet defined)

2. Accounting the use of PFES

   a) Deducting the expenses for professional activities of the Fund: accountant shall prepare deduction documents and submit Fund’s director for approval, the following accounts shall be recorded:
     - Debit account 511- Receivables (51131- Entrusted expenditures)
     - Debit account 511- Receivables (51138- Other receivables)
     - Credit account 461- Operation funding sources (4612)

b) Accounting the creation of contingency: accountant shall prepare deduction documents and submit Fund’s director for approval, the following accounts shall be recorded:

   - Debit account 511- Receivables (51131- Entrusted expenditures)
   - Debit account 511- Receivables (51138- Other receivables)
   - Credit account 511- Receivables (51132- Contingency)

   c) When having decision of the competent authorities on the use of Contingency, the following accounts shall be recorded:

   - Debit account 511- Receivables (51132- Contingency)
   - Credit account 511- Receivables (51131- Entrusted expenditures)

d) Paying revenues from FES users without defining or have not yet defined the subject of payment (not belong to the supplemented expenses to pay for the forest owners), the following accounts shall be recorded:

   - Debit account 511- Receivables (51138- Other receivables)
   - Credit account 111, 112, 331, 642 ...

3. Accounting the expenses of professional activities

The expenses of FES entrustment activities included in the operation expense of the Fund apparatus. In case the Fund does not have other receivables (table 2), then the expense of FES entrustment activities is just operation expense of the Fund.

The operation expense of the Fund apparatus including:

   a) The expenses of regular activities:

   - Management expenses: salary, allowance and contribution to the members of the Management Council, Control Board, Management Unit; expenses for the postal and other communication services; expenses of fuel, electricity and water; per diem expenses, conference; expenses in regular repairs of assets in accordance with the existing regulations of the State.

   - Expenses of professional activities: expenses of appraising programs/projects; communication, propaganda and dissemination; expenses of inspections, checking, monitoring, accepting and evaluating the forests; audit fee (if any).

   - Other expenses (if any).
b) Irregular expenses: allowances, professional training and conferences; technical support activities to monitor FES quality; support activities relating PFES at the district and commune levels; payment for agencies authorized to collect the compulsory contributions to the Fund; procurement, major repairs of assets to serve fund’s operation; other expenses (if any).

c) Accounting the expenses of fund’s operation is similar to accounting the state budget allocated for regular and irregular expenses of the non-business units (Diagram 6).

4. Accounting FES revenues for the forest owners being organizations

a) In case of PFES for the forest owners according to the advance method:

- When advancing, the following accounts shall be recorded:
  - Debit account 331- Payables
  - Credit account 111, 112
- After acceptance, determining the payment amount, the following accounts shall be recorded:
  - Debit account 511- Receivables (51131- Entrusted expenditures)
  - Credit account 331- Payables
- When giving payment for forest owners, the following accounts shall be recorded:
  - Debit account 331- Payables
  - Credit account 111, 112
- In case accepted value is smaller than advanced value, when withdrawing advance, the following accounts shall be recorded:
  - Debit account 111, 112
  - Credit account 331- Payables

b) In case PFES for forest owners according to the acceptance results and payment amount is defined, when paying, the following accounts shall be recorded:

- Debit account 511- Receivables (51131- Entrusted expenditures)
- Credit account 111, 112

5. Accounting the transferring FES money for the forest owners being households, individuals, village communities

a) In case of giving PFES for forest owners according to advance method:

- When advancing, the following accounts shall be recorded:
  - Debit account 331- Payables
  - Credit account 111, 112
- After acceptance, determining the payment amount, the following accounts shall be recorded:
  - Debit account 511- Receivables (51131- Entrusted expenditures)
  - Credit account 331- Payables
- When giving payment for forest owners, the following accounts shall be recorded:
  - Debit account 331- Payables
  - Credit account 111, 112
- In case accepted value is smaller than advanced value, when withdrawing advance, the following accounts shall be recorded:
  - Debit account 111, 112
  - Credit account 331- Payables

b) In case of giving PFES for forest owners according to the acceptance results and payment amount is defined, when paying, the following accounts shall be recorded:

- Debit account 511- Receivables (51131- Entrusted expenditures)
- Credit account 111, 112

6. Accounting the interest arising on deposits

a) At the ending of the accounting period, when receiving the reconciliation of treasury, banks, the following accounts shall be recorded:

- Debit account 112- Cash in bank
- Credit account 511- Receivables (5118)

b) At the ending of the accounting period, accountant shall prepare document to allocate in proportion: rate of deducting operation expenses (management costs) and expenses to pay for forest owners and contingency, the following accounts shall be recorded:

- Debit account 511- Receivables (51131- Entrusted expenditures)
- Credit account 511- Receivables (5118)
- Credit account 511- Receivables (51132- Contingency)
- Credit account 511- Receivables (51138- Other receivables)
- Credit account 461- Operation funding sources

7. Accounting other receivables

Other receivables (if any): based on the contents of arising transactions to conduct the accounting.

8. Accounting the differences between regular activities and created and used funds

Because FES money is only one of revenues of the Central Fund, therefore the creation, management
and use of Funds (based on the on the level of financial autonomy) shall be followed the regulations of the non-business units. The accounting in the accounting regime is guided as below:

a) During the year, based on the increased revenues and savings of fundings allocated for administrative expenses or financial autonomy as stipulated by the financial regulations, accountants shall temporarily determine that the revenue is greater than expenses for regular activities, the following accounts shall be recorded:

Debit account 004 “Difference between revenues and expenditures for regular activities”

- During the year, when the unit temporarily creates fund and pay for additional income from the bigger difference amount between the revenues and expenditures for regular activities, the following accounts shall be recorded:
  - Debit account 661- Operation expenditure
  - Credit account 431- Funds.
  - Credit account 334- Payable to employees
  - And record credit account 004 “Difference between revenues and expenditures for regular activities”.

b) When the finalization report of the unit has been approved by the authorities:

- In case this difference in the finalization report is higher than the temporarily determined amount within the year, the following accounts shall be recorded:
  - Debit account 004  “Difference between revenues and expenditures for regular activities” (The difference increases in comparison with the temporarily determined figure within the year).

