

GTZ and Its Support to the Local Economic Development of Quang Nam Province

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Distinguished Guests, Ladies and Gentlemen:

I would like to give you an overview of the impacts of the GTZ Small and Medium Enterprise Development Program on the local economic development (LED) of Quang Nam Province. Since May 2005, SMEDP in Quang Nam has concentrated on the following major areas:

Supporting the establishment of an enabling business and investment environment - this was done by supporting investors and promoting enterprises by creatively applying policies, building favorable procedures for enterprises, and transmitting transparent information to investors. Current projects include the set up of an Investment Promotion and Enterprise Support Center, building a coordination mechanism between related line departments for improved investment licensing and enterprise support, establishing a quality management system in the Department of Planning and Investment, supporting business start-ups, simplifying business registration, and business consultation. Practical support for the province include training ethnic minority people and the Chanchu storm victims on market access, establishing business associations and appraising competitive advantages in districts and towns. There is now an IT solution connecting the Department of Planning and Investment, Department of Tax and the Provincial Police. This reduces the business registration period from 20 days to between 7 to 9 days. And instead of making 8 visits to 3 separate agencies, entrepreneurs now only need to visit the one-stop-shop twice.

SMEDP helped create jobs and increase the income of poor people by supporting small-scale industries and handicraft products with certain competitiveness such as rattan or silk. The program recently helped organize a workshop on tourism development in Hoi An, a world heritage area, targeting the development of craft villages and tourism agencies.

As for general capacity development, there are activities like local government planning for local economic development, dialog fora between local authorities and enterprises in different forms such as the LED Forum, workshops on provincial competitiveness, WTO issues, consultation of enterprises for current laws and regulations, implementation guides for Enterprise and Investment laws, private sector participation in value chains, establishing and developing associations, and study tours for the leaders of localities to improve awareness, knowledge and the application of good practice.

Thus, we can say that in this relatively short period GTZ's support was practical and efficient. The scale of interventions, the number of professional staff, human resources and



organizational assistance provided by the program are smaller than in other programs. Yet SMEDP has achieved much higher efficiency. This is because the program has identified suitable targets, objectives and directions appropriate to the reality of the locality. The program staff are efficient and enthusiastic. Thanks to its hands on approach, the program also receives enthusiastic response and feedback from local organizations, individuals and especially the enterprises in the province. Via objective methods, provincial competitiveness has been evaluated fairly precisely so that strengths and weaknesses are clearly analyzed compared to other provinces in the region and in the whole country.

However, we should also identify shortcomings and limits. The existing coordination mechanism has yet to be synchronized and a lot of time is wasted on negotiation, agreement, and distribution of resources among the line departments. Some counterparts have not yet thoroughly understood the program's approach that focuses on technical assistance and local economic development capacity building. Collaboration deficits or erroneous proposals (for big investment projects) still occur. The time needed for local staff to absorb new concepts, approaches and tools also hampers the speedy implementation of projects. Unfavorable climate conditions with major storms and floods in 2006 also hindered progress. Furthermore the long awaited instructions for some of the Central Government's legal documents also made Quang Nam lag behind its expected implementation schedule.

Ladies and Gentlemen:

GTZ-SMEDP and InWEnt conduct regular 3-month-training courses on Regional Economic Development (RED) in Germany for participants from various developing countries. I also participated in the RED training in Germany this year. I would like to share some of my observations at the course. (...)

I noted that the participants from other countries were highly active, took the initiative to raise issues, and were better prepared in terms of foreign language ability and the use of information technology. As for us Vietnamese, our passiveness might be partly due to the passive way of learning as university students. The fact that our conferences focus on monotonous reports might result from our educational culture in which teachers deliver knowledge while students merely absorb it.

Furthermore, the lack of foreign language proficiency was an obstacle for me. In the current international economic integration and competition, it is vital to have skills that meet international standards. This is relevant not only to the group of experts but also to leaders. The major reason is, as you know, the awareness, strong will and political determination of the leaders of local authorities which are decisive factors in the LED process. I want to raise this issue because I believe that some people from GTZ may know this, but not all the local partners. The local side should pay attention to this matter if we want to improve effectiveness and the long-term impacts of local economic development.

As for Quang Nam Province, we must realize that to develop a sustainable local economy, we must start with human resource development. Therefore, we would like to request GTZ to continue providing knowledge and skills on local economic development to key staff of the provincial and district levels, thereby opening fora for regional development. Furthermore, GTZ should help broaden relations between the provinces and localities in Germany and the countries it supports, to exchange local economic development experiences and promote investment and regional cooperation. There has been the co-statement of the APEC Tourism Minister Summit. Why don't we make a regional cooperation program out of it?

Ladies and Gentlemen:

On behalf of the leaders of Quang Nam Province, I would like to sincerely thank GTZ. We hope to continue receiving its support. As for the province, we commit ourselves to ensure the efficient implementation of the program initiatives as this is the political task and responsibility of the local authority of Quang Nam Province. Once again, thank you very much.

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