



QUANG NAM PROVINCIAL PEOPLE'S COMMITTEE

QUANG NAM PROVINCIAL SOCIO-ECONOMIC DEVELOPMENT ORIENTATION TO 2020 AND VISION TO 2025



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QUANG NAM PROVINCIAL SOCIO-ECONOMIC DEVELOPMENT ORIENTATION TO 2020 AND VISION TO 2025

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ABBREVIATIONS

ADB	Asian Development Bank
BOT	Build-Operate-Transfer
BOOT	Build-Operate-Own-Transfer
CDS	City Development Strategy
EIA	Environmental Impact Assessment
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
MPA	Marine Protection Area
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
PCI	Provincial Competitiveness Index
PDO	Provincial Socio-Economic Development Orientation
PPP	Public Private Partnership
SEA	Strategic Environmental Assessment
SEDP	Socio-Economic Development Plan
SEDS	Socio-Economic Development Strategy
SWOT	Strength, Weakness, Opportunity, Threat
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UN-Habitat	United Nations Human Settlements Programme
VAT	Value Added Tax

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EXECUTIVE SUMMARY

The Quang Nam Provincial Socio-Economic Development Orientation is the result of close collaboration between the United Nations Human Settlements Programme (UN-Habitat) and Quang Nam provincial government, targeting a sustainable development orientation, with a clear vision for local government and population, balancing between economic growth, social equality and environmental protection. Based on the model of strategic planning and experiences from the implementation of city development strategies (CDS) applied by many cities around the world, the Quang Nam Provincial Socio-Economic Development Orientation is based on three pillars: (a) mobilising inputs and support from all stakeholders; (b) based on the real situation on the ground and opportunities, and (c) based on local initiatives.

Quang Nam Province holds a strategic position in the Central Key Economic Region. The province has great potential and outstanding advantages for economic development and tourism, particularly thanks to its cultural heritage sites such as Hoi An and My Son. Quang Nam is entering a critical stage in the process of implementation of the National Socio-Economic Development Strategy (SEDS) for the 2011-2020 period and the development goals of the province is to meet the standard of an 'industrialised country' by 2020. Along with other localities in Viet Nam, Quang Nam Province is focusing on completing its strategic planning framework and optimising the use of natural and human resources for sustainable socio-economic development. Thanks to the efforts of Quang Nam's leadership, the goal of sustainable development has acted as a basis for the development of the province. In reality, sustainability has become a vision and can be recognised in the decision of the provincial people's committee to establish a steering committee for the formulation of the Quang Nam Provincial Socio-Economic Development Orientation, ensuring the commitment of the local authorities and wide participation of different sectors in the formulation of the orientation.

Quang Nam PDO is not a stand-alone document, but an integral part of the Socio-Economic Development Plan (SEDP) of the province. Because it is based on

this plan, the main principles are derived from the province's policies and spatial development plans. The strategic orientation and the solutions proposed within are based on analysis of the current conditions in Quang Nam, specific targets and use of available resources. The orientation can be considered as a tool to improve the province's plans, specifying objectives of the national SEDS in accordance with the province's conditions, and mobilising resources more efficiently.

This document aims to develop a multi-dimensional development framework with the support of stakeholders in order to ensure good urban governance, sustainable economic growth, poverty reduction and urban environmental improvements. The orientation starts from the principles of strategic planning, a thematic assessment and SWOT analysis. The combination between spatial analysis and thematic assessment will provide a clearer picture of the effectiveness of resource usage in the province and a



Collecting pepper in Tien Phuoc District
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more comprehensive perspective on urban-rural links. Following the assessment are strategic solutions, action plans, and mechanisms for monitoring and evaluation of the implementation of solutions.

Steps in the formulation of Quang Nam Provincial Socio-Economic Development Orientation include:

- **Step 1 - Thematic assessment:** A range of workshops on provincial development were held with the participation of stakeholders. The UN-Habitat team and Quang Nam local task force have selected six themes for assessment. This is presented in Chapter II.
- **Step 2 - SWOT analysis:** The SWOT analysis was conducted with the active participation of relevant government agencies and the province's private sector. The analysis reveals the development status of the province, analysing the impacts and trends throughout the six themes.
- **Step 3 – Identification of 10 key issues:** Developing the vision, development objectives and orientation of the province. Based on the results of the assessment

and SWOT analysis, the vision for the province is presented in Chapter III. The strategic vision of Quang Nam by 2020 is to bridge the gap between economic development and social cohesion, and strives to increase the province's GDP per capita to the national average, becoming a centre for economic growth in the south of the central coastal region. For this, the appropriate time frame for the orientation must be at least 10 years to be aligned with the province's 10 year socio-economic development plan.

- **Step 4 - Strategic solutions and action plans:** Based on the assessment and analysis in chapters II and III, the working group proposed strategic solutions and consulted stakeholders. Six strategic solutions were identified including: (1) Developing key industries and urban clusters as catalysts for local economic development; (2) Sustainable tourism development through regional and urban-rural links; (3) Infrastructure development for effective and inclusive development; (4) Integrated environmental management and a response to climate change; (5)



Hoi An old town © Nguy Ha / UN-Habitat

Agriculture and rural development, creating regional and urban-rural links; and (6) Improved efficiency and effectiveness of the local authorities. Details of strategic solutions and action plans are presented in chapters IV and V of this report.

With a vision for the coming decade, the action plan presented in the report just shows the first few steps in the process of this orientation implementation, and is limited to the initial 1-2 years. After this, the provincial government will draft a detailed action plan based on the long term vision, taking into account the resources and capacity available. The long-term vision is associated with many activities, interventions and investments by relevant stakeholders. The provincial departments will later decide the prioritisation of activities and necessary steps to ensure its effective implementation.

The integration of spatial planning components in the socio-economic analysis, together with illustrative maps and spatial analysis will provide policy makers and the private sector with multi-sector solutions. Multi-sector investment planning processes required different sectors

to work together in prioritising investment programmes and projects. The ultimate objective of the orientation is to mobilise all stakeholders in implementation, managing and supervising the entire process of the orientation's implementation.

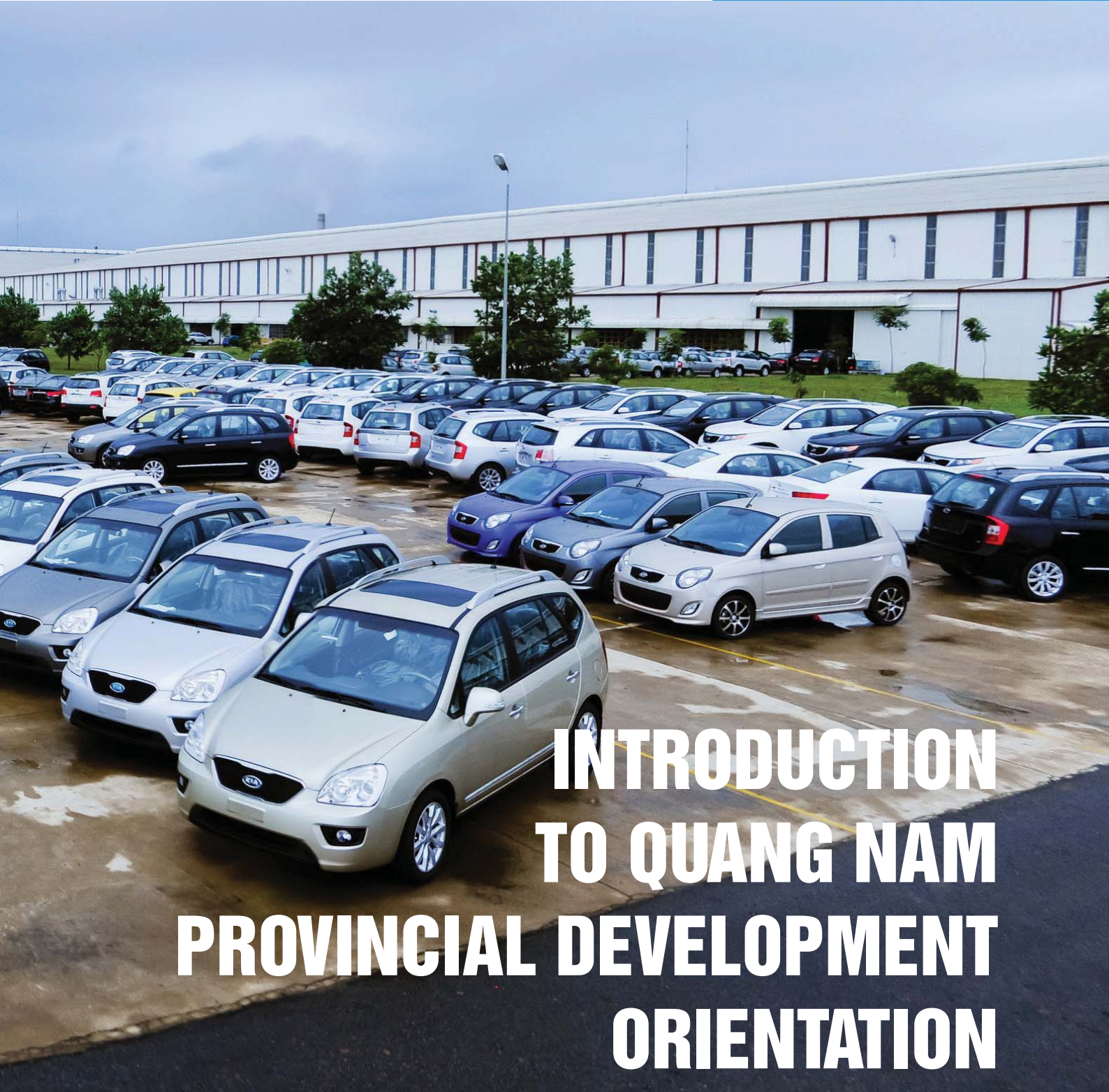
The orientation will be adopted by Quang Nam as an integral part of the Quang Nam Province Socio-economic Development Master Plan to 2020 With a Vision to 2025, which is being drafted for submission to the prime minister for approval.

Thanks to the efforts of Quang Nam's authorities, a holistic approach to sustainable development objectives has been included in the orientation, which will act as the basis for the long-term development of the province. Finally, UN-Habitat highly appreciates the collaboration with Quang Nam People's Committee, particularly the members of the Steering Committee for the development of the orientation, and will continue to coordinate with the province in the implementation of the orientation in the future.





New Truong Hai cars © Quang Nam PC



INTRODUCTION TO QUANG NAM PROVINCIAL DEVELOPMENT ORIENTATION

I.1 BACKGROUND

Quang Nam, located in the central coast region of Vietnam, is an attractive area for tourists with a 125km stretch of coastline, which connects two world famous cultural heritage sites: the old town of Hoi An and the Champa temples of My Son, as well as popular spots in the province's highlands. In addition to its natural beauty, the province is bordered by and contains many important economic areas. Bordered to the north by Da Nang City and the East-West economic corridor and to the south by the Dung Quat Industrial Zone of Quang Ngai, where the Chu Lai Open Economic Zone (OEZ) is located, the province is in an ideal position for the development of the economy and trade and tourism.

Since the Doi Moi reform process in 1986, Quang Nam has made important socio-economic changes with the rapid emergence of large-scale industrial parks and with the construction of tourist facilities. However, like other middle-income countries and regions, which have experienced this rapid growth, the province will face tremendous challenges over the next decade in pursuing sustainable development, which requires the effective use of environmental and socio-cultural assets. Further weight to these challenges comes from being located in

the heart of the climate disaster-prone central region of Viet Nam. In the past few years, the province has experienced many natural disasters, which are increasingly harsh and less predictable. Taking into account these issues, the government of Quang Nam has called for technical assistance to strengthen the planning and management of local government with integrated strategies on urban development, environmental sustainability, climate change response, and social equity.

In order to strengthen the planning and management capacity of the local government in dealing with the provincial and city's development issues UN-Habitat has worked closely with the provincial government of Quang Nam, along with other United Nations agencies, such as the International Labour Organisation (ILO), United Nations Educational, Scientific and Cultural Organisation (UNESCO), Food and Agriculture Organisation (FAO), and United Nations Industrial Development Organisation (UNIDO), to pin down the requirements for a strategic plan for socio-economic development of the province. The support from UN-Habitat for the Quang Nam PDO is promoting greater participation, and fostering partnership between agencies and sectors in the province, as well as, increasing private and public investment in the process of planning and implementation. Quang Nam People's Committee issued Decision No. 1991, June 23, 2010 and established the Steering Committee for Quang Nam Province Development Orientation, which is a key workforce to build the PDO with the desire to increase ownership and ensure the participation of many stakeholders.

The Province Development Orientation, designed around the provincial socio-economic development goals, is based on the lessons learnt from the development of the City Development Strategies (CDS), which integrated a development strategy with a spatial planning and regulatory development framework, as well as, other elements like urban-rural links and governance reforms. Furthermore, the PDO is linked with the province's master plan for socio-economic development for 10 years and Socio-Economic Development Plan (SEDP) for 5 years. The plans fully respect current planning approaches as well as the structure of institutional systems and are consistent with the legal developments within the Socio-Economic Development Strategy and urban master planning in Vietnam. Its approach and the strategic solutions recommended therein could be valid for a longer period beyond 2020.

The PDO is meant to be used not only for giving direc-



Making An Phuoc mats in Duy Xuyen District
© Quang Nam PC

tions to the local government but also for motivating other stakeholders to be part of the strategy implementation. If successful, the PDO will be a basis to guide development of concrete implementation plans and further resource mobilisation for SEDP.

I.2 PRIMARY OBJECTIVE

The goal of the project is to provide strategic solutions to Quang Nam to use resources efficiently and maximise the competitive advantages for sustainable development for the province. The project will provide Quang Nam with a clear vision for local government and the public, balancing economic growth with social development and environmental protection, and mobilising resources in the market economy.

Based on the model of strategic planning and experiences from the implementation of city development strategies (CDS) of many cities around the world, Quang Nam Province Socio-Economic Development Orientation is based on three pillars: (a) mobilising inputs and support from all stakeholders; (b) based on real situation and opportunities, and (c) based on local initiatives. The orientation is presented starting from the principles of strategic planning, thematic assessment and SWOT analysis. The combination between spatial analysis and thematic assessment will provide a clearer picture of the effectiveness of resource use of the province and more comprehensive perspective on urban-rural links. Quang Nam's socio-economic development orientation aims to develop a multi-dimensional development framework with support of stakeholders, to ensure good urban governance, sustainable economic growth, poverty reduction and urban environment improvement.

The Provincial Socio-Economic Development Orientation requires clearly identification of provincial development objectives and priorities of development among regions in the province. In order to make best use of all resources to implement socio-economic development orientation, it is necessary to involve all stakeholders, and taking into account all local cultural and demographic characteristics. Therefore, the main focus of the orientation is assessment and strategic solutions to achieve efficient use of resources and take advantage of comparative advantages to achieve sustainable socio-economic development.

I.3 LEGAL BASIS FOR QUANG NAM PROVINCIAL SOCIO-ECONOMIC DEVELOPMENT ORIENTATION

Firstly, the PDO is guided by the national 10-year Socio-Economic Development Strategy (SEDS) for the period 2011-2020 which was adopted by the 10th National Congress of Communist Party of Vietnam in January, 2011. The SEDS has set a target, at the national-level, for socio-economic development planning, orientations and tasks to implement the strategy. The objective of the SEDS is attaining effective and sustainable development, so as to associate economic growth with progressive implementation of social justice and environmental protection. This is also a step to move up to the group of countries of higher average income. In developing the PDO multiple sources have been consulted in order to ensure it aligns with the SEDS and is suitable for the conditions of Quang Nam.

Recognising the limitations and weaknesses of the economy, especially the inadequacies of the growth model during the past 25 years, the next 10 year SEDS emphasises the urgent need for a restructured economy with an improved growth model to improve the growth quality, efficiency and competitiveness of the economy. In addition to these innovations there are three breakthrough points in the SEDS: perfecting a socialist-oriented market economy with a focus on creating an equally competitive environment and administration reforms; improve human resources and construct infrastructure, focusing on transportation and urban infrastructure. This is all an important basis to formulate the economic development orientation of Quang Nam.

Secondly, the PDO is based on the strategic orientation of the SEDS, which strives for 'harmonious and sustainable development among different areas, building new urban and rural areas'. Four points considered for the legal basis of PDO are:

1. To review, adjust and supplement the planning system and have suitable mechanisms and policies for development of all regions in the country, promoting the advantages of each region, and creating regional links. To promote the development of key economic areas, which then motivates the development of other regions especially regions with more difficulties such as in border areas, islands, south-western region, north-western region, highlands, and the western areas of the central



Tam Hiep Harbour - Ky Ha Port © Quang Nam PC

provinces. To select some areas with exceptional advantages, especially in coastal areas where economic zones can be built as the focal points. The implementation of regional development has to ensure efficient and economical land use, associated with solutions to adapt to climate change, particularly sea level rise, to ensure sustainable development.

2. The sea, coastal areas and islands: to develop marine economies in line with the marine potential of the country, linking marine economic development with national defence and maritime security, and protecting maritime sovereignty. To quickly develop a number of coastal economic zones, industrial zones, prioritise the development of energy industry, ship building, cement production, high quality fishery production. To speed up urbanisation, form strong maritime economic centres, taking best advantage of maritime resources, associated with development of various service industries, especially high value added industries such as import-export services, tourism, fishery services, oil services, transportation. To develop ports, port services and seaway/river way transport; develop ship team, shipbuilding and repairing industries

3. Urban development: to innovate mechanisms and policies in order to improve the quality and management of urban development planning. To gradually establish a system of urban areas which have modern and environmentally friendly infrastructure. The distribution of major cities and medium and small cities in each region must be considered. To focus on urban development in mountainous areas as well as promote the

development of coastal cities.

4. Construction of new rural areas: To focus on the development of industry, services and craft villages associated with environmental protection. To implement the programme of developing new rural areas, which fit with the characteristics of each region, to preserve and promote the unique culture of rural Viet Nam. To promote the construction of rural infrastructure, create favourable environments to attract investment in agriculture and rural areas, especially the investment of small and medium enterprises and to attract more workers, and effectively implement vocational training programmes for one million rural workers each year.

Thirdly, the PDO is based on the Socio-Economic Development Plan for the Central Key Economic Zone: Vietnam is divided into six economic zones and the 2020 socio-economic development plans have been approved. The SEDPs for northern central region and coastal southern central region are directly related to Quang Nam.

Fourth, PDO is based on provincial legal documents including Quang Nam Province's SEDP and five year socio-economic development plan.

Fifth, based on sectoral development plans and strategies, particularly transportation and construction plans approved by the prime minister. Sectoral plans are an important basis to propose infrastructure development orientations for the province.

As of yet, there has been no legal framework to prepare

a provincial development strategy. In addition, Viet-Nam's legal system when preparing sectoral planning and strategies remains complex and lacks consistency.

The PDO is considered a key strategy, which rests on further consultation with diverse stakeholders and specific provincial development orientations based on national, regional and provincial level development plans and reflects the realities of the province's development and potential. The purpose of the PDO is to identify local development opportunities and strengthen local capacity in preparing and implementing plans in the transition period to the market economy on the basis of the most efficient use of local resources.

I.4 METHODOLOGY AND PROCESS

The PDO for Quang Nam Province is an innovative version of the Ten-Year SEDP. The planning document is designed to meet the requirements for an SEDP (as described in the law – further details of the law are in section 1.3 below), i.e. comprehensive coverage of the development trends in the province, and a ten-year perspective for the implementation of the plan with development viewpoints and solutions. However, unlike an SEDP the document incorporates at least two new features: a strategic and participatory planning direction and principles of spatial development planning. Furthermore, it is a pilot project, which implies that both the procedures tested here and the final document serve as models for further provinces where strategic planning will be introduced in medium-term planning. Ultimately, the PDO is expected to strategically prioritise and promote a spatial oriented development strategy in Viet Nam.

First of all, the Quang Nam PDO runs on from the principles of strategic planning to a large section essentially concerned with the thematic analysis (in Chapter II), which focus on key challenges and opportunities to increase provincial competitiveness rather than an analysis of whole situation. The study includes a participatory SWOT analysis (presented in Chapter III), which leads onto the 'swot analysis orientations'. Through drafting of the SWOT analysis orientations, 10 main cross-cutting issues focused in the PDO are developed based on their comparative advantages, and identified opportunities and threats. Finally, six strategies are developed to find technical, institutional and financial solutions to respond to the 10 issues. Ac-

tion programmes are developed through consultation with leaders and practitioners in charge of planning and investment at various levels. (Presented in Chapter IV). Annex I shows the whole processes and the logic of the PDO development in details and a typical sequence of strategic planning in the public sector.

Secondly, the PDO includes a spatial analysis which is frequently referred to in the analytical maps in the first few chapters. Presently, Quang Nam's opportunities and challenges are directly linked with its geographic disparity and variety. For Quang Nam to become more competitive in the region, each area of the province needs to have specific sub-strategies and coordination mechanisms. 'Planning maps' are used to illustrate the main planning proposals to be implemented. Integration of spatial planning components with socio-economic analysis and strategy development would contribute to the effective use of resources in localities. This approach will provide guidelines for policy makers, private sectors and other key stakeholders.

Finally, the PDO details multi-sectoral investment planning required to effectively mobilise financial and human resources in order to implement selected programmes and projects. Under each strategy of the orientation, solutions are developed in a way, which will enable different resources by strategic partnerships from multiple sectors.



Phu Ninh Lake © Quang Nam PC

The background of the entire page is a landscape photograph. It features a large, calm body of water, likely a reservoir or lake, with a small, tree-covered island in the middle. The water is a deep blue-grey color. In the background, there are rolling hills covered in dense green forest. The sky is light blue with some white clouds. In the foreground, the tops of several green pine trees are visible, framing the bottom left of the image.

ASSESSMENT ON QUANG NAM PROVINCE'S CURRENT CONDITIONS

II.1 CONTEXTS FOR QUANG NAM DEVELOPMENT

II.1.1 INTERNATIONAL AND NATIONAL CONTEXT

II.1.1.1 International Context

Asia is currently experiencing very strong growth momentum and the area is outperforming on a global scale. This development, especially in East Asia, has had a significant impact on Viet Nam; a country important to the region because of its geologically strategic position. There are several unique trends which underline this. Firstly, many East Asian countries have been actively applying an exports oriented growth model. Secondly, countries in the region have created a phenomenon called the “East Asian development ladder” moving from exports of raw materials to high-tech goods and services. Thirdly, East Asian countries have promoted and strengthened regional links through trade cooperation.

Due to these trends Viet Nam’s economy is facing a lot of challenges and opportunities. The country has not had the necessary production capacity for high value added goods in order to penetrate into regional markets. It has to import a lot of raw materials from ASEAN countries and China to provide for export production, which has negative environmental and social consequences. In addition, necessary infrastructure remains undeveloped which has led to higher production and distribution costs. Viet Nam’s educational system has also not provided a skilled workforce essential to meet the needs of employers in the production of high technology goods. Viet Nam’s role in regional trade liberalisation also comes with problems. The continuously high trade deficit has contributed to macroeconomic instability. The relative deficit with China causes many problems for Viet Nam and it has to import a lot of Chinese goods with an import tax of 0% from 2015 as stated in its ACFTA commitment. In rural areas, a high percentage of the population is suffering the most negative consequences of this trade liberalisation.

Despite these challenges, Viet Nam is still considered a good investment destination due to five prominent advantages: (1) Young workforce; (2) Favourable geographic position; (3) Political and social stability; (4) Open-door investment policy; (5) High population.

The following are some key issues in relation to national contexts.

II.1.1.2 National Context

Infrastructure development: Although Viet Nam’s infrastructure has improved over the last 10 years in 2009 the infrastructure was deemed to be ‘poor’ or ‘very poor’ by the Secretariat Viet Nam Business Forum which led to hesitations among foreign enterprises, which were looking to invest in Viet Nam. With a high percentage of current financial aid focused on infrastructure investment, Viet Nam needs to quickly find alternative ways to mobilise financial resources. Furthermore, the need to urbanise combined with rapid rural-urban migration has increased the pressure on infrastructure.

Environment and climate change: One of the major challenges Viet Nam faces is the urgent task of balancing economic growth with environmental conservation. Climate change is increasingly having an impact on the country and an action plan is being drafted to respond to the affects of climate change. Quang Nam Province People’s Committee is also in the process of developing an action plan.

Rural development: Development thus far has focused mainly on industrialisation, modernisation and urbanisation which has been spontaneous and unsustainable in both urban and rural areas with approximately account for 75% of Viet Nam’s population, with current massive rural-urban migration. As such, the new rural development strategy or Tam Nong Policy has been completed to building model of new urban areas through some pilot projects.

II.1.2 REGIONAL CONTEXT AND QUANG NAM’S POSITION

II.1.2.1 Regional Context

Quang Nam is located in the Central key Economic Zone (CKEZ: Thua Thien - Hue, Da Nang, Quang Nam and Quang Ngai and Binh Dinh provinces), which has completed transportation infrastructure such as the coastal corridor (Highway No.1, railways, coastal roads), Ho Chi Minh Road, and East-West transport corridor (Highway No.9, Highway No.14B, Highway No.24, Highway No.19 and the routes between Nui Thanh - Thanh My - Nam Giang and Duc Pho - Kon Tum).

Compared to NKEZ and SKEZ its consumer market and labour market is narrower and less selective. Low income per capita leads to lower levels of consumption and decreases labour scale. The level of necessary infrastructure development is still inadequate, due to the relatively low increase in implemented FDI. The CKEZ

also frequently suffers from natural disasters such as storms and floods due to location, while response measures have not been received adequate attention. In addition, compared with NKEZ and SKEZ, the contribution of the private sector in development is much lower. The CKEZ has poor connections to the world market and other development centres in Asia and worldwide. Despite the current regional planning, the CKEZ is lacking a coordination mechanism needed to implement plans among the provinces of the region. The provinces are not responding properly to the demand for partnership in the process of socio-economic and infrastructure development.

Despite the difficulties and disadvantages mentioned above, the CKEZ still has strengths, which if utilised could become a driving force for the central coastal region's development:

CKEZ is located at the gateway of the East-West Economic Corridor linking Viet Nam, Laos, Thailand, and Myanmar and in the future economic, trade and service exchanges through the corridor will create greater development opportunities for the region. Importantly, marine economy in the region is expected to be a growth engine for the coastal region and nation in the long term.

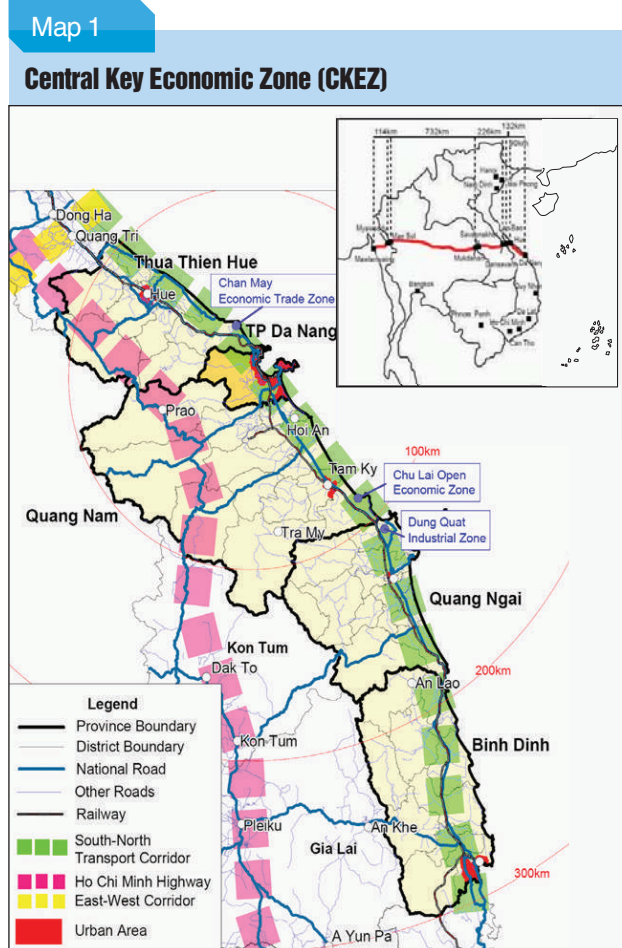
The cost of labour and services in the region is relatively low compared with NKEZ and SKEZ, which is attractive for investors.

The local governments' commitment in the region is very strong, as are initiatives related to regional planning from central government to enhance regional growth and development through greater investment in infrastructure and other economic zones such as Dung Quat, Chu Lai, Lien Chieu and Dung Quat Highway.

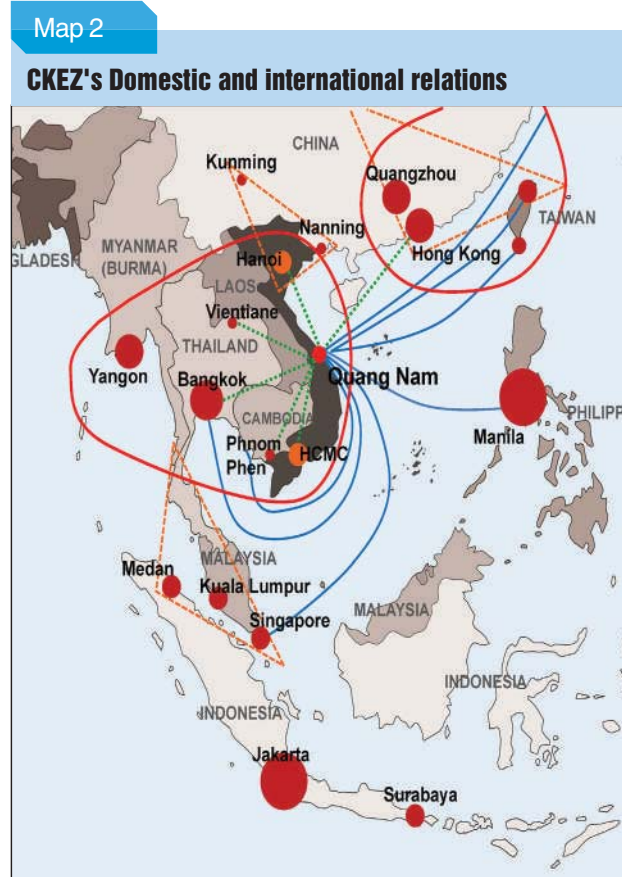
II.1.2.2 Quang Nam's positions in the region

Quang Nam Province has the potential for strategic cooperation with Da Nang and other economic growth poles such as Dung Quat, which is at the centre of development in central coastal region with the establishment of urban areas.

Quang Nam's tourism industry has high potential with diverse, unique and intact natural areas combined with spots of cultural interest. There are other unexplored natural assets, which are presently being developed for niche tourism.



Source: DACRISS



Source: UN-Habitat Viet Nam

Quang Nam already has infrastructure such as seaports, airports, and open economic zones.

Overall, the province should actively build upon its solid foundations to exploit maximum opportunities and advantages for development by overcoming difficulties and challenges through building strategic partnerships. The PDO development for the next 10 years is part of this process.

II.2 QUANG NAM PROFILE

II.2.1 ADMINISTRATIVE AND GEOGRAPHICAL FEATURES

Quang Nam possesses a total land area of 10,438.37 km², with Tam Ky as the administrative centre of the province. Besides Tam Ky, there are 16 other district towns and Hoi An is the second largest city. Due to the West-East sloping topography, the province's

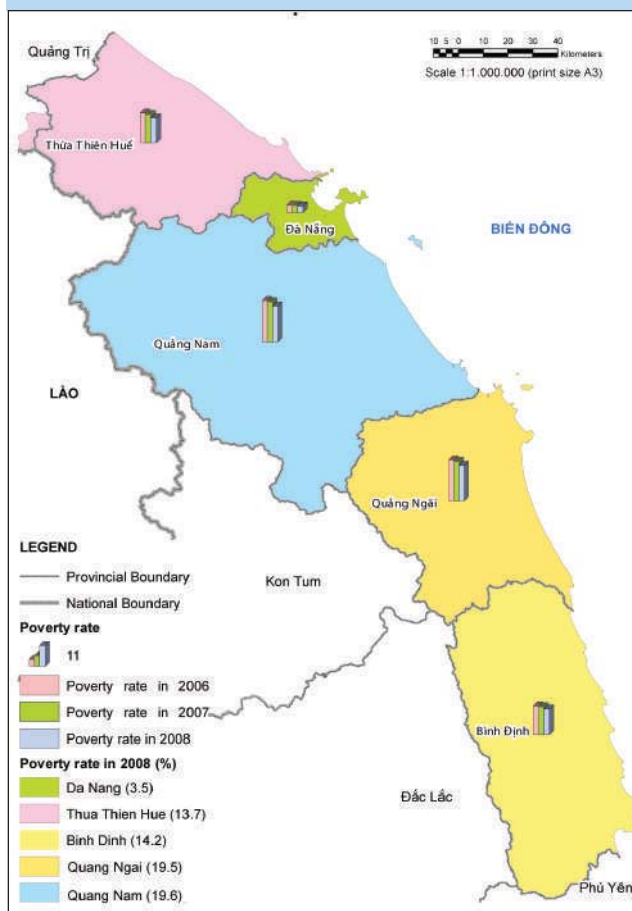
terrain is diverse with three distinct zones: 1) the coastal plains covering eight districts and cities; 2) the middle highlands consisting of four districts and 3) the mountainous areas covering six districts in the west. Mountainous land accounts for 72% of the total area with the remaining terrain narrow plains. Unused mountainous land makes up 24.54% and unused plains accounts for 1.31%. Quang Nam is the fifth largest province of the country and is among the six provinces with the lowest percentage of agricultural land.