The unit is allowed to create funds and pay additional income (the difference increases in comparison with the temporarily deducted amount), the following accounts shall be recorded:

- Debit account 661- Operation expenditure (6611- previous year)
- Credit account 431- Funds
- Credit account 334- Payable to employees.

And record credit account 004 “Difference between revenues and expenditures for regular activities”.

- In case the difference in approved finalization report is smaller than the temporarily determined amount within year, the following accounts shall be recorded:
  - Debit account 004 “Difference between revenues and expenditures for regular activities” (negative sign) (the difference decrease in comparison with the temporarily determined amount within year).

9. Payment agencies at district and commune levels

Payment agencies at district and commune levels are not accounting unit therefore they shall conduct dependent accounting to send provincial fund.

IV. ACCOUNTING METHODS AT FOREST OWNERS BEING STATE ORGANIZATIONS THAT APPLYING ADMINISTRATIVE AND NON-BUSINESS ACCOUNTING REGIME

Accounting PFES amount in the same accounting system that being applied by the unit. That is Administrative and non-business accounting regime issued together with Decision no. 19/2006/QĐ-BTC dated 30/3/2006 of MoF Minister.

Accounting methods for some major economic transactions as below:

1. Accounting the receiving of FES revenues

Accounting FES amount from Provincial funds and interests on bank deposits:

a) When receiving FES money from provincial funds by cash in bank, the following accounts shall be recorded:

- Debit account 112- Cash in bank: 100% of the funding
- Credit account 511- Receivables (51131- Expenses of forest protection): 90% of the funding
- Credit account 511- Receivables (51132- Management costs): 10% of the funding

b) At the ending of the accounting period, when receiving reconciliation of treasury, banks, determined interests on cash in bank, the following accounts shall be recorded:

- Debit account 112- Cash in bank
- Credit account 511- Receivables (5118)

C) At the ending of the accounting period, accountant shall prepare document to allocate interest on cash in bank in proportion: rate of deducting operation expense (management costs) and expenses to pay for forest owners and contingency, the following accounts shall be recorded:

- Debit account 511- Receivables (5118)
- Credit account 511- Receivables (51132- Management costs)
- Credit account 511- Receivables (51131- Expenses of forest protection)

2. Accounting management costs of forest owners

a) Indirect costs: collected costs through account 642- General management costs.

- Debit account 642- General management costs
- Credit accounts 111, 112, 152, 334, ....

At the ending of the accounting period, management costs are allocated in PFES, the following accounts shall be recorded:

- Debit account 511- Receivables (51132- Management costs)
- Credit account 642- General management costs
b) Direct costs: accounted to the debit side of account 5113. When paying for activities: compiling dossiers and documents, maps to manage forests providing FES; checking, monitoring; acceptance and assessment; propaganda, advocacy, trainings for officials and public servants of the forest owners, commune level People’s Committee, contracted households; conferences, seminars, preliminary and final meetings; supports for activities of district, commune and village levels; asset procurement and other expenses to serve the FES management, the following accounts shall be recorded:

- Debit account 511- Receivables (51132- Management costs)
- Credit account 111- Cash on hand
- Credit account 112- Cash in bank
- Credit account 312- Advance
- Credit account 331- Payables (3311- Payables to suppliers)
- Credit account 642- General management costs

3. Accounting PFES amount for the area contracted for forest protection

a) In case of giving PFES for forest owners according to advance method:

When advancing, the following accounts shall be recorded:

- Debit account 331- Payables
- Credit account 111, 112

After acceptance, determining the payment amount, the following accounts shall be recorded:

Option 1:

- Debit account 511- Receivables (51131- expenditures for forest protection)
- Credit account 331- Payables

When giving payment for forest owners, the following accounts shall be recorded:

- Debit account 331- Payables
- Credit account 111, 112

Option 2:

- Debit account 511- Receivables (51131- expenditures for forest protection)
- Credit account 331- Payables (advanced expenditures)
- Credit account 111, 112: paying the difference value between the acceptance value (in case of being greater than advanced value) and the advance for the forest owners.

In case accepted value is smaller than advanced value, when withdrawing advance, the following accounts shall be recorded:

- Debit account 111, 112
- Credit account 331- Payables

b) In case of PFES for forest owners according to the acceptance results and payment amount is defined, when paying, the following accounts shall be recorded:

- Debit account 511- Receivables (51131- expenditures for forest protection)
- Credit account 111, 112

4. Accounting PFES amount for the self-protection area

a) When arising expenditures for FES activities, the following accounts shall be recorded:

- Debit account 511- Receivables (51131- expenditures for forest protection)
- Credit account 111, 112, 642

5. Accounting the differences between revenues and expenditures for the FES revenues of forest owners

a) At the ending of the accounting period, for expenditures corresponding to the self-protected areas by forest owners, the difference that revenues are greater than expenditures shall be transferred to relevant accounts, the following accounts shall be recorded:

- Debit account 511- Receivables (51131- expenditures for forest protection)
- Credit account 333- Taxes and other payables to the State
- Credit account 342- Internal payment
- Credit account 461- Operation funding sources
- Credit account 431- Funds
- Credit account 421- Undistributed post-tax profits.
V. ACCOUNTING METHODS AT FOREST OWNERS BEING STATE ORGANIZATIONS THAT APPLYING ENTERPRISE ACCOUNTING REGIME

Accounting FES money in the enterprise accounting regime as Circular no. 200/2014/TT-BTC dated 22/12/2014 of Ministry of Finance.

