

New Rural Development Policy

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Background

Vietnam is experiencing an unparalleled development in the country's history with a robust and rapid economic growth, accompanied by strong urbanisation but also growing inequalities especially between urban and rural areas. However, still more than 73% of the population are residing in rural areas. The past and present developments have to some degree benefited the rural population as poverty rate has decreased. But even within rural areas, development has been unequal with certain areas lagging behind, especially in the mountainous areas.

There are also other challenges facing rural Vietnam in the agricultural, forestry and fisheries production, such as those associated with Vietnam's official membership in the World Trade Organization. Other macro issues confronting development in the rural areas refer to pockets of high and endemic poverty, high rural unemployment rate, serious environmental pollution, diminishing agricultural land area caused by industrialisation and urbanisation, undeveloped rural services including education and health and limited mobilisation of local financial resources and inept financial management subsystems and fiscal policies for people centred rural development. Small land holdings are restricting opportunities to increase the income through specialisation. Complicated land classification and inefficient mode of production limit the development of the forestry sector.

Key policy and institutional issues

Policy approach

As rural development is a complex matter, that is cross-sectorial, involving various policies and actions that have direct or indirect impacts on the rural areas as well as the livelihood of rural people. Although MARD has the state management responsibility, viewpoints and close coordination with other ministries and state agencies must be taken into consideration during the formulation of the rural development policy.

Besides rural development being complex in terms of sector matters, it is also complicated regarding the great number and diversity of stakeholders involved. Not only does it involve millions of farmers, but also other non-farming households, civil societies and mass organisations, cooperatives, private sector, central and local government, public sector authorities and service providers, etc. People are the focus of rural development. Without a focus on improved livelihood in a broad context, RD has little meaning. Therefore, for rural people to actively participate in the development process they need empowerment and control of their resources. Moreover, people centre means much more than provision of infrastructure. In fact "soft-ware" like empowerment, information, knowledge, skills, etc is more important and without these critical aspects, improved infrastructure could mean increased

exploitation of rural people rather than development. In consequence, a people centred policy focusing on real participation of people concerned and encouraging ownership and local empowerment is a prerequisite.

Reality based policy

In planning, developing and formulating a RD policy, clear and reliable data of existing situation is vital including impact assessment of existing and past policy. It also implies different role and function of state management focus on policy formulation, implementation and monitoring. There is also a need for clear division of labour between central, provincial and local levels, where GoV and MARD will closely monitor local authorities, international/private investment in there work towards reducing poverty and gaps between rural and urban areas.

Governance and finance

Local governing institutions are essential in supporting RD. Close contact between rural population and the governing bodies promote influence and realism of development initiative. Local government must be accountable to the people first and foremost, which is realised through an active and vibrant civil society. Effective local government is crucial in resource mobilisation and encouraging investment in rural areas. Financial decentralisation including effective fiscal policies is an integral part of this process of strengthening local governing institutions. Financing of rural development will largely rest with the private sector and cooperatives. In this area Foreign Direct Investment (FDI) will play an important role not only in terms of adding financial resources, but also in terms of introduction new technologies and management practice.

Scenario based policy

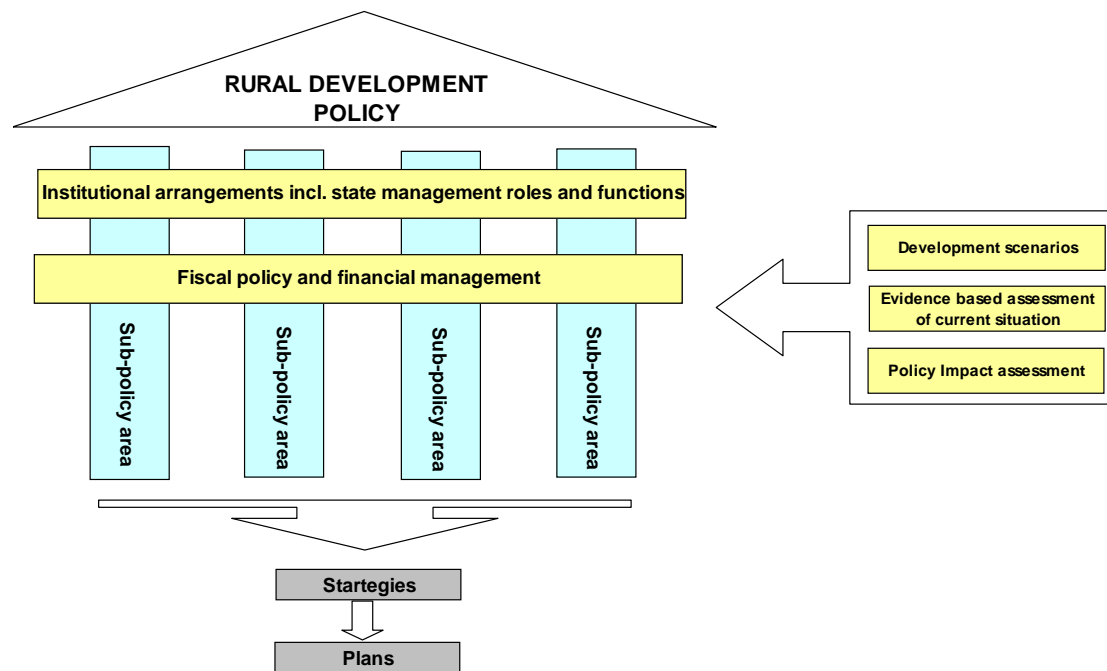
Rural development can only be effectively implemented in the long term if coherent framework and policies are in place at national levels. Vietnam's recent membership in WTO highlights the need for the country to align to international agreements and adjust as an active member of the global economy. In the adjustment to an open economy many groups are likely to be left outside the economic benefits and those are especially found in the rural areas. It is essential that a new RD includes efforts to minimise the negative effects of globalisation on the vulnerable groups.

Vietnam's integration into the global economy calls for preparedness to address different possible developments. An effective tool in this area is the development of various scenarios of possible developments that would face Vietnam in a short and medium term. These scenarios are essential inputs in the new RD policy as it highlight critical areas that the new RD should address. Rather than a new RD is based on plans, the opposite is necessary; that through scenarios the new RD will be the base for strategies and consequently planning.

Rural Development policy Framework

A rural development policy can be conceptualised as a macro-umbrella of GoVs various initiatives, from which specific policies, strategies and plans in various areas are developed as indicated in Figure 1 below. Essential part in this framework is the foundation that scenarios, information on current situation and policy impact assessment provide to the policy development.

Figure 1: Rural development framework



Rural Development Policy Dialogue

The International Support Group (ISG) has set up a Thematic Ad-hoc Group (TAG) to support process of the development of the new RD policy, aiming at mobilising contributions of the international community in the forms of dialogues, sharing experiences and providing experts. As part of the process of creating a dialogue around the development of the RD policy, ISG organised a Plenary Meeting in early November 2007 on the theme “Equitable and Sustainable Rural Development” In the plenary meeting the participants provide several important observations and recommendations to MARD to consider in its work on formulating a new rural development policy that are summarised below. These recommendations can be seen as important inputs to the various sub-policy areas as indicated in Figure 1.

On rural development in Vietnam

- Rural development should include criteria on rural development planning, rural environment sanitation, and culture (accessing to mass media).
- Population planning projections including village planning will be implemented to avoid depopulation, especially in the remote areas.
- The production capacity of the farmers is still low and needs improving. The state's assistance should be strengthened, based on dialogues and studies to define the farmers' need and their actual self reliance capacity.
- Develop new models for rural development for effective coordination among stakeholders, especially private sector.
- The role of private sector should be further strengthened.
- The role of the civil society in rural development should be paid due attention in view of their current contribution and involvement in rural development related activities.

On strategic vision for rural development

- Rural infrastructure is still insufficient. This issue that needs great support/assistance of international organisations and donors.
- Industrialisation should be linked with modernisation of living conditions and improvement of livelihoods in the rural areas.
- The development of livestock sector needs to be strengthened.

- The new strategy for rural development s point of departure in integrated rural economy development, linking rural and urban economy development.
- Climate changes will have a big impact on agriculture and rural development. This issue should be taken consideration when studying the solutions in the strategic vision.
- Development of labour market for the rural people should be included in the rural development strategy.
- Aspects such as gender, ethnic minorities, HIV, environment, food safety are also requested to be taken account to in the strategy. Learning from the program 135, the strategy will be flexible for different ethnic minority areas (hunger, education, natural disaster, clean water).
- The new strategic approach will be improved from increased stakeholder participation: participatory decision making, infrastructure construction and management, O&M financing, and advance studies/investigation.
- The development and implementation of the strategy should involve the coordination and assistance of different ministries/agencies, international communities, enterprises, individuals and localities.

On financing rural development

- The state budget for rural development is still small. MARD should request to the government (Ministry of Finance, Ministry of Planning and Investment) to consider larger allocation and calling for further assistance from donors.
- O&M is very important because, at present, a lot of structures are being seriously degraded. More investment and attention to this issue are strongly requested.
- Finance for R&D and marketing has not been given appropriate attention by the government.
- Finance planning for the rural development strategy is recommended to be made in advance to ensure necessary mobilisation of resources for the implementation of the strategy.
- The new decree 154 exempting water fee brings worries for O&M financing. MARD and other international organisations/donors are requested to find out solutions to improve the situation.

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