



New Policies for Supporting Private Agricultural Investments and Supplemental Regulations on the Use of Rice Land for Agricultural Commodity Production in Vietnam

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INTRODUCTION

Vietnam in the past 30 years has implemented successful policies of national food security. The country has even become an ASEAN leading exporter of agricultural products. Nevertheless, Vietnam today is facing challenges of modernizing its agriculture to serve its integration into the international market. The government, hence, has issued a number of policies in order to promote the socialization of private investments in agriculture and rural areas. Although most of the agricultural lands for a long time have been used for rice cultivation, the income of rice growers is reducing. This situation urges the need of converting a part of rice paddies into higher value crops. The new policies for management of this type of land therefore have been promulgated to ensure both objectives of national food security and income improvement for farmers.

SOME POLICIES FOR PROMOTING AGRICULTURAL PRODUCTION AND RURAL DEVELOPMENT

Policies on private investments in agriculture and rural areas

In order to attract private investments in agriculture and rural areas, Vietnamese government issued Decree 210/2013/NĐ-CP as regulations for investors who receive incentives and support, as well as agencies, organizations, and individuals involved in the implementation of preferential and support policies under the provisions of this Decree. The Ministry of Agriculture and Rural Development (MARD) accordingly issued its circulars, which are listed below, to provide instructions for enterprises and cooperatives.

1. Circular 15/2016/TT-BNNPTNT dated June 10, 2016 on the Conditions and eligibility criteria of agricultural cooperatives for investment support in infrastructure development

Article 1. Scope of regulation: the Circular provides the conditions and criteria for

receiving investment support in infrastructure development of cooperatives and cooperative unions in the fields of cultivation, husbandry, forestry, fishery, salt production, and irrigation.

Article 2. Entities of regulation: agricultural cooperatives supply products and services to members who are engaged in agricultural production activities, and agencies, organizations, and individuals involved in the receipt of investment support for infrastructure development.

2. Circular 14/2017/TT-BNNPTNT dated July 5, 2017 on instructions for the investments in agriculture and rural areas in the form of public-private partnership (PPP)

Article 1. Scope of regulation: The Circular provides detailed instructions on investments, proposals for feasibility study, and investment contracts in the form of PPP in agriculture and rural areas.

Article 2. Entities of regulation: competent government agencies, investors, enterprises, organizations, and individuals who are involved in the implementation of PPP investment projects in agriculture and rural areas.

Article 4: Investment sectors for PPP in agriculture and rural areas are as follows:

- Projects of construction, renovation, operation, business and management of agriculture and rural infrastructure works.
DVC means the service for the development of production linkage associated with processing and consumption of agricultural products.
- DVC projects consist of at least two services among the service groups defined in Clause 5 Article 3 (three groups of services to form linkages between farmers and agricultural cooperatives with investors and enterprises, including:
 - + The group of services which support agricultural production: supply of inputs, finance, credits, training, human resources, technical infrastructure, science and technology and policy consultancy, agricultural extension, transfer of technical advances, mechanization, veterinary, and plant protection.
 - + The group of services for farm produce preservation and processing: preservation services, pre-processing, and processing of farm produce.
 - + The group of agricultural product consumption: farming consumption contract, testing service, experiment service, quality control, conformity assessment, agricultural product branding, and logistics.

Article 5: Project proposal contents:

- The contents for project proposals of construction, renovation, operation, business activities, and management of agricultural and rural infrastructure are prescribed in Appendix I to Circular 02/2016/TT-BKHĐT.

Article 6: Contents of feasibility study report:

The contents for feasibility study report of construction, renovation, operation, business activities, and management of agricultural and rural infrastructure are prescribed in Appendix III to Circular 02/2016/TT-BKHĐT.

Article 7: Contents of project contract:

The contents for project contract of construction, renovation, operation, business activities, and management of agricultural and rural infrastructure are prescribed in Article 10, Chapter III, and Appendix I to Circular 06/2017/YY-BKHĐT.

Provincial People's Committees shall perform state management of PPP investment projects in agriculture and rural areas according to the provisions of Article 70 of Decree 15/2015/NĐ-CP and the provisions of this Circular.

3. Circular 18/2017/TT-BNNPTNT on instructions for the supports to production development, livelihood diversification, and the replication of poverty reduction models under the national program on sustainable poverty reduction in 2016-2020

Although Vietnam has become a low middle-income country, there are still poor areas such as remote mountainous areas, bordering areas, and islands. MARD has provided instructions for the support to production development, livelihood diversification, and the replication of poverty reduction models in order to help poor households escape poverty sustainably. Key contents are as follows:

- Article 1: Scope of regulation
 - + Support to production development, livelihood diversification, and the replication of poverty reduction models in poor districts and extremely difficult communes in coastal areas, islands, as well as bordering communes, extremely difficult villages, and locations far from safe zone. Support are for communes outside Programs 30a and 135.
- Article 2: Entities of regulation
 - + Workers from poor households, near poor households, newly poverty-escaped households with priorities for poor households of ethnic minorities and poor women, as well as detoxified people, HIV/AIDS infected people, and returning trafficked women of poor households.
 - + Groups of households and residential community.
 - + Concerned organization and individuals.
- Article 3: Principles, conditions, and modes of support

Following the provisions of Clause 1 Article 7 of Circular 15/2017/BTC.