The method of accounting for several major transactions:

1. Accounting the receiving of FES revenues from the provincial funds
   a) When receiving FES money from Provincial funds by cash in bank, the following accounts shall be recorded:
      » Debit account 112 - Cash in bank: 100% of FES money
      » Credit account 511 - Turnovers from selling goods and provisions of service (51131 - expenditures for forest protection: 90% of FES money).
      » Credit account 511 - Turnovers from selling goods and provisions of service (51132 - Management costs: 10% of FES money).

2. Accounting PFES amount for the area contracted for forest protection
   a) When paying FES money for people contracted according to advance method:
      • When receiving advance request of the contracted people of forest owners, the following accounts shall be recorded:
        » Debit account 331 - Payables to sellers: advance payment, monitoring each contracted subject
        » Credit account 111, 112 - advance payment
      • First quarter of next year, based on the record of acceptance and payment finalization for contracted people, determined payment amount, the following accounts shall be recorded:
        » Debit account 632 - Costs of goods sold: Accrued expenses to contracted people according to the acceptance record
        » Credit account 331 - Payable to sellers: Accrued expenses to contracted people according to the acceptance record
        » Outstanding payables shall be paid for contracted people by accountant (after deducting advanced amount for contracted people), the following accounts shall be recorded:
        » Debit account 331 - Payables (Outstanding payables)
        » Credit account 111, 112 - Outstanding payables
      • And evaluating the business results:
        » Debit account 511 - FES revenues

3. Accounting PFES amount for the self-protection area
   a) Based on legal and valid documents arising for the tasks of forest protection and management in the production teams, units, etc., accountant records expenses:
      » Debit account 621 - Direct raw materials cost
      » Debit account 622 - Direct labor cost
      » Debit account 627 - General operation cost
      » Credit account 152, 153 - Raw materials, Instrument & tools
      » Credit account 334, 338 - Payable to employees, other payables
      » Credit account 214 - Depreciation of fixed assets
      » Credit account 111, 112, 131 - Costs of outsourced services and other costs
   b) At the ending of the accounting period transfer direct raw materials cost, direct labor cost, general operation cost according to each subject of collecting costs to calculate the cost of forest protection service, the following accounts shall be recorded:
      » Debit account 154 - Cost for work in process
      » Credit account 621 - Direct raw materials cost
      » Credit account 622 - Direct labor cost
      » Credit account 627 - General operation cost
   c) Transfer the cost of the completed forest protection services; in the first quarter of next year, accountant shall transfer the cost for work in process to the cost of goods sold, the following accounts shall be recorded:
      » Debit account 154 - Cost for work in process
      » Credit account 632 - Cost of goods sold
4. Accounting management costs of forest owners

Joint expenses: expenses are added through Account 642 - Enterprise management expenses.

a) When paying for activities: compiling dossiers and documents, maps to manage forests providing FES; checking, monitoring; acceptance and assessment; propaganda, advocacy, trainings for officials and public servants of forest owners, the commune level People’s Committee, households contracted to forest protection; conferences, seminars, preliminary and final meetings; supports for activities of district, commune and village levels; asset procurement and other expenses to serve the FES management, the following accounts shall be recorded:

- Debit account 642 – Enterprise management expenses
- Credit relevant accounts: 111, 112, 152, 153, 334, 338, ...

b) By 31 December of the accounting year, accountant shall transfer the management costs to the Account of Expenses payable, until the first quarter of next year, based on the finalization and acceptance record, the management costs shall be transferred to the account of determining business results, the following accounts shall be recorded:

- Debit account 242 - Long-term prepaid expenses
- Credit account 642 - Enterprise management expenses

5. Accounting the transferring revenues and expenses

Accounting the transferring revenues and expenses for the self-protection area and management costs of forest owners 10%:

a) In the first quarter of next year, based on the FES revenue to conduct the transferring the collection from FES to Account 911 - Determining business results, the following accounts shall be recorded:

- Debit account 511 - Turnover of goods sale and service provision (Account 51131, 51132)
- Credit account 911 – Determining business results

And transferring the cost of goods sold and enterprise management expenses of the implementing the tasks of forest management and protection to the account 911 - Determining business results, the following accounts shall be recorded:

- Debit account 632 – Cost of goods sold
- Debit account 242 - Long-term prepaid expenses (expenses payable; the transferred management costs of the previous year)
- Credit account 911 - Determining business results

If the revenues is greater than expenses, accountants shall account to profits of the unit and pay the enterprise income tax as regulations.

6. Accounting business income tax expenses

a) Accountant shall determine payable profit tax and record business income tax expenses, the following accounts shall be recorded:

- Debit account 821 - Business income tax expenses
- Credit account 333 – Taxes and other payables to state budget (Account 3334- Business income tax)

b) When paying profit tax to the State budget, the following accounts shall be recorded:

- Debit account 333 – Taxes and other payables to state budget (Account 3334- Business income tax)
- Credit account 111, 112

c) At the ending of the accounting period, the business income tax expenses incurred in the accounting period shall be transferred, the following accounts shall be recorded:

- Debit account 911 - Determining business results
- Credit account 821 - Business income tax expenses

d) Accounting deferred business income tax expenses

• The deferred business income taxes charge that incurred in the accounting year from the recording the deferred income tax payable (is the difference between the deferred income taxes payable incurred in year that are higher than deferred income taxes payable refunded in year), the following accounts shall be recorded:

- Debit account 8212 – Deferred business income tax expenses
- Credit account 347 – Deferred income tax payable

• Deferred business income taxes charge incurred in year from refunding the deferred income tax assets that recorded from the previous years (the difference between the deferred income tax assets refunded in year that are higher than the deferred income tax assets incurred in year), the following accounts shall be recorded:

- Debit account 8212 – Deferred business income tax expenses
- Credit account 243 – Deferred income tax assets

• At the ending of the accounting period, the difference between the incurred number of the debit side and the incurred number of the credit account 8212 shall be transferred to the deferred business income tax expenses:

+ If Account 8212 has Debit amount greater than Credit amount, then the differential will be recorded:

- Debit account 911 - Determining business results
- Credit account 8212 – Deferred business income tax expenses

+ If Account 8212 has Debit amount smaller than Credit amount, then the differential will be recorded:
7. Accounting the profits of production and business activities in period and distributing profits:

a) Transferring profits arising in period, the following accounts shall be recorded:
   » Debit account 911 - Determining business results
   » Credit account 421 - Undistributed profits

b) Recording dividends to pay shareholders or implement the dividends payment to shareholders by cash:
   » Preparing dividends in year of pay the divided dividends, the following accounts shall be recorded:
   » Debit account 421 - Undistributed profits
   » Credit account 111, 112 - Cash on hand, cash in bank

c) When having decision or announcement of determining dividends and profits to pay shareholders, supplementing funds of enterprises from profits after tax, the following accounts shall be recorded:
   » Debit account 421 - Undistributed profits
   » Credit account 338 - Other payable
   » Credit account 414, 415

VI. ACCOUNTING METHODS AT FOREST OWNERS BEING STATE ORGANIZATIONS APPLYING ACCOUNTING REGIME FOR SMALL AND MEDIUM ENTERPRISES

In case of applying the enterprise accounting regime, guidelines at the item 5 of part III should be applied.

In case of applying small and medium enterprise accounting regime: accounting FES money in a joint accounting regime issued together with Decision no. 48/2006/QĐ-BTC dated 14/9/2006 of Ministry of Finance. Accounting methods for some major economic transactions as below:

1. Record the receiving of FES revenues from Provincial funds
   a) When receiving FES revenues from the provincial funds by Cash in bank, the following accounts shall be recorded:
      » Debit account 112 - Cash in bank: 100% of funding
      » Credit account 511 - (51131- expenditures for forest protection): 90% of funding
      » Credit account 511 - (51132- Management costs): 10% of funding

2. Accounting PFES amount for the area contracted for forest protection
   a) In case of giving PFES for forest owners according to advance method:
      • When advancing, the following accounts shall be recorded:
         » Debit account 331- Payable to sellers
         » Credit account 111, 112
      • After acceptance, determining the payment amount, the following accounts shall be recorded:
         » Debit account 511- Turnover of goods sale and service provision (51131- expenditures for forest protection)
         » Credit account 331- Payable to sellers
         » When giving payment for forest owners, the following accounts shall be recorded:
            » Debit account 331- Payables
            » Credit accounts 111, 112

3. Accounting PFES amount for the self-protection area
   a) Based on the legal and valid document arising during the implementation of forest protection and management in the production teams and units, accountants shall record expenses as follow:
      » Debit account 154 – Cost for work in process
      » Credit account 152, 153 – Cost of materials, tools and supplies
      » Credit accounts 334, 338 - salary and appropriation from salary of direct labor cost
      » Credit account 214 – Depreciation of fixed assets
      » Credit accounts 111, 112, 131 - Costs of outsourced services and cash expenses
   b) Defining actual production costs of the forest protection tasks, the following accounts shall be recorded:
      » Debit account 632 – Cost of goods sold
      » Credit account 154 – Cost for work in process

4. Accounting management costs of forest owners
   Direct costs: accounted to Debit side Account 154, the transferring to the Account 632 that is similar to accounting the expenses for the self-implementation of the forest protection and management.
   Indirect costs: Expenses collected through Account 6422- Enterprise management expenses.

When paying for activities: compiling dossiers and documents, maps to manage forests providing FES; checking, monitoring; acceptance and assessment; propaganda, advocacy, trainings for officials and public servants of forest owners, The commune level People’s Committee, households contract-
ed to forest protection; conferences, seminars, preliminary and final meetings; supports for activities of district, commune and village levels; asset procurement and other expenses to serve the FES management, the following accounts shall be recorded:

- Debit account 642 – General administration expenses (6422 – expenses of administrative materials)
- Credit accounts 111, 112, 152, 153, 334, 338...

At the ending of the accounting period, transferring the enterprise management expenses, the following accounts shall be recorded:

- Debit account 242 - Prepaid expenses
- Credit account 642 - General administration expenses

In the first quarter of next year, based on the approved finalization, the accountant shall transfer management costs to the account of determining operating results.

5. Accounting the transferring of revenues and expenses

Accounting the transferring of revenues and expenses for the self-protection forest area and management costs of forest owners 10%:

- At the ending of the accounting period, transferring FES revenue to Account 911- Determining business results, the following accounts shall be recorded:
  - Debit account 511 – Turnovers from selling goods and provisions of service (51131, 51132)
  - Credit account 911- Determining business results
- In the first quarter of next year, Cost of goods sold and Enterprise management expenses of the implementation of forest protection and management tasks shall be transferred to the Account 911- Determining business results, the following accounts shall be recorded:
  - Debit account 632 - Cost of goods sold
  - Debit account 642 - General and administrative expenses (6422 - Enterprise management expenses)
  - Credit account 911- Determining business results

6. Accounting business income tax expenses

a) Accountant shall define incurred business income tax must be paid and record business income tax expenses as follow:
  - Debit account 821 - Business income tax expenses
  - Credit account 333 – Taxes and other payables to state budget (Account 3334- Business income tax)

b) When paying Business income tax to the state budget, the following accounts shall be recorded:
  - Debit account 333 – Taxes and other payables to state budget (Account 3334- Business income tax)
  - Credit account 111, 112
c) At the ending of the accounting period, transferring the Business income tax expenses incurred in accounting period, the following accounts shall be recorded:
  - Debit account 911- Determining business results
  - Credit account 821 - Business income tax expenses

