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ISG ANNUAL PLENARY MEETING 2010



(Excerpted from the opening speech of MARD Minister Cao Duc Phat at the meeting)

Co-chair persons: Minister Cao Duc Phat and Chief Representative of FAO in Hanoi, Ms. Yuriko Shoji

In Vietnam, the three components of agriculture, farmers and rural play critically important role throughout the development process of the country. Having comprehending this importance, the Central Committee of the Central Party of Vietnam Congress X has issued the Resolution 26-NQ/TW on 05th Aug 2008 on **Agriculture,**

Farmers and Rural Area (hereinafter called the Tam Nong Resolution). The Resolution has marked a long-term vision in which focus has been placed on sustainable development of agriculture and rural areas with high consideration of the role and ownership of the farmers.

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In order to implement the Tam Nong Resolution, the Prime Minister issued Decision 800/QĐ-TTg on 04th June 2010 to approve the National Targeted Programme (NTP) on New Rural Development for the period 2010 - 2020. It can be said that this is a macro policy of the Party and the whole people of the country to change the socio-economic situations in rural areas that account for 70% of the country's population.

Two years after the implementation of the Tam Nong Resolution and the NTP, there have been some clear achievements. However there have still been some constraints that should be considered such as: i) Planning and development of rural infrastructures; ii) Transformation and diversification of rural economy and agricultural labours; iii) Increasing farmers' income, beside considering the improvement of new rural development awareness and promoting the ownership of the farmers in the new rural development programme.

Via the meeting today, we shall share experiences and lessons learned, as well as dynamics of new rural development to the international communities. By sharing those, we would expect to reach consensus on the viewpoints and approaches on prospect and orientation for cooperation between the GoV and the international communities in an effort to fulfill the objectives of the NTP on New Rural Development of Vietnam.

On this occasion of the ISG annual plenary meeting I would like to send my sincerely thanks to all the donors, international NGOs and experts who have been putting their efforts to support us in terms of knowledge, finance, and other resources. Your supports have always been of great encouragements to us in the development of the agriculture and rural development in Vietnam comprehensively and sustainably.

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ISG ANNUAL PLENARY MEETING 2010

INTERNATIONAL COMMUNITIES ALL TOGETHER CREATING "DRIVES FOR NEW RURAL DEVELOPMENT"



Nearly 200 participants from line ministries and agencies, and provinces all over the country, and international communities participating the plenary meeting

The ISG 2010 annual plenary meeting on "Drives for new rural development" has attracted nearly two hundred participants from relevant line ministries, provinces in Vietnam, donors' community as well as international organisations and INGOs. The meeting is for sharing information and exchanging theoretical and practical lessons in order to create "Drives" for boosting up the new rural development as expected.

The 2010 ISG plenary meeting with its general objective to share with the international donor community in Vietnam the major contents, mechanism, policies and solutions for the implementation of the NTP on New Rural Development for the period 2010-20 towards comprehensive socio-economic development of the country.

In the new rural development strategy for the period 2010-20, MARD has identified that international cooperation is one of the nine (9) thematic functions, herein after called solutions. Mr. Tang Minh Loc - Director General of the Department of Cooperative and Rural Development of MARD said: "Issues that Vietnam is seeking for cooperation include raising of awareness and knowledge on new rural development for the officers and farmers; development of infrastructures; production development and income increasing for the farmers; rural labour re-allocation; environmental improvement; cultural and sport encouragement etc."

To respond the proposal, international organisations who have regularly support ARD sector in Vietnam expressed their opinions and investment orientation in the future. Representatives



International donors raised opinion that supporting policies for the new rural development should be even more transparent and publicised



from ADB, JICA, FAO etc. all promised that they would try their best to increase supporting activities on ARD sector. However they also expressed that supporting resources should be more transparent in order to increase their effectiveness.

From the experiences of six years implementing the Chia Se programme between Vietnam and Sweden, Madam Marie Ottosson, Minister, Head of Development Cooperation Section the Sweden Embassy in Vietnam expressed that the funds for supporting the NTP in particular, and for ARD sector in general should have a sound management



mechanism to decrease losses and increase effectiveness.

One of the eleven (11) issues for new rural development is to renovate and develop production processes of those agricultural cooperative development is one. During 2006-2010 JICA has supported the project on "Capacity building for the agricultural cooperatives in Vietnam" in the provinces of Thai Binh and Hoa Binh. Mr. Akira Shimiru, Senior Representative of JICA in Vietnam indicated that: "The renovation of the cooperatives due to the improved capacity of the managing officers that ignited the autonomy of the members of the cooperatives in contributing the capita, developing development plans and vision, and expanding scope of services".

Mr. Ayumi Konishi, Director of Vietnam ADB suggested: "In distributing the budget, those for the new rural development should pay attention to capacity building for the local officers and

increasing ownership of the farmers in order to ensure sustainable development after completion of projects."

Dr. Dang Kim Son, DG of IPSRARD, said that the increase of decentralisation to the village level, mobilisation of the proactiveness of each household, increase of contribution from the farmers, enterprises and domestic and international organisations instead of waiting for support from the GoV are also important concerns for the new rural development strategy.

Dr. Son emphasised that new rural development requires substantial resources therefore it needs cooperation from international organisations in both financial and technical assistances. According to that there is a possibility to establish an independent advisory board consisting of domestic and international specialists of relevant sub-sectors to ARD, established by the international partners. This activity can be coordinated by the One UN initiative.

Ms. Yuriko Shoji, representative of FAO in Vietnam, on behalf of the One UN on Tam Nong said that UN will coordinate international supports to help Vietnam to fulfil its agriculture and rural development targets as planned. Projects and programmes funded by FAO and UNDP over the last years shall be good lessons for Vietnam in implementing the new rural development.

To conclude the meeting, Minister Cao Duc Phat highly appreciated the comments, ideas, and opinions of the international partners and express that he believes the changes would come to effective programmes and policies. However since the new rural development programme is a comprehensive one thus priorities should be clearly identified therefore focuses can be put in to ensure the objectives of the programme can be reached, thus improving the Vietnamese rural people's life.

Minister Phat also stressed that Vietnam has been facing a number of difficulties and challenges during its new rural development programme, and all farmers and people of Vietnam is expecting to the success of this programme therefore the supports from the donors, policy makers and enterprises would be of importance to reach the targeted objectives in the most effective ways.



PUBLIC – PRIVATE PARTNERSHIP FORUM

In the afternoon of 10 November 2010, in Hanoi, the Ministry of Agriculture and Rural Development in collaboration with the International Fund for Agricultural Development (IFAD) held a forum on the public – private partnership (PPP), with the theme “Investment opportunities for the agriculture sector and processing industry.”

NEW APPROACHES TO MOBILIZING RESOURCES FOR AGRICULTURAL AND RURAL DEVELOPMENT



Minister Cao Duc Phat and Mr. Kanayo Nwanze, Chairman of IFAD co-chaired the forum

Participating in the forum were representatives from the agencies under MARD, Ministry of Planning and Investment, enterprises, Corporations, multi-national companies who have invested in the agriculture and rural development sector, including Metro Cash and

Cary, Nestle, Unilever, Sygenta, Foods, Pepsi, Yara International, Monsanto, Bunge, and so on.

Addressing at the opening of the forum, Minister Cao Duc Phat stated that after twenty-five years of renovation, Vietnam has been regarded as an example of economic development, in which major achievements have been attributed to the contribution of the agriculture. To maintain and develop a sustainable agriculture, the comprehensive mobilization of resources for development plays a key role.

However, in the context that Vietnam’s position has changed, the ODA sources will fall, and FDI flows into the agriculture sector is increasingly narrowed in comparison with other areas, the new form of investment (the Public Private Partnership-PPP) is therefore of paramount importance in this situation.

Minister Phat stressed that the PPP is a good way to mobilize comprehensive resources from the private sector (in terms of technology, management and markets, experience, and so on) and to coordinate the efficient use of State resources.

In fact, a form of PPP investment is not new in Vietnam. However, the approach and way to build an environment and create private investment opportunities in general and in the agriculture sector in particular is facing too many challenges.



Criteria for FDI mobilization in agriculture, forestry, fishery areas is aimed at: high-tech projects, which limitedly use natural resources, are environment-friendly, contribute to increased labor productivity, and whose investment are poured into higher value-added stages and create more jobs.



Gene-modified corn variety researched in Vietnam

The level of investment attraction from the PPP model in the region can be expressed in the following sequence of priority areas: energy, telecommunications, transportation and water treatment projects. In Vietnam, out of the number of investment projects under the PPP model, investment in transportation projects accounted for 70% and 95% of the total capital, the remainder of the works on electricity, telecommunications and water treatment. So in the agriculture sector, which opportunities, areas, systems of policies are needed to promote private investment? That is a big problem to the agriculture sector.

It should be understood that investment in the agricultural sector is difficult, less profitable and more risky. Again, the problem of "commercial culture", in which farmers' commitments to implementation of contracts, procedures ... is still not professional, is really a big challenge to investors. But it is not true that there is no successful model.

Mr. Kanayo Nwanze, President of the International Fund for Agricultural Development (IFAD) found that Vietnam agriculture needs to further promote two fields, namely processing industry and quality human resources. Public private partnership is attractive to businesses. However, do not just wave the big groups, in the time to come, we will invite small and medium enterprises to join the PPP model. As most Vietnamese farmers maintain farmer household production, they can only be able to reach a small



Potato processing

market at the local level. Therefore, there is the need to help small and medium enterprises as well as farmers to communicate with markets at national

and global levels.

Dozens of large enterprises engaged in agriculture, forestry and fisheries actively discussed at the forum. Mr. Richard Keyse, General Director of Pepsi Food Co., said: "We operate in the field of potatoes processing; currently each month the company in Vietnam purchases 5,000 tons of potatoes from farmers for processing assemblies.

In the future, Pepsi-food Company plans to increase processing capacity to 20,000 tons of potatoes per month, contributing to making Vietnam one of the world's leading potato production countries. However, problems encountered are that technical level of farmers in potatoes cultivation is very low, so potatoes are vulnerable to diseases, reducing productivity and product quality. Therefore, the company is implementing its technical training programs for farmers on potatoes cultivation. The company hopes to receive support from MARD in the training of farmers. Training in the form of PPP model would be very practical, because it does not only help the company to maintain stable sources of



inputs of good quality, but also provide farmers with stable and long-term jobs.

According to Mr Do Huu Chi, the representative of the Metro Cash and Cary, the company is now distributing a lot of agricultural products, aquatic products in Vietnam's market. Previously, the commodities must be imported from many foreign companies, making it so difficult to control the quality and safety food hygiene.

Therefore, Metro is implementing PPP projects in the form of construction of vegetables and fruits processing plants and aquaculture processing ones. To set up the areas of materials and inputs, training of farmers on safe cultivation, reduction on use of plant protection medicines must be placed on top. When state enterprises and training of farmers, the state, enterprises and farmers will also benefit.

Mr. Sunbeed, Director of Bioseed Company said the company started operation 20 years ago. Through modern technology of breeding selection and production, the company has created more than 10 varieties of hybrid maize and a lot of hybrid rice in Vietnam to serve farmers' production.



The hybrid rice seed produced by Bioseed not only helps Vietnamese farmers to have rice products strong enough to compete with Thai jasmine rice, but also helps creation of many varieties of maize, rice resistant to insects and diseases is very high. The company has already signed contracts with farmers in the provinces of Dak Lak, Quang Nam, Quang Ngai on production of maize seed and rice varieties.

The company subsidizes the entire outputs. To make farmers focus on their production, the company is intending to invest in the infrastructure of the areas under the contracts signed with farmers: the construction of internal roads for easy transportation of materials and products, building irrigation system to ensure irrigation and drainage. Cooperating with MARD in sharing investment to build the infrastructure, the company will benefit from this. This is also the solution MARD is adopting to mobilize enterprises to invest in building new rural areas.

A representative of the World Bank (WB) said that the PPP model would be very good in promoting the value chain for strategic agricultural, forestry and fishery commodities of Vietnam, such as coffee, rubber, seafood, vegetables ... However, in addition



to that, there's the need to build the value chain towards the poor, which is to support the products such as banana, pineapple, coconut ..., which are produced at small scales.

Currently, the Ministry of Agriculture and Rural Development is cooperating with big foreign groups to build a series of PPP projects, focusing on five groups of commodities (vegetables, fruits, coffee, tea, seafood and a general group of commodity). The PPP project partners will focus on three main issues: building infrastructure for the areas providing inputs for plants, improving training techniques for farmers; building brand names and added value to the commodity groups. Hopefully, in the time to come, there will be a series of PPP projects implemented by the capital contribution by private enterprises and government to promote added



values to agricultural products.

In an interview, Minister Cao Duc Phat, said recently, the Prime Minister issued the Decision on calling for investment in the form of PPP.

Processing industry is still very weak, which is also one area we advocate encouraging the private sector participation. Therefore, we are actively, in coordination with the relevant ministries, implementing the Government preferential policies to create the best conditions for investors.

Ministry of Agriculture and Rural Development has submitted to the Government for approval of the list of 28 areas of the special investment incentives, including emphasis is paid to processing and preservation of food, coffee, tea, husbandry, forestation, and vocational training for farmers.

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THE INTERNATIONAL ECONOMIC INTEGRATION NEWS

INTERNATIONAL RICE CONGRESS HELD IN VIETNAM

The congress is held once every four years in the world's largest rice production countries (The first in China in 2002 and the second in India in 2006). The International Rice Research Institute (IRRI) selects Vietnam as the venue for the third congress with the expectation that all the participants witness the success of Vietnam in rice cultivation and production.

Themed "Rice for Future Generations", the third International Rice Congress 2010 (IRC2010) looks at measures for the future, towards the rice producers and consumers of next generations.

Addressing the opening of the congress, Prime Minister Nguyen Tan Dung highly appreciated the organization of this important congress, and emphasized: Ensuring food security is not merely an economic or humanitarian matter, but also contributes positively to social and political stability of each country as well as worldwide. However, ensuring food security is still a major challenge worldwide.



On this occasion, Prime Minister Nguyen Tan Dung awarded the Order of Friendship to the International Rice Research Institute (IRRI) for the effective support and help to Vietnam in development of the rice industry over the past decades.

The Prime Minister said that the 3rd Congress is a good opportunity to share information, exchange experience, promote cooperation and find solutions and measures to develop and improve production efficiency and rice trading.

The Prime Minister committed, as the world's most important rice producing nation, the Government of Vietnam understands that along with the strong assurance of national food security, Vietnam is ready to cooperate, share its experience in this field with the international community and will actively contribute to ensuring global food security. Currently Vietnam's rice exports account for one fifth of the



world rice exports volume.

Minister Cao Duc Phat observed that rice has an important role in addressing poverty issues and achieving Millennium Development Goals. No single effort of a single country can solve the problem of food security sustainably. Therefore, the "commanders" in the agricultural sector should jointly analyze the current status of rice production, to find the cause and propose solutions to continue to promote rice production, ensuring food security.

Currently, Asia is the region with the fastest growth rate, and is the largest rice producing region but also has the highest poverty rate, accounting for two thirds of the world's people in hunger.

Asia is a continent of the world's leading rice exporters, but also a continent with the largest importing countries. Asia is also the most heavily influenced by climate change and sea level rise. The first green revolution as well as the latest achievements of rice seed production has increased the rice productivity over the years, but many varieties have reached the ceiling of productivity. The growth becomes slow gradually. Therefore, there is the need for a new revolution for varieties and techniques. Due to many reasons, epidemics appears at an increasingly higher frequencies and larger scale.

Investment in agriculture in general and for rice production in particular is an area of high risk with low profits, therefore state-farmers link is rather loose. Farmers are always disadvantaged. On the other hand, investment by businesses in agricultural scientific research is very limited, the public-private link is not yet close enough. Therefore, the Minister called on leaders of countries to help farmers extend their "rods" and guide them how to "do fishing". Don't give them "fish" only! This would ensure the expected sustainability.

Sharing the same point of view, Mr. R. Zeigler, IRRI Director General said that, in the context that global food production is continuously under pressure, worsening poverty and climate change, cooperation among countries to find ways to ensure everyone will have enough rice is really a need action now./.

VIETNAM - MYANMAR TO PROMOTE MULTI-SECTORAL COOPERATION

On 23 November, within the framework of the 7th Session of the Vietnam - Myanmar Joint Committee (held in Ha Noi, from 21-25/11), Vice Minister of Agriculture and Rural Development of Vietnam, Nguyen Thi Xuan Thu and Myanmar Deputy Foreign Minister, Mr. U MaungMyint, the Co-chairman of the Joint Committee signed the Memorandum of Agreement on cooperation between the parties.

Vice Minister Nguyen Thi Xuan Thu also agrees with the proposal of Myanmar officials concerning dispatching Vietnamese experts to survey the exploitation, fishing, and welcomes Myanmar officials to study and do researches on fisheries. This is one of the major export items of Vietnam, with exports turnover expected to reach \$ 4.8 billion in 2010, ranking third in the world.



Myanmar Deputy Foreign Minister, U MaungMyint believes the good results of this session will be an important basis to promote the economic, trade and investment cooperation between the two countries more efficiently, proportionating the potential of the two nations. /.

VIETNAM AND DENMARK SIGNED THE DOCUMENT AMENDING THE AGREEMENT ON FISHERY SECTOR SUPPORT PROGRAMME PHASE II.

On 17 November, at the Ministry of Agriculture and Rural Development, Minister Cao Duc Phat and Mr. Joul Nielsen, Ambassador Extraordinary and Plenipotentiary of the Kingdom of Denmark, signed the document amending the Agreement on Vietnam's Fishery Sector Support Program Phase II (2006-2010) between the Government of the Socialist Republic of Vietnam and the Government of the Kingdom of Denmark, which was extended two years, 2011-2012.



In recent years, Denmark is one of the main donors for the Agriculture and Rural Development sector of Vietnam. The project " Vietnam's Fishery Sector Support Programme period 2006 - 2010" has a total budget of DKK 245.7 million, equivalent to \$ 38 million for the four components located in the departments under the Ministry and the nine pilot provinces.

Evaluating the results of the project, Minister Cao Duc Phat emphasized: the progress made by projects has been promoted, and the quality of work has increased significantly. The local beneficiaries are poor communities where fishing is a main job, and whose income comes mainly from fishing. This is also where the development of sustainable

fisheries contributes to poverty reduction for the fishermen. According to statistics, the Vietnam's fisheries sector has over 5 million people employed, working on a regular basis and approximately 2 million people working on a season-based one. More than half of them are women.

"The Fishery Sector Support Program for 2006-2010 has contributed significantly to the sustainable development of Vietnam's fisheries sector in which direct employees in the fisheries sector benefited greatly from this program. MARD expects that Denmark continue to further support the fisheries sector in its future development ", Minister Cao Duc Phat said.

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