

INGO Forum Meeting 22 May 2009

Friday, 22 May 2009, 14:00 – 17:00

Chairs:

Don Tuan Phong, VUFO-NGO Resource Centre Co-Director (PACCOM)
Marko Lovrekovic, VUFO-NGO Resource Centre Managing Co-Director

Venue:

VUFO-NGO Resource Centre Meeting Room
218 Doi Can, La Thanh Hotel, Building F1, Hanoi

Agenda:

1. Welcome and Introduction
2. VUFO-NGO Resource Centre Activities Update
3. New Decree on Foreign NGOs Registration and Operation in Vietnam
4. New Consultative Group Representatives
5. New Steering Committee Member
6. Mid-Term Consultative Group Meeting Preparation

1. Welcome and Introduction

Mr. Don Tuan Phong, the Resource Centre's Co-Director from PACCOM introduced the new Managing Co-Director Mr. Marko Lovrekovic (MCD), who talked about his background and professional experience. Marko comes from Croatia, having spent the last 10 years of his career managing country programmes in the Balkans (Croatia, Bosnia, Kosovo, Macedonia) for several INGOs (Catholic Relief Services, International Rescue Committee, Search for Common Ground and Danish Refugee Council). He moved in Hanoi last year and spent time travelling around the country, learning its culture and getting to know the people of Vietnam.

2. VUFO-NGO Resource Centre Activities Update

MCD reported on the activities since the last INGO Forum in November 2008, the current situation in the Resource Centre and plans for 2009. The former MCD Ms. Trine Glue Doan resigned in October 2008. Although she remained actively involved in resolving many issues until the end of 2008 -and partially after this date- there has been a significant gap in leadership between January and April 2009. Most core functions of the Resource Centre have continued, but the lack of MCD delayed a number of activities, postponed some projects and affected the quality of services.

Core Services have been carried out according to the schedule: e-newsletter, mailing lists, Newsbrief, INGO Directory distribution (in English), upgrade of the website (still ongoing), election of the new Steering Committee member, election of the representatives for the Consultative Group (CG) meeting and facilitation of 14 active Working Groups (WG).

Other Activities during the reporting period included submission of the INGO Statement at the End-Year CG meeting in December 2008; publishing and distribution of the report *'Forms of Engagement Between State Agencies and Civil Society'* (in English); active involvement in activities of the People's Participation WG, and submission of a letter to the Ministry of Finance regarding Personal Income Tax (PIT) exemption on behalf of INGOs.

Current Activities include a number of initiatives which have been idle for a while or delayed, such as distribution of the INGO Directory in Vietnamese, consolidation of the library, inactivity of four WGs, finalizing of the *'Complementary Report on Convention on Rights of the Child'* (CRC), launching of the new INGO Salary Survey, contribution for the *Social Watch Report 2009*, publishing of the Vietnamese version of the *'Forms of Engagement Between State Agencies and*

Civil Society' report, a follow-up stakeholders' workshop for policy recommendations, revision of the new draft *'Decree on Foreign NGOs Registration and Operation in Vietnam'*, preparing inputs for the Mid-Term CG meeting, and developing Budget and Work Plan for 2009.

Current Obstacles to the efficient functioning of the Resource Centre may have been caused by the lack of clarity when it comes to the Resource Centre's mission and main objectives. We need to step back and reflect on the importance of the Resource Centre's initial 'core' functions in comparison to its involvement in advocacy and policy dialogue. There are discrepancies between available resources and desired goals. In order to achieve long-term goals, the Resource Centre has to improve Human Resources management; start planning on replacing international volunteers with permanent local staff; adjust inadequate salary scales; upgrade the essential equipment; secure sustainable funding through increased membership fees; and identify alternative funding sources.

MCD suggested immediate steps and long-term actions, which will be implemented after consultations and discussions with the Steering Committee. Mr. Don Tuan Phong supported MCD's suggestions and emphasized the importance of strategic planning and necessity for quick action. For more details on MCD's update please refer to the following link:

[VUFO-NGO Resource Centre Activities Update November 2008 - May 2009](#)

3. New Decree on Foreign NGOs Registration and Operation in Vietnam

Mr. Don Tuan Phong introduced Ms. Nguyen Thi Thanh Huong, Second Secretary at the office of the Prime Minister (PM) and thanked her for joining the Forum. Ms. Nguyen was invited to hear INGOs' comments and convey the main INGO's points to the Government.

