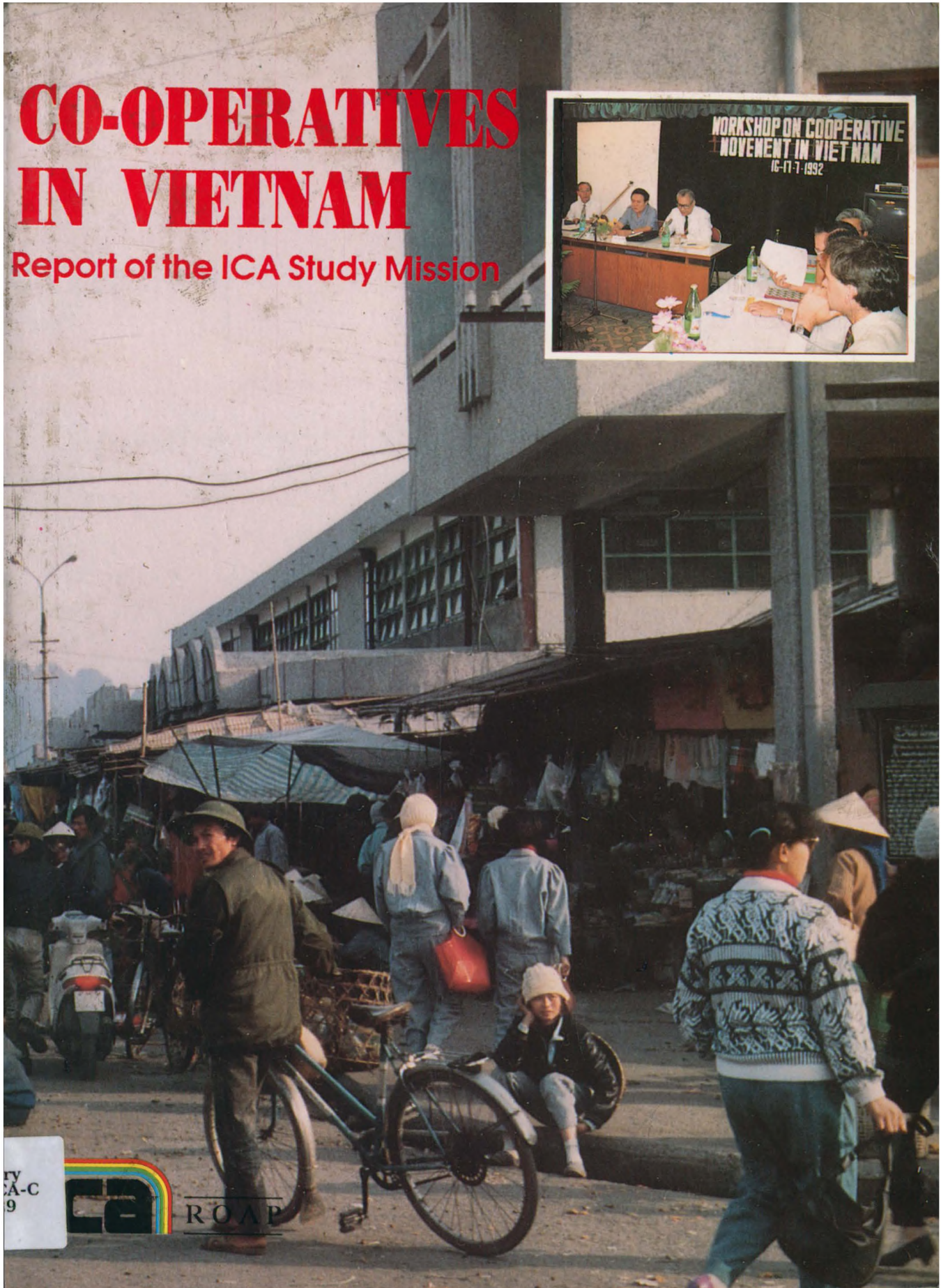


CO-OPERATIVES IN VIETNAM

Report of the ICA Study Mission



**REPORT
OF THE
ICA STUDY MISSION
ON
CO-OPERATIVES IN VIETNAM
1991-92**

ICA 00029
334(597)
ICA-R



**Regional Office for Asia and the Pacific
New Delhi, India**



ICA Library

ICA 00029

Report ICA Study Mission on Co-operatives in Vietnam

Edited by
W U Herath

International Co-operative Alliance
Regional office for Asia and the Pacific
'Bonow House', 43 Friends Colony (East)
New Delhi 110 065, India

Telephone : (91)11-6835123
Telefax : (91)11-6835568
Telex : (81)31-75025 DICA IN
Cable : 'Interallia', New Delhi

Copies : 500

*Typeset by P.Nair at the ICA Regional Office for Asia and the Pacific, New Delhi and
printed at Document Press, H.S. 14, Kailash Colony (East), New Delhi 110 048*

Report of ICA Study Mission on Co-operatives in Vietnam

CONTENTS

Foreword	v
Editor's Note	ix
PART I: PLANNING WORKSHOP ON CO-OPERATIVE MOVEMENT IN VIETNAM	1 - 93
1. Conclusions and Recommendations	03
2. Objectives	07
3. Workshop Participation	08
4. Methodology	09
5. Workshop proceedings	10
5.1 Inauguration	10
5.2 Statement by Dr.Nguyen Quang Quynh	12
5.3 Statement by Prof.Nguyen Van Huy	16
5.4 Statement by Prof.Van Huy Ngoc	25
5.5 Statement by Mr.Nguyen Dang Thanh	28
5.6 Statement by Mr.Nguyen Van Minh	31
5.7 Statement by Dr.Hoan Dat	36
5.8 Statement by Dr.Bui Quang Toan	38
5.9 Statement by Mr.Tran Duc	46
5.10 Statement by Mr.Nguyen Ngoc Triu	50
5.11 Presentation by Mr. Karl J. Fogelstrom	52
5.12 Presentation by Mr. W.U. Herath	55
5.13 Presentation by Mr.Bjorn Genberg	62
5.14 Presentation by Ms. Zilla Potivongsajarn	65
5.15 Presentation by Mr. Calude Miville	70
5.16 Remarks by Mr.H.Okamura	73
6. Concluding remarks by Mr.G.K.Sharma	74
7. Concluding remarks by Dr.Nguyen Quang Qynh	76

Annexures	
i. Workshop Programme	79
ii. List of Participants	81
iii. Observations on the Co-operative Movement in Vietnam by Mr. Hiroshi Kono, Executive Director, CUAC	83
PART II : CO-OPERATIVE STUDY MISSION TO VIETNAM	95 - 170
Memorandum	97
SECTION I	
Executive Summary	99
SECTION II	
Report	103
1. Introduction	103
1.1 Background	103
1.2 Objectives and Terms of Reference	105
2. Co-operative Sector	106
2.1 Legal & administrative environment for co-ops	106
2.2 Historical Perspectives	111
3. Analysis on Co-operatives	118
3.1 Agricultural Co-operatives	118
3.2 New approaches to co-operatives	126
3.3 Supply & Marketing Co-operatives	127
3.4 Organisational structure of co-operatives	136
3.5 Capital formation in co-operatives	137
3.6 Manpower in co-operatives	138
3.7 Women in co-operatives	140
3.8 Current external support to co-operatives	143
3.9 Future of Co-operatives	143
SECTION II	
Useful Statistical Data	149
Appendix 1 - Aide Memoire	165
Appendix 2 - Study programme	169

FOREWORD

Decline of centrally planned economies has a significance in changing the global political as well as economic scenario. This experience affected the world market situation as well as the individual countries who are going through it. The co-operatives functioning under these economies were the first to get exposed to the change as they were integral components of the economic system. Eastern Europe and Soviet Union are the clear examples.

In the socialist pattern of society in Vietnam, since 1955, attempts were made bring every sector of the economy into collectives. Co-operative ownership was considered as collective ownership and the two terms were inter-changeable. This process of co-operatization continued till the end of 1970s, and particularly in the north, 85% of agricultural co-operatives were brought under this system. During this period, co-operatives were owners of the land, implementing production plans and after taking the produce from the members were paying land revenue to the government. While in the initial stage, the co-operative members had freedom to plan their production and share in the profits, in the later stages known as 'high level co-operatives', they lost all freedom and were paid wages on their working units and the co-operatives became merely state agencies. This proved a great disincentive to the members and the agricultural production declined considerably.

Thus in the process of renovation started in 1981, land was allotted to households and co-operatives were given the job of planning and servicing as also to collect land revenue and their service charges. While this reform initially helped in increase of production, the increase in levy from members in 1987 again adversely affected the production. Concerned with this decline in production, finally land was allotted to the household authorising them to pay land revenue directly and pay a small levy to the co-operatives as their service charges. With this land reforms, the co-operatives lost all control on the members and the members started disowning them.

With the introduction of open market policy, private sector was encouraged. Law was enacted for private sector and companies but co-operatives, which were the favourable child for a long time, were completely ignored. Even to this day, no law has been enacted for them. The effect has been that a number of co-operatives became defunct or suffered losses. However, it looks that those survived are now beginning to gain strength.

At this time, the Central Council for Supply & Marketing Co-operatives of Vietnam approached the ICA for help. The International Co-operative Alliance, being the forum where the world co-operative movement meet under the same umbrella, agreed to play its role in helping the Vietnamese co-operatives to adjust to new situation. The ICA, therefore, tried to fulfil our role as a catalyst and a facilitator. In the short-term perspective, it provided the co-operative leaders in Vietnam with exposure to open market economy experiences of co-operatives, with the help of the Swedish Co-operative Centre. Many study visits and training programmes for executives were arranged. However, the major task remains with the re-structuring the co-operative system in the context of growing open market economy in Vietnam. The private sector has a clear environment to come in, but there are many issues that have to be sorted out in co-operatives as they have been a part and parcel of the central planning system of the government in the past. Promoting co-operatives with a separate identity is a challenging task.

Firstly, there is no co-operative legislation. Secondly, the co-operative structure itself is not fully out of the state mechanism. Thirdly, the existing management concepts and systems do not suit the new economy which is developing.

In the circumstances, the ICA ROAP undertook an exercise to come to a clear perception of the co-operative concepts, structure and the performance of co-operatives in Vietnam. The study made by a multi-disciplinary team is expected to provide a picture of the current co-operative situation. Based on the study, we invited the prospective development partners from developed co-operative movements in Sweden, Canada and Japan. The mission undertook a study as well as a planning exercise in collaboration with the Vietnamese co-operative leaders and officials to determine the issues and concerns for future planning in a long-term perspective. The document contain the first mission study report as well as the report of the planning workshop.

I hope that the Report will enlighten the prospective co-operative partners on the issues concerning the co-operatives in Vietnam and future possibilities.

The report may also become a learning experience for the general reader on co-operatives.

I thank the SCC, CCA, SDID, CUAC, CIDB and other co-operatives who supported the activity financially and technically. The CCSMC headed by Dr.Quynh did an excellent job of coordination and collaboration from the Vietnamese side. My colleagues, Karl Fogelstrom, SDA and W.U. Herath, Adviser-HRD, organised and carried out the activity to the best technical perfection. I thank all of them.

New Delhi
January, 1993

G.K.Sharma
Regional Director

EDITOR'S NOTE

'Report of the ICA Study Mission on Co-operative System in Vietnam' is a compilation of several documents relating to a study and a planning exercise on co-operatives in Vietnam.

Vietnam's desire to become a member of the ICA coincides with the 'Doi Moi' policy advocacy and open door policy of the Vietnamese Government. When the Central Council of Supply and Marketing Co-operatives (CCSMC) became a member of the ICA, negotiations began to draw international assistance for the development of co-operatives. These efforts resulted in signing of a memoire and the interest shown by the Swedish Co-operative Centre for seeking possibilities for collaboration.

In addition, the ICA Regional Office for Asia and the Pacific inquired from other development partners such as CCA, SDID, JA-Zenchu and JCCU for a possible joint mission to Vietnam. The mission was undertaken in two stages:

1. Conducting a Preliminary Survey on Co-operatives

This mission was led by Mr. W.U. Herath, Adviser, HRD of the ICA ROAP. Robin Valraven of the SCC, Michael Casey of the CCA and Jean Brassard of the SDID served as the members. The study was preceded by a survey conducted by a local group on the basis of a format furnished by the ICA ROAP.

2. Concluding Mission, followed by a Planning Workshop

This mission was conclusive in the exercise which culminated in a planning workshop attended by the mission members and the Vietnamese policy makers. G.K. Sharma, Regional Director, coordinated the mission. Mission members were: G.K. Sharma, Regional Director, ICA ROAP, Karl Fogelstrom, Senior Development Adviser, ICA ROAP, WU Herath, Adviser-HRD, ICA ROAP, Bjorn Genberg, Director, SCC, Claude Miville, Program Director, SDID, Zilla Potivongsajarn, Field Officer for Indo-china, CCA and H.Okamura, Co-operative Insurance Adviser, CIDB. The mission carried

out a random observation on the samples of co-operatives at each level. The team was joined by a group of Japanese delegates from JA-Zenchu, Agricultural Bank, UNICOOP Japan and Agricultural Insurance, led by Hiroshi Kono, Executive Director, JA-Zenchu.

Part I of the report provides the conclusions of the Planning Workshop which had several groups discussions, supported by the statements made by various delegates, both from Vietnamese and International sides. A brief summary of the proceedings has also been given.

Although the Japanese group of delegates were unable to participate in the planning workshop, Hiroshi Kono sent an observation note, giving their opinions. This, we thought, will be useful and has been included as an annexure.

Part II of the report includes the report of the preliminary study mission. The report is factual as well as analytical. Although a mass of data has been collected, whatever useful has been included. The statements made by several local and international delegates are reflections on the picture provided in the preliminary mission report.

This publication is expected to serve as a Working Document to be used by the local leaders and planners of Vietnam as well as the agencies who are looking forward to be partners in the development of co-operatives in Vietnam. Our sincere hope is that this would become a humble contribution towards the progress of the struggling people of Vietnam.

I must thank, Dr. Quynh, President of CCSMC, co-operative leaders and other government officers, who participated and supported in the mission as well as many co-operative members who participated in the study. My special thanks to Mr. Nguyen Tuy, Head of the International Department of the CCSMC, who coordinated the activity and helped in translating the Vietnamese documents into English.

The members of the preliminary mission did a difficult ground work along with me. The leaders of development partners who joined the second mission gave life to a continuing activity. Mr. Karl Fogelstrom, Senior Development Adviser of the ICA ROAP initiated and coordinated the activity from the ICA ROAP along with Mr. G.K. Sharma, the Regional Director. My sincere thanks are due to all of them.

Editor

PART I

REPORT OF
THE PLANNING WORKSHOP ON
CO-OPERATIVE MOVEMENT IN VIETNAM
16-17 July, 1992

I

CONCLUSIONS AND RECOMMENDATIONS

1. **Co-operative Legislation**
 - 1.1 In Vietnam's present market-oriented economy, it is essential for the Vietnamese co-operatives to have a basic law. The basic law should be simple, easy for members to understand, serve as a legal framework which will facilitate the promotion and development of co-operative movement.
 - 1.2 The law could be common for all types of co-operatives.
 - 1.3 Law on co-operatives may include:
 - Definition of co-operation,
 - ICA Principles of Co-operation,
 - Procedure for formation, regulations on registration, supervision, profit distribution and dissolution of co-operatives.
 - Rights and obligations of members,
 - Organisational structure,
 - Management of co-operatives,
 - Facilities, concessions and exemptions by the government.
 - 1.4. Basic laws will have to be adopted by the Parliament.
 - 1.5. There could be secondary rules to be adopted by the Government, besides the basic legislation.
 - 1.6 Government should declare its policy for the co-operatives.
 - 1.7. Bye-laws have to be adopted by co-operatives and to be registered under the law.
 - 1.8. The ICA be requested to provide assistance in drafting co-operative legislation. This may be in the form of experts for the first stage of preparation for about one month, followed by training programmes on co-operative law for concerned officials.

- 1.9. The ICA should be requested to provide laws on co-operatives of Asian countries for reference by the institutions in-charge of drafting the resolution.
 - 1.10. Financial and technical support from the ICA and affiliated organisations is requested for training and study tours for co-operative leaders, staff and members.
- 2. Structure of Co-operatives**
- 2.1 The present structure of co-operatives does not meet the changing needs of market economy.
 - 2.2 It is necessary to re-organise primary co-operatives to suit the market economy.
 - 2.3 There is an apparent need to develop a three-tier/level structure:
 - Primary co-operative societies,
 - Provincial Unions/Federations,
 - Central Council/Federation
 - 2.4 As the present financial mechanism of co-operatives is no longer suitable for the market economy, it needs to be replaced by a share capital one.
 - 2.5 The ideal form of village co-operatives would be multi-purpose co-operatives with credit, agriculture, consumer and marketing functions.
 - 2.6 The proposed multi-purpose co-operatives could cover large areas of operation, keeping viability in view and thereby gaining in strength.
 - 2.7 Adequate training, systems and facilities for managers are necessary in the new system as they are a complex undertaking. The present manpower of co-operatives has not functioned in such a system.
 - 2.8 The co-operatives should be treated mainly as economic ventures but they could help the social obligations e.g. present co-operatives support widows and families of killed soldiers if their resources permit with the consent of members,
 - 2.9 The government and co-operatives should support each other but should have clear demarcation of functions.
 - 2.10 The government should only lay down its policy on co-operatives and related activities e.g. credit, insurance, etc.
 - 2.11 The co-operatives may have to follow the administrative divisions of the provinces in their organisations but the area of operations has to be decided by the members.

- 2.12 The following areas have been identified for external support:
- a. Management training in market economy should be the first priority accompanied by text books, etc.
 - b. Investment on technology and improved infrastructure for co-operatives. However, external assistance should only be supplementary.

3. Co-operatives in the Market Economy

- 3.1 Existence of co-operatives is essential in the market economy.
- 3.2 Apart from the present co-operatives, many other types of co-operatives would have to be developed.
- 3.3 As the number of private business establishments are many, their role cannot be underestimated.
- 3.4 Viability of co-operatives as economic organisations should be kept in mind in order to compete in the open market.
- 3.5 More inputs are essential to achieve more profitability from the economic enterprise.
- 3.6 The members are considered to be voluntarily engaged in production and business in accordance with:
 - Voluntariness,
 - Common need, and
 - Common interest.
- 3.7 The legal environment of the past government initiated establishment of co-operatives and made them administrative units. Therefore this situation needs to be changed.
- 3.8 The present training system has been set up by the government. It has become alienated from realities. Therefore, it has to be improved to meet the present conditions of the localities and become more practical.
- 3.9 The training system should be vocational and have component of extension services.
- 3.10 The training system should also pay more attention to the people and develop training designs at all levels.

4. Role of Government in Co-operatives

- 4.1 The co-operatives need the support of the government. Support should be aimed at:

- Creating a favourable environment (co-operative legislation),
 - Having favourable economic policies towards co-operative sector (tax concessions),
 - Formulating favourable credit policies. These policies should provide incentives but not subsidies.
- 4.2 Government should not interfere in the working of the co-operatives and the management boards should be elected by its members.
- 4.4 The government could use co-operatives for channelling favourable programmes for farmers, but the co-operatives should agree to such programmes (e.g. credit, export, etc.) voluntarily.
- 4.5 The government should not force co-operatives to carry out social programmes.
- 4.6 The administrators of the government should support co-operatives while treating them as independent ventures.
- 4.7 The areas for external assistance are as follows:
- a) Training of staff within the country as a whole,
 - b) Strengthening different local co-operative institutions for training,
 - c) Providing co-operative information,
 - d) Assisting in increase of exports,
 - e) Exchange programmes with other countries,
 - f) Providing production equipment,
 - g) Sending Vietnamese co-operative groups on study tours to countries where conditions are similar to Vietnam.
 - h) Supporting experimental projects.
- 4.8 Co-operative development is a complex subject. It should be tried out in accordance with the economic system in the country.

II

OBJECTIVES

- 2.1 To assess the existing structure, legal and administrative environment and the performance of the co-operatives in Vietnam.
- 2.2 To identify critical issues concerning the future of co-operatives in Vietnam.
- 2.3 To identify alternative measures that could be undertaken to strengthen the co-operatives in Vietnam.
- 2.4 To identify areas of technical collaboration from the external technical agencies.

III

WORKSHOP PARTICIPATION

The workshop has been jointly organised by the ICA Regional Office for Asia and the Pacific and the Central Council of Supply and Marketing Co-operatives (CCSMC).

21 participants from Vietnam consisting of the former Deputy Prime Minister, some Vice Ministers, heads of various planning and research institutions, heads of national level co-operative organisations and mass organisations participated at the workshop.

From the external collaborating agencies, seven participants from the ICA ROAP, SCC, CCA, SDID and CIDB participated in the workshop.

The list of participants appears in Annexure 2.

IV

METHODOLOGY

The Workshop had a focus on future directions for planning in the co-operative sector. Therefore, the strategy adopted for the workshop consisted all the presentations on various subjects and policies of the institutions by the authorities from the Government of Vietnam and the co-operative sector, followed by the presentations by the external delegates, who made a study during the previous 10 days. This exercise was also supported by the mission report of the ICA ROAP compiled after the primary study done in January, 1992. The external delegates also introduced their organisations and their policies and strategies.

Four areas of future concern have been identified by the organisers from the previous study made i.e. Co-operative Legislation, Structure of Co-operatives, Management Development and Government-Cooperative Relations. The internal and external participants were divided into 4 groups, depending on their interests and specializations, who discussed the issues supported by the guidelines provided. Later the workshop adopted the Conclusions and Recommendations of the group at the plenary sessions after thorough deliberations.

The workshop programme appears as Annexure 1.

V

WORKSHOP PROCEEDINGS

5.1 General

The workshop was inaugurated at the NIAPP auditorium on 16 July, 1992. Mr. Duc, Vice Chairman of the CCSMC, welcoming the delegates explained the collaboration between the ICA and Vietnam Co-operatives since 1988. He said that the Vietnam Co-operative Movement has undergone many stages of changes since the renovation process started. The renovation policy has affected the co-operative movement to a great extent.

He also indicated that the workshop has been organised by the CCSMC with the financial and technical support from the ICA Regional Office in New Delhi. He wished successful deliberations at the workshop.

After Mr. Duc, Mr. G.K. Sharma, Regional Director, ICA ROAP addressed the gathering as follows:

“Dr. Nguyen Quang Quynh, Chairman, CCSMC, distinguished Vietnamese participants, members of ICA Study Team and fellow cooperators,

I am very happy to join this workshop which is the final phase of the ICA Study Mission which will continue for two days. The first phase of the mission which took place in January this year was more of a fact finding, while the present one is to come to some definite conclusions, and recommendations with a view to help strengthen the Vietnamese cooperatives in this fast changing economic situation.

The ICA, which was established in 1895, is a global confederation of around 178 national level cooperative organisations from 80 countries in addition to 10 international cooperative organisations. The Regional Office for Asia & the Pacific was established in 1960 and covers 17 countries in the region. It accounts for more than 400 million individual members.

The Central Council of Supply & Marketing Cooperatives joined the ICA in 1988 within two years of the Vietnamese Government's policy of Doi-Moi proclaimed in 1986. In last 4 years ICA and CCSMC has developed very close working relationship and collaboration particularly since the visit of ICA President, Mr. Lars Marcus, in February 1990.

We have tried to let CCSMC leaders and officials get some exposure of cooperatives outside Vietnam through visits to countries like China, Japan, Indonesia, Australia, India etc. we have also arranged some training facilities for officials.

Since the beginning of the Vietnamese Government's policy towards a open market economy the cooperatives are facing big challenges. Many policy-makers are not fully aware of the role and importance of cooperatives in a free economy which is needed much more than in a planned economy. Because in a market economy, if state and cooperatives do not take care of that segments of the society which are not so fortunate in capital resources, who else will look after them?

On the other hand, the cooperative leaders and management are also not fully equipped to meet the new challenges and competition of free economy. In this hour of crisis, they need help and guidance from more advanced cooperative organisations. However, this help is not a solution. The solution lies on the will and hard work of the leadership of the Vietnamese Cooperatives themselves.

We found that some cooperative organisations like CCA and SDID from Canada had already established contacts and others like JCCU and CUAC are following it. They are members of the ICA. Thus to maximise the inputs and outputs of these efforts and resources we in ICA have tried to bring these institutions together and fortunately we have got a good response.

I am thankful to all of them and particularly to CCA, SDID from Canada, CUAC and CIDB/Zenrosai from Japan for joining this mission and extending their full support.

I shall particularly like to thank the Swedish Cooperative Centre and its Director, Mr. Bjorn Genberg, who accepted our request and has personally joined this mission. He is a veteran cooperator and have long experience of working in many developing countries. His presence will definitely help in finalising purposeful recommendations. Of course, my colleagues from ICA, Mr. Karl Fogelstrom and Mr. W.U. Herath, worked very hard to make this mission as purposeful as possible.

The CCSMC, its President, Dr. Quynh, and his colleagues and staff have made excellent arrangements. But for their support and cooperation, the mission would not have been able to carry out its planned programmes. In the beginning I had said that this is the last phase of this mission. But I am sure this will also be a beginning of a new phase which will enable the Vietnamese cooperatives to grow as a genuine, democratic, autonomous, self-reliant movement to serve its members and face the challenge of free economy.

Before ending my speech, I will like to extend sincere thanks on behalf of the ICA and members of the mission to all the distinguished dignitaries who have come to attend the workshop and share their wisdom. I wish the workshop's deliberations all success."

5.2 Statement by Dr. Nguyen Quang Quynh, Chairman, CCSMC

Dr. Nguyen Quang Quynh, Chairman of the Central Council of Vietnam Supply and Marketing Co-operatives welcomed the delegates and guests who came for the workshop. He said that the participants invited for the workshop have very high positions in the country and have close relations with co-operatives. As Mr. Sharma has pointed out, the association with the Vietnamese Co-operatives and the Planning Mission is the beginning of a new phase of association with co-operative movements in other countries and within the country. The collaboration between CCSMC and the ICA has been very successful. Dr. Quynh thanked the ICA for the assistance they have provided and particularly Sweden in the recent past. He also thanked Mr. Genberg who specially came to Vietnam to participate in the mission. He also thanked the CCA, SDID, CUAC and CIDB.

Collaboration between the CCSMC and Japan has been progressing strongly during recent time. He indicated that he attended Seminars organised by the Japanese co-operatives in Tokyo and Nagoya.

In his speech he said, "In the economy of Vietnam, agriculture holds the dominant position. Agriculture takes the most important part of social labour force and occupies the biggest share in Gross National Product (GNP). In the process of socialist construction, agricultural policy is always major part of economic development strategy drawn by the Communist Party.

In 1958, after the land reformation and agricultural restoration carried out in the North, the Party had given the orientation of organizing co-operatives and considered it as the unique and right way leading Vietnamese farmers to socialism.

With the impatient and subjective idea of constructing socialism in hurried steps, in only 2 years, 414,000 co-operatives were set up with 85.8% of farm households and 76% of cultivable land. The organization of co-operatives was almost completed in 1960 for the North. The rapid growth of organizing and collectivizing absolutely the labour force and production means, from the beginning had contained a cause of problems which lately led to the crisis of collectivization during the years 1976-1980, showing the sharp contradiction between farmer's interest and society's interest. As the farmers were separated from the final output, they were not attached to land. In many past decades, the effectless collective economy didn't get any progress and kept functioning in the form of self-sufficient economy. Consequently, it was not possible to create necessary labour force for food production to meet demand of farmers and all population, which is the most important problem of the country.

In order to solve these above problems, the mode of centralized management with inflexible collectivization model should be eliminated, since the year 1970s, in some places, there has been a germ of new model that is the regime of working under contract, the farmers or group of farmers are hired by piece.

Till 1981, the regime of hiring by piece was at first confirmed by the 100th Instruction of the Central Secretary Committee of the Party though there was still certain caution. In the light of renovating orientation given by the 6th General Congress of the Party, followed by the 100th instruction of the Central Secretary Committee and the 15th Resolution of the Political Bureau concerning the renovation of agricultural management, a deep change had been done in agriculture. Labour force was liberalized at a certain level, the utilization of land, production means and labour force was more sensible. Consequently, the demand of food and foodstuff of population was relatively satisfied by agricultural production. Besides, the agricultural produce reserved for export was mostly available. The living standard of certain number of farmers was better.

On the basis of reality, the role of farm-households in agricultural production was affirmed in the resolution of the 7th General Congress of the Party and recently in the resolution of the 2nd Congress of the Central Committee (7th term). The development policy of farm households in agriculture was considered as the unique and long lasting policy in the transition period.

The supply and marketing co-operatives (SMC) are one kind of collective business practising activities mainly in rural regions and providing services to rural population. In the past years, the SMC took a significant role of an intermediary in selling consumer goods and production means to farmers and

buying their agricultural produce for export and also for redistribution within the country. As a result, since their foundation, the SMCs have been considered as the main logistics of agricultural production and farmers.

In the new mechanism, when the farm household become self-controlled production units, the SMC's activities should be for improving the efficiency of farm household economy and accelerating the development of market economy in rural regions. During the process of transferring the agriculture from self-sufficient economy to market economy with high productivity, the requirement of production means and consumer goods as well as requirement of selling agricultural products which are considered as requirement of input and output, are one decisive factor.

In order to satisfy these needs, the SMC first of all should be able to supply the farm households with agricultural materials and other means of production. In the past, the supply of these materials was done by the State supplying system through co-operatives. But now as the mechanism of centralized and planned management is eliminated, all requirements of agricultural materials are met by the market. The role of the SMC in organizing trading activities to support farm households is of great significance.

Apart from all that, the SMC also plays an important role of supporting households in selling their products, and the role of a purchasing agent for other economic organizations. The SMC should become the bridge joining the producers with market, support the farmers in dealing with the market and help them to know how to satisfy the market requirement. These supports are helpful promotion to make full use of the strength of households and push up the agricultural development in the orientation of market economy.

Parallely, the organisation of service activities like production service, social and cultural service, especially processing service for agricultural produce after harvest should be emphasized. In the past years, each farm household was one production unit, the support of the SMC was very needed; the SMC's activities were deeply attached to the household's production activities and life.

In recent years, under context of the new mechanism, a deep change has happened to the SMC. Apart from one part of the SMC who has transferred to suitable activities, many SMCs have fallen down in difficult situation and certain number of SMCs have experienced a collapse.

In order to bring into play the role of the SMC in rural regions in the new context, the SMC should be changed in all aspects of organization, management as well as mode of activities,

The renovation in SMCs should be carried out with the following points of view:

- i. **Applying various and flexible models of organization for co-operatives and collectivization:** It is affirmed in the resolution of the 2nd Congress of the Central Committee (7th term) that: "any production and trade organization invested by farm households, managed in principles of democracy, registered and functioned under legislation, though of large or small scale, can be co-operatives". It is allowed to set up cooperatives of certain number of households in order to support the co-operative's members in procuring and selling products and services. The SMC in the form of general trading co-operative can also be established which is dealing not only with trading activities but also providing technical services for agricultural production and food processing after harvest.

It is advisable not to apply one unique model of SMC for all the country or limit the SMC in administrative regions. The size and scope of SMC should be dependent on their own environment and capability, for instance, the community SMC, district SMC, multi-community SMC, etc. But a very large scale SMC cannot be convenient. The size and scope of SMC can be relatively considered as the SMC can function with various types of activities and one household can be a member of many SMCs. It is mentioned here that only the objective requirement of setting up the SMC can be a decisive factor for the type, size and mode of management SMC.

- ii. **Respecting the principle of voluntary, democracy in organization and management of SMC, thus making the SMC a helpful social and economic organization attractive to all households and farmers:** It is imperative to avoid the formalism or compel in establishing SMCs, as we had experience of the failure during the year 1960-1962 in the North and 1976-1980 in the South, due to the impatient and hurried idea of organizing SMCs. We should keep in mind that the SMCs are set up by farmers and for their interest in the context of multi-element economy. To appeal their participation, the SMC should prove the helpful support to them.
- iii. **In order to ensure the self-decision making right of SMCs, the local authorities can control the SMCs through legislation, guidance and promotional policy but cannot directly interfere with their activities.**
- iv. **Restoring and strengthening the Union of SMC, particularly the regional, provincial and city unions of SMCs:** The links within the SMC system should be given attention as they are the basic factors assuring the efficiency

of the SMC, especially for SMCs in rural regions. The union of SMCs should really be an economic union which has the responsibility of guiding and supporting local SMCs. The Union of SMCs should be for the interest of local SMC as well as farmers in economic, social and political relations.

The development of SMCs creates the crucial basic function of setting and accelerating rural markets. On this basis, the household's capital, labour force and skill can be brought into play in the process of transferring the agriculture from self-sufficient economy into market economy, transforming the backward agriculture into industrialized economy, accelerating the combined development of agriculture, forestry and fishing industries, contributing to creating the new face of rural regions. The state and especially the local authorities should pay more attention to create favourable conditions for the development of the SMCs.

The role of State for the SMC consists firstly in creating favourable environment so that the SMCs can make full use of their role of collecting trading organization, solve the problems of taxes, credit regulations, etc.. Giving the SMCs a preference on tax and credit terms can help to assure the SMCs' equality with the other economic organizations, protecting the SMCs from unfavourable position in the market economy. The SMCs should also be encouraged to export and import activities so that the household economy as well as the rural markets can be combined with the overall market of the country and of the world.

Though the SMCs are given the self-decision making right of an economic organization and the local authorities don't interfere deeply with their activities, but they are still under the control and management of the State. The restoration and development of the SMCs are of significant importance in the economic and social development strategy of the local region.

In the new context of market economy, training specialized cadres and staff working for the SMCs is of great need. The state is most concerned with this problem."

5.3 Statement by Prof. Nguyen Van Huy

In his address to the workshop, Prof. Nguyen Van Huy, Vice Director of the Central Institute for Economic Management, stated:

"The Vietnam co-operative movement has 30 years of establishment and development with the great achievements recorded and the problems to solve.

There is the objective demand in production and trade to co-operate in trade guilds, trade associations, professional areas, professional villages and then

together with the effects of socialist reform policy to collect all the workers in collaborative forms as mutual-aid teams, production teams and co-operatives.

After 1980s in the North and after 1975 in South, the Vietnam co-operatives have developed steadily all over the country in all the economic sectors: agricultural production, minor handicrafts industry, construction, communication and transport, and trade. In 1985-86, there were 12,000 agricultural co-operatives, more than 30,000 minor handicrafts production units, nearly 10,000 supply-marketing co-operative bases, 2000 transport co-operatives, about 500 construction teams and co-operatives in the country, leading million workers to do production and business activities, contributing efforts with the State economic sector to build up and develop the country's economy.

Under the economic renewal and economic management renewal process, there are a lot of changes in the organizations and activities of the Vietnam co-operatives.

Prior to 1980, Vietnam has established a variety of co-operatives and these co-operatives were under the management, which is applied in the state economic sector in order to collectivise capital goods and labour. The property of the co-operatives is considered as common, and the co-operatives were given the annual production and trade plan by the government. Most of the co-operatives have carried out the processing deal contracts with the State companies and enterprises. The production co-operatives supply materials and fuel according to the plan, and turn out products which are sold at fixed prices by the Government. The supply and marketing co-operatives are the agents for the State trading companies and the transport and construction co-operatives fulfil the plan of the state institutions. The labourers are encouraged to take part in the co-operatives. Most of the workers have joined the co-operatives after 1960, because they had not contributed the share to the co-operatives or they do not find the work in the institutions. Sometimes, the nationalization movement was going in a lot of the provinces, so most of the co-operatives have lots of definite principles of the collective economic organisations.

However, the collective economic organizations have an active role in the national economy. Production in most of the co-operatives was stable while activities in others were considered excellent. The co-operatives have found enough work for the labour force. Together with the state trading sector, the supply and marketing co-operatives have taken over the function of distribution of necessary consumer goods to every rural and urban household all over the country. The co-operatives have played a very important role in building up

the social welfare as construction of creches, hospitals, schools, etc., and especially in the establishment of the social security fund for the co-operative sector.

The co-operatives in minor handicrafts industries, the transport and construction co-operatives, also the supply and marketing co-operatives have mobilised plenty of co-operators in activities and have defended their interests.

Since late 1900's, while the subsidies mechanism which the bureaucracy has been managing was over, the collectivization have represented a lot of the problems to solve, and the co-operatives should get over the new challenges.

When the advantages of the subsidies mechanism have expired, most of the co-operatives with the poor technical material basis and the effective and undynamic management were not relevant with the market mechanism, and had not got the competitiveness in the market. Most of the co-operatives have encountered larger challenges, when the traditional consumer markets have been narrowed due to the political upheaval in the former Soviet Union and in Eastern Europe.

In the last years, the activities of the co-operatives have been declined due to the changes.

In agriculture, since the beginning of the new mechanism of work by contract, the agricultural co-operatives have changed their activities to shift every rural household into an independent economic unit. 55% of more than 12,000 agricultural co-operatives established before are formal now and have not got the collective economic activities. Most of the agricultural co-operatives have been in debt, and their capital has been appropriated by the co-operatives, but in most of the co-operatives, the management board still had to collect the fund in order to pay the executives. And in some places, the collection exceeded the certain limit, so this affected the interests of farmers.

In the minor handicrafts industry sectors, in early 1988, there were 1.2 million workers belonging to 7,000 co-operatives specialized in handicraft production and 9,000 professional bases in agricultural co-operatives, accounting 64% of non-state minor handicraft industries production value. Nowadays in this sector, there are 460,000 workers belonging to 4,265 co-operatives, accounting only 29% of the above mentioned value. Only 20-30% of the handicraft production co-operatives in operation now have stable activities and get profit.

In trade, there are 2,800 supply and marketing co-operatives in operation now, compared with more than 9,600 supply and marketing co-operatives with

50,000 selling points before. The retail turnover share of all the supply and marketing co-operatives in the market was reduced from 10-12% to 2-3%.

In communication and transport, the number of the transport co-operative shas been reduced from 3,200 to 1,600 and the transport capacity has fallen to 40% in these co-operatives.

In construction, there are only 300 construction co-operatives in operation now, compared with 500 construction co-operatives and more than 100 construction teams belonging to the agricultural co-operatives before. Therefore, during the period of the market mechanism in the competitive conditions with other economic sectors, most of the co-operatives have been changed to other economic organizations, such as:

- Many private economic bases established as co-operatives before have been changed to the private business or the joint stock companies,
- A number of the co-operatives are still called 'the co-operatives' but in reality, their property belongs to the individuals, and the co-operators are the employees.
- Most of the supply and marketing co-operatives have narrowed not only their activities but also the services for the farmers. These co-operatives do buying and selling operations.
- The transport co-operatives have the association functions as registering the cars, paying taxes and security fees.. The transport means are private, therefore, the transport means owners have to use the means effectively.
- The production co-operatives, specially the co-operatives with the large and medium scale did not find the new orientations in the production and business activities. Most of these co-operatives have been liquidated or shifted to the other economic organizations.
- The agricultural co-operatives are transforming their activities on the voluntary basis of farmers.

In the establishment and development of the co-operatives, the government plays a very important role. In the conditions of the new mechanism, the government creates economic and legal environment for co-operative development. Therefore, the government has to strengthen its state management functions for the co-operatives but should not interfere in the internal affairs of the co-operatives.

Thus, in the current conditions of these new mechanisms, there are the needs to renew the co-operatives basically in the aspects as the concept of the co-

operatives, and the organization of co-operative forms and the state management functions for the co-operatives. These aspects are the largest and complicated problems. Nowadays our research institute for the state economy management is carrying on a research into the renewing co-operative problems represented in the draft law on Vietnamese co-operatives. We would describe 3 groups of the co-operative problems researched by us as follows:

- Structure of the co-operatives,
- Macroscopic policy and organization forms of the co-operatives,
- State management system for the co-operatives and social economic organization system of these co-operatives.

In the third group predicted to describe in the draft law on Vietnam co-operatives, there are a lot of different opinions, which should be considered in the research. We have to consult the information and experiences of other countries.

- Collective ownership: content and forms. We have to define an individual ownership in the co-operatives in order to combine the co-operators' interests with the co-operative.
- Co-operative concept: Main purposes (business or mutual-aid production), organization and management principles, definition of co-operators,
- Co-operative management contents in such aspects as capital, property, revenue distribution, profit, liquidation and collaboration.
- Co-operative organization: congress of co-operatives, management board, inspection team.
- Representative units of the co-operatives: functions, name, activities, and organizations.
- The Government and the co-operatives: State management for the co-operatives, formal and informal state management organizations for the co-operatives. In his address, Professor Tran Ngoc Hien said "In the process of transition to market economy, the Vietnamese rural regions are in need of establishing a new economic system, in which the farm household economy and co-operative economy simultaneously develop as two undetachable sides of common process of rural economy.

The new face of Vietnamese rural economy can only be built up gradually in the process of creating a new economic system. This two-sided parallel development were a popular practice in the agriculture of developed countries

in the past many years. The newness of this process in Vietnam includes in the orientation to biological agriculture and market economy.

The requirement of creating a new economic system in Vietnamese rural regions is not eventually appeared. It is a result of economic renovation. From the experience of correcting a mistake made in collectivization process, we have returned to farm household economy. On the basis of the farm household economy of market economy, a new production and service co-operatives was set up for rural regions.

Co-operatives are needed for the development of farm household economy

The rural regions of Vietnam, with about 10 million farm households, play an important role in stabilization and development of the country in the coming years, in production and life (foodstuff..etc) or socio-political aspects (rural population consists 80% of total population).

Over the past 10 years, the rural regions have returned to farm household economy. Consequently, certain economic and social progress have been reached, the sharp contradiction in rural regions have been lightened.

However, the practice showed constraints of farm household economy in the first stages of transition to market economy. According to data provided by Agricultural Department:

- 8% farm households are considered as rich (may be more today)
- 37% farm households are considered as in normal living standards,
- 55% farm households are considered as in low living standards.

In view of the movement of market economy, according to data provided by the Ministry of Agriculture and Food Industry, in 3057 investigated households in 1990:

- 22.4% farm households produce commodity,
- 82.8% farm households are self-sufficient,
- 14.3% farm households are natural economic households.

It is obvious that the farm households are not able to bring in to play their production capacity. They are facing many difficulties such as capital, seeds, insecticides, fertilizers, agricultural material, selling of products, crowded land.. In short, they have difficulties for input and output.

In some places, these difficulties are resolved partially with the assistance of diversified forms of co-operatives.

By the end of 1990, in the whole country, there were 47,116 co-operatives and production groups; 9,000 supply and marketing co-operatives (data of 1988), which are operating besides farm household economy, especially the local network of supply and marketing co-operatives have played decisive role in solving problems of input and output for all farmers, replacing the distribution network in old mechanism.

However, in the transition from planned mechanism to market economy mechanism, the operational efficiency of various production and service co-operatives is very low. Though the number of rich farm households increased by about 20%, the number of poor farm households has not decreased. If the social problems are taken up, the number of technical and science cadres in rural regions is not used fully (2,493 graduated persons occupied 3.86% management cadres; 34,850 technicians, 22,283 persons have graduated from primary schools).

In the practice of Vietnamese economy, there is an important role of rural farm household economy with changing face. This role is undetachable with the role of various forms of production and service co-operatives. It is the first condition for the development of farm household economy.

The co-operative is needed for the multi-faceted development of rural society

Presently, rural regions of Vietnam are changed so much compared to that of 5-10 years ago. But these changes are not enough for overcoming the great difficulties in rural regions.

- a) Firstly, the co-operatives are needed in creating the work of rural labour. Of the 28 million workers in rural regions, there are about 1 million unemployed and many millions are employed for part-time. In Red-river delta, the average work-days per person is about 200 days per year.

The farm households in spite of many efforts are not be able to solve the problem of unemployment. This situation is becoming worse when the population growth rate is high. In the economic view, the use of rural labour force can only be solved in the process of social labour division with participation of other economic elements. In this, the multiple forms of production and service co-operatives are appeared, reflecting the development of labour division. Consequently, the multi-form of production and service co-operatives are of social and economic significance.

- b) The co-operatives are needed in market creation for production and consumption in rural regions.

Presently, either in the South rural region with abounding rice and foods or in the North with shortage of food, there is a great need of market expansion.

The potential possibility for raising quantity and quality of agricultural products by intensive crops and processing activities. Vietnam is classified in ten top Asian countries rich in biological resources. There are many favourable conditions for diversifying development of biology, including all kinds of plant, animal, microbiology and ecological systems.

Although Vietnam is rich in biological resources, it is poor in science, technology and market system.

It is clear that, if the market is not suitable, there will be constraints not only for production and consumption in rural regions but also for the implementation of scientific technological progress.

The market creation and expansion in rural regions have to be based mainly on the development of various production and service co-operatives, suitable to the requirements of each region.

Presently, the supply and marketing co-operatives and the State business immediately have to create a system of commodity circulation between rural and urban regions (including export and import), satisfying the urgent requirements on input and output for farm households and promoting the creation of various types of processing co-operatives for agricultural produce with different sizes as family enterprises, multi-family enterprise, inter-commune enterprise which is important in rural market creation.

Together with various types of production and commodity consumption co-operatives, there is a great need to develop other types of co-operatives for transport, product storage, credit and technical services. They are of important significance for creation and expansion of market.

Apart from all that, the development of various types of processing, restoration of traditional and precious career of families or co-operatives will contribute to diversify the market.

The above ways and methods of creating rural market cannot only be based on farm households or state economic organization but mainly based on the system of co-operatives of various sectors. Differently with traditional farm households who didn't need the market or present farm households who are not attached to the market, various co-operatives of service and production are one element of the market and develop with the market.

As a result, the market in its right meaning cannot be created without the development of various co-operatives of service and production.

- c) The production and service co-operatives are needed in raising the income and solving social problems in rural areas.

The income increase and resolution of rural social problems have to take place at the same time and both would be solved through the market and economic development, in which the co-operative forms and services have a specially important role.

Presently, the farm household income is very low. Estimating by market price in 1989 (data provided by the General Department for Statistics), the monthly average income per capita of farmer by area and year as follows:

(Unit: Vietnamese Dongs)

	1981-87	1988	1989
In whole country	19,596	20,487	21,428
In North mountainous area	16,695	17,705	18,789
In Red River Delta	18,028	18,622	19,203
In South areas of Central Province	18,197	18,569	18,659
In Tay Nguyen Provinces	N.A.	N.A.	21,104
In Mekong River Delta	21,859	23,857	27,285

From the above table, we know that the monthly average income of farmer is very low. However, it is more important that in many past years, the monthly average income of farmer had increased insignificantly while in rural regions, there have been many urgent requirements for foodstuff, house, transport, health care, education, etc.

The method of increasing income, satisfying requirements is a development of all market and production possibilities. The investigation done in 1989 in 5 provinces (provided by GDS) showed that, the increase of income in non-agricultural households is more accelerated than in agricultural households.

With the development of market and labour division, the social classification has appeared in rural regions, which didn't exist before. The phenomenon is carrying an orientation of rural social development.

Compared with the picture in "rural regions all are equally poor" before, the social classification shows a clear significance because there have been about 20% rich farm households.

When thinking about the rural future, the social classification lead to the picture “more rich and less poor people” of to classes?

The social and economic significance of various co-operatives of production and services is more profound than what is found out by certain people.

Hence, besides the technical and financial conditions, the development of various co-operative types requires the suitable economic and social environment. The right orientation for co-operatives with participation of various economic elements is dependent on the state competence of organizing and managing the social and economic activities”.

5.4 Statement of Prof. Vu Huu Ngoan

In his statement to the delegation, Professor Vu Huu Ngoan stated “The present situation and the future of supply and marketing co-operatives (SMCs) in Vietnam should be understood on the basis of their history.

Since almost half of the century, the SMCs have been known as a kind of a business familiar to Vietnamese people.

At the beginning, the SMCs were developed in rural regions. Since the liberation of the South, they have become popular in urban regions and particularly in Ho Chi Minh city. The SMCs were born under the common concept of developing the new economy since the mid-1950s in Vietnam. This concept is concerned with 3 elements of national economy; which are State sector, collective sector and private sector. So in industry there are:

- State (or Public) enterprises,
- Minor and handicraft industry co-operatives,
- Private minor and handicraft industry.

In agriculture, there are:

- State farms
- Agriculture co-operatives
- Households

In business fields, there are:

- State business,
- Supply and marketing co-operatives,
- Private business.

Obviously, the SMC in Vietnam were established on the basis of collective business. Initially, Vietnamese people always had confidence that the state sector must be better than collective sector and the collective sector must be

better than private sector. The SMCs were mainly welcome by the idea of new society with very little economic consideration. With the establishment of agricultural co-operatives, the farmers believed to avoid the evil land masters; with the setting up of credit co-operatives, they hope to avoid cut-throat interest of creditors; and with the SMCs, farmers believed to be protected from tricky traders. In rural regions, the members of agricultural co-operatives were also members of SMCs.

The SMCs in Vietnam are also characterized by their foundation and existence which are based on budgetary mechanism, say buying and selling with planned quantity, at very low fixed price compared with the value of commodities under distributing and contributing system. In the budgetary mechanism, the SMC became an intermediary organization taking the role of mobilizing products from farmers for the State and distributing consumer goods of the State to farmers. With this role, the SMCs in rural regions did not function as trading organizations. Differently in urban regions, the SMCs have lately functioned as trading organizations. They performed the trading functions of economic organizations in dealing with buying and selling in order to satisfy the consumer's need and also get benefits. The common trade mode used by SMCs in urban regions are:

- Producing and processing goods,
- Procuring goods from the production units and regions,
- Opening shops for selling goods.

Almost all SMCs have been set up with the State support and located in administrative regions; for instance, the district SMCs, the provincial SMCs, the city SMCs. These characters of SMCs in Vietnam represent at the same time their strength and weakness in the context of particularly Vietnamese history. Though they have not performed well, the function of a trading organization, still they have proved their importance in the life of poor rural and urban people for many decades. In recent years, Vietnam began to carry out the renovation. In this renovation, the economic field is mostly concentrated. The economic renovation covers many aspects, particularly the maintenance and development of various economic elements, the diversification of ownership and economic organization, the vigorous development of market economy, the replacement of budgetary mechanism by market mechanism. In the context of piece competition of various economic elements, facing with diversified ownership and economic organizations and especially in the situation of market economy mechanism, the SMCs functioning with their old mode of organization cannot overcome their shortcomings and deterioration rapidly. In fact,

under such a condition, the same situation happened even to State and collective sectors in all agriculture, industry and trade. But the worst deterioration took place in collective business and in minor and handicraft industry co-operatives. If the business efficiency is calculated on the basis of shop space, staff number and invested capital, it is obvious that the private business takes the leading position and is followed by State and collective business and the SMCs are the last. In 1985, private business occupied only 30% of the total trade and the State and the collective business took 70% in Hanoi city alone. But in 1990, the situation was reversed; the State and collective business held only 30% and the private business achieved 70%.

Even then, the existence of State and collective business still is of objective reason and represents the need of Vietnamese people. The importance of State and collective business is more obvious during the period of bad harvest and price fluctuation. But the problem is how to maintain the state and collective business in the new situation. The SMCs should be renovated, it is an imperative need. Renovation is the basis for the SMCs' existence and their existence supports renovation. The renovation should take place in the SMCs' function, organization and mode of operation. The SMC should really be an economic organization. Their economic role is reflected in business activities and profit is the measure of business efficiencies. But the main reason of the SMC's existence consists in providing trading service which is of great need for the daily life of all consumers. With this function, the SMC can be named 'consumer-cooperatives'. In the present situation, the SMCs (or consumer co-operatives) are considered as economic organizations which are for consumers. Firstly, the SMCs help consumers get genuine goods at reasonable price, avoid spurious goods and high prices. These are imperative requirements of the consumers; shipping the goods that are of reliable quality, to the consumers' houses is one of the important services for consumers in both rural and urban regions as this help the consumers to save time and get the right products.

In order to provide this service, the SMCs should procure the goods directly from producers or production units or from reliable trading partners. The SMCs can open shops to sell goods but the best way is to send goods directly to consumers' houses on getting consumers' orders. In general, the shop should be the dealing place of SMCs. The consumer co-operatives can also buy the production, especially foodstuff production. Presently, there is no need to build large scale co-operatives. The small scale co-operatives with some tens or hundreds of members in one community or district are suitable. The members of SMCs should be volunteer members. Besides the general regulations, each co-

operative should have its own statute, according to its own environmental characteristics. Later, the SMCs can be gradually developed to bigger units that are not limited by administrative regions.

For the small scale co-operatives, the initial capital which is mainly consisted of circulating capital is not a large sum. The initial capital can be share capital which is invested by the members of the SMC. The staff can be recruited by SMCs and working under short term contract.

Besides the SMCs, the other organization of consumers like consumer association can be established which help creating the relationship between economic organization and social organization. We, Vietnamese, have great confidence that the renovation will go on well with the maintenance and development of SMCs in Vietnam which help to diversify economic elements, encourage their emulation and contribute to improving the production as well as the mutual life in Vietnam".

5.5 Statement by Dr. Nguyen Dang Thanh

In his address to the delegates, Dr. Nguyen Dang Thanh* mentioned "After more than 4 years of reforming the management mechanism, developing an economy with different possessive sectors and non-state economic sector has been a great upheaval: private economic has developed quickly, at present in whole country; there have been more than 20,000 households belonging to minor handicraft industry (of this 800 establishments operate in the form of companies and under the law of private business); more than 400 enterprises and private groups with 100,000 households dealing in transportation; more than 1 million households dealing in commerce and services; while co-operative activities have reduced sharply. In the early part of 1988, there were 7,000 co-operatives and 9,000 establishments in agriculture absorbing 1.2 million persons and its produce accounted for 64% of the total value of minor handicraft industry's products. At present there are 4266 co-operatives left with 0.45 million labourers and accounted for 29% of the total value of minor handicraft industry's products. In the commerce sector, the number of SMCs have been reduced from 9,000 to 2,800. The retail turnover of the whole SMCs reduced from 12% to 3% of the total retail goods turnover.-

This situation has forced policy makers to pay attention to strengthening and developing co-operative economy in general and SMCs in particular. It is said that, at the present, the question of consolidating and developing SMCs is an objective necessity.

* Director, International Co-operative Institute

One of the highlights of success in the course of reforming our national economy is the implementation of product-based contract with the farmers in order to encourage the household economy to develop. This has contributed to liberating production potential, to raise the rural household economy, to upgrade the villagers' life. In the long-term future, the household economy will be the major economic form in the rural regions. But the development of co-operative economy in general and SMCs in particular will be a question of strategic significance.

The development of SMCs is an objective requirement of the household economy. Under the conditions of the present low level production potential, all the farm households have had an urgent need to stabilize their economy and their life. If their economy is stabilized, they will have conditions to raise the household economy. But in the near future, the household economy will face two threats; firstly, agricultural economy will still depend largely on natural factors, always be threatened by natural disasters; secondly, it is affected by the market factors. In the condition of market economy, the market factors will be a great threat. As for every farm household, besides self-supply, part of their produce will have to be sold on the market. In general, the higher rate of agricultural produce mean the higher threat from the market. So along with the evolution of market economy, the farmer household, as a matter of fact, will require an organization specializing in goods circulation to reduce the dangerous effects of the market. This is an important reason for the existence of the SMCs in the rural regions.

SMC is a form of co-operative economy which is easily accepted and implemented by farmers. When participating in the SMC, the farmers can strengthen their competition on the market and at the same time, they can make full use of their collective force to reduce the market's danger. The relation between the farm household and SMCs is not a normal seller-buyer relation, it is an agent relation. Therefore, firstly SMC have to aim at serving the farmer's interests only and when they do so can it absorb majority of farmers to participate.

The farmers participate in SMCs to protect their interests, but they can maintain their independence and freedom in business of the household economy (because the SMCs will not intervene in the farmer's possession on land and means of production). Further more, the procedure of participating in SMCs is very simple (as compared to joint-stock companies and joint-venture companies) and it is suitable to the education level of the farmers. For this reason, SMC is easily accepted by the farmers.

SMC is an intermediate form which combines farm household economy with a socialized production. In fact, after having carried out the product-based contract with the farmers, many localities cannot maintain veterinary and plant protection bases, the station for selecting and supplying seedlings, guiding science and technology. In these circumstances, it is necessary to develop SMCs through selling and buying activities, supplying general service to connect the scattered small-scale production of millions of farmer household to a socialized production.

Further more, in order to develop the rural regions towards a socialized large-scale production and to make full use the state's control upon the rural market, it is necessary to combine the farmers with SMC and the state through SMC's economic organization will regulate the market. It has to bring into play the leading role in the distributional channels in the rural regions.

The question posed now is what have to be done to consolidate and develop SMCs. According to our opinion, there have been some major problems as following:

Firstly, to carry out the reform of possessive regime of the SMCs, to establish SMC really to become a collective economic organization of the mass of farmers.

SMCs have to carry out the possessive reform to ensure that it is a truly co-operative economic organization of the farmers and it is not the distorted form of state trade or semi-state trade or private trade. If not, there is no reason for them to exist. Their key problem is to rely on the organization principle of SMC. Firstly, SMCs must be established on the basis of combining the farmer's produce and capital. The combination of produce means the combination of buying and selling of produce or processing and disposing it. The combination of capital will be resulted from the combination of produce, including:

- Share capital contributed by members,
- Capital accumulated from profits.

In order to solve the present shortage of capital, we have to take measures to enlarge and increase the capital contribution of the farmers.

Secondly, renovation of management mechanism in the SMCs to ensure that SMCs really become an entity dealing in commodities independently.

The co-operative members are the real masters of SMCs. They will take part in all activities concerning SMC management, the major problems and business decisions must be approved by the Congress of co-operative members. The principle of democracy will not be limited to a nominal principle. Effective

measures must be taken to mobilize the co-operative members to take part in SMC's management. SMC's staff have to be loyal to the co-operative members' interests, have to be under the supervision of co-operative members, and have to regularly report SMC's business activities.

Thirdly, business development guidelines of the SMCs has been general trading and service including supply, consumption, processing, storage, transportation and other services for production process of farm household. This is decided by the objectives of the co-operatives. They are both producers and consumers. As producers, the farmers will require to be supplied with production elements and services for their production process. As consumers the farmers will require the SMCs to supply them with personnel, consumable products and cultural services. To satisfy these requirements of farmers, the SMCs have to deal in general services, both supply and distribution, combining buying and selling activities, conducting purchasing, processing, storage and preservation, provision of information and technical services, etc. So the SMCs not only deal in buying and selling but also in trading and supply of generalized services required largely by the farmers.

In brief, on the existing foundation, the whole management mechanism of SMCs have to be reformed to satisfy the requirement of developing agriculture to push our rural regions to the new developments”.

5.6 Statement by Mr. Nguyen Van Minh

Mr. Nguyen Van Minh of the Association of Vietnamese Farmers also spoke at the Seminar. His statement is reproduced below:

a. The relationship between the agricultural co-operatives and the development of rural household economy

In order to promote the agricultural development completely and steadily, the farmers and the government have to find an impulse in the agricultural activities.

All the production organization forms and all the macroscopic structural policies had not got any permanent impact but had got only temporary effect. The production organization forms and policies in agriculture have to be relevant with the farmers' interests.

The former agricultural co-operatives have been established in war conditions and had got the self-sufficient production nature. The functions of agriculture in those years were to meet the food requirements of the people and the army. This was a very important factor to lead our nation to victory in 1975.

After the war, the socio-economic situation in our country has changed but the former agricultural co-operatives still have the mono-culture of rice because of the nationalization and the collectivization without the market mechanism.

The farmers have created the 'out put contract with the household' in the crisis of the collective economy in 1977-80. The output contract with the household has been the purpose of the party and the Government in early 1981 (The Decree No.100 of the Central Secretary Committee in 1981).

In the Resolution No.10 of the Politbureau (March 1988), "product-based contract with the production team or the farmer" is called "piece-work contract" and has carried the consent of the farmers because it is relevant with the production decree in agriculture. The household has become the production unit, mobilizing labour, capital and materials for itself. The government has given land to the farmers and the rural household is given the right to procure the main capital goods and to trade the products and materials by the government in the market mechanism.

In rural regions, there was the process of division of labour, cultivation and animal husbandry. The farmers have turned out a lot of farm products, specially rice. Vietnam had imported thousands of tons of rice a year before. Now-a-days Vietnam exports more than one million tonnes of rice annually and has become the world's third largest exporter of rice. The advantages of this "piece-work contract" are to combine the production with the consumption and to shift the farm household to the independent production unit.

The farm household has been the production business centre in the rural regions but there are new challenges in agriculture.

- The farm household economy has been developing steadily but the state macroscopic management functions, especially in ownership, science and technology, infrastructure, finance and trade, have been developing slowly.
- The volume of farm products exceeds the distribution limits.
- The rural market is not connected with the urban markets and the import-export operations. A lot of farm products are sold at prices lower than the production cost; therefore the farmers have destroyed the cultivation (including perennial plant) and the animal husbandry...

Now-a-days there are 3 groups of farm households in the rural regions:

- Production households with income of more than VND 5 million a year (22.4%)

- Production households with small income (62.8%). Most of these households want to get assistance from the government and the co-operatives to be able to operate in the market mechanism.
 - Production households with self-sufficiency (11.8%). These households have not got enough capital and related conditions to produce. 8.6% of these households always encounter difficulties in life because of lack of capital for agricultural production.
- The development of farm household economy is the necessity and purpose of the Government and the Association of Vietnamese farmers. The Association has helped and stimulated the farmers in agricultural production. Despite the development of farm household economy, still there are restrictive aspects but they are common to the market mechanism. Each household cannot overcome the difficulties in life and in the agricultural production and therefore there is a need to collaborate with the rural regions in order to increase the business and production capacity and the competitiveness of the farmers in the market.

The farmers have created the initial co-operative forums, which are the beginning of the establishment of the new co-operatives. Most of the co-operatives not only have to cultivate rice to export but also have to raise fish, shrimp and deer to export.

The farm agricultural co-operatives changed their activities to other agricultural services such as material supply, plant protection, water conservancy, science and technology, consultation, etc.

Thus the co-operatives will take the works which are inefficient for the households. In the business-production process, there are close relations between the farm households and the co-operatives to push up the production in the rural regions.

b. The Party and State's major guidelines, policies and measures to develop household economy, together with consolidation of Agricultural Co-ops

The development of the household economy, the reform of the old-model co-operatives and the establishment of the new model co-operatives, all have natural and objective characteristics in which every step has satisfied the requirement that production relations have been suitable to the property and level of production forces. The State has always respected the natural and objective characters and farmer's voluntariness. In present conditions, scientific and technical advantages, management science, especially macro-management can be applied quickly, the steps by turns can reach quick rate and high quality and bring good results.

As connected with the development of household and collective economy, the State has reformed and enacted some policies which are welcome by the farmers and they have become new motive force and strongly affected the development of agriculture. They are as follows:

- Fully abolish the purchase of agricultural produce of farmers at the obligated price which is lower than market price. The farmers now have the obligation to pay tax only.
- Fully abolish the prohibition in the distribution of farmer's produce. The farmers have the right to select where they can distribute their produce most effectively, they have the right to decide the distribution of the produce made by themselves.
- The State ensures to supply the materials for agricultural production such as fertilizers, pesticides, veterinary medicines, petroleum, power, etc. and there is no accumulation in the above mentioned materials. Reduce 60% in price for power sold for agricultural usage in non-peak hours (accounted for 25% of power consumed in allocation).
- The State will find the export markets for agricultural produce, especially the food made by the farmers and there has been a food buffer stock to stabilize the price and at the same time to stimulate production. But in the current season, the rice held by farmers has been very large, the food prices fell and it had bad effect on the farmers. So it has discouraged the rice producing farmers.
- The State has enacted the borrowing policy under which the farmers can directly borrow necessary capital. As for the poor farmers without collateral, the Union of Farmers in the region shall give a guarantee called 'credit'. The farmer's demand for capital is very large. The investigation in 3,057 households made by the Ministry of Agriculture and Food Industry has shown that at present upto 64.9% of the households have the demand for capital borrowing, in which 65.5% of poor families need to borrow to ensure their production, 58.8% of rich families need to borrow to develop large scale production. The State can meet only 30% of their demand. In many provinces, the Union of Farmers have established production credit fund to mobilize the idle capital amongst the farmers and to lend at the negotiated interest rate. The utilization of borrowed capital have contributed to the production development and the farmers have repaid all borrowed funds. The farm households have been given the right to use the land which may be inherited or transferred. But the duration is still short, the right and

obligation to employ the land have not yet been stipulated clearly. Now that the households have been the masters of the land and this is the basic factor to bring into full play the creativeness of household economy and to create new motives to develop agriculture. It is necessary to have a stabilized and long-term policy on the land employment for the farmers. If so, this motive may multiply many times.

In rural areas, together with strengthening the independent role of economic units of households, the state has been studying and summing the old model of co-operatives, guiding the co-operatives to reform the contents and operating methods to the laws. In the total old model co-operatives, which serve effectively and contribute to develop household economy, about 50% of co-operatives have been doing their utmost to do some activities towards the reform direction and the balance of the co-operatives have been working ineffectively. If the general direction for the co-operatives improved, it will still have good effect on production and on household economy. We had better create conditions to change the management organizations and methods of activity, what the co-operative members can do better, and it should be shifted to the co-operative members so that co-operatives shall have conditions to organize the production to find other lines for households. The co-operatives should direct the service sector, guide technology and take basic steps such as water conservancy, plant protection, veterinary facilities, selling of crop in season, plant structure, agriculture produce processing, participate in the establishing of public welfare, contribute to the construction of new model rural areas. The farm household should be able to compete in the new market mechanism for it is necessary to co-operate. The state has encouraged the co-operative organizations established voluntarily by the farmers, which may carry each simple process to several processes of production, incorporated by season, work an diversified forms and scale, self management, bearing responsibility for its profit and loss.

Lastly for economic and social interests, the farmers may voluntarily channel production and distribution to one organization, thereby the co-operatives will become complete producing units in the production system of the national economy, in which there are co-operatives dealing in service, credit, science and technology, management, staff training, implementing investment projects, joint-venture between farmers and state, between farmers and private enterprises and with foreign economic organizations. Each of the above co-operative forms appears only when there is a respective requirement of agricultural production. Developing the household economy must be con-

nected with the development of voluntary co-operatives, they will interact and promote each other to develop and create a strong motivating force for the development”.

5.7 Statement by Dr. Hoan Dat

The statement made by Dr. Hoan Dat, Director, Economic Commercial Institute is reproduced below:

“Hon’ble guests and participants,

I would like to provide you with some thoughts and ideas about the SMCs for your consideration.

According to official statistics more than 25% of the SMCs are functioning at present. The process of change has been prolonging for 4-5 years. We have not found the right solution for the decline. The SMCs at present function in a free market economy. Even the best functioning SMCs are increasingly facing many difficulties. If we study the developments in-depth, may be we can find some solutions.

Firstly, Vietnam being a backward country, the co-operatives are very important for the national development. The co-operatives can involve farmers in production and distribution on equal terms. In regard to the organisational structure, the co-operatives do not have an appropriate management system as in the case of a private company. In the co-operative movements in other countries, commodity circulation is more popular than the production.

When we go back to the history, the SMCs functioned in order to:

- deal with what farmers need to sell, and
- deal with what farmers need to buy.

This is not the same way as the commodity circulation in private companies function. There is a relationship between production and distribution. With the conditions at present in Vietnam, the rural areas need the SMCs which would play an important role because only the SMCs are friendly to farmers in both functions.

In the past, we have made many mistakes. The country was a centrally planned economy and the co-operatives operated as state companies. The relationship of ownership has been understood in different ways. At first, the government only supplied all agricultural inputs and SMCs bought output. There was a misunderstanding of this business due to which losses have occurred.

I would like to deal with the situation of collectivization in the past. Contradictorily, the co-operatives were established on voluntary basis but the government undertook to guide them. This has been understood by all concerned but acted in another way. They became deceived when the co-operatives faced problems, which led to many cancellations. I think that there was government intervention in all levels of co-operatives, which prevented the development of co-operatives.

The political system as such with the legal authorities have to look after the activities of organisations. In many other countries, there is a co-operative legislation but we don't have one. This concerns every organisation including the CCSMC. Under the conditions of market economy, many co-operatives have been established in cities and villages. I do not want to say any thing bad about co-operatives but have to say that we have to look back to our history. Many of these co-operatives have not been established on co-operative principles. Many primary co-operatives have bankrupted not only due to internal factors but also due to external factors. Expansion of market economy is one factor.

This workshop is organised to share experiences and to collaborate with each other. I would like to give some ideas as how to develop a co-operative movement. First of all, it is important to provide basic principles of voluntary membership in co-operatives. The primary co-operative is the basic organisation to supply inputs and some services to farmers. It would allow all to join, who are willing to participate up to national and international levels.

Cam Tah Co-operative Union has effectively dealt with national and international markets. They supply not only inputs but also buy the farmers' products. It has used the relationship with the state organisations to their benefit. I share with Dr. Quynh on the idea of circulation of essential commodities including state supplied products. If the SMCs can find an ideal base of functioning, they could be the best form of organisation for farmers.

I agree with Mr. Fogelstrom on basic principles. In every locality, there are different solutions depending on market conditions. The CCSMC has to develop itself to a strong organisation.

We agree with that the co-operatives have been neglecting the basic principles of organisation, i.e. voluntary membership, etc. The accountability of the primary co-operatives would have to be strengthened. I would like to suggest that within the free market economy, the co-ops should participate as independent associations and they should have rights for direct import and export.

Regarding the roles and functions of state agencies, I would suggest that they only encourage in creating positive environment. Any interference leads to violation of the principles of co-operation. All these matters should be decided by the farmer members of the co-operatives themselves".

5.8¹ Statement of Mr. Bui Quang Toan*

Mr. Bui Quang Toan stated at the Workshop as follows:

"1. Right after the liberation of North Vietnam, a movement of land reform was launched by the Party and the Government in order to continue to realize the Land Revolution Policy of the Vietnamese Communist Party which started from 1930s. In only two years 1954-55, in North Vietnam, 810,000 ha. of farm lands were allocated to 2.1 million farmers, which completely changed the ratio on land tenure in rural areas which had existed for centuries. Farmers were given plot of lands for their own production instead of being tenants of landlords in the past. They did a lot to raise themselves the yield of crops by intensive cultivation. The fact was that in 1957, NHP of North Vietnam was higher than that of 1939 which consider the highest year under the French.

2. To keep the success of the progress gained from the movement of land reform in Agriculture, in the period of 3 years, from 1956-1958, another campaign was stimulated namely "the time of restoring National Economy". A series of National Policies were promulgated to support Agricultural Production and Rural Reorganization in North Vietnam. These were as follows:

- The right of owning of farmlands by farmers,
- The insurance of the properties of farmers and other walk of lives,
- Land reclamation and improvement for Agriculture,
- The right of freely hiring labourers,
- Rural Credit,
- The right of hiring animal force,
- Encouraging the development of farm activities and handicrafts of households,
- Insurance and appreciation of good farmers and well performed farm activities,
- Severe punishment of all acts of production sabotage.

The victory of land reform, the high spirit of liberated farmers and the efficiencies of national policies put up agricultural production at the increased speed of 6% per year from 1956-58.

* *Mr. Toan is a Ph.D. in Pedagogy and is the Associate Professor of Land Use Planning and Deputy Director of the National Institute of Agricultural Planning and Projection (NIAPP)*

3. There was a need for setting up another nation-wide movement of collectivization of agricultural production, lands, labour, animal forces. Farm tools were concentrated to the so-called co-operatives. Farmers including men and women who were at the age of 18 years old onwards could become co-operative members. In two years of 1959-60, 414,000 co-operatives were set up containing 2.4 million of farm households. These forms of production units occupied 85.8% of the total number of farm households and 76.0% of agricultural lands of North Vietnam at the time.

Noteworthy is that farmers then were not quite voluntary to join the new organizations and they were not ready to be members. The movement was not having enough manpower who had been trained in managing co-operatives and production. This situation gave the movement a lot of problems. The total agricultural production income of the North in 1960 decreased in comparison with 1959. The total production of paddy, for example, diminished by one million tonnes.

4. From 1960-1968, the Government had to launch at least 3 circles of strengthening co-operatives.

The first was 1961-63 for re-setting the production targets and objects for each co-operative.

The second was 1964-1966 for strengthening and establishing the infrastructure of each co-operative.

The third was 1967-1969 for democratically promoting the newly promulgated regulation of agricultural co-operatives. Production and rural circumstances in the North were such that improvements were followed by stagnation.

The movement of agricultural collectivization in 1970 was facing another downward orientation critically. The secretariat of the Central Committee of the Communist Party, then decreed the resolution No.6 to reorganize the structure of co-operatives. Different specialized production brigades were set up within the co-operatives for land preparation, field watering, plant protection, rice transplanting and harvesting, animal breeding, machinery management, product processing, etc. The managing board of the co-operative was working as the head of an industrial factory and farmers were as factory workers.

To perfect the structure, the co-operative had to enlarge in size and a movement namely co-operative amalgamation was launched to amalgamate 400,000 small ones to about 14,400 co-operatives of the North.

5. The country was reunited in 1976 after the liberation of the South of Vietnam in 1975. The process of agricultural collectivization that had implemented in the

North was transferred to the South with all forms which had been applied in the North such as mutual helping groups, low level collectivized co-operatives and high level collectivized co-operatives.

Southern farmers accepted the co-operatives with different thinking. In the Mekong Delta for example, most of the farmers were worried about the collectivization of their land, labour and machines. So until 1988, in the Mekong Delta, there was only 6.9% of the total number of farm households joined co-operatives and 78.3% joined mutual help groups (see Table 1).

From 1976 to 1988, the co-operative situation of the country was not progressing. The size of farmlands and farm households has been shown on table 2.

6. Together with more than 440 state farms, more than 16,000 co-operatives, the national agricultural production was not fairing well and in some cases it was in crisis. To save the situation, one renewal process has been formed beginning with the Decree No.100 of the Secretariat of the Central Committee of the Party (1981) and then the Resolution No.10 of the Polit Bureau of the CPV (1988).

Resolution No.10 constitutes the essential part of the real renovation (Doi Moi) in agricultural management mechanism. It recognizes the role of farm household as autonomous production units in rural areas. According to the Resolution No.10, farmers have been given many rights including the right of being reallocated farm lands for long-term use, the right of giving the lands to be taken over by their children, the right of determining themselves what crops can they grow on their lands and where do they want to sell their products.

Having changed the production structure towards market-orientation, the Agriculture of the country moves forward with great successes. The first time since the reunification of the country, we could export rice in large quantity (more than one million tonnes per annum from 1989).

7. The existing management systems and production structure of Agriculture of Vietnam are still unsuitable.

By farm surveys with the help of computerization of all the seven agro-economic zones for the year 1991, we have found out the critical requirements. There are so many things now needed to be done to reorganize the rural economy again. It is not only agricultural production and product marketing alone.

Farm households surveys by questionnaires have shown that there is at least 30% of the total numbers of farm households being poor and very poor.

They don't have enough capital, labour and tools required to crop their lands but the most important of this case of shortage is that they are lacking knowledge. A large part of the farmers are now very young, under 30 years old, they do not have experience because in the past they based every thing on co-operatives. They were working completely under orders of the Chairman of co-operative or the head of the brigades and they were paid by co-operatives.

The fact is that by this time, the farmers, especially the poor farmers, cannot keep their own production at household or family level without help from outside.

Surveys by direct questionnaire with farmers in all 7 agro-economic zones have revealed as follows:

- 58.1% of farmers need co-operative for their land preparation,
- 74.4% of farmers need co-operative for irrigation and drainage,
- 69.8% of farmers need co-operatives for plant protection,
- 57.2% of farmers need co-operatives for credit,
- 74.4% of farmers need co-operative for material supplying.

And in general, the answers of farmers for the questions of co-operatives requirement is 90.7% positive.

8. The existing mechanism of co-operatives in our country after re-allocating lands to the farmers is servicing. There are many kinds of services such as technical services, material supply services, product processing and marketing services, etc. for one village. Some time, people form only one co-operative for all these services, some time they separate into different types: production co-operative, supply and consumer co-operatives and credit co-operatives. The production co-operatives bear all the responsibilities of technical services.

The agricultural production of Vietnam is progressing as well as the market based economy is under different conditions from zone to zone, from locality to locality, even from village to village. Anyway we must develop suitable forms of co-operatives.

9. After changing of the agricultural production management system (started by the Resolution No.10), we do not have formal legislation on the organization of co-operatives from the national to the grass roots levels. It is now necessary to urgently formulate one which can be governmental or non-governmental, bearing the responsibility to coordinate all different forms and activities cooperatively of the farmers in the rural areas. Co-operatives cannot stand by themselves without the help of the government but government also cannot in turn subsidise every thing for co-operatives.

10. Agriculture has the most important role in the national economy of Vietnam. Agricultural lands of the country is now as much as 7.1 million ha., including 4.2 million ha. of paddy fields, 1.2 million ha. of sloping slash-and burnt fields and 0.4 million ha. of perennial crops land. The maximum potentiality of agricultural lands would be only 11.4 million ha., that is to say, we can develop about 4.3 million ha. more but according to preliminary survey, the work will be very expensive and take rather a long time.

This is the concern of every body who want to develop our fatherland but first of all it is of more than 10 million of our farm households. They have to unite, join hands with each other to overcome difficulties and obstacles.

They have to follow the way of co-operatives.

11. It is understood that a National Masterplan on strengthening co-operatives in Vietnam should be initiated as soon as possible. The main objective of the nation-wide programme could include the following:

- National survey by different natural conditions and administrative regions (at least 7 zones), the existing situation of different kinds of co-operatives.
- Social and economic evaluation of the activities and impact of the so-called co-operatives so far in the country and in different parts of the rural areas.
- Suggestions of the suitable options for the co-operative movement for the near future in the country as a whole and for different agro-economic zones.
- Formulation of the National Co-operative legislation.
- Education and training to meet the demand of manpower in the process of co-operative renovation.
- And pilot demonstration by different zones.

The implementation of the programme should be coordinated by the Central Council of Supply and Marketing Co-operatives and carried out by different concerning branches such as agriculture, forestry, fishery, light industry, trade and tourism together with localities.

The assistance of ICA and the support of international organisations are all the more important in the form of technology, methodology, expertise, equipment and finance.

NIAPP, as a governmental institution of agriculture and CAEV as a non-governmental body of rural development are ready to contribute in our own capacity and experience to implement the above mentioned proposed project.

Thank you.

Table 1
The Number of Agricultural Co-operatives and Mutual Help Groups

<i>Region</i>	<i>Number of Co-operatives</i>					<i>% of house holds in coops</i>	<i>MGH 1988</i>	
	1960	1976	1980	1985	1990		<i>No.</i>	<i>% of house-holds in coops.</i>
The North	40422	15220	11088	14042	14087	96.5	373	0.3
Mountainous region	8188	7275	5159	6014	5044	79.6	-	-
Hilly & middle lands region	4883	1957	945	1415	1584	99.2	-	-
Red River delta	16388	3179	2146	2778	3512	99.4	-	-
North Central coastline region	11163	2809	2838	3835	3947	98.2	373	6.6
The South	-	-	1518	2292	2254	31.9	35125	54.4
South Central coastline region	-	-	1058	1283	1256	91.1	882	5.1
Central highland	-	-	206	320	368	47.8	1107	36.3
North-East of Mekong Delta	-	-	154	348	338	19.8	4597	27.7
Mekong Delta	-	-	100	259	292	6.9	27939	78.3
Total	40422	15220	12606	16334	16341	69.2	35498	23.2

Table 2
The Sizes of Agricultural Co-operatives

Region	Land, ha/coop				Farm household/coop			
	1976	1980	1985	1990	1978	1980	1985	1990
The North	127	202	138	124	229	368	326	367
Mountainous region	60	112	67	62	59	98	93	113
Hilly middle land region	146	297	178	157	254	551	429	463
Red river delta	227	340	250	194	528	898	775	705
North-central Coastline region	176	227	155	127	317	399	330	353
The South	-	312	247	238	-	519	445	498
South Central coastline region	-	345	295	271	-	636	595	653
Central highland North East of	-	321	195	199	-	316	274	319
Mekong delta	-	258	128	167	-	258	213	356
Mekong delta	-	141	230	229	-	246	280	337
Total	127	214	153	139	229	387	343	385

Table 3

Rural Sector Divided by Administrative Zones

Zone	Natural area (M.ha.)	Rural pop. (M)	No.of h/holds (M)	Per Capita arable (m2)	(upto 1990)	
					Food (Kg) paddy equi- valent	Rev. (1000d)
Total of the country	33.17	50.63	13.17	1.370	297	310
1. North Mount.Region	9.83	8.68	1.64	1.450	245	210
2. Red river Delta	1.74	11.31	3.35	630.000	343	345
3. North.Cent.Coastal Regn	5.20	7.72	1.78	1.110	279	243
4. South Cent.Coastal Regn	4.51	5.14	1.31	986.000	315	305
5. Central Highland	5.53	1.94	0.61	1.570	281	361
6. Northeast of MKDA	2.37	3.90	0.81	1.350	360	350
7. Mekong Delta (MKDA)	3.99	11.92	3.68	2.210	455	430

5.9 Statement by Mr. Trang Duc*

Mr. Trang Duc made the following statement at the Workshop:

Ladies and Gentlemen,

In the seminar relating to 'Agricultural Co-operative', the problems of land ownership is once again raised. I don't know exactly whether it is already fit for the anticipated terms of discussion or not?

According to the common concept, target of land reform does not aim only in bringing the land to the tillers but tends also to improve cultivation technologies, management procedures as well as the living conditions of peasants living in rural areas. In order to obtain these ends, one of the pre-requisites must be inevitably and simultaneously carried out is how to settle the question of land ownership. In other words, a genuine movement of co-operativization in rural areas cannot be proceeded without embarking upon the land reforms.

What about the actual status of land allocation in our country nowadays? Is it true that everything had been nicely arranged? It should be a great misunderstanding when we think that the land reform movement which had been finalized thirty years ago is already over and then, we have nothing further to discuss about. Animate and boiling life has itself denied this wrong conception, particularly since early 1986, when the 10th resolution came into force. Farm household economy has been really considered as a grassroot unit of the autonomous economy in the country side.

Looking backwards to the history of land ownership of Vietnam over the last decades, the situation seems to be more sophisticated in the South. During 9 years of the anti-French resistance, the revolutionary authorities twice allocated lands to peasants (1948 and 1954). In 1957, the Saigon Puppet administration adopted the so-called, 'land ownership reform' by giving up the newly gained land ownership and undertaking 'the land property laws'. The said policy aimed at abolishing achievements brought upon by revolutionary case 'strategic hamlets' were afterwards the state run policy. Peasants had to be gathered and lived in 'concentration camps'. They were to separately leave their cultivated lands. After the liberation of the South, peasants returned to their own villages, the procurement of lands became extremely complicated by selling, buying or illegal occupation of one another's land. After the collectivization of lands, state farms were established. Then land allocation once again been lavishly changed (1978-1979 and 1983-84). The most complicated situation happened when policy of readjustment of lands to landless rural poor was

* *Senior-Agro-economist*

simultaneously carried out with the foundation of 'mutual-help groups' in agriculture 'levelling and moving' of land ownership could be seen, then, every where in the country side. Medium performing peasants, a core staff of rural areas, were then seriously affected. The same could be said of the existing solidarity sentiments within the peasants' circle.

As the result of such factors, since 1988, the competition for gaining as much land as possible seriously occurred. In the South, thanks to the proper leadership of authorities at various levels, economical property and assistance, mutual aid spirit were compatibly linked and adequately settled out, most of ill-gotten lands had been voluntarily delivered to their former owners or satisfactorily handed over under mutual agreements for share of lands which were moved to the new owners. Nowadays, except some in exceptional cases, within the frame work of peasants or between state run farms and peasants, fundamental problems in general have been reasonably settled. Peasants feel convinced to continue production on their former lands.

Unlike in the southern provinces, in the north, after the land reform, cultivated lands and production facilities at the disposal of individuals were brought into co-operatives. Since 1988, agricultural lands were once again allocated to every farm household through concrete contracts signed between co-operatives and families and such an event is admitted by an overwhelming majority as 'the second land reform'. Every one received cultivated lands including those who had not had any experience and know-how in agricultural sector. The problem at that time rested in the fact that the flow of labour moved adversely as usual instead of shifting from the countryside to Hanoi or other industrial zones for seeking employment, they now came back to rural areas. The competition for gaining cultivated land, therefore, became more tense.

In mountainous areas, where co-operatives seemed already collapsed, the lands were allocated to their old owners. At some localities landlords started reacting; they suggested that the lands handed down by their ancestors must be given back for their disposal. Yet the local authorities had interfered in time and peasants continued cultivations on divided fields.

Drawn from some of the above mentioned events, following observations can be made:

- * Over the last years, process of land allocation has occurred satisfactorily and at some localities, the situation was rather tense, with different characteristics from zone to zone. In such an occasion, a flexible policy must be proceeded, dependent on concrete locations. For instance we take the option of 'inamimation position' (remain in the existing status). Then the stability

and solidarity in the country side could not be sustained but the same policy unanimously adopted in the country by reallocating the lands to the former owners (among them a majority were landlords or rich peasants) as had been done in the south, could possibly result in a riot which engulf even the economic sector.

In the South of Vietnam, particularly in some provinces of the Mekong delta cultivated lands, there is a serious contradiction. Nowadays those in provinces of the Red river delta and the central Vietnam raise their crops more efficiently. Quite a lot of buildings were needed, lands ought to be divided only to peasants or other strata of population. The distribution should be made on the basis of per capita or active people and all these have to be settled in a proper way. Categories of lands like cultivated lands, fields, gardens, dwelling areas should be specified.

Lands should be allocated for a long-term but how many years will be regarded as a reasonable period that has to be applied? Is it necessary to keep a certain percentage of land for reserved land fund? According to the Constitution, land belong to the whole population. However, the peasants have the legal right to use the land or transfer the right to others. But what about inheritance.? This regulation is not yet decided by the law. At many localities, land distribution is planned to proceed in two phases (for the first one, lands are distributed for satisfying the basic consumption demand and the second one is for producing marketable surpluses). However, a new problem is that there are families having much more land, gaining income several times higher than that of an average household (certainly the reasons may derive from different factors such as available funds for farming intensively, technologies and business knowledge, etc..)

All the above problems demand an urgent need for adopting new laws regarding the land, which should be used for treating the land reforms in a justifiable way and bringing the rural areas forward. It is really unrealistic to expect the development of the co-operative movement while quite a lot of these contradictions still exist internally. Moreover, the shifting of co-operative functions from centralized production management to service organisations is quite difficult. Land factor is therefore a basic problem to be tackled prior to proceeding with development of co-operatives.

A Vietnamese proverb says "peaceful residence, happy employment". The same can be said of land issue "land must be satisfactorily distributed, then production will further develop."

We don't wait for that moment when all problems involving land allocations have been settled and then the co-operative development will make a start. In other words, where the land reform situation stabilizes, we could reorganise co-operatives but the problem is what model would be the best we have to follow? Since 1960, we have drawn out three fundamental principles on which co-operatives must be based: voluntariness, mutual benefit and democratic management. Though these are relatively right, yet they still seem to be extremely single and primary.

In the report 'Towards Genuine Co-operatives' Mr. Karl Fogelstrom raises the pre-requisites or necessary criteria of the genuine co-operatives as follows:

- i. Awareness, realization, felt-need among the prospective members/beneficiaries of the services of a primary co-operative society as a means of improving their economic position.
- ii. Basic knowledge of the co-operative principles and basic understanding of the 'mechanics' of operating a co-operative society among the members and leaders.
- iii. Honest local leaders with unblemished integrity possessing the necessary knowledge and understanding of the co-operative principles.
- iv. Honest and competent staff, adequately remunerated, to run the day-to-day business of the co-operative society.
- v. Adequate base/volume or potential within the area of operation to sustain viable business operations and to provide economic incentives to the members.
- vi. The existence of and access to a functioning market and marketing structure.
- vii. Co-operative legislation recognizing the co-operative principles as defined by the ICA allowing the co-operatives to function as independent, democratic and member-led co-operative business organisations."

My opinion is that Mr. Karl Fogelstrom has nicely balanced the criteria in his book. These are perfect prerequisites drawn from a country that has high level in organizing co-operatives within an economical business mechanism. As for some developing countries such as Vietnam, economy is still stagnating. From the self-sufficiency policy, it is now gradually moving to market-oriented trends. How can we apply these criteria effectively and what steps we have to properly follow? We guess that a new model establishment must especially take care of this. . As Vietnamese people have tasted the bitter pill by false models of co-operatives over several past decades, they are now something similar to the

case of a bird being afraid of curved tree when it had been once affected by a missed bullet.

In conclusion, may I inform you the happy news, where the land reforms has been stably arranged, the 'brown revolution' starts bringing into play, then new forms of co-operation in the country side begin blossoming with their multi-form, vivid characteristics, gaining the volunteer attraction towards pesants. Coupling simultaneously with the completion of policy regarding the lands, our government has adopted many other regulations at macro-level such as loaned credit applied to farm households, extension organizations to bring advanced technologies to every farmer. These are really the first seagull heralded the arrival of spring, a bumper crop on the co-operative fields of our country.

5.10 Statement by Mr. Nguyen Ngoc Triu

Mr. Nguyen Ngoc Triu, former Deputy Prime Minister (Retd), Government of Vietnam made the following statement:

Distinguished delegates and Vice Ministers,

When I heard about the workshop, I decided to attend. I have no doubt that the workshop will contribute to the renovation process. This will help agricultural co-operatives for their further development. Let me share some of my ideas with you. I have realized clearly that there are many things in co-operatives which are to be developed. In this direction, your ideas will be very important. Although the reports of Vietnamese speakers differ from each other, we share the same interests regarding our future.

We need to share the promotional roles to stabilize the co-operatives in our country. I too am concerned with the future of our co-operative movement. Therefore, some of my ideas are as follows:

From the early days, we succeeded so far because of the renovation policies of the Government and the Party. Still there are many things to be corrected in support of improved agricultural production. It is difficult to solve many problems in human resource development as they require evaluation of all laws and policies.

We have to recognize the role of the household as the basic unit of production. It is the basis for developing new forms of co-operatives. As you know, the resolution No.6 and 7 of the Communist Party recognised the household economy as some thing belonging to the private sector. It is not correct to say that it will sabotage co-operatives. It is a unit of production only.

Household economy will create opportunities for establishing co-operatives. It is one component of a co-operative society.

The economy of Vietnam can develop if we create good conditions for co-operatives. The co-operatives will create environment for developing the household economy.

I agree with Mr.Hien that household economy and co-operatives are two sides of the same coin. I want to add that household economy and the co-operatives are in the same process at present.

The new constitution has created a positive environment for co-operatives. The strategies, however, are complicated. Our land utilization has many characteristics. Therefore it is complicated. There are also many complicated issues involved in the laws of the land which is in the process of making.

I hope that the new assembly will promulgate new laws resolving these issues. The ownership of land is still not clear. Perhaps on the development of household economy, we could develop different kinds of co-operatives. It has to go hand-in-hand with the renovation of agricultural production.

How can we realize this? We have different opinions. We have to take the practical point of view. We can not hold old views any more.

We may have some good co-operatives. They could adopt new renovation policies. Most of the other co-operatives are having problems. There are many forms of co-operatives developed in the region. They are formed on voluntary basis. The farmers want to establish new form of co-operatives themselves. It is appropriate and practical for us to develop these co-operatives. The co-operative movement is getting developed itself without proper constraints and also at the macro level.

Some of the issues are as follows:

- * Revise legislation on land,
- * Revise legislation on co-operatives,
- * Policy for rural credit,
- * Social policies,
- * Policies for agricultural extension and technology,
- * Policy on taxation.

For the SMCs, we have the CCSMC. But we do not have a Council for Agricultural Co-operatives. I hope during the process of change in the future, these issues will be rectified.

Thank you.

5.11 Presentation by Mr. Karl J. Fogelstrom

Mr. Karl J. Fogelstrom, Senior Development Advisor of the ICA Regional Office for Asia and the Pacific made the following presentation:

Pre-requisites for Co-operative Success

For a primary co-operative society to succeed several basic requirements or components must be satisfied. When analyzing successes or failures of primary societies much will be explained by the relative presence or absence of one or several of these components:

1. Awareness, Realization, Felt Need Among the Members

Ideally the formation of a primary co-operative society should be based upon the realization among a group of people that they would be able to *improve their economic position* if they joined together and formed a co-operative society to render services to the group. Services which they did not have access prior to the formation of a co-operative society.

The prospective members need to be in a position to correctly analyse their own situation and to formulate the problems facing them. They need to have knowledge about various alternatives and possibilities to address and solve their problems in order to enhance their economic situation. This is necessary so that the decision to join a co-operative society is a truly *conscious and voluntary decision*.

2. Basic Knowledge and Understanding

The general members of a co-operative society thus must possess basic knowledge and understanding about a co-operative as a means of improving their economic situation. Therefore, *member education and generally programmes to enhance member participation* are fundamental prerequisites for successful primary societies.

To successfully run a co-operative society requires considerable knowledge and understanding of both the *Co-operative Principles and the "mechanics" of operating a co-operative*. While the general members need to have elementary knowledge it is imperative that *the elected leaders* have a deeper understanding of the Co-operative Principles and practices.

Knowledge, understanding and a sense of ownership are necessary prerequisites for *members' control* of the operations of a co-operative society. There are examples in abundance of co-operative societies with predominantly illiterate and ignorant members where co-operative leaders and sometimes local

politicians and government officers have exploited the co-operative society for their own benefits. This type of exploitation and corruption is much less likely to develop in a situation where members are literate and enlightened.

3. *Honesty and Integrity*

It is sometimes argued that "*honesty*" is something relative - relative to the likelihood of being caught or apprehended. An "*honest*" society is often a society with a high degree of *social control*. Clearly the same goes for a co-operative society - it is very difficult for co-operative leaders, politicians and government officers to misappropriate money and goods if the membership is alert, well-informed and knowledgeable.

While social control and *member control* are important, it is not enough to guarantee success. It is equally vital that the elected leaders are persons of honesty, integrity and vision.

What is required is what is normally called "*transparency*" meaning that members are kept well and timely informed about the operations and major decisions concerning the co-operative society.

Information, education training and practical exposure would be the principal means to develop co-operative leaders.

4. *Honest and Competent Staff*

A primary co-operative society is a rather complex type of organization. It is a *commercial business organization* supposed to carry out its business operations as efficiently as any other type of economic organization. In addition to this, and this is where the unique character of a co-operative comes in, it is a *democratic institution* where each member and owner has one vote. Members are both owners and users of the services of the co-operative society.

A co-operative society needs competent staff to run the day-to-day operations. The *quality of the staff is a key factor* for the success of the co-operative. The criteria for employment of staff in a co-operative are the same as in any other type of business organization i.e., the persons to be employed should be honest and possess the necessary competence for the particular position in question, and the personnel should be paid adequate market salaries.

In order control and monitor the operations of a co-operative society adequate mechanisms and systems must be in place - regardless of the size of the societies. There are no shortcuts to success. The *accountability* rests on the provision of timely and correct information to elected leaders and members regarding the financial position and other relevant issues pertaining to the

operations of the co-operative society. The elected leaders are accountable to the members and the employed staff are accountable to the elected leaders.

5. Viability

One of the most basic criteria for the success of a co-operative society is its *economic viability*. A co-operative is a business organization that will exist only as long as it generates a surplus. The surplus is needed for long term survival and development.

The volume of business must be sufficient enough in order to generate a surplus. Regarding the size of the area of operation, there is no other recommendation than that it must be large enough to secure sufficient volume of business. In other words it is not possible, other than in very general terms, to give blanket recommendations nor is it possible to form new co-operatives according to precise blueprint models. - *Different areas and conditions require different solutions.*

In the particular development phase of Vietnam today, experiments and pilot schemes in various parts of the country trying out market economy primary co-operatives should be encouraged. The farmers should participate fully in the pilot schemes and decide between themselves the structure, functions and activities their local cooperative should undertake.

6. Market

The importance of the existence of and access to a *functioning market and marketing structure* can hardly be overestimated. Clearly the success or failure of co-operative societies depend on how and under what conditions they can market their commodities and services.

Secondary and tertiary level co-operatives (e.g. district unions and provincial or national unions) are often formed to cater for the marketing needs of the primary co-operatives. Likewise processing, packaging and manufacturing industries both on primary but usually on secondary level have been established in order to facilitate the marketing of members produce. In fact the most successful co-operative structures have developed a high degree of *vertical integration* where the *value addition* is retained within the co-operative sphere strengthening the co-operatives and ultimately benefitting the members.

7. Legislation

In order to develop an *independent, democratic and economically viable* Co-operative Movement in a country, government must take cognizance of the true nature of a co-operative society. This implies, among other things, that the co-operative legislation should incorporate the Co-operative Principles. It also

implies that government should not prescribe precise models or blueprints as how co-operatives should be organised or exactly which functions or activities a co-operative should undertake. In a democratic set-up this is for the members to decide. There are definite limits to what can be achieved by “*engineering*” co-operative development.

Government should *promote, support and assist* in the development of co-operatives on the same basis and conditions as government is supporting other types of economic enterprises. Government *should not* interfere, intervene and control the co-operatives”.

5.11 Presentation by Mr.W.U. Herath

Mr. W.U.Herath, Adviser, Human Resource Development Project of the ICA Regional Office for Asia and the Pacific made the following presentation:

Dear Mr.Chairman, distinguished delegates and friends,

The co-operative system in Vietnam has to be appreciated and appraised in the historical perspective. The feudal society prior to the liberation had to be transformed in 1956 with the slogan “land for the tillers”. This process established a new socio-economic order, replacing the defunct order.

The ICA ROAP in collaboration with the SCC, CCA and SDID undertook a fact-finding mission to Vietnam in January this year. We have met several authorities, co-operative leaders and members during our first mission and interviewed many members and staff members of co-operatives. We have prepared a comprehensive report on the mission, which has been circulated in English. As the Vietnamese translation is not yet ready, I would like to highlight the main points of the report to facilitate your deliberations.

A new socialist economic order replaces the defunct order. Socialist form of government was inevitable as happened in many similar situations in many countries. In the process, it was also inevitable to adopt a collective system of production as experienced in other socialist countries. The new order was to create equality and social justice to farmers who are in majority.

We have found that the term ‘Co-operative’ has been used in Vietnam with a different interpretation other than the commonly used definition. The term ‘co-operative’ in the Vietnam context has been used to connote the collectives, i.e. the collective ownership of the means of production during the early stages. Later, when the non-state trading companies grew, the term has also been used to differentiate between the state and non-state enterprises. Therefore, the co-operatives in Vietnam do not represent any conformity with the accepted

principles of co-operatives. However, the co-operatives in Vietnam helped to build up a new economy and to increase production, which was a priority at that time. The Vietnamese tradition of community management blended with the new system easily. This system has helped to:

- promote self sufficiency in food production; and
- to build a strong social and welfare system and bring about equality among people.

With this strong integration found in the state and co-operative enterprises, Vietnam was able to sustain itself bearing its many wars with the French, Americans and the Chinese.

However, the system began to decline due to:

- * global political changes which affected the socialist system;
- * under pressure from the damages of wars; and
- * keep up with the technological developments, which affected the market environment.

Therefore, the Vietnamese government took measures to introduce fundamental changes in the process, relations and production sources from early eighties. This culminated in the adoption of '*Doi Moi*' approach in 1986.

Vietnam, however, still enjoys a higher status of human development. In 1991, it ranked 99th in the world with 0.498 score. It is one of the highest in developing countries in spite of having only a per-capita income of US\$200/-.

While appreciating the Vietnamese version of co-operative system, for its support to sustain many achievements in economic development and social justices, it has become necessary to evaluate the concepts of development of co-operatives in the present context.

Firstly, it is necessary to assess the definition of co-operatives which has been used in the past. The co-operative as practiced today accepts the individual ownerships of all means of production and the individuality in which they could help each other towards common socio-economic goals, based on common needs. This form of organisation is essentially voluntary and open. Collective enterprises have a compulsion on the participants to use the means of production collectively, thus negating the individual initiatives.

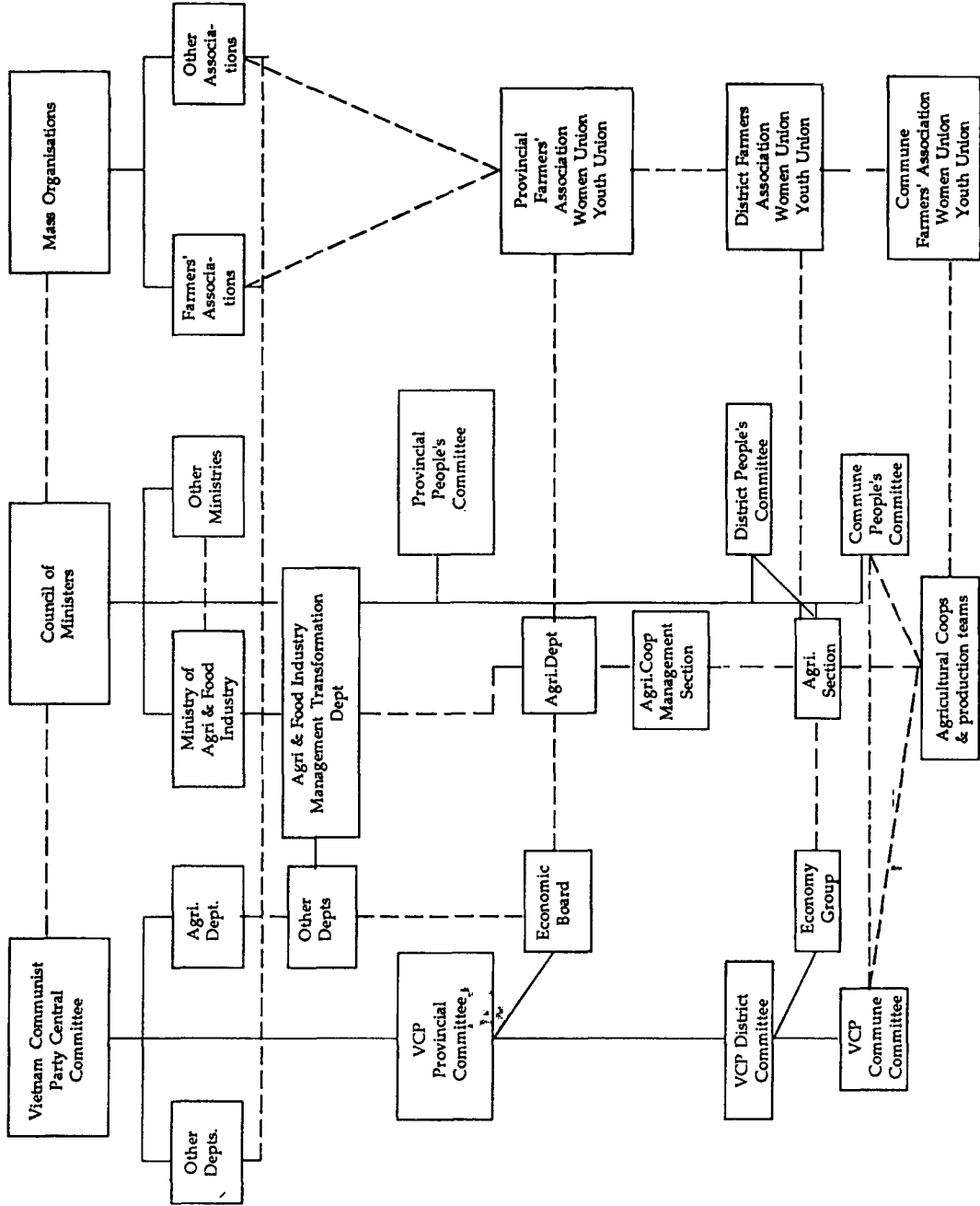
The Vietnamese form of co-operatives worked when there was a desire to have a stable system with social justice and also when there was a threat for the sovereignty of the country. When such motivating factors have been lifted, the system started disintegrating. This could not be contained even with the

introduction of contract system where only the individual ownership has been introduced.

