



Country case studies **Asia**

PUBLIC SECTOR SUPPORT FOR INCLUSIVE AGRIBUSINESS DEVELOPMENT

**An appraisal of institutional
models in Viet Nam**





PUBLIC SECTOR SUPPORT
FOR INCLUSIVE AGRIBUSINESS
DEVELOPMENT

**An appraisal of institutional
models in Viet Nam**

Nguyen Tri Khiem

Edited by Eva Gálvez-Nogales
and Marlo Rankin

RECOMMENDED CITATION

FAO. 2014. *Public sector support for inclusive agribusiness development – An appraisal of institutional models in Viet Nam*. Country case studies – Asia. Rome.

Cover photo: ©FAO/AFP/Hoang Dinh Nam



RURAL INFRASTRUCTURE AND
AGRO-INDUSTRIES DIVISION

www.fao.org/ag/ags | AGS-Publications@fao.org

The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations (FAO) concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The mention of specific companies or products of manufacturers, whether or not these have been patented, does not imply that these have been endorsed or recommended by FAO in preference to others of a similar nature that are not mentioned.

The views expressed in this information product are those of the author(s) and do not necessarily reflect the views or policies of FAO.

E-ISBN 978-92-5-108357-4 (PDF)

© FAO, 2014

FAO encourages the use, reproduction and dissemination of material in this information product. Except where otherwise indicated, material may be copied, downloaded and printed for private study, research and teaching purposes, or for use in non-commercial products or services, provided that appropriate acknowledgement of FAO as the source and copyright holder is given and that FAO's endorsement of users' views, products or services is not implied in any way.

All requests for translation and adaptation rights, and for resale and other commercial use rights should be made via www.fao.org/contact-us/licence-request or addressed to copyright@fao.org.

FAO information products are available on the FAO website (www.fao.org/publications) and can be purchased through publications-sales@fao.org.

Contents

Preface	v
Acronyms	vi
Acknowledgements	vii
Executive summary	viii
CHAPTER 1	
Introduction	1
1.1 Background	1
1.2 Purpose	1
1.3 Methodology	1
1.4 Organization of the report	1
CHAPTER 2	
Institutional profile	3
2.1 Institutional motivation	3
2.2 Institutional profile	5
2.3 Institutional environment	6
2.4 Agribusiness stakeholders	7
2.5 Institutional capacity	9
2.6 Inter-institutional linkages	10
CHAPTER 3	
Appraisal of the business model for service provision	11
3.1 Service provided	11
3.2 Clients	13
3.3 Main instruments	13
3.4 Capacities	13
3.5 Performance of the organization	15
3.6 Institutional comparative advantages	16
CHAPTER 4	
Capacity development priorities	17
4.1 Institutional development path	17
4.2 Priority areas for capacity building	17
4.3 Potential roles of and instruments for FAO support	17
CHAPTER 5	
Key findings	19
References	21
ANNEXES	
1. People interviewed	23
2. Summary of KII results	25
3. Specification of Functions, Responsibilities, Authority and Organization Structure of the Department of Processing and Trade of Agro-Forestry-Fisheries Products and Salt Production (Decision 20/2008/QD-BNN – extracts)	27

4.	Prime Minister Decision 23/QD-TTg: The programme Development of Rural Business in the period 2010–15 and Orientation to 2020 (extracts)	31
5.	Summary of Functions, Responsibilities, Powers and Organizational Structure of the National Agro-Forestry-Fisheries Quality Assurance Department (NAFIQAD) (Decision No. 29/2008/QD-BNN dated 28 January 2008 – extracts)	37
6.	Decree No. 61/2010/ND-CP: Policies to encourage enterprises to invest in agriculture and rural area	39
7.	Decision 496/QD-BKH dated 14/04/2009 of the Minister of Planning and Investment on the Functions, Tasks and Organizational Structure of the Department of Agricultural Economics	43

FIGURES

1.	MARD organizational structure	4
----	-------------------------------	---

TABLES

1.	DPTAFP services	12
2.	DPTAFP clients	13
3.	Programmes, service areas and instruments used by DPTAFP	14
4.	Service areas and capacity analysis of DPTAFP	15
5.	SWOT analysis of DPTAFP	16

Preface

The agrifood system is changing rapidly. Structural changes are occurring throughout the system in response to the modernization of agriculture (globalization, coordination and concentration) and shifting consumer and societal demands for safer, better-quality and ready-to-eat food produced in a socially and environmentally responsible manner. This new scenario coexists with more traditional types of family and subsistence farming.

This changing environment places increased pressure on Ministries of Agriculture (MOAs) in developing countries to engage in agribusiness and agro-industry development. However, to what extent are the MOAs empowered and equipped to do so? Many of them have seen their mandates and functions expanded from a strictly productive dimension to a more holistic, farm-to-fork approach. This expansion should be reflected in the provision of an increased scope of public goods and services to deal with post-production issues. MOAs also face the challenge of mainstreaming relatively new approaches such as the design and implementation of value chain programmes; climate-smart agriculture; the use of contract farming; public-private partnerships and other private sector engagement models; and agribusiness programmes with a territorial dimension (e.g., agricultural growth corridors and clusters).

FAO has conducted an appraisal of the organizational arrangements used by MOAs to support inclusive agribusiness and agro-industry development, which included a scoping survey of 71 countries and in-depth analysis of 21 case studies from Africa, Asia and Latin America. The study found that many MOAs have established specific agribusiness units with technical, policy and/or coordination functions concerning agribusiness development. Others have set up clusters of units with complementary individual mandates.

The study analysed how well prepared these agribusiness units and their staff are to deal with both traditional and non-traditional approaches and tools for agribusiness development. This assessment examined the units' staffing, organizational structure and budget allocation, and the range and quality of goods and services they provide.

FAO is publishing this series of country case studies to enhance knowledge and information on best practices for establishing and operating well-performing agribusiness units. The various organizational models applied by countries to cater to the changing agribusiness environment are also explored, including mechanisms to build linkages with other relevant ministries (e.g., of industry and commerce) and private institutions. The series provides an opportunity to raise awareness about the need for stronger public commitment to inclusive agribusiness and agro-industrial growth, reflected in a more generous allocation of human and financial resources to empower agribusiness units and similar structures within MOAs. Refocusing the core functions and/or targeting specific commodity/value chains could also help the units to achieve a suitable balance between the requirements of their changing agribusiness mandates and their existing resource allocations, while maximizing the achievement of social goals (e.g., inclusiveness and job creation).

Acronyms

AFA	An Giang Fisheries Association
AGIFISH	An Giang Fish Company
AGPPC	An Giang Plant Protection Company
AGROINFO	Information Center for Agriculture and Rural Development
AGROVIET	Viet Nam International Agricultural Trade Fair
CAP	Center for Agricultural Policy
DARD	Department of Agriculture and Rural Development
DCRD	Department of Cooperatives and Rural Development
DIT	Department of Industry and Trade
DPTAFP	Department of Processing and Trade for Agro-Forestry-Fisheries Products and Salt Production
GAHP	good animal husbandry practice
GAP	good agricultural practice
GIZ	German Agency for International Cooperation
HACCP	hazard analysis and critical control points
HCMC	Ho Chi Minh City
IPSARD	Institute of Policy and Strategy for Agriculture and Rural Development
ISO	International Organization for Standardization
KII	key informant interview
MARD	Ministry of Agriculture and Rural Development
MIT	Ministry of Industry and Trade
MOA	Ministry of agriculture
MOST	Ministry of Science and Technology
MPI	Ministry of Planning and Investment
NAFIQAD	National Agro-Forestry-Fisheries Quality Assurance Department
NGO	non-governmental organization
ODA	overseas development assistance
PPP	public-private partnership
SMAEs	small and medium agro-enterprises
SMEs	small and medium enterprises
SQF	safe quality food (certification)
STAMEQ	Directorate for Standards, Metrology and Quality
SWOT	strengths, weaknesses, opportunities and threats (analysis)
TAFISHCO	Thuan An Fish Company
VAAS	Viet Nam Academy of Agricultural Sciences
VASEP	Viet Nam Association of Seafood Exporters and Producers
VCCI	Viet Nam Chamber of Commerce and Industry
VietGAHP	Vietnamese Good Animal Husbandry Practices
VietGAP	Vietnamese Good Agricultural Practices
VIANFOOD	Viet Nam Food Association

Acknowledgements

The author of this study is Dr Nguyen Tri Khiem, who worked under the supervision of Mr Virgilio Cabezon and Dr Bessie Burgos of the Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA). Marlo Rankin and Eva Gálvez of FAO provided overall supervision to this and the other five studies conducted in Southeast Asia as part of a study performed in Asia, Africa and Latin America.

This document was made possible with the support and cooperation of numerous agencies and individuals in both the private and public sectors. Their support and assistance are well appreciated. Because of space limitations, it is not possible to mention the numerous individuals who provided assistance, however these acknowledgments and gratitude are intended for them all.

Special thanks are extended to the management and staff of the Department of Agriculture (DA), the Department of Processing and Trade for Agro-Forestry-Fisheries Products and Salt Production (DPTAFP), the Center for Agricultural Policy (CAP) of the Institute of Policy and Strategy for Agriculture and Rural Development, the provincial departments of agriculture and rural development, and the provincial departments of industry and trade.

The Department of Agriculture and Rural Development, the Department of Industry and Trade of An Giang province, and staff of Agromonitor provided valuable support in bringing this document to completion.

Sincere appreciation goes to Jane Shaw for copy editing, Claudia Tonini for the layout, Simone Morini for proof-reading, Larissa D'Aquilio and Simone Morini for production coordination.

Executive summary

This document describes Viet Nam's experience in establishing an agribusiness unit, reviews the business model used by that unit and proposes priorities for capacity development. The study has three objectives: i) to clarify the organizational changes introduced by the Ministry of Agriculture and Rural Development (MARD) in adopting new functions related to agribusiness; ii) to characterize the agribusiness unit and describe its functional roles, key objectives, current priorities and scope of service provision pertaining to agribusiness and agro-industry; and iii) to assess the capacities of the unit to fulfil its functions, the opportunities and threats affecting it, and its institutional comparative advantage for the provision of services related to agribusiness and agro-industry development.

Under the new organizational structure of MARD, two institutions were established in 2008 to provide public governance and services for trade and agribusiness development: the Department of Processing and Trade for Agro-Forestry-Fisheries Products and Salt Production (DPTAFP), which is the focus of this report; and the National Agro-Forestry-Fisheries Quality Assurance Department (NAFIQAD). DPTAFP is a newly established agency of MARD and still has weak capacity in terms of staff and budget allocations. NAFIQAD was established from the former National Fisheries Quality Assurance and Veterinary Directorate and has a network of offices and centres in all major aquaculture and fishery producing regions. Other MARD units functioning as advisory and/or research institutions or State enterprises providing services related to agribusiness are the Rural Development Center, the Information Center for Agriculture and Rural Development (AGROINFO) of the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD), the Viet Nam International Agricultural Trade Fair (AGROVIET) and the International Fair and Rural Development Corporation.

Mandates and functions related to agribusiness in Viet Nam are shared and fragmented across several agencies. Production and processing aspects are the functions of several MARD agencies: the technical aspects of production are under the mandate of the Departments of Crop Production, Animal Production, and Fisheries, while quality control and certification are the functions of NAFIQAD. Processing and trade of agricultural, forestry, fisheries and salt products are functions of DPTAFP, while other trade and investment functions are shared across the Ministry of Industry and Trade (MIT), the Ministry of Science and Technology (MOST) and the Ministry of Planning and Investment (MPI). Many functions are duplicated across ministries.

The report points to the following areas for FAO support to capacity strengthening of MARD's DPTAFP:

- analysis and formulation of agribusiness development policy;
- market information surveys, particularly of market demand for product quality and ways of sustaining markets;
- value chain analysis, particularly of global value chains and ways of promoting market governance to improve the status of small producers;
- promotion of horizontal integration to improve small producers' access to markets.

Chapter 1

Introduction

1.1 BACKGROUND

The new agribusiness era is characterized by a shift from family farms to strategically placed commercial production and processing units linked to exporters and modern retailers. New sophisticated and globalized procurement practices have been mainstreamed to comply with food quality and safety standards, including traceability requirements, reduce transaction costs and minimize risks. Changing consumer preferences and concerns about the impacts of climate change are also pushing the agribusiness sector to new heights of performance and innovation.

This changing agribusiness environment is also putting increased pressure on ministries of agriculture (MOAs) to engage in agribusiness and agro-industry development. Some MOAs have established specific agribusiness units; others have updated the mandates of existing departments or bureaux dealing with agribusiness aspects, and/or have added new substructures to deal with issues such as the promotion of value chains and agribusiness public-private partnerships (PPPs).

1.2 PURPOSE

This document describes Viet Nam's experience in establishing an agribusiness unit, reviews the business model used by that unit and proposes priorities for capacity development.

The objectives of the study are threefold: i) to clarify the organizational changes introduced by the Ministry of Agriculture and Rural Development (MARD) in adopting new functions related to agribusiness; ii) to characterize MARD's agribusiness unit and describe its functional roles, key objectives, current priorities and scope of service provision pertaining to agribusiness and agro-industry; and iii) to assess the unit's capacities to fulfil its functions, the opportunities and threats affecting it, and its institutional comparative advan-

tages for providing services related to agribusiness and agro-industry development.

1.3 METHODOLOGY

As a first step, a brief scoping survey was carried out across Asia to identify existing organizational structures with mandates related to agribusiness in 22 countries of the region. The survey identified an agribusiness unit in Viet Nam's MARD. Subsequently, an in-depth study of this unit was undertaken using two main sources of information: key informant interviews (KIIs) with 15 respondents, and review of secondary data. Annexes 1 and 2 provide further information on the KIIs. Five other country cases have been analysed in Asia: Bangladesh, Indonesia, Malaysia, Nepal and the Philippines.