Mr. Don Tuan Phong briefed the Forum's participants on the drafting process of the new decree. PM has tasked the Committee for Foreign Non-Governmental Organization Affairs (COMINGO) to draft a decree. First consultations with INGOs started two years ago and were followed by a more wider general review. It was decided that only non-government organisations and institutions will be involved in the consultations process - not the individuals. The new decree will replace the previous regulation from 1996. All relevant Government offices and ministries are involved in the process, including MOF, MPI, MOHA, MOPS and MOJ. There are 15 members of the Drafting Committee, representing different departments and expressing different points of view. It took nearly a year for the Drafting Committee to reach consensus on the latest (fourth) draft. At the moment, the decree consists of 6 chapters and 32 articles covering different aspects of INGOs' operations. This is the INGOs' last opportunity to provide input before the draft is finalized. It will be submitted to the Government in mid-June 2009 and it is expected that the Government will respond within 2-4 weeks upon submission.

New Key Points in the decree include a concept of 'registration' instead of 'permit' and 'licence'. The procedure for INGOs' registration or extension will be simpler and faster. The current 'permit for operations' is valid for one year, while the proposed 'registration' will allow up to three years of operations. 'Project office' will be changed into 'regional office'. The new proposed maximum for operations of 'representative office' will be five years. The extended period of 'registration' validity will reduce PACCOM's workload; improve the quality of work and efficiency.

Support from the Ministry of Finance (MOF) regarding **Personal Income Tax Exemption** has improved. The new decree has a separate article proposing the exemption status for INGO expatriates. So far, there were no strong objections to this proposal. PACCOM anticipates three possible scenarios: a) MOF and PM office may agree with the article fully and immediately; b) MOF and PM may decide to take the proposal into further consideration, including some changes; c) MOF and PM may reject the proposal, but agree to consider it later. Overall, it appears that the perception of many officials in concerned ministries has changed in favour of INGOs. However, there are no guarantees that the decree will be approved in its current form. We have to wait and see.

The **Consultation Process** regarding the new decree has been done in two ways: a) in direct consultations with relevant people; b) through written comments. The draft document was posted on the website; people could read it and submit comments. So far, PACCOM received comments from 20 different organisations, including Oxfam GB, Oxfam Belgium, Oxfam Quebec, Oxfam Hong Kong, Oxfam Australia, Oxfam USA, TDH, ADRA and others. The deadline for comments expired on May 2, however, INGOs were encouraged to send final comments next week.

Comments, Questions and Answers:

What are the next steps in the process? What is the timetable? How likely is that the key parts of the decree will remain unchanged? What else INGOs can do to help the process? The Drafting Committee has reached the final stage of the process. Following these last consultations, the Drafting Committee will incorporate INGOs comments and invite relevant ministries to provide their final feedback. That will include Ministry of Justice and up to 10 other ministries, represented through the Drafting Committee. The final draft will be submitted to the Government for consideration.

Is it possible for PACCOM to encourage new INGOs to apply for membership with the VUFO-NGO Resource Centre when they register with PACCOM? The VUFO-NGO Resource Centre is membership-based, for those INGOs who share the same vision, mission and objectives. The membership is voluntary and INGOs are free to decide on their membership, based on the scope and quality of services provided.

Who will be responsible for drafting a guiding circular of the new decree? The competent authority, as stipulated in Article 18, is COMINGO.

How sufficient is PACCOM's capacity to implement the new decree when it gets approved? Is there enough capacity and Human Resources to implement all stipulations of the new decree within deadlines? PACCOM will not be in a position to make decisions on each individual case. Some cases will depend on many relevant ministries and their capacity. When the new decree gets approved, especially the article about extended period of 'registration' - PACCOM will have reduced workload and more time to deal with individual cases, thus improving the efficiency and quality of work.

Article 4: Clarification of 'profit making' and 'religious' activities? The question of 'profit making' is a complex issue and the Drafting Committee already received a number of questions regarding this article. There will be further discussion within the Drafting Committee and more clarification will be provided in the final document. The same applies for 'religious activities'. For example, religious organisations are welcome to work on any aspect of humanitarian aid and non-profit development, but the decree will not support missionary activities.

