

Sustainable Poverty Reduction: Allocation of Land Use and Crop Structure in the Central Highlands

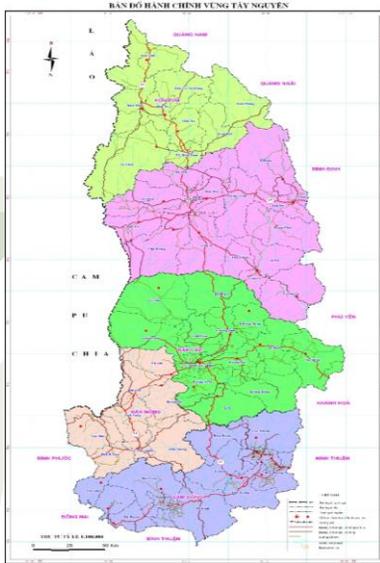
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- Advantages of the Central Highlands and potentials for development
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Overview of the Central Highlands



- 5 provinces: Kon Tum, Gia Lai, Đắk Lắk, Đắk Nông and Lâm Đồng;
- Natural area: 54,474 km²;
- Population: about 5.2 millions
- Located in both eastern and Western sides of the Annamite range. Diverse in types of land, topography and climate.
- Sub-climate regions with dominance of tropical monsoon climate. Two distinct seasons: dry season and rainy season.

Physical Advantages

- **Intensive network of rivers and streams, with many rapids and waterfalls; it is the source of four major river systems:**
 - Po Ko - Sesan in Kon Tum,
 - Serepok in Dak Lak – a tributary of the MeKong river;
 - Ba - Ayun in Gia Lai, flowing to Da Rang river;
 - And Dong Nai river system in Dak Nong and Lam Dong, flowing to the East Sea.
- Large area of remaining **Forests** with coverage of 54.6%. Diversity of flora and fauna, playing important role in ecological balance. Watershed of rivers and streams in the Central and Southeast. However, in recent years, forest in the Central Highlands is in declining trend.

Physical Advantages

- **Soil** is divided into 11 main groups, including 2 groups with largest areas: acrisols and ferrasols. Soil is an important resource for development of the Central Highlands as a typical ecological zone with great advantage of agriculture;
- **Mineral resources** are diverse, including large reserve of peat, brown coal, kaolin clay, puzzolan. Bauxite, estimated at about 4.5 billion tons, accounts for 91% national reserve, mainly found in Dak Nong, Lam Dong.

Physical Advantages

- **High potentials for tourism** with distinctive and attractive products:
 - Landscape, cultural, historical relics and ethnic cultural heritage;
 - Eco-tourism with system of lakes, waterfalls, flora, fauna;
 - Many areas with mild climate, suitable for the leisure travel.
- **Transportation system widely and well in place**, links the five provinces, connecting the region with other parts of the East-West Corridor:
 - 10 national roads with total length nearly 2,000 km, 59 provincial roads asphalted.
 - 3 operating airports (Buon Ma Thuot, Gia Lai, Lien Khuong) with capacity for landing of mid-range aircrafts (Airbus A320, A321), connecting to major economic centers: Hanoi, Danang, Ho Chi Minh city.

OBJECTIVES AND PLANNING OF THE CENTRAL HIGHLANDS TO 2030

Orientation for spatial development in the Central Highlands:

Based on the specific characteristics of nature, technical infrastructure, specialized development areas, the Central Highlands are divided into sub-regions and corridors of economic development. Each economic regions is associated with the development of regional dynamics centers, regional centers, suburban regional centers and small towns with integrated service functions.

The North subregion of Central Highlands including Gia Lai and Kon Tum provinces:

Focusing on hydropower industry development; forming ecotourism areas, tourism places linked with national parks, nature reserves. Stable developing industrial crops; promoting development of commercial exchanges along the border corridor Vietnam - Laos - Cambodia.

Central subregion of Central Highlands includes Đắk Lắk province:

Focusing on processing industry for agriculture and forestry products, especially production, processing, export of coffee.

South subregion of Central Highlands includes Đắk Nông and Lâm Đồng provinces:

Focusing on development of service industry, resort tourism; mining industry, mineral processing and high-tech agriculture.

Economic-urban development corridors

- East corridor: includes districts located in the East of Kon Tum, Gia Lai, Đắk Lắk provinces, area for agriculture and forestry development.
- Central corridor (highlands of Kon Tum, Pleiku, Đắk Lắk), located in the 2 sides along Hồ Chí Minh road.
- West corridor: includes all the East area of Đắk Glây, Ngọc Hồi, Sa Thầy districts (Kon Tum province), Ia Grai, Đứơc Cơ, Chư Prông districts (Gia Lai), Ea Súp, Buôn Đôn, Cư Jút districts (Đắk Lắk) and the whole Đắk Nông province.
- Economic urban South zone of Central Highlands (Lâm Đồng province): the whole Lâm Đồng province.
- Develop large industrial zones and clusters linked with the urbans Liên Nghĩa - Liên Khương, Bảo Lộc and inter-regional traffic hubs and raw material areas.

Source: Decision 1194/QĐ-TTg on 22/7/2014 of Prime Minister on approval of development plan of Central Highlands to 2030

Some Initiatives in Promoting Sustainable Development in the Central Highlands

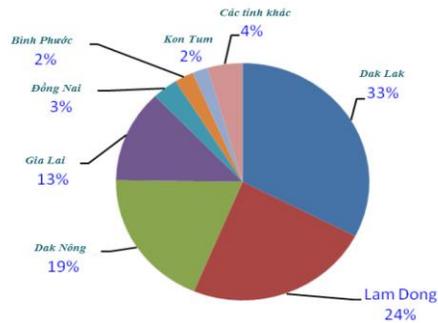
Collaboration on sustainable development of coffee plantation

Mixed leisure travel and health care services

Coffee and Potential for Poverty Reduction



Coffee export, June 2013



Structure of coffee development in Vietnam

Challenges for Coffee Development



- Large area requiring re-cultivation**, according to the estimation of Department of Crop Production (MARD) in the next 5 – 10 years:
 - Recultivation area for coffee is about 140,000 – 160,000 ha and up to 2020 will be 200,000 ha.
 - Currently, provinces in Central Highlands are planting 551,669 ha coffee; in which more than 100,000 ha coffee are old, requiring recultivation.
- Dry weather conditions** especially in Central Highlands creates concerns:
 - According to DARD of Dak Lak, in 2013 the drought affected more than 34,000 ha coffee plantation in Central Highlands, in which only in Dak Lak already 17,000 ha.
 - According to the estimation of Vietnam Coffee & Cacao Association and some local enterprises, the dry weather will reduce coffee production of Vietnam in the seasons 2013/14 by 20-30%.
- Center of Coffee transactions Buôn Ma Thuột:**
 - 90% other farmers do not have enough ability to be on the platform since they have less than 3 ha coffee plantation;
 - Farmer having more than 3 ha are still not possible to get into the platform since they are afraid of the additional transaction costs.

Solutions – Coffee Development

- **Farming land:** Review, restructure and reform the business model of agricultural and forestry enterprises in order to create land reserve for households' use. This is key for farmers in reducing poverty.
 - *“160,000 ha coffee of Đắk Lắk are the asset of 200,000 farmer households. In average, each household has only 0.8 ha. Having such small land area, 69% coffee farmer households in Đắk Lắk are still poor and in hard conditions”. (Đắk Lắk DARD)*
- **Financial capital:** There should be specific policy instruments for financial agents.
 - *In essence, the agents are still operating under a high interest rate loan-agreement and product exchange with very low prices compared to the market (price speculation).*

Solutions – Coffee Development

- **Healthy market:**
 - Establish **Commodity Transaction Center** by upgrading the Buon Ma Thuot Center of Coffee Transaction.
 - Especially, build **Freight Forwarding Centers** (Article 29, Decree 158/2006/NĐ-CP) with collaborative mechanism in order to ensure benefits of farmers;
 - Strong collaboration mechanism among four partners: **Bank – Commodity Transaction Center – Enterprises – Farmers**

Leisure Travel and Health Services



- The center of ASEAN countries with lowest transportation cost:
 - From Phnom Penh: 35 to 45 min. of flying
 - From Jakarta: 4 hours flying
- Ideal climate conditions: almost zero storms, tropical monsoon highland temperature. Areas such as Da Lat having mountainous mild climate, are very favorable for leisure travellers and health care.

Challenges

- High rate of poverty; lack of skilled labor.
- Transport infrastructure still has not met development requirements.
- Bauxite mining will be a challenge for conservation and development of sustainable ecosystems.
- The level of science and technology in the health sector of the area is still low.
- Policies on health development are not synchronized, especially the business mechanism of foreign investors in this field has not met the needs of investors, administrative procedures have not met the reform requirements.

Solutions

- ***Cooperate with Japan in Nursing and Care for the Elderly:***
 - In the region of ASEAN and Asia, Japan is one of the countries with high demand for care for the elderly. The tendency for older Japanese to choose their last years of life abroad, especially ASEAN countries, is opening up opportunities for countries in the region. Vietnam is one of the top Japanese countries.
 - According to statistics, there are now about 40.6 million elderly people in Japan aged 60 and over, with about 10% (about 4 million) elderly people in need of care services overseas.
 - If Vietnam only needs to attract 1% (equivalent to 10% of the total population and 400.000 people) of Japanese elderly people who use elderly care services in Vietnam at least \$ 120 billion will be deposited by them at the banks (Vietnam has an attractive deposit rates) with an average of 22,6 years (82,6-60 year old).
- ***Building ASEAN Cultural Park with international community:***
 - To promote the image of ASEAN countries, the place to exchange and introduce the image of the land, people and characteristic culture of the ethnic peoples of the ASEAN region with the international community through festivals, exhibitions of economic achievements held annually.

Thank You!