



COOPERATIVES IN VIETNAM

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Contribution of cooperatives to the Vietnamese economy

- 4% - contribution to the GDP (2017)
- 4.6% (2.4 million) - employment generated (2018)
- 7.34% (6.95 million) - number of Vietnamese having membership in cooperatives (2018)
- Average turnover of a cooperative is VND 4.3 billion per year (US\$ 0.18 million)
- Average profit of a cooperative is VND 300 million per year (US\$ 0.013 million)

Did you know?

- Vietnam Cooperative Alliance (VCA) is the apex organization for cooperatives. It was established in 1993 and is headquartered in Hanoi. VCA promotes the development of cooperatives, represents their interest, and actively mobilizes resources. VCA became a member of ICA in 1988.
- VCA represents 20,000+ cooperatives, 90,000+ pre-cooperatives, and 60+ cooperative federations cutting across all sectors.
- The first cooperative in Vietnam, Dan Chu handicraft production cooperative, was established in 1948!
- Currently, there are 22,456 cooperatives in Vietnam.

Cooperatives play an important role in the socio-economic development of the people of Vietnam. Since independence in 1945, cooperatives have emerged as strong players in developing the rural economy of Vietnam.

Sectoral presence of cooperatives

Cooperatives are mostly found in agriculture; a sector that alone accounts for 17% of the country's GDP (2017) and generates nearly 50% of the employment. Following is the sectoral distribution of cooperatives in Vietnam.

61%	Agriculture & allied sectors
11%	Small scale industry (handicrafts)
9%	Transportation
19%	Other sectors*

*People credit fund, construction, environment, housing, health care, university, etc.

Geographical presence of cooperatives

Cooperatives are present in all eight regions of Vietnam with a predominant number in three regions



Regions	% Cooperatives
Red River Delta	27%
North Central Coast	17%
North East	17%
Mekong River Delta	11%
North West	9%
South East	8%
Central Coastal	6%
Central Highlands	5%

Evolution of the cooperative movement

→ 1950s

The cooperative movement developed its first strong foothold in Vietnam after the war when about 50,000 cooperatives were set up. They contributed significantly to the development and recovery of the national economy.

→ 1960s

In the early 1960s, the Vietnam cooperative movement emphasised on promoting small scale handicraft and industry as two primary fields in the country. Later, the scope of cooperatives in Vietnam expanded to other fields including transportation, trading and services, construction and other non-agricultural occupations.

→ 1990s

The first By-law of the Central Council of Vietnam Cooperative Union was approved officially in 1993.

→ 2000s

The government is actively promoting cooperatives as an important player to build rural areas and promote economies of scale in different sectors, especially agriculture.

Law on cooperatives

→ 1997 Legislation

The first legislation on cooperatives provided for the legal structure of cooperatives operating in all sectors of the national economy; regulated their organization in Unions and Federations; and defined **their role in the economic development of Vietnam**

→ 2003 Amendment

The first amendment to the legislation provided for the legal structure of cooperatives operating in all sectors of the national economy; protected their rights and autonomy; provided guidelines on member services, and cooperatives' registration, management, charter, dissolution and their organization in unions and federations.

It also provided for the policies that were to be formulated to provide training, updating, equipment and funds to cooperative, **particularly in the field of agriculture.**

→ 2012 Amendment

The second amendment provides for the establishment, organization, operation and management of cooperatives and unions of cooperatives in **different sectors of the economy.**

Key highlights of the 2012 Amendment

- Provides more clarity on the definition and nature of cooperatives in Vietnam as compared to the earlier amendment made in 2003.
- Clarifies that cooperative is an economic organization belonging to the collective economy.
- Aligns with the basic principles of the international cooperative movement and reflects on user-centred policies and voluntary membership.
- Simplifies the administrative procedures for cooperatives including registration, setting up of branches and closure of cooperatives.
- Allows for foreigners to become members of agricultural cooperatives and invest in them just like the Vietnamese members.
- Promotes the transition of cooperatives from an old to a new model. The new model of cooperatives focuses more on providing services and marketing activities to its members in order to scale up and commercialise the cooperatives at the national level.
- Aligns with the government's national targeted programme of building new rural areas through cooperative development, specifically focusing on agricultural cooperatives.

Agricultural cooperatives: Backbone of the Vietnamese economy

Agricultural cooperatives in Vietnam play an essential role in encouraging farmers to produce commodities on a large scale by providing required market linkages. There are three types of models in play: 1) majority of them are engaged in supplying agricultural inputs; 2) those directly involved in cultivation; and 3) those involved in distribution of agricultural products, which are less in number, given their nascent nature.



