



# Technical Assistance Consultant's Report

---

Project Number: 39123 (TA 4679)  
July 2008

## Viet Nam: Capacity Building Support to Dak Nong Province for Improving Poverty Reduction and Growth Performance

Financed by the Poverty Reduction Cooperation Fund and the Cooperation Fund in Support of the Formulation and Implementation of National Poverty Reduction Strategies

Prepared by Dr. Arunaselam Rasappan Ph.D.

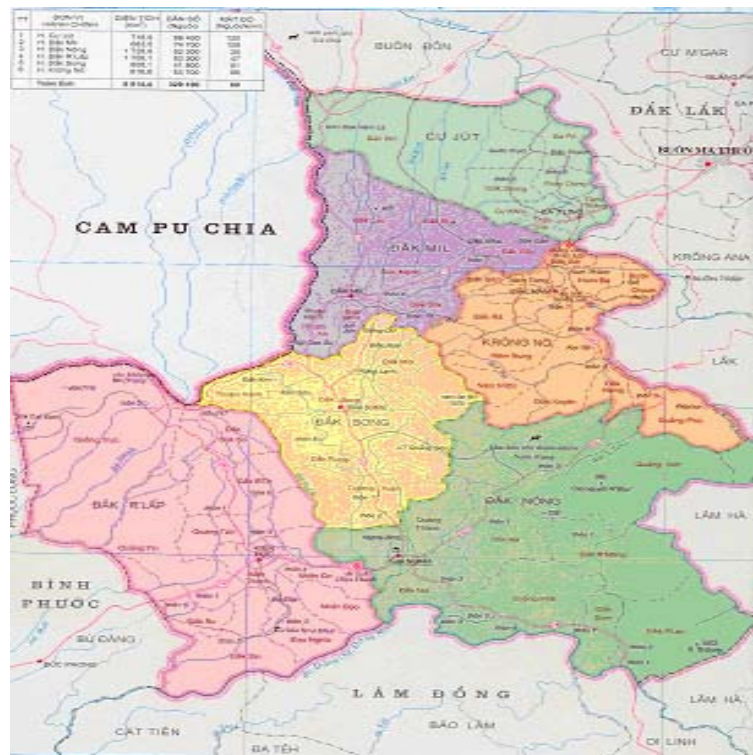
For Provincial People's Committee of Dak Nong  
Dak Nong Department of Planning and Investment

This consultant's report does not necessarily reflect the views of ADB or the Government concerned, and ADB and the Government cannot be held liable for its contents.

**Asian Development Bank**

## TA-4679-VIE: Capacity Building Support to Dak Nong Province For Improving Poverty Reduction and Growth Performance

### PROJECT FINAL REPORT



## **ABBREVIATIONS**

ADB	Asian Development Bank
CEM	Committee on Ethnic Minorities
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
DARD	Department of Agriculture and Rural Development
DoLISA	Department of Labor Invalids and Social Affairs
DPI	Department of Planning and Investment
DoTT	Department of Tourism and Trade
EoP	End of Project
M&E	Monitoring and Evaluation
MfDR	Managing for Development Results
MOF	Ministry of Finance
PPMU	Provincial Project Management Unit
PPC	Provincial Peoples Committee
RBM	Results Based Management
SEDP	Socio Economic Development Plan
SWOT	Strengths, weaknesses, opportunities and threats analysis
TA	Technical Assistance
VDG	Vietnam Development Goals
VHLSS	Vietnam household living standards survey
VRM	Vietnam Resident Mission of ADB

## Contents

1.0	Introduction.....	4
1.1	Preamble .....	4
1.2	Project Background.....	4
1.3	Background to the Dak Nong Province .....	5
2.0	Summary of Project Activities, Outputs, & Outcomes.....	7
2.1	Project Management Arrangements.....	7
2.2	Project Personnel .....	7
2.2	Project Realignment.....	9
2.2	Socio-Economic Development Planning (SEDP) Training.....	9
2.3	CIEM Study on Provincial Planning.....	10
2.4	Survey of Small and Medium Enterprises (SME) .....	11
2.5	Agricultural Diversification .....	11
2.6	Web Site Development for Investment Promotion.....	13
2.7	English Training.....	15
2.8	Sector Studies.....	15
2.9	Investment Promotion & Strengthening of PCI.....	17
3.0	Project Outputs Modified or Cancelled .....	17
3.1	Investment Promotion Trade Fair .....	17
3.2	Investment Promotion Training Program .....	18
3.3	MfDR Training for Provincial Top Management.....	18
3.4	Study Mission on Development Management.....	18
4.0	Project Impact Outlook.....	18
4.1	Provincial Commitment and Leadership .....	18
4.2	Review and Adjustments to the SEDP Processes.....	18
4.3	Interface with other Donor-Funded Projects.....	19
4.4	Provincial Investments to Leverage the ADB TA .....	19

## **1.0 Introduction**

### **1.1 Preamble**

This report resembles the final report for the Asian Development Bank financed project *TA-4679-VIE: Capacity Building Support to Dak Nong Province*. The report deals with the activities undertaken during the period 2007-2008 and the outputs and outcomes achieved through the project.

This is a summary performance report and takes into account the final Project Stakeholders review and lessons learnt meeting held on 23 June, 2008 at Dak Nong. The Report presents various details of the project including the background for the TA project, the project redesign and adjustments carried out, the implementation strategies, and the outputs and outcomes of each component of the Project.

This report is presented in the following format and sections:

- Section 1: Introduction
- Section 2: Project Background
- Section 3: Brief on Dak Nong's Socio-Economic Background
- Section 4: Project Activities, Outputs, and Outcomes
- Section 5: Project Outputs Modified & Not Completed
- Section 6: Project Impact & Outlook

### **1.2 Project Background**

The ADB TA 4679 Project was officially commenced from October, 2006. The goal of the TA 4679 Project was to support Dak Nong Province in strengthening its capacity for socioeconomic development planning, so as to improve poverty reduction and economic growth performance. Its purpose was to assist the Provincial People's Committee and Department of Planning and Investment in the following areas:

- a. training key officials in socioeconomic development planning, results-based management, service delivery and other related areas;
- b. implementing its SEDP, particularly in preparing annual socioeconomic development plans, taking into account gender and ethnic minority dimensions;
- c. undertaking sector studies to identify investable projects and project /programme financing alternatives (with state, private, and foreign resources); and
- d. proactively promoting activities for inward investment.

The main expected development results of the TA are an improvement in poverty reduction and growth. In the short term, the TA will contribute to achieving

- a. adoption of CPRGS elements in local planning (participatory and bottom-up process, results-based approach, social inclusion, etc.);
- b. improvement in the business environment and proactive inward investment promotion activities; and
- c. strengthened institutional capabilities to undertake policy analysis, sector studies, and results-based socioeconomic development planning and management.

The expected outputs of the TA were:

- a. training workshops for provincial level government officials;
- b. training modules, seminar proceedings, and guidelines on strategic socioeconomic development planning and management;
- c. sector studies in selected sectors (e.g. agriculture crop diversification, livestock, community development, investment promotion, etc.);
- d. a competitive index of Dak Nong (subsequently modified to strengthening the competitive index and investment promotion);
- e. a DPI web site on investment opportunities in Dak Nong<sup>1</sup>; and
- f. trade and investment meetings.

Officially, the project began on 31 October, 2006. Although some preliminary investigations had been carried out, the project did not begin substantive operations until the arrival of the International Team Leader in April, 2007. The TA closing date was extended to 31 October 2008.

The ADB Dak Nong TA project is relatively small, involving the provision of 46 person-months of consulting services: 10 person-months international and 36 domestic. Of the international services, six are to be provided by a specialist in strategic socioeconomic development planning and results based management. This person is also the Team Leader for the project. Two person-months are provided by an expert in community development with a focus on ethnic minorities, and one each by specialists in agricultural (crop) diversification, and investment promotion. There were some adjustments made to the international inputs due to special needs during the course of the TA project. The domestic consulting inputs include 24 person-months of a Project Coordinator and 12 person-months of short-term input.

The project was managed directly by ADB through its Vietnam Resident Mission (VRM) in Ha Noi. The PPMU carries certain responsibilities but these do not include control of the budget, the engagement of personnel or national consultants, or the procurement of equipment. The PPMU operates in the capacity of an agent, representing ADB's interests and procedures to the provincial authorities and service providers.

### ***1.3 Background to the Dak Nong Province***

Viet Nam's impressive record in reducing poverty over recent years, particularly in halving poverty within a decade, is largely attributed to its strong economic growth performance. The Government is committed to further reducing poverty down to about 10-11% of households by 2010. Similarly, the impressive gains in poverty reduction are still fragile and a significant proportion of the population, especially the ethnic minorities – many of whose members are just above the poverty line - remain vulnerable to shocks which could push them back. The Government has recognized that to sustain high rates of economic growth and poverty reduction, and to make them more socially inclusive, it will need to intensify its decentralization efforts by devolving more responsibilities to provinces and introducing reforms to the planning system.

Dak Nong is among the poorest provinces in the Central Highlands and ranks 9<sup>th</sup> poorest among the 63 provinces of Viet Nam. In 2004, poverty was estimated to prevail among 48 per cent of the households, as per the new definition of the Ministry of Labour, Invalids and

---

<sup>1</sup> This was originally conceived as a guide or brochure.

Social Affairs. Dak Nong was created only in 2004, separated from Dak Lak - another of the poorest provinces in the region. Dak Nong has six districts and 52 communes. Half of the communes are under the Government's targeted program for poor communes (Programme 135).

A third of Dak Nong's 418,000 inhabitants come from the ethnic minorities (both indigenous and recent immigrants), comprising 31 different groups. With a total land area of 651,000 hectares, the economy is characterized by coffee, rubber, cashew nuts, sugarcane, and the mining of bauxite. Many parts of Dak Nong suffer from drought and floods, although the province is also endowed with hydropower potential. About 38 state-owned enterprises (26 of them in forestry), 294 private enterprises, 952 household businesses, 51 cooperative households, and 5 foreign enterprises (mainly in coffee processing) operate in the province. The private sector contributes 88 per cent of the province's gross domestic product.

The key challenges facing the province are:

- entrenched poverty, largely among the ethnic minorities;
- the management of in-migration;
- a heavy dependence on traditional crops for livelihood;
- low levels of investment; and
- need for investment with which to exploit available mineral resources.

