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| **THE GOVERNMENT -------** | **SOCIALIST REPUBLIC OF VIET NAMIndependence - Freedom - Happiness----------** |
| No: 23/2014/NĐ-CP | *Hanoi, April 03, 2014* |

**DECREE**

**Defining the Regulation on Organization and Operation**

**of National Foundation for Science and Technology Development**

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

*Pursuant to the June 18, 2013 Law on Science and Technology;*

*At the proposal of the Minister of Science and Technology,*

*The Government issues the Decree on defining the Regulation on Organization and Operation of the National Foundation for Science and Technology.*

**Article 1:** Issued enclosed herewith this Decision the Regulation on Organization and Operation of the National Foundation for Science and Technology Development.

**Article 2:** This Decree will be put into effect as of June 01, 2014, replace the Regulation on Organization and Operation of the National Foundation for Science and Technology Development issued enclosed in Decree No. 122/2003/QD-CP dated October 22, 2003 by the Government on the establishment of the National Foundation for Science and Technology Development;

**Article 3:** Ministers, heads of ministerial-level agencies, leaders of agencies under the Government, Chairman of People's Committees of provinces and cities under the Central government shall implement this Decree./.

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| ***Recipients:***- The Secretarial Committee of the Central Party, - The Prime Minister, and Deputy Prime Minister, - Ministries, agencies of ministerial level, agencies under the Government, - The Office of Central Steering Committee for Corruption Prevention,- The People’s Council, the People’s Committee of provinces and cities under the Central government,- The Office of the Central Party and Committees of the Party,- The Office of the President,- Ethnic Councils and Committees of the National Assembly, - The Office of the National Assembly,- The People’s Supreme organ of control,- The Supreme Court,- People's Supreme Procuracy,- State Audit Office,- The National Financial Monitoring Committee,- Bank for Social Policies,- Vietnam Bank for Development,- Committee for Vietnam Fatherland Front,- Central committees of mass organizations,- The Office: BTCN, PCN, Electronic Portal, Departments, Bureaus, the official gazette;- Archives, TCCV (3b).  | **ON BEHALF OF THE GOVERNMENTPRIME MINISTER****Nguyen Tan Dung** |



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| **THE GOVERNMENT -------** | **SOCIALIST REPUBLIC OF VIET NAMIndependence - Freedom - Happiness----------** |

**REGULATION**

**On Organization and Operation of**

**The National Foundation for Science and Technology Development**

*(Issued enclosed herewith Decree No. 23/2014/ND-CP dated April 03, 2014 by the Government)*

**Chapter I**

**GENERAL PROVISIONS**

**Article 1. Functions of the National Foundation for Science and Technology Development**

The National Foundation for Science and Technology Development (hereinafter shortly called the Foundation) operates for non-profit purposes, fulfils functions of funding, loan provision, loan warranty and budget allocation for the fulfilment of science and technology tasks; supporting activities on improving national science and technology capacity building.

The Foundation's international transaction name is the National Foundation for Science and Technology Development, abbreviated to NAFOSTED.

**Article 2. The legation status of the Foundation**

The Foundation is the administrative unit under the Ministry of Science and Technology, has its legal person status, own stamp and can open accounts of domestic and foreign currency at the State Treasury or Bank to operate and carry out transactions as stipulated by laws. The Institute has its head office located in Hanoi and can have its representative office in Ho Chi Minh City and some other localities.

**Article 3. Subjects to be funded, provided with loans, warranted for loans, supported and allocated with funds from the Foundation**

1. Subjects to be funded: Science and Technology tasks proposed by organizations and individuals, including:

a) Basic research tasks;

b) Application research tasks;

c) Urgent science and technology tasks with important meanings of science and practice; potential science and technology tasks;

2. Subjects to be provided with a loan: Science and technology tasks in order to apply results of science research and technology development into production and life, which are proposed by organizations and individuals.