New trends in the agricultural cooperative sector in Vietnam

- The new Cooperative Law (2012) has rejuvenated the ecosystem to strengthen agricultural cooperatives.
- Public and private actors from within and outside Vietnam are collaborating to strengthen the agriculture sector.
- Agricultural cooperative development is a part of the targeted national program and prioritizes eight missions, including raising awareness about the role of agricultural cooperatives, creating effective models of cooperatives, improving policies for agricultural cooperative development, providing training and capacity building, promoting linkages in the value chain, transferring science technology, strengthening financial management capacity and mobilizing capital.
- New types of agriculture cooperatives (also called specialised cooperatives) are emerging as innovative development solutions to revamp the agriculture sector and its scale of operations. **This new model is being piloted in the Mekong River Delta region, which is one of the biggest agricultural production regions in Vietnam.**
- The Vietnamese government and cooperative federations are actively working towards a common and priority goal of having 15,000 agricultural cooperatives nationwide between 2012–2020 with a target of nearly half of them working at full operational efficiency. **The number of efficient cooperatives in Vietnam has increased by 47% from 2013 to 2018.**
- The Ministry of Agriculture and Rural Development and VCA are working collaboratively to train officials of cooperatives; provide support to cooperatives in developing business plans; connect businesses and cooperatives; and build chains of safe food stores.
- International partnerships are being struck such as NETCOOP (Network of Agricultural Cooperative Development Partners) and with Agriterria to promote the development of agricultural cooperatives, sustainable economic growth and prosperity of farmers.

Agricultural cooperative based on new model

Name: Ai Nghia Agricultural Service Cooperative

Year of establishment: 1978

Membership: Over 2,500 members

Main activity: Providing pre and post production services and materials to rice-growing farmers

Key highlight: Members account for 97% of the farmers in Dien Ban town and the average profit made by the cooperative is over US\$ 3,800!

Vietnamese agricultural products reach Singapore

The joint venture between Saigon Co-op (Vietnam)* and NTUC FairPrice Cooperative (Singapore) established in 2013 benefits consumers both in Singapore and Vietnam. The partnership enables FairPrice to widen its sources of supply and benefit consumers in Singapore with a wide range of Vietnamese products at lower prices due to economics of scale. Similarly, consumers in Vietnam have access to more varieties of products at affordable prices. NTUC is also sharing its expertise in retail business and helping in improving competitiveness.

*Saigon Co-op is recognised as one of the top ten retailers in the Asia-Pacific region (2015).



Glocalisation of the cooperative movement In Vietnam

VCA plays a pivotal role in ensuring a favorable domestic legal environment and in developing the cooperative economy in Vietnam. The international cooperative movement helps strengthen VCA and cooperatives in Vietnam by focusing on economic cooperation with cooperatives in other countries, connecting with international organisations and development agencies, and strengthening capacity.

VCA's engagement with ICA-AP

I. Enabled legal environment to bolster cooperative movement in Vietnam

The First Law on Cooperatives in Vietnam was passed in 1996, following high-level consultations among VCA, the government of Vietnam, and the ICA-AP. The law which came into effect in January 1997 also saw the introduction of a new agriculture cooperative model.

II. Enhanced capacity to strengthen and scale-up cooperatives in Vietnam

Cooperatives in Vietnam have benefited from the trainings organized under the ICA-Ministry of Agriculture, Forestry and Fisheries, Government of Japan project. The trainings to support leaders and managers, improve value chain, and enhance business capacity have strengthened agriculture cooperatives and enabled them to scale their business.

Lua Vang Service and Agriculture Cooperative is an example of a cooperative in Vietnam which has successfully used the learnings from the training to expand its animal feed business to ten provinces in the country and now has an annual turnover of over US\$ 1.29 million

III. Renewed identity of cooperatives as important actors in promoting sustainable development

The 10th Asia-Pacific Cooperative Ministers' Conference (APCMC) was organised by ICA-AP in collaboration with VCA and the Ministry of Planning and Investment in 2017. The Conference and the Hanoi Resolution on Multi-Stakeholder Partnerships in realizing the Sustainable Development Goals (SDGs) brought prominence to the role of cooperatives in Vietnam and in positioning cooperatives as important players in implementing the SDGs.

What are cooperatives?

Cooperatives are people-centred enterprises owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations.

Cooperative values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Cooperative principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community

About International Cooperative Alliance Asia and Pacific

ICA-AP is one of four regional offices of the ICA. Established in 1960 in New Delhi, India, it unites, promotes, and develops cooperatives in the region. ICA-AP's 105 members from 33 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

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