

Current situation of “One Commune One Product” (OCOP) Program implementation in Vietnam



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ABSTRACT: Vietnam has implemented the OCOP Program through the “One Commune One Product” initiative since 2006. This program, however, “bloomed” until 2018, thanks to the involvement of localities across the country. The OCOP Program aims at rural economic development and focuses on increasing internal strength and adding value to local products. Also, it is the solution and task in the implementation of the National Target Program on the New Rural Development. In this research, we are going to analyze the current situation of the OCOP Program implementation in Vietnam and from that, give some recommendations for enhancing the program's effectiveness.

KEYWORDS: the OCOP program, national program, Vietnam's rural economy, traditional values.

1. INTRODUCTION

Vietnam's economy has undergone both positive and negative shifts in recent years. Typically, the Covid-19 pandemic beginning in late 2019 has seriously affected the economy. Nevertheless, localities and citizens have made significant efforts to keep it under control, which can be seen as a hopeful sign for our country's steady economic recovery.

Nonetheless, Vietnam is transforming as it reduces the proportion of the agriculture sector and increases the proportion of supporting industries and service sectors. According to a 2018 report, the average agricultural land in Vietnam is 0.2856 hectares per person, meanwhile, the land productivity is only about 1,000 USD per hectare per year. This amount equates to 285 USD per person per year, which is a very low contribution from this sector. Despite that figure, it is hard to deny the importance of agriculture in boosting economic growth, not to mention Vietnam remaining one of the world's top exporting countries. This raises the issue of what the government needs to do to restructure the agricultural economy following the current industrialization trend, but still facilitate farmers to develop their local products' potential. As a result, the OCOP Program appeared. In Vietnam, the OCOP Program through the “One Commune One Product” initiative has been deployed since 2006. However, this initiative would not have been effective if it had not been for the involvement of localities across the country. The OCOP Program aims at rural economic development and focuses on increasing internal resources and adding values. Also, it is a program of economic development in rural areas and is the solution and task in the implementation of the National Target Program on New Rural Development. The core of this program is to improve agricultural and non-agricultural products and service-based products in each locality, creating a value chain involving the private (including enterprises, households) and collective economy sector. At the National Conference about implementing the OCOP Program for the period of 2018 - 2020, Deputy Prime Minister Vuong Dinh Hue emphasized that the OCOP Program is a program of rural economic development matching with each locality's internal development as well as its natural and cultural conditions. It is an important solution in restructuring agriculture and developing new-style rural areas. Products participating in this program are divided into six categories: Food; Drinks; Herbal; Fabric and garment; Souvenir – Interior – Decoration; and Tourism and Community tourism services. Moreover, to make an accurate assessment, the Prime Minister issued a set of criteria for evaluating and classifying these products, based on Decision No. 1048 / QDTTg dated August 21, 2019.

In this article, we will focus on examining how the OCOP Program is being implemented in some businesses that sell products made from rice and cereals such as Nhu Co Agricultural Youth Cooperative with Bac Kan Dry vermicelli, Long Lien Nghe An Production & Trading Co., Ltd. with Long Lien Dairy cereals or Nong Hong Quyen Scorched Rice Manufacturing Base with

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Scorched Rice with sticky rice, ...

The set of criteria is the basis for evaluating and classifying products in the OCOP Program, matching with the country’s socio-economic conditions and in each period. For products processed from rice and cereals (in the Food Industry, Processed foods Group), the evaluation criteria have the same structure as the general one with three main parts:

Part A: Criteria on community strength (35 points), including Organization of production; product development; community power.

Part B: Criteria on marketing ability (25 points), including Marketing, product story.

Part C: Criteria on product quality (40 points), including Organoleptic, nutritional criteria, and uniqueness of the product; product standards; ability to export and distribute in the international market.

The OCOP criteria set with three parts mentioned above is also used to classify products. The maximum score for each product is 100 points and is classified into 5 categories. Specifically,

5-star grade: An average score of 90 -100 points. They are national products and can be exported.

4-star grade: An average score of 70 - 89 points. They are provincial-level products and can be upgraded to a 5-star grade.

3-star grade: An average score of 50 - 69 points. They are provincial-level products that meet the standards and can be upgraded to a 4-star grade.

2-star grade: An average score of 30 - 49 points. They have not been standardized and can be upgraded to a 3-star grade.

1-star grade: An average score is less than 30 points. They are products that initially join the OCOP Program and can be upgraded to a 2-star grade.

The details of the OCOP criteria set for assessing and classifying products made from rice and cereals are stated in Section 3, Appendix III of the Prime Minister's Decision No.1048/QĐ-TTg dated August 21, 2019, on issuing a set of Evaluation and Classification Criteria of the OCOP Program.

2. THE IMPLEMENTATION OF THE OCOP PROGRAM

To conduct an assessment of recent implementations of the OCOP Program, the article considers both the authority and the enterprise.

Regarding the authority, being aware of the benefits of the OCOP Program, all provinces and cities have provided the farmers with many training programs with an aim to spread the “One Commune, One Product” organized by the Department of Agriculture and Rural Development. In fact, some provinces have introduced policies to encourage participation in the OCOP Program. Resolution No. 09/2015/NQ-HĐND dated April 3, 2015, of the People's Council of North Province in Bac Kan approved the support rates for the development of rural production and services as a part of the National Target Program on New Rural Development period 2015-2020. Resolution No. 11/2015/NQ-HĐND dated April 3, 2015, of the People's Council in Bac Kan focuses on a number of policies to encourage companies to invest in agriculture and forestry in the province. In addition, the local government also cooperates with other departments to boost the OCOP Program. For instance, the authority of Nam Dan, Nghe An collaborates with the Institute of Policy and Strategy for Agriculture and Rural Development to conduct surveys and investigations, and develop a project for the “One Commune, One Product”.

As for the enterprise, there are many objective factors that have positive impacts on the economic participation in the OCOP Program, some of which include convenient transportation, large and fertile land, secure irrigation system, and relatively plentiful on-site raw materials from agricultural products. The application of technical facilities increasingly invested with technology machines is another factor that saves labor and increases output. However, in all production and business activities, the human factor usually contributes significantly to the success of the enterprise. With their hard-working and clever nature, Vietnamese workers have created indigenous agricultural products with high economic value.

Among the local businesses, the Nhu Co Agricultural Youth Cooperative established by the Youth Union of Nhu Co Commune in Cho Moi has the most outstanding results. Despite living in a mountainous area, the cooperative in Bac Kan started building a brand and approaching consumer markets from the beginning by expanding dry noodle production and packaging facilities with a capacity of 35 tons of products/year. Thanks to the advantages this province has in logistics and land, Quan Nguyet dry noodle has been recognized as an OCOP 3-star product in 2019. Similarly, Nghe An, which has the largest land area in the country, has made many products that achieved 3 stars in 2019, some of which contains Long Lien Dairy Cereals of Long Lien Nghe An Production & Trading Co., Ltd. and brown rice of Nguyen Thanh Cong households. There are also a number of organizations including intellectuals with high educational levels such as Chanh Nam Kim and Sen Que Bac Agricultural Cooperatives.

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However, before joining the “One Commune One Product - OCOP”, the research business groups have to face many difficulties and challenges that require solutions. To be more specific, the cost of production increases daily, while the access to credit and preferential credit under the Government's support policies faces many obstacles in procedures and lenders. Besides, the level of loan disbursement is relatively low compared to the requirements, so the credit policy has not yet reached the processing enterprises as well as farmers producing materials. Meanwhile, the link between enterprises themselves and other subjects in the industry undergoes significant difficulties. In detail, the enterprises have not yet closely linked with the production areas, causing an imbalance between demand and supply, while the number of relationships between businesses inside as well as outside the industry is limited. The shortage of skilled workers and the infrastructure is also one of the challenges.

All in all, before participating in the “One Commune One Product” Program, enterprises producing and processing foodstuffs from rice and cereals have many opportunities but also many challenges to overcome. By joining the OCOP Program, businesses will likely have a chance to promote their inherent potential as well as improve limitations, thereby boosting businesses development and bringing the products further into the current consumer market.

Regarding the results of the implementation of the OCOP Program, this article also considers two aspects: the research business group and the community side.

Regarding the business group, the OCOP Program has promoted the strength and the role of the community in preserving and developing local traditional products, especially ones processed from rice and cereals within a few years of implementation. One of the greatest successes in the OCOP Program is that the self-produced products made from rice and cereals and mostly consumed within the local area can now attract more consumers and even large supermarkets as Big-C thanks to the guaranteed quality through OCOP's three-star assignment. Typical products include Bac Kan rice cakes or Bac Kan dry vermicelli. Moreover, the OCOP Program has created the highest rating system for typical goods of each region in the country instead of pursuing a series of small quality criteria, thereby creating brands and identities for the products of each business.

On the community side, the OCOP Program has created a strong start-up movement, forming many fresh agricultural production areas, high-tech agriculture associated with product value chains. The OCOP Program was born at the same time as when industrialization 4.0 was accelerated in Vietnam. Since then, it has made huge contributions to economic restructuring in rural areas and become an essential solution in implementing the production criteria, income, and poor households in building new-style rural areas.

Considering the impacts of the OCOP Program on businesses as well as the community, there are both positive and negative sides.

On the one hand, the “One Commune One Product” Program (OCOP) has a great impact on Science and Technology (S&T). The application of S&T into processing and manufacturing fast food products instead of purely agricultural ones has contributed to enhancing the value of agricultural products, accelerating the industrialization and modernization of production and business activities. Many preferential business policies investing in science and technology have been issued by the Government. The system of production and business organizations in agriculture and rural areas continues to be renovated to become more suitable with the market mechanism. In addition, there are many typical models, creative ideas, and effective practices across the country in building new-style rural areas, which has positively contributed to the success of the National Target Program. More importantly, the OCOP Program helps to affirm brands and enhance the product by providing support with traceability and creating reputations in the market. Also, participating in promotional activities, introducing marketing, product consumption inside and outside the city are an opportunity to expand distribution channels and reach consumers. The third positive impact of the OCOP Program is promoting economic development. In other words, through the program, the farmers have exploited, maintained, and brought into play the potential values of trades, craft villages, traditional craft villages, and regional specialties. Last but not least, the OCOP Program also attracts investment and boosts start-up motivation, which can be exemplified by the increasing models and projects applying new technologies, production ideas to develop agricultural products. The investment attraction is also very potential because, in the meantime, many Japanese and Korean enterprises are planning to invest in Vietnamese agriculture, providing more advantages for Vietnamese enterprises in the field.

On the other hand, the actual implementation of the program also has many shortcomings as follows. First of all, some localities have not been able to take initiative in raw materials and processing technologies because the transformation of rural economic development is still slow. Secondly, many products participating in the program, despite good quality, have not yet provided enough required documents such as production and business plans and environmental protection plans. Meanwhile, the story representing the product is still sketchy and has not yet linked with the local history and the traditional culture. Thirdly, the development of start-up companies in the agricultural sector in recent years has faced many challenges, some of which includes low income and production critical thinking, and the limited specialized policies to support startups. Finally, the completion of

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evaluation documents and product classification still causes confusion, while the story of the product is simple and has not yet related to the local history and the traditional culture.

3. SOLUTIONS

Thus, it can be concluded that in the context of negative climate change directly affecting agricultural production, the degree of globalization and international trade competition is increasingly putting pressure on agricultural production in Vietnam. Although important achievements have been made in the areas of food security and agricultural exports, the challenges still remain. The current trend in the world shows that the application of Science and Technology into production is indispensable and plays a particularly important role. Therefore, in the coming time, the participating units still need help from the Government to continue implementing the support policies, thus creating a truly favorable environment for the OCOP Program to develop.

In order for the key products of the locality in general and the group of businesses producing products made from rice and cereals in particular to be effectively enhanced, in the near future, central tasks and solutions need to be carried out as follows:

Firstly, product promotion and publicity events must be organized methodically and on a large scale so that people across the country can easily recognize the products.

Secondly, advertising information about regional specialties should be included in tourism promotion programs, not only domestically but also internationally, in order to further strengthen production linkages in the value chain, thus practicing the overall marketing.

Thirdly, community awareness about the value of high-quality agricultural products should be raised so that people can be more active in production, and machinery and technology investment to meet the high requirements of the OCOP Program.

Fourthly, financial and credit institutions nationwide need to do their research to offer a credit program that directly supports the OCOP Program in less than no time. In addition, the administrative procedures to support producers need to be implemented efficiently. Likewise, state management staff need to be enthusiastic and knowledgeable enough to direct and promote proposals and initiatives on production and products from the bottom up.

Fifthly, the workforce must be retrained to boost labor productivity. Especially, they need to adapt to new production conditions when technology is applied in the production process.

Sixthly, it is necessary to promote connections among businesses, between businesses and scientists, between businesses and farmers, between manufacturing and shipping businesses, as well as between businesses and the government.

Last but not least, businesses need to have a scientific production strategy to avoid the case of overproduction without a good storage plan which can easily cause damage and unnecessary waste. Enterprises always need to have contingency plans, which means not limiting themselves with a few consumer partners, but actively linking and expanding networks with other consumer partners.

4. CONCLUSIONS

After studying and analyzing the group of Vietnamese local businesses that manufacture products processed from rice and cereals, it can be seen that apart from the difficulties and challenges, the research results also show great opportunities for these businesses. Also, that businesses have their products meeting OCOP Program standards helps elevate their product images and affirm their brands in the market. For each business meeting OCOP Program standards, it will be the driving force for many other businesses to follow in their footsteps.

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