7. Accounting the profits of production and business activities in period and distributing profits

a) Transferring profits arising in period, the following accounts shall be recorded:
  - Debit account 911- Determining business results
  - Credit account 421 - Undistributed profits

b) Recording dividends to pay shareholders or implement the dividends payment to shareholders by cash, the following accounts shall be recorded:
  - Prepaying dividends in year of pay the divided dividends, the following accounts shall be recorded:
    - Debit account 421 - Undistributed profits
    - Credit account 111, 112 – Cash on hand, Cash in bank
  - When having decision or announcement of determining dividends and profits to pay shareholders, supplementing funds of enterprises from profits after tax, the following accounts shall be recorded:
    - Debit account 421 - Undistributed profits
    - Credit account 338 - Other payable
    - Credit account 411 - Business capital sources

VII. ORGANIZATIONS ARE NOT FOREST OWNERS BUT ASSIGNED BY THE STATE FOR FOREST MANAGEMENT

Organizations are not forest owners but assigned by the State for forest management including Commune People’s Committee and agencies, social and political organizations, which major subject is Commune People’s Committee. Depending on each type of unit and their using accounting regime to arrange the suitable accounting.

For the Commune People’s Committee: accounting FES revenues in the commune budget accounting...

Accounting methods for some major economic transactions as below:

1. Accounting the receiving of FES revenues
   a) When receiving FES money from the provincial funds by cash in bank, the following accounts shall be recorded:
      - Debit account 112- Cash in bank
      - Credit account 431- Specialized funds of the commune (Account 4313- FES)
   b) When withdrawing cash in bank to put into cash funds, the following accounts shall be recorded:
      - Debit account 111- Cash
      - Credit account 112- Cash in bank

2. Accounting payment for activities as forest protection plan
   a) Regarding activities conducted according to the advancing method: applying for the activities as stated in the contract
      - When advancing, record:
         - Debit account 331- Payables
         - Credit account 111- Cash on hand (when advancing by cash)
         - Credit account 112- Cash in bank (when advancing by cash in bank)
      - Based on the acceptance result or invoice, documents, the following accounts shall be recorded:
         - Debit account 431- Specialized funds of the commune (Account 4313- FES)
         - Credit account 331- Payables
      - When paying, the following accounts shall be recorded:
         - Debit account 331- Payables
         - Credit account 111- Cash on hand (when paying by cash)
         - Credit account 112- Cash in bank (when paying by deposits)
   b) In case raw materials, materials are used directly (not stored)
      - Debit account 431- Specialized funds of the commune (Account 4313- FES)
      - Credit account 111- Cash on hand (when paying by cash)
      - Credit account 112- Cash in bank (when paying by deposits)
VIII. ACCOUNTING CHART

Diagram 5. Accounting at Central Fund

1. Accountant receive and pay for FES entrustment

Account 461

Deducting expenses for professional activities of the Fund

Account 511

Receiving entrusted funding
Interest from cash in bank

Account 112

Deducting expenses to allocate the Provincial funds

Transfer the decreased expenditure source when finalization is approved

Temporarily create funds from different amount between regular revenues and expenditures

Expenses for professional operations
Other regular expenses incurred

And record

Payable salary fund

Fixed assets investment & purchasing are used directly

Expense deductions

Account 331

Deducting expenses to allocate the Provincial funds

Account 661

332, 334, 335
Payable salary fund

211, 213
Fixed assets investment & purchasing are used directly

466
And record

111, 112, 152, 312, 331

Expenses for professional operations
Other regular expenses incurred

Transfer the decreased expenditure source when finalization is approved

461

311

Expense deductions

2. Accounting expenses for the professional operations of the Fund
Diagram 6. Accounting at Provincial funds

1. Accounting the expenditure source of FES

- **Account 461**: Deduct expenses for professional operations of the Fund
- **Account 51131**: Receive entrusted funding, interests from bank deposits
- **Account 51132**: Deduct expenses for contingency
- **Account 51138**: Expenses do not defined or have not yet defined subjects of payments, interests from bank deposits

2. Accounting PFES

- **Accounts 111**: Advance or payment for forest owners, FES providers
- **Accounts 331**: Payment for expenses from entrusted amounts that subjects have not been defined
- **Accounts 51131**: Payment for forest owners
- **Accounts 51138**: Payment for forest owners
3. Accounting the expenditures for professional activities of the Fund

Diagram 7. Accounting at forest owners applying administrative and non-business accounting regime

1. Accounting of receiving FES expenditures
2. Accounting PFES for the area contracted for forest protection

Indirect costs

Direct costs

Account 331

Advance, payment for forest owners

Expenses for contracted forest protection activities

Account 111, 112...

Account 642

Account 511

Allocate joint management costs

3. Accounting PFES for self-protection forest area

Indirect cost

Direct cost

Account 312, 331

Advance, payment

Expenses for forest protection and management

Account 333, 342, 421, 431

Difference of revenue – expenditures
Diagram 8. Accounting at forest owners applying enterprise accounting regime

1. Accounting PFES for the area contracted for forest protection

2. Accounting PFES for self-protection forest area
Diagram 9. Accounting at Commune People’s Committee

1. Receiving FES revenue

2. Kế toán chi tiền cho các hoạt động theo phương án bảo vệ rừng
PART IV: ANNEXES

HANDBOOK ON ACCOUNTING AND FINANCIAL MANAGEMENT
FOR PAYMENTS FOR FOREST ENVIRONMENTAL SERVICES
Annex 1. K coefficient

Coefficient K

Coefficient K is identified for individual forest status plots basis to calculate forest environmental services (FES) payable to forest owners. Forest plots of similar status located on the same basin and provide specific environmental services of similar features share the same K coefficient. K coefficient of individual forest status plot is an aggregation of different sub K coefficient as regulated under Section a, Provision 1, Article 16 Decree no. 99/2010/ND-CP.