II.2.2 NATURAL ENVIRONMENT CONDITIONS

The dry season lasts from January to August with rather strong winds. The rainy season runs from September to December and is usually associated with torrential rain and storms which account for 80% of the total rainfall per annum. There is uneven distribution of rainfall among different areas with annual precipitation

Map 3

Poverty rate of provinces in the CKEZ, 2006 - 2008

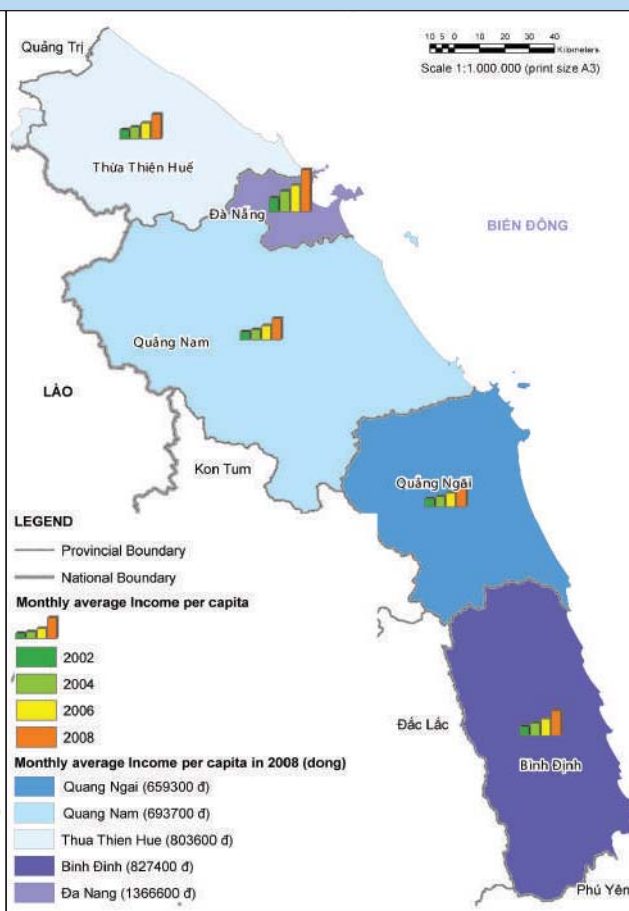


Quang Nam is the poorest province in the region (19.6%). Poverty levels have decreased, but at a slower rate compared to other provinces

Source: Quang Nam Province Tax Department

Map 4

Income per capita of provinces in the CKEZ, from 2002 - 2008

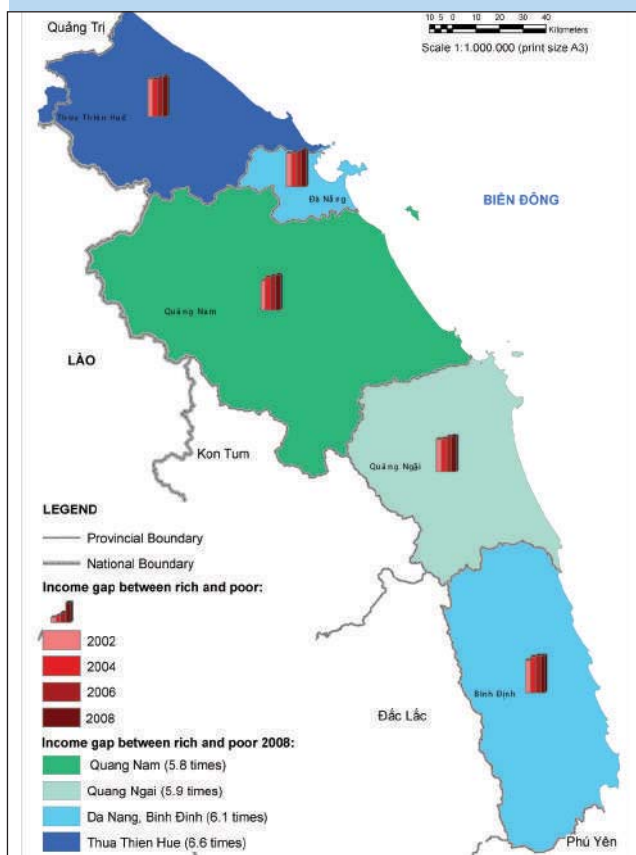


Income per capita in Quang Nam ranks second-to-last among the CKEZ's provinces and is only higher than Quang Ngai

Source: UN-Habitat Viet Nam

Map 5

Income disparity between the richest and poorest groups in the CKEZ, from 2002 to 2008



- Income gap through 2002, 2004, 2006 and 2008 tended to increase in almost provinces; higher growth rate, larger disparity
- Quang Nam Province had the lowest income disparity between the richest and poorest groups compared with other provinces (nearly equivalent to Quang Ngai)

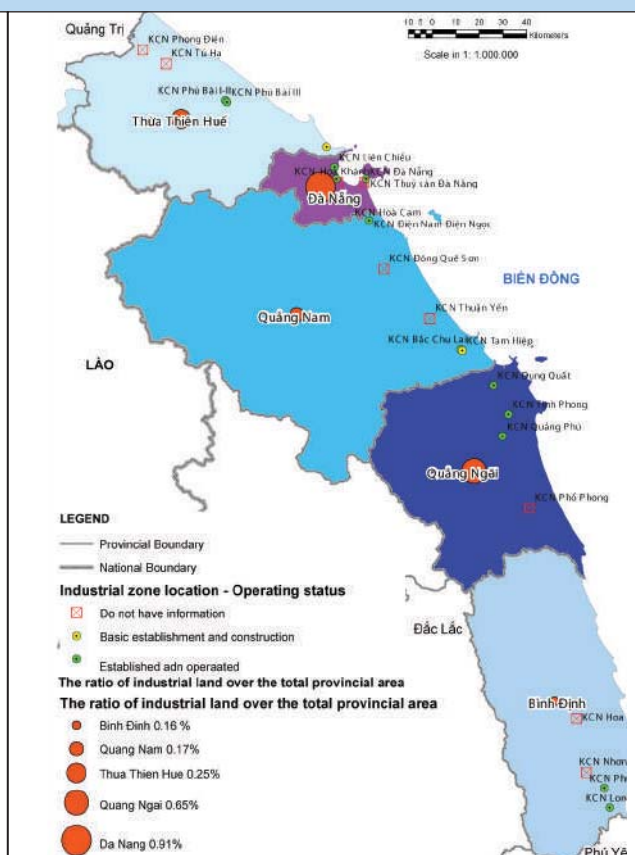
Source: UN-Habitat Viet Nam

concentrated in the midlands and mountainous areas (from 3,200mm/y to 4,000mm/y), which is more than in the coastal plains where from 2,000mm/y to 2,400mm/y can fall. The average humidity level in mountainous areas is 85% to 90%, compared to 80% to 85% in the plains. Natural disasters as a result of climate change have brought negative socio-economic impacts to the overall development of the province as well as to livelihoods of the poor.

Due to such unique topographic and climatic features, the river systems of the province are well delineated by two main rivers each 900 km long. In addition, Quang Nam has a coastline of 125 km, several large estuaries and creeks, and 10,000 hectares of which are tidal flats; favourable for aquaculture.

Map 6

Industrial zones and their operation, and industrial land area of provinces in the CKEZ (2008)



- The ratio of industrial land over the total area of Quang Nam Province is 0.17%, much lower than other provinces in the region. However, the Statistical Yearbook did not have complete information for the status of the operation of industrial parks in Quang Nam

- Industrial production value of Quang Nam increased 25.6% on average during 2001-2010 (during 2001-2005 increased 25.5% and 25.8% during 2006-2010). The value of industrial production in 2009 had the lowest growth rate in recent years at only 20.5%

Source: UN-Habitat Viet Nam

II.2.3 SOCIO-ECONOMIC PROFILE

Population

By December 2012, Quang Nam has a total population of 1,444,563 people with the density of 138 people/km². The population distribution among the provincial regions varies considerably with over 73% of the population living in the coastal plains, which accounts for just 25% of the total land area. The Kinh ethnic group accounts for 92.3% of the total population, the rest is comprised of several ethnic minorities such as the Co Tu, Xo Dang, M'ong, Co, and Gie Trieng

Quang Nam is among the provinces which have not been able to balance their budget expenditure. Weak financial

Map 7

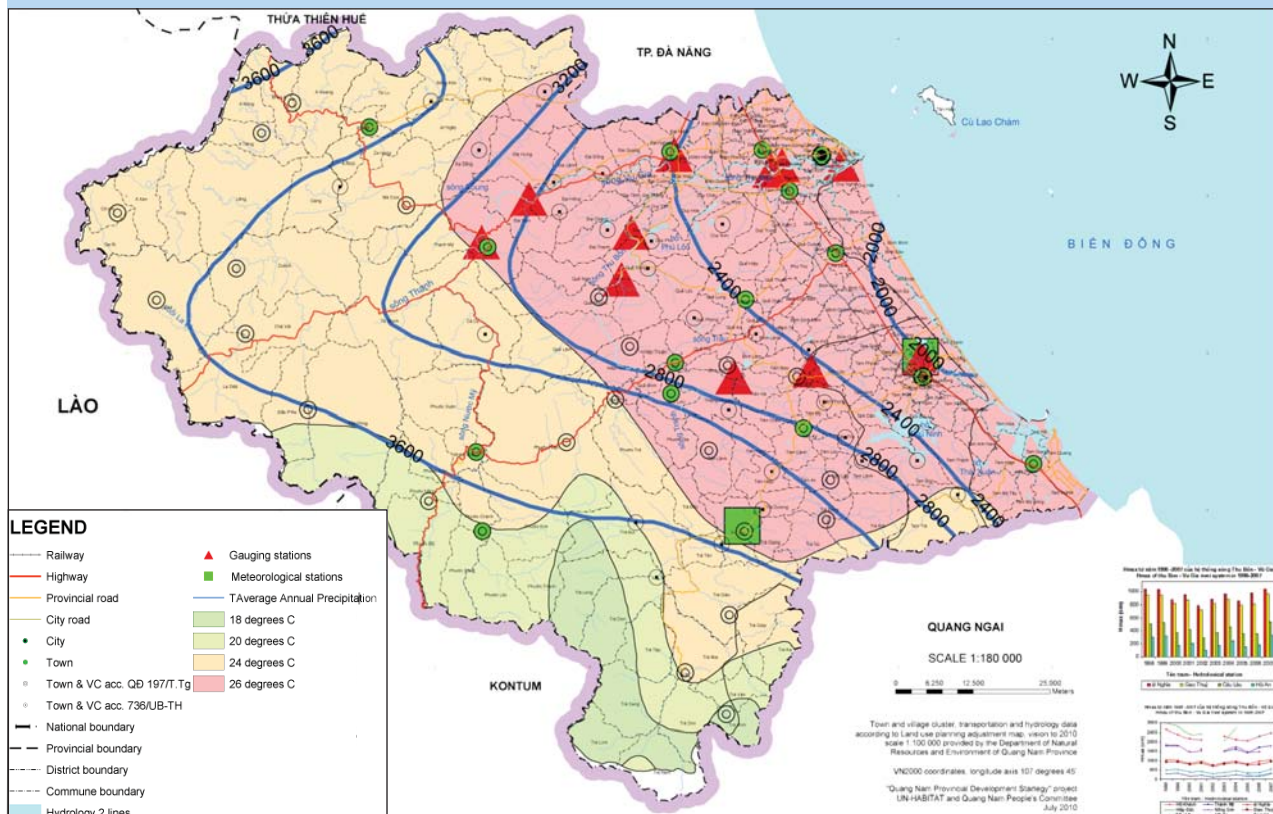
Quang Nam Province administrative map



Source: UN-Habitat Viet Nam

Map 8

Quang Nam Province climate map



Source: UN-Habitat Viet Nam

resources reduce the provincial ownership in allocating resources to implement the development goals. Budget revenue from provincial sources is the most important component of a provincial budget, but in Quang Nam this proportion is still low, at 48% in 2010. Although this proportion is increasing quite rapidly from 2006-2010, heavy dependency on the central budget remain a major factor affecting the provincial development process. The dependence on the central budget has decreased, but more than 32% of 2011 revenues still come from central subsidies. Particularly in 2012 the provincial revenue was about VND 4,000 billion, accounting for about 29% of total revenue in the area.

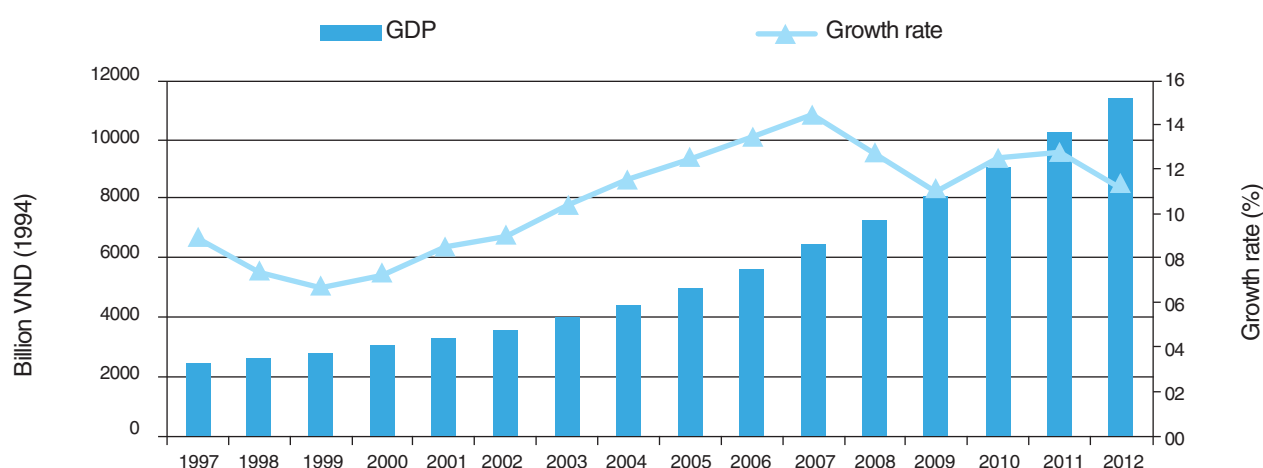
The labour force accounted for 61.2% of the province's population, compared to 40% in the whole country.

Quang Nam has certain advantages in terms of labour supply for economic development as the province is approaching the point of a gold population structure, which is when the population of working age is two times larger than the number of dependents. Nevertheless, technical qualifications of the workforce are still quite low, which is a challenge for sustainable growth as it affects the development of high value-added and high productivity sectors. Trained workers currently account for 45% of the total number of workers employed.

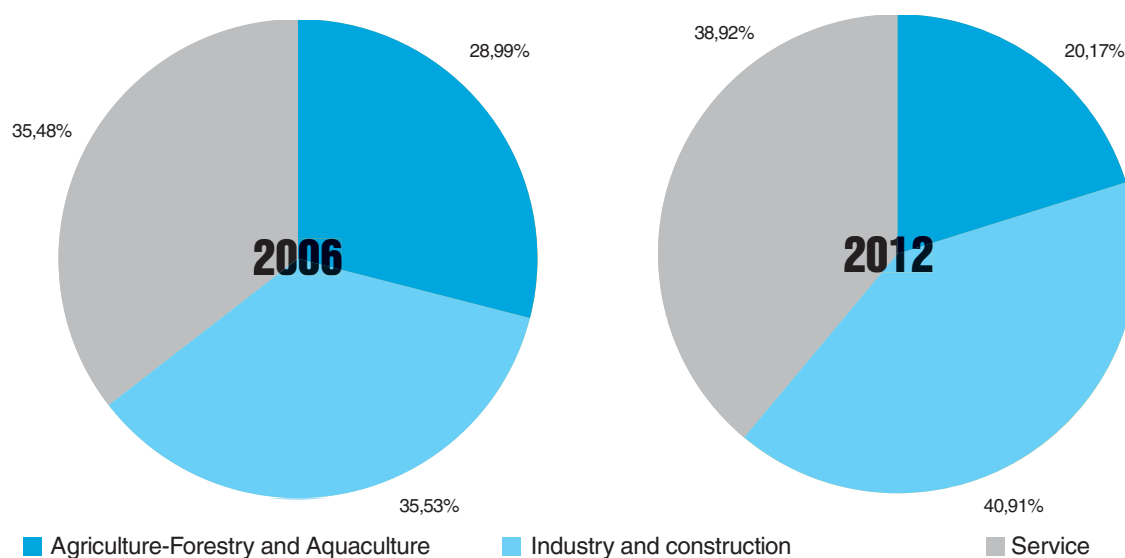
For the last 10 years, Quang Nam has attained a steady economic growth rate, with an average GDP expansion of about 11.6%, relatively higher than the national average (7.5%). In 2012, the GDP growth rate was

Figure 1

Quang Nam Province's GDP and GDP growth rate



ECONOMIC STRUCTURE



11.2%. The provincial economy continues to shift its structure towards industry, construction and services. New mechanisms and policies have been put in place to attract and mobilise resources for investment. Major investment is focusing on socio-economic infrastructure to boost economic growth and improve people's living standards. Quang Nam's Socio-Economic Performance Report for 2010-2011 showed that total GDP of the province had reached nearly VND 11.370 billion in 2012. In 2012, the industry-construction sector accounted for 40.9% of GDP; services and trade sector 38.9% (nearly 79% for industry, construction and services together), while agriculture, forestry and fisheries contributed only 20.2% to the provincial GDP.

Socio-economic development achievements in the period of 2001-2010

- Employment for over 300,000 people in the past 10 years;
- Percentage of malnourished children (2012) reduced to 15.7% (underweight), and 30.1% (under-height);
- Poverty rate declined due to economic growth as a result of poverty reduction measures over the years: from 23.27% (2001) to 10.94% (2005) (based on the former standard); 26.65% (2006); 19.65% (2009) (based the new standards) and 24.17% (2010) (based on the 2011-2015 standard), 20.9% (2011) and 17.93% (2012);
- In 2012 the average life expectancy was 72 years old;
- Until now, 332 or 41% of 765 schools meet national standards. 31.3% of kindergartens (70 of 223) meet national standard; 60.59% of standard primary schools (163 over 269); 41% of (88 over 215) secondary schools and 1.9% (1 over 52) of high schools

Table 1

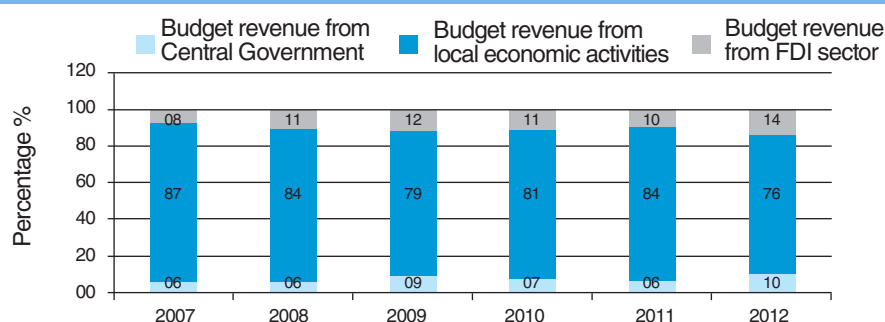
Budget revenue structure of Quang Nam Province

	2006	2007	2008	2009	2010	2011	2012
Budget revenue (million VND)							
Local budget revenue	1.066.538	1.571.196	2.083.758	2.816.438	5.054.647	6.300.000	5.650.000
Domestic revenue in local budget		1.239.812	1.633.011	2.261.130	3.270.840	4.400.000	4.000.000
Revenue allocated from central budget	1.979.598	2.348.107	2.714.599	3.210.377	3.564.883	4.530.050	4.744.210
Other revenue	1.061.095	986.934	1.334.790	1.908.977	2.515.865	3.272.749	
Total	4.107.231	4.906.237	6.133.147	7.935.792	11.135.395	14.102.799	14.385.000
Budget revenue structure (%)							
Local budget revenue	26,0	32,0	34,0	35,5	45,4	44,7	39,3
Revenue allocated from central budget	48,2	47,9	44,3	40,5	32,0	32,1	33,0
Other revenue	25,8	20,1	21,8	24,1	22,6	23,2	27,7
Total	100	100	100	100	100	100	100

Source: Quang Nam Province Tax Department

Figure 2

Domestic revenue structure of Quang Nam Province



Source: Quang Nam Province Tax Department

- In 2012, there were 19 beds for every 10,000 people; 4.8 doctors for every 10,000 people, an increase of 0.78% compared to 2001.
- Proportion of population using clean water increased from 79% in 1999 to 82% in 2010 and 84% in 2012.
- Forest coverage rate: from 44.5% in 1999 to 47% in 2012.

Budget Revenue in the province

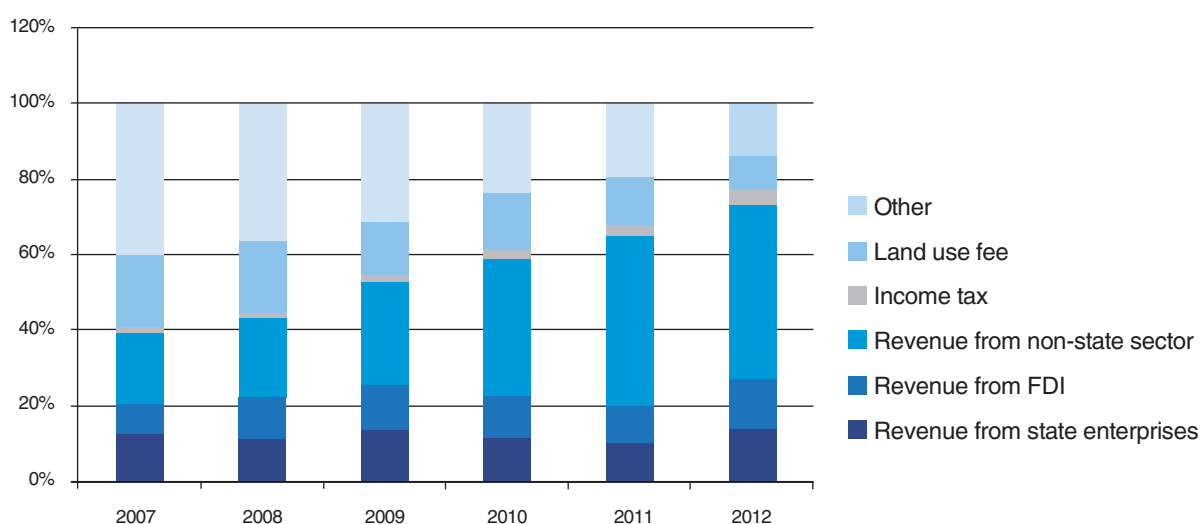
The contribution of FDI accounted for 4.0% of total provincial revenues and 13.7% of revenues generated in the local economy in 2012. Relatively small size of the FDI sector that the province's investment environment is less attractive to FDI, should not take advantage of

this funding. FDI contribution but low on budget, but the presence of FDI has contributed to industrial development, job creation and increased particularly for provincial exports.

The high and increasing proportion of handicraft industries, trade and services shows the dominant role of the private sector. In 2006, this sector contributed 19% to the total local economy. In 2012 this proportion rose to 45%. These industries relied on the comparative advantages of the province, creating jobs and boosting the process of farming restructuring. These sectors still have potential to grow in the coming period, but with low labour productivity and qualifications this is an area where strategies are required in order to increase added value.

Figure 3

Revenue structure of local economy



Source: Quang Nam Province Statistics Office

Table 2

Revenue structure from local economy

Domestic revenue and Import-Export revenue	2007	2008	2009	2010	2011	2012
Revenue from State enterprises	161236	187376	309000	384201	462000	554000
Revenue from FDI	94968	177179	270306	373981	420000	547900
Revenue from Non-state enterprises	234354	339871	621507	1170671	1987000	1832000
Income tax	14517	24604	39491	74299	125000	152000
Land use fee	235500	312800	318400	485000	546000	350000
Others	499237	591181	702426	782688	860000	564100
Import-Export tax	235500	312800	318400	485000	546000	350000

Source: Quang Nam Province Statistics Office

Budget expenditure in the province

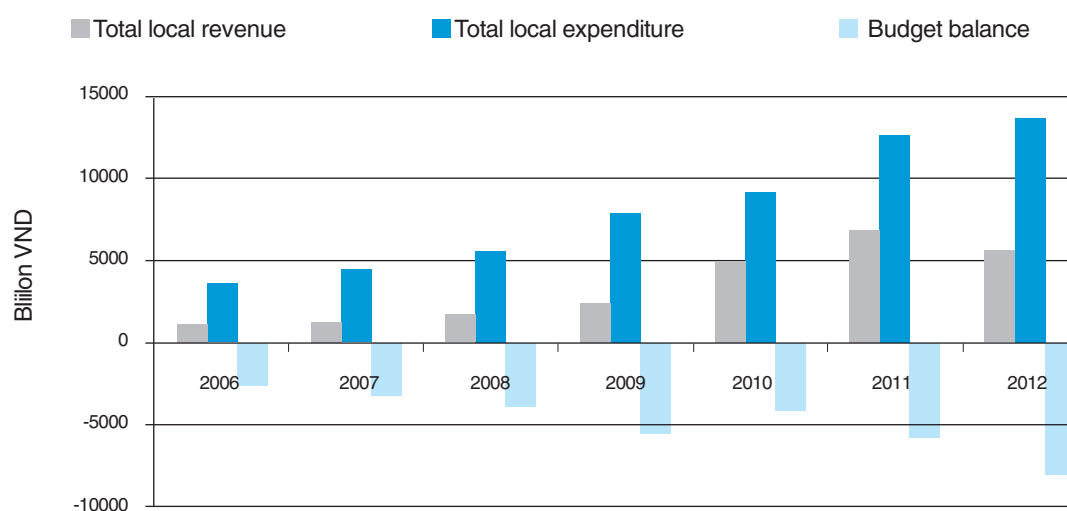
Quang Nam is unable to balance the provincial budget, hence it does not have to contribute to the national budget and the province can use its entire central revenues resourced from the province.

Investment and development spending increased significantly in the period of 2006-2011, accounting for 25.5% of total budget expenditure in 2011 and 31.2% in 2012, and valued at VND 13.147 billion in 2011

and VND 14.116 billion in 2012, which shows the provincial limitation to satisfy the investment capital requirements, including capital for infrastructural works. Because of its limited budget, the province is required to set priorities in budgetary expenditure, while at the same time find solutions to raise other non-state funds for investment and development. Dependency on subsidies from the central budget also affects evaluation efforts; slow budget allocation processes consume a lot of time and efforts for the provincial management agencies.

Figure 4

Balance of Quang Nam Province's Revenues and Expenses



Source: Quang Nam Province Statistics Office

II.3 ASSESSMENT ON LOCAL ECONOMIC DEVELOPMENT, EMPLOYMENT AND HUMAN RESOURCES

II.3.1 ECONOMIC SECTOR ANALYSIS

Despite disadvantages in terrain and economic status, particularly a very limited budget, Quang Nam Province still has favourable conditions for the development of tourism, industry, forestry and fisheries.

II.3.1.1 Tourism and service sector

Among economic sectors, tourism has grown rapidly with the number of tourists to Quang Nam increasing from 1,679,057 in 2006 to 2,818,313 guests in 2012 with average growth rate of 9.02%. Quang Nam is an important driving force for the tourism development

of key economic areas in the central region and it is estimated that tourists to the province in key economic areas of the central region spent 50% of their time in Quang Nam. In the period of 2001-2012, FDI in hotels and restaurants accounted for 30% of total FDI in Quang Nam. Revenues from tourism in Quang Nam have increased significantly in recent years from VND 318 billion in 2005 to VND 1.611 billion in 2012 with an average growth rate of 26%, among which revenue from hospitality sector is the main source, accounting for 60-70% of the total.

However, most tourists to Quang Nam stay in Da Nang, only about 40% tourists stay in Quang Nam. The rate of hotel use is relatively low and increased slowly, while the rate of staying in motels decreased significantly in the 2006-2012 period. Meanwhile, the number of hotels and motels continued to increase. Annual average use capacity of hotel rooms is 55.58%. This is a challenge for tourism development in Quang Nam. In the meantime, investment in tourism infrastructure accounted for only 5.1% of total investment in the tourism industry in

Vietnam. Domestic investment projects in Quang Nam totalled 187 with a total value of VND 17,992 billion while international and joint venture projects accounted for 21 with a total value of USD 1,520.9 million. Most projects were located in Hoi An, Dien Ban and Chu Lai Economic Zone. A lack of qualified and skilled staff in services is also a big obstacle. Currently, only 17% of the workforce has graduated from universities and colleges, accounting 11,500 people of different backgrounds.

To promote the advantages of tourism and maximise its potential, the province should adopt a sustainable tourism development strategy focusing on diversification of tourism products; strengthening links between tourism and other sectors, such as food, handicrafts, culture and health and identifying and accessing potential tourist markets. It is essential to collaborate between government and current investors to brainstorm about the viability, efficiency, and possible curriculum for training centres to add value to the tourism industry. At the same time, there should be attention to mitigating the potential environmental impacts of future investment in industrial development in Chu Lai Open Economic Zone.

Financial and insurance services have not been developed although this is a very important industry associated with tourism development, sea and air transportation and agricultural activities which are most affected by

natural disasters and climate change. Developing these financial and insurance industries is a necessary condition to improve the quality of tourism and transportation services, while reducing losses among farmers.

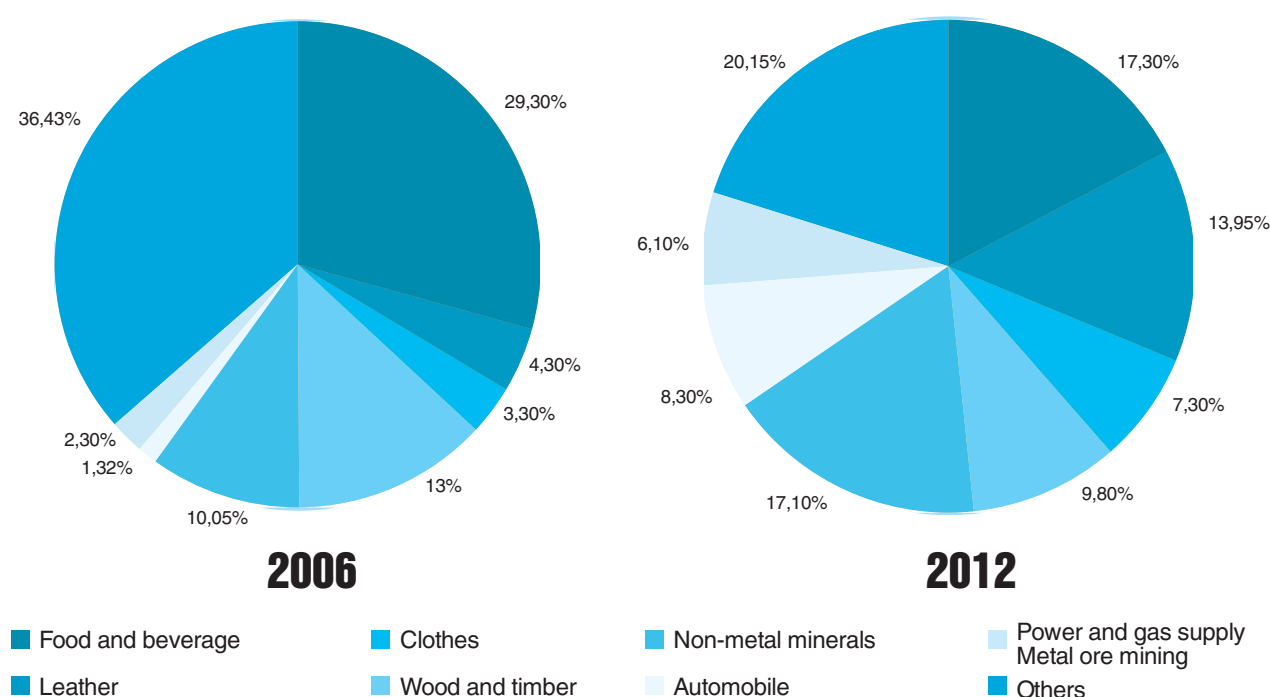
II.3.1.2 Industry and handicraft sector

The second sector, which attracts most foreign direct investment in Quang Nam is the mining industry. By the end of 2012, tax payment from the Phuoc Son Gold Company Limited and Bong Mieu Gold Mining Limited Company accounted for more than 30% of foreign investment enterprises in the province. The mining industry continues to bring social and economic benefits to the province, including the expansion of gold mining in Phuoc Duc - Phuoc Son, to surrounding areas to maintain annual production. To ensure business interests and a sustainable gold mining industry, the province must strictly prevent illegal gold mining and deforestation, and closely monitor the implementation of environmental protection measures.

Infrastructure developed for Chu Lai Open Economic Zone and other industrial clusters have laid a foundation for the development of food processing, garment and textile and leather and shoe industries, and a car manufacturing industry through the Truong Hai Automobile Enterprise, which are all industries which have development advantages. However, the success of Chu Lai in recent times has been limited to local scale

Figure 5

Industrial production value by sectors (2006 and 2012)



Source: Statistic Yearbook 2006 and Report of Department of Industry and Trade in 2012)

Quang Nam has favourable conditions for developing the car industry with the THACO Truong Hai Company as the focal point. However, major challenges faced by the automotive industry are the lack of support industries and the low localisation rate and small markets. Meanwhile, the Truong Hai Company has mainly focused on vehicle assembly so far. Therefore, in the future, it will be necessary for the company to alter its structure in order to participate in added higher value

The province already has planning for 10 ladder hydropower plants with total capacity of 1,141MW and 34 small hydropower plants with capacity of 446.1MW. In which, the ladder hydropower has 04 projects with capacity of 653 MW, including A Vuong, Song Con, Song Tranh and Dak Mi River, the 8 small and medium hydropower projects with total capacity of 84.7 MW (Khe Dien, Dai Dong, Song Cung, Za Hung, Tra Linh, An Diem 2, Ta Vi, Dak Mi 4c). However, long-term interests should be calculated between energy production and environmental issues and tourism development.

The province has a variety of craft villages, yet the restoration and development of local craft villages is challenging; the scale of production is small; design is often poor; there is a lack of capital investment and space for expansion; backwards technology is employed; there is high risk of environmental pollution and there is limited promotion, marketing and market research. For tourism villages, local people have little knowledge of community-based tourism, thus attractive tourism products have not been created limiting possible gains from tourism activities

Distribution of Industrial Parks and Industrial Clusters in Quang Nam Province



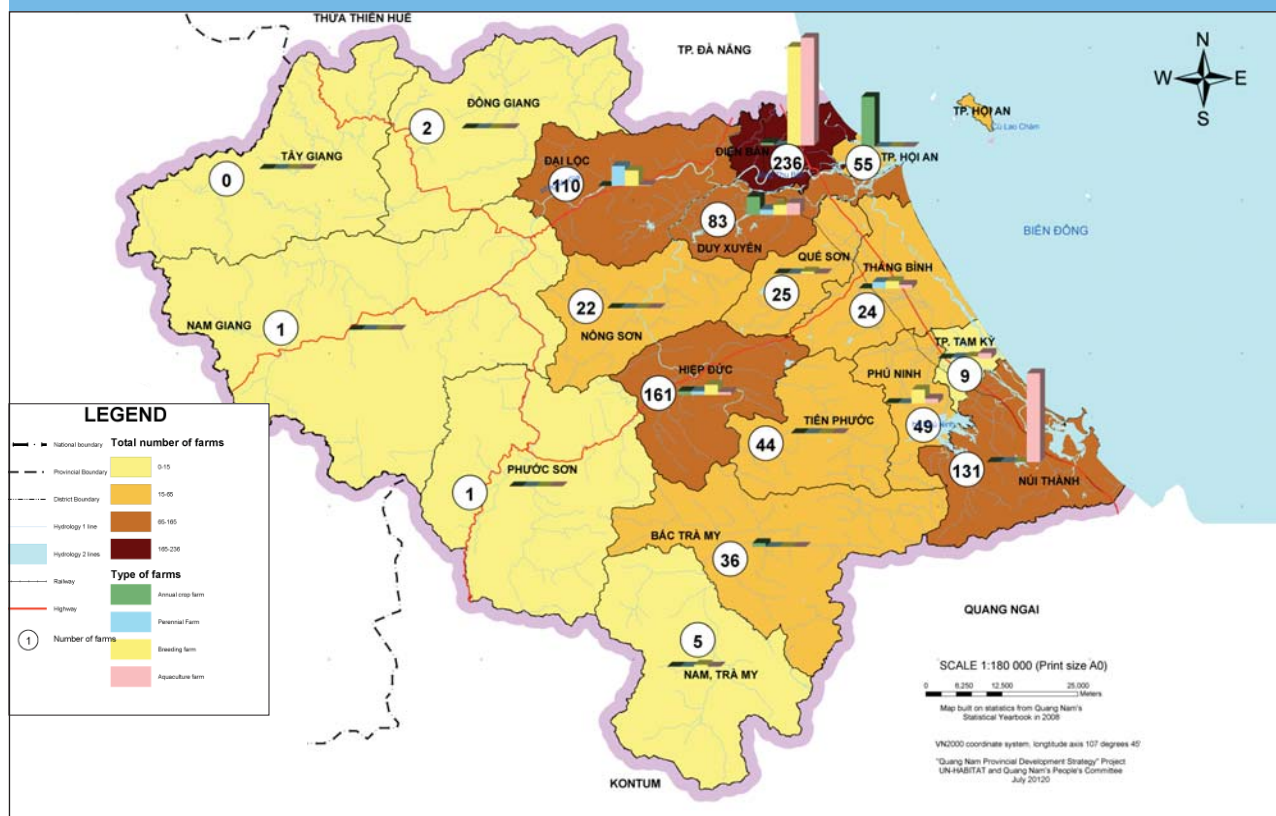
II.3.1.3 Agriculture, forestry and fishery in association with processing industry and tourism

In 2012, the number of employees working in the agriculture, forestry and fisheries sector accounted for 56.03% of the province's total labour; however its contribution to GDP remained at only 21.4%. In recent years, forest and fisheries and its sub-sectors have had high potential growth. With more than 1,000 farms, including farms for aquaculture, livestock and fruit trees, farming in Quang Nam

has increasingly created raw materials for aquatic and agricultural product processing industry thus contributing to job creation and poverty reduction in rural and mountainous areas. Many farms also have the potential to develop eco-tourism. On the other hand, to promote the development of this sector, the application of new technologies should be deployed to improve productivity, quality and competitiveness for agricultural products, in order to increase the connection between agricultural development and tourism.

