

PRIME MINISTER

SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

No: 899/QĐ-TTg

Hanoi, June 10, 2013

DECISION

APPROVING THE PROJECT “AGRICULTURAL RESTRUCTURING TOWARDS RAISING ADDED VALUES AND SUSTAINABLE DEVELOPMENT”

THE PRIME MINISTER

Pursuant to the Law on Government organization dated December 25, 2001;

Pursuant to the Resolution of the 7th Conference of the Central Committee of the Communist Party No. 26 NQ/TW dated August 05, 2008 on “agriculture, farmers, and rural areas”;

Pursuant to the Government’s Resolution No. 24/2010/NQ-CP dated October 24, 2008 on the Action Plan for the implementation of the Resolution No. 26 NQ/TW dated August 06, 2005;

Pursuant to the Government’s Resolution No. 06/NQ-CP dated March 07, 2012 on the Action Plan of the Government 2011 - 2016;

Pursuant to the Government’s Resolution No. 10/NQ-CP dated October April 24, 2012 on the Action Plan for the implementation of socio-economic development strategy 2011 – 2020 and the 5-year plan for country development 2011 – 2015;

At the request of the Minister of Agriculture and Rural development,

DECIDES:

Article 1. Approving the Project “Agricultural restructuring towards raising added values and sustainable development” (hereinafter referred to as Project), in particular:

I. TARGETS AND VIEWPOINT

1. Targets:

a) Sustain the growth, raise the efficiency and competitiveness by raising the productivity, quality, and added values; satisfy the demands of consumers in Vietnam and boost export. The growth of GDP of agriculture reaches 2.6% – 3% during 2011 – 2015, and 3.5% - 4% during 2016 – 2020;

b) Raise the income and improve living standards of rural residents, ensure food security (including nutrition security) in both the short term and the long term, contribute to the reduction of poverty ratio. By 2020, income or rural households increase by 2.5 time in comparison to 2008; 20% of the communes meet the standards of new rural areas by 2015, and 50% of communes meet such standards by 2020;

c) Enhance natural resource management, reduce greenhouse gas emission and negative impacts on the environment, utilize environmental benefits, raise capacity for risk management, enhance

disaster preparedness, increase forest coverage to 42% - 43% by 2015, and 45% by 2020; contribute to the National Green Development Strategy.

2. Viewpoint on strategy

a) Agricultural restructuring is part of the overall restructuring of the national economy and must be suitable with the plan for socio-economic development of the whole country; the restructuring must associate with economic, social development and environment protection in order to ensure sustainable development; sustainable development is both a process and a target;

b) Agricultural restructuring must both suit the market mechanism and ensure benefits of farmers and consumers; shift from quantitative development to qualitative development that manifest in values and profits; concentrate on the fulfillment of social demands;

c) The State shall support and facilitate the activities of economic sectors; support the research, development, technology transfer, development of the market and infrastructure serving production and life, provision of information and services;

d) Increase the participation of all economic and social sectors from central to local government during the restructuring; enhance the public and private partnership (PPP) and the mechanism for co-management, emphasize the role of social associations. Farmers and enterprises shall invest in upgrading the production process, technologies and equipment to improve the production, business, and use of resources;

dd) Restructuring is a complicated, difficult, and long-term process that needs regular assessment and adjustment to suit the reality based on a system of supervision, assessment, and receipt of feedbacks from relevant subjects.

II. ORIENTATIONS AND CONTENTS

1. General orientations

a) Economic orientation:

- Focus on taking advantages of the tropical agriculture; develop large-scale specialized areas in the forms of farms or hi-tech agricultural zones that meet international standards of food safety and hygiene; connect agricultural production with processing, preservation, and sale systems, with global value chains of competitive products on international market: coffee, rubber, rice, catfish, pepper, cashew nuts, seafood, vegetables, tropical fruits, furniture, etc. Sustain the scale and methods of diverse production to suit the conditions of each area that produce the products that are greatly demanded at home but are not highly competitive such as breeding products, sugar and sugar canes, etc.