A forest status plot (hereinafter referred to as a forest plot) is a forest area on which only one relatively homogeneous forest status exists. In cases where forest owners have more than one forest plots, each forest plot shall have its own K coefficient.

\[ K = K_1 \times K_2 \times K_3 \times K_4 \]

Of which:

- **Sub-K coefficient1:** Payment level for forest environmental services (FES) is adjusted in accordance with forest status and stock, including rich, medium, poor and rehabilitated forests. \( K_1 \) is 1.00 applicable to rich forests, 0.95 to medium forests and 0.90 to poor forests and rehabilitated forests. Forest status and stock are determined in accordance with regulations stated under Circular no. 34/2009/TT-BNNPTNT dated June 10, 2009 of MARD regulating criteria for forest identification and classification.

- **Sub-K coefficient2:** Payment level for FES is adjusted in accordance with forest use purposes, including special-use, protection and production forests. The sub-K coefficient 2 is 1.00 applicable to special use forest; 0.95 to protection forests and 0.90 to production forests. Forest use purposes are defined in accordance with the 3 forest type plan, which was approved by PPC.

- **Sub-K coefficient3:** Payment level for FES is adjusted according to forest provenances, including natural and plantation forests. Sub-K coefficient3 is 1.00 applicable to natural forests; 0.9 to plantation forests.

- **Sub-K coefficient4:** Payment level for FES is adjusted according to difficulties in forest protection, including social and geographic factor. K coefficient4 is 1.00 applicable to forest of extremely difficult access for protection; 0.95 to those of difficult access and; and 0.90 to those of less difficult access.

**Applying K coefficient**

PPC shall base on specific conditions of their provinces and cities and the K coefficient, to specify number of the sub-K coefficient applicable to their respective provinces.

DARD is a lead agency in collaboration with relevant agencies to identify K coefficient of forest plots managed by forest owners being organizations as regulated by the PPC so as to have basis for calculating payment level.

District People’s Committees (DPC) instructs relevant agencies to identify K coefficient of forest plots managed by forest owners as households, individuals, village communities as regulated by the Provincial People’s Committee (PPC) so as to have basis for calculating payment level.

Forest owners being State organizations shall agree with contracted households on the K coefficient application, which will be specified in their protection contracts.

Coefficient K for a specific forest plot is to be re-identified in case where there are changes in forest status, forest use purposes, forest provenances and the difficulty in forest protection either as requested by forest owners or based on the annual forest validation results verified by competent authorities.
Annex 2. Planning Forms
(As Joint Circular no. 62 /2012/TTLT-BNNPTNT-TC dated 16/11/2012 of Joint MoF and MARD)

Form no. 1. Registration Form for Plan of Payment for Forest Environment Services

SOCIALIST REPUBLIC OF VIETNAM
Independence-Freedom-Happiness

REGISTRATION FORM FOR PLAN OF PAYMENT
FOR FOREST ENVIRONMENT SERVICES

Year ……..

Name of FES user: ……………………………………………………………………………………………………………………………

Address of head office……………………………District…………………………Province/City…………………………

Tel:………………..Fax:………………..Account number:………………..Bank name ……………………………..

Registration for payment for forest environment services at Fund …………………………………………………………………………..

<table>
<thead>
<tr>
<th>No.</th>
<th>Estimated output or revenue of the registered planning year</th>
<th>Rate of payment</th>
<th>Amount of payment for forest environment services (million dong)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target</td>
<td>Unit</td>
<td>Quantity</td>
</tr>
<tr>
<td>1</td>
<td>Output of commercial power</td>
<td>Kwh</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>Output of commercial water</td>
<td>M³</td>
<td>40</td>
</tr>
<tr>
<td>3</td>
<td>Revenue (for organizations, individuals trading in tourist services benefiting from forest)</td>
<td>Million dong</td>
<td>1-2%</td>
</tr>
</tbody>
</table>

Recipients:
- FPDF (VN/province…)
- Archive...

……………. dd/mm/yyyy
Representative of FES user
(sign, stamp, full name and position)

Form no. 2. Declaration of Payment for Forest Environment Services

DECLARATION OF PAYMENT FOR FOREST ENVIRONMENT SERVICES

Payment term: Quarter ...........year 20 ….

Name of FES user……………………………………………………………………………………………………………………………………

Address of head office……………………………District…………………………Province/City…………………………

Tel:………………..Fax:………………..Account number:………………..Bank name ……………………………..

<table>
<thead>
<tr>
<th>TT</th>
<th>Estimated output or revenue of the registered planning year</th>
<th>Rate of payment</th>
<th>Amount of payment for forest environment services (million dong)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Target</td>
<td>Unit</td>
<td>Quantity</td>
</tr>
<tr>
<td>1</td>
<td>Output of commercial power</td>
<td>Kwh</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>Output of commercial water</td>
<td>M³</td>
<td>40</td>
</tr>
<tr>
<td>3</td>
<td>Revenue (for organizations, individuals trading in tourist services benefiting from forest)</td>
<td>Million dong</td>
<td>1-2%</td>
</tr>
</tbody>
</table>

Recipients:
- FPDF (VN/province…)
- Archive...

……………. dd/mm/yyyy
Representative of FES user
(sign, stamp, full name and position)
**Form no. 3. Declaration on final accounts for PFES**

**SOCIALIST REPUBLIC OF VIETNAM**  
Independence-Freedom-Happiness

**DECLARATION OF FINAL ACCOUNTS OF PAYMENT FOR FOREST ENVIRONMENT SERVICES**

Term of final account: Year 20....

**Name of FES user:**  
......................................................................................................................