1.4 ORGANIZATION OF THE REPORT

This study has five sections. Section 1 presents background information and the purpose and methodology of the study. Section 2 characterizes the institutional profile of Viet Nam's agribusiness unit. Section 3 describes the business model for service provision and assesses the services provided against a set of 11 agribusiness service areas selected for the study: appraisal of business models; value chain analysis, including benchmarking, chain coordination or facilitation; building of business and entrepreneurial skills; reinforcement of business and market linkages; support to collective action and alliance building; finance and investment appraisal and support; trade and marketing appraisal and support; agro-industry and processing appraisal and support; development of policy and strategy papers; lobbying and advocacy in the agribusiness sector; and sharing of knowledge and information pertaining to the agribusiness sector. Section 4 identifies priority areas for capacity building pertaining to these service areas, and section 5 presents some final remarks.

Chapter 2

Institutional profile

2.1 INSTITUTIONAL MOTIVATION

The organizational structure of Viet Nam's MARD has undergone a period of transition in line with the revision of agricultural policy over the past 30 years. Commencing in 1987, and reflecting the strategy of linking production to processing and consumption, the Ministry of Agriculture and Food Industry was established by merging three ministries – the MOA, the Ministry of Food and the Ministry of Food Industry. The Ministry of Agriculture and Food Industry had 46 departments, 26 research centres and institutes, 13 vocational schools and colleges, 53 companies, corporations and enterprises and nine processing factories.

During the 1990s, rubber was one of two priority plantation crops expected to generate foreign exchange earnings for Viet Nam. Consequently, a massive programme for rubber rehabilitation and expansion was launched in the country's southern, highland and central coastal regions. The area under rubber cultivation increased from 77 000 ha in 1977 to 221 000 ha in 1990 and 740 000 ha in 2010. Until the 1980s, all rubber areas in Viet Nam were run by State-owned rubber plantations under the management of the Rubber General Commission. Since 1990, however, rubber production by the smallholder private sector has been promoted. Most of the expansion of the rubber area during this period is attributed to the smallholder sector, whose share of total rubber area increased from 27.2 percent in 1999 to 37.2 percent in 2004. Most State-owned rubber plantations and companies were restructured as joint stock companies. Given the export potential of rubber, management of the rubber sector was added to the functions of the Ministry of Agriculture and Food Industry in 1990. The rubber production, processing and trade functions formerly under the General Commission on Rubber were transferred to the State-run Viet Nam Rubber Corporation and then to the Viet Nam Rubber Group. The Viet Nam Rubber Group currently has 104 members including State and private enterprises operating in the rubber sector.

The shift from single-disciplinary to multidisciplinary management functions in agriculture, forestry, irrigation and rural development was

reflected in the establishment of MARD in 1995 through integration of the Ministry of Agriculture and Food Industry, the Ministry of Forestry and the Ministry of Irrigation.

The functions of MARD include not only the management of production in agriculture, forestry and irrigation, but also the higher-level functions of developing agricultural sustainability; protecting land, water and forest resources; and integrating agriculture, forestry and irrigation development into rural development to serve the more than 60 million people living in Viet Nam's rural areas.

In a further merger at the end of 2007, the Ministry of Fisheries was integrated into MARD.

MARD's mission is expressed in Decree No. 01/2008/ND-CP: "MARD is a ministry of the Government to carry out State management functions in the areas of agriculture, forestry, fisheries, irrigation and salt production and management of public services in the areas managed by the ministry" (MARD, 2008a).

The organizational structure of MARD is presented in Figure 1. MARD has five professional departments dealing with governing areas, eight administrative departments, 14 specialized departments, and three national centres/commissions, as well as a network of 63 provincial offices of the Department of Agriculture and Rural Development (DARD).

Under the new organizational structure of MARD, two departments were established in 2008 to provide public governance and services in the area of trade and agribusiness development: the Department of Processing and Trade for Agro-Forestry-Fisheries Products and Salt Production (DPTAFP), which focuses primarily on issues related to value addition and trade; and the National Agro-Forestry-Fisheries Quality Assurance Department (NAFIQAD), whose mandate is limited to quality management. DPTAFP is a new department established from the former Department of Agroforestry Products and the Commission of Salt Industry. DPTAFP is represented in the southern region by a subsidiary office in Ho Chi Minh (HCM) City, but it does not have separate representative units in the provincial DARDs,

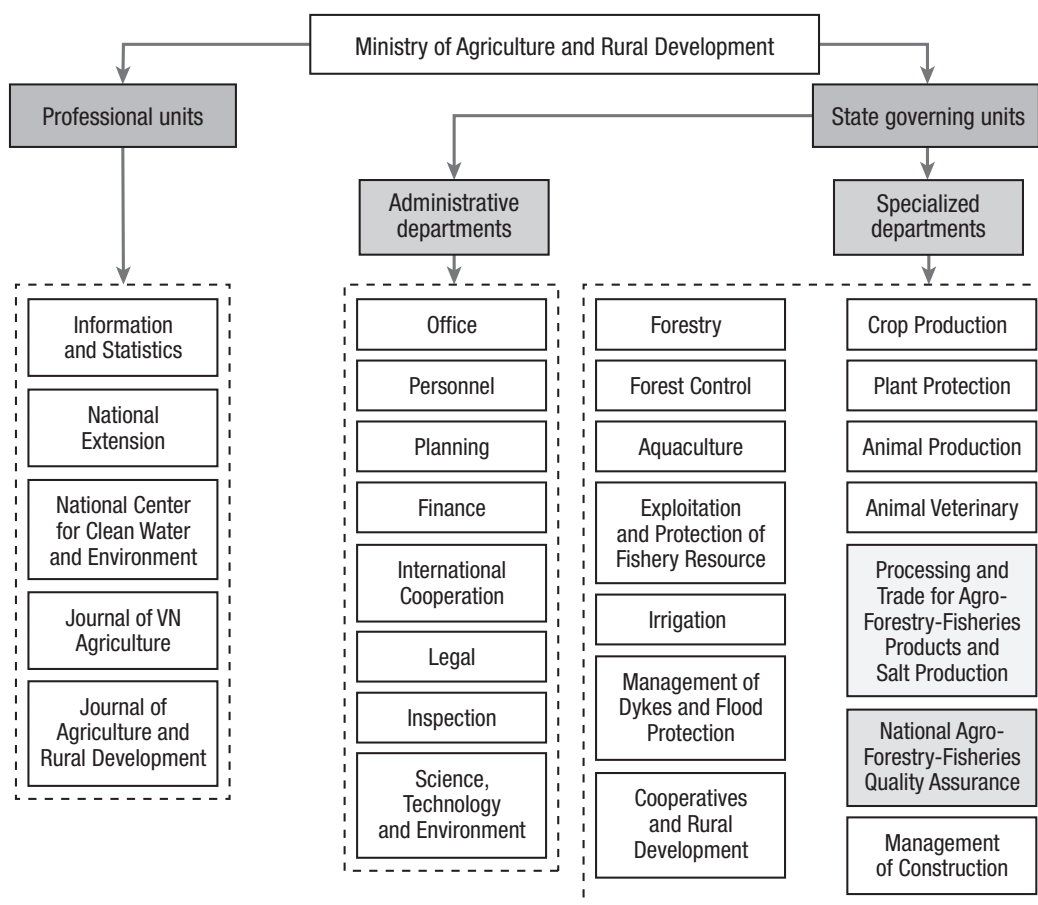
unlike other departments of MARD. However, several provinces have used their own initiatives to establish business promotion units in the extension centres of their DARDs, which represent the National Extension Centre at the provincial level.

NAFIQAD was established from the former National Fisheries Quality Assurance and Veterinary Directorate under the former Ministry of Fisheries. NAFIQAD is in charge of managing the quality, safety and food hygiene of agricultural, forestry and fishery products. Products under the quality control of NAFIQAD include raw and processed food and non-food crop, poultry, livestock and forestry products, but NAFIQAD focuses mainly on fishery products. NAFIQAD oversees the implementation of quality standards for finished products only, while other departments (see following paragraph) are responsible for developing and implementing standards for production processes. The specific duties and functions of NAFIQAD are presented in Annex 5.

The Department of Crop Production is responsible for governing quality standards for crop products, including horticultural products. The National Centre for Plant and Fertilizer Testing is a newly established unit of the Department of Crop Production responsible for Vietnamese Good Agricultural Practices (VietGAP) certification of crop commodities, including horticultural products. Quality standards for animal commodities – Vietnamese Good Animal Husbandry Practices (VietGAHP) – are the responsibility of the Department of Animal Production. Quality standards for the processing and storage of agricultural products (e.g., those of the International Organization for Standardization [ISO] and hazard analysis and critical control points [HACCP]) are managed by DPTAFP.

There were three main motivations for creating DPTAFP and NAFIQAD within MARD: i) to increase the government’s role in developing the agribusiness sector, given the poor enforcement of

FIGURE 1
MARD organizational structure



Source: MARD, 2008a.

State legislation and planning in the sector; ii) to increase the credibility of Vietnamese products in international markets, as the country's economy expands into global markets; and iii) to adapt to rapid growth and major restructuring of agribusiness industries, which has led to new challenges, particularly in conforming to food safety and quality standards.

Given the rather narrow mandate of NAFIQAD, the focus of this report is on DPTAFP. However, further information on the mission and functions of NAFIQAD is presented in section 2.4 describing the key stakeholders of DPTAFP, as NAFIQAD is one of its key implementing partners.

2.2 INSTITUTIONAL PROFILE

Mission

DPTAFP is the MARD agency that advises the Minister on the governance and implementation of specialized management tasks in the areas of processing and storage of agricultural, forestry and fisheries products, and the development of rural industries, agricultural mechanization and trade in agriculture, forestry and fisheries products.

The mandates of DPTAFP are stated in Decision No. 20/2008/QĐ-BNN (MARD, 2008b):

- to design agribusiness policy and strategy;
- to facilitate the implementation of agribusiness development policy;
- to promote the development of processing industries and trade in agricultural and fishery products.

Functions of DPTAFP

As mandated by MARD, DPTAFP has policy-making, regulatory and coordination functions, and provides support to agribusiness development.

In the area of policy-making, DPTAFP is assigned the task of drafting and submitting to MARD bills, legal documents, programmes, plans and projects related to the processing and trade of agricultural, forestry and fisheries products. Specifically, it formulates development strategies, annual and five-year plans, and programmes and projects at the national, regional and provincial levels. DPTAFP is in charge of developing policies on mechanization in agricultural, forestry, fishery and salt production, and technical standards for machinery and equipment in the agroprocessing industry.

Results from the KIIs show that policy-making consultation and regulation are considered the main functions of DPTAFP.

DPTAFP also monitors and provides guidance on the implementation of agroprocessing devel-

opment plans, programmes and policies linked to commodity production and markets. It holds regular consultations and workshops with related commodity associations and the provincial departments of MARD.

DPTAFP participates in the development and supervision of national technical standards and requirements for processing enterprises, to ensure product quality, food safety and protection of consumer rights. It supervises compliance with ISO and HACCP standards during the processing of fisheries products and participates in quality management of horticultural products. DPTAFP shares these functions with NAFIQAD. In 2011, MARD instructed DPTAFP to construct two national technical standards for tea, six national standards for cereals and pulses, and quality standards for raw sugar cane and fresh coffee beans. These sets of standards were submitted to the Directorate for Standards, Metrology and Quality (STAMEQ) of the Ministry of Science and Technology (MOST) for accreditation and subsequent publication. During the drafting of these standards, DPTAFP conducted consultation workshops with commodity associations.

In the area of market development, DPTAFP has the functions of monitoring and collecting domestic and international market information related to the production and trade of agricultural, forestry and fisheries products, agricultural materials and handicraft products. Based on this information, DPTAFP proposes solutions and develops strategies and plans to address trade development issues, relying on monitoring information provided by the Ministry of Industry and Trade (MIT).

DPTAFP provides public services in the areas of trade promotion and market development for agricultural, forestry, fisheries, salt and handicraft products, in coordination with other MARD units and provincial line units. Services include coordinating MARD's annual and long-term trade promotion plans, in partnership with other institutions that include professional associations and the Viet Nam Trade Promotion Center for Agriculture of MARD, which organizes the Viet Nam International Agricultural Trade Fair (AGROVIET). DPTAFP manages the budgets of trade promotion programmes, and screens applications for support for international market research, product promotion and attendance at international trade fairs. The provision of these services depends on the available budget. KIIs revealed that there are overlaps in the agribusiness development support provided by MARD, MIT and the Ministry of Planning and Investment (MPI).

Other public services provided by DPTAFP include directing extension activities related to value addition issues, such as the processing and storage of agricultural, forestry, fisheries and salt products; and activities related to the development of rural industries, such as rural industry villages and rural craft villages. A rural industry village is a cluster of producers of traditional crafts such as wood carving, silk weaving, pottery and ceramics, located in one or several communes and using specific resources and techniques passed down from generation to generation. DPTAFP currently has very few activities in this area of services aside from state management and monitoring.

DPTAFP is also responsible for leading the implementation of international economic integration programmes and international cooperation in agriculture, forestry and fisheries trade (MARD, 2008b), but currently has limited capacity to perform this function.

Objectives and priorities

The current objectives and priorities of Viet Nam's agribusiness development programme (MAMR, 2010b) are presented in Decision 23/QD-TTg, details of which are given in Annex 4. However, these objectives and priorities relate more to the functions of MIT than MARD. The programme focuses on market infrastructure development and envisages incentives for private sector investments in infrastructure. Implementation is mainly at the provincial level, with MIT's provincial Departments of Industry and Trade (DITs) developing projects and plans for market infrastructure development in consultation with MARD's provincial DARDs.

All the key informants interviewed confirmed that DPTAFP focuses on monitoring and collection of market information, trade promotion, and development of quality standards for agricultural products and regulations for processing industries.

An example of the development of trade networks comes from An Giang, one of the 12 provinces selected for piloting agribusiness development projects. One of these projects promotes linkages between rice producers and a rice processing and trading enterprise, the An Giang Plant Protection Company (AGPPC). Another project focuses on building linkages between catfish farmers and the processing company Thuan An Fish Company (TAFISHCO). Government budget for this project is channelled through the provincial government and used to train farmers and manage the linkages. Both projects are coordinated by teams from the local DIT and DARD, with An Giang DIT playing the leading

role. As DPTAFP has no line offices in DARD, the Department of Cooperatives and Rural Development (DCRD) provides inputs to these projects.

