

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Second Small and Medium-Sized Enterprises (SMEs) Development Program takes the program approach to support improving the business environment for sector development. It takes into account assistance provided by other multinational and bilateral aid agencies to develop aid synergies for the highest possible program effectiveness (Table).

Major Development Partners and Programs

Program Name	Development Partner	Main Areas of Support	Duration	Amount (million) ^a
Business registration reforms	UNIDO	Computerized single-point registration	2008–2011	\$8.90
SME Cluster Development	UNIDO	Decree and circular on business registration	2009–2011	€3.00
Green Production and Trade to Increase Income and Employment Opportunities for the Rural Poor	UNIDO, FAO, ITC, ILO, UNCTAD	Sustainable, green production practices	2009–2011	\$4.12
Platform for Investment Monitoring and Supplier Development-Phase I	UNIDO	Web-based investment monitoring platform	2009–2011	\$0.97
Promoting Energy Efficiency in Industries through System Optimization and Energy Management Standards	UNIDO	Energy efficiency management standards	2010–2012	\$7.80
Policy Advice on Science, Technology and Innovation Strategy 2011–2020 and Implementation of High Technology Law	UNIDO	Development of the STI Strategy 2011–2020	2009–2011	\$0.60
Policy Advice on Environmental Management	UNIDO	Action plan for climate change response	2009–2010	\$0.20
Building National Capacity on Industrial Diagnosis and Trade Competitiveness	UNIDO	Industry and trade competitiveness	2009–2011	\$0.63
Mekong Private Sector Development Facility	ADB, Australia, Canada, Finland, IFC, Japan, Norway, Sweden, Switzerland, United Kingdom	Business development programs Company advisory assistance Business-enabling environment	2008–2013	\$29.50
Mekong Enterprise Fund	ADB, Belgium, Finland, Norway, Danida, JICA	Equity finance and technical advice to SMEs	2002–2010	\$18.50
Business Sector Program Support		Business research for policy advice	2005–2010	\$35.00
Green Credit Trust Fund	Switzerland (SECO)	Investment in cleaner production technology Access to finance for SMEs	2007–2017	\$5.00
Introduction of Best Available Technologies and Best Environmental Practices Methodology to Demonstrate Reduction or Elimination of Unintentional Persistent Organic Pollutants from Industry	UNIDO	Capacity building for best available technologies and best environmental practices	2009–2011	\$2.47
Small Holders Cash Crops Value-Chain Development in the Northern Regions of Vietnam	SNV, CORDAID, AECID/IPADE	Service market development in Lai Chau and Lao Cai, Ha Giang.	2009–2012	\$1.60
Better Work Vietnam	ILO, IFC, Irish Aid, Netherlands	Labor standard compliance and competitiveness in export	2009–2011	\$2.00

Program Name	Development Partner	Main Areas of Support	Duration	Amount (million) ^a
Vietnam Competitiveness Initiative II	USAID	and labor intensive industry Administrative procedures reform Provincial competitiveness index Legal framework and financing models for PPP	2008–2013	\$12.44
Support for Trade Acceleration	USAID	Policy and legal system Macroeconomic policies	2009–2010	\$4.20
Making Markets Work Better for the Poor in Viet Nam (Phase 2)	DFID	Participation of the poor in markets	2008–2011	\$10.10
Support for the Task Force on Implementation of Enterprise Law and Investment Law	UNDP	Implementation of Investment Law and Enterprise Law	2007–2010	\$0.83
Post-World Trade Organization accession support to Viet Nam: TBT and SPS compliance capacity development related to key export sectors	UNIDO	Formulation of technical regulations in selected export sectors	2008–2011	\$2.40
Capacity building on trade policy for Vietnam SMEs Association	EU	Consultation capacity of VINASME in formulating trade policy	2009–2012	€0.25

ADB = Asian Development Bank, AECID = Spanish Agency for International Development Cooperation, CORDAID = Centre for International Development Issues, Danida = Danish International Development Assistance, DFID = Department for International Development of the United Kingdom, EU = European Union, FAO = Food and Agriculture Organization, IFC = International Finance Corporation, ILO = International Labour Organization, ITC = International Trade Commission, JICA = Japan International Cooperation Agency, PPP = public-private partnership, SECO = State Secretariat for Economic Affairs, SMEs = small and medium-sized enterprises, SNV = Netherlands Development Organization, SPS = sanitary and phytosanitary, TBT = technical barriers to trade, UNCTAD = United Nations Conference on Trade and Development, UNDP = United Nations Development Programme, UNIDO = United Nations Industrial Development Organization, USAID = United States Agency for International Development, VINASME = Vietnam Association of Small and Medium Enterprises.

^a Except where indicated, all amounts are in million dollars. The numbers are rounded off to two decimal digits.

Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

2. Institutional arrangements for effective assistance to SME development in Viet Nam overall is coordinated by the Enterprise Development Agency (EDA)¹ of the Ministry of Planning and Investment. At the national level, EDA maps development partner activities and ensures their complementation, sector coverage, and geographic balance. At the local level, the Department of Planning and Investment, under the provincial people's committee, coordinates and monitors aid activities in their respective province. In addition to these ministry line agencies, Viet Nam Chamber of Commerce and Industry (VCCI) promote the development of business enterprises, and cooperation among business entities in Viet Nam and with international partners. The Viet Nam SME Association (VSMEA) represents the interests of enterprises, advocates policy supporting SME development, and coordinates activities among enterprises and international cooperation. VSMEA operates at the central level and has member associations in provinces. Both VCCI and VSMEA are independent, nongovernment, nonprofit organizations operating with financial autonomy.

3. Over the past 15 years, bilateral and multilateral development partners have been active with significant contributions made to support SME development in Viet Nam. Among the most active development partners are large multilaterals, such as the World Bank, the Asian

¹ EDA was formerly the Agency for SME Development.

Development Bank, the International Finance Cooperation, United Nations Development Programme, and European Commission; and bilateral donors, most notably the Australian Agency for International Development, Canadian International Development Agency, State Secretariat for Economic Affairs, Japan Bank for International Cooperation, United Kingdom Department for International Development, and the United States Agency for International Development.

4. In recent years, development partners have introduced useful concepts and lessons of experience in SME support. Given the diversity of the SME sector and strengths of supporting programs and development partners, targeted support has been varied by technical approaches, locations, counterparts, beneficiaries, and/or sectors. Nonetheless, most development partner initiatives can be categorized under "business enabling environment," "capacity and business development services," "trade or access to markets," or "access to finance," and the like.

5. By location or level of intervention, in the 1990s development partners largely focused on the central level, with most activities in the capital city of Ha Noi. In the 2000s, however, a considerable number of development partners have started local and provincial activities, in line with the government's priorities. As a result, bilateral donors have increasingly concentrated in localities with a high concentration of enterprises to help boost bilateral trade, investment cooperation, and economic development in neighboring areas. Other donors, mostly nongovernment organizations, meanwhile focus on rural and other more economically challenged areas with high incidence of poverty.

6. In terms of counterpart agencies, the selection of national partners for aid-funded interventions has been varied. Nevertheless, EDA with its prime role as the government's SME promoter and coordinator is the executing agency in most development partner programs through the official government channel. VCCI has also often been chosen because of its professional and coordinating capacities. To a lesser extent, professional entities, commercial banks, and universities and research institutions have also received technical assistance through specific components of some integrated programs.

C. Summary and Recommendations

7. The program is closely aligned with and contributes to development outcomes of the government's SME Development Plan (SMEDP) 2006–2010 and the Asian Development Bank's program to support SMEs in Viet Nam. The SMEDP 2011–2015, being prepared by the government, will continue supporting an enabling economic, social, and legal environment to enhance the quality and efficiency of SME operations. The program supports reducing administrative costs for SMEs, promoting competition and access to international markets, and increasing access to finance, in synergy with other development partners' work in Viet Nam. The program works closely with other development partners—the (Australian Agency for International Development, the European Union, the German development cooperation through GTZ, the International Finance Corporation, Japan International Cooperation Agency, and the World Bank—and stakeholders to provide support to private sector development in Viet Nam.