Map 12

Number of farms in Quang Nam Province, 2012



Source: UN-Habitat Viet Nam

II.3.2 URBAN AREAS AS CATALYST FOR LOCAL ECONOMIC DEVELOPMENT

Urban areas play a very important role in the development of Quang Nam Province. Key urban centres of Quang Nam, particularly coastal urban centres, make a remarkably high contribution to the province's GDP and have great potential in attracting investment. The development of urban centres in the mountainous areas, on one hand, create more jobs and provide services to surrounding rural areas, on the other hand they can also facilitate the establishment of new tourism routes from the east to the west of the province.

There are three key urban clusters in the Eastern part that are catalyst for the province development: (1) Hoi An – Dien Ban, (2) Ha Lam - Binh Minh - Duy Nghia - Huong An and (3) Tam Ky - Nui Thanh.

The first key urban cluster: Hoi An – Dien Ban

Hoi An city

Hoi An City in connection with Dien Ban and Da Nang City forms the coastal urban chain and an important development pole of the northern part of Quang Nam. With strong focus on tourism and services, the area is expected to influence and facilitate socio-economic development of both the midland

and mountainous area in the north of the province. The development of tourism and services in Hoi An can be supported by the development of garment and textiles, food processing industry in Dien Nam-Dien Ngoc as well as handicraft production from traditional handicraft villages in the region. The demand for skilled labour in Hoi An's tourism and service sector can also be met by vocational training facilities in Dien Ban. With a diverse eco-system and experiences of community participation in heritage conservation, Hoi An has great potential for eco-tourism and can be connected with other parts of the provinces to diversify eco-tourism products.

With an aim to conserve Hoi An's heritage there is an option of dispersing the population growth towards Vinh Dien or Nam Phuoc. These two towns could benefit from a growing centre and intensive road connectivity and there can be potential for development of an urban zone consisting of Hoi An, Nam Phuoc and Vinh Dien.

Dien Ban town

Due to its close proximity to Da Nang and existing status as an economic zone, Dien Ban is expected to support Da Nang in terms of industrial development and vocational training as well as other supporting services. Dien Ban has the potential to accommodate more industries, such as hi-tech, textile and the manufacturing of spare parts, electronic chips, electrical parts and domestic appliances.

Dien Nam-Dien Ngoc Town is also set to support the development of Da Nang City and become the centre of industry, service, vocational training and tourism of Quang Nam Province and the central region. Dien Ban Town has an emerging role in promoting socio-economic development of the northern part of Quang Nam, connecting Dien Nam – Dien Ngoc Town with Vinh Dien Town and townlets in Dien Ban District. Dien Ban, in connection with Hoi An and Da Nang City, can develop as a large tourism centre in the central coastal region, focusing on sea tourism and river based tourism along the Co Co and Thu Bon rivers.

In the long term, the key urban cluster of Hoi An-Dien Ban has the role of promoting development in the north-western part of Quang Nam including Dai Loc, Nam Giang, Dong Giang, Tay Giang. The north-western cluster is advantageous in terms of land, minerals and cultural resources and in that it links Da Nang, the first key urban cluster, with Nam Giang Border Gate Economic Zone, the southern part of the

Lao PDR and the north eastern part of Thailand. The centre of the north western cluster is Thanh My-Ben Giang, which is the transportation node for national roads 14B, 14D, the Ho Chi Minh Highway and the Truong Son Dong route, links to the Quang Nam northern development corridor with Nam Giang Border Economic Zone and clusters in the central western part of Quang Nam.

The second key urban cluster: Ha Lam - Binh Minh - Duy Nghia - Huong An

Ha Lam has a number of areas suitable for large-scale urban expansion. Having intensive networks of transportation routes, including connectivity to Laos, National Highway 1A and East West Corridor (14E), with a potential transit point for loading and unloading, this industrial zone would be complimented by the Dong Que Son Industrial Park in Huong An Town and Dong Thang Binh Industrial Park in Binh Minh Town. Additionally, taking advantage of the coast line and the area along Truong Giang River, eco-tourism and aquaculture production can be promoted in these towns.

The second key urban cluster has the role of promoting the development of urban clusters and rural areas in the central western part of Quang Nam including Hiep Duc, Nong Son and Phuoc Son. The central western part has an important role in providing materials for processing industries in other parts of Quang Nam and also links the second cluster with Tay Nguyen Economic Zone through the Ho Chi Minh Highway. The connection between Quang Nam Central Development Corridor and Nam Giang Border Economic Zone should be strengthened to ensure international transactions in the whole province. Kham Duc Town should be developed as a service centre of this sub-region and the gate to Tay Nguyen/Central Highlands Economic Zone.

The third key urban cluster Tam Ky-Nui Thanh

Tam Ky city

Tam Ky City, being the administrative, economic and education centre of the province and also expecting rapid urbanisation in the near future, has high potential for expanding well beyond its present city limits.

Tam Ky has the capability to develop as a commercial, tourism, service, training and education centre for the central region and Tay Nguyen/Central Highlands.

Being a part of the coastal urban chain, the city can promote sea tourism and services in connection with Da Nang, Hoi An and Chu Lai Open Economic Zone. The city's beautiful natural environment as well as special cultural and historical sites and commercial facilities are valuable assets for water based and eco-tourism development. Given its varied ecology, the existing training facilities and high-tech industrial zone, the city government has planned to develop Tam Ky as a green city, developed in connection with Hoi An. With proximity to Chu Lai, Tam Ky is also expected to support Chu Lai in terms of human resources and vocational training and services (offices for enterprises, banking and finance).

Nui Thanh town - Chu Lai

With proximity to Chu Lai Airport, Ky Ha Port and Dung Quat Economic Zone, and being at the intersection of the national highway and the railway line, Nui Thanh is perfectly situated for freight transportation, distribution of finished products, and expansion of industrial activities and can easily be linked with other domestic and international regions. Besides the car manufacturing industry, which has high potential for development due to the existing Truong Hai complex; manufacturing of agricultural equipment as well as agro-based and sea food processing industry should be encouraged. In addition to industrial development, this area also has the potential for tourism development, particularly business and conference tourism in connection with Hoi An and Tam Ky.

The third key urban cluster has the role of promoting development of urban cluster and rural area in the south west part of Quang Nam including Tien Phuoc, Bac Tra My, and Nam Tra My. The south west cluster is also an important material zone and plays a significant role in linking Chu Lai Open Economic Zone and Dung Quat Open Economic Zone with Tay Nguyen Economic Zone. Bac Tra My is the centre of this sub-region with potential for development of cultural-historical and eco-tourism.

It is expected that with human resource development, as well as an enabling policy framework towards city governments and potential investors for resource mobilisation, the development and expansion of these existing urban areas will contribute remarkably to job creation and poverty reduction for the surrounding rural areas.

II.3.3 EXPORT AND IMPORT

Export value increased in the 2006-2008 period, but decreased significantly during 2009-2010. The textile and footwear sector's export market share is relatively high; however, its competitiveness in the international arena is limited. With readily available cheap labour, in order to achieve high growth in this area, further steps should be made in the value chain. Gold exports increased sharply in both 2011 and 2012 with export value accounting for 14.6% of total exports of the province in 2012. Export value of timber decreased nearly 50% from 2005 to 2010 while export value of wooden products increased nearly five times from 2006 to 2012, reflecting the rapid development of the wood processing industry. The major imported products in 2012 were mainly automobile parts, footwear materials, garments, electronic devices, and metals, with car components accounting for more than 38% of total imports, showing a low localisation rate.

Exports are mainly sourced from small and medium enterprises and individual households based on the comparative advantages of localities; thereby creating jobs and income for workers, reducing poverty, providing foreign currency for the province. However, export value is very low, export products have low technology levels and over 50% are processed products for export. Exports based on imported inputs lead to increased imports, especially for the FDI sector. A lack of support industries for the export sector as well as the lack of production links between enterprises is a major obstacle to export activities.

II.3.4 LABOUR MARKET AND HUMAN RESOURCES

Urban areas will reach gold population structure faster than rural areas, showing that young workers concentrate in urban areas, mainly due to the trend of urbanisation and migration of young labour from rural to urban areas, working in service sector and industrial zones/industrial clusters. This is an advantage in labour and population which the province should take advantage of in the next 10 years for economic development.

Restructuring of the labour market continues to develop positively. The percentage of workers in agriculture, forestry and fisheries fell from 71% in 2005 to 56.02% in 2010, and during the past 7 years it has fallen nearly 15%. The number of construction and industrial workers has increased from 11.17% (2005) to 20.73% in

2010, with an average annual increase of 1.36%. Labour in the service sector increased from 17% to 23.25% in the same period. However, the low quality of labour is a major challenge for the development of the province in the next 10 years.

II.3.5 OPPOTURNITIES FOR INVESTMENT

The raising of social capital resources within the past 12 years reached nearly VND 79,000 billion, increasing 20.2% annually. The proportion of social capital raised in the provincial GDP increased from 20.42% in 1997 to about 47% of provincial GDP in 2010, more than 40% in 2011 and 35.2% in 2012.

Quang Nam's attracted FDI in recent years was mainly based on the competitive and comparative advantages offered by the province's textiles, tourism and light industry. By the first quarter of 2013, the province had

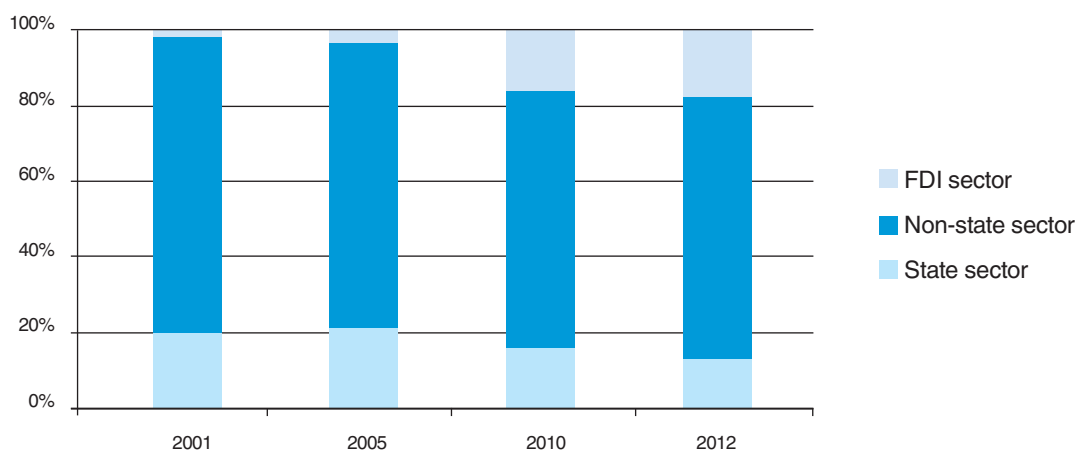
92 projects with registered capital of USD 5,162 billion, but the disbursement rate was not high.

FDI in the field of industrial investment in Quang Nam has created a new industrial capacity in the province with 23 FDI projects with a total investment of USD 245 million. However, foreign investment is mainly in more labour and resource-intensive industries, utilising industrial protection policies, while much less investment is in high-tech and environmentally friendly industries. Therefore, the challenge for the next 10 years is to attract more FDI to create the foundation for sustainable development.

Domestic investment accounted for over 90% of the total investment made in the province during 2001-2010, which proved the role of domestic capital, especially investment from the private sector. The majority of domestic capital investment from the private sector is mainly from small and medium sized enterprises and non-agricultural households.

Figure 6

Quang Nam Province GDP by economic sectors



Source: Quang Nam Province Statistics Office

In the period 2005-2009, it can be seen that:

- Investment in non-state enterprises has declined significantly in both proportion and amount
- FDI remained low in the investment structure despite of its rapid growth
- Both foreign and non-state investment is much lower than average Vietnam levels, in terms of proportion
- Hotels and restaurants account for a high proportion of investment (both in amount, capital and disbursement); Quang Nam attracted 23% of total registered capital investment in restaurants and hotels in Vietnam in the last two decades
- Huge differences between registered capital and capital disbursements
- two remarkable sectors that attracted FDI are processing and mining industries
- Other industries do not attract FDI

Attracting investment is unevenly distributed, mainly in the eastern regions and industrial areas, which has infrastructure.

II.4 ASSESSMENT ON SOCIO-CULTURAL DEVELOPMENT

II.4.1 SOCIAL WELFARE SYSTEM MANAGEMENT

II.4.1.1 Access to Social Welfare: Issues of Quality and Capacity

Education

Decision No. 148/2005/QĐ-TT called for the development of education and human resource training in Quang Nam Province during the 2006-2015 period. Core investment for education in 2001-2005 focused on compulsory education for primary and secondary schools while the 2005-2009 period focused on improving education at higher levels (the high school gross enrolment rate increased from 29.8% in 2001 to 73.2% in 2012).

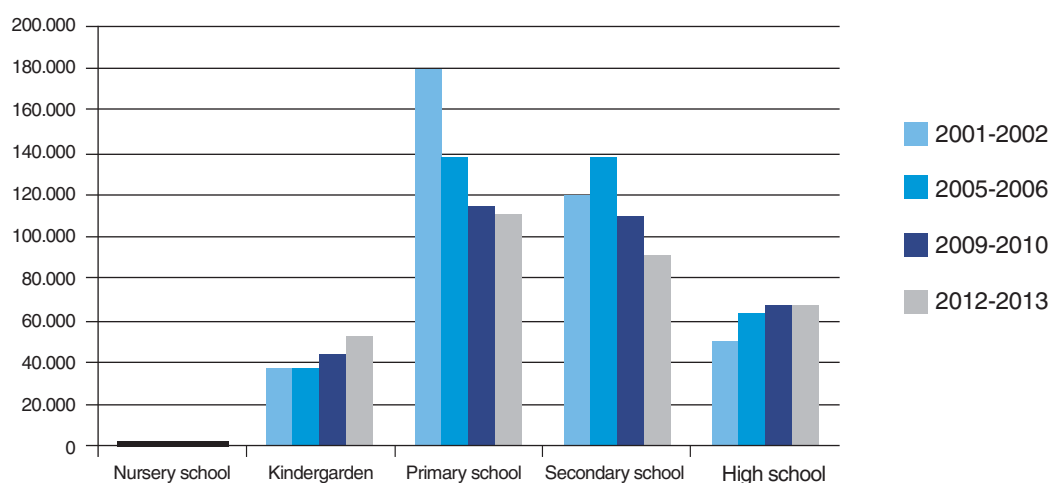
However, a shift from quantity to quality in terms of the supply side requires significant improvements

in educational content, teaching approaches, quality controls, and teaching and learning attitudes. The effectiveness of the investment in soft infrastructure has been weak, which had a negative impact on overall human resource development. Staff qualifications and education management methods are the main challenges for the province in the coming period.

For overall economic growth and poverty reduction, Quang Nam needs to have an appropriate vocational training strategy and better educational facilities for diverse and highly competitive jobs, including the tourism industry and natural resource management; while highly educated and skilled people need to be encouraged to stay in the province, an improvement which would directly contribute to increasing competitiveness of the province. Trained workers would be well received by current enterprises if the educational system developed a practical learning system which corresponded to the needs of the private sector and industrial zones. Ultimately, high capacity human resources are critical to attracting more investors into both urban and rural areas.

Figure 7

Rate of students in all schooling levels



Source: Quang Nam Province Statistics Office

Health Care

The quality of the sector's human resources and health facilities cannot meet the needs of the Quang Nam and geographical disparity is strongly linked with various levels of quality service. Relatively underdeveloped areas show high incidences of infectious diseases and parasites (in 2003 14.84%, in 2012 12.10%) and malnourished children (16% in 2012) while the province sees high numbers of accidents, poisoning, and mental health. Notably, maternal mortality rates among ethnic minority women in mountainous areas are also

very high, some 4-8 times more common than in low land areas. With a high rate of natural disasters, the quantity of facilities and staff needs to be improved to a great extent while some medical expertise continuously leaves the province.

Geographical conditions, natural disasters, and socio-economic inequity lead to the limited access to health services. In addition, weak coordination and cooperation among the districts in providing social services provision increases the current challenges especially for ethnic minorities in mountainous areas.

II.4.1.2 Budget and Institutionalization

The budget for education is 25-30% of total provincial expenditure; however, physical infrastructure and information technology still fails to meet demand. Social security remains weak, with only 10% of the province's total budget spent on social security provision, of which 80% is for the retired and disabled people, who were previous government officials. It is reported that 100% of the poor are covered by health insurance, but this does not cover the total cost of the treatment of serious diseases. Health facilities at provincial and district levels are being constructed based on bond funds and local government budgets. From 2011, four health facilities (Quang Nam General Hospital, Song Dong District Medical Centre, Bac Tra My District Medical Centre and Dien Ban District Preventive Medical Centre) are benefiting from central government capital development programme for improved health in coastal provinces.

II.4.2 SOCIAL EQUITY AND POVERTY

II.4.2.1 Poverty and Access to Basic Services

Although the poverty rate declined, Quang Nam still has high poverty rate compared with the average in Vietnam. In 2012, the province's poverty rate stood at 17.93%, while the national rate stood at 9.60%, with the central coastal area's average totalled 12.20%. Many mountainous districts had very high poverty rates, such as Nam Tra My (75.29%); Nam Giang (67.92%). Their incomes were mainly based on agricultural and forestry production with low levels of quality and technical skills. They also had difficulties in obtaining vocational training, which blocked access to higher income jobs. Difficult financial conditions, natural disasters, and socio-economic inequity have further limited these people's access to education and health services. In addition, weak coordination and cooperation among the districts in providing social services have further increased the current challenges faced by the population especially for ethnic minorities in mountainous areas. The income gap between rural and urban areas, and the ethnic majority Kinh and ethnic minorities challenges long-term development processes and general social environments in particular. The key issues are summarised below.

Ethnicity and geographical remoteness: Poor quality soil, weak irrigation systems, and difficult natural conditions with the threat of natural disasters

are not favourable for agriculture, while people lack sufficient access to social services and the education level of remote mountainous areas is also very low. It is noted that the gap in per capital expenditure between the Kinh majority people and ethnic minorities has been increasing, which could lead to the development of different economic classes within the community. Quality of access to public services and basic infrastructure is a big obstacle for the ethnic minorities while there is overlapping between the poverty reduction programmes and policies for ethnic minorities. In addition, the current approach to poverty reduction has not fully addressed all the different facets of poverty among different ethnic minorities.

Access to basic services: Living conditions of poor households have been compromised especially in terms of housing, domestic water use and sanitation (for example, 14.16% of poor households have no house or live in temporary housing). This leads to the poor, who don't have enough financial resources for improved medical care and housing, often becoming sick. The poor spend an average 60% of their income on food and only 6.6% on medical treatment.

Survey of poor households in 2012 showed that:

- 9.14% of poor households did not have access to electricity
- 28.57% of poor households still used water from rivers, streams, ponds and lakes
- 14.16% of poor households lacked housing or had temporary and dilapidated houses

Household income gap: Incomes in urban and rural areas has been increasing in recent years while the gap between urban and rural areas has also increased from 1.3 to 1.6 times. The difference between the highest income group and the lowest income group has increase from 5.8 times to 7.2 times from 2008 to 2012.

HIV and gender equity: Between 2000 and 2009 HIV related deaths within the province increased more than 12 fold. The number of people infected with HIV increased overall, including the rate of infected people in remote areas. Labours involved in mining and tourism-related services saw the largest increase in the number of HIV infections (in Phuoc Son District the prevalence of HIV/AIDS cases was the highest in the province); while the preventive health network was built, the Tam Ky HIV/AIDS Centre has yet again been put into operation (2010).



Bronze casting in Phuoc Kieu village © Quang Nam PC

Gender inequality is reflected in the rates of completed secondary school and vocational training, as well as inequality in the different geographical areas in the province. Although the disparity in access to education in different geographic areas has narrowed, the need for high quality education has not been met.

II.4.2.2 Key analysis of Poverty Reduction Management and Institutionalization

Some limitations in the implementation process include 100% of the poor are entitled to health insurance, but it requires shareholders to pay 5% of health insurance costs and it does not cover all the costs for critical diseases. The management of social welfare resources is not efficient as 20% of the poorest people enjoy about 7% of social welfare, while 40% of the funds are paid to the richest 20% group. The poor do not receive vocational training programmes because they cannot afford to give up their jobs to participate in training when the level of subsidy for living expenses does not meet minimum daily expenditure. Both poor people and ethnic minorities can be supported with tuition fees for vocational education and higher education; and the housing assistance programme for the poor is quickly becoming obsolete, as well as the general

scope of application for both urban and rural areas is inappropriate.

It is noted that although poverty reduction work is increasingly widespread with the development of close cooperation between all levels, sectors and social organisations, the current pace of poverty reduction is slow and lacks sustainability. The number of poor households still remains high with the number of households falling back into poverty increasing in a number of localities, especially in mountainous communes, remote areas and border communes where many ethnic minorities live.

Some key issues to be considered to bring sustainable solutions and increase the pace of poverty reduction upon planning and implementing programmes and policies at various levels and sectors are:

- **Institutional dimensions of the transition to a market economy and the changing role of the state in relation to poverty reduction:** Despite being in the transition period when government must promote development of the formal and informal institutions to support a market economy, key resources for poverty reduction still rest on

central support within major national target programmes. In addition, weak public investment planning and decision making processes leads to investment in unviable commercial activities by state enterprises, at the expense of physical and social infrastructure for the poor.

- **Institutionalisation of poverty reduction:** Considerations of effectiveness and sustainability of poverty reduction in Quang Nam require that interventions must take into account the prospect of institutional and policy changes. In particular, progress in rural development hinges on success in addressing broader institutional, policy and service delivery challenges. Activities that deal with access to credit in rural areas need to be consistent with the broad thrust of financial sector reform and development. Support for rural health and education services may be difficult to implement effectively unless undertaken in the context of sectoral development and reform.
- **Improvement of policy analysis and coordination with key sectors:** The annual percentage reduction in poverty and poor households has not been accurately accounted. Data on poverty reduction policies should be reviewed and updated to produce a set of accurate and unified data for policy analysis. Poverty reduction programmes have been scattered and seen overlapping interventions. Limitations have been found in joint coordination between public and private sectors.
- **Socio-economic impacts of provincial development programme:** The integration of poverty reduction programmes within targeted programmes related to economic development does not strictly consider socio-economic perspectives of poverty alleviation in key investment projects. Negative socio-economic impacts of economic development programmes worsen the poor living conditions in rural and mountainous areas.
- **Poverty reduction programmes and their impact:** A couple of projects were incorrectly designed or located suffered from poor quality implementation, had insufficient impact or were rarely used by local people. Recent investment tends to focus on common welfare rather than the direct improvement of productivity enhancement and incomes, and the achievement remains minor

compared to requirements. People from very remote villages in particular have not benefited significantly from the current programmes.

- **Local resources mobilisation among the poor:** The mobilisation of community resources for poverty reduction remains low and the provision of infrastructure is not through labour-intensive work in the communes.
- **The institutional capacity of poverty reduction:** A sense of responsibility, improved professional capacities and administrative skills are required. Especially in terms of applying regulations and improving an enabling environment for the participation of citizens and beneficiaries.

II.4.3 SOCIO-CULTURAL RESOURCES BASED DEVELOPMENT

II.4.3.1 Resources, the comparative advantage of the province

Quang Nam has historically been regarded as a “land of culture”, which has produced several generations of talented people rich in patriotism and revolutionary tradition. It’s also a place where there is concentration of many different cultures, the old town of Hoi An and the Cham holy site of My Son and the former imperial city of Tra Kieu are all within the province. In addition, the province now has thousands of intangible cultural heritages including 120 typical folk festivals and many other examples of heritage. There are ethnic minorities such as the Co-tu, Gie-Trieng and Xe Dang which possess unique cultural values which make Quang Nam’s culture richer and more diverse.

In recent years, with rapid socio-economic development, many traditional cultural values (monuments, festivals, crafts and handicrafts) have been conserved, which underlines their value to the community. However, it is also noted that the social environment of ethnic minority groups requires to be linked to the overall development process, especially the adoption of modern lifestyles.

II.4.3.2 Tourism Development Management in Quang Nam

There is a critical need to support the diversification and upgrading of tourism sites, products and services including retail services and entertainment in order to meet the needs of tourists and extend the average length

of stays and tourist spending. Currently, the quality and diversity of products and services remains weak making it difficult to maintain high volume and value in the province's tourism sector.

Regional tourism links

Visitors to Quang Nam usually travel along the tourist route linking the main tourist destinations.

- Da Nang: as an important transportation hub of the region and the tourism gateway to Quang Nam, most visitors travel through the city to Hoi An and other tourist sites in Quang Nam Province. There are some important places such as Cham Museum in Da Nang which represent the close link with tourism products in Quang Nam.
- World Heritage Complex of central Vietnam: Hue City as well as other important UNESCO heritage sites are easily accessible from the main tourist centres of Quang Nam. Day trips from Hue to Hoi An are extremely popular, forming part of the Quang Nam tourism experience. Hue and Phong Nha-Ke Bang will complete the connection between UNESCO destinations in the central region.

- Economic Corridor: The East-West Corridor passes through Thailand and Laos. Major transportation corridors also support the increasing number of visitors who come to enjoy cultural attractions and coastal areas.
- Hue, Hoi An and My Son are recognised as major tourist attractions in South East Asia, in addition to Luang-Prabang in Laos, Angkor in Cambodia and Borododor in Indonesia.
- Quang Nam is also connected to the Quang Ngai Province and the Central Highlands, which also have a growing tourism industry.

Maximising this regional link, Quang Nam needs to increase the number of overnight stays by diversifying and differentiating the current tourism experience from other parts of the region while improving infrastructure in the wider area. Through cooperation with other provinces, diverse natural and cultural resources can be more explored rather than focusing only on the heritage clusters. Institutional arrangements and coordination at a regional level would be necessary to plan and effectively implement joint programmes, which will ultimately increase the competitiveness of whole region.



Cham holysite of My Son © Quang Nam PC

II.4.3.3 Sustainability of cultural resource development

Cultural heritage management

Cultural heritage resources require better planning and management to contribute to overall sustainable development of the province. Effective site-level management plans are required to ensure that tourism carrying capacities at these sites are not exceeded. Tourism products and services need to provide visitors with authentic and high quality experiences that focus on learning and appreciation. Current products need to be upgraded and enhanced, while new products are required to supplement the main attraction and create a wider range of complementary products for visitors and a wider spread of benefits throughout the region. Linking with other sectors, especially art-craft industry needs to be well strengthened in order to diversify current tourism products as well as improve the scale and quality of the industries.

More focus needs to be especially placed on a value-based approach that encourages higher yielding visitors rather than focusing on high volumes of tourist visits as an indicator of successful tourism growth. Increasing urbanisation and the competition for natural resources is potentially the biggest challenge to the region's heritage and cultural assets.

Socio-economically inclusive development

Without clear and equitable opportunities and distribution of benefits there is a real risk that local people will develop an unfavourable view of the tourism industry, and even tourism establishments and tourists themselves. Such a situation of poor local relations will lead to negative host-visitor relations, negative visitor experiences and a decline in tourist visits.

When the wider population better understands tourism and is provided opportunities to fairly participate and gain benefits from tourism, cultural resource based tourism will provide a positive impact on provincial development. This positive engagement of a wider range of local people will provide opportunities for new and innovative local products and services to emerge that will further enrich the region's tourism products and tourist experiences. Poor households should be encouraged to be part of community based tourism activities, supported by the public sector and SMEs. They would then directly benefit from income generation.

Linking environment resource management

Each tourist visits requires more energy use, water use, waste disposal, transportation requirements and consumption of local resources, which cumulatively put a heavy strain on the local environment and infrastructure. Such impacts will have a pronounced detrimental affect on not only the tourism sector, but the livelihoods of all people living and visiting the region. As a major agent of change, the tourism sector needs to take a leading role in ensuring that environmental impacts from tourism activities are minimised with sustainable resource consumption and more effective and wide spread waste management practices.

II.5 ASSESSMENT OF INFRASTRUCTURE DEVELOPMENT

II.5.1 EFFECTIVENESS OF INFRASTRUCTURE INVESTMENT

Infrastructure in Quang Nam is characterised by the difference in capacity between the east, the midland regions and the western mountainous region. While there is a high concentration of infrastructure investment in the eastern part of the province, where large urban areas are located, western mountainous areas still have very limited basic infrastructure.

Most infrastructure systems are newly invested to serve urban areas. However, the water supply system only covers 11 of 18 districts and cities, meeting just 50% of demand. Most urban centres in the eastern region are using lower quality water than residential water supply standards. Current water plants usually don't maximise their capacity. The pipe network has degraded and there is a high rate of water leakage. In the western region, only five urban centres have been supplied with water from the water works, the rural population mainly use natural surface water sources or wells for residential and production use.

While the new drainage systems in Hoi An, Tam Ky, Dien Nam, Dien Ngoc and Nui Thanh urban is largely completed, it mainly serves inner urban areas, treating 45% of waste water before being discharged into the

environment. Solid waste collection and treatment systems only cover 10 of 18 districts and cities.

For mountainous areas, thanks to government Programme 135 and the national clean water and sanitation in rural areas policy, rural people have access to clean water through concentrated water works (387 water works), so 84% of rural residents can access to clean water. However the percentage of people having access to clean water meeting Vietnam Standard 02/2009/BYT stands at just 14.94%. In addition, due to their awareness, customs and low incomes, many households still use well water drilling. Another problem is that wastewater collection system in rural areas is non-existent, so most wastewater is discharged directly into the environment. There are some factors that lead to low quality and inefficiency of the projects: poor quality of local management leading to low quality of construction works.

Incentive policies for infrastructure development in the western mountain regions and rural areas still depend on national programmes for the purpose of reducing poverty and difficulties for local people. Analysis of the situation in basic construction investment in general and in infrastructure development in particular shows that capital from the central budget is always limited, following a top-down mechanism, and there is competition between localities and priorities while capital from international aid is also limited, passive, and becoming increasingly scarce.

Investment in large infrastructure works has also been a controversial issue in Quang Nam. The existence of Ky Ha and Tam Ky Seaport is a good opportunity for Quang Nam in terms of both domestic and international long-term sea connections if it continues to be upgraded. However, the massive investment in the ports is not necessarily effective immediately because the central region also has many other ports with larger capacity. This is also the case for Chu Lai Airport.

Currently, the airport has not attracted a sufficient volume of visitors and goods to ensure full operational capacity. Investment to develop the airport into the largest international airport in Vietnam at this moment will be a huge waste. However, in the long run, the development of Chu Lai Airport will be an important contribution in the development of the Chu Lai and Dung Quat economic zones, being the driving force for socio-economic development of Quang Nam, central region and Central Highland region.

Water transportation infrastructure investment is limited and does not receive much attention from local government. It should be perceived that there are still opportunities for water based tourism development that should be explored to diversify tourism products in the province. In addition, investment in water transportation should be well integrated with water resource management measures to ensure effective use of water resources in long term.

II.5.2 INFRASTRUCTURE MANAGEMENT AND OPERATION IN QUANG NAM PROVINCE

In general, the province's transportation system of roads, airway and sea ports has received increased investment and upgrading. The road network in Quang Nam is managed based on national highways, provincial roads, district and urban roads and villages roads. Figure 8 shows the managerial levels of the province's roads. The decentralisation of road management will help the management and maintenance of transport networks become more convenient and easier. However, it shows that the road system is under the management of state subsidies, not the market mechanism and does not have flexibility in management and quality control. The role of private enterprises in the management and operation of transportation network is not available.

Figure 8

Model of decentralised management of transport network

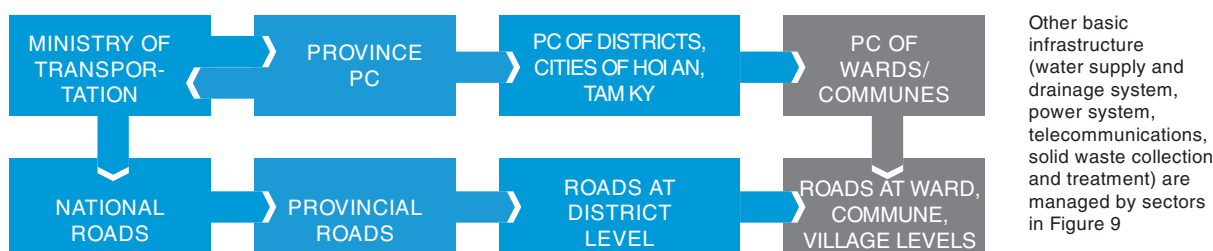
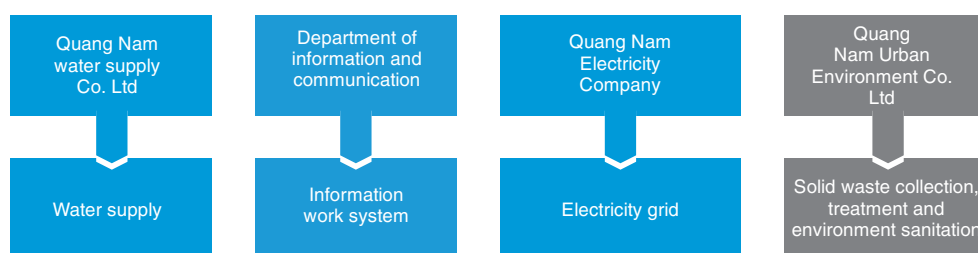


Figure 9

Management model of basic infrastructure



To upgrade and expand water supply network, it needs a lot more investment capital, while the business model and the company's finances are tight, inflexible and dependent on state investment. In rural areas, people still have subsidised clean water programme managed by their districts and province, thus causing overlapping difficulties between district people's committees and Quang Nam Water Supply Company.