These issues are attributed to the fact that the province does not have the capacity nor the resources to design and implement appropriate development plans for the delivery of basic services nor, apparently, is it able to mobilize the resources necessary for economic growth and poverty reduction.

Dak Nong has limited qualified personnel and poor administrative facilities. Although about a third of its personnel (from all departments) was transferred from Dak Lak during the separation in 2004 and some 20 new employee recruited to work at the Department of Planning and Investment (DPI), all need urgent training to help formulate and implement the province's long- and short-term development strategies and plans.

To promote fast but inclusive growth and poverty reduction, the province needs qualified staff and well-resourced institutions that will help to:

- create an environment conducive to business and investment;
- implement an effective system of public services; and
- maintain public goods, particularly physical infrastructure and natural resources.

Based on these special needs, the Government requested the Asian Development Bank to provide a special technical assistance (TA) grant to help Dak Nong province improve its poverty reduction and growth performance by strengthening capacity in socio-economic development.

The provincial authority showed a high level of commitment to change and identified the needs for improvement, specifically in policies, institutional arrangements, and the building of management capacity so as to ensure sustainable poverty reduction and growth. The project components reflect these priorities as it was meant to help address these issues. The project has been under implementation from mid-2007 and was successfully concluded at the end of June, 2008.

## **2.0 Summary of Project Activities, Outputs, & Outcomes**

### **2.1 Project Management Arrangements**

The Provincial Peoples Committee (PPC) of Dak Nong Province was the Executing Agency for the TA. The PPC was responsible for the overall coordination and management of the project at the provincial level, including:

- a. coordinating with ADB and other government agencies; and
- b. ensuring the necessary national-level approvals are obtained in a timely manner, to facilitate project implementation.

The Department of Planning and Investment (DPI) was responsible for project implementation. The Project was managed through a Provincial Project Management Unit (PPMU) established at the DPI.

Coordination was provided through a Project Steering Committee (PSC), chaired by the Vice Chairman of the Dak Nong PPC. Committee members included a deputy director-level official of the Foreign Economic Relations Department of MPI, a deputy director of the Regional and Local Planning Department of MPI, selected provincial sectoral departments, and VRM. The steering committee met at least annually to review implementation progress and guide the project activities.

Project Monitoring and Evaluation arrangements: The project prepared and submitted periodic progress reports as part of the monitoring requirements. Evaluations of the implementation process and initial outcomes of targeted poverty reduction was carried out through: (i) periodic reviews of the province's public investment plans and provincial budgets, and (ii) participatory assessment by the stakeholders to ensure that an adequate percentage of investments targeted the poor or related activities.

In terms of project reports, apart from the initial project document, the project also produced the following documents:

- a. an inception report within 2 weeks of the start of the TA
- b. quarterly progress reports and
- c. a final report at project/assignment completion.

### **2.2 Project Personnel**

The ADB TA Project involved a number of personnel comprising both international and local personnel and consultants over the period of the project. The project day-to-day management was vested with the PPMU, which was set up under the DPI.

The PPMU was headed by the ADBTA Project Director, who was also the Deputy Director of DPI. The Project Director has been involved with the Project from the beginning. The PPMU also had the services of an administrative assistant provided by the Province.

The Project also hired a project coordinator to help with project coordination matters. However, due to various technical and personnel issues, the project coordinators had to be changed two times during the duration of the Project. This caused some problems to the Project continuity as each time there was a transition, there were lags in time and coordination activities.

The Project international team leader position also saw a transition process. The first team leader left the project right after the original closing date and had to be replaced by a new team leader with effect from December, 2007. This also caused some delays with the project activities. However, the new team leader managed to review and revamp the design and strategic delivery modalities for the project. The project has since progressed smoothly and the planned activities carried out accordingly to plan with the exception of a limited number of activities which were cancelled due to various technical reasons.

The new project Team Leader, who took over in December, 2007 has been on the project since that time on an intermittent basis for a total period of three months. The team leader continued to engage and provide guidance for all consultants on the project when on-site. During the times when the Team Leader was off-site, he continued to provide off-site back-stopping by direct email and telephone communication with the ADB, Project Director, Project Coordinator, and relevant consultants.

In March, 2008, the first project coordinator resigned from the Project to take up another job with the private sector. A new project coordinator was hired in April, 2008 but this person also resigned after one month on the job due to poor health and other family/personal problems. A third project coordinator was hired with effect from 1 June, 2008 and the project has since moved smoothly to its completion,

Apart from the above personnel, the Project also hired a number of local consultants to undertake specific project activities. These included the following:

- a. English Language Consultant: A language expert (Chu Duc Yen) was hired by the Project to assist the project with translation and interpretation assistance whenever required. In addition, he also provided inputs for English language training. His contract expired on 15 March, 2008.
- b. International Agricultural Specialist: An international agricultural specialist (Mr. David Moles) was hired towards the second half of 2007. He carried out a detailed agricultural study and finished his mission end of October, 2007 with a report to the previous team leader Alan John Taylor.
- c. International Investment Promotion Specialist: Initially, an international specialist (Mr. Ronald Nah) was hired and carried out an assessment of the Small and Medium Scale Enterprises (SMEs) in the Province. A report was prepared and submitted to the Project. Details of this are presented in a later section of this report. A second aspect of this component was the effort to assess and strengthen the competitiveness index of the Province. This initiative was carried out in April-May, 2008. For this purpose, a new international investment promotion specialist was hired in April, 2008. He was supported by a local consultant who worked closely with him to manage the process over a period of 6 weeks. A final report has been submitted to the Project – as discussed in a later section of this Report.
- d. Community Development: An international Consultant on Community Development (Ms. Benilda Tayag) was initially hired to carry out community development assessment and strengthening work. However, after the initial set of assessment activities, her services were not required as the poverty aspects of that component were subsumed under the Poverty Assessment sector study under the Project.