2.3 INSTITUTIONAL ENVIRONMENT

Policy and socio-economic environment

The Vietnamese Government places great importance on the developmental role of the agriculture and fishery sectors, including agribusiness. Agribusiness development plans and programmes are implemented and coordinated by MIT, MARD and MPI; MIT is the leading ministry.

Decision 311/QD-TTg of the Prime Minister was issued in March 2003 and set out the plan for domestic market promotion and agribusiness development until 2010. The subsequent programme (MARD, 2010b) covers rural business development from 2010 to 2015 and planning towards 2020. Its objectives are: i) to modernize rural business gradually, with participation of all economic sectors, diversification of the organization and distribution of services, and businesses' participation in the orientation and promotion of agricultural development; and ii) to meet the demand for production and consumption in rural areas, contributing to restructuring of the rural economy, reduction of poverty, and creation of the basis for international economic integration and international trade in rural areas. The programme focuses on developing rural business structures at the commune, district and town levels and organizing trading networks for the commodities produced in concentrated and scattered production areas, and raw material supply zones. It provides incentives for private investments in the development of rural market infrastructure. Regarding business organization, the programme promotes the participation of private trading enterprises, household businesses and trade cooperatives in the distribution chain, through joint ventures, franchising and other mechanisms. See details of the programme in Annex 4.

Other entities involved in implementing the programme include MIT, MPI, the Ministry of Natural Resources and Environment, and the Viet Nam Cooperative Alliance. Implementation at the provincial level is led by DITs, which coordinate with provincial People's Committees, and are responsible for providing funds and investment incentives. In coordination with DIT, DARD is responsible for proposing policy measures to encourage product procurement through contract farming, while the development and promotion of these policies is the responsibility of MARD's DCRD. As yet, there

are no indicators for evaluating the programme's performance against its targets.

A package of incentive policies has been introduced to encourage investment in agribusiness and provide a favourable environment for agribusiness operations. Tax reductions and exemptions are granted to enterprises investing in rural areas, and land rent is reduced for enterprises investing in agribusiness. Before granting these incentives, the local DARD screens each investment project at the provincial level before submitting it to MARD and the Ministry of Finance for approval. The most important incentive policy related to agribusiness investment is Decree 61/2010/ND-CP (MARD, 2010a).

The policy described in Decree 61/2010/ND-CP stipulates policies to encourage enterprises to invest in agriculture and rural regions. Details of this investment incentive policy are provided in Annex 6. The policy is supplemented by Decision 63/2010/QD-TTg of the Prime Minister, for reducing post-harvest losses of agricultural and fisheries products. In 2011, this decision was amended and supplemented by Decision 65/2011/QD-TTg, which stipulates that: i) producers of agricultural machinery and equipment that reduce post-harvest losses can borrow funds at low interest rates; ii) newly established enterprises implementing projects for building rice, maize, coffee, seafood and vegetable storage facilities in areas with difficult socio-economic conditions are eligible for low interest rates on loans, income tax exemptions for the first two years, and a 50 percent reduction in income tax for the following four years; and iii) projects in areas of particularly difficult socio-economic conditions are eligible for tax exemption in the first four years and a 50 percent income tax reduction in the following nine years. MARD publishes a list of the enterprises that produce post-harvest machinery and equipment for which more than 60 percent of the components are produced in Viet Nam. Investors purchasing machinery and equipment from these enterprises are entitled to soft loans from Agribank with interest at lower than market rates.

The complexity of the screening process and the lack of guidance on implementing these decisions from the Ministry of Finance were reported as the main constraints to implementation of these investment incentive measures. For example, of six private investment projects for rice storage facilities in An Giang, only one passed the province-level screening phase for submission to MARD for consideration.

The investment promotion policy has had limited impact in increasing investments in the agriculture sector. Staff of the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD) interviewed for this study reported that the policy is not effective because the capacity to implement incentives is lacking. Poor infrastructure and the higher risks involved in agriculture sector investments further limit the policy's impact. Macropolicy currently favours import substitution industries, finance and real estate over agriculture.

Promotion of Public Private Partnerships (PPPs) started in 2005 with the 4 Partners Programme (farmer, enterprise, scientist and State), which promotes linkages between farmers and enterprises, with assistance from the State and research institutes. The programme has limitations and has recorded few successful cases. There is no leading government agency to coordinate it. As noted during KIIs, enterprises are considered the most important node in the PPP linkage, and are therefore the main focus in promoting PPPs. Within MARD, DCRD is responsible for the promotion of both PPPs and contract farming, and most related activities are coordinated by the provincial DCRD offices – DCRD is represented in provincial DARDs. As DPTAFP does not have units in the provincial DARDs, it has little involvement in implementing PPPs. With no leading government agency at the national level, the 4 Partners Programme is implemented through projects at the provincial level, coordinated by DIT in partnership with DARD.

2.4 AGRIBUSINESS STAKEHOLDERS

The major stakeholders of DPTAFP can be divided into clients, beneficiaries and partners in agribusiness development.

DPTAFP's major *clients* are agribusiness companies, small and medium agro-enterprises (SMAEs), and commodity associations, which are also *beneficiaries* of DPTAFP's trade promotion programmes.

Partners of DPTAFP are NAFIQAD, AGROVIET and professional associations. DPTAFP and NAFIQAD are partners in developing quality management policies and quality standards for agricultural products. AGROVIET functions as an enterprise managing two permanent trade promotion centres in Hanoi, and is responsible for trade promotion of agricultural and fisheries products. DPTAFP coordinates with AGROVIET on the organization of annual international trade fairs in Hanoi and Ho Chi Minh City to promote Vietnamese agricultural products in international markets. Annual fisheries trade fairs are coordi-

nated by the Viet Nam Association of Seafood Exporters and Producers (VASEP) and DPTAFP.

The current priorities of DPTAFP identified in KIIs are trade promotion, and development of regulations, standards and quality management of agricultural products, in coordination with NAFIQAD.

NAFIQAD's mission is to assist the Minister in managing quality and safety issues for agricultural, forestry and fishery products and salt. Its organizational structure consists of:

- Division of Quality Assurance for Fishery Products;
- Division of Quality Assurance for Agro-Forestry Products and Salt;
- Division of Quality Assurance for Non-Food Products;
- Laboratories Management Division;
- Planning and General Affairs Division;
- Finance Division;
- Department of the Inspectorate;
- Administrative Office;
- branches in major fisheries production areas.

NAFIQAD has six regional testing centres located in major fisheries and aquaculture production areas: Hai Phong province on the northern coast; Da Nang and Nha Trang on the central coast; and HCMC, Can Tho and Ca Mau in the southern Mekong Delta. NAFIQAD provides testing of biological and chemical residues in agricultural and fisheries products and certification of food safety standards.

Other major stakeholders of DPTAFP are processing and exporting enterprises for agricultural, forestry and fisheries products, which are represented by their associations. The major associations are for rice, tea, sugar cane, coffee, cashew nuts, peppers, fisheries and animal husbandry. Commodity association members are large enterprises, most of which were previously State-owned.

Within MARD, the major stakeholders of DPTAFP are NAFIQAD, the Department of Crop Production, the Department of Animal Production, DCRD, the Center for Agricultural Policy (CAP) of IPSARD and the Information Center for Agriculture and Rural Development (AGROINFO). Stakeholders from other ministries include STAMEQ of MOST (for the formulation of quality standards for agroproducts), the DIT of MIT, and the Department of Agricultural Economics of MPI, which assists MPI in the areas of planning and investment in the agriculture sector.

The following activities demonstrate DPTAFP's relationships with other departments and the pro-

fessional associations of processing and exporting enterprises:

- Working with VASEP and related agencies to propose measures for enforcing regulations and preventing exporters from selling catfish at below the established floor prices: These activities are part of DPTAFP's lobbying and advocacy in agribusiness.
- Working with the Viet Nam Food Association (VINAFOOD) – VINAFOOD I in the north and VINAFOOD II in the south – to review the temporary regulations on rice storage and rice mills stipulated in Decree 109/2010/ND-CP1 and propose any necessary amendments: Decree 109 requires rice exporters to have at least one warehouse of 5 000 tonnes capacity and one milling facility with capacity to process 1 tonne/hour of paddy. DPTAFP collects feedback on these policies through the Association of Rice Exporters.
- Preparing guidelines on the development of an auction platform for imports of raw cashew nuts for the Viet Nam Cashew Association, and developing policies to support enterprises' procurement and storage of raw cashew nuts from domestic producers.
- Coordinating with DCRD on development of a mechanism for issuing contracts between farmers and enterprises (requested by the Viet Nam Association of Fruits and Vegetables).
- Working with the Tea Association on development of a project for creating an independent and private auction floor for tea, to promote transparent tea quality and pricing, facilitate fresh tea sales to processors, and promote trade in tea products.
- Working with the Sugar Cane Association on its proposals regarding sugar import policy; and with the Association of Wood and Forest Products on temporary suspension of the export tax on wood products and extension of loan repayment periods for enterprises that are unable to sell their products.

DPTAFP organizes workshops and meetings to disseminate standards and technical regulations for the processing of agricultural, forestry and fisheries products. The meetings are attended by professional agencies under MARD, representatives of the provincial DARDs, commodity associations and processing enterprises.

Many international agencies and donors support agribusiness development in Viet Nam, including the Asian Development Bank (ADB) through sup-

port to the Markets for the Poor Project; the Japanese International Cooperation Agency (JICA); the Australian Agency for International Development (AusAID), including on AGRIBIZ Project 105/04 VIE, implemented by MARD and AusAID to improve access to agribusiness services for households in central Viet Nam; and the Canadian Government, on the Viet Nam Agriculture Information Project, which aims to set up pilot projects that improve farmers' access to market information, and is being implemented by IPSARD.

Projects for the development of small and medium enterprises (SMEs) and value chain management are supported by the German Agency for International Cooperation (GIZ) and managed by MPI. Their objective is to improve the business environment in the agriculture and other sectors, with participation of the Viet Nam Chamber of Commerce and Industry (VCCI) and provincial trade promotion units in training entrepreneurs in rural areas.

The direct delivery of agribusiness services is not among the main functions of DPTAFP and its involvement in trade is limited to trade promotion. During interviews with provincial officials of DITs and DARDs, it was revealed that agribusiness services are provided by projects and programmes implemented by other agencies and the private sector. There are overlaps in the agribusiness development functions of MARD, MIT and MPI, and some tasks currently under MARD should be under MIT. These issues were highlighted during the interviews with provincial officials of DIT and DARD.

2.5 INSTITUTIONAL CAPACITY

Financial resources

DPTAFP's budget represents less than 1 percent of the overall MARD budget, and was about US\$76 million in 2010. DPTAFP's operational budget has been increasing by about 10 percent per year since 2008, but most agribusiness activities are funded by programmes, projects and special projects, with a total of about US\$640 million coming from different sources.

Human resources

DPTAFP is a relatively small department within MARD with a staff of 60, of whom five are assigned to the southern office in HCMC. This represents about 7.5 percent of the total (central) workforce of MARD, which amounts to 800 positions since the merger with the Ministry of Fisheries. However, when provincial DARD staff – of about 60 to 70 people in each province or city – are added, the total

staff in the MARD network is about 4 000. Among DPTAFP's 60 staff members, 39 have technical backgrounds in various functions as shown in Table 4 (in section 3.4). The rest are considered administrative and support staff. DPTAFP has one director and three deputy directors, who are appointed by the Minister.

The organizational structure of DPTAFP is composed of eight offices in line with its functions, plus a liaison office in HCMC and an Administrative Office:

- The Office of Processing and Storage of Agro-products performs functions in the processing and trade of food crop and horticultural products, and the development and supervision of national technical standards and requirements for processing enterprises to ensure product quality and food safety.
- The Office of Processing and Storage of Forestry Products performs functions in the processing and trade of wood products, and the development and supervision of national technical standards and product quality requirements for forestry products.
- The Office of Processing and Storage of Fisheries Products performs functions in the processing and trade of fisheries products, and the development and supervision of national technical standards and requirements for food safety during processing and storage.
- The Office of Salt Production develops and monitors the implementation of programmes and projects for salt production and trade at the national and regional levels.
- The Office of Electro-Mechanics develops agricultural mechanization policies and supervises standards for machinery and equipment used in the processing of agricultural, forestry and fisheries products.
- The Office of Rural Industries performs functions in policy for and development of handicrafts and traditional industries.
- The Office of Trade is in charge of trade promotion and the monitoring and collection of domestic and international market information related to the production and trade of agricultural, forestry and fisheries products, agricultural materials and handicraft products.
- The Office of Inspection and Legal Matters.
- The Administration Office.
- The representative office in HCMC has five staff members and functions as a liaison office for DPTAFP in southern Viet Nam, where meetings are organized, field trips for staff

from central office are coordinated and information related to DPTAFP's operations in the southern region is collected. All other MARD departments have far larger southern offices with more staff and at least one deputy director in charge. For example, the Department of Crop Production has two deputy directors in its southern office.

Strategic leadership and governance

The Director of DPTAFP was recruited from the business sector and is a former Director-General of the Viet Nam Coffee Corporation. With a background and experience in the management of agribusiness companies, the director is well placed to understand the agroprocessing sector and guide DPTAFP, with the support of a small management team. As the unit was only established in 2008, the Director and management team are still gaining experience in its management.

As DPTAFP provides public services in coordination with other units, a one-door administration mechanism for streamlining the operations of public institutions is being implemented at all levels of public service provision. However, this policy has had limited effect so far, given the overlapping mandates related to agribusiness, particularly between MIT and MARD.

Other core resources

The key resources of DPTAFP are its personnel and offices. For technology and information dissemination, the department Deputy Director is also a member of the MARD team responsible for publishing agribusiness information on the MARD Web site, including frequent updates on market information, business opportunities, regulations and product technical standards.

