

**THE GOVERNMENT**

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**THE SOCIALIST REPUBLIC OF VIETNAM**

**Independence – Freedom – Happiness**

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*Hanoi, July 05, 2018*

## **DECREE**

### **REGARDING INCENTIVE POLICY FOR DEVELOPMENT OF LINKAGES IN PRODUCTION AND CONSUMPTION OF AGRICULTURAL PRODUCTS**

*Pursuant to the Law on government organization dated June 19, 2015;*

*At the request of Minister of Agriculture and Rural Development;*

*The Government promulgates a Decree on incentive policy for development of linkages in  
production and consumption of agricultural products.*

## **Chapter I**

### **GENERAL PROVISIONS**

#### **Article 1. Scope**

This Decree deals with the incentive policy for development of linkages in production and consumption of farming, breeding, aquaculture, forestry and salt production produces (hereinafter referred to as “agricultural products”).

#### **Article 2. Regulated entities**

1. Farmers, farm owners and authorized persons of farm households or farmer groups (hereinafter referred to as “farmers”).
2. Authorized persons of groups of individuals or family households registering for establishment of household businesses (hereinafter referred to as “representatives of household businesses”).
3. Cooperatives and cooperatives associations (hereinafter referred to as "cooperatives").
4. Enterprises.
5. Other organizations and individuals involved in implementing this Decree.

#### **Article 3. Interpretation of terms**

For the purpose of this Decree, these terms are construed as follows:

1. “linkage” refers to a joint investment in, production and consumption of agricultural products voluntarily agreed upon between the entities prescribed in Clauses 1, 2, 3, 4 Article 2 herein (hereinafter referred to as “participants in a linkage”) with the aims of increasing production efficiency and quality of agricultural products.
2. “value chain linkage” refers to a form of linkage in agricultural production on the chain, from supply of materials, other inputs, production, preparation or processing to consumption of agricultural products. Types of linkages are specified in Article 4 herein.
3. “concentrated crop-producing area” refers to a production area where only one or a group of agricultural products of the same type is produced with a scale suitable for each production type and local conditions, and linkage between production and consumption of agricultural products in conformity with the state regulations on foods safety, disease-free status and environmental protection.

## **Chapter II**

### **LINKAGE TYPES, CONTRACT AND PROJECT**

#### **Article 4. Linkage types**

1. Linkage from supply of materials and other inputs, production, harvesting, preparation or processing to consumption of agricultural products.
2. Linkage from supply of materials and other inputs to consumption of agricultural products.
3. Linkage from production and harvesting to consumption of agricultural products.
4. Linkage from supply of materials and other inputs, production and harvesting to consumption of agricultural products.
5. Linkage from production, harvesting, preparation or processing to consumption of agricultural products.
6. Linkage from supply of materials and other inputs, preparation or processing to consumption of agricultural products.
7. Linkage from preparation or processing to consumption of agricultural products.

#### **Article 5. A contract for linkage**

A linkage contract is entered into between the participants in a linkage in the principle of voluntariness with the aims of carrying out one of the linkage types specified in Article 4 herein.

## **Article 6. Linkage project**

1. A linkage project is jointly formulated by an enterprise or cooperative and participants in a linkage for carrying out the investment linkage according to one of the types specified in Article 4 herein.
2. Participants in a linkage shall formulate the linkage project to use as the basis for receiving incentives or subsidies as prescribed in Article 8 and Point a Clause 1 Article 9 herein. In case where no application for incentives is submitted, only the proposal for subsidies for the linkage is prepared.
3. Linkage leader: An enterprise or a cooperative shall acts as a linkage leader if it enters into a contract for direct linkage with a representative of a household business or a farmer. If a linkage contract is entered into between enterprises and/or cooperatives themselves, the linkage leader shall be selected by the parties.
4. The linkage leader shall prepare an application for subsidies for the linkage. In case of compulsory formulation of linkage project, the linkage leader shall be the investor of such linkage project.
5. Apart from the contents agreed upon between the participants in a linkage, the linkage project must include one of the following contents:
  - a) The design for paddy field improvement, investment and construction, or expansion of a concentrated crop-producing area;
  - b) Investment and development of infrastructural facilities serving production, harvesting, preparation, storage and consumption of agricultural products;
  - c) Contribution of funds, property, land-use rights, production process or technology.
6. Procedures for formulation, appraisal and approval for a linkage project shall conform to regulations in Article 12 herein.

