

An Giang, 28th October 2018

Report on
Successful Experiences in Support on Land Market Development for Agriculture
Production in An Giang Province

1. Status of agriculture development in An Giang province in recent years

For 10 recent years, although agriculture production has faced to many difficulties but moderately good growth and continuously played basic role of motivating economy development. At the period of 2008 – 2017, the growth of GDP of agriculture sector was 2,29%/year that did not gain the goal of Plan 18/KH/TU (4-4,5%/year), however, the high growth of agriculture sector was seen in 2010, (4,42%/year) and 2011 (6,11%/year). Gross output of agriculture per hectare in 2017 gained 173 million VND per hectare (increasing about 90 million VND per hectare in comparison with 2010).

2. Status and difficulties in market development for agricultural land consolidation

2.1. Status of land consolidation and policy impact

An Giang issued Certificate of land use right for above 97 percentages of agricultural land.

According to land statistics in 2018, agricultural land in An Giang rather is fragmentary with total households being 318.128 corresponding to 283.066 hectares of agricultural land, the average of agricultural land per household reaches at 8000 m². The proportion of households using below 3 hectare-scale land accounts for 95% and the rest is 5%, of which the proportion of households using over 30 hectare-scale land accounts for 0,01%. In comparison with 2010, land consolidation trends to increase. The proportion of households using over 3 hectare – scale land increased from 3,2% to 5,0% in 2017.

For 10 recent years, the growth of land consolidation has seen a low figure that has driven by two main factors, including production and market factors. The lack of specific policies directly effect on land consolidation process. Land Law adjusted quota of transferred land to increase ten times (30 hectares), yet, the

fact shows that the proportion of households using over 30 hectare – scale land is a very small figure.

2.2. Current difficulties in land consolidation

- Although farmer's agricultural production scale is very small that leads to inefficient production, farmers do not want to transfer land use right because of unstable occupation transfer and regarding to elders, income source from agriculture production enough to maintain basic living standards. Most farmers expect to rent in short-term because they are afraid of legal regulations on land leasing in the long-term.

- Regarding to agricultural enterprises, it needs the huge amount of finance to invest into land as well as it is difficult to negotiate a thousands of households for sufficient land consolidation in project with the long periods of time and to ensure credit relationships. Incentive policies for farmers to make a financial contribution by land and labor is unattractive and difficult for enterprises.

3. Important factors for agricultural land consolidation development

3.1. Institutions and policies

- Take consideration into mending some relevant laws (land law, budget law) or assigning local governments to raise initiative in land fund development.

- Act on local government's initiative in using paddy land protection expense following the Decree No.35/2015/ND-CP and decentralized administration Provincial People's Council to take consideration into making a decision on project using over 10 hectares of paddy land.

- Mend and supplement policies supporting on transfer, linkages between consume and production, capital assist from banks in order to facilitation enterprises to access.

- Publish Circular of Guide Decree No.57/2018/ND-CP as soon as possible.

3.2. Attract enterprises to invest into agriculture sector

- For attracting enterprises, huge corporations to invest into agriculture sector and high-tech application in agriculture, An Giang's government made plans on agriculture development.

- Make use of apply incentive policies for enterprises investing into agriculture and rural development.

- Department of Agriculture and Rural Development coordinate to Department of Resources and Environment act on initiative in researching and convincing enterprises to invest into agriculture and rural development.

- Department of Agriculture and Rural Development suggests five solutions implementing in the coming time, as follows: (1) *Plans closed to market demand*; (2) *Strongly science and technology applications in agriculture sector*; (3) *Innovation of economic organization in local*; (4) *Act on initiative in appealing investment into agriculture and rural development, make land fund and prioritize resources for enterprisers investing into agriculture and rural development*; (5) *Communicate and propagate the advantages of natural conditions, agriculture economy, human resource and distinctive administrative procedures and policies supporting on agriculture sector and high-tech applications in agriculture*.

3.3. Vocation training and rural labor transfer in coordination with implementing New Rural Development

- Strengthen to coordinate with enterprise associations, industrial zones and relevant organizations implementing the Project on Vocation training associated with implementation of the value chain development projects.

- Motivate to implement rural economy restructuring in coordination with building New Rural Development and urbanisation process corresponding to the status, particularly concentrate on approaching implementation project on "One commune, one product".

4. Difficulties and challenges in market development for agricultural land consolidation

- Compensation and transfer prices in An Giang province are higher than neighboring provinces.

- It is difficult for enterprises to access to farmers for making large-scale land fund, negotiate and agree to price and land rental method

- Central policy mechanisms assist to agriculture and rural development and high-tech applications in agriculture sector that is unsystematized and insufficient. There are many shortcomings so it is difficult to apply in practice while An Giang is lack of specified policies for these areas:

+ According to Decree No.116/2018/ND-CP (before Decree No.55/2015/ND-CP), the amount of capital is huge but the fact only based on mobilized capital from banks with competitive interest, hence, capitals with low mobilized interest rate are limited.

+ When credit capital investment into agriculture sector, commercial banks as well as enterprises have to take risks but there are lack of preventive mechanism for tackling risks, particularly agricultural insurance policy is not widespread in Vietnam.

+ Assets established from projects using agricultural land for agriculture production (glasshouse, nethouse...) are large-value investing, however, enterprises are not issued certificate of asset owned right on land that makes enterprises and banks many difficulties in fixing a price and giving assets as security for loans.

+ Approving to high-tech applications in agriculture industrial zones is decentralized administration for Provincial People's Committee according to Article 2 of Decision No.66/2015/QD-TTg promulgated on 25th Decemeber 2015 by Prime Minister, the fact shows that it is difficult to implement because of criterior of consecutive areas and consecutive pilots in adminstrative boundary of province. Simultaneously, production object and regional scale are very large.

- Coordination with plan implementation and result evaluation on plan implementation are not very good.

- Some inland irrigations have being invested but unsystemcial and insufficient.

5. Solution

Provincial People's Committee promulgated Project No.338/ A-UBND dated 07/6/2017 on "Fundrasing land supports on social-economic development in An Giang province toward to 2020 and Plan No.510/KH-UBND dated 11/9/2017 on Fundrasing land supports on social-economic development in 2017–2018, particularly Decision No.2259/QD-UBND issued on 15/10/2018 by Provincial People's Committee approved on legal framework of land renting from farmers for implemenation of high-tech applications in agriculture projec in local.
