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## HI-TECH APPLICATION ON AGRICULTURE AND RURAL DEVELOPMENT PUBLIC-PRIVATE PARTNERSHIP APPROACH



*H.E Cao Duc Phat, Minister of Agriculture and Rural Development opened the Policy Dialogue Forum: Hi-tech application on agriculture and rural development – Public Private Partnership Approach on 3 August 2012 in Hanoi.*

The International Cooperation Department of Ministry of Agriculture and Rural Development (ICD-MARD), through the International Support Group, (ISG) in collaboration with the Embassy of State of Israel, FAO, North Asia Commercial Joint Stock Bank and TH Group Corporation has organized this Policy Dialogue Forum.

The forum was attended by many participants including leaders and key staffs from MARD's departments/directorates, Research Institutes of Science and Technology and Policy for Agriculture and Rural

Development, Academy of Science and Technology, Ministry of Science and Technology, related Ministries and Departments, international organizations, NGOs, Medias and hundreds of representatives from 63 provinces and cities over the country. In the opening speech, H.E Cao Duc Phat said that the priorities should be given to the hi-tech application on agricultural production, particularly in the agricultural restructuring towards greater added value and sustainable development as well as the role of investment from private sector on it.

The speeches and opinions of the participants mentioned the importance of high technology in agriculture as a prerequisite in the agricultural restructuring towards greater added value and sustainable development; policies need to be changed or adjusted to promote the application of high technologies in production. In recent years, although the Government and the Ministry of Agriculture and Rural Development have issued many policies to encourage the hi-tech application on agriculture, the high-tech agricultural zones, particularly in Hanoi and Ho Chi Minh City are still not successful as expected; there is a hi-tech agriculture model in Lam Dong but it's also small and not yet able to affect other provinces. Many participants demand for hi-tech investment on specific target products in their provinces

Forum also spent time discussing the “Public-Private Partnership in Agriculture” - an important model in encouraging private investment towards sustainable agricultural growth. “When the policy is available, the active participation of private sectors and farmers will create a revolution in agriculture which takes an important part in industrialization and modernization of the country,” said Madam Thai Huong - TH True Milk general director said. There are also many policy recommendations on land, fund, incentive, etc... for investment of the private



sector in hi-tech application on agriculture.

Closing the forum, Dr. Bui Ba Bong, Vice Minister of Agriculture and Rural Development said that Vietnam agriculture couldn't be developed and competed with out investing in hi-tech application. However, there are still some big obstacles such as land problem, production is still at small scale and tattered. Priority should be given to the process of expanding the area of big model fields with the participation of private sector from production to consumption and the application of hi-tech agriculture.

For more information, please visit [www.isgmard.org.vn](http://www.isgmard.org.vn).

## INVESTMENT IN AGRICULTURE: A BREAKTHROUGH

The ongoing Decree on encouraging private sector to invest in agriculture and rural development, with its most preferential precedents, will attract a number of breakthrough investments in 15 different agricultural sectors.

In fact, it's still lack of policies to encourage private sector to invest in agriculture and rural development. Currently there are only 9 provinces issuing the certification for incentive and investment support. In addition, there are only 42 out of 25.760 enterprises who are active in agriculture and rural development sector were supported, but with the very limited incentive.

To create a breakthrough investment in agriculture and rural development, the Decree 61 (with 28 sectors) will be replaced by another Decree with 15 different sectors of incentive investment, in which, the incentive rate is very high. Deputy Director of Department of Agricultural Economics (Ministry of Planning and Investment) said, “According to the draft decree, the support level of state will be approximately 10% of



total project funding. The target for this offer are the domestic private sector who will be directly supported from the state budget without application-approval mechanism as in Decree 61”.

Feedbacks from private sector showed that the draft Decree was more interesting than the former one as well as maintained the confidence for private sector to keep investing, especially to helped private sector to be more active in finance mechanism”. However, there are still some other issues for further research such as the regulation for FDI ...

## RENEWING THE FINANCIAL MECHANISM FOR SCIENCE AND TECHNOLOGY: “SUPPLY” WILL BE ASSOCIATED WITH “DEMAND”

**F**inancial mechanism for science and technology (S&T) will be renovated from state-owned to PPP “to avoid waste and inefficiency for investment in S&T in the future.

According to Article 45 - Law on technology transfer and Article 17 Law on Income Tax, private sector may deduct up to 10% of taxable income per year to establish the development Fund of science and technology

Resources from the State budget and resources from society are both important for the development of S&T. Resources from society is necessary to form the funds outside the state budget which will together with state budgeted funds; invest in the development of S&T. This is the development model advanced S&T countries. Cost estimates must be correctly calculated according to the economic norms of advanced techniques to produce the



S&T products from the research stage, testing stage to implementation. S&T products is calculated based on the economic norms of advanced techniques, which meet the requirement of advanced S&T, The payment for research will be paid at a fixed rate, based on the final approved test result of the products.

## Fund support for agricultural development

**A**t the Government's regular meeting in July / 2012, the Government had a policy which focuses on fund support for a number of priority areas, including development of agricultural production (catfish).

Recently, the production and consumption of catfish in the Mekong River Delta (MRD) are having difficulties due to the lower export price of catfish, making catfish raw material prices fell made farmers suffer losses. According to the Department of Fisheries (up to 15 June 2012), catfish farming area in the Mekong River Delta region were about 4541 hectare, got 533,352 tons, the export value reached \$700 million (up to May 5/2012) which accounted for 31.2% of total seafood export value of the country.

However, according to the localities, at the end of July 2012, catfish raw material price from Mekong River Delta were up again. The main reasons came from the



finance support for catfish producers and exporters; the market was getting better which made the farmers better off. It made the harvest stable than 2 months ago.

The government asked the Ministry of Agriculture and Rural Development to quickly give priority to support catfish farmers and private sector.

## CRITERIA CHANGE FOR NEW RURAL DEVELOPMENT

There were some limit criteria in new rural development, such as: income, labour structure, rural market, education, public health. Deputy Prime Minister Vu Van Ninh requested Ministry of Agriculture and Rural Development to complete the draft for changing some national criteria on new rural development before August 2012.

Specifically, the criteria needed to change included: Criterion No. 10 on income, Criterion No. 12 on labour structure, Criterion No. 7 on Rural market, Criterion No. 14 on Education, Criterion No. 15 on Public Health

On the income criterion under Decision No. 491/QĐ-TTg, income per capita/year compared to the average level provinces must reach from 1.2 to 1.5 times depending on the conditions of each area. However, the reality showed that the methods to calculate the income of the commune were not yet appropriate. Deputy Prime Minister suggested MARD to have different methods and have clearly analysis on the advantages and limitations of each method in order



to collect suggestions of the local authorities and other ministries before submitting to the Prime Minister before August 2012.

In fact, the localities said that the method should be based on the income per capita. The income per capita must be ensured at 22 million VND / year to be considered as new rural commune. This is just the general regulation of the country; the specific regulations will be based on specific conditions of each area.

## LIST OF EQUIPMENTS TO SUPPORT POST-HARVEST LOSS FROM AUGUST 2012

Ministry of Agriculture and Rural Development issued a list of machines and equipments to support post-harvest loss on agriculture and aquaculture.

Circular No. 28/2012 TT-BNNPTNT dated 28 June 2012 takes effect from August 1, 2012 and replaces Circular No. 62/2010/TT-BNNPTNT dated 28 October 2010 of the Ministry of Agriculture and Rural Development on list of machines and equipments which were under Decision No. 63/2010/QĐ-TTg dated 15 October 2010 of the Prime Minister on reduction of post-harvest loss of on agriculture and aquaculture;

The list includes: Tillage machines: tractors (2 wheels and 4 wheels), plows, harrows, milling; cage wheel; machine to collect rice and straw in the fields; harvesters; 4-wheel truck less than 500 kilogram, Diesel engine lower than 30 horsepower to use in farming, harvesting and processing on agriculture and aquaculture; sowing-machines, plows, planters, production line equipments, screening machines, mixers, machines to put fertilizer to the seed, automatic sprinkler system;



The machines to harvest rice, maize, sugarcane, coffee, tea; threshing machines, maize detached machines, soybean crusher, peeling machine; hulled coffee machine; hoeing machines, plant fertilizer machines, insecticide sprayer machines, water pump, etc... are also on the list above.

For those machines above, as specified in Decision 63/2010/QĐ-TTg, the maximum loan to purchase machinery and equipment produced domestically is equal to 100% the value of goods. State budget supports 100% interest rate in the first 2 years. It will be 50% from the third year.

## ADAPT AND MITIGATE THE EFFECT OF CLIMATE CHANGE ON AGRICULTURE

In order to improve adaptability and mitigation of climate change for communities to develop sustainable agricultural production in sandy areas of Quang Tri Province, the Embassy of Finland continued funding the project to improve adaptation and mitigation of climate change in agricultural production in sandy areas of Quang Tri Province in 2 years with a total expenditure of 153,778.

Phase 1 of this project which was conducted in 2009-2011 has raised the awareness and capacity to adapt to climate change of staffs and local people.

Phase 2 of the project will be carried out in 2012-2014 in 2 communes Trieu Van, Trieu Giang (Trieu Phong District and Hai Lang District)

In this phase, the project will replicate some models of agricultural production to adapt to climate change



which was successful in phase 1. The project will also identify and build some other models to adapt to climate change in sandy areas of Quang Tri province. Furthermore, the project will also improve market access ability for local communities and support the Department of Agriculture and Rural Development in Quang Tri to build the strategy for agricultural production in sandy areas.

## REDUCE THE IMPACT OF CLIMATE CHANGE TO ECONOMIC DEVELOPMENT



To minimize the impact of climate change on economic development in Vietnam from now to 2050, the Government can focus the economic activities to the highlands as well as invest in infrastructure. This remarkable content was in the Report "The impact of climate change on economic development in Vietnam" conducted by Central Institute for Economic Management, University of Copenhagen and Institute for World economic development and announced on 26 July 2012.

Let's assume that Vietnam economy keeps growing at the rate of 5.4%/year during the period of 2007-2050 with the GDP on agriculture decreasing from 16% to 7.6%. The

proportion of agricultural contribution to the economy in the period of 2046 – 2050 is only 7-8%, so the impact of climate change is negligible.

However, the increase in rainfall and temperature will reduce the effective of maintaining the transport system. At the same time, the increase of flood also reduce GDP growth rate from 0.01 to 0.08% / year. In another word, if the average growth rate is 5.4% / year, the rate affected by flood and typhoon is only around 5.32% - 5.39%. Although sea level rise is the lightest impact, the GDP from 2046 - 2050 will also decrease 0-2.5%. According to the prediction of Vietnam GDP up to 2050 will be over \$ 500 billion, the losses due to climate change will be up to \$ 40 billion.

According to the Danish Ambassador to Vietnam, HE John Nielsen, the appropriate policies of the Government to adapt to climate change can reduce risks and losses.

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## THE FORUM ON POULTRY AND FOOD SAFETY

Following the National Avian and Pandemic Influenza Program supported by USAID, on 5 July 2012, the Provincial Women's , in collaboration with Provincial Project Coordination Union Board on Avian and Pandemic Influenza, held a policy dialogue forum between the partners in the supply chain in Quang Tri on poultry and food safety.

To encourage people in applying the methods to ensure food safety

in poultry business, the forum focused on exchanging and sharing experiences as well as clarifying the concerned problems such as: identifying current concerns of consumers and private sector to poultry products.

It's necessary to have coordination and support of the specialized agencies, as well as the cooperation of market management, poultry trader to encourage the application



of methods on Food Safety in poultry business, ensure the health of families and communities in the current period.

## FAO TECHNICAL ASSISTANCE TO PROGRESSIVELY ELIMINATE AVIAN INFLUENZA IN VIETNAM

Emergency Centre for Trans-boundary Animal Disease Operations (ECTAD) in Vietnam, which is under the Food and Agriculture Organization of the United Nations (FAO) supervision said that animal health experts will finalize the regional control plan to progressively eliminate avian influenza in Vietnam.

Mekong and Central Vietnam Regional Strategic Control Plans for Highly Pathogenic Avian Influenza (HPAI) will be submitted by the Regional Animal Health Officers to DAH for inclusion within the overall National HPAI Control Program. The planning process has engaged representatives of 22 provinces,

together with the poultry industry and will help improve the efficiency and effectiveness of disease control through enhanced coordination and technical leadership provided by Vietnam's Department of Animal Health and Regional Animal Health Offices with support from the provincial Departments of Agriculture and Rural Development.

The HPAI Disease Control Plans adopt targeted, risk-based strategies and disease control actions, organized into a step-wise and logical progressive disease control pathway which will be used to strengthen and coordinate technical strategies and to progressively eliminate HPAI in the



respective regions. The approach will help maintain momentum towards elimination of the avian influenza virus which continues to threaten public health and the livelihoods of poultry producers. The regional approach is part of a wider programme of support for Avian Influenza Control provided by the United States Agency for International Development (USAID).

## APPROVE THE POLICY FRAMEWORK ON RESETTLEMENT OF FORESTRY DEVELOPMENT PROJECTS

Ministry of Agriculture and Rural Development is responsible for monitoring and supervising the implementation of the Policy Framework on Resettlement as approved. Prime Minister assigned People's Committees of provinces to participate in the resettlement action plan of the sub-projects under the province.

The objective of the project

"Development of the forestry sector" is the effective and sustainable management on artificial forest and biodiversity conservation in some high-biodiversity-value special-use forest to increase the contribution of the forestry sector in poverty reduction and environmental protection.

The project also support forest certification for about 10,000

hectares of commercial artificial forest to households. Forest certification ensures a sustainable forest management and the balance of interests between the economics, society and environment. Once artificial forest is certified, the value of its product will be significantly enhanced in order to compete with the high competition market on quality and origin of products as Europe and America.

## LEGISLATION DOCUMENTS RELATING TO AGRICULTURE AND RURAL SECTOR ISSUED IN JULY 2012

| Date of Issue              | Contents   |
|----------------------------|--|
| <b>Prime Minister</b>      |  |
| 24/07/2012                 | Document No. 1034/TTg-KGVX on the addition of members of the Central Steering Committee for the implementation of the Project "Vocational training for rural workers by 2020".   |
| 20/07/2012                 | Decision No. 943/QD-TTg on approving the overall planning on social-economic development in the Southeast area by 2020.  |
| 19/07/2012                 | Decision No. 939/QD-TTg on approving the overall planning on social-economic development in the Mekong River Delta by 2020.  |
| 18/07/2012                 | Decision No. 936/QD-TTg on approving the overall planning on social-economic development in the Highlands by 2020.   |
| 18/07/2012                 | Decision No. 30/2012/QD-TTg on determining specially difficult areas, ethnic minority and mountainous communes during 2012-2015  |
| 17/07/2012                 | Decision No. 929/QD-TTg on approving the project "Restructuring of State-owned enterprises which focus on economic groups, State-owned corporations during 2011 - 2015".   |
| 13/07/2012                 | Document No. 955/TTg-QHQT on approving the list of phase 1 projects funded by UNDP.  |
| 05/07/2012                 | Document No. 930/TTg-KGVX on changing members of the Central Steering Committee on Food Safety.  |
| 05/07/2012                 | Decision No. 836/QD-TTg on personal addition of the Vietnam Sub-Committee under the Vietnam - Netherlands Intergovernmental Committee on the adaptation to climate change and water management management.                               |
| <b>Governmental Office</b> |  |
| 19/07/2012                 | Announcement No. 256/TB-VPCP on the conclusions of the Deputy Prime Minister Nguyen Thien Nhan in the working survey in Ha Nam Province on biological pad applications in breeding farm and development of mushroom cultivation.         |
| 18/07/2012                 | Document No. 5287/VPCP-QHQT on amending and adding the Loan Agreement for two water supply projects in Quang Ngai and Ca Mau funded by Italy's ODA.  |
| 10/07/2012                 | Announcement No. 243/TB-VPCP on the conclusions of the Deputy Prime Minister Vu Van Ninh Standing at the permanent meeting of Central Steering Committee for the national target program on the new rural development from 2010 to 2020. |
| 09/07/2012                 | Document No. 5048/VPCP-QHQT on the 2nd loan of the World Bank (WB) for Climate Change Development Policy Operation (CCDPO2).   |
| 09/07/2012                 | Document No. 5021/VPCP-QHQT on the participation in the The regional technical assistance (RETA) funded by the Asian Development Bank (ADB).   |
| 06/07/2012                 | Document No. 4999/VPCP-QHQT on the negotiation with the Asian Development Bank (ADB) on the project " Greater Mekong Subregion Flood and Drought Risk Management and Mitigation ".   |
| 05/07/2012                 | Document No. 4952/VPCP-QHQT on receiving grants of the Government of Ireland for specially difficult communes.   |
| 04/07/2012                 | Document No. 4943/VPCP-KTTH on support policy for some agricultural products.  |
| 04/07/2012                 | Document No. 4935/VPCP-KTTH on building rice repository.   |
| <b>MARD</b>                |  |
| 31/07/2012                 | Decision No. 1794/QD-BNN-HTQT on approval to change the contents of the project "Strengthening Disaster Risk Management" funded by Global Facility for Disaster Reduction and Recovery (GFDRR).  |
| 31/07/2012                 | Decision No. 1793/QD-BNN-HTQT on approving the project "Strategies to adapt to climate change for poor households in the Mekong Delta" by the Ateneo de Manila University, Philippines.  |
| 31/07/2012                 | Decision No. 1792/QD-BNN-HTQT on approving the project "Sustainable Village: Solving water pollution issue in the villages of Vietnam" funded by the Australian National University.   |
| 31/07/2012                 | Decision No. 1782/QD-BNN-KH on approving the Project: Building Quality Center Region 4 and Quality Assurance Agency for Agriculture, Forestry and Fisheries in the Southern Region.  |

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| 31/07/2012                                       | Decision No. 1781/QD-BNN-TCTS on the establishment of National Coordination Committee for project GCP/RAS/273/SPA "Regional Fisheries Livelihoods Programme for Southeast Asia Countries".  |
| 31/07/2012                                       | Document No. 3595/BNN-VP on providing statistics of procedures related to 1-door-customs mechanism.   |
| 27/07/2012                                       | Circular No. 35/2012/TT-BNNPTNT on the addition of Circular No. 14/2011/TT-BNNPTNT dated 29/03/2011 on regulations for examination and evaluation of agriculture, forestry and fisheries facilities.  |
| 27/07/2012                                       | Decision No. 1773/QD-BNN-HTQT on approving the project: Afforestation for environmental protection in Luc Ngan district, Bac Giang province, Thanh Ba district, Phu Tho province and Phong Dien district, Thua Thien Hue province funded by the Japan International Forestry Promotion and Cooperation Center (JIFPRO). |
| 26/07/2012                                       | Document No. 2322/BNN-TT on the list of products applying VietGAP.  |
| 20/07/2012                                       | Circular No. 33/2012/TT-BNNPTNT on regulations for sanitation condition to ensure food safety for meat facilities and edible animal by-products.  |
| 20/07/2012                                       | Circular No. 32/2012/TT-BNNPTNT on issuing the list of quarantined seafood products and list of seafood products to quarantine.   |
| 20/07/2012                                       | Circular No. 34/2012/TT-BNNPTNT on the regulations for sanitation to ensuring food safety for poultry egg collecting and preserving facilities.   |
| 19/07/2012                                       | Document No. 3401/BNN-TC on raising the ceiling interest rate for loans to the afforestation model of the Forestry Development Project.   |
| 18/07/2012                                       | Decision No. 1667/QD-BNN-TCLN on approving the transfer of Trust Fund of Forest to Vietnam Forest Protection and Development Fund.  |
| 10/07/2012                                       | Decision No. 1629/QD-BNN-TCTL on the dyke classification and grading in Ninh Binh Province.   |
| 10/07/2012                                       | Decision No. 1626/QD-BNN-KHCN decision on allowing the extension time of the project "The impact of trade liberalization for the economic restructuring."   |
| 10/07/2012                                       | Decision No. 1621 / QD-BNN-KH on promulgating the framework to monitor and evaluate the results based on the implementation of 5-year- plan of the Agriculture and Rural Development sector.  |
| 06/07/2012                                       | Document No. 3227/BNN-KHCN on 36 Vietnam standards on irrigation.   |
| 03/07/2012                                       | Circular No. 30/2012/TT-BNNPTNT on promulgating the national technical regulations on veterinary hygiene conditions.  |
| 28/06/2012                                       | Circular No. 28/2012/TT-BNNPTNT on promulgating the list of machinery and equipment to support post-harvest losses on agriculture and aquaculture.  |
| <b>Ministry of Finance</b>                       |   |
| 28/06/2012                                       | Circular No. 107/2012/TT-BTC Circular on payment management for quality seafood safety.   |
| <b>Ministry of Industry and Trade</b>            |   |
| Ngày 05/07/2012                                  | Bộ Công Thương ban hành Công văn 5917/BCT-KHCN về việc kiểm tra nhà nước về an toàn thực phẩm đối với thực phẩm nhập khẩu.  |
| <b>Ministry of Information and Communication</b> |   |
| 05/07/2012                                       | Document No. 1727/BTTTT-KHTC on the management and use of funds for the national target program to give information to the mountainous, border and island areas in 2012.  |
| <b>Vietnam Customs</b>                           |   |
| 09/07/2012                                       | Document No. 3441/TCHQ-TXNK on import tax exemption on goods from investment projects.  |
| <b>Hanoi People's Committee</b>                  |   |
| 06/07/2012                                       | Decision No. 16/2012/QD-UBND on promulgating pilot regulations to encourage agricultural development and rural infrastructure construction in Hanoi from 2012 to 2016.  |
| 02/07/2012                                       | Decision No. 2976/QD-UBND on replacing members of the Steering Committee on food safety in Hanoi.   |