## **Chapter III**

### **INCENTIVES AND SUBSIDIES**

#### **Article 7. Subsidies on hiring consultants**

1. A linkage leader may receive a subsidy as 100% of cost of hiring consultants for establishing a linkage, including consultancy for formulating linkage contract, linkage project, business, production and market development plans, provided it shall not exceed VND 300 million.

2. Funding, specific amounts and mechanism for getting subsidies specified in Clause 1 of this Article shall conform to plans, programs and projects of the National target program for building new-style rural areas, and other programs and projects.

#### **Article 8. Subsidies on infrastructure**

1. A linkage project may be eligible for getting a subsidy from state budget as 30% of total investment in machinery, equipment and construction of infrastructural facilities serving the linkage, including workshops, warehouses or yards serving the production, preparation, storage, processing and consumption of agricultural products. Total subsidy shall not exceed VND 10 billion. 2. Funding and specific amounts of subsidies specified in Clause 1 of this Article shall conform to plans, programs and projects of the National target program for building new-style rural areas, the National target program for agricultural restructuring, disaster preparedness and mitigation, and community living stabilization, and other programs and projects.

#### **Article 9. Subsidies on agricultural extension, training, breeds, materials, packaging and labeling**

1. In addition to subsidies on construction of infrastructural facilities serving the linkage as prescribed in Clause 2 Article 8, the participants in a linkage may get subsidies from state budget for performing the following contents:

a) Establishing agricultural extension model;

b) Providing vocational training, technical training, training in managing skills, production techniques, capacity for managing contracts, value chains and market development;

c) Subsidies on breeds, materials, packaging and labeling of agricultural products for not more than 03 crops or 03 production cycles through concentrated services of a cooperative;

d) State budget gives a subsidy equal to 40% of cost of transfer and application of advanced techniques, and uniform chain-based application of technical process and quality management.

2. Funding, specific amounts and mechanism for getting subsidies as specified in Point a, Point b Clause 1 of this Article shall conform to programs and projects on agricultural extension; vocational training programs in agriculture for unskilled workers; policies on personnel training of cooperatives, and other programs and projects.

3. Funding, specific amounts and mechanism for getting subsidies specified in Points c, d Clause 1 of this Article shall conform to the National target program for building new-style rural areas, and other programs and projects.

#### **Article 10. Rules for giving incentives and subsidies**

1. With regard to each linkage type specified in Article 4 herein, the participants in a linkage may apply for subsidies for their responsible contents. Regulatory authorities shall make

decisions on grant of subsidies according to the contents of a linkage contract or project as regulated in this Decree.

2. Each participant in a linkage is eligible for getting subsidies for the contents performed by that participant according to the linkage contract or project.

3. In case the work content is eligible for different subsidy policies from different programs and projects, the policy beneficiary may choose to apply the most advantageous one.

4. Apart from funding derived from the central-government budget, each local government should proactively consider allocating funding from its own budget and combine linkage projects with other programs and projects for implementing incentive policy for development of linkages in production and consumption of agricultural products in accordance with regulations herein.

5. The Government encourages using other legal sources of funding to develop linkages in production and consumption of agricultural products.

#### **Article 11. Eligibility requirements for subsidies**

The participants in a linkage must satisfy all of the following requirements:

1. The linkage is conformable with the local socio – economic development plan.

2. There is a certification of compliance or a commitment to comply with law regulations on product quality, foods safety, disease-free status and environmental protection.

3. The stability of a linkage must be ensured:

a) With regard to agricultural products with an agricultural or production cycle of 01 year and above, the linkage period must be at least 05 years;

b) With regard to agricultural products with an agricultural or production cycle of less than 01 year, the linkage period must be at least 03 years.

4. The linkage project or the proposal for subsidies for the linkage has been given approval by a competent authority.

#### **Article 12. Application and procedures for getting subsidies**

1. Application for subsidies for the linkage:

a) The written request made by the linkage leader (according to Form No. 01 stated in the Appendix enclosed herewith);

b) The linkage project (made according to Form No. 02 stated in the Appendix enclosed herewith) or the proposal for subsidies for the linkage (made according to Form No. 03 stated in the Appendix enclosed herewith);

c) The agreement on appointment of linkage leader (made according to Form No. 04 stated in the Appendix enclosed herewith) if a linkage contract is entered into between enterprises and/or cooperatives;

d) The copies of certificates or statements of product quality, food safety, disease-free status and environmental protection; or commitments to comply with law regulations on these contents (made according to Form No. 05 stated in the Appendix enclosed herewith);

dd) The copy of the linkage contract.

