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Date : January 6, 2016
To : Dana Doan
Cc : info@linvn.org
Sesto E. Vecchi
From : Chu Bao Khanh
Re : Charitable organizations in Vietnam

Dear Dana:

This memo discusses the conditions and steps to establish an organization, both for-profit and not-for-profit to carry on charitable activities in Vietnam.

Several forms of non-profit organizations that may have charitable purposes are:

- Social relief establishments (“**SRE**”);
- Charitable funds (“**Fund**”);
- Associations;
- International non-governmental organizations (“**INGO**”);
- Scientific and technological organizations (“**STO**”); and
- Volunteer Groups.

These organizations are different in terms of their establishment, operational purposes, functions, and state management. For example, the essential difference between an SRE and a Fund is that an SRE directly assists people in difficult situations, whereas a Fund only finances assistance. An INGO that is set up in a foreign country may carry out its activities in Vietnam once it obtains an appropriate permit. The main purposes of an INGO’s activities are to support development and to provide humanitarian aid.

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Beside non-profit organizations, the law also recognizes another type of charitable organization, ie, social enterprises. A social enterprise is an enterprise with a non-profit commitment to address social and environmental issues.

A. NON-PROFIT CHARITABLE ORGANIZATIONS

I. Social relief establishment (SRE)

The purpose of an SRE is to assist persons who experience social difficulties, such as: orphans, abandoned children, HIV/AIDS-infected children, lonely elderly persons, seriously disabled persons, HIV/AIDS-infected persons in poor households, victims of domestic violence, sexually abused victims, trafficking victims, and victims of forced labor. Many other groups of persons may also qualify.

An SRE may be established by the State, by one or more organizations, or by individuals. A foreign organization or individual may establish and operate an SRE in Vietnam. The State of Vietnam encourages both onshore and foreign organizations and individuals to establish SREs in Vietnam. There is an SRE Department in the Ministry of Labor, Invalids, and Social Affairs (“**MOLISA**”).

The establishment, operation, and liquidation of SREs is regulated by:

- Government Decree 68/2008/ND-CP dated May 30, 2008 on Conditions and Procedures for Establishing, Operating, and Liquidating Social Relief Establishments (“**Decree 68**”);
- Government Decree 81/2012/ND-CP dated October 8, 2012 amending and supplementing a number of articles of the Government’s Decree No. 68/2008/ND-CP of May 30, 2008, prescribing Conditions and Procedures for Establishing, Operating, and Liquidating Social Relief Establishments (“**Decree 81**”); and
- Circular 07/2009/TT-BLDTBXH dated March 30, 2009 of the Ministry of Labor, Invalids, and Social Affairs implementing Decree 68 (“**Circular 07**”).

1. Conditions to establish an SRE

An SRE must satisfy the following conditions:

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- On average, the land area should approach a threshold of 30 square meters per beneficiary in rural areas and 10 square meters per beneficiary in urban areas;
- On average, the accommodation area must be six square meters per beneficiary. For beneficiaries who need around-the-clock care, the average accommodation area must be eight square meters per beneficiary;
- An SRE that cares for 25 or more beneficiaries must have a residential area, kitchens, working offices for staff, relaxation and recreation areas, water supply, drainage systems, electricity systems, and internal roads;
- An SRE that cares for between 10 and 25 beneficiaries must ensure basic conditions in relation to accommodations, kitchens, staff offices, electricity, and water; and
- An SRE's personnel must comply with the law as to the number of beneficiaries that one employee may care for.

2. Procedures to establish an SRE

Depending upon the scope of its operations, an organization/individual must obtain approval from one of the following licensing authorities in order to establish an SRE:

- the Chairman of the provincial Peoples' Committee for an SRE that operates throughout a province. The application must be submitted to the provincial Department of Labor, Invalids, and Social Affairs (“**DOLISA**”); or
- the Chairman of the district Peoples' Committee for an SRE that operates solely in a particular district. The application must be submitted to the Division of Labor, Invalids, and Social Affairs.

