

**MINISTRY OF  
AGRICULTURE AND RURAL  
DEVELOPMENT**

---

**SOCIALIST REPUBLIC OF VIETNAM  
Independence – Freedom – Happiness**

---

*Hanoi, date month 2005*

**DRAFT**

**REPORT ON PLAN FOR THE DEVELOPMENT OF AGRICULTURE AND  
RURAL AREAS  
FOR THE 5-YEAR PERIOD OF 2006-2010**

Implementing Directive No. 33/2004/CT-TTg by the Prime Minister dated 23 September 2004 regarding the formulation of the 5-year socio-economic development plan for the period of 2006-2010, the Ministry of Agriculture and Rural Development (MARD) issued Directive No. 52/2004/CT-BNN dated 21 October 2004 providing guidance for Departments of Agriculture and Rural Development of provinces and centrally-administered cities and units under the MARD in formulation of their 5-year plans for the period of 2006-2010.

MARD has conducted a preliminary synthesis of plans for development of agriculture and rural areas of provinces and cities throughout the country, and units under MARD. At the same time, based on forecasts on market demands on agricultural and forestry products, and scientific and technological advancements in the years to come as well as availability of resources, MARD has established a draft 5-year sector-wide plan for the development of agriculture and rural areas for the period of 2006-2010 as follows:

**PART I  
PRELIMINARY ASSESSMENT OF THE IMPLEMENTATION OF THE 5-YEAR  
PLAN FOR THE DEVELOPMENT OF AGRICULTURE AND RURAL AREAS  
DURING THE PERIOD OF 2001-2005**

**I. Results achieved**

After 4 years of implementation of the Resolution of the 9<sup>th</sup> Congress of the Communist Party of Vietnam (CPV), in spite of numerous difficulties such as droughts, deep cold spells of weather, storms, floods; outbreaks of avian flu on a wide scale; disadvantageous fluctuations of the market, especially of the international market; adverse impacts of the Iraq war, with special attention paid by the CPV, the State and the Government, many policies have been issued creating further driving forces to bring into full play domestic resources, expanding international relations, etc., Vietnam's agriculture and rural areas continue to develop rather comprehensively the highlights of which are as follows:

**1. The structure of agriculture and rural economy has experienced positive changes towards speeding up and promoting production of agricultural products and commodities that are have market demands and values, and effective.**

*1.1 Although the paddy farming land has been decreased to give more land for aquaculture and farming more valuable plant crops, paddy rice production has been more focused on enhanced quality and effectiveness, and better market demand driven. There*

*has been significant decrease in paddy rice farming land, but the productivity and production of rice has been increased and food security has been maintained.*

According to preliminary assessments of localities, paddy rice farming land continued to decrease by 121 hectares in 2004 to give more land for aquaculture and farming of more valuable plant crops that have better access to markets. During the past 4 years, there was a decrease of 338,000 hectares of paddy rice farming land, from 7,666 million hectares in 2000 to 7,328 hectares in 2004.

However, due to the introduction of many new rice varieties, proactive prevention and overcoming pests and diseases, secured provision of fertilizers and agricultural materials, irrigation works and systems continuing to function effectively, paddy rice productivity has increased from 4.24 tons per hectare in year 2000 to 4.86 tons per hectare in year 2004. Paddy rice production has been continuously increasing from 32.5 million tons in year 2000 to 35.7 million tons in year 2004, with an average increase of 800,000 tons per year (accounting for an increase of 2.4% per year). The target of 34 million tons of rice set forth by the 9<sup>th</sup> Congress of the CPV was achieved right from the year 2002. The percentage of high quality rice production has been rapidly increasing to meet the growing domestic demands and demands for exports, from 15% in year 2000 to 30-35% in year 2004. Together with investments in rice husking and polishing technologies and industries, the percentage of rice unfit for exports (with a tolerance of 0 - 5%) has been increasing rather well, from less than 10% in year 2000 to 30% in year 2004.

Due to great demands in raw materials for feed production, maize production has been increasing rapidly from 2million tons in year 2000 to estimated levels of 3.42 million tons for the year 2004, with an average increase of 350,000 tons per year (accounting for an increase of 14.35% per year).

The production of grains has increased from 34.5 million tons in year 2000 to 39.12 million in year 2004, and to an estimated level of 40 million in year 2005 (of which rice production accounts for 36 million tons and maize accounts for 4 million tons), with an average increase of 1.1 million tons (accounting for an increase of 3% per year). The targets of exporting 3.5 - 4 million of rice per year shall be firmly maintained with increasing turnovers, and national food security shall continue to be safeguarded.

*1.2 There have been market-driven adjustments in the production of industrial plant crops and fruit crops, and many integrated goods and commodity manufacturing zones closely linked with food processing technologies have been established.*

Because of favorable markets and major investments made in promotion of intensive cultivation, effective execution of technological processes in regards of taking care and harvesting of crops, farming land for the majority of industrial plant crops has been continuously increasing, and their production has been rapidly increasing and quality has been significantly improved. As compared with year 2000, in year 2004 the farming land for rubber increased by 39,000 hectares (accounting for an increase of 9.5%), for pepper by 23,000 hectares (accounting for an increase of 83.2%), for cashew nuts by 214,700 hectares (accounting for a 4.17-fold increase). In spite of difficulties in gaining access to markets, especially in year 2003, the farming land for tea in year 2004 still increased by 23,000 hectares as compared with year 2000 (accounting for an increase of 24.16%). Accordingly, production of rubber increased by 33%, pepper by 65.7%, cashew nuts by 3.05 folds, and tea by 26%. The only exception is coffee: the price of coffee was plummeting most dramatically in year 2002 for the past 100 consecutive years. Even

though the export price of this commodity since year 2003 has been improving, the farming land for this crop has been still reducing. As compared with year 2000, in year 2004 the farming land for coffee remained only 503,000 hectares, a decrease of 65,000 hectares (accounting for a decrease of 12.9%).

The farming land for short-term industrial plant crops has experienced rather rapid growth rates. As compared with year 2000, in year 2004 the farming land for soybeans increased by 58,400 hectares (accounting for an increase of 47%), for peanuts by 14,000 hectares (accounting for an increase of 5.7%), for cotton by 8,000 hectares (accounting for an increase of 43.2%), and sugar canes still maintaining 300,000 hectares. Accordingly, production of soybeans increased by 62.1%, of peanuts by 27%, of cotton by 57.4%, of sugar canes by 5.5%, etc.

Because of growing demands for domestic consumption and for exports, farming land for fruit crops has all experienced increases for the past 4 years: from 565,000 hectares in year 2000 steadily increasing to 747,400 hectares in year 2004, with an increase of 182,400 hectares and an average of 45,000 hectares per year (accounting for an increase of 9.85% per year). Many areas specialized in farming fruit crops have been established such as Hung Yen Province for specialty longans, Luc Ngan District (Bac Giang Province) and Hai Duong Province for specialty litchis, Provinces of Ha Giang and Tuyen Quang for oranges and mandarin oranges, the Southeast Region for mango, provinces in the Mekong River Delta for rambutans, etc. Many plantations and plantation clubs specialized in fruit crops have been established. The farming land for pineapples increased from 37,000 hectares in year 2000 to 44,000 hectares in year 2004, and a level of 50,000 hectares is expected for year 2005, and agricultural product processing factories will strengthen their close relationships with local authorities with regards to investments to be made for the development of areas specialized in producing and providing inputs of raw materials.

Production of vegetables and beans for foodstuffs has been increasing rapidly for the past 4 years, from 662,300 hectares in 2000 to 799,600 hectares in 2004, with an increase of 137,300 hectares (accounting for an increase of 20.7%). Models of households and cooperatives engaged in producing and providing clean and high quality vegetables, with the establishment of agents/ dealers and outlets in cities and urban centers have proven highly effective, with a value of 50 – 100 million VND per hectare per year. Some provinces and cities have expanded models of vegetable production utilizing high technologies, technologies that do not use farm land and ensure food hygiene and safety, uniformity and high quality, resulting in productivity enhanced 7 – 8 folds as compared with the application of traditional technologies. For example, regarding cucumber production based on the high technologies developed by the Hanoi Research Center for Vegetables and Fruits, with 3 hectares of farming, a production of 240,000 – 250,000 kilograms per hectare was achieved, an 8-fold increase as compared with current traditional farming practices.

*1.3 Livestock's and poultry industries continuing to develop rapidly to meet the rapidly growing domestic consumption needs and demands in meat, eggs and dairy products.*

To meet and to accommodate the rapidly growing domestic needs and demands in meat, eggs and dairy products, livestock's and poultry industries continue to develop rapidly and rather comprehensively. The majority of large scale areas specialized in livestock and poultry farming in the form of plantations utilizing industrial processes have been using good quality breeds, manufactured feeds, ensuring security against diseases and epidemics and high effectiveness and efficiency. At present, there are 197 factories throughout the

country engaged in manufacturing feeds for livestock's and poultry industries with a total capacity of 5.4 million tons. As compared with year 2001, 71 new factories have been put into operation thus increasing the capacity by 2.1 million tons. Together with improved breeding animals, the veterinary system has also been strengthened significantly. Therefore, even though the avian flu outbreak happened on a large scale, livestock's and poultry industries of Vietnam still have been experienced good and comprehensive growth rates, with the values of livestock's and poultry industries within the agricultural structure increasing from 17% in year 2000 to 20% in 2004. As compared with year 2000, pigs increased by 29.5%, meat cattle by 18.9%, dairy cattle by 2.2 folds, and poultry by 11.27% in 2004.

Because of changes in the structure of agriculture towards quality, effectiveness and efficiency, and markets, the values of production per 1 hectare of farming land in 2003 was recorded at 19.4 million VND, and increase of 2.4 million VND per hectare as compared with year 2000; and a level of 22 million VND and 25 million VND are expected for year 2004 and 2005 respectively. Many models achieving a value of 50 million VND per hectare per year have been in operation, and certain districts have achieved a value of more than 50 million VND per hectare per year on a district-wide scale such as Cho Moi (An Giang Province), Gia Binh (Bac Ninh Province), Tu Liem (Hanoi), and An Hai (Hai Phong); the entire Mekong River Delta region has achieved 38 million VND per hectare per year whereas the Red River Delta region has achieved 37 million VND per hectare per year. The value of agriculture throughout the country has experienced an increase of 5.1% per year, which is higher than the 4.8% target put forth by the 9<sup>th</sup> Congress of the CPV.

*1.4 Forestry accounts for a greater share in the agri-forestry economy; natural forests better protected and regenerated; economic afforestation has experienced positive changes towards quality, effectiveness and efficiency.*

Forestry activities have actually changed from being primarily based on State owned enterprises towards development of social forestry with the engagement of many economic sectors. Forestry has experienced vigorous changes from being primarily based on exploitation of forestry resources towards protection of natural forests, strengthening contracts for management of forests, implementing the guidelines of forests being put under management by specific households, and as a result natural forests have been quickly regenerated.

Afforestation of economic forests are being speeded up on the basis of step by step application of technological advancements, productivity of planted forests have been improved, exploitation of natural forests has been reduced, and more reliance on planted forests has been implemented to meet domestic needs and demands for timber, and socialization of protection and development of forests is being implemented.

Apart from investments for development of forests, zoning for forest regeneration, many establishments have been operating integrated business-ecological tourism activities, thus creating many new job and income opportunities for people engaged in forestry activities.

Exploitation of all natural forests has been banned, reducing the number of provinces engaged in logging activities from 36 to 20, and in 2005 the production of timber will reduce to 150,000 cubic meters (equivalent to 6.25% of the growth capacity of forests). Logging of planted forests in 2001 accounted for 42.4% of the timber production, and increasing to 58% in 2002 and 2003. Logging of planted forests has been recorded at an average level of 2-2.5 million cubic meters since 2002 up to present.

In the course of forestry development, initial efforts have been made in linking afforestation with markets. Forestry development plans have been better linked with job creation, improving income opportunities and living conditions for the people, and HEPR efforts in mountainous areas. Turnovers of exports of forestry products were recorded from 376 million USD in year 2000 to 1.123 million USD in year 2004 (i.e. a more than three fold increase), and it is expected that in year 2005 a value of 1.310 million USD will be achieved.

