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ATTITUDE AND RESOURCE SURVEY

OF

TWENTY-NINE FARMERS ORGANIZATIONS
OFFICE
ROOM 1656 NS

Vietnam, 1971

VS

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NOTE: Composite Organizational Analysis on file in ACDI office - Vietnam - Washington, D. C.

PREFACE

The following is an attempt to record activities involved in determining some specifics regarding farmers organizations in the Republic of Vietnam.

The need for specific knowledge about the actual situation of some of the better organizations was recognized by both the Government of Vietnam and the Agency for International Development as a necessary precursor to a meaningful program of development for the farm organizations.

This fact-finding effort was conducted by personnel of the GVN with the assistance of ACDI.

ACKNOWLEDGEMENTS

Personnel of ACDI/VN wish to acknowledge a debt of gratitude for the wholehearted cooperation and participation of the following organizations: officials and personnel of the Ministry of Land Reform, Agriculture, Fisheries and Livestock Development; Directorate of Farmer's Organizations; Directorate of Cooperatives; Cooperative Research and Training Center; Central Farmer's Association; National Federation of Agricultural Cooperatives; Tenant Farmer's Federation; Agricultural Development Bank; Chinese Agricultural Technical Group; Associate Director for Food and Agriculture, and its Support Division of AID/VN. Without the assistance of these organizations this task could not have been carried out.

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SURVEY OF FARMER'S ORGANIZATIONS OF VIETNAM

1971

Early in 1971, the GVN and USAID determined that further uncoordinated assistance to the farmer's organizations (FOs) of Vietnam would be fruitless. It was realized that a viable network of farmer's organizations was vital to continued progress in the sustained redevelopment of a stable agriculture. It was further determined that, though agricultural production was increasing, the gains had not, in most cases, been properly institutionalized for continuing benefit to the farmers.

USAID-GVN consultation resulted in reorganization of the ACDI team at the beginning of 1971. Continuing consultation resulted in a new contract between USAID and ACDI which became effective July 1, 1971.

Under the new approach, GVN and USAID determined that the "project approach" to future operations would be observed. Individual team members and terms of service were designated by the contract. Specific objectives of the ACDI and GVN efforts were defined and goals cited.

The broad objectives which were to guide the principle activities of this new effort resulted from an overview study of farmer's organizations in Vietnam. This study was entitled: "Program for Developing Farmer's Organizations in Vietnam", and was accompanied by an Annex entitled: "The Cooperative Research and Training Center (CRTC)". These studies were completed prior to January 1, 1971.

An important product of the study of farmer's organizations was recognition that responsible officials, both government and private, lacked definitive knowledge of farmer's organizations, their financial viability and the degree of service they offered. As a result of this lack of knowledge, it was not possible for GVN, USAID, or Farm Organization officials to recommend corrections to fulfill the needs of the farmer's organizations and their members.

The study of farmer's organizations and a suggested plan of action to determine weaknesses and needs, and recommendations for corrective action, constituted Phase I of the present USAID/GVN/ACDI effort.

Phase II of the current operation was begun on July 1, 1971. It was apparent that some of the operating officials of the office of the Directorate of Farmer's Organizations (DFO), Directorate of Cooperatives, Directorate of Farmer's Associations, Director of Cooperative Research and Training Center, Central Farmer's Association, National Federation of Agricultural Cooperatives, Tenant Farmer's Federation, and Agricultural Development Bank were not fully cognizant of the new program and its ramifications. *(Whose program was it?)*

It was necessary to hold a series of meetings, both with individuals and groups representing the aforementioned organizations. The meetings were used for the purpose of acquainting officials of these organizations and offices of the goals and the methods to be employed in the conduct of an "Attitude and Resource Survey" of selected farmer's organizations in

Vietnam. It was pointed out and generally acknowledged, that there existed a dearth of reliable information regarding the actual condition of farmer's organizations. It was agreed that the best way in which to gather needed information was to visit selected organizations for the purpose of gathering information and impressions on which to base analyses and recommendations.

A draft survey form was prepared by ACDI. This form and its use in the survey was discussed in great detail with individuals and organizations involved, Vietnamese, representing both Government of Vietnam and private organizations, offered many constructive suggestions for revision of the survey form and the methodology of application. Following this series of conferences, the survey form was revised, translated and reproduced in English and Vietnamese.

The next effort involved selection of the thirty organizations to be surveyed and analyzed preparatory to designation of ten "pilot" organizations which would receive assistance in the form of concentrated training and supervision. Requests for special reports were submitted to farmer's organizations and central organizations whose files were combed for reliable information. Records of the Directorates of Cooperatives and Farmer's Associations were searched. The personal knowledge of Vietnamese, Chinese and USAID advisors was requested. In short, every possible source was tapped in order to gather the greatest possible amount of information relating to the current status of the many District Farmer's Associations and cooperatives in Vietnam.

The information which was gathered was carefully analyzed and evaluated toward selection of the thirty organizations to be surveyed. The actual selection of the thirty organizations was the responsibility of the Directorate of Farmer's Organizations with advice from ACDI and CATG (Chinese Agricultural Technical Group), and was based on the following criteria:

1. active membership necessary to support the activity,
2. elected BOD, Board of Controllers, and adequate management staff,
3. location favorable for transportation and distribution, and
4. organization that serves the community and members.

It was recognized that training, on-site supervision and management assistance would be most efficiently provided if the ten pilot organizations were all located within easy commuting distance of Saigon, the headquarters of ACDI, DFO, CATG, CFA and NFAC. However, since the project was conceived as a demonstration project and was national in scope, it was determined that a greater purpose would be served by selection of organizations geographically dispersed. Organizations were, therefore, selected for survey from all four Military Regions. At least one DFA and one Cooperative were selected for survey from each Region.

Prior to the actual surveys, a seminar of provincial officials was advised of the plan of action and the names of the thirty organizations tentatively designated for survey. These officials, with more immediate information, recommended minor adjustments in the selection. Their recommendations were incorporated into the plan.

Phase III was concerned with selection and training of survey teams, actual conduct of the survey, evaluation of results, and selection of ten "pilot" organizations.

Selection and training of the survey teams was accomplished jointly by DFO and ACDI. Extensive seminar-type training was held involving all probable team members. Following the seminars, actual experience in use of the survey form was considered to hold the most promise for further training of team members in the survey technique. Two teams were initially selected. Each team was composed of six to ten individuals. Four farmer's organizations within driving distance of Saigon were selected for the initial surveys.

Following the initial four surveys, an evaluation conference was held. It was determined, as a result of this conference, that three teams could be fielded and that each team should be restricted to four members in the interest of increased efficiency and simplification of logistics. Each team would be comprised of representatives of DFO, ACDI, and CATG; the ranking DFO team member to act as team leader, the second DFO representative to be an accountant. Scheduling of surveys to be made as far in advance as possible.

Each organization to be surveyed was notified in advance and requested to set aside at least one day to have members of the Board of Directors, the Manager, Bookkeeper, and staff available to the survey team. When time permitted, individual members of the organization were also interviewed.

It should be noted that even with detailed planning it was necessary to adjust plans and schedules. Two organizations were surveyed in an area considered unsafe for Americans. On that occasion, the survey team was composed of a CATG member and two representatives of DFO. On another occasion, USAID advised ACDI to forego, for the time being, the survey of two organizations because of on-going military operations. In this case, one alternate organization was selected for survey. Therefore, twenty-nine organizations were actually surveyed, rather than the originally-planned thirty.

Interruptions due to military operations and security precautions necessitated schedule delays, so that it was not until October 15th that the surveys were actually completed.

During October and November, information from the survey forms was collected, translated, typed and reproduced. Selected information from the survey forms was extracted and transferred to spread sheets in order to facilitate and coordinate evaluation of the organizations surveyed.

Six meetings between DFO, ACDI and CATG were scheduled for the first and second weeks of November. These meetings were for the purpose of discussing and evaluating the results to the end of selecting 15 organizations. The representatives of these selected organizations will be brought to Saigon for more intensive interviews and additional screening. This final screening will result in the selection of the farmers organizations who are to receive intensive seminar-type and on-the-job training and supervision in the areas of policy-making, business planning, management, organization and control.

MLRAFLD budget allowing, representatives of the 15 selected farmers organizations will be brought to Saigon for a 4-day seminar shortly after December 1, 1971.

OBSERVATIONS:

1. There has been too little known of the problems of farmers organizations to enable responsible officials to offer appropriate assistance and guidance.
2. Reliable record-keeping and report submission is too often lacking.
3. Central or parent organization assistance, when present, is lacking in quality and timeliness of delivery due, at least in part, to poor liaison and communication.
4. Appropriate financing is often unavailable. Credit needs and use are not properly planned.
5. Communications between central and affiliated organizations are lacking or non-existent.
6. Communications between DFAs and Coops and their members is deficient as to membership education, product information, and credit availability.
7. There is a need to up-grade management through a change in attitude and an improvement in salary structures.
8. Business planning, and, therefore, financial and inventory management are often absent.
9. Boards and Managers often lack the initiative, knowledge, and support necessary to compete in business.

10, There is a serious need to upgrade the field forces of DFO, NFAC, and CFA in order to fulfill responsibilities to farmers and farmer's organizations,

11, There is no reliable market-price information available to all on an equal basis.

Although there are additional deficiencies including facilities, capital, and transportation, the above-mentioned are the most glaring and demanding of immediate attention.

The USAID-DFO-ACDI training program is intended to correct some of the noted deficiencies on a demonstration-project basis. The just-completed survey experience was in itself a very effective training tool. The experience forced observations and communications which has had the effect of answering some questions in the minds of Vietnamese officials and raising more. It is anticipated that the training process itself will raise additional questions regarding the relative inefficiencies of the present system. Such questioning is a requisite first step to finding and devising solutions,

Additionally, however, both over the long and short term, the following recommendations are presented:

RECOMMENDATIONS:

1. It is imperative that the position of Manager be permitted improved income opportunity. Many secretaries working in offices in Saigon receive salaries in excess of VN\$25,000 per month, while the typical DFA Manager with a family to support receives VN\$8,000-10,000. It is recommended that

a salary incentive program based on salary plus commission or bonus related to increases in gross volume and in net savings be installed as soon as possible. Opportunities for increased income will not only provide incentive to employees but will provide opportunity for recruitment and maintenance of a more professional and competent group of managers.

2. At some future time, when a more professional corps of managers is operative, there should be opportunity for managers with proven ability to move to management positions with larger, higher volume organizations. This system will help to prevent stagnation, provide opportunity for the most capable to advance, and provide opportunities for new, trained men with high potential. It is recommended that the Cooperative Research and Training Center be given support necessary to institute a program of recruitment and training of management trainees, and that it assist the farm organizations in development of a "career ladder" system of management rotation.

3. Too often a member of the BOD was found to have assumed the role of manager. Typically, this Board member was primarily a farmer or businessman. Obviously, his first loyalty is to his business. The usual excuse for such an arrangement is lack of organization income. A part-time manager having divided loyalties does not serve the purpose of increasing the profitability of the organization, but the organization has too little profit to retain a manager. It is recommended that Boards of Directors should, as soon as possible, be divorced from day-to-day management activities.

An additional solution may be to hire a trained manager on a trial basis and to institute a permanent management training program for new recruits.

4. On several occasions during the course of the survey, teams visited organizations holding a relatively large supply of fertilizer in inventory for which there was no demand due either to its being unseasonable, or due to price-cutting by private merchants. This situation, it seemed, was too often the result of fertilizer having been delivered to the organization only after peak demand. Large fertilizer carry-overs incur inefficiencies in the use of funds and facilities. It is recommended that either the central organizations provide needed supplies on a timely basis or alternate sources of supply must be found.

5. There is, in some cases, a seeming lack of sense of responsibility. At times it seemed as though the board and manager believed it undignified to compete for business. In other instances, the board and manager gave the impression that the organization was a quasi-government agency and needed only serve those who asked for service. It is recommended that training in position responsibility and merchandising be given to correct this problem. It is further recommended that DFO, through its audit functions, ensure that no farm organization official is permitted to divert organization resources nor be engaged in any activity which is in conflict with the business of the organization. Such situations are **absolutely destructive of organizational credibility.**

6. Neither the central farm organizations nor the DFO have adequate liaison with affiliated FAs and cooperatives. Survey teams visiting cooperatives and FAs often got the impression that the organization being surveyed had not been visited by representatives of Central Organizations or DFO for a long time. Often, the managers and boards being interviewed were unaware of such things as current prices to be applied to merchandise offered for sale. It is recommended that small but well-trained and currently informed field forces for DFO, NFAC and CFA be developed to provide constant liaison with individual farmer's organizations.

7. The experience of the survey proved that auditors of the DFO, always in short supply, can provide service to cooperatives and FAs interchangeably. It is recommended that the two audit staffs be combined.

8. Adequate credit at reasonable cost is a requisite for farm organizations serving cooperative functions, especially in developing countries. Cooperatives and FAs in Vietnam obtain almost all of their credit needs from either the Agricultural Development Bank or from the Private Rural Banks which were organized and, in part, financed by the ADB. Farmer's Associations and Cooperatives are asked by government to provide special services to the developing agriculture of Vietnam. They are at the same time charged very high rates of interest for funds necessary to carry out their assigned functions. Inadequate credit, costly credit, and poor credit management contribute significantly to the problems of farm organizations in Vietnam.

Some device must be developed to serve the credit needs of farm organizations if a network of viable FOs is to be built in Vietnam. It is recommended that there be established a special department of the ADB to handle farm organization credit needs. Eventually, an institution such as a "Bank for Cooperatives" should be developed.

9, The share capital of farm organizations is, typically, extremely low. Such minimal investment indicates lack of faith in the organization. In turn, this extremely small investment fails to give a real sense of ownership. It is recommended that at least in the formation of new organizations, twenty-five percent of initial capitalization be acquired through investment of prospective members. In the case of older organizations, it is recommended that each organization now in existence make a planned effort to obtain from its members, increased investment in the organizations.

10, Most of the organizations surveyed fail to have plans which involve savings retention and patronage refunds. Rather, it seems, the organizations attempt to attract patronage by always underselling competition. The concept of deferred patronage refund is absent from present concepts. It is recommended that the leaders of farmers organizations and officials of DFO give serious consideration to development of deferred patronage refund plans in the interest of increased capital and patronage incentive.

LISTING AND LOCATION OF 29 FARMER'S ORGANIZATIONS SURVEYED

<u>GOOPs</u>	<u>DFAs</u>	<u>Province</u>	<u>MR.</u>
	Thang Binh	Quang Tin	I
Khu Trung Tu Nghia (Sugar cane)	Tu Nghia	Quang Ngai	I
	Binh Son	Quang Ngai	I
Qui Nhon (Fish)	Tuy Phuoc	Binh Dinh	II
Hoa Thang (Agri.)	Hieu Xuong	Phu Yen	II
Hon Khoi (Salt)	Dien Khanh	Khanh Hoa	II
Khanh loa (Tobacco)		Khanh Hoa	II
Thap Cham (Tobacco)	Buu Son	Ninh Thuan	II
Phan Ly Cua (Fish)		Binh Thuan	II
	Duc Trong	Tuyen Duc	II
	Duc Tu	Bien Hoa	III
Dong Tien (Breeding)	Lai Thieu	Binh Duong	III
Thanh Hung (Breeding)		Gia Dinh	III
Go Cong (Rice)	Hoa Dong	Go Cong	IV
Long Chau (Rice)	Chau Thanh	Vinh Long	IV
Thot Not (Rice)		An Giang	IV
Kinh D (Rice)		An Giang	IV
Cai Rang (Rice)		Phong Dinh	IV
	Chau Phu	Chau Doc	IV
Luc Dia (Fish)		Kien Giang	IV
Rach Gia (Fish)		Kien Giang	IV
<hr/> 16 COOPs	<hr/> 13 DFAs		

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OPERATION RESULTS

<u>FAs</u>	<u>Year</u>	<u>Sales-VN\$</u>	<u>Net Profit or (Loss) VN\$</u>	<u>Gross Profit-%</u>	<u>Net Profit or (Loss)%</u>	<u>Inventory Turnover</u>	<u>Total Assets-</u>
<u>THANG BINH DFA</u>	1968	62,797,396	1,899,684	3.74	3.02	6.5	5,958,3
Quang Tin, MR I	1969	61,632,402	1,495,081	3.25	2.42	5.4	
Supply	1970	25,892,550	(710,972)	(0.16)	(2.74)	3.8	
<u>BINH SON DFA</u>	1968	46,332,889	637,116	2.45	1.38	46.0	5,897,0
Quang Ngai MR I	1969	64,362,595	1,402,633	3.00	2.18	35.0	
Supply	1970	35,004,463	1,040,281	5.23	2.97	15.0	
<u>TU NGHIA DFA</u>	1968	39,438,617	341,149	2.94	0.87	20.7	13,979,0
Quang Ngai, MR I	1969	45,609,249	1,369,926	4.52	3.00	22.7	
Supply	1970	38,533,720	306,906	2.60	0.80	13.5	
<u>HUU SON DFA</u>	1968	15,486,336	947,063	9.12	6.12	----	13,619,0
Ninh Phuan, MR II	1969	13,130,064	411,987	6.55	3.14	7.4	
Supply	1970	31,096,683	983,642	6.76	3.16	6.3	
<u>DIEN KHANH DFA</u>	1968	10,796,279	181,806	4.15	1.68	----	5,546,0
Khanh Hoa, MR II	1969	17,677,382	392,997	3.81	2.22	11.8	
Supply	1970	15,773,263	215,218	4.65	1.36	7.2	
<u>DUC TRONG DFA</u>	1968	8,841,852	399,917	5.00	4.52	9.1	5,083,0
Tuyen Duc, MR II	1969	13,607,144	195,687	3.00	1.44	5.9	
Supply	1970	13,645,681	545,260	6.00	4.00	5.5	
<u>HIEU XUONG DFA</u>	1968	6,042,332	76,728	5.01	1.27	10.3	4,892,0
Phu Yen, MR II	1969	14,942,358	751,470	7.70	5.03	25.0	
Supply	1970	14,007,776	446,422	6.53	3.19	7.9	
<u>TUY PHUOC DFA</u>	1968	6,804,568	126,424	4.71	1.86	6.0	8,453,0
Binh Dinh, MR II	1969	10,000,543	364,584	5.73	3.65	10.0	
Supply	1970	10,923,308	17,577	3.36	0.16	5.0	

EVALUATION OF FARMER'S ORGANIZATION SURVEY

FINANCIAL CONDITION, 12-31-70							Total Members	MEMBERS Active Member:
Total Assets-VN\$	LIABILITIES Current-VN\$	Long-Term-VN\$	MEMBERSHIP EQUITY-VN\$ Share Capital - Reserves	Current Ratio				
5,958,318	1,531,412	1,748,077	307,400	2,371,429	3.03:1	3,300	2,000	
5,897,010	380,402	2,761,010	173,200	2,582,398	---	1,720	1,720	
13,979,903	6,819,510	2,808,764	539,765	3,811,864	1.70:1	3,079	2,070	
13,619,344	6,970,538	1,709,685	515,130	4,423,991	1.87:1	2,600	2,600	
5,546,250	1,758,940	950,000	321,420	2,515,890	3.00:1	2,450	2,300	
5,083,953	1,626,700	450,000	156,800	2,850,453	2.80:1	1,360	1,300	
4,892,952	422,448	1,559,538	1,044,300	1,866,666	Not Realistic	3,939	2,000	
8,453,866	4,072,277	1,000,000	2,120,153	1,261,436	2.02:1	3,300	1,300	

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GENERAL APPRAISAL					REMARKS AND DEVELOPMENT POTENTIAL
MEMBERSHIP Active Members	Potential Membership	BOD Attitude	Manager's Capability	Facilities Including Warehouse	
2,000	6-7,000	Poor	Average	Adequate	GVN termination of rice distribution resulted in 1970 loss. Organization has great potential, but must restore members' confidence by better mgmt., improved transportation system, & more reliable source of supply. Large membership and fairly good facilities.
1,720	3,000	Very Good	Above Average	Good	Consistent earnings record. Above average financial position. Area developing rapidly in secondary crops: vegetables, peanuts, & sugar cane. Additional credit needed to supply large membership. Exceptionally good staff.
2,070	4,000	Fair	Average	Good	Good sales volume from distribution of GVN rice. Keen competition. Need transportation equipment to compete. Sugar cane offers great potential for increased farm income.
2,600	3,000 +	Fair	Average	Fair	Good volume, regular earnings, large active membership, excellent location. Mgr. assigned for six months. Organ. could be highly successful if they had a good, aggressive Mgr. & received some additional financial assistance to support the growers.
2,300	4,000	Fair	Below Average	Good	Potential of Mgr. appears to be limited. With adequate assistance & attention from CFA & DFO & with new Mgr., may have potential. Shows promise. Mgmt. & BOD have fairly good control but lack aggressiveness.
1,360	2,800 +	Very Good	Average	Good	Very productive area. Members clamoring for increased service and supplies from CFA. Very good potential. Security may be a problem.
2,000	6,000 +	Fair	Average	Good	Mgmt. average or below. Still does not have warehouse up due to finances. Needs mbrship. development. Would like to get into govt. rice marketing & financing. Market area good and, therefore, many competitors.
1,307	7,000	Fair	Average	Good	This Organ. marginal at best. It has a fairly good Mgr. & pretty good Chairman. Facilities are well kept & present good appearance. Somewhat weak control as evidenced by surplus of employees and high accounts receivable.

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OPERATION RESULTS							Tot Asset
FAs	Year	Sales-VN\$	Net Profit or (Loss-VN\$)	Gross Profit-%	Net Profit or (Loss-%)	Inventory Turnover	
<u>DUC TU DFA</u> Bien Hoa, MR III Supply	1968	11,998,918	908,271	10.77	7.57	6.7	15,81
	1969	13,424,528	1,432,586	14.62	10.67	3.9	
	1970	17,050,717	1,172,549	12.10	6.88	1.9	
<u>LAI THIEU DFA</u> Binh Duong, MR III Supply	1968	4,550,678	185,415	7.07	4.07	6.5	2,4
	1969	6,190,669	117,799	4.44	1.90	6.2	
	1970	6,407,285	133,072	6.37	2.08	3.7	
<u>CHAU THANH DFA</u> Vinh Long, MR IV Supply	1968	36,314	8,865	29.00	24.41	0.5	1,5
	1969	2,354,132	(1,130)	2.04	(0.05)	5.1	
	1970	4,318,402	74,326	5.83	1.72	4.8	
<u>CHAU PHI DFA</u> Chau Doc, MR IV Supply	1968	11,139,916	400,848	7.50	3.60	2.1	10,
	1969	9,033,952	569,066	11.60	6.30	1.6	
	1970	10,306,181	1,022,123	17.00	9.92	1.2	
<u>HOA DONG DFA</u> Go Cong, MR IV Supply	1968	4,169,907	143,373	8.21	3.44	3.3	3.
	1969	4,097,840	77,700	7.86	1.90	2.5	
	1970	6,390,406	405,318	10.74	6.34	2.4	

	TOTAL:	733,849,295	20,488,767	---			97
	AVERAGE:	18,816,648	525,353	5.77	2.79		7

EVALUATION OF FARMER'S ORGANIZATION SURVEY

FINANCIAL CONDITION, 12-31-70							
Total Assets-VN\$	LIABILITIES		MEMBERSHIP EQUITY-VN\$		Current Ratio	Total Members	MEM Act Mem
	Current-VN\$	Long-Term-VN\$	Share Capital	Reserves			
15,811,290	7,743,789	2,629,502	237,280	5,200,719	1.71:1	2,230	1,
2,461,834	137,870	2,011,616	125,287	187,061	Not Real-istic	997	
1,560,603	1,438,637	40,090	6,600	75,276	1.03:1	3,365	
10,502,458	6,700,509	675,562	160,082	2,966,305	1.53:1	4,372	1,
3,859,011	1,576,319	929,928	133,814	1,218,950	2.26:1	2,079	1,
97,626,792	41,179,351	19,273,772	5,841,231	31,332,438	ave. 2.09:1	34,791	21,
7,509,753	3,167,642	1,482,598	449,325	2,410,188			

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GENERAL APPRAISAL					REMARKS AND DEVELOPMENT POTENTIAL
MEMBERSHIP	Potential	BOD	Manager's	Facilities	
Active Members	Membership	Attitude	Capability	Including Warehouse	
1,650	9,000	Very Good	Average	Good	Strong leadership in this Organ. from Chrmn. of BOD & Chrmn. of Rural Bank Bd. The fund-producing business can be developed by the Organ. Mgr. may need replacing and/or salary adjustment to attract good Mgr. Membership really needs development. Has excellent development possibilities. There is possibility this Organ. trying to be in too many types of businesses.
498	3-4,000	Fair	Below Average	Below Average	DFA destroyed by VC. Good agri potential in area. Many members also members of breeding coop which is a strong coop. In competition with this DFA. Difficult to up-grade poor management and finances.
808	8,000	Fair	Below Average	Fair	Managed by member of BOD. Organized in 1968. Insignificant amt. of share capital. Unable to meet demands of present membership. Lack of progress blamed on CFA, understaffing, & a shortage of funds. DFA lacks initiative to solve own problems. Opportunity is there.
1,700	6,000	Fair	Below Average	Good	What business is done here is due to DFO field man. Mgr. quite elderly & should have help or be replaced. Competition strong in province town. Sales are increasing since 1967, but membership is static & needs development.
,032	3,000	Fair	Below Average	Fair	Good Mgr. & good Chairman. Rest of BOD poor. Facilities & potential good. Very likely that lack of security will continue to hamper this business.
,045					

OPERATION RESULTS								
Cooperative	Year	Sales-VN\$	Net Profit or(Loss)VN\$	Gross Profit-%	Net Profit or (Loss)%	Inventory Turnover	Tc Ass:	
<u>KHU TRUNG TU NGHIA COOP</u>	1968)							
Quang Ngai, MR I	1969)	3,931,543	(200,843)	0.60	(5.13)	9.0	1,2	
Supply	1970	499,500	(14,040)	4.00	(2.81)	4.5		
<u>QUI NHON FISH COOP</u>	1968	NA	NA					
Qui Nhon, MR II	1969	1,555,506	(663)	2.74	(0.04)	NA	5	
Supply	1970	7,786,951	58,765	7.90	0.75	NA		
<u>HOA THANG AGR. COOP</u>	1968	41,304,401	196,756	5.60	0.48	NA		
Phu Yen, MR II	1969	34,124,035	(2,803,009)	(7.92)	(8.21)	4.7	14,2	
Supply - Marketing	1970	15,684,963	52,649	(3.20)	0.34	4.8		
<u>KHANH HOA TOBACCO COOP</u>	1968	3,180,955	786,845	47.04	24.74	1.0		
Khanh Hoa, MR II	1969	1,911,280	211,232	29.50	11.05	1.0		
Supply - Marketing	1970	4,237,200	160,870	8.81	3.80	1.0	7,7	
<u>HON KHOI SALT COOP</u>	1968	16,896,618	692,263	10.03	4.09	1.7		
Khanh Hoa, MR II	1969	8,484,777	7,532	NA	0.09	1.4		
Marketing	1970	8,440,100	244,408	18.75	2.90	5.3	4,0	
<u>THAP CHAM TOBACCO COOP</u>	1968	23,502,492	4,895,471	29.43	20.83	1.0		
Ninh Thuan, MR II	1969	18,113,280	995,943	19.95	5.50	1.0		
Supply - Marketing	1970	19,526,986	753,396	15.66	3.86	1.0	15,0	
<u>PHAN LY CAU FISH COOP</u>	1968	899,321	(84,035)	Commission	(9.34)	NA		
Binh Thuan, MR II	1969	972,016	(27,156)	Income	(2.80)	NA		
Supply	1970	448,638	(144,214)	Only	(32.15)	NA	1,5	
<u>THANH HUNG BREEDING COOP</u>	1968	580,930	93,175	24.50	16.04	NA		
Gia Dinh, MR III	1969	---	---	--	---	--		
Supply	1970	---	---	--	---	--	1,2	

Field Survey, ACIDI
November 1971

EVALUATION OF FARMER'S ORGANIZATION SURVEY

FINANCIAL CONDITION, 12-31-70							
Total Assets-VN\$	LIABILITIES		MEMBERSHIP EQUITY-VN\$		Current Ratio	Total Members	MEMB ACFTI Memb
	Current-VN\$	Long-term-VN\$	Share Capital	Reserves			
1,263,652	709,876	235,553	318,223	-----	1.30:1	1,157	NA
585,265	300,000	---	226,500	58,765	1.95:1	293	293
14,262,424	16,019,550	---	516,450	(2,273,576)	0.70:1	1,140	300
7,728,607	2,558,162	691,955	611,680	3,866,810	2.25:1	1,369	NA
4,077,394	1,151,018	---	137,066	2,789,310	2.60:1	483	NA
15,011,532	6,231,424	552,564	689,709	7,537,835	2.19:1	1,197	400
1,559,761	1,179,899	318,775	161,675	(100,588)	1.13:1	427	NA
1,202,275	930,000	146,000	33,100	93,175	1.07:1	43	43

GENERAL APPRAISAL					REMARKS AND DEVELOPMENT POTENTIAL
MEMBERSHIP	Potential	BOD	Manager's	Facilities	
ive	Membership	Attitude	Capability	Including	
bers				Warehouse	
	5-6,000	Poor	Average	Fair	This Organ. is deteriorating. Vice-Chairman is Acting Mgr. Open for business half day. War destruction of crops caused the coop heavy losses. The possibility of coop organizing a Federation to plan, supply & transport 1500M/T a day sugar cane to local refinery presents an opportunity to serve members with top mgmt.... potential is very good.
3	Doubtful	Poor	Average	None	This coop is a "paper organization" with no facilities and no program. BOD envisages use of a "new fish market" as only future function of coop and only hope for viability.
0	---	Poor	Below Average	Poor	Poor Management. Three FOM in same province in competition with this coop. Handles govt. rice marketing. Underfinanced and no plan for future. Very existence questionable.
	2,200	Fair	Below Average	Good	The combination of poor security, depressed tobacco prices & lack of aggressive mgmt. has led this coop downhill. Private sector now dominates the market. To restore members' confidence, Manager & BOD must strive for better service to members. Lack of funds is only part of difficulty.
	1,000	Fair	Below Average	Poor	Due to the universal need for salt & the long experience of this Organ. in production & marketing of the product, believe there is real potential for development. During survey, accomplished replacement of Mgr. with bookkeeper & agreement by local rural bank mgr. to make loan.
0	2,000	Fair	None	Excellent	Decline in volume & earning due to low price for tobacco & weak mgmt. Excellent facilities & good equipment. Recent improvement in tobacco price should increase production. Better mgmt. & additional capital are essential.
	Considerable	Fair	Average	Fair	Activity consists of collecting commission. The Mgr. & BOD members desire reactivation of the coop. Requires extensive GVN assistance. Mbrs. need to contribute more investment capital.
	----	Fair	Above Average	Fair	No operating or financial statements made available for 1969-1970. Organization caters only to a few big operators. The operation appears to be well-managed.

OPERATION RESULTS							
Cooperative	Year	Sales-VN\$	Net Profit or (Loss) VN\$	Gross Profit-%	Net Profit or (Loss) %	Inventory Turnover	Total Assets
<u>BREEDING COOP DONG THIEN *</u>	1968	----	----	----	----	----	
Binh Duong, MR III	1969	----	----	----	----	----	
Supply - Production	1970	23,920,380	6,834,443	30.00	28.57	2.5	33,06'
<u>GO CONG RICE COOP</u>	1968	4,311,085	39,680	16.96	0.92	1.8	
Go Cong, MR III	1969	4,846,717	101,187	12.98	2.09	7.1	
Supply	1970	16,388,018	377,163	7.13	2.30	12.9	2,12
<u>LONG CHAU RICE COOP</u>	1968	4,159,600	(12,812)	7.00	(0.31)	3.5	
Vinh Long, MR IV	1969	1,366,736	(10,314)	8.00	(0.75)	2.8	
Supply - Rice Collecting	1970	2,253,561	54,365	9.50	2.41	4.7	1,67
<u>CAI RANG RICE COOP</u>	1968	NA					
Phong Dinh, MR IV	1969	1,354,180	10,763	21.45	0.79	NA	4,71
Supply - Rice Mill	1970	NA					
<u>KINH D THANH AN COOP</u>	1968	2,458,779	12,575	15.00	0.51	NA	
An Giang, MR IV	1969	5,902,338	74,371	9.00	1.26	1.0	
Supply - Marketing	1970	4,784,175	187,920	34.00	3.93	0.8	5,9:
<u>THAT NOT RICE COOP</u>	1968	14,217,311	605,938	6.16	4.26	5.0	
An Giang, MR IV	1969	2,767,535	432,844	5.55	15.64	1.5	
Supply	1970	7,398,390	78,512	2.07	1.06	NA	7,2'
<u>KIEN GIANG INLAND FISHING COOP</u>	1968	NA					
Kien Giang, MR IV	1969	408,465	(83,590)	Commission Income	(20.46)	NA	
Marketing - Transportation	1970	490,241	(98,215)	Only	(20.03)	NA	6'
<u>FISH COOP RACH GIA</u>	1968	NA	NA	NA	NA	NA	
Kien Giang, MR IV	1969	NA	NA	NA	NA	NA	
Marketing	1970	NA	NA	NA	NA	NA	
* Less Dong Tien Breeding Coop:		309,089,003	14,480,175				101,1
		(23,920,380)	(6,834,443)				(33,0'
		285,168,623	7,645,732				68,1'
(14 Organs.) -- Average:		20,369,187	546,123	12.28	2.68	3.4 Adj.	4,8'

EVALUATION OF FARMER'S ORGANIZATION SURVEY

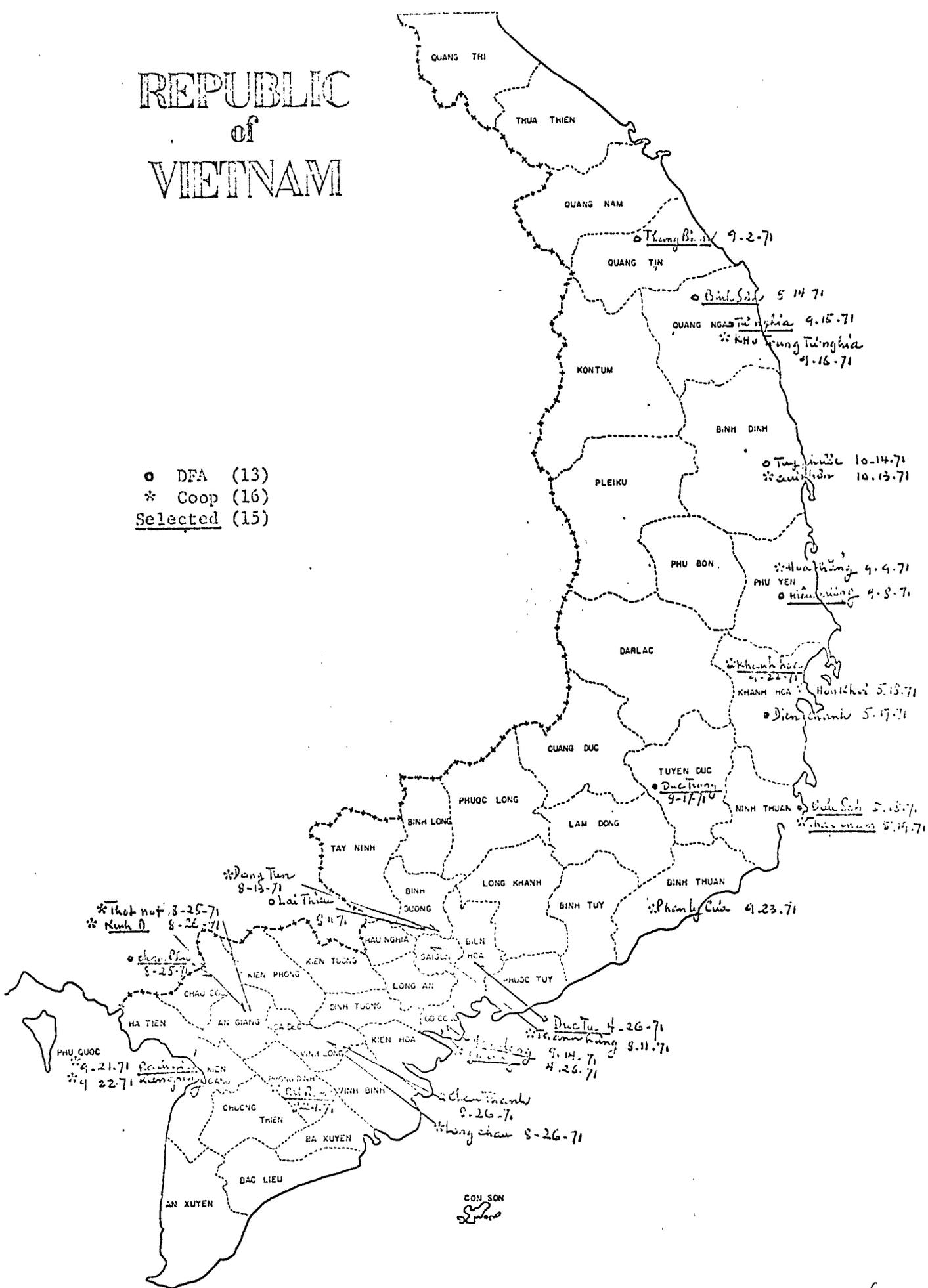
FINANCIAL CONDITION, 12-31-70							Total Members	MEMBER ACTIVE MEMBERS
Total Assets-VN\$	Current-VN\$	LIABILITIES		MEMBERSHIP EQUITY-VN\$		Current Ratio		
		Long-Term-VN\$	Share Capital	- Reserves				
33,066,991	3,956,778	-----	3,183,000	25,927,213	3.70:1	449	449	
2,123,301	502,851	661,721	687,555	271,174	3.61:1	1,446	180	
1,678,994	1,398	987,656	455,975	233,965	Unrealistic	1,452	NA	
4,714,535	1,346,038	5,317,557	314,330	(2,263,390)	1.12:1	1,739	NA	
5,920,290	5,433,103	291,231	154,492	41,464	1.08:1	480	480	
7,293,133	4,527,582	501,227	1,770,272	494,052	1.40:1	2,291	936	
693,431	94,405	403,200	42,600	153,226	0.56:1	331	NA	
NA	NA	NA	NA	NA	NA	800	NA	
101,181,585 <u>(33,066,991)</u> 68,114,594	44,942,084 <u>(3,956,778)</u> 40,985,306	10,107,439 ----- 10,107,439	9,302,627 <u>(3,183,000)</u> 6,119,627	36,829,435 <u>(25,927,213)</u> 10,902,222				
4,865,328	2,927,522	721,959	437,117	778,730				

1/14

GENERAL APPRAISAL					REMARKS AND DEVELOPMENT POTENTIAL
MEMBERSHIP	Potential	BOD	Manager's	Facilities	
Active Members	Membership	Attitude	Capability	Including Warehouse	
449	Limited	Very Good	Above Average	Very Good	In less than one full year of operation, this cooperative has made amazing progress. Loyal membership, special financing and assistance combined with an intelligent and aggressive BOD and staff, indicates a promising future for this organization.
180	4-5,000	Fair	Average	Good	Chairman of BOD is Manager. Large quantities of fertilizer sold to private dealers. Only a few big farmers benefitted from the loan program. Coop shows possibilities in rice storage, processing & marketing. Efforts should be made to increase farmers' participation.
NA	Several Thousand	Poor	Below Average	Good	This coop is stagnant. Unable to compete with private sector. ADB has cut off credit. BOD composed of village officials & retired civil servants. A revaluation should be made to determine if a coop is needed in this area, since competition is keen, prices most likely are fair.
NA	---	Poor	Below Average	Fair	Large rice milling facilities not being used. There is 35M/T per day capacity. Mainly used to mill rice for large farmers & businessmen. Potential here good if organized to serve rice grower. There is some question of location. This coop has received help from USAID through the years.
480	4,700	Very Good	Above Average	Poor	Very good management. BOD is planning for future. Indebtedness about zero (statistics misleading). Appears to be a quality of discipline among potential membership. Coop badly needed by community.
936	4,000	Very Poor	Below Average	Poor	Evidence of an uneven operation. May be lacking in responsible leadership. Plans for future activity of coop are unformulated.
NA	Limited Due To Security	Very Good	Above Average	Good	This coop operating mainly as a transport stock company. Once security is obtained it has potential as an inland fishing coop. Fish raising industry not fully developed limiting immediate potential. Excellent Mgr. Comparable to a stock company. Relatively little service to producer.
NA	?	Very Good	Above Average	Good	This coop operating as a sea fishing coop, exporting to Thailand for the GVN, & is in competition with similar exporters. This fish coop just starting again this year after closing down in 1970. Very competitive business with entrenched middlemen from Saigon in control. Very experienced BOD & fair Mgr. Actually, this coop has great potential, however, again it leans toward a stock company made up of boat owners. With guidance, we might assist in changing this concept. Great potential & good leadership.

REPUBLIC of VIETNAM

- DFA (13)
- * Coop (16)
- Selected (15)



THE FARMER'S ORGANIZATION SURVEYS
STATISTICS & ANALYSIS

I. Analysis of Operations Statements

Average annual results:

	<u>13-DFAs</u>	<u>14-COOPS *</u>
Sales Volume	VN\$18,816,648	20,369,187
Net Profit	VN\$ 525,353	546,123
Gross Margin	5.77%	12.28%
Operating Expense	2.98%	2.60%
Net Profit	2.70%	2.68%
Inventory Turnover (Adjusted)	5.6 times	3.4 times
1970 Average Business Per Member	10,900	NA
1970 Average Return on Members' Equity	15.20%	10.05%

II. Financial Condition

Average Balance Sheet at 12/31/70:

	<u>DFAs</u>		<u>COOPS*</u>	
<u>Assets:</u>				
Cash	VN\$ 777,829	10.36%	VN\$ 473,416	9.73%
Accounts Receivable	1,679,192	22.36%	2,211,715	45.46%
Inventory	4,286,179	57.07%	1,139,530	23.42%
Bldg. and Equipment	766,553	10.21%	1,040,517	21.39%
Total assets	VN\$ 7,509,753	100.00%	VN\$4,865,328	100.00%
<u>Liabilities:</u>				
Current	3,167,642	42.19%	2,927,522	60.17%
Long-Term	1,482,598	19.74%	721,959	14.84%
Total Liabilities	4,650,240	61.93%	3,649,518	75.01%
<u>Member Equity:</u>				
Share Capital	449,325	5.98%	437,117	8.99%
Reserves, etc.	2,410,188	32.09%	778,730	16.00%
Total Member Equity	2,859,513	38.07%	1,215,847	24.99%
Total Liabilities & Equity	VN\$ 7,509,753	100.00%	VN\$ 4,865,428	100.00%

* Excluded:

Rach Gia Fish Coop - no financial data
Dong Tien Breeding Coop - not representative

III. General Appraisal

	<u>13-DFAs</u>			<u>16-Cooperatives</u>		
	Good	Fair	Poor	Good	Fair	Poor
Board of Director's Attitude	5	7	1	5	5	6
Manager's Capability	2	7	4	5	4	7
Staff	5	6	2	6	4	6
Facilities	8	3	1	7	4	5

Membership Statistics:

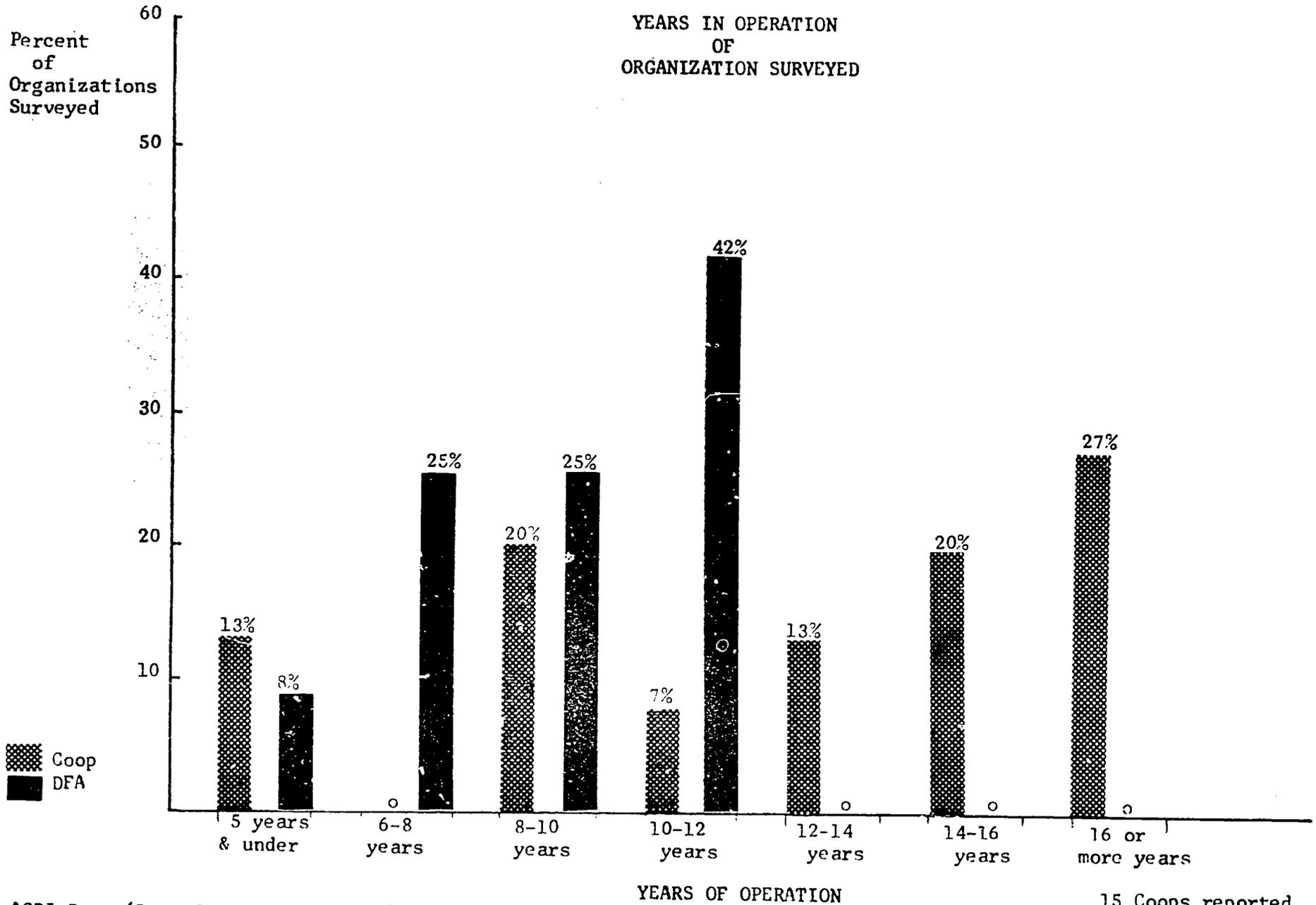
Average Membership	2,676	944
Average Active Membership	1,619	NA
Average Potential Membership	5,000	NA

Manager Statistics:

	<u>DFA's</u>	<u>Cooperatives</u>
Average Age	46	58
Number Of Years Managed	3.5	2.8
Salary Per Month	VN\$ 8.330	VN\$ 10,300

Attendance at annual meeting: 88% delegates

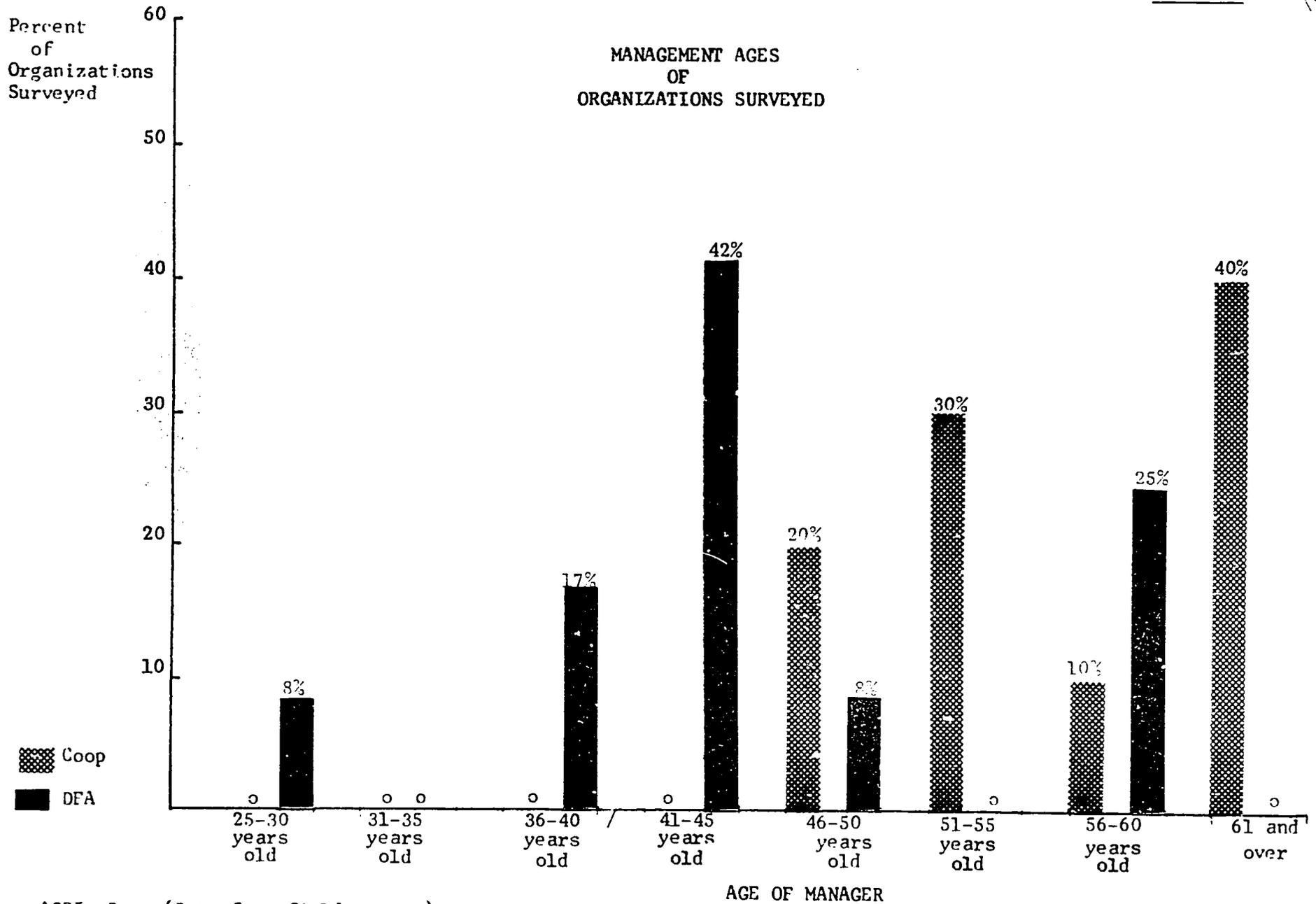
30% membership



ACDI-Dec. (Data from field survey)

15 Coops reported
12 DFA's reported

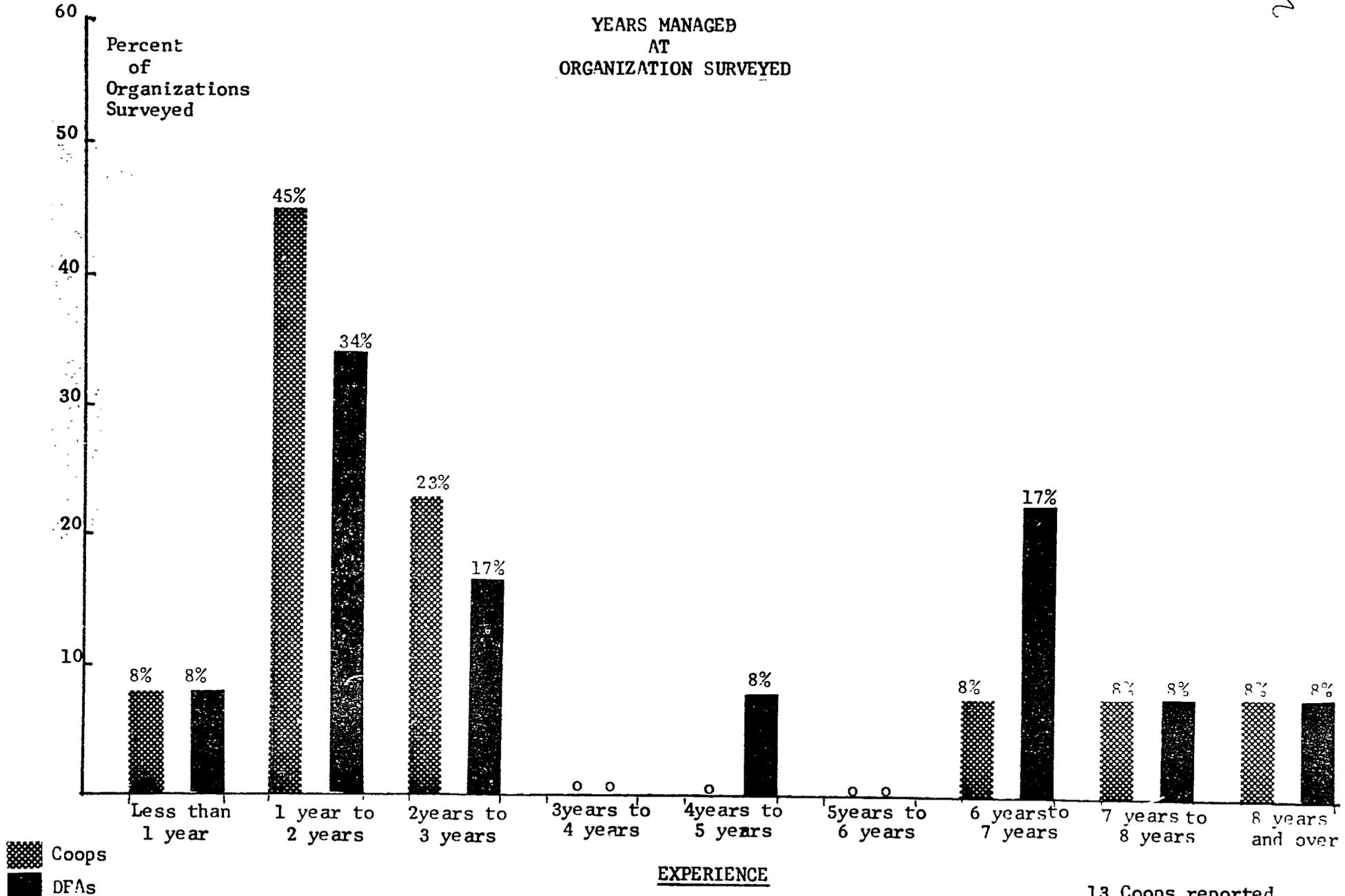
CHART II



ACDI- Dec. (Data from field survey)