3. Subjects to be warranted for loans: Specialized science and technology tasks.

4. Subjects to be supported with funds: Activities on improving national science and technology capacity building.

5. Subjects to be allocated with funds: Science and technology tasks directly managed by the Ministry of Science and Technology, including:

a) Science and technology tasks at the national level;

b) Other science and technology tasks as assigned by the Ministry of Science and Technology.

**Article 4. Principles for funding, lending, loan warranty and support from the Foundation**

1. Science and technology tasks proposed by organizations and individuals shall be selected in a public, democratic and equal manner through the Science and Technology Council established by the Foundation. In necessary cases, the Foundation shall refer to opinions of independent experts before decisions are made.

Activities on improving national science and technology capacity building shall be reviewed for supporting in a public, democratic and equal manner according to regulations issued by the Ministry of Science and Technology.

2. The Foundation shall manage the quality of researches according to internal standards. The research content of science and technology tasks funded by the Foundation shall be not overlapped with researches which have been or being carried out by the Foundation’s fund or the State budget.

3. The Foundation shall fund, lend, warrantee for loans to fulfill science and technology tasks at the national level or equivalent (of national or inter-regional meaning) proposed by organizations and individuals.

**Article 5. Conditions for funding, lending, loan warranty and support from the Foundation**

1. Organizations and individuals proposing science and technology tasks must have adequate professional qualifications and facility and technical conditions appropriate to each type of science and technology tasks.

2. Organizations and individuals proposing loans and loan warranty must comply with laws and regulations.

3. Organizations and individuals registering for support with activities on improving national science and technology capacity building must have professional qualifications appropriate to the type of activities proposed for support.

**Chapter II**

**TASKS, POWERS, ORGANIZATIONAL STRUCTURE AND OPERATION OF THE FOUNDATION**

**Article 6. Tasks and powers of the Foundation**

1. To receive funds from the State budget, organizations and individuals; voluntary contributions of domestic and foreign organizations and individuals. To carry out funding, lending, loan warranty, support for activities of improving science and technology tasks at the national level, provide funds for science and technology tasks directly managed by the Ministry of Science and Technology.

2. To publicly announce its priority directions, contents, requirements and specific procedures so that all organizations and individuals can propose appropriate science and technology tasks to be funded, provided with loans, warranted for loans and supported by the Foundation.

3. To organize review and appraisal on budget for science and technology tasks, activities on improving national science and technology capacity building so that the Foundation shall fund, provide loans, warrantee for loans and support.

4. To examine and evaluate professional contents and financial utilization capacities of science and technology tasks and activities on improving national science and technology capacity building which are funded, provided with loans, warranted for loans and supported by the Foundation.

5. To organize reviews and assessment of implementation results of science and technology tasks funded by the Foundation.

Review results and efficiency of science and technology tasks and activities on improving national science and technology capacity building which the Foundation funds, provides loans, warrantees for loans and supports.

6. To suspend funding or propose to the competent authority the suspension of funding, loan provision, loan warranty, support, provide or withdraw funds which are provided, lent and allocated, refuse to pay the debt when it is discovered that organizations and individuals violate regulations on using the Foundation’s fund and other relevant regulations.

7. To receive mandates to organize science and technology tasks of organizations and individuals.

8. To handle complaints, denunciations and petitions relating to the Fund’s operation as stipulated by laws.

9. To manage and use capital and assets allocated by the State and other resources according to the Regulation on Organization and Operation and as stipulated by laws.

10. To manage the Foundation’s organization and staff as stipulated by laws.

11. To issue the Operational Regulation and other regulations for the Foundation’s operation.

12. To cooperate with domestic and foreign organizations and individuals and international organizations on issues relating to the Foundation’s operation.

**Article 7. Management and operational mechanism the Foundation**

The management and operational mechanism of the Foundation consists of the Board of Directors, Steering Agency and Board of Supervisors.

**Article 8. The Board of Directors of the Foundation**

1. The Foundation's Board of Directors consists of the President, Vice Presidents and members from 7 to 9 members who are scientists, managers and representatives from enterprises with respects and abilities and work on a specialized or concurrent basis for 5-year term.

The President, Vice Presidents and members of the Board of Directors are appointed and dismissed by the Minister of Science and Technology.

2. Tasks and powers of the Board of Directors:

a) To decide the Foundation’s operation directions and plans of on the basis of the State's priority directions for science and technology development;

b) To establish the Science and Technology Council to provide professional consultation for the Foundation;

c) To approve the Foundation's annual financial plans and financial statements submitted by the Foundation's Director;

d) To approve science and technology programs, proposals, themes and budget the Foundation funds, provides loans, warrantee for loans; tasks and budget for activities on improving national science and technology capacity building supported by the Foundation;

đ) To approve the operation plans and report of the Foundation's Board of Supervisors;

e) To supervise and examine the operation of the Foundation's Steering Agency and Board of Supervisors in the compliance with the State regulations, the Foundation's Regulation on Organization and Operation and decisions of the Foundation's Board of Directors;

g) To issue regulations on the Foundation’s operational management.

3. The working regime of the Board of Directors:

a) The Board of Directors meets every three months to review and decide on matters in its tasks and powers; meets on an urgent basis to solve urgent issues at the proposal of its President or the Foundation's Director or Head of the Board of Supervisors or when at least two thirds of its members proposes. The meetings of the Board of Directors must be attended by at least two thirds of its members and chaired by the President or Vice President who is authorized by the President;

b) For issues on which decisions need to be made, the Steering Agency shall send documents and Forms for providing opinions/comments to each member of the Board;

c) The Board of Directors shall decide on issues when they are approved by at least two thirds of its members. The contents and decisions of the meetings of the Board of Directors must be documented in minutes and sent to all the members of the Board of Directors.

4. Members of the Board of Directors have responsibilities to fully participate in all activities according to the regulation of the Board of Directors; are entitled to allowance and other benefits according to the State's regulations. Other members with concurrent positions are entitled to concurrent allowance.

5. The Board of Directors uses the mechanism of the Foundation's Steering Agency and stamp in order to fulfil its tasks and exercise its powers stipulated in this Regulation.

6. The operational expenses of the Board of Directors is counted into the Foundation's management cost.

**Article 9. The Foundation's Steering Agency**

The Foundation's Steering Agency consists of the Director, Deputy Directors, professional units and representative offices.

1. The Director is the Foundation’s present legal, whom the Minister of Science and Technology shall make a decision on appointment and dismissal at the proposal of the Foundation's Board of Directors. The Foundation's Director has the following tasks and powers:

a) To organize, guide and manage the Foundation’s operation according to this Regulation and decisions made by the Board of Directors;

b) To manage the Foundation’s personnel, assets and funds;

c) To make decisions on appointment and dismissal of heads and deputy heads of professional units or representative offices of the Foundation;

d) To participate in meetings of the Board of Directors, provide comments/opinions on the contents on which the Boards of Directors discuss but don’t have rights to vote.

2. The Deputy Directors are nominated by the Foundation's Director and appointed and dismissed by the Minister of Science and Technology. The Deputy Directors assist the Director to fulfill assigned tasks.

3. Professional units and representative offices of the Foundation provide supports to the Foundation's Director, which are decided by the Minister of Science and Technology at the proposal of the Foundation’s Board of Directors and the Director.

**Article 10. The Foundation's Board of Supervisors**

1. The Board of Supervisors consists of from 3 to 5 members, including the Director, Deputy Director and members who are appointed and dismissed by the Foundation's Board of Directors. Members of the Board of Supervisors can’t be spouses, parents, children or siblings of the members of the Board of Directors, the Foundation's Director or Deputy Directors. The members must have professional knowledge and good understanding about finance, accounting, banking and laws, and work on a concurrent basis for 5-year term.

2. The Board of Supervisors has the following tasks and powers:

a) To examine and report to the Board of Directors on the implementation of the Foundation's Regulation and decisions made by the Board of Directors;

b) To operate independently according to the plan approved by the Board of Directors;

c) To review and submit to the competent authority to handle complaints of organizations and individuals relating to the Foundation's operation;

3. The Director or authorized members of the Board of Supervisors participate in meetings of the Board of Directors, provide comments/opinions on the contents on which the Boards of Directors discuss but don’t have rights to vote.

