



LOCAL COORDINATION BOARD

A MODEL OF A STEERING COMMITTEE FOR
PROVINCIAL ECONOMIC DEVELOPMENT

Deutsche Gesellschaft für
Technische Zusammenarbeit (GTZ) GmbH

- German Technical Cooperation -

GTZ Office Hanoi
6th Floor, Hanoi Towers
49 Hai Ba Trung Street,
Hanoi, Vietnam

T +84 4 39 34 49 51

F +84 4 39 34 49 50

E gtz-vietnam@gtz.de
office.sme@gtz-vietnam.com.vn

I www.gtz.de/vietnam

www.sme-gtz.org.vn

www.businessportal.vn



Published by
Deutsche Gesellschaft für
Technische Zusammenarbeit (GTZ) GmbH
Vietnamese – German SME Development Program

Executive Editors
Le Duy Binh
Doris Becker

Designed and printed by Golden Sky Co., Ltd.
Tel: 04 3 8634030

Publication License No: 28-44/LĐ date 25/3/2009
293 QĐLK/LĐ date 7/4/2009

© gtz, April 2009

LOCAL COORDINATION BOARD

A MODEL OF A STEERING COMMITTEE FOR
PROVINCIAL ECONOMIC DEVELOPMENT

PHAN THU HIEN
DORIS BECKER

www.sme-gtz.org.vn

52W	low	Stock	Ticker	Vol	00%	High	Low	Cts	Net	chg	52W	high
35	0.04	EntDev	FX	190	0.09	0.04	0.08	0.08	-0.03			
	0.08	EnviroFX	EPI	30	0.15	0.15	0.15	0.15	-0.05			
		Calc Egy	EPN	150	0.05	0.05	0.05	0.05	-0.01			
				899	0.25	0.25	0.25	0.25	-0.05			
						0.17	0.18	0.18	-0.03			
						0.45	0.50	0.50	+0.02			
							0.32		-0.02			

April 2009

ABOUT GTZ

As an international cooperation enterprise for sustainable development with worldwide operations, the federally owned Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH supports the German Government in achieving its development-policy objectives. It provides viable, forward looking solutions for political, economic, ecological and social development in a globalised world. Working under difficult conditions, GTZ promotes complex reforms and change processes. Its corporate objective is to improve people's living conditions on a sustainable basis.

The German Federal Ministry for Economic Cooperation and Development (BMZ) is its major client. The company also operates on behalf of other German ministries, the governments of other countries and international clients, such as the European Commission, the United Nations and the World Bank, as well as on behalf of private enterprises. GTZ works on a public-benefit basis. All surpluses generated are channeled back into its own international cooperation projects for sustainable development.

GTZ has been working with its partners in Viet Nam since 1993 and promotes sustainable development in the three priority areas of Sustainable Economic Development, Management of Natural Resources including Water Supply, Wastewater and Solid Waste Management and Health. Additional projects are situated within the cross-cutting sector Poverty Reduction, implemented on behalf of other German ministries or realised by GTZ International Services. The Centre for International Migration and Development (CIM), a joint operation of GTZ and the International Placement Services (ZAV) of the German Federal Employment Agency (BA) currently has 20 integrated experts working as professionals for partner institutions in Viet Nam.

CONTENTS

ABBREVIATIONS	5
FOREWORD	6
I. BACKGROUND	9
1. Concepts of Regional Development and Decentralization in Vietnam	9
2. The participation of different stakeholders in regional and provincial planning	13
II. PROGRAMME BACKGROUND	17
III. THE INTERVENTION PROCESS	21
1. The set up of the Local Coordination Board (LCB) mechanism and its members	21
2. The functions of the Local Coordination Board	26
3. The operation of the LCB	27
IV. RESULTS ACHIEVED, IMPACTS AND CHALLENGES	21
1. Results achieved	31
2. Impacts	32
3. Challenges	33
IV. LESSONS LEARNT	35

ABBREVIATIONS

COOPSME	Cooperative of Small and Medium Enterprise Alliance
DARD	Department of Agriculture and Rural Development
DOIT	Department of Industry and Trade
DOLISA	Department of Labour, Invalids and Social Affairs
DONRE	Department of Natural Resource and Environment
DOST	Department of Science and Technology
DPI	Department of Planning and Investment
GTZ	German Technical Cooperation Organization
LCB	Local Coordination Board
LCO	Local Coordination Office
LED	Local Economic Development
LRED	Local and Regional Economic Development
MPI	Ministry of Planning and Investment
OP	Operational Plan
PACA	Participatory Appraisal of Competitiveness Advantages
PPC	Provincial People's Committee
PPD	Public-Private Dialogue
SMEDP	Small and Medium Enterprises Development Programme
SMEs	Small and Medium Enterprises
VCCI	Vietnam Chamber of Commerce and Industry

FOREWORD

The objective of the Small and Medium Enterprise Development programme (SMEDP), funded by the German Federal Ministry for Economic Cooperation and Development and implemented by GTZ and the Ministry of Planning and Investment, is to improve the competitiveness of small and medium sized enterprises in Vietnam.

In order to achieve this objective, SMEDP is working with a multi-stakeholder approach including public and private institutions at national level and in four selected provinces: An Giang, Dak Lak, Hung Yen and Quang Nam. The programme consists of four closely interrelated components: 1. SME Policy, 2. Local Economic Development, 3. Competitiveness of Selected Sub-Sectors and Value Chains and 4. Advanced Technical Services/ Material Testing.

While the programme was originally designed for a total of 12 years, a decision by the German government to concentrate the technical cooperation in a reduced number of areas, resulted in an early phase out of the programme after only four years, thereby posing a considerable challenge for partners and GTZ alike to assure impacts and sustainability within a limited time frame. In light of this development, SMEDP decided to focus its work in the last year on the most successful products and instruments developed and introduced as far as demand, ownership by partners and potential for sustainability are concerned.

As knowledge management has been an integral part of the programme and was therefore embedded in the programme concept, the idea was born to "systematise" and document the experiences and lessons learnt during the intervention process for the most successful instruments and products of SMEDP. These product systematizations include the following instruments and approaches: Regulatory Impact Assessment, BusinessPortal, Local Economic Development Process, Local Coordination Board, Public Private Dialogue, the Value Chain approach with a focus on avocado and pangasius and Corporate Social Responsibility as a cross-cutting topic of the programme.

These systematizations were developed by GTZ SMEDP staff and were partially structured by applying the logic of the GTZ management tool Capacity Works, which is based on five success factors, namely strategy, cooperation, steering structure, processes and learning and innovation. The documents also drew on inputs from partners and other stakeholders who were invited to comment before final editing took place.

While these documents might not be perfect, as they can only partially reflect the complex process of interventions within a technical cooperation project and its outcomes, it is our hope that they will be of help to our partners in the future to pursue the further development of the products and can be a guide for other institutions and donors seeking to replicate them wherever they deem them suitable for application.

LOCAL COORDINATION BOARD

A MODEL OF A STEERING COMMITTEE FOR PROVINCIAL ECONOMIC DEVELOPMENT

I

BACKGROUND

1. Concepts of Regional Development and Decentralization in Vietnam

Since 1986, Vietnam has implemented an economic reform process (Doi moi) to transfer the economy from a centrally-planned economy to a market economy with a socialist orientation. While strong market-oriented reforms took place on national level



there has not been any clear definition of regional policy. The current trends of regional policy reflect a mixture of neo-liberal ideas (with emphasis on economic competitiveness and growth) and elements reflecting values of the socialist era (with emphasis on equity and political and social stability).

The focus of regional policy is to explore the comparative advantage of each economic region, particularly the better endowed and more advanced ones. It follows the idea that competitiveness is the engine of national economic growth and a basis for achieving higher levels of employment and standards of living. According to this approach,

competitiveness requires selective strategies at national, regional and local levels. Consequently, the government's regional development policy is based on the selection of regional advantages that are most promising.

However, as a legacy of the values of the socialist era, sustaining social and political stability is seen as a prerequisite for economic development. Therefore the government also pursues the "balanced approach" which implies channeling support to the poor and backward regions mostly via transfer policy¹. In spite of significant achievements in poverty reduction and improvement of the living standard for the country as a whole, regional differences have been widening since the introduction of Doi Moi. In the last years this situation has become more severe and it can be observed that more advanced provinces due to their existing assets attract increasing amounts of investment, while provinces with less favorable conditions fall behind, although they are trying to compete in the race for new investments. It is of vital importance to tackle these rising disparities as they might lead to social and political unrest.

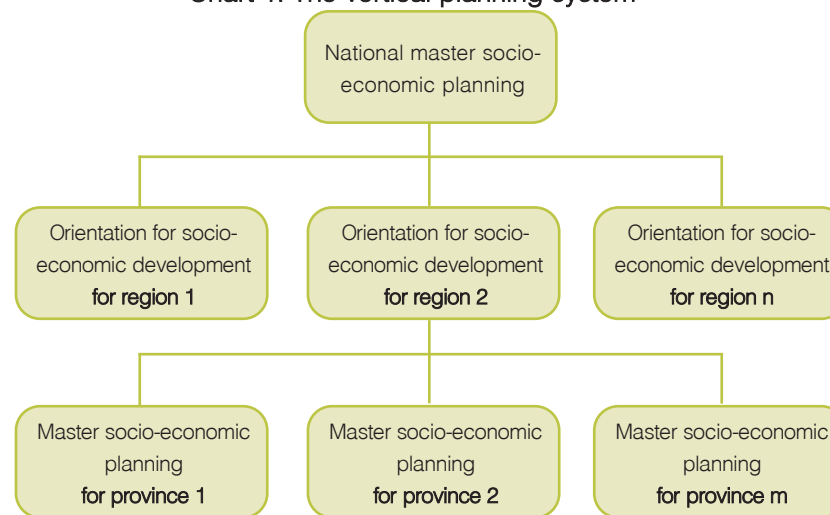
Considering its socialist past, it is no surprise that the government of Vietnam still follows a "planning for development" approach, including top-down socio-economic 5-year-plans, to achieve objectives of regional policy. According to a complex vertical approach, with the national master socio-economic plan as a

¹ Currently, only fifteen out of sixty three provinces in Vietnam are net-budget contributors. The remaining provinces receive budget transfer from the government. Moreover, transfers accounts for about 50 percent of total local expenditure.

backbone, regional policies are formulated at the central level and cascaded to regional, provincial and local levels. This approach is complemented by sector related planning which must then be incorporated into vertical plans.

The chart below shows the relation between the different levels of vertical planning:

Chart 1. The vertical planning system



Source: "An analysis of Vietnam's regional policy", Vu Thanh Tu Anh, March 2008

Sectoral development planning is incorporated from the very beginning. Line ministries participate in the preparation of regional master plans, which are coordinated by the Ministry of Planning and Investment (MPI). The line ministries are in charge of drafting plans for their own sectors. A major problem is the resolution of conflicts of

interest and setting priorities among ministries, central government and the line ministries themselves. Coordination among regions and provinces suffers the same problem. For instance, every coastal province in Vietnam wants a deep sea port and every major province in Vietnam wants an international airport. Such an approach can therefore lead to an inefficient allocation of resources between competing regions and provinces.

Local political leaders are responsible for economic growth within their territories and for developing provincial socio-economic development plans. One of the most reported weaknesses is the insufficient and ineffective coordination among different sectors and levels, in both planning and implementing activities. The lack of a clear definition of the State's role at various levels is one cause of poor coordination. As a consequence, some duties are overlooked while some others overlap. In many cases coordination means little more than exchanging reports.

A further weakness is the lack of a mechanism to marry regional and provincial development master-plans with annual and five-year plans. Although, regional development is of great significance in the overall development strategy under the existing system no agency is officially responsible for achieving regional development goals. Though ministries and sectors do contribute to the development of regional master-plans the lack of a specific mechanism and unclear regulations regarding coordination between different regions results in numerous difficulties. Decentralization can further complicate the situation as more is demanded of institutions engaged in this process.

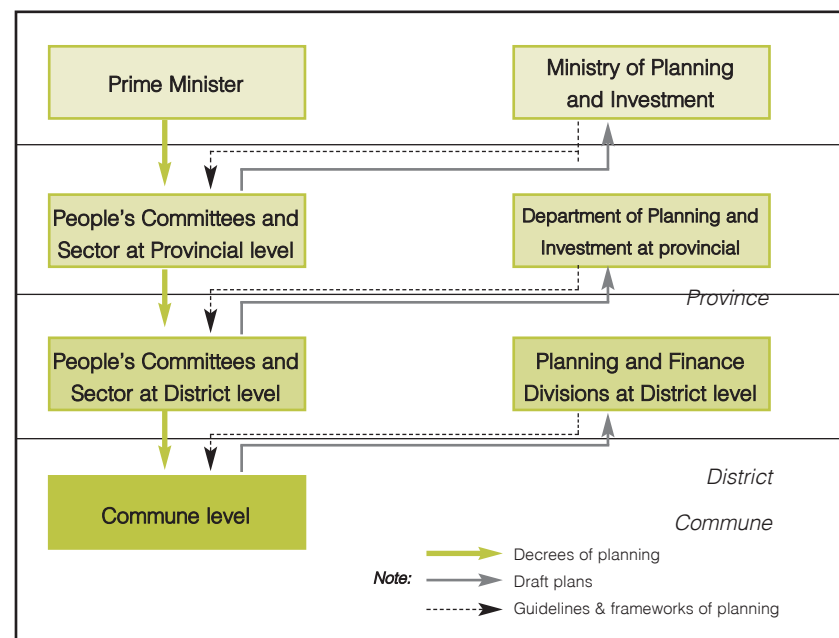
The target oriented approach towards increasing competitiveness to foster economic development in Vietnam

requires that outdated planning approaches have to be overcome. New and more flexible strategic approaches that allow for vertical coordination between ministries and line departments and horizontal, cross-sectoral cooperation between line departments and other stakeholders such as local businesses are needed.

2. The participation of different stakeholders in regional and provincial planning

Vietnam has a unitary system and the current planning system uses a vertical and top-down approach:

Chart 2: Vietnam's Planning Process



Source: Ministry of Planning and Investment (2005)

The responsibility for socio-economic development planning lies with MPI; this implies that MPI is also responsible for generating a general framework for the development of regional and provincial policy. The planning procedure is as follows:

1. MPI proposes a general framework for regional and provincial development planning.
2. The regions, provinces and line ministries then respond by means of reports.
3. Responses from regional/provincial level are selectively incorporated.
4. MPI holds a conference/seminar with representatives from line ministries, regions and provinces, researchers and the business and civil society.
5. MPI incorporates the inputs of the representatives on a selective basis. This is a recurrent process with several rounds of revision. The final output is then submitted to the Prime Minister for approval. Each province has a *Regional Coordination Group* (tổ điều phối), which is supposed to help the minister or the chairman of PPC in their coordination efforts. The costs for this group are financed from the provincial budget.

The table below shows the role of different institutions in the design and implementation of regional policy.

Table 1. Institutions involved in the design and implementation of regional policy

	Institutions	Institutions' Designated Role	Institution's Effective Role
1	Central government Regional	Ratification of regional policy	Decisive and active role
2	Coordination: - Regional Steering Committee - Regional Coordination Groups	Formulation of regional policy	Coordinating and advisory role
3	Provincial governments	Implementation of regional policy, responsibility for achievement of objectives at provincial level	Subordinate role
4	Business sector	Consultation	Weak consultative role
5	Civil society	Consultation	Very weak consultative role

The regional steering committee is a weak governance structure (due to working only on part-time basis and a lack of independent financial resources). As a result, regional policy is formulated by the central government (MPI) and implemented by provincial government, mostly bypassing the regional steering committee.

LOCAL COORDINATION BOARD

A MODEL OF A STEERING COMMITTEE FOR PROVINCIAL ECONOMIC DEVELOPMENT

II

PROGRAMME BACKGROUND

The programme for Development of Small and Medium Enterprises is a project of the Vietnamese-German Development Cooperation, executed jointly by The German Agency for Technical Cooperation (GTZ) and the Small and Medium Enterprises Agency under the Ministry of Planning and Investment (ASMED/MPI) acting as the political counterpart.



The overall goal of the programme is to improve the competitiveness of SMEs in

Vietnam. The ultimate objective is employment creation. Towards this objective, the programme lays a strong focus on improving the enabling environment for SME development, especially the relevant framework for successful SME business development, with a specific focus on provinces outside the major areas of the country. To this end, the programme has four components: SME Policy Component aiming to assist national partners to improve the overall business environment for SMEs; Local Economic Development Component aiming to assist its local partners to improve the local economic governance; Value Chain Component aiming to improve the competitiveness of selected agro sub

sectors at local level and the Material Testing Component aiming to improve the technical testing services for national partners.

The programme is active both at the national and provincial level. At the local level, it covers four provinces in Vietnam: Hung Yen, Quang Nam, Dak Lak and An Giang.

The components of Local Economic Development and Sub-Sector Promotion work most intensively at the local level, as do aspects of the SME policy component which include the implementation of activities from the SME Action Plan such as improving business registration or interaction between the public and the private sector. Considering the variety of fields of intervention it is important to have a steering structure in place which adequately reflects these different areas and ensures interaction and a feedback mechanism between the provincial and national level.

LOCAL COORDINATION BOARD

A MODEL OF A STEERING COMMITTEE FOR PROVINCIAL ECONOMIC DEVELOPMENT



THE INTERVENTION PROCESS

1. The set up of the Local Coordination Board (LCB) mechanism and its members

Given the complexity of the programme and the GTZ approach for Local and Regional Economic Development (LRED) which focuses on creating a learning culture and systemic thinking by applying principles such as partner, process and impact orientation, transparency



and capacity building, a result oriented multi-stakeholder steering structure for SMEDP interventions at the provincial level was needed. Such a structure differed considerably from the traditional structures described in Chapter 1.

Following discussions between GTZ, MPI and the provinces it was apparent that the provincial level steering structure should include the main institutions involved in enterprise promotion, investment promotion

and development of different sub-sectors and value chains. It was also clear that the local governments of the four selected pilot provinces should play a key role as coordination and implementation partners for all programme components. In order to follow an integrated and comprehensive approach and to coordinate the activities planned and implemented under different components of the programme in the pilot provinces, Local Coordination Boards were established (as stipulated by the programme document). They assumed the role of local steering committees that are responsible for gathering proposals for activities from different stakeholders, prioritizing activities and coordinating their implementation, monitoring and follow up.

The Board was institutionalized under the regulation of the Provincial People's Committee - the highest administrative body of the province. The Head of the Local Coordination Board is the Director of the Department of Planning and Investment (DPI) of the respective province.

The most important constraint on the cooperation structure is the limited participation of the private sector in the LCB. This is partly due to the fact that the private sector was not seen as part of the LCB structure when the structure was discussed at outset of the programme even though they were seen as important partners in the LED process. Except for VCCI, at the beginning the inclusion of private sector was not accepted by ASMED, and some provinces considered it to be too radical a suggestion. For ASMED and some

provinces, the LCB should only include public sector agencies, VCCI and GTZ. However, ASMED and most provinces changed their opinion by the end of the programme. Some initial success can be seen in An Giang and Hung Yen where local business associations play an increasingly important role in deciding on activities under the LED process, particularly those that involve interaction between business and the government, PPD and training for SMEs. This can also be regarded as an indicator of the awareness of partner agencies of the private sector in general, and the role of business associations in particular.

Other members of the LCB are key persons from selected line departments and other institutions. This means the LCB set-up differs from one province to the other. .

Additionally, GTZ recruited one local officer in each province. The office is based at the DPI and assists the Head of the LCB and other members of the LCB in their functions. The GTZ component coordinators at the national level provide the conceptual inputs needed and arrange short term consultants, trainings and other inputs for provincial level activities. At times they also participate in the official meetings of the Local Coordination Boards. The role of GTZ was to facilitate the programme's implementation, although at times, especially in the beginning of the programme, they were forced to take the initiative and implement certain activities.

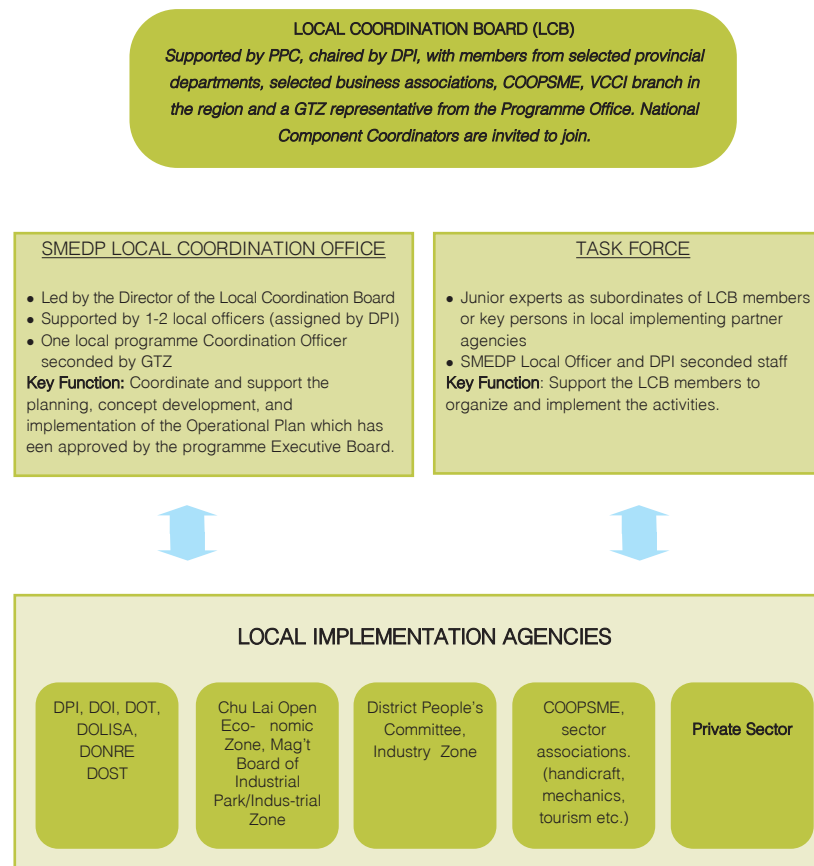
In order to assure a linkage between the provincial level and the

national level, the Director of the Local Coordination Board, under the delegation of the Provincial People's Committee, represents the province as a member in the programme Executive Board. The programme Executive Board consists of ASMED/MPI, the VCCI Small and Medium Enterprise Development Center in its role as implementing partner for the component of LED and value chain development and the Institute for Material Science as implementing partner for the component on material testing.

At the beginning, the LCB was designed to implement SMEDP activities with no clear vision of its role once the programme ended. Since then the National SME Development Plan stipulated that each province should establish a coordination board to implement the plan. Many provinces have tasked the LCB with this responsibility. Some provinces have now even renamed the LCB the "Local Economic Development Board". This reflects a change for the better in the mindset of local institutions towards the LCB.

Below is the example of the LCB in Quang Nam province where investment promotion is a core topic:

Bảng 3: Mô hình Ban điều phối địa phương ở tỉnh Quảng Nam



2. The functions of the Local Coordination Board

In cooperation with the National Programme Coordinators and the Programme Office, the main role of the LCO is coordinating the implementation partners in the process of planning, implementing and monitoring activities in the provinces. They are fully responsible for the quality and efficiency of the programme's activities in the province.