**Address of head office:** District.........................Province/City..............................

**Tel:**.............**Fax:**...............**Account number:**.....................**Bank name**..............................

---

<table>
<thead>
<tr>
<th>TT</th>
<th>Annual output or revenue for calculating payment for forest environment services</th>
<th>Rate of payment</th>
<th>Amount of payment for forest environment services (million dong)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target</td>
<td>Unit</td>
<td>Quantity</td>
</tr>
<tr>
<td>A</td>
<td>Output of commercial power</td>
<td>Kwh</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Output of commercial water</td>
<td>M³</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revenue (for organizations, individuals trading in tourist services benefiting from forest)</td>
<td>Million dong</td>
<td>1-2%</td>
</tr>
</tbody>
</table>

**Recipients:**  
- FPDF (VN/province...):  
- Archive: ....

**Representative of FES user**  
(sign, stamp, full name and position)

---

**Form no. 4. Form of defining forest area supplying FES of Commune**

**Commune:**  
....................

**FORM OF DEFINING FOREST AREA SUPPLYING FOREST ENVIRONMENT SERVICES YEAR 20...**

<table>
<thead>
<tr>
<th>No</th>
<th>Name of forest owners</th>
<th>ID card No.</th>
<th>Certificate of Land Use Right No.</th>
<th>Area (ha)</th>
<th>Plot</th>
<th>Use Purpose</th>
<th>Co-efficient K</th>
<th>Converted Area (ha)</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| II | Hamlet/Community       |            |                                   |          |     |            |               |                   |        |
|    |                       |            |                                   |          |     |            |               |                   |        |
| 1  |                       |            |                                   |          |     |            |               |                   |        |
| 2  |                       |            |                                   |          |     |            |               |                   |        |

**Prepared by**  
(Sign, full name)

**FOR AND ON BEHALF OF COMMUNE PEOPLE’S COMMITTEE CHAIRMAN**  
(Sign, full name, stamp)
### Form no. 5. Defining forest area supplying FES of forest owners being organizations

**Forest owners:**

**FORM OF DEFINING FOREST AREA SUPPLYING FOREST ENVIRONMENT SERVICES**

**YEAR 20.........**

<table>
<thead>
<tr>
<th>No.</th>
<th>CONTENT</th>
<th>Area (ha)</th>
<th>Sub-area</th>
<th>Lot</th>
<th>Plot</th>
<th>Use Purpose</th>
<th>Coefficient K</th>
<th>Converted Area (ha)</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**I. FOREST PROTECTION CONTRACTING**

**II. NON-CONTRACTING**

**Total**

Prepared by  
(Sign, full name)  
....., dd/mm/yyyy  
APPROVED BY  
(Sign, full name, stamp)

**Note:**
- Column B: for content of forest protection contracting, making list of households contracted to forest protection, detail table may be enclosed.

### Form no. 6. Plan on the provincial PFES

**Provincial FPDF ...**

**PLAN OF REVENUE AND EXPENDITURES OF PAYMENT FOR FOREST ENVIRONMENTAL SERVICES IN 20......**

**I. PLAN ON THE REVENUE OF PAYMENT FOR FOREST ENVIRONMENTAL SERVICES**

<table>
<thead>
<tr>
<th>No.</th>
<th>FES users</th>
<th>Unit</th>
<th>Quantity</th>
<th>Unit price</th>
<th>Amount (1,000 đ)</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1  
Hydropower generation facilities  
2  
Clean water production and supply facilities  
3  
Organizations, individuals doing tourism business  
  
Other receivables  

**Total**

Prepared by  
(Sign, full name)  
....., dd/mm/yyyy  
DIRECTOR  
(Sign, full name, stamp)

**II. EXPENDITURE PLAN OF PAYMENT FOR FOREST ENVIRONMENTAL SERVICES**

<table>
<thead>
<tr>
<th>No.</th>
<th>Subjects</th>
<th>Forest area (ha)</th>
<th>Total payables (1,000 đ)</th>
<th>Management costs</th>
<th>PFES amount</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A  
Forest owners being organizations  
  
B  
Forest owners being households, individuals, village communities  
  
1  
District  
Commune  
  
2  
District  
Commune  
  
Total

Prepared by  
(Sign, full name)  
....., dd/mm/yyyy  
DIRECTOR  
(Sign, full name, stamp)
### Annex 3. Forms of financial and finalization reports

(As Joint Circular no. 62 /2012/TTLT-BNNPTNT-TC dated 16/11/2012 of Joint MoF and MARD)

#### Form no. 7. Report on finalization of FES money

- **Authority in charge**: ....
- **Forest Protection and Development Fund...**

**Report on Final Accounts of Payment for Forest Environmental Services**

**Quarter........ Year........**

**PART I. SITUATION OF FINANCE AND FINAL ACCOUNT OF FINANCE**

*Unit: Thousand VND*

<table>
<thead>
<tr>
<th>No.</th>
<th>Content</th>
<th>Code</th>
<th>This term</th>
<th>Accumulation since the beginning of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td>C</td>
<td>I</td>
<td>2</td>
</tr>
<tr>
<td>1</td>
<td>SITUATION OF FINANCE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unused finance carried over from the previous term</td>
<td>01</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management costs</td>
<td></td>
<td>xxx</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Entrusted expense to pay forest owners</td>
<td></td>
<td>xxx</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contingency</td>
<td></td>
<td>xxx</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Expense actually received in the term</td>
<td>02</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Entrusted expense to pay forest owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contingency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Used expenses</td>
<td>03</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Entrusted expense to pay forest owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contingency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Used expenses to request final accounts</td>
<td>04</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Entrusted expense to pay forest owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contingency</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PART II. NOTES**

1 Situation of payment made by FES users
2 Situation of the implementation of entrusted payment to FES providers
3 Comments, judgments and recommendations

**Prepared by**: ...., dd ......mm ......yyyy ....

**Chief accountant**: .... (Sign, full name)

**Head of agency**: .... (Sign, full name, stamp)

(Theo Joint Circular no. 62 /2012/TTLT-BNNPTNT-TC dated 16/11/2012 of joint Ministries of Finance and Agriculture and Rural Development)

Form no. 8. Report on the PFES implementation of forest owners

Authority in charge: ....
Forest owners ......