However, even with the change of economic policies, the co-operatives still perform functions for the government in the areas of community services and taxation. One could see the close linkages among state commodities, party commodities and co-operative commodities, which influence each other.

The chart on the following page shows the structure of co-operative movement in Vietnam as a three-dimensional form which has government, co-operatives and mass organisations as dimensions.

ORGANISATIONAL STRUCTURE OF AGRICULTURAL AND PRODUCTION CO-OPERATIVES



Decree No.10 of 1988 has a major bearing on the present status of co-operatives. In keeping with the changes suggested, the development planning and execution of plans have been decentralized. The market forces have been allowed to have a considerable free play. The new economy has been termed as planned commodity economy, planned market economy or socialist oriented mixed economy.

The new system has seriously affected the co-operatives. Many co-operatives have been dissolved or amalgamated into large entities. The worst affected form of co-operatives is the credit co-operatives, which is defunct at present as a movement. Credit co-operatives could not exist with the increasing inflation and the devaluation of the Vietnamese Dong.

Out of the 9000 primary SMCs which were functioning in 1988, only 2000 SMCs are functioning at present. The rest have been liquidated or sold to private entrepreneurs. The market share of SMCs in retail market dropped to 1.8% in 1991 from 12.6% in 1987.

The agricultural co-operatives played a very important role as Vietnam is primarily an agricultural economy. 79.6% of the total population lived in rural areas in 1990. Out of 30,000,000 labour force, 21,000,000 have been employed in agricultural sector. Presently there are 18,340 co-operatives in the agriculture sector with a membership of 8.9 million households. The agricultural co-operatives have to function in some form due to the complexity of relationship between the commonly owned agricultural services for farm production. The farmers would have to obtain these services for input supply, irrigation management and harvesting, etc.

With the emergence of the market-oriented economy, majority of the handicraft co-operatives have been converted into private enterprises. Other forms of co-operatives such as fisheries and transport have marginal impact on the economy.

In terms of management organisation, only agricultural co-operatives and SMCs had a large individual member base. Agricultural co-operatives did not grow into secondary and tertiary levels of co-operatives. The government has introduced district and provincial level SMC unions and a national level organisation called Central Council of Supply and Marketing Co-operatives (CCSMC). However, the secondary and tertiary level SMCs were very rarely based on democratic principles of representation and elections. These co-operatives have faced many problems in the present market economy.

In the absence of decision making power to the members of the SMCs, the business of the SMCs is not related to the members need. Therefore, the SMCs and their unions are depending on the open market business and also import-export business. They survive still in some form due to the government controlled quota system for import-export trade.

Although the government has introduced tax legislation, it hardly affects the family business and the private companies. The government has not yet been able to establish a proper mechanism to impose direct and indirect taxation in private sector. In contradiction, the co-operatives are compelled to pay taxes as levied by the government. The co-operatives are also required to contribute to maintainence of community services such as health, education and infrastructure.

Vietnam has always had an invisible market system, which operates from the household farm through the village market upto the city markets without much overheads. The private sector has very skillfully made use of this market system which has not been tapped by the co-operatives.

Due to the conceptual confusions, co-operatives still used the obsolete management system which has been more of distribution and production oriented. New market economy concepts such as demand and supply etc. have not much been incorporated in the management system.

Although there is a national level training system functioning for co-operatives, the faculty of the training system itself has no experience to deal with the market systems or market economy. They have to be re-oriented towards the new things and it is necessary to introduce new curriculum design in order to undertake the development of manpower in co-operatives.

The capital formation of primary co-operatives have been confined to share capital (in kind or cash), borrowed capital (mainly agricultural banks), members' deposits (marginal) and accumulated profits (marginal). There appears to be a serious problem of working capital for co-operatives in the light of gradual withdrawal of government support in capital. The co-operatives do not have sufficient capital to compete with private sector under the control of the market. The members are not interested in investing in co-operatives as deposits do not bring them sufficient returns and also they do not have a say in decisions in regard to the investment. The co-operatives also do not have sufficient capital to provide agricultural credit, as the agricultural development bank itself is running short of capital.

One of the other problems in regard to the policy is the absence of proper legislation on co-operatives. Various types of co-operatives are attached to different ministries at present. Some of the functions in the agricultural co-operatives and supply and marketing co-operatives overlap with each other in the marketing of surplus production.

In regard to the manpower in the co-operatives, members and the staff of co-operatives have been treated in the past as the labour force in co-operatives. This is due to the fact that the members are also paid as workers based on their daily work. Although the situation has changed at present, the clear distinction between the member and the employee has not been made. However, there is distinct demarkation made in at least few SMC unions which has given birth to the concept of manpower development in co-operatives.

One of the most important achievement in Vietnam is the utilisation of human resources to the maximum extent. In this respect, the women have played an equal role in all the spheres of political and economic activities.

Vietnam has been maintaining a high level of literacy among women and also equal status in health as men. Vietnamese law emphasizes on the women's rights for equal terms in all activities. Vietnam has a strong women's forum called women's association. In the co-operative sector, the membership of women consists 56.14% of the total membership. 70% of the women labour force took part in direct production. Some of the issues we have to consider in strengthening of co-operative movement in Vietnam are as follows:

- i. The absence of proper co-operative legislation and the linkages between the government corporations and the co-operatives,
- ii. Linkages of co-operatives with government social welfare system,
- iii) The absence of business management systems appropriate to a market economy,
- iv) Manpower untrained to deal with the market economy,
- v) Problems of democracy in co-operatives- absence of member participation in decision making at various levels,
- vi) Insufficient capital.

The government and the people have adopted several alternative strategies to address these problems. The farmers in Mekong Delta still use strong self-help organisations to deal with their production services and also marketing. Several pilot co-operative projects have been initiated by the agriculture and commerce ministries, to strengthen the management systems and also to

introduce multi-purpose co-operatives. However, these new innovations would have their own constraints considering the legal and administrative environment in which they function. The problem of strengthening co-operatives needs to be considered through a wholistic approach incorporating all the factors hindering progress.

The Seventh Congress of the Communist Party of Vietnam has, however, highlighted the importance of co-operatives and its commitment to support the changes towards a new market economy.

Thank you very much for your listening."

5.13 Presentation by Mr. Bjorn Genberg

Mr. Bjorn Genberg, Director, Swedish Co-operative Centre made the following presentation:

As I see it, there are no genuine co-operatives in Vietnam. The organizations which are called co-operatives have been, and are still controlled and governed by the Government. They are still part of the government administrative set up in that they, among other things, collect taxes on behalf of the state. The government does also expect the co-operatives to invest in and administrate part of the social infrastructure.

These organizations are now in a transitional stage from one economic system to another and they are not quite sure about the direction they are to take. Except for one aspect, they lack an identify of their own, a co-operative identity.

The number of co-operative societies has been drastically reduced during the last couple of years. Reliable statistics is, for good reasons, not available. The supply and marketing co-operatives have been reduced from 9,000 to approximately 20 per cent of that number. The number of agricultural co-operatives in existence today is more difficult to estimate, available statistics and verbal information do not give a coherent pattern.

The co-operative organizations which are still in business are now rapidly losing market shares to the private traders. There are, for obvious reasons, no reliable statistics in this area. Rough estimates (guestimates), based on verbal information in the field, indicate that may be between 30 to 50 per cent of some market segments could have been covered by the traders. The co-operatives have basically no personnel trained for the open market economy. It is difficult for the personnel to appreciate and understand the requirements an open market puts on the co-operative organizations. The co-operatives do also face a severe lack of capital for investments in marketing infrastructure.

The competition on the market, such as marketing of cash crops and distribution of inputs, is not necessarily on equal terms. Besides the fact that the co-operatives collect taxes and maintain a certain amount of social infrastructure, it cannot be ruled out that some private traders might not fulfil all their social obligations, such as paying taxes and other dues.

It is not surprising that the co-operatives are losing market share. It would be strange if they did not. If nothing fundamental is changed, it is very likely that the private traders catch an even greater market share in those areas and for those crops which are profitable. The less profitable crops and areas will be left to the co-operatives. It is difficult to imagine what can change this picture in the short-term perspective.

But there are signs of encouragement. The farmers are used to work jointly in a co-operative manner. This collaboration is, for instance, necessary in the rice production. Preparations for planting and irrigation must be carried out jointly on the small acreage. Here is a co-operative identity to be found.

According to a study by the National Institute of Agricultural Planning and Projection (NIAPP), a majority of the farmers are prepared to co-operate, not only in the production, but also when it comes to marketing of crops and purchase of inputs.

Women and men seem to be more equal than in many other countries in the region. This can be seen in the co-operative organizations. This is of course very difficult to estimate and have a firm opinion about. But the difference between the co-operatives in Vietnam and other co-operative movements in the region in this respect was clear. One can however fear that the free market forces can bring about a change in this regard, to the disadvantage of the women.

Representatives of the Government assert that the government is prepared to support the emergence of an autonomous movement and the transformation of the old co-operative structure to an independent status.

The government is further more of the opinion that there is a need for co-operative organizations in order to protect the farmers from the drawbacks of the free market forces. An increasing gap between the richer and the more disadvantaged farmers can already be noticed. The poorer farmers are evidently now also exploited by the private traders.

The government says also that the co-operatives must be independent from the state, if they are to survive in the long run, and be the instrument for the improvement of the members' material and social wealth.

The government is not clear about how the new co-operative sector will be structured, and it is not quite sure how to best support the development of the new co-operatives.

Finally, the government would like the support of the international co-operative community in order to obtain advice on how to support the development of a co-operative structure in an open market economy. The government would, as a first measure, appreciate counsel on the new co-operative legislation presently being drafted.

What should the government do now in order to provide the appropriate conditions for a genuine co-operative growth? In my opinion the most important thing to do now is to separate the co-operatives from the state. A clear demarcation line will have to be established between the state and the co-operative sector. The members will need to be informed about this separation and the government will have to act in such a manner that confidence is created for this line of demarcation. The members will have to realize that the future of the co-operatives rests with them and not with the government.

The government must cease to regard the co-operatives as an instrument for its policies and plans. Public duties will have to be performed by the government, and it is up to the members if they, for instance, would like to run day nurseries, schools, etc.

The government will have to establish an institutional framework, within which the co-operatives can develop. Such a framework comprises, in the first place, a co-operative legislation, whose prime purpose is to draw up the said demarcation line. Such a framework will also enable the co-operatives to compete on the market on equal terms with the private traders. The government must further more refrain from giving the co-operatives direct subsidies. Subsidies might be tempting right now, but will not lead to cost efficiency in the long run. Appropriate incentives are superior to subsidies.

The government can, however, take a number of supporting measures, for instance, within education. It is a gigantic task to develop a co-operative leadership cadre, which understands the rules of the open market, and the government can be of assistance here. Of equal magnitude is the undertaking to train the administrators, brought up in a central planning system, to become cost conscious co-operative entrepreneurs.

Another important measure is to provide credit for the co-operative organizations as well as the members. Today only a limited number of the farmers (approximately ten per cent) have access to institutional credit. If the production

potential is to be exploited, this question must be solved. The co-operative societies will also need credit, in order to be able to develop a marketing infrastructure. Credit is also required to finance the purchase of crops from the farmers.

The government has been much in focus in my observations above. This obviously depends on the fact that the co-operatives, by and large, have been an instrument for the intentions of the state. Therefore, the government has in my view also a responsibility to contribute to the establishment of independent co-operatives. As I understand the situation, the government is also fully prepared to shoulder this responsibility. But, and this is an important point, corresponding demands must be put on the members if self-reliant co-operatives are to develop. The decisive factor is if the members now realize that it is upto them, if co-operatives are to have a future. And if they are prepared to co-operate and mobilize their meagre resources for joint actions so as to fend off the private traders. The true and obvious collaboration among farmers in the crop production must also be natural within the marketing of the produce. The farmers must understand the basic rules of the open market; if they don't take the trouble to market their produce of their own, the private traders will do the job. And with this follows the risk of being exploited.

When I briefly go through the prospects for the development of a genuine co-operative movement in the years to come, I find great difficulties. But there are other aspects, of great importance for the future of the co-operatives, which are of a non-technical character and which cannot be illustrated by statistical figures. I am thinking about the genuine will and dedication to work for a true co-operative development, which I found among co-operators as well as representatives of the government. It is my sincere hope that these aspects will be able to offset some of the obstacles we can see on the path ahead.

5.14 Presentation by Ms. Zilla Potinvongsajarn

At the workshop Ms.Zilla Potinvongsajarn, CCA Field Officer for Thailand and Indó-China made the following presentation:

Friends, allow me to begin by obriefly describing to you the ororganization which I represent.

The Canadian Co-operative Association (CCA) is the association of English Speaking Co-operative Organizations in Canada. (Tomorrow you will have the opportunity to hear from the representative of French speaking Canada). The CCA represents national, regional, provincial and primary co-operative

organisations of different types, among them the following:

- * Financial Co-op Credit Unions : Co-operative Insurance
- * Marketing Co-opeartives : Agriculture, dairy, workers, fishery, forestry, crafts.
- * Consumer Co-operatives : Food, agriculture, housing, transport, services (child, health care, water, electric supply, funeral).

The range is such that today we have Canadian Communities where there are co-operatives to cater to the people's needs from birth to death.

You might be interested to know that the co-operative movement was started in the agricultural sector at the turn of the century, at a time of great social and economic difficulty. Today, seven out of the ten largest agricultural enterprises in the country are co-operatives. The case of Canada proves that co-operatives can and do succeed in a market economy. Indeed, they are necessary in the so-called free economy to protect the interests of farmers and consumers.

The CCA was created to support the co-operative movement in Canada by:

- * promoting co-operatives as community-based, socially responsible and democratic enterprises;
- * providing education dedicated to the development of good members, leaders and managers;
- * broadening the base of co-operative knowledge and information through research;
- * coordinating the development of policy within a consensus-based process;
- * representing the co-operative sector to governments and other public; and
- * promoting the development of co-operatives in Canada and abroad.

So you see, international development or the promotion of co-operative development in areas outside of Canada is but one of CCA's functions. The International Affairs Department, to which I belong, is entrusted with this function.

At present, CCA works with partners in over 20 countries in Africa, the Americas and Asia. Our support to co-operative movements in these regions has mainly been in the areas of education and training, technical assistance, savings and credit programs, co-operative studies and institutional building. For the purpose of mutual development, we also facilitate exchanges between Canadian Co-operators and their counterparts in developing countries as well

as (south-south) exchanges among partner organizations. An ongoing development education program enables us to acquaint Canadian Co-operators with our work overseas and, hopefully, to get them involved in various ways.

I thought I should present this small introduction so that you will know where I am coming from and thereby understand why I am making the kind of observations I am about to give you now.

I will try to be brief, but at the outset, please be assured that my observations come with my deepest respect for you who are here and the many others out there who have been involved in what has been called the co-operative movement of Vietnam. You have had a lot of experience as well as a lot of suffering. And I know how sincere many of you are in trying to find new and better ways to improve the situation.

First, I must say that I agree with Mr. Genberg's assessment of the position of women in Vietnam- but I still hope for a day when there will be many more women than myself at gatherings such as this! Your women members and managers are a great asset and I hope you will keep them in mind and involved in your efforts to develop.

Your struggle for development will certainly be a long one. As you embark upon this struggle, let me bring to your attention three issues which I think are of utmost importance.

First, the need for balance. This morning, Mr. Minh (of the Association of Vietnamese Farmers) was correct in his assessment that many of the country's problems today are due to an imbalance between the micro and the macro spheres, i.e. whereas the household economy (the micro) has been 'freed' and is making impressive achievements in production, the larger framework of governance and policy (the macro) have lagged behind and are having difficulty coping with the new and fast-changing realities. I can give you another example, a reverse one, and this is happening right next door to you. I know you keep abreast of news on Thailand and how it is progressing a lot in commerce and technology (the macro). Unfortunately, this is happening with little regard for the very people whose labour is contributing to that progress (the micro) poor, between the urban areas and the rural areas. Bangkok may look like a glowing model of development, but you should know that one-third of its people live in poverty, unhealthy slum communities (whatever you do, please do not make Bangkok your model of development).

Thus, it is clear that true development cannot come without striking a proper balance. To achieve this balance (for Vietnam's future co-operative

movement), there is a need to co-ordinate among all individuals, agencies and ministries concerned. The sense we have got from talking to various groups is that every one is out there doing the same things and planning similar (get-rich-quick) schemes. There is currently a lot of duplication and overlapping that is not only a sorry waste of resources but can also contribute towards a growing imbalance. The co-operative legislation you are currently working on must consciously strive to achieve and maintain balance - balance in the relations between government and co-operatives and obalance in the relations between co-operatives. For example, we have come to know that to 'protect' the dwindling fortunes of Vietnamese co-operatives, it is suggested that the law might stipulate for farmers to buy their inputs from and sell their products through the supply and marketing co-operatives (SMCs). This is fine only if these SMCs are really owned by the farmers and not by the traders. Otherwise, I don't think I need to tell you how disastrous it would be for a nation to put 50 percent of its population at such a disadvantage.

Second, there is a need to clearly identify priorities - this is particularly necessary in a situation where resources are very limited such as here. In our visits every where, the overwhelming concern has been for the farmers who are after all the majority as well as the 'backbone' of the population. Every where they tell us the problems and what they think are needed to lick these problems:

"If we have the infrastructure, we can solve the problems."

"The right technology will take care of the problems."

"If we can find the markets, there will be no problems."

"All we need is money and things will be alright."

I agree all these - infrastructure, technology, markets, financing - are important elements of the agricultural economy, but we seem to be forgetting here the most important element of them all - and that is the farmers or the people.

In visits I made before the mission, we saw too many examples of infrastructure (upon which a lot of money had been expended) that are now left unused because the people had not learned to appreciate them or maintain them on their own. We have known too many examples of inappropriate technology which have worsened problems (e.g. unemployment. Some technologies actually displace even more people) rather than relieved them. And what good is money where there is no management system (and that means people!) to guarantee that it will be used effectively and efficiently?

I submit to you, therefore, that even more important than infrastructure, technology or money are the people. Indeed, I would say further that even more important than the law are the people! Thus it is my hope that all those charged with drafting the law will keep the interests of the people foremost. It is my hope that what little resources you may have will be invested first on people. Investing in (the development of) people may not bear fruit overnight, but sustainable development requires the recognition of this first priority.

My third, and final point is the need for self-determination. We can think of this at the level that we are now. At this juncture, I should express CCA's appreciation to the ICA for organising this mission and putting into actuality the principle and spirit of co-operation between co-operatives. We from the outside have come to learn with you and, hopefully, to help. Yet (I think my colleagues will concur with me that) we have not come to prescribe to you a particular winning formula or model. All we can do is share with you the experiences elsewhere. (The co-operative principles remain constant, but the practices do vary). Then you must decide on your own model. In fact, we hope there will eventually be as many models as are appropriate to your needs, models you yourselves will choose..

- based on your own situation,
- based on the resources available to you, and
- based on your own definition of what constitutes national development.

By the same token, self-determination must be allowed at the next level, i.e. internally. Co-operative development cannot be planned by a panel of experts sitting in Hanoi. Please understand that this statement is not meant to discredit the hard work or the excellent capabilities of your planners. But they must not proceed in isolation for the result can only be ...

- a plan that will be inadequate,
- a plan that will be unrealistic, and
- a plan that will not be realizable at the grassroots where the people are.

To illustrate: The people are saying that their greatest need is for money and yet we know there are government credit programs where farmers are not taking the money. We ask why, and the people say..

- they don't know what to do,
- they have never decided what to do with money before, and
- they are afraid they cannot repay the money.

In short, the people do not have confidence in themselves. This is worrying because an effective co-operative movement requires..

a membership that is aware,
a membership that is educated, and
a membership that is confident.

In one of the papers presented this morning, it was stated that one of the issues the co-operative legislation planning committee is looking into is 'how the state will manage the new co-operatives'. I hope this was a mistake in translation because, please, the state should not think of managing the co-operatives. The management of co-operatives should be the task of the members themselves- this is an important exercise in self determination through which the people will gain the confidence they need.

The state should not be afraid to have the people manage for when they do, they will want to make sure that their co-operatives succeed. Successful co-operatives will mean prosperity for the people and you can be sure that it will mean prosperity for the nation as well!

5.15 Presentation by Mr. Claude Miville

Mr. Claude Miville, Asia Programme Director of SDID, Canada, made the following presentation at the workshop:

1. The Situation of Co-operatives in Vietnam

In 1986, the Vietnam Communist Party began a general reform of the agricultural state co-operatives mainly by the privatization of the means of production. The government then accepted that the agricultural family unit was the economic base of agrarian production. This reform meant the end of the very large state co-operatives that were founded on the consolidation of all land owned by the farmers. The reform soon brought about good results with a substantial increase in the productivity of the land that reverted back to the farmers' families.

The large co-operatives have not completely disappeared. They have become service co-operatives, operating mainly in the distribution of farm inputs. But at the same time, they have lost the monopoly that they held for a long time in the field of farm input and marketing of end products. This reform was also accompanied by the product prices being set by the free market. We were faced with a free market economy, at least in principle.

In fact, this reform of the agricultural system has not been equally applied throughout the country. In some areas, the people's committees have retained their control over the co-operatives. Some of the leaders are still using the co-operatives as a network to implement general national agricultural policies.

At the other end of the market, private traders benefit from a much wider flexibility in the development of their marketing and procurement network. They are also not subject to the same social obligations to the community in which they work. Finally, they have more chances of avoiding the burden of taxes.

With these advantages, the traders are more efficient in developing their market and taking over the agricultural co-operatives. They have rapidly started to use credit as a means to dominate the farmers and oblige them to sell their crops to them before they are even harvested. The farmers are then at the mercy of some traders who can soon impose a discriminatory economic system. On the other hand, unfortunately, the government does not have the necessary funds to finance an agricultural credit programme that could counter-balance the practices of the traders which will lead to control over the farming communities.

If the agricultural co-operatives are controlled by their members, they can develop and compete with the private sector and offer services to the farmers on a competitive base. They are the farmers' insurance against the power of the traders. The agricultural co-operatives will, therefore, play a regulatory role in the market.

2. Notes

- i. Co-operatives are a *collectively owned private business* with a democratic management. Co-operatives must show a profit (economic viability).
- ii. Co-operatives cannot answer all the needs of the farmers and cannot adapt to all situations. We must therefore evaluate the limits of the co-operatives.
- iii. Monopoly, whether state, co-operative or private, is not in the interest of consumers, farmers or society.

3. Issues

- i. We must accept the fact that the *majority of the present co-operatives will disappear*. Some will be transformed into private enterprises. This may be the case for the co-operatives to adopt the multi-share system, whereby shares are linked to the right to vote.
Co-operatives that wish to survive must find markets or services that are not already provided by the private sector and must be capable of penetrating the newly formed monopolies.
- ii. This is a difficult task as *co-operatives are weakened by unfair competition*
 - they are subject to paying taxes (that the private sector can avoid);
 - they have to support social welfare costs in the commune.

iii. *Do not underrate the resistance to change* in the administration (people's committees) or in the ministries who actually manage the co-operatives.

Indeed, 10,000 communes' administration and hundreds of thousands of civil servants will lose power in the co-operatives.

- It is different with farmers. They are ready to change, a fact they quickly demonstrated by introducing household farming and competition in supply and marketing as soon as the reform provided this possibility.
 - We may have to change the word 'HOP TAC XA' that has a negative connotation.
4. It will be important to *develop a real bottom-up approach* and we must expect that it will take some time before we obtain results.
- * We will have to learn to consult the farmers and to avoid making their decisions for them or to avoid misinterpreting their intention or desires.
 - * We must seek farmers with leadership qualities and expose them to different co-operative models. All of these models are based on co-operative principles. Based on historical as well as political, economic and social considerations, several types of co-operatives and structures can emerge.
 - * Concentrate our efforts on co-operatives that have a future and carry out experiments: farmers need a successful model.
 - * Refrain from developing the whole structure including the second grade level. Wait until the farmers decide to do it.
5. The market economy is a *jungle where the private traders are kings*. The market law can destroy any co-operative very rapidly. If a co-operative does not cover its costs or if it offers services at a higher price than private traders, it will not survive. Don't count on government to pay for the co-operatives' operating expenses. In the long run, the co-operatives will not subsist. Request incentives, not subsidies, from the government.

Don't underestimate the power of the private sector. When we discuss among co-operative representatives, we have a tendency to omit discussing the competition. Try to learn from private traders. How have they become efficient? If necessary, do as they do. And if the co-operative makes a profit, it will be redistributed among the farmers.

Don't forget that co-operatives must not only be the best but also a cut above the competition. However, the co-operative cannot be the best in every field and we should avoid dispersing our efforts. This represents a challenge for a multi-purpose co-operative (if this model is adopted):

- * management staff must acquire different skills;
 - * membership risks being divided according to the major concerns of each specific group: farmers and consumers don't expect the same services from their co-operatives.
6. *We must create a favourable environment for the co-operatives*
- * We should have transitory mechanisms to help the co-operatives make the change to a market economy: training on new concepts (leaders, members, staff), technical assistance in restructuring the co-operatives, decreasing subsidies and new incentives, capitalization schemes, etc.
 - * The law should be based on co-operative principles.
 - * Interference from local people's committees should be restricted and a clear distinction made between co-operatives and stage.
 - * Other major reform policies must be undertaken to increase and stabilize the income of the farmers:
 - agricultural credit,
 - exchange of experience,
 - land reform;
 - crop and income insurance.

5.16 Remarks by Mr.Hiroshi Okamura

In his remarks, Mr.Hiroshi Okamura, Adviser, CIDB, indicated that the exposure to other co-operative organisations is important in the present context. It is also necessary to provide opportunities to Vietnamese people to receive the experiences in other co-operative systems. In order to do this, necessary policies have to be created for facilitating such a process.

One of the areas of collaboration would be to receive trainers to strengthen the co-operative system in the country.

Mr.Okamura emphasized the need to observe self-reliance in the business activities. He also suggested that the resolutions made in regard to training under a structure of co-operatives and a role of government in co-operative development would be more appropriate more than the resolutions made on the topics of co-operative legislation.

He also indicated that there is a potential for insurance co-operatives in Vietnam.

VI

CONCLUDING REMARKS BY MR. G.K. SHARMA

At the concluding session, Mr. G.K. Sharma, the Regional Director of ICA, summarized some of the points relating to co-operatives in a market economy and government-cooperative relationship. The points mentioned were:

1. Co-operatives are owned by and represent their members and not the government.
2. It should look for decisions and guidance towards its members and not towards the government or administrators.
3. It is an agency of members and not an agency of the state, nor is it a public agency belonging to the society. It belongs only to its members. It is concerned with the society at large, because society influences its members.
4. Government can and should support co-operatives and the co-operatives could also support government and its programmes, but only with the consent of the members.
5. Collective co-operatives in Vietnam were not real co-operatives and it was a misnomer to call them co-operatives.
6. Regarding the functions of rural co-operatives, they should cater to the total needs of the farmers in the rural areas, i.e. production inputs, consumer goods and marketing of agricultural produce. By what name they could be called is not so important. They could continue to be called as Supply and Marketing Co-operative or Multi-purpose Co-operative or Rural Co-operatives or Service Co-operatives like in India.

- 7 Co-operative law is not a must. Some countries do not have it. But if co-operative law is to be enacted, which I believe Vietnam needs, it should be drafted very carefully. Law should not be for the lawyers, but for the common members who could understand it. Law is a double edged weapon which could be used and misused. The object of co-operative law should be to facilitate the working of co-operatives and not monitor or manage it.
8. Strong structure and support from higher level co-operatives are important to build and strengthen base level co-operatives.
9. Profit is not a bad word. It depends on how to use it.
10. Social justice and economic equality is the responsibility of the state and not of the co-operatives.
11. State should help to save co-operatives from unhealthy and unfair competition from private trade.
12. Regarding collection of revenue by co-operatives in Vietnam, co-operatives can do it on behalf of its members if they so want, but should not be the collection agency of the government.
13. Co-operatives do not necessarily need subsidy. However, if they are asked to undertake any work on behalf of the government, any loss they suffer in this must be reimbursed to them.

VII

CONCLUDING REMARKS BY DR. NGUYEN QUANG QUYNH

In his concluding remarks, Dr. Quynh appreciated the contributions made by the ICA ROAP technical staff including Messrs. Sharma, Karl Fogelstrom and Upali Herath and other external organisations including Messrs. Bjorn Genberg, Zilla Potivongsajarn, Claude Miville and Okamura, in addition to the Vietnamese participants. He felt that in the process of deliberations in the workshop, a few directions have been identified.

He indicated that there are two types of statements made by local and international participants as an interaction from two dimensions. He appreciated the differences as natural being from very different backgrounds. He found that the ICA has two types of member countries, i.e. socialist and other countries. This confusion can be overcome through a proper renovation process in keeping with the co-operative principles in mind. The most important aspect of the renovation is the household economy.

He explained that the co-operatives have to face the competition with private traders. He found that there are different appreciations of the present situation as defined by several speakers.

He agreed that Vietnamese co-operatives would have to prosper in future. The statements and discussions during the workshop have contributed for the improvement of the conditions in the co-operative movement. The ideas are valuable for further development, especially in the areas of relations between government and co-operatives.

He identified 'four' roles for the government in promoting co-operatives:

- encouragement,
- support,
- protection, and
- guidance.

However, the government should not interfere in the internal functioning of the co-operatives as explained by Decree No.194. He thanked the participants for the contributions made in the direction for formulating co-operative legislation, as he is also a member of the drafting committee. He found that it is easy for them to agree on certain basic principles in formulating co-operative laws.

He thanked the staff and authorities of NIAAPP for their support in organising the workshop. He also thanked the members of the ICA ROAP and the other external agencies as well as the Vietnamese delegates who participated in the workshop.

ANNEXURE 1

WORKSHOP PROGRAMME

July 16,1992

- 08.00-08.15 Opening speech by Mr.Nguyen Xuan Duc, Vice president of the Central Council of Vietnam Supply and Marketing Co-operatives (CCSMC)
- 08.15-08.45 Speech by Dr.Nguyen Qang Quynh, President, CCSMC
- 08.45-09.15 Speech by Prof.Nguyen Van Huy, Deputy Director of the Central Institute for Economic Management.
- 09.15-09.45 Speech by prof.Tran Ngoc Hien, Nguyen Ai Quoc Institute.
- 09.45-10.00 Coffee break
- 10.00-10.30 Speech by Prof.Vu Huu Ngoan, Max-Lenin Research Institute.
- 10.30-11.00 Speech by Mr.Nguyen Van Minh, Board Member, Association of Vietnamese Farmers.
- 11.00-11.30 Speech by Dr.Nguyen Dang Thanh, International Co-operation Institute.
- 11.30-12.00 Speech by Prof.Hoang Dat, Director, Economic Commercial Institute.
- 12.00-14.00 Lunch
- 14.00-14.30 Speech by Dr.Bui Quang Toan, Vice Director, NIAPP.
- 14.30-15.00 Speech by Mr. Tran Duc, Expert, Ministry of Agriculture and Food Industry.
- 15.00-15.30 Speech by Mr.W.U.Herath, ICA ROAP
- 15.30-15.45 Coffee break

- 15.45-16.00 Speech by Mr.G.K.Sharma, Regional Director, ICA-ROAP
- 16.00-16.15 Speech by Mr. Karl Fogelstrom, ICA ROAP
- 16.15-16.45 Speech by Mr. Bjorn Genberg, Director, SCC
- 16.45-17.00 Speech by Ms. Zilla Potivongsajarn, CCA

July 17, 1992

- 08.00-08.30 Speech by Mr. Claude Miville, SDID
- 08.30-09.00 Announcement of group division and issues for group discussions by Mr. Herath, ICA ROAP.
- 09.00-12.00 Group discussions
- 12.00-14.00 Lunch
- 14.00-16.30 Speeches and conclusions of group discussions by group leaders.
- 16.30-17.00 Additional speech by workshop participants, if any.
- 17.00 Closing ceremony by Dr. Nguyen Quang Quynh, President, CCSMC
- 18.30 Dinner hosted by ICA.
Venue: Hotel Victoria

ANNEXURE 2

LIST OF PARTICIPANTS

1. Mr.G.K.Sharma, Regional Director, ICA ROAP
2. Mr. Karl Fogelstrom, Senior Development Adviser, ICA ROAP
3. Mr. W.U.Herath, Adviser-Human Resource Development, ICA-ROAP
4. Mr.Bjorn Genberg, Director, SCC
5. Mr. Claude Miville, Programme Director, SDID
6. Ms. Zilla Potivongsajarn, Field Officer (Thailand & Indo-China), CCA
7. Mr. Hiroshi Okamura, Co-operative Insurance Adviser, CIDB
8. Prof. Nguyen Quang Quynh, President, CCSMC
9. Prof.Nguyen Van Huy, Deputy Director, Central Institute for Economic Management
10. Dr.Tran An Phong, Director, National Institute of Agricultural Planning and Projection (NIAPP)
11. Dr.Bui Qang Toan, Vice Director, NIAPP, Ministry of Agriculture
12. Dr. Cao Duc Phat, Head of Division, NIAPP
13. Mr.Tran Duc, Expert, NIAPP
14. Prof.Tran Ngoc Hien, Nguyen Ai Quoc Institute
15. Prof. Van Huu Ngoan, Max-Lenin Research Institute
16. Dr. Nguyen Dang Thanh, International Co-operation Institute
17. Mr. Nguyen Van Minh, Board Member, Association of Vietnamese Farmers
18. Dr. Vu Binh Bach, Rector, National Economic High Collège
19. Dr. Hoang Data, Director, Commercial Economic Institute

20. Dr. Tran Minh Tuan, Rector, National Commercial High College
21. Mr. Vu Qang Huy, Deptt.Head, Economic Committee of the Communistry Party
22. Dr.Prof.Vu Huy Tu, Cabinet Member, Government of Vietnam
23. Mr. Nguyen Ngoc Triu, Former Deputy Prime Minister, Govt. of Vietnam
24. Mr. Vuong Minh Tuong, Head of Division, Ministry of Commerce & Tourism
25. Mr. Nguyen Thanh Khai, Head of Deptt., CCSMC
26. Mr. Pham Van Tap, Head of Department, CCSMC
27. Dr. Le Nhat Thuc, Director, International Economic Research Institute

ANNEXURE 3

OBSERVATIONS ON THE CO-OPERATIVE MOVEMENT IN VIETNAM

By
Hiroshi Kono
Executive Director
Central Union of Agricultural Co-operatives (JA-ZENCHU)

In July, 1992, I joined ICA's 'Co-operative Survey Mission to Vietnam. I understood that the purpose of the Mission was to counsel Vietnamese Co-operatives, which have been compelled to close or cut back drastically with the progress of a market economy since the introduction of the 'Doi Moi' policy (in accordance with the Vietnamese Communist Party Resolution No.10 in 1988), particularly CCSMC (Central Council of Supply and Marketing Co-operatives), on how to get their activities on the right track. Here, I would like to report my views mainly in line with the purpose.

