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## HIGHLIGHTS

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*Information and experience equal knowledge,  
please share your knowledge with us!*

### 1. POLICY DEVELOPMENT/REVIEW

#### PM approves talks for World Bank loans

**Ha Noi, 17/05/2007:** Prime Minister Nguyen Tan Dung on May 16 approved draft policies for the Credit Poverty Reduction Programme 6 (PRSC6) as a foundation for talks with the World Bank (WB) on a loan package.

The PM asked government departments to begin discussions with the WB on the draft agreement and legal documents needed for the PRSC6.

Deputy Governor of the State Bank of Viet Nam and Permanent Deputy Head of the Steering Board on Implementation of PRSCs, Phung Khac Ke, was appointed to head the Vietnamese delegation.

**Source:** VNA

#### World Bank reaffirms support to good governance, stressing challenges ahead.

**Hanoi, May 23, 2007:** “The World Bank wants to reaffirm its commitment to support Vietnam in its drive to become a middle-income country and to continue working with government to address the development challenges ahead.” That was stated by Mr. Martin Rama, the Acting Country Director for the

World Bank in Vietnam today as the crisis surrounding World Bank leadership came to an end.

“The resolution of this crisis shows that the World Bank takes governance issues seriously.” Mr. Martin Rama added. “All institutions, no matter how strong their systems is, may face governance problems at one point or another. What matters is to have the resolve to address them, in an open and transparent manner. We want to work in the same spirit with the Vietnamese government, and we are glad to see to the importance it attaches to good governance. We look forward to further supporting Vietnam in this regard.”

When the World Bank re-engaged with Vietnam in 1993, income per capita was US\$170. It was around US\$730 in 2006, and by 2010 it could reach US\$1,000. Vietnam is expected to achieve by 2015 most of the Millennium Development Goals. The World Bank has, to date, provided US\$6 billion in interest-free credits and grants to help the country sustain economic growth and fight poverty. The support spans across sectors, from infrastructure to rural development to health. The World Bank also promotes analytical work, in collaboration with government, universities and research centers, and engages in an active policy dialogue with the government of Vietnam.

“Our Country Partnership Strategy launched this February proposes four main areas of support: improving the business environment; strengthening social inclusion; better managing natural resources and the environment; and improving governance. The challenge is now to sustain the impressive and remarkable results that Vietnam has recorded so far. As a development partner, the World Bank is committed to provide all its expertise and resources possible so that Vietnam can achieve its goals.” Mr. Martin Rama concluded.

Source: WB

### Lam Dong targets higher coffee output

**Lam Dong, 03/05/2007:** The Central Highlands province of Lam Dong has created a plan for coffee cultivation to 2010 that targets raising coffee yield to an average of 2.2-2.5 tonnes per hectare from the current 2 tonnes per hectare.

To improve quality as well as yield, the province will carry out several measures, including planting high quality coffee breeds, creating good crossbred coffee breeds, building more irrigation works, and applying new technology in post-harvest preservation and processing.

With the current 11,995 ha of coffee, the province is the country's second largest coffee cultivation area after Dak Lak province.

Source: VNA

### Some 137 million USD to be pumped into milk production

**Ha Noi, 04/05/2007:** The Industry Ministry has approved a development plan for the production of milk until 2010, with a total investment of 2,195 billion VND (137.19 million USD).

The plan aims to raise per capital milk supply to 10 kg a year in 2010 and 20 kg by 2020.

To this goal, the industry must achieve an annual growth rate of 5-6 percent in the next five years.

The plan calls for the construction of processing plants in major dairy cow breeding areas in northern, central and southeastern regions while small factories are to be built in small-scale breeding areas in mountainous and mid-land provinces.

The industry also plans to seek more overseas outlets for its products with the assistance from the Trade Ministry.

Investment for the plan will be mobilised from loans, foreign investment and the issuance of corporate bonds and shares, as well as Official Development Assistance (ODA) source.

Source: VNA

### Central province to raise buffaloes for export

**Nghe An, 14/05/2007:** The central province of Nghe An will breed herds of two species of water buffalo unique to the region, for export to Laos and Thailand.

The Phu Quy and Thanh Chuong breeds of buffalo are characterised by their high productivity, low maintenance rearing needs and their larger than normal body mass.

The province is currently experimenting with advanced breeding technologies in order to generate strong breed stocks.

As part of the plan, provincial authorities are encouraging farmers to use new breeding techniques and plot fixed boundaries for buffalo farms in the area.

Source: VNA

### Technology: key to develop vegetables for export

**Ha Noi, 01/05/2007:** A technological breakthrough in growing and processing is needed to increase Viet Nam's fruit and vegetable export, economists have said.

Viet Nam's total vegetable output reached 6 million tonnes in 2006, but mostly for local consumption. Export turnover despite recent increase, brought only 260 million USD last year. Planning insufficiencies and small-sized production have been blamed for the low turn out.

To earn 600-700 million USD in 2010 and 1 billion USD in 2015 from exporting fruit and vegetables, the Ministry of Agriculture and Rural Development (MARD) has adjusted the national programme on developing production and exports of fruit and vegetables, in which more attention will be paid to improving technology.

The MARD will closely coordinate with the Ministry of Trade to boost exports to foreign markets, helping farmers produce goods to international standards, said Minister Phat.

In fact, some models have seen satisfactory results with earning average at 400-500 million VND per ha per year, ten times higher than growing rice or other crops.

However, these models are not yet adopted nationwide in Viet Nam, a country with 1.5 million ha of fruit trees, flowers and vegetables.

In the first stages, several pilot models of fruit and vegetable farming for export will be applied in northern mountainous and midland provinces, the Central Highlands province of Lam Dong, Ho Chi Minh City and some Mekong Delta provinces.

Concentrated plantations and trading centres that apply modern technology and advanced trading methods will be established in these areas.

The MARD will encourage all models that involve farming households in developing safe and

## 2. INNOVATIONS IN THE SECTOR

high-quality vegetable growing areas, said Minister Cao Duc Phat, adding that the ministry will attach importance to building trademarks for products.

“We call on domestic and foreign businesses as well as cooperatives to take part in the programme,” Phat said at a recent meeting with the press. “It is difficult for Vietnamese farmers to get rich if they only live on rice” he said, citing the fact that the world spends some 9 billion USD per year to meet the demand for rice while the figure for fruit and vegetables is 100 billion USD.”

**Source:** VNA

### Draft on tea-bidding floor FS gets Gov't approval

**Ha Noi, 10/05/2007:** Deputy Prime Minister Pham Gia Khiem has approved a draft feasibility study (FS) on a tea-bidding floor submitted by the Viet Nam Tea Association (VITAS).

The French Development Agency (AFD) will provide a 385,700 Euros grant in non-refundable aid for the project.

According to VITAS, the trading floor will be a place for enterprises to introduce tea product to both local and international partners, while helping increase the competitive edge of Vietnamese tea.

It is also expected to draw participation of foreign giant tea enterprises, thus making Viet Nam one of the world's centres for trading tea products, said VITAS Chairman Nguyen Kim Phong.

Viet Nam is currently the world's 6th largest tea exporter in term of volume with its product present in around 60 foreign markets.

**Source:** VNA

## 3. NEW PROJECTS FOR THE SECTOR

### AFD grant in support of Vietnam's Centre for Participatory Irrigation Management

**Hanoi, 24/5/07:** at MARD Office, Dr. Le Van Minh, Director General of the International Co-operation Department and Mr. Edouard DANJOY, Agence Francaise de Developpement (AFD) Director in Vietnam signed a Technical Assistance grant agreement for 800,000 Euros, in the presence of Mr. CAO Duc Phat Minister of Agriculture and Rural Development and Mr. Guillaume Rousson, First Counsellor of the French Embassy to Vietnam.

The Technical Assistance Project funded by the grant will contribute to improving the sustainability and efficiency of Vietnam's irrigation infrastructure. To enhance the sustainability of Vietnam's very large irrigation infrastructure, the project aims to strengthen the beneficiaries' involvement in its management. To this end, the Project will implement following capacity building activities: research and experience sharing in

Participatory Irrigation Management (PIM); development of strategies and regulations; preparation of guidelines for PIM implementation and a training plan; providing advice to PIM projects; participation in and coordination of national PIM activities and networks.

The Project will also provide specific operational support to the two provinces of Son La and Ninh Thuan, where new irrigation infrastructure is being constructed as part of AFD-financed investment projects (Son La and Ninh Thuan Rural Infrastructure Projects). This support will include preparation of PIM action plans with creation of Water Users Associations and training for the associations' representatives as well as local staff from the agricultural extension services and from the Irrigation Management Companies.

AFD's net ODA commitments towards Vietnam total 720.7 million Euros.

On this occasion, Minister CAO Dic Phat awarded the Friendship Medal for Agriculture and Rural Development to of the Socialist Republic of Vietnam to Mr. Edouard Danjoy.

**Source:** French Embassy to Vietnam-French Development Agency (AFD)

## 4. STATE INVESTMENT IN THE SECTOR

### Additional VND 175 bil. for rural water and sanitation program

**Hanoi, 9<sup>th</sup> May:** On 9<sup>th</sup> May 2007, the Prime Minister signed Decision on additional allocation of VND 175 bil. for Rural Water and Sanitation Program, which are from grant aids contributed by Denmark, Australia, and the Netherlands.

The benefiting provinces are Tra Vinh, An Giang, Dak Nong, Dak Lak, Ninh Thuan, Phu Yen, Dien Bien, Lai Chau and Lao Cai.

Ministry of Finance is assigned to receive the grant-aids and allocate them for these provinces.

**Source:** VNA

### Large area in Central Highlands to grow rubber trees

**Ha Noi, 09/05/2007:** Trillions of Vietnamese dong will be invested in planting an additional 136,000 ha of rubber trees in the Central Highlands until 2010.

Of the acreage, 37,000 ha will be planted in Kon Tum province, 50,000 ha in Gia Lai province, 27,000 ha in Dak Lak province, and 22,000 ha in Dak Nong.

The Ministry of Agriculture and Rural Development and the Viet Nam Rubber Group is required to coordinate with those localities to plant rubber in low-output forests and industrial crop areas, according to an instruction from the Prime Minister.

The Central Highlands now has about 390,000 ha of land with the right conditions for rubber plantation, the second largest acreage after the southeastern region.

Last year, 109,000 ha of land in the Central Highlands was dedicated to rubber trees, yielding 81,000 tonnes of latex. The figures accounted for 22.7 percent and 17.1 percent in acreage and output, respectively, of the country's total.

Source: VNA

## 5. ODA PERFORMANCE

### Government's ODA working group and 5 banks organize assessment on the implementation of ODA projects in water resources and rural water supply

**Hanoi, 4<sup>th</sup> May, 2007:** An official meeting on assessing ODA projects in irrigation and rural water supply was held during the government ODA working group and 5 development banks (WB, ADB, JBIC, KFW, AFD). Vice Minister of MPI Cao Viet Sinh chaired the meeting.

The meeting focused on (i) assessing the implementation of irrigation and rural water supply projects, (ii) defining obstacles during their implementation to recommend solutions to push forward the disbursement progress of ODA projects.

At the meeting, representatives of the 5 banks made assessments on the implementation of ODA projects in the field of irrigation and rural water supply.

They proposed some solutions and made recommendations to the government and related agencies to push up the project implementation progress by enhancing enforcement of decree 131, decentralization, capacity building for CPOs and PPMUs, recruitment of staff for CPOs and PPMUs through competitive selection, increasing salaries for CPO and PPMU staffs, using the same project management unit in the technical support phases for project preparation and implementation, and formulating project implementation guidelines at the beginning of the project phase and preparation of technical support.

Source: MARD-ICD

### Additional finance allocation for Rural Water Supply and Sanitation program

**Hanoi, 9<sup>th</sup> May 2007:** The Prime Minister has just signed Decision no. 563/TTg-QHQT on additional finance allocation for the implementation of Rural Water Supply and Sanitation Program with the following directions:

1. To agree to allocate additional finance of VND 175,000 mil. from grant-aids made by Denmark, Australia, and the Netherlands for the

implementation of the Rural Water Supply and Sanitation Program, and provide it for 9 provinces including Tra Vinh, An Giang, Dak Nong, Dak Lak, Ninh Thuan, Phu Yen, Dien Bien, Lai Chau and Lao Cai as proposed by MARD in the letter no. 1021/BNN-TL dated 12<sup>th</sup> April, 2007.

2. To assign the Ministry of Finance to implement following tasks:

- To receive the grant-aids, make notification and transfer money to the localities as specified mentioned above.

- To incorporate the above grant-aids into the report on state budget assessment in 2007, and to report to Standing Committee of National Assembly based on the regulations.

- From the year 2008, to preside, coordinate with MARD, MPI to balance grant-aids for the program period 2008-2011 in the annual cost estimation based on the regulations of State budget law.

3. MARD steers and guides the localities to use the allocated funds appropriately and comply with the regulations on management and utilization of foreign ODA.

Source: MARD

### Representatives of government of Vietnam and five development banks meet to develop an action plan to improve implementation performance of their infrastructure program.

**Hai Phong - May 23, 2007:** A one-day Joint Portfolio Performance Review (JPPR) took place today focusing on ways in which the implementation of Official Development Assistance (ODA) to Vietnam may be improved in the future. JPPRs have been carried out every two years since 1999. This JPPR-V is a joint initiative between the ODA Inter-Ministerial Task Force of the Government (IMTF), established in 2004 under a decision by the Prime Minister, and the Five Development Banks active in Vietnam, namely the Asian Development Bank (ADB), Agence Francaise de Developpement (AFD), Japan Bank for International Cooperation (JBIC), Kreditanstalt fur Wiederaufbau (KfW) and the World Bank (WB). The Five Banks together account for approximately 80% of the ODA commitment in Vietnam. The Meeting was also attended by representatives of MARD, MOF, MOT, MOC, MPI, MOI, and EVN as well as Ho Chi Minh City, Hanoi, Hai Phong, and Da Nang People's Committee.

At the December 2006 Consultative Group meeting, donors pledged an unprecedented US\$4.4 billion to Vietnam, but the actual implementation of donor assistance continues to be slow.

Given the importance of infrastructure investment to the country, the JPPR-V focused particularly on key bottlenecks in such sectors as transport, energy, urban water/waster water, irrigation and rural water supply sectors, as well as

for projects in Ho Chi Minh City. A series of recommendations were discussed, including measures to fast track formulation, approval and implementation procedures for ODA projects.

The meeting reviewed a short and medium term action plan to improve implementation performance of the Five Banks portfolio in Vietnam and meet the investment target needed to achieve the objectives of the Socio Economic Development Plan 2006 – 2010.

Source: WB

### World Bank and State Bank of Vietnam sign Credit Agreements on supporting the 2nd phase of Program 135 - poverty reduction program and Third Rural Transport for Vietnam.

**Hanoi, May 17, 2007** – The World Bank is expected to provide Vietnam with 156 million USD in interest-free credit to further support the country's efforts to reduce poverty among ethnic minorities and communities in remote, mountainous areas and to expand its rural transportation network.

The credit agreements to these effects are signed today between the World Bank and the State Bank of Vietnam.

The first interest-free credit – one of three expected over the next five years – supports the Government's efforts to reduce poverty among its ethnic minorities and communities in mountainous areas. Known as "Program 135 Phase 2" (P135-2), the Government program aims to support socio-economic development in around 1,644 of the country's poorest communes and 2,500 poorest villages. Resources for the credit come from the World Bank's concessional lending arm, the International Development Association, or IDA, which provides credits and grants to the world's poorest countries. The credit supports policy and institutional improvements in the design and implementation of the Government's P135-2.

Meanwhile, the second interest-free credit worth 106,25 million USD will fund the Rural Transport Project for Vietnam, which is expected to reduce travel costs and improve access to markets, off-farm economic opportunities, and social services for poor rural communities in 33 provinces in Northern and Central Vietnam. The project will finance the rehabilitation and improvement of about 3,100 kilometers of the core rural roads network to ensure that rural communities are well connected to Vietnam's fast developing economy. The project is co-financed by the UK Department for International Development who are providing 25.4 million USD to help support the maintenance of the rural road network and develop the capacity of the rural transport sub-sector.

Vietnam has been one of the best performing economies in the world over the last decade. Real GDP has on average grown by 7.3 percent per year during 1995-2005 and per capita income by 6.2 percent per year. Per capita income has increased from US\$260 in 1995 to US\$715 currently. At this pace Vietnam could enter the ranks of middle-income countries in 2010 by surpassing \$1,000 per capita. According to the Vietnam Household Living Standard Survey, the percentage of people living in poverty has fallen from 58.1 percent in 1993 to 19.5 percent in 2004. The proportion of poor people now is one-third of what it was a decade ago.

Source: WB

## 6. INFRASTRUCTURE DEVELOPMENT

### Water Supply and Sanitation in Small Towns in the Central Region to be Improved by ADB Loan

**Hanoi, 24/5/2007:** Asian Development Bank (ADB) and the Government of Viet Nam signed today a loan of \$53.2 million to help improve the quality of life of residents in small towns in the Central Region through water supply and sanitation infrastructure investments.

On behalf of ADB, Ayumi Konishi, ADB's Country Director in Viet Nam signed the loan agreement with Mr. Le Duc Thuy, Governor of the State Bank of Viet Nam at a ceremony held this afternoon.

The Central Region, the home of a large number of poor in Viet Nam, is in dire need for investments to catch up with the development of other regions. With the acceleration of growth in Hanoi and Ho Chi Minh City, in recent years, there have been steady investments in infrastructure in the northern and southern urban areas of Viet Nam. Without concerted efforts to develop smaller towns in the Central Region, the gaps in living standard will keep widening. The lack of infrastructure severely discourages needed external investments to develop the region and maintain competitiveness.

"In order to ensure balanced, inclusive development of Viet Nam, investment in the smaller towns in the Central Region is essential," says Konishi. "Inadequate cost recovery, operational inefficiencies, and lack of public support are also considered key challenges. Aside from the needed infrastructure investments, it is imperative to improve the delivery performance of water and sanitation utilities and increase people's awareness on the importance of good environmental hygiene and its impact on public health."

The Project will upgrade water supply and sanitation infrastructure, expand access to services, and improve the management of public utilities in 8 small and medium towns in the provinces of Binh

Thuan, Dak Nong, Khanh Hoa, Ninh Thuan and Phu Yen. About 13,300 households will benefit from improved and expanded water supply services, 105,000 households from drainage and wastewater treatment works and protection from flood damage, and 30,700 households from improved solid waste management and good hygiene practices.

The Project will also assist institutional reforms and efficiency improvements of water and sanitation utilities and sustained quality services. This will include, among others, corporatization of public utilities, tariff adjustments, cost recovery, and facilitation of an enabling business environment. A community environmental and sanitation awareness component will educate the public on the importance of good environmental hygiene as well as community support for the project.

The Provincial People's Committees of respective provinces will serve as executing agencies. The Project will be implemented over 5 years to December 2011. The loan will have a grace period of 8 years with the repayment period of 32 years.

ADB, based in Manila, is dedicated to reducing poverty in the Asia and Pacific region through pro-poor sustainable economic growth, social development, and good governance. Established in 1966, it is owned by 67 members - 48 from the region. In 2006, it approved loans and grants for projects totaling \$8.5 billion, and technical assistance amounting to almost \$242 million.

Source: ADB

## 7. INTERNATIONAL ECONOMIC INTEGRATION

### Viet Nam attends ASEAN-India trade negotiation

**New Delhi, 13/05/2007:** Progress has been made on India-Viet Nam free trade agreements (FTAs), according to head of the Vietnamese delegation Nguyen Anh Tuan, also Director of the Trade Ministry's Department for Africa-Western and Southern Asia markets.

At the 16th round of ASEAN-India trade negotiation that took place in New Delhi from May 9-11, the Vietnamese delegation joined officials from India's Ministries of Trade and Foreign Affairs, representatives from the ASEAN Secretariat and delegations from Brunei, Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Singapore and Thailand in negotiation with the aim of signing the ASEAN-India FTA.

During negotiations, ASEAN countries and India solved standing disputes and discussed progress of tax exemption on certain products so as they can sign a bilateral FTA.

Requests from the Vietnamese delegation, including representatives from the Ministries of

Trade, Finance, Foreign Affairs, and Agriculture and Rural Development, included lowering import taxes on coffee, pepper and tea, which had been high to reduce large trade deficit from ASEAN. The proposal won support from other ASEAN countries and was discussed with the Indian side at the negotiation.

The two sides agreed to begin tax exemption as from Jan. 1, 2008 to be completed in 10 years. New ASEAN members, Cambodia, Myanmar, Laos and Viet Nam will be given preferential regulations in tax reduction and exemption.

Source: VNA

### Viet Nam steps up integration into ASEAN economic community

**Ha Noi, 06/05/2007:** PM Nguyen Tan Dung has ordered relevant ministries and agencies to study an overall draft plan on integrating into the ASEAN economic community.

The PM's comments came as part of an official dispatch sent by the Governmental Office on May 4 releasing the results of the 11th session of the Special Task Force on ASEAN economic integration.

These ministries and agencies were also asked to map out a plan on liberalising the country's services within the ASEAN framework until 2015.

Source: VNA

### Mekong river countries work to refine flood forecasting

**HCM City, 17/05/2007:** The 5th annual Mekong Flood Forum opened in Ho Chi Minh City on May 17 with the aim of working towards a balanced flood management plan for the Mekong basin.

Dr Olivier Cogels, MRC Chief Executive Officer, pointed to an urgent need of enhancing quality and exchanges of information regarding floods as there were avoidable losses in lives due to ineffective early flood warning and forecasting networks.

The Mekong riparian countries' efforts to mitigate impacts derived from floods have been assisted by the Netherlands, Japan, France, Denmark and the US technically and financially.

The forum, to close on May 18, brought together 150 delegates from the Mekong River Commission (MRC), its member countries of Cambodia, Laos, Thailand and Viet Nam, dialogue countries of China and Myanmar as well as international scientists.

Source: VNA

### ASEAN recognises Viet Nam full market economy status

**Jakarta, 04/05/2007:** The Association of Southeast Asian Nations (ASEAN) has recognised Viet nam as a full market economy.

"Having noted significant achievements of Viet nam in economic development and integration into the regional and global economy, ASEAN agreed to recognise Viet nam as a full market economy," the ASEAN Secretariat said in a joint media statement issued at the 13th ASEAN Economic Ministers' Retreat taking place in Brunei.

ASEAN ministers called on dialogue partners of ASEAN and other countries to provide early recognition to the full market economy status of Viet nam, according to the statement.

At the meeting, the ministers reviewed and discussed various issues to be presented to the 39th ASEAN Economic Ministers' Meeting to be held in Manila, the Philippines, August this year and the 13th ASEAN Summit in Singapore, November.

Source: VNA

### Official praises ASEAN's decision on Vietnamese economy

**Ha Noi, 04/05/2007:** Deputy Trade Minister Luong Van Tu called ASEAN's decision to grant Viet Nam full market economy status the correct course of action and a just reward for a country intent creating a fair and level playing field for all businesses operating within the country.

Tu told the Tin Tuc (News) daily on May 4 that, ASEAN's recognition was proof of Viet Nam's massive shift towards free trade and an open economy under World Trade Organisation's rules and that the granting of full market economy status would help in persuading other countries to follow the same course.

"China and Viet Nam have granted full market economy status to each other while the Republic of Korea has recognised Viet Nam as a market-oriented economy.

"Viet Nam is also in negotiations with EU partners for recognition of this status, and we are hopeful that it will be granted soon," said Tu.

The Association of Southeast Asian Nations (ASEAN) has granted Viet Nam full market economy status, hailing the country's progress on economic development and its integration into the global economy.

The decision was made by the bloc on the sidelines of the 13th ASEAN Economic Ministers' Retreat held in Brunei, on May 3, with the association's ministers urging other ASEAN partners and countries to follow suit.

For the WTO membership, Viet Nam has had to accept its non-market economy status for 12 years till December 31, 2018 at the latest.

The country will therefore be likely imposed anti-dumping and anti-subsidising measures applicable to its exports to a WTO member economy.

Source: VNA

## 8. EXPORT PERFORMANCE

### EurepGAP standards to be applied in pomelo cultivation

**HCM City, 22/05/2007:** Farmers growing Nam Roi pomelo in the Mekong delta province of Vinh Long will receive 40,000 USD from Metro Cash & Carry Viet Nam Ltd. in order to gain the EurepGAP certificate.

Helping Vietnamese farmers to apply EurepGAP (European Retailer Produce Working Group - Good Agricultural Practices) standards in fruit and vegetables cultivation is a primary objective of Metro Cash & Carry Viet Nam Ltd.'s policy to assist Viet Nam's farm product exports.

The retailer's programme focuses on mango, dragon fruits, pomelo and litchi among other Vietnamese fruits for export that have yet to be certified with the standard.

The initiative is being carried out through a 400,000 EUR (547,600 USD) project, jointly sponsored by the German Organisation for Technical Cooperation (GTZ) and Metro Cash & Carry Viet Nam.

Source: VNA

### Pepper exporters explore Egyptian market

**Ha Noi, 22/05/2007:** The Viet Nam Pepper Association (VPA) has sent a trade delegation to Egypt, on a five-day working visit that began on May 22, in order to conduct market research and ramp up pepper exports to the potentially huge market.

The 25-member delegation, led by VPA President Do Ha Nam, is slated to tour freight depots and seaports and work with Egypt's customs and goods assessing agencies at the Alexandria port.

On May 24, the delegation will be the focus of a seminar entitled " Viet Nam 's pepper and spices: flavours for the Egyptian market" that is being organised by the Vietnamese Commercial Service in Egypt. The seminar is expected to draw the participation of representatives from 45 local pepper importers and exporters.

Source: VNA

## 9. FOREIGN DIRECT INVESTMENT

### Gov't approves overseas investment promotion offices

**Ha Noi, 13/05/2007:** The Prime Minister has approved a scheme to set up overseas investment promotion

offices in order to lure investment from the world into Viet Nam, according to the Ministry of Planning and Investment.

Accordingly, investment promotion offices will be set up in the immediate future in Japan, the US, Germany, France, the Republic of Korea, Singapore, Saudi Arabia, Qatar and Taiwan.

Under the scheme, investment promotion offices will devise working plans for regions, countries and territories, study investment partners, the move of foreign investment flow to give out suitable measures, and assist foreign investors in Viet Nam and Vietnamese investors abroad.

Those offices will be key points to support investment promotion activities abroad, mobilise official development assistance (ODA) and assist bilateral and multilateral economic cooperation programmes and other programmes under the guidance of the Ministry of Planning and Investment.

Source: VNA

### Viet Nam's business commits to developing rubber industry in Laos

**Vientiane, 11/05/2007:** Viet Nam's Quasa-Geruco Joint Stock Co. will invest 18.7 million USD in growing rubber trees and other industrial crops as well as building a rubber processing factory in central Savanakhet province of Laos.

A 30-year contract was signed in Vientiane on May 9 between Thongmi Phommisay, Vice Chairman of the Lao Planning and Investment Committee, and Le Minh Chau, Vice General Director of the Viet Nam Rubber Industry Group and CEO of the Quasa-Geruco J.S Co.

The project aims to exploit rubber latex and timber over an area of 8.650 ha in Laos to feed its wood processing plant in Viet Nam's central province of Quang Tri.

Source: VNA

### Nation to lure more investment from RoK, Malaysia

**Ha Noi, 10/05/2007:** Two seminars on investment promotion in Viet Nam will be held in Seoul, the Republic of Korea (RoK), from June 12-14 and in Kuala Lumpur, Malaysia, from September 6-10.

There will be conferences to promote investment in industrial parks, export processing zone and economic zones in Viet Nam.

Meetings between Vietnamese entrepreneurs and foreign investors will be organised as part of the programme.

Vietnamese delegates will visit the RoK international trade association, businesses in Seoul, the Banweol/Sihwa national industrial complex in the RoK and industrial parks in Malaysia to share

experiences in investment attraction and seek for possible partnership.

Source: VNA

## 10. BILATERAL COOPERATION

### Viet Nam, Israel cooperate in dairy cow breeding

**Ho Chi Minh City, 10/05/2007:** An Israel-funded project to build a hi-tech dairy cow breeding farm was launched in Ho Chi Minh City on May 10.

Under the six-year project, a 10-ha farm will be built in a suburb village in the city at an estimated cost of 2.5 million USD with 1 million USD from Israel.

The farm will apply Israel's technologies and equipment in dairy cow breeding as well as transfer new technologies to local farmers.

The project will be jointly carried out by Israeli Foreign Ministry's Mashav International Cooperation Centre and Ho Chi Minh City's Department of Agriculture and Rural Development.

At the project-launching ceremony, visiting Israeli Minister of Agriculture and Rural Development Shalom Simhon said that Israel wished to boost cooperation with Ho Chi Minh City in hi-tech agriculture, particularly in developing dairy cow farms.

The minister affirmed Israel's willingness to further cooperate with Ho Chi Minh City in waste water processing and recycling in agriculture and forestry.

Vice Chairman of the Ho Chi Minh City People's Committee Nguyen Trung Tin agreed that the two sides should promote cooperation in the transfer of technology through the training of agriculturists and farmers.

He said he hoped the two sides would continue to exchange information and study cooperation in producing safe vegetables and high-quality milk products.

Source: VNA

## 11. MEETINGS/WORKSHOPS

### Forestry Partnership Forum "Strengthening socialization in the forest sector"

**Hanoi, 8 May 2007:** The Ministry of Agriculture and Rural Development (MARD) organized the Forestry Partnership Forum, which focused on the topic of "strengthening socialization in the forest sector". The Forum attracted participation of FSSP's partners, i.e. all interested stakeholders, to discuss how to mobilize resources from the central to local levels, as well as both domestic and foreign investors, to implement the Vietnam Forestry Development Strategy (2006-2020)

that was approved by the Prime Minister on 5 February 2007.

Participants in the Forum included representatives of the Office of Government, related ministries and sectors, representatives of some related department of MARD, representatives of international organizations, local and international NGOs, and domestic and foreign enterprises. Representatives of local communities who directly participate in forestry activities were also invited to attend the Forum.

Focusing on the topic of “strengthening socialization in the forest sector”, the Forum participants considered how to attract the whole society, especially people and various economic entities, to invest in forest protection and development. The Forum addressed three key issues through three parallel sessions, as follows:

- how to strength the participation of the whole society, particularly households, individuals, and non-state enterprises, in forest protection, utilization and development;
- defining key issues to promote the more active engagement of the private sector in the forest sector; and
- how to broaden the participation of various stakeholders in forest protection, biodiversity conservation and environmental protection.

Source: FSSP

### “Investment in the forest sector in Vietnam - Opportunities and challenges”

**Hanoi, 9 May 2007:** the Ministry of Agriculture and Rural Development (MARD) organized the Forestry Investment Forum, which focused on the topic of “Investment in the forest sector in Vietnam - Opportunities and challenges”. With this concrete topic, the Forum aimed at strengthening policy dialogue to attract both domestic and foreign investment in planting production forest and forest products processing to implement the Vietnam Forestry Development Strategy (2006-2020) that was approved by the Prime Minister on 5 February 2007.

Participants in the Forum included representatives of the Office of Government, related ministries and sectors, i.e. Ministry of Planning and Investment, Ministry of Finance, representatives of Foreign Chambers of commerce, different embassies in Vietnam, international organizations and financial groups, top-ranking forestry economic experts, and especially, various investors from both domestic and foreign enterprises.

At the Forum, some presentations provided the participants with overview of forestry investment. Then participants further discussed and clarified this information. The main content of the Forum was the direct dialogue session, regarding the issues of land, investment policies, credit, enterprise equitization, tax

and other related policies. All participants also discussed about opportunities and challenges in investment into the forest sector in Vietnam.

The discussion results were expected to promote investment in the forest sector development, to benefit the investors, and to contribute to livelihoods improvement of the forestry workers.

In addition, the investors from both domestic and foreign enterprises shared their investment plans in the forest sector. They also perceived information from the Forum for making their investment decision in the future. The Forum defined some actions to follow for promoting investment in the forest sector. The forest sector has never organized such the forestry investment forum since the Prime Minister approved the Vietnam Forestry Development Strategy (2006-2020). Success of the Forum proved strong commitment and interest of investors, and both domestic and foreign enterprises in the forest sector. This support partly contributed to the implementation of the target assigned by the National Assembly, including planting one million ha of forest, of which 750,000 ha of production forest by 2010.

Source: FSSP

### Meeting on flash-flood and landslide prevention held on 9<sup>th</sup> May, 2007 in Quang Ninh province

**Quang Ninh, 9<sup>th</sup> May 2007:** A Meeting on flash-flood and landslide prevention in the Northern mountainous provinces chaired by Vice Minister Dao Xuan Hoc was held in Quang Ninh.

140 representatives of 40 districts and steering committees for flood and storm control of 20 provinces, and Institute of Environment Hydrometeorology (MONRE) participated in the meeting.

The presentations at the meeting included a report on flood and storm steering activities in 2006; orientation and tasks of 2007; national strategy on natural disaster prevention and mitigation by 2020 (solutions of flash-flood and landslide prevention in northern mountainous provinces); some reports sharing experiences of combating against flash-flood in the provinces where there have been frequent occurrences of flash-flood and land-slide in recent years (Quang Ninh, Lao Cai, Sin Ho, Lai Chau, Phu Tho, Tuyen Quang, Hoa Binh, ...), and difficulties in funds, policy mechanisms, and people’s customs in emigrating out of natural disaster areas.

After the discussion, the Vice Minister made the following directions:

- Localities conduct mapping of flash-flood risk areas, develop appropriate options of emigrant and possible level of flash-flood; organize maneuvers in high-risk areas.

- As for those areas where emigrating can not be organized, watch people must be assigned on duty

full-time to make timely warnings for evacuation in case of heavy storm and rain;

- Organize training on natural disaster prevention for the commune and ward staff as key persons to propagandize and guide local people.

- To make the public fully aware of the contents in natural disaster protection and mitigation manuals.

- To promptly develop the projects of local peoples migration and submit it to MARD (through Department of Dyke Management and Flood Control) before 15<sup>th</sup> May 2007 to have the document synthesized to report to the Prime Minister, who will give priority to on-site emigration.

- To have good implementation and timely reporting in case of a flood and storm occurrence.

- On the cases of flash-flood and land slides the first priority is given to seeking people, and providing material to support people to overcome consequences and stabilize their lives; as well as assess the loss and recommend long-time recovery measures.

**Source:** MARD

### Australian aid to enable women farmers to earn more

**Ha Noi, 07/05/2007:** Australia will finance a scheme to enable Viet Nam's women farmers to earn more for their crops by switching to more sought after fruit and vegetable varieties such as spiny cucumber and melons, said Australian Ambassador to Viet Nam Bill Tweddell, at a seminar held in Ha Noi on May 7.

The seminar was held to look at women's roles in producing, distributing and using vegetable varieties in Viet Nam, and is part of an Australian-funded programme that has a yearly budget of 50 million USD, to be used on sustainable development, hunger eradication and poverty reduction.

Vice President Truong My Hoa, speaking at the seminar jointly organised by the Australian Centre for International Agricultural Research (ACIAR) and the Viet Nam Women's Union, said that Australia's aid would prove to be significant for not only Vietnamese women but for society at large.

With almost 80 percent of the country's population residing in rural areas, agriculture plays an important role in Viet Nam's broader economy. To date there are around 650,000 ha of vegetable crops nationwide that yield close to 1 million tonnes of vegetables per annum.

The Ministry of Agriculture and Rural Development plans to continue to develop higher priced varieties of vegetables, fruits and herbs as part of its push to eradicate poverty in rural areas.

**Source:** VNA

### Workshop on WTO dispute settlement procedures

**HCM City, 17/05/2007:** A workshop on procedures to settle disputes in the World Trade Organisation (WTO) opened in Ho Chi Minh City, on May 17.

During the two-day workshop, co-organised by the Multilateral Trade Policy Assistance Programme (MUTRAP) and the APEC Economic Integration Programme, European and Canadian experts, with the support from local experts, are to give presentations on WTO rules and procedures on dispute settlement.

They include the main elements of the WTO dispute settlement mechanism such as role of dispute settlement in the WTO, rules of interpretation of WTO agreement, the consultation process, establishment of a panel, the issue of evidence, etc and landmark cases triggered in other WTO member countries.

In addition to these presentations, there will be another on the Vietnamese dispute settlement mechanisms and practices prior to Viet Nam's accession to the WTO. All of them are geared to assist participants in gaining experience on how to make use of the WTO rules and membership regulations in dealing with trade disputes.

In particular, the workshop will provide simulations for the participants to practise settlement of certain trade disputes.

**Source:** VNA

## 12. COMING EVENTS

[Announcement: Call for Participants, Papers, Products, and Posters for an international conference "The Role of Non-timber Forest Products \(NTFPs\) in Poverty Alleviation and Biodiversity Conservation \(New\) Download: Registration Form](#)

11 - 15 June 2007, Hanoi, Vietnam

See more on ISG web

<http://www.isgmard.org.vn/Jobs/Jobs.asp>

## 13. NEW PUBLICATIONS POSTED ON ISG WEBSITE

### List of reports newly posted on ISG website in the month

#### Selective list of reports presented at the Forestry Partnership Forum and Forestry Investment Forum held on 8-9 May in Hanoi:

1. Engaging Local Communities In Protected Area Development, Functioning And Management (A case study of Hoang Lien Project - Fauna and Flora International, Vietnam Programme, by Lam Hoang - FFI Vietnam)
2. Viewpoints of the Party and State on socialization in the forest sector (Ass. Prof., PhD. Nguyen Ba Ngai, Deputy Director of Forestry Department- MARD)

3. Market Prospects and Development Scenarios for the Vietnamese Forest Sector: Implications for Forest Sector Investments

(By Dr. Marko Katila, Senior Economic Adviser, Ministry for Foreign Affairs of Finland- previously Savcor-Indufor Ltd.)

4. Key Policies Issued By The Government On Promoting Investment From The Private Sector For Forestry Development

(Mr. Dinh Ngoc Minh, Deputy Director, Department of Agriculture Economics, Ministry of Planning and Investment)

5. "The Golden Forest" Reforestation CDM case-study from North Central Vietnam

(By Claudia E. M. Doets)

6. Promoting Broad Stakeholder Participation in Forestry: International Experience on Key Opportunities and Challenges

(by Katherine Warner, Ph.D. , IUCN, Country Group Head, Viet Nam, Lao PDR, and Cambodia)

7. Role of Communication to Forestry Activities

(By Pham Ngoc Tinh- News Division - Vietnam Television)

8. Role of Vietnam Farmer's Association to the forest sector development

(By Nguyen Tien Vuong, Vietnam Farmer's Association - Center for supporting farmers and rural areas)

9. The credit source for forestry

(By Nguyen Van Quang, Deputy Director General, Development Bank of Vietnam)

10. Reviewing the mobilization and utilization of ODA sources period 2001-2005 (Vietnamese only)

11. Shared practices on Public Administration Reform PAR Project in MARD - 2006

If you cannot download documents from the links, please follow this:

<http://www.isgmard.org.vn/Information%20Service/Report/Report.asp>

or

[http://www.isgmard.org.vn/Information%20Service/Experience/exp\\_e.asp](http://www.isgmard.org.vn/Information%20Service/Experience/exp_e.asp)

### List of new publications posted on ISG website

1. [ISG Monthly Briefing-April-May - 2007](#)
2. [RWSS Partnership News Briefs](#)

### ANNOUNCEMENT

Arrangement of Management Responsibilities among MARD's Leaders (2007)

## 14. LIST OF LEGAL DOCUMENTS ISSUED IN MAY 2007

NO.	ISSUING AGENCY, TITLE OF THE DOCUMENT	BRIEF DESCRIPTIONS
<b>Government</b>		
1.	Decree 72/2007/NĐ-CP dated 7th May, 2007 by the government on dam safety management	7 chapters and 28 articles: ensuring dam safety to be the highest priority in construction, management, exploitation and protection of reservoirs. Dam safety management is to be done regularly, continuously in the process of reservoir construction and exploitation.
2.	Decree 78/2007/NĐ-CP dated 11th May, 2007 by the government on BOT, BTO, and BT contracts.	8 chapters and 46 articles: Ministries/ministerial agencies, government agencies, PPCs are allowed to formulate and approve list of BOT, BTO and BT projects of the sectors or localities, respectively, under their management in stead of the former regulation under which MPI presides, in coordination with line ministries, agencies, and PPCs to formulate the list and submit to Prime Minister for approval..
3.	Decree 80/2007/NĐ-CP dated 19th May, 2007 by the government on science technology enterprises.	5 chapters and 18 articles: Science and technology enterprises are entitled to enjoy income tax exemption and reduction as enterprises that have investments in high technology areas with following conditions: revenue from production and trading of products as results of science and technology accounting for at least 30% of the total revenue in the first year, and at least 50% in the second year, and 70% in the third year. Those enterprises are exempted from registration fee when registering land using right, house owning right, and prioritized by the Management Boards of Industrial Parks, Processing Areas, Economic Zones, High Technology Parks to rent land, infrastructure at the lowest price based on the regulations.
<b>By Prime Minister</b>		
4.	Decision 57/2007/QĐ-TTg dated 7th May, 2007 of the Prime Minister on supplementing, revising some articles in the Decision 146/2005/QĐ-TTg dated 15th June, 2005 on withdrawing production land of farms to transfer to the poor ethnic minorities.	Withdrawing production lands, perenial parks, planting forest of state-owned farms is conducted after reviewing and adjusting their planning and plans of land utilization based on the legislations. If those farms do not finish the reweving and adjustment as of 30th June, 2007 the land withdrawal will be based on the expected proposals that transferring farms' land to localities for management.
5.	Decision 594/QĐ-TTg dated 10th May, 2007 by the Prime Minister on establishment of Vietnam Institute of Water Resources Research on the base of reorganization of Institute of Water Resources Research and South Institute of Water Resoures Research.	Vietnam Institute of Water Resource Research is a scientific research agency to have their own legal status, seal, and account based on the legislations with its headquarter locating in Hanoi. The institute's functions are to do scientific researchs, technology transfer, post-graduation training, international cooperation, consultancy service on irrigation and hydraulic works serving the state-management requirement and agriculture and rural development.
6.	Decision No. 69/2007/QĐ-TTg dated 18th May, 2007 by the Prime Minister approving the proposal of developing agro-forestry processing industry in agriculture and rural industrilization and modernization by 2010 and orientation by 2020.	Developing high-competitive products, increasing products' added value as a basis to push up the development of agro-forestry production, creating more jobs and increasing farmers' income; ensuring food safety and industry sanitation, increasing local and international competitiveness. The decision also set out targets and measures to implement the proposal by 2020.

<b>By Ministry of Agriculture and Rural Development</b>		
7.	Decision No. 39/2007/QĐ-BNN dated 2 <sup>nd</sup> May, 2007 approving the planning of cashew-nut sub-sector by 2010 and orientation by 2020.	The decision sets out objectives, development orientation and solutions to increase productivity and quality, renovate processing facilities and technologies towards deep processing and modernization in order to increase value and production efficiency.
8.	Directive 40/2007/CT-BNN dated 3 <sup>rd</sup> May, 2007 on strengthening flood prevention and life rescue activities, and mitigate loss caused by natural disasters.	Implementing the Directive 08/2007/CT-TTg dated 3 <sup>rd</sup> April, 2007 on enhancing the flood and storm prevention and combat, rescue, salvage and alleviation of damage caused by natural disasters in 2007, Minister of MARD, Chairman of Central Steering Committee for Flood Prevention and Storm Control requests chairmen of PPCs to implement some activities to reduce damages caused by natural disasters occurring in 2007.
9.	Decision no. 41/2007/QĐ-BNN dated 15 <sup>th</sup> May, 2007 issuing regulations on seed quality certification in complying with standards.	Including regulations on process and procedures: registration, field testing; taking and storing samples; quality testing and certificating; post -checking seeds subjected to the list of seeds in need of certification in complying with standards issued by MARD; and arranging different units' responsibilities in the implementation.
10.	Decision no. 42/2007/QĐ-BNN dated 16 <sup>th</sup> May, 2007 on supplementing some seeds and breeds to the list of allowable trading and production seeds and breeds, attaching to the Decision 67/2005/QĐ-BNN dated 31 <sup>st</sup> Oct. 2005 by MARD.	Grimaud chicken of 3 types: L11, GF24, GF26; meat duck M14, egg duck STAR13 are added in the list.
11.	Decision No. 43/2007/QĐ-BNN dated 16 <sup>th</sup> May, regulating on safe tea production, processing and certification.	Regulating conditions for producing, processing, and certificating safe tea.
12.	Decision 44/2007/QĐ-BNN dated 16 <sup>th</sup> May, 2007 on establishment of Water Resources Investment Management Board no. 7 under MARD.	The Water Resources Investment Management Board no. 7 is established on the base of emerging CPO 414, CPO 415. It is assigned to manage and utilize state capital and other resources (if available) to invest in hydraulic works (including irrigation structures and dykes) based on the legislations on investment management and construction.
13.	Directive 45/2007/CT-BNN dated 25 <sup>th</sup> May, 2007 on speeding up the renovation of organizing and performing forestry protection at local level.	Based on the Joint- Circular 27/2007/TTLT/BNN-BNV guiding tasks, powers and organization structure of local forestry protection organizations, Minister of MARD direct Director General of DARDs, Forestry Protection sub-departments in provinces to implement needed activities to renovate tasks, powers of local forestry protection organization.
14.	Decision no. 46/2007/QĐ-BNN dated 28 <sup>th</sup> May, 2007 issuing regulations on defining planting forests, and planting forests for protection.	Including principles, process, and criteria to define planting forests, and planting forests for protection for 3 types of forests: protection forest, specialized forest, production forest. . The decision is applied to the organizations, households, individuals that receive contracts of planting forest using state budget or other resources.

15.	Decision no. 47/2007/QĐ-BNN dated 29, May 2007 on supplemental list of crops subjected to allowable trading and production.	6 types of rice, 1 type of potato, 2 types of soya-bean, and 1 type of tea are added to the list.
16.	Decision 48/2007/QĐ-BNN dated 29 May, 2007 issuing regulations on procedures to grant plant quarantine certificates for the objects that must be under disease analysis before importing into Vietnam.	Regulations on documents, procedures, and process, for granting plant quarantine certificate for the objects that must be under disease analysis before importing into Vietnam.

Source: ISG