

Analysis and Proposals to Dai Loc Local Economic Development



Đại Lộc People's
Committee

Quảng Nam
DPI



MPI



What is PACA?

As a method to support Local Economic Development

PACA introduce activities to reinforce competitiveness of economic sectors and of local enterprises on 03 following criteria

- Implemented by local resource and skill which are available in the region**
- Able to be immediately implemented**
- Immediately visible results**

PACA consequences



What did we do?

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- **Interviewed local stakeholders of different sectors**
- **Mini workshops with SMEs:**
 - **Enterprises and households in silk production sector**
 - **Enterprises, Cooperatives in construction material sector**
 - **Enterprises, Cooperatives, household in rattan bamboo sector**
 - **Enterprises, Cooperatives in pottery-marble sector**
 - **Representatives of supporting organizations**

Kick-off workshop



Interview



Mini workshop



Sector study



- **Rattan bamboo sector**
- **Construction material sector**
- **Silk production**
- **Pottery-marble sector**
- **Supporting organizations**

Analysis on Dai Loc's economy

Rattan bamboo sector





Advantages

- **As a traditional profession**
- **Availability of labour force, cheap labour cost**
- **Able to meet big orders**
- **Able to supply 30% of material to Vietnam market**
- **High market demand**
- **Availability of information on technology**
- **Efforts to establish the association**

Disadvantages

- Not planning of material area, exploration in mass
- Lack of information on international customers
- No linkage between manufacturing units in the sector
- Few kinds and monotone product style
- No typical product
- Cheap labour cost -→ No attraction to young labour
- Backward technology
- Weak on product design, market study
- No plan for production
- Difficulties in consumption of rattan cover



Construction material sector



Advantages

Construction
materials

- Big quantity and good quality in input materials
- Stable market, high demand
- Availability of labour force, cheap labour cost
- Availability of investment incentive policies (reduction in land cost, tax...)
- Cheap price, good quality
- Convenient transportation



Disadvantages

Construction
materials

- Lack of collaboration between enterprises in the sector
- Monotone products
- Different level of attention of authorities to SMEs
- Inadequate skill on production management
- Lack of linkage with technology centres
- Evaluation on material quality mainly based on experience



Disadvantage

Construction
materials

- **Low capacity (semi-tuynen)**
- **Weak competitiveness**
- **Passive in procedures of mine extension and mine exploitation**
- **Incomplete procedures of material exploitation**
- **Lack of investment capital**
- **Difficulties in access to capital loan from banks**



Disadvantages

Construction
materials



- Harmful environment working
- Backward technology
- Not availability of the study on quantity in the material area
- Small production area
- Competitiveness of enterprises leads to price reduction
- Hesitation of investors due to unstable exploiting mines
- Not yet registration for quality standards (tuy-nen brick)

Silk production sector



Advantages

Silk production

- Large consuming market
- Economic efficiency (silk production brings economic efficiency 10 times higher than rice production)
- Potential to establish professional villange and tourism development
- As a traditional profession from generation to generation
- Availability of skilled labour force (about 300 labourers)
- Invested from authorities (planning, infrastructure, tax exemption...)



Disadvantages

- Weak linkage between silk production units, resulting into weak bargaining power
- Difficulties in searching for high-quality seed suppliers
- Small production scale, depending on customers
- Lack of capital for production returns
- Not advanced technology in silk production
- Slow disbursement in silk production area (Đại Nghĩa, Đại Hoà)
- Silk weaving craft has not been recovered



Pottery and marble manufacturing sector





Advantages

- Huge demand
- Good quality material, big quantity
- Many artists in the local areas
- Pottery sector: make use of existing production capacity of tuy-nen brick manufacturing units
- Small investment in technology and pottery manufacturing equipment
- Supporting from local authorities



Disadvantage

- **Limited qualification, management and production skills**
- **Big cost for survey in mine exploitation (marble)**
- **Waiting for legal procedures (marble)**
- **Craft village has not been established (marble)**
- **Have not yet strong consumption network**
- **Constraint in material exploitation (marble)**



Disadvantage

- Raw material exploited and sold only
- Under-developed manufacturing units
- Enterprises have not yet drawn attention of local artists
- Lack of knowledgment of pottery
- Not yet define market (pottery)
- Not availability of pottery manufacturing enterprises
- No experience in pottery production

Common issues of SMEs

Advantages

SMEs

- **Abundant labour force, cheap labour cost**
- **Wish to have linkage between enterprises in the same sector**
- **High business spirit**
- **Good relationship with supporting organizations**
- **Know how to make use of local existing potential**
- **Have spirit/ consciousness of protecting local enterprises**