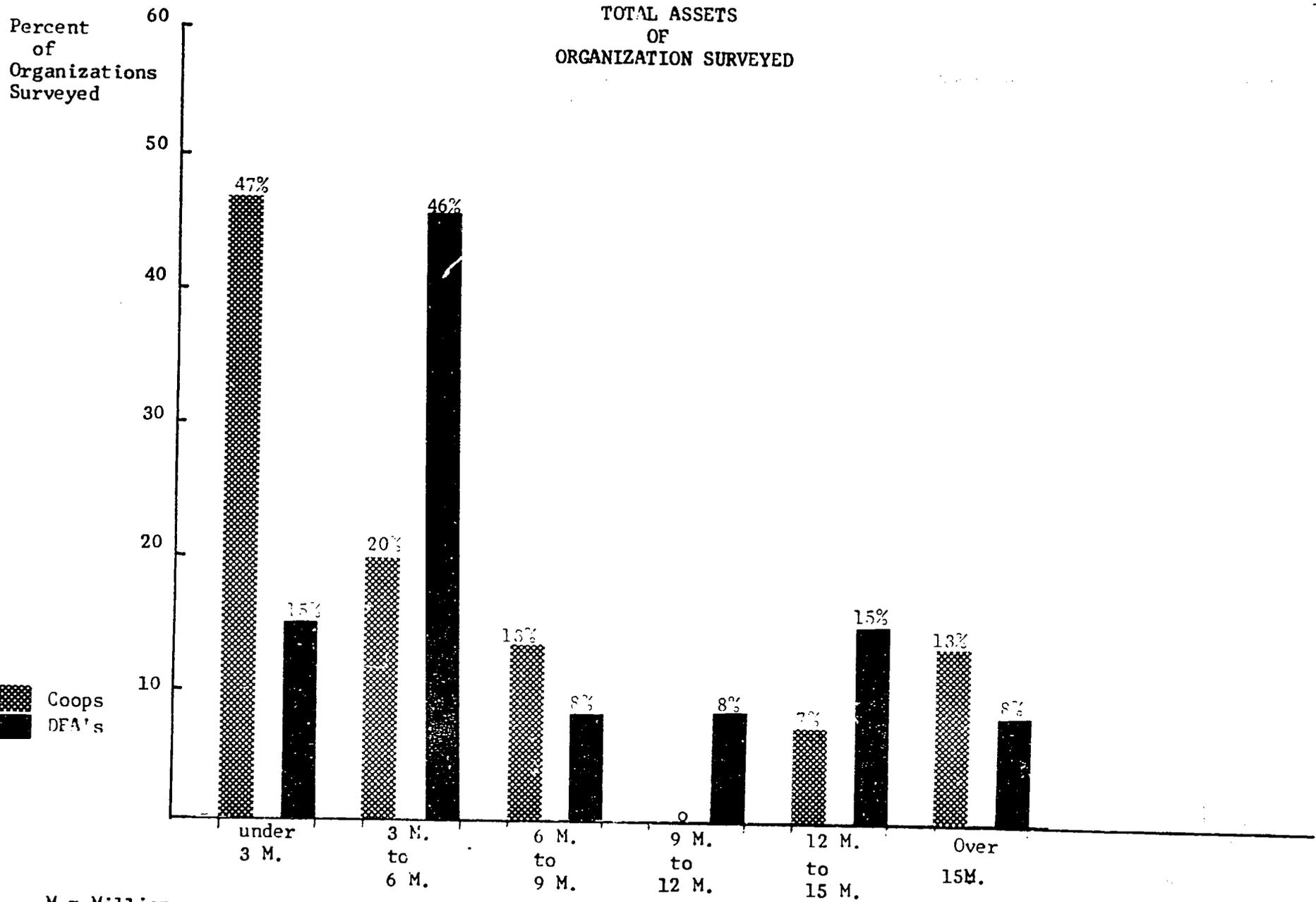
10 Coops reported
12 DFA's reported

2



13 Coops reported
12 DFAs reported

176



M = Million

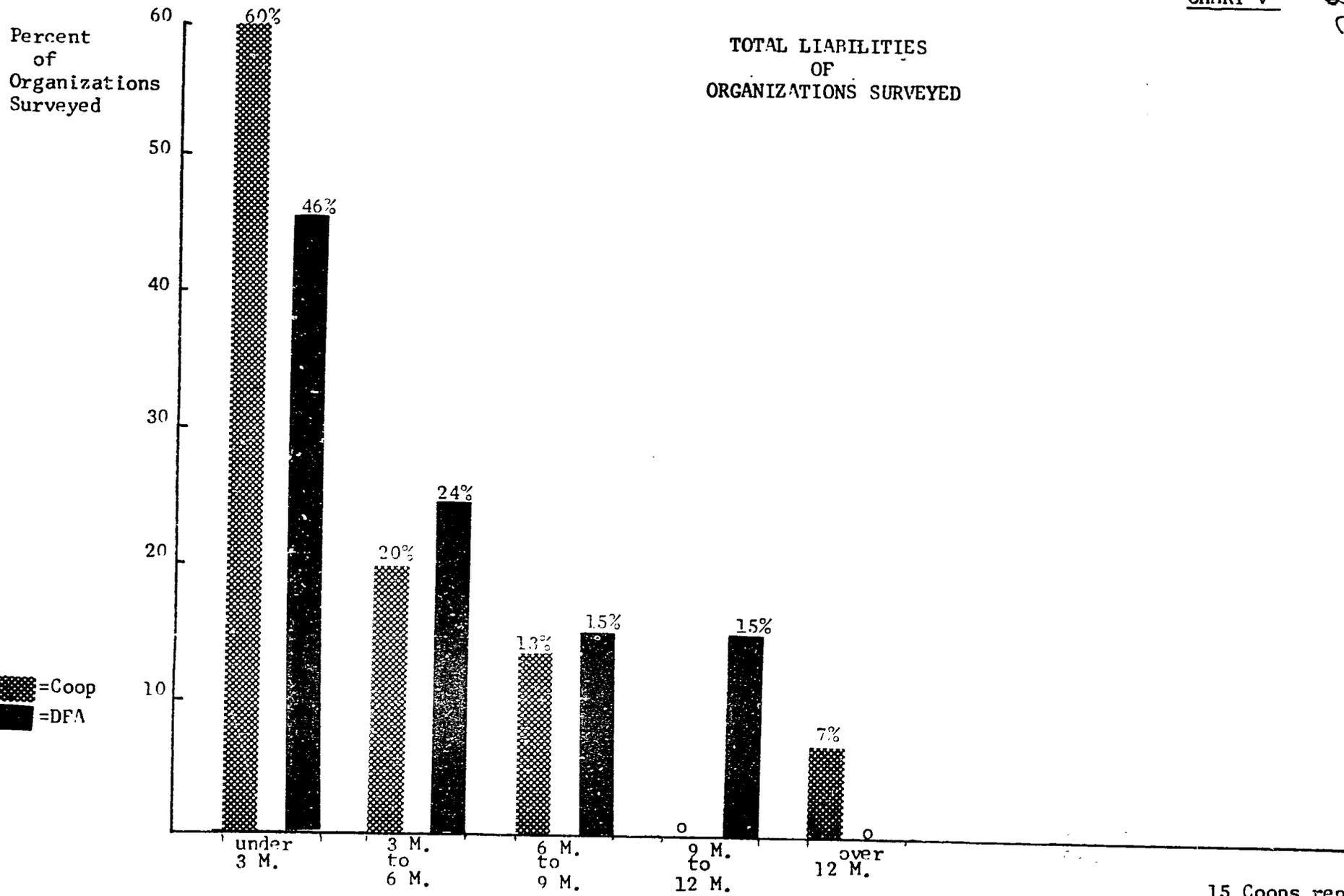
ACDI- Dec. (Data from field survey)

ASSETS (VN\$)

15 Coops reported
13 DFA's reported

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TOTAL LIABILITIES OF ORGANIZATIONS SURVEYED

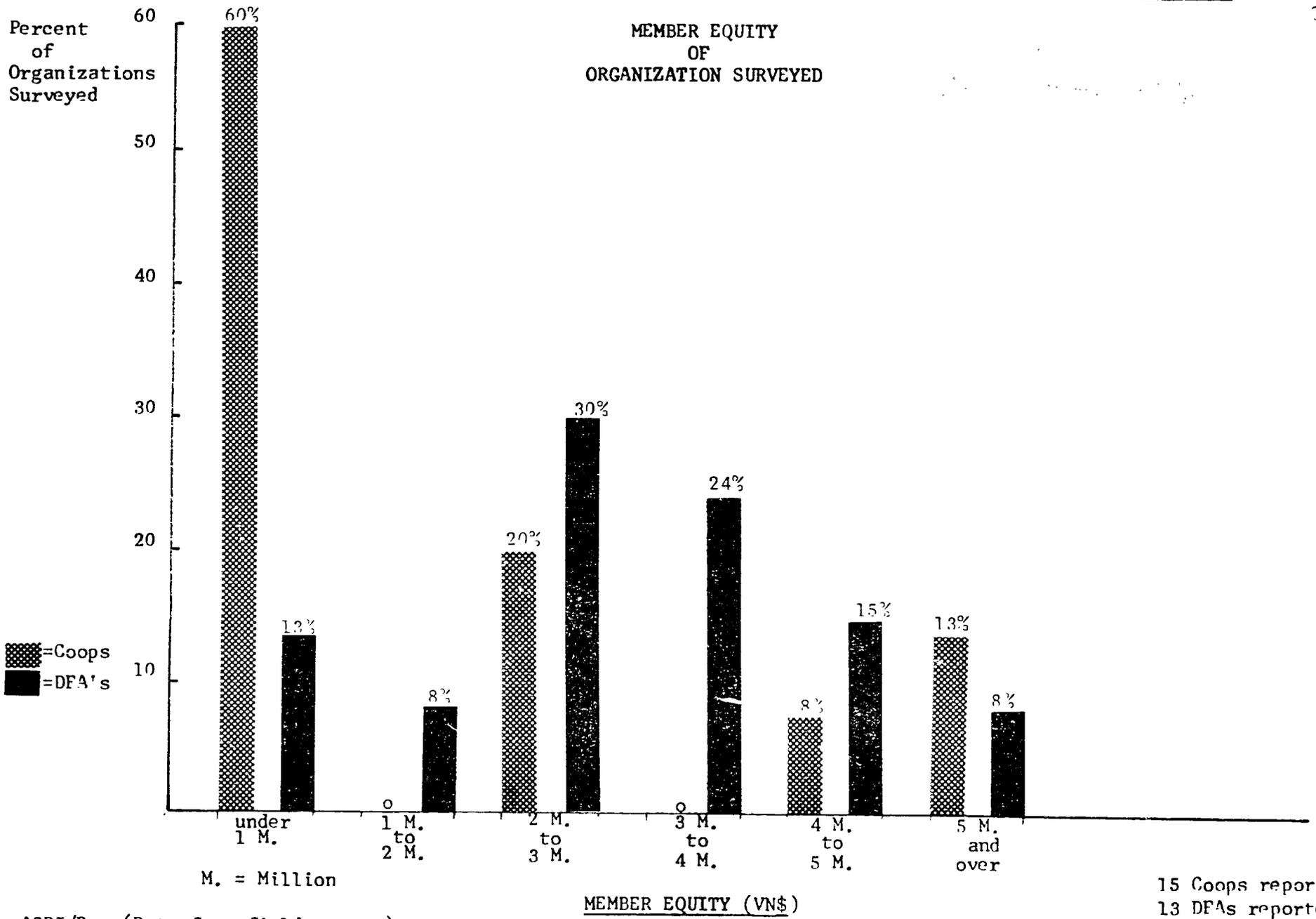


■ = Coop
■ = DFA

M. = Million

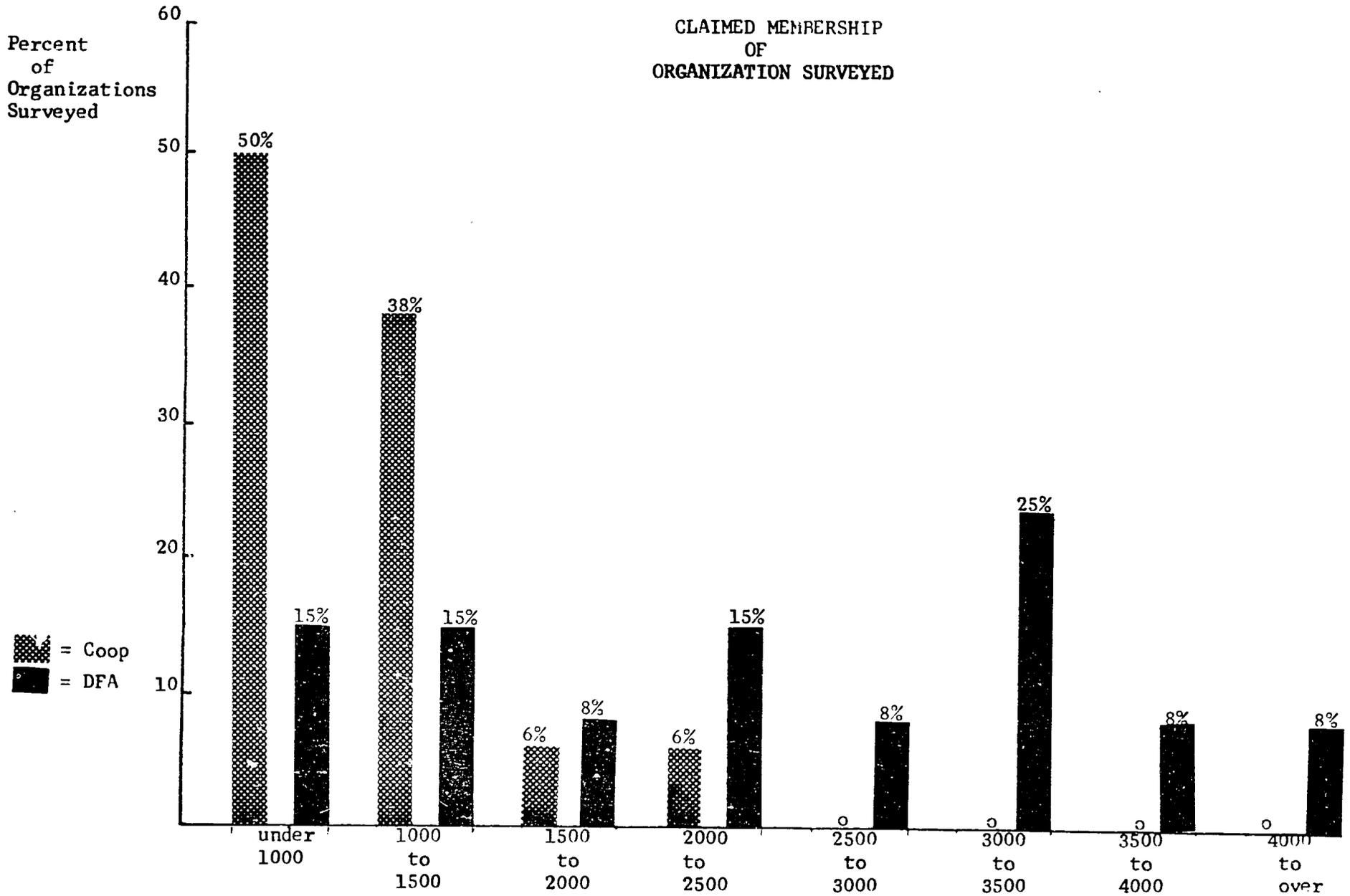
LIABILITIES (VN\$)

15 Coops reported
13 DFA's reported



ACDI/Dec. (Data from field survey)

15 Coops reported
13 DFA's reported



ACDI-Dec. (Data from field survey)

MEMBERS

16 Coops reported
13 DFA's reported

Successful Coops Need

1. Is there a Strong Central Federation?
Regional or National for Vietnamese Agr.
Coops?

2. Are Local Cooperatives large enough
to be a viable business unit?

3. Do farmer members become financially
involved by furnishing a share of needed
capital?

4. Do Cooperatives have a planned
systematic approach to build members
participating capital?

5. Is GVN supporting an educational
program for training coop board members
managers, bookkeepers, and local staff?

6. Is there an effort to locate and
develop new village leadership to augment
the traditional leadership of the village?

ACDI Advisor Hellekson is working
with Coop training center to
accomplish this.

7. Are human relations and communications used to give purpose to the cooperative?

8. Does there exist in the Vietnam Cooperative movement a means of learning from their own in-country experience?

9. Are Vietnamese Coops making any effort to cope with "labor force explosion" by consciously studying employment effects of mechanization and natural increase?

10. Is the GVN role in cooperatives one of supervision and administrative control, or one of assistance and support.

A study of the ten most successful coops is being made to attempt to accomplish this.