- Complete the structure to develop the agriculture towards market economy; upgrade and develop the system of management, production, and business.

b) Social orientation:

- Increase the incomes of agricultural producers by encouraging all economic sectors, especially poor people in rural areas and remote areas that suffer from disadvantages in terms of land, ecology, ethnic minorities and women that participate in the growth of agriculture by support for poverty reduction, production, and income; increase the access to non-agriculture labor market; diversify means of livelihood of rural residents, resolve the issues relating to food security and nutrition security.

- Develop agriculture towards benefits of farmers and consumers.

c) Environmental orientation

- Reduce negative impacts on the environment due to the extraction of resources serving agriculture, forestry, and fisheries; enhance the management efficiency and the use of resources (land, water, sea, forests); consider mutual effects and potential of resource extraction; enhance the measures for reducing greenhouse gas emission; efficiently and safely use chemicals, pesticides, and waste from breeding, farming, processing, and handicraft; preserve biodiversity.

- Encourage the application of environmental standards together with a strict supervision mechanism to stimulate the development of green agricultural supply chain.

2. Specific restructuring:

The sustainable development must be pursued throughout the restructuring in terms of economy, society, and environment.

a) Farming:

- Farming shall be restructured towards developing large-scale and concentrated production that associate with preservation, processing and sale according to the value chains on the basis of taking advantages of the products and the area. Boost the application of science and technology, especially high technology to improve the productivity, quality, reduce prices and adapt to climate change. Focus on investment in the development of processing industry, especially deep processing and clean vegetable preservation towards modernization in order to reduce post-harvest loss and raise the added values of products.

- Sustain and flexibly sue 3.8 million hectares of paddy land to ensure food security and raise land use efficiency; rice production reaches 45 million tonnes by 2020; focus on improvement of rice variations to raise the productivity and quality of rice; keep expanding corn areas to reach 8.5 million tonnes in order to supply materials for animal feed production and reduce import.

- Stabilize the coffee area at 500,000 hectares primarily in Tay Nguyen, the South East, Central Coast, and the North West; develop and run the program for replacing 150,000 hectares of old and unproductive coffee trees; increase rubber tree area to 800,000 hectares in the South East and Tay Nguyen; stabilize the cashew area at 400,000 hectares primarily in the South East, Tay Nguyen, the Central Coast; stabilize pepper areas at 50,000 hectares in the South East and Tay Nguyen; increase tea area to 140,000 hectares in Lam Dong and Northern midland and highland.

- Focus on the production of hi-tech vegetables and fruits in advantaged areas and encourage household gardens.

- Restructure the system of production, procurement, processing, and sale; encourage enterprises to cooperate and sign production and sale contracts with farmers; develop groups of farmers that cooperate in production on a voluntary basis.

- Support the training, agricultural extension, and counseling services to improve planting, cultivation, and harvesting techniques; expand support for agricultural insurance; increase incomes of farmers by equitably share profits among farmers, processing facilities, and exporters.

- Take measures for sustainable intensive farming, comply with the regulations on environment when using fertilizers, chemicals, and treating agricultural waste; apply irrigation technology to save water.

b) Breeding

- Gradually shift from scattered breeding to concentrated breeding in breeding farms; gradually move breeding from densely populated areas (plains) to sparsely populated areas (midlands, highlands); establish breeding zones away from cities and residential areas; increase the proportion of poultry; encourage the application of high technology; organize closed production or combine links in the value chain from the production of breeds, feeds, to processing in order to increase productivity, reduce costs, improve efficiency and added values.

- Support household breeding using industrial methods; apply appropriate technologies to provide means of livelihood to rural households and prevent epidemics, reduce environmental pollution, ensure food safety and hygiene, and improve competitiveness of breeding industry.

- Efficiently supervise and control epidemics; enhance veterinary services; strictly control the use of veterinary medicines; apply food safety standards to value chains, develop the processing industry towards diversification of products; improve efficiency of food.

- Employ the system of controlling risk of land and water pollution from breeding waste; develop renewable energy from by-products of breeding; manage environmentally safe breeding zones.

c) Fisheries

- Concentrate on intensive production of primary products (giant tiger prawns, white-leg shrimps, pangasius, tilapia, molluscs); keep diversifying breeding methods to develop the market; encourage industrial breeding that applies high technology and Good Agricultural Practice (GAP) that suit international standards; prioritize the investment in the development of infrastructure of intensive breeding zones in Mekong Delta and the Central Coast.