2.6 INTER-INSTITUTIONAL LINKAGES

This section describes the main inter-institutional linkages between DPTAFP/MARD and other stakeholders involved in agribusiness related activities.

A trade promotion programme run by MIT provides market information services to help enterprises develop business plans and marketing strategies and carry out consumer surveys. MIT leads a committee and coordinates with MARD to prepare projects under Decision 63/2010/QD-TTg of the

Prime Minister on the agricultural investment incentive policy.

The Department of Agricultural Economics under MPI is the coordinating unit for planning and investments in agriculture, forestry, fisheries and natural disaster reduction. This department has no state governing functions unlike DPTAFP. It is responsible for drafting development strategies and five-year development plans and advising the Minister of Planning and Investment on investment incentive policy, including the use of overseas development assistance (ODA) in the agriculture sector. DPTAFP has very few links to this department.

The National Extension Programme has a budget for promoting business and trade in rural areas. The Agriculture Competitiveness Project's development objective is to strengthen the competitiveness of smallholder farmers, focusing on eight provinces in central Viet Nam in collaboration with the agribusiness sector. This objective is being pursued by enhancing smallholders' access to markets through the provision of technology services; facilitating farmers' organizations and linkages to agribusiness; and providing critical public infrastructure. Total project costs are about US\$75 million, which will be funded by an International Development Association credit of about US\$59.8 million, public funds from central and provincial government of about US\$2.3 million, and private sector funding of about US\$12.9 million. DPTAFP has no direct links to this project.

The Rice Consumption and Production Input Supply Project is implemented jointly by DIT, DARD, the Cooperative Alliance and AGPPC in the three provinces of Tien Giang, Dong Thap and An Giang, to promote value chain integration in rice and pangasius production. The business model is considered a pioneering venture in rice production: participating farmers receive certified seeds, technology support according to the "3 Reductions 3 Gains" approach, and a production process certified by VietGAP. They have the option of purchasing chemical fertilizers and pesticides on credit from AGPPC, and all the rice produced is bought by AGPPC at contracted prices. Pilot models for pangasius production are also being implemented, with participation of the private companies AGPPC, the Viet An Joint Stock Company, the An Giang Fish Company (AGIFISH), and TAFISHCO.

Chapter 3

Appraisal of the business model for service provision

3.1 SERVICE PROVIDED

Core functions

The core functions of DPTAFP are specified in the official mandate embodied in Decision 20/2008/QĐ-BNN (MADR, 2008b).

The first mandated function of DPTAFP is to formulate development strategies, policies, legal documents, programmes, plans and projects related to the processing and trade of agricultural, forestry and fisheries products. It is also tasked with formulating policies on mechanization in agricultural, forestry, fishery and salt production and technical standards for machinery and equipment in the agroprocessing industry. DPTAFP organizes regular seminars and meetings to announce new policies, and receives feedback from enterprises through commodity associations.

DPTAFP is also responsible for directing and guiding the implementation of plans, programmes and development policies linked to production and marketing of the commodities under its jurisdiction.

The department plans and supervises the implementation of national technical standards, requirements for processing enterprises to ensure product quality and food safety, and protection of consumer rights. It inspects technical facilities, the application of technology and the staffing of production organizations, and is responsible for the accreditation of producers that satisfy requirements for quality assurance, food safety and environmental health. It performs these functions in collaboration with NAFIQAD.

DPTAFP is meant to develop policies for rural industry villages and guide the local implementation of development plans, programmes and projects for rural craft industries. So far, however, it has made no progress in this area. Government policy is to sustain traditional handicraft clusters in rural areas, combined with activities to promote tourism.

DPTAFP is also responsible for developing and implementing strategies, programmes and projects for the domestic and export marketing of agricultural, forestry and fisheries products and handicrafts. It monitors domestic and international

markets, and collects and analyses information and data related to the production and trade of these products, and collaborates with related agencies to organize and fund promotional trade fairs and exhibitions.

DPTAFP coordinates with other agencies in MARD and other ministries on the balancing of agricultural, forestry and fisheries product markets. It draws up and submits for approval and implementation strategies, programmes and trade promotion projects for these products, handicrafts and salt, and leads the implementation of international economic integration programmes and international cooperation in agricultural, forestry and fisheries trade.

The department is also responsible for guiding and inspecting regulations to ensure quality and food safety during the storage and processing of agricultural, forestry and fisheries products and salt; and for directing extension activities in processing, storage and the development of rural industries and trade in these products.

DPTAFP monitors the activities of commodity associations and non-governmental organizations (NGO) in the agribusiness sector on behalf of the State, and organizes fora to collect suggestions and criticisms from these entities.

Services provision

The services that DPTAFP provides are summarized in Table 1. Core services are functions assigned to the unit. Secondary services are offered in conjunction with other units within MARD and through participation in agribusiness projects and programmes. The services listed as core in Table 1 are based on the mandate of DPTAFP stipulated in Decision 20 of MARD (MARD, 2008b). DPTAFP performs some core and secondary services in coordination with IPSARD, the Viet Nam Academy of Agricultural Sciences (VAAS) and AGROVIET: appraisal of business models, value chain analysis, building of entrepreneurial skills, and sharing of knowledge and information pertaining to the agribusiness sector.

TABLE 1
DPTAFP services

Service area	Core	Secondary
1. Appraisal of business models		
2. Value chain analysis		
3. Building of business and entrepreneurial skills		
4. Reinforcement of business and market linkages	x	
5. Support to collective action and alliance building		
6. Financial and investment appraisal and support		
7. Trade and marketing appraisal and support	x	
8. Agro-industry and processing appraisal and support	x	
9. Development of policy and strategy papers	x	
10. Lobbying and advocacy in the agribusiness sector	x	
11. Sharing of knowledge and information pertaining to the agribusiness sector		

Source: Author's elaboration from KIIs.

DPTAFP has minimal capacity in *appraisal of business models* and depends on other agencies to provide this service. For example, IPSARD is assisting DPTAFP in risk analysis of the catfish value chain in the Mekong Delta.

Value chain analysis activities are mainly carried out by MARD research institutes and universities, often with support and cooperation from international agencies. Within MARD, the research unit of VAAS and IPSARD's CAP conduct major research on value chains.

DPTAFP provides services for the *building of business and entrepreneurial skills* through seminars on policy and facilitation of participation in trade fairs and exhibitions and of product promotion.

DPTAFP provides *agro-industry and processing appraisal and support* for ensuring technical standards, technical processes, processing conditions that ensure food safety, consumer rights and the use of permitted additives in processing.

DPTAFP offers regular services in *lobbying and advocacy in the agribusiness sector* through its work with commodity associations such as VASEP.

Development of policy and strategies is the main core function of DPTAFP and requires most staff time. DPTAFP prepares draft policies and strategies, which are presented to the ministry for approval and implementation.

Reinforcement of business and market linkages: DPTAFP provides support to business linkages through its organization of trade fairs and exhibitions (often in collaboration with AGROVIET and other

business units of MARD), promotion of agricultural products, provision of market information, assistance to commodity associations, support for attendance at international trade fairs, and market research.

DPTAFP promotes horizontal linkages of small producers and coordinates with provincial DARDs to support pilot models of farmers' linkages and to monitor their progress. DCRD partner with the provincial DARDs by training rice and aquaculture farmers and assisting them in forming farmers' groups and acquiring safe quality food (SQF) certification (under HACCP); for example, several groups of small catfish farmers in An Giang province have been trained in SQF 1000 practices, with the provincial government of An Giang subsidizing 50 percent of the costs of certification. The budget for assisting certification is managed by the Department of Science and Technology.

The 4 Partners Programme (see section 2.2) was initiated by An Giang province in 2002 to promote producer–enterprise linkages. It then became a government programme implemented all over the country. However, after ten years of implementation and following several evaluations, only a few successful linkage models were identified. The programme lacks a lead agency for implementation at the national level and is implemented at the provincial level through projects coordinated by DITs and DARDs. As DPTAFP does not have line offices in provincial DARDs, the Office of Cooperatives and Rural Development of DARD is the coordinating unit. DPTAFP has no clear role in this linkage programme.

Trade and marketing appraisal and support: DPTAFP manages the programme and budget for trade and marketing appraisal and support. Agribusiness enterprises apply to the department for support funds to conduct market studies or attend domestic and international trade fairs.

DPTAFP collaborates with MARD, MIT and MPI agencies to organize fairs and exhibitions for promoting Vietnamese agricultural and fisheries products and handicrafts. Annual agricultural fairs in town centres in northern and southern regions of the country include VIETFISH, which promotes fisheries products and processing technologies and is held in HCMC in collaboration with VASEP.

DPTAFP also organizes seminars and conferences to disseminate agribusiness policies and standard requirements to producers and processors.

3.2 CLIENTS

The main clients of DPTAFP (Table 2) are enterprises involved in the processing and export of agricultural, forestry and fisheries products. DPTAFP does not work directly with SMEs but through commodity associations, which represent mainly large enterprises, many of which are State-owned joint stock enterprises with major State stockholdings.

DPTAFP does not have sufficient capacity to provide the services to enterprises and associations assigned to it by MARD.

3.3 MAIN INSTRUMENTS

The main programmes, service areas and instruments used by DPTAFP are presented in Table 3. Incentive policy is the main instrument for promoting investments. Trade fairs, exhibitions and support to product promotion and market research are the main instruments for building business and entrepreneurial skills and business and market linkages. The department employs various mechanisms such as consultations, conferences and workshops in developing policy and strategy papers and collecting feedback on policy implementation. Links to commodity associations are the main approach for lobbying and advocacy in the agribusiness sector.

DPTAFP organizes AGROVIET trade fairs and coordinates with VASEP in the organization of VIETFISH trade fairs and exhibitions and rice festivals. AGROVIET organizes annual international trade fairs in Hanoi and HCMC, while VIETFISH annual fairs are held in HCMC. DPTAFP manages the budget for these activities, and provides enterprises with funding for attendance at international trade fairs, product promotion and market research.

3.4 CAPACITIES

Its current personnel and budget allocations limit DPTAFP's capacity to offer services and are sufficient to cover only day-to-day operating costs. The provision of services depends largely on the availability of funds from programmes and projects.

TABLE 2
DPTAFP clients

Clients (size, position in the value chain, etc.)	Services demanded	Delivering agency and capacity
SMAEs located at the lower end of value chain	Information on processing and related technologies, including labelling and packaging	Provided by MOST
	Business registration and accreditation	Provided by MOST
	Food safety and regulations	Provided by NAFIQAD
	Market linkages	Provided by DPTAFP
	Product promotion	Provided by DPTAFP
Commodity associations: tea, cashew, sugar cane, fruits and vegetables, etc.	Trade and marketing appraisal and support (e.g., trade fairs)	Provided by DPTAFP in partnership with AGROVIET and VASEP
	Agro-industry and processing appraisal and support (e.g., standards and technical regulations for processing)	DPTAFP supports agro-industry and processing only by providing information on and monitoring regulations and standards
	Development of policy and strategy papers (e.g., regulations on rice storage and rice mills, cashew storage, etc.)	Provided by DPTAFP in partnership with other related ministries
	Lobbying and advocacy in the agribusiness sector (e.g., developing insurance mechanisms for contracts between farmers and enterprises)	Provided by DPTAFP in partnership with DCRD and commodity associations

Source: Author's elaboration from KILs.

TABLE 3
Programmes, service areas and instruments used by DPTAFP

Service area	Programmes	Instruments
1. Appraisal of business models	No specific programme	Inter-ministerial projects
2. Value chain analysis	No programme; undertaken by other MARD units (CAP, IPSARD) assisted by donor-funded projects	Support for PPPs
3. Building of business and entrepreneurial skills	SME development indirectly through commodity associations, but, associations are dominated large enterprises; with no office within DARDs, DPTAFP provides no direct services to SMEs	Fairs, exhibitions, financial support for product promotion
4. Reinforcement of business and market linkages	Market access and development	Fairs, exhibitions, financial support for product promotion
5. Support to collective action and alliance building	Work with professional associations	Inter-ministerial projects
6. Financial and investment appraisal and support	Industry support	Investment incentive policy
7. Trade and marketing appraisal and support	Industry support	Support for trade promotion and market research
8. Agro-industry and processing appraisal and support	Industry support and development	Support to commodity associations
9. Development of policy and strategy papers	Assigned by the Minister	Consultations, inputs from other departments for formation of regulations and policies
10. Lobbying and advocacy in the agribusiness sector	Industry support	Consultations, conferences, work with associations
11. Sharing of knowledge and information pertaining to the agribusiness sector	Investment support	Conferences, training, Web site

Source: Author's elaboration from KIs.

DFTAPF has limited capacity to support *appraisal of business models*. It has no specific programme for this purpose, but provides the service through projects involving other MARD agencies (e.g., IPSARD) and research institutes. DPTAFP focuses on activities related to market information collection and monitoring. It also has limited capacity to provide services in the area of *trade and marketing appraisal and support*. *Lobbying and advocacy in the agribusiness sector* and *development of policy and strategy papers* are the main functions of DPTAFP and have the highest staff allocations. Analysis of DPTAFP's engagement and capacities in the service areas is presented in Table 4.

Value chain analysis: This is not performed by DPTAFP, but by IPSARD and VAAS through research and donor-funded projects. Results from value chain analysis are provided to DPTAFP for use in policy formulation. GIZ offers training in value chain analysis through its SME development project.

Reinforcement of business and market linkages: These services are offered in collaboration with

AGROVIET and associations, mainly through the organization of fairs and exhibitions and support for attendance at international fairs and market promotion. However, only a few enterprises are able to obtain these services. Funding restrictions and the complex screening process and eligibility criteria have limited the number of enterprises served.

Finance and investment appraisal and support: DPTAFP does not have the capacity to provide these services, which are offered by MPI's Department of Agricultural Economics.

Trade and marketing appraisal and support: DPTAFP currently provides very little assistance in this area. International trade of agribusiness products is dominated by large enterprises and their associations, and SMEs generally have very little access to these services.