Zoning for forest regeneration for a 4-year period of 2001-2004 was achieved with 700,700 hectares, accounting for 70.1% of the targets set forth by the project towards 2010; in which zoning for natural forest regeneration accounted for 612,200 hectares, zoning for regeneration with additional planting of industrial plants accounted for 88,500 hectares. Contracts for forest protection and management in 2004 was achieved with 2,391,000 hectares accounting for 130.3% of the planned targets. Integrated afforestation was achieved with 1 million hectares, and 600,000 hectares of forests were provided with care services, and scattered afforestation was achieved with 1.1 billion plants. The quality of planted forests was improved and some effective forestry plantations were emerging. Therefore, forest coverage increased from 34.2% in year 2000 to 36.7% in year 2004 and 37.7% is expected for year 2005.

*1.5 There have been improvements in salt production in regards of productivity and quality, better satisfying domestic needs and demand and reducing imports.*

For the past few years, more attention has been given to upgrading existing salt fields. Five years (2001-2005) 25 projects have been started up in 15 provinces, of which 24 projects were on investments for upgrading rural infrastructure in the salt production areas, and 1 project was on development of the industrial salt field of Quan The, with a total of more than 200 billion VND invested through State budgets.

Apart from investments made to upgrade existing salt fields to increase productivity and quality of salt, improving incomes and living conditions for salt producing farmers, MARD has closely coordinated with Ministries, and central sectoral agencies to effectively control imports of salt according to Decision No. 46/2000/QĐ-TTg by the Prime Minister. Therefore, imports of salt have been reduced significantly, from 563,000 tons in 2001 to 100,000 tons in 2004 and 2005. At the same time, together with implementation of purchase of about 10,000 tons of salt for national reserves purposes, at present 50,000 of salt are available for national reserves purposes, and 70,000 tons of salt have been available for distribution purposes, thus contributing to reducing difficulties in consumption of salt, and interests and benefits of salt producing people have been guaranteed.

According to estimates of local authorities for the year 2005, the area for salt production will be 12,500 hectares, a reduction of 600 hectares as compared with year 2002 – a year with bumper crops of salt, but the production was still recorded at about 1 million tons which was a 1,6 fold increase as compared with year 2000. The quality of salt was improved, and some industrial factories bought domestically produced salt as inputs of raw materials.

*1.6 There have been positive developments in agricultural and forestry product processing industries and rural trades, especially in forestry product processing industries*

MARD has provided guidelines and directions to various agencies to consider the issues and to coordinate with local authorities for accelerated introduction and application of technological advancements to the post-harvest processes, paying due attention to development of storage technologies in order to reduce the rates of loss and wastage of rice to less than 9%, of vegetables and fruits to less than 10%, etc., and making investments in development of processing technologies and facilities for vegetables, fruits, meat, soy cheese for better quality. Initially, due attention has been paid to development of processing technologies for such commodities as coffee, tea, sericulture, sugar, salt, etc.

Continued investments for development of processing technologies for agri-forestry products are being made; as compared with year 2000 the capacity for processing vegetables and fruits, 12,000 tons per year for condensed pineapple juice, 10,000 liters per year for beverage, 8,000 tons per year for canned food, etc. The removal and settlement of three sugar factories, the Tra Vinh Sugar Factory with a capacity of 1,500 tons of sugar canes per day, the An Khe Sugar factory with a capacity of 2,000 tons of sugar canes per day, and the KCP Vietnam Sugar Factory with a capacity of 2,500 tons of sugar canes per day, has been completed. The MDF Gia Lai Wood Factory with a capacity of 54,000 cubic meters per year and the Thai Nguyen Wood factory with a capacity of 16,500 cubic meters per year have been put into operation. These two factories use lumber exploited from planted forests as feed raw materials.

At present, some agri-forestry products processing factories, especially vegetable and fruit processing factories, and sugar factories are being facing with difficulties such as shortage of feed raw materials, low levels of used capacity, and high pressures on depreciation, high production costs, and poor competitiveness. These are initial difficulties faced by factories in the initial phases of industrialization and will be overcome gradually, and target for those factories are effectiveness, efficiency and profitability. Investments for development of processing technologies remain indispensable paths to quickly enhance the values of agricultural products on a multiple folds basis, and an indispensable factor to ensure sustainable development of exports of agricultural products. However, many factories have proven their viability operating in remote areas, and becoming the hubs for sciences, technologies, and trade, social and cultural operations, contributing to job creation and ensuring national security and defense for the mountainous areas.

Industries, trades and services, especially traditional trade villages have experienced quick development over the past 5 years, with an average growth rate of 11% per year. At present, there are about 2,017 trade villages, 11 groups of traditional trades and 1,423 million households engaged in such trades; in which 2,017 trade villages engaged in producing 11 art handicraft articles; with a workforce of 1,350,000, and a value of about 7,000-9,000 billion VND. Turnovers of exports of art handicraft articles have been steadily growing, from 235 million USD (in 2001) to 327 million USD (in 2002), 367 million USD (in 2003), about 450 million USD (in 2004), and an estimated value of 600 million USD for 2005.

About 1,350,000 rural trade establishments, of various economic sectors and diversified trades have been operating throughout the country therefore millions of jobs have been created, and with an average income of more than 300,000 VND per working person per month. This has been an important factor promoting changes in the structure of the workforce and rural economy, improving incomes, and creating preconditions for agriculture to vigorously shift towards manufacturing commodities on an ever-growing scale.

**2. In-depth developments have been taking place in agri-forestry in the direction of improved and enhanced productivity, quality, effectiveness and efficiency (the majority of agri-forestry products now having better quality and higher production).**

*2.1 The majority of livestock's and crops have achieved better productivity, higher production and quality as compared with previous years.*

Sciences and technologies have just been applied widely in agriculture. The programme on seeds and breeds has been significantly effective, contributing considerably to improving productivity and quality of agriculture over the past 5 years. At present, more than 90% of rice farming land, 80% maize farming land, 60% sugar canes, cotton and fruits farming land, etc., have been using new varieties and seeds. For year 2004, as compared with year 2000, rice productivity for the whole year was recorded with an increase of 450 kilograms per hectare, maize productivity an increase of 740 kilograms per hectare, vegetables of various types an increase of 1600 kilogram per hectare, soybean an increase of 150 kilograms per hectare, peanuts an increase of 300 kilograms per hectare, sugar canes an increase of 5600 kilograms per hectare, tea an increase of 1000 kilograms per hectare, coffee an increase of 300 kilograms per hectare, rubber an increase of 110 kilograms per hectare, etc.

Regarding animal husbandry, primarily new breeds have been introduced to production, therefore the productivity and quality of such products as meat, eggs and milk have been improved. The weight of meat pigs has increased with an average of 30 kilograms per pig.

Regarding forestry, many new scientific advancements, especially in selection and development of new seeds, accelerated multiplication of seeds by means of tissue and cuttings technologies have been quickly introduced to production, therefore productivity and quality of forests have been improved. The rate of success for afforestation has increased from less than 50% to 80%. In many places, the productivity of planted forests was recorded at 15-20 cubic meters per hectare per year.

Production of rice has increased to 3.4 million tons, of maize to 1.45 million tons, of vegetables of various types to 2.5 million tons, of soybeans to 33,000 tons, of peanuts to 100,000 tons, of sugar canes to 1 million tons, of fresh tea to 150,000 tons, of rubber to 100,000 tons; production of live meat animals of various types increased about 600,000 tons, etc.

*2.2 The share of commodities has increased and been strongly export-led*

The shift in the structure of agricultural economy and rural areas has led to a quick increase in the share of commodities of the agricultural sector. Accordingly, the share of exported agricultural commodities compared with the production are as follows: for rice 20%, for coffee 95%, for rubber 85%, for tea 75%, for cashew nuts 90%, for pepper 98%, etc.

The value of agricultural production has increased with an average of 5% per year compared with the targets of 4.5-5%, and the value for 1 hectare of agricultural land has increased from 17.5 million VND in year 2000 to 19.4 million VND in year 2003 and 22 million VND in year 2004.

*2.3 Consumption of agri-forestry products has been significantly improved, and exports have increased tremendously.*

Exports of various agri-forestry commodities continue to expand, and some have gained access to major markets of the region and the world such as rice, rubber, coffee, pepper, cashew nuts, wooden items, etc. The export turnovers of agri-forestry commodities for the a period of 5 years between 2001 and 2005 are expected to achieve 17.5 billion USD, with an average of 3.5 million USD per year, and with an average growth rate of 10% per year. For 2004 alone, a value of 4.17 billion USD was achieved, with an increase of 1.171 billion USD as compared with year 2003 accounting for 39%; especially export turnovers of forestry commodities have increased significantly: 1.123 billion USD which is a 1.77 fold increase as compared with year 2003.

Apart from that, domestic markets for agri-forestry commodities and goods have experienced positive changes, enterprises of various economic sectors have sought all means to transport agricultural commodities in excess to places where shortages appeared for consumption. Localities have paid due attention to upgrading market places, especially primary markets places. Litchis, longans, plums, pork, etc., were transported to cities and urban centers in South Vietnam whereas mango, dragon fruits, rambutans, etc., were transported to cities and urban centers in North Vietnam.

The prices of many types of agricultural products and foods have been improved significantly: the average price of paddy rice was more than 2,000 VND per kilogram in year 2004, a 50% increase as compared with year 2001; the average price of rubber for the entire year of 2004 was 19,400 VND per kilogram, a 2 fold increase as compared with year 2001. The prices of many other agricultural products such as cashew nuts and meat also have also increased significantly which led to considerable increases in incomes of farmers.

The Government has issued policies providing incentives and encouragements for enterprises of various economic sectors to enter economic contracts for marketing of agricultural products for farmers, for example Decision No. 80/2002/QD-TTg by the Prime Minister. MARD has coordinated with Ministries, central sectoral agencies and local authorities to implement drastically the policy of partnerships amongst the four players (i.e. the State, scientists, entrepreneurs, and farmers) with a view to selling up all the agricultural products for farmers, which has become a buoyant sector-wide campaign. At present, enterprises have entered contracts for selling agricultural products for farmers with more than 50% commercial rice production, 80% maize production, 80% sugar canes production, 70% tea production, coffee, rubber, cashew nuts and pepper, and 80% cotton production, etc.

### **3. Positive developments have been taking place in organization of agri-forestry production activities**

Implementing Decision No. 65/2003/QD-TTg and Directive No. 11/2004/CT-TTg by the Prime Minister regarding restructuring and renovating the organization and enhancing performance, effectiveness and efficiency of enterprises belonging to MARD. Four general corporations have been structured and merged into 2 general corporations to create more production and business capacity, and 2 general corporations of sugar canes and the General Corporation of Sericulture are being restructured for equitization. As of year end of 2004, values of enterprises have been defined for 199 enterprises, and approvals have been obtained for transformation of 191 enterprise into join stock enterprises accounting for 80% of the planned targets; 8 out of 9 enterprises have been merged accounting for 88.9%; divestiture of enterprises accounted for 75%, and 2 enterprise have been transformed into a sole propriety limited liability company.

Regarding State forestry plantations, MARD has together with local authorities conducted surveys and assessments of the land use status, business and production activities, formulation of proposed schemes and projects for continued reform and restructuring and development of State forestry plantations, for the Government to submit to the Politburo to issue Resolution No. 28NQ/TW. In association with Ministries, central sectoral agencies and local authorities, efforts have been made to formulate and to submit to the Government for issuance of Decree No. 170/2004/ND-CP and Decree No. 200/2004/ND-CP governing restructuring, renovating and developing State forestry plantations. Guidance is being provided to local authorities and general corporations for the formulation of alternatives for restructuring, renovating and transforming operation of State forestry plantations in light of Decrees issued by the Government.

MARD in association with local authorities have classified and implemented measures for transforming existing cooperatives, and dissemination of information and advocacy for development of new cooperatives. At present, there are 9,069 cooperatives throughout the country of which 90% have completed their procedures of organizational restructuring and transformation, and 2,137 cooperatives have been established according to the Law on Cooperatives.

Household economy has experienced new upswings, with an expanded scale of production on the basis of accelerated production activities of industries, handicrafts and petty industries, services and trades in rural areas. Plantation economy has been developing rapidly in terms of number of plantations, fast expanding scales, investments to improve productivity, quality and practical effectiveness and efficiency. At present, more than 80,000 households are engaged in production activities in the form of plantations. Especially, large-scale animal farming plantations have been fast developing in almost all regions. Many of such plantations are engaged in farming hundred of foreign imported sows, thousands of slaughter pigs and tens of thousand of poultry items.

Especially, during the past few years private sector economy has developing fast in the form of SMEs, and in agriculture many private enterprises have made investments in processing of rice, cashew nuts, coffee, tea, vegetables and fruits, and salt.

#### **4. Rural infrastructure has been strengthened and further developed**

Rural infrastructure has been strengthened and further developed; especially with regards to irrigation, thus contributing to promotion of production and improvement of the living conditions of the people.

##### **4.1 Irrigation**

Over the past 5 year the State made investments valued at 25,511 billion VND (excluding the invested funds for dyke construction projects/ programmes); of which funds under management of MARD were as much as 9,874 billion VND, funds under management of local authorities valued at 11,637 billion VND. During the past 5 years, MARD made investments in and implemented 244 construction projects; of which 156 construction projects have been completed and put into operation, increasing the area of irrigated farming land by 94,000 hectares, the area of land that were provided drainage by 146,000 hectares, farming land that were protected against salinity intrusion by 226,000 hectares, newly cultivated land by 206,000 hectares, and improving the quality of water supply for 1,038 million hectares. The total irrigation capacity as of 2005 was recorded at 8 million

hectares of farming land with crops, and the total capacity for drainage at 1.7 million hectares. Efforts are being made to implement the following programmes:

- Regarding the programme for renovating and upgrading of existing irrigation works/ systems primarily in the Red River Delta and the midlands of North Vietnam: These are the 2 regions that have been provided with irrigation very early, and many works/ systems were built after the year when peace was restored to North Vietnam, and now have been seriously deteriorated that need renovation, maintenance and protection against further deterioration.
- Regarding the programme on safety for water storage reservoirs/ lakes: Especially large water storage reservoirs and lakes in the Central Zone and the Tay Nguyen Highlands; reservoirs and lakes that have their capacity of more than 50 million cubic meters and those that have high dams, have been invested with funds for renovation and upgrading to secure safety in the stormy and flood seasons, and secured water supply. These include such reservoirs and lakes as Dau Tieng Reservoir in Tay Ninh Province, Ke Go Reservoir in Kim Son, Hoa Binh Province, Nui Coc Lake in Thai Nguyen Province, Yen Lap Lake in Quang Ninh Province, etc.
- Regarding the programme on solidification of irrigation canals and channels: At present more than 15,000 canals and channels throughout the country have been solidified and their irrigation capacity have been strengthened to provide irrigation to 350,000 hectares and drainage to 400,000 hectares. Provinces such as Thanh Hoa, Nghe An, Tuyen Quang, Son La, etc., set bright examples for having implemented well the programme on solidification of canals and channels with the motto “the Central and the Local, the State and the people, doing things together”.
- Regarding investments for capital irrigation construction projects/ programmes: Investments have been made with focus on construction of new reservoirs/ lakes in the Central Zone and the Tay Nguyen Highlands to provide storage of water against droughts in difficult areas such lakes/ reservoirs as Song Sao (Nghe An Province), Van Hoi (Binh Dinh Province), Dong Trong (Phu Yen Province), Suoi Dau (Khanh Hoa Province), Long Song (Binh Thuan Province), Ia Soup (Dak Lak Province), and Daklo (Lam Dong Province).
- Regarding the coastal zone: Water inlet/outlet sluices, sewers and culverts have been built to prevent salinity intrusion and to keep fresh water, including Song Nghen (Ha Tinh Province), Thao Long (Thua Thien Hue Province), and Duy Thanh (Quang Nam Province). Large multi-purpose irrigation construction projects/ programmes such as Phan Ti – Phan Thiet (Binh Thuan Province), Phuoc Hoa (Binh Duong Province), Dinh Binh (Binh Dinh Province), Ta Trach (Thua Thien Hue Province), Cua Dat (Thanh Hoa Province), etc., have been implemented.
- Regarding the Mekong River Delta, efforts have been focused on implementation of the programme on controlling floods, keeping fresh water, melting away acidity and alum for the farming land. Investments have been made and more than 20 construction projects have been completed under the framework of the programme on flood control for the quadrangular of Long Xuyen, Dong Thap and Thap Muoi. Bank lining systems, sewers and culverts have been renovated and fortified for the deep flooding areas, and lining edges have been constructed for shallow flooding areas, to protect orchards and industrial short-term plant crops. The coastal irrigation programme has been speeded up with loans obtained from the World Bank including such irrigation works as O Mon – Xa No, Quan Lo – Phung Hiep, and Nam Mang Thit, linked treatment with fresh water with marine and brackish water aquaculture, and exploitation of fisheries resources in the flooding season.

- Regarding dykes maintenance and construction, during the past 5 years between 2001 and 2005, invested funds under management of MARD were recorded at 896 billion VND for renovation and upgrading the dyke systems for 19 provinces in North Vietnam and North of the Central Zone, and for partial support to coastal provinces in the Central Zone; with volumes of earth removed more than 10 million cubic meters and 880,000 cubic meters of rock for construction of embankments. Recurrent funds for dykes maintenance and renovation were recorded at 197 billion VND; minor repair and renovation of dykes with more than 1.4 million cubic meters of earth removed and 13,700 cubic meters of rock for repairs and renovation of embankments. Therefore, damages in human beings and properties have been reduced significantly. Damages, especially death tolls, caused by natural disasters such as floods and storms reduced by 573 in year 2004 as compared with year 2000 (the death toll was 825 in year 1999 and reduced to only 232 in 2004); and damages in terms of properties reduced by 3,838 billion VND (5,427 billion VND in 1999, and only 1,586 billion VND in 2004).

However, in the course of implementation certain duplication and overlapping of responsibilities and tasks among Ministries and sectoral agencies with regards to exploitation of water resources still happen, especially between MARD and the Ministry of Natural Resources and Environment (MONRE).

#### **4.2 The programme on clean water supply and rural environmental sanitation**

With funds from international organizations, local budgets, and locally mobilized funds through contribution of people, renovation of the modality for management of clean water works/ facilities undertaken by local people themselves, MARD has coordinated with local authorities to implement effectively the programme on clean water supply and rural environmental sanitation.

To provide access to clean water supply for domestic purposes for many people in rural areas, the Prime Minister issued Decision No. 62/2004/QD-TTg dated 16 April 2004 regarding credits for implementation of the national target programme on clean water supply and rural environmental sanitation with a maximal level of credits and loans granted for each type of construction works of 4 million VND per household.

Therefore, over the past 5 years, an increase of 1.6-2 million people were provided access to clean water supply each year, thus improving the rates of rural population having access to clean water supply for domestic purposes from 42% in 2000 to 62% in 2005.

#### **4.3 Other infrastructure systems**

At the same time, infrastructure systems for transport and electricity in rural areas have also been improved obviously. At present, 98% of communes have had access for motorized vehicles to communal centers, and more than 90% of communes have had access to electricity supply.

### **5. Rural areas have experienced vigorous development, living conditions of the people have been improved, and HEPR efforts have been strongly speeded up**

Rural economy has experienced considerable upswings, and agriculture has experienced an average growth rate of 5% per year; rural industries and services have been developing

rather well, and processing industries for agricultural, forestry and fisheries products for the past few years have increased 11-12% per year.

Infrastructure in many rural areas has been improved. The irrigation systems have secured irrigation for 90% of rice farming land, ten thousands of hectares of secondary crops, industrial crops and fruit crops. The dyke systems have been strengthened. At present, 98% of communes have access for motorized vehicles to communal centers, more than 90% of communes have access to electricity supply, 58% of the rural population have access to clean water supply for domestic purposes, 99% of communes have health stations, 100% of communes are covered with TV broadcasts, etc.

Production relationships have been renovated to a certain extent towards promotion of household economy and plantation economy, renovation of cooperative economy, cooperatives, SOEs, private economy, and development of agriculture with participation of multiple economic sectors.

The living conditions of farmers in almost all rural areas have been improved, with an average income level has increased from 11 million VND per household in year 2000 to 14 million VND per household in year 2004. The poverty rate in rural areas has reduced from 19% in year 2000 to 11% in year 2004, and less than 10% in year 2005. Conditions for living, transport, schooling and education, medical care have all been improved.

Many villages and communes in different regions have become cultural villages and communes having developed economy; ensuring good ecological environment, traditional culture deeply imbued with national identity having been rehabilitated and developed, and educational level of the people has been enhanced.

## **6. Strengthening public administration reform and human resource development for agriculture and rural areas**

Public administration reform efforts for the past few years have resulted in good achievements due to close and strengthened leadership; first and foremost with regards to performance of the State management function, advice and macro regulation, issuance of policies to deal with and to overcome difficulties and bottlenecks in production and in selling agricultural products, and mobilization of resources for agricultural development.

Practical experiences in dealing with droughts, floods, forest fires, avian flu epidemics, foot and mouth disease, pests harming crops, have clearly shown a strong sense of responsibility and managerial leadership capability of the entire management system has been improved considerably.

Public administration reform efforts have been implemented in a well-synchronized manner and rather good initial results have been gained in the 4 areas, namely, institutional reform, reform of the organizational structure of the apparatus, human resources management and development, and public financial management. Some of the PAR contents have been actively implemented and regularly such as the model of “one stop shop services”, application of IS in administrative practices, application of information technology to managerial leadership operations of MARD.

Coordination and collaboration with the University of Agriculture under the Ministry of Education and Training have been strengthened. At the same time, the capacity of educational institutions under MARD has been strengthened as well. Post-graduate

education has been closely linked with focus scientific research programmes and agricultural extension activities. Short-term vocational training has been promoted for farmers, especially young farmers living in rural areas. Within a 5 year span between 2001 and 2005, 286 PhD degree holders, 1,362 MA degree holders, 19,869 university and higher school degree holders, 45,100 secondary vocational school degree holders, 75,450 technical workers holding long-term certificates and 58,800 technical workers holding short-term certificates, and 4,000 cadres and civil servants were educated and trained.

Major reasons for the above-mentioned achievements include the following:

- The CPV and the State have always paid due attention to agriculture and rural areas, and have issued many policies of renovation that are suitable and appropriate with the reality and meeting the aspirations and the wills of the people. Close and regular managerial leadership performed by the Government, and many measures have been taken to overcome and to deal with difficulties in a timely manner, ensuring development of production. Active and effective support from Ministries and central sectoral agencies; close leadership by levels of the CPV organizations and the administrations; creativity and efforts to overcome difficulties by local governments; high efforts by farmers throughout the country, have been major factors leading to the above-mentioned results.
- Synchronized impacts of many mechanisms and policies of renovation with market orientation and State investments in agriculture and rural development are other factors for such achievements. Achievements gained are also due to policies of renovation of cooperative economy, renovation of SOEs, encouragement and promotion of collective and private economy; encouragement and enabling for the shift and transformation of the structure of agricultural economy, rural areas closely linked with markets towards improved productivity, quality, effectiveness and efficiency; priority given to making investments in development of sciences and technologies to create new breakthroughs and to enhance competitiveness of Vietnam's agricultural products and development of rural infrastructure; policies of trade promotion and international economic integration.
- Application of scientific and technological advancements. At present more than 90% of rice farming land, 80% maize farming land, 60% farming land for sugar canes, cotton, fruit crops, etc., have been introduced with new seeds. In animal husbandry, primarily new breeds have been introduced therefore productivity, and quality of meat, eggs and milk have enhanced significantly. In forestry, much new scientific and technological advancement have been applied, especially in selection and development of new seeds, and fast multiplication of seeds by means of tissue and cuttings technologies have been quickly introduced to production. Therefore, productivity and quality of forests have been improved. Salt production has been implemented using clean technologies on a large scale. Many localities in the Mekong River Delta have applied intensive rice cultivation in a well-synchronized manner, managed to reduce production costs, and in certain places the price of paddy rice was 600-700 VND per kilogram. The system of agricultural extension has been operating effectively, providing advice and guidance to farmers to apply techniques of "3 reductions and 3 increases" for provinces in South Vietnam, and "2 reductions and 3 increases" for provinces in North Vietnam; mechanization, cultivation, harvest, storage, processing of agri-forestry products, opening new trades, etc.
- The state has paid due attention to making investments in irrigation, infrastructure facilities and services in rural areas. In a span of 5 years between 2001 and 2005, the state has invested 21,511 billion VND to develop irrigation facilities, increasing

the area of irrigated land by 94,000 hectares, drainage by 146,000 hectares, prevention of salinity intrusion by 226,000 hectares, creation of new sources by 206,000 hectares, improved quality of water supply by 1,038 million hectares, thus favorable conditions are made for reclamation, increased crops, enhanced productivity and quality of agricultural products.

## **II. WEAKNESSES AND CAUSES**

Faced with new and emerging needs and requirements for our agriculture and rural areas, some issues and problems need to be dealt with including the following:

### **1. The structure of agriculture rural economy have been slow to be transformed or improved; animal husbandry, industries and rural trades have been slow to develop**

While the majority of localities have identified clearly direction for changes and transformation of the structure of agriculture and rural economy, some localities are still confused. Localities in the lowlands are primarily focused on rice farming. Fruit crops farming is still scattered and unorganized. Animal husbandry is still developing slowly. Forestry has still failed to contribute as much as it should do to the development of local economy. Processing industries for agri-forestry products, trades and services in rural areas have still failed to produce strong upswings and breakthroughs in creation of job and income opportunities for farmers. Agricultural production in highlands and remote areas has still failed to make obvious changes.

Rural economy has still been heavily focused on agriculture (accounting for 65%), and in agriculture more focus has still been laid on cultivation of crops (accounting for 78%) while animal husbandry accounts only for 22%.

### **2. Productivity, quality, effectiveness and efficiency of some products still remain low, coupled with low competitiveness of agricultural products**

Research work and technology transfer has still been slow. In certain fields, there have been no technological breakthroughs to quickly improve productivity and quality of products as was the case with tea, sericulture, vegetables, many fruit crops, animal husbandry, etc. New technologies have been introduced to certain fields but technology transfer has still been slow. Productivity and quality of many agricultural products have been still low and with poor competitiveness as was the case with sugar canes, many vegetables, fruit crops, husbandry products, etc.

The system of monitoring and controlling the quality of agricultural products and inputs of agricultural materials. The problem of plant protection chemical residues and antibiotics in agricultural products is very serious that needs to be dealt with as soon as possible.

### **3. Investments for development of infrastructure has still failed to meet the needs and requirements to transform and improved the structure of agricultural production and rural economy; weaknesses are still observed in many places**

Infrastructure development in many rural areas still failed to the requirements of transformation of the economic structure, improving the living conditions of the people, especially in mountainous areas (especially with regards to transport, irrigation, and communications).

Huge investments have been made in irrigation, but poor effectiveness, efficiency and management still exist. As much as 70% of the design capacity of existing irrigation systems and works have been utilized. Irrigation services for some areas are still at a low level, with the rates of crops farming land being irrigated by the irrigation system as follows: in Duyen Hai in the Central Zone of Vietnam 65%, Northern mountainous areas 49%, the Tay Nguyen Highlands 20% and the Southeast 54%.

There are still more than 100 communes that do not have access for motorized vehicles to communal centers, 38% of the rural population still do not have access to clean water supply for their domestic purposes, etc.

The structure of investments is still slow to be revised to be appropriate and suitable for development requirements of the new economic structure. In development investments, according to statistical data, investments in irrigation still accounts for more than 50%; direct investments for development of other infrastructural facilities, strengthening of scientific and technological resources, and training in agriculture and forestry account for less than 50%. Because of continued implementation of uncompleted construction projects, investments in development of irrigation systems still give much focus on irrigation systems serving rice farming. In the 5-year span between 2001 and 2005, investments have been made in only about 20 construction projects to provide irrigation for industrial crops and fruit crops with a value equivalent to 3% of the total invested funds for irrigation construction projects.

#### **4. Production relationships in agriculture and rural areas have been slow to renovate**

Regarding transformation of the *modus operandi*, advocacy and dissemination of information on creation of new cooperatives according to the Law on Cooperatives, in spite of the fact that the Resolution passed by the 5<sup>th</sup> Plenum of the 9<sup>th</sup> Congress of the CPV and many policies of the Government to overcome and deal with difficulties and bottlenecks have been issued, in many places delays in implementation of such guidelines and policies and confusion in making implementation arrangements are still observed. Although agricultural and forestry plantations have been trying their best to start up the implementation of programmes on restructuring, renovation and enhancing effectiveness and efficiency of SOEs towards equitization, divestiture, contracting and lease of enterprises, in spite of vigorous positive changes taking place in the last 2 years of the planning period, have still failed to fully achieve the targets set forth by the Government for MARD, and what has been attained so far is estimated at 60% of what has been planned. SOEs still have failed to perform well their “midwifery” functions or to enable and promote the household economy to develop and grow.

Because of the fact that industries, handicrafts and petty industries and services in rural areas have been still a bit too slow to develop, strong and fundamental changes and improvements in the structure of the workforce for agriculture still remain desirable so that farming households can have adequate and sufficient conditions in regards of land to expand and upscale their production and farming activities. Private economy is still in strong need of sufficiently integrated necessary factors for development and growth.

#### **5. Rural areas have been slow to produce obvious positive changes and improvements, incomes and living conditions of a portion of farmers have been slow to improve, especially in mountainous areas, gaps between the rich and the poor have**

**been increasing, the needs for jobs and employment opportunities have become even more pressing and hotter.**

Although the living standards and conditions of the majority of the rural population have been improved remarkably, still a modest portion of the rural population are faced with difficulties and hardship. The gaps in terms of incomes and living standards between rural areas and urban centers and cities still remain considerable in spite of enormous effective efforts made to reduce them (e.g. for the year 1998 it was 3.26 folds and for 2002 it was only 2.2 folds); job and income opportunities becoming more and more pressing and hotter; and coupled with worsening environmental pollution in the absence of effective measures and solutions to cope with the situation. Under-employment in rural areas poses another problem, and only 75% of full employment is recorded; an average of 1 million people entering the workforce each year intensifying the pressure on creation of job and income opportunities, especially true with young people.

Causes for the above-mentioned weaknesses and shortcomings include the following:

(1) Regarding objective causes, it should be mentioned that the starting points/ levels for rural economy to develop and grow are still low while the State resources and resources mobilized from the people are still very modest.

The process of transformation and shifting the structure of agricultural economy and rural economy is being effectuated under the context of low starting points/ levels of the national economy, especially with regards to rural areas. Agriculture has to be concerned with production of goods and commodities and settling social problems at the same time while many farmer households are primarily concerned with and engaged in subsistence economy or household-based self-sufficiency economy.

On the other hand, transforming the structure of agricultural production must abide by biological laws, especially with regards to perennial crops and cattle, which need time to grow, and to bring about desired results.

Due to numerous and frequent happenings of natural disasters such as storms, floods and droughts, diseases and epidemics as a result of Vietnam's geographical location characterized with tropical and sub-tropical climatic zones, considerable adverse impacts have been felt with agricultural, forestry and salt production; while resources available for prevention, preparedness and mitigation, and overcoming consequences remain still limited or modest.

(2) Regarding subjective causes, the following is noted:

- Insufficient and inadequate awareness on the part of a portion of cadres and members of the CPV, as well as of some sectors and local authorities, regarding the needs and requirements to continue to speed up the development of agriculture and rural areas in the direction of industrialization and modernization, hence the lack and absence of close and effective managerial leadership and appropriate mechanisms and policies strong enough for implementation and enforcement. In certain places, a sense of satisfaction and looseness is still observed.
- Some policies have been slow to be revised and adjusted to become more appropriate and suitable for the requirements of transforming the structure of agricultural production and rural economy. Reality and practical experiences shed lights on production, fierce market competition, and unique characteristics of the

sector having biology as its objects, in the absence and lack of necessary research work to inform the formulation of new policies to provide incentives and driving forces for promotion of production, such as policies on granting credit facilities and loans to invest in development of the raw material producing zones, agri-forestry product processing factories, policies for integration and export-led production and exports, policies for support and encouragement of the development of private economy in rural areas, SMEs promotion, etc.

- Low levels of development in regards of sciences and technologies and loose linkages with production; slow to produce breakthroughs in terms of productivity, quality, effectiveness and efficiency to serve the transformation of the structure of agricultural production are observed. The networks of agricultural, forestry and industrial extension at the grassroots levels are considered weak. Shortages of technical personnel to undertake technology transfer to serve the transformation of the structure of agricultural production and rural economy are noted.
- Poor infrastrural facilities characterized with lack or absence of synchronization, failure to serve effectively agricultural commodity production and transformation of the structure of rural economy, especially true with transport and irrigation in raw material producing zones.
- Faced with strong needs and demands as a result of industrialization and modernization, and accelerated development of sciences and technologies, much remains desirable regarding human resources development. Trained and skilled workforce in rural areas accounts for only 15%.
- Many mismatches and insufficiencies are noted with regards to organizational and managerial leadership operations. In many places, confusion regarding the contents of the transformation of the structure of agricultural production and rural economy is observed. The contents of development of rural areas in the direction of industrialization and modernization still remain vague, and roles, functions and responsibilities among Ministries and sectors, and relationships among them need to be clearly defined and established.
- Many guidelines and policies of the State, even though they have been issued, are stifled with poor implementation arrangements. Adjustments and revision of planning schemes and plans are not timely or responsive enough. Lack or absence of necessary mechanisms, policies, guidance, monitoring and supervision of implementation of planning schemes also lead to a situation where factories are faced with shortages of inputs of raw materials or incapability to develop and maintain their own raw material producing zones leading to their relocation.
- The sectoral management/ administration has not been unified vertically from Ministries to provinces and cities which adversely impacts managerial leadership operations, especially with regards to prevention, preparedness and mitigation of natural disasters such as storms, floods and droughts, diseases and epidemics, and management of resources, etc. All this put together minimizes or neutralizes the effectiveness and efficiency of the State management apparatus. Technical/professional qualifications, skills and abilities of cadres and civil servants are still weak in the face of pressing and growing demands and requirements of a market mechanism and the deepening of international economic integration.

## **PART TWO**

### **TARGETS AND DIRECTIONS OF AGRICULTURAL AND RURAL DEVELOPMENT IN 5-YEAR PERIOD OF 2006 – 2010**

## **I. FORECAST OF OVERALL GLOBAL ECONOMY AND AGRICULTURAL PRODUCTS MARKET.**

### **1. Forecast of Economic Context**

#### ***1.1. Domestic Economy:***

- In the coming years, the acceleration of the process of industrialisation and modernisation in agriculture and rural area requires the linking of the structural changes in agricultural production with the development of processing industry, expanding the markets both domestic and international, diversification of jobs in rural areas and based on that the labour structure is restructured for each region, each province.
- The process of changes, including the economic structural changes, in the agricultural economic policies and mechanism in and out of the agriculture sector continues to generate favorable conditions for the development of agriculture and rural areas.
- Important investment programs of the Government shall have strong impacts on the structural changes in agriculture, forestry and aquaculture in all regions.
- On the other hands, the process of our country in general and our agriculture in particular, to integrate into regional and global economies is coming to the critical stage: to fully implement the Trade Agreement between Vietnam and the United States; In 2006, to complete fundamentally the requirements of the ASEAN Free Trade Area (AFTA) to join ourselves into the market of 500 million people; to complete fundamentally the requirements of the ASEAN – China Free Trade Area (in 2010 for 6 first ASEAN member countries, China and Vietnam, in 2013 for the rest 3 countries, Laos, Cambodia and Myanmar). This will become the biggest Free Trade Area in the world with the population size of over 1.7 billion people. We are also participating in the process of forming up the ASEAN – Japan Free Trade Area and ASEAN – India Free Trade Area in next 10 years. It is also expected that Vietnam will complete the negotiation for accession to WTO by the end of 2005 etc...Participating in regional and global free trade arrangements will give us the chances to access much larger markets for our agricultural, forestry and aqua-products, to generate a fair environment for businesses in the domestic market and at the same time to attract foreign investment. However, at low level of development as we are now, the competitiveness of a number of products and businesses is still weak, then the opening of the domestic market, cutting down the import tariff shall also generate difficulties and big challenges for the agriculture sector.

#### ***1.2 Global Economy:***

The scientific and technological revolution in the world, particularly the ones in the information technology and biological technology, the trend of globalisation, the possibility to get stabilised and regain development momentum of the regional and global economies in the coming years will generate positive impacts on our economy. The process of integration into the regional and global economies shall also help open the opportunities of economic cooperation and making use of our comparative

advantages and external resources to develop better the internal strengths for the development of agriculture, forestry.

At the same time, there are negative factors that increase the competition pressure in agricultural and forestry production in the following years.

## **2. Some long – term forecasts on the global market for agricultural and forestry products.**

By the forecast of FAO, the global market for agricultural and forestry products in the coming years will be as follows:

- Paddy rice: There are 20 rice country exporters and 80 country importers of paddy rice in the world. The volume of trade in the market account for 4-5% of the total production of paddy rice. The price of rice in the coming years will not fluctuate dramatically because there are 2-3 harvests in a year. Some countries may cut down the space of paddy rice growing for other products and some countries may increase their export volume from their present level, such as Cambodia and Myanmar.
- On industrial crop and fruit tree crops: while no quota could be applied for those big coffee growers in the world, and these countries at the same time intensively apply advanced technologies and thus makes the volume of coffee exchanged in the global market increase and thus generate more pressure on price and quality of the product. The price of rubber in some years now has increased quite fast. In the long run, it will stay at a high level due to big purchase power of China, United States and Japan. In the mean time, due to sharp increase in crude oil price, the price of synthetic rubber has also increased and thus drive big customers, such as China to natural rubber. It is forecasted that the demand for cashew nut increases every year and thus the price in the global market is in favour of the cashew nut growers and exporters. In the coming years, there will possibly be the situation of supply surplus of pepper and thus the price of pepper in the market may not increase. By the forecast of FAO, in the 2001-2010 period, the demand for fruits and vegetable in the world market increased at the rate higher than that of production increase. In the mean time, the demand increased by 3.6% per annum while the production increased only by 2.8% per annum.
- In term of forestry products, mainly wood products, there are favourable conditions in big country markets such as the United States, EU and Japan. On the other hand, big importers in the US, EU and Japan have made their efforts in diversifying their supplies instead of relying total on a number of supplying markets as in the previous period and thus it generate good opportunities for our products to find the market niches.

## **3. Domestic Market for Agricultural Products in the coming years.**

The domestic market of over 80 million people, expected of 85-87 million by 2010 is a big market. Due to high growth rate of over 7% per annum, the demand for agricultural products will also increase quickly. The domestic market will be, therefore very promising for agricultural products, such as fruits and vegetable, meat and also import-substitute products such as cotton, soya-bean, corn, tobacco, milk etc.... In addition,

more investment will be made into processing industry and thus the sector will require big volume of high quality material. Those factors are the driving forces and lay the fundamental ground for the making up the plans of agricultural, forestry and salt production in the coming years.

## **II. AGRICULTURAL AND RURAL DEVELOPMENT TARGETS**

### **1. Overall Target:**

The overall and long term target of agriculture and rural areas in this stage is to develop a large scale, modern, efficient and sustainable commodity-based agricultural and forestry production that is able to generate high productivity, quality and competitiveness by applying scientific and technological advances in order to meet the demand of the domestic market and for export.

It is also important to develop the rural areas of appropriate economic structure, productive relation, and developed socio-economic infrastructure with every member in the society having job, income and better living standard in a prosperous, equitable, democratic and fair society.

### **2. Targets for the period to 2010:**

- (1) Agricultural value growth rate: 4-4.5%/annum, GDP growth rate: 3.3 – 3.5%/annum.
- (2) Rural economy growth rate: 7.5-8%/annum.
- (3) Forest coverage: 43-44% of the total natural space, of which the coverage of special -use forest and protection forest is 43-45% of the total forest land space.
- (4) Assurance of national food safety to meet the diverse demand of the people for foods and provisions and special attention paid to the ethnic minority people in the mountainous and remote areas; 45 million tons of production of food seed, of which there are 39 million tons of rice and 6 million tons of corn.
- (5) Established comparative advantages to be promoted along the promotion of export and improvement of export quality. By 2010, the value of agricultural and forestry export will reach USD 7 billion (increased by 12%/annum on average).
- (6) Making best use of available conditions in combination with scientific and technological advances to develop further production of plants and animals to substitute imports and exploitation of the domestic market for products such as cotton, tobacco leaves, corn, soya bean, cooking oil, paper material, milk etc...
- (7) Rural economic structure:
  - Agriculture : 50%;
  - Industry, small industry and handicrafts, services: 50%
- (8) Value of production on 1 ha of agricultural land : VND 30 million/year;
- (9) GDP per capita in rural area : 2 times that of 2000;
- (10) Agricultural labour : 50% of the rural workforce.

### III/ Development Direction

#### 1. Agriculture and Forestry modernisation program.

##### *1.1. To implement the modernisation of agriculture by mainly concentrating effort into improvement of productivity to increase production; improvement of quality, efficiency and competitiveness by following market orientation.*

- For paddy rice production: It is necessary to continue the advantages of the deltas, particularly Mekong river delta. Productivity and quality of rice should be improved by use of high yield rice species producing product of quality appropriate to the demand of the domestic and international markets. Comprehensive combination of measures should be taken to cut down the production cost of rice to below VND 1,000 /kg. At the same time, rice hybrid programs should be expanded to achieve the production of 39 million tons of rice by 2010 and 3.5 to 4 million tons of rice for export per year.

In the mountainous areas, particularly the remote areas, investment will be made into the work of water conservancy in connection with ladder-like fields. Agriculture extension work and support to the farmers for their production shall have to be paid due attention to, aiming at self-sufficiency.

- Corn production: We shall make use of new, high yield species, intensive cultivation to form up regions of large scale production in the East of the South, Central Plateau Midland and high land in the North, Mekong river delta and for the production of Winter corn crop in Red river delta.
- Coffee production: We shall continue to cut down the space of coffee plantation into the areas having difficult conditions, no water, low productivity to limit the total space for such purpose to 450,000 ha only, of which, 40,000 ha of arabica in the regions where the conditions are good such as Central Plateau, Northwest, Northcentral coast.
- Rubber production: We shall retain the space of plantation to 120.000 ha, mainly in the Southeast region: 300,000 ha, Central Plateau: 100.000 ha; It is possible to change to other crops of higher value, particularly on those fertile soil areas close to cities in order to improve the quality of rubber.
- Tea production: We shall retain the cultivation area at the level of 120,000 ha, mainly in the midland and highland areas of the North : 80,000 ha, central Plateau : 30,000 ha and Northcentral coast: 10,000 ha.
- Cashew nut production: By the plan, up to 2010, there will be about 350,000 to 400,000 ha of cashew nut, of which 120,000 ha will be the new space. It is planned that 70,000 ha will be in the Southeast, 30,000 ha in the Central Plateau, 20,000 in the Southcentral coast.
- Pepper production: We shall retain the production as it is now, of about 50,000 ha. Efforts shall be made to improve the quality of the product.

- Peanut production: It is planned that by 2010, the space of peanut production shall be about 400,000 to 500,000 ha with the average productivity of 900-1,000 tons/ha, mainly in the areas of Northcentral coast : 1,000 ha, Southeast : 80,000 ha, Midland and Highland of the North : 50,000 ha, mainly for export production.
- Sugarcane production: We shall keep the areas of sugarcane production at 300,000 ha of intensive production with use of good species, high yield and unconcentrated harvest. Investment shall be made into the development of the supply areas of the sugar factories as per approved plans of the localities.
- Cotton production: In 2010, we shall have the area of cotton production of 35,000 – 40,000 ha, mainly concentrated in 3 regions, Central Plateau: 15,000 ha, Southcentral coast : 5,000 ha and Southeast: 15,000 ha, other regions: 5,000 ha. Of the total cotton production areas, 60% is watered.
- Soya-bean production: By 2010, we shall have the area for soya bean production of about 400,000 – 500,000 ha, of which 200,000 ha is for intensive production while the rest is for sandwich production with rice crops by the formula of 2 rice crops + 1 soya bean or 1 rice crop + 1 soya bean crop.
- Tobacco production: To meet 80 – 90% of the demand for inputs of material for tobacco factories in operation, it is planned that 40,000 ha shall be allocated for tobacco crops, in 3 main areas of the Midland and Highland of the North, Southcentral coast and the Central Plateau.
- Fruit crops: In the coming years, it is necessary to expand the area for the growing of those fruits that have good advantages, mainly concentrated in the development of the supplies areas for processing factories; For lichee, only the new species of high yield, high quality and unconcentrated harvests shall be planted. In 2010, there will be about 1 million ha of fruits plantation.
- Vegetables production: Investment shall be made into intensive production of vegetable in certain areas, applying clean production technologies, high quality products and of high food safety standards. Vegetable and plants such as bamboo shoots, mushroom, flowers and decoration plants and trees to meet the domestic market demand and for export.

***1.2 Development of large scale animal raising in form of large farm production, to ensure the production free from epidemics, diseases to meet the domestic and international markets demand.***

Husbandry shall be developed by raising commodity animals and poultries in farm production type applying industrial raising methods. Such development is linked to the development of processing and waste treatment facilities.

- Pig raising: Production of pig species appropriate for consumption pattern and also in line with investment capacity of each particular region shall be developed. In some areas where industrial scale of production is possible, pigs of the high quality meat shall be raised to ensure the production free from diseases and mainly for export.

- Cow raising: Strong development shall be made in raising cows of high yield, good meat, that can meet the market demand for meat and skin. Classification and evaluation shall be made to improve the quality of the milk-cows we are raising and increase their number as per the plan and the production efficiency, to partly substitute the import of milk material. By 2010, we shall have 200,000 milk-cows, of them 100,000 will milk at that time and produce the amount of 300,000 tons of milk/year.
- Poultry raising: mainly chicken and duck shall be developed to meet the demand for meat and eggs of the domestic market. Poultry of high quality shall be raised for export.

***1.3 Public participation in forest resources protection and development to increase the coverage of forest to 43-44%; to improve the quality and effectiveness of forestry.***

- Forest land shall be planned by types of forest at the time of 2010 in the whole country and each region to lay the ground for the determination of investment projects, particularly those projects of forestation for economic purpose.
- Forest and forest land shall be allocated for long term and sustainable development and exploitation by public participation. There will be the policies developed to ensure that those who work in the forestry sector can earn their living by their jobs. Efforts shall be made to protect the forest in existence and continue to reforest in combination with sandwich planting to enrich the forest and at the same time plant other industrial crops.
- Forest shall be developed for higher economic value, efficiency to generate sustainable supply for use in mines, input materials for paper industry and for production of export art articles. For the production forest, areas of forest for supplies of materials shall be formed, in connection with the formation of processing facilities and new technologies of tissues planting, cuttings shall be applied to raise the productivity and quality of forestry production. For the natural production forest, we shall continue to reforest in combination with sandwich planting to protect and enrich the forest.
- The concrete target of 2006-2010 period: 2.5 million ha of forest shall be contracted out for protection. Reforestation and sandwich planting of additional 900,000 ha and planting new of 2 million ha (of which, there are 390,000 ha of special purpose and protection forest, material forest : 1.570 million ha, industrial tree and fruit : 40,000 ha) are the targets to achieve.

***1.4 Effective methods to improve the productivity and quality of salt production.***

The land area for salt production shall be maintained at 15,000 ha. Investment shall be made for modernisation to provide clean production technology to improve the productivity and salt quality, to meet the demand of chemical industry and also for consumption in the domestic market of about 1.5 million tons/year in 2010.

**2. Promotion of rural industry to swiftly change the rural economic and labour structures.**

- Processing industry for agricultural and forestry products shall be developed to generate good market for the rural people and also to increase the value of agricultural products. Processing industry shall mainly concentrate on those main products for export that have good competitiveness in the international markets and generate high volume of export for the country such as ; rice, coffee, rubber, tea, cashew nut, vegetables and fruits, meat in order to ensure the growth rate of not less than 12% per annum.

For forestry product processing, in-depth investment shall be made to update technologies at the current factories and to build new factories for panel boards, artificial wood board, paper etc...At the same time, favorable conditions shall be made available to support the handicrafts workshops for production of art articles, using less materials, more labour, generating high value products; existing facilities for processing of forestry products such as pine raisin, lac, cinamon and anis etc... shall be retained and developed.

- Policies shall be made to effectively support the rehabilitation and development of craft villages and encourage households and individuals, cooperatives, small and medium enterprises to invest into the development of handicrafts such as agricultural and forestry products processing, construction materials production, ceramic and glass wares production, blacksmithing, mechanics and garments making etc...to meet the local demand and gradually for export, expectedly at the level of USD 1 billion at 2010.
- Public participation in providing services in rural areas shall be encouraged, to mobilise all economic sectors into provision of services for production and every day life of the rural people. The system of agriculture extension, irrigation, veterinary and plant protection, communication and other cultural and social services, supplies of materials and marketing outputs services etc...shall be further developed in order to generate at least 25% of the total GDP of the rural areas by 2010.

### **3. Construction and development of rural infrastructure**

#### ***3.1. Irrigation network***

- Investment shall be concentrated into development and modernisation, improvement of the management efficiency and exploitation of irrigation network. Advanced technologies shall be applied in designing, constructing and managing of irrigation works; Public participation shall e encouraged in investment, management of irrigation works and the cooperatives or other forms of organisations for management of such system by the people shall also be encouraged.
- Efforts shall be made into rehabilitation, maintenance, upgrading and improvement of management of irrigation works in order to increase by at least 10% of the efficiency of the existing system for watering of additional 700,000 ha.
- Development of irrigation network shall continue to make comprehensive exploitation of river basin to provide water for agricultural and salt production, aquaculture, tourism, disaster prevention and mitigation. Big shift shall be made in investment into irrigation network for watering of coffee, tea, sugarcane,

vegetables, salt production and aquaculture. Priority shall be for investment into development of the irrigation network in mountainous areas, central coastal provinces to effectively deal with questions of serious water shortage for agricultural production and daily life consumption of the people in the regions.

- The program of water canals concretisation shall be promoted and at the same time new technologies shall be applied to save water to improve the efficiency of the irrigation works.

### ***3.2 Dike system and flood and typhoon vigilance.***

- The work of flood and typhoon prevention and disaster mitigation aims at safety and sustainability and helps to keep the losses and damages caused by the disasters to the minimum. The safety of the dyke system is of the national priority, particularly in the context of that the economy is increasingly developing and more and more open.
- The important task is to strengthen measures to protect properties and works from disasters; promote flood forecasting and warning work; enhance the capacity to prevent and cope and mitigate the disasters. Measures to diversify and retain the floods for the safety of the dike system in the Red river delta must be studied. The forestation and protection of the rainforest at the upstream of the rivers shall have to be taken seriously to increase the forest coverage to retain water and soil against the sweeping flood. The work of river bed and estuaries clearance for the flow of water shall be conducted as per the provisions of the Ordinance of dike protection and flood and typhoons prevention.
- Red river delta: more investment shall be made to strengthen and upgrade 5,700 km of dike on the Red river and Thai Binh river system to improve the safety level of the system to the design level; The dike system in the former 4th zone shall be made durable against the floods of any historical level.
- Mekong river delta: the flood control program shall be conducted and the sea dike system strengthened in the motto of “living together with flood” but the lives and of the people, properties of the people and state must be kept safe to ensure the normal and sustainable living conditions, production and development of prosperous rural areas of Vietnam.
- The central region: project or non-project measures to mitigate the damages of the disasters and stabilize production and living conditions in the context of frequent disasters shall be implemented.

The durability of the sea dike system or anti-salinity intrusion dike system in the coastal areas shall be improved to stand storms of 9 or 10 degree in combination with mean tidal level. Those eroded parts on the river banks, seashore shall be treated by project measures to avoid the losses and damages of lives and properties of the state and people.

- Procedures for investment into dike system shall be early completed in every year with priority of early budget allocation to take the advantages of the dry season to implement the dike strengthening projects, at-dike-foot construction projects and those anti-erosion facilities and complete them before the rainy season.

- Concentrated efforts shall be made to concretise the dike surface and planting of wave-breaking trees to protect the dike and improve safety level for flood control.
- New system of the sea dike system along the coast of the central region and the anti-flood dike in the Mekong river delta.
- There will be plans for typhoons and floods control to retain sufficient materials and keep enough power for typhoons and floods control in the motto of “4 on-spot readinesses” in order to promptly act at the break of the natural disasters.

### ***3.3 Clean water and rural environment hygiene.***

- Public participation in development investment, management and exploitation of clean water supply projects in the rural area shall be further promoted in order to mobilise more investment and use better the facilities. Rural households shall be encouraged to invest to build facilities of hygiene such as animal sty and poultry coops, latrine, bathroom, biogas system).
- State budget in combination with local resources and the contribution of the people into clean water supply projects shall have to be effectively used and managed by local people.
- The rate of the rural population having access to sources of clean water for consumption in 2010 shall be up to 87% and 70% of the rural households will have good latrines.

### ***3.4 Rural transport***

The State shall provide part of the fund and the technical assistance for the development of rural transport. Sources of funds from international organisations and other countries shall be effectively mobilised in addition to the contribution of the local people in cash and in kind or by the labour work for the development of rural transport to meet the demand of agricultural and forestry production and travel of the people.

### ***3.5 development of the communication system***

- The communication network connected from the Ministry down to the localities and businesses in the sector shall be developed to constantly provide information on production, diseases prevention, disaster prevention and damages mitigation, markets and prices etc...
- The application of information technology in all sub-sectors of agriculture and rural life shall be strongly developed and considered as the breakthrough to generate the change in the production pattern, management and business in agriculture and rural areas.

## **4. Development of the new production relation**

- The State shall follow policies to generate favorable conditions for the development of the household economy in commodity production in the increasingly high levels and larger scale of production. Households with better capability in term of funds, labour and work experience shall be encouraged for the development of their farm

economy. At the same time, those poor and in-difficulties households shall be assisted to overcome their own difficulties to develop their production, eradicate their poverty and make themselves rich.

- The program of renovating and restructuring and improving the operation of state-owned agricultural farms or forestry plantations shall be conducted according to Decree 170/2004/ND-CP and Decree 200/2004/ND-CP of the Government. State enterprises in the sector shall be converted into stock companies or they will be leased, sold out or dissolved or let go bankrupt; The rights and obligations of the employees shall be linked to those of their businesses with a view to enhancing the capability of the system of all businesses and so as to make the businesses to act as the incubators for the development of the cooperative and household economy.
- Efforts shall be made to enable rapid, effective and sustainable development of the cooperative economy and the development of cooperatives on the base of the sense of voluntary cooperation among households or farms in various manners, at different levels in order to improve the efficiency of the household economy and rural economy in general.

Cooperatives shall concentrate on providing input services and marketing outputs for agricultural production. They shall also conduct the planning jobs and provide the instruction for the farmers to apply new and advanced science and technologies, innovate their production structures and develop their relations with businesses for their purchase of input materials and marketing of their agricultural products. The State shall also help in training the cadres and making policies appropriate for the operation and services of the cooperatives.

- Private sector will be encouraged to develop their business and production in various sectors, particularly those of small and medium size. Households and individuals shall be encouraged to set up small and medium enterprises. This will be a very important factor for better capacity in processing and buying agricultural and forestry products, increasing the technical and other social services for rural lives and promoting structural changes of the rural economy and labour.
- Foreign and local investors shall be encouraged to make their investment into rural areas.

## **5. Building and Developing New Rural Areas**

### ***5.1. Building New Village***

- Plan of the New Rural Areas shall go along with the process of changes in the structure of the rural economy and sustainable development of environment and society.
- Organisations, institutions and mechanisms shall be established to coordinate national focal programs, international projects of humanity or the inter-agencied policies in order to implement effectively poverty reduction strategy. Organisations of the community people at grassroot level shall be organised to enable them to master and participate in rural development and poverty reduction programs or projects.

- People in the villages, hamlets shall be guided and instructed to implement the plan in order to step by step develop their communities in the way to make them modern, convenient, civilised, fair and convenient for their everyday life and production, in good harmony with environment and retaining good traditions and habits of the local people and the beauties of the Vietnamese rural life.
- The movements to build new, cultural communes, villages or establish commonly agreed regulations of the villages shall be highly promoted to enhance the sense of self-government among the communities in the cause of building new ways of life. The quality of activities at those local cultural institutions shall also be unceasingly improved. Traditional cultures, fraternal relations among villagers, mutual help to develop or overcome difficulties particularly in the time of disasters shall be further promoted.
- Population corridors in the Mekong river delta shall be built into safe places for lives in the time of floods. Those population centres along the coast shall be strengthened to stand firmly in typhoons. Population in the border areas shall be reallocated along with the resettlement of the people who have to move from Son La Hydropower Project, with a view to providing better conditions for the people to participate in commodity production, gain access to cultural and social services and to meet the demand of national defence and security.
- District towns and townlets shall be developed into new urban population centres and at the same time centres of industries, cultures and services to help achieve objectives of industrialisation, modernisation in the vicinities, in the concrete ecological and cultural conditions of each locality. Those towns and townlets shall be planned to meet the demand of industrialisation in the short term as well as in the long run. Priority will be given to the development of transport, electricity, water, communication projects in these towns and townlets in order to generate an environment favourable for investment into the development of industries and services, particularly the development of small and medium enterprises.
- Pilot schemes on building the rural social security network will be conducted by forming up insurance services and combination of risks prevention with investment for long term and sustainable disasters prevention and mitigation in the rural areas.

## ***5.2 Implementation of Poverty Reduction Program***

- Attention will be paid to measures to assist those areas in difficulties, particularly those mountainous, remote areas or ethnic minorities or poor families to make their efforts to overcome their difficulties in order to achieve the goal of social justice in the process of industrialisation and modernisation in the rural areas.
- The State shall invest or lend money to the people for the latter's work in land reclamation, forestation, planting of industrial crops, fruits tree and plants, animal raising, aquaculture and/or fishing, development of jobs and services. At the same time, incentive policies will be made available to attract investment into rural areas for creation of more jobs for rural workforce.
- Priority shall be given to investment for development of infrastructure, particularly rural transport, small irrigation projects, markets and communication networks, water and electricity supply. Projects on agricultural extension, products processing

projects, agricultural and forestry and fishery development programs shall be allocated to areas in difficulties so as to help them develop faster.

- Priority shall be given to the development of health care, education and culture facilities in the areas in difficulties to generate conditions for poor people to gain access to such services. Special attention shall be paid to the training of cadres who are the children of the ethnic minority people in the localities to develop the core force for the implementation of programs, projects and also the policies of the Party and Government in their localities.
- Strategies and concrete measures will be developed for investment into the development of small and medium enterprises, businesses development to generate more jobs for rural labour.

### ***5.3 Making use of the advantages of each area to invest into the development of agriculture and rural areas in order to narrow the gaps of income and living standards between regions***

#### *a) Midland and Highland Areas of the North*

- Further investment shall be made into small irrigation project in connection to ladder-liked rice fields in the areas where conditions allow and new hybrids of high yield (including those for hillside crops) shall be promoted in order to increase the capacity of on spot food production. Development in term of space for crops shall be in combination with intensive farming for more import substitutes such as corn, soya bean and tobacco.
- Concentrated efforts shall be made for the development of commodity crops, such as: tea, arabica coffee, tropical fruits and Asian tropical fruits. Commodity husbandry such as : cows for meat, water buffaloes and cows for milk etc.. shall also be further promoted. Block reforestation and forest protection are also important jobs in addition to the development of forest to provide inputs for mining and paper industries. Investment for development of protection forest in Da river basin shall be promoted to serve big hydropower plants.
- Processing industry will be developed for tea, fruits, animal feeds, paper pulp, wood for mining industry and special use furniture etc...

#### *b) Red river delta*

- This region shall be mainly for rice intensive farming and growing rice of special species for high quality products and expansion of space for winter crops to form up centres of vegetables, flowers and decorative plants to meet the demand in urban areas and for export. About 60,000-70,000 ha of rice field and annual crops shall be converted into land for aquaculture, growing corn, soya bean, vegetables, flowers and grass to supply to farms and for fruits crops.
- Processing industry shall be developed for products such as vegetables and fruits, animal feed, meat, aqua-products along with the development of craft villages.

- Concentrated investment shall be made to rehabilitate and upgrade existing projects to assure active watering and dewatering for high quality rice land, intensive farming of vegetables for inputs of the processing industry and for export.

*a. Northcentral Coast*

- We shall continue the changes in the structure of rice crops to avoid natural disasters; corn production shall be developed and the commodity production areas for other commodities such as sugarcane, rubber, tea, fruits shall be formed up. Commodity husbandry of cows, water buffaloes, pigs for meat shall also be promoted. In term of forestry, the existing forest coverage shall be well protected in addition to new development in bamboo, pine growing for input materials and protection forest.
- Processing industries such as sugar, fruits, tea, paper, paper pulp, aqua-products etc... shall be developed.
- More investment will be made into the upgrading of the existing works, concretising water canals and improving their efficiency, building new of focal projects and multi-purposed projects etc...

*b. Southcentral Coast*

- This region shall be socially for intensive farming of food crops, particularly rice, corn and cassava. Concentrated commodity production centres will be established for processing of fruits, sugar. Peanut, cashew nut, small farming rubber, cotton and tobacco. Commodity husbandry of pigs, cows for meat and poultry is another production focus of this region, in addition, protection and block reforestation and forestation of all kinds. Production of industrial salt and high quality salt shall be developed.

Development will be made in processing industry such as sugar, fruits, cashew nut, meat of all kinds, aqua-products and wood furniture for export etc...

Investment shall be made in the construction of lakes, salinity prevention or fresh water retaining - draining dams at estuaries of big rivers and priorities shall be given to those irrigation projects to water crops on dry land such as sugarcane, cotton etc... and for concretisation of water canals.

*c. Central Plaeau*

In this region, the followings are the main tasks: intensive farming of rice, expansion of space for corn growing. A part of the space for coffee on the poor and dry soil producing low yield shall be converted into land for cultivation of corn, rubber, pine apples, cotton for which there are market demands. We shall also form up specialised areas for commodity production of rubber, tea, cashew nut, pepper, sugarcane, cotton, vegetables, high quality flowers. Husbandry shall be developed on pigs and cows for meat, cows for milk (in Lam Dong province). We shall also conduct the block reforestation and protection of 3.47 million ha of forest while planting new forest in certain designated areas.

Processing industry for coffee, tea, rubber, cotton, sugar, panel wood board, paper and furniture shall be developed.

More investment shall be made to build lakes and water dams to supply water for production of rice, corn and other industrial crops such as coffee, pepper, sugar cane etc...

*d. Southeast Region:*

This region will be for intensive farming of rice and corn. Commodity production centres will be formed for products such as: rubber. Cashew nut, pepper, sugar cane, peanut, soya bean, cotton, fruits trees, vegetables. Farm husbandry of pigs, poultries, cows for milk and cows for meat of high quality shall also be developed for supply to cities, industrial zones and for export. Block reforestation and planting new forest are counted.

Processing industry will be developed for most of agricultural, forestry and aqua-products in the region and also from other nearby regions to produce high quality commodities for export.

Investment shall be made to build lake, water dams to water rice, vegetables and industrial crops as well as to provide water for domestic consumption and industrial use.

*h) Mekong river delta*

Irrigated land space for production of 2 rice crops in a year shall be maintained to produce high yield and high quality product, of which 1 million ha will be for the production of high quality rice for export. Commodity production centres shall be formed up for corn, soya bean, sugar cane, coconut, pine apple and other fruits trees. Commodity husbandry shall be strongly developed for pigs, poultries. The space of coastal mangrove shall be rapidly recovered in addition to new forestation on the acid land.

Investment shall be made to strongly develop processing industry for sugar, fruits, meat and aqua-products etc...

Plan of water conservancy shall be amended to serve the production of rice, aquaculture, fruits and also for the purposes of water draining, de-aciding, salinity prevention, retaining of fresh water etc.... Attention shall also be paid to the system of dike and other anti-erosion projects.

### **PART III - SOME MAJOR SOLUTIONS**

In order to realize the targets planned for the period 2006 - 2010, investments should be concentrated on implementing some major solutions as follows:

#### **1. Development of science and technology as a basis for ensuring high productivity - quality - effectiveness and competitiveness**

In the context of urgent needs of rapidly increasing productivity and quality, ensuring food safety and improving competitiveness of the agriculture, to enhance the potential of science and technology is one of the most important tasks of the entire agricultural sector, the major contents of which should be as follows:

### ***1.1 Streamlining science and research system***

Implement the program on streamlining system of research institutes under MARD in order to achieve the following targets:

- Establish a research strategy based on scientific analyses of actual capacity and future production requirements as well as the investment capacity of the sector.
- Establish a sufficiently strong system of agricultural science and technology which can perceive and master modern science and technology from foreign countries, and create by itself more technical advances of high quality, meeting the demands of the cause for agricultural and rural industrialization and modernization.
- Increase the weight of contributions by science and technology to the added value of agricultural production, through the technology application and renovation process (weight of contributions of about 40 - 50%).

### ***1.2 Main orientations of research***

- Do research to select crop varieties and animal breeds of high productivity and quality, relevant to the national ecological systems and satisfactory to the bio-diversity and sustainable development requirements. For the immediate term, give priority to those crop varieties and animal breeds, products from which have found consumption markets.
- Do research on biotechnology: e.g. micro-organic fertilizer re-producing technology, bio-organic fertilizers, bio-pesticides, nutritious food, veterinary medicine and vaccines of new generations, applications of cell technology, anther culture technology, zygote culture technology, genetic modification technology, cross-breeding and seed selection, etc.
- Do research on intensive farming techniques, animal raising, hygienic assurance and food safety. First, focus on applications of integrated pest management (IPM); study rules of pest growth, bio-preventive measures such as micro-organic substances, herbs, etc.; study irrigation techniques for industrial crops and fruit trees, and construction of free-disease areas; study and apply technical measures to control foot-and-mouth diseases, alleviate serious diseases such as cholera, New Castle, etc.; study feeding requirements for domestic animals and poultry.
- Do research on and develop post-harvesting technology; focus on and popularize technology and equipment for agricultural product preserving and packaging, especially fresh products such as vegetable, flowers, fruits, meats, etc. Do investigation and research to select advanced machinery and equipment from foreign countries for agro-forestry product processing and import them to facilitate domestic production. Do research to improve in-country existing mechanical equipment and tools such as tea/rice/maize drying machine, rice/maize husking machine, manual sugar pressing machine, vermicelli making machine, etc.

- Study economic and management issues in the context of the market economy, especially study the domestic and foreign markets for agricultural products.

### ***1.3 Renovation of science and technology***

- Renovate mechanisms for science and technology, especially mechanisms for financial and human resources management, in order to (i) create a motivation for scientists to work actively, putting an end to the drain brain in the sector and attracting more talents into the system; (ii) link scientists with enterprises and farmers. Every year, the State's investment in agricultural science and technology is equivalent to 1% of the agricultural GDP (which is 0.3% at present), which facilitates the establishment of centers for applied science and research, competent enough for making breakthroughs in terms of science and technology. The State also reserves an adequate budget to import foreign advanced technologies, especially, varieties of crops and breeds of animals, machinery, equipment, etc. that can timely serve production requirements. The State also has policies encouraging different economic sectors to participate in developing science and technology.
- Renovate technology in the areas of production and businesses, services as well as infrastructure, mainly targeting to modernize each stage and each area by importing technology and developing research capacity to create favorable conditions for perceiving and mastering new technologies. Focus on modern and advanced technologies with high intellectual content to contribute to solving urgent tasks of the country, which include, for the immediate phase, effective management of natural resources and environment, natural disaster warning and control, increased productivity and quality of crops and animals, increased weight of agricultural commodity, satisfaction of quality requirements, and reduction of the cost prices.
- Shift the investment mechanism for science and technology towards the key technologies that Vietnam has comparative advantages, towards the priority lines of goods, and areas of science that need to be developed and have potential for development (such as post-harvesting technology, economic, social, environment, market, etc).
- Mobilize all the economic sectors to participate in investing in and research of applied sciences and technologies.
- Link science and training with agricultural extension. Establish a feedback mechanism to inform research institutions on science and technology requirements for production. Establish a mechanism for objective assessment of research efficiency in relation to investment levels for research, and a procurement mechanism for doing thematic studies. Mobilize research and training staff and institutions from universities and colleges; and encourage universities to participate in research activities.

### ***1.4 Promotion of science and technology transfer for production***

- In the coming years, science and technology transfer should focus on rapid application of new crop varieties, animal breeds, and new types of forest trees; giving instructions to farmers on new farming techniques, production based on environmentally friendly technology and high technology, intensive farming and animal husbandry, techniques for prevention and control of epidemics in domestic animals and poultry, pest

management, preserving and processing technology for agro-forestry products, information techniques, etc.

- Renovate and enlarge systems of agricultural extension, forestry extension and industry stimulation to the grassroots levels, expedite the process of socialization in these fields of activities. Effectively utilize technical staff of research organizations and training institutions for activities of agricultural extension, forestry extension and industry stimulation.
- Establish institutions for science and technology transfer or provision of and charging for consulting services; apply self-financing mechanism in research institutions, universities and organizations of professional skills.

## **2. Further reform of mechanism and policies on agriculture and rural development**

- Agriculture and rural development in Vietnam in the next 5 years requires a consistent, synchronous and clear system of policies that can attract every resources of all economic sectors, promote people's capabilities; create favorable conditions for and support individuals and organizations, both domestic and foreign, to make investments in agriculture and rural development; effectively utilize funding sources given by the State to maintain a high and sustainable growth rate in the agro-forestry sector and develop rich and civilized rural areas. Specific points are:
  - For agricultural sub-sector: Agriculture in Vietnam develops in the conditions of diversified and multi-regional ecological systems that create a very rich agricultural economic mechanism. To improve efficiency of agricultural production, there should be policies and instructions to local provinces and farmers to select some key lines of goods which are of high advantages and high potential of development, create jobs for majority of farmers, and enable to create stable competitiveness in the international market.
  - Proceed well with enforcement of new regulations on land; focus on well implementing policies on residential land and production land for ethnic minorities; develop policies to encourage and assist farmers to do agricultural and forestry production planning; promote the development of some potential areas such as fruit trees, animal and poultry raising.
  - Develop policies to assist businesses in expanding such forms of business as material sales on instalments, money lending to farmers for their production of materials. Encourage different economic sectors to participate in building up an insurance fund for this line of commodity, which will give assistance to farmers facing risks.

*For forestry:* further develop the mechanism of land and forest giving; revise policies to encourage people to participate in protection of natural forests.

- Encourage individuals and organizations, both domestic and foreign, to develop forests for economic purposes, meeting demands for industrial materials, supporting logs in mines, production of domestic furniture for consumption and export. Develop policies promoting trading and processing of wood from man-made forests.

For rural industries: Make policy adjustments to encourage private investment, both domestic and foreign, in rural industries and services, especially focus on small and medium enterprises. Work out policies to promote and call upon investment for developing rural industries in general and rural processing industry in particular.

- Establish policies to support enterprises to extend the form of sales on instalments of materials, machinery and equipment for agro-forestry product preservation and processing by households.

For rural development: Mobilize investment by all economic sectors, both domestic and foreign, to develop industries, agriculture, trades and services; develop and do business on rural socio-economic, cultural and educational infrastructure.

- Review, amend and revise tax policies towards encouraging enterprises to make investment in production, processing, and trading of agro-forestry and fishery products in rural areas.
- Local authorities should do planning of appropriate land areas where infrastructure can be built and rent to enterprises according to a preferential policy so that they can develop industries, trades and services, or animal farms, etc.
- Encourage the development of traditional trade villages by policies on technical support, land utilization, vocational training, and stockpiling in the first years to develop new trade villages.
- Implement the policy on mobilizing the people's available funds and capacities to invest, with the State support, in developing rural socio-economic infrastructure. Implement the investment policy on education and training, health care, improving level of education and professional qualification, developing civilized lifestyle with industrial working style, protecting good traditions and practices, and alleviating bad social evils.

For irrigation: Implement socialization in the investment and management process of irrigation works; develop co-operatives and farmer's irrigation management organizations towards more efficient and sustainable use of investment projects.

- Renovate management mechanism, improve the efficiency of irrigation schemes. Renovate the policy on science and technology management, integrating science into production.

### **3. Human resources development**

- In the years to come, human resources development should be considered as one of the focal tasks in order to ensure enough staff to meet demands on production, processing and consumption of agro-forestry products from a commodity agriculture which is integrating more deeply into the international economy. Major points are as follows:
- Continue to implement the program of selecting and sending young, competent and intent staff to attend specialized training overseas so as to prepare a strong force of highly qualified technical, science and management staff for the future of the sector. In-country should also be strengthened. It is expected that every year there will be 12,000 students to be trained at professional high schools, 9,000 others at colleges and

universities, 500 post-graduates, 10,000 employees to be re-trained and 850 officials to be strengthened of capacity.

- Train about 1 million farmers on production techniques every year through short-term training courses, agricultural extension classes and other forms of training.
- Extend vocational schools, diversify vocational training forms for rural labor force, especially young laborers for industries, services, and new trade villages, about 1 million people a year, so as to improve the percentage of trained rural laborers from 15% at present to 40% by the year 2010.
- Train management staff, first of all for co-operatives, farm owners, owners of small and medium enterprises, about 10,000 people every year.
- Train technical workers for processing bases and industrial zones, about 50,000 people every year.
- Create favorable conditions for about 1.1 million people to have rural jobs every year, ensuring the labor time at 85%.

#### **4. Strengthening integration process and international economic co-operation**

- Strengthen co-operation with international organizations and other countries in order to extend the market for Vietnam's agro-forestry products, take advantage of scientific and technical advances and well-developed managerial skills in the world, in addition, call upon more investment for agricultural and rural development. The major points to be focused on include:
  - Proceed with implementation of commitments on (i) international and regional trade liberalization, e.g. AFTA, ASEAN-China, and Vietnam - US Bilateral Trade Agreement; (ii) food security, trade promotion, veterinary development, plant protection, forestry development. Prepare to sign commitments with the World Trade Organization on agriculture, quarantine of animals and plants, investment, and services. Sign further agreements on veterinary, quarantine and protection of plants and animals with countries importing Vietnam's agricultural products.
  - Assist in and give guidance to enterprises on extending the market for agro-forestry products; co-ordinate with local levels to arrange trade promotion activities; develop and manage quality of agricultural commodity; instruct enterprises to register and protect their trademarks.

#### **5. Strengthen investment for development of commodity agricultural production and rural economy**

In the next five-year period, 2006 - 2010, the whole sector will substantially shift the investment structure towards further investment for irrigation works, mainly to serve industrial crops and fruit trees, and higher investment for agriculture and forestry.

##### **5.1 Irrigation**

Investment for irrigation works in the next 5 years will mainly concentrate on upgrading existing facilities, lining canal systems, modernizing operations and management of

irrigation facilities, applying water-saving measures and technology, and increasing operational efficiency of invested facilities. New constructions will only be done in urgent cases, specifically to provide irrigation water sources for the South Central and mountainous regions.

### ***5.2 Agriculture***

Promote investment in physical facilities to serve agricultural production; first, modernize agricultural research system and facilities; seed and material production and supply and technique support systems; training system and facilities. Develop post-harvesting technology and agricultural product processing system; and centers for checking and verifying quality of agricultural products, agricultural materials and animal food.

### ***5.3 Forestry***

Invest to develop forestry: first, focus on investment in and implementation of large projects and programs such as program 661, ODA projects of A and B categories. Modernize research and training bases and seed production units; investment in physical and technical facilities and supply of sufficient equipment and facilities for research activities in the national parks and forest protection centers.

### ***5.4 Salt industry***

Invest to develop the salt industry: invest to build up salt study bases; construct infrastructure for salt producing areas; gradually modernize salt fields; invest, through co-operatives, in establishing a system of storage houses to buy and temporarily store salt before sales; modernize processing units of refined salt and iodine salt.

### ***5.5 Investment for development of trade facilitating structures:***

Invest to develop infrastructure facilitating trade activities: focal points are completing the system of rural markets; establishing wholesale centers in producing areas; constructing seaports and close ports to facilitate import and export of agricultural products; constructing a number of bonded warehouses, and showrooms in the large markets to present agricultural products, handicraft and fine arts products from rural areas. For the immediate term, focus on developing and putting into operation the Tea Auction Center in Hanoi, and Transaction centers for coffee, cashew nut products, etc.

### ***5.6 Investment for development of rural transport and communications***

The State has set the priority of investing in and supporting rural transport, creating a network ensuring the flow of goods in all weather conditions, especially in concentrated producing areas, where such products as material sugar cane, pineapple, tea, coffee, forestry products, salt, etc. come from.

Rapidly develop the telephone network to village level, and extend the coverage of communes connecting to the Market information center through Internet, especially in the concentrated producing areas.

Estimated investments for the period 2006 - 2010 are:

	Total investment	To be directly managed by the MARD
<b>Total 5 years</b>	<b>146,050 billion VND</b>	<b>30,580 billion</b>
▪ Irrigation	37,900 bil.	20,600 bil.
▪ Agriculture	7,300	4,000
▪ Forestry	30,400	3,400
▪ Salt industry	3,000	1,000
▪ Research	2,000	1,000
▪ Training	800	600

## 6. Strengthening state management over the agricultural and rural development sector

### 6.1 Renovation of law making and enforcement process

- Over the last 5 years, many legal and regulatory documents relating to agriculture and rural development have been issued, in particular the (revised) Law of Land; (revised) Law of Co-operatives; Law of Forest Protection and Development; 5 Ordinances on Dyke, Flood Control, Veterinary, Crop varieties, and Animal breeds; 2 Resolutions; 11 Governmental Decrees; 71 Decisions; 8 Directives by the Prime Minister; and many circular letters by various concerned Ministries and sectors.
- The above mentioned documents have expressed the policies, strategies and orientations of the Communist Party and the Government on agricultural and rural issues and farmers, and are the foundation for reforms in agriculture and forestry. In addition, the MARD has also issued 551 regulatory documents instructing and specifying standards for the sector, creating an important legal gallery for reforms of management and business activities in the whole sector.
- Preparation and issuance of legal and regulatory documents over the past time have strictly followed the procedures of preparation, verification and issuance, which have succeeded in applying democracy principles and giving timely instructions. The quality of the documents therefore has been improved, and policies and strategies of the Communist Party and the Government have been quickly realized.
- However, there are still many deficiencies and shortcomings in implementation arrangements of these regulatory documents, in addition, some of them have appeared to be out-of-date compared with the current demands of commodity agriculture development and orientations on export, industrialization and agricultural and rural modernization. Therefore, more efforts will be needed in the coming time to strengthen law information dissemination and education, as well as law enforcement.
- In the next 5 years, in addition to further review and completion of the existing legal documents, efforts will be made to prepare the Law of Agriculture; Law of Dykes and Flood Control; 4 Ordinances on Animal Food, Salt, Fertilizers, and Hydraulic Works Exploitation and Protection (revised); as well as concerned by-law documents.
- To ensure that the legal system conforms to the demands of a commodity and export-driven agriculture which is relevant to the international practices, it is necessary to further renovate the process of preparation, review, verification and issuance of legal documents, that should mobilize efforts and intellectual inputs of numerous individuals and organizations to issue and enforce the laws in a timely and synchronous manner.

## **6.2 Streamlining and strengthening the sector management apparatus from the central to grassroots level**

- Complete the state management system of the whole sector, ensuring the consistence from the Ministerial level to the local level and a transparent, rapid, active and effective guiding process. Continue to streamline various agencies, including Departments, institutes, universities, and management offices in order to improve efficiency in the process of instructions and guidance on production, natural disaster control and recovery.
- Co-ordinate with other Ministries, other sectors and localities to review, agree and strengthen the specialized management system. Strengthen the state management capacity in the assigned fields of activities. Co-ordinate with the Ministry of Home Affairs to clarify responsibilities and mandate for implementing the rural development task and function.
- Strengthen the decentralization to provincial and city level; invest for development and management of processing industrial bases, irrigation systems and service in linkage with the production areas so as to be able to provide timely and active guidance, creating an open and clear gallery starting from production, processing to marketing. The MARD will concentrate on macro-level management, and organize activities for science and technology development and marketing. More concentration will be placed on studies of the law system and mechanism as well as policies on agricultural and rural development. Strengthen checking and inspections to ensure rapid, sustainable and effective agriculture and rural development.
- It is requested that the provinces pay attention to development of provincial Departments of Agriculture and Rural Development so that they are capable and have enough staff to implement the role of state management over the agriculture, forestry, salt industry and rural development, and at the same time, focusing on implementation of market functions, quality control of agricultural materials and products within the province. In each commune there should be an official in charge of agriculture and rural development, and agricultural extension clubs should also be established and developed.

## **6.3 Strengthening evaluation, planning, training, movement and appointment of staff**

- Improve the staff capacity in order to meet the demands of the cause of agricultural and rural modernization and industrialization. Periodically evaluate the staff, first in the agencies directly managed by the MARD. Work out plans on training and capacity building for the existing staff who are good in professional knowledge, quite good in foreign language knowledge and computer skills. Timely appoint new staff of relevant qualification and virtuous characters to satisfy new working requirements.
- Regularly do the staff planning. Select potential staff who are trusted by the collectivity for in-depth training and capacity improvement, as a replacement source for retired staff.
- Continue to implement the program of selecting and sending young, competent and intent staff to attend specialized training overseas so as to prepare a strong force of highly qualified technical, science and management staff for the future of the sector.

- To increase the practicality in professional works, regularly do the staff movements and staff capacity building, specifically for management and executive staff, to ensure quick and effective processing of working requirements in accordance with the State law and regulations.
- Do the staff appointment in accordance with the staff planning and issued appointment procedures and criteria, ensuring principles of transparency, fairness and democracy.

#### **6.4 Modernization of management activities**

- In order to ensure efficiency and consistence of management activities over the whole sector, instructions and guidance should be institutionalized through annual, quarterly and monthly working plans to be publicly announced.
- Promote modernization of working offices and information system from the Ministerial level to localities and enterprises; regularly update information by 2-way information flows. Use computer network to send official letters back and forth, as a part in the e-Government system being built.
- Continue administrative reforms in the areas directly relating to people, especially in terms of procedures for capital construction, management of funds, quarantine of animals and plants, import and export of agro-forestry products and agricultural materials, dyke management, water resources management, and forest protection, etc.

\*  
\*   \*  
\*

According to the above-mentioned orientations, by the year 2010, Vietnam's commodity agriculture and forestry will continue to be rapidly developed towards improved quality, sustainability and efficiency. The agro-forestry and rural economic structure will have substantial changes. A lot of key production lines will be increased in terms of scope, growth rate, productivity and quality of products, and become highly competitive during the deep integration process into the regional and international economy. The farmer's living conditions will be improved, and the socio-economic status in rural areas will be significantly changed towards the targets of agricultural and rural development industrialization and modernization.

## **MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT**