

START-PAPER

An Giang Province

October 2005

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1. Introduction

This section of the An Giang province start-up paper analyses available data to identify where An Giang lies in relation to its regional neighbours, as well as regional and national averages in all areas. Statistical data has been gathered from several resources including the General Statistics Office (GSO), the Ministry of Finance (MoF), An Giang province as well as a number of independent donor reports on the business environment in An Giang and poverty and socio-economic development levels in An Giang province and Viet Nam as a whole.

The report covers several areas. Firstly the report analyses An Giang's economy before looking in detail at the make-up and ownership structure of An Giang's economy and GDP, analysing the main growth producers in An Giang. An Giang was found to be the largest economy in terms of GDP in the Mekong River Delta region, though with one of the lowest growth levels in the region as a whole.

The report then looks closely at the sectorial make-up of An Giang province and found the service industry to be the main driver of the provinces economy followed closely by agriculture, fisheries and forestry, a surprising finding given the size of the rural population. Rice and catfish farming are the main production and exports from An Giang. Some diversification has been seen in agriculture, but rice remains the main crop. The fisheries industry rebounded strongly from the 2003 anti-dumping law suit in the US and continues to expand strongly.

Thirdly, we look closely at employment and wages in An Giang province. Unsurprisingly we find that An Giang has a mainly agriculturally employed labour force with little employment in services and industry. Our analyses found that wages in An Giang province are inline with regional averages though below national averages. in the state sector wages are the highest in the region.

Our analyses of An Giang's public finances found a budget that has strong revenues gathered from the province itself a declining reliance on state transfers for the provincial budget. While a number of enterprises have been registered in recent years they are both small in size and pay well below the national average in taxes and fees.

Finally we look at ODA spending in An Giang. Poverty levels are slightly higher than national averages but have been declining significantly over the last decade. ODA spending in An Giang focuses mainly on disaster mitigation and flood control, a major problem in the province and region. there is some assistance in private sector development via a large ADB tourism project and also some agricultural diversification support.

2. An Giang Provincial Economy

Table 1: National, Regional and Province GDP indicators, 2003

	Viet Nam	Mekong River Delta average	An Giang
Average GDP Growth,	7.34	9.79	8.03
Average Provincial GDP, VND billion	9,462	7,586	13,190
Average GDP per person per year, VND million	7,485,390	5,878,134	6,144,121

2.1. Provincial Growth GDP

An Giang province is the leading economy in the Mekong River Delta region with a GDP of VND13,190 billion. This is higher than both national averages which are VND9,462 billion or regional average of VND7,586 billion. However, An Giang is the largest province in the region in terms of population and is the leading producer in the region and country of rice and basa and tra farmed fish (catfish).

However, growth rates are amongst the lowest in the region, averaging 8% between 2001 and 2003. Though this is low for the region, with other provinces showing substantial growth levels of 10% and above over the period (Bac Lieu, Can Tho, Kien Giang and Ca Mau), growth is higher than national averages of just over 7%. Actual annual increases in GDP year on year were the highest in the region in 2003 (in current prices an increase of VND1411.4 billion).

Table 2: Growth rates in constant (1994) prices

	2001	2002	2003	2001-2003
	%	%	%	%
Bac Lieu	14.00	18.70	19.30	17.33
Can Tho	12.00	11.10	11.90	11.67
Kien Giang	7.50	14.00	10.50	10.67
Ca Mau	9.30	11.10	11.30	10.57
Mekong River Delta average	7.92	10.87	10.57	9.79
Hau Giang	6.80	13.60	8.40	9.60
Soc Trang	7.10	8.80	12.00	9.30
Tra Vinh	7.30	9.70	10.00	9.00
Long An	6.80	10.40	9.20	8.80
Dong Thap	7.00	9.00	9.30	8.43
Tien Giang	7.30	8.30	9.20	8.27
Ben Tre	7.10	8.10	9.10	8.10
An Giang	4.50	10.50	9.10	8.03
Vinh Long	6.30	8.00	8.10	7.47
National	6.89	7.08	7.34	7.03

Source GSO, 2005

Table 3: GDP of Vietnam and the Mekong River Delta, current prices, VND

	2000		2003	
	VND Billion	% of National GDP	VND Billion	% of National GDP
National	441,646	100	605,586	100
Mekong River Delta	70,252	15.91	98,616	16.28
An Giang	9,472	2.14	13,190	2.18
Kien Giang	7,240	1.64	10,709	1.77
Tien Giang	6,916	1.57	9,092	1.50
Ca Mau	5,963	1.35	8,872	1.46
Long An	5,985	1.36	8,108	1.34
Soc Trang	5,035	1.14	7,235	1.19
Ben Tre	5,417	1.23	7,135	1.18

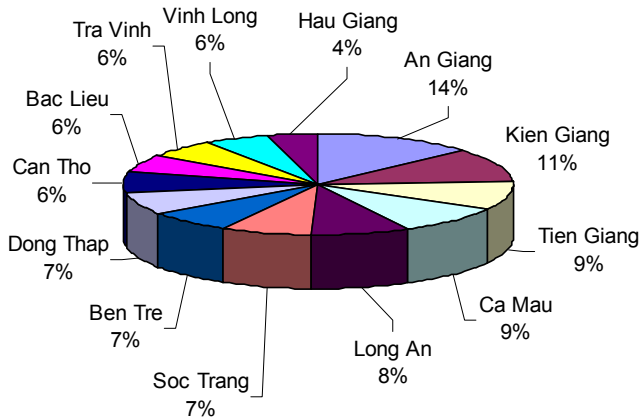
Dong Thap	5,421	1.23	6,994	1.15
Can Tho	4,543	1.03	6,334	1.05
Bac Lieu	3,136	0.71	5,668	0.94
Tra Vinh	4,184	0.95	5,617	0.93
Vinh Long	4,322	0.98	5,575	0.92
Hau Giang	2,618	0.59	4,089	0.68

Source: GSO 2005

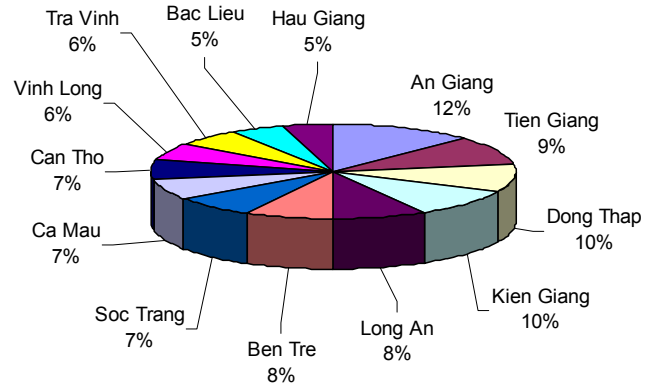
As with other provinces in the region, population distribution and GDP levels are similarly matched. An Giang contains 12% of the regions population and contributes 14% of the regions GDP and 2.18% of national GDP.

Figure 1 : GDP and Population distribution in the Mekong River Delta Region.

Mekong River Delta GDP distribution



Mekong River Delta Population distribution



Source: GSO 2005

Despite a high overall GDP level, the high population level means GDP per person is only slightly higher than regional averages, VND6,144,121 per person, and below national averages, as the table below shows. Though below national GDP per person levels the growth in GDP per person over the 2000 to 2003 period is slightly higher than national levels, 35% compared to the national figure increase of 32%.

Table 4: GDP per person, 2000 & 2003, VND

	2000	2003	2003 US\$
Ca Mau	5,234,179	7,510,752	475
National	5,688,719	7,485,390	474
Bac Lieu	4,212,683	7,304,678	462
Kien Giang	4,750,525	6,665,443	422
An Giang	4,560,520	6,144,121	389
Mekong River Delta average	4,312,841	5,878,134	372
Soc Trang	4,227,120	5,861,622	371
Long An	4,499,136	5,823,601	369
Can Tho	3,900,120	5,683,837	360
Tra Vinh	4,276,807	5,602,134	355
Tien Giang	4,261,429	5,476,449	347
Vinh Long	4,247,028	5,380,948	341
Ben Tre	4,149,686	5,333,009	338
Hau Giang		5,328,121	337
Dong Thap	3,434,863	4,301,027	272

Source: GSO 2005

2.2. Ownership and Investment in An Giang

The contribution of GDP by ownership changed little between 2000 and 2003. The non-state sector still contributes around 85% of GDP and the state sector 15%. The foreign invested sector contributed only VND4.1 billion in 2003, down from VND8.6 billion in 2000. There appears little to attract foreign investors to An Giang with the majority of production in rice or farmed fisheries, both of which are produced by mainly household based enterprises operating on a small scale. Rice remains controlled by the state as a key commodity for food security and export revenues, giving little room for the foreign invested sector.

Table 5: GDP by ownership, 2000 and 2003

	2000			2003		
	State	Non-state	FDI	State	Non-state	FDI
National structure	38.5%	48.2%	13.3%	39.1%	46.5%	14.5%
Mekong River Delta Average	19.1%	78.7%	2.2%	19.4%	77.8%	2.8%
An Giang	14.2%	85.7%	0.1%	15.3%	84.7%	0%

Source: GSO 2005 & Authors calculations

Other provinces in the region, especially those bordering Ho Chi Minh city, Long An and Tien Giang provinces, or of a mainly urban structure, such as Can Tho province, have much higher levels of foreign ownership contributions to GDP as well as higher success in attracting new FDI Projects as we will see further on.

Despite the state sector having higher growth levels, as high as 24% in 2002, this has not transferred into a higher level of contribution to An Giang's GDP. In 2003 growth levels by ownership were higher than national levels though were lower than regional levels.

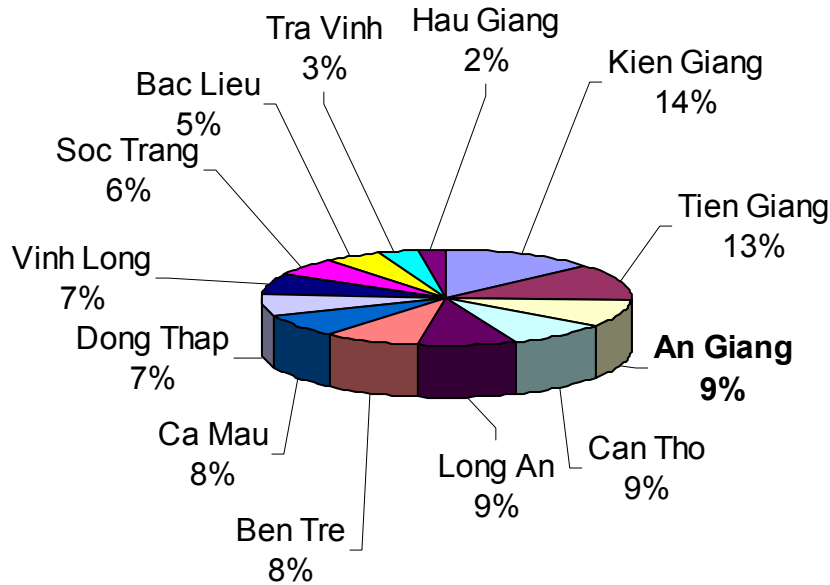
Table 6: GDP growth by ownership

	2003		
	State %	Non-State %	Foreign %
Ben Tre	27.51	5.36	16.93
Bac Lieu	18.31	19.82	6.18
Soc Trang	15.88	11.48	0
An Giang	14.40	8.05	13.89
Tien Giang	13.53	7.72	31.65
Hau Giang	13.15	7.20	0
Long An	11.50	6.68	20.37

Can Tho	11.22	12.17	15.86
Kien Giang	10.52	10.51	10.55
Vinh Long	9.68	7.52	87.01
Mekong River Delta	9.12	9.92	31.16
National	7.7	6.4	10.5
Ca Mau	-2.38	15.62	0
Dong Thap	n/a	n/a	n/a
Tra Vinh	n/a	n/a	n/a

Source: GSO 2005

Figure 2: Provincial share of operating registered enterprises in the Mekong River Delta region, 2003



2.3. Non State sector and enterprise registrations

According to the General Office of Statistics, An Giang had 1004 enterprises in operation in 2003. 9% of the enterprises in the Mekong River Delta Region. Despite being the largest economy of the Mekong River Delta and having the largest population, the number of operating enterprises is below that of smaller provinces such as Kien Giang, Tien Giang, and equal to Long An and Can Tho.

The number of enterprises in operation in An Ginag actually declined between 2002 and 2003, quite significantly, by 8% or 88 enterprises. This was inline with the trend across the Mekong River Delta where the number of operating enterprises grew by only 1.21% and where several other provinces also registered reductions in the number of enterprises operating.