- Gradually reduce and stabilize the volume of inshore fishing; encourage the co-management of coastal resources in order to raise the renewability and sustainability of fishery resources; shift from inshore fishing by small boats to offshore fishing by big boats; aim for high-priced subjects and prospective market; develop the fishery management forces.

- Invest in modern processing equipment and technologies to increase product values; reduce the raw processing of frozen products, increase the proportion of instant foods with high added values; expand the system of food safety and hygiene control (according to ISO, HACCP, GMP, SSOP); research and invest in the application of preservation technologies during and after harvest to reduce the loss; export live fisheries with high value.

- Provide mechanism for supporting poor people in participating in the value chain and agriculture insurance; encourage the application of standards to fisheries and fish processing; develop freshwater aquaculture in highlands in order to contribute to poverty reduction and provide sustainable livelihood.

- Establish sea and land sanctuaries; improve the system of aquaculture data, aquaculture reserve analysis and fishing supervision; enhance the measure for administrative management of the fishing and farming activities that have negative impacts on the environment; intensify the protection of resources and the environment.

d) Forestry

- Developing forestry to increase the economic value and effectiveness of biodiversity and environment protection, adapting to climate change, contributing to poverty reduction, providing livelihood for people in highlands, especially ethnic minorities are sustainable orientations of forestry in the future. The sectoral structure by 2020: 25% of value of forest environment services, 25% of value of forestry production, and 50% of value of sawmill product processing and other forestry products.
- Concentrate on developing and increasing the proportion of economic forest to the total forest area of the whole country; develop afforestation into an important profession that create employment and raise incomes for woodmen; improve the lives of ethnic minorities and other beneficiaries of the revenue from forest environment services; keep allocating forestry land and forest areas for the people. Raise the economic efficiency of planted forest towards developing multipurpose forestry; shift from extracting young timber and exporting woodchip to extracting large timber and creating concentrated material zones to provide industrial timber for production and export of furniture; gradually reduce the import of timber as material.
- Manage and use natural forests in a sustainable way, replace inefficient areas with productive planted forests to ensure sustainability; increase the area of multi-purpose trees in protection forests to improve incomes of woodmen.
- Develop and manage specialized ecosystems, protect gene resources and sustainable biodiversity conservation models, provide environmental services (conservation funds, ecological compensation models, carbon finance); encourage the combination of breeding, farming, afforestation and sustainable forest extraction to improve incomes; expand the application of international standard certification to forest management.

dd) Salt production

Expand the large-scale production of industrial salt production; develop irrigation system serving salt production; applying mechanization and automation to processing; improve the productivity and quality of salt. Salt production nationwide reaches 1.35 million tonnes by 2029. 70% among which is industrial salt. The remaining 30% is ordinary salt.

e) Processing industry and rural trades

- Prioritize the investment in the processing industry, upgrade of technology and equipment, production organization, and sale in order to increase added values; each product line reaches at least 20% of added value within 10 years.
- Develop trade villages to ensure competitiveness and suit the conditions of each area; attach economic activities of trade villages with tourism and conservation of traditional values. Intensify technology transfers and application of scientific advances to production in trade villages; modernize waste treatment technology, environmental pollution control and reduction in trade villages; request economic sectors to invest in agriculture, forestry, and aquaculture processing; invest in sewage, waste, and exhaust treatment systems, and environment protection.

3. Boost the new rural area program.

- Keep investing in rural infrastructure together with production development; connect communes and villages to towns and cities. Develop small urban areas and residential areas in the same way as rural areas.

- Make concentrated investment in infrastructure, equipment for vocational training, and training programs; provide training for vocational teachers and managers in key vocations; diversify the forms of vocational training associated with transfers of new technologies and production processes to farmers; multiply effective vocational training models in rural areas; provide vocational training for trade villages and areas of intensive production; provide employments for rural workers.
- Improve both the scale and quality of local medical services, especially at district level; strengthen and restore the belief of people in the quality of local medical services by practical accomplishments.
- Preserve and develop traditional culture values, convert eligible trade villages into tourist attractions, and connect tourism routes among adjacent areas.
- Eliminate environmental pollution due to traditional and obsolete production in trade villages; resolve environmental pollution caused by waste from farming and breeding in rural areas.
- Enhance security and order in rural areas.

III. PRIMARY SOLUTIONS

1. Improve planning quality; attach the strategy to the formulation of plans for supervising efficiency of state management of planning.

- Review, adjust, and supplement planning for agricultural production (farming and breeding) on the basis of utilizing local advantages; ensure the efficiency of green development strategy and adapt to climate change; eliminate suspended projects; improve the efficiency of resource use.
- Review and assess forest planning, reasonably sustain upstream forests and specialized forests; upgrade the mechanism and organize forest management towards raising the autonomy of households and enterprises; convert the remaining forest areas into concentrated material zones; develop and extract forests efficiently and sustainably; improve incomes and lives of woodmen.
- review and manage environmental safety and food safety breeding zones; investigate fish farms; analyze aquaculture reserve, supervise the extend of fishing; protect the environment and resources.
- Enhance inspection and supervise the implementation of planning, especially the combination of geographical planning, sectoral planning and master plan for socio-economic development; ensure the openness and transparency of planning.

2. Encouraging investment from private sector

- The State shall support economic sectors in investing in agriculture and rural areas; delegate the provision of some public services to the private sectors and social organizations; increase the proportion of investment in agriculture from non-public economic sectors.
- The State is responsible for land planning and issuance of certificates of rights to use land; negotiate and conclude international trade agreements and international cooperation agreements; formulate standards of public services; support infrastructure; manage dams, focal irrigation works and main channels; do agricultural research; ensure fair competition on the market; provide inspection services and protect intellectual property rights; apply national regulations and standards based on scientific foundations; ensure stable prices of essential foods to facilitate investment of the private sector.

- Develop methods of investment participated by the State and the private sector to mobilize resources for agricultural development and raise the efficiency of public capital.

3. Improve the efficiency of public investments

a) Reasonably increase the proportion of investments from the State budget to serve the development of agriculture and rural areas; enhance the transparency and accountability for the management and use of public investments and other sources of investment.

b) Review and classify project of investment, adjust the methods and investment sources to attract investments in agriculture. Improve the quality of the project selection process; eliminate scattered investments. The State budget shall focus on the investments in the fields with low probability of recouping recoup capital or that are able to attract private investment.

c) Enhance decentralization; delegate the responsibility for public expenditure management to local governments; mobilize local resources for local minor projects. The Ministry of Agriculture and Rural Development are responsible for large-scale projects, regional projects, inter-regional projects, national projects, and the projects with complex technical requirements.

d) The order of priority of public investment in agriculture is changed as follows:

- Aquaculture: increase investment in infrastructure for concentrated fisheries, development of aquatic breeds, warning and environment supervision system, epidemic management and veterinary system; keep investing in fishing ports, harbors, asylum harbors; support the combination of resource management and inshore fisheries; support investment in preservation and processing to reduce post-harvest loss, ensure food safety and improve lives of fishermen and minor producing households.

- Agriculture: prioritize the development of productive varieties and breeds that are able to resist pests and climate change; invest in projects of pest surveillance, prevention, and control; support investment in preservation, processing, reduction of post-harvest loss, and assurance of food safety and hygiene.

- Forestry: prioritize the development of varieties serving economic forests; cooperate with private variety companies to multiply and develop the system of variety supply; invest in capacity for forest fire prevention and fighting; invest in public forest management model and forest environment services.

- Science and technology: provide training and develop the market; prioritize the investment in research institutes and training institutions; establish research-training-production complexes; invest in infrastructure and human resources for market information system and the forecast about demand-supply; domestic and international prices; support marketing, advertising, market development, and technology transfers.

- Irrigation: invest in multi-purpose irrigation works to serve aquaculture, farming, breeding, and water supply for lives and industrial production; prioritize investment in irrigation serving aquaculture; focus investments in focal irrigation works, dyke systems, and reservoir safety; prioritize investment in upgrading and maintenance works; build reservoirs in areas that suffer from drought; develop minor irrigation works in association with hydropower in highlands; support the application of measures for saving water; enhance the efficiency of irrigation works.

4. Cải cách thể chế

a) Keep rearranging and changing state enterprises in this sector

Intensify rearrangement and change of state enterprises in this sector; focus on rearranging state-owned farms, plantations and forestry companies to enhance the efficiency of forests and land; raise the responsibility of irrigation companies; keep studying appropriate organization methods for converted state enterprises.

b) Develop economic cooperation

Implement policies on encouraging economic cooperation (cooperatives and artels) and economic groups to voluntarily participate in agricultural production and business;

Enhance the participation of farmer unions and other associations in agriculture and rural development programs; delegate some public services to associations (trade promotion, agricultural extension, market forecast, quality standards, dispute settlement, etc); keep strengthening the relationship among the State, farmers, scientists, and businesspeople.

Improve the capacity of agricultural cooperatives for providing agricultural services, processing, and market access.

c) Develop Public-Private Partnerships and Public-Private Collaboration (PPP/PPC)

The State shall join enterprises in investing in: (1) building, managing, and operating agricultural and rural infrastructures, (2) agricultural production via provision of public services (agricultural extension, scientific research, technology transfers, training, veterinary medicine, plant protection, etc.), primarily related to “line value chains”; the State shall provide guidance and better methods of safe operation, environment management, and application of new technologies; private enterprises shall join the State in organizing the production and sale of products in order to improve productivity, quality and added values of products.

d) Keep improving the system of research, technology transfers, training, and public services,

- Keep improving the mechanism and increase the capacity of public service providers.

- Enhance private sector involvement in the provision of some public services towards autonomy; encourage the participation of all economic sectors, especially non-public enterprises, in scientific activities, training, and the provision of other agricultural services; delegate agricultural extension works to farmer associations and enterprises; increase funding for science and technology, training, and agricultural extension.

- Raise the roles of farmer associations and enterprises in determining prioritized research contents; complete the system of supervising and assessing efficiency of research, technology transfer, and training of human resources for agriculture.

- Establish science centers with a large number of research institutes and scientist in agricultural production zones.

- Support farmers in accessing research services, technological advance application and transfer; diversify the forms of vocational training together with technology transfers; multiply effective vocational training model in rural areas.

dd) Administrative reform

- Intensify administrative reform: rearrange and reorganize the state management mechanism of Ministries and local governments to ensure the responsiveness, smoothness, initiative, and

efficiency; simplify administrative procedures to enable agencies and local governments to quickly resolve issues to serve production and business.

- Improve the capacity of the system of inspection, testing, quality control, and food safety and hygiene for supplies, agriculture products, forestry products, fishery products, and salt, ensure the benefits of consumers and raise export.

5. Keep adjusting and completing policy system

a) Policies on supporting and motivating agricultural production

Provide policies to develop and diversify agricultural extension; help farmers change their farming practice and improve product quality, reduce post-harvest loss, preserve and sell products. Support farmers in connecting with processing facilities and sale systems; step by step establish a production network and supply chain that connects production, processing, distribution, and sale; connect industry and agriculture, connect producers and consumers; encourage investment in the development of processing industry towards modernization and deep processing; gradually reduce the export of unprocessed agricultural products.

b) Land policies

- Apply modern methods to land planning; review and strictly control agricultural land planning; ensure openness and transparency of planning management and land use supervision according to the National Assembly's Resolution No. 17/2011/QH13, especially paddy land, specialized forests, protection forests, strategic agricultural products, key exports, breeding, and aquaculture; review and increase the area of production forests, reduce the area of specialized forests and protection forests but ensure disaster preparedness, biodiversity, and environment protection.

- Avoid withdrawing agricultural land to use for other purposes; apply policies to support and ensure lawful interests of owners of withdrawn lands; enable farmers to change agricultural purposes of land to reach higher efficiency of land use, including switching to other plants on paddy land without losing capacity for paddy production in the long-term.

c) Trade policy

- Improve the transparency of state agencies in charge of agricultural trade; flexibly manage export and import to both adhere to agreements with international organizations and other countries, and protect domestic production, consumers' interests, and national food security.

- Regularly update trade policies of partners, international organizations, and other countries for producers and sellers to adjust their production and business plans; contact and negotiate with partners and other countries to settle disputes or remove barrier to trade.

- Keep supporting trade promotion and market development.

- Strictly control and penalize smuggling and trade fraud.

d) Financial and monetary policies

- Apply flexible exchange rate mechanism; facilitate the export and import of agricultural products.

- Rationally increase the proportion of state capital serving agriculture and rural development; keep providing credit capital for agriculture and rural areas.

- Review, adjust the mechanism, policies, and laws on finance and the State budget; ensure openness, transparency and accountability of agencies and units that use the State budget related to agriculture and rural areas.
- Keep reviewing and adjusting fees and taxes on agriculture and rural areas to suit people's capacity and support local governments.

IV. IMPLEMENTATION

1. The Ministry of Agriculture and Rural Development shall:

- Cooperate with the Ministries, agencies and local governments in implementing this Project; study and suggest policies on mobilizing social resources for the Project.
- Establish a Restructuring Committee presided by the Minister to direct and supervise the implementation of this Project and supervise.
- Formulate action plans and give assignments to affiliated units and local governments.
- Summarize and assess the implementation annually; send reports to the Prime Minister and Ministries concerned; suggest amendments to the Project where necessary.

2. The Ministry of Planning and Investment shall:

- Keep implementing the Resolution on "agriculture, farmers, and rural areas"; provide state capital for the restructuring of agriculture.
- Cooperate with the Ministry of Agriculture and Rural Development and other the Ministries, agencies and local governments in amending the policy on attracting investment from non-public economic sectors to agriculture and rural areas; consider providing policies on developing the forms of investment participated by the State and the private sector (PPP/PPC).

3. The Ministry of Finance shall:

- Review and amend policies on taxation and fees towards facilitating agricultural production and business and the implementation of this Project.
- Provide advices to ensure financial policies serving the implementation of this Project.

4. The Ministry of Science and Technology shall:

Cooperate with the Ministry of Agriculture and Rural Development and other Ministries concerned in reviewing and adjusting relevant mechanisms and policies related to the enhancement of capacity for research, application, technology transfers, and private sector involvement in science and technology development; support the Ministry of Agriculture and Rural Development in implementing this Project.

5. The Ministry of Industry and Trade shall:

Cooperate with the Ministry of Agriculture and Rural Development in studying trade policies, technical barriers, flexible management of export and import; facilitate the export of agricultural products and protect domestic production; develop processing industry associated with industrial production; ensure national food security.

Strictly control and penalize smuggling and trade fraud.

6. The Ministry of Natural Resources and Environment shall:

Cooperate with the Ministry of Agriculture and Rural Development and local governments in reviewing and controlling planning, implementing planning for agricultural land (especially paddy land); suggest policies related to land, resources, biodiversity and environment protection towards facilitating sustainable development of agriculture and rural areas.

7. The Ministry of Health shall:

Strictly cooperate with the Minister of Agriculture and Rural development during the implementation of the Law of Food safety; provide guidance for local governments on formulating and implement nutrition security and rural environment hygiene strategy.

8. The State bank of Vietnam shall:

- Provide guidance for credit institutions on concentrating capital on agriculture and rural areas; implement credit programs for agriculture and rural areas.
- Cooperate with the Ministry of Agriculture and Rural Development in reviewing and studying credit policies supporting the implementation of this project.

9. Local governments shall:

- Restructure and adjust planning towards developing the production of local plants and animals that are local advantages, competitive, and conformable with development planning and market demands; devise production models and provide appropriate policies on supporting development.
- Review and rearrange local state-owned plantations, forestry companies, and irrigation management units to ensure efficiency of land use and other resources.
- Provide policies on attracting investment in agriculture and rural development.

Article 2. Implementation

1. This Decree takes effect from the date on which it is signed.

2. Ministers, Heads of ministerial agencies, Heads of Governmental agencies, the Presidents of People's Committees of central-affiliated cities and provinces are responsible for the implementation of this Decision./.

PRIME MINISTER

Nguyen Tan Dung