4. Members of the Board of Supervisors have responsibilities to fully participate in all activities according to the regulation; are entitled to concurrent allowance, other allowance and benefits according to the State's regulations.

5. The operational expenses of the Board of Supervisors is counted into the Foundation's management cost.

**Article 11. The Science and Technology Council**

1. The Science and Technology Council is established based on the Board of Directors’ decision at the proposal of the Foundation's Director in order to provide advice, consultancy and selection of science and technology tasks which the Foundation funds, provide loans, warrantee for loans; review and assess implementation results of science and technology tasks funded by the Foundation; define research directors and other related issues.

2. Members of the Science and Technology Council are respected and high-level intellectual scientists and managers, who are selected from the Foundation’s expert database based on their professional achievements and prestige of scientists and managers in the same professional field.

3. The Science and Technology Council operates with principles of democracy, objectiveness, honest, legal compliance and professional ethnics. The Foundation's Board of Directors issues the Operational Regulation of the Science and Technology Council.

4. The operational expenses of the Science and Technology Council is counted into the Foundation's management cost.

**Chapter III**

**FUNDING SOURCES AND UTILIZATION**

**Article 12. The Foundation's operational budget**

1. Funds from the State budget:

a) The Foundation is allocated VND 500 billion from the administrative budget for science and technology cause to fund, support, lend, pay for the Foundation’s management cost and annually replenished to ensure the budget level of at least VND 500 billion. The budget is allocated to the Foundation in January and July annually according to the approved financial plan.

b) The administrative budget for science and technology cause is allocated through the Foundation for science and technology tasks directly managed by the Ministry of Science and Technology.

c) The budget to carry out warranty for loans for specialized science and technology tasks;

d) Other budget sources.

2. Funds from non-State budget:

a) Income from the Foundation’s activities: interests from loans, fees for loan warranty, deposit interest and other incomes;

b) Voluntary contributions and donations of domestic and international organizations and individuals;

c) Contributions from Science and Technology Development Funds of State-owned enterprises and voluntary contributions of other enterprises as stipulated by laws.

d) Other legal sources.

**Article 13. The Foundation's methods of funding, loan provision, loan warranty and support**

1. Provision of partial or full non-refundable financial support for the fulfillment of science and technology tasks proposed by organizations and individuals stipulated in Clause 1 Article 1 of this Regulation.

2. Support for activities on improving national science and technology capacity building, including:

a) Participating in international conferences and workshops of young scientists;

b) Carrying out post-doctorate research;

c) Carrying out short-term researches and training in foreign countries;

d) Organizing international specialized scientific conferences in Vietnam;

đ) Attending and reporting outstanding scientific researches in international specialized workshops;

e) Announcing domestic and foreign science and technology works;

g) Improving the quality and standards of domestic science and technology magazines;

h) Registering domestic and foreign intellectual property protection for innovations and seedlings;

i) Awarding organizations and individuals who have outstanding achievements in the implementation of basic and applied researches and activities on improving national science and technology capacity building funded and supporting by the Foundation.

3. Provision of loans with no interests or low interests for projects on applying results of scientific research and technology development into production and life;

a) Loans with no interests for projects on applying results of scientific research and technology development which are created domestically and create jobs and income for 500 direct laborers or more in areas with extremely difficult economic situation;

b) Loans with interests equivalent to 70% of interests applied for State investment capital in each period for projects on applying results of scientific research and technology development which are created domestically and don’t belong to those as stipulated in Point a of this Clause.

c) Loans with interests equivalent to those applied for State investment capital in each period for projects on applying and transferring results of scientific research and technology development from foreign countries;

d) The total amount of loans annually is not more than 20% of the Foundation’s registered capital. The total outstanding amount of loans is not more than 50% of the Foundation’s registered capital. The total annual amount of loans for projects stipulated in Point a and Point b of this Clause is not more than two thirds of the lending amount of the year according to the approved financial plan.

4. Loan warranty for specialized science and technology tasks assigned by the Prime Minister are carried out with a separate funding source.

5. Activities of lending, loan warranty stipulated in Clause 3 and Clause 4 of this Article shall be carried out by the Foundation in forms of commission to foreign credit institutions and branches of foreign banks. The Foundation organizes reviews and selections of tasks to be lent, warranted with funds according to science and technology criteria.

**Article 14. Provision of funds, lending, loan warranty and support by the Foundation**

1. Within the 30-day period, as of the Foundation's plan is approved, the Foundation shall publicly announce its priority directions and fields and regulations on funding, loan provision, loan warranty and support.

2. Vietnamese organizations, individuals involved in science and technology activities and enterprises which want to be funded or provided with loans, warranted for loans and supported must submit applications according to regulations of the Ministry of Science and Technology.

3. The Foundation shall carry out assessment and make decisions on funding, loan provision, loan warranty and support as follows:

a) For applications for funding, loan provision, loan warranty, the Science and Technology Council shall carry out assessment of science and technology tasks and advise so that the Foundation can make decisions on funding, loan provision and loan warranty;

b) For applications for activities on improving national science and technology capacity building, the Foundation shall review and assess the applications according to regulations of the Ministry of Science and Technology;

4. Funding, loan provision and loan warranty of the Foundation for science and technology tasks shall be carried out under contracts between the Foundation and organizations and individuals which chair the implementation of tasks.

5. Mid-term reviews and evaluation of science and technology tasks funded by the Foundation shall be carried out under contracts according to regulations of the Ministry of Science and Technology.

**Article 15. Budget allocation for fulfilling science and technology tasks through the Foundation**

1. The Foundation shall allocate budget for fulfilling science and technology tasks directly managed by the Ministry of Science and Technology as stipulated in Clause 5 Article 3 of this Regulation. The budget allocation shall be based on contracts between the Ministry of Science and Technology and organizations and individuals who chair the implementation of the tasks. The budget shall be allocated appropriate with progress of the contract execution at the proposal of the Minister of Science and Technology.

2. The Foundation shall carry out consolidation of data on the allocated budget and report to the Ministry of Science and Technology.

3. The budget management of science and technology tasks directly managed by the Ministry of Science and Technology shall be carried out according to the Government’s regulations on financial investment mechanisms for science and technology activities and other regulations of the Ministry of Science and Technology.

**Article 16. Responsibilities of organizations and individuals using the Foundation's funds**

1. To use the funds for right purposes according to the approved budget estimation;

2. To fulfil all commitments in contracts, legal regulations on science and technology management and other relevant regulations;

3. To publicly announce implementation results of science and technology tasks according to regulations of the Foundation and those of Ministry of Science and Technology; register and keep the results as stipulated by current laws.

**Article 17. Financial and accounting mechanisms**

1. The Foundation applies the accounting regime according to regulations and laws on accounting.

2. Annually, the Foundation shall prepare income and expenditure estimations for activities of funding, loan provision, loan warranty and support and management activities of the Foundation and submit to the Minister of Science and Technology for approval.

3. Annually, the Foundation shall prepare financial statements and reports to the Minister of Science and Technology.

4. The Foundation is entitled to transfer the unused balance of a fiscal year to the subsequent year.

5. The Foundation is entitled to apply the self-managed mechanism in terms of staff and finance according to the State's current regulations for public administrative agencies.

6. Payments for the Foundation’s management are used for the operation of its management and operational structure according to the State’s current regulations.

**Chapter IV**

 **IMPLEMENTATION PROVISIONS**

**Article 18. Implementation provisions**

1. The Minister of Science and Technology shall provide guidelines for managing activities of funding, loan provision, loan warranty and support through the Foundation.

2. The Ministry of Finance in coordination with the Ministry of Science and Technology shall provide guidelines on following financial management mechanisms for the Foundation.

3. The amendment and supplementation of this Regulation is submitted by the Minister of Science and Technology to the Government for decision.

**ON BEHALF OF THE GOVERNMENT**

**PRIME MINISTER**

 **Nguyen Tan Dung**