Table 7: Number of Enterprises in operation, 31st December 2003

	Number of Enterprises Operating , 31st December 2003	Average capital per enterprise VND billion	Growth in registrations 2002/2003 %
National	72012	23.9	14.47
Mekong River Delta Average	11032	5.03	1.21%
Kien Giang	1458	3.67	5.96%
Tien Giang	1391	3.31	4.35%
Can Tho + Hau Giang¹	1277	8.39	11. 43%
An Giang	1004	6.01	-8.06%
Long An	947	10.06	4.30%
Ben Tre	909	2.94	-15.21%
Ca Mau	895	4.86	8.09%
Dong Thap	795	4.62	-8.83%
Vinh Long	755	3.38	0.13%
Soc Trang	656	5.32	9.15%
Bac Lieu	560	3.15	4.28%
Tra Vinh	385	4.69	1.05%

Source: GSO 2005

Average capital for enterprises in An Giang province was VND6 billion, higher than the region average of VND5 billion. However this was significantly lower than national averages of VND 23.9 billion per enterprise and also compared to some regional neighbours such as Long An whose enterprises have a registered capital of VND10 billion.

According to the Department of Planning and Investment in An Giang province, 2,365 enterprises had been registered by the 1st July 2004². This start-up paper uses

¹ Hau Giang had 275 operating companies in 2003

enterprise figures from the GSO as they show enterprises in operation rather those that may be set up but are not yet in operation, those that may be wound up or those simply set up for tax and VAT reasons³.

Table 8: Areas of operation of An Giang province enterprises, 2001 – 2003

Areas of operation	2001	2002	2003
Agriculture, Hunting and Forestry	1	1	-
Fishing	24	26	4
Manufacturing	318	308	295
Construction	71	99	114
Wholesale and retail trade; repair of motor vehicles	532	523	447
Hotel and restaurants	27	30	35
Transport, storage and communications	42	53	55
Financial Intermediation	27	28	27
Science and technology activities	-	-	-
Real estate, renting and business activities	12	18	24
Education activities	-	-	-
Health and social work	2	3	2
Cultural and sports activities	1	2	-
Community, social and personal services	1	1	1
Total	1058	1092	1004

Source: GSO 2005

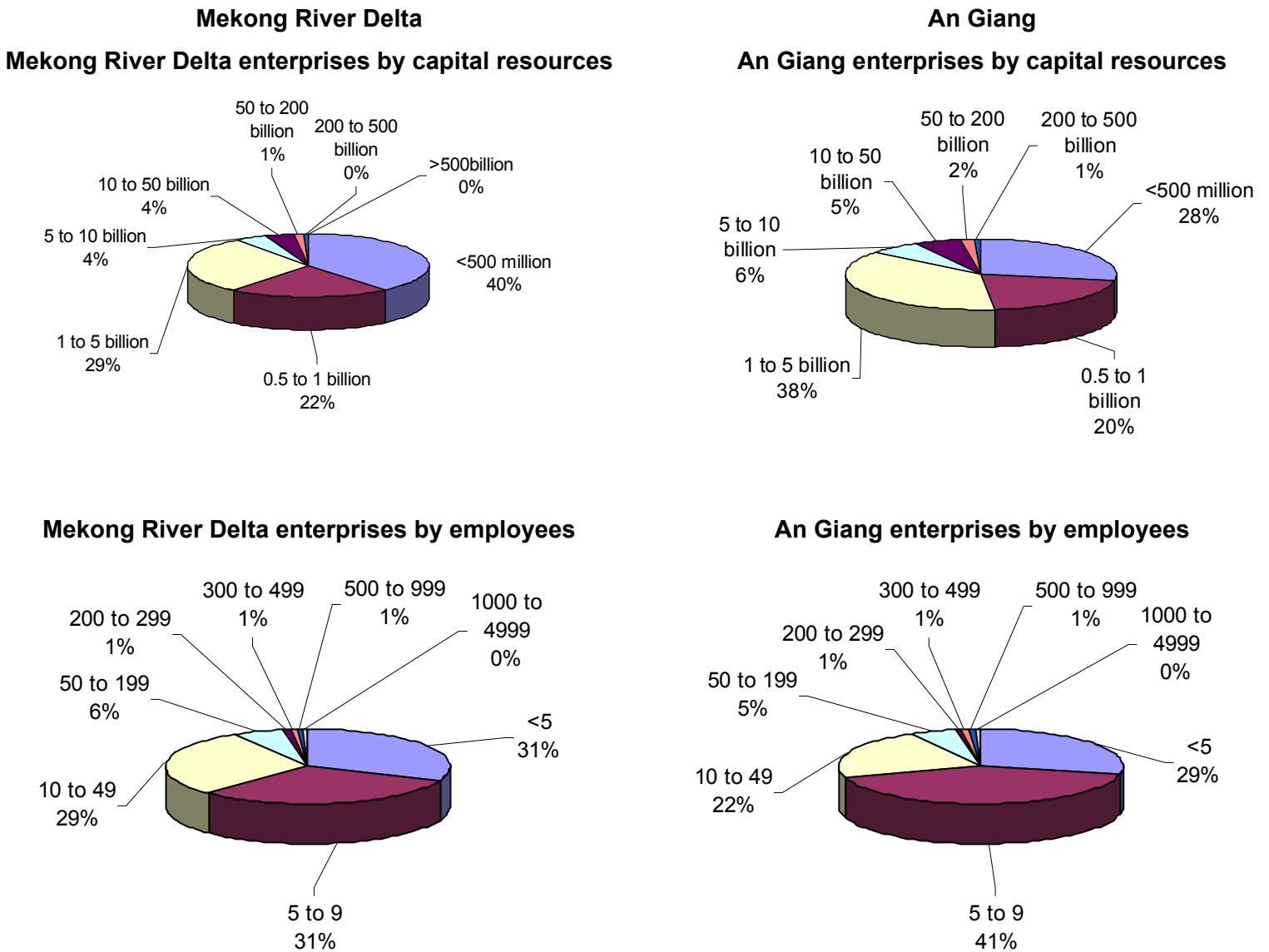
According to GSO figures enterprises operating in fishing, manufacturing and the motor vehicle repair and servicing sector all saw reductions in the number of enterprises in operation. This suggests a strong knock on effect from the US anti-dumping case of 2003 and subsequent extra tariffs on exports to the US. The case caused the price of

² Figure quoted in Vision and Associates survey paper , May 2005 “Domestic Investment: From Business Idea to Reality” Baseline Report.

³ A detailed examination of the different figures available in Vietnam for registered enterprises is available in Freeman, Nguyen and Nguyen, 2005, “beyond the headline numbers: Business Registration and Stratup in Vietnam” published by MPDF

base to fall from VND14,000 a kilo to VND7,000 forcing a number of producer out of business and reducing the demand for labour as well as reducing incomes of fish farming households and their spending. This decline was short lived and expansion of sales to new markets in 2004 has led to not only a recovery of the catfish market and production but expansion.

Figure 3: Registered capital and number of employees of operating enterprises in the Mekong River Delta and An Giang province



Source: GSO 2005

2.3.1. Small and Medium Sized Enterprises in An Giang Province

Decree 90 of the Vietnamese government defines SMEs to be “ those business and production establishments that have registered under the current legislation, have the registered capital of less than VND10 billion at business registration agencies and / or the average number of annual permanent employees of less than 300”. ADB estimates that 99.6% of firms in Vietnam have a capital under VND10 billion and 99.7% employ less than 300 people.

Under the governments Decree 90 criteria 92% of An Giang’s registered enterprises have registered capital under VND10 billion, 924 enterprises, and 98% employ less than 300 people, 984 enterprises. This is inline with regional averages of 95% below VND10 billion and 98% with less than 300 employees.

2.4. Foreign Investment

As we saw above the foreign invested sector contributes little to the overall GDP of An Giang province. Indeed between 1988 and 2003, though 12 foreign investment projects were registered to operate in An Giang, only 3 projects with an investment capital of US\$14,831,895, have gone into operation according to the Ministry of Planning and Investment. No foreign investment has been seen in An Giang so far this year.

Other provinces in the regional are much more attractive to foreign investors. Long An province borders Ho Chi Minh City and has good infrastructure links to commercial centers and port facilities, as does Tien Giang province. Can Tho offers the largest urban centre of the region and access to large marketing and distribution channels, while Kien Giang also has good port facilities and the new tourist destination of Phu Quoc island . Other provinces in the region all offer similar infrastructure, production areas and opportunities leaving 10 provinces to compete for scarce foreign investment opportunities.

Table 9: Foreign direct investment projects in operation, 1988 to July 2005

Province	No of Projects in operation	No of projects licensed 1988 to 2004	Total Investment Capital of enterprises in operation	Legal Capital of enterprises in operation	Disbursement of enterprises in operation
Long An	90	108	664,626,165	273,053,780	319,852,393
Kien Giang	9	21	454,538,000	199,478,000	394,290,402
Can Tho	32	50	111,698,676	60,942,050	52,127,357
Tien Giang	11	18	82,181,276	34,807,309	93,994,982
Vinh Long	8	9	25,495,000	11,985,000	9,141,630
Bac lieu	6	9	25,178,646	13,922,687	23,993,658
An Giang	3	12	14,831,895	4,516,000	14,813,401
Ben Tre	5	9	10,994,048	4,954,175	3,550,397
Dong Thap	8	12	7,203,037	5,733,037	1,514,970
Tra Vinh	4	8	6,606,636	6,442,636	917,147
Soc Trang	3	4	5,286,000	2,706,000	2,055,617
Ca Mau	3	7	5,175,000	3,175,000	5,130,355
Hau Giang	1	1	804,000	804,000	804,000
Mekong River Delta	176	268	1,403,353,379	615,834,674	914,196,337
National total	5,563	6164	48,789,523,111	21,577,274,350	25,827,029,169

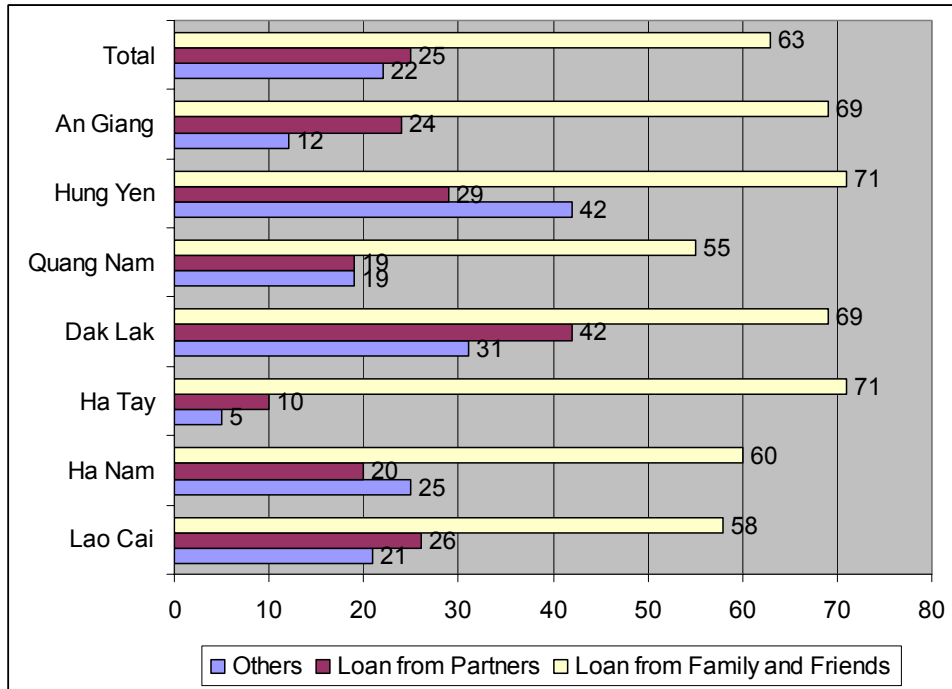
Source: Foreign Investment Agency - Ministry of Planning & Investment

2.5. Enterprise access to finance

In a recent GTZ, CIEM and Vision Associates survey of 175 enterprises, across 7 provinces including An Giang province, firms were asked about their informal and formal

