CURRENT SITUATION AND PROSPECTS OF COOPERATIVES IN VIETNAM’S AGRICULTURAL SECTOR

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I. INTRODUCTION

- Agricultural cooperatives have an essential role in linking farmers and creating the commodity competitiveness and value chain of agricultural products.
- They are collective economic organizations.
- Two types of cooperative models in Vietnam: the old and new type.
- They must face many difficulties.
- Creating linkages provides good direction.

⇒ Some main problems:
  - Should we convert from the old type of cooperatives to the new type?
  - Which form of linkages to promote the success and maintain its sustainability?
II. METHODOLOGY

• Collection of the secondary information from:

  ✓ Vietnam Cooperative Alliance.
  ✓ Cooperative Department belonging to MARD.
  ✓ Some reports and internet.

• Collection of the primary information

  ✓ Discussing directly with representatives of some cooperative models.

⇒ Analysis and synthesis of the different aspects to reflect current situation and prospects.
III. RESULTS AND DISCUSSION

3.1. Current situation of agricultural cooperatives in Vietnam

3.2. Prospects for the development of agricultural cooperatives in Vietnam
3.1. Current situation of agricultural cooperatives in Vietnam

3.1.1. Current situation of cooperatives in Vietnam


3.1.3. Role of Agricultural Cooperatives.

3.1.4. Contribution of the cooperative sector to the country's development.

3.1.5. Advantages and disadvantages of agricultural cooperatives in Vietnam.

3.1.6. Supports of the Party and the State’s policies.

3.1.7. Supports of projects and policies from abroad.
3.1.1. Current situation of cooperatives in Vietnam

- During the late’80s, after the implementation of innovation policies, they had important changes:
  - Many cooperatives of business and production lost, unprofitable and disintegrated.
  - Some cooperatives converted themselves to adapt to the new mechanisms and operated more effectively.
- At the end of 2014, there are 18,638 cooperatives in Vietnam.
- Cooperatives in Vietnam attract about 13 million households, small manufacturing facilities, individuals and workers.
Types of cooperatives in Vietnam

Chart 1: Types of cooperatives in Vietnam

- 55% (10204 cooperatives) Agricultural cooperatives and fishery-agricultural service cooperatives
- 11% (2014 cooperatives) Cooperatives of trade and services
- 13% (2461 cooperatives) Cooperatives of construction and production of construction materials
- 6% (1062 cooperatives) Cooperatives of industry and handicraft industry
- 8% (1425 cooperatives) Transportation cooperatives
- 5% (948 cooperatives) Electrical cooperatives
- 3% (524 cooperatives) Others

Cooperatives in Vietnam
3.1.2. Current situation of agricultural cooperatives in Vietnam

In 2014, total agricultural cooperatives is 10,204 (54.78% of total cooperatives)


Chart 2: Fields of agricultural cooperatives in Vietnam
3.1.2. Current situation of agricultural cooperatives in Vietnam (Cont.)

- Structure of organization and management:
  - Often arrange the team leaders in association with the heads of villages and hamlets.
  - Establish two basic funds, including production development funds and the reservation funds.

- The scale and scope of operation:
  - Most are often under the communes, towns;
  - For some agricultural cooperatives in South-western provinces, they are under hamlets.
Operational models of agricultural cooperatives in Vietnam

- Old type of cooperative model:
  - Model of agricultural service cooperatives
  - Model of agricultural services and integrated business cooperatives

- New type of cooperative model:
  - Model of specialized cooperatives

Chart 3: Models of agricultural cooperatives in Vietnam
Model of agricultural services and integrated business cooperatives

Model of specialized cooperatives

Seminar of developing the new type of cooperative model
New type of cooperative model in Vietnam

Source: Dr. Nguyen Minh Tu – Head of the Cooperative Department - Ministry of Planning and Investment, 2015

Diagram 1: New type of cooperative model in Vietnam
Main operation fields of agricultural cooperatives


Graph 1: Main operation fields of agricultural cooperatives
Distribution capacity of agricultural products

Graph 2: Distribution capacity of agricultural products

Current situation of agricultural cooperatives in Vietnam (Cont.)

- Linkages between agricultural cooperatives
  - Economic linkages: large quantity.
  - Comprehensive linkages: small quantity.
- Some typical agricultural cooperatives in Vietnam today
  - Phu Thanh Agricultural Cooperative.
  - Ai Nghia Agricultural Service Cooperative.
  - Quy Hien New Cooperative.
3.1.4. Role of Agricultural Cooperatives

- Contribute significantly to the supply of materials, processing and distribution of agricultural products.
- Promote the development of household economy.
- Help farmers in assessing and applying the advancements of science, technology, modern equipment in the agricultural production and rural development.
- Create many works and contribute to solve employment issues.
- Contribute significantly to the upgrading and development of rural infrastructures.
3.1.5. Contribution of the cooperative sector to the country’s development

- **Economic sector:**
  - Making significant contributions to the GDP growth of the economy.

- **Social sector:**
  - Resolving many social problems.
  - Enhancing the sense of community, cultural values, ethics and the spirit of solidarity, mutual assistance, supporting.
  - Building the block of national unity.
  - Contributing to political stability, maintaining order, national security, political system ...
3.1.6. Advantages and disadvantages of agricultural cooperatives

- **Advantages**
  - The highest rate in economic sectors in Vietnam;
  - Increasing in quantity and scale of cooperatives;
  - Influenced household economy developing better;
  - Thousands of farmer groups in agricultural sector have been formed voluntarily, making the economic sector of pre-cooperatives;
  - New cooperative law has made fundamental innovations to support for agricultural cooperatives;
  - Organizational models and their activities are consistent with the management level of people;
  - Supported by the State in training key officials, trade promotion, market expansion.
3.1.6. Advantages and disadvantages of agricultural cooperatives (Cont.)

- **Disadvantages**

  - It is enormous inertia of autonomy when converted to the new mechanism.
  - They have not received supports of policies and incentives of the State so much.
  - Legal framework still has many points unsuitable for agricultural cooperatives.
  - Lack of training facilities and good experts to support for activities of the cooperatives.
  - Business environment is not equal.

  - Agricultural cooperatives’ autonomy, self-reliance, dynamism and creativity in activities are not high.
  - The participation of cooperatives’ members are not very active.
  - Production scale is small, the area of lands and capital are limited, the capacity of accessing scientific advancements is uneven across regions.
  - Management capacity of leaders is very limited.
3.1.7. Supports of the Party and the State’s policies

- Developing the legal framework:
  - The Cooperative Law 1996;
  - The Cooperative Law 2003;
  - The Cooperative Law 2012: Clarify the new type cooperative model;
  - Decree No. 151/2007/ND-CP.

- Supporting policies:
  - The Cooperative Law 2003 (Article 3; Decree No.88/2005/ND-CP)
  - The Cooperative Law 2012 (Article 6; Decree No.193/2013/ND-CP, Decision No. 2261/QD-TTg dated on December 15th, 2014)

- The State’s management: Registration of cooperatives, inspection of law enforcement and handling violations.
The Cooperative Law 1996

The Cooperative Law 2003

The Cooperative Law 2012

Chính phủ
Công hòa xã hội chủ nghĩa Việt Nam
Độc lập - Tự do - Hạnh phúc
Hà Nội, ngày 10 tháng 10 năm 2007

Nghĩa Định
Về tổ chức và hoạt động của tổ hợp tác

Chính phủ
Căn cứ Luật Tổ chức Chính phủ ngày 25 tháng 12 năm 2001;
Căn cứ Bộ luật Dân sự năm 2005;
Xét đề nghị của Bộ trưởng Bộ Nông nghiệp và Phát triển nông thôn,

Nghĩa Định:

Chương I
NHỮNG QUY ĐỊNH CHUNG

Điều 1. Phạm vi điều chỉnh và đối tượng áp dụng

Nghĩa Định này quy định về tổ chức và hoạt động của tổ hợp tác được hình thành trên cơ sở hợp tác có chính thức của Ủy ban nhân dân xã, phường, thị trấn (sau đây gọi chung là Ủy ban nhân dân cấp xã) của tổ ba cải nhân tổ lồn, cùng đóng góp tài sản, công sức để thực hiện những công việc nhất định, cùng hưởng lợi và cùng chịu trách nhiệm.

Điều 2. Nguyên tắc tổ chức và hoạt động
tổ hợp tác được tổ chức và hoạt động theo nguyên tắc sau:
1. Tự nguyện, bình đẳng, dân chủ và cùng có lợi;
2. Biểu quyết theo đa số;
3. Tự chủ tài chính, tự trang trải các chi phí hoạt động và tự chịu trách nhiệm bằng tài sản của tổ và các tổ viên.
3.1.8. Supports of projects and policies from abroad

- The program: Joining hands to develop cooperatives (held by Canada International Development Organization (Socodevi).

- Project “Agricultural Competitiveness” (called ACP project) funded by the World Bank (WB) for 3 agricultural cooperatives in An Giang province (Duc Thanh cooperative, Thuan Tien cooperative and Phu Thuong cooperative).

⇒ Contributing positively to the restructuring of the agricultural sector in Vietnam.
3.2. Prospects for the development of agricultural cooperatives in Vietnam

1. Biological productivity increases quickly and highly, however, farmers’ income increases slowly and lowly.

2. Problem that quantity of products is large and their price is very low, requiring the State involved in the distribution of products.

3. Price of products for exports is low and uncertain.

4. Support of the State including capital, science and technology, marketing of products to foreign markets, training of human resources, building the brand for farmers and the association of enterprises and farmers can not be effective.
DISCUSSION

✓ Should we convert from the old type of cooperatives to the new type?

✓ Which form of linkages to promote the success and maintain its sustainability?

✓ What is the mechanism that will promote cooperatives operating effectively?
IV. CONCLUSION

- Agricultural cooperatives play an important role in the development of the economy in general, especially for the period when the agricultural sector conducts the process of restructuring agriculture – rural area.

- The model of new type cooperative creates breakthrough in the development of Vietnam’s agriculture.

- It creates interaction orientation together with four other benefits.

- What is the direction for sustainable development of agriculture cooperatives now?
THANKS FOR YOUR LISTENING!!

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