Article 8: Distinction between 'regional office', 'sub-office in provinces' and 'area office'? Definition of a long-term commitments and long-term plans? The term 'regional office' is used temporarily. We understand that it may be confused with 'regional' as in 'South-East Asia Regional Office' which is not intended. It has the same meaning like the previous 'project office' or 'programme management office' which run projects in locality. INGOs are invited to suggest new creative and descriptive terms. As for the definition of long-term commitment, three years of 'registration' was a maximum in the past. The Drafting Committee would like to extend that period to five years, which is considered 'mid-term' by several ministries.

Article 17: When INGO decides to voluntary terminate operations, how can they provide financial and audit reports 60 days prior to the termination? These reports are usually finalized after the termination? Normally INGOs know when they will leave and plan for it. Financial reports and audit reports must be done regularly. This question will be further discussed with the Drafting Committee.

Article 22: What is new regarding the office rent? It should not be considered new that 'registered'

INGOs become entitled to rent an office. However, in the past some INGOs opened offices even without being 'registered'. We would like to emphasize that those INGOs who want to have an office must formalize their status.

Article 24: VAT exemption in relation to imported goods and commodities? Imported goods and commodities under the INGOs' registered and approved projects or programmes may become eligible for retroactive VAT reimbursement.

Article 25: What will be distinction between consultants; permanent full-time staff; and permanent part-time staff? Especially in terms of PIT exemption? In the current 'permits' for Project Office and Representative Office, the maximum number of staff (including expatriate staff) is limited for each organization. In the new 'registration' there will be equivalent limit for the total number of staff. It is at INGOs' discretion to decide who will be employed as permanent staff within this number. Since INGO are employing and paying salaries they can define working hours for its permanent staff. However, the total number of permanent expatriate staff (which is eligible for PIT exemption) must not exceed the approved maximum. The consultants who are contracted for particular assignments over limited periods will not be eligible for PIT exemption. INGO may decided to employ these people as permanent staff, but this will count towards the INGOs approved 'expatriate quota'.

Mr. Don Tuan Phong concluded the session and expressed his thanks to everyone who asked questions or provided comments. He noted that INGOs still have a few days to comment.

4. New Consultative Group Representatives

Although the deadline for nominations and expressions of interest for the new INGO Representatives at the CG meeting has been extended, the Resource Centre received only two expressions of interest: Steve Price Thomas (Oxfam) and Peter Newsum (CARE). Considering the fact that only two representatives were needed and only two candidates were available, the Steering Committee decided that there was no need for voting. MCD announced that **Mr. Steve Price Thomas** is re-elected INGO Representative and **Mr. Peter Newsum** is newly elected INGO Representative at the Consultative Group Meeting.

5. New Steering Committee Member

The Resource Centre received a total of 18 electronic votes for the new Steering Committee member prior to the Forum. Forty five participants from 33 organizations arrived to attend the Forum. They were given voting forms during the Forum and those participants whose organizations have not voted earlier were able to give their vote. After the counting, MCD announced the final result: **Mr. Dario Gentili** from Voluntary Service Overseas is the new member of the VUFO-NGO Resource Centre's Steering Committee.

6. Mid-Term Consultative Group Meeting Preparation

Mr. Steve Price-Thomas from Oxfam GB was invited to chair the session. He explained that the Consultative Group meeting serves as a forum for discussion between the Vietnamese Government and donor agencies on development policies and donor pledges. There are two meetings every year: an informal meeting in June and a formal one in December. Steve explained the mechanisms for discussion and the protocol during the meeting. INGOs have four representatives who share only one seat at the meeting. They usually divide different sessions of the meeting between them and put their comments forward when relevant. The VUFO-NGO Resource Centre's MCD is also present at the meeting. The agenda for this year's mid-term CG meeting includes the following:

1. Assessment of the Macroeconomic Situation;
2. Social Impact of Economic Slowdown and Policy Response;

3. Governance and Anti-Corruption;
4. Climate Change - Adaptation and Mitigation;
5. Harmonization and Aid Effectiveness.

The participants at the Forum were asked to split into five groups; each group discussed a different theme from the above agenda; and they prepared short statements regarding the themes which will be delivered by the CG representatives at the Mid-Term CG meeting. In addition, relevant working groups and INGOs have been asked to provide input for the Mid-Term CG meeting prior to the Forum. The CG representatives will communicate directly with these people and consolidate messages to be delivered at the Mid-Term CG meeting. INGOs with additional comments may contact MCD directly and provide their input.

The Forum closed at 17:00 hours.