The application should include the following documents:

- Application to establish an SRE;
- Plans to support the establishment of the SRE, which include: objectives and tasks, the establishment and operation plan, a description of beneficiaries; basic information involving the Director; the organizational structure (staff, payroll), office (location, design) and necessary equipment and facilities, and a funding plan. There are no specific forms to follow. This should take the form of a narrative of essential information with necessary enclosures.
- Rules of operation of an SRE. The rules should cover: the responsibilities of the director and the various departments, the responsibilities of the key staff, the responsibilities and interests of beneficiaries, property and mechanisms for

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- financial management, and other management matters. Some of these details may be set out in a document like a charter or internal operating rules;
- Documents that relate to land use rights and ownership of houses or assets attached to the land where the SRE will be located. Leases are acceptable as well.
 - Letter from the Peoples' Committee of the ward where the SRE will be located. The letter must confirm that the Peoples' Committee agrees with the SRE's location; and
 - The SRE's director's curriculum vitae. The curriculum vitae must be certified by the Peoples' Committee of the ward where the director resides.

The regulatory time frame for the authorities to examine the application is 15 working days and the time frame for issuing the decision to establish an SRE is 20 working days. In practice, it will take longer.

II. Social Fund/Charity Fund (Fund)¹

A Fund is a legal entity that has its own seal, bank account, and logo. Its purpose is to develop and support various activities, eg, cultural, educational, health, athletic, scientific, charitable, and humanitarian activities. A Fund may undertake various programs and projects and it operates on the basis of the following principles:

- its purposes and its operations are not-for-profit;
- it is voluntary, self-financing, and it is responsible for its own undertakings;
- it operates under a charter that has been recognized by the agency that licenses it;
- it makes public all revenues and expenditures and is financially transparent; and
- its assets must not be divided during its operation.

The establishment and operation of a Fund are regulated by Government Decree 30/2012/ND-CP dated April 12, 2012 on the Organization and Operation of Social Funds and Charity Funds (“**Decree 30**”);

1. Conditions to establish a Fund

¹ Decree 30 defines a Social Fund and a Charity Fund (collectively referred to as “Fund”) as follows:

- “Social Fund” is a fund that is established for non-profit purposes to support and encourage the development of culture, education, health, sport, science, and other public development purposes; and
- “Charity Fund” is a fund that is established for non-profit purposes to remedy difficulties caused by acts of God, fire, adverse problems and to help dying patients and others persons in difficulty.

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A Fund's founding members may be Vietnamese or foreign individuals/organizations. Specifically, they must be:

- Vietnamese citizens who have full civil capacity and have not committed a crime;
- Vietnamese entities that have: (i) a company charter that specifies its functions and missions; (ii) a resolution of its Board of Management to approve the fund establishment; and (iii) a decision to appoint an authorized person to act as Fund founding member; or
- Foreign individuals or foreign organizations. Note that a foreign individual or organization cannot set up a Fund by itself. It may do so, however, in cooperation with one or more Vietnamese individuals or organizations.

Founding members must commit to make financial contributions at a specific level. Under Decree 30, a Fund established by Vietnamese members must have the following minimum value of assets:

- Fund operating only in a ward : VND 20 million;
- Fund operating only in a district : VND 100 million;
- Fund operating only in a province : VND 1 billion; and
- Fund operating throughout the country : VND 5 billion.

A Fund has foreign members must have the following minimum value of assets:

- Fund operating only in a ward : VND 500 million;
- Fund operating only in a district : VND 1 billion;
- Fund operating only in a province : VND 3 billion; and
- Fund operating throughout the country : VND 7 billion.

At least 50% of the committed fund contribution must be remitted to the Fund's account. The ownership of assets contributed for fund establishment must be transferred to the Fund within 45 working days from the date the Fund is established.

2. Procedures to establish a Fund

For a Fund that operates throughout Vietnam or in at least two provinces or a provincial Fund that receives contributions from foreign individuals/organizations in cooperation with Vietnamese individuals/organizations, the founding members must obtain approval

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from the Minister of the Ministry of Home Affairs. For other Funds, the founding members must seek approval from the chairman of the provincial Peoples' Committee.

An application to establish a Fund must include the following documents:

- Application to establish a Fund;
- Draft of the Fund's charter which must contain the compulsory contents (ie, name and address; targets and scope of operation; information about the founding members; fund's functions and authorization; fund's operation rules and structure; fund mobilization rules; asset management and usage; report to state authorities; discipline, bonus, and claim settlement; merger, acquisition, spilt, liquidation, and change of the fund's name; charter amendment; and other contents);
- Document evidencing the assets contributed for the Fund's establishment; and
- Curriculum vitae, criminal records of individual founding members and documents evidencing the legal status of institutional founding members.

If a Fund is established according to a will or authority from an organization, a certified copy of the will or a certified copy of the delegation of authority is required.

The regulatory time frame for the licensing authorities to consider and then issue an Establishment License for a Fund is 40 working days from the date the application is received. As in the case of an SRE, it may take longer.

Upon receipt of the Establishment License, a Fund may begin to operate as soon as it satisfies the following conditions:

- has a letter issued by the bank where the Fund opens its account to certify the funds contributed by the founding members and the ownership over other assets have been transferred to the Fund; and
- has announced its establishment in three consecutive editions of a newspaper.

The Fund's operation must comply with the management requirements stipulated in Decree 30. For example, a Fund must have a Management Committee and Control Committee. The Chairperson of the Management Committee must be a Vietnamese citizen and will be the Fund's legal representative.

III. International non-governmental organization (INGO)

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An INGO is an international non-governmental organization that has been established outside of Vietnam. The People's Aid Coordination Committee (“**PACCOM**”) is the State body that licenses and manages INGOs. PACCOM has officers who are in charge of INGOs from particular geographic areas, eg, Europe, North America, and the Asia-Pacific region. PACCOM's headquarters are in Hanoi, and it has a branch in Ho Chi Minh City.

An INGO may operate under any one of three different permits: (1) a Permit to Operate; (2) a Permit to set up a Project Office; and (3) a Permit to establish a Representative Office. A Permit to Operate is the initial stage that is required if an INGO want to set up a Project Office or a Representative Office.

The establishment and operation of INGOs is regulated by the Government's Decree 12/2012/ND-CP dated March 1, 2012 on Registration and Operation Management of INGOs in Vietnam.

1. Permit to Operate

In order to obtain a Permit to Operate, an INGO must: (i) have legal person status according to the laws of its home country; (ii) have clear internal statutes, mandates, and objectives; and (iii) have already conducted or plans to conduct development or humanitarian projects and/or programs in Vietnam.

The application for issuance of a Permit to Operate includes:

- Application letter;
- Charter of the INGO; and
- Document certifying the INGO's legal status (eg, Establishment Certificate). It must be a notarized copy.

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2. Project Office

In order to set up a Project Office, an INGO must obtain a Permit to Operate and must have projects and/or programs that have already been approved by competent Vietnamese authorities. The scope and nature of the projects or programs require regular on-site administration and supervision.

The application to set up a Project Office should contain:

- Application letter, which among other things, must provide the reasons for setting up a Project Office, its intended address, and the number of the Project Office's expatriate and Vietnamese employees;
- Original of the Permit to Operate;
- Document certifying that the INGO has legal status (eg, Establishment Certificate);
- Profile of the person who will be chief of the Project Office; and
- Approval by appropriate Vietnamese authorities of the projects/programs.

3. Representative Office

In order to establish a Representative Office, an INGO must: (i) have obtained a Permit to Operate; (ii) commit to operate over the long-term through projects and/or programs that have already been approved by competent Vietnamese authorities; and (iii) have conducted effective programs and/or projects in Vietnam for at least two years. It is remarkable that a Representative Office is only permitted to be located in either Hanoi, Da Nang, or Ho Chi Minh City.