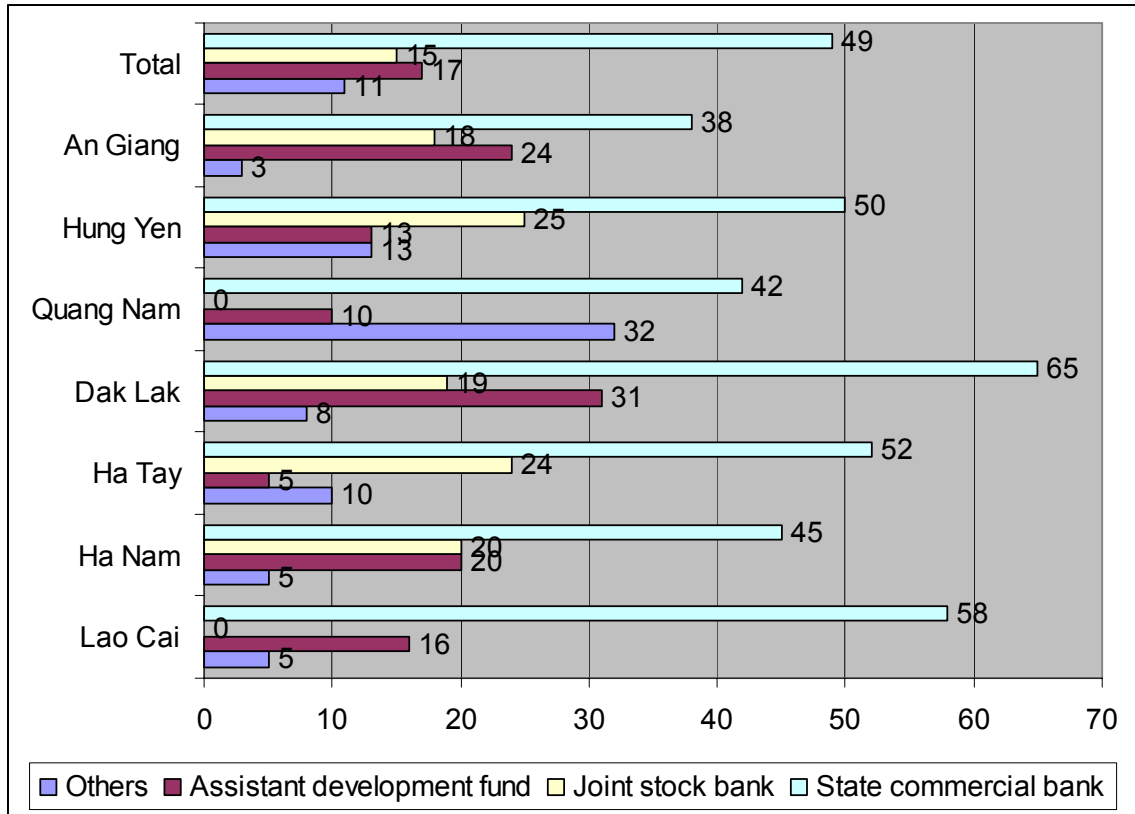
lending habits. In An Giang province 69% of enterprises surveyed said they borrowed money via friend and family networks, compared to an average of 63% across the survey provinces. Informal borrowing from family and friends is a very common means of financing in Vietnam. The banking sector is generally in its infancy and lends very little to the SME sector. The banking sector often lends based on a personal relationships and/or demands collateral that many SMEs do not have available.

Figure 4 : Informal access to finance



We can see from the same GTZ survey that businesses in An Giang province when borrowing formally, borrow from state commercial banks, though the rate is below that across the survey provinces. The survey also found that loan processing times, 35 days in total for An Giang province, were amongst the highest of the survey group and above the survey average of 32 days.

Figure 5: Formal access to finance



3. Sectorial make-up of An Giang's Economy

3.1. GDP by sector

GDP figures show the service sector as the leading sector in An Giang province and the largest provider of GDP. The proportion of GDP from services in 2003 was 49.7%, significantly higher than the regional average of 27.9%, as well as the national average of 38.2%. Agriculture, fisheries and forestry are the next highest contributor with 37.6% and then Industry and construction contributing 12.7%.

Table 10: GDP by sector, VND billions, 2000 & 2003

	2000			2003		
	Agriculture, Forestry and fishing	Industry and construction	Services	Agriculture, Forestry and fishing	Industry and construction	Services
National	24.5%	36.8%	38.7%	21.8%	40.0%	38.2%
Mekong River Delta average	54.2%	18.1%	27.7%	50.8%	21.3%	27.9%
Average regional GDP VND billions	2908	992	1613	3835	1664	2299
An Giang	41.6%	11.2%	47.2%	37.6%	12.7%	49.7%
An Giang GDP	3937	1058	4477	4966	1679	6546

Source: GSO 2005

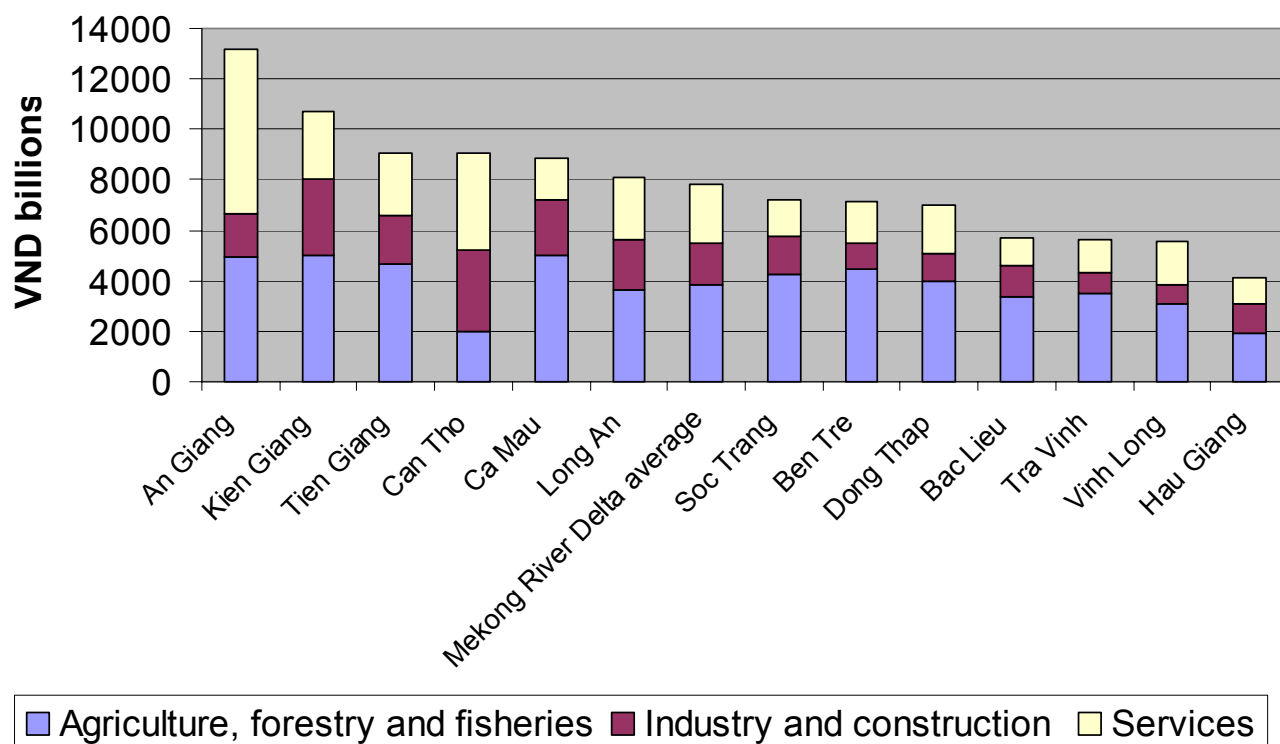
GDP from services has also shown considerable growth both in 2003, 16.7%, as well as 13.6% over the period 2000 to 2003, higher than regional and national averages. Industry has also shown strong growth levels, averaging over 16% for the period 2000 to 2003.

Table 11: GDP growth by sector, current prices

	Agriculture		Industry and Construction		Services	
	2003	average 00-03	2003	average 00-03	2003	average 00-03
National	3.6%	3.9%	10.5%	10.1%	6.5%	6.1%
<i>Mekong River Delta average</i>	7.4%	9.8%	21.7%	18.8%	14.3%	12.6%
An Giang	5.8%	8.2%	13.8%	16.7%	16.7%	13.6%

Source: GSO 2005

Figure 6: Mekong River Delta GDP, by sector, 2003



3.2. The Agricultural sector

3.2.1. Agricultural Cultivation

Agricultural production was valued at VND7,877.7 billion in 2003, up from VND6,035.9 in 2000. Cultivation continues to provide the majority of this, 79.7%, VND6,282.3 billion. Livestock accounts for, 9.8%, VND772.1 billion and then services, 10.5%, VND823.3 billion. Rice cultivation is by far the leading production area, covering 96% of all cultivated land, 503,900 hectares. Other produce plays a minor role in agricultural production with only one crop, maize, taking up over 1% of cultivated land.

Table 12: An Giang province, agricultural production and area under cultivation, 2000 to 2003

	2000	2003		2000	2003		
	Tons produced		Change 2000 to 2003	Hectares under cultivation		Change 2000 to 2003	Share of cultivated area 2003
Paddy	2177700	2678500	23%	464400	503900	9%	96.08%
Maize	10500	52000	495%	5100	9000	76%	1.72%
Coconut	44660	25667	-43%	2792	2776	-1%	0.53%
Soyabean	5500	6500	18%	2300	2500	9%	0.48%
Cashew	258	277	7%	500	554	11%	0.11%
Pepper	10	23	230%	30	30	0%	0.11%
Sweet potatoes	5800	8200	41%	400	400	0%	0.08%
Cassava	8100	88100	1088%	600	4500	750%	0.04%
Sugar cane	16000	9000	-44%	300	200	-33%	0.04%
Jute	37	180	486%	23	90	391%	0.02%
Peanuts	1000	700	-30%	500	400	-20%	0.01%
Palmyra	58	60	3%	58	60	3%	0.01%
Tobacco	63	50	-21%	33	30	-9%	0.01%
Total	2269686	2869257		477036	524440		

Source: GSO 2005

The table below uses reported figures from the GSO, for production in An Giang and the Mekong River Delta. This provides an indication of the role An Giang plays in some areas of agricultural production. In several areas it produces a significant amount of the agricultural production in the Mekong River Delta of cassava, pepper, and cashews.

Table 13: An Giang and Mekong Delta agricultural production, 2003⁴

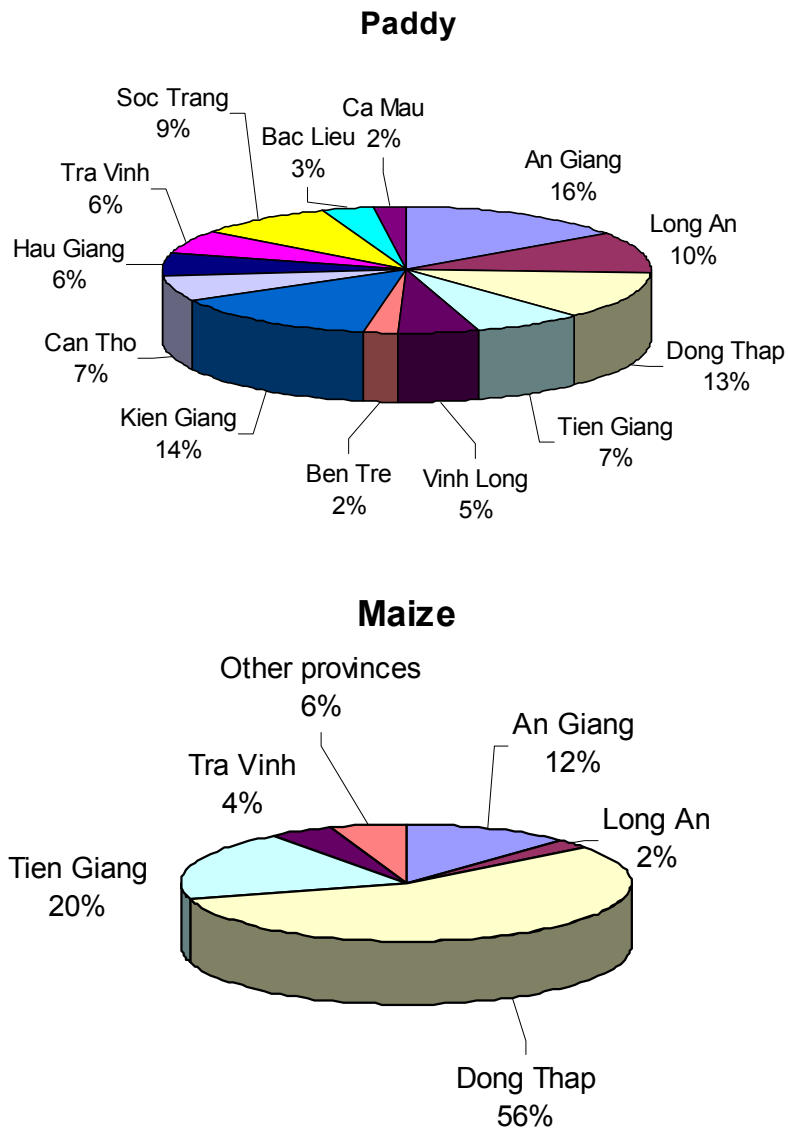
	An Giang province total, tons	Mekong River Delta region total, tons	% of Mekong River Delta Production in An Giang
Paddy (thousand tons)	2678.5	17525.5	15.3
Maize (thousand tons)	52.0	432.9	12.0
Sweet potatoes (thousand tons)	8.2	185.7	4.4
Cassava (thousand tons)	88.1	134.6	65.5
Sugar cane (thousand tons)	9.0	3880.8	0.2
Peanuts (thousand tons)	0.7	24.5	2.9
Pepper (tons)	23.0	24.8	92.7
Cashew (tons)	277.0	887.0	31.2
Coconut (thousand tons)	25.7	427.8	6.0
Tobacco (tons)	50.0	817.0	6.1
Jute (tons)	180.0	3563.0	5.1
Soya bean (thousand tons)	6.5	22.6	28.8
Palmyra (tons)	60.0	60.0	100.0

Source: GSO 2005

An Giang is the leading producer of rice in the Mekong River Delta, producing 2,678,500 tons in 2003, 16% of the regions production.