## **2.2 Project Realignment**

Upon taking over the Project in December, 2007, the new team leader reviewed the project activities and work plans. The assessment showed a need for some structural and strategic adjustments to Project document and work plan to make it compliant with the Results-Based Management approach to project design and management. With the concurrence of the PPMU and ADB, the new team leader carried out a substantive adjustment to the structure and content of the Project to make it more results-oriented. The realignment and restructuring was done to make the project more focused on structured outputs and activities that were focused on specific results rather than just a list of activities. As a result of this, some adjustments were also carried out to specific activities.

The revised project plan and contents were approved by the PPMU and the ADB after a series of meetings to review the new format and structuring of the project activities

## **2.2 Socio-Economic Development Planning (SEDP) Training**

This is one of the most important components of the ADB TA Project. This is directly linked to the basis and need for the TA which was the desired outcome of strengthening the SEDP planning and implementation process which in turn was expected to contribute to the impact of helping to reduce poverty and improved economic growth in the medium to long-term.

To execute this important output, a local training firm from Hanoi, CDI was contracted directly by ADB to carry out focused training on the SEDP and strategic management, which are considered as one of the main components of the project.

A number of meetings between CDI, Team Leader and Project Coordinator were carried out in the Province as well as in Hanoi to identify training need analysis, contents, schedules, targeted participants and other related issues. The final approved training program consisted of two parts:

- a. Focused training session for senior management in the Province on strategic management;
- b. Modular training courses for executive personnel from various key departments on strategic planning and development planning and management.

The senior management training was conducted over one day sessions while the second category of training was conducted over 3-4 days each in five modules. The 5 Modules were spread over a period of 5 months from February to June, 2008.

Module 1 was conducted from 25 Feb. to 29 Feb 2008 for two groups. Group 1 consisted of leaders from provincial departments and social organizations. Group 2 included mid-management personnel who actually do planning at their departments. Module 2 was implemented from 24-29 March, 2008, Module 3 was from 1- 4 April, 2008, Module 4 from Apr 29- May 2, 2008, and finally Module 5 from 10-13, June, 2008.

Of the five modules in this training output, Module 5 was the most critical as it was an application module rather than a regular training exercise. The new team leader, upon review of the earlier terms of reference for this training component, advocated for a more SEDP application approach for Module 5. This was agreed to by ADB and the training contractors. The training contractors were requested to train a team of representatives from

key departments in stages from Module 1, 2, and 3. Module 4 was also application of concepts but for a project management exercise.

Under Module 5, participants had to apply the concepts, tools, and techniques learnt under Modules 1-4 for reviewing the SEDP. They had to apply various strategic management tools learnt (such as SWOT, problem tree analysis etc) to the SEDP planning process and then make recommendations for adjustments/improvements to the SEDP policies, strategies, and operational aspects. Module 5 participants were also asked to review the reports and recommendations from all other studies done under the project. They then had to utilize these findings and recommendations to carry out their own SWOT and problem tree analysis, among other tools. They then had to come up with a set of specific recommendations as to how to improve the SEDP planning and implementation processes, mechanisms, and strategies. This approach was felt to be extremely useful to ensure that the theories and concepts learnt in Modules 1-4 were then actually put to test and use in Module 5 for actual live SEDP evaluation and planning.

### **Outcomes:**

The progress reports and course evaluations have shown that the SEDP training output has proven to be very useful. The course evaluations show that there has been a marked increase in the knowledge, skills, and ability of the course participants in the topics that were covered in the five modules for executive staff and the focused sessions for the leadership and senior management.

An important outcome of the training program is the increased knowledge and skills of the key Provincial officials with regard to the design, analysis, and planning of the SEDP initiatives. This is expected to contribute to substantive improvements in the design, analysis, planning, formulation, and implementation of the SEDP 2009 as well as the remaining period of the SEDP 2006-2010.

## **2.3 CIEM Study on Provincial Planning**

One of the outputs from the Project is the detailed study carried out on the SEDP planning mechanisms and processes. The purpose of this exercise was to carry out a detailed assessment of the prevailing policies, practices, strategies, and approaches used for SEDP planning and implementation. This study was conducted by the CIEM (Central Institute for Economic Management) based in Hanoi.

The study was aimed identifying gaps in planning, budgeting, financing, social inclusion policies and the use of measurable result indicators, as set against nationally established guidelines, policies and procedures

The findings of the study was presented to the Provincial stakeholders meeting on 17<sup>th</sup> January, 2008. The stakeholders meeting approved the study findings with some additional proposals on the findings and recommendations.

### **Outcomes:**

The CIEM Study on the SEDP planning aspects in Dak Nong Province is an important contribution to the desired outcome of the ADB TA project which is to help strengthen the SEDP planning process. As such, the findings and recommendations of the CIEM Study are crucial to the improvement of the Provincial SEDP. The study identified a number of

areas related to the provincial SEDP which needs further review and strengthening. These are being reviewed and looked into by the relevant Provincial authorities. It is expected that the study recommendations will result in a marked improvement to the SEDP planning and implementation process in the Province in the coming periods.

## **2.4 Survey of Small and Medium Enterprises (SME)**

An important component of the ADB TA project was to help improve the investment promotion in the Province through various means. Apart from improving the SEDP planning process and outcomes, there was also substantive focus on improving the SME situation in the Province. The ADB TA project hoped to do this by helping the Province carry out a comprehensive investment and SME survey. This survey was conducted by the Institute for Market and Price Research in association with Tay Nguyen University.

The survey covered 100 small and medium sized enterprises in Dak Nong and was completed in August 2007. A comprehensive report was prepared and presented at a stakeholders meeting in May, 2008. The stakeholders meeting endorsed the findings and recommendations of the SME survey.

The findings of the survey was presented and endorsed at a Provincial stakeholders' workshop in May, 2008. Among the detailed recommendations were as follows:

- a. Promptly improve and promulgate legal framework on policies to encourage industrial investment and development, and tourism within Dak Nong province
- b. Policy on training and use of on-site human resources for development and investment attraction. First of all, it is necessary to affirm the human resource development for Dak Nong in the very near future is a prerequisite condition for the social-economic development of the province and for attracting investors.
- c. Solutions for land matters and related issues;
- d. Improvement of cooperation, decentralization in land management and mining, environment management
- e. Improvement infrastructures and services to support business activities and social security
- f. Disseminate information so that outside investors could understand about Dak Nong province.

### **Outcomes:**

The SME Study was very useful to identify the current situation and to suggest new strategies for SME development and promotion. One of outcomes of the study is that the Province now has a complete assessment of various issues that are affecting the promotion and strengthening of the SMEs and investment promotion in the Province. The Province should be able to use these findings and recommendations to further improve the focus and quality of the Provincial SEDP. The Province has been urged to utilize these findings to help improve the SEDP planning process and to help ensure that the SEDP is able to address priority issue areas. Though the process of SEDP strengthening may take some time, this is an expected outcome from the output from this component.

## **2.5 Agricultural Diversification**

Dak Nong is a highly agro-based Province characterized by coffee, pepper, and a range of other agro-based activities. One of the objectives of the ADB TA project was to assist the Province to find ways to review and improve the economic activities base in the Province. It was felt that the Province needed to look towards a strategy of agricultural diversification to further improve its economic activity base and sustainable growth. To this extend, the project commissioned a detailed and focused agriculture diversification study. This study was conducted by an international agriculture specialist (David Moles, from Australia).

The agricultural diversification study was in two parts. Part I of the report deals with the following:

- a. Analysis of the climatic conditions in the province, based upon the data from the available recording stations, and identification of the constraints to agricultural production and an assessment of the frequency and risk of further droughts in the province;
- b. Analysis of the topography and soil types and identification of potential constraints to an expansion or diversification of crop production;
- c. Analysis of the human resources in the province focusing on the availability of labour and skills together with an assessment of the constraints which might exist to agricultural diversification, and a discussion of the status of the ethnic minorities, their specific agricultural related circumstances and the extent to which these might be impacted by changes in agricultural production systems.
- d. Summary of the present scale of the forestry and agricultural sectors (crops, livestock and aquaculture) summarizing the available data on areas and productivity and identifying the constraints to expansion for each commodity and an assessment of the present status of agro-processing industry in the province and the identification of the opportunities for further development;
- e. Analysis of the present credit and marketing systems for the main agricultural commodities, the mechanisms for quality control and the arrangements for providing up-to-date market information to farmers.

Part II of the report comprises an analysis of the opportunities for the development of the agricultural sector including forestry, crop diversification, livestock and aquaculture development, taking into account both natural resource and institutional constraints.

Unfortunately, due to logistical and technical challenges, the agricultural diversification report could not be tabled at a stakeholders meeting. However, the report was circulated to all relevant stakeholders for their review, action, and feedback.

### **Outcome:**

One of the direct outcomes of the agricultural diversification study was the decision to carry out more detailed sector studies on priority areas that were identified in the above report. Though the assessment was detailed and the recommendations relevant, it was necessary to use this study to carry out a more detailed study on each sector which is covered by the report. This led to the project commissioning a series of studies on each of the sectors identified in the report.

The above recommended sector studies were commissioned and conducted in the first quarter of 2008 and the findings presented to key Provincial stakeholders in May and June

2008. These sector studies have been helpful in identifying various policy and implementation strategies for the Province and the relevant departments in Dak Nong. Specific actions and timelines have also been recommended by these sector studies details of which are presented in a later section of this report.

As an outcome, the agricultural diversification study and recommendations have helped the Province and relevant departments come up with a detailed situational analysis on all critical sectors in agriculture in the Province. The additional sector studies have provided the relevant departments in Dak Nong with critical background and situational information. The Provincial authorities and relevant departments should be able to systematically apply such sector information to review and improve the focus and direction of their SEDP planning for the respective sectors. The improved SEDP process should lead to improve performance in all areas of the agriculture sector in the remaining years of the SEDP period.

## **2.6 Web Site Development for Investment Promotion**

One of the important focus areas for the ADB TA is on efforts to review and improve on investments in the Province. This is seen as one of many efforts to improve the socio-economic conditions in the Province. One of the identified activities under this was the design, development, and installation of a dedicated website for the DPI. This website is meant to help provide basic information about DPI and its various functions. The website was also meant to be used as a tool for disseminating information to the public and to other interested parties.

In accordance with the above, a special website has been designed and completed by Tinh Van Technologies J.S. Company, was contracted 3 August to design and program a web site for DPI. The web site was intended to portray the investment potential of the province and describe the work of the Department for interested parties. The web site is now operational and DPI personnel have been trained in its further development and maintenance. However, the DPI web site has been found to be simplistic and not useful for the purposes of investment promotion. Furthermore, there are difficulties with managing the administration module as it was not very user friendly.

The new Team Leader has advised that the DPI SME website be further enhanced to make it more investment promotion oriented. The proposal is to create a system that is more of a knowledge management system for SMEs which will also help promote business and investment in Dak Nong. The PPMU and ADB approved the engagement of the Quang Tri Information Center, which also designed and developed the SME knowledge Management System (KMS) for Quang Tri.

The QT IT team has successfully completed the SME knowledge management system. At the time of project closing, work was in progress to update the contents of the various pages in the SME website. A sample of the work in progress and the utility of the knowledge management system was shown to the stakeholders' meeting and well received. The website and the wealth of business and investment information it contained was acknowledged by the stakeholders as a major contribution of the project to the development and improvement of the business and investment promotion efforts of the Province.

The content development will be completed soon and the DPI will fully own the website and maintain it. The web site is designed to both provide information to citizens and potential investors on the socio-economic situation as well as investment potential in the Province.

An important feature of the website is the online business registration feature, which allows potential businesses to register online. The website has 12 modules in total as follows:

Module 1:	Information and events
Module 2:	General Module
Module 3:	SME procedures
Module 4:	Procedures for investors
Module 5:	SME and Investors
Module 6:	Legal documents
Module 7:	Public Interface (Online)
Module 8:	SME directory
Module 9:	Others
Module 10:	Business Management
Module 11:	Advertisement
Module 12:	System Management

The Quang Tri IT team has done a credible job with the DPI website and has undertaken to provide system management and trouble-shooting for at least 3 months from handover date.

#### **Additional Work on Improving the DPI Website:**

The Provincial authorities requested that the current DPI website be upgraded to make it more user-friendly and include newer features. The earlier design was found to be inadequate and not very user-friendly. The upgraded DPI website was to be interfaced with the new SME knowledge management system.

Upon review and consultation, the ADB approved the additional work on the DPI web site and the add-on work was completed by the Quang Tri IT Center by the end of June, 2008 before the project was closed.. The review of the upgraded website by the PPMU and the provincial authorities was very positive. The DPI was optimistic that with the new and upgraded website, that the DPI would be able to provide better information and DPI-related services to the public and potential investors and businesses.

#### **Outcomes:**

The immediate outcome of both the DPI website and the SME knowledge management system is that the Province will have a comprehensive knowledge management system in place for SMEs and for investments in the Province. The system is expected to increase the efficiency of business registration as well as investment promotion work in the Province as entrepreneurs and investors from within the Province and from outside can now access the website for business related work. This facility is also expected to help promote the use of ICT by SMEs in the Province for business and entrepreneurship. Additionally, the KMS is expected to facilitate and promote a cost-effective publicity and investment promotion for the Province throughout Vietnam and in particular with investors from Ho Chi Minh city and the neighboring region.

However, to make the new KMS facility more useful and productive, the Province needs to invest some human resources and time in continuous upgrading of the system and content management of the KMS to make the information on it current and of interest to entrepreneurs and investors.

## 2.7 English Training

Though this was not an originally planned output under this Project, there was a request from the Province for this output as it was much needed to facilitate improving the knowledge, skills, and capacity of Provincial officials.

The English training for provincial officials was started by September 2007 and continued until 15<sup>th</sup> March, 2008. The training was conducted by an English Language Assistant. Two levels of training were carried out: Beginners and Intermediate level.

Two groups of 35 trainees met three evenings per week, each for 90 minutes. There was a beginners group and a separate class or pre-intermediate group for those who were a bit more advanced. The participants came from the Provincial People's Committee, DPI, the Department of Statistics, Trade Department, Dak Nong Radio & Television Station, and the Department of Labour, Invalids and Social Affairs. Classes began on 18 September 2007 and ended on 25 March 2008.

The courses was well received by many participants from different Departments in the Province. A course evaluation comprising three criteria (content, method and participation) was made by the trainees themselves at the end of the class.

*Content:* Almost everyone was satisfied with the content of the English language classes.