The application for a Representative Office should include:

- Application letter that, among other things, must indicate the reasons for setting up a Representative Office and the number of the Representative Office's expatriate and Vietnamese employees;
- Original copy of Permit to Operate or certified copy of the Permit to set up the Project Office;
- Document on projects/programs in Vietnam and certified copy/original of approval from the Vietnamese authorities on projects/programs;
- Report on the INGO's operation in Vietnam during at least two years; and

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- Profile and Criminal Record of the person who will be chief of the Representative Office and his/her letter of appointment;

The regulatory time for PACCOM to examine and decide to issue a Permit to Operate, to set up a Project Office, or to establish a Representative Office is 45 working days. In practice, you should expect that it will take longer because PACCOM may assess the activities of the INGO and consult the opinions of the authorities in the province where the office is located or where the projects/programs will take place.

The term of a Permit to Operate is three years from the date of issuance. The term of a Permit to set up a Project Office or a Permit to set up a Representative Office is five years from the date of issuance.

IV. Associations

An association is a voluntary organization of Vietnamese citizens or organizations conducting the same business, having the same interests, or that are united by a common goal. It operates to protect and advance the lawful rights and interests of its members and the community. The members of an association support each other. Associations may exist for various reasons, eg, animal/environmental protection, cultural activities, educational activities, professional activities, or sports activities. An association may raise funds from membership fees and revenues from its business and services. It is also permitted to receive donations from domestic and foreign individuals/organizations.

The establishment, operation, and management of associations are regulated by Government Decree 45/2010/ND-CP dated April 21, 2010 (“**Decree 45**”) and Decree 33/2012/ND-CP dated April 13, 2012 (“**Decree 33**”) amending Decree 45.

According to Decree 45, an association is a legal entity. Its members are Vietnamese individuals or entities, including foreign invested enterprises. Decree 45 does not mention foreign entities or individuals. It seems that offshore entities/individuals are not permitted to participate in or set up an association in Vietnam. In practice, there are various associations that are established or participated in by foreign individuals residing in Vietnam. It is likely that these groups are not registered as associations under Decree 45.

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1. Conditions to establish an association

An association must satisfy the following conditions:

- Have legitimate operational purposes. It's name and main activity must not be identical to any association that has been established in the same locality;
- Have a charter;
- Have a head office; and
- The number of Vietnamese citizens and entities that apply to join and establish the association meets the specific requirements set forth in Decree 45. For example, a national association must have at least 100 members in many provinces and a provincial association must have at least 50 members residing in the province.

2. Procedures to establish an association

Before establishing an association, the founding members must set up a board to campaign for the association's establishment ("**Campaign Board**"). This Board will: (i) mobilize individuals/organizations to join the association, and (ii) prepare an application for the establishment of the association.

The application for a permit to establish an association includes the following documents:

- Application for establishment;
- Draft of the association's Charter;
- List of Campaign Board members;
- Judicial record of the leader of the Campaign Board;
- Document to prove the location of the association; and
- List of any assets that the founding members have voluntarily contributed to the association.

The authorities responsible for licensing an association are:

- the chairman of the provincial Peoples' Committee for an association that operates within a province; and/or
- the minister of the Ministry of Home Affairs for an association that operates throughout Vietnam or in at least two provinces.

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The regulatory time frame for the licensing authorities to consider and license an association is 30 working days.

The Campaign Board must hold a meeting to establish the association within 90 days from the date a permit is issued. If the meeting is not convened within 15 days after the 90-day deadline, the Board must request an extension from the licensing authorities. An extension may not exceed 30 days. Failure to convene a meeting within the extended period of time will invalidate the permit. The report and the Charter (that has been adopted in the Board meeting) must be sent to the licensing authorities for approval within 30 working days from the date of the Board meeting.

V. Scientific and Technological Organization (STO)

Under the Law on Science and Technology, individuals or organizations that satisfy required conditions may set up an STO. In addition to STOs set up by local individuals or organizations, an STO may be established by offshore individuals or organizations. However, there is no framework for a foreign individual or organization to participate in an established STO in Vietnam. It is likely that offshore entities/individuals are permitted to be founding members of an STO, but, oddly, not permitted to be regular members.

The establishment and operation of STOs are described in the following regulations:

- Law on Science and Technology;
- Government Decree 08/2014/NĐ-CP dated January 27, 2014 implementing the Law on Science and Technology (“**Decree 08**”); and
- Circular 03/2014/TT-BKHHCN dated March 31, 2014 of the Ministry of Science and Technology providing guidance on the establishment and registration of STOs (“**Circular 03**”).

There are different ways to classify STOs. Based on ownership structure, STOs are categorized into public STOs, non-public STOs, and foreign-invested STOs. For the purpose of this memo, we only address non-public STOs and foreign-invested STOs, ie, private STOs.

1. Conditions to set up a private STO

A private STO must satisfy the following general conditions:

- Its objectives, operations, and charter are compliant with the law and with the Vietnamese science - technology development plan; and
- It has sufficient human resources in science and technology and appropriate technical equipment/facilities to support the implementation of its objectives, operations, and charter.
 - (i) It must have at least five staff members with at least an undergraduate degree. At least 30% of them must have professional qualifications in the STO's domain, and at least 40% of them must work on a full-time basis. For an STO operating in a new scientific and technological domain, it must have at least one staff member with at least an undergraduate degree of such domain, who works on a full-time basis. If an STO is an institute, the head of the STO must have a Ph.D. or higher degree. The head of the STO must have at least an undergraduate degree, adequate professional qualifications, and must work on a full-time basis.
 - (ii) It must own or have the right to use a head office, workshop, laboratory, equipment, intellectual property, and other technical facilities) to support its activities. The regulatory charter capital of an STO (in the form of cash or assets) can be decided by the founding members, but it must be sufficient to support the STO's operations for at least the first year based on its staffing and the scope of its activities. At least 10% of the charter capital of a foreign-invested STO must be owned by foreign parties.

2. Procedures to establish a private STO

The application to establish a private STO must include the following documents:

- Application made on a standard form;
- Legal documents of foreign founding members (eg, establishment license, incorporation certificate, etc.);
- Criminal record of the head of the foreign-invested STO;
- Draft charter made on a standard form;
- Establishment plan, including reason why the STO is being established, its compliance with the Vietnamese science-technology and socio-economic development plan, objectives and scope of activities in Vietnam, capital

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- contribution, estimated human resources, and financial analysis, which financial analysis, however, is not compulsory;
- Evidence of satisfaction of the above conditions;
 - Permit to use the premises at which the STO's head office is located, issued by the local People's Committee of the province in which the head office is located;
 - Audited financial statement for the previous year (or equivalent document) of the foreign founding members; and
 - Feasibility study report if the STO requires construction of building/facilities.

The licensing authority for a foreign-invested STO is the Ministry of Science and Technology, and the licensing authority for a Vietnamese non-public STO is the Provincial Department of Science and Technology. The regulatory time frame for the licensing authorities to consider and license an STO is 45 days.

Within 60 days from establishment, a private STO must register its operation with the Ministry of Science and Technology. The application for registration of a private STO's operation must include the following documents:

- Application made on a standard form;
- Resolution to establish the STO;
- Charter made on a standard form;
- Appointment letter, curriculum vitae, scientific curriculum vitae made on a standard form, diplomas, and job application made on a standard form of the head of the STO;
- The list of the STO's personnel made on a standard form. If the STO is not established by a state agency, the following additional documents are required: the personnel's curriculum vitae, diplomas, and job application made on a standard form;
- Notarized copy of the Certificate on Land Use Rights of the premises on which the STO's head office will be located and/or the business registration certificate of the landlord (under which the landlord is licensed to lease the premises) and/or the lease agreement of the STO's head office; and
- List of physical and technical equipment/facilities made on a standard form. If the STO is not established by a state agency, the following additional documents are required: commitments of capital contribution, minutes of the meeting in which the founding members have determined the value and proportion of the capital contribution, and evidence of the ownership or other right to use the committed assets.