This report refers to (1) "Report of Co-operative Survey Mission to Vietnam" edited by W U Herath, ICA ROAP, (2) a Report on the Overseas Cereals Situation (by JETRO, Bangkok), and (3) "Agriculture in Vietnam" (by the Association of International Co-operation for Agriculture and Forestry, Japan).

1. Agricultural Production Condition and Collective Farming

Judging from their functions, it can be considered that "agricultural co-operatives", organized in Vietnam in and after 1959 under agrarian reform is akin to "kolkhozes" in Russia and "communes" in China. It is understood that they are comparable to "collective farms", so to speak. They are, therefore, different from what are usually conceived in Japan as "co-operatives".

1.1 Ownership of Land and attached Facilities and Producers

a) in the case of Japan, agrarian reform was implemented from 1946 through 1950 after the end of World War II in 1945. The Government compulsorily purchased 1.9 million hectares from landlords for sale to tenant farmers, with the result that tenant land decreased drastically from the pre-reform 44 per cent to 9 per cent. On the other hand, owner farmers, who had small tracts of land, increased from the pre-reform 53 per cent to 94 percent. This stimulated the farming population's willingness for an increased production and technical innovation.

As is evident from Table 1, a yield of rice per tan (about 1,000 square meters) and an amount of production rose sharply from 1945 through 1950 and 1955. At present in Vietnam, collective farming is undergoing, a shift to family farming on leased land as in Japan, during that period. Hence it can be expected that agricultural production in Vietnam will probably attain phenomenal expansion.

Table 1 : Development of Productivity

	1935	1945	1965	1985	Unit
Total No. of farm households	551	569	566	437	10,000
Full-time farm households	416	305	121	63	10,000
Paddy Rice acreage planted	306	282	312	234	10,000 ha.
paddy rice output	839	682	1,218	1,161	10,000 ton
Paddy rice yield per Tan	278	210	390	501	10a/Kg

Note : Details of Paddy rice yield per Tan & output		
Year	Yield per Tan (Kg)	Output (10,000 ton)
1935	278	839
1945	210	582
1950	330	1,287
1955	390	1,287
1960	398	1,254
1965	390	1,218

b. In the case of Japan, demands for manpower in the manufacturing and distribution sectors rose sharply as the industry-centered economy developed. In the agricultural sector, meanwhile, there was also surplus manpower, thanks to the progress of technology innovation and mechanization. As a result, agricultural manpower, predominantly young farmers, rapidly moved into other industries. However, the farming population's tenacity to own its land was so strong that there was a sharp increase in the number of part-time farming households.

As a consequence, it is considered that the most efficient production scale now for family farming is about 20 hectares, but the area planted averages about one hectare because of little transfer of land. Therefore, the nation's agricultural production involves extremely high costs owing to its limited scale.

To cope with this, both the government and agricultural organizations are currently making every effort to create leased land-based large scale family farming by ensuring the transfer of the utilization right with the ownership of small tracts of land as a premise.

c. When these matters are considered, it can be judged that leaving land ownership to the government and developing family farming through the lease of the utilization right (leased land) will bring about a boost in productivity and will be the best policy for the future in Vietnam. However, it would be inappropriate to believe family farming should be undertaken on a permanent basis.

d. When land and attached facilities (irrigation, pumping facilities, etc) are state-owned, it would be possible for the government to improve agricultural infrastructures, hence it is urged that the government will promote systematically relevant projects in Vietnam. At the same time, a 'joint operation' by individual farm households in building small-scale irrigation facilities and land improvement and consolidation should be encouraged aggressively.

2. Collective Farms and Family Farming

What are competitive collective farms, judging from the present status of paddy production in Japan? As is obvious from the following example and Table 2, there are (i) land consolidation already completed, (ii) farms where large machines can be used and which can be operated on a large scale with few workers, (iii) farms, particularly those where costs involving farming machinery and labour costs are extremely low thanks to scale merit, and (iv) farms that can yield competitive crops at low production costs.

Table 2 : Survey on Rice Production Cost by Scale (1991)

(National, per 10a)

Average more than 5 ha

FARM MANA- GEMENT	Manpower (person)	1.3	2.7
	Land area (a)	159	1,065
	Yield per 10 a(Kg)	533	550
PRODUCTION COST (YEN)	1. Inputs & Water supply expenses	31,429	28,197
	2. Rents	10,293	4,616
	3. Building & land improvement expenses	4,621	5,060
	4. Farming machinery expenses	42,831	28,395
	5. Labour Costs	51,398	30,824
	Total of Expenses (A)	140,572	97,092
	By-products (B)	4,262	3,110
	Primary production costs (A + B)	136,310	93,982

Example: "Wakatake", a judicial person for Co-operative Agricultural Practice, established in 1972.

<i>Membership</i>	: 5
<i>Scale</i>	: Consigned farm management 103.2 ha (including 68 ha of paddy fields) Consigned farm operations 101.1 ha Total 204.3 ha
<i>Manpower</i>	: 5 members plus 10 part-timers
<i>Machinery</i>	: 8 tractors 6 rice planting machines 3 combines 5 head feeding combines 7 trucks 1 harvester
<i>Facilities</i>	: 1 seedling rearing facility (leased from agri.co-op) 2 farming machinery warehouses

Comment : There is the 'Wakatake' in agricultural area on the suburb of industrial city. According to a 1980 survey (census) of the total farm households, 3.7 per cent were full-time farm households; 7.8 percent, part-time I farm households; and 88.6 per cent, part-time II farm households. As significant increase of part-time farming in the area, 'Wakatake' had shifted to large-scale farming on tracts of land leased from part-time farm households and through the consignment of farming operation from these farm households. Particularly in 1980, when land consolidation projects were completed, 'Wakatake' attained impressive development. The present biggest problem is the dispersion of farmland.

Small-scale family farming is destined to shift, sooner or later to large-scale individual farming or group farming. This must be premised by land consolidation, utilization of large machinery and efficient farm management using a minimum of manpower. In other words, high-quality large-scale farming, not a mere quantitative accumulation of small-scale farming, will lead to the development of competitive farming.

Under the conditions as rural people have to earn a living by working in rural areas, it is considered that there is little room for the development of competitive collective farming.

3. Potential of and Need for the Development of Co-operatives

3.1 Nature and Role of Co-operatives

a. As already explained, 'agricultural co-operatives' in Vietnam are akin to Kolkhozes in Russia and Communes in China. Therefore, if they play a different role such as an 'experimental farm', a 'seed production farm', etc., it is significant in its own way. At present, however, conditions are not conducive to the development of co-operatives as efficient production organizations.

Therefore, if there is any advice on the development of co-operatives in Vietnam, I would like to think about SMCs (supply and marketing co-operatives) that are called co-operatives.

b. SMCs are responsible for the distribution of goods in both rural and urban areas. In the case of Japan, there is a distinction between agricultural co-operatives and consumer co-operatives. It is not the kind of matter in itself to discuss which co-operative is better. It probably depends on the separation of rural and urban areas, in other words, the process of urbanization. Agricultural co-operatives and urban consumer co-operatives, which have something in

common, differ in essence because agricultural co-operatives take charge of 'agricultural production-related distribution' and consumer co-operatives have nothing to do with it. It is, therefore, quite natural that these two co-operatives, though they co-operate with each other, should be kept apart when the necessities for the further development of urban consumer co-operatives arise.

Here, I would like to discuss the aspects of SMCs as agricultural co-operatives.

3.2 Production System and Role of Agricultural Co-operatives

a. The sub-division of agricultural production into individual family farming-based production will give farmers an incentive for increased production and technical innovation and will bring about the development of production. This will naturally result in the small-scale dispersion of distribution and also haphazard production and distribution.

Haphazard production does not cause problems when there is an absolute shortage of production, but once there is a relative surplus, it can cause wild price fluctuations, making agricultural productions extremely unstable and causing panic in rural communities.

Hence there is a definite need to work out appropriate steps to cope with such situations.

b. At present in Vietnam, there is a need to strengthen the functions of co-operatives (SMCs as agricultural co-operatives) first, to amalgamate a small-scale dispersion of distribution and second, to prepare steps to control haphazard production and distribution (the loss of the demand/supply balance).

In Vietnam, where there are no longer large-scale landlords as there still are in the Philippines, Thailand, etc., there are more chances for the development of co-operatives. This is attested to, in fact, by the widespread presence, in the country of "farmers' independent mutual self-help groups (Preliminary co-operatives)."

c. The enhancement of individual farmer's enthusiasm for increased production results, expansion of agricultural production and increase of surplus of agricultural products. This means that a flow of goods will be developed rapidly towards the formation of a common domestic market covering inter-region. To cope with this smoothly, there is a pressing need to reinforce the functions of distribution organizations (SMCs as agricultural co-operatives).

d. If distribution is left to the flow of a market economy, the surplus agricultural production of individual farmers will make local markets flourish, after

which inter-region distribution will be developed, and a central market will be organized through adjustments of the balance of inter-region distribution. This will lead to pricing based on the nationwide supply / demand situation, and also to exports and imports, enabling individual private distributors to amass their profits. As a result, rice millers/dealers, who are comparable to those in Thailand, the U.S., etc. will emerge and a handful of millers/dealers will eventually monopolize distribution and production in the future.

e. If co-operatives (SMCs as agricultural co-operatives) are delegated to handle distribution, individual farmers will be able to deposit their earnings from the sales of their surplus products with the SMCs. In addition, it will possibly expand social overhead capital in terms of co-operatives' distribution facilities (such as warehouses, rice mills and trucks). In this way, surplus agricultural products can be used to the public benefit either directly or indirectly (through the use of individual farmers' deposits).

4. Policy necessary for the Development of SMCs as Agricultural Co-operatives

a. There is a need to clarify the role SMCs as agricultural co-operatives should play and the activities of other organizations and private dealers (in competitive areas). Co-operatives are not allowed to pursue their own profits alone, they also have undertakings to serve the interests of their members. Because of this, co-operatives can hardly expect to attain substantial growth when they compete unconditionally with private dealers. It is, therefore, necessary for SMCs as agricultural co-operatives, to play the role of marketing of agricultural products and supplying of agricultural inputs and consumer goods for member farmers on a virtually monopolistic basis.

b. It is extremely important that SMCs as agricultural co-operatives should be able to handle banking and mutual insurance business directly or indirectly (in the form, for example, of consignments from the agricultural bank). Unless the deposit accounts of many (preferably all) farm households are opened in SMCs as agricultural co-operatives and individual farmers' deposited funds are used to expand social overhead capital, the development of SMCs as agricultural co-operatives, much less the country itself, will only be delayed.

Indeed, unless something is done about SMCs as agricultural co-operatives, there is a strong possibility that the development of productivity and the generation of surplus farm products will be at the mercy of individual groups such as, for example, conglomerates.

c. Co-operatives rather tend to cope belatedly with small-scale businesses. Hence it is considered to be rational to compete with dealers in transactions involving miscellaneous goods for household use, etc.

d. It is necessary for SMCs as agricultural co-operatives to systematically build their own distribution facilities (such as tracks for transport, warehouses, rice mills, fertilizer plants, agricultural chemical plants, etc) using their funds (paid-up capital and deposits) as well as with government financial assistance.

e. Actual model cases

i. To specify SMCs as agricultural co-operatives to handle the distribution of rice, some other farm crops and fertilizer, and agricultural chemicals and some inputs.

When the distribution of farm products is specified, there are two conceivable methods, a method laid down by law and a method of virtual specification with economic profits taken into account. When the distribution of farm products is specified with economic profits in mind, the following cases are considerable:

- * To conclude a prior contract between farm households and an SMC, as agricultural co-operative (or the government) for the sale of paddy and to supply production inputs to the farm households on the basis of the contracted sales volume.
- * To pay an advance (about one-third of the contracted cost, for example), in accordance with the contract, into the accounts of farmers at the SMC as agricultural co-operative (the funds come from the government as interest-free loans).
- * The SMC as agricultural co-operative will purchase paddy in bulk when it is harvested. The advance will be settled using purchase funds.
- * Farm households will pay for fertilizer, agricultural chemicals, farming machines, etc. using the advance and purchase funds.
- * To set up a compulsory crop-insurance system against possible poor crops (with SMCs as a channel).
- * Exports and imports of agricultural products may be handled under direct government control or be consigned to SMCs as agricultural co-operatives under government control. Either way, it is important to make a mechanism to balance over-supply and shortages of farm products.
- * In reality, the combined use of two methods of specifying the distribution of farm products by law and with economic profits in mind will make this system highly feasible, because farmers do not feel as if they are being made to do something.

- ii. The flow of finance will be virtually specified to SMCs as agricultural co-operatives.

To concentrate the flow of finance, such as an advance, purchase funds, payments for fertilizer, agricultural chemicals and other production inputs, insurance premiums and grants on SMCs as agricultural co-operatives. This will make it possible to utilize effectively the surplus funds of individual farm households for (iii) below and so on.

- iii. To systematically assist in the construction of production, processing and distribution facilities of SMCs as agricultural co-operatives.

5. Other Relevant Matters

a. To ensure the development of the country or SMCs as agricultural co-operatives, it is important to obtain funds from foreign countries. The matter that should be dealt with immediately as well as effectively to this end is considered to be the promotion of tourism (revenue from tourism in Asian countries is considerably high).

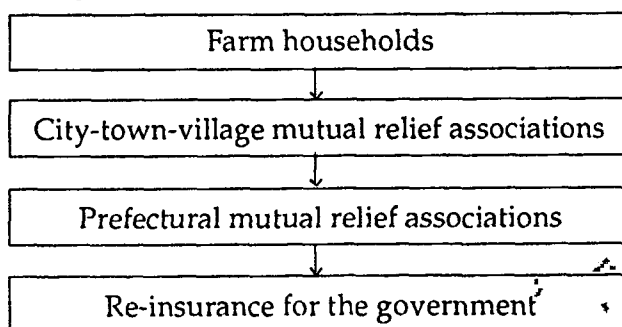
b. It is advisable to launch mutual surveys from the stand point of immediately promoting tourism through inter-agricultural co-operative collaboration.

6. Supplementary Information

6.1 Disaster Compensation System in Japan (outline) (established in Dec.1947)

a. Organization

Agricultural mutual relief associations were established in cities, towns and villages for compulsory affiliation by all farm households (the Japanese government originally planned to have agricultural co-operatives undertake crop-insurance business, but the associations were eventually set up separately because the occupied forces were against any agricultural organization having controlled leadership).



- b. Products covered by the Disaster Compensation Scheme
 - i. Crop Insurance
Disaster and disease damage to paddy rice, upland rice, wheat and barley, and other major farm crops.
 - ii. Livestock Insurance
Death, disease and injuries to livestock
- c. Compensation
 - i. Crop Insurance
Compensation for more than 30 per cent of damage is paid across the board per municipality in three separate stages on the basis of half the price of yield per tan.
 - ii. Livestock Insurance
80 percent of their prices when they are dead or become useless.

6.2 Agricultural Financing

- a. Agricultural bill system (established in April 1948 for the accommodation of short-term loans)
 - i. Content
Money for the purchase of fertilizer, agricultural chemicals and farming machinery at official prices is loaned out to farmers in return for the revenue from principal farm crops sold by farmers to the government.
 - ii. Method
An agricultural co-operative draws a draft using farmers' credit deeds, and with this draft as security, the Bank of Japan advances loans, which are channeled from the Norinchukin Bank (national level agricultural bank) to prefectural credit federations of agricultural co-operatives and primary agricultural co-operatives.
 - iii. Interest

The Bank of Japan	...1.4%	to
The Norinchukin bank	...1.5%	to
Prefectural Credit Federations of Agricultural Co-operatives	...1.6%	to
Primary Agricultural Co-operatives	...1.9%	to
Farm households		

- Repayment

Loans are repayable with the sale proceeds of harvested farm crops.

(The agricultural bill system was abolished in 1958 as the financial status of agricultural co-operatives improved with the growth of the Japanese economy.)

b. The Agriculture, Forestry and Fisheries Finance Corporation (long-term loans)

This corporation was inaugurated in 1952 by law with a view to accommodating long-term loans. Using government funds, the corporation has been providing long-term loans for land improvement, construction of irrigation, long-term loans for land improvement, construction of irrigation facilities, joint-use facilities, including agricultural warehouses, etc."

PART II

PRELIMINARY CO-OPERATIVE STUDY MISSION TO VIETNAM REPORT

Study Mission

Jean Brasserd	: SDID	- Member
Michael Casey	: CCA	- Member
Robin Walraven	: SCC	- Member
W.U. Herath	: ICA ROAP	- Coordinator & the Editor of the Report

REPORT OF THE CO-OPERATIVE STUDY MISSION TO VIETNAM

MEMORANDUM

1. The report on the Co-operative Movement of Vietnam is a part of a wider document which is also expected to cover other relevant issues on socio-economic conditions and future planning concerns. This report is a result of a fact finding mission as a pre-requisite for a planning mission to be undertaken in July, 1992. Therefore, the final document would include missing chapters after the planning mission.
2. The objective of the current report is to facilitate the understanding of the co-operative movement in Vietnam in its historical perspective. A format for collection of the data has been sent to Vietnam prior to the first mission. Based on the data received and the discussions held with the government authorities and co-operative leaders, the observations have been made. Due to the time constraint and logistic difficulties, the report may not provide comprehensive information but the findings would ensure an accurate picture of the current situation as at January, 1992. Any confusion or distortion will be corrected once the planning mission is completed.
3. Special thanks are extended to Dr. Quynh, Chairman of the Central Council of Supply and Marketing Co-operatives, and the leaders and staff, Dr. Tran An Phong, Director and staff of NIAPP, Provincial leaders and staff of many co-operatives and Agricultural banks. We also thank Ms. Lan who served as the interpreter.
5. Last, but not the least, the mission members acted as a cohesive team and shared all the positive and negative experiences of the mission and contributed ideas which are reflected in the report. It was an excellent teamwork.

Editor

I

EXECUTIVE SUMMARY

1. The Co-operative form of organisation was incorporated as a sector in the national development process after the liberation of Vietnam in 1955, which was extended to South after 1975. Therefore, the definition of a co-operative in the Vietnamese context is different in terms of the accepted ICA Co-operative principles. However, various form of co-operatives served the country as the most important sector at the community level to rebuild the economy.
2. Since the introduction of 'Doi Moi' (Renovation) process in Vietnam, the existing cooperatives have been subjected to changes which resulted in the closure of many types including Credit and Handicraft. The family businesses and private sector replaced them. The market share of Supply and Marketing Co-operatives too has become marginal.
3. The community services rendered by co-operatives too are under severe constraints, as in the light of these negative developments, they mainly depended on the contributions from co-operatives. The government has not been able to replace such an arrangement with a tax system which would ensure servicing the community services.
4. The constitution of Vietnam is being changed. Still the power relations between the co-operatives and the party, and local government bodies such as provincial, district and village people's committees continue in spite of the landholder's freedom to choose his economic relations.
5. In Vietnam, the co-operatives have different affiliations to government and ministries, depending on the type. Hence, there was no central authority or legislation governing co-operatives.

6. Party resolution No.10 of 1988, introduced changes in the structure and the functioning of all economic institutions including state, co-operative and private sector. Although necessary legal changes and organisational changes are yet to be finalised, the private sector took advantage and acquired domination in consumer market and medium and small scale industries. This resulted in failure of many supply and marketing co-operatives (SMCs). Out of 9000 societies, only 2000 exist today.
7. Vietnam is still an agriculture dominated country, which enjoyed 50% of GDP in 1991. 79% of the total population live in the rural areas. Considering an average agricultural co-operative having 139 hectares with 385 households as members, the co-operatives need to introduce greater output-oriented technologies to sustain a reasonable family income and if possible, part-time income generating activities for the farmers to survive the inflationary trends in the economy, prevailing at present as high as 60-70%.
8. Shortage of money supply and inflation restricts the investment capacity of individuals and the co-operatives for expanding their economic ventures. Collapse of credit co-operatives and the liquidity problem in the banks aggravated the situation. The attempts made by co-operatives to attract foreign investments for joint ventures have not had much impact, compared to private and state sectors.
9. With the delays in re-organising the present co-operative structure, people have gradually started experimenting in pre-cooperatives, such as mutual help groups and multi-services co-operatives, although they have not shown much wider appearances.
10. The market system has itself exposed to be advantageous to the growing private traders community who set up informal supply lines from village markets to city markets. On the other hand, co-operatives have not changed their conventional trading practices.
11. Capital formation of co-operatives still remains with the members' shares and marginal surpluses. The government subsidies and guarantees have been gradually withdrawn. State banks are unable to supply the required working capital for co-operatives. Therefore, leaving aside the business expansion, the maintenance of the current business levels even would become difficult.
12. The major percentage of the labour force in Vietnam still remains with co-operatives, as high as 72%. Considering the socialist orientation, the labour has

experienced, it is a challenging task to orient them and provide skills to deal with a growing market economy. This is a part and parcel of restructuring of co-operatives and introducing new management systems. This needs to be undertaken before the private sector is organised with their market strategies and mechanisms.

13. Vietnamese women enjoy equality in economic and social opportunities better than many developing countries in the Region. Legal environment and social attitudes are conducive to their full utilisation of productive potentials. The difficulties faced by them in performing their socio-economic roles are common to the entire labour force.

14. The current external support to co-operative appears to be marginal if not non-existent. The business partnerships between SMCs and foreign companies are purely ad-hoc and confined to business ventures.

15. The future of co-operatives is much sought for by the government as an acceptable alternative to the earlier system. It is more than a complete free economy, when the present socio-economic structure is considered. The agriculture-oriented economy still demands fair share for the small farmer and a reasonable income distribution. However, successes of figure co-operatives remains with hoq quickly and successfully the government and leaders are prepared to make fundamental changes in the co-operative structure and business strategies for them to become free co-operatives.

II

THE REPORT

1. Introduction

1.1 *Background*

1.1.1 Vietnam Co-operatives became active in the international scene when the Central Council of Vietnam Supply and Marketing Co-operatives became a member in 1988. Although the Council mainly represented consumer and marketing fields of co-operatives, it was an opening for the external co-operative development agencies to initiate contacts with various types of co-operatives. This development was simultaneous to the Vietnamese government's policy of 'Đổi Mới' (renovation) proclaimed in 1986.

1.1.2 With the government's policy towards a more open market economy, the co-operatives faced structural and operational difficulties during the last 5 years. Credit co-operatives, once strong, collapsed in the face of uncontrollable inflation. The handicraft co-operatives too gave way to family business and limited liability companies. Supply and marketing co-operatives too are losing their ground in the market rapidly. New adjustments in the structure and the functioning of agricultural co-operatives too became inevitable.

1.1.3 The Central Council of Supply and Marketing Co-operatives (CCSMC) is eager to reach, through the ICA, strong co-operative movements functioning in the market economy situation. After few visits by the ICA staff, the Central Co-operative Council and the technical staff of the ICA ROAP discussed the possibility of launching a co-operative development programme for Vietnam in keeping with the new government policies. Many areas of priority were identified:

- i. Co-operative legislation,
- ii. Structure of Co-operatives,
- iii. Management development of co-operatives,
- iv. Inter-cooperative relations with external co-operative movements,
- v. Technology transfer for co-operatives.

An 'Aide Memoire' was signed on future collaborations later. (See Appendix 1).

1.1.4 However, it has been found that some co-operative movements such as CCA and SDID had already established contacts with some agencies dealing with co-operative development, in addition to ICA ROAP and Japan. They are also members of the ICA.

1.1.5 This situation necessitated a more coordinated approach to co-operative development support to Vietnam in order to maximize the inputs and outputs of these efforts. It is also thought that this would avoid confusing or duplicating exercises in terms of co-operative development. ICA ROAP could play the role of a catalyst in these exercises.

1.1.6 In the circumstances, discussions were carried out with the Central Council for Supply and Marketing Co-operatives, mainly on the subject of carrying out a comprehensive study on the current situation of co-operatives which would culminate in a planning exercise. When the vital issues are clear, it is thought, the future directions of co-operative would also become clear, so that the external co-operative support agencies would be able to take decisions on the nature and the depth of collaborations with various types of co-operatives in Vietnam.

1.1.7 The study mission is in two stages. Fact finding mission and the planning mission. It was found that accurate data on co-operatives are not available. Collection of data and checking them with randomly sampled co-operatives would be desirable for obtaining a clear picture of the current situation. Analysis of these data and observations would be helpful for the planning exercise in future. The first mission has been undertaken with this premise. A format for data collection has been prepared by the ICA ROAP and was sent to Vietnam for obtaining primary data. The Central Council hired researchers from official research organisation and completed the task. However, it is to be noted that the data on socio-economic conditions of Vietnam has been more complete than the data on co-operatives.

1.1.8 Mr. Robin Valraven of the SCC, Mr. Michael Casey of the CCA, Mr. Jean Brassard of the SDID and Mr. W.U. Herath of the ICA ROAP carried out the first mission. Mr. Herath acted as the coordinator.

1.1.9 The first mission to Vietnam was from 13 January to 31 January, 1992. Robin Walraven and Upali Herath spent the entire period and Michael Casey and Jean Brassard join the mission on 20 January onwards. The programme included meetings with co-operative leaders, government officials and Vice ministers, research institutes and visiting co-operators from primary level to national level for observation. However, only North and South Vietnam was covered. The findings reflect the situation in January, 1992.

1.1.10 The sections dealing with the co-operative structure were written by Robin Valraven, while Michael Casey contributed in the field of agricultural co-operatives. W.U. Herath wrote the other sections.

1.1.11 During the second stage of the mission, attempts were made to include many development partners of the ICA within and outside the region so that the development support would become more coordinated and effective.

1.2 Objectives and the Terms of Reference

1.2.1 The objectives and the terms of reference has been prepared incorporating two stages of the mission. The objectives and the terms of references of the mission are as follows:

a) The Basic purpose of the mission is to review the co-operative sector assessing the conditions for external support to the sector. Depending on the outcome, the mission will identify possible areas within which donors may assist in furthering the development of co-operatives.

b) The mission must make an appraisal of the development needs and potentials of the co-operatives. It will also be of particular importance to assess the degree of independence of the co-operatives from state intervention and control. Therefore, government policy, practices and co-operative legislation will, have to be studied and analyzed. Further more, it will be important to assess the economic incentives provided by the Government for the co-operatives. Agricultural marketing policy, including pricing for example, need to be assessed when reviewing the agricultural co-operatives.

c) To compile and analyse relevant basic information and data pertaining to the structure and manpower situation in the co-operative sector in Vietnam. In

this respect, special reference should be made to the position of women and the statistical and other types of data should highlight the position of women.

- d) To describe the position of the co-operative sector in relation to other economic sectors; especially the agricultural, manufacturing and trade sectors.
- e) To give recommendations regarding the future structure and organisation of the co-operative sector.
- f) To give recommendations regarding the future Human Resource Development policies and plans.
- g) To assess the position of the co-operative movement in relation to the ICA Co-operative principles.
- h) Based on the analyses and recommendations, broadly identify content, magnitude (financial and other) and duration of possible collaborative programmes between the Vietnamese co-operative movement and ICA donors.

1.2.2 Phase 1 of the mission covers the objectives indicated in para (a) and (b) Phase 2 will cover the rest of the objectives. This report would provide an analysis of the existing situation taking into consideration the historical aspects of co-operatives and the socio-economic background of co-operatives. Unlike in open economies, the Vietnamese co-operatives have been a part and parcel of the central planning process and the government directed national development plans.

02. The Co-operative Sector

2.1 Legal and administrative environment of Co-operatives

2.1.1 After the liberation of Vietnam in 1955, the new government adopted a socialist form of government. As a result, the means of production were nationalised and the previous feudal economy was transformed into collective economy with state direction. The co-operatives functioned along with people's committees at each level to fulfil socio-economic activities to the targets set by the government. Only major industries were handled by the state enterprises.

2.1.2 In the absence of separate administrative machinery at the village level, people's committees functioned as administrative and political bodies. People's committees are party organs. Party Central Committee provided guidance to the Council of ministers and the planning bodies.

2.1.3 Under the earlier constitution, there was marginal changes in the process of co-operatization in the North and South. However, there were substantial changes in the functioning of co-operatives. Distinct changes were introduced through the Resolution No.10 of 1988 by the Party. This has accelerated the process of liberalization of the economy from mere contractual inheritance by farmers to become vertical owners who control the production and use of economic results. Main features of the Resolution were:

- * Farmers would pay taxes on the basis of yields and no longer need to sell produce to the state at fixed prices. The economic dealings between the producers and the state to be done through agreed prices, based on the free market conditions (This is called package contract system or contract 10).
- * The co-operatives are not compelled to bear the cost of local party machinery. The co-operatives too are free to reduce the staff to sustain the viability of operations.
- * Land allocation would be made according to the capacity of the farming households while keeping a basic holding. Thus a way is paved for more land holdings by individuals.
- * Co-operatives are to concentrate on provision of common amenities such as irrigation farm machinery rather than controlling individual production.

2.1.4 Accordingly, tax structure for farmers constitute 7-12% for land tax and about 10% as contribution for co-operative funds.

2.1.5 Although there had been a central planning at the central governmental level, the country has decentralized administration through Provincial People's Committees. Resource mobilisation and utilization could be undertaken by the provincial people's council. The provincial council functions as an autonomous body in the utilization of resources including external funds.

2.1.6 Various types of co-operatives function under different ministries of the Central government. The agriculture co-operatives come under the Ministry of Agriculture and Food Industry, whereas the SMCs come under the Ministry of Trade, Commerce and Tourism. The credit co-operatives had affiliation to the government banking system. Therefore, the very fact that ministries do not have appropriate mechanisms for co-ordination, generally affect the co-operatives.

2.1.7 'The Doi Moi' concept has given birth to many changes in the economic policies. This has also promoted a discussion on a new constitution for the

country. It is expected that the constitution of the main administrative institutions such as President, Premier and National Assemblies would have more elected character in the forth-coming constitution, while keeping one party supremacy in the political sense. The new constitution would also recognize the individual's freedom for business and owning means of production. Property inheritance law reforms would also promote individual initiatives.

2.1.8 Taxation has not been developed as a concept prior to 1988. The tax levied from state and co-operative enterprises earlier could maintain the central government functions. Social welfare has been a subject dealt by the provincial people's councils and people's committees at other levels.. Direct taxes and indirect taxes had not had any specific distinction.

2.1.9 Since 'Doi Moi' was introduced in Vietnam, the private sector came to surface as an economic force suddenly. With the growing marginalisation of co-operatives and state enterprises and also the capital accumulation with the private sector through uncontrolled market conditions, new tax laws have been promulgated. Some of the important tax laws governing co-operatives and private sector enterprises are:

- i. Law on export-import duties (1988),
- ii. Ordinance on royalties (1990),
- iii. Law on Revenue tax (1990),
- iv. Law on special sales-tax (1990),
- v. Decree on income-tax for high income persons (1991):

2.1.10 Family businesses are more or less exempted from taxation still. Proper mechanisms have not yet been set up still to enforce tax laws. This may also need the introduction of business accounting system in conformity with tax laws. Tax supervision and investigation mechanisms on the new laws are yet to be established.

2.1.11 Definition of different sectors is also confusing. It has been found that following sectors are operating economic enterprises in Vietnam:

- i. State,
- ii. Family enterprises,
- iii. Co-operatives,
- iv. Limited stock companies,
- v. Joint stock companies.

2.1.12 Specially, the term 'Family enterprise' and 'limited stock companies' lead to confusion in the context of market economy. Many family businesses in handicraft and catering field function as limited liability companies as they hire labour outside the family. Limited stock companies have represented a limited number of shareholders of a company rather than limited liability.

2.1.13 In the absence of proper legal definitions and also tax imposition mechanisms, the private sector - whether it is family business or stock companies - enjoy tax exemptions and evasion. Co-operatives and state enterprises pay taxes. In the process, government loses a considerable amount of revenue.

2.1.14 Liquidation and arbitration laws do not exist still for co-operatives. In the event of a closure, the normal procedure adopted was the transfer or sale. Sometimes, procedures are written into the by-laws. At times CCSMC issues instructions.

2.1.15 There is no specific co-operative law. The regulations have been made through government decrees and people's committees and party resolutions. However, a draft agricultural co-operative law is under preparation. In the existing arrangement, disputes go to the general assembly of the co-operatives. Any appeals are forwarded to mass associations. There is a state arbitration procedure at different levels.

2.1.16 The smallest rural administrative unit in Vietnam is the commune (village). Following the hierarchy upward are districts, provinces and ultimately the State.

2.1.17 A commune may consist of a hamlet, a village or several villages, depending on the size. Each individual is a commune member. Communes are governed by a 'Commune People's Committee', the elected body of the People's Congress, consisting of household representatives over 16 years of age:

2.1.18 The structure of the Communist Party of Vietnam (VCP) follows the lines of the administration, as do all other mass organisations, such as the Women's union, the youth union, the farmers' association, the agricultural and/or other co-operatives. These organisations may, however, further segment into smaller units covering villages, hamlets or brigades. All these organizations are to be found on commune level and the higher hierarchical levels of districts, provinces and the nation. On each level, they create a network of horizontal relations in which certain categories of persons may be represented in several organisations simultaneously.