SMEs

Advantages

- **Development potential in domestic tourism sector**
- **Traditional and famous in Lâm Yên drum (over 100 years)**
- **Good-quality Phú Lộc incense (Đại Hoà)**

SMEs

Disadvantage

- **Weak capacity of market access**
- **Low management qualification**
- **Lack of capital for production, lack of land for production**
- **Loosing linkage between enterprises**
- **Concept on tourism not well understood**
- **Traditional products have no trademark (Lâm Yên drum, Phú Lộc incense, crepes...)**

Supporting organizations

Advantages

Supporting
organizations

- **Good operation of “One-stop-shop”**
- **Good dealing of Management Department of Industry Zone in investment procedures**
- **Authorities dedicated in LED**
- **Primarily successful in foreign investment attraction**
- **Implementing vocational training**
- **Establish good relationship with business community**

Advantages

Supporting
organizations

- **Simple procedures of loan borrowing**
- **Good investment promotion**
- **Good orientation of LED**
- **High prestige**
- **Consult specific policies supporting to SMEs**

Disadvantage

Supporting
organizations

- Training activities are not close to enterprise's demand
- Sector oriented development policy based on « supplying » rather than « demanding »
- Low ratio of loan to enterprises/total loan
- Incomplete acknowledgement in sector shifting
- Difference in qualification
- Slow land clearance

Disadvantages

Supporting
organizations

- **Services/ training/workshops of Cooperative Alliance not yet efficient**
- **Planning does not catch up with market demand**
- **Some staff are not enthusiastic to supporting to enterprises**
- **Slow deal to license procedures**

Proposals to LED



Proposal No. 1 (short term) ***Rattan bamboo sector***

- **Content:** Organize periodical meeting between enterprises in the sector
- **Possible implementer:** provincial Rattan Association, Dept. Tourism-Industry-Trade, some other enthusiastic enterprises
- **Followed up steps :**
 - Organize official meeting to acknowledge participant's wishes
 - Agree on content, regulations..
 - Appoint the contact organization/person
- **Expected results:**
 - Share information on market, technical issues
 - Support each other when needed
 - Add value chain of the products in the area

Proposal No. 2 (short term) ***Rattan bamboo sector***

- **Content:** Analyse the linking ability of local manufacturers with international customers
- **Implementer:** District PC, Dept. Tourism-Industry-Trade
- **Followed up steps :**
 - Define rattan manufacturers in the local area
 - Analyse how local rattan manufacturers to be in line with GTZ's intervention (as a stage in value chain component of SMEDP
- **Expected results:**
 - Analyse ability and synchronization of local rattan manufacturers
 - Establish linkage with international customers

Proposal No. 3 (middle term) ***Rattan bamboo sector***

- **Content: Extend consuming market of rattan bamboo products**
- **Implementer: District PC, Dept. Tourism-Industry-Trade , enterprises, households**
- **Followed up steps:**
 - **Meeting for proposals of detailed activities**
 - **Periodically meeting to exchange information, result evaluation, agree on action plan**
- **Expected results:**
 - **Find out new customers**
 - **Share market access cost and market information**
 - **Enhance customer's acknowledgement on production capacity of DaiLoc rattan bamboo sector**

Proposal No. 4 (short term) ***Pottery sector***

- **Content:** Study tour to technology model which is suitable to DaiLoc pottery sector
- **Implementer:** District Dept. Tourism-Industry-Trade and enterprises which intends to manufacture pottery
- **Followed up activities:**
 - **Planning and Budget estimation**
 - **Invite participants**
 - **Organize study tours**
 - **Report on study tours**
- **Expected result:** Success in choosing production model and technology model suitable to the Dailoc pottery sector

Proposal No. 5 (short term) ***Pottery sector***

- **Content:** Organize workshops with enterprises on the development strategy of pottery sector
- **Implementer:**
 - Dept. Tourism-Industry-Trade
 - Enterprises dedicated to pottery sector
- **Followed up steps:**
 - Define needs and participants
 - Planning and budget estimation
- **Expected results:** Build up suitable development strategy of pottery sector in Dailoc district in the future

Proposal No. 6 (middle term) ***Pottery sector***

- **Content:** Organize vocational training for pottery sector (technology, management, skills)
- **Implementer:**
 - Dept. Tourism-Industry-Trade
- **Followed up steps:**
 - Define training needs and budget source
 - Look for training centers and experienced trainers
 - Organizing training courses for managerial level (in the beginning) and employer (the following stage)
 - Receive feedbacks from enterprises
- **Expected results :**
 - Supply knowledge, experience for enterprises which intends to participate into the pottery sector
 - Vocational training for local labourers

