

**SOME MATTERS FOR DISCUSSION ON AGRICULTURE AND RURAL
DEVELOPMENT STRATEGY IN VIETNAM
FOR THE PERIOD 2001 - 2010**

Ministry of Agriculture and Rural Development.

Guidance is being given by Vietnamese Government to relevant agencies to study and make a development strategy for each sector and the whole country for coming 10 years and a plan for 2001 - 2005. International Community has been also very interested in supporting the Government. The reports : "Vietnamese Agriculture after transition period, opportunities and challenges" funded by FAO; "Strategical Framework of strategy for Rural Development in Vietnam" funded by UNDP; "Vietnam, rural development, from vision to action" prepared and funded by WB; "Agricultural Policy" funded by ADB and many other studies financed by various donors, have deeply analyzed Rural and Agricultural situation of Vietnam, have clearly proposed orientation and solutions for stipulating rural and agricultural development in the future.

This report only deals with a number of basic orientations being proposed by Ministry of Agriculture and Rural Development for discussion. On this occasion, we hope to receive much more contributions from all of you as agreed at CG meeting in December 1999.

1. In the last decade of the 20th Century - Vietnam has made good and encouraging progresses in agriculture and rural development, outstandingly are food production, export and hunger eradication and poverty reduction. Basic reasons for these are due to carrying out Renovation line that reflects mainly in the following policies:
 - Established autonomous rights of production and business for farm households;
 - Allocation agricultural and forest land to farmer households on long term and sustainable basis, including rights to exchange, transfer, inheritance, mortgage and relending;
 - Liberalization of trade of agricultural products and materials in the country, promoting import and export;
 - Developing study of science, technology and agricultural extension service; providing credits to farmers.
 - Increasing investment for development of irrigation structures and other rural infrastructures in rural areas;
 - Developing mufti-sectoral economy.

These policies are supported by a series of other renovation policies in general economy.

1. Difficulties and challenges towards agriculture and rural sector in Vietnam at present.

- (1) Agriculture has been changed from self-supply and self-reliance production system to commodity production economy, production of many tree crops and animals has been relatively quick increased, but, organization of commodity production has not yet caught

up with demands and quality of agricultural products is not high; post harvest technologies like storage and processing facilities are still weak, commodities produced by farmers are difficult to market and its efficiency is not high.

- (2) Rural economic structure is slowly adjusted, non-agricultural sectors have slowly developed just creating only about 30% GDP in rural area and agriculture mainly depends on rice production (55%).

While, much potential in agriculture has not yet been used effectively, millions of hectares of land remains fallow, number of unemployment in rural area is still high agricultural labour just only uses 73% of available time, additional 900,000 people are added to labour forces annually.

- (3) Infrastructures in many rural areas are still poor, including irrigation roads, electricity; water supply, and communication. Irrigation system has been developed in plain areas, but infrastructures are still much lacking in the Central Highland, middle land and mountainous areas in the North and Central Vietnam.
- (4) Income of rural population is still low (in 1999, GDP in rural area was about 200 US\$, as compared with 400 US\$ per capita averagely in the whole country. Rate of poor and hungry people is high at 13 % (1999), while 90% of population live in the rural area. Gap between rural and urban area seems to be widened.
- (5) Environment has a tendency to be more polluted in some rural areas..

The above-mentioned weaknesses are both immediate difficulties and big challenges for agriculture and rural sector of Vietnam in next century.

3- Strategic objectives for the period 2001-2010.

(1) Role of Agriculture and rural sector

The Government of Vietnam continues to highlight the role and important position of agricultural and rural economy in national economy of Vietnam in the process of industrialization and modernization of the country because: (1) Rural area is the living and working place of 70-80% of the population; (2) Agricultural and Rural economy continues to contribute considerably to GDP of the country; (3) Agriculture is an important sources of foreign exchange, (4) agriculture ensures food security for the country, (5) Agriculture is a large market for industry; (6) Stability in rural areas play a decisive role in stabilizing and socio-economics conditions of the country. Therefore, agriculture and rural area remains, a sector for priority investment in the future.

(2) General objectives:

Build up a sound commodity agriculture, develop with diversity and sustainability, and step by step modernize on the basis of application of new technologies, high technologies which can be competitive on domestic and international markets.

Build up a new rural area with appropriate agriculture-industry-services, with industrialization and modernization linking to urbanization, ensuring to improvement of all members in rural

areas, without hunger, poverty, reaching a life of sufficiency, prosperity, democratic rural society, equality, civilization. while keeping traditional cultural characters of the nation.

(3) Some main targets in 2010

- Rate of agricultural production growth: 4-4.5%
- Rate of industry development and rural services: 10-12% yearly.
- Food production : 40 million tones
- Export turnover: 9-10 billion US\$, of which agricultural and forestry products: 6-7 billion US.
- Without hunger and absolute poverty.
- Almost all communes have roads leading to commune centers, schools, health stations and electricity.
- Over 80% of rural households have clean water.

4- Main Agriculture and rural sector development strategy for the period 2001-2010

For the period 2001-2010, it is planned to focus on the following areas:

- (1) Restructuring of agriculture and rural economy while continuing to promote transferring of agricultural structure and selecting of industrial development, rural industries and services in order to generate more jobs to attract most of the unemployed and leisure labourers.

In agriculture, to develop tree crops and animals which have high competitive advantages, meet the demands of markets; exploit and use of existing land resources which are being inefficiently used.

Process of restructuring agricultural and rural economy is being implemented not by administrative orders but mainly by policies impacting on market mechanism with State management.

(2) Development of Sciences and technologies. Investment is made to raise capacity of research and application of scientific and technological progresses, meet the requirements of agricultural production, with emphasis on selection and application of new varieties, farming methods, storage, processing of agricultural products, advanced management methods ... Aimed at quickly raising productivity, quality, reducing production cost and raising the cooperative capacity of agricultural and forestry products of Vietnam, meeting the demands of domestic and international markets; restructuring of research system; having incentive policies for enterprises, including individuals involved in research and transferring of sciences and technologies, connecting sciences to production.

(3) Continue to develop multi-sectoral agriculture economy.

Continue to consolidate and strengthen the role of household economy; renovate and develop cooperative economy, assisting cooperative to operate effectively in new fields like storage, processing, marketing of agricultural products and commodities and other services; renovate and raise efficiency of State enterprises, chiefly enterprises doing public interests; develop new factors in agriculture aid rural areas like farm economy, commodity production; encourage development of private economy, chiefly small and medium-size enterprises.

(4) Continue investment for development of rural infrastructures and rural urbanization

Continue investments for development of irrigation according to orientation of objective diversification, modernization of management for raising efficiency of exploitation structures; develop rural roads, system for supply of electricity, water, communication, schools, health stations...with special attention on development of marketing infrastructures; apply participatory mechanism.

(5) Human resources development

Develop education, training and due attention to basic education. In training, attention should be paid to professional training and skill training (including knowledge on agriculture, forestry, marine products, processing industry, economy...training of technicians of different levels), training of managing officers at local levels: village, commune, district; management of cooperation, management of farms meeting the demands of development of agriculture and rural economy.

Development of health work, with emphasis on preventive health care and local health service.

Implement socialization in education, training and health work. Upgrade State institutions.

(6) Continue policy renovation

- **Land policy:** exploit and use efficiently existing fallow land resources; make more clearly and widen the use right for land allocated people and land renting people.
- **Commercial policy:** create favorable conditions for all economic forces involved in domestic and international market operation.

The State creates legal context; create political and legal basis in international relation for supporting businessmen to do good business; to renovate and develop systems for payment, quality control, and customs in harmony with international community. Good preparation for participation and implementation of all commitments for international integration.

- Taxation and investment policy

- Reduce contributions by the people;
- The State continues to give priority for investments to agriculture and rural areas 20% and more from the concentrated investments of the State. Increase investment for research and transferring of sciences and technologies and training of human resources.

- Credit policy

- Continue to renovate activities of State-owned commercial banking system, encourage to develop people's credit funds, shareholding commercial banks..: in order to increase supplying of credits to agriculture and rural areas. ..

- Create jobs, eradicate hunger and reduce poverty.

- Concentrate development of industry, handicrafts and services in rural areas, chiefly jobs require many labourers. Invest to exploit barren land areas, linking to the programme of job creation and poverty eradication.

- Implement to support efficiently 1820 communes of extremely difficulties, coordinate with other programmes to achieve better results in effort to eradicate hunger and reduce poverty. .

(7) Strengthen the capacity of State management

Define correctly the roles, functions and duties of the State, of the Ministry and administrations of all levels, increase decentralization for all localities; construct and strengthen organizational system, mechanism. means appropriate to the duty of management of agriculture and rural areas according to new mechanism, chiefly local level.

(8) International cooperation

Ministry of Agriculture and Rural Development highly appreciates and expresses its gratitude for enthusiastic and fruitful support of international organizations, foreign countries, non-governmental organizations for the development of agriculture and rural sector. We wish to continue to receive strong support from international communities in order to achieve the above-mentioned strategic duties, through promotion of cooperative relation between Vietnam and other countries, including trade, investment, sciences and technologies, at the same time, continue to receive support through ODA resources. It is planned to pay more attention to human resources training, adjusting mechanism, implementing effective coordination work in order to raise more effective use of ODA resources.

In this process, in order to support to raise the role in effective coordination of international programmes and Governmental programmes, Ministry of Agriculture and Rural Development, with support of the World Bank, conducts to build up a comprehensive framework for rural development. This is an initial stage of a process in which reviewing of donors, level of funding Vietnamese counterparts for each groups of issues; including issues not within management of Ministry of Agriculture and Rural development, but of significance for rural development in order to find out fields which are being overlapped at present and where more support required. We hope that this is a good chance for our discussion and joint actions and hope to receive close support from you.