

EXPERIENCES IN DEVELOPING COOPERATIVE ECONOMY IN THAI NGUYEN PROVINCE, VIETNAM

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ABSTRACT

Bac Giang and Quang Ninh provinces are two localities that strongly develop the cooperative economic model in Vietnam. Many solutions and support programs from legal, financial, training... have been implemented by localities to achieve that result. Thai Nguyen province has developed the cooperative model for quite a long time, but the scale and contribution to the local economy are not necessary. To do so, it is necessary to study the experiences of localities and draw appropriate lessons to promote the development of this type of economy in Thai Nguyen province.

Keywords: Development, Cooperatives, Thai Nguyen.

1. INTRODUCTION

1.1. Problem statement

Under the leadership and direction of the Provincial Party Committee, People's Council, and People's Committee of Thai Nguyen province, the collective economy and cooperatives in the province have made significant progress. Currently, Thai Nguyen has nearly 4,500 cooperative groups with more than 75,000 members; 718 cooperatives with nearly 42,500 members and employees. The revenue of cooperatives is over 3,100 billion VND (Thai Nguyen Provincial Cooperative Alliance, 2023). State management of collective economy and cooperatives has been granted important attention items. The State management apparatus for collective economy and cooperative development from the province to the district has been focused on and consolidated; The staff has been rejuvenated, qualified and gradually trained to meet job requirements. The collective economy and cooperatives are channels for mobilizing resources to provide basic economic services, develop industries, and build new rural areas. Up to now, it can be affirmed that the collective economic sector and cooperatives have gradually become an important factor contributing to ensuring social security, political stability at the grassroots level, and developing the local socio-economic situation of the province. The article will analyze the experience of developing cooperatives of some localities with clear future vision to help Thai Nguyen province have more information and ways to improve the quality and scale of cooperatives.

2. OVERVIEW OF THE LITERATURE

According to Kimberly Zeuli and Jamie Radel (2005), cooperatives are a strategy that fits into contemporary community development models. Therefore, cooperative development programs, especially those used for revenue generation, need to focus on specific development strategies and need to train the board of directors. There is also a need for support from universities, agricultural extension agencies, and government agencies for cooperative education programs. Nguyen Ngoc Dien (2022) also pointed out that it is necessary to correctly identify the nature of

cooperatives and cooperative economy that cooperatives are enterprises, and cooperative economy is an inseparable part of the national economy.

Le Bao (2014) in his research found that the development of cooperatives and cooperative economic forms in Vietnam has had certain successes. Cooperatives in Vietnam have overcome many difficulties and challenges, contributing to the process of supporting economic restructuring, developing production, creating jobs, increasing people's income, building new rural areas, ensuring social security, maintaining political stability, social order and safety, and building national solidarity. In the process of socio-economic development in Vietnam, cooperatives play an increasingly important role. Sharing the same view on appreciating the role of cooperatives in economic development, M. Karthikeyan and P. Karthika (2022) said: Cooperatives have made special contributions to implementing all sustainable development goals and related goals. In the era of failed globalization, cooperatives are a miniature model of a more stable and resilient economy. Therefore, developing cooperatives is essential, which will lead to a strong and vibrant value model of the Cooperative Economy that maintains the outfit of the New Global Dynamics. According to Cemal Karakas (2019), the cooperative economy is increasingly important for sustainable development. In 2019, there were 3 million cooperatives worldwide; providing jobs for 280 million people, equivalent to 10% of the world's employed population that year. However, cooperatives are facing long-term and new challenges, due to globalization or the presence of numerous national laws, and organizational and governance issues. Regarding cooperative development in Vietnam, Vu Manh Hung (2020) found that the number of newly established agricultural cooperatives each year is not large, the number of fake members, the number of cooperatives operating stably and effectively accounts for a small proportion. The policy on developing agricultural cooperatives has revealed many shortcomings, hindering the development of agricultural cooperatives. The policy mainly focuses on support and incentives, not paying much attention to building a favorable operating environment for the cooperative sector. Proposing solutions in planning and implementing policies for cooperative development in agriculture in Vietnam. Therefore, studying the development process of cooperatives in different localities will show the differences in the operation of cooperatives and the existing limitations. From there, planning appropriate solutions with specific characteristics to promote internal strength and overcome difficulties in operating cooperatives. Therefore, the article focuses on studying the current status of cooperative development in Thai Nguyen province in the period of 2019 - 2023 to evaluate the results achieved in the past time and the difficulties in the development process of cooperatives to suggest some appropriate solutions in the coming time.

3. MAIN CONTENT

3.1. Lessons learned from Bac Giang province

Bac Giang is located in the Northeast region of Vietnam with a natural area of 389,589 hectares, located on the Lang Son - Hanoi - Ho Chi Minh City - Moc Bai Economic Corridor. In recent times, the province's cooperative economic sector has continued to develop steadily. In addition to maintaining the number of newly established and diverse sectors and fields, the quality of operations has been increasingly innovative, gradually affirming the advantages and role of cooperatives in the development of agricultural and rural economy. As of December 31, 2024, the whole province has 1,127 cooperatives, of which 741 cooperatives operate in the agricultural sector, accounting for 65.75%; The average revenue per cooperative reached 1.5 billion VND/year,

the average profit was 200 million VND/cooperative/year, creating stable jobs for more than 5,000 members, workers and seasonal jobs for over 42,000 rural workers. In addition to maintaining a high and diverse number of newly established cooperatives in various industries and fields; the quality of cooperative operations is increasingly innovative, the average income of cooperatives increased by 14-15% thanks to the reduction of prices for input production services and the consumption of output products (Bac Giang Provincial People's Committee, 2023). To achieve that result, Bac Giang province has implemented the following solutions:

- Bac Giang focuses on organizing communication, dissemination, raising awareness of the importance of cooperatives in restructuring the agricultural sector and building new rural areas; strengthening propaganda, dissemination, and replication of experiences of typical, creative, and effective cooperative models. Thereby helping cadres and people to have a correct and complete understanding of the nature, position, role and importance of the cooperative economy in the current economy. From there, pay attention to and create more favorable conditions for these organizations to access capital to develop production and business, contributing to the socio-economic development indicators of the locality and the province.

- Trade promotion activities are implemented in a dynamic, flexible and effective manner; promoting and calling for consumption connections with retail corporations, supermarket chains, large domestic and foreign trade centers, domestic agricultural wholesale markets to Bac Giang province to survey, linking with the province's cooperatives to purchase and consume products. Typically, a series of events to promote lychee and key agricultural products, typical of Bac Giang province to domestic and export markets have been implemented such as: Online conference to promote lychee in 2022; Conference on Connecting Trade, Promoting the Consumption of Lychee and Potential and Advantageous Products of Bac Giang Province to the US Market in 2022; Conference on "Connecting Trade, Promoting the Consumption of Lychee and Potential and Advantageous Products of the Province to the US Market" in 2023...

- The State Bank of Vietnam, Bac Giang Branch has regularly directed commercial banks to proactively review and work specifically to guide procedures, helping cooperatives access loan sources supported by the Central Government's policies and loan sources for production and business development. Commercial banks have organized many dialogue conferences with cooperatives to remove obstacles and facilitate access to capital. Along with that, the Bac Giang Provincial Cooperative Union also regularly summarizes the difficulties of cooperatives and members in accessing bank capital and coordinates with the State Bank of Vietnam, Bac Giang Branch to organize dialogues with cooperatives to remove difficulties and obstacles in the process of accessing loans. On average, each year in the province, there are 40 to 50 projects that receive loans from the Provincial Cooperative Development Support Fund with a capital of about 20 billion VND. Thereby, cooperatives have the conditions to expand their production scale, directly help farmers access science and technology, apply them to production to create many products with high added value.

- Along with the capital support policy, to make the cooperative economy a solid pillar for socio-economic development, the Provincial People's Committee has also implemented many programs and projects to promote the development of cooperative economy in a sustainable direction, improve the quality of agricultural products and market competitiveness. Up to now, the province has built over 900 high-tech agricultural production models, promoting the stable development of the province's cooperative economic sector, making cooperatives an important

factor in the supply chain of goods and an important driving force in the development of the agricultural, rural and farmer economy. In addition, the sectors have proactively guided and supported cooperative economic organizations to apply scientific and technological achievements in varieties, biotechnology, preservation and processing technology; and registered for industrial property protection for the province's specialty and key products.

3.2. Lessons learned from Quang Ninh Province

Quang Ninh is a province located in the Northeast of Vietnam, with a geopolitical, economic, foreign affairs position and is especially important in terms of national defense and security. In recent times, Quang Ninh province has had many solutions to support the development of cooperative economy, thereby creating momentum for cooperatives to develop sustainably, create jobs for local workers, and promote local socio-economic development. As of December 31, 2024, the whole province has 667 cooperatives, of which the agricultural sector accounts for 70% of the total number of cooperatives. The average annual revenue is 650 million VND, the average profit is 290 million VND, the average income of cooperative workers is nearly 70 million VND/person/year (Quang Ninh Provincial People's Committee, 2023). This economic sector is a channel to mobilize resources to promote economic restructuring, develop industries, actively contribute to the completion of national goals in the new rural development program, actively participate in the One Commune, One Product (OCOP) program of the province. Many cooperatives have paid attention to supporting cooperative members when they encounter difficulties, actively contributing to socio-economic development, especially in the agricultural and rural areas; hunger eradication, poverty reduction, job creation, and social order and safety. To achieve that result, Quang Ninh province has implemented the following solutions:

- The province has established the Steering Committee for collective economic development at the provincial and district levels in 13 districts, towns and cities. At the same time, it has directed relevant departments and branches to contribute ideas to develop and organize the implementation of plans, programs, and support and incentive policies for cooperatives, consolidate and perfect the state apparatus at all levels on cooperative economy; inspect, monitor, and handle violations of the law by cooperatives, individuals, and related organizations according to the provisions of law.

- Activities to support cooperatives in applying new science, technology, and techniques; promoting trade and expanding markets have also been strongly implemented by the province and localities. From 2022 to present, the province has supported 4 cooperatives in applying and transferring new technology. Quang Ninh also regularly pays attention to allocating funds to support trade promotion activities, promoting brands, and introducing products on mass media; supporting the organization of programs and conferences to connect supply and demand, and promoting the consumption of agricultural products of the province. Some localities provide financial support to cooperatives to promote and consume products, support the building of product brands, origin traceability stamps, and print product packaging such as: Na dai, oranges, lychees, yellow sticky rice, tea, yellow flower tea, morinda officinalis, vermicelli, etc.

- In particular, Quang Ninh is one of the leading localities in the country in supporting trade promotion activities, promoting brands, and introducing products produced by cooperatives and cooperative groups in the province.

To continue to create momentum for the development of the cooperative economic sector,

at the 14th Session of the 14th Provincial People's Council, Resolution No. 155/NQ-HDND (dated July 12, 2023) was issued on "Some key solutions to support enterprises, cooperatives, and business households to improve production and business efficiency and sustainable development by 2025". The Resolution sets out 7 specific objectives and 10 groups of key tasks and solutions to support enterprises, cooperatives and business households. Notably, it continues to focus on grasping and promptly resolving difficulties and problems of cooperatives; improving the investment and business environment, creating maximum convenience in implementing administrative procedures related to production and business establishments; effectively applying digital technology, increasing the rate of using online public services; promoting digital transformation, applying science and technology, innovation; supporting labor restructuring, improving the quality of human resources to meet the requirements of innovation and the 4.0 industrial revolution; enhancing access to capital, land and expanding markets, improving competitiveness; building and implementing a number of programs, plans, projects... This continues to be an important driving force to help cooperatives in the province recover and stabilize production and business activities in the coming time.

4. CONCLUSION

With the experience in developing cooperatives of the two most successful localities in the Northern mountainous and midland regions, the authors have drawn some lessons that can be implemented in Thai Nguyen province to make cooperatives a driving force to make Thai Nguyen's economy stronger and stronger.

- *Firstly*, the leadership and direction of the Party Committee and government from the province to the grassroots level must be unified and highly focused. Mass organizations and specialized agencies need to promote their roles and functions in focusing and orienting the development of cooperative economy in the province.

- *Secondly*, promote propaganda work to change the thinking and awareness of the nature of cooperatives among all levels of government and people. The functional agencies of Thai Nguyen province need to coordinate with departments, branches, and the Thai Nguyen Provincial Cooperative Union to organize training and conferences to disseminate cooperative laws to officials of specialized agencies of districts, communes, and towns and cooperative members.

- *Third*, Effectively implement policies to support the development of cooperative economies such as trade promotion, market expansion; access to capital and cooperative development support funds; create conditions for participation in target programs, socio-economic development programs; support the establishment of new cooperatives; incentives for corporate income tax and other taxes according to the provisions of tax law; create conditions for cooperatives to develop product ideas to effectively participate in the OCOP program...

- *Finally*, clearly define the functions, tasks, responsibilities, powers and coordination mechanisms between agencies, units and localities in implementing the task of developing cooperative economies. Arrange and strengthen the team of qualified, qualified and dedicated staff at state management agencies for cooperatives. Organize a preliminary and final review of the results of cooperative activities in the province. On that basis, evaluate the achieved results, the remaining limitations and the causes of the limitations, thereby proposing solutions for the next stage.

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