

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

**THE 5-YEAR PLAN FOR
AGRICULTURAL AND RURAL SECTOR**

Period 2006 -2010
(Second Draft)

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Table of Content

INTRODUCTION	2
PART I - SECTOR PERFORMANCE OVER	4
2001-2005 PERIOD, CHALLENGING FACTORS.....	4
TO SECTOR DEVELOPMENT IN THE NEXT PERIOD.....	4
I. Sector performance over the last 5 year period, 2001-2005.....	4
1. Implementation of sector's growth and development objectives jor planned targets.....	4
2. Mobilization and utilization of investment capital in the sector	9
3. Annual expenditures by MARD.....	10
II. Shortcomings and reasons.....	10
PART II - THE 5 YEAR DEVELOPMENT PLAN FOR AGRICULTURAL AND RURAL SECTOR OVER 2006-2010.....	12
I. Influenced factors and main considerations for building development plan for agriculture over the period 2006-2010	12
II. Development Objectives of Agriculture over 2006-2010	13
1. Analyze and select the development scenario	13
2. Overall objectives	17
3. Specific objectives and priority activities during the period 2006-2010.....	17
III. Identifying priority programs and projects for investment.....	20
1. Priority Programs in the 5-year period from 2006-2010	20
2. Priority projects for investment in the 5 year plan to 2010	25
IV. Resources mobilization and allocation	26
1. Expectation of capital mobilization for whole sector development for 2006-2010 ..	26
2. Expectation of development investment capital through MARD	27
3. Annual expenditures by MARD over the next 5 year plan	28
V. Mechanism of Monitoring and Evaluation on implementation of the 5 year plan.....	28

INTRODUCTION

In order to implement the Prime Minister's Directive No. 33/2004/CT-TTg dated 23 September 2004 on building the 5-year economic - social development plan for period 2006-2010; guidelines on building 5-year economic and social development plan for period 2006-2010 by the Ministry of Planning and Investment to Ministries, agencies and provinces; the Ministry of Agriculture and Rural Development has been building the 5 year plan and issued document to its units and provincial departments of agricultural and rural development (DARDs) to provide guidelines on implement the Prime Minister's Directive.

To be fully consistent with *Doi Moi* policy on economic management of the Communist Party and Government of Vietnam, planning will be further reformed to become a real management tool to monitor the economy effectively. The 5 - year plan is considered as mid-term development strategy in order to identify directions, priority objectives and strategic actions to develop the economy in the next 5 year to 2010. In order to base the plan on science-evidence and with high feasibility, the 5 year plan will be closely linked to mid-term expenditure framework and the need of financial mobilization for the development process not only be met by government budget but also from other sources domestically as well as international.

Building the 5-year development plan of the agriculture sector for the period 2006-2010 must meet the following main considerations:

- I. The Mid-term Development Plan of the Agriculture sector is consistent with demand for full and comprehensive reform of social-economic activities, closely related to international economic integration and trade integration which have been fostering over years;
- II. Development planning should strengthen and improve quality of forecast, particular forecast on economy, markets, science and technology... Plan is closely linked to projections, sector development with region development;
- III. Plan and projection for development of the sector, especially commodity development plan, should cover development of all economic stakeholders, based on mobilization and balance of capital for the whole sector and the whole country.
- IV. Development plan of the sector should well incorporate of the Comprehensive Poverty Reduction and Growth Strategy, Millennium Development Goals (MDGs) and commitments of the Government of Vietnam to international and regional organizations;

- V. Building the 5-year development plan for 2006-2010 should attach much importance to growth quality, competitiveness through improvements of labor productivity, quality of products and reductions of product costs. In the 5 year plan, should concentrate on collect and calculate indicators which reflect economic growth quality and indicators reflecting quality of people's lives, rural environmental quality;
- VI. Increase the role of all stakeholders, particular rural community, in planning process through consultation, seeking comments widely from domestic and international communities. Apply several international standards and calculating approaches, methods for indicators, which can be collected.

The 5 year development plan for agriculture and rural sector include main contents as following:

- VII. Review performance of the last 5 year form 2001-2005;
- VIII. Analyze domestic and international factors which can influence sector development during the period 2006-2010;
- IX. Identify objectives and priority strategy to develop the sector for period 2006-2010;
- X. Formulate and decide sector development plan;
- XI. Forecast bout resource mobilization and balance resources for development investment;
- XII. Policy mechanism and resolutions to achieves expected sector development objectives;
- XIII. Mechanism and measures to organize monitoring and evaluation of the 5-year development plan implementation.

**PART I - SECTOR PERFORMANCE OVER
2001-2005 PERIOD, CHALLENGING FACTORS
TO SECTOR DEVELOPMENT IN THE NEXT PERIOD**

I. Sector performance over the last 5 year period, 2001-2005

1. Implementation of sector's growth and development objectives

The sector 5-year development plan was implemented in the context of various adversely influencing factors such as agriculturally unfriendly climate, unusual floods and storms, widespread occurrence of epidemic diseases to animals and crops, particularly the avian influenza epidemic. Moreover, the world economic and market situation was strongly influenced by the war in Iraq, leading to highly increased prices of essential materials for agricultural production and considerably reduced market for agricultural products. In this context, the Government of Vietnam has guided the central Ministries, sectors and provinces to take relevant measures for minimizing adverse impacts, maintaining the agricultural production and contributing to improvements of the rural population's life.

Implementation results of several major planned targets

Target	Unit	Planned by 2005	Estimated implemented value	% implemented vs. planned
Average development rate of agro-forestry production value	%	4.3	4.3	100
Export of agro-forestry products	bil. USD	5	4,5	90
Average increase of exported agro-forestry output	%	17	16	94
Average increase of farmers' income	%	12	10.5	87
Annually created new jobs in rural areas	mil. jobs	0,8	0,8	100
Forest coverage	%	39	37	95
Paddy output	mil. tons	33	36,3	110
Rice exports	mil. tons	4,0	4,0	100
Output of various meats	mil. tons	2,6	2,8	107.6
Proportion of rural poor households according to national poverty line	%	10	7	130
Coverage of rural clean water supply by 2005	%	65	62	95
Proportion of communes with access to national electric network	%	100	90	90
Proportion of communes with auto-roads by 2005	%	98	98	100
Gross investments for agro-forestry sector	%	13	9.5	73

The agro-forestry sector continued its growth. The agricultural production value was increased at the average rate of 4.3%/year, of which farming increased by 4.3%, animal husbandry – by 5.4%, agricultural services – by 2.4%, and forestry – by 1.3%. Concerning the sector's added value during the planning period, it was increased by 2.9%/year on the average between 2001 and 2005, of which farming increased by 3%, animal husbandry – by 4.4%, agricultural services – by 1.9% and forestry – by 0.7%.

The agro-forestry production structure is continuing moving towards increased efficiency and higher satisfaction of the market demands. Farming trended to declining, while the weight of animal husbandry output increased (at the prevailing price). This movement is seen more clearly within the farming sub-sector. Although the cultivated area of some crop has decreased, the output continues to increase thanks to intensive farming techniques and application of new technologies. The weight of grain food crop output decreased from 61% to less than 58%, while the weight of production output of rubber, cashew nut and fruits enormously increased.

Every year, nearly 100,000 ha of rice cultivated land was shifted to a new purpose of use, which was either aquaculture or cultivation of another crop of higher economic efficiency. The area of rice cultivated land was decreased by 0.2%/year on the average, of which the area of third rice crop decreased by 1.6%/year, that of winter-spring rice decreased by 0.6%/year, and contrarily, summer-fall rice increased by 1.6%/year. The area of maize cultivation increased by 7.2%/year on the average, the yield improved by 4.6%/year and the gross output reached about 3.5 million tons. The area of coffee growing continued to diminish at the rate of 2.8%/year, with the output of coffee beans decreased by 1.9%/year. More than 50,000 ha of coffee land in the Central Highlands were used for another crop due to the inappropriateness of the land. Vice versa, rubber crops have developed quite fast in terms of both cultivation area and yield. On the average, the cultivation area was enlarged by 2.6%/year, and the output increased by more than 8%. The gross output has reached closely to 450,000 tons by this time. Cashew nut continued to develop with the cultivation area increased by 8.65%/year and the output nearly doubling that at the beginning of the planning term. So far, cashew nut has become a commercial crop of high potential. Fruit trees also strongly developed. Their cultivation area was increased by 4.8%/year, in particular in the Mekong delta, South East and northern mountains. The yield continued to increase owing to numerous farming techniques, especially application of new high-yield and good-quality varieties. The output of grain food crops was also increased by 2.5%/year on the average, the amount of food per capita increased by more than 1.4%/year. The national food security was ensured and the country remained its position as the second largest exporter of rice in the world, with the annual rice exports reaching up 3.5 to 4 million tons.

Animal husbandry was developed in terms of size and considerably improved in terms of quality. The nationwide herd of pigs was developed by more than 5%/year, that of cows increased by nearly 4%/year, especially the herd of milky cows increased by more than 20%/year. In spite of severe impacts due to the avian influenza, the flock of domestic fowls was developed by more than 1.5%/year. The total output of various meats was increased by more than 7%/year, which was higher than the development rate of the animal herds, owing to the notably improved quality.

The forestry sub-sector has strongly shifted its activities from forest exploitation to restoration-oriented protection of natural forests, leading to a fast growth of new planted forests of all 3 categories. A strong socialization process has been undertaken in the forestry sub-sector. The existing forest resources have been consistently enlarged and the area of forests of various types has been increased by nearly 1%/year. The area of man-made forests was increased by 0.5%/year and the forest coverage increased by 1%/year, especially reaching to 36.7% in 2004. Forestry developments have recently contributed much to protection and conservation of the ecological environment, and limited bad consequences of unusual and unexpected natural disasters over time. The forestry sub-sector has steadily moved from exploitation of the natural wood forests to exploitation of man-made forests. The output of exploited natural wood was decreased from 300,000 m³ in 2000 to 200,000 m³ in 2004, compared with that of exploited man-made wood, which was increased from 800,000 m³ to about 2 million m³.

The agricultural product processing industry and rural industries have grown up quite well, with the weight of rural industries and services accounting about 40% of the regional economy by the end of the planning term, and the average growth rate of 11% on the average. At present, there have been totally 2,971 handicraft villages throughout the country, providing 1.4 million households working in different areas and lines of production. Of that total, 2,017 villages are specialized in handicrafts and fine arts, using 1.35 million laborers and producing a value of around 9,000 bil. VND. Agricultural services have changed significantly in terms of its forms and quality. The added value of agricultural services of 1.9%/year has contributed to the quantitative and qualitative growth of agricultural production.

The process that the sector's production structure is shifted is clearly expressed in the improved product quality. In the context of increasing quality demands for agro-forestry products in the domestic and global market, high-quality varieties of crops and breeds of animals are increasingly used for production, especially for agro-forestry products to be exported.

The rural economy over the recent years continued to move towards diversified production to increase the weight of processing industry and rural industries for improving the added value chain of agro-forestry products. Many areas and farmers previously involved in pure agricultural production now have moved to diversified production with effective and sustainable models. This shifting process has closely linked with the labor movement in rural areas. The weight of industries in the rural economy has been increased by 6%, and that of rural services increased by about 4% while that of agro-forestry and fishery products decreased by around 10%. In many agricultural ecological regions, new relevant models are being formed and developed, such as rice-and-fish cultivation in the Mekong delta, pig farms and aquaculture in the Red river delta and the Mekong delta, cow raising combined with forestry development in mountainous areas, etc.

Consumption of agro-forestry products has been improved in both domestic and export markets. Facing difficulties relating output for agricultural products, the consuming system for agricultural products has been strengthened on the basis of acquiring and

understanding the market information, linking production with processing and consumption. The export value of agro-forestry products over the last 5 years has been 16.9 billion USD, and the average growth rate of the export output has reached more than 10%/year. Many areas and production units have taken the first steps to establish trademarks for their agricultural products in order to increase the competitive capability and extend the marketing ability. The system of bulk markets for agricultural products, especially the ones in the concentrated areas of agricultural production, has been established to promote consumption of agricultural products. The model of on-line trading of agricultural products that has recently emerged has also presented good effects.

Structural organization for agricultural production has had changes to fit the environment for goods production and of increasing competitiveness. The privatization process of state-owned enterprises is being promoted. As a result, 191 state-owned enterprises have become private, rapidly stabilized their status and effectively developed their production activities. The form of household economy has had some changes in terms of scope and quality. So far more than 80,000 households have arranged their production activities within the household farms. The organization of co-operatives has also been reformed in terms of operational and management arrangements. At present, there are 9,255 co-operatives operating under new arrangements, including the ones that specialize in consuming agricultural products.

The rural infrastructure continued to be upgraded and extended, especially the irrigation systems, dykes, rural electric facilities, clean water supply, rural markets, and technical and service systems. Programs on rural infrastructure development, particularly those for poor communes, have significantly improved the appearance of the rural areas and rapidly reduced the proportion of poor households. Over the recent years, the irrigation sub-sector has focused on improving and upgrading existing facilities in the northern provinces, investing in new dams and reservoirs in the central region and Central Highlands; as well as implementing programs on flood control, fresh water conservation, and acidity leaching in the Mekong delta. By this time, more than 15,000 km of canals all over the country have been lined, which helped to increase the irrigation capacity to over 350,000 ha, ensuring irrigation for nearly 90% of the cultivated area, and facilitating drainage for 400,000 ha of land. 98% of the communes have had auto-roads connected to the communal centers, more than 90% of the communes have had access to electricity supplies and 62% of the rural population has had access to clean water supplies for domestic uses.

Activities for poverty reduction in rural areas have achieved encouraging results, the proportion of poor households has rapidly dropped down, and the community life in poor communes and villages has been much improved. Under the principle of mobilizing various resources for rural poverty reduction, through such programs as Program 135, technical assistance, and loans for poverty reduction, the proportion of poor rural households according to the national poverty line has reduced to less than 7%. Based on the domestic finances and funds from international donors and organizations, poor people and poor communities are more actively participating in poverty reduction, from planning poverty reduction programs to supervising the implementation and taking initiatives to carry out relating activities.

2. Mobilization and utilization of investment capital in the sector

The investment capital mobilized for the whole agricultural sector between 2001 and 2004 was, on the average, 21,786 billion VND per year. The highest rate was nearly 24,600 billion VND.

Investment capital sources for development in the agricultural sector

At current prices, billion VND

Target	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Estimated 2005	Total
Total investment capital for the whole sector	18069.1	19705.5	22586.3	24575.0	23997.0	108932.9
1. State budget (excluding ODA funds)	3931.2	4122.8	4274.4	5429.0	4490.7	22248.0
2. State credits for investment and development	159.0	401.0	410.0	460.0	495.0	1925.0
3. ODA funds	1170.9	1234.7	931.6	710.8	714.2	4762.2
4. Investments by enterprises and co-operatives (state economy)	8253.0	8503.9	9850.0	10401.6	10640.8	47649.3
5. Investments by household economy	4025.0	4097.5	4517.4	4612.3	4704.6	21956.7
6. FDI	524.9	1341.2	2596.5	2953.8	2943.7	10360.2
7. Other sources	5.1	4.4	6.4	7.5	8.0	31.5

The rate of capital mobilization for investment and development in the whole agricultural sector for the planning term 2001-2005 is 30%, at the current price, compared with the added value of agro-forestry sub-sectors. The growth rate of investment capital for the agricultural sector's development is 7.6%/year, and the highest one is 13%. ODA funds now have a declining trend, vice versa, FDI tends to increase quite rapidly. Capital mobilized from enterprises and households accounts for a high proportion and tends to steadily increase.

The structure of funding sources for the agricultural sector is as follow:

- From the state budget: 20.4%
- From state credits for investment and development: 1.8%
- From ODA funds: 4.4%
- From domestic enterprises and co-operatives: 43.7%
- From household economy: 20.2%
- FDI: 9.5%

Within the funding structure for development of the agricultural sector during the given planning term, the weight of investment capital from enterprises and household economy accounts for nearly 64%. This trend substantially conforms to the development process of the market economy.

Investments from the state budget make up an important part. During the planning term 2001-2004, these investments were increased by 5%/year. State budget accounts for 94% of public expenditures. It has been concentrated in infrastructure construction, support to the public service system and institutional building. At the same time, funds from the state budget to subsidize enterprises have been gradually diminished.

According to the plan for the period 2001-2005, the need of investment capital through the MARD should be 18,980 billion VND. In fact, the actual investment capital was 14,287.9 billion VND, i.e. 75.2 % of the planned figure. Out of the total development investment capital managed by the MARD, domestic funds made up nearly 76.8%, and ODA funds accounted for 23.2%. The investment from the budget through the MARD was mainly for the irrigation sub-sector (accounting for nearly 67% of the total investment capital through the MARD).

Analysis of links between the investment capital and the growth rate of the whole sector's added value shows that on the average, the investment capital for the agricultural sector (at the 1994 fixed price) is equal to 30%. This ratio is quite good. However, the investment efficiency measured by GDP as an indicator is fairly low, partly because a part of the investment capital for the sector is not merely for promoting growth of the economic value (as investments in forest development, environmental and natural resources protection as well as in irrigation are partly for non-agricultural benefits). Another cause for low efficiency of investments is that the ability of funding source selection and allocation as well as capital management and utilization is still limited.

The investment capital from ODA funds in the planning term tended to decline, and especially considerably reduced compared with that in the 1990s. There are many reasons for this situation: reduced grants and proportion of grants, increased proportion of concessionary loans, increased FDI, and tightened procedures for ODA fund mobilization. This situation has led to the fact that the commitment level on ODA is high, but capacities of responsible agencies for investment preparation and disbursement are still weak, making the implementation of ODA commitments lower than undertaken by the donors.

Of the gross investment capital for socio-economic development in the planning term 2001-2005 (around 185,000 billion VND/year), investments for the agricultural sector account for nearly 11% - 12%.

3. Annual expenditures by MARD

Total expenditures from the MARD's budget between 2001 and 2005 are about 3,770.7 billion VND, of which:

Recurrent expenditures: 3,232.6 billion, accounting for 97.3%
Expenditures for national target programs: 122.2 billion (i.e. 3.1%)
Other expenditures: 250.5 billion (i.e. 6.6%)

The recurrent expenditures from 2001 to 2004 increased, on the average, by 15% a year. However, those for 2005 are expected to be decreased. Recurrent expenditures are often used for main activities, such as:

Expenditures for non-profitable economic activities:	36.4%
Expenditures for scientific research:	29.3%
Expenditures for training:	29.5%
Expenditures for administration:	4.3%
Other expenditures:	0.5%

II. Shortcomings and reasons

Over the 5 years implementing the plan, the agricultural sector has maintained a quite good growth rate, and shifted the sector's production structure towards the market and in linkage with poverty reduction and social equity targets for rural areas. However, the growth process in general is not yet sustainable and of good quality. Moreover, efficiency of production activities and the competitive ability of the sector are still fairly limited. There are many reasons for that situation. On the one hand, the climatic conditions are unfavorable, and the socio-economic environment in and outside the country is rather changeable. On the other hand, the sector's capacity of organizing and operating production activities is still weak.

The rural agricultural economy has had movements though at a rather low speed; the movements are not yet towards quality, sustainability and intensiveness; and many provinces have not yet been able to identify orientations for their own movements. A significant constraint to the growth of Vietnam's agricultural sector is the competitive ability of agricultural products both in terms of price and quality, while the shifting process so far has been quite extensive, rather than strongly oriented to increased quality and reduced price.

Agricultural science and technologies have made important contributions to agricultural growth. However, they have not yet become a major trigger to promote growth and development of agricultural production in the context of the developing market economy and increasing globalization. Although Vietnam has become a large exporter of agricultural products, its product quality is rather low compared with that of other countries in the region, the cost price of almost agricultural products is still high, and most of exported items are either unprocessed or preliminarily processed. In fact, Vietnam has very little collections of crop varieties or animal breeds to make agricultural products of recognizable trademarks.

In the current competitive commodity agriculture, Vietnam's agricultural sector has not yet been able to make suitable arrangements for production, which should prove to be effective and competitive within the sector. The process of producing goods requires a close link between the material producing phase and the processing and consuming process. Nevertheless, the current link between farmers, processors and consumers is very loose; and responsibilities and rights are inadequately addressed in the sector.

In spite of recent renovations in investment planning, there are still limitations in investment management; moreover, the process of selecting and allocating investment funds is not sufficiently tight and effective. Unsound management of investments has led to debts in capital construction investments. The debts sometimes exceed 1,000 billion VND. Lack of balance between capital investment, recurrent working capital and production capital has induced the fact that infrastructure, equipment and facilities are wastefully used. A lot of infrastructure, equipment and research facilities have high designed capacity but are only operated at a very low rate. This is a tremendous waste, supplemented by the wastes caused by losses in capital investments, leading to a low level of investment efficiency.

Agricultural policies and institutions have not been timely revised and amended to meet new development needs. A lot of introduced policies appeared to be very infeasible due to many reasons, of which the most major ones are lacks of resources and good implementation arrangements. It can be easily noted that one of the major constraints to Vietnam's agriculture is the small size of farmland/household land, while there is a high rate of surplus rural labor. This situation is hindering investments for application of modern technologies to bring agricultural products of equally good quality. On the other hand, the small scope and scattered allocation of agricultural production activities have caused difficulties to organizing a link between material producers and factories, and between credit lenders and producers who are in need of capital.

The system of rural technical and social services is inadequate and characterized by limited quality; producers and rural population still meet difficulties in accessing to services. Services are not fully and timely provided, especially services for agricultural extension, or services for providing market information as well as knowledge and skills on production management in the market economy have not caught up with demands of the economy. It made producers fail to make right and effective choices.

Labor movements and job creation in the agricultural and rural sector are still rather low, inducing delayed improvements of the rural population's income. In fact, the rural sector is mainly relying on agricultural production. However, the labor productivity is still low, labor time currently used in rural areas is accounting for only 75% of the total available time. On the other hand, more than 1 million new rural laborers are included in the social labor force and they apparently need jobs for their livelihood.

The administrative reform program has been launched, however, its progress is rather low and results are limited; training technical specialists, management staff and employees in the sector is not yet relevant. The reform process for the economic management mechanism is presently facing an impediment made by the sector's state management agencies. It is partly because the state management staff is failing to improve their qualifications in accordance with the demands of the market economy, and partly because of inappropriate organizational structure of state management agencies as well as existing overlaps in responsibilities and functions. Some state management agencies still want to interfere in the decision making process of businesses, on the contrary, many issues that should be addressed within the functions and mandate of state management agencies are left to be stuck.

PART II - THE 5 YEAR DEVELOPMENT PLAN FOR AGRICULTURAL AND RURAL SECTOR OVER 2006-2010

I. Influenced factors and main considerations for building development plan for agriculture over the period 2006-2010

1. Background and challenges:

The period 2006-2010 will have 2 major events, which can greatly affect Vietnam's economy in general, and the agricultural sector in particular: (i) Vietnam will potentially join the World Trade Organization by the end of 2005, (2) the Asean Free Trade Area (AFTA) will be fully implemented by 2006.

The globalization process will surely lead to fierce competition, while the Vietnam's agriculture is facing several major challenges, which should be overcome in coming years:

- (1) Labor productivity in agriculture is very low while cultivated land is limited and scales of land plots of production units are small which greatly constrain the process of production reorganization to be more suitable as well as investment on high technologies to improve competitiveness in the integration process into the world markets and economies;
- (2) Surplus of labor in rural areas, demand for employment of rural labor is increasing, move of agricultural labor into other non-farm activities is main way to increase labor productivity and incomes of farmers and rural households;
- (3) The competitiveness of Vietnam's agricultural commodities is low due to uncompetitive prices and quality, these two constraints are all rooted on the fact that agricultural science and technology is limited not only in production stage but also in processing and marketing. In fact, possibility for expansion of scales of agricultural production is remained large but meet bottleneck in consumption and market. Based on market economic point of view, there are several farm products, which are burdened by surplus (supply is more than demand).
- (4) The gap between rural incomes and urban incomes seems to be increasing which lead to capital accumulation in agricultural sector for investment is limited. Poverty incidence in rural areas accounts for about 90% of the total poverty households over the country.
- (5) There is lack of appropriate policies to attract resources from various sources to invest into the agriculture-rural sector such as from government budget, enterprises, and abroad (ODA and FDI).

2. Main considerations for building 5 year development plan for the next period:

- Consider the development of agriculture in period 2006-2010 within presence of international economic integration and fierce competition on Vietnam's domestic market;
- Action Strategy should concentrate on address constraints mentioned in previous section, among which should consider science - technology and market resolutions is the main driven force;
- There should be specific priorities between *investment on intensive commercial agricultural production* to increase the growth rate, improve the whole sector's competitiveness and *investment on self-sufficient agricultural production* to promote rapid poverty reduction in disadvantaged areas due to constraints in resources;
- The 5 - year Agricultural Development Plan for 2006-2010 should be based on long term social-economic development strategy of Vietnam and the Sustainable Development Strategy (21 Agenda Program) which Vietnam already commit to the international community;
- Sector's development objectives should be balanced with financial resources, these resources should be mobilized and balanced from 4 major sources: (i) enterprises; (ii) households (and small private units); (iii) government's budget, and (iv) committed international financed sources; and
- Policies and programs to implement the 5 year plan with specified objectives should be highly feasible which means that these policies should be met with adequate resources to implement and a mechanism for monitoring and evaluation, indicators to monitor the plan should be developed.

II. Development Objectives of Agriculture over 2006-2010

1. Analyze and select the development scenario

From the review of the sector performance over the last five years 2001-2005 and the real situation of Vietnam's agriculture at the moment, it is recognized that the potential for agricultural growth is still quite large, which can be reflected by following aspects:

- Labor in agriculture and rural sector is quite redundant, which means that creating new jobs will accelerate growth rate;

- There is still good potential for increasing agricultural production through increasing cultivated areas and improving yields;
- Resources invested in agriculture, especially financial resource are low but there is large amount of resources which has not been fully mobilized, such as land resource, capital of households and enterprises;

These potentialities have not been fully realized to increase agriculture growth rate due to several major constraints, which are:

- Expansion of market is limited because of low competitiveness of several farm products and marketing capability of the sector is constrained. Consequently, increased competitiveness which will open further market for Vietnam's farm products will be an important strategy to help expanding production in coming time. At the moment in the world market for certain farm products, supply is overcoming demand, the global market increasingly demands high quality products, especially the need for product safety; on the other hand, many countries will use technical non-tariff barriers to constrain farm import. Meanwhile, the domestic market is much more competitive when Vietnam fully integrate into the world trade system;
- Increase scale and space of application of science and technology into agricultural production in order to make agricultural science and technology a major driven force to accelerate growth in agriculture and rural sector for coming years. At the moment, agricultural research and science and technology transfer is not systematic, there is a lack of close relationship between research institutions and technical transfer units in order to solve the big issue at the moment of the agricultural sector, that is production must be based on market demand and signals. To better address science and technology issue will be the basic factor which can drive agricultural growth sustainably in coming years. Investment in science and technology and technical transfer is considered the most effective investment in comparison with investment in other areas within the agricultural sector. But in the last couple of years, proportion of investment in science and technology is still low, there is lack of investment in well selected projects which can create major breakthrough to address quickly the sector's major constraints;
- Mobilization and usage of capital in agricultural sector is ineffective, there should be adjustments of investment in agriculture as well as management of investment capital more closely in order to improve effectiveness of investment (the whole economy now is wasting more than 15% of the total investment capital which is

higher than the growth rate of investment capital annually). Data from implementation of development plan shows that the ICOR is very high for agricultural sector as well as the whole economy, which means that Vietnam will need very high increase in investment capital in order to create further growth. The high ICOR means that the effectiveness of investment in agriculture is low, capital is being wasted and the effectiveness of usage of fixed assets is low. In order to remain healthy and sustainable growth rate of the agricultural sector, the rate of investment for the whole sector should be more than 30% of the sector's total value added. Among three main objectives for agricultural development over the next period, it should be concentrated on increasing investment effectiveness in order to increase value added chains of farm products as well as agricultural services;

- From the point of view of the overall national economy, in the next period the economy's resources should be concentrated on industrialization and modernization of the economy, industry and service are two areas which should be priority for investment in order to increase growth rate highly, among which three economic driven centers of the country will be priority to become the lead of the whole economy. Agricultural sector should enjoy stable growth to be a base for industry and service to accelerate. Increased growth rates of industry and services will create more new jobs and attract labor from agricultural sector at a higher speed which can, therefore, increase rural incomes.
- Vietnam's agricultural and rural sector is characterized by several main aspects: (i) rural economy is based mainly on agricultural production; (ii) agriculture contributes to 75-80%; within the agricultural sector, proportion of crops is more than 75%. With these structures, the move from crops to animal husbandry and services within 5 years will not be significant; since in order to increase proportion of animal husbandry by 1% in the total agricultural GDP will need an increase of 16% of the animal husbandry's added value, while the service will need to increase by 40% in term of added value. It all means that at the current agricultural structure, to increase proportion of animal husbandry from 20% to 30% will need the growth rate of the animal husbandry by 160%, which is impossible. Consequently, the direction for changes in the agriculture structure through improved product's quality, increased processing level of farm products, increased commercial rate of farm products and increased export proportion of farm production, which means to make agricultural grown in deep, will be more feasible and practical. On other hand, in the market economy production's profits or value added is the most important target of producers and the economy, not the production value.

- To make agricultural growth sustainably will need to have harmonious balance between poverty reduction in rural and protection of natural resources and ecologic environment. At the moment, there are about 90% of the total poor households living in rural areas, especially in mountainous areas, steep hill, areas with more forestry resources. If the poverty in the mountainous areas with large river basin cannot be solved then damage to forestry resources, environmental imbalance in important areas will not be stopped. This is a risk which can lead to unstable economic growth then it should be addressed quickly

There are three scenarios for sector development which should be considered:

Scenarios	Monitoring indicators	Capital requirement
<u>Scenario 1</u> : Growth rate of the agricultural sector is high. Level of capital mobilization for industrialization of agriculture is high, concentrating on commercial agricultural production, investment on science and technology to reduce production costs and increase farm products' quality with priority for exported farm products	Growth rate of the farm sector: 3.6-3.7%, specifically: - Agriculture: >3.7%; - Forest: 3.2; - Agro-services: >5.8%; - Rural poverty rate:> 5%	> 156 thousand billions dong
<u>Scenario 2</u> : Growth rate of agricultural sector is relatively high. Appropriate level of capital mobilization, adjustments in investment structure aiming at improved effectiveness, give priority to investment in concentrated agricultural production areas, processing and marketing of farm products with a appropriate consideration for investment in poor areas	Growth rate of the farm sector: 3.4-3.5%, specifically: - Agriculture: 3.4-3.5%; - Forest: 3.5-3.6; - Agro-services: 5.4%; - Rural poverty rate: < 5%	146 thousand billions dong
<u>Scenario 3</u> : Growth rate of agricultural sector is limited. The level of capital mobilization is the same with last 5 year's level, equal investment in both commercial agricultural production and self-sufficient agriculture with priority given to poor areas. The global economy and trade is not favorable	Growth rate of the farm sector: 3.0-3.3%, specifically: - Agriculture: 3-3.3%; - Forest: 2.9-3.2; - Agro-services: 4-4.5%; - Rural poverty rate: <4%	135 thousand billions dong

Considering every scenario will show that the Scenario 1 with high growth will need high level of capital mobilization but it will not meet the comprehensive poverty reduction and growth strategy's objectives at the national level. On other hand, even though the high level of

capital mobilization for this Scenario might be achieved but the capacity of investment preparation, capital usage and implementation management at the moment will not be able to handle effectively.

With consideration on feasibility of each scenario, it is recognized that the Scenario 2 (reasonable growth rate) has the highest feasibility, and suitable to the overall objectives of national socio-economic development. As the result, the following sections is analyzed based on the Reasonable Growth Rate Scenario.

The Scenario 3 with low growth rate will not meet the objectives of the strategy to increase competitiveness of the sector in order to be integrated successfully, than it will make the sector lagged behind that of other countries.

2. Overall objectives

To develop market - oriented agricultural sector with social orientation to increase incomes and improve people's lives in agricultural and rural sector, to protect natural resources and ecologic environment. Agricultural development in the next period should achieve high-value added, improved competitiveness and effective production. Overall objectives are:

- Agricultural households' income on average increases by 10-12% per year, to increase by two folds by 2010 in comparison with 2000's level;
- Rural poverty rate is less than 5 percent based on national poverty standard (and less than 15 percent based on international poverty standards).
- Agricultural growth is quality and sustainable.

3. Specific objectives and priority activities during the period 2006-2010

The 5-year sector development plan identifies 3 main objectives that should be achieved to realize the overall objectives of the sector during the development period from 2006 to 2010. With a point of view that the economy's resources are limited, there are too many things to do but in the next 5 year in order to invest effectively, there should be priority activities in order to achieve the three main objectives.

Poverty reduction should be always linked to quality growth, which will greatly affect poverty reduction in rural areas, to solve poverty issue in the rural areas by both ways: (i) invest to support directly the poor; and (ii) invest into sectors, regions from which the poor can get benefit greatly.

Objectives	Priority Activities	Monitoring Indicators
<p>1. To maintain sector's growth rate sustainably with quality</p>	<ul style="list-style-type: none"> - Accelerate industrialization and modernization of agricultural sector. To restructure production of crops and animal husbandry, to give priority to investment in science and technology, to create varieties with improved yield and quality for major crops which are closely related to processing in order to increase value added chains - Concentratively invest in processing and post-harvest science and technology to increase product's value and competitiveness. - Increased investment in trade promotion and agricultural marketing to expand and maintain domestic market and export. - To establish suitable and well-organized production model based on improved land policies, to facilitate investment in technology, to improve effectiveness and competitiveness, to increase product's quality for processing and for export with competitive prices. - To improve economic infrastructure to support agriculture with improved management and operation; - Reform land policies and accelerate equitization of state-owned enterprises 	<ul style="list-style-type: none"> - Maintain production volume of 38-38.9 million tons of paddy; - Growth rate of agricultural-forestry GDP is 3.4-3.5% annually; - Structure of agricultural-forestry GDP by 2010 (based on 2005's price level) is agriculture 95,5%, forestry 4,5%. <p>Within agriculture:</p> <ul style="list-style-type: none"> - crops: 73,8%, - animal husbandry: 24% - agro-services: 2,2%. <ul style="list-style-type: none"> - Value added per land unit increases by 1.45 folds in comparison with 2005 level; - Value added per labor-labor increase by 1.35-1.4 folds in comparison with 2005 level; - Commercial rate of agricultural production: 60%; - Processing rate of agricultural products is 70-80%, among which 30-40% is highly processed; - Value added from processing: ...; - Growth rate of agricultural-forestry export turnovers is more than 10% annually; - Rate of agricultural export on total agricultural production

		value is more than 60%.
2, To improve significantly social environment in rural areas	<ul style="list-style-type: none"> - Increase quality of human resources and use resources in agricultural and rural sector through development of vocational training systems in rural areas, a extension system to give training on transferring technical, economic and production management knowledge, on market knowledge and information; - Concentratively invest in rural training on non-farm activities, particularly on agricultural processing, handy craft, small industries and agricultural services; - Create agricultural and non-farm jobs in order to accelerate the movement of labor from agriculture to non-farm sectors as it being considered as the major movement to increase rural incomes; and - Rapidly improve social infrastructure system in rural areas, increase rural people's access to all social - welfare services. 	<ul style="list-style-type: none"> - Poverty rate is less than 5% - Rate of used potential labor hours for rural labor is more than 90%; - Rate of agricultural and forestry labor receiving training is more than 30%; - 100% of farmers have access to extension services; - Create new jobs for 70% of rural new labor added to the workforce every year, among which: in agricultural sector: 60%, non-farm sectors: 40%. - The rate of movement of agricultural labor to non-farm sector is 5-8%; - 100% of all communes have post offices, cultural places to give access to technical and market information to rural people.
3. Protect natural resources and ecological environment and improve living environment for rural people	<ul style="list-style-type: none"> - Invest on maintain forestry resources and develop forestry areas, to link forestry development with benefits for forest management people; - Well exploit and manage water resources to provide adequate water for production and living in rural areas; - Stop over-exploitation of natural resources in order to reduce damage to environment 	<ul style="list-style-type: none"> - Rate of forestry coverage is from 43% to 44%; - Rate of rural households using clean water is 87%; - Rate of rural households having clean bathroom and latrine is 70%.
4. Effective	- Reform of the organization system of	- 100% of all sector's state

and dynamic sector's management system	state management of the sector; - Training to increase capacity of management staff to be able to meet requirements of market economy; - Restructure of management agencies as well as research and public service system; - Formulate new policies and mechanism to create driven force to accelerate development in the competitive environment	management agencies are restructured; - 100% of state management staff are updated with management knowledge's of the market economy; - Release new legal documents on administrative management, production management and quality management.
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III. Identifying priority programs and projects for investment

In order to achieve identified objectives, action strategy for the 5-year plan will concentrate on implementation of priority - important programs and projects. These programs and projects will have prompt, sound impacts and lead to restructuring of the sector and allocate investment resources more effectively.

1. Priority Programs in the 5-year period from 2006-2010

Objectives	Priority Programs	Priority Activities	Monitoring Indicators
1. Maintain sector growth rate sustainably with quality	Agricultural economic restructure program	- Readjust sector's projection to meet the demand of changes in economic structure; - Restructure sector economy to effective and sustainable orientation; - To better link between production to processing and market system.	- Accomplish of projection readjustment for 2010 with a vision to 2020 for overall sector projection and major sub-sector projection; - Completion of equitization of state-owned enterprises; - Establish consumption-production system for production areas and areas lacking market access.

	<p>Agricultural science and technology program (Biological Science Program) with several components: varieties creation research, science & technology for development of mountainous areas, processing and post harvest technology, economic & policy research, improved quality and standard technology</p>	<ul style="list-style-type: none"> - Building a well - organized research institution's system; - Building well organized and effective system of science and technical transferring; - Establish mechanism for effective operation and management of research activities; - Create sets of varieties with high quality and improved yields for major export crops with registered trade marks; and - Give priority for investment in applied research, and allocate adequate annual capital for regular operation; - Improve system of disease alert and monitoring of diseases and pests. 	<ul style="list-style-type: none"> - Completion of reorganization of research institutions; - Completion of science and technology strategy for the sector, which is consistent with sector development strategy; - Issue management mechanism of technology transfer; - Improve organization of the extension system to the commune level. 100% of all communes have extension workers; and - Every export crop has a set of varieties with high quality and improved yield, which are suitable to market demand; - Priority projects to be implemented; - Reduce 20% of pesticide use.
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	Major export commodity development program	<ul style="list-style-type: none"> - Establish intensive and large scale commercial production areas with close linkages to processing and market; - Expand growing areas and improve quality of specialty products; - Reduce production costs of raw materials and improve farm product's quality to meet levels of other countries in the region; - Create a mechanism and increase legal effectiveness for economic relationship between processing enterprises and farmers; - Strengthen system of technical service, fertilizer service, feed service, pesticide and animal medicine; increase inspection of quality service. 	<ul style="list-style-type: none"> - Area scale of production areas of cash crops; - Rate of Vietnam's farm products with quality level to meet export requirements; - Reduction in production costs for major export products:.... - Review projection of system of processing units to be consistent with raw material areas
	Trade Promotion Program	<ul style="list-style-type: none"> - Expand the system of trade promotion activities; - Support farm producers to create and register trade marks, establish integrated market system all over the country - Improve market information system for farm products and production information system. These systems should be linked directly to the extension system. 	<ul style="list-style-type: none"> - Every DARD has one trade promotion unit with full time staff - Integrate market information system from DARDs to MARD; - Create and register trade market for major farm products such as rice, coffee, rubber, cashew nuts, fruits, and vegetables...; - Increase the number of agricultural trade fairs and exhibitions by 20% annually.

	Program for development and management of rural technical infrastructure	<ul style="list-style-type: none"> - Upgrade and expand rural infrastructure, concentrate on upgrade and improve irrigation system, dam and dykes system; - Apply irrigation technologies suitable to every ecologic region; - Establish a mechanism on management of rural infrastructures system to increase effectiveness of operation. - Attract many stakeholders to participate in developing rural infrastructure. 	<ul style="list-style-type: none"> - Number of improved lakes and dams: - Number of new lakes: - Added Capacity of irrigation system: - Coverage area with active irrigation: - Added capacity of drainage: - Area with active drainage:
	Information technology development program	<ul style="list-style-type: none"> - Develop an integrated intranet from MARD to DARDs. - Establish database system to support management and provide service to users; - Establish a mechanism for management and share information through intranet or internet 	<ul style="list-style-type: none"> - Integrate an intranet from MARD to DARDs. - Every state management agency has its own database which is linked to each other; - 50% of all reports, documents and data are transferred through intranet or internet.
2. Improve significantly living standards and social environment in rural areas	Poverty Reduction Program, which include several components, poverty reduction, job creation and vocational training, infrastructure development for poor community	<ul style="list-style-type: none"> - Incorporate CPRGS into the 5 year plan; - Appropriate policies to support poor areas and poverty households. - Ensure basic infrastructure for the poor and poor communities in rural areas; - Vocational training, job creations, production guidelines to the poor 	<ul style="list-style-type: none"> - Rate of communes escaping poverty: 100%; - Number of households escaping poverty based on national standard: 353.420; - Rate of poverty households escaping poverty: 46,4%; - 100% of all communes have basic infrastructures. 90% of poor communes have access to power network. Resettlement for 198 thousand households, including 58 thousand in difficult areas.
	Rural	- Increase training capacity of	- Number of trained senior

	education and training, vocational training and job creation support Program	<p>technical experts and management expert with attention paid to difficult areas.</p> <ul style="list-style-type: none"> - Expand and improve capacity of vocational training system for agriculture as well as non-farm in rural areas; - Establish and develop systems of rural industrial villages, and to promote rural industries and rural services. - Generate non-farm jobs to move rural labor from agricultural to non-farm sectors 	<p>experts increases by 25%;</p> <ul style="list-style-type: none"> - Number of vocational training schools, with 30% of rural labor receiving training; - System of training. - Number of rural people attending vocational training: - New jobs created in rural industries and rural services: 250-300 thousand/year;
	Clean water and environment in rural areas Program	<ul style="list-style-type: none"> - Increase rate of rural people access to clean water; - Establish appropriate mechanism for exploitation and use clean water and water system effectively. - Create self-managed water supply mechanism. 	<ul style="list-style-type: none"> - Rate of rural households access to clean water: 87%; - Rate of rural households with clean latrine: 70% - Rate of rural households with BIOGAS: 35% - 100% of industrial village have waste treatment system.
3. Protect natural resources and ecological environment and to improve living environment for rural people	Forestry resource development program with several components: 5 million ha; protect, restore and develop protective forests; develop production forests; forestry resource management.	<ul style="list-style-type: none"> - Expand areas of 3 kinds of forest (production, protective and special use) to increase forest coverage; - Allocate forest land to local people to manage with appropriate benefit schemes; - Develop various forestry community model based agro-forestry to develop sustainably; - New policies to develop forest; forestry protection policies 	<ul style="list-style-type: none"> - Total areas of forest: 16 million hectares; - Allocate 2.5 million ha of forest for local people to protect. Restore 900 thousand ha. Reforestation of 1.5 ha. Grow 1 billion new plants. Exploit 150 thousand cubic meters from natural forests, 3 million cubic meters from production forests.
	Program to prevent and	- Increase weather forecast system, calamity forecast;	- Coastal Calamity Forecast Center;

	reduce impacts of natural calamity	<ul style="list-style-type: none"> - Increase river and sea dyke system; - Move people out of regular calamity-affected areas such as by floods, landslide. 	<ul style="list-style-type: none"> - Length of river and sea dyke being concreted: - Number of rural households moved out of calamity-affected areas to new places:....
4. Public administrative reform	Public administrative reform program	<ul style="list-style-type: none"> - Reform of sector's state management apparatus, public service system to effectiveness, address overlapping issue; - Strengthen capacity and increase responsibility and accountability of staff, public servant. - Improve policies and mechanism to support sector development and poor communities. 	<ul style="list-style-type: none"> . 100% of state management offices are reorganized; . 100% of staff and public servant are updated with state management knowledge's in market economy; . legal documents are reviewed and adjusted; . Training for more than 30 thousand of cooperatives' management staff
	Public expenditure management program	<ul style="list-style-type: none"> - Strengthen financial management mechanism, increase transparency. - Establish mechanism for financial "khoán"; - improve capital usage, procurement and public expenditure monitoring 	<ul style="list-style-type: none"> - Establishment of public expenditure information system. - Adjust and release cost norms for public expenditure in systematic manner; - Create forecast system of resource mobilization for sector development.

2. Priority projects for investment in the 5 year plan to 2010

These priority programs identified in previous section will be specified by concrete projects and priority activities. These priority projects and activities are specified according to its importance to contribute to achievement of development objectives of the sector in the next 5-year plan. Specific projects and activities will be determined by location, scales, implementing time frame, expected outputs and objectives, executing agencies, capital requirements as well as financial sources.

In order to ensure feasibility and effectiveness of these priority projects and activities within the 5-year period, the total investment capital for these projects and activities will be within capacity of capital mobilization which will be considered and the capacity of annual

government budget. In addition to the government's budget in mid-term, there is expected large amount of funds committed by international donors. It is expected that there will be 70 projects, which can attract ODA capital with the total investment capital of US\$ 1.347 billion, among which US\$ 874.5 million is loan.

IV. Resources mobilization and allocation

1. Expectation of capital mobilization for whole sector development for 2006-2010

From the review of capital mobilization and usage of investment capital over the last period from 2001-2005, it is expected that in 2006-2010 plan the capital mobilization level in agricultural sector will increase by 34% annually in comparison with 2001-2005 plan. Sources of investment capital come from three major sources: (i) government budget; (ii) ODA and (iii) enterprises and households. In 2006-2010, there will be changes in policies in order to attract more capital invested in agricultural and rural areas, especially resources from international and national enterprises, commercial farms and rural households. It is expected that the capital mobilization level in agricultural sector will account for 33% of the total agricultural added value in respective years.

Due to the increasing integration process, committed funds by international donors for Vietnam's agriculture will probably increase in the next 1-2 years and then decline. Instead, the FDI in agricultural sector will increase, with most of investment capital expected to be in agro-processing, services, sales and farm exports. It is expected that the committed capital from ODA sources for 2006-2010 still remain high but capital used procedures and management will be stricter, while the capacity of implementation agencies are still limited which will further constrain absorption capacity of ODA funds, so that more than 3 thousand dong from ODA sources will be less feasible. During the period 2006-2010, with a direction to increase budget mobilization through releasing of government's bonds for investment in agriculture, it is expected to reach 12 thousand billion with annual investment capital to be approximately equal to investment from government budget in the last 5-year period.

Investment capital from agro-business and households include their own capital, loans from capital markets, which will account for larger proportion of the total investment in agriculture. With suitable policies for agricultural development, improved land policies (transfer of land use purpose, accumulate of land per production units), it is expected that investment capital from agro-business, households. Private international and domestic enterprises can invest in rural infrastructure, research activities, technical transfer and service provide to agricultural sector.

A direction to socialize agricultural service supply system base on improved capacity and effectiveness of state management offices from the central level to local levels, clearly distinguished and effective implementation of roles of state office.

Structure of capital mobilization from several sources:

- Government budget: 26.0%
- Government's development credit: 2.0%
- ODA: 9.0%
- Enterprises and commercial farms: 34%
- Households: 18.0%
- FDI: 11.0%

The total capital mobilization level for investment in agriculture and rural sector over the next 5 years can reach 144.7 thousand billions dong.

The Ministry of Agriculture and Rural Development will coordinate with local authorities to reform methods of ODA funds' mobilization and improve capacity of management and evaluation of ODA funds to be more effective. Principles to identify priority for investment by ODA sources in the next five years are:

- Poverty reduction and ensuring food security at household level;
- Promote socio-economic development and protect rural environment sustainably;
- Develop rural markets to promote investment and trade;
- Strengthen state management capacity and public services in agricultural sector;
- Strengthen research system and technical transfer.

It is expected that during the 5 year 2006-2010, the agricultural sector will propose 70 projects to attract ODA funds with the total capital of US\$ 1.347 billion with US\$ 874.5 million coming from loans. But the absorption capacity and management capacity may allow for only 13 thousand billion to be more practical

The investment capital through the government budget (include government budget, government's development credit and ODA) will account for only 37%, among which 76% comes from domestic government budget and 24% comes from international sources. In comparison with the last 5 year plan, development investment capital through government budget will increase by 85% over the next 5 year 2006-2010.

2. Expectation of development investment capital through MARD

3. Annual expenditures by MARD over the next 5 year plan

V. Mechanism of Monitoring and Evaluation on implementation of the 5 year plan

Based on their own functions, MARD's offices and state management offices at the local level will have to coordinate in monitoring and evaluation of implementation of the 5-year plan. Monitoring and evaluation of 5-year plan implementation is a regular function of the planning process.

Implementation of the 5 year plan 2006-2010 by many stakeholders in the economy to participate, including state management office at MARD and local levels, public services providers, production and business enterprises/units, so the 5 year plan should be disseminated widely through consultation, participation and asking for comments in order to make suitable adjustments and attract participation of all involved stakeholders. Perception about sector's state management should be changes because at all levels, sector's state management does not mean that over cover capital management at its own level but it should cover all capital and activities over the countries at different levels. It is a base for management office and strategy offices to allocate their resources appropriately and effectively.

Base on those indicators identified by objectives, programs and projects to evaluate plan implementation as well as sector performance. Sector's state management offices at all level according to their own functions are responsible to evaluate performance of implementation by indicators through 2 systems of data collect: (i) statistic system for annual review; and (ii) holding surveys to collect data for evaluating certain aspect. These two systems for monitoring and evaluation should be assisted and complement each other in order to ensure its reliability, objectivity in evaluation.

At MARD's departments and DARDs, there will be one specialized unit responsible for collect data, calculating indicators of plan implementation. Those database and monitoring data will be accumulated at the Department of Planning to evaluate the whole sector performance at different stages of 5-year plan.

Statistic System to monitor plan implementation should be reformed based on the principle: state management offices of MARD should collect activities data for the whole sector all over the country not only for the coverage of activities funded through MARD. It is important principle to ensure that the analysis and planning process, policy formulation for the next period will be based on reliable sources. DARDs at provincial level have to monitor and evaluate plan implementation at their provinces including public sector, private sector, households sector, domestic and international enterprises' sector.

System of monitoring and evaluation of plan implementation should be public available to ensure that other independent office and communities can also monitor and evaluate plan implementation, especially for investment projects.

Sector's statistic system of MARD should change their methods and contents for data collection to ensure that all indicators in the 5-year plan should be monitored and evaluated correctly and timely. Capacity of statistic staff will need to be strengthened and the sector's statistic system will be reorganized to meet new requirements.

There should be adequate budget allocated for monitoring and evaluation of plan implementation. Research institutes and universities should involve in conducting surveys to collect data for evaluation. Data collection to evaluate plan implementation not only to meet requirements for steering and adjusting plan accordingly but also is a important base for building 5 year plan for the next period.

Establishment of mechanism for information sharing widely through assistance of information technology through MARD to localities over the country.