

COOPERATIVE DEVELOPMENT PLAN FOR VIETNAM



**AGRI
TERRA**



FOR COOPERATIVES

COOPERATIVES FLOURISH WITH ADVICE FROM AGRITERRA



Agriterra wants to strengthen the competitive position of the Vietnamese cooperatives in agricultural value chains and enhance the position of its farmer members as managers, investors and beneficiaries.

AGRICULTURE AND COOPERATIVES IN VIETNAM

Agriculture is the backbone of the Vietnamese economy employing around 60% of the workforce and accounting for 17% of GDP. This means that an average farmer earns less than half of the average income per capita in Vietnam. The challenge is to integrate farmers and their produce into the agricultural value chain so that they benefit more equally to other chain partners. Agricultural cooperatives can and should play a major role in tackling this challenge as we have seen in other countries (i.e. the Netherlands and South Korea). Currently, there are about 11,000 agriculture cooperatives out of a total of 18,700 cooperatives in Vietnam. Only 45% of all cooperatives are considered effective.

Participation of members is very limited due to a lack of **trust** in cooperatives. Cooperative management capacity is really an issue, especially in the field of **business management and planning**. Together with poor cooperative governance and financial management this leads to limitations in **access to finance**. The farmers are aging and there are not many incentives for young farmers to take over the family business. The average farm of 0,5 hectare is small and therefore land consolidation is slowly considered by the Vietnamese government. This is essential to justify investments in **modern farming techniques** by farmers. Due to the above mentioned challenges linkage with (international) markets is rare for cooperatives.

Besides the challenges there are also some interesting developments that create a momentum for transformation of the cooperative sector.

Vietnam is opening its agricultural markets rapidly as a consequence of various international trade agreements. Due to the favourable climate many high value crops are growing in Vietnam and this results in huge opportunities for farmers to export.

However, farmers need to be organised in order to have access to the more profitable and high-end markets or at least organise negotiating power. The Vietnamese government targets to have 15,000 effective agriculture cooperatives by the end of 2020 which is truly challenging within the current context, but it shows their commitment.

Due to the history in cooperative development in Vietnam there is a good cooperative infrastructure in place, federations and alliances have human resources and assets. Changing agricultural cooperatives from commune-based multipurpose cooperatives to commodity focused cooperative businesses led by their farmers is now the government's priority. And they are very supportive with adjustment of legislation and supportive funds. Implementation of this transformation is nevertheless the biggest challenge.





Vu Ngoc Dung

VIETNAMESE COOPERATIVE ALLIANCE

The Vietnamese Cooperative Alliance (VCA) and Agriterra signed an agreement (on 23 March 2017) for a Cooperative Development Plan for Vietnam. The ceremony took place during the Conference on Food Security and was witnessed by the Dutch Vice-Minister of Economic Affairs and the Vietnamese Minister of Agriculture. The intention of this agreement will lead to the transformation of cooperatives into modern companies. Moving from traditional government-led associations to cooperatives led by farmers who invest and benefit from their business. This transition already started in 2013 after the new Cooperative Law, but it is off-track. The Cooperative Development Plan has been endorsed by various ministries and the Dutch Embassy in Vietnam. The Plan is a perfect fit with the main objectives of the Vietnam Agricultural target to be reached in 2020.

Agriterra wants to join hands with the VCA, national ministries, provincial government, non-governmental organisations and (inter) national private companies to implement a comprehensive capacity building Programme.

VIETNAM AGRICULTURAL TARGETS

- Adoption of modern technology by farmers and cooperatives, to strengthen their competitiveness
- Linking to new markets and better management of market information
- Upscaling at all possible and feasible levels

Cooperatives with a track-record of services to members and clear plans to make a difference in the value chain are selected. They need to have realistic ambitions, be committed to invest in their future, are willing to change, are open to innovate in technology, are creating opportunities for youth, and are trying to link to markets.

JOIN THE MOVEMENT

Vital for the success of this Cooperative Development Plan work is to select the best performing stakeholders for each area. Agriterra is therefore looking for the best supporters, financiers, businesses and knowledge institutes to make our common goal a reality. Government institutions, international organisations, knowledge centres, agribusiness and donors all see the need and added value of making Vietnamese farmers and their organisations benefit from the economic growth in this beautiful country. This will lead to a more safe and sustainable food supply, significant income growth for smallholder farmers and better agricultural resources for companies.

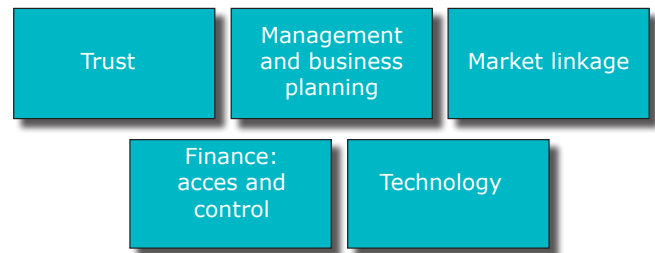
Your organisation or business may be selected to join by:

- Subscribing to the goals and the approach of the Cooperative Development Plan
- Co-developing the working plan in the different focus areas (5) relevant for your organisation
- Providing your best people to improve the capacity of cooperatives in Vietnam in the implementation phase
- Make funds available to implement the Cooperative Development Plan

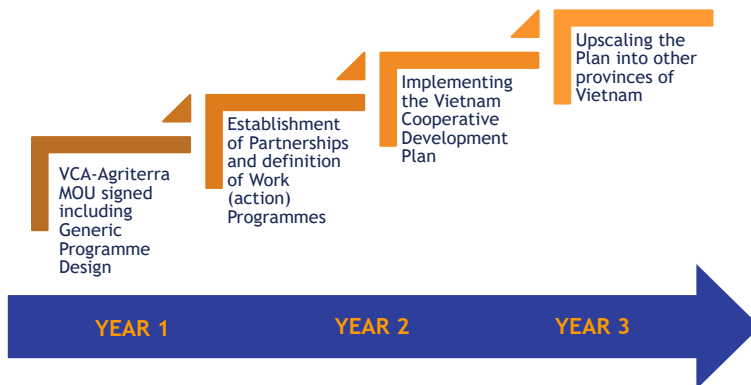
APPROACH

Different consortia of stakeholders will implement activities in five 'focus areas' in coordination with each other to really be able to transform the sector. The activities will be based on commonly defined principles of the Cooperative Development Plan.

Therefore, partnerships will be formed with Vietnamese government agencies, national and international companies, international institutions, financiers and other supporting organisations to work on the 'focus areas' of the plan. The consortia will work together on concrete cases and in a limited amount of regions, to learn lessons from the cooperation and to scale-up in the next phase.



IMPLEMENTATION PLAN



PILOT AREAS AND ACHIEVEMENTS 2017

Agriterra, with the support of the consortia, will start working in four regions with selected cooperatives and to immediately scale up after the first successes, eventually covering the whole country. Two provinces are selected: Quang Nam and Dak Lak.

- The Cooperative Development Plan has been endorsed by the Ministry of Agriculture and Rural Development, the Ministry of Planning and Investment, various Provincial Peoples Committees and the Dutch Embassy in Vietnam.
- Agriterra has initiated the launch of the cooperative network NETCOOP, 12 national and international organisations have signed the MoU.
- A high level exchange visit has been organised to the Netherlands with a focus on Cooperative development in the Netherlands, landconsolidation and access to finance.
- Many international organisations have committed themselves to support the Cooperative Development Plan.



Agriterra is an agri-agency founded by the Dutch agricultural sector that professionalises farmer organisations and cooperatives worldwide in order to better serve the needs and interests of their member farmers.

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