⁴ According to GSO, 2005. Some crop production may go unreported. Therefore figures are an indication.

Figure 7: Provincial share of a number of agricultural products, 2003



3.3. Forestry production

Forestry production is not significant in An Giang province, contributing VND91.3 billion to GDP in 2003. Though higher than many other provinces in the Mekong River Delta. We can see from the table below that a number of provinces have significantly higher levels of forestry production.

Table 14: Value of forestry products in selected Mekong River Delta provinces, VND billions, 2003

	Long An	Dong Thap	An Giang	Tien Giang	Cau Mau
Afforestation and forest feeding	45.9	16.4	5.8	18.1	16.9
Wood and other forest products	400.1	237.1	69.7	91.3	221.7
Services	54.2	45.8	15.9		
Total	500.2	299.3	91.4	109.4	238.6
Area of concentrated forest hectares	7.5	0.5	1.3	1.4	6.8
Production of wood thousand metres³	78.7	91.7	60.4	66.9	78.5

Source: GSO 2005

3.4. Fisheries

Despite its lack of coastline, An Giang province is highly productive in fisheries. This is illustrated in the table below of the leading fisheries producers in the region. Production in An Giang is mostly in the farming of Tra and Basa catfish. In 2003 An Giang received VND1,341 billion from farmed fisheries an increase of almost 60% since 2000. Growth in the income from farmed fisheries hit 40% between 2001/2002 then declining to 5% in 2002/2003 period.

Table 15: Leading Mekong River Delta fisheries production areas, 2003, VND billion

	Tien Giang	An Giang	Ben Tre	Soc Trang	Bac Lieu	Kien Giang	Ca Mau
Farmed	634.5	1341	1252.6	2321.7	2426.7	1606.6	5304.7
Caught	786.2	363.4	870.4	447.3	510.3	3240.0	1726.4
Services	59.4	60.3	12.3	10.7	100.1		229.8
Total	1480.1	1764.7	2135.3	2779.7	3037.1	4846.6	7260.9

Source: GSO 2005, Kien Giang figures authors calculations

Fisheries production is almost entirely in farmed fish, with 136,736 tons in 2003, the highest level of farmed fish in the Mekong River Delta. Most other provinces are situated on the coast and concentrate on farmed shrimp production, a higher value fisheries product but increasingly problematic due to disease and questions of sustainability.

Table 16: Production of fishery products in selected provinces of the Mekong River Delta, tons, 2003

	Soc Trang	Dong Thap	Tra Vinh	Tien Giang	Bac Lieu	Ben Tre	An Giang	Ca Mau	Kien Giang
Total	59120	64229	107352	116080	129460	131314	206673	211997	304356
Caught	31970	22427	65325	70288	65562	59907	69432	112745	283720
Farmed	27150	41802	42027	45792	63898	71407	137241	99252	20636
Fish	9414	40996	28254	21046	14564	8606	136736	22153	5863
Shrimp	17611	773	6736	2362	46835	13633	370	69373	10183
Others	125	33	7037	22384	2499	49168	135	7726	4590

Source: GSO 2005

3.4.1. Cat fish Farming in An Giang

Catfish farming is both a significant source of income for An Giang and an employment generator with significant spillover effects in to different industries and parts of An Giang's economy. In 2004, there were 3178 floating cages in An Giang for catfish farming as well as numerous ponds. By 2003 the province produced 136,000 tons of catfish with an estimated 11,000 households involved in production and 30,000 poor landless people involved in production⁵. The provincial authorities control the number of fish cages in its rivers to around 3500 at anyone time.

In the 2003 anti-dumping law suit brought by US catfish farmers, Vietnam was found to be dumping catfish at prices lower than production cost and damaging the US catfish industry in the process. Catfish from Vietnam and its main export companies are now subject to tariffs of between 37% to 53%⁶.

⁵ FAO, 2004

⁶ FAO, 2004, Two other attempts at introducing tariffs had been sort by US catfish producers, firstly questioning the hygiene of Vietnamese reproduction, secondly claiming Vietnamese catfish was not catfish, before finally resorting to anti-dumping claims.

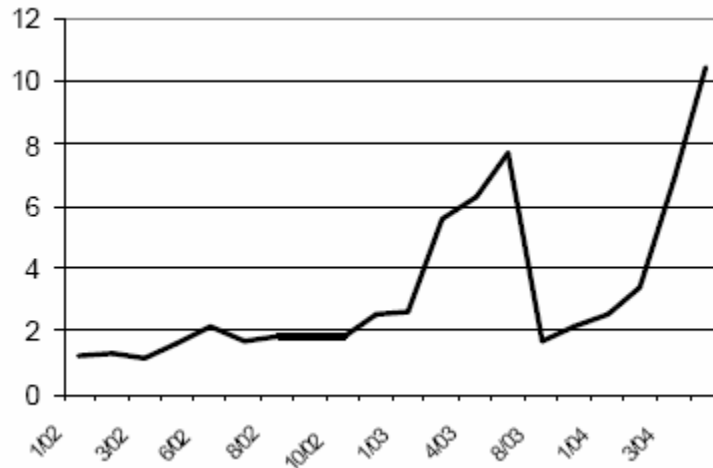
Table 17: Development of Tra and basa farming in An Giang province 2000 to 2003

	Unit	2000	2001	2002	2003
Number of Rafts	pieces	3086	3237	4053	3178
Total Pond Area	hectare	1218	1253	1747	1560
Total tra and basa production	tons	38383	83513	111599	136800

Source: FAO 2004 and DARD An Giang

Early 2004 saw a significant fall in the export, demand and price of catfish to levels barely covering production costs, from VND14,000 per kilo to VND7,000 per kilo. As a result a number of households fell into financial difficulty and left the industry and wage laborers were in less demand. However, 2004 has seen a significant recovery in catfish exports and price, as the industry accessed new markets and also began exporting refined catfish products to the US, and avoiding tariffs.

Figure 8: Monthly export volume (ten thousand tonnes) of tra and basa fish from An Giang Province.



Source: FAO 2004

Entry into catfish production is not easy and requires substantial investment. Action Aid estimated that a raft that produces 50 to 60 tons of fish a year can cost VND200 million, 100 ton raft costing VND 350 million. There are also additional costs in order to go into

operation such as fish feed and fish feed cooking machinery, fingerling costs, labour and loan costs. The Department of Agriculture and Rural Development An Giang estimated that Tra grown in rafts has production costs of VND8,636/kg or VND8,774,582/ton⁷. The farm gate price around the same period was VND14,000/kg on average or VND14,224,658/ton.

3.5. Industrial production

As we saw in earlier tables Industrial production is not high in An Giang and contributed only 12% of GDP in 2003. Industrial production appears very much based around the processing of either agricultural products into finished goods, such as sugar, cigarettes, fish sauce, animal food, rice and aquatic products.

GSO industrial production figures show a similar situation across the Mekong River Delta with most provinces concentrating industrial production around agricultural production. Other Mekong River Delta provinces' industrial production focus on fruit canning, coconut processing into coal and oil, vegetable oils etc. A number of provinces also produce construction materials, exploiting the raw materials found in their province. Only in provinces such as Long An, Tien Giang, Can Tho and even Ben Tre, close to HCMC or mainly urban areas, do we see industrial production in the garment and footwear sectors.

Table 18 : Industrial production in An Giang, 2000 & 2003

	2000	2003	Growth rate 2000-2003
Saw Wood (Thousand metres³)	129	138	7%
Medical tablets (mill. Pills)	53.5	48.2	-10%
Cigarettes (mill. Packets)	69.8	82.4	18%
Sugar (ton)	6015	7045	17%
Fish Sauce (thousand litres)	1025	2442	238%
Frozen Aquatic product (ton)	7004	27751	396%
Milled rice, maize (thousand tons)	1162	1299	12%
Food for animals (tons)	18592	27549	48%

Source: GSO 2005

⁷ 25/7/2002

3.6. An Giang Exports

Export earnings from the Mekong Delta are significant, US\$2 billion in 2003, 10% of the countries earnings. Two areas of production underline exports, rice and farmed fishing. In 2003 the Mekong River Delta produces 50% of Vietnams total food production and 42.79% of Vietnams capture fishery. In 2003 the Mekong River Delta accounted for 66.9% of total aquaculture output in Vietnam.

Table 19: Mekong River Delta exports and provincial shares, 2000-2003, US\$

	2000		2003		
	US\$ millions	% of regional exports	US\$ millions	% of regional exports	
National	14482.7		20176.0		
<i>Mekong River Delta total</i>	1371.58		2093.97		
<i>Mekong River Delta % of National exports</i>	9.47%		10.38%		
Ca Mau	232.05	17%	412.03	20%	77.56%
Soc Trang	191.14	14%	277.07	13%	44.95%
Long An	150.05	11%	255.01	12%	69.95%
Can Tho	154.82	11%	240.13	11%	55.10%
An Giang	107.54	8%	181.29	9%	68.58%
Kien Giang	68.38	5%	131.76	6%	92.68%
Hau Giang	83.46	6%	122.82	6%	47.17%
Dong Thap	87.22	6%	111.16	5%	27.45%
Bac Lieu	79.69	6%	95.99	5%	20.46%
Tien Giang	92.54	7%	90.58	4%	-2.12%
Vinh Long	67.52	5%	81.73	4%	21.04%
Ben Tre	32.51	2%	55.20	3%	69.83%
Tra Vinh	24.67	2%	39.21	2%	58.94%

Source: GSO 2005

Ca Mau province exports a significant amount of Shrimp and frozen aquatic products, Soc Trang exported sugar, Long An exports more industrially based products, such as clothes, footwear and fabric, while Can Tho exports a mixture of garments and footwear,

and frozen shrimp and fish products. Can Tho is also the central point of export for much of the rice produced in the Mekong River Delta.

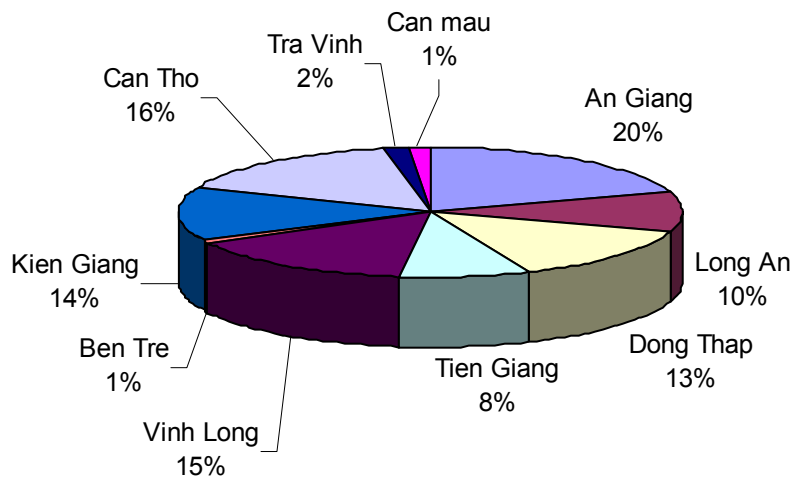
An Giang province has seen one of the highest export growth rates of the Mekong River Delta region, with exports growing 68% between 2000 and 2003. From US\$107 million to US\$181 million, 9% of the regions export value. Export earnings are based around rice, 524,500 tons exported in 2003, with an estimated value of US\$103 million and frozen aquatic products, 23077 tons bringing in export earnings of US\$55 million.

Table 20 : Selected exports, An Giang, 2000-2003

	2000	2001	2002	2003	% change 2000 to 2003
Rice (thousand tons)	413.7	432.1	321.3	524.5	127%
Frozen Aquatic products (ton)	5645	12538	24430	23077	409%
Frozen fruit and vegetables (ton)	907	1362	1861	3325	367%

Source: GSO 2005

Figure 9: Rice export share in the Mekong River Delta, 2003



Recent news reports claim that An Giang has received US\$295 million in export earnings in just the first 10 months of 2005, an increase of 35.7%. This includes an increase in the amount of frozen fruit and vegetables to US\$3.5 million⁸.

3.7. Infrastructure and access to markets

Long Xuyen, the capital of An Giang province, is located in the south-east of An Giang province, bordering Can Tho and is 190 Km from Ho Chi Min City. Long Xuyen can be accessed via road or water and currently has an un-serviced airport. Much of An Giang is extensively serviced by ferries and water taxis and road infrastructure is developing.

Chau Doc, An Giang's second city borders Cambodia in the north-west. Chau Doc is 245 km from Ho Chi Minh city. The border with Cambodia at Tinh Bien was made an international border gate in 2002.

3.7.1. Land and Industrial parks

Details of 4 industrial zones are available from An Giang official government sources, however recent studies on Industrial zones in the Mekong River Delta identify 10 Industrial zones and groups in An Giang and 111 across the Mekong River Delta region. This creates significant competition in the Mekong River Delta to attract investment into industrial zones.

An Giang provinces main and possibly only operating Industrial zone is the **Binh Long industrial zone**, 41.75ha, in Chau Phu district. The zone offers all the infrastructure needs a company may require, good road systems, water and electricity supplies and waste treatment. Investors also receive significant incentives to move into the Industrial parks, including rent exemptions and reductions⁹.

An Giang province is also seeking investment to develop 3 other industrial zones. They are calling for US\$10 million for the development of infrastructure in the **Vam Cong industrial zone**, Long Xuyen City. US\$5.3 million for development of infrastructure in

⁸ Vietnam News, 1/11/2005

⁹ <http://www.angiang.gov.vn/ageng/xemtin.asp?idcha=1213&cap=2&id=1215>

the **Vinh My industrial zone**, Chau Doc Town and US\$8 million for development of infrastructure in the **Binh Hoa industrial zone**, Chau Thanh District. The Tinh Bien border gate economic zone is currently looking for further investment to develop border trade between Cambodia and Vietnam¹⁰.

Table 21: Industrial zones and groups in the Mekong River Delta Region

	Number of Industrial Zones or Industrial groups	Area (hectare)
Long An	24	8279
Kien Giang	9	7111
Ca Mau	8	2350
Hau Giang	9	1305
Can Tho	6	1007
Dong Thap	6	862
Tra Vinh	14	684
Vinh Long	3	623
An Giang	10	460
Soc Trang	3	445
Bac Lieu	6	346
Tien Giang	5	330
Ben Tre	8	281

Source: www.ven.org.vn/view_news.php?id=5257

3.7.2. Ports

My Thoi port situated in Long Xuyen has a total storage area of 17,000mt, 6,500mt of warehouse storage and 10,500mt of open storage . While ship calls have increased since 2002 , the total tonnage has fallen between 2003 and 2004 as exports are no longer being transferred through the port.

¹⁰ <http://www.vietnamgateway.org/project/calling.php?id=0902&cid=050303102428>

Table 22: My Thoi port cargo 2002 to 2004

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Total	418,960 MT	871,259 MT	606,495 MT
Import	150,933 MT	334,631 MT	375,935 MT
Export	87,144 MT	373,753 MT	82,747 MT
Domestic	180,823 MT	162,875 MT	165,813 MT
Ship calls	181	342	342

Source: Vietnam Seaports Association, 2005

Can Tho port, in Can tho city is 70km from Long Xuyen. The total port area is 60,000m² with 5,700m² of warehouse and 27,300m² of open storage.

Table 23: Can Tho port cargo 2002 to 2004

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Total	443,980 MT	637,619 MT	1,058,378 MT
Import	72,276 MT	57,217 MT	128,633 MT
Export	97,234 MT	185,146 MT	69,167 MT
Domestic	274,470 MT	395,256 MT	860,578 MT
Container	8,595 TEUs	11,223 TEUs	15,880 TUEs
Ship calls	86	189	184

Source: Vietnam Seaports Association, 2005

Tra Noc – Can Tho port, is 70km from Long Xuyen and has storage facilities of 180,000mt including 35,000m² of warehouse storage and 10,000m² of open storage and also silo facilities of 10,000m². The total port area is 121,000m². The port had carried less than My Thoi port with 332,000 tons in 2004. The port carries mainly rice and raw construction materials.

Table 24: Tra Noc – Can Tho port cargo 2002 to 2004

	<u>2004</u>
Total	332,395 MT
Import	60,751 MT
Export	32,404 MT
Domestic	239,240 MT
Container	
Ship calls	73

Source: Vietnam Seaports Association, 2005

Table 25: Imports and exports passing through Tra Noc – Can Tho port cargo 2004

Major import	Major export
Gypsum: 40,898 MT	Rice: 43,298 MT
Clinker: 19,853 MT	1
Domestic cargoes: steels, wheat, cement, ect.	

Source: Vietnam Seaports Association, 2005

Dong Thap port neighbouring An Giang, has a total port area of 87,253m² with warehouse space of 10,400m² and open storage of 50,000m².

Table 26: Dong Thap port cargo 2002 to 2004

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Total	161,119 MT	132,912 MT	168,688 MT
Import	6,216 MT	14,047 MT	25,731 MT
Export	11,830 MT	2,900 MT	3,400 MT
Domestic	143,073 MT	115,965 MT	139,575 MT
Ship calls	183	120	93

Source: Vietnam Seaports Association, 2005

3.7.3. Airports

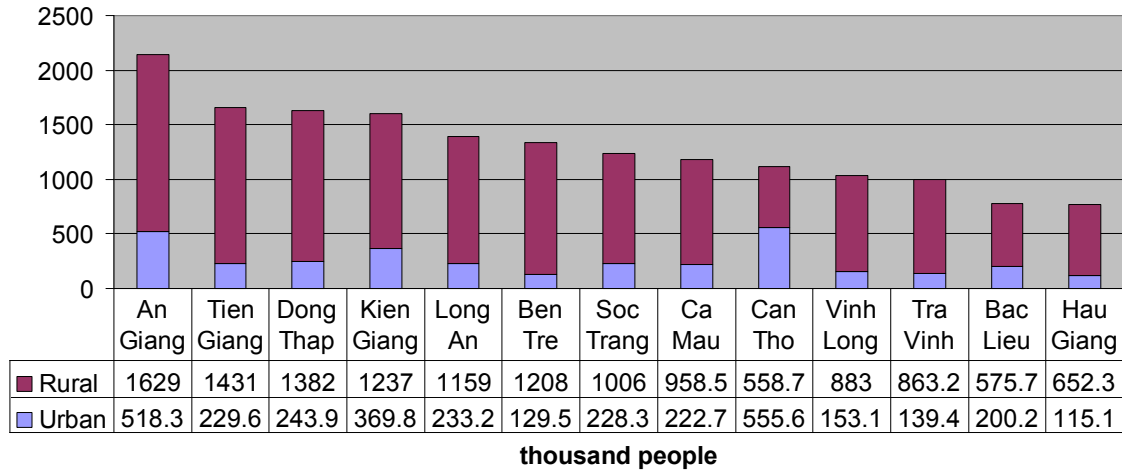
Though Long Xuyen has an airport it is not serviced by passenger flights. The closet airport is Can Tho city, 70 kms from Long Xuyen.

4. An Giang's Labour force

4.1. Employment by sector

An Giang province has one of the highest levels of urban based populations in the Mekong River Delta at 24%, however the majority of the provinces population remain rurally based. Most employment in An Giang remains agriculturally based. Of An Giang's 2,147,230 population, 1,629,000 are rurally based, the highest in the region, and 518,300 are urban residents, the second highest urban population of the region.

Figure 10 : Rural/ Urban populations in the Mekong River Delta, 2003



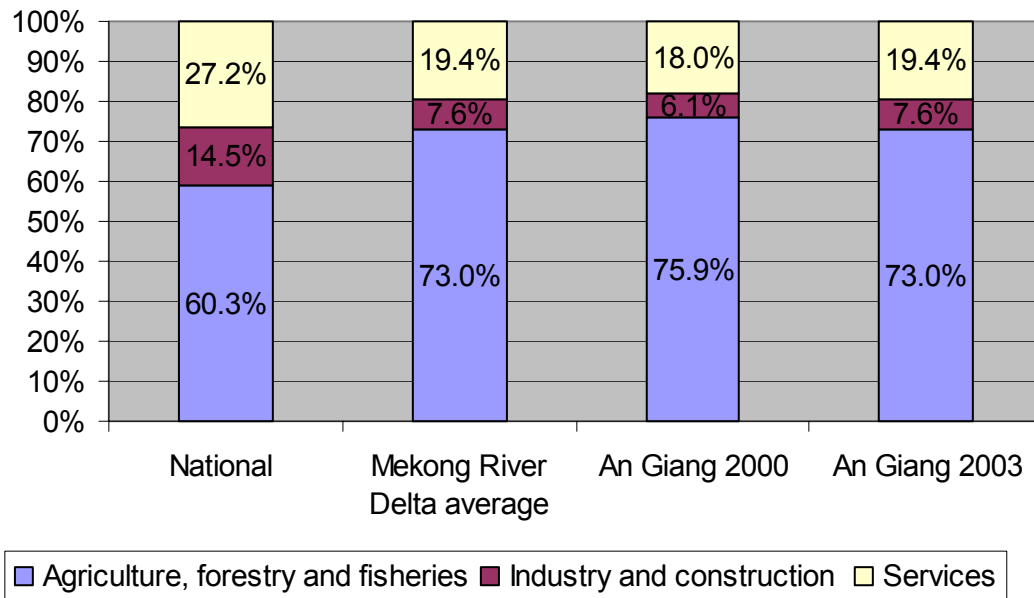
Source: GSO 2005

766,600 people or 73% of An Giang's working population are employed in the agricultural, fisheries or forestry sectors, the highest number of people in the region. 203,800 people, 19.4%, are employed in the service sector, despite the sector supplying 49% of GDP in 2003. This is the second highest number of people in the region employed in the service sector after Can Tho province. Though only 7.6% of An Giang's labour force is employed in the Industrial sector, well below the 13.3% of those employed in Can Tho, An Giang actually has the highest number of people employed in the Industrial sector, 79,400 people. Can Tho employees 73,000 people in Industry.

Despite these high numbers, as we have seen the Industrial sector contributes a low proportion to An Giang's GDP, lower than many other provinces, suggesting that employment in the industrial sector in An Giang is in mainly labour intensive areas.

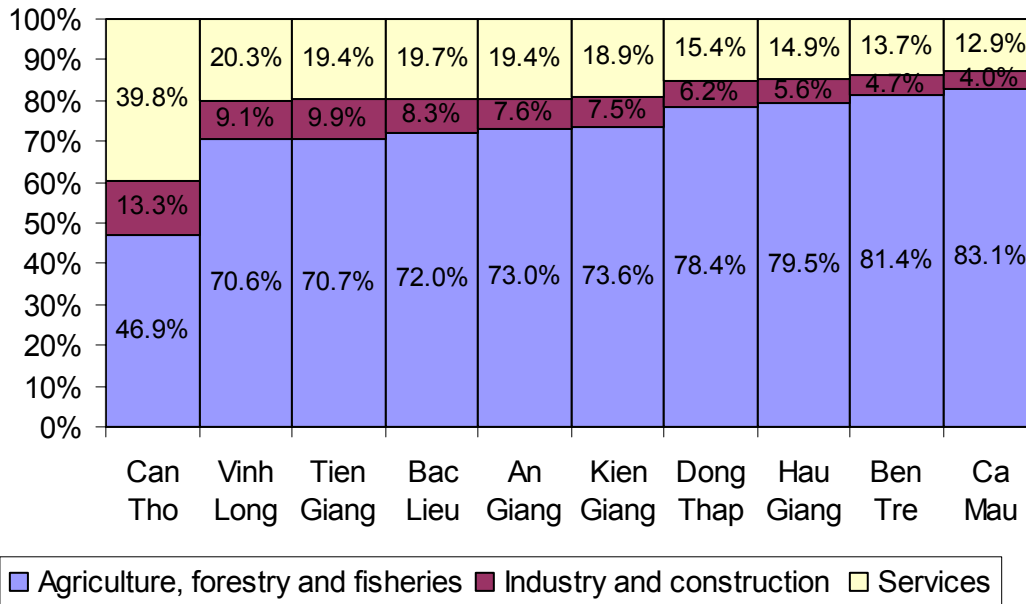
Sectorial employment has shown only a small amount of movement since 2000 as we can see from the figure below. This is also inline with the regional employment structure, with only Can Tho showing significantly higher service and industry employment than An Giang and other Mekong River Delta provinces. This is typical of a mainly urban area.

Figure 11: Employment by sector, 2000 & 2003



Source: GSO 2005

Figure 12: Employment structure of Mekong River Delta provinces, 2003, by sector¹¹



4.2. Enterprise employment

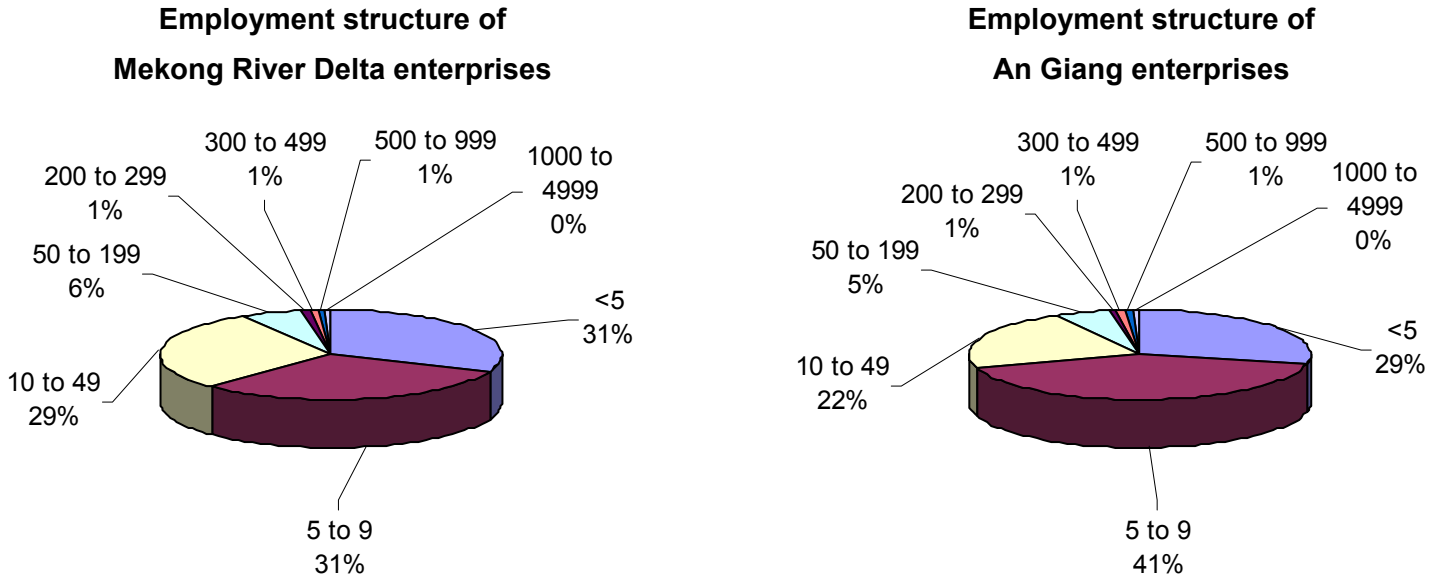
Of the 1,049,800 people available for employment in An Giang only 32,216 are employed by registered enterprises¹², 3%. More people are employed in the state sector than in the 1004 operating enterprises, 48,900, almost 5% of the available workforce. Compare this to Long An, where 59,455 people or 8% of the work force are employed in enterprises, or Can Tho with 7%, Hau Giang, with 21% and Ca Mau with more than 40%.

The figure below shows the number of employees per enterprise in An Giang. More than 70% employ 9 employees or less, compared to 62% over the region as a whole. GSO figures show that the manufacturing sector employs 56% of enterprise employees, this is inline with regional and national employment trends. The wholesale and retail trade and repair of motor vehicles follows, employing 16.67%, a figure higher than regional and national averages. Transport, storage and communication enterprises and construction enterprises each employ 10%.

¹¹ Figures were not available for Long An, Tra Vinh or Soc Trang provinces

¹² GSO 2005

Figure 13: Number of employees in registered enterprises



Source: GSO 2005

4.3. Wages

According to GSO data the wages paid by registered enterprises in An Giang are inline with regional rates, though the gap is growing between the provinces with higher wages, such as Kien Giang, as is the gap between An Giang and national wage average. In 2001 wages in An Giang were 83% of those nationally, by 2003 this had dropped to 76%.

In the state sector, wages An Giang had the highest public sector monthly wage of the Mekong River Delta, VND1,176,700. As we can see from the table below state sector wages in 2003 were 9.5% higher than those in enterprises.

In the fisheries sector some wage data is also available. According to the FAO, 2004, women working in catfish processing factories, earned between VND800,000 to VND1 million, with the more productive workers able to make as much as VND2 million per month. At the other end of the scale, unskilled workers employed on catfish rafts to produce feed for the catfish earn VND500,000 per month.

Table 27: Wages in the State sector and in registered enterprises, 2003

	Registered Enterprises			State sector		
	VND thousand per month			VND thousand per month		
	2001	2002	2003	2001	2002	2003
National	1,103,000	1,249,000	1,422,000			
Kien Giang	1,020,000	1,096,000	1,298,000	816,900	920,200	1,070,500
Can Tho	947,000	995,000	1,183,000			
Dong Thap	871,000	972,000	1,154,000	830,300	896,100	1,164,300
Soc Trang	885,000	959,000	1,136,000	645,100	690,400	957,100
Ca Mau	928,000	954,000	1,122,000	697,000	786,500	800,000
Mekong River Delta average	859,000	946,000	1,075,000			
An Giang	916,000	957,000	1,074,000	835,600	870,500	1,176,700
Long An	874,000	963,000	1,058,000	711,600	918,000	1,123,200
Vinh Long	789,000	923,000	1,046,000	717,300	783,500	987,600
Bac Lieu	736,000	969,000	1,014,000	552,100	670,100	650,200
Ben Tre	744,000	913,000	944,000	676,700	786,600	999,400
Tien Giang	644,000	769,000	882,000	751,100	784,100	1,016,700
Tra Vinh	646,000	685,000	776,000	617,300	665,700	887,400
Hau Giang			995,000			

Source: GSO 2005

A recent GTZ, CIEM, Vision Associates survey of firms across 7 provinces found that 34% of firms felt the quantity of labour in An Giang was insufficient, the highest level of the survey, while 11% of firms surveyed felt the quality of labour was insufficient.

Table 28 :Availability of labour forces in the provinces

Provinces	Availability in quantity		Availability in quality	
	Sufficient	Insufficient	Sufficient	Insufficient
Total	73%	27%	92%	8%
An Giang	66%	34%	89%	11%
Hung Yen	74%	26%	89%	11%
Quang Nam	71%	29%	100%	0%
Dak Lak	68%	32%	100%	0%
Ha Tay	83%	17%	100%	0%
Ha Nam	89%	11%	82%	18%
Lào Cai	71%	29%	82%	18%

Source: Vision Associates

5. An Giang's Public Finances

Table 29: An Giang Budget Revenue and Expenditure, 2002 and 2004, VND million¹³

	2002	2004
Total Provincial Revenue	2,599,414	3,015,112
Total Local Budget expenditure	1,471,105	1,655,112

5.1. Revenue

5.1.1. Central Transfers to the province

Revenue estimates for 2004, approved by the Ministry of Finance in 2003, were expected to reach VND3,015,112 for 2004, the highest level of provincial budget revenues in the Mekong River Delta. This is an increase in revenue of 16%¹⁴. An Giang still requires an element of financial assistance from the centre and is yet to be fully self-financing. According to the MOF An Giang manages to finance revenues mostly from shared and 100% retained taxes, fees and other revenue, and required only a transfer of 17% of revenue in 2003, this is set to drop to 12% in 2004, according to MOF estimates.

Other provinces in the region vary in the level of support from the centre for budget revenues. As we can see from the table below several no longer receive transfers from the centre while province such as Hau Giang receive 89% of their revenue from the centre.

¹³ The budget figures used here are from the Ministry of Finance, www.mof.gov.vn. Final budget figures for 2002 and approved figures for 2004 are used. Actual figures for 2004 may differ when final accounts are approved.

¹⁴ <http://www.mof.gov.vn>

Table 30: Mekong River Delta revenue sources, 2004

	100% local Taxes	Shared taxes	Transfer from Centre
	%	%	%
Vinh Long	55	45	
Long An	48	52	
Tien Giang	45	55	
Dong Thap	43	27	30
Kien Giang	42	41	17
An Giang	40	43	17
Can Tho	33	67	
Mekong River Delta average	33	40	37
Bac Lieu	32	45	23
Ben Tre	31	38	31
Tra Vinh	22	21	57
Soc Trang	21	36	43
Ca Mau	19	56	25
Hau Giang	5	6	89

Source: Ministry of Finance 2004

5.1.2. Revenue base

The domestic revenue component of An Giang's provincial budget is set to increase 51% in 2004, compared to 2002, and will account for 38% of all revenues, compared to 29% in 2002. To enable this increase revenues from the non-state sector is set to increase 50%, and will contribute 10% of all budget revenues. Revenues from state owned enterprises is also set to increase but remains below non-state sourced revenues. Revenue from fees is set to rise by 31% but will continue to account for 3% of all budget revenues. Revenue from land sales, rents and fees is set to increase by 55% in 2004, providing 7% of all revenues in An Giang.

Table 31 : Budget Revenue for An Giang 2002 and 2004, VND million

	2002	2004
Total Revenue (I + II)	2,599,414	3,015,112
I Total Provincial Budget Revenue (A+B+C)	919,979	1,360,000
A Domestic Revenue	765,730	1,158,000
Revenue from State owned enterprises	129,412	186,200
Revenue from foreign invested enterprises	13,861	16,000
Revenue from non-state sector	195,428	295,000
Revenue from Fees	67,920	89,000
Revenue from land (taxes, rent and sale)	129,586	200,500
Other Revenue	229,523	371,300
B Revenue from customs	38,482	70,000
C Other domestic revenue	115,767	132,000
II Local Budget Revenue	1,679,435	1,655,112
Revenue via Central Government transfer	611,112	351,341
Other Revenue	1,068,323	1,303,771

Source: MOF 2005, 2002 has been finalised, 2004 approved estimates

5.1.3. Taxation of enterprises

GSO data indicates that An Giang's 1004 operating enterprises paid VND549 billion in taxes and fees in 2003, well above the regional average for the Mekong River Delta. However this still remains below national provincial average of VND1722 billion per enterprise. On average each of An Giang's companies pays VND0.55 billion, again above the regional average of VND0.48 billion, but a third of the national average.

Table 32 : Taxes and fees paid by enterprises, 2003

	Total Tax and fees paid by enterprises VND billion	Average per enterprise VND billion
National provincial average¹⁵	1721.87	1.53
Mekong River Delta average¹⁶	378.36	0.48
An Giang¹⁷	549.6	0.55

Source: GSO 2005

Though the manufacturing sector has most enterprises in operation in An Giang province, it is enterprises in the financial intermediation sector that contribute not only the most per enterprises in taxes and fees, VND8.42 billion per enterprise on a turnover of VND23 billion in 2003, but this sector also provides 41% of all taxes and fees paid by enterprises. This is remarkable given that there are only 27 enterprises operating in financial intermediation in An Giang, employing 429 people, 1.33% of all those employed in enterprises in An Giang. The manufacturing sector provides 26% of all taxes and fees, though each enterprise pays only VND0.49 billion, less than the provincial average.

¹⁵ GSO figures show VND110,199.4 billion in taxes and fees paid by 72012 enterprises nationally in 2003.

¹⁶ GSO figures show VND5,297.1 billion in taxes and fees being paid by 11032 enterprises across the Mekong River Delta region in 2003.

¹⁷ GSO figures show VND 549.6 billion in taxes and fees being paid by 1004 enterprises across the An Giang in 2003.

Table 33: Taxes and Fees paid by enterprises, 2003

Sector	Number of enterprises	% of all enterprises	Taxes and fees paid	% of all taxes and fees paid	Taxes and fees per enterprises
Financial Intermediation	27	2.69%	227.4	41.38%	8.42
Manufacturing	295	29.38%	143.1	26.04%	0.49
Wholesale and retail trade; repair of motor vehicles	447	44.52%	128.6	23.40%	0.29
Transport, storage and communications	55	5.48%	29.5	5.37%	0.54
Construction	114	11.35%	14.7	2.67%	0.13
Real estate, renting and business activities	24	2.39%	3.5	0.64%	0.15
Hotel and restaurant	35	3.49%	2.4	0.44%	0.07
Community, social and personal services	1	0.10%	0.3	0.05%	0.30
Health and social work	2	0.20%	0.1	0.02%	0.05
Fishing	4	0.40%	0	0.00%	0.00
	1004		549.6		

Source: GSO 2005

5.2. Expenditure

2004 estimated provincial budget expenditures look set to be 23% higher than those in 2002 at VND1,655,112 billion, again the highest level of expenditure in the region. The development investment component of budget expenditures is set to increase by 7% in 2004, though will make up only 36% of expenditure compared to 38% in 2002. Social economic spending is set to decline in 2004, by 2%, and will make up 51% of spending compared to 59% in 2002. This decline is led by a reduction in public administration costs by 17%.

