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## **Policy of Accumulation and Consolidation of Agricultural land to Promote the Development of Agricultural Cooperatives: Experiences from Ha Nam Province, Red River Delta, Vietnam**

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### **INITIATIVE TO IMPLEMENT POLICIES TO ACCUMULATE, CONSOLIDATE LAND AND DEVELOP COMMODITY AGRICULTURE IN THE RED RIVER DELTA**

Ha Nam in recent years is known as an experienced locality in consolidating, accumulating land, attracting private enterprises to invest in agriculture and develop high-tech agricultural production. This is a major policy of the Provincial Party Committee, People's Council and People's Committee issued in Resolution No. 05-NQ / TU 2016 on promoting agricultural industrialization, creating favorable environment for fast development and sustainable agriculture in Ha Nam in the period of 2016 - 2025, orientation to 2035 and Plan No. 1281 / KH-UBND of the Provincial People's Committee on implementing the Resolution No. 05 / NQ-TU of the Provincial Party Committee, Ha Nam province.

This policy has certain results. Up to now, the province has accumulated over 400 hectares of agricultural land and land allocation for enterprises to invest in high-tech agricultural projects according to schedule. However, this is a policy with many contradictory opinions such as: The Land Law does not stipulate to allow the Government to borrow land from people and then lease it to a high-tech agricultural project (Vietnam Land Law, 2013). When the projects of the enterprise fall, where does the government get money to "compensate" for the contract of law for the people? In particular, the local government itself "agreed" to rent land of people with land that can lead to abuse, "forces" people to lease land, because the government usually has many more rights (a form of institutional extractive policy). Finally, if outside businesses are massively renting and taking land, does it create competition for land resources between outside businesses and people in need?

However, there is another policy of accumulation and consolidation of land in Ha Nam province that is much more effective and does not create conflicting opinions but is not widely known. It is a policy to encourage the accumulation and consolidation of land, development of safe agricultural production as satellites, contracting with enterprises marketing products in the period 2018 - 2019 issued in the Plan 1381 / KH-UBND dated May 29, 2018 by the People's Committee of Ha Nam province. This policy has focused on 1,500 hectares of land in less than two years, shifting the structure of plants, concentrating on production, developing value chain links and raising incomes for producers and farmers.

### **OBJECTIVE AND POLICY CONTENTS**

Policies to encourage the accumulation and consolidation of land, development of safe agricultural production as satellites, linking chains with establishments and enterprises consuming products are summarized as follows:

1. Objectives: In 2018-2019, each commune will have a minimum area of 10 ha or more to consolidate land for the whole province to have 1,500 ha to produce clean agricultural products as satellites, contracting with enterprises marketing agricultural products. Each district and city each year builds at least 01 model of accumulation and consolidation of land with a scale of 5 ha or more, 03 models with scale of 3 ha or more and 5 models with scale from 1 - 3 hectares to grow vegetables, fruits and flowers. In the districts and cities, at least 02 points of sale and supply of safe agricultural products have been established for consumers. At the same time, each district has established 1-2 new collaborative groups, as extension member of 2 to 3 existing new-type cooperatives on safe agricultural production signing contract with retailer in the value chain.
2. There are four forms of land consolidation to participate in the chain link:
  - i. Households in the planned production area of safe agricultural products voluntarily contribute land to produce safe agricultural products;
  - ii. Households, collaborative groups, cooperatives, etc. lease land use rights of households in the planned areas but do not participate in safe agricultural production;
  - iii. Leasing public land of the Commune People's Committee;
  - iv. Receive transfer of land use rights of households in the planned area.
3. Three criteria for selecting the linkage model:
  - i. The associated areas to produce safe agricultural products must be neatly adjacent to the fields, arrange the area of cultivated areas of trees to ensure the planning;
  - ii. For high-tech vegetable and fruit production areas with a minimum scale of 3 hectares or more, for rice-producing regions, the scale of 20 hectares or more must be available;
  - iii. There must be contract on marketing of agricultural products.
4. Contents and norms of support from the budget:
  - i. Funding for house construction VND 30,000 (1.3 USD) / m<sup>2</sup>, greenhouse VND 100,000 (94.3 USD) / m<sup>2</sup>, maximum support level not exceeding VND 500.0 million (21,551.7 USD) / model.
  - ii. Supporting the cost of making a pre-processing house (the area of construction of washing water tank, shackling area - according to the general form of the province), the maximum support level is 1,000,000 VND (43 USD) / m<sup>2</sup> and not exceeding 100 million VND (43,000 USD) / model. In the area of processing houses, there must be waste and waste treatment systems;
  - iii. Funding support for automatic and semi-automatic irrigation systems in greenhouses: VND 20,000 (0.86 USD) / m<sup>2</sup>, maximum support level of VND 100.0 million (43,000 USD) / model;
  - iv. Support 50% of the cost of buying machines (making soil, machines on beds) for production (each is supported 01 unit with capacity of 6-7 horsepower), the maximum support level is not more than VND 40.0 million (1,724 USD) / model;
  - v. Loan interest rate support: each model is entitled to one-time loan interest support with a loan amount of not more than VND 500 million (21,551.7 USD) to invest in production according to the approved project, the duration of support shall not exceed 12 months, and forms of support can be through cooperative support funds;
  - vi. Support training and transfer of scientific and technical progress: Supporting each district and city with 10 ha of land accumulated to grow vegetables, flowers and up 01 technical training course / year for laborers directly produce and manage production models. The training content is registered by the production establishments with the District Agriculture and Rural Development Division and the City Economic Bureau for implementation. The support level is VND 30 million (1,293 USD) / class;
  - vii. One-time support for certification of food safety eligibility production area: VND 4.0 million (172.4 USD) / model;
  - viii. One-time support for VietGap certification: VND 70.0 million (3,017 USD) / model;

- ix. Marketing support: In 2018, to support each district and city to set up 2 new places to introduce and supply safe agricultural products in the area within 6 months, the support level is VND 2,000,000 (86 USD) / month. In 2019, localities maintain and replicate themselves;
- x. Support for models of rice seed production, high quality rice with a scale of 20 ha or more: Supporting once for the cost of organizing the construction of models of rice seed production, associated high quality rice consumption with businesses for the commune with a scale of 20 ha or more, support level of 20 million VND ( 862 USD / commune);
- xi. Supporting the establishment of new cooperatives and collaborative groups: the support level under Decision 2261 / QD-TTg dated December 15, 2014 is VND 30 million (23,200 USD ) / cooperative (Hanam Authority, 2019).

## **RESULTS OF ACCUMULATION, CONSOLIDATION OF LAND AND THE DEVELOPMENT OF NEW AGRICULTURAL COOPERATIVES IN HA NAM PROVINCE**

On March 30, 2019, the whole province has 76 communes (on the total of 98 communes) organized to gather and consolidate 1,354 hectares of land, reaching 90.3% of the plan, with 5,257 households, building 125 production models. rice, vegetables, flowers, medicinal plants, fruit trees participating in a link to produce safe agricultural products in which vegetables, fruits, flowers and medicinal plants are 155.3 ha with 49 models; Fruit trees are 42.8 ha with 7 models; High quality commodity rice is 1,155.6 ha with 69 models.

Up to now, Ha Nam province has had 24 shops introducing and selling safe agricultural products, establishing 15 new agricultural cooperatives to produce vegetables, flowers, etc. The province has certificated good food safety conditions for all safe production areas. Some cooperatives have been certified VietGap standards or PGS organic vegetable standards. The program “Ha Nam quality product trademark” has certificated their standards for 15 enterprises and households. Among these organizations, the program has supported for printing traceability stamps for 09 safe agricultural product processing and production such as: safe agricultural cooperatives Bao An; Minh Duc Fungus enterprise; Bananas in Dai Hoang, Nhan Hau cooked fish etc.

The State Bank has surveyed and appraised 03 cooperatives, 07 individuals borrowed capital for safe agriculture, high-tech agriculture with a total amount of VND 10.76 billion (463,793 USD); Lending rates are 0.5-1.5% lower than normal lending rates. The Provincial Cooperative Alliance has disbursed VND 900 million (38,793 USD) for 03 cooperative loans.

In the process of implementing this policy, many collaborative groups and agricultural cooperatives in Ha Nam have found development opportunities, namely: Bao An Safe Agricultural Cooperative - Vinh Tru Town, Ly Nhan with the accumulated land area 4.9 ha and contract with households in Van Ly commune, Ly Nhan district, Binh Nghia commune, Binh Luc district, providing a monthly output of 20 - 30 tons of spices and leafy vegetables for Vinmart supermarket system. Duc Huy - Nhan Nghia, Ly Nhan Cooperative with a land area of over 5 hectares provides Hang Anh Company supplying collective kitchen, school canteen etc. and monthly output of 50-60 tons of vegetables and fruits of all kinds. Federation of Safe Agricultural Cooperatives, Thi Son Commune, Kim Bang with a land area of over 5 ha provides monthly output of 15-20 tons of vegetables and fruits for safe vegetable shops and collective kitchens. Meanwhile, Trac Van Organic Vegetable Cooperative; Happy Farm, Trac Van, Duy Tien district with a land area of over 6 ha, provide monthly output of 10-12 tons of assorted organic vegetables and fruits for Uncle Tom shops, Greenfood, Fivimart and many agricultural cooperative models. Other new businesses are developing opportunities in Ha Nam. By the end of March 2019, Ha Nam had 190, including 154 cooperatives, with 73 cooperatives of the whole commune, inter-villages and 36 specialized cooperatives with few members.

## **SOME DISCUSSIONS AND CONCLUDING REMARK**

Thus, through the policy of accumulating and concentrating land to contract of products marketing, Ha Nam has initially developed a model of large-scale commodity agricultural production, overcoming the land abandonment of smallholder farmers. Models have changed the mindset of producing agricultural products that meet the quality, quantity and category standards according to market demand. The production value of associated models produces safe agricultural products 10% to 20% higher than traditional production and has a high stability, limiting the situation of "good harvest, loss price".

In these new production models, collaborative groups and the new agricultural cooperatives play an important role in the organization of production for safe, high-quality products and product marketing. Only in a short time, dozens of large fields model with minimum size of 3.0 ha (for vegetables) and 20.0 ha (for rice) have been formed to speed up the agricultural restructuring process towards improving value added and sustainable development, building new rural areas of Ha Nam province. New-born cooperatives are to lead, support members to develop goods production and effectively participate in the market. Therefore, policies need to focus on supporting the expansion of the production scale of the members, transforming the production thinking of the self-sufficient production to the production of safe and high-quality products.

In addition, it is necessary for Hanam policy maker to support both forms of attracting investments in agricultural development: calling investment from outside enterprises in agriculture and supporting local households, farms and cooperatives to expand scale, accumulate, consolidate land for large-scale agricultural production. Each form has different advantages and limitations. But if the government encourages local households, farms to scale up, to build new cooperatives and develop safe agricultural value chains, it will be a sustainable way.

## REFERENCES

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