Modes of support:

 - + Support to production development, livelihood diversification (excluding activities as prescribed at Item b of this Clause), and the replication of poverty reduction models under the national program on sustainable poverty reduction.
 - + Activities to support production development through contracting, forest protection and tending, land allocation for production forests in poor districts
- Article 8: Identification of projects to replicate poverty reduction models
 - + Ministries, agencies, and local authorities shall select and construct the following models for poverty reduction based on actual conditions.

Effective models of poverty reduction that are suitable for the regional and local advantages and conditions; models for cooperation in production development, product processing and consumption between poor households, near poor households, newly poverty-escaped households, as well as between communities and enterprises; poverty reduction models associated with national security;

Construction and replication of models for employment in public work generation through investments in small-scale infrastructure in rural villages and hamlets (such as small irrigation systems, roads, works in services of production and people's daily life); models for agro-forestry production to create employment for the poor in association with forest planting and protection; models for disaster risk mitigation and climate change adaptation;

Construction and replication of models for professional and service development (support for construction of workshops, purchase of machinery, equipment, tools, and materials for production; supports to enterprises and cooperatives that cooperate with the poor for production, professional development, product processing and consumption).

Policies on rice land management

1. *Circular 19/2017/TT-BNNPTNT of amendments and supplementation to a number of articles of Circular 19/2016/TT-BNNPTNT dated June 27, 2016 that provides detailed instructions about Article 4 of Decree 35/2015/NĐ-CP dated April 13, 2015 on rice land management and instructions for the conversion of rice cultivation to perennial crops as prescribed in Decree 01/2017/NĐ-CP dated January 6, 2017 on amendments and supplementation to the decrees on the implementation of Land Law.*

Major amendments are as follows:

Article 1. Amendments and supplementation to some articles of Circular [19/2016/TT-BNNPTNT](#) dated June 27, 2016 on instructions for Article 4 of Decree [35/2015/NĐ-CP](#) dated April 13, 2015 on rice land management

To replace the phrase “change of crop structure from rice cultivation to annual crops or combining rice cultivation with aquaculture on rice land” with the phrase “change of plant structure from rice cultivation to annual and perennial crops or combining rice cultivation with aquaculture on rice land” as in Article 1.

To add more entities of regulation in Article 2:

“Households and individuals who transform their crop structure on rice land into perennial trees.”

To amend and supplement Clause 1 Article 3 as follows:

“1. Organizations, households, and individuals entitled to use rice land (land users) who wish to change their crop structure on rice land should send their application made according to the form in Appendix IA to this Circular to People’s Committees of commune-level (i.e. communes, wards, and townships).”

To amend Clause 4 Article 3 as follows:

“4. In case of disapproval of the application, People’s Committees of commune-level shall reply in writing made according to the form in Appendix IIA to this Circular to land users, clearly stating the reason(s).”

To supplement Article 3a as follows:

“Article 3a. Principles of restructuring crops on rice land for perennial crops or combining rice cultivation with aquaculture

Principles of restructuring crops on rice land for perennial crops:

- a) It must be a regional restructuring to form a concentrated production area and to ensure the land restoration for rice cultivation;
- b) The transformation must ensure the efficient utilization of available infrastructure and the conformity with the local orientation of perfecting infrastructure for agricultural production;
- c) The transformation process must be public and transparent.

Principles of restructuring crops on rice land for combining rice cultivation with aquaculture: To allow the maximum use of 20% of rice land for lowering the ground surface for aquaculture while ensuring the depth of the surface not exceeding 120 cm as well as the land restoration for rice cultivation”.

To amend and supplement Article 4 as follows:

“Article 4. Responsibilities of state management agencies

Department of cultivation

To review the planning, to determine the scale, and to form a plan for restructuring crops on rice land in conformity with the land use plans and planning approved by competent state agencies, then submit the plan to MARD for promulgation;

To provide instructions, supervision, and monitoring of local crop restructuring on rice land;

To report annually to MARD on the nationwide results of the crop restructuring on rice land.

Provincial Departments of Agriculture and Rural Development

To prepare and submit the provincial-level plan of crop restructuring on rice land to the provincial People’s Committees on the basis of the restructuring plan of MARD;

To provide instructions, supervision, and monitoring of provincial crop restructuring on rice land;

To make periodic reports according to the form in Appendix III to this Circular before June 30 and December 31 of every year on the results of crop restructuring on rice land and send them to provincial People’s Committee and MARD (via the Department of Cultivation).”

CONCLUSION

Policies on investments in agriculture and management of rice were newly promulgated in 2016-2017 to implement the general strategy on restructuring agriculture towards increasing value added and sustainability. These policies should be monitored during the implementation process as well as further study of their impacts on production and farmers to make appropriate adjustments.

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