

ILO Viet Nam – Working Paper Series 4

**Employment Creation Potential
of the Ethnic Minority Cooperatives
in Viet Nam**

**ILO-INDISCO study undertaken in
Partnership with the ILO Office in Viet Nam
and Viet Nam Cooperative Alliance**

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ILO
Employment Creation Potential of the Ethnic Minority Cooperatives in Vietnam
ILO Office in Vietnam, 2005

ISBN 1728-3361

Also available in Vietnamese: *Tiềm năng tạo việc làm của các hợp tác xã cho đồng bào các dân tộc thiểu số ở Việt Nam*, 2005

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Printed in Vietnam

Employment Creation Potential of the Ethnic Minority Cooperatives in Vietnam

.....Be they Kinh or Tho, Muong or Man, Gia-rai or Ede, Xo-dang or Ba Na or other ethnic minorities, fellow-countrymen are all sons and daughters of Viet Nam, blood brothers and sisters. Through thick and thin we share together joy and hardship, and help mutually in any circumstance. The country and the Government are common to us. Therefore, our people of all nationalities must unite closely to defend our country and support our Government. Rivers may dry up and mountains may erode but our unity has never diminished.....

Ho Chi Minh

***Letter to the Congress of Ethnic Minorities
Pleiku, 19 April 1946***

FOREWORD

Although the Mekong sub-region as a whole has experienced considerable economic growth in the last decade, ethnic minorities in this region have seen relatively fewer improvements in their living conditions. Notwithstanding targeted Government policies and programmes, the highest levels of poverty in Cambodia, Laos, Thailand and Viet Nam still tend to be found among the ethnic minorities in these countries. Indeed, in some cases, the economic boom in the region has increased pressures on the traditional lands and the natural resource bases of ethnic minority communities, processes which run the risk of decreasing their food security and increasing socio-economic vulnerability.

In recent years, “community empowerment”, “consultation” and “people-based approaches” have increasingly been part of the agenda and methodologies of governments and development agencies. However, the focus has mainly been on household-based approaches, and less attention has been paid to the significant potential of collective action through both formal and informal community-based organizations among ethnic minorities.

With this in mind, the ILO-INDISCO programme initiated a three-country survey on the employment creation potential of cooperatives and self-help organizations among indigenous and tribal communities in Cambodia, Thailand and Vietnam in 2002 and 2003. The objectives of the survey were to generate comparative knowledge about the strengths of, and opportunities for, self-help organizations and cooperatives and assess their relevance for future technical cooperation partnerships with ILO-INDISCO aimed at strengthening traditional livelihoods and job-creation among ethnic minorities in these three countries. Particular emphasis was placed on traditional livelihoods and emerging forms of employment among ethnic minority men and women. In each country, a number of study areas were selected for in-depth data collection and for preparing short case studies. In Viet Nam the survey was undertaken by the Viet Nam Cooperative Alliance (VCA) in coordination with the ILO Office in Viet Nam, the Sub-Regional Office in Bangkok and ILO-INDISCO Programme management in Geneva.

The ILO Office in Viet Nam will use the report of the study undertaken in Viet Nam to incorporate ethnic minority concerns into its Decent Work Country Framework and to support other activities aimed at poverty reduction among ethnic minority groups, particularly through the cooperative movement. A national consultation meeting organized by the ILO Office in Viet Nam and the Viet Nam Cooperative Alliance, in cooperation with the Sub-Regional Office in Bangkok and the INDISCO Programme in Geneva, will discuss the conclusions and recommendations of the study and seek technical and financial support to strengthen the job creation potential of ethnic minority cooperatives in Vietnam.

ILO Office in Viet Nam

ILO-INDISCO Programme
Cooperative Branch, Geneva

Hanoi, August 2005

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CHAPTER 1. INTRODUCTION

The purpose of this study is to review the social and economic position of indigenous and tribal people in Viet Nam with a view to identifying the actual and potential role of the cooperative movement in supporting employment and income generation among them and in helping to preserve and promote their traditional livelihoods. The study also examines the legal and policy framework of Viet Nam as it relates to its ethnic minorities and details institutional structures and special programmes directed at ameliorating the sometimes disadvantaged position of minority groups and of supporting their inclusion in the mainstream economic and social development trajectory of the country. Case studies are used to examine the challenges faced by cooperatives among the ethnic minorities and their responses, as well as to make policy recommendations for the future.

Chapter 2 of the study gives a brief overview of the current situation of ethnic minorities of Viet Nam. Chapter 3 examines some of the probable causes of the relatively weak socio-economic position of ethnic minority groups and Chapter 4 outlines the political and institutional structures and the socio-economic programmes that have been put into place to support the greater integration of ethnic minorities in the country's development. Chapter 5 reviews briefly the role that the cooperative movement has played in Viet Nam and calls attention to recent changes in structure and orientation and Chapter 6 examines the actual and potential role of cooperatives and self-help initiatives in fostering the development of ethnic minority communities. Findings of field studies undertaken in a number of provinces where ethnic minorities predominate are outlined in Chapter 7 and some lessons are drawn. Chapter 8 outlines some, more general, conclusions and makes recommendations for further action by the Government, the cooperatives themselves and by the international donor community.

PART I. THE ETHNIC MINORITIES OF VIET NAM

CHAPTER 2 CHARACTERISTICS OF THE ETHNIC MINORITIES IN VIET NAM

The Socialist Republic of Viet Nam is the homeland of fifty-four ethnic groups of which the Kinh majority comprise almost 86 per cent of the total population, amounting to around 67.8 million people¹. The term ethnic minority is, therefore, used to refer to the members of the other fifty-three groups who have Vietnamese nationality and reside in Viet Nam but do not share the identity, language and other cultural characteristics of the Kinh people. Taken together, these fifty-three minority groups account for 14.35 per cent of the population or around 11 million people.

The ethnic minority groups in Viet Nam differ widely in size and range from five groups, each of which boasts a population of over one million people, to five that have populations of under one thousand. The other 43 groups range in size from more than 100,000, but less than a million, to populations of over one thousand. Table 1 shows the distribution of ethnic groups by size.

A. Geographical distribution

While ethnic minority people are found scattered across all 64 provinces of Viet Nam, the majority (around 75%) live in the mountainous areas, particularly in the Northern Mountains, and remote and border areas which are blessed with abundant natural resources but which are, nevertheless, poor in infrastructure because of their remoteness and the difficulties of access. A smaller number live in the Central Highlands and the remainder are scattered across the south and in urban areas.

Ethnic minorities make up more 50 per cent of the population of nine provinces with five of these nine provinces having an ethnic minority population comprising 80 per cent or more of their total population.² Nevertheless, many ethnic minority groups live in close proximity to each other and there are no areas that are unique to any specific ethnic group, a factor that could have implications for the preservation of the cultural and linguistic diversity of these groups over the longer term. Table 2 details the geographical distribution of ethnic minorities in Viet Nam.

Over the past decade or so, the socio-economic situation of the ethnic minority groups in the remoter areas has been a matter of concern to the Government of Viet Nam and its targeted poverty alleviation programme for the 1715 poorest communes is intended to improve the position of their poorest populations, including, especially the ethnic minorities.

B. Language and Culture

Although the ethnic minorities are often regarded as a homogenous group, there is a high degree of diversity among them with regard to language, kinship systems, life style and beliefs. By way of information, the community of ethnic minorities in Viet Nam falls into eight different linguistic groups. These are:

- ❖ the Viet-Muong comprising 4 minority groups
- ❖ the Tay-Thai comprising 8 minority groups

¹ Estimates for 1999 based on figures from the 1989 census adjusted for average population growth of 2.85% (CEMMA)

² These are: Cao Bang – 96.07%, Ha Giang – 88.83%, Lang Son – 84.59%, Son La – 81.99%, Lai Chau – 80.64%, Hoa Binh – 68.92%, Lao Cai – 66.17%, Bac Can – 55.05% and Kon Tum – 53.02%

- ❖ the Mon-Khmer which consists of 21 minority groups
- ❖ the Kadai is made up of 4 minority groups
- ❖ the Mong-Dao consists of 5 groups
- ❖ the Malayo-Poenesian consists of 5 groups
- ❖ the Han comprise 3 groups and
- ❖ the Tibeto-Burman consist of 6 ethnic minority groups.

The Government of Viet Nam is committed to preserving this diversity and ethnic minorities are entitled to use their own languages or dialects, and scripts and to preserve their unique traditions, customs and cultural characteristics.

C. *Livelihoods*

In view of their geographical location in remote and mountainous areas for the most part, self-employment in mainly subsistence. Agriculture and the informal economy are the main source of livelihood for most ethnic minority people, although this is changing as the Government's poverty reduction strategies open up the remote areas and enhance access to education and other facilities. Wet rice is grown in the valleys and corn and other dry crops on terraced fields. More recently perennial trees with commercial value – such as cinnamon and anise – are being planted. Where swidden cultivation existed it is giving way to more settled forms of cultivation under pressure from Government programmes concerned with the preservation of forests and the sedentarization of nomadic peoples. Access to forests has also been important to the livelihood strategies of ethnic minorities, a fact which is being taken into account in the land allocations programme of the Government in its distribution of land usage rights to local populations.

For the most part, simple farm technologies and low productivity characterize ethnic minority agriculture. However, the areas in which minority groups predominate are rich in natural resources and there is considerable potential for the commercial exploitation of these resources as infrastructure is developed to facilitate access. The revival and commercialization of traditional crafts such as weaving are opening up new sources of livelihood in ethnic minority areas, as is tourism (and especially eco-tourism) that is only just beginning to be recognized and exploited.

D. *Education*

Ethnic minority populations (and especially women and girls) continue to have lower levels of education and literacy than the Kinh majority, and available data suggests that the 6% of illiterate people in Viet Nam³ live in remote rural and mountainous areas and that most are from ethnic minority groups. Notwithstanding Viet Nam's Education for All Programme, net enrollment rates for ethnic minority children in primary education vary widely ranging from 41.5% to 95% among different groups. The reasons for this situation are found both in the several disadvantages that ethnic minority children face, including the lack of a conducive environment and the inability to speak Vietnamese, the language of instruction and the generally poorer quality of education obtaining in the remoter areas. A number of pilot programmes are under way to promote bilingual education at primary level, to provide pre-school and boarding facilities for ethnic minority children and to improve the literacy of ethnic minority women. It is hoped that the new generation of young educated ethnic minority students will redress the shortcomings in the availability of bilingual teaching staff in the near future.

³ Viet Nam has a 94% literacy rate, one of the highest levels among countries at a similar level of development.

E. *Health*

Considerable progress has been made in the past decades in improving the health of the population of Viet Nam but while many vital health indicators are comparable to countries that have substantially higher levels of per capita income, inequalities are surfacing between the rich and the poor and between one region and another. While child mortality has declined remarkably, child malnutrition remains high. In general, health indicators are worse for the Central Highlands and Northern Uplands than for the rest of the country as are inequalities in access to health services. Efforts to reach the poor through Health Financing for the Poor based on user exemptions have not been especially successful in Viet Nam. In 2002 the 9th Party Congress requested the Government to enact policies on health allowances and health insurance for the poor that would gradually advance towards the universalization of health insurance and the Strategy for People's Health Care (2001 – 2010) and the National Nutritional Strategy covering the same period is intend to focus significantly on improving the nutritional status of the Vietnamese population and particularly the ethnic minorities. A new Health Care Fund for the Poor was also set up in 2002.

F. *Poverty*

Recent data indicate that overall poverty rates for ethnic minority groups have declined at a slower rate than for the general population and remain high at 70 per cent in 2002⁴. The food poverty rate for ethnic minorities has shown similar trends. At 29% of the poor, ethnic minorities account for a disproportionate share of the poor in Viet Nam, and this despite the many policies and programmes undertaken by the Government in recent years with a view to redressing this situation. A number of factors account for this high incidence of poverty among ethnic minorities and include: geographical isolation or physical remoteness; low access to credit and productive assets; limited access (due to remoteness) to quality social services with negative consequences for education and health; and limited participation in government structures and public life.

G. *Political participation*

With 17.3 per cent of seats in the National Assembly, ethnic minorities enjoy a higher level of representation than the national average. However, their participation in provincial bodies is lower and while it tends to increase at the grassroots level of the commune, it does not always reflect the ethnic composition of the local community. Literacy rates appear to be a decisive factor in participation at this level and works to the disadvantage of the less well-educated groups, including ethnic minority women. While the lack of disaggregated data makes it difficult to determine the actual level of participation of the ranks of the civil service and among the public service cadres mandated with the delivery of such services as health and education, there are indications that this is relatively low. This sometimes works to the detriment of the quality of services at the point of delivery.

Current changes to government structures, including the decentralization of administrative services and the effective implementation of the Grassroots Democracy Decree may provide fresh opportunities to strengthen participation of local population groups in the design and implementation of development initiatives that have local relevance. However, this presupposes a higher level of education and information than currently prevails. A number of initiatives are currently underway to strengthen the leadership and project management skills at the local level.

⁴ Closing the Millennium Gap, UN in Viet Nam, 2003

CHAPTER 3 CAUSES OF THE WEAK SOCIO-ECONOMIC DEVELOPMENT OF ETHNIC MINORITY GROUPS

As the foregoing chapter indicates, ethnic minorities in Viet Nam have tended to become excluded from the remarkable socio-economic development that has been characteristic of Viet Nam since the institution of *doi moi* in the latter half of the 1980's. While the main challenge to their inclusion often lies in their geographical isolation, they also face other problems that the Government is attempting to address especially through its targeted programmes for poverty alleviation. Some of these challenges are discussed below.

Geographical isolation and poor infrastructure has resulted in a slower pace of growth in many of the provinces in which ethnic minorities predominate. Livelihood systems are still based largely on subsistence agriculture using basic production systems and technologies. Irrigation that might help farmers to intensify and diversify production is lacking and productivity is low. Access to markets is seriously hampered by the lack of good access roads and adequate transport networks. Where off-farm business activities have been created they are in urgent need of support through entrepreneurship training, business development services and business associations. Both central and provincial governments have recognized these problems and are addressing both the provision of infrastructure and the need to create new business opportunities that increase investor attractiveness. Commercial farming and off-farm processing industries are two possible directions of change. However, this in turn, requires greater investment in human resources development both of local minority populations and among cadres in governmental support structures such as rural extension workers.

In addition, markets in mountainous areas are unstable and unorganized and production is not yet sufficiently closely linked to market demand. Greater attention would need to be paid to the marketability of products, especially where new commercial ventures, linked to international markets, are concerned. The fall in the prices of many commodities, including coffee, and over-production have affected Vietnamese farmers negatively in the recent past, calling into question the wisdom of single commodity crops.

While the Government of Viet Nam has instituted a number of policies and programmes directed at poverty alleviation and the support of the poor, these are not always optimally implemented. Lack of human resources is one constraint faced by these programmes; poor communication between central, provincial and grassroots level another. This is particularly evident in the fact that the credit facilities intended for the poorest families do not necessarily reach their intended targets, many of whom are not considered creditworthy by officials at the local level.

As the foregoing section suggested, upgrading the skills of the local cadres and building a better understanding between them and the groups they serve will be essential to the effective implementation of the whole gamut of policies designed to enhance the lives of the poor, including the ethnic minorities.

Although State investment in health, education and culture for the ethnic minorities has increased considerably it is still insufficient to meet the needs of the poorer areas. In addition, as was noted above, increasing the quality of public services at the point of delivery would require a review of the skills (including language skills) of service providers in ethnic minority areas. This is particularly important where education is concerned as this is the key to the economic and social mobility of many of the minority groups. Ethnic minorities themselves are often too poor to contribute in cash to any of the programmes and must look to the State for assistance, as in the case of their access to preventative and curative health care. This is also

true of their ability to invest adequately in land allocated to them for productive use and argues a sound case for the strengthening of the cooperative movement in these areas.

While a number of targeted infrastructure and socio-economic programmes are implemented across neighbouring areas, they are often implemented in isolation of one another. Greater coordination of programmes across contiguous regions could facilitate economies of scale and lead to the more effective use of resources, both human and financial.

CHAPTER 4. POLITICAL & INSTITUTIONAL STRUCTURES

A. *The Legislative and Policy Framework*

Non-discrimination against ethnic minorities is enshrined in the Constitution of the Socialist Republic of Viet Nam. Article 5 of the Constitution of 1992 states that the State “implements a policy of equality, unity and mutual assistance among the nationalities” [that comprise the country] and “strictly prohibits all national discrimination and divisive behaviours”. It also states that “all nationalities have the right to use the spoken and written languages, preserve the national identity and promote the customs, habits, fine traditions and cultures of their own” and that the State “implements the policy of all-sided development and step-by-step improves the material and spiritual life of ethnic minorities.”.

A similar message is contained in the documents of the Seventh National Congress of the Communist Party of Viet Nam that stressed the importance of implementing a “policy of equality, unity and mutual assistance among ethnic groups, creating conditions for their development ...”. It also underlined the need to respect cultural traditions, languages and customs and beliefs of various ethnic groups and stressed the importance of ensuring that socio-economic policies must be appropriate to the particularities of the various ethnic groups.⁵

These sentiments have been reflected in subsequent development policies and strategies and a number of Decrees have been promulgated to give substance to the Government’s policy of paying special attention to the socio-economic development of ethnic minorities, including those in the remote and mountainous areas whose situation is seen as requiring targeted interventions. Key decrees include: Decision 135 (July 1998) on the programme on socio-economic development in mountainous, deep-lying and remote communes with special difficulties (also known as Programme 135); Decision 133 (July 1998) on the National Target Programme on Hunger Eradication and Poverty Reduction (HEPR); and Decision 59 on the functions, responsibilities, authority and organizational structure of the State Committee for Ethnic Minorities and Mountainous Areas Affairs (SEMMA).

B. *Economic Policies, Poverty Alleviation Strategies and Ethnic Minorities*

Programmes 133 and 135 are especially relevant to the steps being taken to enhance the socio-economic situation of the poor, including the ethnic minorities. Together they comprise an important component of the Government’s Poverty Alleviation Strategy the goal of which is to achieve geographical equity for the midlands and mountainous areas with a view to narrowing the development gap with the lowland areas.⁶

The HEPR (Programme 133) is a framework programme comprising nine components, namely: infrastructure for poor communes, support for disadvantaged ethnic groups, sedentarization of nomadic populations, resettlement of people in new economic zones, guidance for the poor in business skills, credit, health care, education, support to the expansion of industry and trade (off-farm employment) in poor communes and training poverty reduction workers in poor communes. Resources for the HEPR come from several sources and are expected to be coordinated and spent strategically for different purposes at all levels, including the communal. A number of Ministries are involved in the implementation of the HEPR programme in their own areas of competence and the mass organizations, such as the Viet

⁵ Excerpts from documents of the 7th National Congress of the Communist Party of Viet Nam, 19

⁶ SRV, Strategy for Socio-economic Development 2001 – 2010, endorsed by the 9th Congress of the Communist Party of Viet Nam.

Nam Women's Union and the Viet Nam Youth Union also work to support poor groups' access the services, and especially the credit facilities provided through the HEPR. Other components of the HEPR include rural infrastructure development and extension services under the auspices of the Ministry of Agriculture and Rural Development; the construction of schools, literacy and informal education programmes and vocational training by the Ministry of Education and Training and the provision, through the Ministry of Health at all levels, of medical cards for free treatment to the poorest households, vaccination campaigns and the construction of health centers. The State Committee for Ethnic Minorities and Mountainous Areas Affairs (SEMMA) also taps into HEPR funds for special programmes in support of the smallest ethnic minority groups and coordinates large infrastructure programmes. The HEPR is coordinated and managed by the Ministry of Labour, Invalids and Social Affairs (MoLISA) under the direction of the Prime Minister. Its achievements up to 1999 are reported to include, subsidized credit to four million households, training in entrepreneurship for over 3 million people, free medical assistance (medicards) to around 3.4 million poor, exemption from school fees for more than 1 million students, who also received free text books. In addition, in mountainous areas, the Government operates subsidization schemes for the provision of basic household goods and agricultural inputs such as seeds, fertilizers and pesticides) and subsidizes the transport of products to the main urban centers. However, it has been noted that the impact of these subsidies on the poorest people, including some ethnic minority people is relatively limited because of their limited use of such farm products and the largely subsistence nature of their farming

Programme 135 or the Programme for Socio-Economic Development in Communes Faced with Extreme Difficulties in Mountainous and Remote Areas focuses on the development of 1,715 poorest communes in Viet Nam, the large majority of which are in the mountainous and remote areas where the ethnic minorities predominate. It is worth noting that the criteria for identifying the poor communes that would benefit from Programme 135 include: distance from urban areas; poor infrastructure; low educational levels with over 50% illiteracy, poor health care, backward customs and lack of access to media; difficult production conditions, lack of productive land and a dependence on forest gathering and swidden cultivation. In addition over 60% of the households in the commune are defined as being poor and many suffer from chronic hunger. Many of these criteria apply to ethnic minority groups.

The main focus of this programme is on infrastructure including irrigation, roads, electricity, water supply, schools and health facilities. With its emphasis on the poorest communes the Programme benefits all the people of the commune and not just the minority communities within it and it is possible that the less poor and better placed people in the poorest communes are more likely to access and benefit from the HEPR programme and Programme 135. It is also difficult to determine what percentage of the beneficiaries are from ethnic minority groups.

The Government Programme 120 for Employment Promotion is also related to the poverty alleviation programmes and involves the provision of credit and vocational training to encourage small-scale rural enterprises with a view to rural diversification and the creation of off-farm employment. While animal husbandry has proved popular among farmers seeking to diversify their incomes, the lack of business development services and other support mechanisms has acted as a constraint in this field.

The sectoral programme for the socio-economic development of the mountainous regions and ethnic minorities of the five-year *Socio-economic Development Plan (2001 – 2005)* pays careful attention to the development of the rural economy, with special reference to agriculture and forests and to the building of close links with processing industries. The goals are

renovating and modernizing the rural economy, ensuring national food security and creating favourable conditions for all regions to develop equally with due regards for the advantages and potentialities of each. As was noted earlier, agriculture, including forestry, are key elements in the livelihood strategies of most ethnic minorities and developments in these areas are likely to have a beneficial effect on their socio-economic situation. However, this would require careful attention to the introduction of appropriate technologies and extension services that take account of, and utilize, the traditional knowledge of indigenous farmers.

C. *The Institutional Framework*

Concern for the welfare of the ethnic minority people of Viet Nam dates back several decades. A Department for Ethnic Minority Affairs was established in 1946 under the Ministry of the Interior. In 1955 it became the Sub-Department for Ethnic Minority Affairs under the Department for Internal Affairs of the Office of the Prime Minister. In 1959 it became a ministerial level agency with the title of the Committee for Ethnic Minority Affairs. It is now styled the State Committee for Ethnic Minority and Mountainous Area Affairs (SEMMA) and is responsible for the formulation and implementation of policies with regard to the development of ethnic minority and mountainous areas. Specifically, its tasks include⁷:

- ❖ to study and make policy proposals on ethnic minorities and mountainous areas;
- ❖ to participate with Ministries and mass organizations in the development of specific and specialized policies on ethnic minorities and mountainous areas;
- ❖ to direct, monitor and inspect the implementation of policies on ethnic minorities and mountainous areas by ministries and sectors; and
- ❖ to directly implement the specific projects and programmes on ethnic issues and socio-economic development in the mountainous areas delegated to it by the Government.

At the central level SEMMA comprises a number of management units as well as a Research Institute for Policies on Ethnic Minorities and Mountainous Affairs, an Ethnic Minority and Mountainous Area Review, a Training Institute for Cadres of Ethnic Minority Development and a Data and Information Centre.

At the provincial and local levels SEMMA works through Departments of Ethnic Minority Affairs in provinces and cities with minority populations of more than 100,000; Departments of Ethnic Minorities and Mountainous Area Affairs of cities and provinces with an ethnic minority population of between 50,000 and 100,000 persons; Offices of Ethnic Minority Affairs or of Ethnic Minority and Mountainous Areas Affairs under the People's Committees or Councils of the provinces or cities which have ethnic minority populations of under 50,000 persons. However, if the majority population of a commune or district belongs to ethnic minority groups, there will be a full-time cadre working under the People's Committee or Council at the local level. SEMMA is mandated with the administration of Programme 135 described above.

While not specifically mandated to support ethnic minority groups, Viet Nam's mass organizations are expected to support and to provide voice and representation for particular populations groups (e.g. The Viet Nam Women's Union (VWU) is the body charged with the well-being of all Vietnamese women). They work with various population groups across the country and at all levels, from the national to the grassroots level. The most relevant to this discussion are the Vietnamese Women's Union, the Youth Federation and the Farmers' Union that are mandated to support their respective constituencies, including in the pursuit of

⁷ SCEMMA website

occupations and incomes. The Viet Nam Women's Union is particularly active in its support of income generating activities for women at the grassroots level and uses self-help groups as one of its modalities for expanding the employment opportunities and livelihoods of poor rural women, including those from ethnic minority communities. Chapters of the VWU are found in every commune and village and have proved to be very effective delivery mechanisms for programmes directed at the betterment of local women. Many donors, including the ILO, have worked closely with the VWU to deliver assistance to women at this level. The VWU was founded in 1930 and now has a total membership of 11 million women.

The Viet Nam Cooperative Alliance, which is the national-level umbrella organization for all cooperatives in Viet Nam, also plays an important part in providing support and services to ethnic minorities and other rural populations. It is mandated with promoting the development of cooperatives and the cooperative economy; providing consultancy services and technical support to its members and of representing them in internal and external relations. The VCA also represents the cooperative sector vis-à-vis the Government and other State bodies. It operates through a wide network across the 64 provinces of Viet Nam and is to be found at all levels from the central to the local and its services include legal support and assistance, technical services, information, finance, credit and marketing.

While national Non-Governmental Organizations (NGOs) are still in their infancy in Viet Nam, international NGOs inter-governmental organizations, including the UN family and other international donors support the Government's efforts to alleviate poverty across Viet Nam, including in the areas where ethnic minorities predominate. Efforts range from support to infrastructure development with particular reference to access roads and irrigation systems to support for income generation activities, health care and education.

PART II. COOPERATIVES IN VIET NAM

CHAPTER 5. THE SITUATION OF COOPERATIVES IN VIET NAM

Cooperatives have been a cornerstone in the development of the collective economy on which Viet Nam's socio-economic development was originally founded and have played a significant role in the construction of the country. In the context of a planned economy, the Vietnamese cooperative movement was a powerful actor that was able to mobilize a substantial proportion of the population to contribute to the renovation of the rural economy, to create jobs for the labour force and to build the infrastructure necessary for primary cooperatives.

In 1986, the Government of Viet Nam initiated a reform process to move from a centrally planned economy to a socialist market economy under the management of the State. In the agricultural sector, given de-collectivization and the allocation of land and decision-making on its usage to individual families, the rural household became the basic unit of production and the cooperatives have had to refashion themselves into business undertakings operating in a liberalized market economy. Autonomy, self-reliance, profitability and accountability to their membership became the guiding principles of the cooperatives. Cooperatives and other collective production groups that were unable to make this transition were dissolved by their membership while others were able to restructure their organization and business activities to survive. Between 1988 and 1994, 2,950 cooperatives (or 17.4%) and 33,800 production groups (or 93% of the total number) were dissolved.⁸ At the end of 1994 a total of 16, 243 former agricultural co-operatives and 2,548 production groups existed throughout the country accounting for around 64% of all farm households.⁹

The new Law on Cooperatives was approved by the National Assembly in 1996 and came into effect on 1 January 1997. This law constitutes the single most important document governing the new model of cooperative and outlining its ideological basis. Based on principles enunciated by the International Cooperative Alliance, the Law on Cooperatives defines cooperatives as self-reliant economic organizations established by individuals, households and legal entities who recognize a mutual need or benefit and are willing to contribute capital and productive capacity in the effective undertaking of production and business activities for their mutual benefit, to improve the physical and spiritual lives of the members and to contribute to socio-economic development.¹⁰ It is also increasingly recognized that "new style" cooperatives must be owned and controlled by their members, and must function as autonomous and independent institutions that are dedicated to both the economic and the social well being of their membership.

As was noted above, since the enactment of the Law on Cooperatives, over four fifths of the "old style" cooperatives have transformed into new ones under the Law, and others have been dissolved. New cooperatives have also emerged in a number of fields. As of December 31st 2001, there were 13,986 cooperatives and cooperative unions in the whole country, of which 8,726 were agricultural cooperatives and 5,260 non-agricultural cooperatives. Of these, 4,595 are newly established cooperatives and cooperative unions. Cooperatives per se, whether transformed or newly established and registered, account of 92% of that number or 12,911 cooperatives. Around 900 Peoples Credit Funds have also been set up as cooperative savings and credit institutions under VCA aegis. As was noted earlier, the Viet Nam Cooperative

⁸ B. Harms: Towards a New Cooperative System in Viet Nam. FAO 1996

⁹ Ibid

¹⁰ The Law on Cooperatives, 1997

Alliance (VCA) is the umbrella organization that provides national representation and voice for the cooperatives of Viet Nam and pulls them together in a countrywide supportive network.

An evaluation of the role of the cooperative in the socio-economic development of Viet Nam demonstrates that:

- The cooperative economy and cooperative bodies have contributed significantly to socio-economic development in the country. In 2001, the turnover of the cooperative sector reached VND 42,000 billion (accounting for 9% of the GDP of the country), having increased by 11% in comparison with the same period of the previous year. In addition, if one were to take into account the contribution of the 240,000 simple cooperative groups, the cooperative economy and cooperatives contributed to more than 20% of GDP. In that year, the large majority of cooperatives were able both to fulfill their duty to the State budget and to increase their reserve funds.
- The cooperative economy has made a significant contribution to implementing the country's socio-economic development strategies at local level. These strategies are contained in the targeted socio-economic programmes, such as the programme on rural employment creation, the re-forestation programme, the HEPR programme and Programme 135 for ethnic minorities and mountainous areas.
- The cooperative movement has also been able to play an important role in addressing many social issues such as the creation of employment and incomes for tens of millions of members and workers, addressing some of the negative effects of the transition to the market and fostering mutual help and solidarity at the local level in the efforts towards poverty alleviation and the elimination of hunger.

In view of this performance the Government intends to develop the collective economic sector and looks to the Law on Cooperatives to stimulate the emergence of new style cooperatives with a view to promoting household autonomy in supplying services and inputs and in marketing outputs. By bringing groups of people engaged in similar activities together cooperatives should help to strengthen their bargaining position and to facilitate their access to credit and productive resources as well as to markets. While they have yet to establish themselves firmly, new style cooperatives represent a potentially exciting new way of working together at the local level in pursuit of new ways of doing business as well as of accessing new products and markets.

CHAPTER 6. COOPERATIVES AND LIVELIHOODS IN ETHNIC MINORITY COMMUNITIES IN VIET NAM

While cooperatives operate in all 64 provinces of Viet Nam, this paper concentrates on the cooperatives of the 19 Northern mountainous provinces where the populations are made up primarily of ethnic minority groups. Six provinces - Hoa Binh, Bac Can, Thai Nguyen, Ha Giang, Cao Bang, Tuyen Quang – were surveyed for the study but similarities allow for extrapolation to other ethnic minority provinces

A. Cooperatives in Ethnic Minority Areas

As Table 3 demonstrates, cooperatives have assumed considerable importance in the 19 predominantly “ethnic” provinces of the Northern Mountains. VCA data indicates that there are now around 3,340 cooperatives in these 19 provinces, the bulk of which are in the agricultural sector. Industrial and transport cooperatives are also increasingly evident and there are some consumer, trading and construction cooperatives. Craft villages, dedicated to keeping alive Viet Nam’s traditional crafts are also becoming an increasingly visible form of collective production. VCA data also suggests that new style cooperatives are playing an active role in creating jobs and stabilizing ethnic minorities’ lives and livelihoods.

While the old style cooperatives existed in the Northern Mountainous provinces at the time of the transition from a centrally planned economy into a socialist market economy they were recognized even then as having played a relatively marginal role in the economies of these provinces. With de-collectivization in 1989 some cooperatives were unable to make the transition to the more business-like structures required of market economy institutions or to solve problems relating to both production and the living standards of workers and were eventually dissolved.

With the issuance of the Law on Cooperatives and the related policies of the State, the collective economic system has been consolidated and renewed in the mountainous areas and many new agricultural cooperatives have been established and are operating effectively. However, while they have been able to gain the support of ethnic minority and other farmers, the management systems and the abilities of the managerial personnel of some types of cooperatives - in trading, transportation, credit, and processing - are still weak and their business operations have not been defined properly. They also suffer from shortage of capital and inadequate facilities but many have been able to overcome immediate difficulties to operate effectively, resolve employment issues, utilize human resource potentialities in the mountainous and rural areas, stabilize their position and play a supportive roles to autonomous farming households. Many cooperatives have transferred their activities into the area of general trading and have linked material supplies with occupational development, especially with regard to the traditional occupations and crafts of minority groups in rural areas. Part III below discusses some examples of these new ventures.

B. Other Sources of Employment and Livelihoods

With Viet Nam’s transition to a market economy and its growing integration into the global market new opportunities for livelihoods and employment are emerging, including in the mountainous areas where ethnic minority predominate. Commercial agriculture for domestic and export markets is one new option, although the mono-cropping favoured in some areas has increased the vulnerability of small producers to market fluctuations. The Government’s policy of support for rural diversification has also led to a plethora of new activities from

animal husbandry to off-farm processing and the development of small industry. Tourism, including eco-tourism is also being increasingly recognized as a potential source of jobs and livelihoods and the traditional crafts of the ethnic minority peoples are coming increasingly into their own as products with a high market value. However, limited knowledge of, and access to, credit, entrepreneurship and management skills and markets are still serious hindrances.

The burgeoning private sector in Viet Nam is another potential source of jobs and livelihoods for ethnic minority groups. Before 1990, this sector only accounted for a small proportion of the economy of the mountainous regions both in terms of numbers of workers and the value of production and business compared with the State economy and the cooperative economy. However, since the Enterprise Law came into effect in 2001, the number of private enterprises in the mountainous areas has increased very fast, mainly in the areas of trading, services, small industry and handicrafts. In 1998, the number of non state industrial units in the mountainous areas reached 78,725 units, accounting for about 13.33% of the total enterprises in the country and creating hundreds of thousands of jobs for workers in minority ethnic regions. They also provide a variety of basic commodities and their production needs have encouraged the expansion of the economy and contributed to local budgets.

Like the cooperative and private sectors the household economy also plays an important role in generating jobs for ethnic minority workers especially in view of the State policy of allocating agricultural and forest lands to households. The business and production practices of thousands of families who have been allocated hilly and forest lands in the mountainous areas suggest that ethnic minorities are capable of exploiting this land effectively to create livelihoods for themselves. The development of combined agriculture and forestry has constituted a turning point for developing the farming economy in the mountainous areas, and there are now approximately 95,000 farms with 450,000 workers, accounting for 88% of the all farms and 62% of all workers nationwide. The average capital per farm in 1999 in Son La, Yen Bai and Lao Cai provinces was estimated at about VND 301.15 million in which the equity capital was VND 288.15 million or 93%. It would appear therefore that the incomes and jobs of ethnic people are likely to become increasingly stable and that many households will be able to move out of poverty. However, as was noted earlier, many of the poorer ethnic minority groups often cannot afford to invest adequately in the land allocated to them and could benefit from more cooperative forms of production

PART III CASE STUDIES OF ETHNIC MINORITY INITIATIVES

CHAPTER 7. FINDINGS OF THE FIELD STUDY

Seven case studies were undertaken of cooperatives and other communal income generating initiatives owned and run by ethnic minority communities with a view to identifying both successes and failures and drawing lessons for possible future cooperative action in these areas. The seven cases were: tea production and processing in Van Han Commune, Thai Nguyen province; flax weaving in Ha Giang; brocade weaving in Mai Chau, Hoa Binh province; metal forging in Quang Yen, Cao Bang Province, agriculture and agricultural services in Dong Tien, Lang Son Province and in An Thuong, Bac Giang Province and the traditional craft villages in Tuyen Quang Province.

A. *Hung Thai Tea Processing Cooperative - Van Han Commune, Dong Hy district, Thai Nguyen Province*

Hung Thai cooperative was established in 2001 and it specializes in purchasing, processing and selling selected agricultural products such as tea and dried litchies. The cooperative has 11 members and 40 contracted workers. Ethnic minority people account for 40% of the total membership and workers of the cooperative. This is the only cooperative in Van Han commune which has a population of approximately 9,000 persons in 1,970 households. The commune itself brings together nine ethnic groups, namely: Kinh, Nung, Cao Lan, San Chi, Muong, Thai, Kho Me, Dao, and Mong. The Nung account for 50% of the commune. The traditional jobs of the commune have always been the picking of tea, the collection of firewood and wage labour. Although the local authorities have concerned themselves greatly with the cooperative, the incomes and living conditions of its members remain poor and their educational attainment is low.

Since the cooperative has been set up very recently its building and facilities are cramped within a limited area of 400m² that houses both the head office and the processing units. The share capital of members is low and its equity is also low. It has had to borrow VND 120 million from private sources. This sum has been invested in the purchase of a twisting machine and a drying machine for processing tea. A drying stove for litchis was built of brick and uses coal dust, a production method that does not meet hygienic and safety criteria for foodstuff. The production capacity of the cooperative depends to a great extent on the length of the harvest season and on the harvest itself. The season for tea is seven months a year and that of litchis is one month a year. The cooperative's net profit for the first six months of 2002 was around VND 6 million (or somewhat under US \$400). As the area is a tea growing one, the cooperative can collect raw materials easily through its members who all have hillsides on which they grow the tea. The tea is then processed under order to exporting companies and exported directly from the factory to nearby locations.

However, due to its rudimentary and limited production facilities the commune cannot expand its production, and so, its markets. In particular, it needs to invest in more, and cleaner, machines in order to increase production, improve working conditions and prevent pollution from the coal fired ovens. The cooperative would like to borrow from the banking system but lacks the collateral to do so. The greatest difficulty is, therefore, the lack of capital and the difficulty it faces in accessing credit (and possibly the subsidized credit available under the HEPR programme). Vocational training is also considered one of the most important issues at present, particularly for the women in the commune because the picking of tea and other tasks require their manual dexterity and skill.

B. *Hop Tien Flax Weaving Cooperative - Hop Tien hamlet, Lung Tam commune, Quang Ba district, Ha Giang province.*

Hop Tien flax weaving cooperative was established on 8th January 2001 with the total of 65 members, all of whom belong to the H'Mong ethnic group. The management board consists of a chairman, a vice chairman, a chief accountant working concurrently as supervisor and four executive members of the Board. Women account for 97 % of the total membership of the cooperative and there are 4 women in the Management Board or just over half its membership.

Traditionally the people of Lung Tam commune cultivate land for growing mainly maize and flax. Previously, H'Mong women wove fabric out of flax to make clothes for themselves and their families. Today, in the context of a market economy, industrially produced fabrics are cheap and plentiful so traditional clothes are only made for use during local festivals and each person has only two sets of traditional clothes for their whole lifetime.

The 65 members of Hop Tien Cooperative participate in the whole range of its activities from cultivating, harvesting, slivering, twisting and weaving the flax. Each family has from one to three looms with the number of looms depending on the number of women in each family. The looms themselves are made by the men of the commune using traditional technologies and designs. The thread is spun by hand and the fabric is woven as plain cloth without a flower pattern. At the point at which the women turn the fabric into clothes they use a beeswax technique to paint on the raw cloth and to create the unique patterns of the H'Mong ethnic minority group. The cooperative collects materials and finished products from members and stores it in the warehouse, which also serves as the head-office. The Hop Tien Cooperative is the only one in the Quang Ba district that has been allocated land and construction materials by the commune authorities in order to build its head-office cum warehouse where the members can stockpile finished products until they receive orders or exchange the brocade embroidery techniques. Brocade embroidery is a by-product of the cooperative.

The cooperative appears to be lacking in entrepreneurial and managerial skills and has not taken the initiative to set up proper production and business plans. As a result, when the cooperative receives a number of orders, the chairman often refuses them for fear of not being able to deliver on them and of risking fines and a loss of prestige. The upshot is that the cooperative has lost many opportunities of doing business and of expanding markets and production. This is unfortunate since the cooperative has the potential, and the production capacity, to develop into a sound, and lucrative business venture. For example, with the assistance of Ha Giang Cooperative Union, the cooperative attended the 2001 Autumn Trade Fair organized by Viet Nam Cooperative Alliance in Ha Noi. Its flax cloth products were awarded a gold medal at the trade fair and sold quickly in large quantities (The turn over at the trade fair was VND 60 million – approximately \$4,000). After this event many buyers have visited the cooperative to place orders for its products.

The work provided by the cooperative is appropriate and decent work for women. It allows them to work out of their homes, thereby combining domestic chores and childcare, and farming activities such as animal husbandry with weaving. The weaving can also be done at their own pace. Ninety seven per cent of the women said that they use handlooms which are relatively quiet and have low dust emissions. They also pose no danger to workers, or to other family members.

Flax weaving plays an important role in the livelihoods of the weavers and their families, being the main source of cash incomes, since the maize and other crops which are grown are primarily for domestic consumption. This makes the expansion of the cooperative's business all the more important and underlines the urgency of entrepreneurial training for the chairman and members of the Board

The net income of the cooperative in 2001 was a respectable VND 300 million (US\$20,000) after expenses were deducted. The chairman attributed this achievement to the changes of the State's policies in support of rural diversification and the preservation of traditional crafts. He also acknowledged the role of local authorities in providing better infrastructure and communication networks that have allowed the cooperative access markets across the country.

It is evident that the Hop Tien Cooperative has been able to find a lucrative market niche for its products that is likely to be sustainable in the long term. It has the added advantage of building on the traditional skills of its people to provide a quality product while preserving the cultural heritage of the minority concerned. Its great weakness, which is likely to hamper its expansion in line with its productive capacity, is the lack of entrepreneurial skills of its leadership. While past success can be attributed to support from the higher levels of the cooperative movement and the communal authorities, the long term sustainability of the cooperative and its expansion will require entrepreneurship training for its management Board, especially with regard to the planning of production and marketing.

C. Brocade Weaving in Hoa Binh province:

Brocade weaving is a traditional craft of Nung and Thai women, which was bequeathed to them a long time ago. Nobody in the mountain village knows much about its origins that they claim was in the time of their distant forbearers. However, even today, all girls and women are expected to know how to weave brocade and to use the technique to make clothes and blankets for themselves and their families. In the past, people in the commune were entirely self-supporting in the manufacture of clothing. Every family cultivated cotton in the fields on the mountains. Ripe cotton was harvested and spun and natural dyes made of leaves were used to colour the cotton fiber. The manual dying technique is astonishingly sophisticated and the colours are both durable and very beautiful.

Since 1993, and with Viet Nam's transition to a market economy, this handmade brocade has become commodity with considerable commercial value. Many customers from the plains visit the commune to order the brocade that sells for VND 80,000 to VND 100,000 a meter. Originally, the designs were created by the weavers themselves on the basis of traditional patterns and skills. However, as of 1995 the markets for which the brocade is produced have changed. The commune's customers now order scarves for which they provide both materials and models. These are woven using standardized processing techniques that are far simpler than the traditional techniques and workmanship of the weavers. The advantage is that within a short time, all the women of the commune have been able to participate in this work. Brocade weaving has achieved a commercial standing but it is now essentially a commodity produced for the market and there is a danger that the special and sophisticated designs of traditional brocade will not be developed and used and will, in time, be lost.

The study in Na Pham commune – Mai Chau district – Hoa Binh province showed that all the women of the five hamlets that comprise the commune do brocade weaving. Many of the families have two or three looms, the numbers depending on the number of economically active women in the family. (When daughters in the family reach the age of 14 or 15, their parents usually provide them with separate looms). In total there are 332 households doing brocade weaving and 450 looms in the whole commune. The total labor force in the commune is 779 people of whom 17 (or 4%) are specialized in other activities. Of the 405 women workers of the commune, 396 (or 98%) are engaged in commercial weaving. Their production depends entirely on customers who determine product, time and quantity. In each family the work is divided along gender lines with men doing the spinning and women responsible for the

weaving. Older family members and sometimes children of between 10 – 12 years old also participate in spinning. Looms are made by the men in family.

Unlike the Hop Tien cooperative which depends heavily on its weaving for its livelihood, most families in Na Pham commune consider brocade weaving as supplementary work to increase family incomes. Agricultural production is still main source of income and all the people of the commune work in the fields. Weaving is undertaken off-season and during leisure hours to meet customer demands. Thanks to equal emphasis on agriculture, animal husbandry and other activities, Na Phan has adequate levels of employment and 98% of people interviewed claimed to have sufficient work. Only 2% of the respondents claimed to be unemployed. Ninety four per cent of the respondents also claimed that their families had sufficient work and only 6% indicated the unemployment of family members.

However, existing jobs are still at a relatively low level when compared to the commune's productive capacity. This is especially true of weaving in that the study showed that daily output was moderate in comparison with the commune's potential which is estimated to be double the present quantities. Weaving is usually done from 8 to 10 months a year.

The study also showed that the investment by the Na Pham families in brocade production is very low given that they are producing to order – obtaining materials from their customers and returning finished products. This does not require a heavy investment of capital on their part. While 49% of the families have obtained loans from the bank, this has been used mainly for investment in agricultural production. Only a few families who lack the manpower to produce their own looms have to invest in buying looms, which cost VND 300,000 each.

Every family in the commune has their looms, each of which occupies about 4 square meters either in the family dwelling or nearby. No families have invested in brocade production on a sufficiently large scale to need workshops and shops and no single person in the commune gathers or markets the products collectively.

Working conditions appear to be relatively good in that the use of handlooms keep noise and dust levels to the minimum. Ninety seven per cent of the women interviewed pointed to the absence of noise and 33% felt that there was little dust in the process of handloom weaving, a fact that the interviewers were able to determine for themselves. By comparison with industrial production, workers face fewer hazards and all of the people interviewed felt that brocade weaving was very suitable for women's health and that working at home supports their domestic and childcare duties and their farm chores

In comparison with craft villages engaged in the weaving of cloth, brocade weaving in the commune has not undergone any technological improvements. Families still use manual looms that they make themselves according to traditional models. In addition spinning machines are manually operated and the flower patterned weaving currently undertaken cannot compare technologically with the traditional designs of the past.

The consumer market has played a decisive role in the current development of brocade weaving. Thanks to the availability of markets, brocade weaving in Na Pham has turned towards commercial production. However, this market is an unstable one that needs to be expanded and fully exploited to do justice to local potential.

D. Metal Forging in Phuc Sen commune - Quang Uyen district, Cao Bang province

Phuc Sen is a commune peopled exclusively by the Nung ethnic group. It has 400 households and a population of 2,090. Phuc Sen is the commune with the smallest cultivated area in

Quang Uyen district. Its main agricultural product is maize (29 hectares for maize growing) of which it produced 100 tons in the first 6 months of 2002.

Phuc Sen is unique in Viet Nam for its traditional craft of metal forging. Ninety per cent of the 400 households of Phuc Sen are engaged in this craft and sons are trained in it at an early age. Tradition dictates that when sons can hold hammers they can forge and more sons are considered “more fire for the furnace”.

The production is spontaneous and simple. Families produce according to household's means and some households that have joined together in simple cooperative ventures produce according to the cooperative economy. The products made by each producer association are in response to orders received, or alternatively they are sold locally or through the cooperatives.

The field research undertaken disclosed that the commercialization of metal forging of the kind undertaken in Phuc Sen would require heavy investment in machinery such as grinders, welding machines, and punch presses to reduce the heavy physical labour. Lack of capital for such investment has meant that metal forging in Phu Sen has remained somewhat primitive with much of the work being done manually using relatively simple tools

The products of Phuc Sen are justly famous in and around the locality, and are beginning to be known elsewhere in the country and especially in the mountainous provinces of the Western Highland. In particular, Phuc Sen scythes are highly prized for the clearing of terraced fields and are known to be very durable. Since scrap metal is used as the base material, input costs are very low and the products carry very competitive price tags adding considerable to their marketability.

As the occupation is a hereditary one, passing from father to son, there has been a clear division of tasks among various family members. Traditionally, fathers were responsible for inputs and capital, sons participated in production and wives and daughters sold the products in local markets or to regular customers. More recently, in households where the children were still too young to contribute, husbands and wives both participate directly in production and metal forging is losing its gender specificity given its potentially high economic returns.

Annual net profit is about VND 10 million, and there has been a considerable improvement in living standards and family lifestyles. Families are now able to send their children to school, improve their physical, cultural and material conditions. Ninety two per cent of households in the commune have motorcycles and televisions and some even run to satellite dishes. Ninety one per cent of households have bicycles, and houses are solidly built and boast electricity and electric fans.

However, the establishment of a dedicated cooperative to assist the Phu Sen families to access State-supported and subsidized capital and to pool resources were seen as an essential step in improving and modernizing production processes. Pooled capital would buy machines and other work tools, greatly improving products and enhancing their commercial potential. A cooperative could also assist in the marketing of products beyond the local areas capitalizing on the attractiveness and utility of the products and the greater potential for growth of the industry.

E. Dong Tien Agricultural Service Cooperative - Dong Tien Commune, Huu Lung District, Lang Son province

The Dong Tien Agricultural Service Cooperative was set up in the Dong Tien Commune in the Huu Lung District of Lang Son Province near the Chinese border. The commune lies in a remote mountainous area, access roads are still rudimentary and it is not yet accessible using

motor transport. Its economy is based largely on subsistence agriculture and animal husbandry but production techniques are very basic and productivity is not high. Any excess production is sold or bartered locally. Crops include hill-rice, cassava and maize and chickens, pigs and cattle are kept mainly for domestic use. The people of the commune are extremely poor.

The population of the commune numbers around 300 individuals who belong, for the most part, to the Dao minority group although a number of Kinh families have long established themselves in the area and earn a lucrative living in cross-border trade with China. They also serve as middlemen between producers in Long Son Province and markets in Hanoi. Surprisingly, while the people of the commune buy cloth and basic consumer goods from the traders, they do not appear to have taken advantage of their services to market excess produce further afield. One explanation may lie in low productivity, the poor quality of the produce and the limited range of crops grown. This is something that the cooperative hopes to address in time.

The cooperative was established on 11 November 1998 with a view to improving the situation of its members by pooling capital and other resources and know how in the expectation of higher returns on production. It was also felt that such a cooperative venture would facilitate the exchange of information, experience and expertise, allow for economies of scale in the management of the cooperative, facilitate access to market information, and markets, and cushion business risks. The members also saw the cooperative as protecting individual and collective interests. As farming and animal husbandry are the principle sources of livelihood of the cooperative's members, the service activities of the cooperative are mainly directed at improving productivity and upgrading standards of living. The services provided through the cooperative include: the provision of low cost electricity; agricultural inputs of acceptable quality; basic commodities, bought wholesale and retailed to members at affordable prices; irrigation and water conservation; and inputs for cooperative fish rearing. The cooperative supplies its members with rice and maize seeds, fish and animal fodder and fertilizers and chemical pesticides and has been asked to extend these services further by purchasing agricultural products for its members. With the support of the local authorities - who have favoured the cooperative over interested private entrepreneurs - plans are under way to upgrade the electricity stations and equipment so as to provide the cooperative, and the rest of the commune, with a higher quality service at lower cost.

The cooperative comprises 48 members, only 5 of whom are women. However, despite their small number and their absence from its management structures, women play an active role in the Dong Tien Cooperative and have initiated and participated in many of its more lucrative activities. For example, they have requested and received group training in animal husbandry with a view to marketing a larger proportion of their produce. They have also initiated a weaving project for domestic use and for sale and were able to insist that training in this area was extended to women in the commune who were not members of the cooperative. It is worth noting that, initially, there was considerable resistance to the idea of women members of the cooperative. This was overcome at the insistence of one woman who averred that membership in the cooperative would help to improve the incomes and living conditions of local women and their families.

The organizational structure of the cooperative includes a three-person management committee elected for a three-year term by the membership at the annual general assembly, a supervisor/inspector charged with overseeing the work of the management committee, an accountant, a cashier and a store-keeper. The management committee has overall responsibility for the day-to-day running of the cooperative. There are no women among these officer

bearers, a probably reflection of the small number of women on the electoral roll of the cooperative.

The cooperative disposes a capital of around VND 300,000,000 of which equity capital accounts for VND 230,000,000, loans for 20,000,000 and funds from the State for 50,000,000. Since it was founded the turnover of the cooperative has increased steadily. Total turnover for 2003 was VND 263,382,000. The income of the members of the cooperative is around VND 300,000 per person, per month. The main sources of income of the cooperative (as against the membership) are from the charges for electricity and for agricultural inputs. Cooperative members and workers hired by the cooperative earn cash incomes through weaving and by jobs related to the supply of electricity. The latter accounts for a total of between 14 and 20 workers depending of the season. As with the weaving group, not all electrical workers are cooperative members.

Working conditions in the cooperative are not optimal. The cooperative has not been able to equip its members who work with chemical fertilizers and pesticides with the necessary protective clothing and occupational safety and health conditions leave much to be desired. However, the cooperative's leadership is aware of this problem and would like to design a plan of action that will address the most pressing issues. This could include training on the safe use of equipment, chemicals and other hazardous substances, as well as the purchase of basic safety equipment when this becomes financially feasible.

While the cooperative faces many challenges which include its remoteness and lack of access roads and transportation; the relatively limited skills of its management and technicians and the lack of adequate capital to allow for further investment and expansion into other occupations and lines of production, its members believe that it has served the community in many ways. Foremost among these is that it has created jobs for members and for other workers, helping them acquire a stable income and a better standard of living. Members also feel that the cooperative has fostered business and production operations and are content with the business and service plans of the cooperative leadership that they feel are adequate to their present needs. Notwithstanding its shortcomings, the management committee is seen as being highly responsible, very active and very enthusiastic in the pursuit of its duties.

On balance, the Dong Tien cooperative has been quite successful in meeting its objectives of providing more jobs and better incomes for its members and for other workers in the commune and of ensuring that they have a better standard of living. It has been able to provide services (such as irrigation and electricity) of a reasonable quality at affordable cost and has purchased and made available high quality seeds, fertilizers and pesticides to its members in a timely fashion. However, there have also been some shortcomings that are worth noting. Production and business activities are still undertaken on a small scale and the cooperative has not been overly successful in marketing its products. Members themselves have been delinquent in their payment for the services provided through the cooperative. While plans for the future include the expansion of production into other – and more commercially lucrative – areas, a scaling up of existing production and the acquisition of better market information and marketing strategies, a lack of capital and a lack of information on existing sources of capital (such as the Government's HEPR programme and the Social Policy Bank) call these plans into question.

In considering these challenges, the members and leadership of the cooperative feel that they could profit from greater support from local authorities, particularly with regard to the provision of favourable conditions in which the cooperative might operate. These could include an even-handed application of legislation (including that on cooperatives) and policies (such as the HEPR programme and Programme 135 which targets ethnic minority

communities). The provision of access roads and other services would also benefit the cooperative, as well as the commune itself. Information on, and access to, government sponsored extension services and training could also go a long way in improving productivity and expanding crop varieties and other products.

Similarly, the cooperative looks to the provincial and national cooperative unions to provide training for the managerial officials of the cooperative and for technicians and other workers. Specialized skills training would support the expansion of commercial activities into new areas, as would information on the design and implementation of sound business and production plans. Information on the availability of subsidized credit under government programmes and how these might be accessed is another of the services which the provincial cooperative union could offer, as could assistance in making project plans for loan applications and standing guarantor where lack of collateral would otherwise place these funds beyond the reach of the cooperative.

F. An Thuong Cooperative, Bac Giang Province

The An Thuong Cooperative is located in a commune of the same name in a mountainous area of the Yen The district of Bac Giang Province. The commune itself is home to 4082 inhabitants in 975 households and includes four ethnic minority groups totaling 235 people. The minorities are Nung, Tay, Man, and Cao Lang. The majority of the commune's population – and the cooperative's membership - are, therefore, from the Kinh majority. The minorities make up around 20% of the cooperative's members. However, this is considerably larger than their proportion in the commune's population. As a general rule, the people of the commune are poor, particularly in comparison with the rest of the province, and are less well educated and socially aware than the population in neighbouring communities. However, there are wide disparities between the households that comprise the commune.

An Thuong commune is an exceptionally large one comprising ten hamlets and covering a total land area of 819 hectares, 259.2 hectares of which are agricultural land. The people of the commune (and the cooperative) depend on agricultural production for their livelihood and the principal crops are rice, maize, cassava, vegetables and fruit such as litchees, all of which are grown as cash crops as well as for domestic consumption. Turtles, chickens, cows and pigs are also bred for commercial purposes and mulberry trees are grown to support sericulture elsewhere. While markets are mostly local, An Thuong also profits from its proximity to Hanoi.

In the past electricity services, irrigation systems and other infrastructure that support agricultural production were managed by the local authorities in the ten hamlets that make up the commune. However, their management capacity was generally weak and the condition of existing infrastructure was poor leading to correspondingly poor production and business results. This situation led to a rethinking of the existing traditional agricultural cooperative and a decision to replace it with a more modern cooperative structure directed at promoting the economic development of the households and maintaining and extending the cooperative's operations in ways which would expand production in the whole commune. The subsidized, planned management mechanism that had previously obtained was replaced by that of an independent service cooperative with a view to helping its members develop economically. An Thuong agricultural service cooperative was, therefore, established in 1997 based on the Law on Cooperatives of 1996.

An Thuong Cooperative has a total of 881 members, accounting for 90.3% of the total of households in the commune, (484 members are female and 397 members are male). Each

member of the cooperative is the representative of a single household, a departure from past practice whereby the workers of households were counted as individual members of the traditional cooperative. As was noted earlier, ethnic minority households comprise 20 per cent of the membership. While women account for more than half the cooperative's membership (54.93 per cent) and participate actively in its day-to-day activities, they are not among the leadership and do not have very much say in decision-making. Their low educational levels and dual roles are offered by way of explanation.

The management committee of the cooperative is elected by the general assembly of the cooperative and is responsible for daily operations. It comprises three people: namely the chairperson, vice chairperson, and an executive member who may serve for two three-year terms. An accountant and a cashier help the management committee. There is also a supervisory committee of the cooperative that again comprises three people. These are: the head of the supervisory committee and two other members who are responsible for overseeing the managerial and financial operations of the management committee. In view of the large size and geographical spread of the cooperative over the ten hamlets that make up the commune, ten "production groups", (one in each hamlet) function as miniature cooperatives under the guidance of the central management committee. The cooperative also has other specialized units that are managed directly by the management committee and that provide the services for which the cooperative is responsible (e.g. irrigation and electricity).

The working capital of the cooperative after its transformation in 1997 was VND 277,349,000 in which the fixed capital is VND 136,100,000 (the fixed capital consisted mainly of infrastructure such as the meeting hall, storage facilities, the irrigation system, electric lines etc. The salaries of the members of the management committee range from VND 200,000 to VND 300,000 per person per month. Those of the staff of the electricity unit and the irrigation unit are VND 300,000 to VND 350,000 per person per month. The cooperative also pays an allowance to the heads of each of the ten hamlets (between VND 1,800,000 and VND 2,000,000 per person per annum). Members of the cooperative are paid a dividend at the end of each year based on their share capital contribution. The cooperative has set up a social fund to support needy members.

During its first term from 1997 to 2000 the cooperative provided services to its members in the following three areas: irrigation, agricultural extension services (which included technical and scientific information) and advice and support on crop protection measures. The main income of the service cooperative derived from the provision of irrigation and the other two services (agricultural extension services and crop protection) were provided to members free of charge. In its second term from 2001 to 2003 the cooperative added a fourth service namely electricity. As in the case of irrigation a fee was levied for this final service with the other services continuing to be subsidized by the cooperative. The provision of these four services to the cooperative's members in the 10 hamlets of the commune has served to improve production and contribute to the raising of living standards.

In the area of irrigation the cooperative has constructed and maintains a 25 kilometer system of canals and drainage ditches with a total value of VND 1, 200, 000. Sixty percent of the cost of construction was provided by the State with cooperative members providing the remaining 40 per cent. As was noted above an irrigation unit has been established which draws its 10 member staff from the 10 hamlets concerned. A member of the management committee of the cooperative has overall responsibility for the activities of the unit tasked with the efficient management of water and its distribution to the fields in line with a previously agreed production plan for the cooperative as a whole. The existence of the irrigation unit has also been instrumental in resolving conflicts over water in cropping seasons.

The cooperative also manages two electrical transformer stations totaling 280 KVA. It has invested ten million VND for repairing, maintaining, and upgrading the electricity grids so as to improve the quality of the service and has been able to reduce the cost of electricity for the members from VND 680/kwh to VND 650/kwh. An electricity production unit of seven members runs this service under the guidance of a member of the cooperative's management committee.

In keeping with its function as an agricultural cooperative, the An Thoung cooperative organizes annual training courses for its members before the cropping season. The training, which is free of charge, covers such areas as agricultural production techniques, animal husbandry, fruit growing, etc. The cooperative has also taken the initiative to link up with a number of agricultural research institutes (such as the National Maize Institute and the Vietnam Agricultural Technology and Science institute) to receive extension services and training on the technological and scientific advances in agriculture which it then puts into practice in the cooperative to increase the productivity and income of its members with a view to alleviating poverty and eliminating hunger. This service is provided free of charge for the members. The cooperative also collaborates with a crop protection station in the district to seek the services of extension agents who check the fields for pests and diseases, alert members to their existence and provide support in preventing damage to the crops. The provision of such services plays an important role in increasing agricultural productivity in the cooperative.

In addition to the four main services provided to its membership, the cooperative has also fostered the introduction of new, non-agricultural, income generating activities. For example, in the first six months of 2003, the cooperative collaborated with the small handicrafts department of Bac Giang Province and the People's Committee of Yen The District to organize a training course on embroidery for the export market for around fifty of its members. The specific attraction of this craft was that it has high returns – in the form of jobs and incomes – for a relatively low investment. It also targeted the female membership of the cooperative, often the poorest segment of a commune. Skills training for the female membership ranks high on the list of future activities that the cooperative wishes to undertake.

The Table below provides a quantitative overview of the results of the cooperative after its second term (2000 – 2003).

Details	Million VND			
	2000	2001	2002	2003
- Total capital	576,111	1,409,114	1,460,962	460,962
- Total sales	322	334.2	245.32	181.92
- Profit	52	56.2	61.4	35

It should be noted that the sudden drop in sales and income in 2003 reflects the effects of the SARS crisis, avian influenza and torrential rains that badly damaged crops. Commune authorities indicate that cooperative members weathered these crises rather better than non-members in the commune pointing to the support that cooperatives can give their members in risk management. Credit extended to the membership for the services provided is also reflected in the lower turnover in 2003.

The An Thuong Cooperative has been relatively successful for a number of reasons. In the first instance, it has profited greatly from the support and assistance of the local authorities and the relevant departments of the provincial government of Bac Giang. However, a recent influx of new members in the People's Council and People's Committee have apparently weakened the support provided the cooperative by the better informed members of the previous bodies who had gained an appreciation of the strengths and potential of the cooperative through past association. While it is a matter of time before the new Council and Committee become aware of the advantages of the cooperative movement, the loss of support represents a setback, albeit a temporary one. The strong support of its membership and their keen identification with the cooperative and its activities has been another decisive factor in the past successes of the cooperative as has the dedication and sense of community and responsibility of the staff of the cooperative. The efforts of the cooperative leadership in awareness raising and advocacy have also been instrumental in mobilizing people in the commune to join the cooperative. This is reinforced by the obvious advantages of cooperative membership in terms of new information and skills, quality services in crucial areas and the resultant rise in productivity, incomes and living standards. One of the strength of An Thuong cooperative has been its proactive stance in soliciting the assistance of agricultural research institutions and extension services in improving and modernizing production.

Notwithstanding its successes, the cooperative also faces a number of difficulties that hamper its growth. One of the most pervasive is the lack of capital necessary to expand its operations. Here, as in many other rural cooperatives, members and leadership do not appear to be fully aware of the different forms of government support that exist, or are not well informed about how they can tap into such assistance. Low management capacity on the part of the cooperative's leadership compounds this problem, as does the lack of information and knowledge of markets and marketing. It must be noted that this apparent contradiction in the evaluation of the performance of the cooperative leadership is due in part to the fact that leaders and members measure themselves against the higher standards prevailing in the more developed parts of the country to which their geographic location gives them easy access. In addition, despite the annual training activities and extension services provided through the cooperative, the production techniques used by the membership still require further improvement. This again is made more striking by higher productivity and more modern production techniques in nearby provinces. To date, assistance from the provincial cooperative union has been limited to training in cooperative management and the provision of information on new developments in the cooperative field. A greater role could be played by this body and by the national cooperative movement to support local cooperatives with a wider range of information and training activities, to put them in touch with other training bodies and extension services and to keep them informed about (and help them access) sources of funds and other assistance made available through national social policies for poverty reduction and employment creation.

G. Traditional villages in Tuyen Quang province.

Tuyen Quang is a mountainous province in the North of Viet Nam and it has a strategic position in the political and economic life of the country and in its security and defense. Its total area is 582,000 hectares, 20% of which is agricultural land, 73% forests and 7 % of which is put to other uses.

The concept of the traditional craft village, which is increasingly being revived and modernized in Viet Nam in an attempt both to preserve the country's crafts and to create employment and livelihoods, is highly developed in Tuyen Quang Province. The nine villages surveyed in this province are dedicated to single crafts that include the making of tiles and bricks, welding,

metal working, broom making and stone masonry. Many of these are the traditional occupations of these localities that have been commercialized on a larger scale than would be possible had they been produced individually. Many craft villages have a strong communal organizational system reminiscent of, or actually based on, cooperative principles.

Across Viet Nam the craft villages play an important role in the local economy, creating jobs and increasing incomes for the inhabitants of the region. Many also have a high potential for greater commercialization of products and Viet Nam's increasing integration into the global economy opens up new markets for their products both domestically and overseas. However, the survey of the nine craft villages of Tuyen Quang province point to the importance of keeping abreast of changing markets and of seeking new products where the old ones are no longer commercially viable. While many of the products of these villages, such as the brooms made in Y La village and the lattice bamboo weaving in Xuan Hoa area had a high commercial value in the 1980s both domestically and among Viet Nam's Eastern European trading partners, their commercial value had diminished considerably under the new economic conditions in Viet Nam. While both products continue to be made, neither commands a high market value calling into question their continued usefulness as a source of sustainable incomes for the ethnic minority people of these villages. The importance of markets and marketing strategies for commercial viability cannot be stressed too much. For example, brocade weaving has started in the high mountainous areas in Na Hang, Chiem Hoa in an attempt to exploit the traditional skills of the indigenous people of that area. However, the scale of production is small and is sufficient only for local consumption, the main reason for this being that there has been little if any attempt to actively seek markets for the produce. Yet, as the experience of Hoa Binh Province (discussed earlier) demonstrates, there is a ready market for such products.

This brief discussion of craft villages has been included in this study because of their potential for harnessing the traditional skills of indigenous peoples for commercial purposes in pursuit of better livelihoods. With their focus on a single craft these traditional villages lend themselves to, and could benefit, from the new style of cooperative organization, with regard to both the production and to the marketing of their products.

F. Some Lessons

The foregoing review of cooperative and other communal ventures offer a number of lessons with regard to the potential role of cooperatives in supporting the socio-economic betterment of ethnic minorities in Viet Nam. These include the following.

i. Traditional crafts have a strong potential for commercial exploitation - the experience of the Hop Tien flax weaving cooperative and the communes specializing in brocade weaving demonstrate that the traditional skills of many ethnic minority groups have a strong potential for commercial exploitation which can be usefully tapped in support of better incomes and livelihoods for these groups.

ii. The commercialization of traditional crafts offer income-generating activities for ethnic women – being based on skills handed down over generations. Many of the women interviewed stressed that the great advantage of these activities is that, being home-based, they allow them to combine commercially viable, income-generating activities with domestic duties and farm chores. By using traditional skills they also obviate the necessity of vocational training.

iii. *The lack of entrepreneurial skills is a serious disadvantage* - The experience of the Hop Tien cooperative and the Dong Tien agricultural cooperative underlines the paramount importance of good entrepreneurial skills on the part of the cooperatives' management. Lack of knowledge of business planning, a poor understanding of production schedules and poor marketing skills have seriously hindered the expansion of these cooperative underlining the need for entrepreneurship skills development. This is a role which the VCA could usefully play.

iv. *Access to credit is another bottleneck in the development and expansion of ethnic minority cooperatives and commercial ventures* - the experience of several of the cooperatives studied underlined this fact and stressed its negative implications for the expansion and commercialization of their business ventures. This is true, for example of the Hung Thai Tea Processing Cooperative, the Dong Tien agricultural cooperative and the Phu Sen Metal Forgers, with this last named cooperative looking to the possibility of creating a cooperative to help them amass the necessary capital and access Government credit facilities. This limited access to credit occurs despite the availability of subsidized credit from the HEPR and other Government programmes. In common with many other rural people, ethnic minority communities appear to be unaware of the availability of such credit or to lack the knowledge and the skills necessary to access it. Support from the provincial and national levels of the cooperative movement – and from other mass organizations – would be invaluable in liaising between ethnic minorities and the formal lending institutions. Their support could also obviate the need for collateral where this is necessary.

v. *Working links can usefully be built with existing extension services and agricultural and other research bodies* – As the experience of the An Thuong agricultural cooperative demonstrates, there is a wealth of information on the latest developments in agricultural and other techniques available at the provincial level that can be tapped into at a low cost or at no cost. Such information and training in the use of these techniques can improve productivity, expand lines of production and introduce new income generating activities for cooperative membership.

vi. *New product development must be responsive to market needs* – This is demonstrated by the negative experience of the some of traditional villages of Tuyen Quang province that have lost markets for their products such as brooms and bamboo lattices. Conversely, the experience of the brocade weavers of Hoa Binh provides an excellent example of the lucrative, and cost effective, adaptation of a traditional product to new markets. Market research is a service that could usefully be provided by the cooperative movement.

vii. *Marketing is crucial for the sustainability and expansion of business* – as is amply borne out by the experience of the Flax Weaving Cooperative which was assisted by the Provincial Cooperative Union to attend the Trade Fair organized by the VCA and was able, not only to sell its products there but also to establish business links with potential buyers. This again is a role that the cooperative movement can continue to play in both domestic and international markets that would normally be beyond the reach of ethnic minority people.

viii. *Market strategies must recognize and take advantage of existing outlets and middlemen* – This is illustrated, in a negative fashion, by the experience of the Dong Tien Cooperative which would like to expand its markets but which apparently does not recognize the Kinh traders in the neighbourhood as a useful channel for reaching markets as far as China and Hanoi. Upgrading management skills is an urgent necessity in most cooperatives.

ix. *Supportive local authorities can be crucial to the success or failure of cooperative* – the experience of the Hung Thai and Dong Tien cooperatives demonstrates that the material, financial and moral support of the local people's councils and committees can facilitate the start-up (Hung Thai) and expansion (Dong Tien) of cooperative in the areas under their

jurisdiction and can ensure their long term viability. Conversely, as the recent experience of An Thuong cooperative demonstrates a change in local leadership can distance the cooperative from local power structures and can have a negative effect on their operations.

The results of the survey argue a strong supportive role for the cooperative movement at both provincial and national level in the enhancement of the livelihoods of the ethnic minority people of Viet Nam. It is also a role that the cooperative movement is anxious to play as it pursues its own transformation into a more autonomous and commercially oriented body.

PART IV.

CHAPTER 8. CONCLUSIONS AND RECOMMENDATIONS

A. CONCLUSIONS:

With the implementation of *doi moi* and the transition to socialist oriented market economy under the State management the economic organization of the mountainous areas has also been transformed. Land allocation and decollectivization have shifted decisions on production to the household, which is now the basic unit of production and a wide variety of economic models have emerged including new style cooperatives, private sector enterprises, and the farm and households economies, all of which support the socioeconomic betterment of the populations of these regions, including the ethnic minorities. A plethora of Government programmes and donor-supported projects have also facilitated economic development in the mountainous areas and have worked towards the greater inclusion of ethnic minorities in the mainstream economy and society, while respecting their cultural heritage.

The formulation of the 1997 Law on Cooperatives has given new life and new direction to the Cooperative Movement in Viet Nam. While many cooperatives were dissolved in the aftermath of decollectivization, other were able to make the transition to more self-reliant, market oriented organizations and new cooperatives have emerged. The new style cooperatives have been able to overcome a number of obstacles such as the shortage of capital, poor managerial skills, and unfamiliarity with the imperatives of a market economy and are beginning to work more smoothly and effectively. In ethnic minority areas, agricultural cooperatives have been able to provide technical support and services to farming households including agricultural extension services, and the collection and marketing of products. Cooperatives in the field of trading, transportation, credit and forestry processing have also been established and have been able to support economic development in the mountainous areas. Together, these two groups of cooperatives have supported the further development of the household economy and have also been able to exploit the economic potential of the new market economy. Other simple models of cooperatives and self help groups also have also emerged and have created jobs and income for the ethnic minorities, often under the auspices of the mass organizations like the VWU and with the support of the international donor community.

The achievements of the past decade and more of *doi moi* have provided a solid foundation for the further development of the mountainous areas of Viet Nam and for their population, including the ethnic minority groups. A number of programmes have been put into place to ensure the physical, economic and social development of these areas and targeted interventions are intended to ensure that their benefits reach the poorest groups. The efforts of the ethnic minority groups themselves have been a vital element in these improvements, as has the support of local authorities and national and provincial government bodies and mass organizations

However, it must be acknowledged that ethnic minorities still face a number of challenges and difficulties which include the slow development of the local economies; the widening inter- and intra-provincial gap in the level of socio-economic development and the growing disparities between rich and poor. These problems are compounded by poor access to social services, the relative inaccessibility of markets; the lack of information on, and access to, credit, poor infrastructure and communication networks. However, these are also the challenges that the Government's programmes, described above, are addressing. Together with the mass organizations, cooperatives and other self-help groups can play a vital role in supporting these programmes and in further developing the livelihoods of the ethnic minority people.

The findings of the survey gave rise to the following conclusions:

- First, cooperatives and cooperative groups could play an important role in supporting ethnic minorities in the full exploitation of their agricultural lands, forests, industrial and commercial crops and trees, and traditional crafts. In particular, cooperatives could help ethnic minorities to use the land and forests allocated to them for the development of a commercial economy, to increase industry and services in their areas, and to move away subsistence farming. Support to marketing and to production of all types could also be ensured through cooperatives.
- Second, the HEPR and other social-economic development programmes for the disadvantaged, remote and mountainous areas have already done much to assist people who are in difficulty but there is a need to ensure the continuous strengthen their implementation and monitoring as well as to provide close guidance in pursuit of the goal of creating jobs and stabilizing living standards and livelihoods. On-going experiences show that such support could be provided by the cooperative economy as it develops in these areas.
- Third, cooperatives could also support ethnic minorities in the cultivation of commercial crops and industrial trees in response to the growing demand for raw materials in some industrial sectors such as paper, matches, vegetable oils, plywood and weaving. Cooperative farming could also be useful in developing and expanding fruit cultivation which brings high economic returns. Litchis, mangoes, mandarins and other such fruit can be cultivated and marketed domestically through cooperative channels.
- Fourth, the improvement of the quality and efficiency of animal husbandry and poultry raising can be delivered through cooperatives which can supply the know-how necessary to link traditional methods with industrial techniques with a view to producing foods which meet the health and safety criteria of domestic and overseas markets. Information on such criteria can be provided to local level producer cooperatives through the national and provincial cooperative bodies.
- Fifth, reviving and further developing the traditional crafts of the ethnic minority people would ensure both the preservation of Viet Nam's cultural heritage and the creation of employment and incomes for them. Marketing and business development services would be crucial to long-term success. The supportive price structures, tax breaks, subsidized credit facilities and the provision of scientific and technology assistance would also be important.
- Sixth, recognition that households are autonomous economic units with land use rights and the right of ownership over means of production is an important condition for ethnic minority development and one which falls within the principles of the new style cooperative movement in Viet Nam.
- Seventh, awareness raising and information on the socio-economic development programmes in the mountainous areas will assist local ethnic communities, especially in the remoter areas to make the best possible use of available opportunities, such as the subsidized credit provided under the HEPR programme.
- Eighth, training is important especially with regard to managerial and entrepreneurial skills. Managerial skills and a greater understanding of the principles of the market economy are especially important for cooperatives. Vocational training and rural extension services are equally relevant.
- Ninth, special policies for ethnic areas could include the laying of a solid foundation for the further development of cooperatives. For example, Ha Giang province has recently granted

loans of, on average, VND 100 million to cooperatives, reduced interest rates by 50% in three consecutive years and at the same time, has sent scientific and management staff as extension workers to the cooperatives so that they might assist ethnic people in developing joint-ventures and other productive links through the cooperatives.

B. Recommendations:

In order to help the cooperatives and self help groups in the ethnic minority communities in Vietnam to develop, the survey results point to the following recommendations:

- In the industrialization and modernization process of the country, the cooperative economy, cooperatives and traditional villages still plays a crucial role in generating employment and livelihood in the rural mountainous areas in which ethnic minorities reside. They also contribute to hunger eradication and poverty reduction, increase the proportion of industry, and particularly small industry and handicrafts, in the national economy, create sources of income for provincial budgets in the mountainous provinces in general and the surveyed provinces in particular. However, while cooperatives have been operating relatively well their products have not been able to compete successfully in the open market. Improving the competitiveness of small producer cooperatives and helping them find appropriate market niches are urgent requirements in order to solve the problems of underemployment, especially in the mountainous areas. Support to the ethnic minorities and the cooperatives is necessary on the part of the relevant ministries and other bodies to improve their skills in market research, product development, business planning and marketing. Currently business development services are in their infancy in Viet Nam. This is an area in which the donor community could support the cooperative movement with its expertise and through training programmes like the ILO/VCCI SIYB programme.
- Plans for the economic development of the mountainous areas should be based on a sound understanding of the physical conditions, natural resources and human resources obtaining in each area and must respect the customs and practices of each ethnic group. Development plans for each area should take careful note of the prevailing conditions and build consonance between them and traditional cultures and livelihood systems to avoid exploitation that runs counter to the interests of the local peoples. The commercial over-exploitation of forests is one possible example.
- The implementation of the programmes and projects that support the mountainous areas should continue to enhance the socio-economic development of the ethnic minorities. However, care should be taken to improve coordination between these programmes and projects, possibly through the setting up of economic organizations, such as cooperatives and enterprises, and encouraging them to develop and stabilize. It is also necessary to avoid the implementation of many simultaneous projects especially where they are likely to have limited gains.
- In order to support the economic development of ethnic minorities in Vietnam, it is proposed that the ILO, and other international organizations, could usefully focus on relevant areas of vocational training. Refreshing the managerial skills of cooperative leadership and cadres and helping them to improve their capabilities especially in such area as business and product development and marketing would be particularly helpful.
- Support to cooperatives and self help groups in the mountainous areas in learning how to access markets, promote trade and link production to markets should also be promoted, as should their attendance at trade fairs. Targeted projects that support the revival and

commercialization of traditional occupations and products based on local materials and skills would also be of considerable assistance to ethnic minority communities.

- In view of the relative newness of the principles that govern cooperatives of the new style, more assistance could be provided by the ILO to the VCA and to provincial and lower level cooperatives on the creation and management of such cooperatives. Training of trainer courses would be particularly relevant and should aim at reaching the leadership of local level cooperatives.
- Workshops for the leadership of cooperatives and other organizations which work with them could usefully introduce them to the structure and functions of the new style cooperatives as well as to the duties and responsibilities of the leaders and membership. This would be particularly useful in rural areas, including in ethnic minority areas, where the knowledge of this type of cooperative is still meager.
- The ILO could also assist in the conducting of a more in-depth survey on the situation of the cooperative economy and cooperatives in the mountainous areas which focused on trends over the recent past and possible future directions with a view to identifying problems and challenges which are specific to cooperatives and self-help groups with a high proportion of ethnic minority people in their membership and proposing solutions based on the organizations experience elsewhere.

In sum, although ethnic minority communities in Viet Nam have strong political and legal rights and have benefited from a number of the socio-economic programmes instituted by the Government in support of the poorer echelons of Vietnamese society, they still face a number of important challenges in their efforts to move out of poverty and to profit from the economic advancement of the country. The revitalized Vietnamese cooperative movement offers exciting new opportunities for the improvement of the lives and livelihoods of poor communities including the ethnic minority groups. However, urgent assistance is necessary in the form of awareness raising and skills development, both for the minorities themselves and for the cooperative leadership, especially at the local level if they are to reap the full benefits of a cooperative economy.

Table 1 ETHNIC MINORITY POPULATIONS IN VIET NAM: 1989 & 1999

Ethnic Group	1989 Population	1999 Population	% of Total
Kinh	55,900,224	67,808,743	---
Tay	1,190,342	1,574,822	14.09
Thai	1,040,549	1,376,646	12.32
Muong	914,596	1,210,029	10.83
Hoa	900,185	1,190,945	10.65
Khmer	895,299	1,184,481	10.60
Nung	705,709	933,653	8.35
Hmong	556,053	738,304	6.61
Dao	473,945	627,029	5.61
Gai Rai	242,291	320,551	2.87
Ede	194,710	257,601	2.30
Ba Na	136,859	181,064	1.62
San Chay	114,012	150,838	1.35
Cham	98,971	130,939	1.17
Xe Dang	96,766	128,021	1.15
San Dui	94,630	125,195	1.12
Hre	94,259	124,705	1.12
Co Ho	92,190	121,967	1.09
Ra Glai	71,696	94,854	0.85
Mnong	67,340	89,091	0.80
Tho	51,274	67,836	0.61
Xtieng	50,194	66,407	0.59
Kho Mu	42,853	56,695	0.51
Bru Van Kieu	40,132	53,095	0.48
Giay	37,964	50,226	0.45
Co Tu	36,967	48,907	0.44
Gie Trieng	26,924	35,602	0.32
Ta Oi	26,044	34,456	0.31
Ma	25,436	33,652	0.30
Co	22,694	29,965	0.27
Cho Ro	15,022	19,874	0.18
Ha Nhi	12,489	16,523	0.15
Chu Ru	10,746	14,217	0.13
Xinh Mun	10,890	14,407	0.13
Lao	9,614	12,719	0.11
La Chi	7,863	10,403	0.09
Phu La	6,424	8,499	0.08
La Hu	5,319	7,037	0.06
Khang	3,921	5,187	0.05
Lu	3,684	4,874	0.04
Pa Then	3,680	4,869	0.04
Lo Lo	3,134	4,146	0.04
Chut	2,427	3,211	0.03
Mang	2,247	2,973	0.03
Co Lao	1,473	1,949	0.02
Bo Y	1,420	1,879	0.02
La Ha	1,396	1,847	0.02
Cong	1,261	1,668	0.01
Ngai	1,154	1,527	0.01
Si La	594	786	0.01
Pu Peo	382	505	0.00
Brau	231	306	0.00
Ro Mam	227	300	0.00
O Du	32	194	0.00
Total Ethnic Minorities	8,448,469	11,177,476	100.00
Total Population	64,348,693	78,986,067	---

Source: 1989 census; 1999 figures estimated from 1989 census, adjusted for average population growth of 2.85% per year for ethnic minorities and 1.95% for Kinh (UNDP website)

Table 2. Geographical Distribution of Ethnic Minorities in Viet Nam

Ethnic Group	Major Provinces
Kinh	All provinces
Tay	Cao Bang, Lang Son, Bac Thai, Quang Ninh, Ha Bac
Thai	Lai Chu, Son La, Hoa Binh, Nghe An
Muong	Hoa Binh, Thanh Hoa
Hoa	All parts of Viet Nam – urban & rural
Khmer	Soc Trang, Vinh Long, Tra Vinh, Can Tho, An Giang
Nung	Lang Son, Cao Bang, Bac Thai, Ha Bac, Tuyen Quang
Hmong	Ha Giang, Tuyen Quang, Lao Cai, Yen Bai, Lai Chau, Son La, Cao Bang, Nghe An
Dao	Sion- and Lao- Vietnamese border, midland provinces
Gai Rai	Gia Lai, Kontum, Dac Lac
Ede	Dac Lac, Gia Lai, Phu Yen, Khanh Hoa
Ba Na	Kontum, Binh Dinh, Phu Yen
San Chay	Tuyen Quang, Bac Thai, Ha Bac
Cham	Ninh Thuan, Binh Thuan, An Giang, Tay Ninh, HCMC
Xe Dang	Kontum, Quang Ngai, Quang Nam, Da Nang
San Dui	Quang Ninh, Hai Hung, Ha Bac, Vinh Phu, Bac Thai, Tuyen Quang
Hre	Quang Ngai, Binh Dinh
Co Ho	Lam Dong, Binh Thuan
Ra Glai	Khanh Hoa, Ninh Thuan
Mnong	Dac Lac, Lam Dong, Song Be
Tho	Nghe An
Xtieng	Song Be, Dong Nai, Tay Ninh
Kho Mu	Nghe An, Lai Chau, Son La, Thanh Hoa, Yen Bai
Bru Van Kieu	Quang Binh, Quang Tri, Thua Thien, Hue
Giay	Lao Cai, Lai Chau, Ha Giang, Cao Bang
Co Tu	Quang Nam, Da Nang, Thua Thien, Hue
Gie Trieng	Kontum, Quang Nam, Da Nang
Ta Oi	Thua Thien, Hue, Quang Tri
Ma	Lam Dong, Binh Thuan
Co	Quang Nam, Da Nang, Quang gai
Cho Ro	Binh Thuan, Song Be
Ha Nhi	Lai Chau, Lao Cai
Chu Ru	Lam Dong, Binh Thuan
Xinh Mun	Son La, Lai Chau
Lao	Lai Chau, Son La, Lao Cai
La Chi	Ha Giang, Lao Cai
Phu La	Lao Cai, Lai Chau, Son La, Ha Giang
La Hu	Lai Chau
Khang	Son La, Lai Chau
Lu	Lai Chau
Pa Then	Ha Giang, Tuyen Qunag
Lo Lo	Ha Giang, Cao Bang, Lao Cai
Chut	Quang Binh
Mang	Lai Chau
Co Lao	Ke Lao
Bo Y	Lao Cai, Yen Bai, Ha Giang, Tuyen Quang
La Ha	Son Lao, Lao Cai
Cong	Lai Chau
Ngai	Quang Ninh, Ha Bac, Lang Son, Cao Bang, Bac Thai, HCMC
Si La	Lai Chau
Pu Peo	Ha Giang
Brau	Kontum
Ro Mam	Kontum
O Du	Nghe An

Source: Vietnam News Agency: Viet Nam: Image of the Community of 54 Ethnic Groups, 1996 (UNDP website)