

MEETING MINUTES

GENERAL MEETING AND 10-YEAR ANNIVERSARY OF THE PARTNERSHIP FOR SUSTAINABLE AGRICULTURE IN VIET NAM (PSAV)

Hanoi, 02 December 2020

Following Minister of Agriculture and Rural Development's instruction, the International Cooperation Department (PSAV Secretariat) hosted and coordinated with Grow Asia to organize the PSAV General Meeting and 10-Year Anniversary on December 02, 2020. The event was chaired by H.E. Mr. Le Quoc Doanh – Vice Minister of Agriculture and Rural Development and Ms. Marion Martinez, General Director of Yara Viet Nam, Ltd. It attracted over 120 representatives including PPP Task Force Leaders, members and partners; CEO of international and domestic companies, representatives of MARD's departments, relevant domestic and international associations, related Ministries, Grow Asia/WEF, Embassies, Leaders of provinces which have successfully implemented PPP projects, related organizations and agencies, and media agencies.

I. OPENING SESSION

Speaking at the opening of the General Meeting, Vice Minister Le Quoc Doanh affirmed that developing PPPs in the agricultural sector is an important solution to promote sustainable and efficient agricultural development. Established in 2010 from the World Economic Forum's (WEF) "New Vision in Agriculture" initiative, after 10 years of implementing PPP Task Forces, PSAV has delivered positive and encouraging results. Many demonstration models have been developed, which have proved to improve sustainability, create environmental impacts and increase farmers' income. A number of value chain models have been created linking plays to produce quality products meeting the standards of different export markets. These have contributed to improving competitiveness, expanding consumption market of Vietnamese agricultural products while improving livelihoods of farmers.

Ms. Marion Martinez, General Director of Yara Viet Nam Co., Ltd., Co-Chair of PSAV Private Sector, affirmed that despite the difficult situation caused by the COVID-

19, PSAV still effectively implemented many PPP cooperation activities, ensuring to maintain sustainable practices in agricultural production. The newly signed Free Trade Agreement (FTA) promises to open up many opportunities to elevate Viet Nam's agricultural products in terms of market, size, and quality. Beside opportunities, FTAs also pose many risks and challenges. On the other hand, the agricultural sector is forecasted to face many difficulties including climate change, storms, floods and droughts, risks associated with food safety and livelihoods for farmers ... PSAV should further strengthen its key role in coordinating and leading Public-Private partners to strengthen cooperation, together foster the sustainable development of Viet Nam's agriculture.

Mr. Grahame Dixie, CEO of Grow Asia, congratulated PSAV on the partnership's 10 years of success. He praised PSAV for the impacts that reflect PSAV's performance improvement, especially over the past 2-3 years. PSAV has strong leadership from MARD as well as the private sector, partners that are increasingly engaged and committed. He affirmed that PSAV is a model and a lesson of partnership for many other countries, the Grow Asia network, and wider.

Ms. Tania Strauss, Head of Strategy and Global Projects, Food Systems Initiative, World Economic Forum (WEF) congratulated PSAV on its achievements over the years. The WEF representative affirmed that PSAV is a typical example not only for the Grow Asia network but also for all multi-stakeholder partnership working to unlock systemic issues in food and agriculture. PSAV has been included by a Harvard case study as an example of system leadership. PSAV is recognized by the ASEAN Secretariat, Steering Committee members of Grow Asia as a model for all countries to learn from. The leaders of Myanmar also identified PSAV as a model for Myanmar to learn from before deciding to adopt this new approach in their country. She wished PSAV on her successes in the next 10 important years, and hoped that PSAV continue to further scale its success towards 2030 in Viet Nam, in the ASEAN region, and around the world.

II. PANEL SESSIONS

The participants of the meeting listen to 02 panel sessions. In particular, the speakers shared challenges and experience in implementing successful PPP models and lessons learnt in maintaining 'Public-Private' relationship among stakeholders at

different levels; policies and institutions to boost upscale of successful models and attract PPP investment into the agricultural sector; outlook for PPPs in agriculture sector, especially in the context of the 'new normal' beyond COVID-19, natural disasters and various changes in the global supply chain.

1. Session 1 - Examples of successful PPP models in the agricultural sector and lessons learned

Mr. Binu Jacob - Managing Director of Nestlé Viet Nam Co., Ltd.: shared his experience in successfully implementing PPP model in the coffee industry, through the NESCAFÉ Plan project, which has been implemented over the past 10 years. Among the 9 countries implementing Nestlé projects, Viet Nam is the most successful one. This was mainly due to the close coordination between the company and public agencies such as WASI and the extension system. The project has been deployed across the four largest coffee producing provinces in the Central Highlands, training more than 220,000 farmers, supporting to replant 56,000 hectares of coffee, increase 30-100% income, and reduce 40% irrigation water, 20% agrochemicals, helping to increase production efficiency of Viet Nam's coffee sector. Nestlé is expected to continue to support the sustainable development of the Vietnamese coffee industry, with a focus on quality. Now that there are many effective models, in which coffee trees are intercropped with pepper. The project will continue to conduct further research and replicate good practices.

Mr. Christop Meinert - Representative of the Board of Directors of Bayer Group: affirmed the key role of PPPs in the effective and successful implementation of the Group's sustainability goals. Regarding his experience in implementing PPP projects, he shared that under Bayer's recent global initiative "Better farm, Better life", Bayer is working closely with MARD, PSAV and the National Center for Agricultural Extension (NAEC) and the seven agricultural extension systems in the Mekong Delta and the Southeast region to effectively implement a project to support 80,000 farmers to respond to the pandemic, drought and saltwater intrusion through support on technical training, knowledge transfer on good agricultural practices (GAP) on sustainable rice and maize cultivation, direct distribution of technological solutions (crop protection product and maize seeds), contributing to enhance resiliency of smallholder farmers, ensuring the stability and sustainability of the industry. In addition, Bayer is also

working with many other organizations such as GIZ to solve many challenges of the rice value chain through new technology solutions, including drone application. The representative of Bayer affirmed that sustainable development of the agriculture sector requires the engagement of many partners in the industry, not only public and private partners but also scientists, farmer groups ... The partners need to agree and build a long-term strategy in which partners are committed to working together, forgoing the short-term individual benefits for the development of the industry. PSAV is a great platform, with effective supporting legal foundation, connecting all parties to build and effectively implement common strategies of the industry.

Mr. Nguyen Manh Hung - General Director of Nafoods Group: shared 25 years of development of the Group into a pioneer in sustainable agriculture in Viet Nam. Thanks to PPP cooperation, in a short time, Nafoods Group has successfully developed new fruit varieties, especially passion fruit varieties. Within the past 5 years, 03 new free-of-disease passion fruit varieties have been developed, serving both fresh fruit production and processing. PPP clearly brings about positive effects to the business development. To ensure the success of PPPs, it is necessary to have an investment project for businesses, with clear assignments/roles, specific roadmap, and budgets from both public and private sectors, especially from private one.

In the coming time, Nafoods will play a pioneering role in the development of the passion fruit value chain following the fishbone model, in which company plays the backbone, linked sustainably with farmers and satellite cooperatives. Company will support farmers with quality seeds, production process, and digital technology...Nafoods hope to engage MARD, the agriculture sector and other relevant organizations in this plan.

Mr. Le Thanh Hung – Backward Integration Manager of Nedspice Viet Nam: shared his experience in developing a sustainable pepper chain from a model linked with 200 farmers in Binh Phuoc with the provincial DARD, IDH, SNV. After 10 years, the Company has built links with 2,500 households, who produce 25-30% of the total pepper output of Binh Phuoc each year. Following the success of the program, in 2019, the Company launched a similar project in Dak Nong. During the implementation process, the Company faced many difficulties and challenges such as fragmentation and weak production linkages, differences in farming practices, cultural levels, awareness,...

Market price also affected farmers' application of sustainable practices. The causes of the project's success is the shared common views, goals, and approaches among the Public-Private partners. All partners shared a same goal when joining the program in which in each stage, the Company will review, synthesize its success and widely disseminate lessons learnt to the community. Sustainability needs more than a single individual efforts, it requires a whole community/system change. Parties need to work together to define clear goals, with specific KPIs.

Due to intercropping practices, the Central Highlands is currently facing many sustainability challenges for various commodities (pepper, coffee ...). Different sectors are working towards common goals such as ensuring environmental friendliness, protecting natural resources. Unfortunately, these efforts are implemented separately at the same time, and lack of coordination among projects... Therefore Nespipe is planning to implement sustainable projects in a new direction, building verified sourcing areas not only on a specific crop but for various crops cultivated in the same area. This initiative will have the participation of partners, different industries, working together to solve the sustainability problem of that sourcing area.

2. Session 2: Policies and institutions to bolster upscaling of successful models and attract PPP investment in the agricultural sector

2.1. Sharing experiences in policy and institutional development

Dr. Nguyen Do Anh Tuan, Director General of International Cooperation

Department: shared about the priority policies to attract private investment in general and public - private investment in particular of the Government of Viet Nam. He affirmed that agriculture is a special priority area of Viet Nam. In the two years of 2017-2018, 05 new Decrees had been promulgated on agricultural development, investment promotion, value chain linkage, contributing to attracting investment, promoting industry growth. Compared to 5 years ago, the number of enterprises investing directly in the agricultural sector has quadrupled to over 12,000 businesses. Including enterprises in the fields of input and output processing and manufacturing, this number could reach 50,000. Previously, the sector mainly engaged small and medium enterprises, now giant corporates have invested in the sector. Thanks to the participation of enterprises in collaboration with farmers and state organizations, Viet Nam's agriculture always

maintains positive growth despite the current difficult circumstances. In which, policies and coordination between Public - Private partners played a very important role.

Confronting international integration and Covid-19 challenges, Viet Nam's agriculture sector needs more support preferential policies to help the sector maintain and leverage its competitiveness. Viet Nam needs to make the best use of existing PPP relations to maintain competitiveness, reduce costs, increase efficiency, and ensure to maintain the quality of agricultural products, serving domestic and export needs. In the future, policies to attract investment, especially those in the form of PPP, should pay due attention and be adjusted to adapt to consumer behaviors. It is necessary to create opportunities for businesses to invest in processing, storage, cold chain, logistics for agriculture, online distribution, and digital technology application along the value chain. He hoped that the PPP projects can test these new models and then coordinate with public sector organizations for further replication in the industry.

Mr. Nguyen Van Chau, Deputy Director of Lam Dong Department of Agriculture and Rural Development: shared local experience in successfully implementing PPP projects. Up to date, the province has attracted 80 FDI enterprises to invest in the agricultural sector. Lam Dong has participated in PPP projects since 2012, coordinating with many agencies such as Syngenta, Yara, Nestlé to implement sustainable coffee projects that bring positive results, change thinking, and farming practices for the province. In addition, there are programs of the Ministry such as the VnSAT Project, the Agroforestry Coffee Project REDD+ of SNV, etc. In addition, the province also implements many projects using ODA capital, attracting investment, making Lam Dong a leading province in applying advance technologies in agriculture. PPP projects have helped the province mobilize resources from enterprises, support the state in improving infrastructure, and improving product quality.

In addition to national policies such as Decree 57 and Decree 98, Lam Dong also has a number of preferential policies or specific regulations to replicate successful models. The province has issued a list of projects to encourage enterprises to invest in agriculture and rural areas in the province in order to attract private investment in these projects. In addition to the capital from the central government, the province also allocates a part of provincial budget as counterpart fund for projects.

Mr. Willem Schoustra, Agricultural Counsellor of Embassy of the Netherlands: highly appreciated the policies and orientations to attract PPP investment in the agricultural sector of Viet Nam. Viet Nam has responded very effectively, especially in the current difficult context with a series of challenges such as climate change, food security risks, and the global crisis caused by the Covid-19 pandemic. The entry of free trade agreements like EVFTA will be a stronger catalyst for international trade between Viet Nam and the EU (including the Netherlands). Viet Nam and the Netherlands have signed a strategic cooperation agreement on sustainable agriculture and food security. PPP is a central content of the Agreement signed between the two countries. Currently, the Netherlands has cooperated with Viet Nam to implement 7 different PPP models (focusing on potato, seafood, milk, fruits, satellite data, rice, coffee). The Netherlands is currently planning to set up an organization to support coordinate projects in the Mekong Delta region. According to him, it is necessary to expand the concept of PPP, not only limiting to bilateral cooperation between Public and Private partners, but PPP should be multilateral cooperation, with the participation of public and private partners, civil society organizations, research institutes ... to promote the sector restructuring in the direction of creating added value to the product. The Government, along with businesses and organizations of the Netherlands, is ready to further strengthen cooperation with Vietnamese partners in promoting cooperation between the two countries.

Mr. Huynh Tien Dung, Country Director of IDH the Sustainable Trade Initiative: shared IDH's experience and plan to support promoting PPP cooperation in sustainable agricultural development in Viet Nam. He affirmed that in the past time and in the coming period, PPP will always be the foundation of IDH's supporting activities. The organization is currently coordinating a pilot project on irrigation service fee model in Lam Dong and Dak Lak provinces. In the future, IDH will strengthen support for production-linked projects to meet the requirements of international markets, which will seek to enhance efficiency of and integrate IDH's initiatives in state programs in provinces. In addition, IDH will support models and projects applying landscape approaches, in which partners in different industries work together to solve common problems of large raw material areas. IDH will promote the application of science and

technology in agriculture, connect domestic and foreign businesses for investment in deep processing ...

2.2. Policy and Institutional Recommendations

Mr. Willem Schoustra, Agricultural Counsellor of Embassy of the Netherlands:

The Netherlands has a trade delegation in Viet Nam, with the participation of private sector partners, the Government, and research institutes, in which parties can discuss and agree on solutions to attract FDI in agriculture. Viet Nam and the Netherlands can strengthen coordination to build an enabling legal environment, promoting food system initiatives, food safety for export, land accumulation, and scale up sustainable agriculture models applying research achievements, science and technologies of the private sector to solve the problem of food loss and waste in the agricultural sector, not only in Viet Nam but also in the Netherlands.

Mr. Huynh Tien Dung, Country Director of IDH, the Sustainable Trade

Initiative: highlighted the need for preferential policies for non-governmental organizations to participate in and support to attract more investment. Various regulations and policies on PPP have been issued recently. These policies will certainly face difficulties during the implementation process. Thus it is necessary for these regulations to be piloted in some localities before scale up at a larger scale. Although many policies to support businesses have been promulgated, the enforcement remains relatively difficult, businesses still face various problems in terms of access to finance. It is necessary to conduct a research program on finance access for businesses and farmers involved in implementing PPP projects.

IDH shared its international experience in implementing Farmfit Fund to help remove bottlenecks in providing capital for businesses working with farmers. In particular, the fund will provide bank guarantees for farmers' loans for those work with businesses. This fund allows the bank to build a more favorable lending mechanism for farmers, and businesses will be more confident in accessing loan packages. Viet Nam can research and develop a similar financial mechanism to raise financial institutions' confidence in implementing loan packages for smallholder farmers.

Dr. Nguyen Do Anh Tuan, Director General of International Cooperation

Department: commented administrative procedure reforms and policies, which had been

implemented very strongly (specifically, Viet Nam had removed more than half of administrative procedures on business registration, import and export). MONRE is developing a Decree on promoting land lease and land contribution between people and businesses. However, he also emphasized on the need for an effective implementation of Decrees No. 57, 98, 116, especially solutions to promote PPP in agriculture. Many cooperation models among partners have been implemented, such as the cooperation between the public and private sectors to build NSC for coffee, pepper and tea. In the future, partners could consider to develop similar documents for livestock, aquaculture ... The Department of Crop Production is coordinating with the Plant Protection Department and enterprises to pilot ID codes of coffee plantation to improve agrochemical management and build safe and sustainable production areas. He highlighted some new areas for collaboration such as food safety, preservation, processing, logistics, and digital technology (blockchain), which need to be further replicated and tested in the near future. In addition, it is necessary to conduct research and evaluation of mechanisms and policies to implement PPPs, clearly define the roles and responsibilities of each party. It is necessary to evaluate and compare benefits and costs when applying these new mechanisms and regulations.

Regarding solutions to promote the participation of SMEs, support them to access PPP projects: benefits for foreign enterprises to participate in PPPs is that PPPs can help businesses ensure successful implementation of corporate strategies and commitments on sustainable development. For large domestic enterprises, participating in PPP can help them build a stable and long-term raw material area. The enterprise must be big enough to have this demand. Accordingly, domestic SMEs need to further strengthen the linkage between enterprises in value chain players, as well as links with large enterprises. SMEs will be an effective bridge between large enterprises and farmers, possibly through economic cooperation. Enterprises can bring people into cooperatives to help improve their management skills, product orientation, production organization according to the needs of enterprises and market.

III. PSAV's 5-YEAR ACTION PLAN FOR THE PERIOD 2021-2025

Participants listened to a report of Ms. Pham Thi Hong Hanh, Head of Global Integration and Foreign Investment Division International Cooperation on PSAV's 5-year Action Plan for the period 2021-2025, vision to 2030. The report clearly stated the

vision Viet Nam Sustainable Agriculture Development Partnership (PSAV) is to become an important bridge between public organizations (governments, scientific institutions, public training establishments ...) and other domestic and foreign organizations and individuals, between the public and private sectors in order to contribute to building institutions, policies, and attracting resources to join forces to realize the development goals of Viet Nam's agriculture and rural areas in the new scenes and requirements.

The overall goal of PSAV is to support and participate in the realization of the goals of developing a smart, internationally integrated agriculture, adapting to climate change, enhancing added value and promoting sustainable development associated with building new prosperous and civilized countryside in which farmers are affluent, infrastructure are synchronous and modern, and natural resources are used efficiently and well-preserved in a sustainable manner

The report also highlighted the 05 specific objectives of PSAV, the roles of PSAV Secretariat in coordinating, connecting PPP Task Forces with local authorities, agricultural units, and linking businesses with local farmer organizations; Providing information and answers to policy questions for enterprises investing in the PPP form in the agricultural sector, creating conditions for enterprises to participate in the policy-making process; Strengthening information and communication to attract domestic and international enterprises to join PSAV. The report also points out the main activities of the 8 commodity PPP Task Forces under PSAV, which focus on 04 main groups of activities: (i) strengthening partnerships to promote sustainable production development.; (ii) promoting application of sustainable production practices and standards; (iii) support and promote policy improvement; and (iv) communication.

IV. AWARDING MEDAL AND CERTIFICATE OF MERIT FROM THE MINISTER AND APPOINTMENT OF PSAV CO-CHAIR OF PRIVATE SECTOR

On behalf of the leaders of the Ministry of Agriculture and Rural Development, Deputy Minister Le Quoc Doanh awarded a medal to Ms. Marion Martinez, General Director of Yara Viet Nam Ltd., cum PSAV's Co-Chair of Private Sector and the Minister's Certificate of Merit to Grow Asia for contributing to promoting Public-Private Partnerships in sustainable agricultural development in Viet Nam.

Ms. Marion Martinez announced the transfer of the position of PSAV's Co-Chair of Private Sector to Mr. Binu Jacob, Managing Director of Nestlé Viet Nam Ltd. for the period 2021-2025. The representative of Yara Viet Nam Ltd. pledged to continue to maintain active role in activities and initiatives of PSAV as well as PPP Task Forces.

V. CONCLUSIONS

On behalf of the Ministry's leaders, Vice Minister Le Quoc Doanh concluded the meeting:

Vice Minister Le Quoc Doanh once again highly appreciated PSAV's 10-year achievements. Despite the fact that PPP is still a new concept, especially in the agricultural sector, by learning from international experiences, from large Corporations/Enterprises, and its own experience, PSAV has achieved remarkable results. Enterprises and PPP partners are attributed significantly to achievements of the agricultural sector, especially in 2020, a year with many severe difficulties caused by natural disasters.

The Vice Minister highlighted various opportunities and challenges for the sector in the coming time given the fact that agricultural production remains fragmented, production level remains limited, as well as various risks of climate change and unpredictable natural disasters. The sector will have to cope with more stringent requirements on quality, food safety, traceability...Confronting these challenges, PSAV/PPP is an important tool and solution. MARD will create the most favorable conditions to promote PSAV to operate more effectively.

With the tasks set out in the next term in PSAV's Action Plan for the period 2021-2025, which had been approved by MARD, the Vice Minister suggested PSAV promote good models and lessons, conduct in-depth analysis and assessment to draw lessons to improve PSAV's, collect recommendations and inputs from all parties to renovate PSAV activities, and effectively implement its Action Plan. Each PPP Task Force should have an in-depth assessment, sharing experiences among stakeholders in each value chain and among different value chains.

It is necessary to further renovate and improve PSAV's operational mechanism and approach, to create a more favorable and supportive playing field. It is necessary to

clearly define the responsibilities and interests of the parties participating in PSAV, thereby attracting the strong participation of domestic and foreign enterprises.

MARD wishes to receive continued support and active participation of domestic and international enterprises and organizations in promoting sustainable agricultural development, and enhance the status of Vietnamese agricultural products in international arena./.

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT