



Establishment of PPP Task Force to Improve the Vietnamese Rice Sector

To contribute to government policies for improving the rice sector in Viet Nam, BRIA has developed and submitted a concept for the establishment of a public-private-partnership task force (PPP TF) for the rice commodity to the Ministry of Agriculture and Rural Development (MARD). This is to support Decision No 1898/QĐ-BNN-TT dated 23 May 2015, which was issued by MARD, to approve a plan for restructuring the Vietnamese rice sector until 2020 and vision to 2030 with the goal of “improving the efficiency of rice production and business as a basis to ensure national food security, create jobs and increase income for rice farmers, protect ecological environment, promote sustainable development and global market participation.” The roles and responsibilities of the task force should thus complement government efforts to raise rice production efficiency, ensure stable income for rice farmers and sustainable development.

The PPP TF for the rice sector has been established with the following main roles and objectives:

- Raise challenges and obstacles in the rice value chain to policy makers for solutions
- Advise MARD on policy making for sustainable rice value chain development
- Mobilise partners to develop and implement programmes/projects to promote sustainable rice value chain, improve rice quality and farmers' income
- Promote trade and investment through PPP scheme and improve stakeholders' capacity in the rice sector
- Forge closer collaboration among stakeholders
- Identify export opportunities, strengthen market access for enterprises
- Introduce sustainable farming solutions for export quality
- Publish, share and promote sustainable rice farming practices to farmers on a large scale

The Rice PPP TF will be co-chaired by IPSARD (Institute of Policy and Strategy for Agriculture and Rural Development), a public sector representative, and Bayer, a private sector representative. The TF members include representatives of public-private sectors, research institutes, universities, international organisations, donors and farmers' organisations.



Rice PPP TF Organisation

The public sector includes the Department of Crop Production, Department of Processing and Trading of Agricultural, Forestry, Aquatic Products and Salt, Department of Plant Protection, National Centre of Agricultural Extension, International Cooperation Department, VnSat PMU and representatives of the provincial People's Committees in Dong Thap and An Giang. Dong Thap and An Giang are provinces with the largest rice production areas. These provinces also take the lead in developing large-scale fields and piloting some projects in cooperation with private companies such as Loc Troi Corporation and Bui Van Ngo, a rice processing machinery company.

The active participation of the public sector can generate spillover effects for stakeholders in the whole chain, reduce risk and enhance the links between farmers and enterprises, as well as support the initial investment in the activities of the working groups. While the public sector plays an important role during the TF formation period, this is also an opportunity for the public sector to access management skills and improve resource utilisation efficiency from the private sector.

The key role of the public sector is to provide development orientation and policy support to create a proper environment for the private sector and PPP projects as follows:

- Setting objectives and directions for TF activities, connecting with other national key development programmes
- Supporting the private sector to access the network of public experts and agencies for financial support
- Creating a conducive business environment, attracting private investment and enhancing the linkages between farmers and enterprises
- Supporting policy, land, credit and other administration
- Supporting the setup of farmer groups and cooperatives; enhancing operations management capabilities of farmers' organisations
- Linking private partners and local institutions through signing MOU or contract with specific roles and responsibilities of partners
- Supporting farmer training and techniques
- Monitoring and evaluating PPP TF's activities in local areas and the whole sector
- Other support/ priorities



The private sector includes domestic and international enterprises, farmers, farmers’ organisations, financial institutions, NGOs and donors. These companies comprise inputs providers, processing companies, exporters and retailers to ensure the development in all stages in the rice value chain. NGOs often act as an intermediary between the public and private partners to encourage the participation of small-scale farmers, small- and medium-sized enterprises in PPP projects, and fund for these projects. The companies joining the TF have direct access to policy makers and offer feedback on policy implementation problems at local level. In addition, they can also gain access to local investment opportunities and enjoy preferential access to land and credit for local PPP projects.