2.1.19 Of all the independent bodies (horizontally), the most important decision-making body on each level is the People's Committee. The people's committee receives guidance from the local party cell, the co-operative, the farmers' association and the women's and youth organizations. Each of the other organizations, in turn, receives guidance from all the others. The role of the people's committee is to internalize the interests and guidance of each of the above mass organizations, as well as that of the people's congress and to service and govern the community accordingly. Also, the people's committee will internalize and promote guidance from higher level authorities.

2.1.20 The services to be provided by the people's committee entail the building of social and physical infrastructure, the provision of social welfare services and an efficient administration. The people's committee is also the custodian of state property, i.e. all land in the commune. The roles of the other organizations are not known to the mission except for the roles of co-operatives, which are dealt with separately.

2.1.21 For the distribution of farm inputs, industrial goods and essential consumer goods, as well as for the marketing and processing of farm produce and handicrafts, the government established agents: the supply and marketing co-operatives (SMCs). From 1955 onwards, an SMC was established in each commune within the context of 'state budgetary subsidy'. A huge training centre for SMC staff was erected in Hanoi.

2.1.22 The vertical organization of SMC's is an off spring of the basic administrative-political structure, resulting in District SMCs, Provincial SMCs and a Central Council of Supply and Marketing Co-operatives at the national level. On these levels, the SMCs collaborate with, and are guided by (departments of) the Ministry of Trade and Tourism. The Ministry further more appoint and second key staff to the district, provincial and central SMCs. At commune level, the locally elected management board of an SMC, is guided by all other organisations discussed above.

2.1.23 For the distribution of credit, an office of the State Agricultural Bank was established on district and provincial levels.

2.1.24 Agricultural extension services are provided by the National Institute of Agricultural Planning and Projection (NIAPP), Ministry of Agriculture and Food Industries, through a system of 3 offices (HaNOI, Na Tranh and Ho Chi Minh City) each with a number of field workers. NIAPP has recently established

the Centre of Voluntary Extension Volunteers (CAEV) which is registered as an NGO.

2.1.25 Throughout the restructuring phases, the SMC system, as do the systems for credit and extension services, have continued to exist. Today, however, as evident in the case of district level SMC unions, they are no longer organically linked to communes/co-operatives. Rather, the SMC's for instance compete as trading organizations with other sectors on the market for favours of consumers and producers and deals that can be made on the international commodity markets.

2.2. Historical Perspectives of Co-operatives

2.2.1 The term 'Co-operative' has been used in Vietnam in a different context. After the liberation, the new revolutionary government adopted the slogan in 1956 'land to the tillers' thus ending the feudal era. The term 'co-operative' has been used to connote the collectives in the early stages and subsequently changed to government controlled village, district and provincial level economic enterprises with people's participation. Considering the evolution of co-operatives, Vietnam did not have such co-operatives as found in open-market economies. In the ideology and mechanisms of management, they have been similar to Chinese communes and Russian Kolkhoz in their functions. With the changes in the policy, the term 'co-operative' too has been used for a socio-economic organisation at different levels, where the contract land holders used the services and also for household economy oriented companies such as handicraft factories. Therefore, the term co-operative is used in this document is in the context of Vietnamese definition of a co-operative. As a generally accepted definition of co-operatives, it is appropriate to say that co-operatives in Vietnam is treated as any enterprise where many people participated other than the state. This could include limited liability companies.

2.2.2 At the early stages, Vietnam took guidance from China for the reformation of co-operatives. Therefore, we could see the important place given to supply and marketing co-operatives which are mainly consumer co-operatives.

2.2.3 Vietnam always had a tradition of community management at village level which helped to establish the idea of collective work in the modern sense. During the French rule, people had mutual help organisations to manage their affairs.

2.2.4 The agricultural co-operatives were the first to come with government support in 1959, along with the land reforms. The land was nationalised and

vested with people's committees. By 1960, there were over 41000 co-operatives with a membership of 2.4 million households. This was lowered to around 20,000 co-operatives in 1975. In turn, the people's committees transferred the land to communes or collectives to be cultivated on collective basis. This was preceded by farmers work-exchange teams which were aimed at mutual aid in production and daily life during 1956-57.

2.2.5 Collectivisation helped infrastructure development such as irrigation, soil improvement and field preparation.

2.2.6 The introduction of these types of co-operatives has taken place in the South only after 1976. By 1985, 1750 co-operatives have been set up. This has been an aggressive process which completed its task in 1985.

2.2.7 During the early period, the lands were collectively owned by the co-operative. The farmers were paid for their labour and the proceeds used to go to the co-operative. After deducting the government dues, the surplus was ploughed back to community services such as education and health.

2.2.8 When this early system failed in terms of increase in agricultural output, the contract system was adopted where the farmers were provided with land on contract basis. They were to cultivate the land and surrender a specified yield to co-operatives for the government taxes and contribution towards community services. They could sell the surplus to co-operatives or outside markets. The current system is such that the country has been able to increase the agricultural output satisfactorily.

2.2.9 Credit co-operatives have been strong in early days during the colonial period and upto early eighties. They were basically confined to small groups in the villages and urban areas and were used by the government to support farmers for credit facilities, wherever the agricultural co-operatives were weak. However, they did not enjoy government subsidies as in the case of agriculture or supply and marketing co-operatives. When the economic recession hit in mid-eighties, the credit co-operatives could not stand the inflationary money market and collapsed in the late eighties. The presence of active credit co-operatives is a rare experience. They were one time strong in the South Vietnam than in the North. The resurgence of thrift and credit co-operatives in a different form is visible in Mekong Delta with mutual help groups.

2.2.10 The first supply and marketing co-operative was set up in 1955. These co-operatives are a form of collective trading enterprises where farmers have

invested shares through their products. In 1962, the SMCs were set up in every municipality in the North. They were to buy agricultural commodities produced by the farmers and market them. They would also supply government products obtained from State Trading organisations. By 1975, there were 5000 primary SMCs having a membership of 6 million. Later, SMC unions were formed at the district level and provincial level. Central Council of Supply and Marketing Co-operatives functions as the national level organisation of SMCs.

2.2.11 After liberation of South in 1975, the concept of SMCs was introduced to the South.

2.2.12 By 1988, there were 9000 SMCs at the primary level, having 50,000 selling points, 486 district co-operative unions and 44 provincial co-operative unions.

2.2.13 Co-operatives were a part of government guided strategies for industrial development since the first five-year plan (1961-65). State was to handle large scale industries while non-state enterprises were to handle small scale industries such as handicraft, knitwear and furniture. However, they were also subjected to targets set by the central plan.

2.3.14 The co-operatives or collectives in the early period were identified with handicraft products.

2.2.15 Handicraft co-operatives have been formed using the same organisational structure as SMCs and agricultural co-operatives. These had a district and provincial structure incorporating into a national level organisation called Central Council for handicraft co-operatives. However, the Central Council for Handicraft Co-operatives has now become defunct.

2.2.16 Co-operatives have been introduced to many other community services in the absence of a clearly demarcated private sector. As mentioned at the beginning, the term co-operative has been used with a different understanding. It is reported that there are about 1790 transport co-operatives functioning in the country. They cover cyclos (bicycle rickshaws) ferries and motor vehicles. They consists of 54332 motor cars, 19729 boats, 177 ferries, etc. 67% of the total passenger transport is carried by private companies and collectives. 47% of goods are transported by co-operatives.

2.2.17 With the collapse of credit co-operatives and marginalisation of consumer co-operatives, attempts have been made to amalgamate them to become multi-purpose co-operatives on experimental basis.

2.2.18 In late 1986, Vietnam introduced a new economic strategy- Doi Moi (Renovation). The strategy which allows for the introduction of mechanisms found in market economies, was adopted by the 6th Party Congress and is known as the strategy for the 'Transitional period'. Since Vietnam is mainly an agricultural country, a special Decree (No.10) of 1988 was addressed for the renovation of agricultural economic management, in line with the overall strategy.

2.2.19 Under Resolution No.10, co-operatives would contract or sell their landholdings to individual farmers. The farm household, not the co-operative, would be considered as the basic unit of agricultural production. The open-market provisions of the contract system would be expanded to include supply of agricultural inputs. Traditional centralized structures administering the agricultural sector would be reduced in size and influence and free-market forces would determine both supply and demand of agricultural commodities.

2.2.20 Key concepts in the strategy are 'relations of production' and 'forces of production'. With the former, the strategy appears to be related to regulatory policies regarding production, processing trade(international) and marketing. The latter concept relates to all means employed by individual and institutional entrepreneurs to produce and trade a product, including the free use of capital, machinery, implements, animals and labour.

2.2.21. The environment in which the strategy takes place covers all economic activities in which the state previously played a dominant role in terms of planning and management. The basic principles of the strategy are the decentralization of state planning and management and interplay of dynamics within the forces of production. To attain a justly functioning market, the previous 2-price system with subsidies has been abolished.

2.2.22 The strategy addresses to the old systems of collectivisation and forced co-operation. In these systems all economic and social activities in the society were collective activities, i.e. all means and forces of production were collective and the relations of production were socialist. Emphasis lay on heavy industry. The duty of agricultural co-operatives was to supply the industrial work force with food.

2.2.23 Planning was done centrally, prescribing what to produce, how to produce, when to produce, how much to produce, at what price to deliver, and to whom to deliver. On the input supply, planners after receiving information through hierarchical systems, allocated the qualities and quantities of goods to

be delivered and when. The focal point of the systems was output, not cost or prices (as inputs became scarce these were supplied by donors, notably USSR and China).

2.2.24 In the system, the smallest autonomous collective unit was the commune with its co-operative(s). The management board of co-operative, guided by the commune People's Committee, managed the distribution of inputs, labour, land targets to individual households and brigades (water management, soil preparation, crop spraying, etc.) Payment to workers/farmers was made according to a complex system involving work points and the quality and quantity of produce, among other variables. The commune and its co-operatives were further responsible for the maintenance and creation of physical and social infrastructure and the social well-being of all community members.

2.2.25 The entire collective system ultimately failed mainly due to the sectoral imbalances it created, its inflexibility, low efficiency, low productivity, low motivation, lack of incentives, and even embezzlement and corruption. It was modified and replaced by the so-called 'output contract system'.

2.2.26 This system which sought to address the issues of efficiency and productivity by introducing some (insufficient) incentives for the farmers to produce more by means of having them to keep for themselves all produce over and above the output contract, also failed, (exacerbated by the Vietnam negative political developments worldwide) and was replaced by the present mechanism in 1988.

2.2.27 The new strategy introduces socialist cost accounting and instruments of a market economy. The market economy instruments introduced in the strategy are said to serve as means in the transition of Vietnamese society into socialism. The mechanism, which combines the instruments of an expanding market economy with state regulations at the macro-level, is alternatively referred to as a planned commodity economy, a planned market economy, or a socialist-oriented mixed economy.

2.2.28 In agriculture, collective and forced co-operative systems are replaced by a system in which farmers lease land from the State, thus leaving to the farmer the initiative of his action in the process of production and marketing. This means that individual farm-households now shall have more autonomy vis-a-vis the primary co-operatives and that they no longer have to fulfil output contracts, but rather pay taxes/levies and for the services received by them from the co-operatives. Primary co-operatives are to play a different role and to have

more autonomy vis-a-vis the State. They are now only to be service-oriented and do no longer have to fulfil targets other than taxes.

2.2.29 Institutions on district, provincial and national levels engaging in business activities, as well as state-run enterprises, will no longer be subsidized and need to become self-financing. The establishment of joint ventures, stock companies, limited companies and private companies is encouraged.

2.2.30 The strategy seeks to increase production, productivity, trade, efficiency and job opportunities, by means of introducing the concepts of entrepreneurship and profitability. It must be emphasized, however, that the strategy is relatively new and that its implementation is a process. Therefore, in order to fully appreciate the above, it may be necessary to describe the organizational environment in which the changes take place.

2.2.31 The effects of Resolution No.10 on agricultural co-operatives were dramatic. For the individual farm household, the redistribution of agricultural lands had a major positive impact on average plot yields. The prices of agricultural inputs were reduced, and for the first time, some family plots were able to generate surplus income from farm management.

2.2.32 For the co-operatives, the consequences of these reforms were somewhat radical. Resolution No.10 impacted the agricultural co-operatives in the following ways:

- Many co-operatives were dissolved, liquidated, or amalgamated into larger entities.
- Co-operatives came to 'exist only on paper', serving primarily as collection agents for government agricultural taxes.
- Co-operatives shifted the focus of their activities becoming providers of services (irrigation and drainage, crop protection, etc.) to farmer/members, earning revenue from user fees charged to members.
- Co-operatives actively intervened as supply market agents, becoming buyers, sellers and distributors of agricultural inputs (fertilizer, seeds, pesticides).
- Co-operatives established themselves as marketing agents for agricultural products other than rice (which remained under state-controlled marketing bodies) on behalf of their membership.

2.2.33 The reforms initiated by Resolution No.10 are still being implemented in Vietnam's agriculture sector and have created a dynamism that presents interesting challenges to an orderly transition of the agricultural economy.

2.2.34 The key issue in implementing the provisions of Resolution No.10 is the redistribution of the land, or land reform. Following the passing of the resolution by the Party, the government sought to redistribute co-operatively-owned landholdings in the North by dividing the farm plots equally among all farm households. In the South, where the collectivization of the landholdings had been more recent (since 1975), the government proposed reallocating the landholdings back to the previous (pre-liberation) owners.

2.2.35 At present, although approximately 75% of the landholdings throughout the country have been redistributed in one form or another, this issue remains problematic for government policy makers.

2.2.36 At issue as well in the rural communities is the ownership of the collective assets (equipment, farm animals, water systems, etc.) owned and/or managed by the community co-operatives. With little or no shareholder equity base to the co-operative structures, the reallocation of both the ownership and the use of these assets, either by the co-operative or by the individual members, is largely unresolved.

2.2.37 In those communities, where the co-operative organization has remained as an active participant in the local economy, the co-operative members have retained the assets under collective ownership through the co-operative, and positioned the co-operative as a service-provider to the community. In communities where the co-operative has been weakened by the consequences of Resolution No.10, the ownership of the assets has been reallocated, often inequitably, on an 'ad hoc' basis.

2.2.38 Addressing these and other issues facing co-operatives on a national or regional basis is difficult. Despite more than forty years of co-operative organization, administration and development in Vietnam, where agricultural co-operatives have emerged as a significant force in the nation's economy, there is no specific co-operative legislative or institutional framework for the administration or regulation of independent co-operative policy. With this framework, it is impossible to identify a distinctive co-operative 'sector' in the economy.

3. Analysis on Co-operatives

3.1 Agricultural Co-operatives

3.1.1. Vietnam still remains an agricultural economy. The share of agriculture on GDP in 1991 was 50%, whereas manufacturing had only 32%. The export of agricultural products have been marginal and confined to rubber and coffee mainly. However, Vietnam has been considered as one of the major rice producing countries in the world.

3.1.2 79.6% of the total population lived in rural areas in 1990. Out of a labour force of 30,286,000, 21,683,100 were employed in agriculture. Out of this, agricultural labour co-operatives had a total of 18,349,800, which is substantial. Number of households in co-operatives is 6,158,000 with a percentage in co-operatives of 69.2%. Number of co-operative farms in 1990 were 16341. At present, the agricultural co-operatives are confined to functioning at the village level only. Secondary level and tertiary level co-operatives are yet to be formed.

3.1.3 Under the command economy centralized administration of the socialist government, the agricultural sector is regulated and controlled by the national Ministry of Agriculture and Food Industries (MAFI). MAFI has a number of departments and agencies involved in working directly with farmers and agro-producers in all aspects of the agricultural production, processing and distribution cycles. This includes strong support for agricultural development agencies. For administrative purposes, the country is divided into 7 major agricultural zones comprising 431 agricultural districts.

3.1.4 Despite the intense concentration and critical dependence on agriculture, the sector has encountered many hindrances to growth. In 1989, for the first time, Vietnam became an exporter of rice (the prime agricultural commodity). The 1.4 million tonnes of rice exported to the international market, coupled with the sale of 300,000 tonnes by private traders across the border with China, provided 20% of the country's total export earnings. This positive development was short-lived, however, as the next year a series of natural disasters, particularly extensive flooding in the North, resulted in reduced yields and forced the country back into its traditional position as a net importer of food.

3.1.5 At present, only 33% of farms generate a surplus yield, and 35% of all farm households do not produce sufficient food from their landholding to maintain themselves. In 1990, the average Vietnamese person received 15% fewer calories than the World Health Organization recommended level of 2,300 and roughly one-half of Vietnam's children were classified as undernourished.

3.1.6 The average extent of cultivated land for agricultural co-operative in 1990 has been 139 hectares. Average number of household per co-operative in 1990 was 385. These figures shows the vulnerability of using improved farm practices and water management methods in order to sustain the viability of the land holding. This also demands introduction of part-time income generating activities for supplementing the family income, in the light of inflationary market conditions.

3.1.7 Co-operatives play a central role in the agricultural sector. Although under the colonial administration of the French, the concept of co-operativism was not promoted in Vietnam, the idea of the development of co-operatives grew rapidly in the period immediately following World War II to address the very real and pressing problems of famine and organization of the distribution of food. The seeds of co-operation fell on fertile soil in Vietnam, since the principles of collective work, mutual aid, and self-help have a long standing tradition in Vietnamese society.

3.1.8 The development and evolution of agricultural co-operatives in Vietnam is directly related to the land reform process and the need to maximize agricultural output to satisfy such basic requirements of the society as food supply. The land is limited for the size and growth of the population and the intensity of agricultural utilization is very high. There are also fundamental and important differences in the evolution of the co-operatives in the North and in the South.

3.1.9 Self-help groups (or 'pre-coops') organized around community/village level in the North, proliferated during the 1950's and early 60's - by 1956, there were 190,000 self-help groups organized, covering almost 60% of Northern rural households. At that time, co-operatives accounted for 10% of agricultural output. By 1960, in the North, over 41,000 co-operative societies were set up, comprising membership of 2.4 million households.

3.1.10 By 1975, the year of unification with the South, 95% of Northern rural households were members of co-operatives, owning 95% of farm lands and producing 92% of total agricultural output. A major consolidation (amalgamation) of the co-operatives was undertaken by the central government, reducing the number from over 40,000 to under 20,000.

3.1.11 In the South, formal process of co-operative formation was not undertaken until 1975. By 1980, 1,750 co-operatives were set up, as well as 18,800 production teams. These units represented 50% of rural families & 36% of lands.

3.1.12 Presently, on a national basis, there are 18,340 co-operatives in the agricultural sector, with a membership of 8,958,000 farm households. This represents approximately 69% of total farm/rural households.

3.1.13 Most of this co-operative membership is concentrated in the North, comprising almost 98% of rural households. In South Vietnam, only 6% of rural households are members of co-operatives, while approximately 78% of farm families are members of self-help groups or active in the 'informal' sector.

3.1.14 At present, three (3) types of agricultural co-operatives exist:

- a) Collectives formed during early stages of agricultural co-operatives, which absorb community activities in addition to farming activities,
- b) Voluntarily formed co-operatives by farmers through their own funding (e.g. self-help groups),
- c) The co-operatives formed by the farmers who entered into contracts with co-operatives.

3.1.15 The organisational structure of agricultural co-operatives is illustrated in Chart I on the following page.

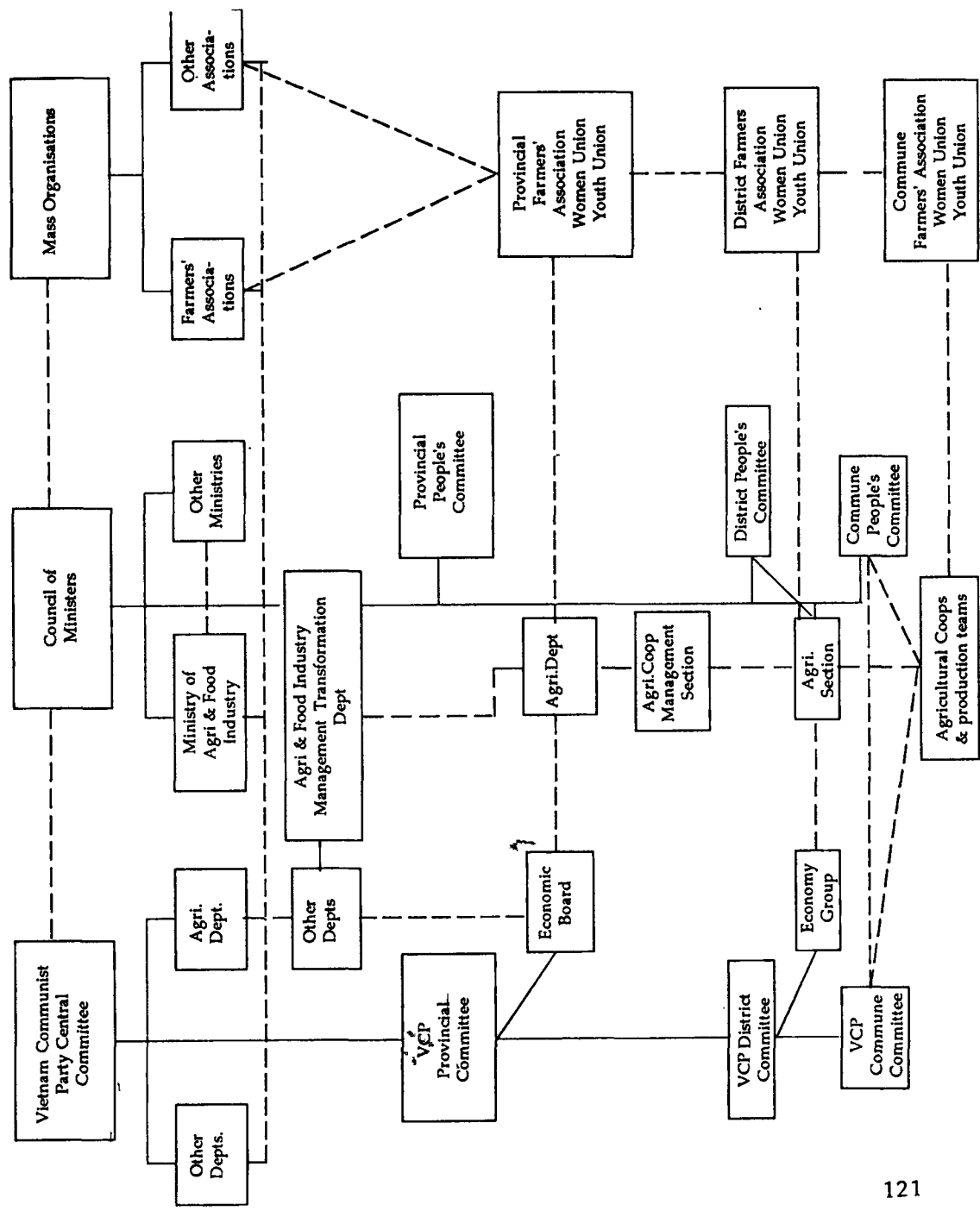
3.1.16 The agricultural co-operatives carry out following activities:

- * Production and sale of agricultural inputs,
- * Provide credit facilities to members through revolving fund or acting as an agent to agricultural banks,
- * Provide agricultural machinery services such as tractors, water pumps, transport, etc.,
- * Conduct farmers' saving schemes, investment and insurance,
- * Marketing of agricultural produce,
- * Undertake various agro-industries (e.g. coffee, cashew, fruits, etc.)

3.1.17 Gradually, with the introduction of freedom to farmers for taking business decisions on his farm, the agricultural co-operatives have increasingly started to concentrate on common services. The co-operatives too collect taxes and contributions. The taxes are normally 10% and contribution remains as 6% of the yield.

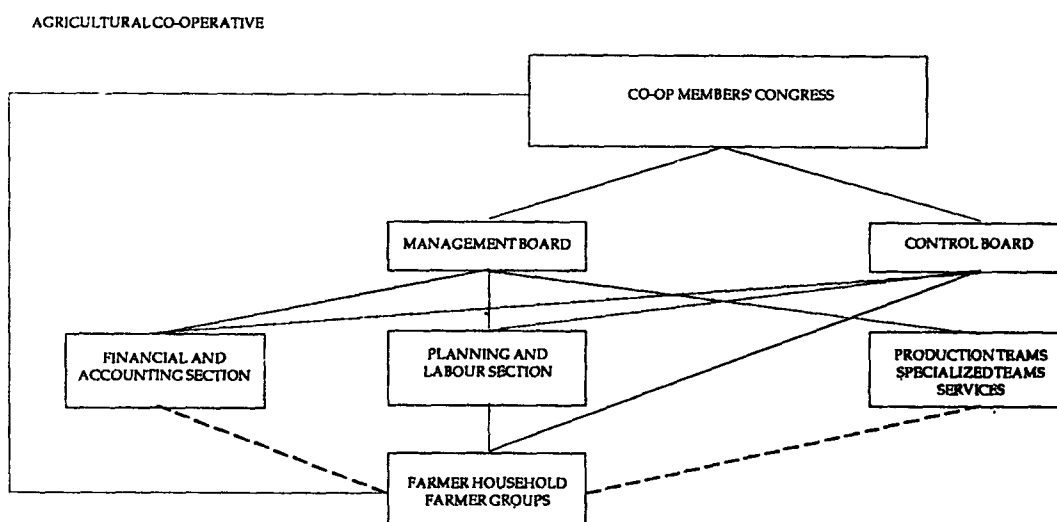
3.1.18 The co-operative has more or less the same members as the people's committees. They turn people's assembly into co-operative members' congress and elect their management board and the control board. The management board oversee the daily administration of the co-operatives. Control board

ORGANISATIONAL STRUCTURE OF AGRICULTURAL AND PRODUCTION CO-OPERATIVES



conduct management audits. The work organisation of such an agricultural co-operative can be illustrated as follows (Chart II):

MANAGEMENT STRUCTURE OF AGRICULTURAL CO-OPERATIVES AND PRODUCTION COLLECTIVES



3.1.19 The contrast between a formal co-operative and a self-help group is best exemplified by their size. The average formally-structured co-operative holds and manages 139 hectares of land, with an average membership of 385 farm households. In comparison, the average village self-help group administers 20-35 hectares of land, and has a membership of 50-65 farm households.

3.1.20 The self-help group is the most basic form of co-operative organization in the agricultural sector. In this structure, members preserve ownership of the 'means of production' but perform some work collectively (e.g. irrigation,

acquisition of implements and equipment, etc.). Self-help groups have three main objectives:

- * to organize self-help and mutual assistance among farmers in their work,
- * to buy jointly (from state controlled sources) the required implements and goods and distribute them among members,
- * to mobilize farmers, coordinating the sale of agricultural commodities to the State marketing mechanism.

3.1.21 Another form of co-operative organization is the small-scale production team. Under this form of organization, the means of production remain privately owned, but are used collectively, and the entire working activity is based on the principles of collectivism, the harvest and goods being distributed among members according to their work. Farmers receive incomes dependent on their inputs and financial contributions.

3.1.22 These production teams form the basis of 'pre-cooperative' structures and are frequently incorporated into more formal co-operative organizations, primarily to organize the labour component. The formally organized co-operative societies publicly own all major means of production and are based on the socialist principles of economic management.

3.1.23 Members of co-operatives contribute their land or cattle to the co-operative. Incomes of the co-operatives are distributed among members according to various formulas, including such calculations as the number of days worked by each member. A portion of the output is distributed to members according to the individual contribution in terms of means of production.

3.1.24 In the last 40 years, the growth and development of co-operative enterprises by the central government enabled Vietnam to steadily increase agricultural output and overcome many of the basic problems faced by the agricultural sector. The cost of this success was an increasing tendency away from 'voluntary' co-operation and more toward collectivization. The co-operatives became vehicles for local and regional political concerns, as well as for consolidating ownership and control over the means of agricultural production and basic land systems.

3.1.25 In the pursuit of its policy to rapidly increase the formation of co-operatives, the government tended to override or ignore traditional co-operative principles and management practices. As a consequence, in the rural communities, the concept of 'true' co-operative organization, as interpreted by

adherence to the International Co-operative Principles, is not widely understood or practised.

3.1.26 The concept of 'co-operative' (particularly among South Vietnamese farmers) means 'collectivization' - a concept which encompasses all aspects of agricultural economic activity, including ownership of land and equipments. The farmer identifies himself as an agricultural 'worker', employed by a state-owned enterprise which traditionally offers few, if any, incentives for increasing output or efficiency. Surplus proceeds from the enterprise are divided among all participants equally.

3.1.27 In the early 1980s, several reform measures were introduced by State to improve the economic management of the agricultural sector. These reforms were in response to the problems encountered by policies which had provided disincentives to the active participation of farmers in co-operatives, such as fixed price contracts and high (controlled) prices of inputs. State market prices did not cover basic costs of production. There were wide price variance between prices on the open (black) market and the formal state-controlled market.

3.1.28 Egalitarian distribution of income from the co-operative served as a strong disincentive. The small portion of activity permitted by private households was much more lucrative for farmers. A 1990 government survey showed that, '..Although they accounted for 5% of all farmlands, private plots generated more than 70% of the income derived by the members of the co-operatives. Co-operatives, which owned 95% of the land, produced only 30% of the income....'

3.1.29 Resolution No.100, passed by the Party Congress in 1981, introduced a revision of agricultural policy through the 'Khoan' (or contract) system. This system made provision for farmers to 'contract' with the State for a certain yield per plot of land, with any surplus output being retained individually by the farmer.

3.1.30 The introduction of this concept provided immediate positive results. The farmers were able to sell any portion of yield above the contracted amount on a newly created 'open' market. Co-operatives contracted out the use of lands to individual members (families) on leases of 3-5 years.

3.1.31 Under the contract system, rice production yields increased upto 20%. By the mid-1990s, the Khoan contract system was operational in 88% of co-operatives in the North and 90% in the South.

3.1.32 Problems arose with the programme, involving the seemingly arbitrary redistribution of lands by local co-operatives to private property and difficulties

over the equitable management and use of joint (co-operative) owned machinery, equipment, irrigation systems, and land. In addition, the states retained and exercised control over the annual renewal of the yield contract.

3.1.33 With the liberalization, the farmers would like to sell their surplus paddy in the open markets located at the village fairs or through private wholesalers. The co-operatives are gradually facing the problem of maintaining community services with the ever-decreasing contribution paid by the members. Unless the government takes initiative to have alternative arrangements for community services, such as education and health, would become difficult to be maintained by the co-operatives. Since the household economy has been accepted as a sector by itself, the only bondage the members have with the co-operative is the land and other agricultural input supply services.

3.1.34 The present leaders and staff members of agricultural co-operatives are unfamiliar with market economy related management techniques. Re-orientation of these groups for introducing market oriented and cost efficient management systems would be an essential exercise if they are to survive with the growing competition with private traders. As an example, when the fertilizer was made a free commodity, the private traders created an artificial demand by hoarding fertilizer stocks. The government had to release fresh stocks to farmers in order to keep the targets.

3.1.35 Although the agricultural co-operatives have multiple services, they are somewhat imbalanced. For an instance, the function of purchase and marketing of produce has not been competitive enough with the private sector.

3.1.36 With the ineffective tax imposition on private trade, the situation would become worse.

3.1.37 Some of the principles laid down by the Resolution on co-operatives are very much similar to that of any business enterprise in a market economy:

- * strive to raise productivity,
- * reduce expenses and lower the cost of production,
- * carry out cost accounting along socialist lines,
- * maintain a principle of income distribution based on work done or the shares:

3.1.38 These statements could arrive at far reaching changes through the new system but still marginal efforts have been made to undertake such a task. As a result, there is a trend towards further weakening agricultural co-operatives.

3.1.39 The organisations under the Ministry of Agriculture such as National Institute of Agricultural Planning and Projection (NIAPP) has been specially assigned to provide assistance in technical fields only. The NIAPP functions in the fields of:

- Farming system research and extension,
- Remote sensing,
- Soil services and analysis,
- Project analysis,
- Computer applications, and
- Environmental research and monitoring.

3.1.40 The other aspect is that the farmers do not possess sufficient knowledge on the surpluses they accrue which normally consist of 40-60% of their produce. It has also been observed that the cost of post-harvest handling is also as high as 15%.

3.1.41 A UNDP study published in 1990 has highlighted the need for certain policy revisions in order to strengthen the reforms introduced.

- i. Economically efficient use of scarce resources,
- ii. Coordination for the efforts of the technical cadres to address the need of farmers in the new situation,
- iii. Adjustments in the medium-term planning to accommodate individual decisions on inputs and outputs.

3.1.42 Agricultural co-operatives function in an uncoordinated fashion. There are no secondary or tertiary co-operative structures (unions, federations or apex organizations). Given the importance of agriculture to the national economy, and the prominence of agricultural co-operatives in the communities, administration of co-operative organizations has fallen, as if by default, to the Ministry of Agriculture and Food Industries.

3.1.43 Co-operatives in the agriculture sector are considered very weak, resulting from a shortage of capital, lack of qualified manpower, lack of managerial skills, member apathy, lack of member education, and the absence of a legal and institutional framework for development.

3.2 New approaches to agricultural co-operatives

3.2.1 In terms of what the ICA and most of its members mean by a co-operative, in Vietnam there are none, at least not within the systems the mission has looked

into. This must be understood as a legacy/ consequence of the old regime of collectivization, forced co-operation and the institutional arrangement supporting these regimes. This framework remains practically unchanged today.

3.2.2 After the reunification of Vietnam in 1975, several attempts were made to introduce collectivization and forced co-operation also in the South. The attempts proved largely unsuccessful. The mission was informed about the existence of 'Mutual Help Groups' in the Mekong Delta, where these are said to cover no less than 78% of all the agricultural households. Unfortunately, it was not made possible for the mission to visit such groups and consequently it is not possible to even make an assumption on the principles on which they work. The mission understands, however, that the groups functionally operate mainly on those agricultural activities which require collaboration.

3.2.3 From the map (on next page) produced by NIAPP, the nationwide distribution of co-operatives, active and inactive, can be read. The key areas, in terms of agricultural activities and paddy cultivation are the Red River Delta, the stretches of low lying coastal areas, and the Mekong Delta. These areas are also the most densely populated areas in the country.

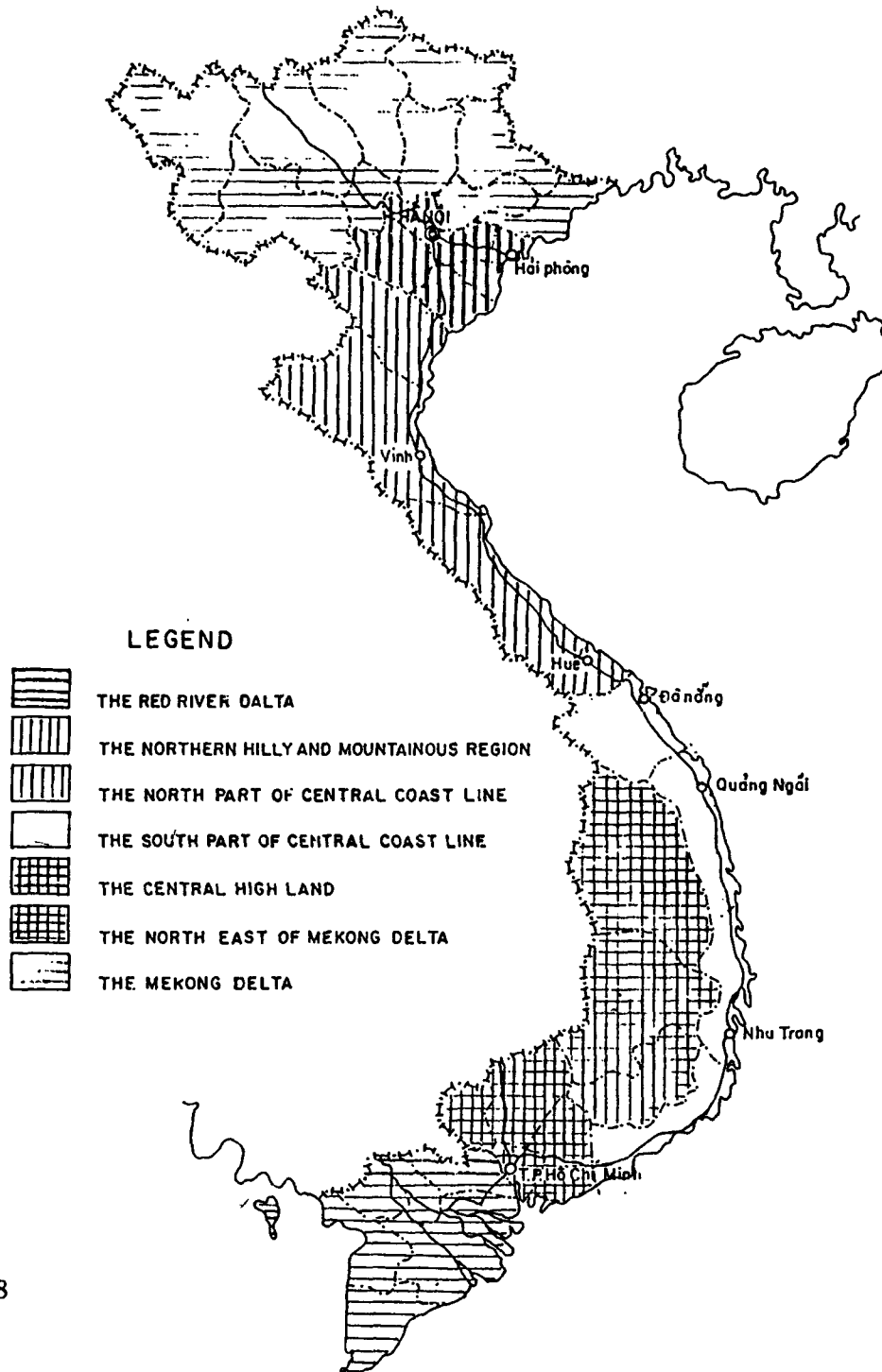
3.2.4 As is apparent from chart No.III, at one time there were only few to exist multi-purpose co-operatives in the communes. Multi-purpose co-operatives were mainly to deal with four types of activities: Supply and Marketing, Small Scale Industries, (i.e. handicrafts, brick manufacturing, Credit and Agriculture. Although this organizational form is now no longer compulsory it is apparently still widely in use.

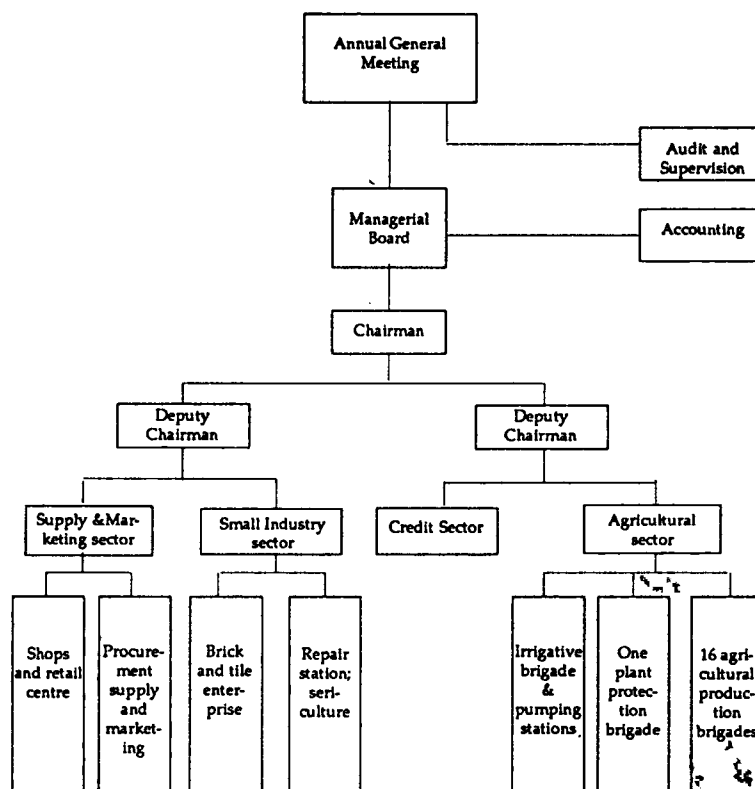
3.2.5 From Chart III on page 129, it can easily be seen which enterprises is engaged in each and every 'co-operative' activity during the collective regime.

3.3 Supply and Marketing Co-operatives

3.3.1 The Supply and Marketing Co-operatives were set up since 1955. These co-operatives were started in municipality areas and were spread to rural areas in 1962. By 1975, North has set up about 5000 primary SMCs having 6 million persons as members. When the South was freed in 1975, the SMCs were introduced in the South along with other forms of collectives and state enterprises. As a result, there were 9000 primary SMCs with more than 20 million members in 1988. There were 486 District SMC unions, 44 provincial SMC unions with 50000 selling points. The annual retail turnover was 700 billion Dong.

AGRICULTURAL ZONING MAP OF VIET NAM





3.3.2 However, with the introduction of free market economy in 1988, the picture has drastically changed.

3.3.3 At present in 1991, only 2000 SMCs are functioning. Rest have been either liquidated or sold to private entrepreneurs. The market share of co-operatives in the retail market dropped to 1.8% in 1991 from 12.6% in 1987. Processing industries run by SMCs and state too were gradually disappearing. Out of 9660 such enterprises, private companies hold 750 in 1991. Of the total of 12989 such enterprises in 1990, 761 were private enterprises. Which means private processing enterprises are still steady. More than 70% of district and provincial unions of SMCs became bankrupt.

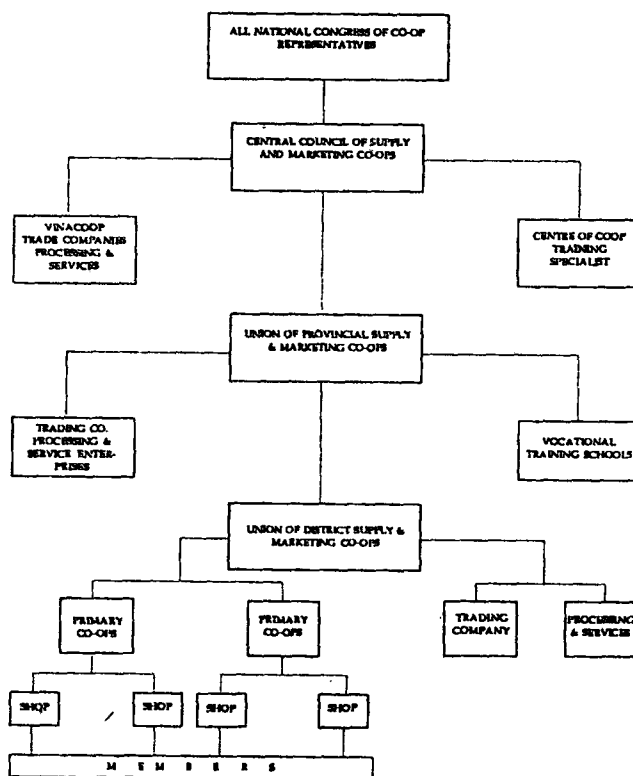
3.3.4 In order to assess the relevance of SMCs in the present context, the functions and the organisations of SMC structure needs to be analyzed.

3.3.5 Supply and marketing co-operatives were established during the transformation of the economy with a socialist system. They were set up aiming at the supply of agri. inputs, processing and marketing agri. products & supply of consumer goods.

3.3.6 The SMCs are essentially a collective trading system at least at the primary level. They procured goods from state trading organisations and factories and supplied them to the community at state subsidized prices. Therefore, they have been more or less distribution channels more than business enterprises. State set targets for purchases and distributions.

3.3.7 The SMC's organisational structure from the village level to national level is shown in the following chart (Chart IV):

ORGANISATIONAL STRUCTURE OF SUPPLY AND MARKETING CO-OPERATIVES



3.3.8 The SMCs have two types of members:

- i. Contracted private individuals
- ii. Co-operative producers.

3.3.9 The primary co-operatives normally buy and sell locally produced commodities as well as consumer goods bought from state and private enterprises. For this purpose, they have established shops. Earlier, contracted private individuals were under compulsion to sell to co-operatives but at present they could sell directly to retailers or to overseas markets. Handicraft and processed foods are such items.

3.3.10 The member could pay for their shares in kind or in cash. They elect a committee consisting of 5-9 members. The committee appoints 1 director and 2-3 deputy directors.

3.3.11 The then district level SMCs have been either amalgamated with provincial unions or transferred to some other parties. The city SMCs still function in some areas. The provincial assemblies normally not summoned as the major shareholders are state or workers themselves. Primary co-operatives are not members of the provincial SMC unions. However, the provincial union maintains business relations and social relations with the primary co-operatives through annual meetings.

3.3.12 The provincial councils have started looking for joint ventures and processing industries since the breakdown of SMC system. Saigon Co-operative and Haifong District Union are examples.

3.3.13 Board of directors are appointed by the government, considering their background and qualifications. Their moral behaviour, marketing qualifications, membership at a co-operatives, etc. are to be used as the criteria. Chart V on the following page provides information on the current status of SMCs in the North and the South.

3.3.14 The relationships between city SMC union with the provinces vary from province to province. Ho Chi Minh city SMC union has close relations with provinces in trading and guidance activities. Ultimately the relationship between secondary SMC union and primary SMCs are confined to following activities:

- i. Supply and purchase of commodities,
- ii. Providing guidance and training in business activities,
- iii. Helping the primaries to achieve their target set by the people's committees,

Name of provinciality	Province-cities										District-Town										Hamlet-commune									
	Board of management available	Transferred to dept of provincial trade	Trading	Total No. of admin units	Board of management in operation		Joining		Contract tender	Temp. halting or dissolution	No. of admin units	Total No. of SMCs	In operation		Contract tender	Joining	Temp. halting	Dissol-stone												
					Total	Trading	Total	Trading					Total	Balance or making profit																
1. Ha Noi				16	14	10	2				359	174	122	180		30	55													
2. Hai Phong				12	9	2	2				193	51	52	106		7	35													
3. An Giang				12	2	2	2				140	7	7	23		7	103													
4. Long Son																														
5. Lao Cai				17	2	15	2				294	18	18	47		224	96													
6. Yen Bai				13	10	8	2				220	31	5			21														
7. Cao Bang				14/10	3	2	4				246	30	19	116	300															
8. Ho Chi Minh																														
9. Tuyen Quang																														
10. Lai Chau				5/10	3			1																						
11. Son La																														
12. Hoa Binh				20	8	8	2				396	144	81	71	116	99														
13. Ha Tay				20	18	18	2	2			471	194	305	59	156	62	33													
14. Ha Nam Ninh				8	2	2	1	1			285	53	19	118	81															
15. Thai Binh				14	2	2	14	11																						
16. Vinh Phuc				16	3	3	13				332	56	60	106	33	102	35													
17. Ha Bac				13	2	2	23				400	120	60	148	40	280	15													
18. Hai Hung				23	23	23					548	146	146																	
19. Thanh Hoa				14/18	9						360	120																		
20. Nghi An					6	2	2																							
21. Ha Tinh				9	6	2	2				144	60	42			15	45													
22. Quang Binh				4/7	2	2	3	2			91	11	7			70	10													
23. Quang Tri				5/7	2	2	2				113	10	10	30		60	13													
24. Thua Thien Hue				4	2	2	2				134	113	10	10	7	40	66													
25. Bac Thai				10/11	4	4	5	2			302	63	37	10		102	40													
26. Ho Chi Minh City				18	15	11	2				276	179	169																	
27. Tien Giang				7	4	3	1				154	17	15			137	97													
28. Hau Giang				7	7	7					230	70	50			150														
29. Song Be				9	1		8				132	15	15			47	46													
30. Kien Giang																														
31. An Giang				14	1						148	148				148														
32. Cao Long				11	1	1					128	124	4	4		89														
33. Dong Thai				11	2	2	4				77	77	10	10		7	60													
34. Minh Hai				4/9	2	1	2	2			86	80	9	4		10	57													
35. Tay Ninh																														
36. Long An																														
37. Vung Tau Ba Ba																														
38. Gia Dinh																														
39. Cong Tum				15	3	2	6				142	102	10	4		40	92													
40. Lam Dong				10	2	2	2				148	97	15	6		46	113													
41. Duc Lac				17							120	120	7	7																
42. Khanh Hoa				7	1		6				91	82	4	4	24	29	25													
43. Phu Yen																														
44. Thanh Hai				8/4	2	1	5	6			133	34	10	21		78	25													
45. Binh Dinh				11	6	1					113	113	8	8		33	45													
46. Quang Ngai				12/15	12	3	2				210	186	48	60		31	27													
47. Quang Nam Da Nang					1	1	1				153	153	40	40		113														
48. Dong Nai				8	4	1	3				156	156	8	8			148													
49. Ben Tre																														

iv. Establishing shops in areas where SMCs are not functioning.

3.3.15 In many areas, secondary SMC unions function as parastatal bodies. The board of directors are selected and appointed by the people's committees. They serve as full time staff.

3.3.16 The working capital of the SMC Unions consist of following sources:

- Farmers' deposits
- Loans from the government
- Other deposits - state companies.

3.3.17 The provincial people's committee gives quotas for contribution from the union for public amenities.

3.3.18 These unions pay 1% turnover tax and 50% of surplus as income-tax to the government. In addition, they have to pay tax for exports. The unions have annual budgeting based on the target quota given by the government. When the quota is high, the union could negotiate with the government. However, the primary SMCs don't get quotas to fulfil.

3.3.19 The workers become members of SMCs through their deposits. They get 15% of the net surplus as dividend. Some SMC unions pay rebates for participation in business.

3.3.20 Auditing of SMCs and unions is undertaken by the government. Private companies do not have such an arrangement. They pay taxes on the basis of the accounts they keep.

3.3.21 During the recent years, after renovation process started, some of the provincial and city unions started import/export business with countries such as Singapore, Japan, China, Hongkong and Taiwan. They have concentrated on fish products, vegetables and processed food as well as textiles. Import and export has been the main income earner in these SMC unions.

3.3.22 However, there is a growing informal type market system in rural areas. Many villages have started village fairs having half a day of business in the neighbourhood. Farmers bring their produce to these fairs and sell them to wholesale traders who in turn take them to cities. These commodities feed the family businesses as well as private traders in the cities. The system is still rudimentary due to the low purchasing power of the people and commonly limited production of commodities due to resource constraints. Quality control, grading, packing and selling techniques too are yet to be developed. This situation is evident in many SMC shops too except some in Ho Chi Minh City.

3.3.23 Efficient business management systems too are yet to be developed. The profit margins are still nominal, varying from 3% to 5% for food items and upto 10% for other items.

3.3.24 Provincial governments have constructed common market facilities and given the floor area and shops on rent or hire purchase schemes to private parties and co-operatives. There are two government institutions dealing with this activity, i.e. people's committee and the branch office of the Ministry of Trade.

3.3.25 People's committee at commune, district and provincial levels have much to say about co-operatives being the government's representatives. The committee recommends the list of candidates for the board of directors of co-operatives. The committee decides on the establishment and dissolution of co-operatives. The committee exercises its powers through relevant departments (department of commerce and tourism).

3.3.26 The people's committee assists SMCs in finding new spheres of business activities and issuing directives to wholesalers for better prices for co-operatives.

3.3.27 Earlier, the people's committees played a significant role in the people's socio-economic life. When the renovation came, the PCs were confined to undertake activities such as:

- * propaganda for government,
- * supervision of law and order,
- * preparation of long-term investment plans,
- * environment protection,
- * education, health and cultural activities.

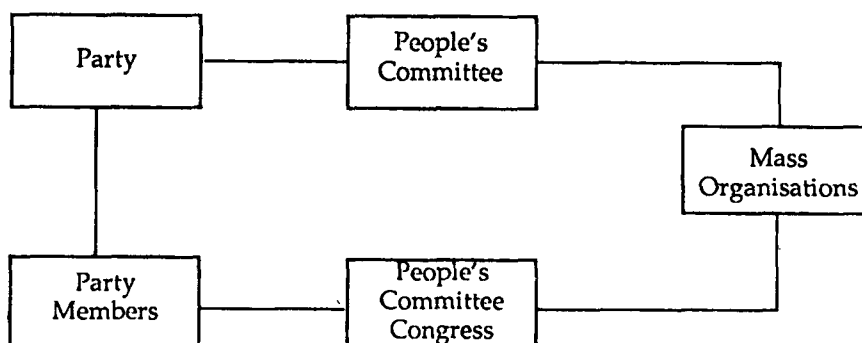
The people's committee has supervisory committees such as law supervising committee and jurisdiction committee. Now the people's committees give more emphasis to infrastructure development.

3.3.28 People's committee issues licenses for business enterprises using the following criteria:

- * capital formation of the company,
- * observance of law,
- * business plan

Taxation is undertaken using tax laws and the law of accounting and audit. However, it has been estimated that 30-40% of the income is lost through evasion.

5.3.29 The people's committee has close links with the party. The relation can be illustrated as follows:



3.3.30 People's committee meets once a month. Mass organisations (women, youth, etc.) are invited to participate. Board of management of the co-operatives is to be elected at the co-operative assembly which is identified with the people's Congress.

3.3.31 The Central Council for Supply and Marketing Co-operatives has been established, as a parastatal body, to guide the co-operatives. The board of management of the CCSMC is appointed by the government. Their salaries too are paid by the government.

3.3.32 The organisational structure of the CCSMC and related co-operatives are given in chart IV. The functions of the CCSMC are:

- Agro-processing,
- Monitoring the supply of inputs to farmers,
- Functioning as the coordinator for all levels,
- Supervision of SMC union and primaries,
- Export promotion (through Vina Co-op),
- Carrying out training activities to co-operative staff through the national training centre,
- Issue instructions on disputes and cancellation of co-operatives in regard to properties and compensation.

The role of CCSMC is gradually decreasing in the context of provincial unions and primary co-operatives giving more autonomy in their operations in a more competitive market.

3.4 Organisational structure of primary co-operatives

3.4.1 We have discussed the vertical organization of SMCs. It is important to stress that this structure is a legacy of the central planning and collectivization period and thus represents an imposed top-down approach. In this approach, commune based SMCs are not horizontally linked.

3.4.2 .Agricultural, credit and small scale industrial co-operatives are neither horizontally, nor vertically linked to each other. This is true for both types of organizational forms, multi-purpose and single purpose co-operatives. These co-operatives are atomized, self-sufficient entities.

3.4.3 Co-operatives are managed by a 'management board', which in turn is monitored by a 'control board' (or audit and supervision board). Both boards are elected by the Annual General Meeting. The management board is executive, meaning that its locally elected members are salaried executive employees of the co-operatives. Members of the locally elected control board work without payment. They are farmers and representatives of different social associations (described above) of the commune.

3.4.4 Since the commune is the custodian of state property, i.e. all land, the right to distribute this land is vested in it. Usually the commune people's committee will delegate the actual distribution to the local co-operative. The co-operative leases out this land to co-operative members (households), ascertaining that land is equally divided between all members on the basis of quality, elevation, crop-potential, size of the household, and number of working people in the household. This results in each member-household receiving a number of small plots scattered over the commune area.

3.4.5 In order to get land, a household (most often a nuclear family) in a commune must become a member of the local co-operative, thus blurring the distinction between the commune and the co-operative.

3.4.6 Co-operatives do have share capital, but it is not a condition for any one to pay share capital in order to become a co-operative member. The mission is under the impression that in Vietnam often no distinction is made between different kinds of capital. Thus, often no distinction is made between loans from members to co-operatives and share capital, or between share capital and working capital.

3.5 Capital Formation in Co-operatives

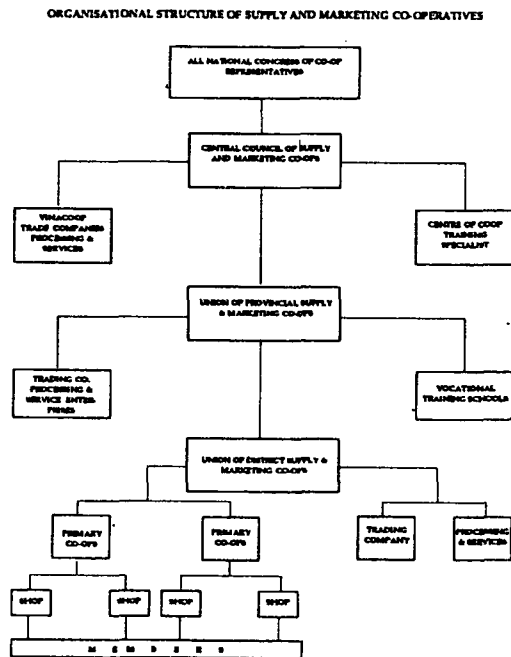
3.5.1 The primary co-operatives have different forms of financing:

- share capital (in kind or cash)
- borrowed capital from the banks (mainly agricultural banks) as loans,
- members' deposits,
- accumulated profits.

3.5.2 However, at the other levels - district and provincial levels- the government has contributed major share in the absence of members' shares. The deposits too have been marginal.

3.5.3 Generally, the repayment of loans has been good in the case of primary co-operatives, except in the case of credit co-operatives. The agricultural bank provides loans on interest free basis due to central government subsidy. Some of the credit facilities to farmers is provided in kind with arrangements with the manufacturers.

3.5.4 The agricultural bank is engaged in pawn broking in the absence of money lenders. The agricultural bank has been established in 1988 under Decree No.53. The new banking system can be illustrated as follows (Chart VI):



3.5.5 The authority of the state bank has been confusing since 1988. This resulted in lack of independence and autonomy. Decree No.53 does not promote horizontal or vertical integration in management. The agricultural bank borrows from the state bank and individuals to form its working capital which is about 3600 million Dong.

3.5.6 Prior to 1988, the co-operatives had to borrow money from the bank on behalf of its members. At present, individuals too could borrow from the banks. The banks are unable to meet the demand for credit. In 1992, the agricultural bank could only supply 4600 billion Dong for the demand of 6000 billion Dong. Credit management has always been a problem on the face of inflation and calamities. The agricultural bank's loss expected in 1992 is 50 billion Dong. This is not due to bad debts.

3.5.7 The latest proposal is to set up a stock branch under the central bank for co-operatives and non-state enterprises. Vietnam is looking forward to get into capital market with establishment of Saigon Finance Company (SFC) in 1991. This will provide credit facilities to private sector. The SFC is owned by 7 state-owned shareholding companies. This may strengthen the private companies while co-operative would suffer from the lack of capital.

3.5.8 Indonesia bank started its operations in January, 1992 as a partially Indonesian owned bank. However, this would not have much effect on co-operatives as its functions are limited to deal with foreign currency only.

3.6 Manpower in Co-operatives

3.6.1 Having a literacy rate of 82%, as one of the highest in the Region, Vietnam has a skilled labour force who are comparatively young. Population under 15 years is 32% of the total population. The total unemployment rate in urban areas is 13.2% while rural areas have 4.5%. Unemployment is highest among 13-24 years.

3.6.2 The co-operative labour force has been the highest in Vietnam. In 1990, the break down of labour force is as follows:

<i>Sector</i>	<i>Labour force (in '000s)</i>
State	: 3544.2
Co-operatives	: 20606.2 (72% of total)
Private	: 6135.6

(Economy and Finance of Vietnam-1991)

3.6.3 The definition of employee is not that evident in co-operatives in Vietnam as in the case of a market economy. During the early years when the members received their wages in accordance with a work point system, they functioned as employees more than members. The directors are appointed by the government and some of them receive salaries from the government. Still the system continues to a greater extent even with contract workers. This is common to many socialist economies. The definition of employer and employee in a capitalist economic context is absent in these economies. The distinction has been made between those who work in the direct services of the co-operatives as employees and the members who have put in shares and working independently to the co-operatives as employers or individual members. However, the personnel management concepts and strategies are widely differing from capitalist economies.

3.6.4 After the renovation process started, there is a distinct employee category developing in the private sector. Labour laws are not that elaborate as in a market economy which is advantageous to these companies who employ children and adults in unacceptable conditions.

3.6.5 Development of manpower in co-operatives takes place at different levels without much organisation. There is no proper system to assess the changing needs of the members, leaders and staff of the co-operatives, although there is one of the largest national co-operative colleges under the central council. The National Training Centre at present suffers for want of capital for maintaining the premises. The buildings were built under aid from the Soviet Union.

3.6.6 The provincial unions help primary co-operatives to develop the leaders' managerial skills through vocational training programmes. The salary structure of co-operative staff is rather low. However, they receive bonus on the profit earned. Whenever a co-operative is liquidated, they get a different employment through the government. The salaries in different co-operatives differ from each other.

3.6.7 The co-operative employees duly obtain transfers to other institutions. The CCSMC issues instructions on standardization of salaries. The national co-operative training centre located at Gin Lan street could accommodate 1000 trainees at a time, with residential facilities for 300.

3.6.8 In the absence of a comprehensive personnel policy or a training policy in the co-operative sector, the NTC conducts a 2-year graduate course in co-

operation. It is recognized by the government for employment. The course designs are prepared by the training staff taking government policies into consideration. The content is somewhat common to socialist ideologies. The main subjects taught are accounts and management.

3.6.9 The number of full time trainers are 10. The Director has been trained in Czechoslovakia and the Soviet Union. In addition, the NTC invites guest lecturers from the relevant ministries and departments. The trainers do not have experiences in market economies or management systems.

3.6.10 The NTC has a fully equipped phonetic lab which is not being used. There are no audio-visual equipment, other than black boards. The methodology used are mainly lectures combined with field work. The NTC provides trainers and also the materials to provincial training centres.

3.6.11 One of the important features is the trainers' contacts with the trainees after training. They visit trainees at their work places and guide them. Symposiums are also organised to get feedback on their training. The main target groups of the NTC are:

- Personnel of co-operatives
- Secondary school children of co-operators.

3.6.12 The fees levied from the trainees are supplied by the co-operative. The library is smaller compared to the needs.

3.7 Women in Co-operatives

3.7.1 Vietnam ranks 99 in the World having a score of 0.498 between 0 and 1 of Human Development Index of the UNDP in 1991. This is an achievement in social welfare considering its per capita GDP of US\$ 200 in 1991, as a least developed country.

3.7.2 Vietnam has 50% share of agriculture in the GDP and 32% share of manufacturing.

3.7.3 Vietnam's female mortality rate has been 48 per 1000 live births whereas male ratio was 61. Life expectancy at birth too had been 69 years for females and 64 years for males in 1984.

3.7.4 The Vietnam being a socialist country provides strong legal rights to women. Penal Code promulgated in 1984, Article 138, stipulates that violation of women's rights to equality shall be punished.

3.7.5 Vietnam set up a National Committee for Women Decade in accordance with the UN resolution. The government, as a policy, follows prohibition of all discrimination against women in terms of employment and payment.

3.7.6 In Vietnam, as an exception due to the war, the female population was 51.5% of the population in 1985. The state sector had 46.10% of the total of the workers and civil servants as women.

3.7.8 In the co-operative sector, the ratio was 56.14% females. The private sector had 56%. 70% of women took part in direct production.

3.7.9 In 1988, the women's strength in selected job categories is as follows:

Trader services	67.5%
Agriculture	65.7%
Medical	68.6%
Light industries	63.5%
Education	62.0%
Construction	54.0%
Forestry	46.0%
Transport	30.0%
Communication	35.0%

3.7.10 The government has set up a national Women's Association as a macro-organisation which is an independent body advising the government and the party on policy. It is to represent women's rights to equality and to collective mastership.

3.7.11 Vietnam enjoyed 82% literacy rate in 1991, a higher achievement for a least developed country. 50% of the total pupils in 1984/85 were female children. In 1985/86, universities and vocational schools had 40.4% females.

3.7.12 The gender roles have been changed considerably during the last few years. It is partly due to war situation and the economic reconstruction work.

3.7.13 The Institute of Sociology in Hanoi carried out a survey on the socio-economic equality between husband and wife which reveals emerging gender integration pattern in the family.*

* *Vietnamese Women in Eighties*, Ed. The Vietnam Union and the Centre for Women Studies, People's Publishing House, Hanoi, 1989, p.29

<i>Family chores</i>	<i>Mainly done by wife</i>	<i>Mainly done by husband</i>	<i>Done by both</i>
Buying foodstuffs	70.3	6.8	18.3
Buying Clothes	57.0	12.3	29.1
Buying cultural articles	46.1	30.3	18.9
Buying costly articles	28.0	34.8	32.3
Decide how to divide labour in production	26.8	36.6	35.5
Planting new trees	23.3	25.2	32.4
Deciding on children's marriage	10.8	7.8	27.3
Selecting a job for children	9.4	10.6	35.6

3.7.14 Vietnamese women have been politically active since the revolution. It has been reported that 51.2% of housewives attended political rallies whereas husbands account for only 30.8%. Social activities are generally higher among women than men.

3.7.15 Women headed households are having a considerable presence in Vietnam. The co-operative sector claims higher participation of women. The number of workers in agricultural co-operatives has been 60.2% in 1986 and handicrafts and small industry co-operatives claimed 67% females. Considerable number of chairpersons and other officials in co-operatives too are women. 46.3% of the wives attend the co-operative members meetings and only 40.6% are men.

3.7.16 When Vietnam has started liberalizing the economy, women entrepreneurs have taken the lead. Majority of family shops are run by housewives. Husbands are normally out transporting stocks.

3.7.17 However, with the inflation increasing upto 600% per year during the last few years and the stagnation of the economy due to US embargo and other factors, women labour force has suffered a lot.

3.7.18 On the other hand, adjustment of employment facilities for women with reproductive roles too has been difficult. Part-time jobs have become too few.

3.7.19 As once Attila Karaosmanoghu, Vice President, Asia Region of the World Bank mentioned at Beijing Women Journalists Association Meeting in 1988* that technology has affected Vietnamese women labour force too. Many mature labour has difficulties of adjusting the new technology due to lack of facilities and the full time work added to mature years." This is evident mainly in the agriculture field. Investment in vocational training and new technology has been a constraint faced by the government. It has to be added that many of the schools and other community services are maintained by the village and district level people's committees themselves and they depend on the contribution by the co-operatives and the meagre taxes collected.

3.8 Current External Support to co-operatives

3.8.1 The external support agencies entered into Vietnam after 1988. The earliest entered was the ICA when CCSMC became a member. Since then, the ICA had several missions to Vietnam and arranged to train co-operative executives and leaders in different fields in Japan, India, Thailand and China. Some of the activities were held in Vietnam too with the expectation of orienting the authorities and leaders in co-operative practices.

3.8.2 The Canadian Co-operative Association made contacts with the CCSMC and the NIAPP with the emphasis on agriculture and credit. The CCA too provided training facilities to co-operative leaders on environment and marketing.

3.8.2 The SDID has entered into an agreement with banking institutions in Ho Chi Minh City and seeking collaborations in other areas.

3.8.3 The CIDSE- a Dutch NGO- has helped the agricultural co-operatives in a few selected areas on irrigation management and agricultural co-operatives.

3.8.4 There had been some exploratory missions from Japan recently but no proper development partnership has yet been established. As a whole, very few international NGOs are functioning in Vietnam.

3.9 Future of Co-operatives

3.9.1 In the new system, the role of the (agricultural or multi-purpose) co-operative is to distribute land, to supply services, to promote agricultural

* Southern Economist, June 1, 1989, Enhancing Role of Asian Women in Development

* Vietnamese Women in Eighties, p.62

development, to promote agro-processing (as to create off-farm jobs) and to ensure a solid revenue base for commune and state.

3.9.2 It is also the responsibility of the co-operative to ensure that agricultural development takes place by disseminating information to its members on new or more appropriate technologies and the like as well as by promoting new farm activities (animal husbandry, sericulture, social forestry, etc.). Multi-purpose co-operatives should also provide production inputs, basic consumer goods, marketing facilities, credit and support for small scale industries.

3.9.3 The services rendered by the agricultural co-operative should only relate to agro-based activities. In particular, it should provide services related to crop production through its brigades. In paddy cultivation, which involves eight steps: i) soil preparation, ii) irrigation, iii) preparation of manure, iv) plant protection, v) sowing, vi) transplantation of seedlings, vii) tending, viii) harvesting; the co-operative will give services in any of the first 5 areas as required by the contractor.

3.9.4 Owing to the small (national) average farm size of 0.3 ha. per household, compounded by the fact that these 0.3 ha. are divided into a number of plots, it is not difficult to see that every farmer, of necessity, will have to rely on a number of the services. Also, the complex water regimes and the need for draught animals (or small tractors), compel the contractor to rely on certain co-operative services.

3.9.5 As people still tend to think in terms of the old collective system, in which the co-operative and the commune were synonymous, the co-operatives still provide a number of social services in terms of social welfare, social infrastructure and physical infrastructure, even though this now should be a responsibility of the people's committee only.

3.9.6 As the Vietnamese economy undergoes transition, the need for co-operation is being recognized by farmers, based on economic necessity (e.g. common irrigation needs beyond the capacity of any individual farmer, the need for efficient and equitable distribution and supply systems), and through long-standing cultural and social tradition. These forms as the pre-conditions for the growth and development of agricultural co-operative organizations and the evolution of a distinctive co-operative sector.

3.9.7 Co-operatives can greatly assist Vietnam in facing its many macro-economic development challenges. With the high rate of population growth, there is an immediate as well as emerging need for employment opportunities,

particularly for youth, Vietnam can avoid the uncontrolled urbanization of its ASEAN neighbours through a programme of diversification of the rural economy. Sound ecological practices can contribute to on-going sustainable economic development. In these areas, there is a key leading role for a strongly developed co-operative sector.

3.9.8 Facing these challenges, however, depends on fundamental development initiatives to facilitate the evolution of 'true' co-operative organizations. Paramount among these is the successful completion of the land reform process and the equitable reallocation of collective assets.

3.9.9 The need for capital investment in agriculture is critical. Co-operative credit and savings mobilization programmes can provide a co-operative financial network that will benefit poor farmers who traditionally have limited or no access to formal banking systems and credit facilities. Farm credit will play an increasingly important role in the rural economy as the deregulation of commodity and financial markets progresses.

3.9.10 The process of building a strong and independent agricultural co-operative sector in Vietnam is one of transformation, rather than re-construction. Despite the many failures and short-comings of the existing co-operatives in the country, the skeletal structure of a potential co-operative network does exist.

3.9.11 The challenge facing further development is in overcoming the widely-held negative impression of the co-operative concept in the rural communities and increasing member participation in the rural communities and increasing member participation in the ownership, control and management of the existing co-operative organizations. This will require structural changes in the management and administration of co-operatives, moving from a centrally-controlled top-down approach to a fully participatory member-driven one.

3.9.12 The key component for success in this initiative is basic co-operative education. The first, and most fundamental, investment in a new agenda for co-operative development in Vietnam is in the education and training of co-operative members, elected officials and management.

3.9.13 Long-term success of the evolution of a strong independent co-operative sector will depend on this critical component. As awareness and understanding of co-operative development increases, the necessary primary, secondary and tertiary co-operative structures will emerge to administer and regulate the

sector.

3.9.14 Support for this process by the international co-operative community will facilitate the transition of Vietnamese co-operatives during the transformation of the country's economy. A coordinated and integrated approach to development assistance will enable the emerging co-operative sector of Vietnam to become a fully participating member of the global co-operative community and to provide the full benefits of economic and social co-operation to its membership.

3.9.15 The Communist Party of Vietnam at its 7th National Congress, held in June 1991, adopted a strategy for socio-economic stabilisation and development upto the year 2000. The document says: * "The main objective and driving force in development is for man and by man. The socio-economic strategy places man at the centre, releases productive energies, inspires the full potential of each individual, each working people's collective and the entire community, encourage and assists all Vietnamese people to develop the will for self-reliance, industry and thrift for national construction and defence, building prosperity for themselves and for the country. The interests of each individual, each collective and the entire society are intertwined with the interests of individuals serving as a direct motivating force. All citizens shall enjoy freedom of business activity in accordance with the law, with their ownership and lawful incomes being protected. The economy has a multi-sector structure with many categories of ownership and many forms of business organizations in line with the characteristics and level of productive forces that vigorously speed up the efficient growth of social production. All economic units, regardless of system of ownership, operate in accordance with a system of autonomous business, co-operation and competition as equal partners before the law. The economy is to evolve in keeping with the market system with State management by means of laws, plans, policies and other instruments. Dynamism and creativeness are to be encouraged while order and discipline are to be established in economic activities. To utilize relative advantage, to constantly increase the competitiveness of products, to best meet the needs of daily life and production, to strongly and effectively promote export-led and import-substitution strategies."

3.9.16 The role of co-operatives in carrying out the development strategy has been demarcated as follows: "The collective economy, with its prevailing form

* *Communist Party of Vietnam-7th National Congress-Documents, Foreign Languages Publishing House, Hanoi, 1991*

being the co-operative, is to renovate its organization and mode of operation, develop in a widespread and diversified manner in various sectors and trades with different scope and scale of collectivization, on the basis of voluntary contribution of capital and labour by working people. A co-operative's organizational and operational area will not depend on administrative boundaries. A household may join different co-operatives and is entitled to withdraw therefrom in accordance with the rules. In rural areas, based on the augmented role of co-operative members' household autonomous economies, the co-operative is to channel its efforts into processes and sub-sectors that its members' households fail to work in with less efficiency than the co-operative; together with the authorities and mass organizations to take care of social problems and the building of a new countryside."

3.9.17 As stated in the policy documents, an environment has been created to build a movement of co-operative character. This process needs inputs from the co-operative leaders of Vietnam as well as experiences from the co-operative movements operating in market economies.

III

STATISTICAL DATA ON VIETNAM

Some useful statistical data on Vietnam is given on the following pages.

CO-OPERATIVE AND PRIVATE INDUSTRIAL LABOUR

(in thousands)

	1988	1989	1989/1988 %
Total	2101.1	1749.4	83.3
By form of organizations			
Professional co-operatives	567.4	408.6	72.0
Professional groups	198.9	147.1	74.0
Mixed co-operatives	411.5	230.7	56.1
Private plants	13.2	21.0	159.1
Private households	910.1	942.0	103.5
By Industrial branches			
Electricity	0.2	0.1	50.0
Fuel industry	0.8	1.2	150.0
Metallurgy (black)	2.3	2.5	108.7
Metallurgy (colour)	4.4	1.7	38.6
production of equipment & machines	68.1	58.5	85.9
Electric and electronic technology	10.9	10.6	97.2
Manufacture of other metallic products	122.1	92.6	75.8
Chemical, mineral, fertilizers & rubbers	50.5	38.8	76.8
Building materials	277.1	199.1	71.9
Processing of wood and forestry products	185.5	222.1	77.8
Cellulose and paper	12.1	9.1	75.2
Glass, earthenware and procelain	28.3	22.9	80.9
Food	102.4	108.8	106.3
Foodstuffs	511.7	491.5	96.1
Weaving	365.5	266.3	72.9
Sewing	136.1	124.8	91.7
Tanning & manufacture of leather products	13.4	10.8	80.6
Printing	2.8	1.6	57.1
Others	106.9	86.4	80.8

(Economy and Trade of Vietnam-General Statistics Office, Hanoi, 1991)

NUMBER OF CO-OPERATIVE AND PRIVATE INDUSTRIAL UNITS

	Units		1989/1988 %
	1988	1989	
Professional Co-operatives	5,514	4,285	77.7
Professional Groups	11,457	8,433	73.6
Mixed Co-operatives	15,063	9,203	61.1
Private Plants	318	1,284	403.8
Private Households	318,557	333,337	104.6

(Economy and Trade of Vietnam-General Statistics Office, Hanoi, 1991)

DOMESTIC TRADE
RETAIL SALES OF GENERAL TRADE (IN ACTUAL PRICES)

	1986	1987	1988	1989	1990
	Bill dongs				
Total	333.9	1453.5	7233.2	12911.0	18547.0
State	132.8	596.3	2924.0	4267.5	5855.0
State Trade	113.5	522.4	2507.5	3384.4	4240.0
Public catering	13.7	59.5	27.0	350.7	484.0
others	5.6	14.4	144.8	352.4	1131.0
Collectives	48.8	182.6	663.0	792.8	799.0
State trade	39.0	148.5	487.6	490.9	453.0
Public catering	2.1	8.2	38.7	23.5	26.0
Private	152.3	674.6	3646.2	7850.7	11893
State Trade	75.7	304.7	2073.6	5000.8	7230.0
Public catering	29.4	184.0	752.2	1612.4	2069.0
Others	47.2	185.9	820.4	1232.5	2594.9
	Structure %				
Total	100.0	100.0	100.0	100.0	100.0
State	39.8	41.0	40.4	33.1	31.6
State trade	34.0	35.9	34.7	26.2	22.0
Public catering	4.1	4.1	3.8	2.7	2.6
Others	1.7	1.0	2.0	4.2	6.1
Collective	14.6	12.6	9.2	6.1	4.3
State trade	11.7	10.2	6.7	3.8	2.5
Public catering	0.6	0.6	0.5	0.2	0.1
Others	2.3	1.8	2.0	2.1	1.7
Private	45.6	46.4	50.4	60.8	64.1
State trade	22.7	21.0	28.7	38.7	39.0
Public catering	8.8	12.7	10.4	12.5	11.2
Others	14.1	12.8	11.3	9.5	14.0

(Economy and Trade of Vietnam-General Statistics Office, Hanoi, 1991)

RETAIL SALES OF GENERAL TRADE
(in Comparable Prices)

	Total	Of which	
		State and collective	Others
Bill dongs			
1980	79.4	45.2	34.2
1985	154.2	89.6	64.6
1986	133.4	75.3	58.1
1987	138.2	76.8	61.4
1988	151.4	80.1	71.3
1989	153.5	65.1	88.4
Index (1980=100) %			
1985	194.2	198.5	188.6
1986	168.0	166.7	169.6
1987	174.1	170.2	179.3
1988	180.7	177.2	208.5
1989	194.9	146.7	258.5
Structure - %			
1985	100.0	58.1	41.9
1986	100.0	56.4	43.6
1987	100.0	55.6	44.4
1988	100.0	52.9	47.1
1989	100.0	42.9	57.1

(Economy and Trade of Vietnam-General Statistics Office, Hanoi, 1991)

VOLUME OF FOREIGN TRADE*

	Total	Of which	
		Exports	Imports
	Million Rouble and dollar		
1986	2978.0	822.9	2155.1
1987	3309.3	854.2	2455.1
1988	3795.1	1038.4	2756.7
1989	4511.8	1946.0	2565.8
1990	4784.6	2189.2	2595.4
	Index (1985 = 100) %		
1986	116.5	117.8	116.0
1987	129.5	122.3	132.2
1988	148.5	148.7	148.4
1989	176.5	278.6	138.1
1990	187.2	313.4	139.7
	Last year = 100 %		
1986	116.5	117.8	116.0
1987	111.1	103.8	113.9
1988	114.7	121.6	112.3
1989	118.9	187.4	93.1
1990	106.0	112.5	101.2

* *By commercial treaty*

NETWORK OF THE RETAIL TRADE AND PUBLIC SERVICES

(Grassroot units)

	1986	1987	1988	1989
Total	61399	63038	44245	38851
Retail trade	48072	48668	44823	31858
State trade	14004	15672	14246	13130
Collective trade	34068	32996	30577	18728
Collective trade in communes & precinct	28867	26607	25954	14992
Medicine shop in commune	5201	6389	4623	3726
Catering and services	13327	14370	9422	6993
Public restaurant & state services	5357	6380	3123	4627
Catering	3123	4385	2075	2876
Services	2234	1995	1048	1751
Collective catering and services	7970	7990	6299	2366

RESULTS OF TYPICAL SURVEY OF THE HOUSEHOLD CARRYING ON A BUSINESS IN PRIVATE TRADE

	<i>Unit of measure</i>	<i>By register</i>	<i>By Survey</i>	<i>% register in comp. with survey</i>
1. No. of surveyed household	Household	47587	47587	
2. Enterprise asset average/ household	Thous.dongs	655.2	1161	56.4
3. Turnover average of a household in 1989	Thous.dong	9911	16124	61.5
Ha Noi	"	15755	21462	73.4
Hai Phong	"	14371	21749	66.1
Quang Nam De Nang	"	6909	8810	78.4
Ho Chi Minh City	"	27927	37414	74.6
Hau Giang	"	8559	15229	56.2
4. Profit average/ household in 1989	"	760	1443	52.7

**FARM HOUSEHOLDS IN AGRICULTURAL CO-OPERATIVE DISTRIBUTION
BY ZONES AND PROVINCES**

(Unit-1000 households)

	1986	1987	1988	1989	1990
The whole country	5836.1	6035.6	6157.8	6258.6	6294.1
North	4713.9	4846.6	4956.5	5039.6	5172.1
Mountainous Regions	586.6	601.8	591.2	624.5	570.6
Ha Tuyen	117.0	111.1	115.3	119.8	125.0
Ca Bang	60.2	63.0	42.9	47.7	
Lang Son	56.0	56.0	50.6	54.7	29.4
Bae Thai	114.0	120.0	125.9	129.3	132.4
Lai Chau	31.2	31.1	33.0	33.1	34.4
Son La	59.4	63.6	66.1	68.5	72.1
Hoang Lien Son	90.3	93.5	94.6	106.9	109.0
Quang Ninh	58.5	60.1	62.8	65.2	68.3
Middle Land	626.0	651.0	676.4	700.7	732.7
Vinh Phu	281.0	295.7	305.5	318.2	330.7
Ha Bae	345.0	357.6	370.9	388.3	402.0
Red River Delta	2216.8	2280.5	2352.0	2400.2	2474.6
Ha Noi	305.7	312.7	326.4	312.0	346.9
Hai Phong	182.6	188.9	200.8	210.0	212.5
Ha Son Binh	276.3	289.3	300.6	310.8	317.5
Hai Hung	501.8	515.6	530.1	549.0	558.2
Thai Binh	355.9	360.3	371.0	374.6	377.0
Ha Nam Ninh	594.5	608.1	623.1	643.8	662.5
Forth Zone	1284.5	1311.6	1336.9	1358.2	1394.2
Thanh Hoa	484.0	499.1	513.1	523.3	529.6
Nghe Tinh	560.7	571.4	581.4	591.5	609.4
Bin Tri Thien	239.8	241.3	242.4		
Quang Binh				105.1	105.6
Quang Tri				54.0	65.1
Thua Thien Hue			84.3	84.5	

(Source: NIAPP, Hanoi)

**FARM HOUSEHOLDS IN AGRICULTURAL CO-OPERATIVES
DISTRIBUTION BY ZONES AND PROVINCES**

(Unit-1000 households)

	1986	1987	1988	1989	1990
South	1122.2	1188.8	1201.3	1169.0	1122.0
Midle Coastline zone	769.0	804.5	816.5	811.5	819.6
O-Nam-Da Nang	300.3	304.0	207.9	205.4	207.8
Nghia Binh	323.3	329.1	330.2		
Quang Ngai				150.8	158.2
Binh Dinh				174.5	176.0
Phu Khanh	140.7	163.8	169.4		
Phu Yen				95.2	96.9
Khanh Hoa				74.1	66.2
Thuan Hai	104.7	107.0	109.0	111.5	114.5
Taynguyen Plateau	140.6	131.3	142.6	131.8	117.5
Gia Lai-Kong Tum	49.6	33.5	38.2	26.8	12.7
Dae Lac	66.8	73.3	76.1	75.6	75.5
Lam Dong	24.3	27.3	28.3	28.4	29.3
South Coast of Vietnam	95.5	108.6	99.6	92.3	86.4
Long An	11.0	11.0	12.1	12.3	
Tien Giang	61.8	76.9	76.9	77.0	69.0
Ben Tre	2.8	2.1	2.4	1.8	1.8
Dong Thap	1.3	3.3	3.6	3.7	3.9
Cuu Long	6.7	8.5	8.7	8.4	
Hau Giang	10.6	11.8	12.1	12.2	12.2
An Giang	3.2	3.6	3.8	0.5	
Kien Giang	1.3	2.0	2.6	1.8	1.6
Minh Hai	18.1	22.5	20.4	16.7	10.0

(Source: NIAPP, Hanoi)

**NUMBER OF AGRICULTURAL CO-OPERATIVES
DISTRIBUTED BY ZONES AND PROVINCES**

(unit: co-operatives)

	1986	1987	1988	1989	1990
The whole country	16743	16985	17335	18631	16341
North	14165	14351	14682	15907	14087
Mountain Region	6288	6425	6344	6897	5044
Ha Tuyen	1231	1246	1275	1364	1388
Cao Bang	1277	1383	1190	1297	
Lang Son	723	739	739	805	225
Bac Thai	761	771	824	822	824
Lai Chau	476	437	440	458	458
Son La	891	912	944	1183	1220
Hoang Lien Son	646	651	642	673	629
Quang Ninh	283	286	290	295	300
Middle Land	1436	1455	1541	1556	1584
Vinh Phu	571	568	618	654	637
Ha Bac	865	887	893	902	947
Red River delta	2768	2801	3037	3410	3512
Ha Noi	381	384	419	467	512
Hai Phong	185	185	198	242	245
Ha Son Binh	780	807	985	1222	1266
Hai Hung	437	437	438	446	456
Thai Binh	302	305	311	316	317
Ha Nam Ninh	683	683	686	717	716
Fourth Zone	3673	3670	3760	4044	3947
Thanh Hoa	1499	1432	1441	1542	1544
Nghe Tinh	1532	1582	1614	1628	1650
Bin Tri Thien	642	656	705		
Quang Bin				312	328
Quang Tri				562	253
Thua Thien Hue				169	172

(Source: NIAPP, Hanoi)

**NUMBER OF AGRICULTURAL CO-OPERATIVES
DISTRIBUTED BY ZONES AND PROVINCES**

(unit: co-operatives)

	1986	1987	1988	1989	1990
South	2578	2634	2653	2555	2254
MiddleSea Coast zone	1284	1290	1281	1280	1256
Q.Nam-Da Nag	269	268	270	271	271
Nghia Binh	426	435	428		
Quang Ngai				206	205
Binh Dinh				221	230
Phu Khanh	254	257	250		
Phu Yen				151	112
Khanh Hoa				99	114
Thuan Hai	335	335	333	332	324
Ton Nguyen Plateau	509	485	512	478	368
Gia Lai Cong tum	173	135	142	113	34
Dae Lac	237	245	265	260	260
Lam Dong	99	105	105	105	74
South-East Vietnam	411	421	416	386	338
Dong Nai	36	41	43	41	41
Song Be	157	159	153	126	107
Tay Ninh	30	31	32	32	7
TP: Ho Chi Minh	188	190	188	187	183
Cuulong river delta	374	438	444	411	292
Long An	35	37	37	37	
Tien Gian	153	192	193	193	197
Ben Tre	9	9	8	7	7
Dong Thap	5	6	6	6	6
Cuu Long	25	27	31	30	
Hau Gian	43	46	46	46	46
An Giang	8	9	9	1	
Kien Giang	8	9	14	10	9
Minh Hai	88	103	100	81	27

(Source: NIAPP, Hanoi)

**AVERAGE CULTIVATED LAND FOR
EACH AGRICULTURAL CO-OPERATIVE**

(unit: ha/co-operative)

	1986	1987	1988	1989	1990
The whole country	152	150	141	130	139
North	135	134	123	113	124
Mountainous region	66	60	55	52	62
Ha Tuyen	64	63	47	45	36
Cao Bang	46	40	32	32	
Lang Son	48	48	48	49	47
Bae Thai	61	60	58	57	57
Lai Chau	49	35	35	34	34
Son La	91	92	89	71	98
Hoang Lien Son	56	56	55	54	58
Quang Ninh	116	111	111	110	104
Middle Land	175	175	160	162	157
Vinh Phu	200	211	171	177	174
Ha Bae	158	152	152	151	145
Red River delta	248	244	221	193	194
Ha Noi	231	230	219	193	171
Hai Phong	284	277	258	212	213
Ha Son Binh	154	148	124	88	96
Hai Hung	338	312	310	268	314
Thai Binh	303	304	291	287	285
H Nam Ninh	285	288	264	258	259
Fourth Zone	152	151	142	132	127
Thanh Hoa	120	126	121	118	118
Nghe Tinh	160	146	149	142	123
Binh Tri Thien	206	218	167		
Quang Binh				148	136
Quang Tri				59	131
Thua Thien Hue				231	223

(Source: NIAPP, Hanoi)

**AVERAGE CULTIVATED LAND FOR
EACH AGRICULTURAL CO-OPERATIVE**

(unit: ha/co-operative)

	1986	1987	1988	1989	1990
South	244	255	246	244	238
Middle Costal zone	301	291	291	293	271
Q.Nam-Da Nang	358	303	296	299	270
Nghia Binh	307	305	306		
Quang Ngai				280	214
Binh Dinh				333	320
Phu Khanh	311	345	351		
Phu Yen				271	450
Khanh Hoa				476	231
Thuan Han	219	122	222	225	226
South-East Vietnam	159	161	163	163	167
Dong Nai	200	193	217	224	224
Song Be	106	112	112	98	102
Tay Ninh	122	169	185	188	173
TP: Ho Chi Minh	187	191	189	189	191
Cuu Long River delta	235	211	250	232	229
Long An	223	213	250	245	
Tien Gian	205	219	219	219	215
Ben Tre	187	187	192	197	197
Dong Thap	317	329	341	346	346
Cuu Long	210	222	224	225	225
Hau Giang	224	214	224	225	225
An Giang	274	293	293	293	
Kien Giang	373	318	396	236	235
Minh Hai	289	592	308	258	321

(Source: NIAPP, Hanoi)

**AVERAGE PROPORTION OF FARM HOUSEHOLDS
TO EACH AGRICULTURAL CO-OPERATIVE**

(unit: household/co-operative)

	1986	1987	1988	1989	1990
The whole country	349	353	355	336	385
North	333	337	337	320	367
Mountainous region	93	93	93	91	113
Ha Tuyen	95	89	90	88	90
Cao Bang	47	46	36	36	
Lang Son	77	76	68	68	131
Bae Thai	149	156	152	157	161
Lai Chau	65	71	74	73	75
Son La	66	69	70	58	59
Hoang Lien Son	139	143	147	159	173
Quang Ninh	206	212	216	221	228
Middle Land	436	449	438	454	463
Vinh Phu	492	520	471	487	519
Ha Bae	398	403	415	431	424
Red River delta	800	814	774	704	705
Ha Noi	802	813	778	668	678
Hai Phong	966	1021	1014	868	687
Ha Son Binh	354	358	305	254	251
Hai Hung	1148	1179	1210	1107	1224
Than Binh	1173	1200	1192	1185	1189
Ha Nam Ninh	870	890	908	828	925
Fourth Zone	349	357	355	336	353
Thanh Hoa	322	348	356	339	343
Nghe Tinh	366	361	360	363	369
Binh Tri Thien	373	367	343		
Quang Binh				337	322
Quang Tri				96	257
Thua Thien Hue				499	491

(Source: NIAPP, Hanoi)

**AVERAGE PROPORTION OF FARM HOUSEHOLDS
TO EACH AGRICULTURAL CO-OPERATIVE**

(unit: household/co-operative)

	1986	1987	1988	1989	1990
South	460	451	452	458	498
Middle coastal Zone	606	623	637	634	653
Quang Nam Da Nang	711	761	769	758	767
Nghia Binh	758	757	771		
Quang Ngai				732	772
Binh Dinh				789	765
Phu Khanh	622	650	677		
Phu Yen				631	865
Khanh Hoa				749	581
Thuan Han	316	319	327	336	353
Tay Nguyen Plateau	272	276	278	274	319
Gia Lai central	281	288	268	237	373
Dac Lac	284	218	268	237	373
Lam Dong	214	260	269	270	396
South-East Vietnam	231	240	239	239	356
Dong Nai	370	366	366	277	269
Song Be	138	132	145	160	165
Tay Ninh	216	217	207	203	197
TP: Ho Chi Minh	280	296	291	290	308
Cuulong River delta	316	319	321	327	337
Long An	316	321	321	331	
Tien Giang	401	397	398	399	350
Ben Tre	212	265	300	259	259
Dong Thap	250	250	603	622	641
Cuu Long	266	213	279	279	
Hau Giang	245	255	264	265	265
Aa Giang	403	421	420	480	
Kien Giang	163	122	185	186	179
Minh Hai	209	218	203	206	371

(Source: NIAPP, Hanoi)

APPENDIX I

AIDE-MEMOIRE

1. Introduction

An agricultural country, Vietnam needs a strong agricultural foundation to develop its agriculture and rural economy, especially rural based co-operatives in order to provide necessary services to farmers such as farm credit, farm extension, input farm supply, marketing, processing, etc. However, at this moment Vietnam can not do it. Because its co-operative movement is very weak, resulting from lack of funds, lack of suitable structure of co-operative organizations, lack of qualified manpower, lack of managerial skills and lack of legal framework to support co-operatives. Therefore, it is necessary to set up a co-operative development project in Vietnam through technical assistance from ICA ROAP. The project activities may cover wider range of functions such as the creation of co-operative legislation, the re-organization of co-operative structure, the education and training, the co-operative promotion, the co-operative pilot projects and the implementation of co-operatives in a large scale.

2. Major Components and Activities

2.1 *Co-operative Legislation*

There is no co-operative law in Vietnam at the present time. The preparatory work on a co-operative legislation is, however, about to start.

The ICA would through the proposed programme assist the Vietnamese co-operative movement in the process of preparing the new legislation by:

- i. Making the co-operative laws of other countries available for research and study.
- ii. Providing consultancy assistance.

2.2 *Re-organization of the Co-operative Structure*

In view of the rapid changes in the economic field which are taking place in Vietnam, there is an apparent need to evaluate and review the co-operative structure.

The ICA would, through the proposed programme, assist in:

- i. carrying out an in-depth study of the present co-operative structure as well as of the relation between the co-operative and other economic organizations and give recommendations regarding the future structure.
- ii. Organising exposure of co-operative leaders on district, provincial and national level to co-operative organizations and management in neighbouring countries. (China, India, Indonesia, Thailand.)

2.3 Education and Training

The ICA would, through the proposed programme, assist in:

- i. Carrying out a survey of the manpower situation and to give recommendations regarding the future education and training policy and plan.
- ii. Organizing within Vietnam and abroad, training and study opportunities for senior co-operative staff in:
 - management and organisation
 - improvement of language skills
 - trade
 - accounting and finance
 - communication.

2.4 Promotion of collaboration between Vietnamese Co-operative Organization and other co-operative organisations in the region:

- i. To organize delegations of Vietnamese co-operative leaders to visit other co-operatives in the region to establish relations with these co-operatives in order to exchange experience and explore possible assistance that could be offered by the advanced co-operative organisations.
- ii. To strengthen Vietnamese co-operative export and import organizations and collect all initiative information concerning trade to promote international trade with other co-operatives and trading partners in the region.
- iii. To promote joint ventures with co-operatives and foreign investors to develop production, business, transportation and tourism which is a big potential area in Vietnam.
- iv. To introduce knowledge and technology of agro-processing to Vietnamese co-operatives to establish income-generating projects in co-operatives to add additional value to agricultural products which are now sold as raw material at very low price.

2.5 Co-operative Pilot Projects

In order to help government officials, co-operative leaders and staff members and general public understand the new structure, its organisation, business operation, administration and management properly and clearly the project should set up a co-operative pilot project in each zone: North, Central and South.

The pilot project should be organized and run as any ordinary rural based co-operative in each region but under the close advice and supervision of the Project Adviser.

The co-operative pilot project shall have main functions/ activities as follows:

- Administration and planning
- Farm credit
- Farm extension
- Farm supply
- Farm marketing
- Farm processing
- Others.

The pilot project shall be organized and developed as a learning centre within the Region.

3. Organisational Framework

The Central Council of Supply and Marketing Co-operatives of Vietnam and the ICA, through its Regional Office for Asia and the Pacific, would enter into an agreement regulating the operations of the joint programmes. The Central Council of Vietnam Supply and Marketing Co-operatives would be the implementing agency of the programme. It would be the responsibility of the Central Council to get the necessary government approval for the programme.

The ICA would post a project coordinator in the Central Council's office in Hanoi to be responsible for the implementation of the programme under the Chief Executive of the Central Council.

4. Time Schedule

At this early stage it would be difficult to suggest a detailed time schedule for the various activities. An indication of the sequence of actions to be taken is still necessary to give:

- | | | | |
|------|---------|---|---|
| 1990 | October | - | Project identification report |
| | | | November -Submission oof report to prospec-
tive funding agency. |
| 1991 | Jan-Feb | - | Approval |
| | Mar-Apr | - | (if funding secured) prepartion of plan of opera-
tion. |
| | | | -Recruitment of project coördinator |
| | July | | -Start of Project. |

In terms of priorities, the recruitment of a Project Coordinator , the basic survey on the co-oeprative structure and the manpower situation, the co-operative legislation, the exposure programme for co-operative leaders and the training of Vietnamese senior staff would be among the first activities to be undertaken.

Hanoi, 07 October, 1990

Sd/-
Dr.Hguyen Quang Quynh

Sd/-
Karl Fogelstrom

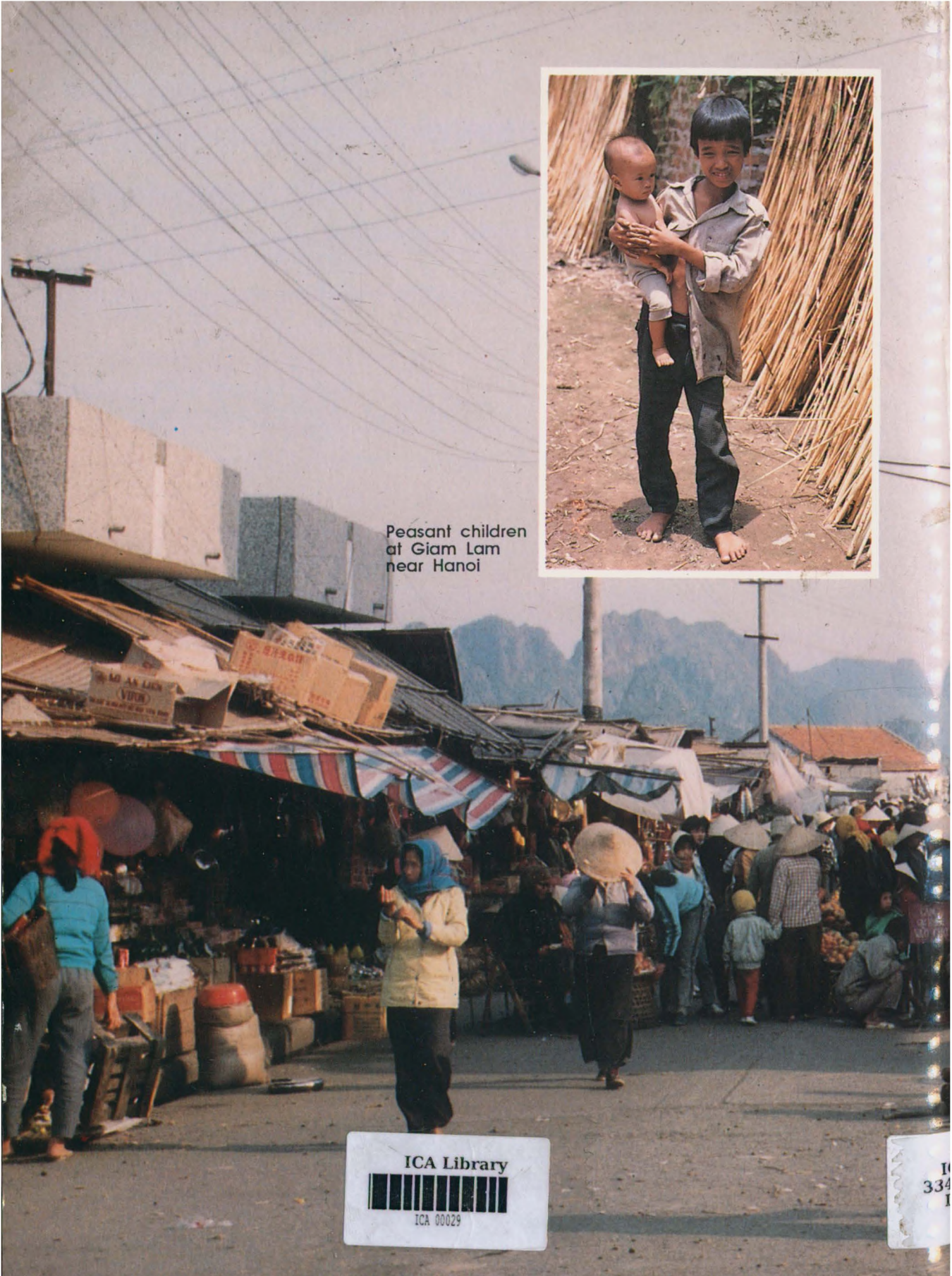
APPENDIX II

WORKING PROGRAMME OF ICA MISSION IN VIETNAM

January 13-31, 1992

Date	Time	Activity
13.01.92 Monday	11.00	Discussion with Vice President, Mr.Tuy and Mrs. Lan Sight Seeing
14.01.92 Tuesday	08.00	Visit to Ho chi minh's Mausoleum Visit to Hanoi Wholesale Market
	14.00	Discussion with the leaders of the Central Council of Vietnam Supply & Marketing Co--operatives.
	15.00	Visit to National Training Centre.
15.01.92 Wednesday	08.00	Discussion with State Statistics Department
	14.00	Visit to Ba Dinh District Supply & Marketing Co-ope- rative.
16.01.92 Thursday	08.00	Departure for Quang Nih Province (250 KMs from Hanoi)
	14.00	Visit to Quang Ninh Wholesale Market.
	15.00	Discussions with Director, Department of Commerce & Tourism.
17.01.92 Friday	08.00	Visit Ha Long Harbour
	14.00	Departure to Haiphong City.
18.01.92 Saturday	09.00	Haiphong City Trading Co-operative Discussions with the Chairperson.
	15.00	Visit to Provincial Co-operative-Discussions.
19.01.92 Sunday		Return to Hanoi

20.01.92	08:00	Discussions with State Foreign Trade Economic Institute
Monday	14:00	Visit to Handicrafts Co-operative.
21.01.92	08:00	Discussions with Technical Economic Commercial Institute
Tuesday	14:00	Visit to Agricultural Planning Institute
22.01.92	09:00	Arrival and check-in at Hotel in Ho Chi Minh City
Wednesday	14:00	Sight Seeing - Residence of old Regime-Port
23.01.92	08:00	Discussions with Union of SMC (Saigon Co-op)
Thursday	14:00	Visit to Consumer Co-operatives at Tran Hung Dao.
24.01.92	09:00	Leaving for Vung Tau
Friday	14:00	Arrive Vung Tau city
	15:00	Discussions with Vung Tau People's Committee.
25.01.92	08:00	Leaving from Vung Tau to Ho Chi Minh city.
Saturday		
26.01.92		Leaving for Hanoi.
Sunday		
27.01.92	09:00	Visit Binh Minh Co-operative
Monday		Visit branch of Agricultural Development Bank in Cam Binh district. Hai Hune province.
28.01.92	09:00	Discussions with CCSMC
Tuesday	14:00	Visit the Ministry of Agriculture and Food Industry. Discussions with the Vice Minister for Agriculture.
29.01.92	09:00	Visit provincial co-operative in Than Hua province.
Wednesday		
30.01.92	09:00	Discussions with CCSMC
Thursday	14:00	Visit Vietnam Agricultural Development Bank
31.01.92	09:00	Discussions with NIAPP
Friday	14:00	Discussions with Mr. Tran Duc
		Departure



Peasant children
at Giam Lam
near Hanoi



ICA Library
ICA 00029

IC
334
I