Table 34 : Budget expenditure for An Giang 2002 and 2004

	2002	2004
<i>Total Local Budget expenditure</i>	1,463,468	1,655,112
Development investment	560,438	602,467
Socio-economic development	867,745	847,890
Social services	483,140	537,340
General Public Administration	106,840	88,500
Other expenditure	277,765	222,050
National Targeted programmes	21,851	28,084
Other	13,434	176,671

Source: MOF 2005, 2002 has been finalised, 2004 are approved estimates

6. Business Environment

A number of surveys have been carried out recently to examine both the experience of firms in the business registration process (GTZ, CIEM and Vision Associates, 2005) and also in an attempt to index provinces according to the business environment in each province (VNCI, 2005).

6.1. Business Environment

In the recent Provincial Competitiveness Index (PCI) developed by the Vietnam Competitiveness Initiative (VNCI financed by USAid), An Giang was given a PCI index of 50.90, placing it in the mid-low range. The highest overall rating was 76.82 in Binh Duong and the lowest 38.81 in Ha Tay. As we can see from the table below illustrating the results from the Mekong River Delta, An Giang had the lowest competitiveness rating of the region. Vinh Long scored highest and was in the highest grouping of the the final provincial competitiveness index.

The PCI study and ranking looked at several categorisations for doing business and dealing with provincial bureaucracy, from entry costs to starting a business through to provincial private sector development policies and initiatives. Each sub-indices had a further set of sub indices to build a complete picture of doing business in a province.

An Giang scored highest in access to land as well as the implementation of central plans. Interestingly the second survey detailed here found access to land in An Giang to be problematic and time consuming, however the PCI found that access to land took little time and had few hindrances. In the implementation of central laws and implementing decrees An Giang was found to have strong coordination activities with the centre and local authorities and implementation of plans was above average. However, it was found that departments were frustrated in implementing provincial initiatives.

Informal charges were found to be worryingly high in An Giang, the second lowest in the survey with the highest number of firms claiming to be paying informal fees. SOE bias was also felt to be high, at least in the attitudes of the provincial government towards the private sector if not in actual lending to SOE.

Private sector development assistance was also found to be low, with little in the way of market information, very low levels of business consultation on regulatory changes (also reflected in the transparency index).

Table 35: Provincial Competitiveness Index 2005

Provincial Competitiveness Sub-Indices										
<i>Province</i>	<i>Entry Costs</i>	<i>Access to Land</i>	<i>Transparency</i>	<i>Time/ Inspections</i>	<i>Informal Charges</i>	<i>Implementation</i>	<i>SOE Bias</i>	<i>Proactivity</i>	<i>Private Sector Dev. Policies</i>	Weighted PCI (Max =100)
Vinh Long	5.66	7.50	5.58	5.52	7.21	6.62	7.35	8.56	7.84	68.56
Ben Tre	7.02	6.73	4.92	7.75	6.77	6.83	6.29	7.50	5.50	65.24
Can Tho	6.13	6.01	5.15	6.75	7.01	5.97	5.40	5.62	8.14	61.29
Kien Giang	6.44	6.28	4.74	7.26	7.28	7.68	6.29	6.39	5.05	61.13
Dong Thap	6.27	6.76	4.72	5.60	7.87	6.01	6.29	5.91	4.53	58.65
Long An	7.24	6.37	3.51	6.23	6.91	5.34	6.22	5.89	5.17	58.49
Tra Vinh	4.53	7.96	3.80	4.01	8.39	7.61	6.72	6.20	5.54	56.25
Tien Giang	6.40	6.71	3.23	6.58	8.10	8.27	6.19	5.51	3.72	55.89
Soc Trang	7.35	6.03	4.03	5.26	4.21	6.97	6.15	5.79	4.80	55.63
An Giang	6.36	7.07	4.10	4.64	3.44	7.96	4.75	5.61	4.18	50.90

Source: VNCI 2005

In the recent GTZ, CIEM and Vision Associates survey of An Giang and 6 other provinces, which examined the time taken at the different business administration processes, An Giang overall was inline with the surveys average findings, with 63% of firms claiming all procedures were finalised within the statutory timeframe, compared to 69% for the survey as a whole.

Only in gaining an official seal was An Giang found to be significantly below the survey average , with 58% of firms receiving their seal within 7 days, compared to 67% across the survey.

Table 36: Findings on length of registration related procedures

Procedures		Average	Dak Lak	Quang Nam	An Giang	Hung Yen	Ha Tay	Ha Nam	Lao Cai
1. Business registration certification	less than 15 days	66%	52%	93%	74%	59%	38%	53%	83%
2. Having the official business seal	less than 7 days	67%	62%	89%	58%	81%	100%	50%	56%
3. Tax registration	less than 7 days	77%	85%	95%	76%	71%	100%	56%	73%
4. Official receipt purchase	less than 3 days	54%	50%	69%	57%	71%	80%	35%	25%
5. Customs registration	less than 3 days	36%	67%	0%	33%	50%	0%	0%	0%
6. Completion of all these procedures	less than 30 days	69%	54%	97%	63%	67%	90%	31%	60%

Source: Vision Associates 2005

6.2. Access to land

The same GTZ study found that access to land in An Giang province took substantially longer than the other 6 provinces in the survey, taking 198 days to finish all procedures in accessing land. This compares to an average of 168 days across the provinces in the survey. This contradicts with the VNCI surveys findings on access to land.

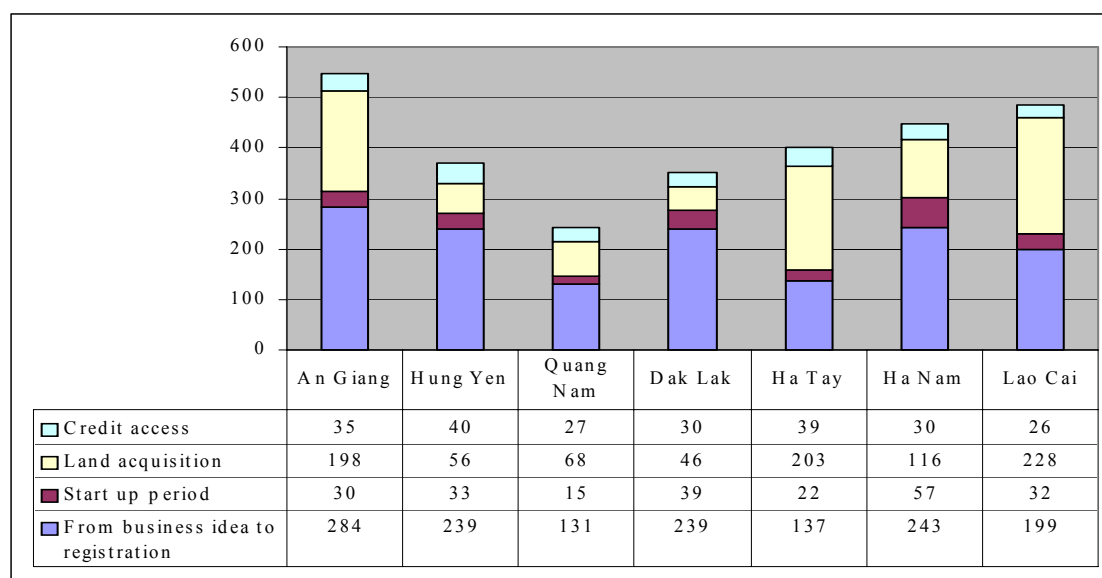
To get through all stages of business start-up, from idea through to operation on suitable land, An Giang was found to take the longest time to complete procedures, over 500 days to become registered, start up operations, acquire land and credit.

Table 37 : Time scale in accessing land

Provinces	Total	In industrial zones/parks	Outside industrial zones/parks
	Average length (days)	Average length (days)	Average length (days)
Total	168	111	187
Ha Tay	90	NA	135
Quang Nam	86	120	75
An Giang¹⁸	198	NA	518
Ha Nam	92	83	105
Hung Yen	51	53	50
Dak Lak	33	NA	33
Lao Cai	213	203	220

Source: Vision Associates 2005

Figure 14: Total length for all business procedures



Source: Vision Associates 2005

¹⁸ This number did not include the number of the 2 enterprises mentioned above.

6.3. Investment promotion

6.3.1. Industrial parks

An Giang provinces main operating Industrial zone is the **Binh Long industrial zone**, 41.75ha, in Chau Phu. The zone offers all the infrastructure needs a company may require, good road systems, water and electricity supplies and waste treatment. Investors also receive significant incentives to move into the Industrial parks, including rent exemptions and reductions¹⁹. These incentives can be found across Vietnam and the Mekong Delta Region and are almost universally advertised to lure investors, Actual implementation may differ.

An Giang province is also seeking investment to develop 3 further industrial zones. US\$10 million is needed for the development of infrastructure in the Vam Cong industrial zone, Long Xuyen City. US\$5.3 million for development of infrastructure in the Vinh My industrial zone, Chau Doc Town and US\$8 million for development of infrastructure in the Binh Hoa industrial zone, Chau Thanh District (see the table below) . The Tinh Bien border gate economic zone is currently looking for further investment to develop border trade between Cambodia and Vietnam²⁰.

6.4. Calls for further investment

An Giang province has publicised a detailed list of investment it would like to attract to the province. These projects are a mixture of business areas taking advantage of some of An Giang's production and natural resources through final processing as well as a number of public investment projects in Industrial parks, schools, universities and training facilities. There are also several calls for investments in the development of tourism sites in An Giang. In total there are calls for investment of over US\$100 million.

¹⁹ <http://www.angiang.gov.vn/ageng/xemtin.asp?idcha=1213&cap=2&id=1215>

²⁰ <http://www.vietnamgateway.org/project/calling.php?id=0902&cid=050303102428>

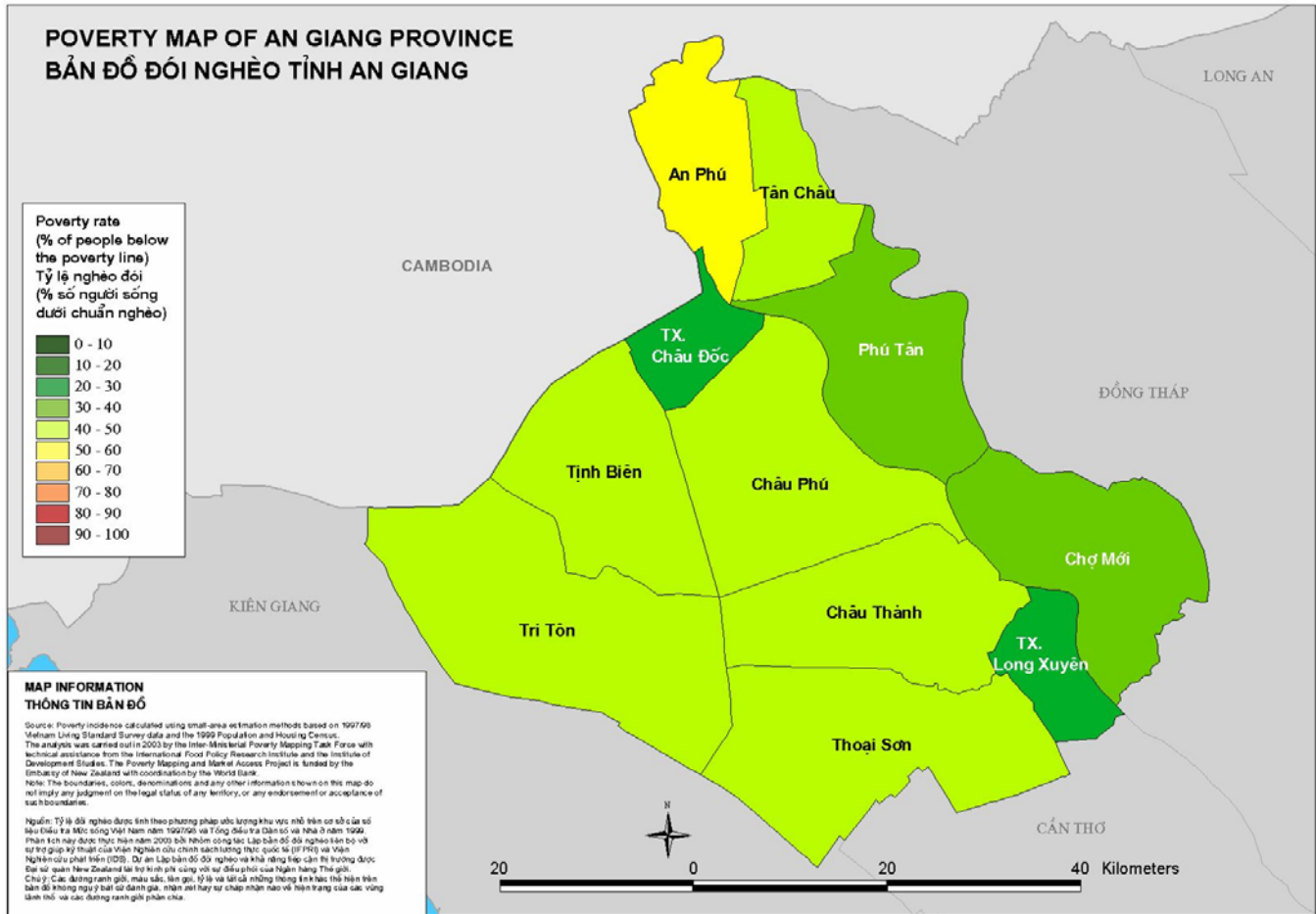
Table 38: Investment projects being called for in An Giang, 2005

1.	Breeding and processing pork and poultry meat	US\$ 7,000,000.
2.	Production of rice and corn extract powder	US\$ 2,500,000.
3.	Milk cow breeding and milk products processing	US\$ 4,000,000.
4.	Cattle breeding and beef processing	US\$ 8,000,000.
5.	Vegetable oils extract factory	US\$ 2,000,000.
6.	Long Xuyen City Commercial Center:	US\$ 2,000,000.
7.	Prefabricated homes production:	US\$ 1,000,000.
8.	Construction of modern urban zone in Long Xuyen City and Chau Doc Town	US\$10,000,000.
9.	Long Xuyen City entertainment & recreation site	n/a
10.	Cam Mountain ecological tourism site	n/a
11.	Tourism & cultural site	n/a
12.	Mineral water plant	US\$ 2,000,000.
13.	Solid waste and garbage treatment plant:	n/a
14.	High quality rice species production	US\$ 1,000,000.
15.	Investment in the infrastructure construction for Vam Cong industrial zone	US\$ 10,000,000
16.	Mountain forest plantation and protection combined with ecological tourism	US\$ 1,500,000.
17.	Investment into the infrastructure construction for Vinh My industrial zone	USD 5,300,000.
18.	Investment in the infrastructure construction for Binh Long industrial zone	US\$ 2,000,000.
19.	Investment in the infrastructure construction for Binh Hoa industrial zone:	US\$ 8,000,000.
20.	Infrastructure construction for Tinh Bien Border Economic Zone	n/a
21.	Infrastructure construction for Vinh Xuong Border Economic	n/a

Zone		
22.	Investment in the construction of the An Giang Province Polyclinic	US\$ 6,000,000.
23.	Investment in the construction of the Chau Doc Polyclinic	US\$ 5,500,000.
24.	Investment in the construction of the University of An Giang	US\$ 25,000,000.
25.	Investment in the enlargement and upgrade of My Thoi Port	US\$ 3,000,000.

<http://www.angiang.gov.vn/ageng/xemtin.asp?idcha=1216&cap=2&id=1223>

7. Poverty in An Giang



Source: IFPRI, ICARD, IDS 2003²¹

The national poverty rate in 2003 was calculated by the inter-ministerial poverty mapping task force at 35.9% for Vietnam and 40% for An Giang province. In the Mekong River Delta region the poverty rate average was 36%.

The Vietnam Living standards survey 1997-98, using different data, estimated poverty at 37.4% falling to 28.9% in 2001-2002 VLSS for Vietnam. The survey found the Mekong Delta to have a poverty rate of 36.9% in 97-98, falling to 23.4% in 2001-2002. This section uses the data from the 2003 inter-ministerial poverty mapping task force, as more detailed regional, provincial and district poverty demographic data is available.

²¹ The map predates the establishment of Hau Giang province which is included as part of Can Tho.

This should be taken as an indication of poverty levels and differences across An Giang and the Mekong River Delta region.

Table 39 : Poverty incidence in An Giang province districts

District Name	Population	Incidence of poverty (P0)	Total population under poverty	Incidence of rural poverty	Incidence of urban poverty	Percent urban
An Phu	167565	53%	88809	55%	26%	7
Tri Ton	111149	49%	54463	51%	28%	12
Tinh Bien	106329	47%	49975	54%	24%	23
Chau Phu	234924	44%	103367	46%	21%	8
Thoai Son	174506	44%	76783	47%	25%	12
Chau Thanh	159386	44%	70130	47%	27%	13
Tan Chau	151853	41%	62260	47%	20%	21
Cho Moi	353118	39%	137716	40%	19%	4
Phu Tan	232585	38%	88382	40%	26%	17
Chau Doc	104835	27%	28305	40%	16%	53
Long Xuyen	248126	24%	59550	41%	19%	77
Mekong River Delta averages	185852	41%	74521	46%	23	22

Source: IFPRI, ICARD, IDS 2003

Several districts in An Giang saw their poverty rates reach as high as 53% in 2003, An Phu district, others were as low as 24%, Lon Xuyen district. Absolute poverty figures show a different picture of poverty. Cho Mui district bordering Dong Thap in the south-east with a poverty rate of 39% had absolute numbers of poor amounting to 137716 people, the highest in the district.

Several provinces in the Mekong River Delta have higher levels of poverty than An Giang, with Soc Trang and Tra Vinh having a poverty incidence of 43% compared to An Giang's poverty incidence of 40% in 2003. However, An Giang's high population level means that it contains the highest population under poverty, 817,750 people.

Province Name	Population	Total population under poverty	Incidence of poverty (P0)	Incidence of rural poverty	Incidence of urban poverty	Percent urban
An Giang	2044376	817750	40%	46%	21%	22
Can Tho	1809444	615211	34%	40%	14%	22
Dong Thap	1566571	610963	39%	42%	19%	14
Kien Giang	1497639	599056	40%	45%	21%	22
Soc Trang	1172404	504134	43%	48%	22%	18
Tien Giang	1604165	433125	27%	30%	12%	13
Tra Vinh	966949	415788	43%	47%	19%	13
Ben Tre	1298959	415667	32%	34%	15%	8
Ca Mau	1118830	380402	34%	38%	17%	19
Long An	1305687	378649	29%	32%	14%	16
Vinh Long	1010521	333472	33%	36%	15%	14
Bac Lieu	735130	264647	36%	41%	20%	25

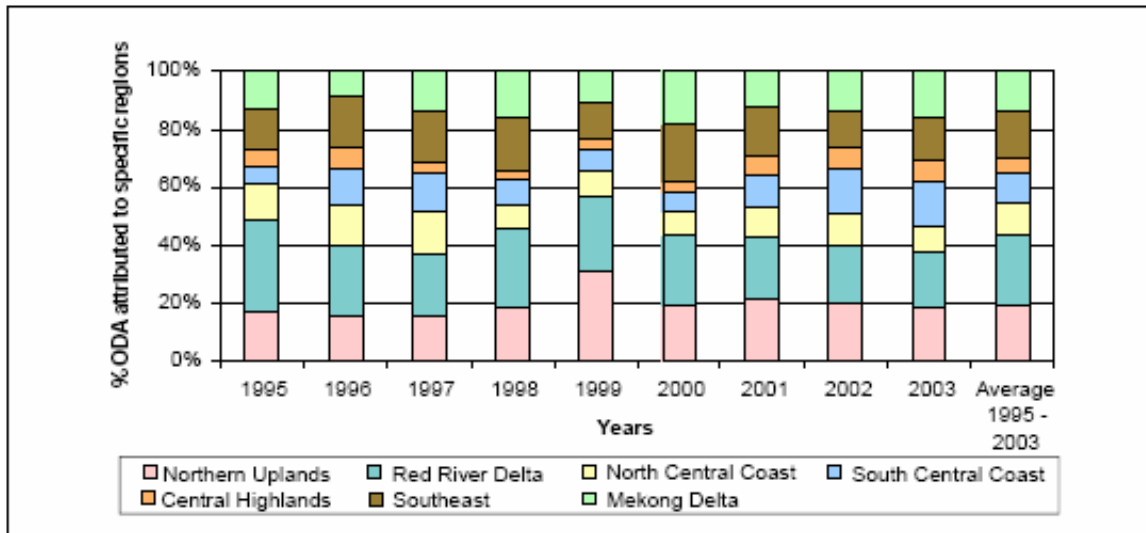
Sources: Vietnam Population and Housing Census 1999, Vietnam Living Standards Survey 1997/98, Poverty Mapping project estimates

8. Selection of donor projects in An Giang province

Overseas development aid to the Mekong River Delta region increased from US\$81.3 million in 2001 to US\$159.2 million in 2003. ODA per capita has risen from US\$4.92 per person to US\$9.43 per person, one of the lowest levels in the country. The Mekong River Delta region now receives 16% of ODA coming into Vietnam.

Flood prevention and disaster mitigation due to the annual flooding of the region and rivers in the region as well as its vulnerability to storms has seen a number of ODA projects aimed at these areas.

Figure 15: Regional Shares of ODA (%) in 1995 - 2003²²



Source: UNDP Viet Nam DCAS

8.1. Asian Development Bank (ADB)

Mekong River Tourism Infrastructure Development; This project with An Giang and Tien Giang aims to promote and develop the tourism industry in the Mekong River basin. It will improve tourism-related infrastructure in Cambodia, Lao PDR and Viet Nam, (Greater Mekong Sub-region (GMS) participating countries [GMSPC]), support pro-poor community-based tourism projects in the rural areas of these countries, facilitating

²² UNDP, 2005, Vietnam Development Cooperation Report 2004

private sector participation in tourism marketing and promotion, establish mechanisms to increase sub-regional cooperation, and facilitate the movement of tourists across borders.

8.2. EU

Sustainable Agarwood production; This US\$1.4 million forestry development project between Kon Tum and An Giang aims to support the establishment of economically and environmentally sustainable Agarwood production.

8.3. DANIDA

Building Capacity for Co-operative Development in An Giang; This project, now ended, Facilitation by An Giang Farmers' Union of formation and operation of new-style co-operative organisations in accordance with the Cooperation Law and other relevant legislation strengthened.

CIDA

8.4. Canadian International Development Agency

HIV/AIDS Community Clinics Network; This project aims to contribute to poverty reduction through improved access to basic social and infrastructure services by the poor; To diagnose and treat sexually transmitted infections (STIs) in low income sex workers through STI clinics and to prevent HIV and STIs in sex workers and injection drug users through education, support, condom distribution and needle exchange delivered by peer educators in outreach setting.

8.5. AUSAID

North Vam Nao Flood Control; There are numerous projects in An Giang and the Mekong River delta as a whole focusing on flood prevention and disaster mitigation. One such project is the North Vam Nao Flood Control by AusAid which aims to improve the life, health and income of the people of North Vam Nao island in An Giang province. There are 4 components:(1) water control ; (2) farm production ; (3) credit ; (4) nutrition / health.

9. District review

Cho Moi district, bordering Dong Thap province, has the largest population in An Giang Province with 353118 people, it also has the largest workforce in agriculture and the lowest level of urban residency, though it borders Long Xuyen city. Tri Ton district is the largest province by area and also has one of the lowest levels of population. Long Xuyen and Chau Doc have the largest urban based populations.

Table 41 : Poverty incidence in An Giang province districts

District Name	Area km2	Population	Population working in Agriculture/Forestry/Fishery	Percent urban	Incidence of poverty (P0)	Incidence of rural poverty	Incidence of urban poverty
Cho Moi	356	353118	123076	4	39%	40%	19%
Long Xuyen	107	248126	27460	77	24%	41%	19%
Chau Phu	426	234924	73763	8	44%	46%	21%
Phu Tan	307	232585	77276	17	38%	40%	26%
Thoai Son	459	174506	63032	12	44%	47%	25%
An Phu	208	167565	55324	7	53%	55%	26%
Chau Thanh	347	159386	52613	13	44%	47%	27%
Tan Chau	161	151853	41168	21	41%	47%	20%
Tri Ton	598	111149	34664	12	49%	51%	28%
Tinh Bien	337	106329	31327	23	47%	54%	24%
Chau Doc	101	104835	12748	53	27%	40%	16%

Sources: Vietnam Population and Housing Census 1999, Vietnam Living Standards Survey 1997/98, Poverty Mapping project estimates

Long Xuyen and Chau Doc has the highest levels of budget revenues. Cho Moi, with the largest population receives the second highest level of budget revenue, as the table below details.

Table 42 : An Giang Districts Budget Expenditure and Revenue, 2004

ANGIANG DISTRICTS BUDGET EXPENDITURE-REVENUE

Million dong

<i>DISTRICTS</i>	<i>TOTAL BUDGET REVENUE OF DISTRICTS</i>	<i>ADDITIONS FROM PROVINCIAL BUDGET TO DISTRICTS BUDGET</i>	<i>TOTAL BUDGET EXPENDITURE OF DISTRICTS</i>
Long Xuyen	137,250		137,930
Cho MOi	50,630	48,660	99,430
Thoai Son	42,530	43,310	85,870
Phu Tan	41,060	36,700	77,820
Chau Phu	34,800	37,440	72,320
Chau Doc	56,980	5,750	62,790
Chau Thanh	33,100	27,860	60,990
Tan Chau	51,460	8,990	60,450
An Phu	17,030	41,560	58,590
Tinh Bien	18,280	37,740	56,020
Tri Ton	15,830	37,160	52,990

Source: MOF 2005

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