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The licensing authorities for registration of a private STO's operations are either the Ministry of Science and Technology or the Provincial Department of Science and Technology. The Ministry of Science and Technology registers foreign-invested STOs. The Provincial Department of Science and Technology registers Vietnamese non-public STOs.

The regulatory time frame for the licensing authorities to issue a certificate of registration of an STO's operation is 15 working days.

VI. Volunteer groups

We are not aware of any regulations that specifically control the establishment, operation, and fundraising of volunteer groups. Article 90.5 of the Law on the Organization of Peoples' Committees and Peoples' Councils stipulates that a provincial Peoples' Committee is in charge of the management and guidance of the social and charitable activities in the province. Some provinces, eg, Hanoi City, Ho Chi Minh City, Yen Bai province, have issued guidance on certain types of volunteer activities. A volunteer group may want to begin with the provincial Peoples' Committee in order to seek detailed guidance.

There are no specific provisions governing the possibility that a volunteer group may raise funds to conduct social relief activities. In practice, an organization calls and gathers donations from its members and then directly gives them to people in difficult circumstances or transfers them to an organization that is permitted to mobilize, receive, and distribute donations.

VI. Other activities

1. Museums

Most museums are established by the State. Under the Law on Cultural Heritages (as amended on June 18, 2009), an individual or non-state organization may establish a private museum. The Law on Cultural Heritages and its guiding documents are, however, completely silent on whether a museum may be established by a foreign individual or organization. Decision 156/2005/QD-TTg of the Prime Minister dated June 23, 2005 approving the museum system until 2020 is also silent on this possibility. This silence likely indicates that it is not permissible. Foreign individuals/organizations are

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encouraged, however, to contribute to the development of the museum system by being sponsors or by providing gifts.

The establishment and operation of museums are described in the following regulations:

- the Law on Cultural Heritages (as amended on June 18, 2009);
- Government Decree 98/2010/ND-CP dated September 21, 2010 implementing the Law on Cultural Heritages (“**Decree 98**”);
- Government Decree 01/2012/ND-CP dated January 4, 2012 amending Decree 98 (“**Decree 01**”); and
- Circular No. 18/2010/TT-BVHTTDL dated December 31, 2010 of the Ministry of Culture, Sports, and Tourism on the organization and operation of museums (“**Circular 18**”).

a. Conditions to set up a private museum

A private museum must satisfy the following general conditions:

- It has a collection compiled in one or more themes;
- It has premises to exhibit, store, and maintain facilities/equipment; and
- It has an expert with appropriate professional qualifications.

b. Procedures to establish a private museum

Before applying to establish a private museum, an application for a satisfaction certificate of museum operations must be filed, including the following documents:

- Application made on a standard form; and
- Operation Plan of the museum made on a standard form.

The licensing authority for a satisfaction certificate of museum operations is the provincial Department of Culture, Sports, and Tourism. The regulatory time frame for the licensing authorities to issue a satisfaction certificate of museum operations is 15 working days.

The application to establish a private museum must include the following documents:

- Application made on a standard form; and

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- Satisfaction certificate of museum operations.

The licensing authority for a private museum is the provincial People's Committee. The regulatory time frame for the licensing authorities to consider and license a private museum is 15 working days.

2. Galleries (“Triển lãm” in Vietnamese)

A gallery may be opened by the State, by Vietnamese or foreign organizations and individuals. A gallery may be opened in Vietnam or in a foreign country. In order to open a gallery, a license is required from the Ministry of Culture, Sports, and Tourism or the provincial People's Committee. Procedures to obtain a license are provided in Government Decree 113/2013/ND-CP dated October 6, 2013 on Art Activities.

B. SOCIAL ENTERPRISES

The Law on Enterprises was revised in 2014 and now provides a legal framework for social enterprises. Generally, a social enterprise is viewed as an enterprise that operates on the basis of the following principles:

- its objectives are not-for-profit but are to resolve social problems (ie, to conduct development assistance, humanitarian aid, charitable activities, etc.) and environmental issues, and such objectives must be pursued throughout its lifespan; and
- it must re-invest at least 51% of its profits to accomplish the registered social/environmental objectives throughout its lifespan.

Social enterprises are established under the same structures as for-profit enterprises, ie, partnerships, joint stock companies, limited liability companies, and private companies. Social enterprises, therefore, are treated the same as for-profit enterprises in terms of licensing requirements, organizational structure, and other rights and obligations provided by law.

Social enterprises are able to obtain funding, sponsorship and investment from Vietnamese and foreign individuals, enterprises and NGOs to cover their operational and administrative costs. The Law on Enterprises also specifies the Government's commitment to encourage, support and promote the development of social enterprises,

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and to give special treatment when it grants post-licensing certificates. Such commitment has not yet been detailed in any legislation.

The Business Registration Office under the provincial Department of Planning and Investment is in charge of social enterprises. The establishment, operation, and management of social enterprises are regulated by the Law on Enterprises and its guiding Government Decree 96/2015/ND-CP dated October 19, 2015 (“**Decree 96**”).

1. Conditions to set up a social enterprise

A social enterprise must satisfy the same general conditions as apply to for-profit enterprises.

- Its business lines are not prohibited by law;
- Its name must be in accordance with law, ie, it must not be identical or similar to the name of a registered enterprise;
- Its organizational structure, ie, type of enterprise, must be in accordance with the law;
- It must have a head office;
- It must have sufficient charter capital: the Law on Enterprises neither provides a general requirement on charter capital of an enterprise nor, if such enterprise is in a conditional business, requires the enterprise to comply with regulations on legal capital of the conditional business before setting up. Licensing authorities, however, may still request that a specific amount of charter capital be contributed, in view of the enterprise’s scope of activities and conditional business lines; and
- The founding members are eligible to establish an enterprise (eg, members that are not state agencies or who are not state officers, juveniles, or convicted persons).

2. Procedures to establish a social enterprise

The procedures to establish a social enterprise are similar to those to establish a for-profit enterprise. The application may differ from one type of enterprise to another. Generally, it must include the following documents:

- Application made on a standard form;
- Charter in accordance with the Law on Enterprises;

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- Establishment license, incorporation certificate, identification documents, or an equivalent document of the founding members or authorized representatives of the founding members; and
- Investment Registration Certificate, in case the enterprise is foreign-invested.

The regulatory time frame for the licensing authorities to consider and license an enterprise is three working days.

To be viewed as a social enterprise by the authorities and thus entitled to receive funding, sponsorship, or other benefits provided by law, an enterprise must file its commitment on social/environmental objectives with the licensing authorities upon application for establishment or during its operation, including the following contents:

- Social/environment objectives, implementation plan, and term of the commitment;
- Proportion of its profits for re-investment to accomplish its registered social/environmental objectives;
- Principles and methods of handling funding and sponsorship; and
- Information on the founding members of the enterprise.

In addition to initial information as above, a social enterprise can be established by way of transformation from an SRE or a Fund. An SRE or a Fund is entitled to be transformed into a social enterprise, provided that the transformation is approved by the licensing authorities. Apart from this requirement, the licensing procedure involving the transformation is the same as the procedure to establish a new social enterprise. A social enterprise, after transformation, inherits all lawful rights and interests, and is liable for all obligations (including tax debts, labor contracts and other obligations) of the former SRE or Fund.

* * *

Provided above are various forms of organizations that individuals or organizations may consider when carrying out for-profit or not-for-profit activities in Vietnam. As you can see, these organizations are managed by different State bodies and have different establishment requirements.