The farmer group also plays an important role in the implementation of public-private partnership activities. According to successful cases in developing value chains in other countries, farmers have formed groups/cooperatives to represent them in contract farming with enterprises. The group leaders are responsible for training members in new technical farming methods. The farmers’ organisations have greatly contributed to promoting the relationships among farmers, companies and local governments; helping farmers to understand, negotiate and sign contracts with reliable output and input providers; assisting farmers to monitor and control farming processes and product quality; providing administrative services to farmers, private partners, banks and other organisations. However, organisational capacity and management of farmer groups should be supported in the establishment stages.

In general, the private sector has a key role in implementing PPP projects, working directly with the farmers’ organisations and the public sector to scale up these projects. Specific roles include:

- Setting up and developing plans and PPP pilot projects that include financial and market analysis
- Co-funding to conduct these projects
- Implementing PPP projects and pilot models that follow the proposals and meet timeline
- Guaranteeing finance resources and market for these projects through signing contracts with farmers, cooperatives, other companies and finding other investors
- Transferring new technology, providing input and technical support for farmers
- Ensuring market through signing contract with farmers’ organisations
- Supporting monitoring and evaluation of TF activities

In addition, the participation of research institutes, universities, experts are necessary to provide financial support and information related to world market trends, market forecast, technical consultancy on area selection, project plans, pilot models and other issues affecting Viet Nam’s rice sector.

In the initial period, the Rice PPP TF should focus on organisational structure, attracting members, identifying priorities in action plan. Later on, the Rice PPP TF will be further enhanced in terms of institutional structure and scope of activities. The scale of PPP projects should be expanded to local level, strengthening the linkage between the partnership members and stakeholders in the value chain. In addition, the organisation of the TF has also been developed and upgraded to the Commodity Board (like VCCB)- the national organisation of the rice sector.

Specific activities in 2017 include:

- Reviewing existing programmes and projects (such as VnSat, WB9, pilot programmes on socio-economic development in MRD...) to engage with TF activities
- Developing key performance indicators (KPIs) to evaluate the TF's efficiency
- Reviewing, providing comments and policy recommendations to promote commodity development, including rice land conversion, branding, export regulations, credit support, mechanisation, promoting regional linkages
- Organisations and institutions under the TF: completing organisation, institutions and working mechanisms, organising regular meetings twice a year (the 1st meeting in March and the second one in October 2017) to determine difficult issues and propose policy reform
- Participation in the Sustainable Rice Platform (SRP) to enhance global cooperation and promote sustainable rice production;
- Implementing pilot projects following PPP scheme (01 project in RRD and 03 projects in MRD) applying sustainable farming techniques (in reference to the SRP standard for sustainable rice cultivation) with each project covering about 1,000 ha and a brand name set up for companies in the implementation group. Each project will be led by one company, including Bayer, Loc Troi Corporation, Bui Van Ngo Company in MRD (Mekong River Delta) and Thai Binh Seed Company in RRD (the Red River Plain); and domestic enterprises are encouraged to participate.
- Establishing technical support groups to provide guidelines on sustainable rice production for farmer groups participating in the pilot projects
- Evaluating the pilot projects and propose plans for scaling up
- Improving and sharing guidelines on sustainable rice production, aligned with the SRP standard
- Developing rice database information system covering farmers, production, weather, market and policy support.

Activities for the 2018-2020 period may comprise:

- Improving organisations and institutions: developing the PPP TF into Viet Nam Rice Coordination Board; establishing subcommittees for production, market, policy and institution
- Expanding the area of pilot projects for sustainable rice production in RRD and MRD, achieving the goal to 2020 with 20,000 farmers engaged and attracting domestic enterprises to participate
- Attracting the participation of commercial banks, financial institutions, supermarkets to develop sustainable rice value chain and brand name for 5-10 Vietnamese rice products
- Promoting rice deep processing products
- Branding Vietnamese rice

Financial resources are mobilised from public-private sectors as well as other sources. The budget for regular activities has been supported by MARD through PSAV (Partnership for Sustainable Agriculture in Viet Nam) with contributions from private companies, international organisations and donors. For field level PPP projects, MARD and local governments will seek co-funding from other programmes and donors such as VnSat and MeKong River Delta Development Programme. The TF also actively finds funding from organisations and individuals, both domestic and international, to support the group's activities.