II.5.3 RAISING FUND FOR INFRASTRUCTURE DEVELOPMENT

Quang Nam is in need of a huge investment in infrastructure. If it overcomes this bottleneck, Quang Nam will have the chance to fasten its speed of development. Capital investments are mostly from local and national government, ODA funds (including matched state funding, local and international support organisations); in addition, the province is now attracting non-state funds via build-transfer operations.

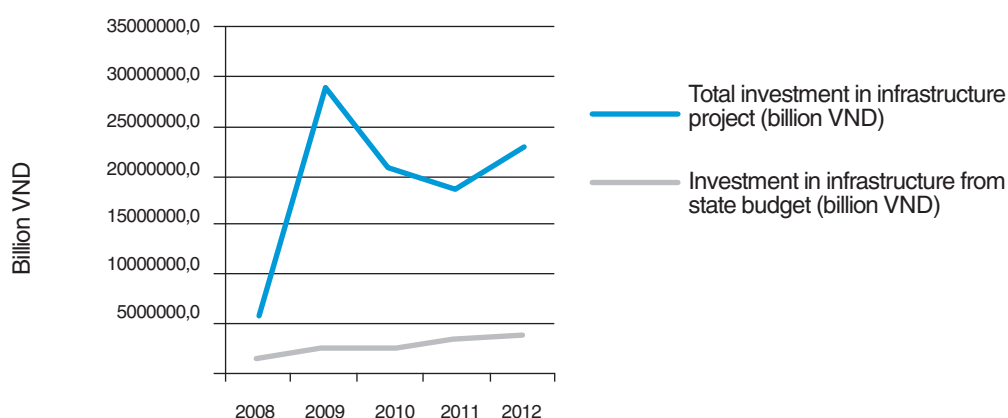
Funds from state budget

- Concentrated government budget capital includes state and local funding
- Funds from the state and government bonds which are issued for different areas and sectors through target programmes and government resolutions.
- Capital investment from local government including local government budget, annual provincial budget revenue which are used for districts, sectors under provincial target programmes, increased budget revenue and from the local lottery.

Figure 10 shows the planned annual allocation of capital infrastructure investment from the state budget during 2008-2012. This investment is from a centralised budget for basic construction programmes, national target programmes, government bonds and key projects from surplus budget revenue and revenue from land-leasing. In 2009, the total investment of the projects rose sharply due to major projects such as Cua Dai Bridge, the rescue routes.

Figure 10

Values of investment projects and annual planned capital



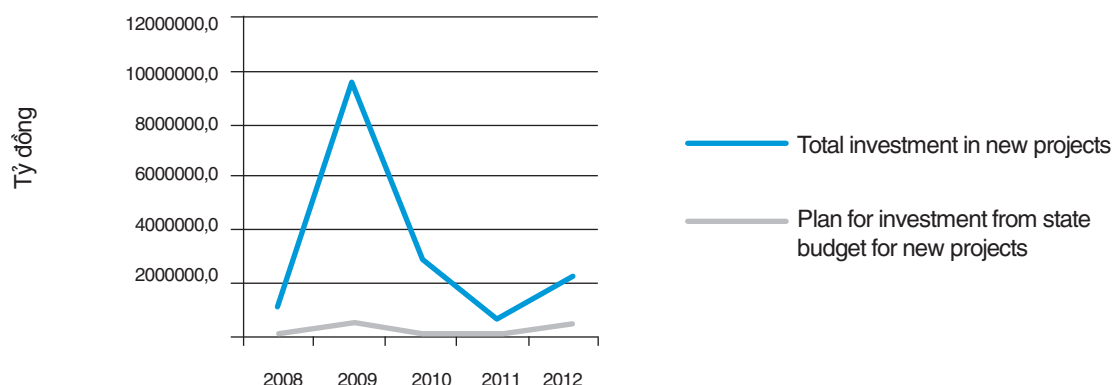
Source: Quang Nam Province Statistics Office

Figure 11 shows the total value of the investment in the new projects every year, where the investors are provincial departments and agencies. In 2012, major new investment projects included Ky Phu Bridge 1 and

Ky Phu Bridge 2. However, generally during 2010-2012, the difference in total investment between 2009 and 2012 was negligible.

Figure 11

Values of new investment projects and annual planned capital



Source: Quang Nam Province Statistics Office

Fund from ODA projects

Seventeen ODA projects were implemented in 2012, with total investment of VND 542 billion, and in 2013 procedures have been completed to implement. Other projects include the infrastructure development of Phu Ninh District, upgrading cities to Class 2 status and wastewater collection and treatment in Tam Ky City with total investment of more than USD 60 million.

Regarding NGO projects, Quang Nam has 77 programmes and projects sponsored by international non-governmental organisations with total funding of more than VND 200 billion in 2012, a 5% increase compared to 2011. Total value disbursed was more than VND 80 billion, a 10% increase on the previous year.

The province's infrastructure in recent years has been upgraded and promoted via ODA funding. Most of ODA capital has focused on key projects such as water supply and drainage, or the electricity grid. For example: the upgrading of Hoi An Water Plant with a total investment of USD 6.5 million (102 billion VND) funded by the Norwegian Government is currently underway, or drainage projects at Nui Thanh Urban Area with a total investment of USD 12.8 million funded by the Italian Government. However, the disbursement of ODA generally is still very slow, while ODA funding support is growing annually. Therefore, an issue that needs much concern is to allocate these budgets to focus on counterpart investment (from local government) for ODA projects to accelerate the

disbursement process, control the project schedule and quality so that it is possible to attract more ODA investment.

Non-government investment, FDI

There are 92 foreign direct investment (FDI) projects currently in Quang Nam with total registered capital of 5.162 billion. Quang Nam Province People's Committee has approved 55 projects with total investment of USD 653 million; The Industrial Zone Management Board has approved 16 projects with total capital of USD 315.6 million; the management Chu Lai Open Economic Zone has agreed 20 projects with total registered capital of 4,210 billion. Over two years, from 2011 to 2012, the province has attracted 19 projects with a total investment of USD 187.9 million, including the disbursement of enterprises with foreign investment capital of over 100 million. During 2011-2012, FDI enterprises paid tax of more than VND 1,150 billion, including VND 550 billion in 2012, a VND 50 billion decrease compared to 2011 due to fluctuations in the real estate, financial and automotive markets. However, FDI projects need feasibility and profits, so they mainly target the business sector but not infrastructure investment.

Private investment-attraction into basic infrastructure and the transport system is still limited. Incentives for non-state investment in build transfer, build operate transfer and public private partnerships have not proved attractive due to their lack of feasibility and low levels

of profitability. The current Land for Infrastructure policy can be considered as the one and only policy, as land resources are the only available asset that could help provincial counterparts to cooperate with private and international investors to attract the required investment for infrastructure. However, land use right transfers and land leases must be studied carefully to suit land use planning in cities and the province as a whole. Meanwhile, there should be compensation policies to compensate, re-settle and create job opportunities for residents after land-clearance.

II.5.4 INFRASTRUCTURE SUPPORTING LOCAL SOCIO-ECONOMIC DEVELOPMENT

Future infrastructure development, on one hand, needs to support the development of key economic sectors in the province, while addressing pressure on infrastructure in existing urban areas and ensure links between urban and rural areas with diverse flows of labour, materials and products. Currently, limited connection has been made between existing tourism destinations along the coast with potential eco-tourism areas in the western part of the province. There is potential to create tourist hubs along major roads which will require improvements of existing bus routes and new bus stations at strategic points.

Water transportation can also be introduced to connect air passengers from Chu Lai Airport to Tam Ky and further up Nui Thanh. Links among different modes of transportation (roads, waterways, railway and air) and water based tourism facilities should be ensured to serve both passengers and tourists.

As the majority of Quang Nam's population is still involved in agricultural and aquaculture activities, priority should be given to infrastructure which facilitates expansion and modernisation of these two sectors, including the irrigation system, high-tech production and processing facilities for agriculture and aquaculture products.

With the expansion of existing urban areas of Hoi An, Ha Lam and Tam Ky, environmental infrastructure including water supply, drainage system and solid waste treatment facilities need to be upgraded to meet the increasing demands of the future population, production and service activities. For areas along the rivers and coast, there should be a strategy for infrastructure development in response to climate change to mitigate negative impacts and ensure economic benefits for investors and vulnerable local communities.

Table 3

Current situation and development potential of Quang Nam Province infrastructure

		Current situation		Projected by 2020 - 2025	
		Urban	Rural	Urban	Rural
Transportation	Roads	Average	Weak	Very good	Average
	Waterways	Weak	Weak	Average	Weak
	Railways	Weak	Very weak	Average	Very weak
	Seaways	Average	Weak	Very good	Weak
	Air	Average		Very good	
Power supply	Power plants	Average	Weak	Very good	Average
	Grid, cable system	Average	Weak	Good	Average
Water supply	Water work/pipelines	Average	Weak	Very good	Average
	Water quality	Average	Weak	Good	Average
Drainage	Drainage system	Average	Very weak	Good	Weak
	Treatment plants	Average	Very weak	Good	Weak
Waste treatment	Collection	Average	Very weak	Good	Weak
	Treatment	Average	Very weak	Good	Weak
Communications		Good	Average	Very good	Average

II.6 ASSESSMENT ON ENVIRONMENTAL MANAGEMENT AND RESPONSE TO CLIMATE CHANGE

II.6.1 ENVIRONMENTAL RESOURCES MANAGEMENT

II.6.1.1 Overall environmental issues of Quang Nam

- Development activities of the island environment and coastal province of Quang Nam, particularly the Cu Lao Cham Islands as world biodiversity reserves, are threatened by the number of tourists combined with industrial waste flushed straight into the river system. The construction of new infrastructure as well as the use of chemicals in agriculture and forest activities also directly affects biodiversity and agricultural productivity.
- Polluted water environment in the basin of the main rivers and coastal areas due to unreasonable exploitation and untreated effluents from industrial enterprises and households. Groundwater resources in urban and rural areas have been contaminated without proper sewage and drainage system, which causes insufficient water supply and public health problems.
- Urbanisation process and industrial development in Quang Nam has intensified pressure for processing municipal solid waste. While some existing urban area such as the city of Tam Ky, Hoi An, Nui Thanh Town have collection systems, landfill and solid waste management activities are at an early stage.
- Biodiversity and sustainable forest resource management: Natural upstream and mangrove forests continue to be severely destroyed, which has already had a negative impact on sustainable tourism development as well as livelihoods in mountainous areas. In addition, the plan to build reservoirs and hydropower plants will affect biodiversity, and increase the risk of water pollution, specifically in the downstream areas.
- Quality basic services of rural and mountainous areas: Secured drinking water supply and environmental sanitation remains a great challenge. Of all rural households only 28-30% use sanitary

latrines and 40% have access to safe water supply.

II.6.1.2 Challenges and opportunities of Integrated Water Resource Management

Essentially, every environmental threat will adversely affect the local watershed; therefore each can be considered a part of integrated water resource management (IWRM), which is necessary to take into account upstream and downstream impacts within the Vu Gia-Thu Bon watershed and the province. It is clear that water is the economic, social, and cultural resources in the Quang Nam Province, and is necessary for the livelihood of individuals and to ensure future development.

Water management to meet the pace of economic development and environmental management

It is critical to increase the quantity and quality of water supply through better water treatment of different water resources as well as upstream water resource management. Hoi An currently has one wastewater treatment facility under construction, but there has not been a serious effort to deal with this issue, which could become a major health hazard and an impediment to increased tourism in the future. Surface water is currently unregulated and unmonitored by the government due to limited capacity. Further actions must take the economic implications of water management decisions into account, to ensure water availability does not have a detrimental impact on industry, food production or tourism.

Institutional capacity to implement water management policies

Above all, limited institutional capacity for the implementation of the legal system governing water resources should be dealt with by improving narrow participation of important stakeholders. It is critical to improve monitoring and coordination mechanism among neighbouring cities and provinces to properly increase quantity and quality of water resources. Implementation has been further confounded by the lack of coordination between implementing agencies, and the lack of direction from the central government. Quang Nam Province is illustrative of this challenge, which has led to confusion over management and oversight responsibilities on activities related to overall management, especially for water quality and supply.

II.6.1.3 Socio-economic impacts of Hydropower Development and Management issues

Impact on overall socio-economic development

As industrial growth has led to increased energy demand, hydropower is the least expensive way to meet these needs. However, arguably, hydropower development has not been managed effectively and has led to increased environmental degradation and compounded flooding problems facing the province, which causes negative impacts on socio-economic losses both upstream and downstream. Potential economic benefits from natural resources have been notably reduced.

Social issues related to resettlement

In most of areas in the west, there is a lack of land and natural resources, such as water and farmland, which rural populations are reliant on for their basic survival. Notably most fertile land has been used for hydropower plants, and when individuals have not been adequately compensated, with poor infrastructure over the long-term their future livelihoods would be adversely affected.

Management and coordination

There are also many environmental impacts that are being felt because of the lack of coordination between hydropower facilities throughout the province. The development process and monitoring of hydropower can be improved to a great extent through involving the locals as well as operating agencies.



Constructing A Vuong hydroelectric plant © Quang Nam PC

II.6.1.4 Integrated Natural Resources Management

Local forest management

Many of the conservation areas are in the mountainous west, but are overseen by agencies concentrated in the coastal area. Locals living in these regions have more difficult living conditions and remain largely reliant of forest products collected locally for their survival. This is leading to high rates of deforestation and undermining

many efforts to preserve biodiversity and promote watershed health throughout the region.

Coastal systems and aquatic biodiversity vs. development

Increasing and uncontrolled development on coastal areas have decreased the value of natural resources as well as increased the risks posed by climate change upon key economic development projects. Furthermore if these systems are not managed effectively it may

undermine the fisheries industry in the province, which provides basic livelihoods for local citizens.

Integrated management and coordination

The law on forest protection and management is an excellent tool to preserve forests and promote increased biodiversity, but lacks integration with other policies, such as laws on water management and biodiversity preservation, to effectively manage natural resources..

II.6.2 CLIMATE CHANGE AND DISASTER IMPACTS AND RESPONSE

II.6.2.1 Increasing Climate Change Impacts as of today

The intensity of natural disasters will be stronger and consist of shorter cycles bringing greater harm. The impacts of climate change and rising sea levels and vulnerability of different parts of the province are as follows:

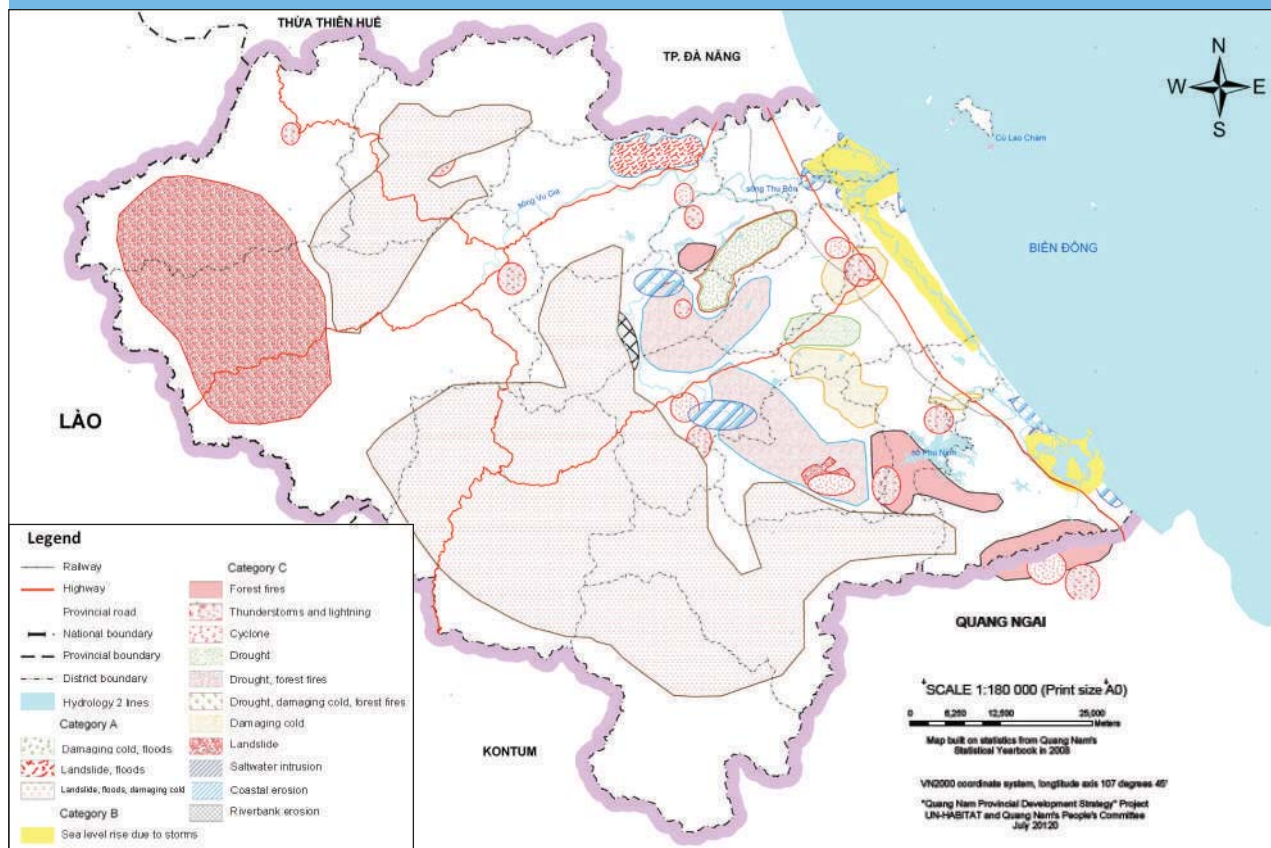
- Coastal regions and plains: The impact of climate change and forecasted rising sea levels, and current weaknesses in being to cope with floods, means

human and economic losses will become heavier. Especially newly built service infrastructure will suffer from economic losses from flooding and coastal erosion.

- Midlands and mountainous areas: Feature rolling landscapes and plains. The direct impact of climate change could be less intense; however, socio-economic resilience levels to the impact would be much lower than the coastal regions. It has been noted that hydropower has not been effective in terms of helping to regulate flood water to protect river basins as well as inter-related effects between different reservoirs.
- Urban and rural residential: most of the 18 large and small urban areas are affected in varying degrees by climate change and rising sea levels, especially along the coastal urban areas of Hoi An and Tam Ky, and towns in the coastal plains. Notably, urbanisation with community construction and social economic projects has caused blockages of natural water flows and worsened flooding. Further underdeveloped or inappropriate urban services and infrastructure has worsened the socio-economic impacts and increased the vulnerability of local communities.

Map 14

Map of regions vulnerable to natural disasters in Quang Nam Province



Source: UN-Habitat Viet Nam

Overall, the effects are likely to rise in the future, which may have a significant negative impact on the province's GDP. The impact of climate change also put an unfair burden on the poor, ethnic minorities, as well as women and children. The poorest, who commonly live in rural areas, are the most vulnerable people affected by climate change, especially poor people living along coastal and high mountainous areas.

II.6.2.2 Climate Change Response and Disaster reduction

Many programmes and policies have been set up and implemented so far at national and provincial levels. Achievements include some structural policies and solutions such as upgraded reservoirs, newly built resettlement areas, stronger support from donors, and enhanced capacity for natural disaster management. However, there are a few fundamental challenges in increasing resilience, through which socio-economic losses could be sustainably reduced.

Overall challenges in policies and solutions implementation

- As climate change continues to intensify and resources grow increasingly scarce, non-structural solutions will be of growing importance to implement. However, governance and institutional capacity is a bottleneck in terms of policy implementation.
- Quang Nam has very limited strategy to raise funds from various sources for project planning and implementation of climate change responses. These worsen the major challenges in raising financial resources when the budget from central level has not met demand.
- Critical short-comings of policies and programmes also include a lack of emphasis on a preventative approach, limiting long-term sustainability and increasing costs.

Integration of climate change responses into overall development plan

The effectiveness of plans to mitigate the effects of flooding and natural hazards has been marginal. The master plan (spatial development plan) developed under the responsibility of the Department of Construction is not well linked with the socio-economic development plan under the responsibility of the Department of

Planning and Investment, who has the authority in terms of state budget allocation; therefore there has been limited integration between disaster management and climate change response programmes under the spatial development in the master plan and investment projects under the socio-economic development plan.

This has caused overlapping in budget planning, ineffective capital investment planning, and conflicting directions among prioritised development projects. Integrated measures in response to disaster management as well as the socio-economic orientation of Quang Nam need to be developed so that the development plan benefits from disaster risk management, while key investment projects will not increase the exposure and vulnerability of the province.

Importance of urban disaster resilience for overall provincial development

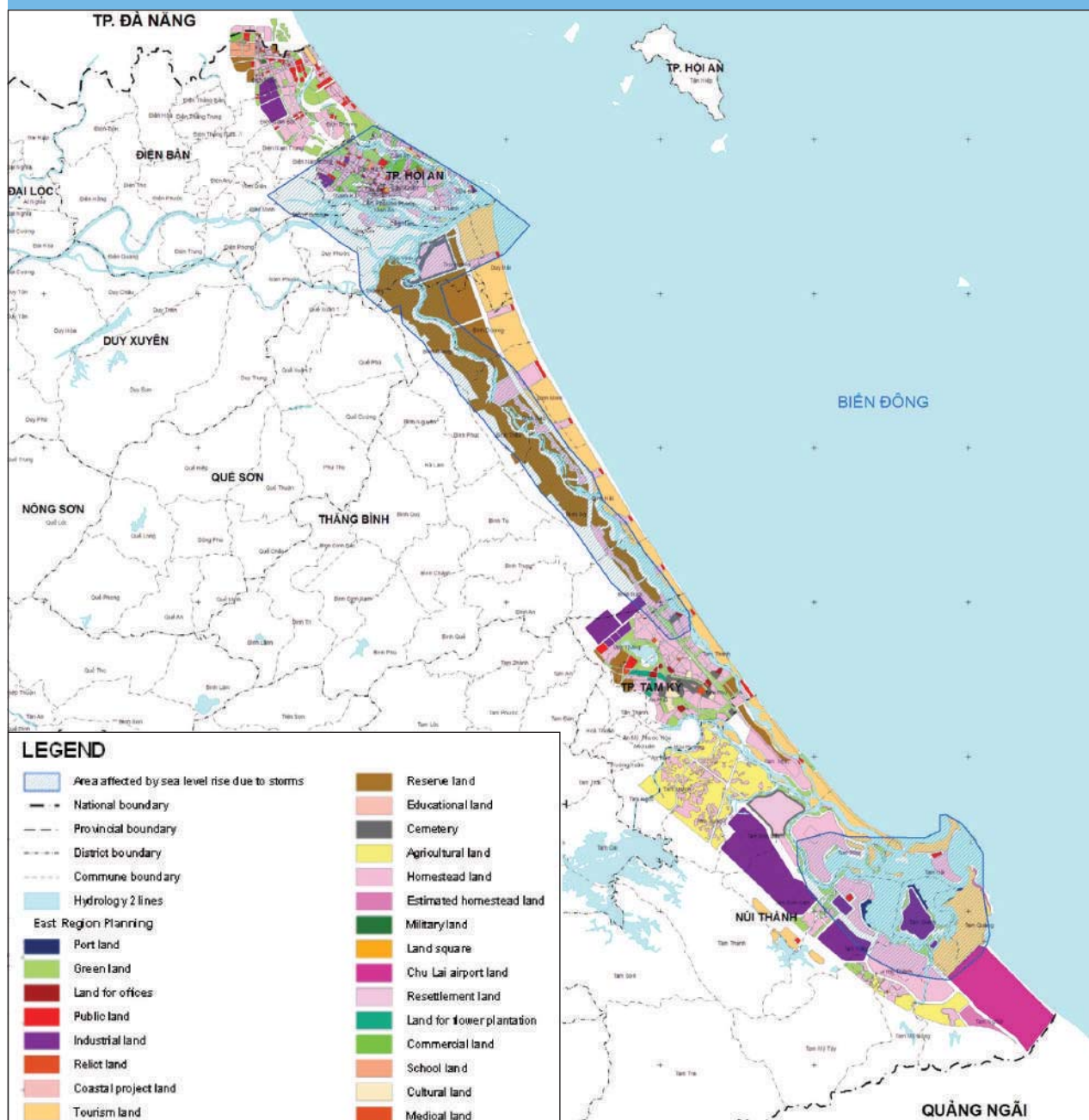
Urban areas near the coast such as Hoi An and Tam Ky, which is the economic growth engine and socio-cultural centre of the province, are extensively exposed to high hazard levels due to the topology as well as high level of population density and urbanisation process. Main challenges for cities include weak urban governance and institutional capacity, inter-sectoral coordination, financial and management support from central and provincial governance for prevention as well as recovery programmes, and conflicts among prioritised development projects involving different interests.

It is critical to improve urban resilience as it not only reduces huge human and economic losses, but also increases the competitiveness of the province so that more financial and human resources will be secured for the province. Potential investors can be more attracted to the province while the livelihoods of employees will be less compromised and indirect and direct costs from disasters would be reduced. In addition, social equity in urban areas should be strengthened as it has been negatively influenced by floods and other disasters.

II.6.2.3 Disaster Management and Poverty reduction

As Quang Nam suffers from the direct impact of climate change, being most heavily hit by natural disaster and diseases in the whole country, severe effects on the poor people call for particular assistance to increased resilience among vulnerable groups with preventative as well as adaptation measures. Notably, the severe impacts cause difficulties in implementing social security and poverty reduction policies.

Map of planned regions affected by SLR in the east Quang Nam



Source: UN-Habitat Viet Nam

High poverty density in coastal areas:

Poverty density is relatively higher in the coastal areas where a high portion of people still depend on agricultural and fishery activities in many communes. These areas are most vulnerable, being affected by natural disaster and flooding, and have limited access to social and urban services with limited transportation. One of key issues is that there are very limited measures to reduce the socio-economic impact of flooding on poor local communities in coastal areas. Due to big differences in living standards and livelihoods, impacts of

changes in the economy, environment and climate will differ from area to area and among different subjects.

Links between poverty reduction and disaster management

To reduce the economic and social losses to the province, poverty reduction needs be dealt with in disaster management, with priority given to mobilising resources. Providing risk management measures to reduce exposure and increase resilience of the poor in coastal areas will

critically reduce overall costs the province is paying in disaster recovery efforts.

A multi-sectoral approach in planning and decision making

The province needs to strengthen political will and overall public understanding on the need for poverty reduction to be linked with the disaster management. Clear roles of involved departments as well as coordination of government, community and the private sector to plan and make decision needs to be improved.

II.6.3 SOCIO-ECONOMIC DEVELOPMENT AND ENVIRONMENTAL IMPACT ASSESMENT (EIA)

The Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) processes are both relatively new in Quang Nam Province, and have made substantial improvements since they were instituted. However, there is ample room for improvement in both processes and further steps are necessary to institutionalise environmental and social concerns into the socioeconomic development process. These processes should be part of Integrated Water Resource Management.

The SEA has provided an opportunity for Quang Nam Province to incorporate the environmental and social impacts of socioeconomic development into the development process. Furthermore, it aims to include strategies for poverty reduction and social equity that were not previously addressed. The EIA process was established to analyse the effects of individual projects, and mitigate their adverse impacts. Both of these processes have been a product of mandates by national government, so the ownership of these policies by the provincial government is not yet clear. This disconnect combined with a lack of capacity within DONRE to oversee these processes have limited compliance with requirements, and led to a disconnection between what is on paper and what is actually being implemented. However the SEA and EIA processes have improved since they were implemented, but it is not clear whether the local government has embraced these policies. So far it is clear that economic development is taking precedence over environmental and social issues in the province, as strategies to strengthen the SEA or EIA process are not currently being proposed or implemented.

II.7 ASSESSMENT ON AGRICULTURAL AND RURAL DEVELOPMENT, AND URBAN-RURAL LINKAGE

II.7.1 POLICIES AND REGULATORY FRAMEWORK FOR RURAL DEVELOPMENT IN QUANG NAM PROVINCE

In recent years, Quang Nam province has issued policies to support agricultural production and rural development, most of which had positive effects on agricultural production. Besides completing national target programmes such as programmes 134 and 135, Quang Nam is currently implementing other programmes such as the Tam Nong Resolution, New Rural Development and Prime Ministerial Decision 30a.

Tam Nong (Agriculture, Farmers and Rural Development) Resolution and the National Target Programme on New Rural Development

Some breakthrough issues are to increase the income of agricultural employment; to develop highly competitive, effective and sustainable agriculture; to quickly implement the process of rural industrialisation and modernisation; to build effective and long-term mechanisms to promote agriculture through enhancing industry and engaging rural with urban development, to integrate socio-economic development in rural and urban areas; to strengthen the construction of rural infrastructure, markets and agricultural services; to increase investment in agriculture, preserve the steady growth of food and agricultural production, sustainably raising farmer incomes; developing specialised farmer cooperatives to support business units in agriculture and develop leading enterprises.

Local officials especially at commune-level still lack capacity to manage and put the programme into action. After two years building pilot communes, it is shown that the dedication and understanding of local grassroots officials about new rural development methods play an important role in their successful implementation.

Decision on poverty alleviation in 62 poor districts according to Decision No. 30a/2008/NQ-CP

After four years of implementation, the programme to support rapid and sustainable poverty alleviation in Nam Tra My District, Tay Giang and Phuoc Son has achieved many positive outcomes. Until now, the three districts have completed the housing construction for poor households programme, providing more than 2,524 units, as well as implementing integrated policies to support production, create jobs and increase incomes. However, the implementation process still has limitations due to insufficient funds with the actual disbursement accounting for no more than 10% of the approved scheme; some localities were still confused and implemented the programme slowly.

Vocational training for rural workers under the National Target Programme on Employment and Vocational Training

After three years of implementation, over 12,000 rural workers have been provided with vocational training and most of them have got jobs in enterprises, new jobs, or old ones but with higher productivity, or are still working in the agriculture sector but can use their free time to earn extra money. This result has actively contributed to increased earnings, stable livelihoods, reduced poverty and contributed to the restructuring of labour, successful modernisation of agriculture rural areas and implementation of the new rural development programme.

Continued implementation of Programme 135 Phase II with a focus on poverty reduction during 2011-2015, with an orientation to 2020.

Support mechanisms are required to solve problems and improve production for poor farmers; however, annual budgets for encouraging agricultural activity are too low to meet demand. The implementation of policies and mechanisms has also faced difficulties due to inadequate coordination between branches and agencies regarding financial support mechanisms for small and medium enterprises, cooperatives and preferential loans for people to buy machinery and equipment. The previous mechanism to encourage the development of sugarcane made many farmers suffer losses caused by an inability to sell their crops (2000 - 2004); support mechanisms for farmers to invest in the mechanisation of agricultural production in 2006-2009 period did not create incentives and failed to create a breakthrough in the modernisation of agricultural farming methods. Meanwhile, effective mechanisms not only had inefficient budgets to meet expectations but also caused many difficulties for local authorities in the selection of objectives and limited the impact of market economic development, canal

reinforcement and cattle breeding.

The issuing of new policies should be based on the assessment of actual situation and condition of the province or results from the implementation of previously issued policies and mechanisms, in order to draw lessons to limit negative impacts or promote positive elements in the future. This is the necessary process to save social resources in the implementation of policies and mechanisms related to agricultural and rural development

II.7.2 KEY ISSUES OF AGRICULTURE, INDUSTRY AND SERVICE DEVELOPMENT

II.7.2.1 Challenges and opportunities of agricultural development

Parcel consolidation and land accumulation

The province needs to have a clear mechanism to encourage people to accumulate agricultural land for large-scale production, and improved productivity and efficiency while it increases support measures to attract investment in agricultural production and rural areas. In addition, provincial autonomy needs to be decentralised in land management as well as in the implementation of parcel consolidation at a local level.

Productivity and quality improvements for agricultural products

The majority of labour still works in agricultural sector with low added value, while quality is insufficient for market sale. Local authorities need direct and indirect measures such as agricultural insurance, contract-based production, technical support for agriculture development, and formation of centralised and mechanised production, which is critical to improving the efficiency of agricultural production.

Development of processing industry and restructuring crops, livestock, and fisheries

Quang Nam has the potential to develop an agricultural, forestry such as ethanol and herbal medicine and fishery processing industry, thanks to its strategic location. Nevertheless, it still faces many disadvantages in terms of infrastructure, quality of products, market access, materials, and trained workers. In particular, the province has improved the availability of information regarding markets,



Rice harvesting in Nam Giang District © Quảng Nam PC

food hygiene standards and market demand so that it has more viable solution to be ready for challenges in the market economy.

Sustainable development of forest production and business

The province has urgent need of paper materials, rattan plantations and livestock development. The promotion of forestry products such as cinnamon, Ngoc Linh Ginseng and other medicinal plant species should be prioritised with markets and links with tourism activities. This is an effective way for the development of local economies and will contribute to poverty alleviation for the majority of people in mountainous areas while providing sustainable livelihoods.

Development of agricultural insurance

Although the province is vulnerable to disaster and climate change, agricultural insurance has little impact on agricultural production and receives little attention from enterprises, banks, the government and farmers. It is necessary to adopt an initial support policy and encourage the participation of agricultural cooperatives and state-owned enterprises. For ethnic minorities, the province may provide financial support to encourage the adoption of insurance prior to participating fully in agricultural insurance

II.7.2.2 Development of rural tourism and service industries

Craft villages and service industries development, linked with rural-eco-tourism

Craft villages and other service industry development need to maintain and develop traditional handicrafts

and non-agricultural careers in rural areas, while attracting investment and creating jobs to reduce poverty. Quang Nam has advantages in developing rural tourism thanks to the high proportion of people living in rural areas. Its topography is divided into three regions which have the potential to attract tourists, and also possesses basic transport infrastructure connecting areas through the province and with Laos. However, the province should improve the quality of services with competitive prices. Key challenges include limited investment for tourism development as well as spontaneous investment in infrastructure including tourism infrastructure, recreational areas, and tourism training in the province.

Improving craft village competitiveness and marketability and connection with markets

The scale and quality of human resources in the industry is still limited and overall production should be improved to a greater extent in order to become more competitive. The design and finishing quality are not good enough to enter local and exports markets although the province has abundant human resources with competitive labour costs.

Capacity building through business collaboration

Limited funds for the programme and limited human resource training have been key challenges. Cooperation through different channels involving the government, private sector and international organisations needs to be considered to understand market demand and increase the competitiveness of human resources for rural development overall. Encouraging the business

sector to support provincial training activities would be also necessary. On the other hand, the province should have incentives for organisations and individuals who engage in vocational training.

II.7.3 URBAN- RURAL LINKS AND PROVINCIAL DEVELOPMENT

II.7.3.1 Challenges and opportunities for Socio-economic development in the rural area

Raising resources between urban and rural areas:

Strengthening urban-rural links has been considered a key solution to deal with the weakness of rural development while also helping urban areas to mobilise necessary resources much more effectively, with the overall development of province to benefit from the links. Based on the enhanced connectivity through infrastructure and communication networks, urban services (i.e. Hoi An and Tam Ky) as well as rural production chains should expand through the exchange of goods, labour, and information, all of which would favour the development of socio-economic activities.

Rural infrastructure and basic service development

Investment in rural infrastructure as a key trigger will improve urban–rural connections and gradually contribute to attracting more information technology and financial resources for key rural industries and services in the province. Following the national target programmes, state capital and ODA should be raised to achieve the objectives of development of basic infrastructure as soon as possible. Rural infrastructure has been improved but is still weak and investment demand for irrigation and rural roads is still large, far beyond budget capacity.

Small and medium enterprises (SMEs) development

Most of enterprises have an important role in raising capital for economic development and creating jobs in local areas. However, SMEs has many weaknesses: their scale of capital is low; technology and equipment are still backward and manual workers still account for a large proportion of the labour force, so they are not able to compete in the market. Critically, most of the SME use loans for production and operations with their assets as

collateral while commercial banks have tightened lending which led to the lack of capital among most of SMEs.

Urban-rural links and labour restructuring

It is critical that Quang Nam enhances the role of urban areas including Hoi An and Tam Ky to support capacity development in rural areas, in accordance with socio-economic development. Key urban centres can contribute to exchanging various resources based on the high demands for specific human resources as well as natural resources based development, which will accelerate labour restructuring of rural areas.

Support credit for agricultural and rural development

In order to supply enough credit capital to loan for new rural development, commercial banks need to accelerate debt funding, expand their network, and take advantage of capital regulations from banks at higher levels. In addition, banks need to focus on improving the quality and effectiveness of credit activity with such measures as administrative reform, strengthening access to credit, prioritising funding, providing customers with subsidised interest rates, credit restructuring, and proactively allocating officers to have greater discretion over credit and lending activities in communes facing difficulties. It is also necessary to utilise more capital sources from other commercial banks, credit funds, and non-governmental organisations.

Poverty reduction linked with overall sustainable rural development

Rural areas are still poor with high rates of poverty, backward living conditions and high unemployment. One of reasons is small, scattered and fragmented agricultural production which still employs traditional methods. Most workers still have to leave home to earn a living in urban areas with industrial development. Eco-tourism, industrialisation of rural production, and key urban centre development should create a breakthrough to involve the poor in economic activities.

II.7.3.2 Management Mechanism and cooperatives

Innovation and development of agricultural cooperatives, cooperative farming and farms

Currently, the province has 201 co-operatives, including 125 agricultural cooperatives and 76 non-agricultural cooperatives. The cooperative economy is innovative but has not been the fundamental solution to production improvements due to problems in the operation of cooperatives related to facilities, labour, management, investment and markets. To support cooperatives to operate effectively, the province needs to take critical steps in administration, innovation in management methods, and ways to attract investment as well as the application of models from countries which have experienced success in the management of cooperatives.

Efficiency of state management system in agriculture and rural development, with a focus on urban-rural links

State management on a number of areas exposed many weaknesses. The system of agriculture has not been organised in accordance with the market. The network at commune and village level is still very weak, making it difficult to implement agricultural promotion tasks, apply advanced techniques and handle urgent issues (such as disease prevention) in an effective way.

II.8 ASSESSMENT ON GOVERNANCE

As the system of agencies that plan and implement plans of socio-economic development is organised on a provincial, district and commune level, there is a relationship between the implementation of socio-economic development goals and improving the operational capacity of the government. For socio-economic development, there is a need for greater transparent and stronger, more effective governance.

II.8.1 ORGANISATION OF THE GOVERNMENT AND ADMINISTRATIVE REFORMS

In terms of organisational structure, the province has implemented adequate policies and plans for developing the local government apparatus. Through implementing the government regulations on organisation and arrangement of specialist agencies, by 2010, the number of specialist agencies under the provincial people's committee reduced from 26 to 19 units, and number of functional divisions under the PPC decreased from 13 to 10 units, while the number of specialist agencies at

district level stands at 12-13 divisions. The organisation of people's committees at commune level and the responsibilities at communal people's committees has occurred, with the number of cadres and public servants for 244 communes, wards and towns in the province approved by the provincial people's committee.

Aimed at contributing to the social security, economic development, the provincial people's committee issued a decision on the establishment of associations in accordance with the provisions of the state; the province now has more than 50 associations.

Through decentralisation, the role and functions of state management in specialist agencies at province and district level have been specified; organisation and structures of administrative bodies have been simplified according to a focal guideline "one task assigned with one implementing agency". The new organisation and structures in the administrative bodies applied since 2008 have had a positive impact. However, the administrative agencies have only been reorganised to ensure a one stop shop mechanism, while the functions in each agency have not been reviewed and there is a tendency to increase the number of staff through the establishment of new units (Bureaus, Management boards and centres). There is still overlapping between functions and tasks of specialist agencies such as state management over urban infrastructure, particularly transportation infrastructure, water resource management, forest management and food hygiene.

Quang Nam Province has implemented Project 30 on reviewing the simplification of administrative procedures and by 2010 had listed and reviewed 1,662 administrative procedures of which 60% have been proposed to be amended (86) and ended (132). In 2011, the Division of Administrative Procedure Control was established under the Office of the Provincial People's Committee and since then, administrative procedures have been continuously reviewed. In 2012 alone, 159 new administrative procedures were issued, 67 supplemented and 127 deleted. However, reforms and the simplification of administrative procedures have not been thoroughly implemented.

By the first quarter of 2013 all 25 departments and 21 specialist units under departments, 291 of 302 specialist units under district people committees; 937 of 991 administrative units and 213 of 244 communes, wards and towns had implemented fixed payrolls and administrative budgets. This helped implement

decentralised management related to basic construction investment, decentralisation of land management, compensation and clearance; budget revenue decentralisation, decentralisation of organisational structure, staffing, staff and wages.

In addition, the provincial people's committee issued regulations and procedures to receive and settle documents under the 'one-stop shop' and 'multi-sector one-stop-shop' mechanism for all sectors. By the first quarter of 2013, the number of provincial units and agencies implementing the one-stop shop mechanism in receiving and returning the results to organisations and the public include: 23 provincial units and departments, four vertical management units (Tax Bureau, State Treasury, Social insurance and Provincial Public Security Agency), 17 of 18 districts and cities and 213 of 244 communes, wards and townships. The number of administrative procedures applying the one-stop shop mechanism included: Departments more than 1,000 procedures; districts 196 (under eight sectors: legal advice-residence registration; education and training; labour, invalids and social welfare; construction; land use; industry and commerce; planning and finance; cooperate business); commune level 120 procedures (under five sectors: administration-legal advice; social insurance; social benefits for people who had contribution to the country during the war; land, construction). In terms of multi-sector one-stop shop mechanism, the highlighted results included the issuance of certificate of eligibility for businesses in petroleum and liquefied gas; investment procedures for the Chu Lai OECZ Management Unit (including business registration, registration of investment or investment examination, registration for business seals; tax registration and registration of temporary residence (for foreigners). The multi-sector one-stop shop mechanism has been applied at the Department of Planning and Investment in licensing and business registration, tax identification numbers and seals for organisations and members of the public wishing to register a business; and the length of time for the issuing of investment certificates was shortened from 15 days under the provisions of the Investment Law to 5-10 days after receiving complete dossiers, according regulations for the registration of projects eligible for investment. The multi-sector one-stop shop mechanism is also applied by the departments of culture, sport and tourism, health, agriculture and rural development, and construction in issuing advertising permits. However, the effectiveness in the implementation of the one-stop shop and multi-sector one-stop shop is not high.

II.8.2 PARTICIPATION AND FEEDBACK FROM THE PUBLIC AND ECONOMIC SECTORS

II.8.2.1 Public participation through the implementation of grassroots democracy

In order to assess the performance of these agencies, in 2010, 152 of 241 communes, wards, towns and 912 of 1,701 villages and street groups organised confidence votes in 340 officials, including the chair people of the people's council, chairperson of the people's committee, village chiefs and street group leaders. The result was that 324 of 340 officials received positive endorsements of over 50% of the votes, accounting for 95.3% of the serving officials. Sixteen officials polled less than 50% of the votes, accounting for 4.7%. The poll showed provided public monitoring and supervision and clarified the roles and responsibilities of local administrations, particularly for key positions at grassroots level and among villages and street groups.

II.8.2.2 Participation of enterprises and feedbacks

Workshops; questionnaires; website; telephone hotline; and periodic forums have been applied to encourage the participation of enterprises in the province's management process and policy formulation. However, the organisation of dialogue with enterprises has not been widespread, and there has been little response to enterprises from local government after receiving feedback. The collecting of comments from the business sector has not been systematic and there has not been a focal point to receive and integrate comments to support policy development and make suggestions for management and administration of local governments.

Therefore, the participation level of enterprises in the processes of proposing policies, mechanisms and solutions to improve the investment environment and the provincial competitiveness index (PCI) are inadequate. For example, every year only about 27% of businesses answered the Viet Nam Chamber of Commerce and Industry's Provincial Competitiveness Index survey. The number of enterprises participating in policy development workshops and workshops to collect opinions from the business sector organised by the Department of Planning and Investment stands at just 55%-65% of the enterprises invited.

Participation by the business sector still remains low for many reasons such as inadequate awareness of enterprises and improper mechanisms to encourage participation.

The province has not built a business forum to gather ideas from the business community to reflect and propose mechanisms and policies. Enterprises are still hesitant about contributing ideas to local governments to improve the economy.

II.8.3 MAIN CHALLENGES AND OPPORTUNITIES OF GOVERNANCE

Quang Nam Province is facing the following problems and challenges in strengthening government effectiveness and efficiency:

- Administrative reform does not have high efficiency, the reorganisation and strengthening of organisational structure is not really stable, some agencies have not defined their structure or positions and decentralisation has been haphazard.
- Officials lack professionalism and specialist qualifications, and have too limited capacity to meet their job requirements.
- Budget revenues are limited. The province has not balanced revenues and expenditures so capital investment for development remains low, which limits the implementation of prioritised objectives. Mechanism to raise collective development resources has not been developed.
- Socio-economic synthesis and evaluation, analysis and forecasting are still limited. Database systems are scattered and not regularly updated. Coordination and information exchanges between agencies still have obstacles.
- The level of interaction between governments and people and economic components is not high. Preparations for surveys to receive comments are not systematic. There has not been a focal point to receive and synthesise all the ideas related to policy development and management.
- There is a lack of a comprehensive and multi-purposed approach in socio-economic development planning. There is no effective coordination mechanism to address conflicts between different interest groups to achieve the highest social benefits.

II.8.3.1 PCI (Provincial Competitiveness Index) and the perspective of enterprises

In 2011, Quang Nam ranked 11th in terms of the PCI assessment, gaining 15 places from 26th position in 2010 and scored well in terms of competitiveness. PCI is not a formal legal basis for performance evaluation; however, because the indicator depicts the strengths and weaknesses of the province, actions are taken to improve the province's ranking based on its criteria.

According to result of the Viet Nam Chamber of Commerce and Industry PCI ranking in 2009 of provinces and cities nationwide, Quang Nam's PCI had improved but not to a major extent. While Da Nang's increased by 5.24%, Binh Dinh increased by 8.74%, Thua Thien Hue 5.8%, Quang Nam's PCI increased by only 1.85%. Although Quang Nam saw an improvement, other provinces made remarkable progress.

In 2009, Quang Nam still maintained a high score for a number of index components such as market entry costs, unofficial costs, and time spent implementing state and other legal provisions. This result is recognition of improved bureaucratic performances and work by the Department of Planning and Investment, Department of Taxation and Provincial Police. The increased index also showed the belief of enterprises in relation to the provincial judicial system as well as the effectiveness of provincial administrative reform programme in which some agencies started implementing the one-door mechanism. The provincial people's committee reorganised the inspection and supervision of business performance on the basis of coordination among agencies to reduce duplications and time spent on inspections. The establishment of a provincial committee to promote investment and support enterprises in 2009 had some impact on enterprise confidence, which was illustrated by the improved business supportive service index.

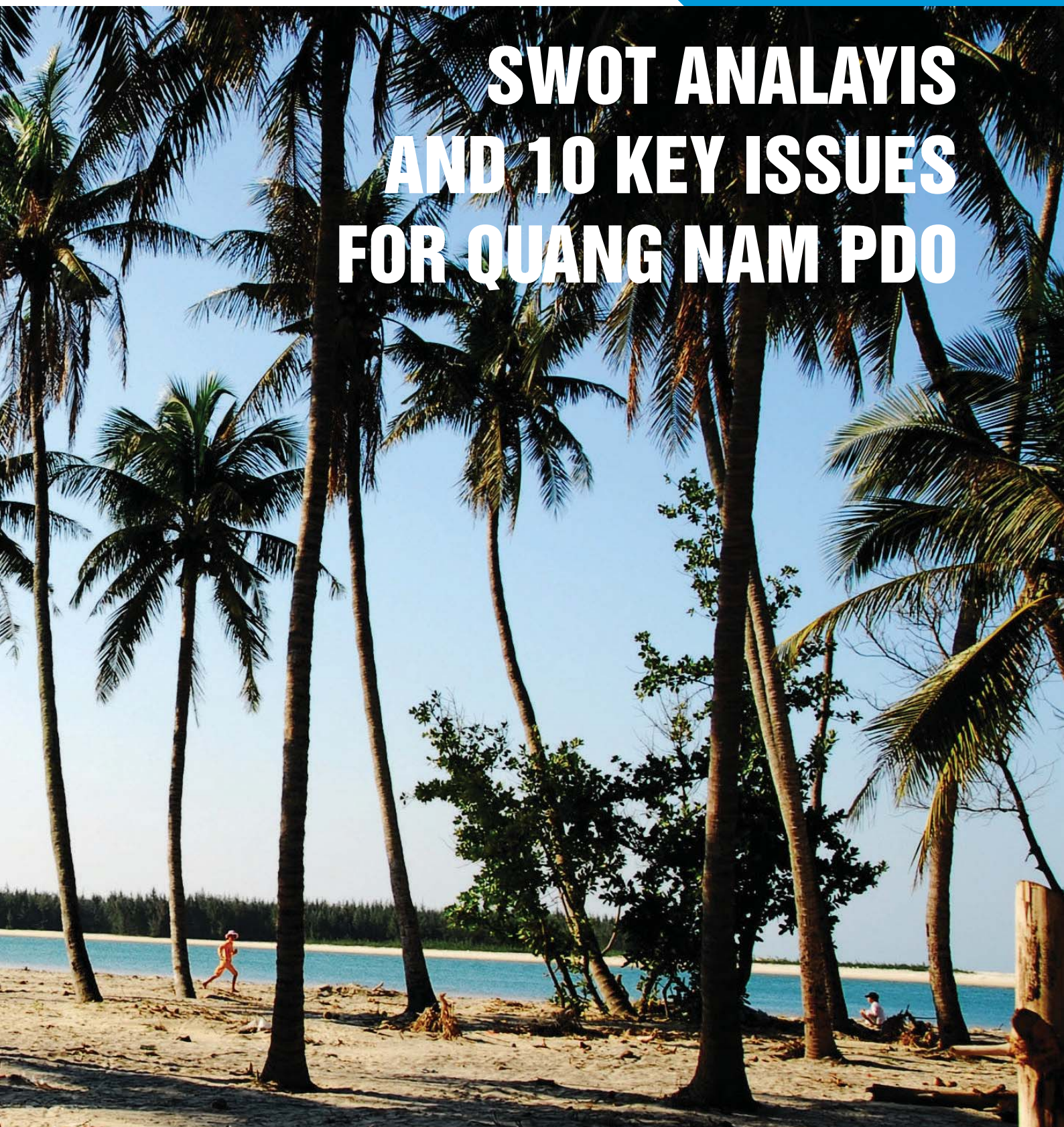
However, the province experienced a sharp decline in the scores on land access, which reflects current obstacles to enterprises in terms of the longest time consuming part of the investment process. Indicators related to transparency tended to decline and stood at a lower position compared with the national and regional index. The indicator related to the province's dynamism and innovation declined considerably, which is a disadvantage in encouraging business development. Additionally, the indicator on labour training should receive more attention and improved further because it was lower than the corresponding indicator of the provincial median, which reflects the need to improve human resource quality and vocational training.



Coconut trees in Tam Hai © Quang Nam PC



SWOT ANALAYIS AND 10 KEY ISSUES FOR QUANG NAM PDO



III.1 SWOT ANALYSIS FOR QUANG NAM

III.1.1 FOUNDATION

- SWOT analysis is to form an overall position and direction for provincial development, through analysing the internal and external environment as well as finding strengths and weakness.
- It involved an innovative participatory approach to planning; the first round of SWOT analysis involved different stakeholder participation which led to the development of six themes; secondly, six thematic assessments lead to in-depth SWOT analysis to formulate principle directions for PDO development.
- SWOT analysis orientation is to maintain and reinforce the strengths, diminish and remove the weakness, maximise and explore the opportunities, and avoid threats.

III.1.2 STRENGTHS

1. Quang Nam's extensive natural and cultural assets include its strategic location, and experienced local resource management

- Rich local resources are fully favourable for the competitive development of ongoing primary and secondary industries, benefiting from its advantageous location for promoting domestic and international trading connected to trans-Asia trade routes.
- Quang Nam is an important driver for the central region's tourism development with its cultural and natural resources of international and national significance. It has long experience of cultural and natural resource based tourism, supported by international and national communities.
- Quang Nam's proximity to Da Nang, the biggest tourism and commercial hub of the central coastal region and the central key economic region, is also an advantage for the province in terms of inter-regional infrastructure, human resource development, and service development.

2. Favourable labour supply and potential infrastructure operation to respond to the planned long-term economic development process

There is sufficient labour to meet the demand of labour-intensive industries for the next 5-10 years and would be able to meet the demands of the current economic structural shift in Quang Nam and accelerated growth scenario for the province.

3. Strong policy support to strengthen the central region development

The province has been supported by a number of policies to turn the region into a dynamic, economically developed region, to improve people's living conditions. The province has also been deeply involved in central coastal regional cooperation dialogues which have facilitated joint efforts among central coastal provinces for regional infrastructure development, tourism promotion and regional economic development.

4. Ownership of provincial leaders in sustainable development for both poverty reduction and economic development through regional links



Tourists visiting Hoi An © Ngụy Hà / UN-Habitat



Busy Cham Island © Quảng Nam PC

The province shows a high commitment and responsibility in developing sustainable development strategies based on balanced development of the province, in line with accelerated growth scenario in Quang Nam.

III.1.3 WEAKNESSES

1. Underdeveloped infrastructure and costly investment option due to unfavourable terrain in the west and rural areas of great potential resources, diminishing development scale

- Limited level of infrastructure development in the west limits the opportunities of potential development based on natural resources. It also reduces the effects of overall socio-economic development in the rural and mountainous areas with limited market access, ineffective resource mobilisation of poverty alleviation efforts, and shortage of financial and institutional support.
- Weak value chains between rural and urban areas may exert negative impacts on livelihood improvement initiatives and potential economic development triggers of SME activities

2. Ineffective raising of capital and weak investment planning in the market economy

- Despite recent relatively high levels of registered capital, FDI has continuously been invested in labour intensive and low value added sectors, limiting contributions to the province's economic performance.
- Major funding dependent on central government, lack of private and public sector partnership, limits of non-state sector participation, and lack of multi-sectoral investment planning limit quality development and livelihoods improvement, not responding to market based economy.
- Transparency of legal documents, granting land use right certificates, customs clearance, protection of intellectual property rights remains low, not being able to attract big business and investors.
- The investment incentives have not focused properly on priority areas such as high-technology and support industries.



Vietnamese - Korean Engineering plant © Quang Nam PC

3. Weak human resource development being bottleneck in attracting competitive financial and local human resource in the open market economy

- Inappropriate financial and institutional support for vocational development, and supply-oriented labour capacity building limits creation of investment opportunities in high value added industries
- Underdeveloped local capacity for effective governance in the market economy minimises favourable investment climate, while its operating capacity is not able to keep pace with demands from the market economy
- Problems of emigration and loss of high quality human resources has had a seriously negative impact.
- Lack of links with external markets: This has reduced the competitiveness and attractiveness of industrial development in the province. Lack of support and supplement among provinces in the region in the development of industrial parks and economic zones. The links among provinces in the region is still mainly through organising events, but has not yet developed value chains from product design, marketing, developing value-added services to promote investment.

4. Unmonitored impacts of key development initiatives in rural and mountainous areas, and disaster prone areas, which reduces the value of environmental resources and leads to potential economic loss

Detrimental socio-economic impact decreases sustainability in the short and long term economic returns as well as poverty reduction efforts.

III.1.4 OPPORTUNITIES

1. Key urban centres development around north and south development poles to attract new capital for commerce, tourism and urban development along the coastal plain

Key urban centre development around Hoi An and Tam Ky would be a trigger to rapidly shift the economic structure toward industrialisation, commerce and service development.

2. Potential eco-cultural tourism and services between the key urban centres in the coastal plain would attract new capital, diversify income generation sources, and increase overall growth scale

3. Central Region Economic Hub promotion and strong initiatives of regional development planning

- The central government support for regional development to optimise resource funding and effective investment planning, and attract diverse capital sources through regional links would strengthen the central region's economic hub especially in tourism, industrial zones and marine economy development.
- The Coordinating Board for the Central Coastal region in collaboration with the provinces and cities in the region has developed a provincial socio-economic development database for the region and has conducted research on opportunities for collaboration in tourism development, training human resources and attracting investment in industrial parks in the region.
- Quang Nam would benefit from increased demand for freight services and logistic locations from the neighbouring industrial development such as Dung Quat EZ.

4. Potential niche market for industrial development linked with tourism and agricultural development, as well as major marine service development

- A large part of land planning is reserved for the great potential offered by the energy industry, car manufacturing, aquaculture processing industry, and other local tech industries based on links with tourism and agricultural development.
- Further investment in agricultural specialties such as ginseng, mushrooms and cinnamon which have high sales potential, and contribute to overall economic growth of the rural areas.

5. International resources including ODA raised to support climate change mitigation, infrastructure development, and poverty reduction in the central region

Ongoing and planned projects to be put into operation will upscale regional and provincial economic growth, directly dealing with human resource development and social inequity issues, and reduce unbalanced development.

6. Scale of population to be trained and open market policies in operation to accelerate current growth scenario

If the young people are properly trained, and the

government improves its policy to increase investment and business development opportunities, it will accelerate the sourcing of capital and human resources in the economy.

III.1.5 THREATS

1. Pressure of CEFZ provincial competition at a higher level of economic development:

Successful precedents from neighbouring provinces and requirements of international economic integration put pressure on to increase institutional capacity and competitiveness in the retention of skilled labour and attracting investment in high tech and labour intensive processing industries.

2. Increasing cumulative impacts of climate change with weak institutional capacity to tackle long-term threats for whole aspect of provincial development

The lack of mainstreaming climate change responses into planning systems and disaster risk management would bring huge economic and human losses, leaving detrimental affects to sustainable provincial development.

3. Large numbers domestic SME operations use old technology without proper institutional support and production links to external investment

Without proper institutional support, the limited economic scale of the current SME operations would be bottle neck for local economic development, especially as profits for big foreign investors are channelled out of the province.

4. Urgent needs to realise diversification and sustainable up-scaling of key industries

Without up-scaling the current cultural tourism development and site management skills with capacity building, tourism will see negative growth in volume and value.

5. Delays in the process of administrative reforms for effective policy implementation and multi-sectoral coordination

- Lack of institutional capacities with the delays in reforms reducing Quang Nam's competitiveness index and lead to declining human and financial resource attraction in the province and further investment initiatives

- Without critical improvement in administrative, technical and managerial capacity, the socio-economic development strategies of the province

will have limited results especially with persistent inappropriate social services, low income, and a high poverty rate with a limited budget

III.2 SUMMARY OF KEY ISSUES FOR THE PROVINCIAL DEVELOPMENT STRATEGIES

Based on the thematic evaluations and SWOT analysis, 10 cross-cutting issues were combined to form the basis of the PDO. Geographical areas are also identified as the basis for the spatial planning of the PDO.

DESCRIPTIVE SUMMARY OF CROSS-CUTTING KEY ISSUES	GEOGRAPHIC AREA
Sustainable reduction of high poverty ratio Despite the high economic growth, substantial need persists to reduce the income gap and poverty through enabling local resources and institutionalisation of poverty reduction	Mountainous /rural area in the west
Effective capital sourcing and investment responding to market economy Both FDI and domestic capital sources need to be effectively channelled into priority areas for economic and social development	Entire province
Human resource development to increase competitiveness To develop skilled labour in key sectors to meet market demand, with non-state sectors- Managerial and technical capacity building of states to be able to mobilise multi-sectoral resources - for socio-economic development in the market economy	Entire province
Urban-rural links and regional integration for efficient and equitable growth Need to strengthen urban-rural links for higher efficiency and inclusive growth in the west and east, which will lead more investment returns channelled to local economic development	Whole, central and central high land area
Social welfare management focusing on multi-targets with quality coverage Target programmes and benefit distribution to be considered with focus on multi-dimensional poverty and disaster especially among informal sectors	West, rural areas
Infrastructure development to bring opportunities of balanced development Need to balance between core and lower-level networks development; in particular, basic sanitation and environmental treatment infrastructure in urban areas and the west	West, urban areas
Manage key economic activities to reduce devaluation of environmental resources Economic development (ex. hydro power, mining, industrial zone, and tourism) created negative socio-economic impacts reducing value of natural resources	East/west, different threats
Disaster and climate change resilience of socio-economic development Institutional frameworks and resource mobilisation to increase resilience and minimise the socio-economic losses from the bottle neck of Quang Nam's sustainable development	Both east and west (erosion)
Geographical disparity in investment in hard/soft infrastructures Need to prioritise infrastructure development to link the west and the east, fill the big gap in investment between east and west, and create better access to market	West
Sustainable tourism development and management Need for up-scaling and expanding integrated approach to sustainable development (such as UNESCO initiatives) while preserving the unique cultural identity of the province	Hoi An, Cu Lao Cham My Son

III.3 SWOT MATRIX

A SWOT matrix formulation is a key stage to transform issues analysis to the provincial development strategy's formulation, to maximise competitive advantages, increase regional competitiveness, and create the foundations for development in future years.

SO: STRENGTHENING STRATEGIES (USING STRENGTHS TO TAKE ADVANTAGES OF OPPORTUNITIES)	WO: SUPPLEMENTING STRATEGIES (USING OPPORTUNITIES TO OVERCOME WEAKNESSES)
<ul style="list-style-type: none"> • Upscale and diversify cultural and environmental resource management through urban-rural links while providing job training to local workers • With ODA resources, prioritise human resource development related to green development in coordination with investors and business sectors • Train human resources for rural and mountain areas development, giving priority to non-agricultural activities and poverty reduction • Mobilise private and public partnerships to maximise potentials of the identified niche market while keeping up with national support for central region development 	<ul style="list-style-type: none"> • Mobilise regional development initiatives to develop policy dialogues and coordination mechanisms to promote effective investment planning in the central region • Strengthen multi-sectoral planning to high value added development as well as non-agricultural development in mountainous and rural areas • Institutional support for urban-rural links to improve better access to markets, and exchange necessary human and financial resources • Mobilise local community and SMEs for resource management and development • Increase international support for capacity building of the government in response to the market economy
ST: OVERCOMING STRATEGIES (TAKING ADVANTAGE OF STRENGTHS TO AVOID REAL AND POTENTIAL THREATS)	WT: DEFENSIVE STRATEGIES (MINIMISING WEAKNESSES AND AVOIDING THREATS)
<ul style="list-style-type: none"> • High value added tourism development through diversifying natural resource development in tourism, while supporting relevant SME set-up • Mobilise the regional development initiatives to avoid overlapping investment and promote effective infrastructure development • Capacity building of local governments and leadership to improve governance and management, mobilise external resources, and build partnerships for climate change response • Mobilise resources for vocational training in prioritised economic sectors, based on provincial's specific values especially in the west 	<ul style="list-style-type: none"> • Increase capacity of local government to build partnerships with various sectors for competitive industrial and service development • Strengthen monitoring and regulatory framework to institutionalise environmental impact assessment in the planning system • Strengthen international technical collaboration to increase quality of service development and increase high value added industry



IV

QUANG NAM STRATEGIC SOCIO-ECONOMIC DEVELOPMENT



IV.1 STRATEGIC DEVELOPMENT FRAMEWORKS

This section introduces the overall strategic development framework, through which the PDO has been formulated based on strategic planning principles. The framework is firmly based on logical flows of six broad stages from development of six thematic analyses to build action programmes for Quang Nam's development as briefly described below with a diagram.

Stage 1: Six streams of thematic analysis

The approach and results of this work are presented in Chapter II.

Stage 2: SWOT analysis and ten main issues for PDO

The analysis forms an overall position and direction for the management of the province development, in consideration of the impact of the local and international factors on provincial development, inter-related cross-cutting issues based on six themes, and institutional contexts of promoting development.

The ten indicates an attempt at addressing key critical areas potentially to be focused in formulation of vision, goals and strategy for PDO. Critically, it considers the spatial dimensions of each issue.

Stage 3: SWOT matrix

To bridge the SWOT analysis and ten key issues to the provincial development strategies, a SWOT matrix has been formulated to act as the basis for vision, goals and strategies.

Stage 4: Six development orientations

These orientations give overall direction for the PDO to increase competitiveness, create foundations for future growth, and attract multi-sectoral resources through institutional frameworks and market mechanisms.

Stage 5: Strategies

Six multi-faceted broad strategies are linked to two or more of the cross cutting ten main issues. Each strategy sets up specific objectives and approaches to action programmes, focusing on priorities of the provincial development such as human resource development, regionally integrated strategy development, poverty reduction, and the environmental sustainability of socio-economic development.

Stage 6: Implementation

This last stage focuses on how the strategic development efforts are to be implemented by a programme of short and medium-term actions, to be taken by the appropriate agents in the public and private sectors.

Linking issues, strategies, and actions: Two diagrams illustrate the logical flow in the PDO



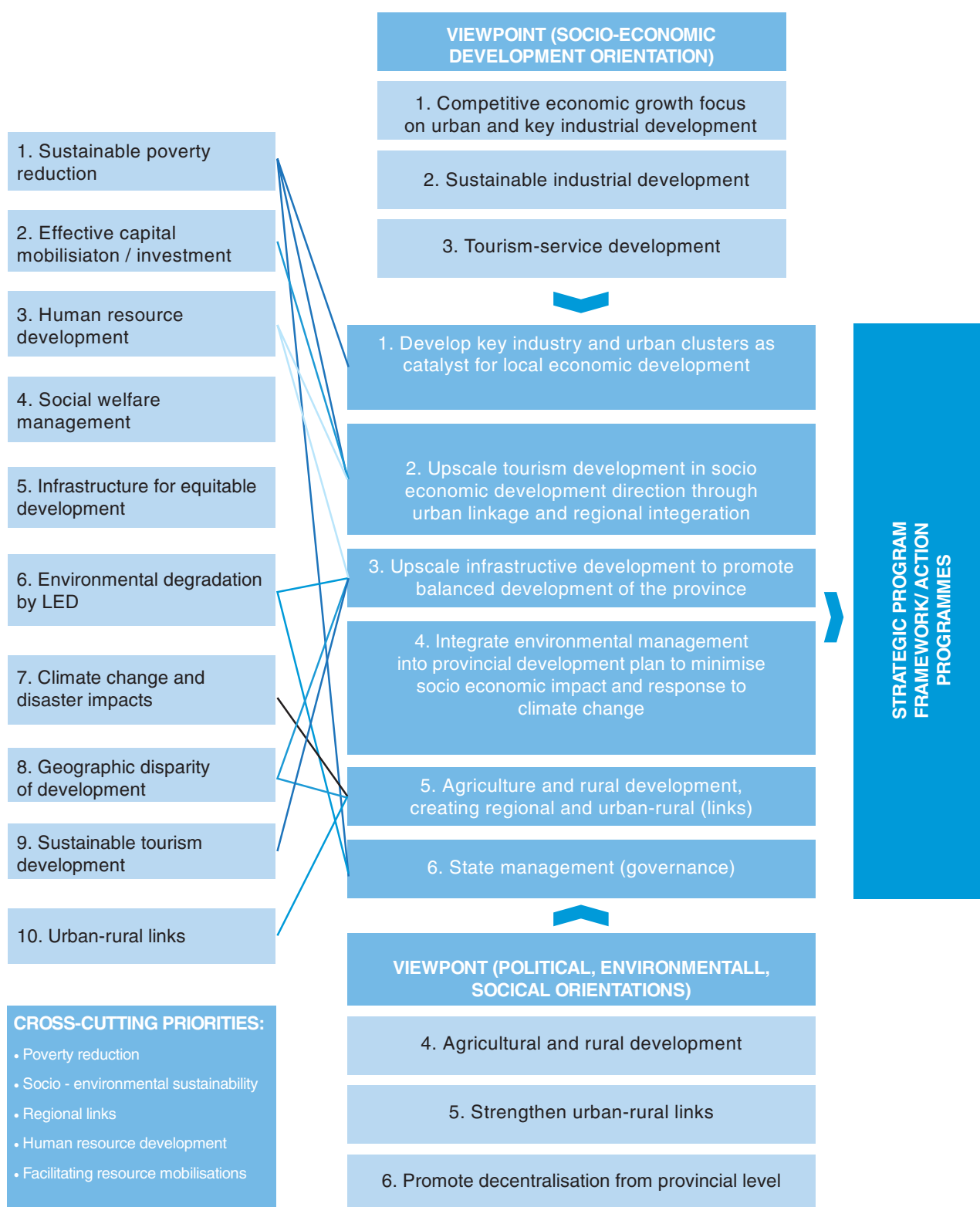
Workers from A Chau food Company catching catfish © Quang Nam PC

Figure 12

Flow of analysis



LINKING ISSUES, STRATEGIES AND ACTION PROGRAMMES



IV.2 VIEWPOINTS, VISIONS, AND TARGETS

IV.2.1 VIEWPOINTS

First viewpoints: rapid growth associated with sustainable development through job creation, cohesive development of urban and rural areas, and reducing the negative impacts of development on environmental resources.