REPORT ON THE IMPLEMENTATION OF PAYMENT FOR FOREST ENVIRONMENT SERVICES

Year ...........
Forest owners: ...............................................................

Report on the situation of payment for forest environment services in year...as below:

1. Users of forest environment services:
   (Name organizations, individuals using services, type of service, and method of payment (direct, indirect) address: make the list for the first time, for the next times, record the new lists)

2. Area of forest supplying forest environment services:
   • Area in the plan: ...... ha
   • Area accepted for payment: ..... ha, including area of forest protection contracting ..... ha
   • Causes of increase/decrease:
   • Evaluation of forest quality:

3. Revenue received in the year
   • Total:
   • Management costs:
   • Expenses for forest environment services:
   • Interest:

4. Funding used in the year:
   • Management expenses:
   • Funding paid for contracting households:
   • Number of contracting households:
   • Expenses changed into non-productive source of revenue of forest owners:

5. Comments, judgments and recommendations.

Recipients:
   • Provincial fund;
   • .......
   
   Head of agency
   (Sign, full name, stamp)

Form no. 9. Report on the PFES implementation of provincial funds

Authority in charge: ....
Provincial FPDF ......

REPORT ON THE IMPLEMENTATION OF PAYMENT FOR FOREST ENVIRONMENT SERVICES

Year ...........
Forest Protection and Development Fund Province/City ...............................................................

Report on the situation of payment for forest environment services in year...as below:

1. FES users:

<table>
<thead>
<tr>
<th>No.</th>
<th>FES users</th>
<th>Total</th>
<th>Of which</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Organization</td>
</tr>
<tr>
<td>A</td>
<td>B</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1</td>
<td>Hydropower generation facilities</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Clean water production and supply facilities</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Industrial manufacture facilities</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Organizations and individuals doing tourism business</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Details in enclosed appendix.

2. Area of forest supplying forest environment services:
   • Area in the plan: ..... ha
   • Area accepted for payment: ..... ha, including area of forest protection contracting ..... ha
   • Causes of increase/decrease:
   • Evaluation of forest quality:

3. Number of forest owners supplying forest environment services:
   • Being organizations: ......................
   • Being households, individuals, village communities: ............... 

4. Revenue received in the year
Appendix attached with Form 9b/TH-DVMTR

LIST OF ORGANIZATIONS, INDIVIDUALS USING FOREST ENVIRONMENTAL SERVICES

<table>
<thead>
<tr>
<th>No.</th>
<th>Content</th>
<th>Unit</th>
<th>Qty/Volume</th>
<th>Payment level</th>
<th>PFES amount in a specific year (million dong)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Payables</td>
</tr>
<tr>
<td>1</td>
<td>Hydropower generation facilities</td>
<td>Kwh</td>
<td></td>
<td>20 dong</td>
<td>.........</td>
</tr>
<tr>
<td></td>
<td>Name of company</td>
<td></td>
<td></td>
<td></td>
<td>..........</td>
</tr>
<tr>
<td>2</td>
<td>Clean water production and supply facilities</td>
<td>m³</td>
<td></td>
<td>40 dong</td>
<td>.........</td>
</tr>
<tr>
<td></td>
<td>Name of company</td>
<td></td>
<td></td>
<td></td>
<td>..........</td>
</tr>
<tr>
<td>3</td>
<td>Organizations and individuals doing tourism business</td>
<td>Million dong</td>
<td>1-2%</td>
<td>.........</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Name of company</td>
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5. Comments, judgments and recommendations

- **Recipients:**
  - PPC ...
  - DARD;
  - DoF;
  - Central Fund;

**Head of agency**
(Sign, full name, position, stamp)
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8. Circular 20/2012/TT-BNNPT-NT 07/05/2012 Bộ NN&PT-NT Guiding the PFES validation procedures

9. Decision 119/QD-TCLN-KHTC 21/3/2012 Tổng cục Lâm nghiệp On issuing “Temporary guidelines on the procedures of registration, declaration and signing contracts on payment for forest environmental services


11. Circular 60/2012/TT-BNNPT-NT 09/11/2012 Bộ trưởng Bộ NN&PT-NT Regulating principles, methods to identify the forest area within the basin to be taken as the basis for payments for forest environmental services.

12. Directive 2362/CT-BNN-TCLN 16/7/2013 Bộ trưởng Bộ NN&PT-NT Strengthening the implementation of the policy on payments for forest environmental services

13. Decision 749/QD-BNN-TCLN 15/4/2014 Bộ trưởng Bộ NN&PT-NT Issuing Regulations of loan management and utilization from initial support of State budget for Viet Nam Forest Protection and Development Fund

14. Decision 3003/QD-BNN-TCLN 29/11/2012 Bộ trưởng Bộ NN&PT-NT Announcing the forest areas of the inter-provincial basins to be taken as the basis for implementing the policy on payments for forest environmental services
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VISION

VNFF strives to become - by 2020 - a pioneer State financial institution in Vietnam and in the Southeast Asia region. It aims to effectively support the development of the forestry sector through the mobilization of social resources for forest management, climate change mitigation and adaption, and livelihoods improvements for local people engaging in forestry activities and biodiversity conservation.

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www.vnff.vn

This Handbook was laid out and printed with the financial support of GIZ through the Project: Programme on Conservation and Sustainable Use of Forest Biodiversity and Ecosystem Services*, which is commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ).