

Hanoi, July 2005

**SUMMARY REPORT ON THE OPERATIONAL RESULTS OF THE
FIRST 6 MONTHS AND THE TASKS FOR THE LAST 6 MONTHS IN 2005
OF THE AGRICULTURE AND RURAL DEVELOPMENT SECTOR**

In the first 6 months of 2005, the agriculture and rural development sector has faced with so many difficulties such as: serious droughts taking place in a wide area especially in the Central Coast and the Central Highlands; complicated development of avian influenza; electricity shortage in Northern provinces; increased price of agricultural inputs especially that of petrol and fertilizers, etc. Thanks to the strong direction of the Government and with creativeness, efforts to overcome difficulties of localities as well as application of suitable solutions to minimize negative impacts and to overcome difficulties and obstacles to speed up the production and exports, the agriculture and rural development sector has continued to maintain a positive development speed in the first 6 months in 2005 as follows:

**I- IMPLEMENTATION RESULTS OF SOME KEY INDICATORS IN AGRO-
FORESTRY AND SALT PRODUCTION**

1. Agricultural production continues to develop stably at a growth rate of 4.5% (that of the same period last year is 2.8%).

The weather in this winter-spring season changed unpredictably. In the beginning of the season, Northern provinces were affected by extreme cold and in the middle long-lasting drought took place in wide areas. Ministry of Agriculture and Rural Development, however, timely steered localities to balance the water resources needs and to grow other suitable plants on rice growing areas, which are easily affected by the weather and at the same time encouraged water saving and continued to speed up intensive cultivation. Correspondingly, although the rice growing area reduced by 41,000 ha but thanks to the productivity increased by 1.5 quintal/ha, the output increased by 219,000 tons, which lifted the total outputs to 17.3 million tons.

Corn production in the winter-spring season increased considerably. The total cultivation area countrywide was 508,400 ha, increased by 26,200 ha (5,4%) in comparison with the previous season; the productivity is estimated at 35.2 quintal/ha, which is approximate to that of the previous one and the productivity is approximately 1.8 million tons, increased by 4.5%.

Production of vegetables, beans and short-term industrial crops kept increasing in order to meet the domestic consumption demand and for export.

By June 15th 2005, the countrywide cultivation area of short-term industrial crops was estimated at 418,000 ha, increased by 8.3% in comparison with the same period of 2004, in which that of soybeans is 117,000 ha, of peanut is 199,000 ha and of other kinds of vegetables and beans is 477,000 ha. Comparing with the cultivation area of the same period of the previous year, that of soybean increases by 17,000 ha (or 17.4%), of peanut

increases by 2,600 ha (or 1.3%), of other kinds of vegetables and beans increases by 21,900 ha (or 4,8%) and that of sugar increases by 5,200 ha (or 13.5%).

The avian influenza has been basically controlled. Number of pigs and beeves increases rapidly and the quality continues to be improved.

In the first 6 months of 2005, the avian influenza reoccurred in some provinces but it has been controlled timely. Localities are in a timely manner applying prevention methods to fight against the reoccurring of the epidemic and at the same time invest more to quickly develop herd of pigs, beeves and cows so as to meet the highly increased domestic demand for foods.

According to the investigation result on husbandry during the first 6 months of 2005, the total number of pigs all over the country is more than 26 million ones, increased by 4.9% compared with the same period of the previous year, in which the number of porkers is 22.2 million ones, increased by 6.5%, that of sows is 3.7 million, increased by 8.5%. The total number of beeves is estimated at more than 5 million ones, in which that of milk cows is more than 110,000 ones.

2. Continue to implement the forest socialization and strengthening approaches on forest fire prevention and control as well as deforestation.

Forest development and protection is implemented through many activities: developing forest classification criteria; guiding localities to plan and define sustainable forest borders; speeding up transferring forest land use right to the producers in conjunction with adjusting forest policies to be more suitable.

Also in the first 6 months of 2005, the area of concentrated afforestation is 103,100 ha, the number of scattered plants being grown is 143.1 million plants, **grown forest cultivation** is 116,300 ha, the area of **panel forests and additional afforestation** is 365,200 ha. In comparison with the same period of the previous year, the area of afforestation increases by 1.3%, that of grown forest cultivation increases by 100%, and that of scattered plants is 2.5%.

3. Bumper crop of salt production and more investment is made to improve the quality to meet the domestic consumption demand.

Although the area of salt production reduces by 2.4% compared with 2004, but thanks to the weather, the total salt output produced in the first 6 months of 2005 is estimated at 775,000 tons, increased by 36% in comparison with the same period of the previous year. The salt yield is enough to meet the domestic demand including the industrial production.

4. Agro-forestry product processing made by enterprises under the Ministry increases by 14% in comparison with the same period of the previous year

According to the reports by enterprises under the Ministry, the total value of agro-forestry product processing and industrial production in the first 6 months of 2005 is estimated at 3,940 billion dong, increased by 14% in comparison with the same period of 2004, in which that of foods processing is 1,253 billion dong, increased by 93%, and of coffee is 22%, etc.

5. Agro-forestry product export market is stable with the export turnover increased by 28.5% in comparison with the same period of the previous year

The total export turnover of agro-forestry products in the first 6 months of 2005 is US\$ 2.72 billion, increased by 28.5% in comparison with the same period of the previous year, in which that of agricultural products is US\$ 1.88 billion, increased by 18.6% and that of forestry products is US\$ 833.3 million, increased by 58.7%.

6. Speeding up poverty reduction

In order to implement the comprehensive poverty reduction and growth strategy (CPRGS) of the Government, MARD has integrated a large number of agricultural support programs into the poverty reduction program in rural areas through agricultural and forestry extension activities, career training, job creation and other support services.

7. Continue to implement the program on renovation, restructuring and equitization of state-owned enterprises (SOEs) under the Ministry

In the first 6 months of 2005, 25 SOEs have been equitized, 1 SOE has been transferred to the workers and 11 ones have been restructured.

In order to implement the Resolution No. 28 of the Politburo and the Decree No. 170/2004/ND-CP dated September 22 2004, and the Decree No. 200/2004 /ND-CP dated September 3 2004 on restructuring, renovation and development of state-owned forestry farms, in the first 6 months of 2005, MARD has organized to appraise restructuring and renovation plans for state-owned forestry farms of 15 provinces and centrally-administered cities so that the localities can submit to the Prime Minister for approval. MARD also steered Corporations to develop restructuring plans for affiliated forestry farms and send to the Ministry for synthesis and submit to the Prime Minister for approval.

8. Renovating international cooperation activities to better mobilize supports from the international community and to strengthen the integration.

MARD has taken part in developing the negotiation approach on free trade area and tariffs mechanism for agricultural products in the framework of ASEAN free trade area and other countries. Taking part in negotiation for Vietnam's membership of the WTO.

MARD has renewed the international cooperation approach as well as the approach to attract, manage and utilize ODA and FDI capital sources, which are invested in the agricultural sector. Strengthening information exchange and consultation with the international community.

ODA projects have been implemented in planned progress and the objective of them is more suitable with the sectoral development needs. Presently, MARD is preparing to carry out a research and evaluation on FDI capital utilization in the agriculture and rural development sector so that the Government and investors have a closer look at the effectiveness of foreign investment in the sector, from which suitable adjustment can be made.

9. Strengthening PAR activities

In the first 6 months of 2005, efforts have been concentrated to improve the sectoral management apparatus; strengthening decentralization to localities and units; pilot one-stop shop mechanism in most of departments (Cuc); strengthening application of information technology to management.

II- KEY TASKS OF THE LAST 6 MONTHS OF 2005

In the last 6 months of 2005, the sector will focusively implement the following tasks:

1. Continue to steer for better completion of the remained production seasons in the year

- Northern provinces direct quick harvest of the winter-spring rice crop. North Central provinces urge the service sector to ensure water, seedlings and inputs for cultivation of all summer-autumn rice growing area in the best time of the season. Material conditions, especially the volume of seedlings in a right proportion, must be prepared to ensure cultivation of all rice growing areas.

- Southern provinces implement intensive farming approaches to better grow summer-autumn rice growing area to ensure surpassing the planned target in terms of both area and yield so that the rice export volume can be increased in the year end. At the same time, necessary conditions should be prepared for the seasonal production.

- Localities focus their resources to better implement solutions to quickly recover the flock of livestock, closely monitor animal and livestock diseases for timely prevention and pay attention to development of different kinds of animals, which is in good demand of the market to compensate for the reduction of meat and egg volume of the livestock.

2. Focusively steering flooding and storm prevention and control as well as natural disaster mitigation

Steering localities to prepare approaches to storm and flooding control and prevention in order to be active and be able to minimize the losses when natural disasters happen.

3. Strengthening forest protection and development

Continue to direct forestry units to closely cooperate with localities to strengthen forest protection and development approaches and to stop uncontrolled forest cutting. Continue to implement afforestation plan. Speed up planning and defining forest borders and transferring of forestland use right to the farmer for sustainable production.

4. Strengthening market development and integration; promoting export of agricultural products of high value

Updating information on market changes, especially the world market so that the export plan can be implemented with higher results. Fully implement international commitments which have been signed and better prepare required conditions for Vietnam's membership of WTO; creating a level, transparency, stable, open and highly competitive environment for investment and business.

5. Speeding up the process of restructuring, renovating and improving the operational effectiveness of SOEs.

Speeding up the process of restructuring and transforming SOEs under the plan, which has been approved by the Prime Minister. Strengthening the active and proactive role of Corporations in implementing the reorganization, renovation and equitization of affiliated enterprises.

Continue to investigate the plan for restructuring and renovating state-owned farms and at the same time direct Corporations to develop restructuring and renovating plans for affiliated farms to submit to the Prime Minister for approval.

6. Strengthening the state management effectiveness

Efforts should be made to complete the plan of legal document development; improving organization and operation of units under the Ministry especially research institutes and schools to submit to the Government for approval and implement

decentralization of State management in the agriculture and rural development sector between the Ministry and localities; continue to review, standardize and streamline administrative procedures; speed up the modernization of administrative management; direct public service providers to complete the application of financial autonomy mechanism.

III. RENOVATING THE DEVELOPMENT OF SECTORAL FIVE YEAR PLAN 2006-2010

To keep up with socio-economic renovation and international integration process, construction of sectoral development plan and strategy has been renewed. MARD cooperates with provincial departments to develop the 5-year plan 2006-2010 in the spirit of the Directive No. 33 of the Prime Minister, which guides the renovation of planning process. Requirements for renovation in planning are focused on: (1) deeply integrate the objective of poverty reduction, human resource development and environment protection into the 5 year plan; (2) closely combine the sectoral plan with the local one in order to speed up the decentralization; (3) expand consultation to many partners including domestic and international community; (4) improve the defining of objectives and prioritized activities and link them with measurable indicators (using the logic frame); (5) use a more suitable approach to reach the objectives and outputs mentioned in the plan; (6) pay much attention to developing a monitoring and evaluation system for effective implementation of the sectoral plan.

After a large number of seminars for comments and contributed ideals, drafting agency continues to review and supplement to the plan frame to complete the sectoral plan report as well as sub-sectoral plans using logic frame and under the technical assistance of international consultants. Presently, the 5-year plan 2006-2010 of the agricultural sector, upon which comments from concerned agencies, localities, researchers and donors have been made, is being in the completion process. Programs and projects, which get priorities in order to fulfill the 5-year plan, are being considered in detail and indicator system for monitoring and evaluating the 5-year plan of the sector is being completed with assistances from some donors.

The initial result of the planning renovation is that MARD has contributed to promoting a more comprehensive renovation of the sectoral and local planning process. Integration of comprehensive poverty reduction and growth activities into the 5-year plan will be the key to ensure that the CPRGS will produce appreciative outputs. The initial plan in conjunction with mid-term budget has created a balance of financial resource to ensure feasibility of the plan. By improved application of logic frame to the plan development process, plan development steps and the contents are closely examined. Renovation of planning process will be continued in developing the plan for 2006 and following years.

In the time to come, renovation of planning process will focusively deal with the followings:

- (1) Raising awareness on planning and strengthening the capacity of developing plans and sectoral development policies at all levels, including equipping knowledge and tools of policy analysis and planning for civil servants/staff at all levels through training.
- (2) Renovating budget plan, developing a mechanism to closely link the plan with budget based on strong decentralization. Examine and renovate human resource distribution and expenditure norms more effectively.
- (3) Completing plan monitoring and evaluation system at all levels to ensure precise evaluation of the implementation results of the sectoral plan including development of the indicators and the information collection and processing

system, defining responsibility of implementing monitoring and evaluation for agencies at all levels and defining a mechanism for information sharing and provision.

Renovation of planning process and monitoring plan implementation is at the early stage. This is an urgent need in order to reflect the increased role in effective management and coordination of agricultural development in the market economy. Renovation is a difficult process, which requires sound awareness and high commitment of leaders and civil servants at all levels together with cooperation and supports from international community as well as concrete steps and actions.

* *
*

The 2005 plan is of dominant meaning, which decides the completion of the target of the 5-year plan 2001- 2005 and at the same time creates a new impetus for the following 5 years. Achievements made in the first 6 months are very rewarding, which will create a good momentum to encourage farmers all over the country to surpass the planned target for 2005.

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT