A. Summary

1. Title: Rice Market Monitoring and Policy Options Study in Vietnam


3. Objectives:
   • Undertake an in-depth investigation of rice marketing, processing, storage, and trade;
   • Analyze the structure of incentives, including the impact of exiting interventions;
   • Assess the impact of reforms on farmers, processors, traders, exporters, and consumers
   • Prepare rice policy options for implementation by the government;
   • Develop a data base on key rice market indicators; and
   • Provide training to staff of concerned government agencies in statistical sampling, survey design, methods, data processing, and economic policy analysis.

4. Activities:
   • Design of survey and questionnaire, sampling, and the training of two teams, one for the north and one for the south, was completed in November 1995. It involved two rounds of interviews with the same set of marketing agents, namely farmers, traders, millers, and state-owned enterprises. There were 3,126 respondents from each round from 17 of the 53 provinces. The survey was completed in June 1996.
   • An extensive secondary data base was built up. This consisted of district time series statistics on major crop production, area, yield, prices, an seasonal rice exports.
   • Extensive capacity strengthening was carried out. There were six types of training provided by the IFPRI team – see Partnership Section, below, for more details.
   • Communication of results. Three workshops were held for a total of 144 participants. Ten seminars on the results were delivered to ministries, research institutions, and universities. Six seminars were given outside Vietnam. In addition, more than 23 reports, papers, and training manuals related to the project were prepared, including a major report to the funder (which was translated into Vietnamese).

5. Area: Policy and Institutions

6. Region: Vietnam, Southeast Asia

B. Stakeholders

2. Research partners: Development Alternatives, Inc; Departments of Planning and Projection and Agricultural and Rural Development Policy at the Ministry of Agriculture and Rural Development (MARD); National Institute of Agricultural Planning and Projection; Hanoi Agricultural University; the Institute of Agricultural Economics; National Economic University of Hanoi, Can Tho University; Mekong Rice Institute;
Ministry of Planning and Investment; Ministry of Trade; the Government Price Committee, the Bank of Agriculture of Vietnam; and the General Statistical Office.

3. Donors and Budget: The Asian Development Bank was the main financial contributor to this project. The Government of Viet Nam contributed the use of office space and other facilities. Budget was $822,000.

C. Project Results and Impact

1. Main Results:
   - There were many outcomes from the project for policymakers to consider and they fall under two headings: information and policy options:
     - **Information:** The project generated insights on paddy and rice marketing channels that were original and derived largely from the surveys that were conducted. Prior to the study the government thought that the food insecure were net buyers. The results indicated that many of the poor were rice farmers who were adversely affected by rice quotas that lowered rice prices. The project stated that in general, a policy of cheap rice is more effective in transferring benefits from the rural areas to the urban areas and from the surplus regions to the deficit regions than it is in assisting the food insecure. The information was further used to develop a spatial-equilibrium model of the markets for rice and three other staple foods in Vietnam. The model was designed to provide regionally-disaggregated information to policymakers concerning the impact of alternative rice policies on rice prices, production, consumption, exports, household welfare, and other variables of interest.

   - **Policy Options:** The research demonstrated that the liberalization of the export quota system and the introduction of private traders would generate higher incomes among both the poor and nonpoor and that such liberalization was critical to the continued growth of the rice market. Specifically the study found that:
     - Future growth of the rice sector relies on rice exports
     - Vietnam has a big potential for rice exports.
     - Realizing the potential depends on the development of private marketing.
     - Private marketing is still underdeveloped.
     - Targeting and income growth are the best ways to address food security.
     - Macroeconomic bias against agriculture should be removed.

2. Impact of Project: IFPRI commissioned an external impact assessment study of this project in 1998. The study found that the research on rice markets in Vietnam helped policymakers to take bold steps to relax quotas on rice exports and to liberalize internal restrictions on rice trading. The research on rice marketing policy options gave a degree of confidence to policymakers that relaxing the controls would be in Vietnam’s national interest. They made these decisions earlier than would have been the case without IFPRI research. These policy changes are already worth $61 million to Vietnam, as rice farmers have taken advantage of international prices and the
government has saved on program costs. The benefits could rise to $966 if the changes are sustained to 2020.

The estimates of value of the IFPRI contribution do not include benefits of training, capacity strengthening, or the influence of the research itself on the type, quality, and extent of policy decisions.

D. Partnership

Roles of stakeholders: This project was so effective because it involved its stakeholders through the project cycle, from project design, implementation, capacity strengthening, management, and dissemination of results. The sense of ownership of the project contributed in large part to its success.

The project had a steering committee which consisted of senior officers from MARD. It was chaired by the Department of Planning and Projection. The steering committee met about every three months. Advice on the objectives of the study, the survey locations, data sources, and hiring staff was provided. The committee urged IFPRI to focus on policy and marketing issues rather than on production questions and to present a range of options along with implementation plans.

In conjunction with the research, there were five types of capacity strengthening activities undertaken. Two teams of enumerators were trained in data survey techniques and additional technical training was held on questionnaire writing, tabulation, data entry, database management, and regression analysis. Training courses on economic concepts and analytical tools needed to improve the understanding of a market economy were offered to MARD and other government agencies. A study tour of Thailand’s rice marketing system was organized and three visiting Vietnamese collaborators came to IFPRI to work on preparation of the final report.

E. Conclusion

The changes to rice policies effected by the government of Vietnam from 1996 to 1998 had a large and measurable effect on the national income of the country. To this extent, they were a wise and timely set of decisions to which many stakeholders, both national and international, can take some credit.

The policy research conducted by IFPRI and partners clearly helped illuminate the policy environment with new information, and not only informed but influenced the timing of the changes to rice policies that ensued.

The experience suggests that there may be high value to the cultivation of long-run relationships with policymakers and professional peers in partner countries. The large benefits generated from IFPRI’s research in Vietnam were no doubt partially due to a
receptive policy environment. There was a momentum of change toward a more liberalized economy. To the extent that is feasible, the experience of IFPRI in Vietnam might suggest that, if potential impact is to be a major criterion in setting country priorities, that explicit attention be given to the revealed directions and speed of recent policy changes in candidate countries.