*Method:* The learner-centered teaching method was mainly used, making the trainees more confident when communicating with others. All the participants believed the training method was suitable with them.

There was good interest and participation from both government and private sector officials. Many of the students of the intermediate level program are now able to communicate in English and this is seen as a good outcome from this Project output.

An additional report writing training was planned to be carried out but it was cancelled due to time constraints.

### **Outcomes:**

There is now additional English language capacity among select group of Provincial officials from various departments who are able to communicate in English. Some of these officials are now even working in donor-funded projects due to their ability to converse in English. The English language classes have also helped to increase the appreciation and need for English among provincial officials. Among the private sector officials who attended the course, there is now also increased appreciation and use of English. However, there is a need for the Provincial authorities to increase their efforts and investments in conducting more English language classes on an ongoing basis. Efforts should also be taken to introduce and increase the teaching of English in schools for long-term capacity building in English.

## 2.8 Sector Studies

There were a total of eight sector studies carried out under the Project. These sector studies are an important contribution of the ADB TA project to the Province. There was consensus that the Dak Nong Province, being a new Province, needed focused sector studies in select priority areas. This was to enable policy makers and SEDP planners in the

Province to be equipped with adequate and reliable background data on a range of issues. A major problem with SEDP planning and for policy formulation in many Provinces is the lack of timely, reliable, and accurate data on sector-based initiatives and situations in the Province. This is due typically to a weak monitoring and evaluation system which does not allow for the capture and use of timely, accurate, and reliable data on critical aspects of various sector activities in the Provinces.

The planned sector studies for Dak Nong Province was thus seen as a critical and useful contribution of the ADB TA project to assist the Province equip itself with the latest and most current analytical data on all priority sectors in the Province.

A total of eight sector studies were commissioned directly through the ADB VRM. Two major contracts were awarded to carry out the desired sector studies. These were to CONSIA and VICA from Hanoi.

The sector studies carried out by CONSIA were as follows:

- a. Forest Products and Forest Management
- b. Livestock and Animal Health
- c. Inland Fisheries
- d. Hydrological and Meteorological Studies
- e. The Development of Spice Crops
- f. Perennial Crops
- g. Fruit and Vegetable Production

The sector study carried out by VICA was on poverty reduction.

The sector studies were completed by end of May and their reports presented to Provincial stakeholders meeting in May (VICA report) and in early June (CONSIA report). The stakeholders meeting endorsed the report and recommendations subject to various comments and suggestions by relevant stakeholders.

### **Outcomes:**

As mentioned earlier, the purpose of the sector studies was to assist the Province with specific and detailed sector studies, analysis, and recommendations related to the specific priority areas for the Province. The studies were meant to guide and assist in the policy formulation and strategic directions for the Provincial SEDP. The studies are also meant to assist the Provincial authorities and relevant Departments improve their assessment, analysis, and strategic directions/actions related to each of the priority areas covered by the studies.

An immediate outcome of the sector studies is that the Provincial authorities and relevant Provincial Departments are now armed with a complete set of sector studies, situational assessment, and specific recommendations. These findings and recommendations will now be used by the relevant authorities to further improve the SEDP 2009 as well as to inform any needed adjustments to the remaining period of the SEDP 2006-2010. The above is expected to help improve the quality, focus, and integrity of the Provincial SEDP in the coming periods.

The onus is on the Provincial authorities to utilize these studies and their findings/recommendations systematically to inform and guide the Provincial SEDP.

## **2.9 Investment Promotion & Strengthening of PCI**

One of the focus areas for the ADB TA for Dak Nong is on improving the competitiveness of Dak Nong in terms of investments and promotion of business and related economic activities in the Province. The last national assessment of competitiveness in the country showed that Dak Nong was the second last on the national competitiveness index. This is an area of great concern. Though Dak Nong is a new Province, it was formerly a part of Dak Lak which has a NCI standing of 35 position while Dak Nong is 63 on the list.

For this purpose, the Project also commissioned a special study on the state of affairs related to the Provincial Competitive Index (PCI). The ADB TA component on SME and strengthening investment promotion was extended to include a special study to review and assess the priority factors that were affecting the PCI.

This study was carried out between April-June, 2008 by an international consultant with the assistance of a local consultant. The findings of this assessment was presented and endorsed at a provincial stakeholders meeting in June, 2008. The study presents various recommendations in relation to the following issue areas:

- a. Difficulty among firms to interpret some aspects of investment laws and related decrees
- b. Poor understanding and interpretation of tax issues
- c. Need for more importance for investment promotion
- d. Limited Infrastructure for Investment
- e. Business clients' negative perception of the tax officials
- f. Lack of Land Use Plan for Investment is Discouraging for Investors
- g. Land Access and Security of Tenure for SME Projects
- h. Time Costs of Regulatory Compliance for Industries and Trade.

### **Outcomes:**

The investment promotion and competitiveness index study has been useful to help the Province identify a list of issue areas that will need to be reviewed and strengthened. The study identified a number of priority areas that are directly linked to investment promotion in the Province. The eight areas identified and the recommendations on how to address these weakness areas are areas that the Province can focus on in the coming year. Though the study has been completed and the recommendations shared with the stakeholders, it is now up to the Provincial stakeholders to ensure that the findings and recommendations are looked into and relevant remedial actions taken.

It is encouraging that the Province has already formed a special task team to look into options and opportunities for investment promotion and competitiveness improvement. It is hopeful that the above efforts will help produce substantive improvement in the investment promotion in the Province.

## **3.0 Project Outputs Modified or Cancelled**

### **3.1 Investment Promotion Trade Fair**

This output was originally intended to be held in Ho Chi Minh City towards the second quarter of 2008. The purpose of this output was to help publicize and promote investment in the Province by holding an investment promotion trade show and conference. However,

thus output was cancelled as it was decided to postpone the trade promotion output for the moment.

### **3.2 Investment Promotion Training Program**

This was an original output for the project. However, this output was planned together with the trade promotion place to be held in Ho Chi Minh city. Due to time pressure and key officials being involved with other ongoing actions and activities, this output was requested to be postponed by the Provincial.

### **3.3 MfDR Training for Provincial Top Management**

The team leader was supposed to conduct a special one-day training session for the top management of the Province on critical aspects of the Managing for Development Results approach to development management. This session was expected to be held in April, 2008 after finalization with the PPMU. However, due to time constraints and requests from the Provincial authorities, the output was cancelled.

### **3.4 Study Mission on Development Management**

This was an output that was requested by the Provincial authorities on several occasions. A focused study mission was planned to Malaysia for a small group of key officials. It was originally planned as an output in the revised project plan towards the end of 2007 but subject to approval. However, towards the end of Quarter 1 of 2008, the output was decided to be cancelled as there were inadequate funds.

## **4.0 Project Impact Outlook**

### **4.1 Provincial Commitment and Leadership**

The ADB TA project has come to an end on 30 June, 2008. Though the project has closed , the project has provided the Dak Nong Province with valuable assistance in a number of areas. Most importantly, the ADB TA project has helped the Province with a number of important diagnostic studies. The findings and recommendations from these studies are very useful to the Province for its immediate review and strengthening of the Provincial SEDP processes. There has also been substantive capacity-building carried out in strategic management and SEDP Planning and related topics.

It is now up to the Provincial leadership to strategically utilize these outputs from the ADB TA project to help improve the strategic directions, processes, and interventions under the current SEDP and future SEDPs.

Though Dak Nong is a relatively new Province, there is enough commitment and seriousness among the provincial leadership to follow through with the initial successes of the ADB TA project outputs.

### **4.2 Review and Adjustments to the SEDP Processes**

The focused strategic management and SEDP planning capacity building activities under the project have produced good results. There is evidence of substantial improvement in the

technical skills and capacity in strategic management and development planning among the course participants.

These trained officials should be used strategically by the respective Departments as well as the DPI to help review and improve not only the SEDP 2008 but more so the upcoming SEDP 2009 and 2010. There is now sufficient capacity in terms of technical skills and expertise for the various departments to carry out focused development planning under the SEDP effort.

### **4.3 Interface with other Donor-Funded Projects**

Dak Nong, like other Provinces in Vietnam, is the recipient of donor aid from other sources besides the ADB TA project. It is important that the ADB TA project and its outputs and outcomes be linked strategically with all other ongoing and upcoming donor projects in the Province.

In fact, the Province should utilize the knowledge and skills acquired in sector studies, strategic planning and management, as well as investment promotion activities to prepare the SEDP formulations in a much more focused and integrated manner. The ADB TA outputs should be applied to complement and strengthen the outputs and outcomes from other donor projects in the Province. For example, the various sector studies conducted for the Province the priority areas should be used as background information for any other donor funded projects in the Province.

### **4.4 Provincial Investments to Leverage the ADB TA**

The ADB TA project is an investment for the Province. It basically represents an investment in producing a set of useful studies that now provide the Province with useful and critical background information. Such information should be used strategically to guide and inform the Provincial SEDP and implementation strategies under it. However, as with any investments, there is a need for the Province to use this initial investment and leverage on it to do a number of things:

- a. Review and revise the SEDP 2008 for immediate adjustments to implementation strategies in priority areas;
- b. Use the information made available through this ADB TA project to review the strategies for SEDP 2009 planning and implementation;
- c. Use the information from the various studies and recommendations to review all relevant policies especially at the Provincial level, to make any needed adjustments to ensure that the SEDP 2009-2010 results can be further improved;
- d. Use the information from the studies to inform MPI or other relevant policy entities in Hanoi to consider making any needed adjustments or revisions to relevant policies and guidelines from the Center that has a direct bearing on the Provincial level;
- e. Invest some funds from State budget to further improve the capacity of government officials in priority departments in priority areas;
- f. Invest funds to build basic communication and service delivery infrastructure such as ICT and service delivery process improvement systems;
- g. Position other donor projects to both use and build on the systems and capacity that has been built under this ADB TA.

There is much to be gained through the above measures and the cost implication is not that huge. Much of the benefits from such investments should be visible even in the short term and certainly in the longer term.

Given the current commitment and vision of the Provincial leadership, there is much hope that Dak Nong will see major changes in economic growth and all related areas in the near future. It is recommended that the ADB consider putting in some additional funds to carry out an impact assessment of the ADB TA in about 6-12 months and especially at the time of the SEDP 2009-2010 review and formulation phase.