Proposal No. 7(short term) ***Construction material sector***

- **Content:** Training for mining workers how to use explosives
- **Implementers:** Dept of Internal Affairs, DOLISA
- **Followed up steps:**
 - Define enterprises in need, number of participants, budget resource
 - Search for suitable training centers and trainers
 - Organize training course
 - Evaluate training efficiency
- **Expected results**
 - Accident prevention
 - Enhance responsibility and knowledge of explosive users and relating parties

Proposal No. 8(middle term) ***Silk production sector***

- **Content: Establish the Silk production association**
- **Implementer: Đại Lộc district PC, Dept. of Economic-Dai Loc district**
- **Followed up:**
 - **Define members of Founding Committee, build up the project for association establishment**
 - **Submit project proposals to Dailoc district PC**
- **Expected results: Association establishment approved**

Proposal No. 9 (middle term) ***Silk production sector***

- **Content**: Feasible study for silk weaving development
- **Implementer**: Dept. Tourism-Industry-Trade

In corporation with Dept. Economic Dailoc

Followed up activities:

- Planning
 - Invite experts for evaluation
 - Field trips of experts and their reports
 - Study result presentation
- **Expected result**: Availability of feasible study of silk weaving sector

Proposal No. 10 (short term) *Silk production sector*

- **Content:** Organize study tour to production model of silk production in other provinces
- **Implementer:**
 - Đại Lộc PC
 - District **Dept. Tourism-Industry-Trade**
 - District Dept. Economic
 - Extension Centers of Industry, Forestry
 - Enterprises, households in silk production
- **Followed up activities :**
 - Look for successful enterprises in other provinces
 - Make list, planning and budget estimation
- Expected result:
 - Learn from successful production model
 - Self define the most suitable model

Proposal No. 11 (short term)

SMEs



- **Content:** Organize workshop on developing Dai Loc tourism
- **Implementer:** District Dept. Tourism-Industry-Trade
- **Followed up activities:**
 - Planning and budget estimation
 - Invite experts and tourism enterprises to participate
 - Organize field trip for experts
 - Organize workshop
 - Result presentation
- **Expected result:**
 - Objectively evaluate tourism potential of Dailoc tourism
 - Enhance acknowledgement of tourism business enterprise

Proposal No. 12 (long term)

SMEs

- **Content: Set up Master Plan for Dailoc tourism**
- **Implementer: District Dept. Tourism-Industry-Trade**
- **Followed up steps:**
 - Set up planning (tasks and guideline)
 - Submit for approval
 - Invite consulting organization for implementation
 - Submit for approval
 - Result presentation
- **Expected result: Availability of Master plan for Dailoc tourism**

Proposal No. 13 (middle term) *SMEs*

- **Content:** Training on marketing skill and selling skill for interested enterprises
- **Implementer:** District **Dept. Tourism-Industry-Trade** incordiation with Industry Extention Station and Quang Nam Cooperative Alliance
- **Followed up activities:**
 - Set up planning
 - Invite trainers and enterprises
 - Organize training course
 - Result presentation
- **Expected result:** Enhance marketing and selling skills for enterprises

Proposal No. 14(middle term)

Supporting organizations

- **Content:** Training on Investment promotion for district staff
 - **Implementer:** Members in PACA group
 - **Followed up steps:**
 - Define date for training course in the provincial level
 - Set up participant list in Dai loc (e.g: One-stop-shop in Dai loc, Management Dept of industrial zone, Industry and Tourism Extension Station
 - Invite participants
 - Organize training (in cordiantion with LCB)
- Expected result:**
- Have good knowledge on model and techniques of investment promotion, as well as feedback collection mechanism from investors

PACA group in Dailoc

- Christian Schoen (Mesopartner)
- Lê Hoàng (MCG)
- Nguyễn Tri Ân (Núi Thành PC)
- Nguyễn Công Tùng (Dept. Finance-planning, Đại Lộc)
- Nguyễn Phước Cảnh (**Dept. Tourism-Industry-Trade**, Đại Lộc)
- Phạm Gia Phúc (freelance consultant)
- Phan Thu Hiền (GTZ PO)
- Âu Quốc Hiệu (Cooperative Alliance)
- Đinh Thị Đỗ Quyên (Quảng Nam DPI)
- Đỗ Đăng Tèo (GTZ PO)

Thank you vor your attention