Agro-industry and processing appraisal and support: These functions are carried out by agencies of MPI, MIT and MOST. MOST provides support

TABLE 4
Service areas and capacity analysis of DPTAFP

Service area	Human resources (estimated number)	Relative importance of service in terms of funding/ income generated*	Capacity level**
1. Appraisal of business models	2	9	2
2. Value chain analysis	2	11	1
3. Building of business and entrepreneurial skills	4	6	2
4. Reinforcement of business and market linkages	9	4	2
5. Support to collective action and alliance building	4	5	2
6. Finance and investment appraisal and support	4	10	2
7. Trade and marketing appraisal and support	4	8	2
8. Agro-industry and processing appraisal and support	7	7	2
9. Development of policy and strategy papers	10	1	3
10. Lobbying and advocacy in the agribusiness sector	8	2	2
11. Sharing of knowledge and information pertaining to the agribusiness sector	7	3	2

* 1 = most funding allocated; 11 = least funding allocated.

** 1 = none; 2 = basic; 3 = moderate; 4 = advanced.

Some staff functions may overlap.

Source: Author's elaboration from KIIs.

and supervision to product quality standards and the certification of quality standards. DPTAFP formulates standards for the products that can be used in processing, and submits these to MOST for promulgation and accreditation.

3.5 PERFORMANCE OF THE ORGANIZATION

Overall performance of DPTAFP

Overall, DPTAFP received a low rating from experts. KIIs revealed that DPTAFP was viewed as being only a State governing department of MARD. It is a newly established agency with limited staff and budget allocations. Agribusiness projects with foreign donor assistance focus on research institutions and have limited coordination with DPTAFP. Projects in agribusiness development such as the Agricultural Competitiveness Project, value chain analysis and management, the SME Support Programme and the Agribusiness Development Programme to 2020 all have limited inputs from DPTAFP. The prominent functions of DPTAFP are the preparation and supervision of national quality standards for agricultural, forestry and fisheries products.

In the field, DPTAFP's only provincial presence is a representative office it shares with other MARD departments in southern Viet Nam – i.e. it does not

have field units within the DARDs. However, while other departments have deputy directors assigned to this office, DPTAFP has only an officer in-charge who functions as a liaison officer. The most noted activity of DPTAFP is coordinating with professional associations to obtain feedback on policy implementation and inputting this feedback into new policy formulation.

In general, DPTAFP does not have sufficient capacity to meet the needs of enterprises and their associations and to provide the services assigned to it by MARD.

SWOT analysis

Table 5 provides the summary of a strengths, opportunities, weaknesses and threats (SWOT) analysis of DPTAFP.

Strengths: The strengths of DPTAFP lie in its legal foundation with functions mandated by MARD. The current leadership of DPTAFP has strong relationships with professional associations and major business enterprises. DPTAFP has its own Web site within the MARD Web site,¹ provid-

¹ <http://www.agroviet.gov.vn/en/pages/default.aspx>

ing updates on its activities and programmes. Although it does not have separate offices in provincial DARDs, DPTAFP receives human resources support for its activities from DARD.

DPTAFP is vested with the necessary authority to execute its functions. The hierarchical levels within the department have been reduced as part of administrative reforms, while the decentralization of authority to provincial and lower levels of government has created competition among provinces, encouraging them to improve their business environments.

Weaknesses: The principal weaknesses of DPTAFP lie in its limited budget and staffing. Several functions of DPTAFP require coordination with other departments in MARD and other ministries such as MPI and MIT. DPTAFP has very limited capacity in business analysis, food safety regulations and product development.

Opportunities: DPTAFP has opportunities to perform its functions by providing agribusiness development services under programmes prioritized by government to promote strong and rapid growth in agricultural and fisheries exports. Public administration reform is a current priority of the government and provides an opportunity for DPTAFP to improve its mandated functions. Provincial governments have been granted power and responsibility in implementing the agribusiness

development programme in coordination with DITs and DARDs.

Threats: The major threats to DPTAFP are in the coordination of agribusiness functions among departments in different ministries. Aside from MARD, there are a number of other ministries involved in the implementation of agribusiness programmes. Not all aspects of the national agribusiness development programme are relevant to DPTAFP as many focus on market infrastructure development, which requires investment and is therefore a function of MPI. Investment in market infrastructure is carried out at the provincial level.

The dominance of State agribusiness enterprises in the export sector remains a critical threat, as these enterprises tend to protect their own interests rather than those of producers. The professional associations are also composed mainly of large enterprises, the majority of which are State-owned, so do little to represent the needs of SMAEs.

3.6 INSTITUTIONAL COMPARATIVE ADVANTAGES

The agribusiness development mandate in Viet Nam is segmented across several institutions. The agribusiness programme requires collaboration among DPTAFP and other agencies of MARD, MIT and MPI. The comparative advantage of DPTAFP lies in its institutional location within MARD and its collaboration with NAFIQAD.

TABLE 5
SWOT analysis of DPTAFP

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Functions and tasks are clearly defined ▪ It has strong and devoted leadership ▪ Financial management and e-government are good ▪ It can operate through a network of regional and provincial DARD offices, although it has no direct presence in these offices ▪ It has partners in industry and associations 	<ul style="list-style-type: none"> ▪ It has a limited budget ▪ It lacks staff ▪ Coordination of departments and agencies for policy-making and planning is challenging ▪ It is a newly created institution with limited experience
Opportunities	Threats
<ul style="list-style-type: none"> ▪ It is supported by favourable policy for investment promotion and rural trade development ▪ Authority has been devolved ▪ It has been strengthened through public administration reform ▪ Donors support agribusiness development ▪ Provincial governments have been granted additional powers and responsibilities 	<ul style="list-style-type: none"> ▪ Its functions are fragmented and overlap with those of MIT and MPI ▪ Producers are small and unconnected ▪ It has to compete for talent with a rapidly growing private sector ▪ It lacks consistent policy ▪ Economic and financial laws are not predictable to investors and enterprises ▪ Conflict of interest – it is influenced by large State agribusiness enterprises

Source: Author's elaboration from KIIs.

Chapter 4

Capacity development priorities

4.1 INSTITUTIONAL DEVELOPMENT PATH

DPTAFP's development path is envisioned in Decision 20/2008 of MARD (MARD, 2008b). Currently, its operation is limited to the areas of governing the processing and trade of agricultural and fisheries products, promoting trade, and monitoring market information and feedback on trade policies. DPTAFP will strengthen its collaboration with other agencies in MARD, MIT and MPI to implement the agribusiness development programme. Key DPTAFP and MARD staff interviewed for this study expressed a need to enhance the capacity of DPTAFP by increasing its operational budget and human resources, both at the central level and in the field, at the provincial level (in DARDs).

4.2 PRIORITY AREAS FOR CAPACITY BUILDING

Market access and development: DPTAFP's mandate within MARD stipulates that it is to support market studies and product development. The department establishes links with other MARD agencies to support enterprises through commodity associations, by carrying out export market studies and activities to improve the competitiveness of Vietnamese agroproducts. Capacity building in market studies and market development for DPTAFP's staff would enhance the efficiency of these activities.

Market and product promotion: DPTAFP supervises product standards and quality management of processing industries. Limited budget has been allocated to support product market promotion by providing agro-industries with facilities for conducting product promotion in international markets. Product promotion, in both domestic and international markets, is through exhibitions, fairs and the direct introduction of products. These activities need to be strengthened and focused on specific markets.

Provision and dissemination of market information: DPTAFP works with AGROINFO and other agencies of MARD to gather market information

and market data analyses, which are made available to enterprises through the MARD Web site. Provision of agribusiness and market information to agribusiness stakeholders can be expanded through provincial trade promotion centres.

Investment generation and promotion: Investment incentive policies encouraging the private sector to invest in agribusiness and rural areas have produced limited results. Poor rural infrastructure and inconsistent policy measures have been identified as constraining factors. The policy analysis and evaluation capacity of DPTAFP need to be strengthened as these are the primary functions of the department.

Industry linkage and support: Promotion of linkages between farmers/producers and enterprises is a policy priority of the Vietnamese government. DPTAFP should play a more active role in coordinating with other government agencies to support the development of these linkages. The 4 Partners Programme has been in place since the early 2000s but it lacks a lead agency to coordinate its implementation.

4.3 POTENTIAL ROLES OF AND INSTRUMENTS FOR FAO SUPPORT

Capacity building interventions in the areas of agribusiness development policy analysis and formulation are important for DPTAFP and related agencies because one of DPTAFP's critical roles is to provide MARD and the government with policy and policy instruments for agribusiness development.

DPTAFP also needs capacity building in the areas of market information surveys, particularly of market demand for product quality and ways of sustaining markets. Value chain analysis, particularly of global value chains and ways of promoting market governance to improve the status of small producers, is another relevant area for FAO support to capacity building. It is also important to provide capacity building assistance to horizontal integration to help small producers obtain better access to markets.

Chapter 5

Key findings

The shift from single disciplinary to multidisciplinary management functions in the areas of agriculture, forestry, irrigation and rural development was reflected in the establishment of MARD by integrating the Ministry of Agriculture and Food Industry, the Ministry of Forestry, the Ministry of Irrigation and the Ministry of Fisheries.

Under the current organizational structure of MARD, two departments were established specifically to provide public governance and services for trade and agribusiness development: DPTAFP, which focuses on issues related to value addition and trade; and NAFIQAD, whose mandate is limited to quality management. Given the rather narrow mandate of NAFIQAD, this appraisal of institutional mandates for agribusiness support in Viet Nam has focused on DPTAFP. The key motivations for creating DPTAFP and NAFIQAD were to increase the government's role in developing the agribusiness sector; to increase the credibility of Vietnamese products in international markets; and to adapt to new challenges created by the rapid growth of agribusiness industries in Viet Nam, particularly difficulties in conforming to food safety and quality standards.

The mandates and functions for agribusiness development in Viet Nam are fragmented across several agencies. Governance and implementation of agribusiness programmes up to 2020 are more relevant to the mandate of MIT than MARD, as the programme focuses on market infrastructure investment and organization. Activities are implemented at the provincial level and shared between provincial DARDs and DITs, with DITs playing the lead role. Production and processing aspects are the functions of several MARD agencies: technical aspects of production are under the Departments of Crop Production, Animal Production and Fisheries. The Department of Crop Production provides quality control and supervision of quality standards for crop and horticulture products such as GAP and VietGAP, and the Department of Animal Production is responsible for quality control and supervision of quality standards for animal husbandry products such as GAHP and VietGAHP; the supervision of quality standards for all prod-

ucts is shared with the Directorate for Standards, Metrology and Quality of MOST.

The main clients of DPTAFP are therefore enterprises involved in processing and exporting agricultural, forestry and fisheries products. However, DPTAFP does not work directly with SMEs, but through commodity associations, which are dominated by larger, State-owned or joint stock enterprises. Most SMEs are therefore not direct clients of DPTAFP.

DPTAFP provides public services in the areas of trade promotion and market development for agricultural, forestry, fisheries, salt and handicraft products. These functions are carried out in coordination with other units in MARD and line units in the provinces. The main functions of DPTAFP are currently in the domain of policy-making consultation and regulation, and collection of information. Agribusiness services are provided through projects and programmes implemented by other agencies, including the private sector, and there are overlapping agribusiness development functions among MARD, MIT and MPI. KIIs revealed that some of the tasks currently under MARD should be under MIT, particularly those associated with the promotion of linkages between farmers and enterprises. Not all aspects of the agribusiness programme are relevant to DPTAFP because the focus is often on market infrastructure development, which requires investment (mainly at the provincial level) and is therefore a function of MPI. KIIs revealed that DPTAFP's current activities are related to monitoring and collecting market information, trade promotion, development of quality standards for agricultural products and formulating regulations for processing industries.

To improve the effectiveness of the available support for agribusiness development, there is need to establish a permanent interministerial committee, which would reduce the overlapping of functions among ministries and improve the policy implementation capacity of DPTAFP and related agencies in MIT, particularly in the promotion of linkages between farmers and enterprises and the governance of value chains for agricultural and fishery products.

DPTAFP is a newly established agency of MARD with weak capacity in terms of staff and budget allocations. The strengths of DPTAFP lie in its legal foundation, with functions mandated by MARD. The current leadership of DPTAFP has strong relationships with professional associations and major business enterprises. DPTAFP has its own Web site hosted on the MARD Web site that provides updates on its activities and programmes. Although it does not have separate offices in provincial DARDs, DPTAFP has human resources support for its activities from DARD.

The principal weaknesses of DPTAFP lie in its limited budget and staffing. Several of its functions require coordination with other departments in

MARD, MPI and MIT, which makes implementation challenging.

The appraisal of DPTAFP's capacities for agribusiness management identifies potential roles and instruments for FAO support in capacity development for:

- agribusiness policy analysis and formulation;
- market information surveys, particularly of market demand for product quality and ways of sustaining markets;
- value chain analysis, particularly of global value chain and ways of promoting market governance to improve the status of small producers;
- promotion of horizontal integration to improve small producers' access to markets.

References

- MARD.** 2008a. Decree 01/2008/ND-CP on specification of position, functions of the Ministry of Agriculture and Rural Development. Hanoi.
- MARD.** 2008b. Decision 20/2008/QD-BNN. Specification of functions, responsibilities, authority and organization structure of the Department of Processing & Trade of Agro-Forestry-Fisheries Products and Salt Production. Hanoi.
- MARD.** 2008c. Decision No. 29/2008/QD-BNN. Summary of functions, responsibilities, powers and organizational structure of the National Agro-forestry and Fisheries Quality Assurance Department (NAFIQAD). Hanoi.
- MARD.** 2010a. Decree No. 61/2010/ND-CP. Policies to encourage enterprises to invest in agriculture and rural area. Hanoi.
- MARD.** 2010b. Programme “Development of Rural Business in the Period 2010–15 and Orientation to 2020”. Hanoi.
- MPI.** 2009. Decision 496/QD-BKH of the Minister of Planning and Investment on the functions, tasks and organizational structure of the Department of Agricultural Economics. Hanoi.

Annex 1

People interviewed

Name	Title and organization	Contact address
Le Xuan	Director, DPTAFP	10 Nguyen Cong Hoan Street, Ba Dinh, Hanoi
Doi Xuan Quang	Manager, Southern Office of DPTAFP, Ho Chi Minh City	12 Phung Khắc Khoan, District 1, HCM City
Nguyen Thanh Binh	Director, Department of Commerce and Industry, An Giang Province	10 Le Trieu Kiet, Long Xuyen City
Doan Ngoc Pha	Deputy Director, Department of Agriculture and Rural Development, An Giang Province	4 Nguyen Du, Long Xuen City
Huynh Hiep Thanh	Director, Extension Center, An Giang Province	4 Nguyen Du, Long Xuyen City
Nguyen Do Anh Tuan	Project Director, Viet Nam Agriculture Market Information Project	196 Cong Hoa, Tan Binh District, Ho Chi Minh City
Pham Thi Ngoc Linh	Director, CAP, IPSARD	No 7, Trung Yen Urban Area, Cau Giay, Hanoi
Pham Quang Dieu	Director, Agromonitor	5 th floor, 97 Hao Nam, O Cho Dua, Ba Dinh, Ha Noi
Nguyen Thi Hue Trinh	Director General, TAFISHCO	Thuan An Fish Processing Co.,
Nguyen Thi Hoang Yen	Director, Marketing Division, AGIFISH	1234 Tran Hung Dao, Binh Duc, Long Xuyen City
Chau Van Ly	Vice Chair, Farmers' Union of An Giang Province	6A Le Loi, My Binh, Long Xuyen City
Le Chi Binh	Vice Chair, An Giang Farmers' Union	58 Bui van Danh, My Xuyen, Long Xuyen City

Annex 2

Summary of KII results

Respondent/industry cluster	Issues relevant to performance of the agribusiness unit or cluster of bureaux/ departments	Respondents' viewpoints
1. Core agribusiness unit/cluster of bureaux/ departments		
Doi Xuan Quang, Manager, Southern Office, DPTAFP	Delivering agribusiness services	<p>The function of DPTAFP is in the domain of policy-making consultation and regulation, not in delivering agribusiness services</p> <p>The main function of DPTAFP is to collect information in agribusiness areas</p> <p>The function "trade" in the title of DPTAFP refers to "trade promotion"</p> <p>Agribusiness services are provided by projects and programmes implemented by other agencies</p> <p>DPTAFP assists in trade promotion, and provides enterprises with facilities for promoting their products in international trade fairs and exhibitions</p>
Le Xuan, Director, DPTAFP	Staff and budget	<p>DPTAFP's office in southern Viet Nam, where agribusiness is more important, has only 5 staff members. Other MARD departments have more staff in their southern offices</p>
	Function and performance in delivering agribusiness services	<p>The mission and responsibility of DPTAFP are to provide consultancy to the Minister of MARD regarding State management of processing and trade of agrofisheory products</p> <p>Services to agribusiness are limited by low staffing and budget</p> <p>Agribusiness development functions of MARD, MIT and MPI overlap</p>
2. Partner organizations		
Nguyen Thanh Binh, Director, Department of Industries and Trade (MIT)	Agribusiness services	<p>More agribusiness services are currently provided by the private sector</p> <p>Linkages between farmers and enterprises are more important</p> <p>PPPs are a key factor in enhancing value chain governance</p>
	Programme executed jointly by DIT and DARD	<p>There is a promising model of PPP in the rice production value chain</p> <p>Some tasks under MARD should be under MIT</p>
Nguyen Do Anh Tuan, Director, CAP, IPSARD	Investment policy in agriculture	<p>The investment incentive policy for encouraging private investment in the agribusiness and agriculture sectors is ineffective</p> <p>Current policy lacks incentives for private investment</p> <p>Policies must be improved and conditions made favourable for agribusiness investments</p>
Le Chi Binh, Vice Chair, AFA	Agribusiness services	<p>Macropolicy favours import substitution industries, finance and real estate over agriculture</p>
	Functions of DPTAFP	<p>Private companies provide more public services</p> <p>There is very limited information from DPTAFP</p>
Chau van Ly, Vice Chair, Farmers' Union, An Giang province	Agribusiness services	<p>Provincial DARD provides more information and coordination</p> <p>An Giang Farmers' Union is active in training farmers in entrepreneurship</p> <p>Business management of farmers' cooperatives needs improvement</p>

see next page

Respondent/industry cluster	Issues relevant to performance of the agribusiness unit or cluster of bureaux/ departments	Respondents' viewpoints
3. Support bureaux/departments		
Doan Ngoc Pha, Deputy Director, DARD	Functions	DPTAFP's role is only in collecting information and not in providing agribusiness services MARD and DPTAFP do not provide agribusiness services Small enterprise development in agriculture is a provincial government initiative (An Giang) through links with GIZ programmes (with VCCI)
Huynh Hiep Thanh, Director, Extension Center	Management of budget of extension service	Policy: the present extension model has a drawback in that the extension budget is granted through a bidding process, but winning agencies usually do not have the necessary network for implementation and so have to subcontract extension centres, resulting in multilayer bidding Human resources for extension activities are lacking Global GAP: rice farmers need to start with quality seeds
4. Private agribusiness firms		
Pham Quang Dieu, Director, Agromonitor	Incentive policy for investment in agriculture Rice export policy	Enterprises lack incentives to invest in long-term contracts because of constant policy shifts There is a monopoly in the rice export market with government-to-government market controlled by State food companies
Nguyen Thi Hue Trinh, Director, TAFISHCO	Value chain management	MARD and other ministries and government agencies do not offer value chain services Enterprises establish their own supply chains by contracting farmers. Only a few exporting enterprises have value chain management
Nguyen Thi Hoang Yen, Director, AGIFISH Factory No. 3	Value chain management Agribusiness public services	Effective policy is lacking Policy promoting market governance is the key factor Vertical integration in the pangasius industry is an initiative by processing companies Enterprises receive limited support Enterprises have limited information on support policy

Annex 3

Specification of Functions, Responsibilities, Authority and Organization Structure of the Department of Processing and Trade of Agro-Forestry-Fisheries Products and Salt Production (Decision 20/2008/QD-BNN – extracts)

POSITION AND FUNCTIONS

DPTAFP, an agency under the Ministry of Agriculture and Rural Development, functions as an adviser to the Minister on State governance and implementation of specialized management tasks in the fields of processing and storage of agricultural, forestry and fisheries products and development of rural industries, agriculture mechanization and trade of agricultural, forestry and fisheries products under the jurisdiction of the ministry.

RESPONSIBILITIES AND POWERS

1. Submit to the Ministry drafts of bills, ordinances and legal documents, specialized programmes, plans and projects related to processing and trade of agricultural, forestry and fisheries products assigned by the ministry. Submit to the Minister drafts of decisions, directives and other documents under the jurisdiction of the ministry.
2. Submit strategy, long-term development plans, annual and five-year plans for key areas, interregional and interprovincial programmes and projects as assigned by the Minister.
3. Issue documents of particular expertise and professional guidance in the assigned fields. Announce detailed plans of implementation of programmes and projects under its management to provinces.
4. Processing and storage of agro-forestry-fisheries products:
 - Direct and guide the implementation of plans, programmes and agroprocessing development policies linked with the production and marketing of commodities under the jurisdiction of the department.
 - Prepare and submit to the ministry national technical standards and conditions of processing to ensure product quality and food safety and protection of the rights of consumers. Propose national technical standards for the processing and storage of agricultural, forestry and fisheries products.
 - Publish a list of allowed additives and chemicals used in the storage of agricultural, forestry, fisheries and salt products.
 - Guide and evaluate development plans for processing and storage of agricultural, forestry, fisheries and salt products linked to markets and raw material areas of provinces and cities.
 - Direct the implementation, inspection of conditions of technical facilities, application of technology and staffing of production organizations.
 - Guide the implementation of accreditation or revoke accreditation of producers for satisfied or unsatisfied requirements of quality assurance, food safety and environmental health.
 - Conduct a general assessment of developments in the processing industry and post-harvest facilities under the jurisdiction of the department.
5. Agricultural mechanization:
 - Direct and guide the implementation of mechanisms and development policies for mechanization in agricultural, forestry, fishery and salt production.
 - Prepare and submit proposed technical standards for machinery and equipment in the agroprocessing industry.

- Examine, supervise and direct registration of machinery and equipment, with strict requirements for work safety in agriculture and rural development. Guide implementation and inspect safety in the use of machinery and equipment.
6. Rural industry villages:
 - Direct and guide the implementation of development policies for rural industry villages, villages attached to households and cooperatives in the villages.
 - Lead the evaluation and guide local implementation of the development plans, programmes and projects of rural craft villages, cooperatives and households.
 - Report on the implementation of policies, strategies, plans, programmes and projects for development of rural industries in the country.
 - Develop and submit annual programme plans for developing rural industries.
 - Coordinate with relevant agencies and localities in dealing with issues related to development of rural industries.
 - Organize activities related to technology transfer, consultancy services, information services, exhibitions, fairs and product promotion for rural industry villages.
 7. Salt production:
 - Direct and guide the implementation of development policies for salt production.
 - Publicize and organize the direction, guidance, inspection, evaluation and reporting on the implementation of development strategies and plans.
 - Prepare and submit to the ministry national technical standards for production, processing and storage of salt and salt products.
 - Direct production and harvesting techniques.
 - Review and evaluate the implementation of annual production plans.
 - Manage national reserves, imports and exports of salt.
 - Propose policies and investment projects on the salt industry to the ministry.
 8. Trade of agricultural, forestry, fisheries and salt products:
 - Develop and submit to the ministry implementation plans for strategies, programmes, projects and marketing projects for agricultural, forestry and fisheries products and handicrafts in domestic and export markets.
 - Monitor domestic and international markets and collect and analyze information and data related to the production and trade of agricultural, forestry and fisheries products, agricultural materials and handicraft products. Report and propose solutions for trade development of agricultural, forestry and fisheries products, handicrafts and salt.
 - Coordinate with other ministries and related agencies in balancing the agricultural, forestry and fisheries products market.
 - Manage the import and export of machinery, equipment and supplies for agricultural production and rural development.
 - Prepare and submit for approval and implementation strategies, programmes, projects and trade promotion projects for agricultural, forestry and fisheries products, handicrafts and salt.
 - Coordinate annual and long-term trade promotion plans of the ministry. Preside over the organization and implementation of approved trade promotion plans.
 - Chair trade infrastructure projects for agricultural, forestry, fisheries and salt products.
 - Chair the implementation of strategies, plans and programmes for e-commerce in the fields of agricultural, forestry and fisheries products, handicrafts and salt.
 - Lead the implementation of international economic integration programmes and international cooperation in the field of agricultural, forestry and fisheries trade.
 9. Handle trade disputes related to agricultural, forestry and fisheries products, handicrafts and salt.
 10. Guide, direct and inspect the regulations to ensure quality and food safety during storage and processing of agricultural, forestry and fisheries products and salt.
 11. Propose to the ministry the list of programmes and projects in the field of professional management of the department.
 12. Organize and direct the collection of statistics and database management in the field of management of the department.

13. Science and technology:
 - Propose programmes, plans, scientific research and application of advanced technology and engineering majors.
 - Chair and evaluate research projects contracted to organizations or individuals to organize the evaluation and implementation of research results.
 - Manage information on science and technology related to the field of management of the department.
14. Participate in drafting national standards and national technical regulations under the jurisdiction of the State as assigned by the Minister.
15. Direct extension activities in the field of processing, preservation and development of rural industries and trade of agricultural, forestry and fisheries products and salt.
16. International cooperation:
 - Submit programmes and projects for international cooperation in specialized fields under the jurisdiction of the department.
 - Implement international cooperation programmes and internationally funded projects as designated by the Minister.
17. State governing of the implementation of the department's public services:
 - Present to the ministry mechanisms, policies and technical regulations for providing public services and privatization of activities.
 - Issue the economic-technical criteria and timing for provision of public services.
 - Guide, inspect and support the provision of public services by other organizations as stipulated by law.
18. State governing of the activities of associations and NGOs in the sector:
 - Guide and create conditions for association with NGOs participating in activities in the domain of the department. Organize fora to gather suggestions and criticisms from associations and NGOs, to improve State regulations.
 - Handle cases of law violations by associations and NGOs operating in the sector.
19. Organization structure and staff.
20. Inspection and monitoring.
21. Management of financial assets.

ARTICLE 3. ORGANIZATIONAL STRUCTURE

The Director and Deputy Directors appointed or dismissed by the Minister of MARD.

Management apparatus:

- Office of Processing and Storage of Agricultural Products
- Office of Processing and Storage of Forestry Products
- Office of Processing and Storage of Fisheries Products
- Office of Salt Production
- Office of Electro-Mechanics
- Office of Rural Industries
- Office of Trade
- Office of Inspection and Legal
- Administration Office
- Representative office in Ho Chi Minh City

Business units:

- Center for technical safety inspection of machinery and agricultural equipment.

The units are established on the basis of the construction project by the department of the ministry for approval.

Annex 4

Prime Minister Decision 23/QD-TTg: The programme Development of Rural Business in the period 2010–15 and Orientation to 2020 (extracts)

Pursuant to the Law on Organization of the Government of December 25, 2001;
Pursuant to Resolution No. 24/2008/NQ-CP dated 28 October 2008 by the Government issuing Action Plan implementing the Resolution of the 7th Conference of the 10th Central Committee about agriculture, farmers and rural development.

At the proposal of the Minister of Industry and Trade.

Decision:

Article 1. To approve the programme Rural Business Development from 2010 to 2015 and Orientation to 2020 with the following main contents.

I. DEVELOPMENT OBJECTIVES

1. General objectives:

The development of rural business gradually moves towards modernization, with the participation of all economic sectors, diversification of organization and distribution of services and businesses contributing to orientation and promotion of agricultural development. To meet the demand of production and consumption in rural areas, contributing to restructuring of the rural economy, reduction of poverty and creation of the basis for proactive international economic integration and international trade in rural areas.

2. Specific objectives:

- Average annual growth rate (including the price factor) of total retail sales of goods and services in rural areas approximately 22 percent for the period 2010 to 2015 and approximately 20 percent for the period 2016 to 2020.
- By the end of 2010, essentially complete the review, evaluation and reorganization of trade cooperatives in rural areas.
- By 2011, complete the development plan for business infrastructure in rural areas, including the development plan for border markets.
- By 2012, complete construction and put into service wholesale markets for agricultural products in focus production areas under the approved plan.
- By 2015, 50 percent of border markets, border-gate markets and markets in border-gate economic zones are upgraded or constructed; 100 percent of district central markets are upgraded; 30 percent of towns have small- or medium-scale distribution networks.
- By 2015, the proportion of agricultural products traded through contracts accounts for 25 to 30 percent; by 2020 for 45 to 50 percent.
- By 2020, all communes have markets meeting the new rural criteria; completion of the renovation, upgrading and new construction of farm product wholesale markets, border markets, markets in the border economic zones; 80 percent of towns have small- or medium-scale product distribution networks. Organization of the rice trading centre in Can Tho and the coffee trading centre in Dak Lak and auction centres for agricultural products.
- Improve the effectiveness and efficiency of State management of quality and food safety of food products circulated in markets.

II. DEVELOPMENT ORIENTATIONS

1. Development of rural business according to the following models:
 - a. Business structure at the commune level includes:
 - network of open markets (the popular type of trade at the communes in 2015 and 2020);
 - networks of individual businesses and small businesses, including farmers;
 - networks of small- and medium-scale trading cooperatives in communes, commune groups, with operations primarily providing services for the production and consumption of members of cooperatives, households, commercial farms and daily life of rural residents.
 - b. Business structure at the district/town level includes:
 - network of production-processing-distribution enterprises and cooperatives, trading cooperative unions with system of distribution agents, stores, processing facilities, small-scale storage, factories, farms, warehouses and storage facilities located in towns;
 - network of households with businesses set up as business households in communes, with larger-scale, modern business methods (franchising, distribution chains, e-commerce);
 - network of district centre markets and some type of organized distribution such as supermarkets, small- and medium-scale trade centres (mainly in category III), specialized stores and convenience stores formed gradually as planned.
 - c. Development of specific type of trade organizations:
 - In concentrated agricultural production areas or suburban areas, continue to upgrade and build general wholesale markets or specialized wholesale markets for farm produce and agricultural materials, paving the way for formation of auction centres and transactions in agricultural products; while developing markets on the rivers, border markets or markets in border-gate economic zones.
2. Organization of a trading network for the product chain:
 - a. Agricultural products:
 - In concentrated agricultural production areas, organize large distribution channels with participation of key enterprises (100 percent State-owned enterprises, joint stock enterprises); enterprises of all economic sectors, cooperatives, cooperative unions, individual businesses, dealers, provincial and regional wholesale markets, linking this to channel organization, with pilot model of consumption centres for major agricultural products (rice, peanuts, vegetables, fruits, fisheries products) linked to cooperatives through contracting from the beginning of production cycle.
 - In underdeveloped and scattered agricultural production areas, organize small-scale distribution channel suitable to market conditions, with the participation of enterprises, trading cooperatives and business households. Agricultural products are mainly sold through the network of markets, supermarkets, convenience stores, specialized stores in district towns, and grocery stores in communes. Associated with this channel, organization of a pilot model for procurement of major agricultural products (rice, peanuts, vegetables, fruit exporter and fisheries products) through contracts signed at the time of harvest.
 - In areas producing raw materials for processing industries, establish sustainable economic linkages between farmers and farmers' cooperatives and processing enterprises and traders; establish mechanisms for facilitating producers and cooperatives in acquiring shares in joint stock companies or State enterprises.
 - b. Agricultural material supplies:
 - Development of business networks in the direction of strengthening and perfecting market networks for production and distribution to dealers. Start building experimental models for supplying fertilizers and plant protection chemicals to agricultural production linked to the pilot model for agricultural product procurement centres.
 - c. Consumer industrial goods:
 - Based on the needs, tastes and incomes of rural residents, establish networks of markets suitable to each locality; and develop integrated markets, distribution agents and commercial stores in communal centres, trading cooperatives and individual businesses.
 - Develop chains of convenience stores, supermarkets and shopping centres while renovating traditional rural markets, starting with markets in district towns.

3. Development of markets in rural areas:
 - a. Rural lowlands:
 - Relocate, renovate, upgrade or build new markets of size category III in the communes.
 - Upgrade, renovate, expand or build new integrated and retail markets of size categories II and I in the economic centres of districts.
 - Focus on building wholesale markets in large-scale agricultural production regions.
 - b. Midland and mountainous regions:
 - In addition to the orientation and development of agricultural product wholesale markets in areas of concentrated production and retail markets in communes and district centres, focus on upgrading, renovating and building new border markets of size category III, border gate markets, and markets in border economic zones of scale categories II and I.
4. Management of markets in rural areas:

Development of enterprises and trade cooperatives to manage markets in the following business models:

 - a. Enterprises or trade cooperatives to operate market management or multisector businesses, including markets, through bidding or licensing (in cases where the market is a State investment or investment is supported by the government).
 - b. Enterprises or trade cooperatives to invest and operate markets or multisector businesses, including markets.

Depending on conditions, each cooperative, enterprise or business can operate one or several markets.

5. Organization orientation and business types:
 - a. For cooperatives and cooperative unions:
 - Review, assess, classify and reorganize existing cooperatives and cooperative unions in rural areas.
 - Develop trade cooperatives applying the following models:
 - In rural lowland areas, develop multifunctional cooperatives or service cooperatives focusing on agricultural cooperatives servicing agricultural production.
 - In rural midland and mountainous areas, develop multifunctional cooperatives and retail cooperatives of flexible forms; develop group buying and selling associations, producer groups and consumer groups in areas where conditions do not permit the establishment of cooperatives.
 - Develop market cooperatives in both lowland and upland rural areas with focus on cooperatives whose members are mainly business households in the market.
 - Develop unions of trade cooperatives to strengthen existing units; establish new unions of trade cooperatives combining traditional with modern business models in provinces where there are commercial farms.
 - b. For private trading enterprises:
 - Encourage the development of private businesses in accordance with the Enterprise Law.
 - Encourage the development of household businesses following these directions:
 - Participation in the business systems of enterprises in all economic sectors, cooperative unions and trade cooperatives through agents, contracts and participation in the distribution chain by joint ventures and/or franchising.
 - Self-development or association, to form companies or retail cooperatives; step-by-step application of the distribution chain and franchising model, starting in towns and cities.
 - Participation in cooperative markets of business households as members of the cooperative markets, to use the services provided by the cooperative markets.

III. MEASURES AND MAIN POLICY

1. Business infrastructure development planning:

People's committees in provinces and cities to build new plans or adjust existing plans for business infrastructure development in rural areas, focusing on development of market networks, in accordance with the general business development plan.

2. Investment policies:
 - a. Investment projects for business infrastructure in rural areas are entitled to investment incentives stipulated in Decree No. 108/2006/ND-CP of 29 September 2006 of the government providing guidance on the implementation of articles of the Investment Law, the investment credit stipulated in Decree No. 151/2006/ND-CP of 20 December 2006 of the government on investment credit and export credit, and Decree No. 106/2008/ND-CP of 19 September 2008 of the government amending and supplementing some articles of Decree No. 151/2006/ND-CP.
 - b. Supplementary policies to support investment from State budget for certain types of business infrastructure in rural areas with difficult socio-economic conditions.
3. Implementation of pilot insurance for agricultural production in certain areas and for certain types of agricultural and aquaculture products.
4. Improvement of the efficiency of market management: Regularly inspect implementation of the provisions of the law to ensure food safety, environmental health, disease prevention and price listing of businesses, particularly in markets; handle violations in accordance with current law.
5. Implementation of projects: People's committees in provinces and cities directly under the central government, the Ministry of Industry and Trade and other relevant ministries and agencies implement projects for developing businesses in agriculture listed in the Appendix to this Decision.

IV. IMPLEMENTATION

1. Responsibilities of the ministries:
 - a. The Ministry of Industry and Trade will coordinate with other ministries and agencies:
 - to direct and guide the people's committees of provinces and cities directly under the central government to implement the scheme;
 - to direct and guide the localities in reviewing, modifying or building new business infrastructure development plans in rural areas;
 - every year, to propose funding needs for project implementation to the Ministry of Planning and Investment, the Ministry of Finance and the Prime Minister;
 - to carry out assigned projects in accordance with this Decision.
 - b. The Ministry of Planning and Investment shall coordinate with the Ministry of Finance, Ministry of Industry and Trade:
 - to allocate funds according to annual plans for implementing the projects specified in this decision;
 - to review and recommend to the government amendments and supplements to incentive policies and investment support from the State budget for business infrastructure projects in rural areas.
 - c. The Ministry of Agriculture and Rural Development will:
 - lead and coordinate with the Ministry of Industry and Trade and other relevant ministries and agencies to propose to the Prime Minister mechanisms and policies for encouraging procurement of agricultural products through contracts.
 - d. The Ministry of Natural Resources and Environment will:
 - lead and coordinate with the Ministry of Industry and Trade and other related ministries to direct and guide the review of land-use planning and allocation of land suitable for development of business infrastructure in rural areas.
 - e. Viet Nam Cooperative Alliance will:
 - lead and coordinate with the Ministry of Industry and Trade and other related ministries and agencies to guide cooperative alliances in provinces and cities in promulgating laws, business development policies and mechanisms, and models for cooperatives and cooperative unions in rural areas.
2. Responsibilities of the people's committees in provinces and cities:
 - a. Develop annual plans and budget estimates for projects under the programme.
 - b. Allocate local budgets associated with capital support from the central budget to implement the projects assigned under the provisions of this decision.
 - c. Improve the effectiveness and efficiency of work to control smuggling and the production and trading of fake goods, violations of the law on prices, tax evasion, and other trade fraud; handle cases of violation.

- d. Allocate funds, full-time staff and working facilities for the Department of Trade and Industry's Offices of Trade and Industry in districts, and department's professional division in communes.
- e. Advise people's committees at all levels in State management functions for business activities in rural areas.
- f. Monitor, supervise and inspect the implementation of projects every six months and report to the Ministry of Industry and Trade, which will then review the reports to provide the Prime Minister with the necessary feedback on programmes.

Article 2. This Decision shall take effect from the date of signing.

Article 3. The Ministers, heads of ministerial-level agencies, government leaders and chairs of people's committees of provinces and cities shall implement this Decision.

Annex 5

Summary of Functions, Responsibilities, Powers and Organizational Structure of the National Agro-Forestry-Fisheries Quality Assurance Department (NAFIQAD) (Decision No. 29/2008/QD-BNN dated 28 January 2008 – extracts)

FUNCTION AND DUTY

The National Agro-Forestry-Fisheries Quality Assurance Department (NAFIQAD) is an institution assisting the Minister to carry out the State governing of quality and safety of agricultural, forestry and fisheries products and salt.

RESPONSIBILITIES AND POWERS

1. Prepare and submit to the Minister drafts of laws, ordinances, strategies and legal documents in the framework of the annual programmes and plans of the ministry. Submit to the Minister drafts of decisions, directives and other documents under the competence of the Minister.
2. Propose and submit to the Minister strategies, long-term master plans, five-year and annual plans; strategies for key zones, mega-zones and inter-provinces and other programmes, projects and works under the responsibility assigned by the Minister.
3. Issue specific documents and relevant professional guidance. Inform provinces and institutions of the plans for programmes and projects managed by the ministry after approval by the ministry.
4. Submit to the Minister development strategies and master plan and supervise the implementation of approved legal documents, strategies, master plans, programmes, projects, schemes, standards, technical regulations, procedures and practices.
5. Manage quality and safety of fishery food products:
 - Submit to the ministry monitoring programme for food safety of fishery products at all stages of production, exploitation, harvesting, storage, processing, and import for further processing, up to the wholesale of fishery products; implement the programme after approval.
 - Submit to the ministry national standards and technical regulations on the quality and safety compliance of establishments, groups of establishments, aquaculture sites, exploitation and harvesting, ports, markets, vessels, collectors, distributors, processing and wholesale establishments.
 - Synthesize and disseminate national standards, technical regulations and requirements of international organizations, regions and importing countries on quality and safety of fishery products.
 - Check and certify or withdraw certification of health conditions concerning safety of fishery foodstuffs at aquaculture sites, fishing vessels, landing sites, markets, collectors, dispatchers, storage, processing and wholesale establishments.
 - Check and certify food safety of imported fishery products for further processing and domestically produced fishery products before export or domestic consumption.
 - Check and certify the animal health safety of imported, exported and transit fisheries products according to Vietnamese law, requirements of international organizations or bilateral arrangements with importing countries.

6. Management of quality and safety of agricultural and forestry products and salt:
 - Guide the relevant institutions in building up, then verifying and submitting to the ministry for issuance and oversight of the implementation of programmes, national standards and technical regulations on quality and hygiene safety of agricultural and forestry products and salt.
 - Submit to the ministry regulations for the verification and tracing back of non-compliant consignments.
 - Synthesize and propagate Vietnamese and international regulations on quality, hygiene and food safety of agricultural and forestry products and salt.
 - Propose and inspect – according to annual plans or randomly approved by the Minister – the hygiene conditions of manufacturers, cultivation establishments, husbandry, slaughter collectors, dispatchers, storage, slaughterhouses, processors and wholesalers of agricultural and forestry products and salt.
 - Check and certify the quality and hygiene safety of agricultural and forestry products and salt imported for further processing or domestically produced, before export or domestic circulation according to Vietnamese law, requirements of international organizations or bilateral agreements with importing countries.
 - Verify and trace the causes of contamination of agricultural and forestry products and salt and propose to the ministry the responsibilities of relevant institutions and the necessary measures.
7. Quality management of non-food agricultural, forestry and fisheries products:
 - Submit to the ministry programmes, policies, national standards and technical regulations on quality control of non-food agricultural, forestry and fisheries products.
 - Supervise, verify and propose to the ministry measures and methods for assuring quality in the whole production chain of non-food agricultural, forestry and fisheries products.
 - Check and certify the quality of non-food agricultural, forestry and fisheries products imported for further processing or domestically produced before export or domestic circulation according to Vietnamese law, requirements of international organizations or bilateral agreements with importing countries.
8. Examination and testing:
 - Synthesize and disseminate in Viet Nam international and regional requirements of importing countries with regard to testing criteria, limits of detection, testing and examining methods in assigned fields.
 - Guide and supervise testing activities for the quality and safety of agricultural, forestry and fisheries products and salt.
 - Establish national reference laboratories for fishery quality and safety criteria; recognize national and international reference laboratories for quality and safety criteria of agricultural, forestry and fisheries products and salt.
 - Supervise the implementation of national standards and technical regulations on the quality assurance system of agricultural, products and salt in laboratories.
 - Establish networks of evaluated and recognized laboratories for agricultural, forestry and fisheries products and salt testing; technical requirements and evaluation and recognition of accrediting bodies for quality and safety of agricultural, forestry and fisheries products and salt; testing methods, reference testing methods and on-spot test kits. Contribute in the creation of a network for fishery disease examination.

ORGANIZATIONAL STRUCTURE

NAFIQAD consists of:

1. Division of Quality Assurance for Fishery Products
2. Division of Quality Assurance for Agro-Forestry Products and Salt
3. Division of Quality Assurance for Non-Food Products
4. Laboratories Management Division
5. Planning and General Affairs Division
6. Finance Division
7. Department Inspectorate
8. Administrative Office
9. NAFIQAD branches

Annex 6

Decree No. 61/2010/ND-CP: Policies to encourage enterprises to invest in agriculture and rural area

GENERAL PROVISIONS

Article 1. Scope

This Decree stipulates a number of incentives and State supplementary investments for enterprises that invest in agriculture and rural areas.

Article 2. Application

Investors receiving incentives and support specified in this Decree are enterprises established and registered to operate according to the law of Viet Nam and meeting the conditions specified in Article 4 of this Decree.

Article 3. Definitions

1. Rural areas are defined as areas in administrative boundaries not included in the wards or districts of towns or cities.
2. Agricultural industries eligible for investment incentives include the industries listed in the Annex attached to this Decree and other industries decided by the Prime Minister in each period.
3. Special agricultural projects eligible for investment incentives are projects of special agricultural investment incentives in areas of difficult socio-economic conditions in accordance with the Investment Law.
4. In accordance with the Investment Law, agricultural projects eligible for investment incentives are categorized as projects of special agricultural investment incentives in areas of difficult socio-economic conditions.
5. Agricultural projects that are promoted for investment are projects of special agricultural investment incentives in rural areas.

Article 4. Conditions for incentives and investment support

1. Investors are entitled to avail of investment incentives for special agricultural projects on condition that they follow the terms specified in Article 3 of this Decree.
2. Investors meeting the conditions specified in Article 3 and implemented before this Decree takes effect are entitled to investment incentives and support (if any) for the remaining period. The State does not refund investment paid by investors earlier.

LAND INCENTIVES

Article 5. Exemption from land-use tax

1. Investors of special agricultural projects eligible for investment incentives shall be exempted from land-use fees if the projects are allocated State land.
2. Investors of agricultural projects eligible for investment incentives are entitled to 70 percent reduction of land-use fee.
3. Investors in projects that are promoted for investment are entitled to 50 percent reduction of land-use fee if the projects are allocated State land.

Article 6. Exemption or reduction of rent, lease of State land and water surface

1. Investors of agricultural projects eligible for investment incentives and promoted for investment are entitled to the lowest category of rent specified by the provincial People's Committee if the projects are allocated State land or water surface.

2. Investors of special agricultural projects eligible for investment incentives are exempted from land rent and water surface rent from the date the projects are put into operation.
3. Investors of agricultural projects eligible for investment incentives are exempted from land rent and water surface rent for 15 years from the date the projects are put into operation.
4. Investors of promoted investment agricultural projects are exempted from land rent and water surface rent for 11 years from the date the projects are put into operation.
5. Investors of special agricultural projects eligible for investment incentives, agricultural projects eligible for investment incentives and promoted investment agricultural projects are exempted from land rent on area used for building housing for workers, area planted to trees and land used for community welfare.

Article 7. Support to land or water surface rent by households and individuals

1. Investors of special agricultural projects eligible for investment incentives are entitled to State support equivalent to 20 percent of land or water surface rent if the projects rent land or water surface from households or individuals for the first five years after the projects are put into operation.
2. Investors of special agricultural projects, agricultural projects and promoted investment agricultural projects eligible for investment incentives are encouraged to invest in accumulation of supply area through forming land contributions from individuals.

Article 8. Exemption from land-use fee for change of land-use purpose

1. Investors of special agricultural projects eligible for investment incentives located in State-approved land-use planning are exempted from payment of land-use fee when changing the purpose of land use.
2. Investors of agricultural projects eligible for investment incentives located in State-approved land-use planning are entitled to 50 percent of land-use fee when changing the purpose of land use.

INVESTMENT SUPPORT

Article 9. Support for training of human resources

1. Microenterprises with agricultural projects eligible for investment incentives are entitled to 100 percent support of funds for in-country training. Funding level of training must be consistent with current regulations.
2. Small enterprises with agricultural projects eligible for investment incentives are entitled to 70 percent support of funds for in-country training. Funding level of training must be consistent with current regulations.
3. Medium enterprises with agricultural projects eligible for investment incentives are entitled to 50 percent support of funds for in-country training. Funding level of training must be consistent with current regulations.
4. Each employee is entitled to receive training only once a year and period of training must not exceed six months.

Article 10. Support for market development

1. Microenterprises and small enterprises with agricultural projects eligible for investment incentives are entitled to 70 percent support of funds for advertisement of businesses and products in public media in the province or city where the enterprises are located.
2. Medium enterprises with agricultural projects eligible for investment incentives are entitled to 50 percent support of funds for advertisement of businesses and products in public media in the province or city where the enterprises are located.
3. Microenterprises and small enterprises with agricultural projects eligible for investment incentives are entitled to 70 percent support of funds for participation in domestic trade fairs and exhibitions; and are exempted from the cost of market and price information access from State trade promotion.
4. Medium enterprises with agricultural projects eligible for investment incentives are entitled to 50 percent support of funds for participation in domestic trade fairs and exhibitions; and are exempted from the cost of market and price information access from State trade promotion.

Article 11. Support for consultant services

1. Microenterprises and small enterprises with agricultural projects eligible for investment incentives are entitled to 50 percent of State support budget for hiring consultants in investment, management, market research, legal matters, intellectual property rights, science research, technology transfer, and application of advanced quality management in production, but not exceeding the levels specified by current regulations.
2. Medium enterprises with agricultural projects eligible for investment incentives are entitled to 30 percent of State support budget for hiring consultants in investment, management, market research, legal matters, intellectual property rights, science research, technology transfer, and application of advanced quality management in production, but not exceeding the levels specified by current regulations.

Article 12. Support for application of science and technology

Enterprises with having agricultural projects eligible for investment incentives are entitled to 50 percent support budget from the Science and Technology Development Fund for carrying out research for new technology hosted by the enterprises; 30 percent of support of the cost of new investment for pilot production approved by the authorities (not applied to the cost of equipment in factories that are already included in the total cost).

Article 13. Support for transportation cost

1. Investors with special agricultural projects eligible for investment incentives are entitled to receive State support for a portion of the cost of transportation of products to domestic markets if the distance from production location to consumption markets exceeds 100 km.
2. The supported cost is 50 percent of the actual transportation cost, but not exceeding 500 million dong per year per enterprise. The cost is only assisted if the projects have valid vouchers and bills of lading.

IMPLEMENTATION PROVISIONS

Article 14. Effect

This Decree takes effect as from 25 July 2010.

Article 15. Responsibility for guiding implementation

The Ministers of Planning and Investment, Finance, Science and Technology, Industry and Trade, Agriculture and Rural Development, Labour, War Invalids and Social Affairs, and Natural Resources and Environment and the State Bank of Viet Nam within their functions and missions guide the implementation of this Decree.

Article 16. Responsibility for implementation

Ministers, heads of ministerial-level agencies, heads of government, chairpersons of people's committees of provinces and centrally run cities shall be responsible for implementing this Decree.

Annex 7

Decision 496/QD-BKH dated 14/04/2009 of the Minister of Planning and Investment on the Functions, Tasks and Organizational Structure of the Department of Agricultural Economics

Article 1. The Department of Agricultural Economics under the Ministry of Planning and Investment assists the Minister in performing State management in the field of planning and investment in agriculture, forestry, fisheries, salt production, irrigation, flood control and disaster reduction, and rural economy.

Article 2. The Department of Agricultural Economics has the following tasks:

1. Preparation of strategy, development planning in agriculture, forestry, fisheries, salt production, irrigation, flood control and disaster reduction, rural economy, mining, and processing of agricultural, forestry, fishery and salt products (not including processing of milk, vegetable oil, tobacco, flour and starch, alcohol and soft drinks) at the national level.
Coordination with relevant units in the ministry to formulate socio-economic development plans for the country or territory.
2. Preparation of general five-year plans and annual development plans for agriculture, forestry, fisheries, salt production, irrigation, flood control and disaster reduction, rural economy (development of modern rural economy, rural clean water supply and environmental health, rural industries associated with households and cooperatives, reorganization of the rural population; sedentary farming settlements, stabilization of free migration and resettlement), production and processing of agricultural, forestry, fishery and salt products (other than milk, vegetable oil, tobacco, flour and starch, alcohol and water-based refreshments).
Coordination with other agencies in the ministry to prepare five-year and annual socio-economic development plans for the country or territory.
3. Evaluation and monitoring of implementation of strategies; five-year and annual plans; programmes and projects (including with ODA); as well as monthly, quarterly and annual evaluation reports of implementation of plans. Coordination with related units in the ministry to propose solutions to problems and difficulties in production and trading; settlement of proposals from other ministries; and branches and localities related to the assigned tasks.
4. Proposals and coordination with related agencies in the ministry regarding the list of priority projects to attract domestic and foreign investments and ODA funds. The list of programmes and projects include those in group A or above for State investment and the list of national target programmes and projects in the assigned field. Management of programmes and projects assigned by the ministry.
5. Study and proposal of mechanisms and policies for development of the sector. Coordination with other related units in the ministry to propose mechanisms and development policies for annual and five-year plans. Direct elaboration of mechanisms, policies and legal documents assigned by the ministry. Leadership in the evaluation of mechanisms and policies and the drafting of legal texts for assigned sectors for proposal to the ministries for implementation.
6. Collaboration with other units involved in the evaluation of projects, programmes and bidding plans; selection of contractors for projects or bidding packages under the decision of the Prime Minister; appraisal of investment projects (including domestic and foreign investment capital); participation in evaluation of development planning in agriculture, forestry, fisheries, salt industry,

irrigation, flood control and disaster reduction, and rural economy. Monitoring, supervision and evaluation of investment projects in the sectors for which they are responsible.

7. Forecasting, collection and systematization of information for economic development planning of the assigned sectors and coordination with related units in the ministry to provide information on the assigned areas.
8. Leadership in synthesizing general and annual five-year plans of the Ministry of Agriculture and Rural Development, the Viet Nam Farmers' Association, State corporations, and Corporation 91 of the assigned sector.
9. Performance of other duties assigned by the Minister of Planning and Investment.

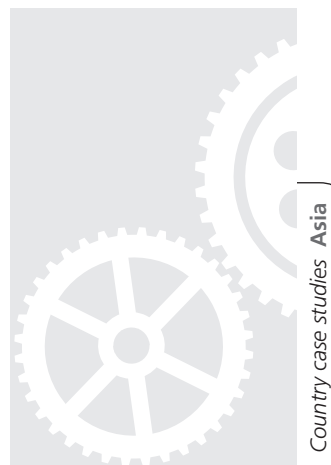
Article 3. The Department of Agricultural Economics has one Director and a number of Deputy Directors. Department staff work as experts. The number of staff of the Department is to be decided by the Minister of Planning and Investment.

Article 4. This Decision takes effect from the date of signing. Previous regulations contrary to this Decision are now annulled.

Article 5. The Department of Agricultural Economics, the Department of Organization and Personnel, the Office of the Ministry and heads of related units shall implement this Decision.

PUBLIC SECTOR SUPPORT
FOR INCLUSIVE
AGRIBUSINESS
DEVELOPMENT

An appraisal of institutional
models in Viet Nam



The agrifood system is changing rapidly in response to agricultural modernization and shifting consumer and societal demands for safer, better-quality and more convenient food. This new scenario coexists with more traditional types of family and subsistence farming.

This changing environment places increased pressure on Ministries of Agriculture (MOAs) in developing countries to engage in agribusiness and agro-industry development. For this reason, over the past decade, many MOAs have established agribusiness units with technical, policy and coordination functions. To perform well, these units should be given clear mandates and sufficient financial resources and qualified staff familiar with current agribusiness developments, such as value chain programmes, climate-smart agriculture, contract farming and public-private partnerships. However, this ideal scenario rarely occurs. A change in the mind-set of MOA staff is required to move beyond the traditional focus on production towards a more holistic, farm-to-fork approach that includes post-production issues; and this might prove to be quite a challenge.

To shed light on the role, performance and empowerment of these agribusiness units, FAO conducted a scoping survey of 71 countries and in-depth analyses of 21 case studies from Africa, Asia and Latin America. The primary objective was to draw lessons that can provide guidance to member countries on how to establish and operate well-performing agribusiness units. The outcome is presented in this series of country case studies, which contribute to enriching knowledge and sharing information on institutional responses for enhancing the public commitment to inclusive agribusiness and agro-industrial growth and job creation.