Rapid development associated with sustainable development is the focus of the country's development during 2011-2020, so is the viewpoint of an overall development of the province.

This view requires effective economic performance on the one hand and social progress to be achieved on the other. Poverty reduction, job creation, educational opportunities, social and gender equality, cohesive development of urban and rural areas, and environmental protection are the essential factors to achieve sustainable development. Quang Nam Province is not solely aiming at achieving rapid economic growth at any rate.

Second viewpoint: development taking advantage of comparative advantages of the locality, while maximising opportunities for integration and development of the central key economic region.

This would help maximise opportunities for the province to attain effective economic performance and to integrate in the regional and national economic development. Regional cooperation will attract foreign direct investment, facilitating the promotion of the trade of goods and services, and up-scale regional tourism. The province needs to participate effectively in relevant projects and programmes at national and regional levels.

Third viewpoint: improving effective use of resources for socio-economic development, while promoting multi-sectoral resources mobilisation and investment

The financial and human resource capacity of the province is still very limited, so increasing effective use of local resources in the development process is critical for the development of Quang Nam. To use resources

effectively, especially capital, technology, labour, and land, the province needs to increase productivity through technology application, facilitate small and medium enterprises development, and the form the industry clusters. Critically the province also needs to extend multi-sectoral approaches to raising capital and investment, and strengthening access to markets inside and outside the region.

Fourth viewpoint: Humans are the crucial subject and the goal of sustainable development.

This is consistent with the view that human productive forces are most important for development. Abundant labour should be able to contribute to economic development and increase the quality of life when trained, as qualified human resources create breakthroughs in socio-economic development. State capacity should be improved to implement development policies and programmes effectively in coordination with multi sectoral stakeholders. Advanced technology can only be applied to help increase productivity when the labour force has skills and managers are qualified.

IV.2.2 VISION TOWARDS 2020

To narrow the socio-economic development gap with richer provinces; to achieve the national average GDP per capita level and south central coastal zone.

In the past 20 years, although achieving higher growth, per capita income of the province has always remained lower than the national average, and the gap has decreased slowly. In 2010, Quang Nam's GDP per capita (in current prices) was only 31.6% of Ho Chi Minh City and 76% of the national average. Quang Nam needs to clearly define the vision set in the context of development of the central region and the country, which not only reduces the disparity in per capita income, but also narrows social indicators such as poverty rate and indicators in education, health and other social services.

In accordance with the national SEDS and the goals set out in the provincial SEDP, the overall development objectives of Quang Nam towards 2020 shall be to maintain the rapid economic growth of the province, while at the same time attain effective and sustainable development, so as to associate economic growth with progressive implementation of social justice and welfare for the population. Implementing the above objectives requires the province to strengthen planning and management efforts to restructure the provincial

economy towards more effective use of its inherent natural and human resources, while striving for balanced economic growth, poverty reduction, social harmony, political advances and scientific progress.

IV.2.3 DEVELOPMENT GOALS AND TARGETS

The overall development goal by 2020 is maintaining rapid and sustainable growth, with an average annual GDP growth rate of over 10%. Quang Nam aims to increase labour productivity and transform the economic structure towards industrialisation, reducing the poverty rate, and improving social and environmental protection. On the basis of full national goals and socio-economic development objectives approved by the province (2015-2020), the provincial development strategy set out specific targets to 2015 as follows:

Economic objectives

- GDP growth rate of 12-12.5%
- Labour productivity of more than twice that of 2010;
- Income per capita between 1,600-1,700 USD (the national target is 1,700 USD)
- Economic structure, with industry and services to account for between 86-88%
- The structure of the labour involved in economic sectors:
 - 2015: 49.7% in agriculture, forestry and fisheries; 25.6% in industry and construction and 24.7% in service sector
 - 2020: 41.3% in agriculture, forestry and fisheries; 31.6% in industry and construction and 27.1% in service sector.
- Export growth of more than 20%
- The proportion of investment compared to GDP in the region: about 35-40%.

Growth Rate Analysis

While the national average growth rate is set at 7% to 7.5%, the growth rate targets of Quang Nam set for in the provincial development orientation (PDO) stand at 12-12.5%. This is a high target. Based on the projected growth of the province and its low development level at present, Quang Nam has opportunity to achieve a

higher growth rate than the national average. However, Quang Nam should have priorities to effectively increase its competitiveness, making the utmost use of its advantages in resources and geographical position, while at the same time creating a solid foundation for development in the following periods

Labour productivity in the province is to double by the end of the decade with income per capita of between 1,600-1,700 USD. This is equal to the national target, which is set at 1,700 USD. As indicated in the vision statement, in order to achieve this per capita income target, the economic structure must be transformed to allow a share of industrial and services sectors to reach to 86-88% (the national target is 86%), and a growth rate of exports must attain about 20%, while the proportion of investment compared to GDP in the region should be about 40-45%.

However, in order to increase provincial labour productivity and to narrow the gap in per capita income compared to the national average, there is an essential need to improve the quality of human resources and control the population growth rate. Economic restructuring should go hand in hand with labour restructuring to ensure job creation and higher



Works at Quang Nam Shoe Making Company
© Quang Nam Province

productivity, and with efforts to create the basis for poverty reduction in rural areas and increased per capita income. As the accumulation of assets in the province is still very low, Quang Nam will need to attract large capital investment, including investment by the state for social infrastructure which is essential to provide momentum for the provincial development.

Social and environmental targets

- Poverty rate: to decrease 2.5-3% annually (equal to general level of poor provinces); particularly for poor districts, the poverty rate is targeted to decrease 5% annually.
- Enrolment rate at the right age: in 2015, this rate of enrolment at primary level is 99% (now stands at 98.8%), secondary level 89.8% (currently 82.9%); in 2020, primary level 100%, secondary level 95%. Enrolment rate at the right age for high school level, in 2015 should be 72% (currently 61.7%), by 2020 is 75%. Targeting enrolment rate at the right age at high school level in cities and lowland districts with better socio-eco development conditions to be 100% by 2015.
- In 2015 the literacy rate will reach 90%; in 2020, 100%.
- The percentage of trained workers: 55% in 2015 (currently 45%) and 70% in 2020. Of which, workers provided with vocational training will be 45% in 2015 and 60% in 2020.
- Employment: an additional annual average of 40,000 people;
- Life expectancy: 74 years old (75 nationwide);
- Decrease in birth rate, to reach an average alternative birth-rate in 2015 in general, in 2020 for rural, remote and poor areas.
- In 2015, under-1 mortality rate will be around 20/1000, under-5 mortality rate will be around 15/1000; in 2020, under-1 mortality rate will be around 10/1000. Over 95% of children under 1 year old will be fully vaccinated.
- The rate of under-5 child malnutrition will be reduced to less than 12% in 2015 and 10% in 2020 (the current rate is 15.7%).
- The rate of maternal mortality will be reduced to 50/100.000 in 2015.
- Maintain and decrease the rate of new HIV

infections in 2015 and halve this rate in 2020. In 2020, the number of tuberculosis-infected people to total population will decrease by 0.5%.

- By 2020, 95% of the rural population will have access to clean water (the current rate is 86%), 85% of households will use hygienic toilets (current rate: 65%); 95% of urban population will use tap water (current rate: 82%); 95% of provincial and district-level hospitals will have treatment system for medical wastewater and rubbish (current rate: 75%).
- By 2015, 100% of households in low land communes and 70% of households in mountainous communes to have telephones; by 2020, 100% households in mountainous communes to have telephones, 100% communes to have post office, 100% communes to receive newspapers daily.
- By 2020, 100% of districts have cultural centre; more than 60% of communes/wards/towns to have culture-sport centres, 70% of villages to have cultural facilities. Develop system of libraries in districts, by 2015, 80% of districts have libraries and this will increase to 100% by 2020.
- The percentage of forest cover: approximately 48-50% (national 48%);
- Industrial zone wastewater treatment system meeting environmental standards: 100%.

To achieve these social and environmental objectives, the province may need to practically reduce the poverty rate faster. This is a goal and also the focus of the provincial development strategy to 2020, including poverty reduction needs to be done in each of the policies associated with the development and growth process. Quang Nam has a large population and rich labour force, but it is low in quality; and the percentage of agricultural workers remains high. Therefore, jobs should be linked to workforce training and create jobs in rural non-farm services for tourism development and development of handicraft industries, helping connect urban- rural areas.

To increase the rate of trained workers from 45% to 55% in 2015 and 70% in 2020, more than 10,000 jobs need to be created annually over the 2001-2012 period, requiring not only a significant improvement in the number of and quality of training facilities, but also better links between training strategy and industrial and tourism cluster development, and attracting investment in labour-intensive industries.

The target to reach an average life expectancy of 74 years by 2015 is no easy task. It requires not only increased incomes, but also improvement in medical services which are still very weak, as well as an improvement in access to health services and social welfare for the poor, which occupies currently a much higher percentage compared to the whole country. The population of the western region of the province especially are well under the average poverty line, taking into account the topographical factors that hinder normal economic activities.

IV.3 DEVELOPMENT ORIENTATIONS

In order to realise the visions and goals of Quang Nam's development, the following six development orientations have been set based on the following viewpoints:

IV.3.1 FIRST ORIENTATION: Competitive economic growth focusing on urban and key industrial development

Promotion of key urban clusters is critical for development of provincial sub-regions, particularly in the formation of development poles the eastern part of Quang Nam. It also could contribute to the reduction in geographical disparities. Development of key urban centres in the midlands and mountainous region, in particular, would attract labour, create more jobs, contribute to poverty reduction and provide better social services for residents in the surrounding areas.

IV.3.2 SECOND ORIENTATION: Sustainable industrial development in association with strategic infrastructure development and effective use of resources

Industrialisation requires investment in key infrastructure to connect industrial plants, urban centres and material zones. The application of modern technology is needed to increase productivity and added value in industrial production. In addition, environmental infrastructure upgrading is essential

to ensure effective and eco-friendly use of natural resources and mitigation of the negative impacts of the industrial facilities on the environment.

IV.3.3 THIRD ORIENTATION: Tourism and service industries - a key economic sector linking rural and urban areas

The province has unique tourism resources both in the coastal and the mountainous areas, which should contribute to the effective and balanced provincial development. Priority should be paid toward increasing the competitiveness of this sector through the promotion of high value added and sustainable tourism and related service industries. In order for tourism to become a key economic sector for the province, the development and growth of this sector supported by regional links and environmental resource management should be prioritised.

IV.3.4 FOURTH ORIENTATION: Agricultural development and rural development

Agricultural development in rural areas is absolutely necessary for the province to achieve a competitive advantage and a balance of socio-economic benefits across all sectors. More importantly, increased agricultural productivity creates more jobs and creates higher agricultural yields, both of which help to alleviate poverty. Furthermore, rural industrialisation based on tourism, processing industries and agricultural development is essential step in realising the complete restructuring of the provincial economy.

IV.3.5 FIFTH ORIENTATION: Strengthen regional and urban-rural links

Urban-rural links play an important role in alleviating poverty and contribute to the overall development of the province. Urban-rural links in Quang Nam can be strengthened by taking maximum advantage of labour, land and natural resources in rural areas and using them in the development of tourism-commerce-urban centres. For overall provincial development, it is necessary for the provincial leadership to take rural-urban links into account and to plan new policies along spatial and sector lines.

IV.3.6 SIXTH ORIENTATION: Improve the effectiveness and efficiency in the management and consideration of market economy

This orientation aims at promoting administrative restructuring initiatives to attain effective and efficient provincial management. The effective exploitation and utilisation of provincial resources would help to lower costs for businesses and also improve the credibility of the province for the purpose of attracting additional investment and business activities.

IV.3.7 SOCIO-ECONOMIC DEVELOPMENT ORIENTATION BY GEOGRAPHICAL REGIONS

Based on differences in geographical conditions and natural ecosystem, Quang Nam is divided into two regions: Low land region and mountainous mid-land region. Coastal low land region including (1) coastal area in the east of Quang Nam and (2) low land area. Mountainous midland region including (1) Northern mountainous area (including Dong Giang, Tay Giang, Nam Giang); (2) Midland area including Que Son, Nong Son, Hiep Duc, Tien Phuoc and (3) Mountainous



Seafood counter at Coopmart © Quang Nam PC

areas in Nam Phuoc Son, Nam Tra My, Bac Tra My.

a. Coastal lowland

a.1 The coastal area in the east of Quang Nam

Has the total area accounting for 11% total provincial natural area, population accounting for 54% provincial population. The area is comprised of two development poles, (i) industrial-commerce-tourism area Hoi An – Dien Ban in the north; (i) Chu Lai OECZ and Tam Ky City in the South.

a.1.1 The north pole includes industrial-commerce-tourism area Hoi An – Dien Ban. Its function is to develop tourism and industrial services in the north of Quang Nam.

Commerce-tourism sector: Focus on restoration and preservation of Hoi An's old town. Develop infrastructure, improve services to increase tourist stays. Develop 300 ha tourism area and golf course (Dien Duong).

Industrial sector: The industrial development orientation of Dien Nam - Dien Ngoc is light industry such as garment, textile, production and assembly of electronic products, electronic materials, processing industry of confectionary products, fruit serving for tourism of Hoi An, My Son, chemical industry, high-quality plastics. Besides key industrial sectors, there are many handicrafts needed to develop such as pottery, bronze casting and wood working. Construct universities and vocational training colleges with focus on clean industry for Quang Nam and other central provinces.

Aquaculture production for export and sea economy: Encourage investments in high-capacity and multi-functional fishing boats for off-shore fishing. Formulate the plan for shrimp farming in Hoi An, develop the plan to raise aquatic species in Dien Ban. Develop the processing industry for exported aquatic products. Upgrade facilities of Hoi An processing factory for exported frozen seafood. Diversify higher quality aquatic products to serve the tourism and processing industry. Construct Cua Dai fishing port, fishing villages which do both logistics and combine agriculture-fishery. Provide vocational training and improve awareness for coastal residents.

Agriculture and forestry: Develop garden farming serving tourism areas, new residential areas around industrial zones. Improve agricultural productivity

and plantation structure. Change planting of three inefficient rice crops to two rice crops and industrial trees, fruit or ornamental plants, or two rice crops and one vegetable crop. Develop cashew nut growing in coastal sand area, restore previous cashew nut plantations. Grow coastal protection forests, coping with salinity intrusion, implement irrigation methods to expand rice production area and mitigate inundation.

Urban development:

- Hoi An needs to focus on restoration of old houses, restrict high-rise developments, develop infrastructure toward conservation of the environment, pay attention to waste and wastewater issues etc. Reduce the population density in the old town and areas facing erosion. Form new residential areas, expand the town to the north of Cam Ha and the north of Son Phong.
- Dien Ngoc - Dien Nam new urban area (established according to Prime Ministerial Decision 124 TTg/18/5/1999): develop the urban tourism area along the beach in relation with Hoi An. The development orientation focuses on the centre of the main axis toward the beach and the industrial zone in the Danang-Hoi An axis. Dien Ngoc- Dien Nam – Dien Duong residential area is located along the north-south axis, close to the industrial zone. Gradually develop research and training area located in the north of the urban area, tourism area and golf course along the coast, parks along the coast, river and peripheral agricultural lands.

a.1.2 The development pole in the South including Chu Lai OECZ and Tam Ky city:

Develop Tam Ky city as a provincial town, then as the driving force of provincial development. Expand the west of Tam Ky to Phu Ninh, the northwest to Chien Dan and the east to Tam Thanh, rapidly shift economic structure toward industry, commerce, services, tourism, agro-fishery.

Industry: prioritise the development of light industries such as textiles and garments, leather and footwear for domestic consumption and export. Promote processing industries for agricultural and aquatic products, rice milling and processing of crops, timber and forest products processing, fruit processing and beverages on a small and medium scale; engineering, ship repairing, farming equipment manufacturing, textiles etc. Invest in the construction of Thuan Yen Industrial Zone.

Agriculture: Provide high yield varieties to improve rice crop efficiency. Change from poor quality rice

cultivation to short-term industrial crops such as beans, peanut, sesame and vegetables. Plan the green vegetable zone for the city. Develop a gardening economy and plant high value trees.

Fisheries: Increase processing capacity, diversify seafood products. Support development of fishing village (Tam Thanh) combined with raising, fishing, processing.

Trade and tourism, service: increase attraction of the beaches and natural environment such as Phu Ninh Lake and Tam Thanh Beach, etc. Build and upgrade more hotels and restaurants, improve services to prolong visitor stays.

Development of the Chu Lai Open Economic Zone: Promote investment for the construction and development of the Chu Lai Open Economic Zone to become urban-industry-service centres of the Central Key Economic Zone. Creating favourable investment environment, suitable to international practice for national and international investment and business. Develop production, create high quality and competitive products, promote exports, expand market; create jobs, promote education and improve the quality of human resources.

a.2 The Delta

The delta stretches from the north to the south of the province including communes along the 1A National highway in Dai Loc, Dien Ban, Dai Loc, Duy Xuyen, Thang Binh and Nui Thanh. With focus on agricultural development, the Delta has a supporting role for urban areas, industrial parks, and tourism services.

Agriculture: Develop some vegetable planting zones around towns. Restore and develop traditional silk weaving handicraft in Duy Xuyen and communes along Thu Bon River and other districts such as Dien Ban, Dai Loc... Restructure mix garden into economical garden, combining vegetables with fruit plants like watermelon, pineapple, orange, lime, grapefruit... with flowers, ornament trees. Change plants structure toward creating crop commodities with high economic value, expanding agricultural production services. Planning for husbandry zones serving tourism, industrial zones and food processing for export.

Forestry: focus on protective, anti-salinity forests. Extend models of forest garden, hilly garden growing pine, cashew and casuarina.



Developing tailoring in Hoi An © Nguy  n H   / UN-Habitat

Industrial development: develop the processing of agro-forestry-aquatic products including food processing industry, confectionary production, tea and cigarette processing, fruit processing, beverages, exported seafood processing, using materials from the surrounding areas. Develop textiles, leather, garments for export, building materials manufacturing: brick, porcelain, stone, and sand, etc. Develop Trang Nhat IZ, gradually forming industrial clusters such as Huong An - Ha Lam, Nam Phuoc, An Tan - Nui Thanh and others in some localities. Facilitate and encourage the development of traditional industries (such as Phuoc Kieu bronze casting, Duy Trinh textile, La Thap ceramic, Kim Bong carpentry). Promote the rapid application of technical processes and new technologies in both manufacturing and agriculture processing industries to gradually increase product quality and competitiveness. Explore and expand the consumption and export markets.

b. Mountainous mid-land region

Agriculture: Promote farming economy and forest preservation in mountainous areas. Planning for mountainous farmland, improving land in association with small-scale irrigation development. Ensure stable rice area for each hamlet especially area for each household (2 crops/annum). Strengthen application of new farming practices (particularly cultivation on sloping land, terracing fields). At the same time,

expand corn production, develop plantation of industrial rubber trees (25-30 thousand hectares), acacia (100 thousand hectares), fruit, herbal trees with high economic efficiency and apply them into mass production, keep growing rice in regions with good soil, develop husbandry in order to encourage economic development through effective policies.

Commerce, tourism and service: invest in tourism destinations such as Hon Kem Da Dung, (Hiep Duc), Tien River, Cool Stream (Que Son), Khe Lim, Suoi Mo (Dai Loc). Build more hostels, modernise facilities and improve services to encourage tourists to extend their stay.

Industry: develop building materials manufacturing industry such as stones and cement (Thanh My cement factory with a capacity of 1-2 million tonnes a year). Make the best use of minerals such as gold and coal.

b.1 Northern mountainous area: (Dong Giang, Tay Giang and Nam Giang districts)

Growing industrial and herbal trees: rubber trees, Ba kich ginseng, ginseng of Military Area No.4; energy and urban development in mountainous district centre. Invest in technical infrastructure system for Nam Giang

economic border gate and nuclear urban areas, Prao and Thanh My.

b.2 Mid-land area (Que Son, Nong Son, Hiep Duc, Tien Phuoc)

Develop industrial and service clusters, materials zones, garden and farming economy. Invest in infrastructure for 2 nuclear urban areas, including: Dong Phu, Que Son and Tien Ky, Tien Phuoc.

b.3 Southern mountainous area: (Phuoc Son, Nam Tra My, Bac Tra My and a part of Nui Thanh District)

Two nuclear urban areas identified are: Kham Duc, Phuoc Son and Bac Tra My. The main development orientation is growing industrial and herbal trees such as rubber trees, Ngoc linh ginseng and cinnamon.



Developing new varieties plant © Quang Nam PC

IV.4 STRATEGIC SOLUTIONS

The strategic solutions included in the Quang Nam PDO employs a cross-cutting approach, using a single policy in order to implement various orientations. For example, solutions to infrastructure, training and management efficiency will benefit various orientations. On the other hand, various solutions are designed to meet a single target. For example, the second, third and fourth solutions will contribute to sustainable economic

development while strengthening the rural-urban link and decreasing regional disparities.

The section Approaches to Action Plans for each of the strategic solutions will be merged into a separate Chapter entitled Action Plans. This chapter includes specific prioritised projects, actors and methods of implementation, accompanied by spatial planning for each solution or cluster of solutions, if related to spatial development.

IV.4.1 FIRST STRATEGIC SOLUTION: DEVELOP KEY INDUSTRY AND URBAN CLUSTERS AS CATALYST FOR LOCAL ECONOMIC DEVELOPMENT

Support development and connection among key clusters and urban centers that take advantage of the province's comparative advantages.

STRATEGIC OBJECTIVES	<ol style="list-style-type: none"> 1. Develop some key industry and urban clusters along development corridors to trigger provincial economic growth and facilitate rural development <ul style="list-style-type: none"> Create a formulation of industrial clusters centred around high technology and productivity based on the province's comparative advantages. Focus the development in key urban clusters to create influence over different parts of the province. 2. Promote sustainable development of main urban centres with a focus on green growth and the eco-city approach <ul style="list-style-type: none"> Support resource mobilisation for implementation of green growth and eco-city development initiatives in main urban centres. Facilitate integration of green growth and eco-city development initiatives in socio-economic development plans and sectoral plans of the cities and the province. 3. Develop high value-added services in finance, logistics, freight, and communications to support domestic and international economic activities
SOLUTIONS	<ol style="list-style-type: none"> 1. Develop competitive material zones in association with processing industries <ul style="list-style-type: none"> Encourage the formation of industrial plantations. Rubber trees (in Hiep Duc, Nam Giang, Phuoc Son, Dong Giang, Tay Giang, Nong Son and Thang Binh); a herbal plant zone (such as Ba Kich ginseng in the north-west mountain area, Ngoc Linh ginseng and Tra My cinnamon in the south-west mountain area), and a husbandry zone (in the midlands such as in Tay Giang, Duy Xuyen, Que Son and Thang Binh) with high quality and productivity to provide raw materials for processing industries located in the east.

SOLUTIONS

- Provide incentives for investment in modern facilities for off shore fishing in the eastern coastal area (Hoi An, Dien Ban, Tam Ky, Nui Thanh) to promote an aquaculture processing industry.
- Strengthen regional and international ties. Exploit information services in order to identify markets for expansion and sale of local products.

2. Identify and attract strategic investors to develop support industries to serve the expansion of manufacturing; car manufacturing; electronic spare part manufacturing; garments and textiles; and shoe making

- Encourage the formation of multi-purpose engineering clusters based around the existing car manufacturing facilities in the Chu Lai Open Economic Zone.
- Encourage investments in the industries supporting garments and textiles (Hoi An, Dien Ban, Duy Xuyen and Que Son); shoe making (Tam Ky, Dai Loc and Thang Binh); and electronic component manufacturing industries (Chu Lai)

3. Extend maritime port services, airline services, finance and banking, and custom clearance services. Seek further investments in high quality infrastructure for service sector development in the economic zones

- Develop a free trade centre with an international exhibition in the Chu Lai Open Economic Zone. Market services such as import-export, finance, banking and insurance.
- Upgrade shopping centres in Hoi An and Tam Ky. Develop new shopping centres in key urban centres like Ha Lam, Nui Thanh and Kham Duc.
- Attract investment in the infrastructures in the Nam Giang Border Economic Zone.

4. Strengthen green growth initiatives in the planning and development in the main urban centres of Hoi An and Tam Ky; promote these centres as eco-cities

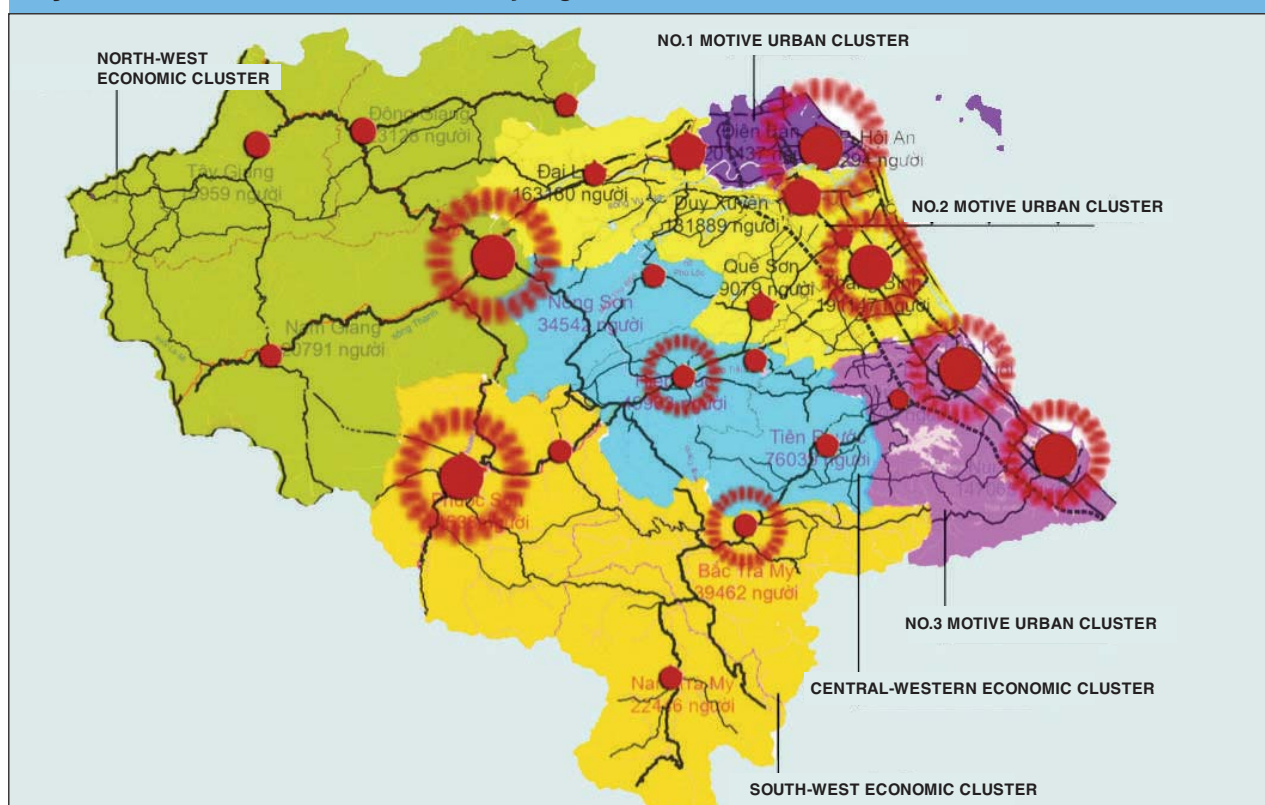
- Strengthen institutional capacity and local community assets to facilitate green growth initiatives and sustainable local economic development; formulate environmental protection and climate change responses for the key urban centres.
- Mobilise international investment and cooperation in order to develop Hoi An into an eco-city. Focus on eco-tourism, ecological restoration, community based tourism, and climate change responses.
- Encourage international cooperation and investment in developing Tam Ky into a green city with a focus on water based eco-tourism; vocational training in high technology and green industries; and services for the development of the Chu Lai Open Economic Zone.

5. Strengthen urban centres and peripheral areas as catalyst for key economic development clusters

- Develop Hoi An-Dien Ban as key urban centres in the north-east as a provincial development cluster, focusing on eco-tourism, non-polluting industry and vocational training.
- Develop Ha Lam as key urban centre in the central eastern area as provincial development cluster, focusing on processing industries and services.
- Develop Tam Ky-Nui Thanh as key urban centres in the south-east as provincial development clusters, in which Tam Ky will be commerce, services, tourism and training centre of the region while Nui Thanh will focus on car manufacturing, engineering and support industries, logistics and freight services as well as business and conference tourism.
- Develop Thanh My-Ben Giang as key urban centres of the north-west provincial development cluster with a focus on forestry product processing industry and border gate commerce and services.
- Develop Kham Duc as a key urban centre in the central-western provincial development cluster with focus on agriculture and processing industry, cultural-historical tourism.
- Develop Tra My as key urban centre of the south-west provincial development cluster with focus on herbal plants and processing industry as well as historical tourism.
- Support development of peripheral areas to provide food, services and labour for key urban centres.

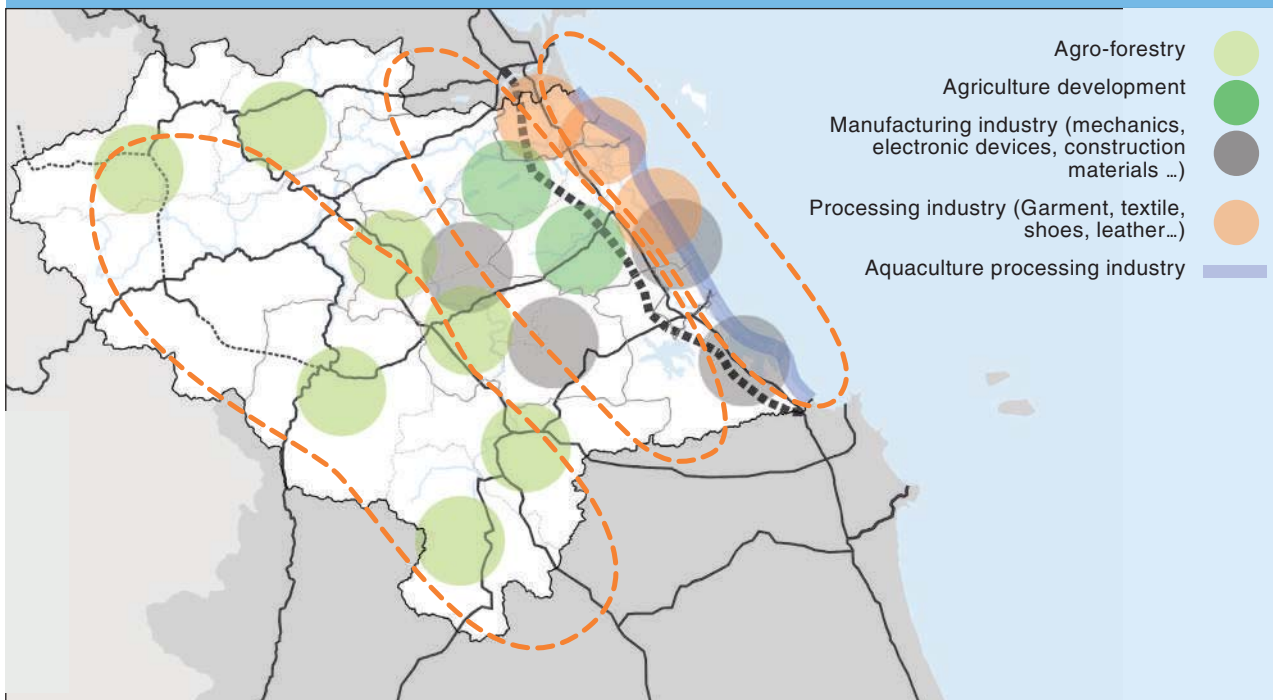
Map 15

Key economic and motive urban clusters in Quang Nam Province



Source: UN-Habitat Viet Nam

Industry and agriculture development based on comparative advantages of geographical regions



Source: UN-Habitat Viet Nam

IV.4.2 SECOND STRATEGIC SOLUTION: SUSTAINABLE TOURISM DEVELOPMENT THROUGH REGIONAL AND URBAN-RURAL LINKAGE

To expand and develop tourism as a key economic sector, and to develop sustainable socio-economic development in that direction, with tourism being fully supported, and benefiting, from rural-urban links and regional integration.

STRATEGIC OBJECTIVES

1. Enhance value-oriented tourism development with a focus on resource mobilisation for high value-added tourism products and services

2. Upscale and diversify tourism development to support regional links and balance development between the east and the west.

- Prioritise the development of roads, transportation and basic infrastructure to link cultural tourism routes with promotion of key tourist destinations.
- Develop regional tourism with high quality tourism products and diversified activities to attract private sector investments.

3. Strengthen the links between tourism development and local industry

- Expand creative, agricultural industries connected to tourism and strengthen local SMEs development with rural and suburban communities.
- Strengthen value chains to sell local products such as agricultural products and handicraft through community based tourism businesses.

	<p>4. Promote green or eco-tourism development while improving environmental standards and climate change adaptive planning in key destinations</p> <ul style="list-style-type: none"> • Strengthen implementation of environmental protection measures (esp. river/coastal areas management) using enterprises and business sectors. • Enhance environmental risk reduction measures of infrastructure development to support sustainable tourism especially in urban tourism areas. <p>5. Strengthen vocational training to produce high standard tourism service and develop tourism services in mountainous area and diversified tourism villages</p>
<p>SOLUTIONS/ KEY PROGRAM- MES</p>	<p>1. Upgrade and diversify tourism products and services of the key destinations focusing on links and tourism-commerce centre development</p> <ul style="list-style-type: none"> • [Hoi An and neighbouring area] to be up-scaled through: <ul style="list-style-type: none"> - Strengthening integrated tourism development, linking eco-tourism and cultural tourism (i.e. Cam Nam-Cam Kim, Tra Nhieu eco-village to be accessed through a river tour along the Thu Bon-Truong Giang river and Hon Kem Da Dung) - Promoting Cham Islands as a key destinations for eco-tourism and bio diversity education using a community-based local tourism model. - My Son and neighbouring areas to be linked to eco-village tourism in Tra Kieu, Thach Ban Lake, Thu Bon River, Tay Vien Hot Spring, Duy Son II Hydro-power Plant, Suoi Tien, Dai Binh Village, Hon Kem Da Dung, Khe Tan, and Khe Lim. • [Tam Ky and the south-eastern coastal areas] to be promoted with focus on: <ul style="list-style-type: none"> - Supporting the green urban-commerce-tourism development while integrating Tam Ky City into the regional tourism initiatives. - Upscaling water-based transportation activities and eco-tourism as a special feature (i.e. develop medical and health tourism with eco-tourism activities around Phu Ninh Lake area) - Upgrading and gradually constructing new cultural facilities at district levels in line with development orientation in key urban areas. <p>2. Develop high value added tourism and link it with agriculture and creative industry to increase revenue and improve infrastructure in rural areas</p> <ul style="list-style-type: none"> • Develop community based agricultural tourism and craft village tourism as diversified tourism products, linking them with local speciality production, green production, and cultural industries (i.e. Duy Xuyen and Dai Loc); consider additional tourism linked with Ngoc Ling Ginseng in the southern mountainous areas. • Increase the quality of art and craft products through improved design and quality controls, while also providing incentives and training for local communities to upgrade tourism services.

- Gradually channel revenues raised from village tourism to invest in high value-added products and marketable local products.

3. Support tourism initiatives around the mountainous areas along the Ho Chi Minh Highway, creating an attractive entry to Quang Nam and an upgraded circular route coupled with Highway 1 through the central region

- Develop eco-tourism combined with specific historical and cultural values (i.e. Thanh River preservation, ethnic villages), linking with nuclear urban areas development in the midland areas.
- Link opportunities from international and national poverty reduction programmes with infrastructure development supporting community tourism.
- Develop links between the Ho Chi Minh Highway and tourist flows coming through Dac Oc Border Gate to attract more tourists from Thailand and Laos.

4. Promote regional tourism development which integrates different tourism packages [cultural tourism/fishing with eco-tourism, biosphere reserves and fishing village tourism, and green production and health tourism]

- Strengthen key tourism product (i.e. Central Heritage and Indochina Heritage routes) targeting international and national tourism markets as well as increasing connections with international tourism network.
- Develop networks with entrepreneurs in handicrafts, trade, fairs and exhibitions.

5. Develop capacity building for farm tourism and cluster village tourism involving ethnic minorities and the poor

- Develop microcredit programmes which provide funds for start-up plans in rural communities (especially among ethnic minorities)
- Provide training to the poor and the ethnic minorities with appropriate incentives for developing village clusters, natural reservoir protection, handicraft production, and basic hospitality services;

6. Strengthen climate change adaptive infrastructure development and regulations in key urban, tourism and commerce centres such as Hoi An and coastal zones

- Strengthen major investor involvement in tourism development, as well as incentive systems (financial/non-financial) and development control.
- Mobilise resources for major urban environmental infrastructure development such as river dredging for drainage improvement in Hoi An.
- Provide preferences for tourism development with green certification or internationally recognised sustainability standards while tourism planning in ecologically sensitive areas and the forest along the Ho Chi Minh Highway to comply with strict regulations to limit the negative effects of tourism.

Map 17

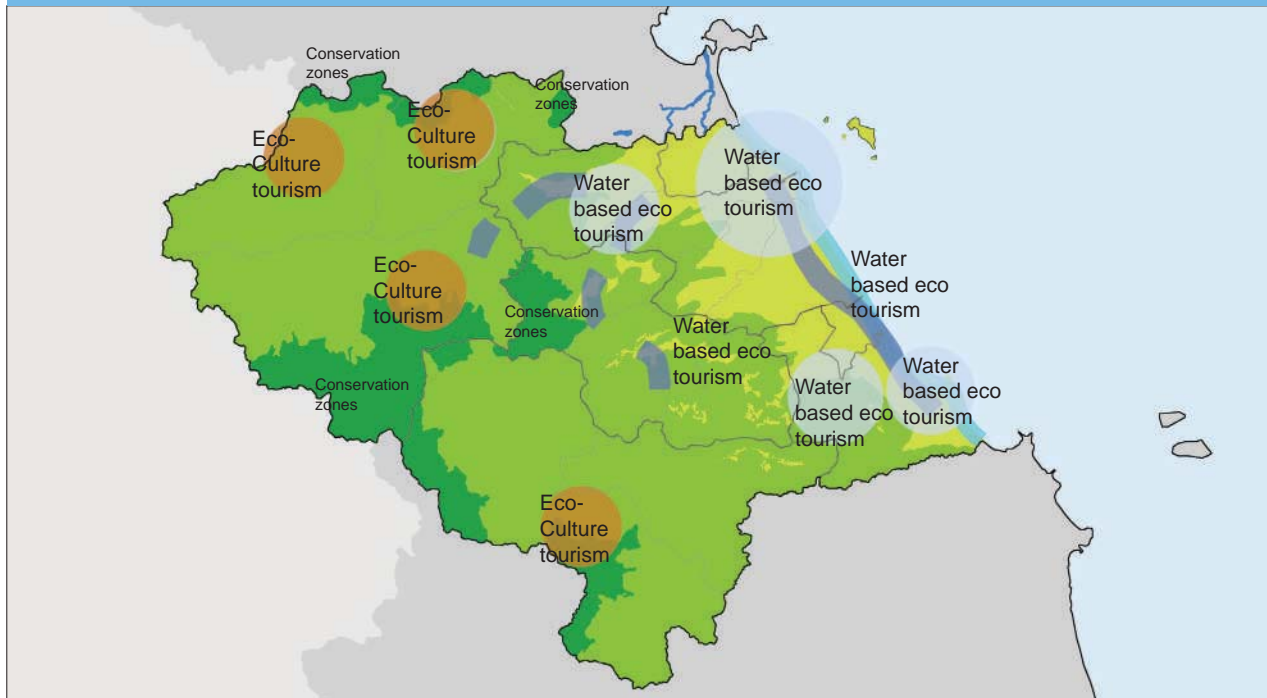
Connecting potential tourist destinations



Source: Max Maker

Map 18

Conservation zones, ecology and tourism development



Source: UN-Habitat Viet Nam

IV.4.3 THIRD STRATEGIC SOLUTION: INFRASTRUCTURE DEVELOPMENT FOR EFFECTIVE AND INCLUSIVE DEVELOPMENT

Strengthen infrastructure development in order to create networks and equality between regions

STRATEGIC OBJECTIVES

1. Improve the network of key and strategic infrastructures which will be the catalyst for socio-economic development of Quang Nam, while prioritising infrastructure development in large urban areas, tourism routes, and industrial zones

- Enhance transportation connections in the key urban centres and clusters in order to boost economic growth in the development corridors.
- Strengthen transportation connection between material zones and processing industries to form industrial clusters.
- Improve connections among tourism destinations to form tourism clusters while improving regional links.
- Improve accessibility and quality of the basic infrastructure for green growth in the main urban centres.

2. Enhance connectivity between the eastern region and western mountainous region for local economic development, poverty reduction in the western region, and gradually reduce disparity between the two regions

3. Effectively use investment in infrastructure, mobilising non-state infrastructure investment (private sector, FDI, local communities, service users)

4. Develop infrastructure system toward sustainable and environmental friendly direction, adapting to climate change

SOLUTIONS

1. Construct and upgrade strategic transportation infrastructures to support key industries, urban centres and to balance socio-economic development

- Construct and upgrade north-south and east-west roads for connections among key clusters with influence over development corridors: Highway 1A and Da Nang-Quang Ngai Highway; the route from Cua Dai Bridge to Nui Thanh; Highway 14B, 14D, and provincial road 609 which connects the Hoi An-Dien Ban cluster with the north-west cluster; Route 14E, 611 to connect the Duy Xuyen, Que Son and Thang Binh cluster with the Hiep Duc, Nong Son, Phuoc Son cluster; Dong Truong Son route connecting the south-west, central-west and north-west clusters; South Quang Nam route connecting the Tam Ky-Nui Thanh cluster with Tien Phuoc, Nam Tra My and Bac Tra My; Provincial Road No 616, toward the direction of Tam Thanh, Tam Ky, Tra My, Tac Po and Dac To.
- Construct and upgrade roads to facilitate the transportation of goods between urban centres and industrial zones: 14B road connecting Dien Nam-Dien Ngoc Industrial Zone and Trang Nhat Industrial Zone; the road connected to Provincial Road No 603 and 607 from Dien Ngoc Commune to Dien Nam Trung Commune, serving Dien Nam-Dien Ngoc Industrial Park; the coastal section of Thanh Nien Road from Duy Xuyen to Nui Thanh.
- Construct and upgrade roads serving tourism product diversification and poverty reduction: the Tam Ky-Phu Ninh route (serving tourism routes around Phu Ninh Lake); Nam Phuoc-My Son route (serving the tourism route to My Son); connecting

roads linking main routes with potential eco-tourism areas in the west such as Sao La wild deer reserve (Tay Giang, Dong Giang), elephant reserve (Nong Son District), Thanh river conservation zone (Nam Giang District, Phuoc Son) and a part of natural conservation zone in Ngoc Linh (Nam Tra My District)

- Upgrade main district roads from the urban centres of the districts to key road axes to take advantage of goods and service transaction flows from key urban clusters and development corridors.
- Dredge Co Co and Truong Giang rivers to develop eco-tourism.
- Upgrade and dredge Ky Ha and Tam Hiep seaports to serve commerce and service development in Chu Lai Open Economic Zone.

2. Upgrade basic infrastructures to support key economic development while increasing environmental sustainability of the main urban areas

- Upgrade and expand water supply systems to ensure adequate accessibility to clean water in main urban areas such as Hoi An, Tam Ky and Dien Ban.
- Improve rain water and waste water drainage and treatment systems to increase adaptation capacity for flooding and for quality of water sources in Hoi An, Tam Ky and the industrial zones.
- Develop waste treatment centres to improve water, land and air quality in Hoi An, Tam Ky and the industrial zones.
- Construct the 500KV Thach My Substation applying a BOT model to connect hydropower plants and sustain power supplies to the central region and industrial zones;
- Expand national power grid to Cu Lao Cham Islands for expansion of tourism and service activities.

3. Develop and upgrade social infrastructure for sustainable human resource development

- Construct and upgrade education and training infrastructure with focus on kindergartens and primary schools in remote areas in the west and universities, colleges and vocational training centres in the east.
- Construct and upgrade health care facilities with focus on improving quality of clinic services, particularly in mountainous and remote areas in the west.
- Develop policies and mechanisms to encourage private sector participation in social infrastructure development linked with rural development programmes.

4. Develop policies and mechanisms to attract investment from private sector and community in basic infrastructure, particularly transportation connection and water supply for urban centres in the west

- Reform administrative procedures, reduce the complexity in the process of investment procedures, and provide incentives to encourage public investment in infrastructure.
- Apply BT method land exchange for infrastructure policies, promote BOT, BOOT,

and PPP; diversify FDI models through tax and land use right incentives, rights in development projects involving transportation, water supply and solid waste treatment.

- Develop policies and programmes to mobilise social resources (contributions from the community, service charges collected from users of infrastructure services) for reconstruction, maintenance and improvement of infrastructure.
- Expand the application of Community Development Fund model and community based city development strategy approach to mobilise resources from local community for construction and upgrading of basic infrastructure

5. Integrate environment, climate change adaptation and disaster mitigation into infrastructure development plan

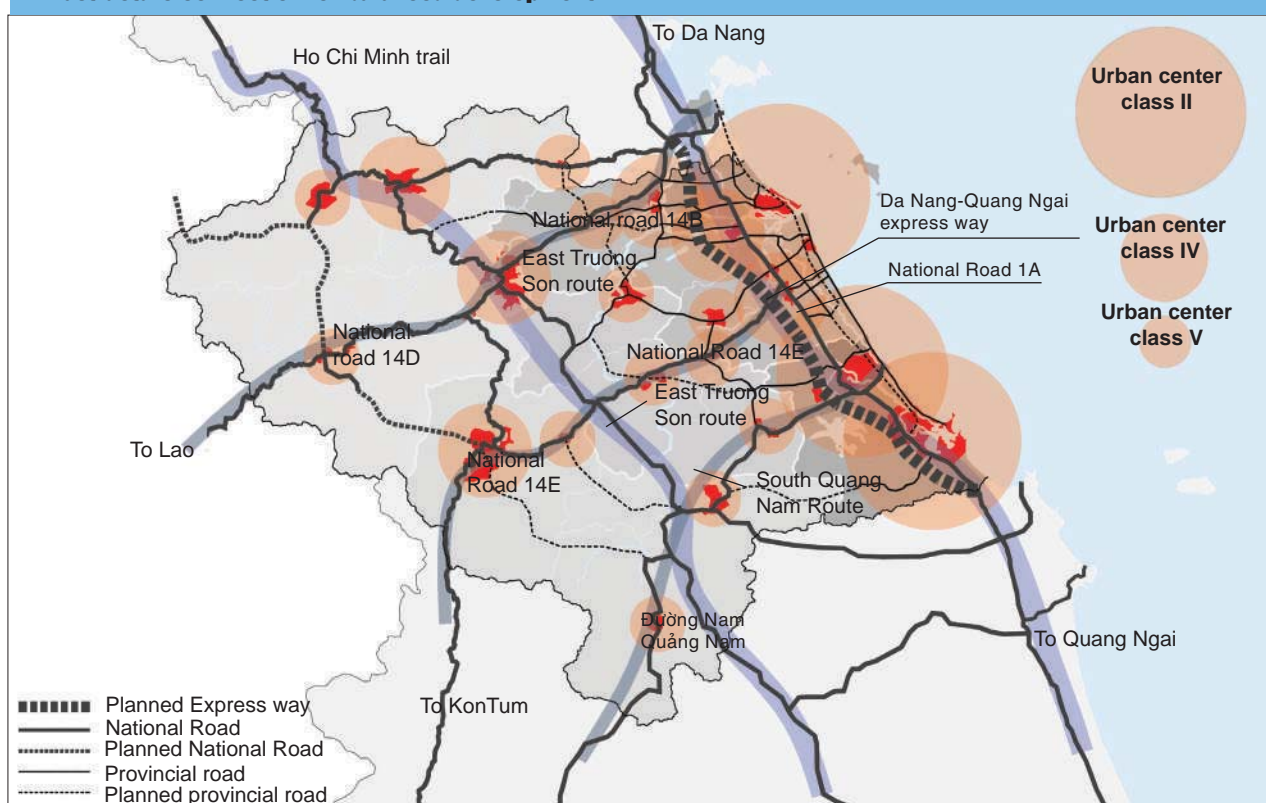
- Enhance disaster mitigation solutions to development of upstream and coastal infrastructure (i.e. hydropower, coastal tourism and industrial facilities)
- Develop protective infrastructure such as embankment, dyke, pumping station to cope with future impacts from sea level rise, flooding, river bank and coastal erosion.

6. Improve local capacity on infrastructure management

- Provide training to government officials on infrastructure project management as well as operation, maintenance of the infrastructure system.
- Provide training to local communities in planning, budgeting, financing and implementing projects of small-scaled basic infrastructure and services (such as low income housing, water supply pipelines, sanitation.

Map 19

Infrastructure connection for balanced development



Source: UN-Habitat Viet Nam

IV.4.4 FOURTH STRATEGIC SOLUTION: INTEGRATED ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE RESPONSE

To integrate environmental management into the socio-economic development plan and increase climate change impact resilience to grow overall sustainability of provincial development

STRATEGIC OBJECTIVES

1. Improve natural resource management with a focus on improving integrated water resource management and climate change response

- Strengthen monitoring and environmental and watershed health at a regional level, and to improve the quality of the water supply and biodiversity management.
- Integrate river basin plan and infrastructure retrofit plan into overall development strategies, while improving capacity of the coordinating agencies.
- Enhance environmental measures for key eco-tourism development on river and coastal areas to directly contribute to sustainable rural development.

2. Integrate environmental infrastructure development in the initiatives to develop industrial-commerce- tourism urban centres

- Strengthen environmental assessment for key investment projects in the development poles in the east as well as mitigating measures for social risks such as resettlement.
- Ensure basic infrastructure development in key urban centres to meet the increasing needs of water supply and waste treatment.
- Formulate legal framework with preferential conditions to educate private sectors in environmental protection and climate change responses.

3. Enhance environmental governance and leadership with focus on coordination for regional environmental issues

- Improve coordination mechanisms between urban and rural areas, and upstream and downstream areas, identifying responsibility among management officials, industrial management/manufacturing, and local communities.
- Enhance the action plan on climate change with focus on environmental protection measures to improve efficient use of resources in rural areas.
- Develop a basic framework for cost-benefit analysis to take direct costs into account for EIA process to better guide the development process.

4. Improve capacity to implement environmental measures related to efficient uses and protection of natural resources

- Raise awareness among local government, and private sector involved with industrial and service sectors (agriculture, food processing, mining, tourism), focusing on efficient use of resources and waste reduction.
- Capacity building includes leadership development training and a basic environmental education for government officials to work constructively with the poor and ethnic minorities, as well as the private sector.

SOLUTIONS

1. Improved natural resource management with focus on integrated water resource management (IWRM) and climate change response

a. Develop a IWRM management centre (with a disaster management centre) as a coordinating mechanism, and gather and maintain the baseline information necessary for environmental management, especially watershed at the regional level

- Develop a vulnerability assessment of enterprise and households in coastal zones and mountainous areas (re: climate change and disaster impact) to guide the river basin plan development and regional and sub-watershed management.
- Improve monitoring system with identified natural resource indicators to enhance water supply control and water quality management.
- Utilise baseline information to develop biological indicators for enhanced environmental management, especially for the key eco-tourism destinations.
- Develop human resource capacity through fostering partnerships with local universities and NGOs to assess information and develop local management standards.
- Develop advisory services for private sectors and households regarding effective land use zoning, hazard mitigation and environmental protection.

b. Strengthen links between poverty reduction, natural resource management/climate change response, and rural economic growth

- Strengthen the private sectors involvement in assessing environmental impacts of eco-agriculture-tourism and contribute to basic infrastructure improvement.
- Increase community-based forest conservation and marine resource management in the coastal plain and mountainous areas by providing non-financial incentives.

c. Develop sustainable financial mechanism for natural resource management

- Arrange a portion of the corporation tax levied from hydropower development to a river basin fund.
- Analyse other forms of revenue and assess feasibility of additional funds from non state-sectors, and international grants and funds.

2. Strengthen environmental infrastructure and protection measures for key industrial and tourism development

a. Develop specific incentive schemes and financial support to strengthen green industrial development

- Support applying EIP (ecological industrial park) approach with green technology and pollution processing in key industrial zones such as Dien Ngoc-Dien Nam IZ.
- Monitor actual implementation of environmental infrastructure development (i.e. solid waste management and water treatment) for processing industries to ensure proper environmental management.
- Develop non-financial incentives scheme for local communities in the tourism – industrial villages along coastal areas and the midland.

b. Strengthen regulatory framework and an EIA process to support green city

development initiatives in the key urban centres such as Tam Ky

- Enhance current green city development plan to integrate basic environmental infrastructure and effective resource usage measures.
- Require development projects to follow environmental planning guidelines (e.g. land use plan, river basin plan, and climate change action plan).
- Develop capacity of provincial and local departments to carry out the EIA process when planning and implementing major development projects.

c. Develop a special regulatory framework to mitigate hydropower and processing industrial development in the environmentally sensitive areas around the biosphere reserves and marine park (*i.e. Arrange a portion of corporation tax levied on hydropower profits for river basin*)

3. Enhance environmental governance and leadership

a. Improve capacity of water supply control and quality management, with focus on strengthening regional linkage solutions

- Mobilise financial resources to improve storm water treatment and surface water drainage around Hoi An, and neighbouring river basin and watershed.
- Identify focal points to apply environmental measures to mitigate environmental impacts from industrial-service development in agricultural and rural areas.

b. Develop action-oriented capacity-building policy that aligns with the identified strategic orientations, and simultaneously will improve environmental quality

- Build capacity of relevant government agencies in identifying high-priority environmental threats caused from limited water resource management.
- Conduct leadership training to develop an action plan to better work with the poor and ethnic minorities for eco-tourism in rural areas.
- Utilise a network mapping and asset-mapping approaches to maximise the use of available human resources for monitoring of industrial development.

c. Institutionalise incentives and supportive schemes for private sectors

- ‘Greening contract’ as part of the government negotiation process with the private sector in future industrial development and major investment projects.
- Develop a long term adjustment programme including preferential credit and start up investment funds for green industrial development.

4. Human resource development to increase community awareness/ involvement in environmental management

a. Investigate and implement alternative outreach strategies in addition to current awareness raising campaigns, in order to foster sustainable behavioural change, targeting

- Local communities involved with economic activities including natural resource based industry in mountain area (*i.e. rattan, bamboo handicraft*) for sustainable collection and production.

- Tourism intensive area (Hoi An, My Son) to strengthen awareness raising campaign for local people, tourist operators, and service industries.
- Local communities in urban area with solid waste management and water treatment.

b. Prioritise capacity building of provincial and district government in implement relevant policy in coordination with multi-sectoral stakeholders, especially for eco-tourism development and green city initiatives in key urban centres



Early morning at the mouth of the Thu Bon river
© Quang Nam PC

IV.4.5 FIFTH STRATEGIC SOLUTIONS: AGRICULTURE AND RURAL DEVELOPMENT, CREATING REGIONAL AND URBAN-RURAL LINKS

Agricultural and rural development and enhancing overall connectivity between regions and urban-rural areas will increase the overall development of the province in a balanced manner.

STRATEGIC OBJECTIVES

1. Agricultural production geared towards market mechanisms with increasing productivity and quality of agricultural products, and urban-rural links

- Diversify agricultural products to create more quality commercial products while increasing accessibility to markets in urban-commerce centres.
- Create conditions for cooperatives to apply modern equipment and provide training for modern agriculture and processing industries.
- With special local varieties of high value products such as ginseng, upscale value changes and market penetration through better urban rural connection.

2. Support agricultural and rural development serving the key urban centres, and new industrial-commerce-tourism areas

- Support farming and food production to serve the new urban developments in the coastal plain, and to meet the increasing tourist demands in key destinations.
- Encourage incentive farming to increase the effectiveness of land use, and plant new seeds to produce higher yields to increase productivity and to support processing industries.

3. Rural industrialisation, linking tourism, handicraft industries and agriculture with multi-sectoral investment cooperation

- Strengthen links among high quality handicraft production, green production, and tourism services by applying tourism belts around selected agricultural-industrial villages.
- Support the agricultural product processing industry and handicraft industries to create high value products with better access to large markets and create links with other economic sectors.

4. Improve distribution of basic social welfare and environmental services, and strengthen poverty reduction while improving regional links

- Facilitate better access to basic infrastructure (i.e. water supply and flooding control), apply benefits from rural tourism, industrialisation and specialties production.
- Ensure sub-regional links and develop nuclear-urban areas in the mountainous mid-land to increase better accessibility to social services.

5. Human resource development to support labour restructuring and mobilise multi-sectoral cooperation between rural areas and urban centres

- Train highly skilled workers with technical expertise to work in processing, services and other industrial activities in suburban centres.

	<ul style="list-style-type: none"> • Conduct training for agriculture production of high quality local specialities and transfer of agricultural techniques from other regions. • Diversify forms of cooperation in vocational training for supporting industries, processing industries, small scale industries and tourism. <p>6. Integrated management and exploitation of natural resources in rural areas while maximising local communities' involvement</p> <ul style="list-style-type: none"> • Enhance community-led environmental management to prevent degradation from forest depletion and pollution from agricultural activities. • Focus on maintenance and construction of water supply infrastructure for rural and suburban areas while mobilising resources for waste water treatment.
<p>SOLUTIONS</p>	<p>1. Improve competitiveness and quality of agricultural production to contribute to rural industrialisation and support new tourism-commerce centres development while increasing connection to external markets</p> <ul style="list-style-type: none"> • [Agricultural production in coastal plain]: Develop intensive farming and increase effectiveness per 1 ha of land. Change from low effective rice acreage to a mixed one with rice, and short-term industrial crops and vegetables. • [Agricultural production in mountains and midlands]: Develop industrial rubber trees and medical plants with high economic efficiency and apply mass production. Invest in increasing marketability and productivity of specialities, such as Ngoc Linh ginseng, cinnamon, and Ba Kich ginseng. • Land consolidation and accumulation by facilitating people with land tenure to access credit from property rights, and encouraging consolidation of large areas for effective agricultural production. • Strengthen privileges in tax and land use for SMEs, linking local SMEs to large national and international firms while enabling policies of land and labour to attract investment in industrial production. <p>2. Develop integrated rural development programmes using clusters (i.e. farming, clean food, tourism, traditional village-industry) while strengthening regional network and connections between urban and rural areas</p> <ul style="list-style-type: none"> • Connect green agriculture with rural tourism while supporting rural enterprises and farmers with basic infrastructures and services, and facilitating initial connection with external market. • Set up sister relationships with companies and schools between rural areas and urban areas to provide certified green agricultural products and services. • Upscale traditional industries and villages such as Phuoc Kieu bronze casting, Duy Trinh textiles, and Kim Bong carpentry, strengthening marketability and improving value chains with diverse retail outlets. <p>3. Formulate proper integrated village models based on each village's geographical location, terrain, and links to urban towns, such as:</p>

SOLUTIONS

- Agricultural-fishery village model on seaside or riverside such as Truong Giang River and Ky Ha maritime area (Tam Giang, Tam Hiep, Tam Hoa villages), combining seafood processing with environmental conservation, and potentially with tourism.
- Agricultural, plantation, forestry village model: villages close to new highway routes to benefit from forestry planting, wood exploitation, and wood processing.
- Agricultural, handicrafts and traditional village model: villages between seaside routes and new highways. Developing in-site handicraft activities would support economic restructuring. Local transportation infrastructure development needs to support trading handicrafts.
- Pilot 3 cluster models (rattan and bamboo, suckling pigs, fresh vegetables combined with tourism), developing institutional supports, market access, and human resources training.

4. Develop district nuclear centres and networks to be a regional driving force of socio-economic development, supporting new tourism-commerce and service development

- Develop infrastructure to improve traffic, communication and commercial and service networks, esp. supporting market development around Nam Giang Border Gate.
- Urban development in mountainous district centre such as Dong Phu Que Son, Tien Ky and Tien Phuoc in midland areas, and Kham Duc Phoc Son can be regional centre playing the role of connecting development.
- Mobilise resources to improve transportation infrastructure to increase accessibility to key educational and hospital services in urban centres.

5. Facilitate investment in setting up service centres and satellite enterprises in suburban and rural areas to supports commodity exchanges for processing industries

- Mobilise investment in satellite enterprises and logistic points development to increase intermediary inputs for commodity production and services in rural areas, especially for the specialties in southern mountain areas.
- Based on the existing networks, more service centres to be invested and improved; one services centre (township) for every three or four towns with a total population of 20-30,000 people.
- Gradually develop small-size rural industrial clusters in these townships to be upgraded via non-agricultural economic restructuring.

6. Improve environmental infrastructure for irrigation and water supply for agricultural tourism and industry development while mitigating social and environmental impacts of rural industrialisation

- Strengthen minimising deforestation for farming and provide incentives for private sectors to involve the local communities in forest management for industrial planting and processing

- Mobilise financial resources and technical collaboration to improve irrigation system in response to flooding risk and controlling water supply.
- Strengthen regulation and incentives application for solid waste management and water treatment of agricultural production and processing industries (especially in seafood processing)

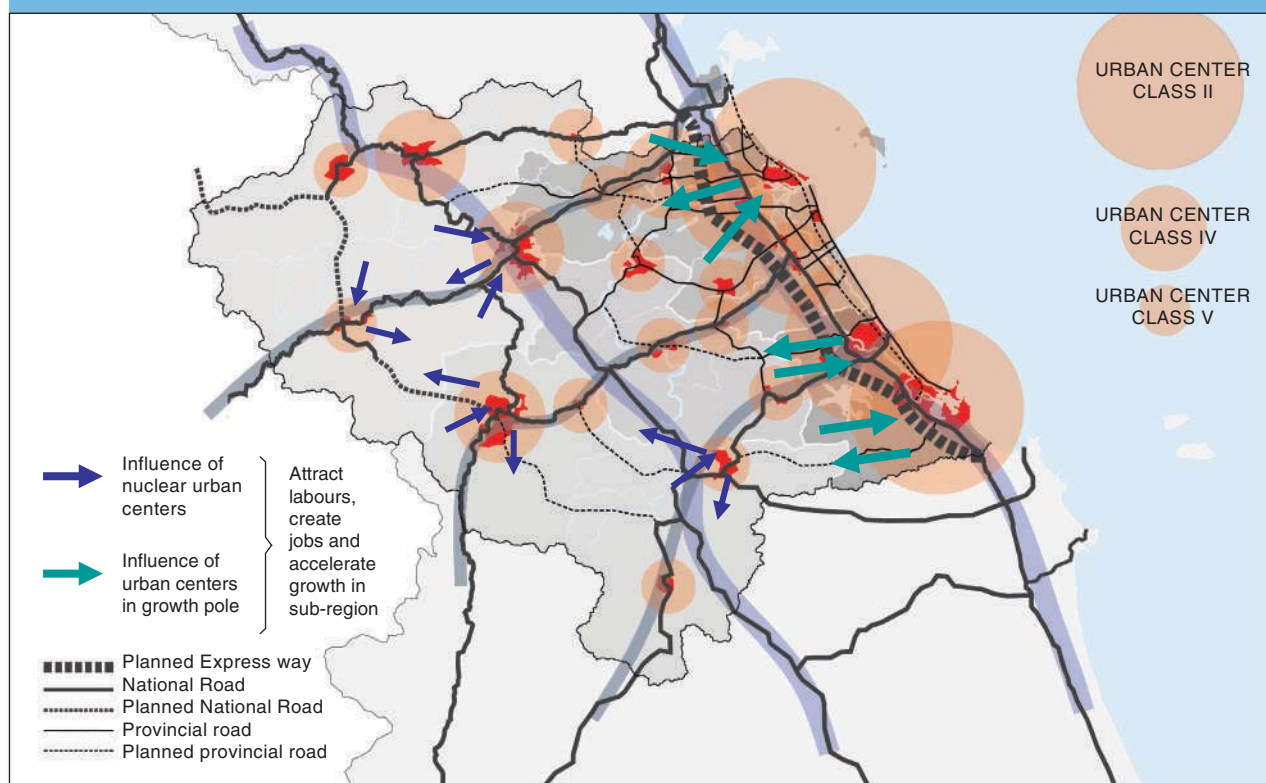
7. Implement the proposal of vocational training for rural workers to 2020

- Link with international private sector to capacity building in local production quality improvement such as handicraft and develop co-production model to penetrate external markets.
- Differentiate strategies for vocational training for agricultural labour, non-agricultural labour, high-skilled labour, and training for managers to improve effectiveness of staff working in agriculture and rural development.
- Prioritise vocational training for rural communities to be involved in eco-agricultural tourism and service industries development in suburban areas.

8. Develop agricultural insurance to increase the quality of agricultural productions

- Issue regulations requiring large farms to use insurance service to minimise the risk from disease by vaccination and insurance payment for losses.
- Promote agricultural insurance for improving the quality of agricultural products and providing reliable inputs for the development of processing industries, while increasing resilience to the impact of climate change.

Urban clusters and urban-rural links



Source: UN-Habitat Viet Nam

IV.4.6 SIXTH STRATEGIC SOLUTION: STATE MANAGEMENT

Improve state efficiency and effectiveness of the local authorities

STRATEGIC OBJECTIVES

1. Improve the efficiency and effectiveness of the local authorities

- Strengthen the provincial leadership and management at all levels to lead the provincial development process.
- Improve the transparency in decision making and implementation, so as to mobilise popular support and greater participation in all of the sectors and social layers for developing the provincial economy and building social life.
- Accord greater responsibility and autonomy to districts and lower levels; however, the task of decentralisation should be clearly in line with the intended targets and existing resources.

2. Exploit and utilise the province's limited resources in a most effective and sustainable way

- Strengthen the links between different plans to avoid redundancy and to help utilise suitable capital resources available from the provincial budgets as well from other sectors.
- Mobilise the voluntary and active involvement or participation of different economic sectors and communities to implement the provincial strategies; expand cooperative efforts by the provincial authorities and the people in the province to attain the provincial development goals.

	<ul style="list-style-type: none"> • Strengthen the administrative staff's technical skills and their responsibilities in promoting and assisting local communities and the private sectors in order to implement and expand the provincial target programmes.
SOLUTIONS	<ul style="list-style-type: none"> • Conduct further administrative renovations with a view to improving the administrative process; apply the one-stop shop mechanism in administrative procedures at all administrative levels with uniform and transparent procedures; enhance the provincial credibility. • Accord a high priority to capacity building and training of the provincial administrative management system. • Issue appropriate regulations creating a more favourable environment for investments and businesses, reducing the initial expenses for enterprises, enhancing local productivity and constructive participation from all social and economic sectors. • Reform planning and evaluating methods/approaches for longer vision and sustainable development of the provincial economy in all sectors; encourage participatory planning from the provincial to local levels, and invite contributions from all social strata to attain efficient results and better utilisation of natural or capital resources available to the provincial budget as well from other sectors. • Encourage the participation of people and social institutions in reviewing and monitoring policy implementation; particularly contribution from researchers/ academics and entrepreneurs to improve the provincial leadership and development policies. • Build up or apply scientific monitoring criteria for measuring socio-economic development and targeting outputs. • Support application of information technology uniformly in the enforcement of managerial functions at local levels, including efforts (a) to construct websites for administrative and economic offices for use as sources of official information, and (b) to uniformly apply and manage database system on enterprises, factories, investment projects, (c) to apply e-filing, e-clearance for administrative procedures. • Organise and promote regular assessment workshop meetings to evaluate policy and administrative impacts of the provincial decisions toward each economic sector development, in accordance with the objectives and strategic plans specified by this PDO and by other provincial development plan.



Co Tu ethnic festival in Dong Giang District © Quang Nam PC



QUANG NAM DPO IMPLEMENTATION



V.1 KEY SOLUTIONS FOR QUANG NAM PDO IMPLEMENTATION

This Section is concerned with the implementation of the plan and to translate the PDO into reality as recommended in Section IV above.

V.1.1 IMPLEMENTING ACTION AND INTEGRATION PLANS

Implementation and integration consists of a set of discrete steps intended to put into effect specific PDO solutions. Integration is a crucial part of the PDO process. It refers to integration of the PDO plans, strategies and actions into provincial frameworks by the relevant provincial departments or institutions. There are many ways to approach implementation and integration, depending on how things work in the province (how agencies coordinate work), the extent to which the PDO vision aligns with existing development planning structures and strategies, and finally the availability of budget. In more concrete terms, ideas for implementation may be developed first by the PDO team, but need to be built into the existing development plans by the province, in collaboration with the relevant provincial authorities.

Regarding implementation of this Quang Nam PDO, there are a few points that need be highlighted:

- *Firstly*, Quang Nam PDO is an integrated part of the provincial Socio-Economic Development Plan as it builds on existing development frameworks of the latter, and its principal blocks are fully derived from the existing policies and spatial master plans at the provincial level. The strategic orientations and solutions proposed in this PDO are based on thematic analysis of the current conditions development orientations of Quang Nam, using SWOT specific criteria and all resources available. Therefore, is important to note that the PDO is not separate from existing provincial planning processes – it must be linked to and complement existing plans and processes.

- *Secondly*, it should be stressed that Quang Nam PDO is a provincial ownership product developed through stakeholder interviews and consultation and deliberation by the provincial Task Force, and inputs of provincial leaders through leadership training and multi-sectoral investment planning. In this respect, implementation can

be considered as the ‘results’ stage when the PDO visions can be translated into actual outcomes for the provincial development focusing on sustainability of such strategies. Following its official approval from the provincial leadership, the PDO implementation process can be best assigned to the provincial departments which are responsible for integrating and developing detailed action plans to address the priority strategies. The provincial leadership (the People’s Committee) shall finally select the short-listed action plans, projects or programmes for implementation and funding while maximising the chance of multi-sectoral resources mobilisation. The Quang Nam Green Growth Investment Forum is the opportunity for the province to consult potential partners (such as World Bank, ADB, GGGI) and other stakeholders on the PDO as well as main investment plans. The key objectives of the forum are as follows: (1) Linking key investment opportunities towards green growth to donors, development agencies, and potential investors, especially regarding green cities development, green industries, urban-rural links, and eco-tourism; (2) Discussing innovative solutions and an appropriate institutional framework with stakeholders for mobilising resources to implement selective investment concepts; (3) Facilitating strategic partnerships among various stakeholders of national and international, and discussion on initial steps based on their various interests; and (4) Promoting green growth related strategies and initiatives of Quang Nam and the region (i.e. eco-city development), which target sustainable economic growth, socially inclusive, environmentally sustainable development.

- *Thirdly*, the province should create a monitoring mechanism for evaluating the accomplishment of goals and strategies specified in the PDO, with specific timeframes. Monitoring and evaluation (M&E) help to guide PDO projects and programmes towards maximum benefit and effectiveness. M&E is also a core part of the process to draw more focus on and attention to the PDO and provide feedback on progress which can be used for on-going planning. Importantly, various stake holders who have been involved with PDO development should participate in the M&E process.

V.1.2 KEY ACTIONS TO IMPLEMENT THE STRATEGIC SOLUTIONS IN THE PDS

(1) Based on the long-term vision and strategy, a long-list of projects could be prepared for each theme that the province is focusing on. This list will likely include many of the ideas that the project team and key stakeholders, as well as the broader community, have suggested. It may be informed by best practice – observations of what other Vietnamese provinces or cities with similar characteristics have successfully implemented. This list could be added to through ‘brainstorming’ in workshops. (2) The implementation of the short-list depends on funding and borrowing capacity. For this purpose, an assessment will need to be made of the financial capacity of the province. Whilst some actions might be of a scale that requires additional investment beyond the provincial’s existing budget, it may be more realistic to focus on the actions that can be implemented by the provinces’ existing budget. Additional items that will only be addressed subject to additional funding should be clearly labelled as such.

KEY SOLUTIONS	STRATEGIC OBJECTIVES	RECOMMENDED ACTIVITIES	TIME FRAME
INVESTMENT PROMOTION TO MOBILISE CAPITAL	Quang Nam is in need of new ways to diversify and mobilise a huge amount of investment funding. If it can overcome this bottleneck, Quang Nam will have the chance to hasten development.	1. Organise “Provincial Investment Dialogues” (among stakeholders from three main sectors, organised by the province and private investors) to identify problems and address solutions.	2012-2013
		2. Prepare a provincial conference on priority projects and encouragement policies, organised by the province for investment.	2012- 2013
		3. Plan for Quang Nam Green Growth Investment Forum with expected results: (1) Key investment projects link with donors and investors of interest, and concrete cooperation mechanism for potential projects to be discussed; (2) Increase visibility and enhanced image of Quang Nam regarding development opportunities toward green growth (i.e. Hoi An eco-city, Quang Nam handicraft industry) for central and local governments, business sectors, donors, and international partners; (3) Enhance business ideas and opportunities under various partnerships to be identified and formulated for relevant private sectors and other key stakeholders resulting in win-win situation between public and private sectors.	2013
		4. Organise a Consultative Conference on Tourism Master Planning for Quang Nam (with broad international participants to offer them insight pictures and to gain their support, inputs, cooperation, and financial assistance).	2012- 2013
		5. Prepare a National Conference on Tourism Development for Quang Nam (bring in governmental, private and international participants) to evaluate & consolidate the PDO solutions.	2013
		6. Organise regular cultural tourist festivals to promote tourism business (selecting famous village sites, linking with shuttle bus trips from Hoi An, to offer 1-2 days tours in the province).	2013-2020
HUMAN RESOURCE DEVELOPMENT	<ul style="list-style-type: none"> - To strengthen the management skills of leaders at all levels to lead provincial development processes. - To enhance labour and technical skills in all sectors. 	1. Set-up provincial programmes and directions to promote educational trainings at all provincial levels and for all staff.	2012- 2013
		2. Plan a series of training workshops and education programmes on capacity building for provincial managers – seeking technical support and funding from outside institutions to maintain such activities.	2013-2015
		3. Expand vocational training at local levels with focus on skilled workers, high technical expertise/professions, modern tourism, and other training for industrial activities, and/or in managing urban centres. These trainings are to be done mainly by individual institutions and private sectors, but under provincial guidance and support.	2013-2015
		4. Develop and/or sponsor regular studies on urban management, including ways to understand the effects of climate change and adaptation measures, application of scientific monitoring criteria for measuring socio-economic development and targeting outputs.	2013

		5. Issue provincial instruction and directions (a) to uniformly apply and manage a database system on enterprises, factories, investment projects; (b) to construct websites for administrative and economic offices; and for use as sources of official information; (c) to apply E-filing and clearance for administrative procedures.	2012-2013
STRENGTHEN PROVINCIAL INSTITUTIONS	Mobilise popular support and greater participation in all economic and social sectors in developing the provincial economy and social life.	1. Review and issue provincial direction to improve the transparency in decision making and implementation (particularly as regard planning decisions, land-site clearance, encouraging the participation of people and social institutions; and in reviewing and monitoring policy implementation, especially contribution from researchers/academics and entrepreneurs, etc.).	2012-2013
		2. Review and publish provincial decisions to accord greater responsibility and autonomy to district and lower levels. This decentralisation task should be clearly in line with the intended targets and existing resources.	2013
		3. Apply 'greening contracts' as an integral part of the provincial negotiation process with the private sector in future industrial development and in major investment projects; and develop long-term adjustment programmes including preferential credit and start up investment funds for green industries development.	2013
		4 Apply the one-stop shop mechanism in administrative procedures at all provincial levels with uniform and transparent procedures to enhance the administrative credibility.	2012-2013

V2 EVALUATING MECHANISM OF STRATEGIC IMPLEMENTATION

As mentioned earlier, the province should create a monitoring mechanism for evaluating the accomplishment of goals and strategies specified in the PDO, with specific timeframes. M&E is both necessary and beneficial for any process, strategy, project or programme. M&E helps enable accountability for work completed and helps people learn from their successes and their mistakes. In the case of Quang Nam PDO, monitoring and evaluation would focus particularly on measures and criteria to guide the PDO projects and programmes towards maximum benefit and effectiveness. M&E is also a core part of the implementation process to draw more focus on and attention to the PDO and provide feedback on progress which can be used for on-going provincial planning. The most critical issue for Quang Nam is to know how willing the province is to involve the key stakeholders in the process of M&E so that the PDO will be consistently managed

and implemented throughout the entire process. The technical proposals are as follows:

- Monitoring arrangement: Quang Nam has set up the "PDO Task Force" which is composed of competent personnel from different provincial departments, the monitoring mechanism and its authority for evaluating accomplishment of visions and strategies specified in the PDO could be accordingly assigned to it. If approved by the provincial leadership, the provincial "PDO Task Force" shall become/assume the "M&E Task Force".
- Monitoring process: There are several steps/ components to be accomplished in the monitoring and evaluation process:
 - Set the objectives for monitoring and evaluation.
 - Plan the monitoring and evaluation system for each sector/solution in the PDO.
 - Plan the monitoring and evaluation system for

results and impact of the PDO

- Implement the monitoring and evaluation system
- Review the monitoring and evaluation system, especially considering transparency of the process and correctness of the involved stakeholders

In all of these steps, there are no fixed formats or tables, but the “M&E Task Force” can draw up the M&E contents and requirements to suit the provincial objectives or/and the departments’ interests. However, it is important to take a broad approach with clear objectives and indicators to allow good measurement of progress, difficulties or obstacles, mistakes and lessons. Considering the rapidly changing external and internal circumstances of the provincial development will be critical to measuring sustainability.

- **Monitoring Purposes:** Conducting M&E tasks will help the province to find out: (i) Progress towards actual implementation of the strategy; (ii) Extent of achievement of intended results (known as effects, outcomes or impacts) of the strategy, including progress towards the vision and goals; (iii) Any unintended or unplanned impacts (which may be positive or negative); (iv) Any barriers and risks to the implementation so that they may be overcome; (v) To learn about what is taken to implement a DS and how to do it better in the future or in other locations and; (vi) To provide accountability to government, citizens, donors and other DS stakeholders. It should also look at participatory and integrated approaches that the PDO solutions tried to achieve.
- **Monitoring Targets:** This PDO includes six strategic objectives and six strategic solutions covering areas of growth and development, poverty reduction, good governance and financial stability; and each contains a set of objectives to be achieved. Therefore, it will be important to keep in mind targets which are used by the SEDP and make sure the PDO objectives and targets are aligned with these and include indicators for social, economic and environmental areas. The M&E Task Force will need to refine the PDO themes and objectives to allow easy measurement of progress. The objectives need to be very clear to enable measurement against them. The M&E Task Force may set any targets that it wishes to meet for each objective. The targets could be set for specific years in the future such as 2013, 2015 and 2020. Plan for follow-ups, including monitoring and evaluation, management and

communication are also very important.

- **Monitoring Indicators:** The M&E Task Force may select or develop appropriate indicators that help to measure or tell it about progress for the PDO themes. There are many potential sources of existing indicators that it might want to choose from. The M&E Task Force may also need to think about developing some specific indicators very closely related to the PDO themes and objectives and specifically for Quang Nam’s context. Such indicators would not be based on existing data and would require effort to collect. This means only a very small number should be chosen otherwise the required resources will not be feasible. Qualitative indicators (e.g. how satisfied is a particular group in the community about a service, or how would key investors rate the current level of investment attraction) will be very useful to show whether the PDO projects are working well or not.

V3 CONCLUSION

Thanks to the vigilant efforts of Quang Nam’s provincial government, the critical and essential approaches to sustainable development have been extensively addressed as a fundamental basis for the long-term developmental frameworks of the province. After several years of intense efforts to achieve fast growth, the province is now determined to forge effective planning and proper management for sustainable development. UN-Habitat is pleased to work with the Quang Nam’s People’s Committee, particularly with the participating members of the Steering Committee, in the development of this PDO; and will further associate itself with the latter in the process of implementing this PDO.

As a prerogative, Quang Nam has many unique advantages, being situated in a strategic geographical position with very special natural and human resources. The province is also the “land of culture”, where there is a concentration of many rich traditions. The people of Quang Nam have many great virtues: diligence, determination, patriotism and the spirit of the revolutionary tradition. Such virtues and traditions certainly provide ideal opportunities for the provincial leadership to mobilise innovative efforts to promote economic activities and to lead the socio-economic process to successfully achieve prosperity and sustainable development. In the end, the development planning model of Quang Nam should be recognised and replicated in the other provinces and regions.

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ANNEX I

LIST OF KEY INVESTMENT PROGRAMMES AND PROJECTS FUNDED BY THE STATE BUDGET IN THE 2012-2020 PERIOD

NO.	List of Programmes/projects	Designed capacity	Estimated investment (billion VND)	Note
	TOTAL		41,785	Not including the state budget invested in the province
I	PROGRAMME FOR TRANSPORTATION INFRASTRUCTURE DEVELOPMENT		17,900	
1	State budget			
1.1	Expansion of Highway 1A	85km		
1.2	Da Nang - Quang Ngai Motorway (which runs across Quang Nam)	93km		
1.3	East Truong Son Road	142km		
1.4	Improvement and expansion of Highway 14E, 14B, 14D			
1.5	Improvement of Chu Lai Airport			
2	Local budget and management		17,900	
2.1	Cua Dai Bridge and connecting road	17km	4,000	State bonds and the utilisation and exploitation of land fund
2.2	Coastal road from Cua Dai Bridge to Nui Thanh District (routes from Thang Binh, Tam Ky, Nui Thanh)	39km	4,000	State bonds and the utilisation and exploitation of land fund
2.3	Expansion of provincial roads (603, 607, 608, 609, 611, 615, 616, 617)		3,000	State budget, State bonds and other funds from National Target Programme
2.4	Tam Ky - Phu Ninh Road		300	ODA
2.5	Dien Bien Phu Road	9km	600	ODA
2.6	Road to commune centres (Phase 2)	30km	6,000	State budget, State bonds
II	INFRASTRUCTURE OF ECONOMIC AND INDUSTRIAL ZONES		4,835	
1	Chu Lai Open Economic Zone		4,235	
1.1	Improve and expand the system of ports 2 and 3 in Ky Ha	20,000 - 30,000 DWT	600	State budget
1.2	Dredge Ky Ha and Tam Hiep ports		850	Funds from National Target Programme
1.3	Dredge Truong Giang River	720ha	855	State bonds

1.4	Improve and expand the route connecting tax-free port and Chu Lai Airport, Da Nang - Dung Quat motorway (Provincial Road no.620)	10km	150	State budget
1.5	The main route running across Tam Phu new urban area	5.5km	300	State budget
1.6	Infrastructure in residential such as Tam Quang, Tam Hiep, Tam Hiep II, Tram Market, to the west of An Ha-Quang Phu Road, Tam Hoan, Tam Thang, Tam Anh Nam, Tam Anh II		1,300	State budget
1.7	Wastewater collection and treatment system in North Chu Lai Industrial Zone, Tam Hiep, East Que Son	3800m3/	180	NSNN
2	Infrastructure of Nam Giang Border Gate Economic Zone		600	State budget
III	PROGRAMME ON RURAL AND AGRICULTURAL DEVELOPMENT		6,150	
1	Investment programme on strengthening, protecting and improving coastal dikes of the provinces from Quang Ninh to Quang Nam	15km	600	Funds from National Target Programme
2	Programme on developing breeds for agriculture, aquaculture and forestry		200	Funds from National Target Programme
3	Programme on solutions for bank erosion as approved in Prime Ministerial Decision No.01/2011/QĐ-TTg dated January 4th, 2011		500	Funds from National Target Programme
4	Programme on repairing and improving reservoir safety		600	Funds from National Target Programme
5	Programme on population allocation as approved in Prime Ministerial Decision No.193/2006/QĐ-TTg dated August 24th, 2006		200	Funds from National Target Programme
6	Programme on rural development	100 ha	1,000	State budget and other funding
7	National Target Programme on clean water supply and environmental sanitation for rural areas		500	ODA, State budget
8	Programme on forestry protection and forestation		300	State budget
9	Programme on expansion of rubber plantations	15,000 ha	1,200	State budget, private sector
10	Programme on developing herb plantations		300	State budget
11	Modernise Phu Ninh Hydropower Plant (phase 2)		500	ODA
12	Project on sustainable poverty alleviation in the central highland areas	3 Districts nearby Highland	250	ODA
IV	CULTURE AND SPORTS		2,840	
1	Monument to Vietnamese War Widows		410	Funds from National Target Programme
2	Preserve and promote the value of the My Son relic and Hoi An's old streets		1,500	Funds from National Target Programme
3	Preserve and promote the value of historical and meaningful sites of the central region		200	Funds from National Target Programme
4	Restoration and preservation of historical sites		300	Funds from National Target Programme
5	Provincial museum		65	State budget and the utilisation and exploitation of land fund
6	Centre for international cultural exchange		65	Fund from National Target Programme
7	Village of culture of ethnic groups in Quang Nam		50	Fund from National Target Programme
8	College of Culture and Arts		50	State budget
9	Swimming pool		100	State budget

10	Improve the infrastructure of provincial sports centre		100	State budget
V	MEDICAL CARE, EDUCATION AND TRAINING		3,050	
1	Hospitals at provincial and District levels		500	
2	Medical service units in communes		450	
3	Quang Nam University (Phase II)		500	Funds from National Target Programme, state budget
4	Colleges		100	
5	Vocational schools		700	
6	School infrastructure upgrading	2.000 classrooms	600	State budget, state bonds
7	School for gifted in North Quang Nam		200	State budget
VI	PROGRAMME ON ECO-CITY AND TOURIST CITY DEVELOPMENT		2,320	
1	Dredging Co Co River		2,000	
2	Development projects on Grade III Cities		120	ODA
3	Develop Dien Ban to become a district-level town		200	State budget and the utilisation and exploitation of land fund
VII	ENVIRONMENTAL PROGRAMME		2,890	
1	Programme for river basin management in Thu Bon and Vu Gia rivers		500	
2	Project on disaster risk management		250	ODA
3	Waste treatment and water drainage in Tam Ky City		420	ODA
4	Expansion of Hoi An Water Plant		220	ODA
5	Projects on climate change		1,500	ODA, state budget
VIII	NATIONAL DEFENCE AND SECURITY		1,800	
1	Basic infrastructure for Cu Lao Cham Islands		400	Funds from National Target Programme
2	Shooting range		400	Funds from National Target Programme, state budget
3	Investment in military buildings		1,000	Funds from National Target Programme, state budget

ANNEX II

LIST OF KEY PROJECTS CALLING FOR INVESTMENT

NO	PROJECT CODE	PROJECT NAME	LAND AREA (HA)	INVESTMENT CAPITAL	INVESTMENT MECHANISM
1	QNa 001/2013	Chu Lai multi-purpose engineering and car-making industry zone	3.500	1 billion USD	JVC; 100% foreign or domestic investment capital
2	QNa 002/2013	Civic aviation repair centre	300	1 billion USD	JVC; 100% foreign or domestic investment capital
3	QNa 003/2013	Southern Hoi An urban, tourism and service complex	832	2 billion USD	JVC; 100% foreign or domestic investment capital
4	QNa 004/2013	Tam Hiep Port (Ky Ha)	75	200 million USD	JVC; 100% foreign or domestic investment capital
5	QNa 005/2013	Building and trading infrastructure of Phu Xuan Industrial Park, Phu Ninh District	365	20 million USD	JVC; 100% foreign or domestic investment capital
6	QNa 006/2013	Centre for petrol gas, thermal power, fertiliser production in Quang Nam Province	100	1 billion USD	JVC; 100% foreign or domestic investment capital
7	QNa 007/2013	Quang Nam Province textile and garment centre in Duy Xuyen and Que Son	5.000-10.000 ha material zone	500 million USD	JVC; 100% foreign or domestic investment capital
8	QNa 008/2013	Dairy farm for producing fresh milk	200 - 300	50 million USD	JVC; 100% foreign or domestic investment capital
9	QNa 009/2013	Chicken farm and egg-processed products	15 - 20	(i) 30 - 35 million USD	JVC; 100% foreign or domestic investment capital
10	QNa 010/2013	Ecological resort and residential area along Co Co River	3.500	1.5 million USD per ha	JVC; 100% foreign or domestic investment capital
11	QNa 011/2013	Special tourism and entertainment area on Tam Hai Island, Nui Thanh District	500 ha	750 million USD	JVC; 100% foreign or domestic investment capital
12	QNa 012/2013	Infrastructure for Vietnamese, South Korean industry, service, urban centre	5.000 ha in Chu Lai Open Economic Zone	200 million USD	JVC; 100% foreign or domestic investment capital
13	QNa 013/2013	Free trade centre and international tourism port at Chu Lai	1.000 ha	500 million USD	JVC; 100% foreign or domestic investment capital
14	QNa 014/2013	International hospital for central region in Dien Nam-Dien Ngoc New Town, Dien Ban District	15 - 20 ha	30-40 million USD	JVC; 100% foreign or domestic investment capital
15	QNa 015/2013	Infrastructure for Dai Dong, Dai Hiep and Dai Tan Industrial Cluster, Dai Loc District	650 ha (including 03 industrial clusters)	80 million USD	JVC; 100% foreign or domestic investment capital
16	QNa 016/2013	Quang Nam Paper Mill -115,000 tonnes per year (Phase 1)	100 ha in Phu Ninh District	100 million USD	JVC; 100% foreign or domestic investment capital
17	QNa 017/2013	Telecommunications and electronic component manufacturing facilities in industrial zones and clusters	At least 2 ha per project	At least 10 million USD per project	JVC; 100% foreign or domestic investment capital

NO	PROJECT CODE	PROJECT NAME	LAND AREA (HA)	INVESTMENT CAPITAL	INVESTMENT MECHANISM
18	QNa 018/2013	Export garment facilities in industrial zones and clusters	At least 3 ha per project	At least 5 million USD per project	JVC; 100% foreign or domestic investment capital
19	QNa 019/2013	plant and livestock research and development centre	20 ha	20 million USD	JVC; 100% foreign or domestic investment capital
20	QNa 020/2013	Husbandry farm and packing facility for export	100 ha	25 million USD	JVC; 100% foreign or domestic investment capital
21	QNa 021/2013	High tech vegetable and fruit farms	10-20 ha per project	Depends on project scope	JVC; 100% foreign or domestic investment capital
22	QNa 022/2013	Tra My cinnamon and Aloe wood essential oil processing factory	Material zone Available	Depends on project scope	JVC; 100% foreign or domestic investment capital
23	QNa 023/2013	Centre for research and development of herbal medicine from Ngoc Linh and Ba Kich ginseng	Material zone Available	Depends on project scope	JVC; 100% foreign or domestic investment capital
24	QNa024/2013	Tam Ky commerce, hotel and entertainment complex	5-10 ha	2 million USD per ha	JVC; 100% foreign or domestic investment capital
25	QNa 025/2013	Nui Cam urban, ecological tourism and culture centre, Tam Ky City	250 ha	50 million USD	JVC; 100% foreign or domestic investment capital
26	QNa 026/2013	Tam Thanh sea tourism area, Tam Ky City	12-15 ha	20-25 million USD	JVC; 100% foreign or domestic investment capital
27	QNa 027/2013	Ecological resort with entertainment and sport facilities in Ba Na, Dong Giang District	100ha	1.5 million USD per ha	JVC; 100% foreign or domestic investment capital
28	QNa 028/2013	Nui Thanh Shopping Centre	10 ha	20 million USD	JVC; 100% foreign or domestic investment capital
29	QNa 029/2013	Ha Lam Shopping Centre	5 ha	10 million USD	JVC; 100% foreign or domestic investment capital
30	QNa 030/2013	Dong Phu Town Shopping Centre	6 ha	12 million USD	JVC; 100% foreign or domestic investment capital

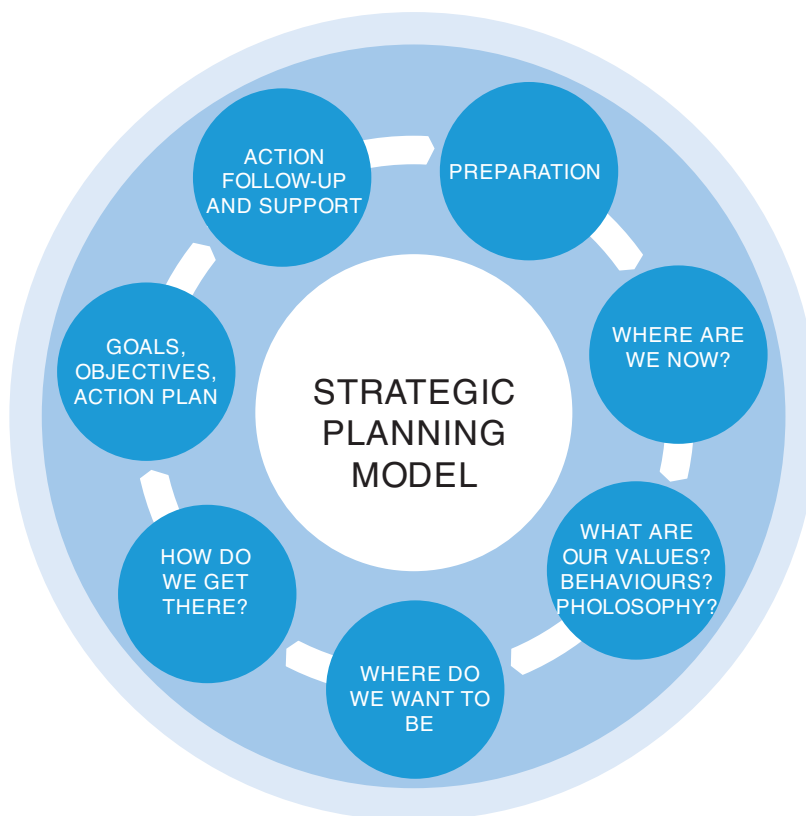
ANNEX III

TYPICAL SEQUENCE OF STRATEGIC PLANNING

The typical sequence of strategic planning in the public sector (where many private sector stakeholders participate in analysis and decision preparation) was illustrated in Figure 13.

Figure 13

Typical sequence of strategic planning



Where are we now?

Thematic assessment followed by SWOT analysis – for strengths/weaknesses, and opportunities/threats is a component in any strategic planning exercise, indicating an interpretation of factors influencing the situation

A “problem statement” indicates the results of the analytical work conducted. In the PDO, this step is called “the ten main issues and challenges” because it is more appropriate to characterise the present conditions by several problem areas rather than by one single statement of one overriding problem.

Where do we want to be?

The term “vision” is used to outline the future, with an

element of desirability, i.e. the future as it is hoped to be when the plan has been implemented.

How do we get there?

Includes goals, objectives and an action plan with a mission statement indicating the intentions and goals of the planning document to achieve the vision, which will lead to a strategic orientation and solution before active implementation

Follow up and Support

Monitoring and evaluation will be the basis for the preparation stage again for next phase of development

ANNEX IV

STRATEGIC DEVELOPMENT FRAMEWORK FOR QUANG NAM PROVINCIAL DEVELOPMENT ORIENTATION

The framework is firmly based on logical flows of six broad stages from development of six thematic analyses to building action programmes for Quang Nam development as briefly described below with a diagram:

Stage 1: Six streams of thematic analysis

Based on the participatory workshop with key stakeholders of the provincial development (May, 2010), the decision of the UN-Habitat/Quang Nam planning team to select the appropriate six conventional themes was made at the beginning of the work. The approach and results of this work are presented in Chapter II.

Stage 2: SWOT analysis

SWOT analysis has been completed with the active participation of public and private stakeholders in the province. The documentation has also been completed to a great extent, using the conventional labels of strengths/weaknesses and opportunities/threats, in assessing the province's conditions. The analysis to form an overall position and direction for the management of the province's development, in consideration of the impact of the local and international factors, interrelated cross-cutting issues based on six themes, and institutional contexts of promoting development. The SWOT analysis direction is formulated as a strategic approach to building development principles based on 4 directions; strengthening direction (SO), supplementing direction (WO), overcoming directions (ST), and defending direction (WT). The SWOT analysis results and its direction aiming at formulating the vision for future provincial development are presented in Chapter III.

Stage 3: Ten main issues and challenges for Quang Nam development

Based on a summary of the fact finding and its assessment and SWOT analysis direction, this consolidated analysis shows the main issues that need to be addressed by provincial development strategies. While the SWOT analysis contains a large number of points that are either seen as positive or negative, or issues and challenges, the limited number of ten indicates an attempt at addressing key critical areas

potentially to be focused in formulation of vision, goals and strategy for provincial development. Geographic areas of the identified issues and monitoring performance are critical to enabling Quang Nam's development to be compatible with the development orientation of neighbouring provinces.

Stage 4: Six development orientations

The term "development orientations" has been used to indicate broad principles to be used in the provincial development strategies rather than the strategies themselves. These orientations are primarily based on socio-economic principles such as competitive advantages maximisation and economic restructuring, as well as environmental, political and spatial planning principles such as urban rural linkage. These six orientations are not to be linked one-on-one to the ten issues identified in Stage 3, but addressing key cross-cutting linkages, for example, linkages to the findings of the SWOT analysis, that suggest a participatory approach to formulating strategies of sustainable development both in terms of economic and environmental interventions, with the overriding goal of being socially inclusive.

Stage 5: Strategies solution

This stage takes the essential step from analysis to action based on the established orientations, and spelling out how the key issues and challenges of the province are to be met by the various efforts of the province. Under the principles or orientations summarised in Stage 4 above, it appears to define key six broad strategies, which are linked to two or more of the ten main issues and there is no simple one-on-one relationship here. Each strategy solution set up specific strategies and several approaches to action programmes, focusing on the priorities of the provincial development such as human resource development, regionally integrated strategy development, poverty reduction and sustainable industrial development.

Stage 6: Actions

This last stage goes into further detail to focus on how the strategic development efforts are to be implemented by a programme of short and medium-term actions to

be taken by the appropriate agents in the public and private sectors. While it may be suggested to directly coordinate those actions with the strategies (with perhaps two actions or more under each strategy), there would also be some cross references as one action proposed might refer to two strategies at the same time because the strategies in themselves are multi-dimensional.

Critically, performance criteria are to be used in monitoring the success or failure of the implementation of provincial development. Monitoring and evaluation are key components of the PDO to continuously upgrade the strategy implementation in accordance with provincial contexts as well as changes of influential national and international factors

Linking issues, strategies, and actions: Two diagrams are introduced here to illustrate the logical flow in the PDO with an emphasis on the ten main issues and the strategies that are then further detailed into action programmes. The first diagram shows the flow of analysis in more detail than the development strategies. In this first diagram, it is clearly shown that the ten issues and challenges represent a summary of the analysis of the situation, including the use of the ideas received from the SWOT assessment workshops.

ANNEX IV

QUANG NAM PROVINCE BUDGET REVENUE AND EXPENDITURE

Table 4

Structure of budget revenues in Quang Nam

	2006	2007	2008	2009	2010	2011	2012
Budget revenue (Millions VND)							
Budget revenue in the province	1066538	1571196	2083758	2816438	5054647	6300000	5650000
+ In which domestic revenue		1239812	1633011	2261130	3270840	4400000	4000000
Subsidy from central government	1979598	2348107	2714599	3210377	3564883	4530050	4744210
Other revenues	1061095	986934	1334790	1908977	2515865	3272749	
Total	4107231	4906237	6133147	7935792	11135395	14102799	14385000
Structure of budget revenue (%)							
Budget revenue in the province	26.0	32.0	34.0	35.5	45.4	44.7	39.3
Subsidy from central government	48.2	47.9	44.3	40.5	32.0	32.1	33.0
Other revenues	25.8	20.1	21.8	24.1	22.6	23.2	27.7
Total	100	100	100	100	100	100	100

Source: Statistics Office of Quang Nam

Table 5

Dosmetic revenue of Quang Nam Province

Domestic revenue (Millions VND)	2007	2008	2009	2010	2011	2012
Central	71785	90571	196997	233499	270000	399000
Local	1073059	1365261	1793827	2663361	3710000	3053100
FDI	94968	177179	270306	373981	420000	547900
Total	1239812	1633011	2261130	3270840	4400000	4000000
Structure						
Central	5.8	5.5	8.7	7.1	6.1	10.0
Local	86.6	83.6	79.3	81.4	84.3	76.3
FDI	7.7	10.8	12.0	11.4	9.5	13.7
Total	100	100	100	100	100	100

Source: Quang Nam Province Statistics Office

Table 6

Budget expenditure of Quang Nam Province

	2006	2007	2008	2009	2010	2011	2012
Budget expenditure (Millions VND)							
Expenditure on development investment	1142558	1263840	1287722	1766003	1973142	3350962	4406000
Regular expenditure	1441973	1782820	2303280	2895816	3493497	4611316	7991000
Other expenditure	1073318	1413650	2005193	2536922	3681063	5185274	1719000
Total	3657849	4460310	5596195	7198741	9147702	13147552	14116000
Structure of budget expenditure (%)							
Expenditure on development investment	31.2	28.3	23.0	24.5	21.6	25.5	31.2
Regular expenditure	39.4	40.0	41.2	40.2	38.2	35.1	56.6
Other expenditure	29.3	31.7	35.8	35.2	40.2	39.4	12.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Quang Nam Province Statistics Office

Table 7

Regular expenditure of Quang Nam Province

	2006	2007	2008	2009	2010	2011	2012
Expenditure on administrative management	25.1	23.1	21.6	22.1	22.8	23,7	16,4
Expenditure on economic development	7.9	7.8	8.8	9.1	10.1	8,9	7,0
Expenditure on education and training	38.7	39.8	41.0	39.2	31.6	36,4	30,2
Expenditure on health care	9.5	9.1	9.9	10.1	11.6	10,7	8,8
Expenditure on social insurance	8.1	9.4	7.4	8.8	10.4	12,1	7,1
Expenditure on other social welfares	8.1	7.8	9.8	4.5	4.4	7,0	11,5
Other expenditure	2.7	3.0	1.5	6.2	9.0	1,3	18,9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Quang Nam Province Statistics Office

ANNEX V

FORECASTED POPULATION OF CITIES AND TOWNS IN QUANG NAM

Table 8

Urban system in coastal area of Quang Nam Province

No	City/town	Grade		Population scale (1000 pp)		Urban construction land (ha)	
		2015	2020	2015	2020	2015	2020
A	New construction						
1	Duy Nghia	-	V	7,000	25,000	123	438
2	Dien Nam-Dien Ngoc	V	IV	82,000	106,000	1,148	1,484
3	Phong Thu	-	V	5,000	10,000	90	180
4	Binh Minh	-	V	17,000	18,000	306	324
5	Huong An	-	V	16,000	23,000	280	403
6	Tam Ha	-	IV	-	15,000	-	225
7	Tan Hiep	-	V	-	8,000	100	160
B	Upgrade						
1	Tam Ky	III	II	141,000	217,000	1,904	2,930
2	Nui Thanh	IV	III	70,000	200,000	980	2,800
3	Ha Lam	V	IV	35,000	65,000	525	975
4	Vinh Dien	V	IV	12,000	60,000	168	840
C	Expansion						
1	Hoi An	III	III	83,000	107,000	1,328	1,712
2	Nam Phuoc	V	V	33,000	43,000	495	645

Source: Construction Plan for Eastern Quang Nam Province

Table 9

Urban system in mountainous area of Quang Nam Province

No	City/town	Population scale (thousand people)						
		2010	2020	2030	2010	Period 2020		Period 2030
						Inner city	Whole urban area	
1	Tra My	V	V	V	6,596	12,000	12,000	20,000
2	Tien Ky	V	V	V	6,997	12,000	12,000	20,000
3	Tac Po	-	V	V	-	4,000	4,000	10,000
4	Kham Duc	V	V	IV	6,262	10,000	17,000	25,000
5	Phuoc Hiep	-	-	V	-	-	-	10,000
6	Tan An	V	V	V	3,165	5,000	5,000	12,000
7	Trung Phuoc	-	V	V	-	4,000	4,000	10,000
8	Viet An	-	V	V	-	10,000	10,000	15,000
9	Dong Phu	V	V	V	8,095	15,000	15,000	25,000
13	Thanh My - Ben Giang	V	V	IV	6,964	15,000	15,000	25,000
14	P'rao	V	V	V	4,148	8,000	8,000	10,000
15	To Vieng	-	V	V	-	5,000	5,000	10,000
16	Cha Val	-	V	V	-	10,300	10,300	15,000
17	Song Vang	-	-	V	-	-	-	10,000
18	Lam Tay	-	-	V	-	-	-	10,000

Source: Construction Plan for Eastern Quang Nam Province

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