## 2. Procedures for subsidies:

a) In case of subsidy for a linkage project approved by a Provincial-level People's Committee: The linkage leader shall send an application to the Provincial-level Department of Agriculture and Rural Development. Upon the receipt of adequate documents as prescribed in Clause 1 of this Article, the Provincial-level Department of Agriculture and Rural Development shall establish an appraisal council to verify the application. An appraisal council is comprised of a chairperson who is a leader of the Provincial-level Department of Agriculture and Rural Development, and its members who are representatives of the Provincial-level Department of Agriculture and Rural Development, the Provincial-level Department of Finance, and relevant authorities, and leaders of District-level People's Committees. Within 15 working days from the receipt of a valid application, the appraisal council shall appraise and verify the received application. If an application is satisfactory, the Provincial-level Department of Agriculture and Rural Development shall submit a report requesting the Provincial-level People's Committee to consider giving approval. If an application is unsatisfactory, the Provincial-level Department of Agriculture and Rural Development must, within 10 working days from the appraising date, give a written notification, indicating reasons thereof, to the linkage leader. Within 10 working days from the receipt of report from the Provincial-level Department of Agriculture and Rural Development, the Provincial-level People's Committee shall make decision on grant of subsidies for the linkage project;

b) In case a District-level People's Committee takes charge of approving subsidies for linkages, District-level Division of Agriculture (or District-level Economic Division) is assigned to carry out the procedures specified in Point a Clause 2 of this Article.

## **Chapter IV**

### **RIGHTS AND OBLIGATIONS OF PARTICIPANTS IN A LINKAGE**

#### **Article 13. Rights of a participant in a linkage**

1. Participate in linkages in authorized agricultural production sectors as prescribed by law.

2. Apply for incentives and subsidies for linkages in production and consumption of agricultural products, and others according to state policies.
3. Use property on land and other property formed from borrowed funds as collateral for loans from credit institutions as regulated.
4. Request information concerning state policies for subsidies for linkages, prices, market, quality standards, scientific and technological applications as well as other public services serving a linkage.
5. Select appropriate methods for settling disputes that arise during the performance of linkage contracts or projects as regulated.
6. Have assets and infrastructural facilities serving a linkage (including assets acquired from state funds) ensured according to applicable law regulations.
7. Exercise other rights as regulated by laws.

#### **Article 14. Obligations of a participant in a linkage**

1. Provide adequate and accurate information concerning linkage contracts and projects to other participants in the linkage as requested.
2. Strictly comply with terms and conditions of a linkage contract or project.
3. Strictly comply with state regulations on production and consumption of agricultural products, environmental protection, as well as protection of human health, plants and animals during the performance of a linkage contract.
4. Properly exercise rights and discharge obligations of participants in a linkage according to applicable laws.
5. A participant in a linkage is obliged to exchange, negotiate and reach an agreement with the others on measures for dealing with difficulties and force majeure events that arise during the performance of a linkage contract.
6. Discharge other obligations as defined in a linkage contract and applicable laws.

#### **Article 15. Actions against disputes and violations in course of performing linkage contract and project**

1. If participants in a linkage fail to strictly and fully perform commitments and obligations (except force majeure events such as disaster or epidemics) in the course of performing a linkage contract granted subsidies from state budget, they shall:

a) be ineligible for state incentives or subsidies, face penalties in accordance with applicable laws and make compensation to damaged parties; and

b) be ineligible for state incentive policies for linkages within a period of 05 years from the date on which a report on violation is made.

2. If participants in a linkage make breach of a linkage contract, the following measures shall apply:

a) Enforce compliance with terms and conditions of the linkage contract;

b) Impose fines for breach of the linkage contract;

c) Suspend the performance of linkage contract;

d) Terminate the performance of linkage contract;

dd) Cancel the linkage contract;

e) Enforce payment of compensation to related parties;

g) Implement other methods as agreed upon between the participants in the linkage in conformity with applicable laws.

3. Forms of settling disputes concerning the linkage contract: The Government encourages the settlement of disputes concerning the linkage contract by negotiation and conciliation. In case of failure to an amicable settlement, the dispute shall be settled by a commercial arbitrator or a competent court.

## **Chapter V**

### **IMPLEMENTATION**

#### **Article 16. Responsibility of ministries and ministerial-level agencies**

1. The Ministry of Agriculture and Rural Development shall:

a) Take charge of performing assigned duties as regulated herein;

b) Formulate pilot linkage modes associated with the agricultural restructuring and building of new-style rural areas;

c) The Ministry of Agriculture and Rural Development shall take charge and cooperate with the Ministry of Industry and Trade and relevant authorities in implementing the Scheme for development of the network of centers for supply of agricultural products of Vietnam in the 2018 – 2020 period;



d) Cooperate with the Ministry of Natural Resources and Environment in providing instructions and combining rural environmental protection tasks with linkages and consumption of agricultural products;

dd) Monitor, consolidate, inspect and submit reports on the implementation of this Decree.

2. The Ministry of Planning and Investment shall: Take charge and cooperate with the Ministry of Agriculture and Rural Development in consolidating and allocating investment funding derived from state budget for performing linkages as regulated.

3. The Ministry of Finance shall: Take charge and cooperate with the Ministry of Agriculture and Rural Development in consolidating and allocating non-business funding derived from state budget for performing linkages as regulated.

4. The Ministry of Industry and Trade shall: Take charge and cooperate with the Ministry of Agriculture and Rural Development and relevant authorities in implementing the Scheme for commercial development in rural areas in the 2010 – 2015 period with a vision by 2020.

#### **Article 17. Responsibility of people's committees of provinces and central-affiliated cities**

1. Determine and give approval for key agricultural products of which linkages in production and consumption are encouraged and the ones of which linkage in production and consumption are given priority in giving subsidies, and publicly announce information thereof in province.

2. Request Provincial-level People's Councils to consider giving approval for incentive policies for linkages in production and consumption of agricultural products applicable in province.

3. Give approval for subsidies for linkages in a province within their competence. Stipulate the competence of District-level People's Committees to consider giving approval for subsidies according to investment scale and place where a linkage is performed.

4. Instruct professional authorities, District-level and Commune-level People's Committees to plan, instruct and inspect the implementation of regulations herein in province. Allocate funds from state budget to give subsidies for linkages according regulations herein.

5. Instruct relevant authorities and organizations to assist and organize training programs, and provide information concerning prices and agricultural product market to participants in linkages.

6. Submit annual reports to the Ministry of Agriculture and Rural Development for preparing and submitting a consolidated report to the Prime Minister.

#### **Article 18. Responsibility of socio-political organizations and agricultural associations**

1. Disseminate information, provide advice, encourage and facilitate people in participating in linkages, and properly performing linkage contracts; build, develop and protect prestige and

general worth of agricultural products; develop agricultural product market, build and promote product brands.

2. Protect rights and interests of participants in the course of concluding and performing linkage contracts; provide solutions and support services for participants in linkages with the aims of standardizing production process and product quality; plans for combined management of natural resources and production environment; dealing with market crisis, climate change, natural resource and environmental protection.

#### **Article 19. Entry into force**

1. This Decree comes into force from August 20, 2018.

2. The Decision No. 62/2013/QĐ-TTg dated October 25, 2013 of the Prime Minister on incentive policy for development of linkages in production and consumption of agricultural products, and vast crop fields is abrogated from the date of entry into force of this Decree.

3. Participants in linkages according to the Decision No. 62/2013/QĐ-TTg before the date of entry into force of this Decree shall continue receiving incentives according to approved policies or subsidies prescribed in this Decree until the end of validity of linkage contracts if they satisfy eligibility requirements for subsidies prescribed herein. If an application for subsidies for linkage has been submitted to a competent authority before the date of entry into force of this Decree, it must be supplemented and modified in accordance with regulations herein.

4. Ministers, heads of ministerial-level agencies, heads of the Government's affiliates, Chairpersons of People's Councils, Chairpersons of People's Committees of provinces and central-affiliated cities and relevant agencies shall implement this Decree.

**ON BEHALF OF THE GOVERNMENT  
PRIME MINISTER**

**Nguyen Xuan Phuc**