



The Incentive Policy for Development of Cooperation in Production and Consumption of Agricultural Products, and Vast Crop

Dr. Tran Khanh Linh
Consultant

CIRCULAR 15/2014/TT-BNNPTNT¹

PROVIDING GUIDANCE ON THE IMPLEMENTATION OF SEVERAL ARTICLES OF THE PRIME MINISTER'S DECISION NO. [62/2013/QĐ-TTĐ](#) DATED OCTOBER 25, 2013 REGARDING THE INCENTIVE POLICY FOR THE DEVELOPMENT OF COOPERATION IN THE PRODUCTION AND CONSUMPTION OF AGRICULTURAL PRODUCTS, AND VAST CROPS

Pursuant to the Government's Decree No. [199/2013/NĐ-CP](#) dated November 26, 2013 on defining the functions, tasks, powers and organizational structure of the Ministry of Agriculture and Rural Development;

Pursuant to the Prime Minister's Decision No. [62/2013/QĐ-TTĐ](#) dated October 25, 2013 on the incentive policy for the development of cooperation in agricultural production and consumption of crop products, and vast crop fields;

After considering the request of the Director of the Department of Cooperative and Rural Development,

The Minister of Agriculture and Rural Development hereby promulgates the Circular on providing guidance on implementation of several articles of the Prime Minister's Decision No. [62/2013/QĐ-TTĐ](#) dated October 25, 2013 on the incentive policy for development of cooperation in agricultural production and consumption of crop products, and vast crop fields.

Article 1. Scope of application and applicable entities

1. Scope of application

This Circular provides for criteria for vast paddy fields, guidance on formulating and executing the plan to develop concentrated crop-producing areas by employing the model of vast crop fields in the cultivation industry.

2. Applicable entities

a) Enterprises entering into contracts for cooperation in agricultural production, processing and consumption of crop products, development of vast crop fields with cooperatives or cooperatives associations (hereinafter referred to as farmers' representative organization), or family households, individuals or farms (hereinafter referred to as farmer).

¹ Issued on April 29, 2014 by Ministry of Agriculture and Rural Development. Vietnamese document can be download at <http://thuvienphapluat.vn/van-ban/Thuong-mai/Thong-tu-15-2014-TT-BNNPTNT-huong-dan-62-2013-QD-TTq-phat-trien-hop-tac-san-xuat-tieu-thu-nong-san-229711.aspx>.

b) Farmers' representative organization entering into contracts for cooperation in agricultural production, processing and consumption of crop products, development of vast crop fields with enterprises or farmers.

c) Farmers entering into contracts for cooperation in agricultural production, processing and consumption of crop products, development of vast crop fields with enterprises or farmers' representative organizations.

Article 2. Interpretation of terms

1. Vast crop field project or plan refers to the project or the plan for development of cooperation in agricultural production and consumption, vast crop fields proposed by enterprises or farmers' representative organization and approved by competent authorities.

2. Contract for cooperation in agricultural production and consumption of crop products refers to the contract for cooperation in agricultural production and consumption of crop products, and development of vast crop fields (hereinafter referred to as the cooperation contract) entered into between enterprises and farmers' representative organization or farmers; or between farmers' representative organizations and farmers.

Article 3. Criteria for vast crop field

In order to obtain the approval for the project or plan for vast crop field, the following criteria should be met:

1. Compulsory criteria

a) Conform to the local planning for socio-economic development, land use, general development of agricultural production, and new rural areas and others.

b) Uniformly apply the production process which has been agreed upon between parties involving the cooperation and is relevant to plant types as well as ensures sustainable growth.

c) Have at least one of forms of the contract for cooperation in agricultural production and consumption of crop products as follows:

- Cooperation between agricultural consumption – input material supply enterprises and farmers' representative organizations or farmers;
- Cooperation between enterprises and farmers;
- Cooperation between enterprises and farmers' representative organizations;
- Cooperation between farmers' representative organizations and farmers.

(Form of the contract for cooperation in agricultural production and consumption of crop products according to Appendix I)

d) Size of vast crop field:

The People's Committee of centrally-affiliated cities and provinces (hereinafter referred to as provincial People's Committee) shall refer to local conditions to stipulate the minimum size and extent of the project or plan for vast crop field provided that it is appropriate for specific conditions and each type of agricultural product, and establish the raw material area.

2. Encouragement criteria

a) Have economic infrastructure such as interfield traffic roads, irrigation, electric power facilities and other systems used for production purposes to meet demands for production and consumption of agricultural products and gradually improve this with a view to boost up concentrated commodity production activities.

b) Have the major size and apply consistent mechanization, and advanced technology (production safety standards, VietGAP, Global GAP, etc.), and have agricultural product procurement, storage and processing establishments nearby the production area.

c) Other criteria stipulated by the provincial People's Committee when necessary.

Article 4. Guidance on the planning or proposal for vast crop field

Depending on specific local conditions, each locality chooses to formulate one of two forms of the planning or proposal for vast crop field as the basis for approving projects or plans for vast crop field within this locality.

1. Bases for formulation of the planning or proposal for vast crop field

a) Approved planning or proposal for land use at all levels.

b) Agricultural production developmental planning (including the planning for the general development of agricultural production by 2020 with a vision to 2030 according to the Prime Minister's Decision No. [124/2012/QĐ-TTg](#) dated February 2, 2012, and other local planning approved by competent authorities).

c) Criteria for the size of vast crop field stipulated in Article 3 hereof.

d) Local advantage, market forecast of product types to be produced as planned and local socio-economic developmental orientation.

e) Demands for development of vast crop field raised by enterprises and farmers' representative organizations.

2. Duration of implementation of the planning or plan for vast crop field

The planning or proposal for vast crop field must be stable within 10 years and subject to periodic examination, evaluation and adjustment.

3. Process for formulating, evaluating and approving the planning or proposal for vast crop field

a) Process for formulating, evaluating and approving the planning for vast crop field: comply with regulations laid down in the Circular No. [05/2013/TT-BKHDT](#) of the Ministry of Planning and Investment dated October 31, 2013 on providing guidance on formulating, evaluating, approving, adjusting and announcing the general planning for socio-economic development, and the planning for major industries, sectors and products.

b) Process for formulating, evaluating and approving the proposal for vast crop field

- The provincial People's Committee shall assign the Department of Agriculture and Rural Development to preside over formulation of the proposal for vast crop field within the province;
- The Department of Agriculture and Rural Development shall preside over, collaborate with relevant departments or industries, the People's Committee of districts and district-level towns (hereinafter referred to as district-level People's Committee) in formulating the proposal for vast crop field and submit it to the provincial People's Committee;
- The provincial People's Committee shall establish a council on evaluation, approval and announcement of the proposal for vast crop field.

Article 5. Provision on formulation of the project or plan for vast crop field

Depending on specific local conditions, enterprises and farmers' representative organizations shall decide on one of two forms of the project or the plan for vast crop field.

1. Intention approval

If enterprises or farmers' representative organizations wish to participate in the cooperation in the development of vast crop fields, they must submit the application for formulation of the project or plan for vast crop field to the Department of Agriculture and Rural Development for approval (form of the application given in the appendix 2).

After receiving such application, the Department of Agriculture and Rural Development shall preside over, collaborate with departments and industries and the district-level People's Committee concerned to decide and confirm in writing whether it is approved within a permitted duration of 15 working days of receipt of the application. If the application is rejected, clear reasons for this must be stated as well.

2. Formulation of the project or plan for vast crop field

Based on the approval granted by the Department of Agriculture and Rural Development, enterprises or farmers' representative organization shall formulate the project or plan for vast crop fields (form of the project or the plan given in Appendix 3).

The plan for implement contents eligible for incentives or supports as stipulated in Point c Clause 2 and Point b Clause 2 Article 5 of the Decision No. [62/2013/QĐ-TTg](#) must be specified in the project or the plan for vast crop field formulated by enterprises or farmers' representative organizations.

3. Application for verification and approval

a) The written request for approval of the project or plan for vast crop field (form of this request given in appendix 4)

b) The project or the plan for vast crop field

c) Business license according to legal regulations in the field of conditional production and business (a notarized copy).

d) Information about the crop product consumption capability of enterprises, farmers' representative organizations calculated by taking into account the output of crop products for domestic consumption or export over the period of 3 latest years, or about storage and processing capability calculated by taking into account the capacity of warehouses, manufacturing facilities and machinery used for processing activities currently available in enterprises and farmers' representative organizations. Such information shall be declared by these enterprises and farmers'

representative organizations and they shall be held legally liable for the accuracy of provided information.

4. Process of verification and approval

a) After obtaining the intention approval, enterprises or farmers' representative organization shall prepare at least seven sets of documents about the project or the plan for vast crop field for submission to the Department of Agriculture and Rural Development to serve the verification purpose.

b) Within a permitted duration of three working days of receipt of all required documents sent by mails, or within the day of receiving such documents sent in person, the Department of Agriculture and Rural Development shall be responsible for examining the adequacy and legality of these documents and requesting applicants to provide additional documents when required.

c) Not later than 15 working days of receipt of all valid documents, the Department of Agriculture and Rural Development shall preside over, collaborate with relevant departments or industries, the district-level People's Committee concerned in carrying out their verification of submitted documents before submitting them to the provincial People's Committee to apply for its consideration and approval of the project or the plan for vast crop field.

If the project or the plan is rejected, the provincial People's Committee shall assign the Department of Agriculture and Rural Development to respond to enterprises and farmers' representative organizations with clear reasons for such rejection.

5. Implementation duration

Duration of implementation of the project or the plan for vast crop field must align with the roadmap for annuals which lasts for five years, or for perennials which lasts for seven years.

6. Estimate of raw material demands

In order to comply with regulations on raw material areas stated in Point b Clause 2 Article 4 of the Decision No. [62/2013/QĐ-TTg](#) the project or the plan for vast crop field should conform to the minimum estimate of raw material demands stipulated in Point b Clause 6 of this Article and such demands shall be calculated as follows:

a) Formula of calculating the percentage of raw material demand satisfaction (according to the appendix 5).

b) Table of estimate of raw material demands

Plant types	Minimum percentage of raw material demand satisfaction						
	1 st year	2 nd year	3 rd year	4 th year	5 th year	6 th year	7 th year
1. 1. Annuals	10	20	30	40	50		
2. 2. Perennials	10	15	20	25	30	40	50

c) Enterprises and farmers' representative organizations shall prepare the raw material estimate on an annual basis for submission to the Department of Agriculture and Rural Development.

7. Execution of the project or the plan for vast crop field

Based on the approved project or the plan for vast crop field, enterprises or farmers' representative organization shall plan the implementation and estimate the budget for submission to the Department of Agriculture and Rural Development to make an aggregate report to the provincial People's Committee.

8. Modification, supplementation and time extension of execution of the project or the plan for vast crop field

If enterprises or farmers' representative organizations wish to modify, supplement and extend the duration of execution of the project or the plan for vast crop fields, they must file their request and enclose the supplemented project or plan for submission to the Department of Agriculture and Rural Development.

Verification and approval of modification, supplementation and time extension of execution of the project or the plan for vast crop field shall comply with the regulations laid down in Point b and Point c Clause 4 of this Article.

Article 6. Regulations on support given to farmers

The People's Committee at the communal level shall rely on the contract and the record on acceptance of the contract for cooperation and consumption of crop products between enterprises and farmers' representative organizations within the scope of projects or plans for vast crop fields executed within specific communes which confirm farmers' execution of such contract to serve as the basis for considering granting incentives and support to farmers in accordance with Clause 2 Article 6 of the Decision No. [62/2013/QĐ-TTg](#)

The district-level People's Committee shall rely on the confirmation of contract execution to give incentives and support to farmers' households in accordance with applicable laws.

Article 7. Implementation

1. The Department of Cooperative and Rural Development

a) Preside over, cooperate with relevant organizations to assist the Ministry of Agriculture and Rural Development in directing, monitoring and providing guidance on implementation of this Circular.

b) Periodically examine, supervise, and make the preliminary and general summary of implementation of the Decision No. [62/2013/QĐ-TTg](#) and periodically report to the Minister of Agriculture and Rural Development.

2. The Department of Crop Production

Preside over, cooperate with the Plant Protection Department, the Agricultural and Forestry Product Processing and Salt Industry Department and related affiliates of the Ministry in uniformly applying the advanced production process and technologies.

3. The National Agricultural Extension Center

Integrate into agricultural extension projects to set up and widely multiply models of cooperation, provide guidance and participate in trainings in technical practices given to farmers, direct the Agricultural Extension Center in provinces to arrange workforce to assist cooperative partners in forming vast crop fields.

4. The Department of Agriculture and Rural Development

- a) Depending on the demand for vast crop fields at specific localities, the Department of Agriculture and Rural Development shall assist the provincial People's Committee in considering and deciding the establishment of the Steering Board or the Management Board to set up vast crop fields chaired by the Vice Chairman of the provincial People's Committee, or integrate with other steering boards of the province to assist the provincial People's Committee in directing formulation and implementation of the planning or the proposal or policy for vast crop fields within the area.
- b) Assist the provincial People's Committee in issuing the minimum criteria for the size and acreage, and others for vast crop fields and specific levels of local support for setting up vast crop fields.
- c) Perform tasks stipulated in Clause 3 Article 4 and Article 5 hereof.
- d) Preside over cooperation with the Department of Planning and Investment, the Department of Finance to assist the provincial People's Committee in formulating the plan for annual budget distribution to enterprises or farmers' representative organizations and farmers getting involved in vast crop fields for submission to the provincial People's Council for approval.
- e) Examine, supervise and expedite and provide guidance on implementation of the project or the plan for vast crop fields and report on the implementation result in accordance with applicable regulations.
- e) Assist the provincial People's Committee in resolving disputes and violations in the course of executing the contract between cooperative partners; consider, decide or give competent authorities suggestions about withholding of governmental support or preferences from any party committing violations against the contract for production and consumption of crop products.
- f) Assist the provincial People's Committee in directing relevant agencies and competent authorities at all levels to encourage the agricultural land exchange and accumulation; provide guidance and consultation for cooperative parties to execute the project and the plan for vast crop fields.

Article 8. Effect

This Circular shall enter into force from June 15, 2014.

In the course of implementation, if there is any difficulty or problem that may arise, feedbacks should be sent to the Ministry of Agriculture and Rural Development for timely supplementation and modification./.

Date submitted: Oct. 27, 2016

Reviewed, edited and uploaded: Oct. 31, 2016