



One Country One Priority Product • Case Study Series

Highlights

# Viet Nam: One Commune One Product programme reduces the urban–rural divide

- Upgraded from a provincial programme, the Government of Viet Nam adopted the One Commune One Product (OCOP) programme as a key initiative in 2018, with the objective to spur rural economic development and narrow the rural–urban gap in the country.
- The OCOP programme is based on the One Village One Product (OVOP) concept, which originated in Japan in 1979. It operates under three key principles: (1) local yet global; (2) self-reliance and creativity; and (3) human resource development.
- The focus of the OCOP programme is on developing value chains of specialties and traditional products rooted in local wisdom, culture and raw materials. The support measures of the programme cover a wide spectrum of business and value chain development, enabled by the mobilization of various interventions from different government institutions.
- The OCOP products are assessed and classified under a rating system, ranging from one to five based on the product quality and market accessibility for meeting consumers’ demands, and ability to fully exploit market potential. The ratings function as a quick benchmark to understand the strengths and weaknesses of the products and the operational capacity of the businesses, clarifying the areas for enhancement and improvement.
- As of August 2022, 8 478 OCOP products are rated with 3 stars or higher, of which 87.7 percent are food and beverage items. More than 60 percent of the OCOP producers whose products are rated 3 stars or higher, have, on average, increased their annual revenue by 17.6 percent.



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Viet Nam is struggling with high poverty rates in rural areas, leading to a sharp urban–rural divide and urban flight. Activities undertaken under the One Commune One Product (OCOP) programme are intended to boost the competitiveness of local products. Initiated in 2018, the programme has raised the competitiveness of 8 478 products throughout the country.

**Key issues: need to accelerate rural economic development to reduce rural–urban inequality**

In Viet Nam, the rural economy is lagging the urban economy due to inadequate human capacity, market linkage and enterprise development, among other factors. Nearly 30 million Vietnamese have been lifted out of poverty since the 1990s, but this has resulted in higher poverty rates in rural areas, which is nearly three times the urban rate. It has also accelerated urban migration, reducing the share of the rural population by 13 percentage points in the past 20 years.

**Solutions: National Government scales out the One Village One Product (OVOP) concept nationally**

To turn around slow economic development in rural areas, rural businesses and product value chains need to be strengthened. In response, the National Government, by Decision No. 490/QĐ-TTg of the Prime Minister, adopted the One Commune One Product programme for nationwide implementation under the National Target Program (NTP) for New Rural Development in 2018. The programme aims to develop the rural economy by upgrading rural businesses and promoting value addition to local resources and value chain development.

**Background: the OVOP concept has been implemented at the provincial level since 2008**

The rural population of Viet Nam accounted for 61.95 percent of the total population of 98 million in 2021, according to World Development

Indicators. The poverty rate in the rural area is almost three times that in the urban area, and the earnings of workers in rural areas, on average, is less than 50 percent of their counterparts in urban areas (IFAD, 2016). The slow growth of the rural economy can partly be attributed to inadequate attention paid to value chain development and enterprise creation, which, in turn, has widened rural–urban inequality and led to urban migration. The Government launched the NTP for New Rural Development in 2010 to narrow the gap.

The concept of the OVOP movement, which originated in Japan in 1979, was piloted in four provinces in Viet Nam between 2008 and 2011. Viet Nam also hosted an international OVOP seminar in 2010 and gained knowledge on OVOP from countries, such as Japan and Thailand. In 2013, Quang Ninh province in the northeastern part of Viet Nam initiated the OCOP programme.

### Implementation: business development to market linkage

The OCOP programme aims to promote the use of internal resources, such as local wisdom, creativity, human resources, raw materials and local culture, increase product values and employment, and raise the income of rural residents. Three specific measures of the programme are as follows:

**(1) Capacity development of OCOP producers:** The programme provides training to OCOP producers in different areas in order to develop value chains of specialties and traditional products of each locality with private sector stakeholders. The subject matters cover business and organizational management, product development with innovative and creative ideas, production

skills, quality management, food safety, packaging and labelling, intellectual property, traceability along the value chain and marketing.

**(2) Classification of the OCOP products:** To assess and encourage producers to improve the quality of their products, the OCOP products are classified into five categories, ranging from 5-star to 1-star (5-star being the best), following the OTOP Product Champion model of Thailand. The evaluation is conducted based on the following criteria: (1) products and community strength, 35 points; (2) marketing ability, 25 points; and (3) product quality, 40 points. Supervision and inspection of the products are conducted from time to time, especially with regard to food quality and safety.

**(3) Marketing and promotion:** A series of marketing and promotional support is provided to the OCOP producers to connect them with customers and to introduce the unique cultural values behind the products locally, nationally and internationally. Such measures include, for example, organizing forums, exhibitions, the OCOP Week event, awarding events and live stream events, at provincial and national levels. Tourist centres and cultural activities are also used as marketing channels and logistics systems are being improved to promote domestic trade and export.

As of August 2022, 8 478 OCOP products in all of the country's 63 provinces had achieved a rating of 3 stars or more, including 20 5-star products (MARD, 2022). Food and beverage items are the predominant types of products, accounting for 80.8 percent and 6.9 percent of the total, respectively. The others are herbal products, garments and handicrafts. There are currently more than

4 350 OCOP producers, consisting of cooperatives, small and medium-scale enterprises, individual businesses and households.

### Impact

Rural economic and social development in Viet Nam has recently been revitalized. More than 60 percent of the OCOP producers with 3 stars or higher have, on average, increased their annual revenue by 17.6 percent (Nguyen, 2021). An example of the rural business development is explained in Box 1.

### Key resources

- IFAD (International Fund for Agricultural Development). 2016. Review of experience of the National Target Program for New Rural Development – Viet Nam. Policy Case Studies. Rome. <https://www.ifad.org/documents/38714170/39135645/Policy+case+study+Viet+Nam+%E2%80%93+Review+of+experience+of+the+National+Target+Program+for+new+rural+development.pdf/bf68c25c-7489-4b06-b5ca-309c9e4ab0f>
- MARD (Ministry of Agriculture and Rural Development). 2022. Xây dựng OCOP từ việc chính người lãnh đạo mang sản phẩm đi bán [Building OCOP from the leader who brought the product to sell]. 12 September 2022. Hanoi. Cited 22 September 2022. <https://ocop.mard.gov.vn/Pages/xay-dung-ocop-tu-viec-chinh-nguoi-lanh-dao-mang-san-pham-di-ban.aspx>
- Nguyen, M. T. 2021. Vietnam's "One Commune, One Product" Program. Presentation at Webinar on Stocktaking and Lessons Learned from the Implementation of One Village–One Product in Asia and the Pacific, 30 June 2021. Rome, FAO. <https://www.fao.org/3/cb5641en/cb5641en.pdf>
- One Commune One Product website (Vietnamese only) <https://ocop.mard.gov.vn/>

### Box 1. Poultry value chain development in Hoa Binh province

In Phu Thanh commune in Lac Thuy district of Hoa Binh province, traditional small-scale poultry farming has become a more productive industry, aided by the development of a whole value chain. Various government measures and efforts by farmers and private businesses increased the number of poultry farms in the province by 24.6 percent, to 71, from 2015 to 2020. Taking into account the nine chicken farming cooperatives, over the same period, the number of commercial poultry flocks per laying hen for poultry increased by 36.7 percent, and the number of breeding and egg-laying poultry increased by 31.4 percent. Breeders raise not only broilers, but also indigenous chicken breeds known for delicious meat quality, such as Lac Son chicken and Lac Thuy chicken. One of the cooperatives works with 7 000 member households. Each of these households raises between 5 000 and 7 000 chickens. The cooperative supplies approximately 10 000 chickens per day to the market, sold at 85 000–90 000/kg Vietnamese dong (VND) (USD 3.6–3.9). Member households earn a profit of VND 40 million–50 million (USD 1 720–2 150) per 1 000 chickens.

**Source:** MARD. 2020. Hòa Bình phát triển chăn nuôi gà thịt theo hướng sản phẩm OCOP [Hoa Binh develops broiler farming in the direction of OCOP products]. 8 December 2020. Hanoi. <https://ocop.mard.gov.vn/Pages/hoa-binh-phat-trien-chan-nuoi-ga-thit-theo-huong-san-pham-ocop.aspx>



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### For more information:

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