

BRIEF TRANSLATION

Experiences on land accumulation to attract investment in agricultural production

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Over the past years, the Provincial Party Committee and People's Committee have implemented the policy of accumulation and concentration of land to attract investment in the development of agricultural production in order to bring the agricultural production of the province to develop comprehensively toward value-added, closed-value production chain from production to consumption to overcome the current small production situation, increase the production value per ha of cultivated land, accelerate scientific and technological advances into agricultural production.

1. Based on practical conditions, Ha Nam province has selected the solution of land accumulation to attract enterprises into hi-tech agriculture:

- ***Requirement to improve income and stabilise people's lives on the unit of agricultural land:***

- Since the beginning of 2001, the province has directed to consolidate and exchange plots to overcome the situation of land fragmentation but the results are not satisfactory: the area is still small with an average of about 1,200 - 1,500 m²/household, so the investment in mechanization, science and technology is still facing many difficulties;

- Unusual climate change and rising input prices in agricultural production lead to the increase of production cost, product prices and the occurring of crop failure.

- Agricultural production is traditional and spontaneous. Production habits are backward and there is no link between production and consumption market.

- Productivity, yields of traditionally cultivated crops are low, unstable. The low average production value per hectare of land and high input costs reduced farmers' incomes. (*Average farmer's income per cultivated area is 585,000 - 605,000 VND / 360m² / year, equivalent to 1,722 VND / m² / year*).

- When enterprises and households want to invest in developing large-scale agriculture (with a large area of land) for production development, they have difficulty accessing land and credit capital.

- ***Labor demand for industrial zones, handicraft clusters and handicraft villages is increasing***
- ***Requires to build new rural areas:***

In the new rural development program, there are many contents that must be socialized and mobilize the people's contribution. If more enterprises invest in developing production, it will create opportunities to mobilize resources for socialization of new rural construction.

- ***Demand for people's livelihoods is increasing***
- ***Requirement for developing agricultural commodities in new period***
- ***Study domestic and international experiences***

Study and learn experiences of Binh Duong, Lam Dong, Ho Chi Minh City, Hanoi and advanced countries such as Japan, Korea and Israel. Through learning experiences, it shows the suitability for development of hi-tech agricultural production in the province.

2. In order to implement this policy, in the past years, Ha Nam province has applied the pilot on mechanism of land accumulation to attract investment in agricultural production:

(i): Authority at the district and commune levels lease out the land of farmers (in 20 years), then the authority at provincial level signs the leasing contract with the enterprise with the same timing and rental rate. Farmers still keep the land ownership certificate.

(ii): The provincial budget shall be used to pay for leasing land from households for 20 years, and then the enterprise shall pay back the province the amount of leasing land for the first 10 years immediately after signing the contract, and pay the rest after 10 years.

3. Achievements in recent years:

- The province has planned 6 hi-tech agricultural areas with the area of 654.7 ha: Ly Nhan 358 ha, Binh Luc 121 ha, Thanh Liem 150 ha, Phu Ly 25.7 ha. So far, 375.5 ha have been accumulated.

- There have been 2 hi-tech agricultural zones in Ly Nhan district which have been put into operation with an area of 202.3 ha, initially having high economic efficiency: creating jobs for more than 400 rural workers with income from 4 - 6 million VND / month; Production value is estimated at 1.2 - 1.4 billion VND / ha / year (outdoor production area) and 3 - 4 billion VND / ha / year (greenhouse area).

- There are 2 zones in Phu Ly city (22.4 ha) being invested in infrastructure construction;

- The 150-ha Thanh Liem area is entangled because foreign-invested enterprises are not allowed to lease land use rights of the people;

- When hi-tech agriculture zones come into operation, they have created favorable conditions for households to concentrate their land to produce clean agricultural products as satellite links with enterprises. As a result, there are 67 chain linkage models with an area of 1,160 hectares of 2,200 households engaged in producing clean agricultural products as satellite links with VinEco and Vina Seed...

4. Difficulties facing in implementation:

a) For the farmers: difficulties in propaganda to hundreds of households for agreement with the land accumulation policy; psychological fear of losing land, affecting the source of income.

b) For agricultural service cooperatives: there is no service revenue anymore

c) For enterprises:

- Agricultural production is risky because it depends on natural conditions and weather in the production process.

- High-tech agricultural production requires large initial investment capital, which is a barrier to attract investment in this sector; at the same time, there are not many investors in the agricultural sector, the policy mechanism is not strong enough to attract investment.

- The Land Law binds the implementation of land accumulation and makes it difficult for the authority to lease land use rights. The enterprises that have signed the land lease contract with the province still have a lot of hesitation about the legality of the contract.

- The loan for agricultural production is barred on transaction for mortgage guarantee. It does not meet the requirements of the Civil Law.

- Enterprises worry farmers may break land lease contracts.

d) Policy mechanism:

- The Land Law does not stipulate that the authorities could sign the land lease contract and not allow the province to sign the land lease contract without the decision on land acquisition compensation.

- The Budget Law does not allow the budgetary advance to pay the land lease of the people then get back from the enterprise in number of times for reimbursement;

- The limit of land registration limits households to accumulate and concentrate land (not more than 10 times);

- The implementation of accumulation and concentration of land only does advocacy without permission to coercion and eviction, therefore, it is difficult to solve problems with households.

5. Lessons learnt from the implementation of land accumulation:

It is necessary to have the determination of the whole political system, especially the responsibility of the head: dare to think, dare to do, dare to take responsibility, stick to the grassroot, remove the difficulties arising from the grassroot.

To promote the role of party secretaries, village chiefs and mass organizations in advocacy for the people's implementation of grassroots democracy.

Accumulation and concentration of land must be based on respecting the legitimate rights and interests of landowners.

RECOMMENDATIONS

1. Consider and propose the National Assembly to soon amend and supplement the Land Law 2013.

2. It is proposed that the Government ratify the pilot project on land accumulation to attract investment in hi-tech agricultural development in Ha Nam and Thai Binh provinces;

3. Consider and direct specialized agencies to study and amend the provisions of the Civil Law and the Law on Credit Institutions on the mortgage of properties for agricultural projects, so that enterprises, cooperatives, groups of farmers investing in this area are able to access to credit capital.

4. The Ministry of Natural Resources and Environment should study to simplify the set of administrative procedures and decentralize to the locality for appraisal and approval of environmental impact assessment reports for investment projects on high-tech agricultural production.