



PRESENTATION

"Role and functions of cooperatives and rural producer organizations in Vietnam"

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Vietnam overview



1. Viet Nam is located in the centre of South East Asia.
2. Land Area : 329.241 km²
3. Coastline: 3.260 km.
4. Vietnam is in the Tropical region with 2 distinct season (dry and rain).
5. Average teprerature is from: 22°C to 28°C, humidity : 80%.
6. Capital is Hanoi.
7. Population of Vietnam is about : 84,2 millions (2006) in which more than 70% are involved in agriculture.
8. With 54 different ethnic groups :Kinh ethnic group occupys nearly 90%.



Vietnam cooperative overview



- Cooperative movement started in Vietnam 50 years ago.
- The first of law of cooperative was approved in 1996 (adjusted in 2003).
- Cooperative well developed between 1954 and 1986 (the period of centrally - plan).
- Cooperative went down between 1986 and 1996 (the period of economic renovation).
- Cooperative has gone up again since 1996 (due to the first law of cooperative approved in 1996).
- Rural cooperative count upto 50% of the number of cooperatives as well as the number of cooperative member.

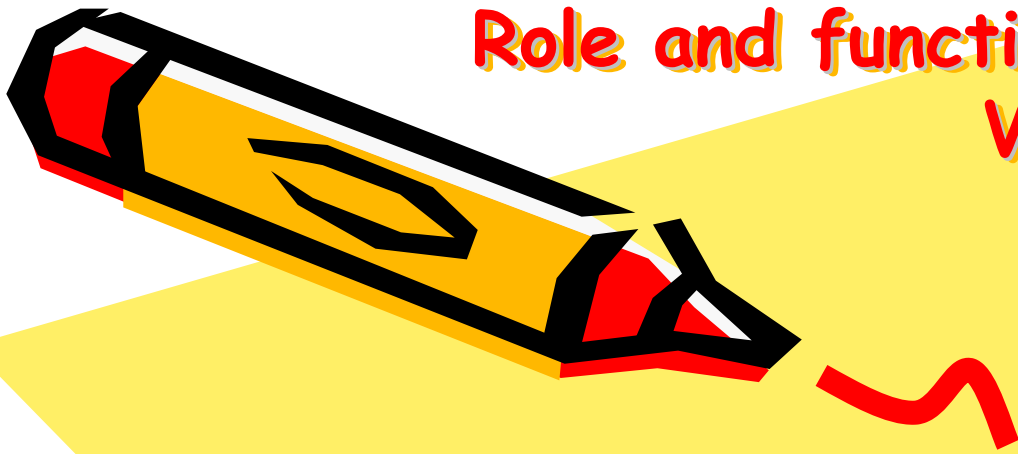


Vietnam cooperative overview

Upto: 31/12/2007:

1. The GDP of cooperatives counted 6,4% among the total GDP of the country.
2. The number of cooperatives: 17.200
3. The newly - formed cooperative in 2007: 1.400
4. The number of cooperative members: 11.800.000
5. The number of new cooperative member in 2007: 800.000
6. The number of Unions:: 40
7. The newly - formed Unions: 7
8. BA and above among the total of cooperative managerment: 11%
9. The monthly income of a cooperative membe: 8,6million VND;

Role and function of cooperatives in Vietnam



Due to the Vietnamese law of Cooperatives:
"Cooperatives are economic organizations managed by the households or firms on the base of common benefit. They volunteer to bring their money and contribute to implement business or manufacturing effectively with the spirit of making the best use of collective power of every cooperative member, then improve the members' spiritual and material life that helps to develop the country's economy as well as society."



Role and function of cooperatives in Vietnam

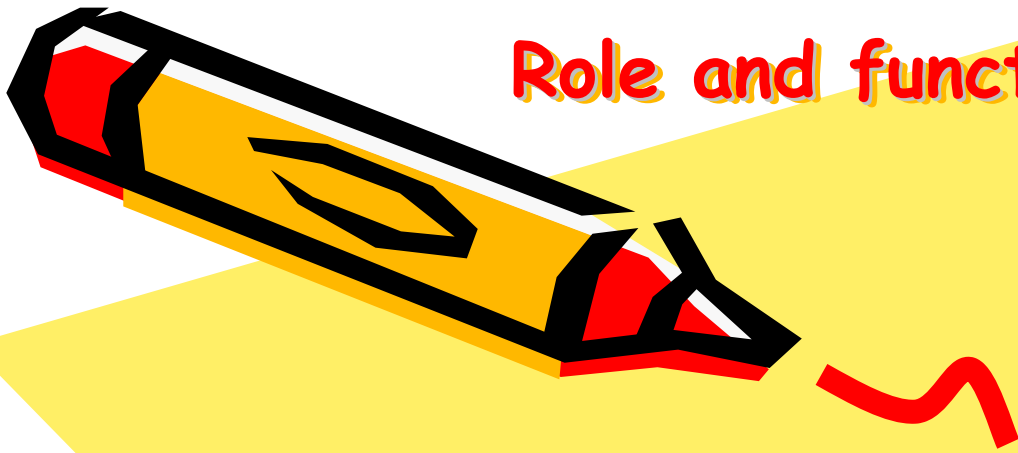


Economic role:

- In 1995 - 2006, cooperative sector accounts for 8% of total GDP (the share of FDI sector is 12% during the same period).
- The extended cooperative sector - including cooperatives and their members, together with private sector, accounts for 40% of total GDP in 1995-2006 period.
- It is clear that cooperative sector and private sector play a very important role, and their stagnation would lead to the overall slowdown.
- Members could improve their production efficiency owing to joining the cooperative which could help reducing production cost.



Role and function of cooperatives in Vietnam



Social and cultural role:

- Job generation: the cooperative sector has created job for more than 10 million members (accounting for around 24% of the total labor force in 2006), the majority of whom are in agricultural and rural area
- Each cooperative normally links with a certain community. The effective operation of the cooperative would help create stabilization in the community and strengthen the relationship among community members.
- The cooperative could also help members of the community to jointly do social activities (marriage, funeral, etc.), as well as ease local conflicts, contributing to social security.



Rural producer organizations in Vietnam



There are two popular institutions in rural area in Vietnam: „informal“ cooperative groups and „formal“ cooperatives

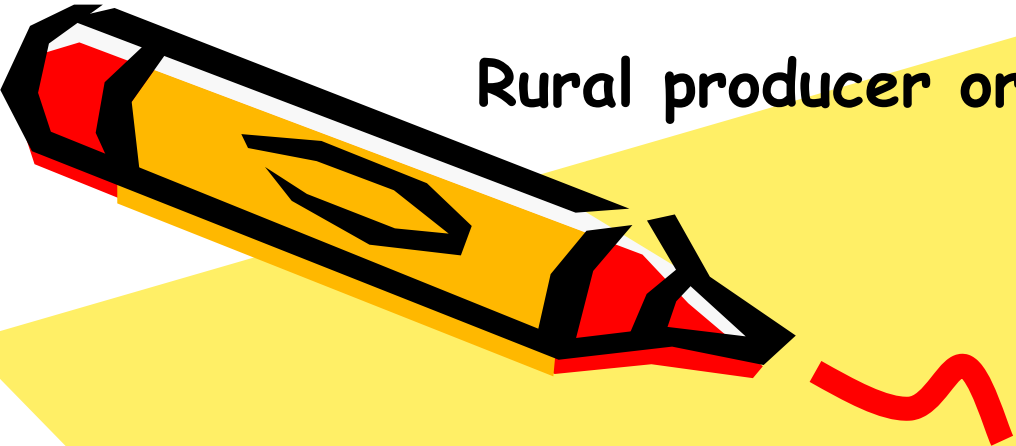
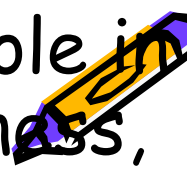
1. Cooperative groups

In 2000, there are 150 thousand cooperative groups in Vietnam. In 2007, this number has increased to 320 thousand groups, in which 100 thousand are in agriculture, 70 thousand in industry and construction, 150 thousand in credit and other services.

Cooperative groups mobilize more than 3.7 million members, mostly rural labor. On average, each group has 13 labors/households. However, there are groups of 80-100 members.



Rural producer organizations in Vietnam

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- Organization: volunteer participation with real demand for cooperative activities; members contribute capital to group; each member still remain his/her economic activities; the group provides service to members.
 - Cooperative groups have play important role in supporting members' production and business, generating job and increasing income for agricultural and rural labor, contributing to local social-economic development.
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Rural producer organizations in Vietnam

- Cooperative groups have small scale, diversified, simple but realistic activities, matching with local capacity
- Most of cooperative groups base on mutual assistance principle, flexible link and usually short-term.
- Members contribute capital and labor to implement such activities that separate household could not do or do inefficiently.

Rural producer organizations in Vietnam

2. Cooperatives

- By the end of 2004, there are 9055 agricultural cooperatives and 527 aquaculture ones nationwide.
- In 2004, 60% of cooperatives reported positive profit, with the average profit of 26.8 million dong/cooperative.
- 10% of cooperatives reported lost

Rural producer organizations in Vietnam



- Most agricultural cooperatives have combined their trading activities with providing service, especially input supply and output service for agricultural production, necessity supply service for members in particular and local community in general effectively.
- Agricultural service cooperatives have gradually improved their service quality, reduced service cost, contributing to their members' agricultural production and capital accumulation for production expanding.
- Cooperatives have help their members saving billions dong in purchasing input and improving their bargaining power in selling output. Assistance in selling agricultural products has been the highly demanding service of cooperatives for their members, but also the cooperatives' weakness.



Rural producer organizations in Vietnam



- Some cooperatives have diversified their service for agricultural production and daily life, mobilized large investment capital, formulated feasible production plan, built up stable market, created many job, and gained high return.
- Some newly established cooperatives specializing in specific business such as high productive pig and cow raising, organic fruit and vegetable, etc.





**Thank you very much
for your ettention!**

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