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The Transformation of Agricultural Producer Cooperatives: The Case of Vietnam

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Abstract

During the mid-1980s Vietnam experienced widespread hunger and malnutrition. This led to an economic reform process already before the transition in Central and Eastern Europe (CEE) and the former Soviet Union (CIS). Vietnam embarked on a unique way of decollectivization which followed neither the Chinese model nor the direction of agricultural transition among CEE and CIS countries. The collective farms had to be either transformed into service cooperatives based on share capital and voluntary membership or liquidated. Vietnamese farmers had to meet two challenges. They again had to manage their private farms as entrepreneurs. In addition, they had to create new supporting organizations. After a slow start many farmers were successful in transforming or establishing agricultural cooperatives for their support during the last decade. Three phases of institutional development can be distinguished. The main features of agricultural cooperatives are analyzed.

Keywords: private farming, agricultural cooperatives, transformation, Vietnam

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Introduction

This analysis deals with the decollectivization of collective farms in Vietnam, but drawing on the experiences and lessons of other regions. Already before the CEE and CIS countries, but later than China, the country gradually implemented a market economic system. The guidance of the economy through central planning had to give way to a decentralized management through markets. Collective property had to be privatized. The organizations that had been characteristic of the former system were no more compatible with the market economy. New types of organizations were established in all transition countries (Csaki and Nash, 1998). With respect to agricultural production, this transformation process referred to a conversion and restructuring of the collective farms, or agricultural production cooperatives (APC). This required, in part, a legal conversion and, in part, an organizational restructuring of the “socialist” entities into viable business units. Basically, two broad options with respect to restructuring (decollectivization) could be observed among transition economies.

1. A complete dissolution of all former APCs. All land and other assets were distributed totally among the former members and newly established small-scale private farmers. Hence, new organizational structures to their support had to be established over time starting from scratch. For example, Albania, Romania, the Kyrgyz Republic, Mongolia as well as China have adopted this development path, although in China farmers received only limited land use rights (Unger 2002: 201).

2. Alternatively, transformation of former collective entities into legal structures compatible with the market-economic system. It was planned to preserve the cooperative entity as an adapted legal form so that a certain share of the assets could be kept for joint use in the future. The objective was to avoid complete individualization of all assets. Again, two main options could be followed.

- Complete privatization of all assets, i.e., agricultural land, animals, machines, and buildings was legally required. The former members as well as the heirs of those farmers who had contributed the land and other assets during collectivization became the legal owners. The former collective farms had to be transformed into legal entities compatible with the market economic system within a certain time frame, i.e., joint-stock companies, limited liability companies, or APCs based on share capital and voluntary membership, or else they had to be liquidated. The newly established private owners of all agricultural assets were free to use them as private farmers or leave them with the successor organization of the former collective. In the latter case, they either became members of the successor organization and contributed their assets as share capital or they did not join, just renting their assets to the successor organization. In most cases, the former management continued to

run the common enterprise keeping almost all the assets. Not that many individual (family) farms were established under this approach. Former East Germany, Czech and Slovak Republics can be cited as examples of this development path.

- Vietnam followed a unique approach. Already before starting the transformation process almost all agricultural land of the collective farms had been distributed among the members. Family farming was re-established. While the collective farms continued to exist and kept most of the machines and buildings, they had lost their major traditional tasks with respect to agricultural production. Nevertheless, it was the objective of the government to transform as many of them as possible into efficient service cooperatives based on voluntary membership.

After having experienced widespread hunger Vietnam embarked on a transition from the socialist central-planning system to a market economy during the second half of the 1980s. The opening up to the world markets was much quicker than in most other countries in Southeast Asia. Farmers had to adjust to the challenges of globalization in a much shorter period than most of their counterparts elsewhere. Viable service cooperatives were seen by the government as an important tool to provide efficient support services to the millions of newly created small-scale farmers. Vietnam can be seen as an example of a successful transition if criteria of economic growth, poverty reduction, and political stability are to be used (Fforde, 2002: 204). This development is of particular interest keeping in mind that Vietnam did not embark on a political transformation (“conservative transition”). In this respect, Vietnam experienced not only a more rapid development compared to most other developing countries, but also a rapid transformation from the central planning system to a market economy.

It is the objective of this paper to contribute to the understanding of the agricultural transformation process from a centrally planned to a market economic system. The paper is structured as follows. The next section describes the situation during the collective period, the major elements of the transformation policy affecting agricultural production and their major achievements since then. This is followed by an analysis of the new types of agricultural cooperatives. A short concluding section follows.

Agricultural Production under Central Planning and since the Start of Transition (*doi moi*) in 1986

With the independence of the North in 1954 and following the reunification with the South in 1976 the country adopted a socialist central-planning economy based on the Soviet model (for a more detailed discussion focusing on the agricultural sector after 1954 up to the mid-1990s see Fforde and de Vylder, 1996: Ch. 4-7; Tran Thi Que, 1998: 12-97). With respect to agriculture this meant that private farming was abolished and agricultural production was organized into APCs focusing on annual crops and state farms focusing, in general, on perennial crops. The upstream and downstream sectors were re-organized as state-owned enterprises (SOE). However, collectivization of agricultural production was not very successful in the South after 1975 and by the late 1970s production also stagnated in the North. The major disadvantage seemed to have been that an incentive structure for the individuals to work diligently was missing. The general situation could be characterized by a low level of income and a high degree of poverty, which was spread relatively evenly (i.e., socially and spatially) all over the country.

Like China, Vietnam embarked on a transformation process much earlier than the other former socialist countries. After a first trial with a more liberal land policy in 1981, the economic situation of the country had deteriorated even further by the mid-1980s. Hunger and malnutrition were widespread. The government realized that market-economic elements had to be adopted. With the adoption of the renovation policy (*doi moi*) in the late 1986 farmers were gradually given the incentives to invest their labor and capital to increase agricultural production. Up to that time, about five percent of the farm land had been cultivated as private plots which provided about half of the farmers' income. The major changes of the institutional framework with respect to agricultural production resulting in a strengthening of individual property rights can be summarized as follows:

- All farm land of the APCs was re-distributed relatively equally among the farm families (Resolution No. 10, 1988). Contrary to most CEE countries, restitution was not a political objective. From that time on, the farm households and no longer the APCs were considered the basic unit of agricultural production, i.e., they were recognized as autonomous and independent economic entities.
- While individual land ownership rights were not allowed, farmers were assured long-lasting land-use rights (Land Law 1993, revised in 1998). For annual crops they were set at 20 years, for perennial crops at up to 50 years. In this way, the Land Law sanctioned the emergence of a land market (renting) and the use of land as collateral for credit.

- The collective farms (APCs) had lost their *raison d'être*. Many of them collapsed already after 1988. With the adoption of the Cooperative Law in 1997 (revised in 2003) they could be transformed into membership-oriented service cooperatives promoting the income of their members. Otherwise, they had to be dissolved. In addition, the Cooperative Law provided the option for the farmers to establish new agricultural service cooperatives from scratch.

In conclusion, private farming again became the dominant mode of agricultural production. By 2000, there were about 12 million farm households in the country. All these family farms have in common that they are relatively small. The average farm size comes up to 0.5-1.0 ha (Nguyen Phuong Vy, 2001: 1-2). The total area under cultivation increased rapidly during the 1980s and 1990s, e.g., from 5.30 million ha in 1986 to 7.67 million ha in 2000, or by about 45 percent. Since then a gradual decline has been observed to 7.44 million ha in 2003 (Nguyen Thi Hien, 2003: 146). The land frontier is almost closed and agricultural development has to focus on the intensification of production.

Transformation at the Local Level

In line with the transformation farmers had to meet two overlapping developments: (1) with the re-emergence of private farming as the main decision-making unit in agricultural production they became entrepreneurs; (2) with the relatively quick integration in a global commodity market they had to prove their competitiveness not only at the national, but also at the international level. However, these small-scale farmers were characterized by a lack of capital and limited access to markets. It became evident that they were in urgent need of appropriate institutions and self-help organizations³ for their economic support in order to benefit from this new development. The institutional set-up of the command economy had become obsolete. A new set of organizational infrastructure in support of the family farms had to be established.

All farmers were in urgent need of reliable services, e.g., input supply, agricultural extension, credit and marketing, in order to make the best use of their limited resources. One option to provide these needed services efficiently was

3 According to North (1990), institutions can be defined as “the rules of the game.” They define and limit the set of choices of individuals based on values and goals in a given society. Organizations are developing in consequence of the framework set by the institutions. They can be looked upon as concrete instruments for keeping the social system going on the basis of institutional patterns. Therefore, the rules have to be distinguished from the players. The purpose of the rules is to define the way the societal game is played. But the objective of a group of individuals within that set of rules is to accomplish certain tasks, i.e., “to win the game” (North, 1990: 3-5).

through the establishment of agricultural service cooperatives. In Vietnam, the government acknowledged an important role for them. With the adoption of the Cooperative Law, effective 1 January 1997, it encouraged the transformation of the former collectives and the establishment of new cooperatives. It might have been partly true at the beginning that these cooperatives were still “just Party dominated and guided groups” (Cohen, 2001: 28) or “vehicles for Party sponsored rural development” (Fforde and Nguyen, 2001: 4). However, particularly since the adoption of a new decree about cooperatives (Decree 151/2007/ND-CP) dated 10 October 2007, political supervision seems to have become much more relaxed. Before discussing this organizational development, a brief overlook of the general performance of the agricultural sector during the last two decades will be given.

Agricultural Development at the National Level since Transformation

Seen from the macro-economic perspective, the newly established private farmers quickly made use of this widening economic liberty. Agricultural production increased rapidly. Rice is the major food ingredient of the population and it has been the major objective of the government to ensure a sufficient supply. While there had been wide-spread hunger during the mid-1980s, the situation improved rapidly as shown in Table 1 below. Already during the early 1990s Vietnam became a rice-exporting country and continued so ever since.

Table 1: Rice production and export volumes, 1986 – 2008

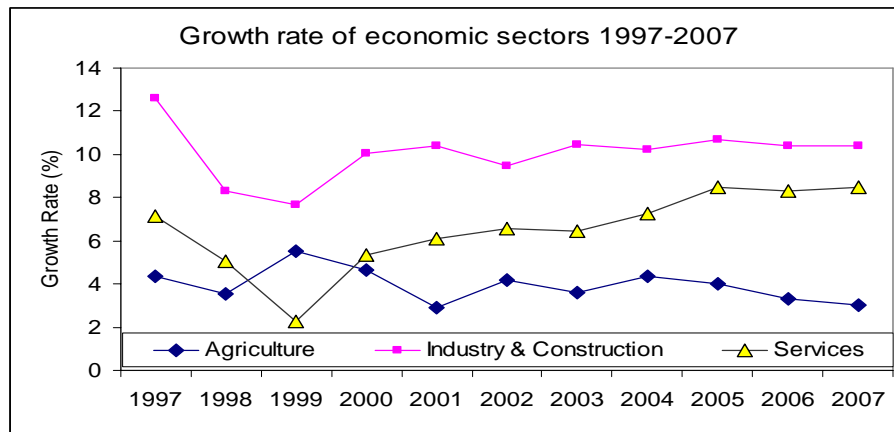
Year	Output (million tons)	Per capita production (kg/year)	Export volume (million tons)
1986	11.8	192.8	none
1990	19.2	291.2	1.6
1995	24.9	346.7	2.0
2000	32.5	419.0	3.4
2005	35.8	431.2	5.2
2008	38.6	448.0	4.7

Source: General Statistical Office: Statistical Yearbook, various issues

While the industrial and service sectors expanded even more rapidly, agricultural growth has been impressive compared to the experience of most other countries in the world and has been sustained during the last decade. It averaged 4.9 percent annually over the 1990s (Beard and Agrarwal, 2002: 17). Although growth rates declined a bit during the last years they are still at about four percent annually

(Figure 1). Similarly, growth rates have been relatively stable compared to the other sectors, which felt the repercussions of the Asian Crisis in 1997 more severely.

Figure 1. Growth rates of the economic sectors, 1997-2007



Source: General Statistical Office: Statistical Yearbook, various issues

Due to the more rapid growth of the other sectors the role of agriculture in the economy is gradually declining. Hence, the share of agriculture to total GDP decreased during the last years to about one fifth (Table 2). Nevertheless, Vietnam can be still called an agricultural country, as this sector remains the major source of employment. About three quarters of the total population live in rural areas. About 55 percent of the total labor force, or about 24 million persons, are mainly engaged in agricultural activities. Like in most other countries, the share of agriculture to total investment is relatively small and gradually declining during the last years. It is assumed that most of the necessary investments are still being made informally and are not covered by the statistics. Similarly, the agricultural sector has undergone significant structural transformation. Due to favorable conditions, production could be increased and diversified. The country has become a major exporter of many agricultural commodities including rice, coffee, pepper, cashew, and rubber. About 30 percent of total exports in 2006 are agricultural commodities. The challenge is to meet the high standard requirements of wholesale markets, supermarkets and exporters (World Bank, 2008: 25).

Table 2: Significance of the agricultural sector, 1996 – 2007 (percent)

Year	Share of the agricultural sector		
	Total GDP	Labor force	Total investment
1996	25.1	69.0	13.0
2000	23.3	62.6	14.4
2005	21.0	57.1	7.5
2007	20.3	53.9	6.5

Source: General Statistical Office: Statistical Yearbook, various issues

The major reasons for this successful development can be attributed to a great extent to the successful transformation policy. In addition, the following factors have to be mentioned (Fforde, 2002: 212-213, ADB, 2002: 15):

- macro-economic stability,
- emergence of officially sanctioned private trade since the early 1990s,
- liberalization of trade of agricultural input and commodity markets leading to greater efficiency.

One crucial point in maintaining this impressive agricultural growth is organizing farmers in groups and strengthening their horizontal cooperation. This allows, among other things, to achieve economies of scale that are a prerequisite for entering value chains, implementing quality improvements in a cost-effective manner, introducing quality management practices, adding processing steps through small investments in technology, obtaining certification of products through group certification schemes, and marketing the products (World Bank, 2008: 27).

Transformation and Development of Agricultural Cooperatives

With respect to the transformation of APCs three major phases can be identified since the late 1980s. These three phases are discussed below.

Continued Use of the Collective Organization and Informal Cooperation

Almost all APCs started to adjust to the new situation, but not many have been successful. During the early 1990s more and more cooperatives were either disbanded or stopped operating due to their own decision (Kerkvliet, 1995: 82-85). Others split up already during this period. Nevertheless, their total number declined. While their number stood at about 17,000 in 1987, it decreased slightly to 16,243 in the late 1994. In areas where the APCs no longer existed, peasants were

urged to set up informal self-help organizations to assist in labor exchange, irrigation, and other tasks. In particular, in the Northern villages many self-help groups emerged and began taking over some service functions either spontaneously or on behalf of the people's committees of the communes as the local cooperatives had been dissolved (Thayer, 1995: 43). Therefore, parallel with the decline in the number of APCs, a rapid increase in the number of informal farmers' organizations could be observed. Already by December 1992 the number of these self-help groups, associations, or pre-cooperatives was estimated to stand at 30,000. By the end of 1996 their number stood at about 50,000 (Nguyen Tien Manh, 1997).

Nevertheless, at this phase, most newly established family farmers depended mostly on their own efforts. While they worked more diligently and intensively compared to the situation as cooperative workers before, this fact can only partly explain the rapid increase of production. The links to the upstream and downstream sectors had to be re-organized. In cases when APCs were still operational, input supply could be organized through them. However, product marketing channels had to be newly established while there was no option for small-scale farmers to get access to financial services from the newly established commercial banks. Nevertheless, a rapid expansion of production could be observed during the late 1980s and early 1990s. This was only possible because a deep informal capital market could be tapped (Fforde, 2002: 215), i.e., small farmers could rely on informal networks of mutual support. Only starting from the late 1992 onwards, the agricultural bank began offering first credits to private farmers.

Transformation and Establishment of New Farmers' Organizations

A new path of development became available once the Cooperative Law had become effective in 1997. The new law provided the legal basis for the farmers to organize themselves and can be seen as the start of the second phase of transformation. Actually, three development options were provided:

- transformation of APCs into viable service cooperatives which had to be newly registered ("from old-style to new-style cooperatives"),
- dissolution of APCs and, if necessary, transfer of the most important assets and services to informal groups under the supervision of the respective commune,
- formation and registration of completely new agricultural cooperatives.

Since then, immense efforts have been undertaken to transform, dissolve, and establish new agricultural cooperatives in the country. The revised Law of 2003 was aimed at easing their formation and registration as well as at strengthening their economic position. A rough picture of their development is given in Table 3.

Table 3: Number and status of agricultural cooperatives in Vietnam, 1997 – 2005

Date	Total	Transformed	Undergoing transformation	Newly established
1 January 1997	13,782	-	-	-
31 March 1998	10,280	1,133	9,048	99
31 December 1999	9,691	4,449	4,149	1,093
31 December 2000	8,764	5,764	1,585	1,415
31 December 2003	9,255	6,268	848	2,139
31 March 2005	8,595	6,115	284	2,196
30 June 2007	17,599	n.a.	-	n.a.

n.a.: not available

Source: MARD, Department for Cooperatives and Rural Development: Annual Reports

As discussed above, the Cooperative Law provided two options for the farmers: either they had to transform their former collective farm into a member-oriented service cooperative and become competitive over time, or the cooperative had to be liquidated. As shown in Table 3 the farmers followed both ways. By the end of March 2005, the number of transformed agricultural cooperatives at the national level stood at 6,155, or about 45 percent of the number on the eve of the transformation process; 7,343 former collectives, or about 53 percent, had been dissolved, and another 284 cooperatives, or about 2 percent, were still in the transformation process. In this respect, it can be stated that the transformation process had almost been completed by that time. The relatively long transformation process reflected the pragmatic approach adopted by Vietnamese authorities. While initially the transformation had to be finalized within one year, i.e., by April 1998, that deadline was waived in order to settle all outstanding issues, particularly the question of former debts.

It can be concluded that slightly less than half the cooperatives registered on the eve of the Cooperative Law were transformed. However, as shown in Table 3, not all transformed cooperatives stayed in business. Due to low competitiveness, a number of them had to be closed down. It can be assumed that more transformed cooperatives will be liquidated over time. In addition, a large number of farmers opted to go on without any cooperative organization, which may reflect not only their limited ability for cooperation, but also, in many areas, the negative image of collective farms. Nevertheless, there had been a strong growth of newly established cooperatives. By the end of the end of March 2005, their number stood at 2,196. This reflects the need for this type of service provision.

New Paths in Cooperative Development

The transformation process could now be finalized. The major objective of the revised 2003 Cooperative Law (effective as of 1 July 2004) was to create a more favorable legal environment, e.g., by simplifying the registration process. The revised Law strengthened the independence of cooperatives from the local administration, which had often seemed to have a strong say in day-to-day activities (Dang et al., 2008: 27-33). During the last two years a new wave in the development of agricultural cooperatives could be witnessed:

- the number of registered agricultural cooperatives as well as of informal mutual self-help groups (pre-cooperatives) increased rapidly, and
- cooperatives at the primary level formed cooperative unions at secondary level to improve their economic position.

During the last few years a rapid increase in the number of agricultural cooperatives could be witnessed. By the end of June 2007, already 17,599 agricultural cooperatives had been registered (World Bank, 2008: 115). Not only the number of registered agricultural cooperatives took off sharply, but also informal cooperative groups (or pre-cooperatives) became more and more popular, particularly in the South. While their number stood at about 50,000 by the end of 1996, they came up to about 90,000 by mid 2008. Hence, at present cooperative groups are the most common form of farmer organization. These groups are registered at the commune level, but cannot conduct business activities on their own. In general, they focus on the organization of soil preparation and irrigation. While it might be a disadvantage not to offer business activities, these entities can work fairly flexibly on an ad hoc basis, they need a simple management style and do not have to pay taxes (Dang et al., 2008: 15).

It is expected that their number will increase even further in the years to come. With the issuance of Decree 151 in October 2007 (Decree 151/2007/ND-CP), farmers have more leeway to join cooperative groups on a voluntary basis at their own choice. The Decree simplified the registration procedure even further and opened more options for cooperative activities, including production, import and export activities (World Bank, 2008: 115).

In addition, farmers now have the option of not only forming agricultural cooperatives at the primary level, but also secondary cooperatives at the district or regional levels. By the mid-2007, already 39 cooperative unions had been registered (World Bank, 2008: 115). They are spread all over the country. For example, in the relatively poor province of Quang Tri (Central Vietnam) two of these agricultural cooperative unions were already established in 2002. They comprised seven and eight primary cooperatives as members, respectively. Their share capital was set at 250 million and 800 million VND, respectively. These secondary cooperatives are concentrating on joint purchase of inputs. Compared to

primary cooperatives, they have a stronger bargaining position and can look for suppliers all over the country. Once they have developed more capacities they will take up other activities as well (Wolz and Tri, 2004: 13).

Major Features of Agricultural Cooperatives in Vietnam

The transformation process is completed and the number of newly established cooperatives is increasing. However, a more detailed look suggests that these two types of agricultural cooperatives – transformed and newly established – seem to represent quite different models. In this final section, their basic features will be discussed (Wolz, 2002: 22-38; Nguyen Van Nghiem, 2007: 1-7; Table 4).

Table 4: Main characteristics of agricultural cooperatives as of 2000

	Transformed cooperatives	Newly established cooperatives
Membership	open to all agricultural households	restricted to those who follow the highly focused objective
Number of members	300-500	10-20
Subscription of shares in cash	(in general) no	yes
Value of total assets - available as current assets - available as “cash-in-hand”	300-800 million VND* - about 20 per cent - less than 10 per cent	15 - 100 million VND* - almost 100 per cent - almost 100 per cent
Activities	5-10 emphasis on: • irrigation • electricity supply • plant protection • input supply • extension (new crops, varieties, production techniques, etc.) multi-purpose	1-3 emphasis on: • input supply • extension (quality management) • joint marketing single-purpose
Number of decision-making persons	5-10	1-3
Stakeholders involved	multiple stakeholders	single stakeholder

* US\$ 1 = ~14,000 VND (2000).

Source: Wolz, 2002: 32; Nguyen Van Nghiem, 2007: 3-4

Membership

With respect to membership the transformed cooperatives were open to all agricultural households within their area of operation, i.e., the respective village, a couple of villages or the whole commune. Depending on the bylaws, either all members of working age or just one per household (in general the household head) were invited to join. Actually, almost all the entitled households joined. On the one side, they were in urgent need of the offered services, particularly the provision of irrigation and drainage; on the other side, they were in general not required to mobilize own resources, e.g., in the form of cash. They just had to sign their willingness to join the transformed entity. Depending on the number of villages covered and the respective membership criteria, the number of members is highly different. In general, it comes up to about 300-500 members, but sometimes their number can go up to 2,000.

In comparison, the newly established cooperatives look quite different. One of their main characteristics is the small number of members. Often they just comprise 10-20 persons. A careful membership selection has to precede any steps to establish and register the cooperative. Membership is restricted to those who agree to follow the cooperative's highly focused objectives. On the one side, the prospective members have known each other for a long time. They know the personal and family background of each other very well and trust each other. On the other side, they must meet certain technical criteria, e.g., a minimum farm size or a certain level of technical knowledge in a specific activity.

Assets and Share Capital

The transformed cooperatives took over the productive assets of the former collective entities. In general, the value of the assets divided by the number of members was declared as the value of the individual share. On paper, they show a high value of assets, most of which (about 80 per cent) are fixed assets in form of buildings, irrigation and electricity systems, etc. The other part represents current assets, of which about one half is made up of the debts of the members (receivables). Hence, the actual volume of funds available for financing on-going services (i.e., working capital) is modest, i.e., about 10 per cent of all assets or about 30-80 million VND per cooperative.

On the other side, the newly established cooperatives had to build up their funds in the form of share capital from scratch, i.e., subscription of individual shares by the members. At the start the members had to prove their commitment in money terms. The combined value of the share capital is the only asset of the newly established cooperatives and, in general, it is fully available for financing business activities. On average, they have the same economic potential as the transformed cooperatives. Once operational, they earn income through commission

fees from buying inputs or selling far, products. Most of the share capital is used as operating funds to buy inputs. Some cooperatives even do not bother to open a bank account, as the available share capital is spent in buying inputs. Any surplus cash is kept by the cashier at home.

Activities

The transformed cooperatives offer a higher number of activities or services to their members, in general about five to six different ones. The management of the transformed entities concentrates on the provision of those services which promote agricultural production among their members, like the management of irrigation systems, organization of plant protection, technology transfers, and extension services, as well as machinery services and land preparation. This may include the negotiation of contracts on behalf of the members with private entrepreneurs (contractors). The organization of input supply services is very important and it often includes financial services in the form of the provision of credit-in-kind. In addition, many of these cooperatives manage the electricity supply services in their respective community. Marketing services are, in general, lacking. These entities can be characterized as multi-purpose cooperatives. The main focus is still on the promotion of paddy production. Only during the last few years have they begun to actively support the diversification into other farm activities.

The newly established cooperatives are more focused with respect to the services offered. In general, they concentrate on promoting one production activity at the farm level only, e.g., fish production or rice seed multiplication. These services typically comprise regular supply of high quality inputs, regular supervision and quality control, and, finally, common marketing of the respective products. These cooperatives can be characterized as single-purpose oriented. Members have to follow strict rules; otherwise they have to cancel their membership.

Decision Makers and Stakeholders

The number of decision makers in the self-governing bodies has been significantly reduced during the transformation process. In general, 5-10 persons run the day-to-day management, of which about 3-7 persons comprise the management board. The supervisory board is typically made up of three persons. In general, all board members devote their time to the cooperative on a part-time basis. Only large cooperatives employ some staff or even a general manager. With respect to the newly established cooperatives the number of persons in the self-governing bodies is kept at a minimum. In general, the management board just comprises three persons, i.e., the chairman, the accountant, and the cashier. In some cases, only the chairman is elected and he is responsible for the day-to-day management. In

addition, one person is elected as supervisor. All tasks are performed on a part-time basis.

Besides the members other groups have a vital interest in the management of the transformed cooperatives, e.g., the local administration. Particularly during the early years after transformation, the local administration seemed to influence the decision-making process. In this respect, the transformed cooperatives can be labeled as multi-stakeholder systems. In comparison, the newly established cooperatives follow very closely the three basic cooperative principles, i.e., self-help, self-responsibility, and self-administration. The members themselves are the driving force in setting up and running their organization. Close links to the local administration are of advantage, but not necessary in managing the day-to-day activities. They can be described as single-stakeholder systems.

Conclusion

During the last 20 years Vietnamese farmers had to adjust not only to the decline of collective farms and the re-emergence of private farming but also to a rapid integration in the global commodity markets. Once farmers were given the incentives, they proved to be very successful and competitive. Impressive agricultural growth rates could be observed. Farmers had to build up self-help organizations on their own in order to meet these challenges. The collective farms could be transformed into service cooperatives; alternatively, new cooperatives could be set up from scratch. In addition, farmers could organize in informal pre-cooperatives; primary cooperatives could form secondary ones. After a slow start an impressive growth of all these types of organizations could be witnessed in recent years. Nevertheless, their development is still hampered by the fact that so far they have not been successful in building up efficient marketing systems of their own. With the establishment of secondary cooperatives, this drawback may be tackled over time. In conclusion, we suggest that a differentiation between transformed and newly registered agricultural cooperatives has its merits, but this distinction may be obliterated over time. All agricultural cooperatives regardless of their historic background will have to perform well to the benefit of their members and to be competitive with other types of business entities. Otherwise, they will disappear from the scene.

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