The LCB has the following tasks:

- To conceptualize the programme activities to be implemented in the provincial context based on the programme approach and local orientation for economic development and to direct the implementation of the activities;
- To coordinate local stakeholders during the preparation of the draft annual operation plans;
- To be responsible for monitoring the implementation of activities in the province following the programme monitoring system;
- To prepare timely reports and recommendations to the Programme Office and the relevant local authority leader on problems that arise;
- Local coordination boards will also be responsible for compiling and preparing bi-annual progress reports on the implementation of activities of all components in the province. The reports will be sent to the Programme Office and to the relevant local authority leader.

3. The operation of the LCB

The Local Coordination Boards have their offices in the premises of the Department of Planning and Investment.

The Local Coordination Office (LCO) has been established as a permanent working structure. It operates under the overall leadership of the LCB Director and is staffed with two or three full-time experienced professional staff with a background in economics and/ or enterprise development (including staff assigned by the DPI and staff recruited and paid by the programme). Staff members cooperate on all activities and have a responsibility to inform the Head of LCB about the implementation process in the province. They will also support the Head of LCB to prepare periodical progress reports on the implementation of activities of all components in the province.

Each LCB member also nominated one specialist in their department as supporting staff (on part time basis) for LCB. The time allocated to these specialists depends on the commitment of the local partners. All members of LCB as well their supporting staff are not paid by the programme, following the agreement between the two governments that the participation and commitment of the Vietnam side is included as part of the counterpart's fund.

The LCB provides office space for the Local Coordination Office (LCO) and covers basic costs like electricity and water for the operation of the office. The LCO serves also as the **cretariat for the LCB**.

To ensure the proper operation of the office and the programme in the province, basic office equipment was provided by the programme at the request of the LCB. To support the implementation of programme activities GTZ covered communication costs, transport and other necessary items in line with the programme's regulations.

One of the most important roles of the LCB is its contribution to the development of the yearly operational plans (OPs). The OPs at provinces should be based on demands from core partners and implementation partners. Activities that have been specified in the annual OPs should not only be in line with the concepts and intervention areas of the component, but also in line with the overall goals, short-term objectives and strategic plans of the province. All members' proposals have to be presented and evaluated at LCB meetings to ensure they meet the required criteria.

The operational plans should be based on the demands of the core partners and implementation partners at both of the central and provincial levels, and should be prepared in such a way, that the focus of work, key activities and contributions from the German and the Vietnamese side are as clear and transparent as possible. Specific activities of the programme as specified in the annual operation plans should be in line with the overall goals, short-term objectives and be in line with the concepts for each of the components and suit the needs of the programme's partners and target groups. Developing an operational plan must follow the steps as below:

- Key partners and implementation agencies at the central and provincial level prepare and propose activities for the

following year. At the provinces and at LCB meetings which are organized annually in November members of the LCB have to demonstrate their proposals are not only in line with their daily functions, but also linked to the provincial socio-economic plans. Their proposals must be approved by the provincial coordination boards before they are sent to the programme office.

- After receiving proposal drafts for activities to be implemented at the provincial level, component coordinators will consolidate and revise their draft operation plans for each component and then submit them to the programme's Executive Board for approval.
- The Executive Board will review the draft annual operation plan for the following year and approve the plan at the year-end Executive Board Meeting.
- During the Operational planning process, LCB may hold separate meetings with component coordinators in order to better clarify the needs as well as the basis of proposals and how they link to socio-economic plans at provincial level.

To support the implementation of the programme activities at the provincial level (as per the annual Operational Plan), requests for consultants can be made. The programme will make available the necessary long and short-term experts/ consultants. The Local Coordination Office will also be the workplace for the consultants.

LOCAL COORDINATION BOARD

A MODEL OF A STEERING COMMITTEE FOR PROVINCIAL ECONOMIC DEVELOPMENT

IV

RESULTS ACHIEVED, IMPACTS AND CHALLENGES

1. Results achieved:

Success changes to the planning process: The programme has successfully piloted a bottom up approach that is demand oriented and involves the participation of all the relevant stakeholders. This contrasts with the traditional top down approach.



Linkages among line departments have been enhanced: Through periodic LCB meetings, heads of key departments have the opportunity to share information about their proposals and update each other about programme implementation. In an LED forum event, for example, a local and rural economic development strategy is operationalized into individual pilot projects and initiatives proposed by LCB members. Innovative tools and instruments have been introduced systematically to support the LCBs in strategy design, promotional policy and implementation (for example, PACA, COMPASS, Public-Private Dialogue, Investment promotion, Start-up promotion).

Capacity building for local staff: During eVal interviews in 2008 partners expressed their appreciation for GTZ's strong focus on local staff capacity building. In order to build capacity for local partners training courses focused on LCB staff and covered issues such as teamwork, investment promotion, communication skills, project design and proposal writing. This not only led to increased knowledge among LCB members, but also enhanced the relationship between all departmental staff.

Improvement of the quality of implemented activities: Through periodic LCBs, the feasibility of all proposals is evaluated. Their progress is assessed with reference to the 5-Year Socio Economic Development Plans of each province. The LCB is also responsible for monitoring and supervising the implementation of activities in the province.

2. Impacts

The LCB mechanism has had the following impacts:

- *Improved provincial competitiveness:* Better coordination in resource allocation for prioritized sectors amongst local implementing agencies has improved provincial competitiveness.
- *Better representation of local stakeholders' interests:* High levels of ownership and commitment of all stakeholders in the LRED strategy and action plan design and implementation.
- *Better alignment in local economic governance:* Enhancing the role and recognition of the LCB in the local

economic governance structure; increases provincial top management/leaders' willingness for administrative reforms and participatory planning between both public agencies and the private sector

- *Better public service delivery:* Increased interaction with the private sector to ensure better service delivery to target groups.

3. Challenges

The continuity of the LCB beyond SMEDP without external support is questionable.

Stronger official involvement of the private sector in the provincial steering structure must be assured for better results. The SMEDP experience has shown that it is not easy to convince public entities to officially include the private sector in the steering structure. Public institutions often still believe that they know how to resolve the problems facing the private sector and see no point having the private sector at the table.

The monitoring and evaluation capacity is quite limited. Monitoring is usually reduced to the activities level and there is still a lack of understanding regarding impact orientation and its usefulness.

The LCB meetings are often too much influenced by DPI, and do not allow for democratic decision making to balance the interests of different stakeholders. This is of course a relic from the socialist command economy where targets were broken down and communicated to the respective units who were then supposed to work towards their achievement.

LOCAL COORDINATION BOARD

A MODEL OF A STEERING COMMITTEE FOR PROVINCIAL ECONOMIC DEVELOPMENT



LESSONS LEARNT

Selection criteria: LCB and task force members must be committed to take the lead and steer the process. Furthermore, they have to be representative. This can imply that the composition of the LCB might change over time as new topics arise. The role of



the private sector must be given special attention from the outset of the initiative. Members also need to have certain facilitation and coordination skills and be sufficiently flexible and open to allow for the discussion of contrary ideas. Ideally, such persons are also champions for some local economic development initiatives.

Process quality management: Constant communication and information exchange plays an important role to maintain the networking character of the LCB. It not only helps self-correct inevitable conflicts that occur during the process but also strengthens the coordination and personal relations among the institutions which are part of the LCB. Clear indicators, regular monitoring, reflection, and benchmarking are tools to constantly improve the quality of LCB work. Transparency towards

various stakeholders, service orientation and continuous mobilization of the private sector are other criteria of high-quality performance.

The question of the LCB chair: During a discussion among the four heads of LCB in an experience sharing workshop, this topic proved controversial. While some provinces suggested the PPC should assume the chair of the LCB in order to have easier access to funds and key stakeholders, others argued that the chair should stay with DPI. However, all agreed that it is the involvement of the Head of the PPC in the process which is very crucial to ensure its function as a steering board supporting provincial policy makers during planning and implementation of the socio economic development strategies.