



PSAV

Partnership for Sustainable Agriculture in Viet Nam - PSAV

PSAV Newsletter

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

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UPDATES ON ACTIVITIES OF PUBLIC-PRIVATE PARTNERSHIP TASK FORCES IN AGRICULTURE

The PPP Task Force on Tea:



In the 3rd Quarter of 2019, the public and private leaders of the Public Private Partnership Task Force (PPP TF) agreed to issue the official Operation Plan of the PPP TF on Tea and set up a Technical Group with the participation of representatives from the Department of Crop Production (DCP), Plant Protection Department (PPD), IDH the Sustainable Trade Initiative (IDH), Unilever, URC and the Viet Nam Tea Association (VPA). The group held a meeting in August 2019 to agree on the main contents of the TF's activities, which include: (i) An Operation Plan to 2020; (ii) Appointment of Unilever to continue serving as the TF Leader representing the private sector, along with adding a new Leader position representing the private sector and appointing IDH

to this position to increase the TF's opportunities to connect with and access to donor support. DCP and PPD will continue to act as TF Leaders representing the public sector, VPA will continue to act as the TF Secretary. IDH is committed to continue supporting the TF with operational expenses for at least the next 12 months and assisting the TF in seeking other funding from the Dutch government; (iii) Promoting the role and participation of VPA members. In addition to reaching a consensus on the Operation Plan, TF members need to join force to resolve sector issues. It is necessary to create a forum for member companies to share lessons, connect networks and develop the tea sector.

After the meeting, the TF Secretariat worked with PPD and the Agro-Processing and Market Development Authority (Agrotrade) to agree on activities that shall be participated by the 2 agencies in the TF's Operational Plan. In particular, PPD will lead activities related to pesticide use control by providing a list of pesticides permitted for use on tea to help the TF develop a pesticide toolbox for tea. Businesses will join force in developing pesticide toolbox in compliance with different export markets of each enterprise. Agrotrade will lead the activities on (i) reviewing standards for tea products and tea processing establishments, supplementing and

revising current standards and regulations; (ii) monitoring the implementation of food safety standards and regulations at some tea processing facilities. Funds for the two activities will be mobilized from the Ministry's budget and implemented in Quarter 2/2020.

In addition, all TF members were assigned to continue to seek support at home and abroad; encouraged to assist the TF's general activities with financial support and follow the direction of the TF and TF Leaders; and requested to search and recruit an experienced, capable manager who could lead the project and negotiate with public agencies and members.

The PPP Task Force on Pepper:



In order to institutionalize the activities of the PPP TF on Pepper, promoting the role of the private sector in TF's activities, enhancing the connection efficiency between the public and private sectors, the PPP TF on Pepper has consulted with its members and agreed on the drafting of an operational charter of the TF, including the establishment of an advisory group to support the PPP TF on Pepper. The advisory group will have the participation of PPD and Agrottrade representatives for the public side, along with domestic and international enterprises operating in pepper production, trading, processing and exporting to support the enforcement of policies at provincial level and enhance operation efficiency of TF's PPP projects. A Secretariat will also be established including representatives from PPD, VPA and IDH to support both public and private TF Leaders.

The PPP Task Force on Fisheries:

In the 3rd Quarter of 2019, the PPP TF on Fisheries worked with the Directorate of Fisheries (D-Fish) and its subordinate units to organize many activities to promote sustainable aquaculture through PPP models. Specifically;

- A consultation workshop with related stakeholders in the development of disease and environmental monitoring program in aquaculture (shrimp/pangasius) (July 2019)
- A workshop to connect technology suppliers with businesses and farmers in applying technology in effective shrimp farming (July 2019); Conduct survey and successfully connect pilot models applying technologies in resource-efficient shrimp farming and improving productivity and quality.
- A workshop to introduce resource-efficient shrimp farming processes and reducing production cost (August 2019).
- Organizing the implementation of a pilot model in improving the survival rate and resource-efficient extensive black tiger shrimp farming in Bac Lieu and Ca Mau provinces (June – September 2019).
- Participating in the establishment of the Viet Nam Sustainable Shrimp Alliance in Ca Mau (under the Private Economic Development Research Board (also known as Board IV, under the Advisory Council for Administrative Procedure Reform of the Prime Minister), composed of the Ca Mau Provincial People's Committee, Minh Phu, Camimex, CP, Viet Uc, Seafood Watch, IDH, Ocean bank and representatives of shrimp farming cooperatives in Ca Mau province) (August 2019).
- Successfully organizing a seminar to introduce seafood traceability requirements in countries and the status of Viet Nam in the Viet Nam Fisheries International Exhibition (Vietfish) (August 2019).
- Working with major seafood companies (Minh Phu, Stapimex, Quoc Viet) and commercial banks (Agribank, Lienviet Postbank, State Bank) in identifying potentials for investment and financial access of the aquaculture sector (September 2019).

Plan for the 4th Quarter of the PPP TF on Fisheries:

- Developing and implementing a pilot PPP program on disease and environment

monitoring in aquaculture in November 2019.



- Implementing an effective and transparent traceability PPP program to meet the requirements of key markets in from October 2019 to March 2020.
- Reviewing the pilot model in improving survival rate and resource-efficient extensive black tiger shrimp farming in Bac Lieu and Ca Mau provinces; and deploying a pilot model to improve survival rate and resource-efficient intensive and super-intensive rice-shrimp farming in November 2019.
- Organizing the deployment of a pilot model to apply technology in resource-efficient shrimp farming and improve productivity and quality in Bac Lieu and Ca Mau provinces from October 2019 to March 2020.
- Organizing a seminar on demand, challenges and potentials for investment and financial access of the aquaculture sector (focusing on programs fostering advanced technology, financial access, and accessing potential investors) in December 2020.
- Review the PPP program in 2019 and develop a plan for 2020 in December 2019

The PPP Task Force on Livestock:

On September 24, 2019, in Hanoi, PSAV Secretariat collaborated with the PPP TF on Livestock to organize the "Livestock Outlook and PPP Dialogue: Challenges and potential to develop dairy farming and dairy products" and "Introduction of PPP Task Force on Livestock". The Dialogue aims to enhance cooperation between public and private sectors in the livestock industry, especially for the dairy products, creating opportunities for industry partners to exchange information, share experiences, and develop partnerships. At the Dialogue, the delegates discussed the situation of dairy farming and the development orientation to 2030; assessing impacts of trade agreements, including the Comprehensive

and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Viet Nam-EU Free Trade Agreement (EVFTA) on the dairy industry. At the same time, delegates also deliberated on the forecasts of the market potential of the dairy market and dairy products in the coming years, including dialogue on challenges to the development of dairy farming value chain - the roles of the Government, farmers, social organizations and businesses. Many opinions pointed out that in developing dairy herds, attention should not focus on increasing the number but priority should be given to the application of science and technology towards improving the quality of breeds, developing farms applying advanced technologies in dairy production and processing, gradually reducing small-scale and scattered dairy cow farming, encouraging the development of farmer households at larger scale with an ideal herd ranging from 50 to 100 heads per household. By leveraging PPP investments, MARD's agencies will support businesses and farmers with favorable mechanisms, policies and build models for future upscaling.



Regarding the TF's activities in the near future, the TF will focus on developing the dairy value chain. The TF prioritized the establishment of two main value chain sub-groups: Dairy value chain 1 co-chaired by Vinamilk and Moc Chau; and Dairy value chain 2 co-chaired by TH and Friesland Campina. MARD will work directly with each enterprise in the 4th quarter of 2019 to develop a plan for the dairy cattle sub-group in 2020 and identify the priority activities of the TF. In addition, the TF will urgently develop the TF's Operation Charter in 2019. MARD will promote dialogues with businesses to identify problems arising in the implementation of current policies. Accordingly, the government will focus on removing difficulties and completing policies to attract investment in agriculture and rural areas, especially in the livestock sector ■

ACTIVITIES OF THE PSAV SECRETARIAT

Developing PSAV Strategy for the 2021 – 2025 period, with a vision to 2030

To improve PSAV's organizational structure, enhancing operational efficiency of PPP TFs, expanding the scale and effective execution of PPP models in the agricultural sector, the PSAV Secretariat is currently coordinating with a consultancy team to develop a Strategy for the Partnership for Sustainable Agriculture in Viet Nam for the 2020-2025 period, with a vision to 2030. In Quarter 3rd - 4th of 2019, the PSAV Secretariat will coordinate with the Leaders of PPP TFs to urgently develop contents of the Strategy and consult with PSAV members and partners.

Improving PSAV Structure

Based on conclusion of the Mid-year meeting of PPP Task Forces under PSAV held in May 2019 in Hanoi, PSAV Secretariat is currently cooperating with Yara Viet Nam Ltd., PSAV Co-Chair representing the private sector, to collect comments from PSAV members

and partners to amend PSAV's Terms of Reference, to further strengthen PSAV's organizational structure, contributing to the institutionalization of PPP TFs, thereby enhancing cooperation and coordination effectiveness between public and private sector partners in PSAV. It is expected that PSAV's Terms of Reference will be submitted to the MARD Minister for approval in Quarter 4th 2019 – Quarter 1st 2020.

Promoting PSAV communication activities

In the 3rd Quarter of 2019, the PSAV Secretariat collaborated with Grow Asia to produce a video clip and an brochure for PSAV to promote communication and dissemination of Public-private partnerships in agriculture in Viet Nam, including successful partnerships within PSAV, thereby attracting the active participation of partners in the industry, especially leading local enterprises in Viet Nam's key value chains, donors and international organizations. These products are expected to be released in Quarter 4th 2019. ■

OTHER ACTIVITIES AND EVENTS

Developing sustainable pepper export to meet the requirements of Free Trade Agreements

According to forecasts of MARD, 2019 is considered to be a very difficult year for Viet Nam's pepper industry when prices kept falling, growth rate was much lower compared with that of the same period last year. This is a challenge for Viet Nam's pepper industry, especially under the enforcement of new Free Trade Agreements signed by Viet Nam. To find solutions and directions for sustainable development of the pepper industry, on August 23, 2019, MARD collaborated with the State Bank of Viet Nam, the Ministry of Industry and Trade and the Viet Nam Pepper Association (VPA) to organize the "Conference on sustainable pepper development to meet requirements of Free Trade Agreements" focusing on assessing the market trend of pepper, and at the same time offering some solutions to enhance added value and competitiveness of Viet Nam's pepper



industry. A number of solutions were proposed such as: reviewing existing pepper varieties, strengthening the selection of primary farms to have good sources of seed for production development; continuing to invest in research, selection and introduction of new pepper varieties adapting to climate change and

epidemics; developing mechanisms to promote sustainable pepper development; developing the supply chain to improve the added-value of produces in production, processing and exporting.

In order to improve the competitiveness and take advantage of new Free Trade Agreements, Vice Minister Le Quoc Doanh affirmed that in

the context of international integration, to meet requirements of Free Trade Agreements, Viet Nam's pepper industry needs to innovate its growth model focusing on quality right from the stage of producing raw materials to create high quality products and participating in "difficult" markets with high-value products to enhance products' economic value and production efficiency ■

Development results of the agriculture sector in the 3rd quarter of 2019

Agriculture, forestry and fishery in nine months of 2019 encountered many difficulties due to drought and climate change affecting crop productivity and output, of which rice production in 9 months decreased by nearly 460 thousand tons compared to the same period last year. The African swine fever epidemic had a large impact on the production results of the livestock industry. Many agricultural products faced difficulties in both market demand and export price. The agricultural sector showed no signs of recovery when the GDP of the first nine months of 2019 only increased by 2.02% (that of the same period in 2018 was 3.7%). The seafood industry was a highlight of the agriculture sector with a growth rate of 6.12%. The forestry sector grew by 3.98%.

According to the official statistics, total agriculture, forestry and fishery export-import turnover in the first 9 months of 2019 was estimated at 53.2 billion USD, of which, export was about 30.02 billion USD, up by 2.7% YoY, import was estimated at 23.16 billion USD, down by 0.7%. Thus, agriculture, forestry and fishery trade surplus reached 6.86 billion USD, 957 million USD higher than the same period last year.

Export growth in 9 months was mainly attributed to increase in export of main forest products, which reached 7.93 billion USD, up 18%, and livestock export, which was estimated at 0.53 billion USD, up 8.6%. The group of main agricultural products dropped sharply with a humble growth of 7.2%, reaching 13.9 billion USD. Seafood was also a commodity which did not reach the export turnover target. Up to now, seafood export was about 6.23 billion USD, down by 2%. The sharp fall in export turnover of agricultural and fishery products was due to declining export

prices of many commodities such as coffee, rice, cashew nuts, cassava and products from cassava, shrimp and pangasius compared to the same period in 2018. Besides, exports to some big and important markets also dropped, especially exports to China market dropped by 8%, EU down by 6.5%.

In the coming time, global trade is expected to plummet further, export prices of some key agricultural products will be on a downward trend. MARD said that the whole sector shall focus on implementing measures to accelerate trade promotion activities, removing trade barriers, expanding export markets and encouraging domestic consumption. Specialized units were requested to research, assess the market demand for essential commodities such as rice, sugar, seafood, pork and propose solutions to ensure the supply and demand balance and stability of the market price. MARD will coordinate with and support localities to introduce, promote trade of local specialty agricultural products, organize conferences and discussion forums to identify solutions in production, processing, and promotion of domestic consumption and export. Functional units were requested to focus on solving difficulties for rice, pork, dairy and fruit products to enter the Chinese market, remove technical barriers, solve problems related to seafood products, especially resolving the EU's "yellow card" for Vietnamese seafood products and the US's Seafood Import Monitoring Program; challenges for fruits, pepper, etc. in the EU market; seafood, vegetables and coffee in the Japanese market; seafood, wood and wooden products, processed chicken, salted poultry eggs in the Korean market. At the same time, MARD also committed to open new markets for many export products, such as mangoes to the US, UK, Australia, etc ■

NEW POLICIES ON AGRICULTURAL, RURAL DEVELOPMENT AND COOPERATION

Draft Law on PPP Investment submitted to the Standing Committee of the National Assembly for approval

On the afternoon of September 16, the Standing Committee of the National Assembly listened to the Verification Report on the draft Law on PPP Investment. Presenting the Verification Report on the draft Law, the Economic Committee basically agreed with the Government's Proposal on the need to enact the Law on PPP Investment. Some issues that still need further study include:

Regarding the Scope of adjustment (Article 1), Subjects of application (Article 2), Application of international laws and treaties (Article 3), it is necessary to study and detail the Scope of adjustments of the draft Law, in particular provisions on PPP investment activities in Viet Nam. It is also requested to conduct a thorough review, research and compare different provisions between the Law and other related regulations to ensure the consistency and uniformity of the legal system.

Regarding the investment fields of PPP projects, it is necessary to study, review and specify more clearly the fields for PPP investment right at the law drafting stage, as well as clarifying the principle allowing to add only PPP investment in sectors that has been included in the medium-term public investment plan in order to create a clear legal foundation for parties in choosing the appropriate investment form.

Regarding the investment scale of PPP projects, it is necessary to study to specify the minimum investment scale for each field as well as clarifying the reasons for not stipulating the minimum scale of total investment for

projects applying business - management contracts.

Regarding the establishment of an Appraisal Council for a PPP Project, it is necessary to establish an Appraisal Council to ensure that the project is analyzed thoroughly, objectively and independently before being submitted to the competent authorities for investment decision-making and approval of feasibility study reports, avoiding wastefulness in investment, as well as ensuring the interests and responsibilities of the related parties in the project's implementation process. However, the establishment of an Appraisal Council must ensure the efficiency, quality, professionalism, simplified administrative procedures, and avoid formalist appraisal, focusing more on procedure instead of true quality. The drafting agency was also requested to continue reviewing and studying in detail the establishment, organization and operation of the Appraisal Council suitable for different types of PPP projects.

Regarding the source of capital for implementing PPP projects, it is necessary to clarify in the draft Law for which investment items the State's support capital shall be used, thus public investment procedures shall be applied, and for which investment items the private investment capital shall be used, thus the normal investment procedure shall be applied. This is to improve the current situation characterized with cumbersome public investment procedures, creating difficulties to attract investment from the private sector ■

Measures to encourage businesses to invest in agriculture effectively, safely and sustainably

Implementing Resolution No.53/NQ-CP of the Government, on August 14, 2019, MARD issued Decision No. 3147/QĐ-BNN-KH on encouraging enterprises and promoting investment in agriculture in an effective, safe and sustainable manner. In order to accomplish the responsibilities assigned to MARD in Resolution No. 53, the Ministry's Action Plan has directly assigned 23

tasks to relevant agencies under the Ministry. The assigned agencies will be in charge of coordinating with relevant agencies, units, localities and industry associations in implementing the assigned tasks and report periodically, quarterly, semi-annually and annually to the Minister on the implementation results to support the direction and administration activities of the Ministry. ■

Policy on agricultural land use tax exemption and reduction

The Ministry of Finance announced that the assessment on the 15 years of implementing the policy on exemption and reduction of agricultural land use tax showed that the policy had created important improvements, specifically: contribute to encouraging organizations, households and individuals to invest in agriculture and rural areas; encourage the application of models on farm economy, expand the scale and improve the efficiency of land use in agricultural production, thereby helping farmers to improve their lives, have more capital to re-invest in agricultural production, and improve the competitiveness of Vietnamese agricultural products in the market.

The continuous expansion of subjects and land areas eligible for land use tax exemption or reduction from 2003 until now has contributed to bringing favorable incentives to those who

use a lot of land for agricultural production and encourage land consolidation for agricultural production on a large scale, contributing to the agricultural and rural restructuring towards modernization.

The Ministry of Finance is currently proposing to the Government to submit to the Standing Committee of the National Assembly a proposal to add a draft Resolution on agricultural land use tax exemption into the 2020 law-and ordinance-making program of the 14th National Assembly. The draft Resolution would provide support directly to farmers, helping them improve their lives, reduce difficulties and motivate them to sustain their business in agriculture. Regarding the duration of tax exemption, the draft Resolution proposes that the duration of agricultural land use tax exemption would be 10 years (from January 1, 2021 to the end of December 31, 2030) ■

UPCOMING EVENTS AND HIGHLIGHTS

47th Annual Conference of the International Pepper Community

The Annual Conference of the International Pepper Community (IPC) is the world's largest Pepper Conference held annually in IPC member countries. In 2019, Viet Nam is the host country of the 47th IPC Conference, which will be held at Pullman Hotel in Vung Tau city from 12-14 November 2019 co-hosted by the IPC, MARD and VPA. It is expected that the conference will have the participation of more than 300 representatives of pepper and spices processing and exporting producers of IPC member countries and representatives of spice associations such as the American Spice Trade Association (ASTA), the European Spices Association (ESA), importers and exporters of pepper-spices producing countries. The conference will be a place for meet and greet, information sharing and trading among the leading traders, leading importers and exporters in the world.

On the sidelines of the IPC Conference, MARD (PSAV Secretariat and the PPP TF on Pepper) will organize thematic workshops, including a workshop to experiences in sustainable pepper production, processing and trading and a policy

dialogue promoting Public-Private Partnerships in the pepper sector. The Working Plan of the Advisory Group of the PPP TF on Pepper will be introduced at the dialogue.

Sustainable Coffee Forum 2019

With the sponsorship of the Global Coffee Platform (GCP) and Grow Asia, the Viet Nam Coffee Coordination Board (VCCB) will host a Forum on "Sustainable development of Viet Nam's coffee industry in context of climate change and market fluctuations 2019" in December 2019 in Ho Chi Minh City. The forum is an opportunity for industry partners to exchange and share experiences in implementing and applying sustainable coffee farming initiatives, thereby developing recommendations, directions, policies and scientific solutions to intensive coffee farming in a rational manner to reduce costs, increase production efficiency and foster sustainable production in order to solve urgent problems in coffee production, processing and consumption in Viet Nam.

Fruits and Vegetables Outlook

Viet Nam's agricultural products, especially fruit and vegetable products, are abundant but export of these products is still limited. Viet

Nam's vegetables and fruits are exported to 55 countries and territories reaching 3.81 billion USD in 2018, while the total capacity of the world vegetable and fruit market is about 240 billion USD annually. Therefore, the opportunity for Vietnamese vegetables and fruits is still very big. In order to strengthen public-private cooperation in the fruit and vegetable industry, in Q4/2019, PSAV Secretariat will coordinate with the PPP TF on Fruits and Vegetables to organize the Fruits and Vegetable Outlook to provide industry partners an overview of potentials, opportunities, challenges and solutions for the development of a sustainable Vietnamese fruit and vegetable industry. The forum will create opportunities for partners in the industry to share information, exchange sustainable production experiences, introduce Vietnamese agricultural products to the international market, enhance cooperation to improve production and increase product quality, promote the application of advanced technology in production, processing, storage, packaging, transportation, joining global supply chains to meet the increasingly stringent requirements of export markets as well as increasing competitiveness in the domestic market.

The 3rd Viet Nam Coffee Day 2019

The third "Viet Nam Coffee Day" in 2019 co-organized by the Viet Nam Coffee and Cocoa Association (Vicofa) and the People's Committee of Gia Lai Province will take place from 7 to 10 December 2019 in Gia Lai Province. Main activities include: displays and introduction of coffee products, seeds, fertilizers, technical advices; a field visit to rejuvenated coffee farms, organic coffee farms and processing plants, a Gala Dinner, among many other events. It is expected that the event will be attended by enterprises producing high-quality coffee coming from key coffee growing regions of the

country such as Dak Lak, Lam Dong, Dak Nong, Kon Tum and Binh Phuoc, representatives of international coffee organizations, the China Coffee Association (CCA), the ASEAN Coffee Federation (ACF), Brazil's Coffee Export Council, etc. This is an opportunity for Vietnamese coffee organizations, enterprises, cooperatives and individuals to promote their brands, introducing products, connecting domestic and international markets. The first "Viet Nam Coffee Day" in 2017 was held in Lam Dong province, and the second was held in Dak Nong province in 2018.

International Support Program Plenary Meeting 2019

In December 2019, MARD will hold the Plenary Meeting of the International Support Program (ISG) with the theme of building material zones to promote processing and export of Viet Nam's agricultural products. This is a high-level dialogue on agricultural development policies annually chaired by the MARD Minister with the donor and investor community to promote cooperation, investment, and support for Viet Nam's agricultural development priorities in the respective year. The purpose of the Plenary Meeting is to promptly share Viet Nam's strategies and priorities for the agriculture sector as well as key areas of agricultural and rural development with the international donor and investment community to guide activities in international cooperation, investment and support to these priority areas in different period of time. Every year, the ISG Plenary Meeting is attended by nearly 200 delegates from ministries/branches, donors, international organizations and international non-governmental organizations, businesses, provincial leaders and media agencies. ■

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