

## **6. CURRENT STATE OF VIETNAM'S CRAFT SECTOR, ITS ISSUES & DIRECTION**

### **6.1 Overview**

The Vietnamese craft sector is rapidly changing. Among Asian craft products, Vietnamese craft items are reputed for their affordable price tags as well as their unique and distinct designs, the main features that fuel their growing popularity in overseas markets. Export products, mainly made by private enterprises as well as young entrepreneurs, are making significant market headways. However, the traditional Vietnamese craft worker has yet to reap the benefits of a rising market and enjoy the rewards of his toil. Many workers still consider craft making as sideline work especially during off-farm seasons, and earnings from it remain generally low. Likewise, the infusion of non-traditional or modern production techniques and the corresponding rise in production volumes have spawned serious concerns such as the dissipation of traditional values and environmental degradation. Although craft items were once common in the country's past, their usefulness and function are slowly being replaced by cheaper commercial goods and items, which contributes to the rising concern on the preservation of cultural values. These concerns and issues form the thesis that underlie the central government's initiative to utilize the craft sector as a tool for countryside development and a vehicle to pump prime economic activity in the rural areas and help alleviate rural poverty. Thus, a comprehensive analysis of the development of the Vietnamese craft sector and the multifaceted impacts such development will entail is imperative in order to achieve the Government's ultimate goal of rural progress. Current conditions and issues on the following areas were evaluated and analyzed, to wit:

- (a) Assurance of raw materials supply
- (b) Technological improvement
- (c) Quality improvement
- (d) Improvement of production process
- (e) Design promotion
- (f) Information collection and management
- (g) Cluster development
- (h) Human resources development
- (i) Business management improvement
- (j) Improvement of working conditions
- (k) Provision of financing and capitalization
- (l) Distribution system improvement
- (m) Improvement of marketing

- (n) Strengthening of linkage with tourism sector
- (o) Mitigation of environmental impacts of craft production
- (p) Provision of assistance to ethnic minorities
- (q) Preservation of traditional values

## **6.2 Securing Raw Materials**

### **1) Overview**

Vietnamese craft villages traditionally rose up in areas where the requisite raw materials existed and were gathered. The craft villages and the various craft items they produced were thus born out of accessibility or proximity to their raw materials. Traditional crafts, such as ceramics, bamboo/rattan, silk, brass, silverworks, etc. became well known as local folk crafted and fashioned them from the very earth or vegetation that were near their domiciles.

Although many villages still get their raw materials from traditional sources, the rise in market demand and the attendant increase in production volumes have resulted in various forms of procurement difficulties. Properly addressing raw material sustainability is part and parcel of the ultimate goal of developing the craft villages and the craft sector.

### **2) Category of Raw Materials**

Vietnam has vast natural resources including minerals and flora. Its mountainous and coastal areas, in particular, have over 12,000 species of trees. Some of its craft products are produced from these resources. Vietnamese craft items are made from: wood, soil, stone, grass, timber, plant leaves, animal horn or bone, seashell and metal. Most of them are found within proximate regions or in places with easy accessibility. Where raw materials are not available, various artificial complements are utilized. Basic materials are roughly categorized into mineral, flora and fauna, and processed materials. The items in these categories are shown in Table 6.2.1.

- (a) Mineral (stone, metal, soil, etc): Continuously being consumed, and irreproducible materials
- (b) Securing raw materials flora and fauna (grass, trunk, leaf, nut, horn or bone, seashell, cocoon, thread, etc.): Naturally reproducible
- (c) Processed materials (chemical rubber, chemical glue, chemical dye, chemical paint, etc.): Artificially reproducible

Table 6.2.1 Raw Materials<sup>1)</sup>

Craft Item	Raw Materials		
	Mineral	Biological objects	Processed Materials
Rush	Sulfur	<b>Rush, jute, cotton cloth</b>	Nylon fiber, chemical dye
Lacquer		<b>Lacquer, wood, seashell</b>	Laminated board, chemical dye
Bamboo & Rattan	Sulfur	<b>Bamboo, rattan</b>	Chemical glue
Ceramics	<b>Clay, china clay, enamel</b>	firewood	Chemical paint
Embroidery		<b>Cotton thread, silk thread</b>	
Weaving		<b>Cotton yarn, cocoon, silk yarn, line, wool, nut</b>	Chemicals (dye, bleach)
Wood	Enamel, seashell	<b>Wood, lacquer</b>	Chemical glue
Stone carving	<b>Stone, stone powder, dye</b>		Chemical glue
Paper	Paper making powder, limestone	<b>Bark of do tree<sup>1</sup></b>	
Woodblock printing		<b>Do tree</b>	Chemical dye
Metalwork	<b>Bronze, aluminum, silver, iron, steel</b>		Chemicals

Source: JICA Study Team

1) Bold letters indicate main raw materials for the applicable item.

### 3) Material Sourcing

The mapping survey revealed that more than 30% of the craft villages had “problems” or “serious problems” on raw material sourcing. Categorized per craft item these are: (1) weaving (53.3%), (2) wood (48.8%), (3) rush (42.7%), (4) stone carving (38.9%), (5) embroidery (38.5%), and (6) bamboo & rattan (28.2%). This indicates that although robust supplies still avail, without appropriate conservation measures their drying up is highly probable. The prevailing practice in obtaining raw materials is summarized below.

In general, raw materials are obtained within the boundaries of a commune or inside a province. The amount of imported raw materials is small except for embroidery. Raw materials for rush, lacquer, ceramics, wood, paper, and metalwork products are often obtained from other regions or provinces (see Table 6.2.2).

(a) Ceramics is characterized by the kind of clay used in its production. The fact that more than half of the villages sourced their clay from different areas implies that the availability of local raw materials is being exhausted.

(b) Shortage of bamboo, rattan and wood is already a serious concern because of indiscriminate felling and gathering and the absence of restrictive measures, including the lack of management and protection of these natural resources. The

<sup>1</sup> Do tree grows on the slopes of valleys and mountains and is historically used for handmade paper production. In recent years, traditional handmade paper techniques are vanishing as demand decreases. Handmade paper is used mainly for woodblock printing and government official letters.

unabated decimation of rainforests for industrialization also exacerbates the issue of sustainability. These are the main factors why raw material costs are shooting up.

Traditional features and unique techniques are not only the value-added inputs that will ensure the uniqueness of Vietnamese craft items. The wise use of their raw materials will also greatly increase their economic and cultural values. These raw materials, like rush, bamboo/rattan, wood, etc. along with the unique Vietnamese clay, all come from endemic sources. Appropriate measures at the national level are needed to guarantee their sustainability.

Table 6.2.2 Material Sources (%)

Item	Within Commune	Within Province	Domestic	Imported
Rush	10.7	39.7	<b>44.8</b>	4.8
Lacquer	10.7	39.7	<b>44.8</b>	4.8
Bamboo & Rattan	<b>38.9</b>	39.3	21.5	0.4
Ceramics	10.7	39.7	<b>44.8</b>	4.8
Embroidery	14.8	28.6	35.8	<b>20.7</b>
Weaving	<b>38.8</b>	32.4	24.1	4.7
Wood	10.7	39.7	<b>44.8</b>	4.8
Stone carving	<b>41.9</b>	39.5	18.6	0.0
Paper	14.3	0.0	<b>71.4</b>	14.3
Woodblock printing	0.0	66.7	33.3	0.0
Metalwork	10.7	39.7	<b>44.8</b>	4.8
Total	25.4	36.0	33.3	5.3

Source: Craft Mapping Survey, 2002

#### 4) Acquisition of Raw Materials

Materials are generally obtained from local suppliers. Small- to medium enterprises in the craft villages purchase them from vendors, and they are either processed in local enterprise factories, or are delivered to craft households who work as subcontractors. The following are their material characteristics:

- (a) Bamboo, rattan and rush require a primary process. Poor local roads or shortages in skilled labor are some factors that force producers to purchase processed materials directly from vendors. Although the quality of such materials is stable, they are more expensive, thereby appreciating production costs. Craft villages basically prefer to keep production costs down and maintain quality by directly sourcing raw materials without the interference of vendors.
- (b) Scarcity is also pushing woodcraft producers to obtain raw materials from far-flung areas or from different provinces. This is critical because in the course of production a significant volume of wood is normally required. Well-known woodcraft villages on average could consume a couple of hundreds of square feet of precious wood. Furthermore, the overall drive for development and industrialization is also eating

into the depleting supply of wood from the remaining rainforests, thereby aggravating the issue of sustainability for the wood-based craft.

- (c) For silk and yarn production, which are used for weaving and embroidery, provincial governments have set policies on a programmed planting of mulberries and sericulture. However, the quality of those produced at the craft household level is still low; thus, their silk weavings are equally of low quality, making it difficult to export. Cocoons are not regularly available in the market due to the limited supply of mulberry leaves. For embroideries, which are mainly exported to European countries and Japan, the clients themselves usually provide better raw materials. The advantages of Vietnamese embroidery lie in its low labor costs, delicate designs, and the high skills used to produce them more than the quality of its raw materials.

#### 5) Quality and Processing of Raw Materials

Since machines are often required in the primary processing of raw materials they are done inside craft factories, which also engenders its own machine-based defects besides those inherent in the raw material. A common factor cited for product defects is that due to the unstable supply of raw materials, producers are eager to obtain whatever supply is available regardless of quality, including the absence of a quality management system, and lack of awareness of such factors by both seller and buyer. In a sense, improper methods and practices in obtaining raw materials are negatively affecting product competitiveness and earnings. At-delivery inspections often rely on intuition, and few enterprises conduct quantity management in terms of time wastage. Affecting delivery and post-production quality are damages caused by molds and worms.

#### 6) Impact on Craft Production by Raw Material Deficiency

The number of craft villages purchasing raw materials from other regions due to the scarcity in their local areas is increasing. The negative impacts of this are as follows:

- (a) Difficulties to continue production due to scarcity of local raw materials.
- (b) Increase in production cost caused by additional transport expenses.
- (c) Raw materials sold by vendors are more expensive due to transport costs, processing costs, and commissions.
- (d) Determination of fair price or actual value is out of the producer's control when raw materials are purchased through vendors.
- (e) Inferior raw materials affect the final product's quality and this lowers product value.
- (f) Focus is mainly on production techniques and market cultivation rather than on curbing illegal importation of raw materials or depletion of raw materials, which must be dealt with at the national level.

(g) Difficulties in producing craft items utilizing the characteristics of local raw materials.

## 7) Measures for Stabilizing Raw Material Supply

Issues of raw material scarcity must be dealt with at each level of the craft sector to properly address concerns on sustainability. The following are suggested measures for common issues. Detailed explanation of each item is described in Table 6.2.3.

- (a) Study of local raw materials.
- (b) Information collection and disclosure on raw material suppliers and venders.
- (c) Quality and breed improvement of raw materials.
- (d) Establishment of raw material inspection systems and setting of quality standards.
- (e) Improvement of raw material processing.
- (f) Identification of raw material supply zones and government assistance.
- (g) Designation of raw material protection zones.
- (h) Creation of suitable plans to import raw materials and establish international links.
- (i) Planning of craft raw materials resources and zones at national and provincial levels
- (j) Promotion of linkage on production exploitation and distribution of raw material among localities

Table 6.2.3 Measures for Stable Raw Material Supply by Item

Item	Measure
Weaving	<ul style="list-style-type: none"> <li>• Improve the breed of cocoons for them to grow according to regional conditions. Standardize the breed of cocoons, if possible.</li> <li>• Plan mulberry plantation areas using improved mulberries based on appropriate soil and climate, cultivation condition. Balance among 3 factors: (a) development of silk yarn, (b) growing of mulberries, (c) breeding of cocoons.</li> <li>• Coordinate with all related stakeholders – DARD, DOI, and other related agencies at provincial level, and MARD and other divisions of the Ministry at central level – to develop weaving and implement operation management activities in a unified way.</li> </ul>
Wood, bamboo, rattan	<ul style="list-style-type: none"> <li>• Formulate strategies to develop and designate raw material forestation zone nationwide and at regional level by governments.</li> <li>• Develop forestation projects and for governments to provide support such as financial assistance, preferential taxation, etc. to participating enterprises.</li> <li>• Formulate plan and appropriate regulations on use of wood by considering the balance of usable quantity within raw material forestation zone, and reproduction capacity. Quang Nam province has applied such measures to identify the zone for the craft villages.</li> <li>• Designate raw material forestation zone in the forests. Reforest flatlands and deltas. Designate an agent to take charge of such forestation of raw materials.</li> <li>• Strengthen soil fertility and its quality. Improve cultivation method.</li> <li>• Regulate cutting down of raw materials and apply advanced techniques on initial raw material processing. If possible, implement criteria set forth on precious materials. Establish raw material processing company within the raw materials forestation zones.</li> <li>• Apply appropriate methods on raw material preservation.</li> <li>• Import needed raw materials to keep up with trends in wood and bamboo and rattan crafts.</li> </ul>
Ceramics	<ul style="list-style-type: none"> <li>• Select candidate sites, assess quantity, and plan appropriately for kaolin and other porcelain clay.</li> <li>• Government to assist areas to become supply stations providing raw materials to production sites in other regions.</li> <li>• Invest more in inspection, grinding, etc. to improve raw material quality.</li> <li>• Strictly inspect factories which collect various raw materials for initial processing according to the needs of craft villages.</li> </ul>

Source: JICA Study Team

### 6.3 Technology Improvement

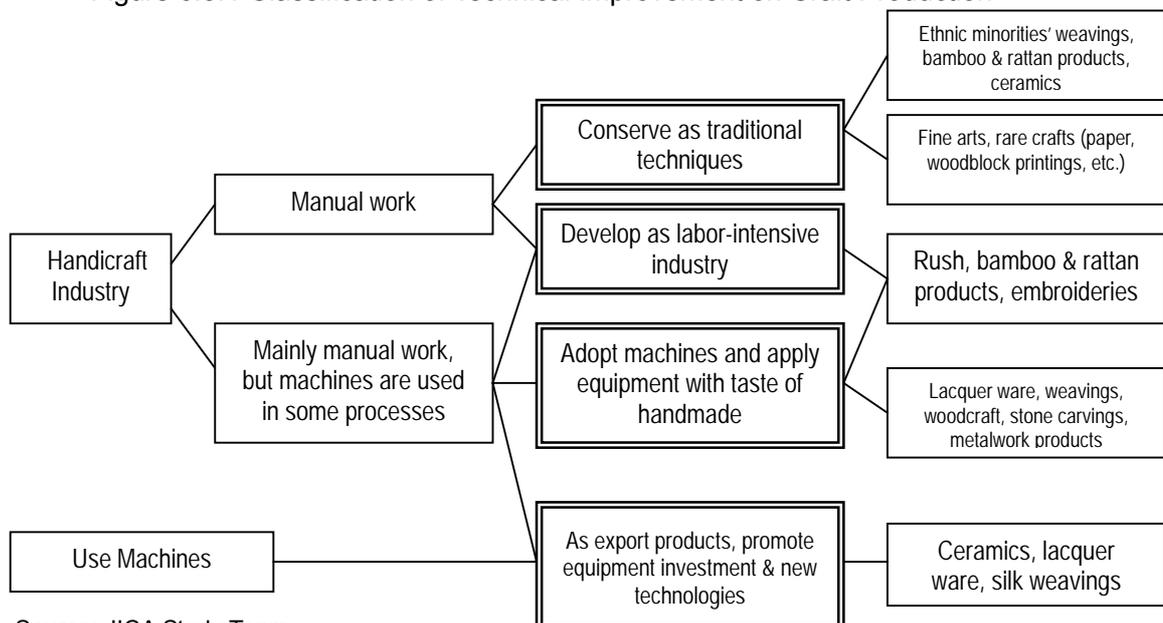
#### 1) Craft Production Techniques

Traditionally, most craft production processes are done by hand with the help of implements such as weaving looms, needles, carving knives, hammers, and various other implements. However, with the advent of industrialization and changes in market demands, machines were adopted in the production process. While such development improved quality and lightened the burden on labor, it likewise engendered the rapid disappearance of traditional techniques and methods of craft making.

The mapping survey showed that more than 70% of craft villages cited “skills shortage” as more of a concern than other issues. While industry leaders and local authorities recognize this and policy measures on research and technological improvement have been initiated by both local and central governments, a concrete development direction is yet to be identified. Thus, as matters stand, the necessary techniques and technology and other forms of assistance for implementation are yet to be crystallized.

Subjects and techniques differ per craft and production method. Traditional crafts that need preserving still employ traditional techniques, while craft items for export have adopted modern techniques and processes. This situation has affected the definition of craft and the direction of craft improvement. Views on technical aspects are thus mixed with market needs, e.g. promoting items as handicraft products or as semi-industrialized products, preserving traditional techniques or improving designs through modern techniques. These issues should be cleared while needed technological improvements should be applied based on characteristics (see Figure 6.3.1).

Figure 6.3.1 Classification of Technical Improvement on Craft Production



Source: JICA Study Team

## 2) Technical Improvement on Division of Labor Mechanisms

The making of rush, bamboo, rattan, and embroidery items are basically simple, thereby allowing a large number of craftswomen to be engaged in their production even with limited training and technical orientation. Big production outfits employ large numbers of workers by applying labor-intensive methods and manual procedures. This is one of the stated goals in Vietnam's craft promotion, to create jobs through labor-intensive means with the end in view of helping fight rural poverty through craft promotion. Underpinning the production process are the skills for raw material processing and the highly manual procedure for craft making such as weaving and stitching. The usage of technology and modern techniques should work in step with the division of labor. This means that processes requiring modern implements, like machines, should be done by the enterprises, while those that require precise manual techniques should be subcontracted to craft households.

Machines are generally employed in processing raw materials. Machines used in woodcraft production are: cropper, backhoe, grinder, etc. In bamboo and rattan craft making a splitter machine is utilized. Many of these machines, however, have become decrepit which shows that focus on technical improvement often entails the renewal of bad or old equipment. Most manual processes, such as knitting and stitching, are often done by women. Their delicate and precise techniques add value to the items especially those for overseas markets. Issues that prevail, in this aspect, are the need for diversifying products and new designs, rather than handicraft techniques per se.

Labor-intensive production often entails division of labor; thus, the quality of the final product often depends on the integrity of the work done by the subcontractors who handle them. Technical issues on this area are as follows:

- (a) Utilizing excellent Vietnamese handicraft techniques and differentiating handmade products from machine-made ones.
- (b) Making appropriate investments in plants and machines for raw material processing so as to improve quality.
- (c) Establishing technical control systems to support the practice of division of labor in craft villages through the initiatives of enterprises.

## 3) Merits and Demerits of Using Modern Equipment and Technology

A growing trend are export-bound products, like ceramics, lacquer ware, and silk weavings, in particular, that are mass-produced at enterprises or production factories located near or in urban areas rather than in the traditional craft villages. Mostly, these enterprises are foreign-affiliated firms or joint-capital undertakings. These outfits hire

foreign designers and employ on-site engineers who run the whole process from raw material development, design, to technical improvement. This practice has become popular because of the low labor costs and the cheap cost of the requisite investment capacity it entails. However, some production outfits are fully adopting traditional Vietnamese production techniques and materials and they are playing a significant role in sustaining the unique traditional values of Vietnamese craft items in the export business.

Several foreign buyers have even made physical investments, not only by building factories in Vietnam, but by directly visiting craft villages and investing in necessary equipment and technology for the villages to produce partially finished items which will be finished in the investor's country and sold in the overseas market. This practice has taken a foothold and is rapidly growing.

A negative offshoot of this practice, however, is that "knockoff" designs are proliferating which necessitates the application of intellectual property rights by concerned governments. However, this initiative by private enterprises have allowed the usage of modern technology and equipment to trickle down to the craft villages and small- and medium enterprises which is a laudable move of the private sector.

#### 4) Technical Improvement Measures

Technical skills development and improvement, however, have mostly been limited to imitating popular items and designs. The introduction of new and unique items and designs is getting rare. The direction of product improvement should be determined whether to conserve procedures and techniques or utilize modern methods of production. The fact that mechanized operations are lessening jobs but raising volumes should be balanced with the truism that "handmade" items give Vietnamese craft its uniqueness and distinct feature, especially in the overseas market. Suggested technical skills improvement measures are as follows:

- (a) Production technology trainings for producers and subcontractors.
- (b) Introduction of incentives to support capacity improvement of producers and subcontractors.
- (c) Setting and observation of equipment management within company.
- (d) Subsidy for in-house training (e.g. cost of tools, practice materials, etc.).
- (e) Establishment of experiment and research function to develop unique Vietnamese products and techniques for the use of domestic enterprises.
- (f) Setting of quality criteria and technical standards for all handmade products and their dissemination.

## 6.4 Quality Improvement

### 1) Quality of Products

Ultimate product quality is determined by the quality of raw materials, production techniques, production management, and improvement efforts. Hence, the purchase of quality raw materials and the strict management of the production processes help ensure the quality of the finished item. The craft villages, however, generally lack awareness of quality standards. Quality shortfalls are commonly due to the following factors:

- (a) Lack of appropriate production technologies and equipment to improve quality.
- (b) Lack of consciousness and business experiences of producers
- (c) No criteria exist to judge quality. Relevant information on criteria is commonly not available.
- (d) No competitive products exist due to lack of domestic market demand.
- (e) Due to the poor awareness of the importance of market information, information on clients' needs and complaints do not lead to better-quality products.
- (f) No managers to oversee subcontracted work at the craft household level and monitor production and quality.
- (g) No in-house quality control manager/personnel in the enterprises. Visual inspection is the norm and is done by the owners, a task which is difficult to manage and needs meticulousness.
- (h) Many enterprises have the attitude that "quality can be checked at the inspection point and that correction of defects can be done after inspection". Defective goods delivered by subcontractors, in particular, are accepted at lower prices depending on the extent of the defects. This practice hinders the adoption of a consciousness among workers and producers to produce products that are without defects.

The following steps are necessary to ensure the production of quality goods: (1) improving required equipment and technology for quality improvement; (2) setting quality inspection criteria plus conducting strict quality inspections; (3) developing human resources in the field of quality control and accumulating information and know-how on quality management. (With respect to step 1 see section on "Technical Skills Improvement".)

### 2) Quality Standards and Control

Because of limited market information on quality standards, quality is generally not a prevalent notion in the craft village as well as among micro enterprises. An added factor is that the uniformity of items produced by the craft villages had long negated the

infusion of competitive market factors.

Vietnam has no public craft standard inspection body. Small- to medium enterprises, and even large outfits, usually set their own quality standards. A gap in the standards is created because most micro enterprises and craft households, who are the main subcontractors of the big outfits, generally do not enforce strict quality regimens.

Claim management falls under the responsibility of distributors or import-export traders, who have direct access to overseas markets. However, following up improvement concerns with producers often do not bear fruit. In such instances, traders buy up the defective goods themselves then sever future deals with the erring producer. Quality or the lack of it, affects the whole system, sometimes staining the reputation of traders, distributors, and enterprises, and ending with the loss of orders for errant producers in the craft villages or for micro enterprises.

Setting quality standards, especially at the local industry level, will provide confidence to market traders and entrepreneurs who will feel proud to plug quality items as “a regional product brand”. Since quality standards differ by item, they should be set by specialists, researchers or enterprises. (As an example, the criteria set for handmade silk products are shown in Table 6.4.1). Inspections should be managed by specialized inspection agencies or the inspection division of a provincial government. Administrative guidance and assistance will be needed such as in issuing quality certificates by the provincial governments.

Table 6.4.1 Quality Inspection of Handmade Silk Products by Production Process

Process	Production & Quality Issue	Quality Inspection Point
Cocoon	<ul style="list-style-type: none"> <li>• Lack of skills to grow silkworms</li> <li>• Few sericulturists due to unstable yields and distribution channels</li> </ul>	<ul style="list-style-type: none"> <li>• Cocoon grading on-site and random inspection at silk reeling factory</li> <li>• Sorting cocoons (extracting impurities)</li> <li>• Boiling cocoons (introducing double boilers, low temperature reeling method &amp; temperature control)</li> </ul>
Silk reeling, spinning, dyeing	<ul style="list-style-type: none"> <li>• Uneven dye results due to water retention</li> <li>• Low yarn quality due to insufficient reeling technology</li> <li>• Uneven and interlacing gap due to insufficient twisting technique for yarn</li> <li>• Lack of dyeing techniques hinders market development (many complaints from markets)</li> </ul>	<ul style="list-style-type: none"> <li>• Water management (preventing uneven dye marks)</li> <li>• Bleaching and refining (extracting impurities, ingredients of dye)</li> <li>• Setting yarn grade by adopting denier measurement, denier deviation value, etc.</li> <li>• Yarn twisting technology</li> </ul>
Weaving	<ul style="list-style-type: none"> <li>• No inspection system</li> <li>• Low quality evaluation of weaving</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment maintenance for weaving looms, etc.</li> <li>• Setting grade using quality inspection equipment (introducing specific inspection system)</li> </ul>

Source: JICA Study Team

### 3) Increase in Knowledge of Quality Standards and Know-How

Verbally transmitted transactions have often proven a bane on quality. Production instructions are commonly communicated verbally. In bamboo and rattan craft production, it is a common practice by a subcontracting craft household to verbally get a subcontracting job from another craft household, usually a household that organizes orders, and which, in turn, receives the original order from somebody outside the village. Sometimes, under such circumstances, the order's original specifications are lost in the relay of transmission.

With respect to information on superior or inferior goods in the production process, data is either not sufficient nor analyzed well by the concerned enterprise for its evaluation and action. In instances where an analysis is done, information is commonly not passed on to the subcontracted craft households. This shows that there really is no systematic imposition of standards within the enterprise and craft household chain. As a result, post-production and post-delivery remedial jobs have become the norm. A "built-in quality" operating stance and efforts to minimize defects at each production stage are yet to be attained. Consequently, labor costs increase and delivery time gets delayed.

Quality improvements suited to each production stage is required. To avoid quality glitches, some manufacturers gather their subcontracted craft households for a crash course or seminar on quality improvement by using samples. When an item is not made by a production unit but is subcontracted down the line, an effective information and feedback mechanism becomes an invaluable tool that should be widely instituted.

In addition, disparities in technology and research among provinces and areas exist. Narrowing the gaps will help in streamlining technique/technology and quality among areas and sectors, thereby promoting positive interchanges between raw material suppliers, craft producers, top and bottom producers, as well as other government and private players. Administrative assistance and resources to carry out such interchanges and collaborative researches will be necessary.

### 4) Countermeasures for Quality Improvement

A big obstacle in attaining overall quality improvement is the fact that company efforts cannot by themselves solve the problem since the issue involves a long line of stakeholders that include raw material supplier/vender, factory producers or large enterprises, medium enterprises, micro enterprises, group subcontractors, individual subcontractors, and sometimes including individual craftspersons.

The following remedial steps are suggested: (1) technical improvement and management of quality controls; (2) harmonization of quality standards through technical exchange and transfer; and, (3) establishment of uniform quality standards in the local industry, as well as streamlining administrative agencies and research institutions. More concrete measures are as follows:

(a) Quality improvement and management (see Figure 6.4.1):

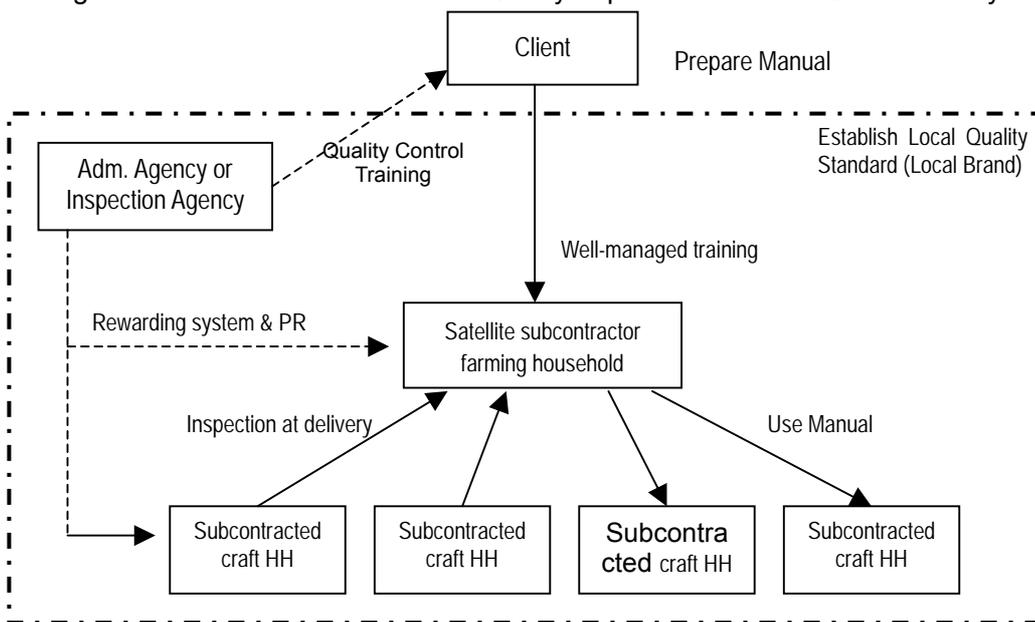
- Clarify and practice strict controls on business policies, e.g. “Defective goods are strictly not accepted”.
- Define and clarify responsibilities of the subcontractors and each unit within the enterprises, e.g. purchasing department, delivery department, processing department, etc.
- Ensure that satellite subcontractors and farming households fully understand the process during the sample production period.
- Prepare a simple quality standards manual<sup>2</sup> and keep subcontracted craft households well informed about it.
- Strengthen inspection at the satellite subcontracting farming household upon delivery by subcontracted craft households.
- Create an incentive system<sup>3</sup> for general craft households and satellite subcontracting households to encourage quality improvements.

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<sup>2</sup> Manual should include specifications of products, points to remember, things to avoid, etc., in simple language and using pictures and marks, etc. particularly for items engaged in by a large number of women and youth.

<sup>3</sup> For instance, an award system based on results, e.g. for farming households having the lowest rate of defective items, can meet delivery date, etc.

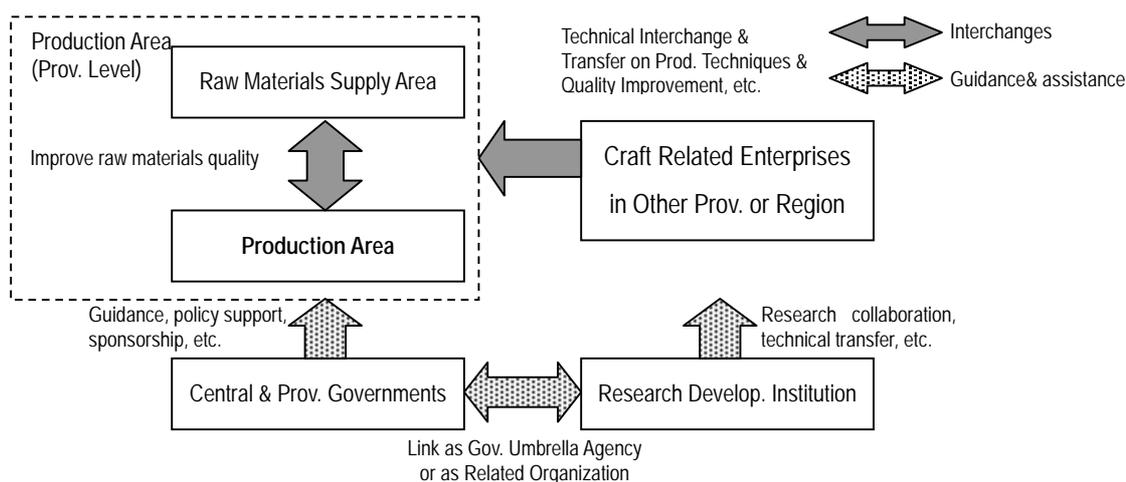
Figure 6.4.1 Countermeasures for Quality Improvement at the Local Industry



Source: JICA Study Team

(b) Transfer of quality improvement know-how through technical exchanges and contests: Exchanges among the local industries and the provision of technical training on quality management at the industrial or administrative level as a form of public service, as well as holding contests and competitions to reward excellence in quality and craftsmanship, along with the publicity of such endeavors, are some effective measures that can be undertaken.

Figure 6.4.2 Technical Exchange and Support Network for Quality Improvement



Source: JICA Study Team

(d) Quality Assurance: Tie-ups between industrial circles and research institutions are needed. With respect to inspection systems, conformity with the export certificate and production site certificate, and other such items, along with close relationships with customs are important. Quality enhancement, raw material improvement,

production process improvement, quality management for export promotion, technical research development, and customs arrangement for export are needed. Thus, the five ministries – MARD, MOI, MOST, MOT, and MOF – should take the initiative in implementing an inspection regimen at the central and provincial levels by applying a common policy (see Table 6.4.2 for the authorities of central government level involved in the silk industry). Furthermore, quality improvements should be done at the production level rather than in individual industries. Organizing or linking the raw material suppliers, raw material processors, and manufacturers (e.g. micro enterprises and craft households) toward forming local associations is needed. What is desired is that such collaborations will help instill the need to uphold standards among tradesmen or craft producers and traders.

Table 6.4.2 Proposed Central Government Authorities Responsible for Silk Products

Central Government	Responsibility
MARD, CSRO	Development of sericulture technologies and development of processing technologies
MOI	Assistance in applying export inspection system
MOST	Assistance in applying export inspection system
MOT	Assistance in applying export inspection system to trade
MOF	Inspection of export item and confirmation of customs

Source: JICA Study Team

## 6.5 Improvement of Production Process

### 1) Production System

An order-based system focused on client requirements has been the norm. Large quantities of orders and short-notice orders are managed by mobilizing daily hires, or subcontracting orders to craft households or groups. Each enterprise accepts orders and makes assurances.

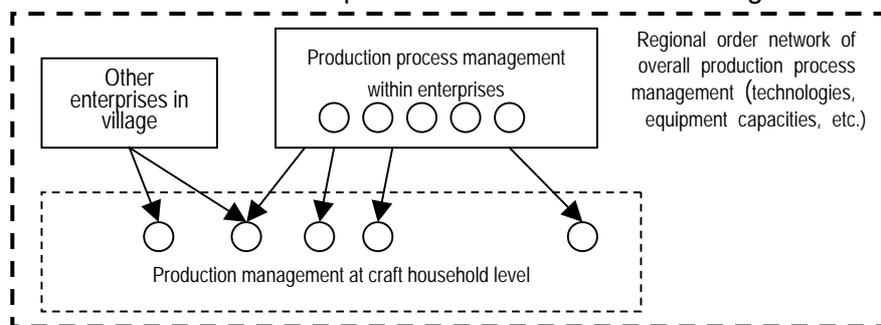
### 2) Production Management

Production capacity management is determined by personnel and overall village network rather than by employee or equipment of each enterprise. Delayed deliveries commonly occur either due to the lack of skilled workers in a given circumstance, the time-consuming repair works on defective items (or remaking them), pending arrangement on raw materials or inventory location, etc. (see Figure 6.5.1). If farmers comprise the bulk of the subcontracted workers, production capacity greatly decreases during the busy harvest season.

Furthermore, craft households that do subcontracting often take multiple orders from other enterprises and in an effort to finish orders, they are forced to employ family and friends to finish the required volume, thereby jeopardizing the need to strictly observe

quality. Thus, it is imperative to properly study the subcontracting system within villages, the production practices of craft households, as well as to improve the production systems within enterprises and understand the production network of entire villages.

Figure 6.5.1 Management of Production Process and Order Acceptance Network within Craft Villages



Source: JICA Study Team

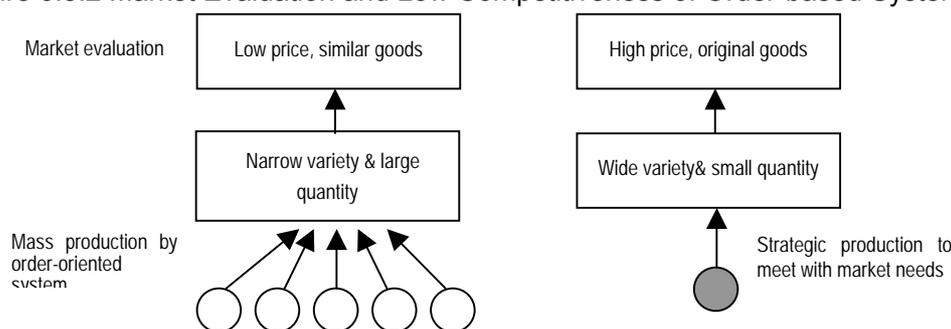
### 3) Passive Production System

Recent overseas market trend has given preference to a wide variety of products in small quantities over similar products in large quantities. Vietnamese export enterprises tend to market like items in large quantities at cheaper prices. However, clients (mainly small retailers) favor selling select products with unique and innovative designs. Distinctive items, which relatively sell at higher prices, are produced by enterprises which hire foreign designers who have a good grasp of the international market, rather than depend on craft villages or enterprises located in the rural areas. Despite this new trend, the craft villages continue to churn out standard items which are usually also produced by other countries like China. In the main, the craft villages have remained untouched by current international design trends and market needs. One of the remaining strengths of Vietnamese craft items is that they are made using cheap labor. However, its order-based system does not allow for much improvement on market competitiveness. Thus, subcontractors are paid based on output and the profit from one product remains quite low (see Figure 6.5.2).

Creating original products through one's initiative can enhance the competitiveness of an order-based system in the rural areas. A case in point is a family-run rattan product manufacturing which has taken a unique approach wherein the design is left to a young female employee who has to come up with original designs. The male president of the company exclusively focuses on businesses operations. The system seems to work as the company has successfully gotten orders from a Japanese company. At current conditions, however, market acumen is still absent in most enterprises as managers have yet to exploit or comprehend the characteristics and strengths of the craft producers.

The characteristic needs of craft producers should be studied not only by enterprises, but also by clients and even the subcontractors themselves (i.e. local raw materials, traditional techniques and designs, etc.). Positive and trust-engendering systems and practices (e.g. strict observance of delivery dates, stable quality of products, etc.) will do well to help boost growth, and these are the traits desired by foreign markets, not only domestic ones.

Figure 6.5.2 Market Evaluation and Low Competitiveness of Order-based System



Source: JICA Study Team

#### 4) Improvement Measures for Product Processing

The need to improve the production process requires improving the functions, responsibilities and know-how of the craft producers, local governments and enterprise managers.

Management tasks for Enterprises:

- (a) Shorten delivery time to enhance financial management and production capacities regardless of requested delivery time by clients.
- (b) Understand production capacity by using quantitative data from production records, volume of raw materials and product inventories, and production period.
- (c) Provide guidance to enhance productivity and eliminate unnecessary wastage on workers, subcontractors, etc.
- (d) Lower the amount of repairs and back jobs, etc. by improving production quality.

Management tasks for Craft Producers and Local Governments:

- (a) Understand the capacity of technicians and equipment by region and production network, and study measures for improvement.
- (b) Build strategies to attract large volumes of inquiries and promote linkages among different families and related enterprises.
- (c) Establish local unique networks trusted by markets and conduct PR activities.

## 6.6 Design Promotion

### 1) Current Conditions of Craft Design

Often the word “design” is used to indicate color, pattern and style of craft items. However, as will be described later, “design” is a means to develop products for mass production using modern processes, and not a term simply used to refer to exterior appearance. The term “appearance” indicates the exterior appearance of the craft item (e.g. color, pattern, style).

There are aspects involved in creating the look or appearance of a craft item. One is the appearance of an item per se, and another is the technique used to express that appearance. The appearance of an item commonly expresses the characteristics and culture of a particular region and is an accumulation of years and tradition. Thus, it should be preserved and considered as a precious cultural resource. Such craft item originated from a particular area with its own meaning, utility and value peculiar to that place. However, with today’s information and technological advances, and with globalization, the value of an item’s traditional appearance is disappearing. In fact, craft items in their original appearance are vanishing from certain areas where they used to abound. Or, they may be found in areas that have nothing to do with such Vietnamese craft products or the culture associated with them. In the latter case, the item’s appearance changes in accordance with the area where the craft is used and the context of life in that place.

Techniques that continue to sustain the expression of an item’s appearance are handed down from one generation to the next. Even now this is still being practiced in many craft villages. However, deteriorating technical standards is a growing concern which causes many to worry that this artisan patrimony is in danger of totally disappearing. Thus, it is imperative to secure the level of technical standards which is essential for the continued production of traditional crafts. Improving basic techniques is needed before delving into color, pattern, style, etc. On the other hand, creating a new appearance is subject to a craftsperson’s level of technical skills.

### 2) Expectations on Design and Understanding its Present State

The development of the craft industry will depend on the market competitiveness of its products, and one of the keys to success is design improvement. Commonly, design is perceived simply as the color, pattern and style of a product, and that product styles and colors can be changed in the name of design improvement. There is no vision of what can transform and expand the market. In many cases, there is lack of awareness of colors, patterns and styles that are competitive. To fill this void, the importance of

design improvement must be recognized. To achieve this would require specific measures which at the moment are still lacking.

### 3) Current Condition of Design Promotion System

Design education is provided for students and craftspersons in the form of design instructions at some universities and vocational schools. However, a systematic design promotion is not yet present, although there are individual initiatives in building a design promotion system. In HCMC, the Investment & Trade Promotion Center, which is under the People's Committee, has a plan to establish a design center and has come up with details on how to build it. At the central government level, the MOT is working a design center, while the MOI is also planning on a design promotion center at the newly established Department of Local Industry, which is at the provincial government level. After the establishment of a design center at the provincial level, the MOI is planning to launch a leading outfit at the central government level.

These developments show that several organizations have made initial steps toward creating a design promotion system. The common vein running through such organizations is the need to grasp the use of design through market needs and trade realities. Therefore, design promotion issues have been in the forefront of craft issues and have a great possibility of being addressed. In the future, organizations that are open to markets are expected to take the initiative on design promotion. Current conditions on the issue of design promotion, however, show that each organization keeps to his own and that they are working independently. Also, the possibility of a comprehensive policy at the central government level is yet to be found.

### 4) Measures for Design Promotion

Design and product development are expected to be initiated by the private sector specifically by the designers themselves. The designer's role as an agent of change will be greatly enhanced through involvement with the competitive international market. However, even as overall design promotion acts as a basis for development, the fact is that it takes a long time for the process to mature including the attainment of the necessary social infrastructure and the ideal government assistance. Thus, each step or burden of design promotion should be shared between the craft sector and concerned design industries. Appropriate action should be taken phase by phase through role sharing (see Table 6.6.1). Concrete design promotion activities should focus on practical aspects by each craft sector or related segment (see Table 6.6.2).

Table 6.6.1 Proposed Step-by-Step Approach to Design Promotion

Phase	Content	Example	Target Group
First Phase: Recognition and Education Building	Building awareness of the meaning of design and possibilities in manufacturing	Preparing and distributing educational materials, holding seminars, etc.	Producers, managers, government officers, general public like consumers, etc.
Second Phase: Policy Making	Presenting concrete methodology subject to a thorough recognition of design	Suggesting development process and techniques for each step in policy making, setting design promotion policy and establishing design promotion institution	Concerned parties in design business, formulating & implementing promotion policy
Third Phase: Practical Training	Conducting practical training in product development	Teaching practical design training such as setting development item and target, conducting research and planning, building ideas, making prototypes, formulating PR and sales activities, making two- and three-dimensional models	Experts (design, craft, marketing)

Source: JICA Study Team

Table 6.6.2 Proposed Promotional Activities for Craft Products

Industry	Design Promotion Activity (Example)
Production site (enterprises, designers, production areas, etc.)	<ul style="list-style-type: none"> <li>• Providing product development guidance through specialization strategies; specified production site and development item (Identifying specialized area for a certain product, development with collaboration of producers and dispatched experts)</li> <li>• Developing on-site design directional system, including use of foreign experts → Furthering design promotional activities in target production area</li> </ul>
Educational institutes (universities, professional schools, vocational schools, etc.)	<ul style="list-style-type: none"> <li>• Composing educational curriculum targeting acquisition of practical methodology</li> <li>• Formulating a program to link educational institutions, like universities and professional schools, and production areas</li> <li>• Providing on-the-job training at enterprises → Developing capable and useful designers</li> </ul>
Policy making body (central government, nongovernmental organizations, etc.)	<ul style="list-style-type: none"> <li>• Placing design promotion within the industrial promotion program of MOI</li> <li>• Establishing the design promotion division within MOI</li> <li>• Organizing a design committee consisting of relevant ministries such as MOT, MOJ, etc., representatives of industries, to discuss concrete policies</li> <li>• Establishing design promotion center to act as implementing agency and expand promotional activities using the agency as base</li> <li>• Tying up the two relevant ministries, MOI and MOC, which are in charge of industrial sector and distribution sector, respectively, to form a unified policy-making body → Building policies and system for design promotion at central government level</li> </ul>

Source: JICA Study Team

Concrete directions are as follows:

- (a) Changing perception of design: A narrow understanding of design based on the standard features of color, figure, pattern, or expression of artist's identity has prevailed. Change should be introduced into this aesthetic rule. This can only be attained when all key stakeholders and individuals in various key positions share the same need to change this prevailing aesthetic, which can be done by such means as using industrial options, etc., then adopting development schemes. The continued enlightenment of local designers and sustained education for stakeholders and people in key functions such as managers, government officials, consumers, etc. are thus desired. For a broader range of educational enlightenment, such illuminating tool should be put together into a manual which would be highly relevant. Its contents should include the understanding of design as a tool for industrial production and as a concrete implementation method.
- (b) Learning processes and practicing them: Learning design and methods through educational tools and acquiring methods and skills through practical training are necessary. Design is part of the process of product development and involves its own set of methods and processes which often cover the entire production process, e.g. research and planning, modeling, coloring, public relations, sales promotion, etc. Learning these elements and their practical application will greatly improve the skills and capabilities of designers. The creation of a methodology that will spread design know-how and craft development is important. Incorporating such methodology in the educational curricula in universities, colleges, and vocational schools should be aimed. A note on such a methodology: learning theories will not bring about great improvement, but actual practices, methods and procedures will. However, they should complement each other especially in educating people at both the central and provincial levels.
- (c) Building support system: A system that supports changes in perception as well as that for procedural and development methods is not yet in place. Support activities are necessary from the socio-economic standpoint until a design is accepted and established enough to stand on its own. To promote concrete activities smoothly, the development of such a support platform is necessary. In concrete terms, design promotion policies at the central level could be formulated by establishing a design policy unit within central government offices and by establishing a policy-making advisory board composed of specialists. By placing the design center as an executing unit of the advisory board, systematization of promotion policy at the central level shall be carried out. In order for such system to start functioning, the

coordination of activities at the local level is necessary. Developing a design promotion organization at the local level in a short period of time is difficult; thus, coming up with the details of establishing a promotion organization and building linkages with the central level are desired through the selection of a few model provinces who have high demands for design and a high degree of advancement. Learning the previously mentioned methods and practicing them as a form of product development project are recommended.

## **6.7 Information Collection and Management**

### **1) Necessary Information on Craft Sector**

The mapping survey revealed that over 80% of craft villages considered the lack of market information a problem; 20% considered it a serious problem. This opinion was often heard during field surveys and workshops. Oblivious to market trends and needs, a large amount of craft items having uniform design and same production method continue to be made. Generally, changes in design and production only trickled in through orders from clients, mostly foreign based. The grave lack of market and industry information is sustaining this environment and it continues to offer few opportunities for craft villages to gain access to such information. This dilemma is attributed to the following factors:

- (a) No unitary central government agency is assigned to administer a craft promotion policy. Ministries, like the MARD, MPI, MOT, MOI, and others, only attend to their respective roles and policies. Craft information is not commonly shared among units and there is lack of coordination among ministries.
- (b) At the provincial level, jurisdiction over craft promotion varies by province. Administrative responsibilities either fall on the DARD or the DOI, which allows the central government to gain a cohesive grasp or picture at the province level.
- (c) The VCA, the VCCI and other related agencies are active in craft promotion. However, they run programs independently and linkage with other agencies is paltry.
- (d) Even while enterprises located in or near urban areas get access to market information and thus become relatively competitive, their rural counterparts continue to depend on middlemen or tourists to order or buy from them.
- (e) Craft villages smaller than a commune, which is the smallest administrative body, run small-scale operations mainly by craft households. They commonly are ignorant of distribution and production flows. Know-how is usually handed down from one generation to the next, or from master to apprentice.

Necessary craft-related information and their collection methods from the standpoint of stakeholders are summarized in subsequent sections for the: (1) craft village, (2) enterprise, (3) government official, and (4) consumer/buyer.

#### 5) Necessary Information for Craft Villages

The common production system in the craft villages is initiated by an enterprise which gives out subcontracting jobs to craft households to carry out. These enterprises -- often small to medium ones -- are commonly managed by single owners who handle all information flows and handle management and administration duties. Because of this setup vital information on opportunities, trends, etc. tend to be centered with these managers and usually does not flow down the line to the craft villages where most often the only information that reaches them is for a job order.

Craft makers primarily need to know crucial information such as which item sells well, the best marketplace for their products, etc. In reality, however, such capacity does not exist and they commonly lack the necessary skills to use such information for their own product development. For producers who are isolated from markets and information, not only providing them with information but also chances to participate in educational opportunities are important. Also desired is finding either a group, entrepreneurs, or individuals, within villages that can function as core information collectors and have them conduct such activities for wider dissemination (see Table 6.7.1).

Table 6.7.1 Information Assistance for Craft Villages

Information	Means	External Assistance
Market evaluation of the product (market, price, popularity)	• Collective information gathering through established locally based association	• Financial assistance from provincial government for locally based association
	• Direct distribution between producers and consumers (e.g. Fair trade)	• Technical and financial assistance from NGOs and governments for producers' groups
	• Market research and participation in exhibitions	• Market research and holding exhibitions by provincial governments
	• Craft-related information collection for websites	• Construction of an information and telecommunication infrastructure • Conduct IT workshops
	• Consumer evaluation by tourists in craft villages	• Identification of tourist route by provincial government
	• Establishment of pilot shop in province's principal city	• Provide space for pilot shop • Tie up with tourism
Similar and unique craft products and nearby craft villages	• Establishment of local brand and hold local direct sales	• Provincial government financial assistance on locally-based associations
	• Technical exchange among local producing districts and enterprises	• Provision of space and financial assistance for technical exchange

Source: JICA Study Team

## 6) Necessary Information for Enterprises

Enterprise managers that subcontract to craft villages or craft households understand that product specifications vary per consuming country and that overseas demand is unsteady. They realize the importance of initiative in a competitive market. However, due to the constraints, such as geographical condition, limited financial resources, etc, few opportunities avail for market cultivation. In other words, information is a crucial ingredient among stakeholders of the craft sector.

The need for assistance in obtaining market information was often voiced by the enterprises during the survey interview. However, since the structural layout in the craft sector shows that young enterprises (extensions of craft households) compete in the overseas market, the strategy which the Government should proactively develop should involve increasing the international competitiveness of Vietnamese products rather than simply providing opportunities to participate in international exhibitions or disclosing market information.

This is the most critical issue in the effort to assist the enterprises. Thus, implementing a state development strategy through public-private partnership is desired rather than treating such efforts as a mere information project. With respect to the information needs of the enterprises and the two objectives of local brand promotion and small to medium enterprise assistance, there is need for cooperation between private enterprises that can make use of market information and know-how and the provincial governments that aim to promote local industries. The structure in which private enterprise managers and entrepreneurs provide information and education to SMEs, along with the needed government support is shown in Table 6.7.2.

Table 6.7.2 Information Assistance for Enterprises

Information	Means	External Assistance
Market competitors	<ul style="list-style-type: none"> <li>Comparative study with other competitive products of other countries &amp; research on characteristics of advanced countries' market</li> </ul>	<ul style="list-style-type: none"> <li>Conduct of management and market cultivation seminars for business managers</li> </ul>
	<ul style="list-style-type: none"> <li>Dispatch of overseas market researchers</li> </ul>	<ul style="list-style-type: none"> <li>Formulation of dispatch system by central &amp; provincial governments and its assistance</li> </ul>
Local industries	<ul style="list-style-type: none"> <li>Comprehensive measures such as strengthening Vietnamese products' own uniqueness, development, sales promotion</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of product development projects in collaboration with private enterprises and provincial governments</li> <li>Conduct of joint product development with other industries (product development by combining different kinds of raw materials)</li> </ul>

Source: JICA Study Team

## 7) Necessary Information for Government

Government's role, with respect to the information issue, is to collect basic information, conduct surveillance studies, and post information as widely and equally as possible. Collecting craft-related information from a broad range of sources is required, as can be attested to by the following points:

- (a) Craft producer's viewpoint: Information on new technology, craft-related references and magazines (e.g. foreign designs, interiors, etc.), raw material sources (suppliers, supplying districts, etc.).
- (b) Rural development viewpoint: Nationwide craft products and craft villages distribution information, activities of donors and NGOs in rural areas.
- (c) Cultural preservation viewpoint: Information on craft items and villages which require preservation, craft product information as a tourism resource.
- (d) Industrial promotion viewpoint: Commodity prices information, various statistical data (overseas market, export value, etc.), list of craft-related enterprises, list of overseas buyers, domestic and overseas exhibitions and trade fair information, export-related laws and regulations.

## 8) Measures for Craft Information System

Notwithstanding the prevailing lack of information and data, the development of Vietnamese craft is still continuing. This is because private enterprises and overseas buyers, on their own initiative, are taking the extra step of cultivating markets and gathering information. They are discovering vital inputs even with limited information. In effect, private enterprises are actively gathering information while the craft villages remain passive and the Government continue to show a lack of will and capacity to achieve an ideal information management system.

Current conditions show the nonexistence of a facility or system wherein concerned parties or users can freely access data and where information is centralized. Information is scattered: Data on craft conservation is with the museums, data on the state of skills training with the vocational schools, while profiles on skilled technicians (e.g. master artisans, etc.), traditional techniques, etc. are not centrally managed. Thus, an overall picture and specific conditions are not readily grasped.

In other countries, specific promotions organizations help during the process of craft promotion. Commonly, agents – independent from governments, enterprises and producers – collect, analyze, and provide necessary information from a neutral

ground.<sup>4</sup>

Craft information is an important crosscutting issue that involves other tasks. After increasing the awareness of government units and personnel of craft sector issues and after delineating roles, centralizing information and gathering data should be managed at each government level, including information needed by the private sector and the craft villages at production areas. Such information should be utilized and provided regularly to generate opportunities for creating new activities. Thus, building the three levels of a craft information system -- information gathering, information supplementation→ and information utilization – is necessary.

- (a) Provide information along with various assistance (e.g. technical and management training, etc.) and present opportunities to participate in several activities for information-isolated craft villages located in rural areas.
- (b) Provide information at seminars or events for motivated small to medium enterprises and present exchange opportunities.
- (c) Gather and research local information to allow provincial governments to promote local industries.
- (d) Establish specific private organizations to address each issue (e.g. technical training, design, traditional preservation, etc.) and provide assistance to their activities.
- (e) Establish a craft promotion agency in order to centralize craft related information under the umbrella of government.

## **6.8 Cluster Development**

### **1) Models of Cluster Development**

General theories on cluster development abound and have been propounded by various academic fields such as sociology, management science, economics, geography, etc. The theoretical structure and technical terms used by each academic field are not identical to each other. The most commonly employed theory is the one developed by Professor Michael E. Porter, professor of the Harvard Business School. According to Porter, clusters are geographic concentrations of interconnected companies, specialized providers, and associated institutions in a particular field that are present in a nation or region, that are, through those linkages, aimed to enhance

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<sup>4</sup> For instance, in Japan, the Association for the Promotion of Traditional Craft Industries, design promotions organizations (e.g. Japan Industrial Design Promotion Organization, design centers run by local governments, etc.), and trade promotions organizations (e.g. Japan External Trade Organization, ASEAN-Japan Centre, etc.) collect and provide information on traditional craft products, design and product development, as well as import craft products from Asian countries, respectively.

competitive advantages. Porter's theory is called the "Diamond Model," based on his empirical surveys of industries in developed countries. It posits that the competitive advantage of a specific industry can be developed with the interaction of the following four factors (see Figure 6.8.1):

- (a) Factor conditions: cost and quality of inputs.
- (b) Demand conditions: sophistication of local customers.
- (c) Related and supporting industries: local extent and sophistication of service suppliers in such fields as training, technology, finance and business societies and related industries, and infrastructure system.
- (d) Business strategies and competitive conditions: nature and intensity of local competition.

Producers and entrepreneurs included in the cluster benefit from a healthy/perfect business environment resulting in satisfactory business performance and higher profit margin. They have better access to knowledge, skills and resources of specialization, enjoy lower transaction costs, and better infrastructure conditions. Thus, their productivity and outputs are greater.

Today, business clusters can be found in a number of regions all over the world which are best illustrated with the cases of Silicon Valley and Austin. At these clusters, cluster economic development strategy has been implicitly accepted. Also, production clusters in the fields of textile, garments, leather and shoes have been successful in Italy.

Models and modalities to support cluster economic development have also been introduced and developed by international development aid institutions including the Organization for Economic Cooperation and Development (OECD), the World Bank (WB) and the International Labor Organization (ILO). The model is applied in a number of countries such as the United States, Italy, Germany, Denmark, and India.<sup>5</sup>

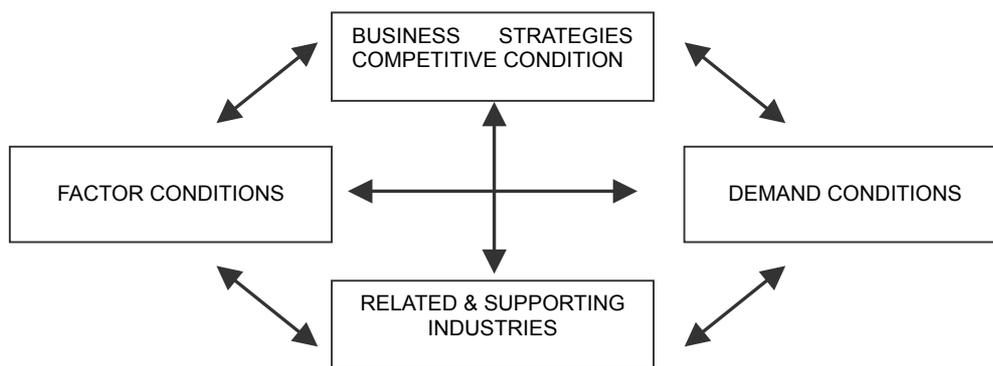
Craft clusters are agglomerations of craft producers and businesses that have common buyers, material suppliers or service providers, thereby they can enjoy competitive advantages and enhance their business performance. These firms and producers are commonly located within geographic region that is considered an advantage apart from the aforesaid relationships.

In view of current development of craft sector in Vietnam, it is noted that several models of economic clusters have been being started such as rush making in Kim Son of Ninh Binh province and rattan making in Ha Tay province.

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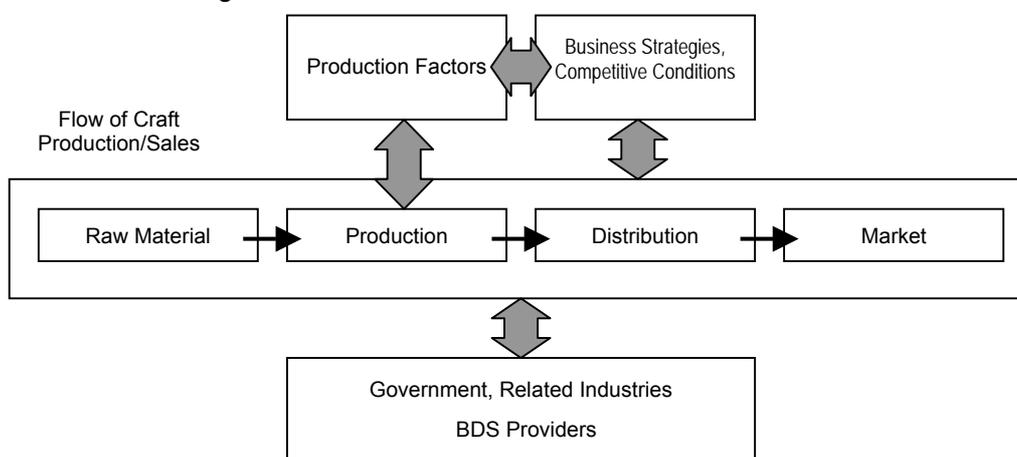
<sup>5</sup> Reference website: [www.meyer-stamer.de/cluster.html](http://www.meyer-stamer.de/cluster.html); [www.worldbank.org/urban/led](http://www.worldbank.org/urban/led); [www.wiram.de/toolkit/index.html](http://www.wiram.de/toolkit/index.html)

Figure 6.8.1 Diamond Model by Porter



Source: Cluster development theory, Michael E. Porter, Harvard University

Figure 6.8.2 Structure of Craft Cluster Model in Vietnam



Source: JICA Study Team

## 2) Current Condition of Vietnamese Craft Cluster Development

Whether a cluster is already organized in an area depends on the recognition it gets from the components of the cluster. In the craft industry these components are business enterprises, cooperatives, producers, and craft households. They are its cause for establishment and its composition.

In Ha Tay and Quang Nam provinces, where pilot projects were initiated, potential cluster members of bamboo and rattan and woodcraft makers, have yet to recognize the necessity of setting up a cluster, or linkage, with other components of the industry or with other related industries. Thus, they have yet to establish complete clusters.

Ha Tay province, which has the largest number of craft villages in Vietnam, has germinating clusters in various parts of the province. Some bamboo and rattan craft villages have been organized through the initiative of village leaders. Other craft groups even have to put up their own exhibition sites in the villages. These groups often

receive orders from buyers who assume that production would be done by the entire composition of the cluster. These production groups commonly have the following characteristics:

- (a) Members of the group make crafts of similar design, and they do their work unsystematically.
- (b) These production groups have not registered as formal establishments.
- (c) Leaders in the business side are generally not leaders on craft techniques.
- (d) On craft design, they generally follow conventional designs and have not yet created new ones and new products, nor tried technological innovations.
- (e) Some production groups purchase raw materials, manufacture crafts and exhibit products in a collaborative manner. They commonly receive orders from buyers, although they are generally passive to buyer's orders.
- (f) They have not yet tried using the services of outside support organizations or BDS providers.

These practices mean that these groups actually approximates the actions of a real cluster because they conduct common raw material procurement, common production, common sales promotion, and common receipts of orders from buyers, aside from fitting the fundamental cluster definition of "a group of interrelated enterprises in a geographic proximity." If these groups continue to act as group members, organize related industries, and link up with support organizations, they will eventually secure the competitive advantage that a cluster offers.

Production groups can either attain a smooth transition into a cluster or have a long pre-cluster stage. This depends on the willingness or volition of its components to transform themselves into an active whole.

In Quang Nam province, where the provincial government has started promoting the craft sector, large-scale craft manufacturers have factories which subcontract to craft households, "hub-and-spoke" style. Other large-scale craft manufacturers subcontract to several production groups that in turn subcontract to satellite craft households, in a "satellite" type. The "hub-and-spoke" and "satellite" types of production systems are also common in Ha Tay province.

### 3) Problems in Craft Cluster Development

The following are the common problems that hamper craft cluster development in Vietnam:

- (a) Lack of Common Awareness of Cluster Development: Since cluster development is

not yet common in Vietnam (and other developing countries) it tends to be misinterpreted. In some cases, a general industrial development is called an industrial cluster.

- (b) **Lack of Government Support:** Due to their limited awareness of production clusters, provincial governments and supporting organizations have neither been proactive and dynamic enough nor have they provided incentives and supporting measures to establish and develop production clusters even though craft development has brought about a remarkably competitive advantage to them. Besides, the people who can spearhead the establishment and development of craft clusters have not been identified yet.
- (c) **Lack of Experience and Human Resources in Cluster Development:** There is still a lack of successful clusters to act as working models. Many cases are still in their infancy and though the significance of their growth is acknowledged, the Government and the business community both lack the technical wherewithal and the will to assist them in achieving their full potential. This can be seen on the shortage of local consultants who play key roles in the transformation of these groups into successful clusters.
- (d) **Lack of Financial Assistance:** Assistance coming from development donors for striving pre-cluster groups is limited, nor have they supplemented the lack of development experience in both government and business.
- (e) **Lack of Specialized Consultants:** There is a lack of experienced specialists on cluster development. The lack of cluster expertise in both government and business is related to the minimal number of consultants and the limited number of donor assistance. Thus, the diagnosis of current situations and the guidance for future directions are both lacking. Although there are local governments and regions that acknowledge the development alternative offered by clustering, their needs and requests have yet to be met.
- (f) **Lack of Human Resources in Business Management and Marketing:** Since craft villagers are basically rural-based, craft makers have conducted their business without the benefits of modern management techniques. They also still rely on conventional technologies and craft-making techniques. Products are mostly sold through intermediaries, and producers with direct access to thriving markets are very limited. Human resources with expertise in management, production and marketing, especially those with development and business foresight to guide the process toward cluster development are still few and far between.

- (g) Lack of Facilities, Equipment and Funds: Financing system to support cluster development is still insufficient. This includes funds for setting up common workshops, product exhibition facilities, procurement of equipment, funds for participating in foreign exhibitions, a guarantee system of loans, etc. This includes the funding programs of some provinces. Thus, in most provinces, craft manufacturers cannot rise up from their conventional business practices.
  - (h) Insufficient Infrastructure: Both “soft” and “hard” infrastructures to support cluster development have yet to be developed. Deficient local road networks help restrict the smooth distribution of raw materials and product delivery. Likewise, insufficient water treatment systems and exhaust gas emissions are some of the other problems that need to be addressed urgently.
- 4) Cluster Development Assistance by Donor: Developing BDS Providers

Although the number of donor assistance projects for cluster development is limited, human resources development projects for small to medium enterprises are increasing. Among these are:

- (a) UNIDO included the “Development of rural clusters” and the “Establishment of national traditional craft development center” in its 2003-2005 programs on rural development.
  - (b) GTZ collaborated with the VCCI and organized the “Workshop on strategies, approaches and institutional experiences of local economic development and cluster promotion, May 2003”. The workshop was highly appreciated by participating representatives from SME supporting organizations and BDS providers. With the workshop’s success, GTZ held a three-day training course in local economic development in Hanoi to introduce a new approach to boost the economic potentials of Vietnam’s localities. The project is doing its best to equip supporting organizations and BDS providers with comprehensive knowledge about an approach to local economic development wherein production cluster development is a typical tool. Next stop of the project is to select several model provinces and experiment this approach in collaboration with a number of BDS providers and consultants.
- 5) Future Direction of Craft Cluster Development

A developmental diagnosis of local craft industries and the preparation of promotions plans on clusters are required for future directions to assure the smooth transition of nascent groups into fully developed clusters.

- (a) Since both the Government and business groups basically lack the expertise in cluster development, support from experienced donors is indispensable.
  - (b) Since human resources for enterprise management, craft development, and marketing, lie at the core of future craft cluster development, the training of manpower to fill this gap and function should be given the highest priority. Likewise, the training of local consultants, who lead craft cluster development in the regions, must be urgently implemented.
  - (c) Developing a financing system for enterprise establishment, expansion, loan guarantees, and identification and promotion of new foreign markets is important.
  - (d) The development of hard infrastructures for transport and distribution, such as road networks; and the improvement of business environment and soft infrastructures, such as craft promotion, relevant policies and measures, like patent rights, etc. also need to be simultaneously promoted.
- 6) Measures for Craft Cluster Development

The promotion and development of the craft industries is a growth initiative that will address poverty reduction, job creation, revitalization of regional economy, and export promotion of local products from the rural areas, where most of the poor are concentrated. The future socio-economic growth of Vietnam will heavily depend on its strategy promoting rural industrial growth. Thus, the central government has placed priority policies on this issue. The development of the craft industry has a great potential of substantially contributing to the revitalization of the regional economies. This is basically because it touches all the vital components of rural socio-economic life: the farmer/craft worker, small and medium craft enterprises, craft households in the villages and communes who spearhead local governments' growth policies, as well as the organization and services of related industries and BDS providers. In localities, craft development has become a competitive economic strength. Producers usually share common sources of raw materials and are oriented towards a number of target markets. They need to be agglomerated and it is necessary for them to formulate a collaborative strategy to help bring into full play their collective strength and to increase local economic efficiency and competitiveness. This is regarded as a core element to create a good environment as well as to foster economic cluster development in craft production. Since cluster development has a long gestation period, both medium- and long-term assistance to its development is requested (see Table 6.8.1).

Table 6.8.1 Assistance Measures for Craft Cluster Development

Raising of awareness of stakeholders about the role of production clusters in craft development	<ul style="list-style-type: none"> <li>• Disseminate knowledge, information and experiences in craft cluster development</li> <li>• Transfer know-how in cluster economic development</li> <li>• Build up a typical model and transfer lessons/ technology learned to others later on</li> </ul>
Capacity improvement of BDS providers and organizations related to craft cluster	<ul style="list-style-type: none"> <li>• Provide a level playing field among SOEs and private BDS providers</li> <li>• Train BDS providers to enrich their expertise</li> <li>• Support BDS providers</li> <li>• Develop market for BDS products</li> </ul>
Support for the planning & setting up of craft clusters	<ul style="list-style-type: none"> <li>• Business diagnosis of craft clusters</li> <li>• Formulation of promotion plans for craft clusters</li> <li>• Formulation of plans to link with tourism sector and related industries</li> <li>• Support for the linkage among cluster members (strengthening of cluster)</li> </ul>
Training on management capacities, craft-making techniques & marketing capabilities & support for craft workers	<ul style="list-style-type: none"> <li>• Training programs for upgrading management capacity</li> <li>• Training programs for upgrading craft-making techniques</li> <li>• Training programs for upgrading marketing of products</li> <li>• Support for the promotion of product quality control</li> <li>• Strengthening of the capabilities of consultants in organizing the craft clusters</li> </ul>
Financial support measures	<ul style="list-style-type: none"> <li>• Small and medium-scale industry promotion funds for the establishment and expansion of craft clusters and the guarantee funds</li> <li>• Support for the development of overseas markets and export promotion (participation in international market fairs, etc.)</li> </ul>
Development of related infrastructures	<ul style="list-style-type: none"> <li>• Improvement of business environment (roads and other hard infrastructures, upgrading of environment, etc.)</li> <li>• Support for soft infrastructures for the promotion of craft clusters (laws and regulations, protection for the registration of designs, etc.)</li> </ul>

Source: JICA Study Team

## 6.9 Human Resources Development

### 1) Craft Sector Human Resources

The mapping survey revealed that even though the craft sector is afflicted with various issues and concerns, shortage of labor is not one of them. This buttresses the fact that craft promotion significantly contributes to local job creation. However, labor abundance does not imply a surfeit in skills. Many production areas are plagued with gnawing skill's shortages. The craft villages, although not shorthanded, suffers from low skills' development. And this is a major factor in their craft items' lack of market competitiveness.

Although the Government has been keen on human resources development and assistance as can be noted from its various human resources programs, training opportunities, etc., its main focus has primarily been on the industrial growth sectors. An ideal human resources development mechanism for the craft industries has to be established.

Further discussion on human resources development especially for technicians and personnel involved in product development will be touched to address issues like technical underperformance and the shortage of market information in the craft villages.

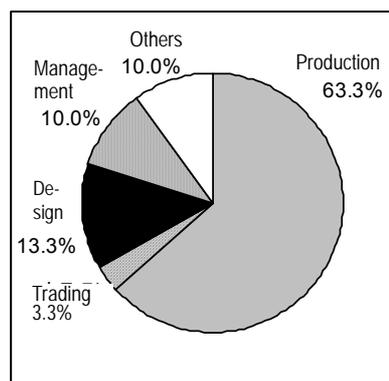
## 2) Development of Craft Workers

Although the MOLISA has jurisdiction over vocational schools, in reality different agencies, such as the Provincial People's Committee and the DOLISA have management oversight. The existence of a definitive craft course is relatively not known. The survey conducted by provincial governments revealed that very few schools have craft courses and according to an observation by a specialist, a distinctive craft education is limited to the Ha Tay Province's Art School.

Production techniques are mainly taught in official courses at vocational schools (see Table 6.9.1 and Figure 6.9.1). Ironically, the implementation of Pilot Project 2, showed that technical courses, to a great extent, are not suitable for craft trainees. This is mainly because training courses at vocational schools and other institutions have proven to be inconvenient for both trainees and instructors who commonly are practicing farmers. It showed that it was inconvenient for them to attend training courses in schools located in towns or urban centers. Furthermore, craftsmanship is commonly considered

as part of a family's bloodline or heritage. Thus, good craftsmen tend to impart their skills within clan members. Most of the curriculum to enhance market transactions, negotiation and management capacities of small and medium enterprise managers are provided by BDS providers and often they are paid seminar programs. In craft village, often craftsmen are themselves the managers of micro enterprises. Thus, imparting knowledge should not be limited to production techniques but also include business management know-how in the human resources' fostering program for the craft villages.

Figure 6.9.1  
Contents of Courses



Source: Provincial Government Follow-up Survey, 2003

Table 6.9.1 Vocational Schools with Craft Courses

Province	Agency	Rush	Lacquer	Bamboo/Rattan	Ceramics	Embroidery	Weaving	Wood	Stone Carving	Paper	Wood printing	Metal	Other
Ha Tay			X	X				X					X
Cao Bang	PPC					X						X	X
Lai Chau	DOLISA			X			X						
Son La	DOET					X							X
Son La	DOLISA			X			X						X
Thanh Hoa		X	X			X			X			X	
Nghe An	DOLISA			X			X		X				
Quang Nam	PPC							X					
Khanh Hoa								X					
Khanh Hoa						X		X					
Dak Lak	DOLISA					X	X						
Dak Lak	DOLISA											X	
HCMC						X	X	X					
HCMC			X					X	X				
An Giang						X							X
An Giang	DOLISA					X							X
Total		1	3	4	0	8	5	6	3	0	0	5	9

Source: Provincial Government Follow-up Survey, 2003

Some enterprises voluntarily conduct in-house trainings for farming households and accept trainees, etc. to increase production capacity. Government assistance in human resource development conducted by the private sector is likewise needed.

In particular, it is important to provide some form of incentives to groups, enterprises, or skilled craftsmen to encourage them to share or provide technical trainings for others, thereby contributing to the promotion of local and regional craft industries. Building a sustainable human resources development system, which is not limited to technical transfer, is necessary (see Table 6.9.2).

Table 6.9.2 Proposed Development Method for Craft Workers

Technical Level	Target Level	Human Resources Development Method
Standard	Enterprise level	<ul style="list-style-type: none"> <li>For enterprises, offer in-house trainings voluntarily to farming households</li> <li>Schedule in-house trainings for the public throughout the year to provide more opportunities to farming households to participate</li> </ul>
	Regional or government level	<ul style="list-style-type: none"> <li>Provide raw materials and tools or refund such costs spent by enterprises that voluntarily provide annual training programs to employees</li> <li>For provincial government, buy produced items and sell them as local branded products at reasonable prices to generate capital for the training program</li> <li>Utilize the turnover of the products for providing further training to trainees and capital for their own businesses</li> </ul>
Advanced	Industry level or government project	<ul style="list-style-type: none"> <li>Conduct official trainings on technical advancement by inviting skilled artisans as visiting teachers to teach multiple methods for similar techniques</li> <li>Collect fees from students and provide advanced trainings to enable graduates to earn high incomes</li> <li>Provide no gratuity to teachers but give them opportunity to go to advanced countries for overseas market research using fees collected from students and public assistance</li> </ul>

Source: JICA Study Team

### 3) Developing Personnel Involvement in Product Development

The implementation of a marketing strategy is necessary for product development. Good coordinating capacities are required to link product development to markets. Thus, developing personnel with the corresponding capabilities is crucial. So far, educational and training institutions have been cultivating designers who are molded in the traditional approach. However, the advent of new designs and methods has seen the emergence of a new role for design. The need for a new curriculum that acknowledges this new role needs to be accommodated by educational and training institutions.

To attain both human resources and product development, industrial circles should tie up with training or educational institutions to train younger generations on product development. Building a support system, such as financial assistance from the government for human resources development activities, is important. The following are the necessary capacities of personnel in charge of product development and market cultivation (It should be noted that effort and assistance are both imperative at each educational institution and/or government level) (see Table 6.9.3):

- (a) Understand objectively what bracket of user is satisfied with what products.
- (b) Can make judgments on good products and vendible commodities and can explain them in simple language.
- (c) Have an ability to comprehend what people want in taste, lifestyle, and trends.
- (d) Have the capacity to accommodate price competition through setting design specification, identifying countermeasures for production conditions, coordination, etc.
- (e) Know what suitable distribution method(s) to apply and can develop sales promotion methods and strategies.

Table 6.9.3 Strategies for Human Resources Development

Target Level	Human Resources Development Strategy
Educational institution	<ul style="list-style-type: none"> <li>• Strengthen curriculum of design department of universities and create design programs for non-design students</li> <li>• Conduct joint seminar, joint product development for industrial circles and educational institutions</li> <li>• For students to conduct fieldwork in craft villages (observation study of raw materials, technical trainings, etc., and joint product development, etc.)</li> </ul>
Industrial level	<ul style="list-style-type: none"> <li>• For enterprises to conduct on-the-job-training (training on product development process)</li> <li>• Participate in external seminars and study groups</li> <li>• Conduct field trips to enterprises (production sites) for buyers</li> </ul>
Government project	<ul style="list-style-type: none"> <li>• Accumulate information on overseas markets and products (design, craft products, other relevant inside information) and open them to the public</li> <li>• Assist and participate in overseas trainings, seminars, exhibitions, etc.</li> </ul>

Source: JICA Study Team

#### 4) Role of Coordinators Who Link Producers to Markets

(a) Importance of Coordinators: Coordinators analyze market information, draw up product projects, and map out concepts to develop products that can be commercially successful. A coordinator is a professional that seek out the right designer and producer and actively coordinates the entire development process. Ideal coordinators should be skillful and talented and be well versed on the following: marketing, product planning, design, production, etc. They must understand enterprise management and across-the-board product planning and design. In addition, they should be able to smoothen out communication between the technical staff and those involved in sales or marketing. The following are the desired capacities and roles of coordinators:

- Deep knowledge of the characteristics of various craftspersons and designers and must be able to match them with enterprises that have excellent materials and techniques. Have good capacity for product planning.
- Understand the whole enterprise activities and the importance of across-the-board product development.
- Build product development processes and systems, regionally or within enterprises.
- Objectively understand client's needs and must be able to present systematized product development processes accommodating client's specifications.
- Develop products strategically, such as high-end, middle, low-end products, and have capability to systematize products or brands.
- Provide vision to develop products based on strategic ideas.
- Cultivate wide distribution network and have the ability to achieve regional and enterprise business objectives.

(b) Cultivating Coordinators and Adopting a Qualification System: Since, coordinators require good skills, knowledge and experience, those with design or business management education or background are preferred. A qualification system is important, since it will serve as basis for identifying and cultivating individuals, who, from the viewpoint of industrial promotion, will manage and coordinate the gamut of processes from design to sales without any hitches. The qualification system shall clarify and set the required minimum knowledge and skill of a coordinator. Their roles are such that some industries can be revitalized by dynamic coordinators, act as bridge between designers and producers, protect a party's rights, and prevent problems from occurring. A good qualification system will also allow coordinators to manage various contractual terms as well as intellectual property issues among

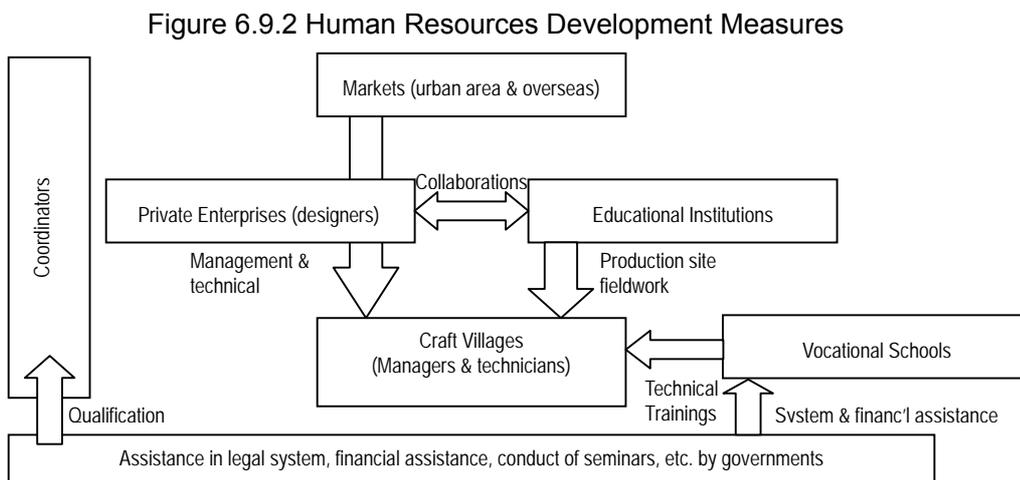
clients, designers, artists, and craftspersons from an impartial position. If business professionals have the skills of designers and coordinators, they will provide significant benefits to the development of the industry.

### 5) Measures for Human Resources Development

Human resources development programs assisted by government units have focused mainly on production techniques or management skills and basically lack perspectives on the necessity of human resources development in promoting craft industries. There are four groups of workers needed in craft promotion, to wit:

- (a) Craft workers who can produce skillfully made products.
- (b) Good executives who can manage production and ensure quality.
- (c) Designers who can develop marketable products.
- (d) Coordinators who can manage on-site production, marketing and sales as well as link between local craft products with excellent human resources.

In order to develop the above human resources, the Government should establish a system to infuse know-how and knowledge to the rural areas by inviting outstanding models or individuals either from the urban areas, private enterprises, or overseas. Or this could be done by building an assistance system through which the private sector and educational institutions can actively participate in human resources programs with a view on local industry promotion (see Figure 6.9.2).



Source: JICA Study Team

## 6.10 Business Management Improvement

### 1) Current Business Management Conditions of Craft Enterprises

Most practices of enterprise owners still hark back to the old founders of the craft industries. They manage their business in its entirety handling development, marketing,

quality control, capital management, etc. No organizational hierarchy and delineation of functions exist. Both management and decisions are mostly made through intuition and determination fostered by experience and the business prejudices of individual owners. A management evaluation showed that marketing and financial accounting are the weakest points of enterprises. The “basket system” is often used for financial accounting, cash transactions are common, and few financial sheets or details are kept.

In other words, structure and process are both vulnerable to stoppages. Business often grounds to a standstill whenever an owner becomes absent or unavailable. Furthermore, strategic decision-making based on factual analysis is mostly not doable due to the lack of proper accounting records or books. These are basically the factors that hamper the development of a business culture where owners are occupied with various aspects and functions of management, the decentralization of authority, and the utilization of specialized managers. Effective management and improvement calls for the delegation of authority from owners to subordinates. By doing so, management functions will be efficiently carried out, and product development and management of subcontractors, in particular, will be enhanced.

## 2) Measures for Business and Management Capacity

At the enterprise level, owners should delegate management responsibilities and focus on areas that require their urgent attention. This will remedy overdependence on owners, train managers and undertake strategic approaches.

At the industry level, modern business management education or training should be provided to second-tier managers. The training should emphasize marketing, financial accounting, product development, and management of outsourcing or subcontracting. Promoting exports will contribute to increased sales in the short term. However, in the long term, this will produce negative effects, since it would spoil the current practice of outsourcing sales functions.

## 6.11 Improvement of Working Conditions

### 1) General Problems in Craft Villages

Craft making has been practiced in the country for centuries, and they have been a traditional source of extra earnings for farmers and workers. Often, entire villages are engage in craft making; some of these villages have become famous for their craft products. However, one downside of this is that the practice tends to concentrate certain types of environmental pollutants in one place. In the long run, this poses a potential to overload the ability of the natural environment to absorb these discharges.

These activities may already be excessive, in terms of personal working conditions, and effects on the surrounding environment.

Pollution problems affecting workers are mainly air and noise pollution, and the handling of toxic chemicals, i.e. disposal of water effluents and solid waste. The craft products and their pollutant effusions and health hazards are listed in Table 6.11.1.

Table 6.11.1 Risks and Environmental Hazards from Household-based Craft Production

Craft	Working Environment Hazard
Lacquerware	<ul style="list-style-type: none"> <li>• Contact with and disposal of chemical waste</li> <li>• Fume inhalation</li> </ul>
Bamboo and rattan	<ul style="list-style-type: none"> <li>• Sulfur smoke inhalation</li> <li>• Contact with and disposal of chemically contaminated wastewater from soaking bamboo</li> </ul>
Ceramics	<ul style="list-style-type: none"> <li>• Coal dust particle inhalation</li> <li>• Coal fume inhalation</li> </ul>
Embroidery	<ul style="list-style-type: none"> <li>• Poor lighting (early loss of sight)</li> </ul>
Weaving	<ul style="list-style-type: none"> <li>• Scent of silk cocoon reeling</li> <li>• Burns from boiling water used to immerse cocoons in</li> <li>• Accidents from power looms</li> <li>• Noise from machinery</li> <li>• Contact with and disposal of chemically contaminated wastewater from bleaching and dyeing</li> </ul>
Woodcraft	<ul style="list-style-type: none"> <li>• Wood dust particle inhalation</li> </ul>
Stonecraft	<ul style="list-style-type: none"> <li>• Stone dust particle inhalation</li> <li>• Noise from machinery</li> </ul>
Papercraft	<ul style="list-style-type: none"> <li>• Contact with and disposal of chemically contaminated wastewater from bleaching and dyeing</li> </ul>
Metalwork	<ul style="list-style-type: none"> <li>• Inhalation of poisonous chemical fumes</li> <li>• Skin absorption of poisonous chemicals</li> <li>• Metal dust particle inhalation</li> <li>• Noise from machinery</li> </ul>

Source: JICA Study Team

## 2) Effects on Workers

The standard working conditions and environment in a craft village is generally poor. The cumulative impact on workers' health is serious, and is aggravated by such factors as small workspaces, alternating work areas with living quarters, use of machines and chemicals, etc. Air and noise pollution specifically are raising serious concerns.

(a) Air Pollution: Furniture and woodcraft production produce large dust emissions from sanding and painting procedures. Lacquer ware, bamboo/rattan, ceramics, stone carving, and metalwork all create air pollutants through dust particulates and chemical fumes which are hazardous to workers' health. Spray painting also poses high health risks through inhalation of chemical solvents. Although spray painting operators wear masks these are often the type intended to prevent inhalation of dust not paint solvents. The timber industry, which is an auxiliary sector, generates large amounts of sawdust from sawing and planing procedures. Sawmills appear to have no observable "housekeeping" procedures, such as sweeping up saw dust

and wood shavings after operations. A simple daily cleaning routine would greatly minimize the spread of pollutants.

- (b) Noise: Weaving shops and looms generally generate high amounts of noise. Past attempts to bring down the noise levels created by weaving machines or implements have not been successful. Workers often resort to the most common recourse – the wearing of earplugs, although it was observed that not all workers do.

### 3) Workplace Health and Safety

There is either little or no available information on the health impacts of craft production. Health consequences are commonly assumed rather than verified. What is evident is that production methods that produce risks to both health and the environment is observable in the industry. A lack of basic safety precautions is apparent in most workplaces. This can be observed in the standard workplace -- unguarded rotating cogs and wheels of weaving machines which are commonly exposed to operators' hands, woodworking establishments using circular saws without safety guards and planing machines usually exposed.

In many establishments workers do not wear the standard PPE (Personal Protective Equipment) that should include, at the minimum, eye goggles, masks and earplugs. Chemicals, even hazardous ones like acids and bleaches, are often handled without eye protection or safety gloves.

### 4) Measures for Improvement of Working Conditions

The existence of pollutants in the workplace, like industrial effluents, noise and air pollution and others, has often been overlooked. There is low awareness of health and environmental risks within factories whose vicinities are commonly suffused with coarse particulates, harsh labor conditions, and lack safe and secure environments. This is due to a business and work culture that sees both employer and worker respectively fixated on the bottom line and making a living. Economic necessities seem to have blinded them to the merits of environmental protection and occupational safety practices.

The responsibility for environmental and safety issues basically falls on managers. It is incumbent upon them to instill understanding of occupational risks among workers. For the manufacturing level, it should be worth bearing in mind that good working conditions enhance productivity and quality, as can be noted in the Japanese practice of the "5S" (*Seiri* – Clearing Up, *Seiton* – Organization, Neatness, *Seiso* – Cleaning,

*Seiketsu* – Standardization, *Shitsuke* – Discipline). An equivalent of the “5S” guidepost should likewise be initiated in the craft sector. In this way, the awareness of maintaining good working spaces, the safe processing of raw materials, and the safe use of tools will be raised. Recommended measures for both enterprises and the Government are as follows:

- (a) Regularly check safety management levels within enterprises using the safe management checklist.
- (b) Enforce the “5S”.
- (c) Enforce the wearing of PPE<sup>5</sup>.
- (d) Monitor safety management controls within enterprises.
- (e) Formulate rules and guidelines on management of waste materials, like liquid wastes, coarse particulates etc., among and within neighboring craft households.
- (f) Further develop plans for industrial estates and business relocation.
- (g) Identify enterprises and craft villages that meet certain levels of excellence on working conditions and safety management, and then issue authorized marks to distinguish products that meet both quality and environmental standards for consumer knowledge.

Although craft making is still done the way it was centuries before – mostly by hand and manual skill – production methods are slowly evolving into a more industrialized and modern phase. Demands for increased outputs and production have necessitated the need for modern machineries and implements. The growing popularity of machination has industrialized conditions in many craft areas. The improvement of working conditions in the craft industry could likewise be accomplished by utilizing experiences from the manufacturing industry.

Hewing to environmental and safety guidelines is also highly significant because in the overseas market, consumer consciousness on environmentally friendly and safe products is getting stronger. The issue is also relevant in the sense that the craft industries involve a big percentage of women and children. So, the improvement of working environments not only leads to better productivity, but also to better product quality and product consciousness which is a profound value-added input for the product. As a first step, the Government and its agencies should address the environment and health issues to both parties (i.e. enterprises and craft villages). There is a need to conduct priority policies on improvement and initiate awareness among them.

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<sup>5</sup> Cutting, chipping and painting processes of woodcraft industry, and varnishing process of bamboo/rattan industry necessitate the wearing of appropriate uniforms and masks.

## 6.12 Access to Finance

### 1) Transformation of Local Financial System

Prior to the promulgation of the *Doi Moi* policy in 1986, a single financial system was adapted with the central bank functioning as a commercial bank, and managing all financial transactions of the whole economy. In 1988, the central bank's functions were divided among the national bank or State Bank of Vietnam (SBV); Foreign Trade Bank called Vietcombank (VCB); the Bank for Investment and Development (BIDV); the Industrial and Commercial Bank of Vietnam (ICBV); and the Vietnam Bank for Agriculture (VBA). The ICBV and the VBA are in charge of the commercial and manufacturing industries in urban areas and rural areas, respectively. In 1996, as the country's shift toward a market economy progressed, the VBA was renamed Vietnam Bank for Agriculture and Rural Development (VBARD), and it increased its amount of loans and discounts for rural business and industry. However, it is said the targeted fund accommodation in rural areas, which are mostly loans, are issued to SOEs based in the cities.

Before 1986, rural finance used to be managed by the Credit Cooperative. However, it became bankrupt following the two-digit inflation in the nineties and the strict financial regimen it engendered. In 1993, the Government established the People's Credit Fund (PCF) to replace the defunct Credit Cooperative. It gradually expanded its business nationwide. As of 1995, loans and discount balances showed that 90% of its overall balance came from the VBA while the balance for the PCF was merely 10%. In addition, the Government established the Vietnam Bank for Social Policies (VBSP) to provide support for government programs on poverty reduction, as well as the Vietnam Bank for the Poor (VBP), to issue loans to the financially disadvantaged groups.

### 2) Current Conditions of the Financial System

Currently, VBARD, VBSP, PCF, Rural Joint-Stock Bank (which has 19 branches), and five foreign banks are conducting financial operations targeting the local economies. In addition, the VBP and the PCF likewise target the poor in the rural areas (see Table 6.12.1).

Table 6.12.1 Financial Institutions for Poverty Group

	Vietnam Bank for Agriculture and Rural Development	Vietnam Bank for Poor	People's Credit Fund
Year of Foundation	1990 <sup>1)</sup>	1995	1993
Objective	To furnish loans to farmers	To furnish loans to the poor (VBARD supplementary means)	To increase savings and to increase production to enhance farmers' lives
Activities	Lends to relevant agricultural production cooperatives, SOEs, technical trainings	Lends low-interest financing for the poor	Provides short-term loans to members as operating funds
Funding	Government subsidy and credit	Government subsidy and credit	Subsidy from SBV, membership dues and credit

Sources: Report from the laboratory of Mr. Takanashi, Keio University, and Agriculture and Village Development Sector Review, JBIC.

1) In 1990 the VBA was established and it was renamed to VBARD.

The accumulated lending balance of the three banks – the VBARD, the VBSP, and the PCF – from 1996 to 2000 reached VND 92 trillion (equivalent to approximately US\$6.1 billion). Of this total balance, 85% is of the VBARD. Around 60% of total loans were medium- to long-term ones. Based on the breakdown of borrowers, 55% of total households in the rural area borrowed loans. Although they could vary considerably due to geographical factors or rate of penetration by the financial institution, it is believed that single households commonly borrowed from two different financial institutions. Hence, the amount of lending and the number of borrowers increased rapidly.

On rural credit institutions or organizations founded outside of the ambit of the Law on Credit Institutions, the lending activities of such entities as the Vietnam Women's Union (WU), which was established in 1935, and the Vietnam Farmer's Union (FU) are quite significant especially in their lending record to poor households. The following are two common types of lending for mass-based organizations.

- (a) An intermediate finance as an agent of official financial institution.
- (b) Lending based on self-funds or contributions from NGOs with supervision to ensure deposits of part of the loaned amount.

Local and international non-governmental organizations carry out microfinancing schemes especially for the poor. These NGOs organize the poor and contribute funds for intermediate lending to responsible financial institutions for their technical assistance projects on production or other relevant purposes. Whatever the lending method, a ceiling is set on financial activities and loanable amount.

### 3) Status of Lending for Agricultural Cooperatives<sup>6</sup>

Although the number of organized agricultural cooperatives is large, the number of coops who conduct lending is limited to only 8% of the total number of cooperatives. These cooperatives are mainly limited to the central highlands and the northeastern south. The following are the reasons for the small number of cooperatives conducting lending programs:

- (a) Relevant laws on lending are not clearly stipulated in the Law on Cooperatives, which is the basic law on agricultural cooperatives.
- (b) The amount for capitalization is low and is not sufficient to support lending activities.
- (c) Membership fees collected from members are low.
- (d) The management capabilities of lending officers are commonly poor.

Lending is expected to reach ideal levels if the following measures are taken and realized.

- (a) Lending is limited only to members of the cooperative.
- (b) Members who get loans deposit a part of the amount received.
- (c) Borrowing from official financial institutions and re-lending to coop members who recognize their repayment responsibilities and the necessity of organized productivity.

As prerequisites to make these measures possible, financial systems should take into account special situations and conditions related to the economic environment in a rural area. Also, farming households, who form the major bulk of borrowers, and the enterprises (including artisan craft villages) should be oriented properly on loan obligations and responsibilities. Nevertheless, funds should be provided sufficiently and the enlistment of specialized personnel who are well versed with lending procedures should be effectively cultivated.

It is advisable to prepare and implement these measures before borrowing funds from official financial institutions in sufficient amounts. Such funds should be re-lent to borrowers who are legal members of the cooperative. It is important that the personnel in charge or involved in such lending activities should gain experience from such

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<sup>6</sup> Cooperatives can be briefly classified in two types: one wherein members collectively own production and participation is mandatory, and the other wherein production is individually owned and one which has the nature of a distribution cooperative. The Government preferred the latter in consideration of past experiences with agricultural cooperatives created by the State. In accordance with relevant laws, the agricultural cooperative carries out the collective purchase of agricultural inputs and necessary materials and the development of irrigation systems as have been done in the past. Several of its activities relate to rural industrialization/development and include forming unions for each kind of product and agricultural processing business. (Report prepared by the JICA expert on agricultural cooperative.)

transactions and become experts at them.

#### 4) Development Supporting Fund

This fund is directly attached to the Government. It was established in June 1999 and started operations in 2000. This fund is mandated to carry out medium- to long-term financial assistance to important industries including SOEs and the development of basic infrastructures. In addition, this fund undertakes subsidization of bank interests, credit guarantee and short-term export facility. The focus of this fund in the rural areas is mainly the processing industry for agricultural, forestry and fishery products. Currently, its lending balance has reached VND 5 trillion (equivalent to approximately US\$ 330 million). Cumulative lending amount on short-term export facility reached VND 1 trillion (equivalent to US\$ 66 million).

#### 5) Financial Policy Designed for Poverty Reduction

The Vietnamese government considers poverty reduction as one of its topmost concerns. Various programs have been implemented such as the establishment of support and credit schemes aimed at the poor, the provision of loans designed to create job opportunities, emergency support, vocational training, etc. The promotion of financial assistance in the villages is thought to be effective in strengthening the role of women in development. The State Bank of Vietnam has provided microfinancing at low rates and no guarantee requirement from the poor. The introduction of the financial system as a substantial development tool was incorporated into the program for poverty eradication.

The socio-political structure of the communes in the rural areas is still suffused with the traditional communal ideal where socialist beneficence and equality work hand in hand. In this sense, the spirit of egalitarianism and cooperation is quite rich in Vietnam's village society. Under such environment, the small number of financial systems that use microfinance has been a vital part in revitalizing village economies through the actions of social relationships that do not leave a weak part behind. The main targets of the microfinance schemes are the communes in the rural areas. Various projects have already been implemented in this regard. An example is the TYM Project implemented by the Women's Union. (It is summarized in Table 6.12.2.)

Table 6.12.2 Microfinance Project Implemented by the Women's Union (TYM Project)

Purpose	<ul style="list-style-type: none"> <li>• Organize a group who will learn how to realize savings to improve living standards at household level and regulate the member to regularly deposit savings.</li> <li>• Promote women to participate in production activities and learn the techniques and knowledge to increase their own incomes.</li> <li>• Through such activities aimed at vitalizing production activities, economic condition and living standards will improve.</li> </ul>
Target of financing	<ul style="list-style-type: none"> <li>• Areas where more than 50% of total population is poor. (At present 385 centers in 47 areas in Hanoi, Bin Phuc, Hung Yen, Nam Dinh, Nghe An Province.)</li> <li>• Poor women whose average monthly income is less than VND 70,000 and the value of total assets of household is less than VND 15 million. (As of 2001, 12,000 people benefited; for 2002, target was 25,000.)</li> </ul>
Organization and activities	<ul style="list-style-type: none"> <li>• 30-40 members is grouped in each center. A group for repayment is organized and composed of 5 members each.</li> <li>• Lend US\$ 20-200 per tranche with an interest of 2% per month, no collateral.</li> <li>• Rate of repayment reached to 99.74%. The rate of deferred repayment was a mere 0.19 %.</li> <li>• Types of loan: general, seasonal, multipurpose, medium-term, and special. Type is selected based on the purpose, such as agricultural production, emergency, repair of house, etc., and year of membership.</li> </ul>

Source: Report from the laboratory of Mr. Takanashi, Keio University

However, the expansion of microfinance has been hampered to an extent by the relationship, relevance and vagueness of the concept of "right" and "duty". Nevertheless, the preparation of laws and regulations on microfinance has proceeded along like the technical assistance from the Asian Development Bank which is expected to be completed by the middle part of 2004.

Since this type of financing implies that lending amounts are small and borrowers are mainly those who have minimal resources, their financial management abilities would naturally be limited. Thus, repayment schemes cannot be assured without dedicated supporters coming in to fully support borrowers. Without such an effort this scheme will not succeed.

Because of these conditions, microfinance is considered to be unfeasible from a banking point of view, which explains why it is mostly undertaken by the NGOs. Fifty-two (52) NGOs out of the total 181 NGOs in Vietnam are involved in microfinance. Although the NGOs working in Vietnam are not relatively as active as those in other Asian countries (some successful NGOs have already left), the quality of their engagement is very high. The VBARD, the PCF, the VBSP, as well as others actively carry out their mandates in the rural areas. These groups have accessed almost half of the households, a high rate not seen in other developing countries, which could also explain why NGO microfinance has not expanded as expected. Although the number of NGOs is small, the quality of activity is considered quite high. It seems difficult to

implement microfinance schemes without direct technical and managerial support from the NGOs. Thus, the expectations placed on NGOs is high in connection with direct financial programs for the poor.

### **6.13 Distribution System Improvement**

#### **1) Flow of Distribution Channel**

The typical flow of distribution channel for craft products in the craft industry begin from raw materials production and ends up with the individual consumer. A flow chart for bamboo and rattan products is illustrated in Figure 6.13.1.<sup>7</sup> It As shown there at every stage, whether the transactions ends in Vietnam or outside of country, middlemen, traders, or agents, are present at every stage of the transactions; starting from raw material production, raw material supply, craft production, product distribution, exportation, to product sales, to the to individual consumer.

Although it seems that the middlemen complicates the distribution channel particularly in the rural areas, they play an important role in ensuring a smooth flow of the channel especially in areas where basic infrastructure for modern communication is lacking. The requisite communication between producers and traders is not limited to telecommunications (i.e. flow of information) but also includes financial or banking system (i.e. flow of money).

However, the number of middlemen has an inverse effect on the amount of direct income the craft producers earn. As the number of middlemen increases in the distribution channel, the direct income of raw materials and craft producers decrease unless the final price of the products in the market increases. In other words, in order to raise direct income of raw materials and craft producers, lesser involvement of middlemen or higher final prices is needed. In some instances, the involvement of middlemen becomes more intense when the volume of sales increases. Should such interventions decrease at each stage of distribution channel, income at the production stage could be increased. However, the development of appropriate telecommunications and financial systems are required to fill the time gap between the points of production and receipt of sales proceeds.

General views on craft exports (i.e. trade) and the local distribution channels from raw materials to the domestic markets are described in succeeding sections.

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<sup>7</sup> The chart is a simplified version where the intervention of several middlemen/agents is omitted.

## 2) Changes in Trade System

The promulgation of the *Doi Moi* policy in 1986 made a major impact on Vietnam's international trading system. The history of trading in Vietnam can roughly be divided into three stages:

- (a) **First stage (prior to the north and the south unification):** This period spans 30 years starting from Vietnam's independence in 1945 up to 1975 when North and South Vietnam was unified. During this strife-torn period, trade was mostly done with the former Soviet Union and Eastern European countries. Trade with Western European countries was mainly with France, its former suzerain state. Several state trade companies established per item were created during this period. For the exportation of craft items state companies, like TOCON, which was formed in 1956 (i.e. clothing, shoe, crafts) and BAROTEX, formed in 1971 (i.e. bamboo/rattan crafts) were established under the Ministry of Trade (MoTrade).
- (b) **Second stage (up to the promulgation of *Doi Moi*):** This period spans 10 years from the North-South unification 1975 up to 1986, the year the landmark *Doi Moi* policy was promulgated. Being a satellite state of the former Soviet Union, trading was mostly undertaken as a mandate mission and exclusively managed by state trading companies. This changed with the introduction of the *Doi Moi* policy whose core precept is the opening up of the economic system to the world and the encouragement of international trading based on foreign exchange as a means of settlement, which is the international trade standard. The effects of *Doi Moi* started to be felt only around the early 1990s when Vietnam's economic activities started picking up. Still, most trading was done by state trading companies until it was fully opened to private companies. In 1986, other state trading companies were formed outside of the ambit of the MoTrade, such as the SFOPRODEX (i.e. rattan and bamboo) under the MARD, and the HAPROXIMEX (i.e. agricultural products and craft products) under the Hanoi People's Committee. In effect, trading matters no longer became the exclusive province of the MoTrade.
- (c) **Third stage (from the promulgation of *Doi Moi* to present):** This period shows the full arc of the *Doi Moi* policy with its apex in 1997 when trading was fully opened to private companies. The period is noted for the profusion of people belonging to the state trading houses and state enterprises and middlemen who had worked between producers and exporters, and producers going out on their own and establishing private trading firms and starting to export products they had specialized in. There was a proliferation of private trading companies.

Under the former economic state where capital was centralized with the state enterprises, capital for the newly established trading companies and private enterprises remained small and limited. The average number of employees in most private trading companies is about 10-20. Their turnover varies between US\$ 0.3 – 0.5 million per year, which falls under the category of small-scale business.

Recent data show the total craft export amount from 10 leading SOE trading companies at around US\$ 40 – 50 million. The amount accounted for only around 20% of the total export value for the same year. Although there is no reliable and correct data, the number of private companies that conduct international trading is estimated at around 1,000. Therefore, the remaining 80% of total export value was handled by private enterprises. In the past five years, export amount increased tremendously. Corollarily, the number of trading companies rapidly mushroomed. However, a number of them could not meet delivery conditions and quality requirements because contracts were made through unnecessary price competition among traders and producers. Thus, at the end, a lot of contracts were breached or suffered claims. Trade troubles in craft products have started cropping up.

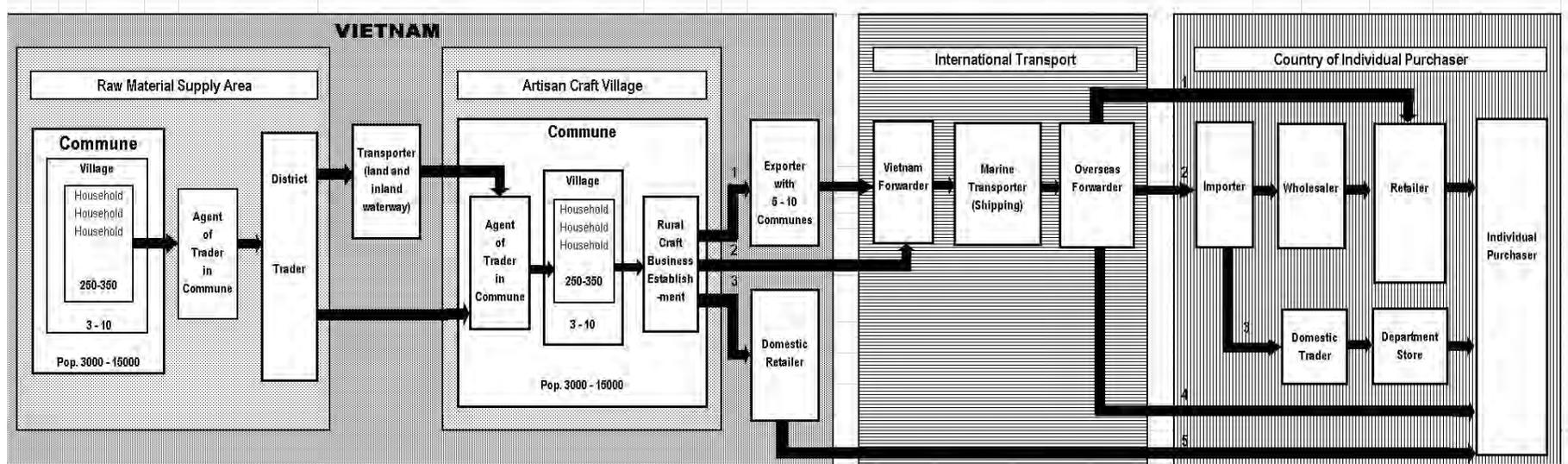
### 3) Trading Business

Fundamentally, international trading business practiced in Vietnam was barter trading with the former Soviet Union and its satellite countries. Substantial international trading or exporting to free markets started after the promulgation of the *Doi Moi* policy in 1986. Up to this point, exportation of Vietnamese products including traditional artisan crafts is limited to the former Soviet Union and its satellite countries. International trading was still mostly done by state trading companies up to the middle of the 1990s. Large state trading companies were mainly dealing in raw materials and industrial products. Although trading volume was small, various traditional crafts were also handled by these trading companies.

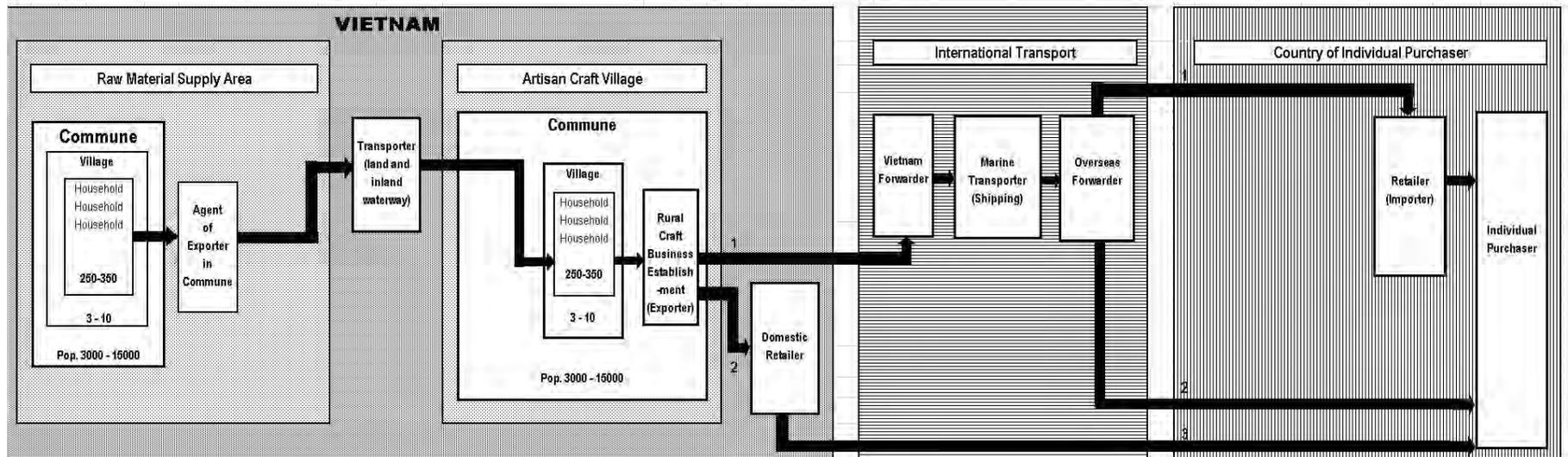
Since open-market economic measures were adopted, these state trading companies have dealt in various traditional crafts as well as industrial textile goods in earnest. However, even if the export volume of traditional craft products and expected profit are small, craft export requires more or the same level of negotiation skills needed for bigger-volume exports. Under such circumstances, it would be better for small trading companies to deal in such small-scale export of crafts.

Acquiring necessary skills for international trading is time consuming, especially for small traders. Due to the absence of particulars (e.g. industrial standards, standards specification, international grading system, etc.), the handling of delicate products is

Figure 6.13.1 Distribution Flow of Crafts – Bamboo and Rattan Products



Simplified Flow of Artisan Craft Product from Raw Material to Market (Bamboo and Rattan Products)



more complicated. Two to three years of on-the-job training is needed to obtain the requisite skills, techniques, and knowledge of business negotiations. Manufacturing and shipping can only be obtained from actual business experiences. The true sense of business and international trading cannot be learned without the actual trial and error experience.

For the sustainable development of traditional craft exports through the promotion of small private trading companies, the role of government agencies is to make appropriate institutional reforms that will enhance traders' business through the development of a credit system that will reduce risks, ensure export insurance mechanisms, etc.

#### 4) Domestic Distribution System of Craft Products

A number of players are involved in the distribution chain of the craft sector. Distribution flow of bamboo, rattan, and silk items in Ha Tay province is shown in Figures 6.13.2, 6.13.3 and 6.13.4. Roles of each player and cost transformation are explained in Table 6.13.1.

#### 5) Price Competition

Although production volume and sales of Vietnamese traditional crafts achieved a year-on-year growth of approximately 40% during the past five years, it is engaged in a fierce price-cutting war against products made by neighboring Asian countries, especially China, Thailand, Indonesia, and India. Streamlining distribution channels, development and improvement of product designs, strengthening of business practices, technical improvement of producers and many other crucial efforts are required to help ensure the competitiveness of Vietnam's traditional craft products in the international market. With respect to streamlining distribution channels, simplifying commodity transactions from the raw materials through the final product and building an appropriate market pricing mechanism are required to assure competitiveness and secure adequate incomes for craft producers.

#### 6) Cost Structure

Cost transformation from raw materials to the final product purchased by end-users was pointed out in accordance with the distribution flow (see Figure 6.13.1 for the flow chart and Table 6.13.2 for the itemized list.) The confirmed costs were classified into two ranges: one range covers the costs from raw materials processing through product exportation, the other from the import price in the overseas market to the final price paid by end-users. Current, or prospective, problems and their countermeasures from cost perspectives in the distribution flow are delineated.

Figure 6.13.2 Distribution Flow Chart of Bamboo in Ha Tay Province

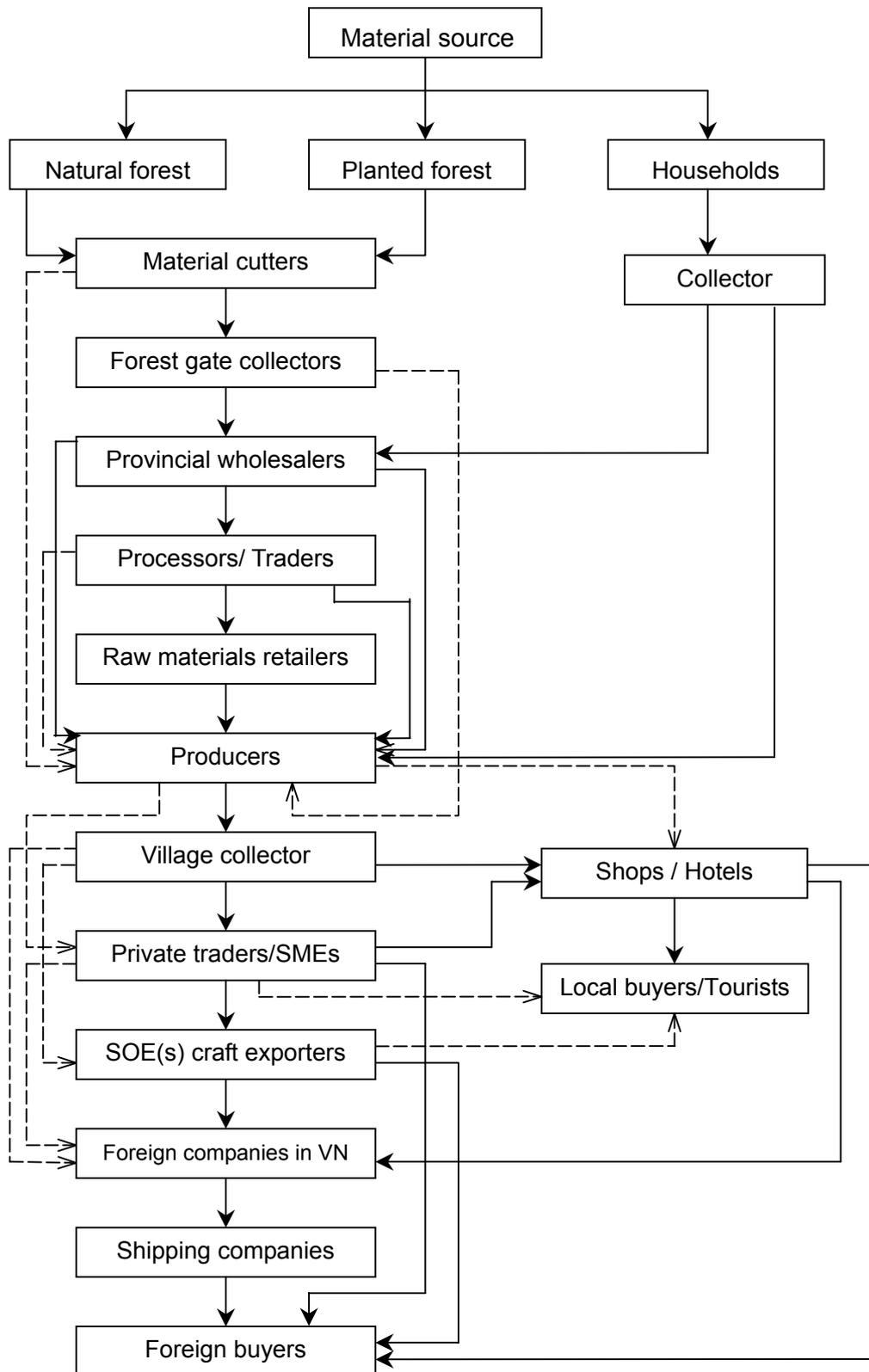


Figure 6.13.3 Distribution Flow Chart of Rattan in Ha Tay Province

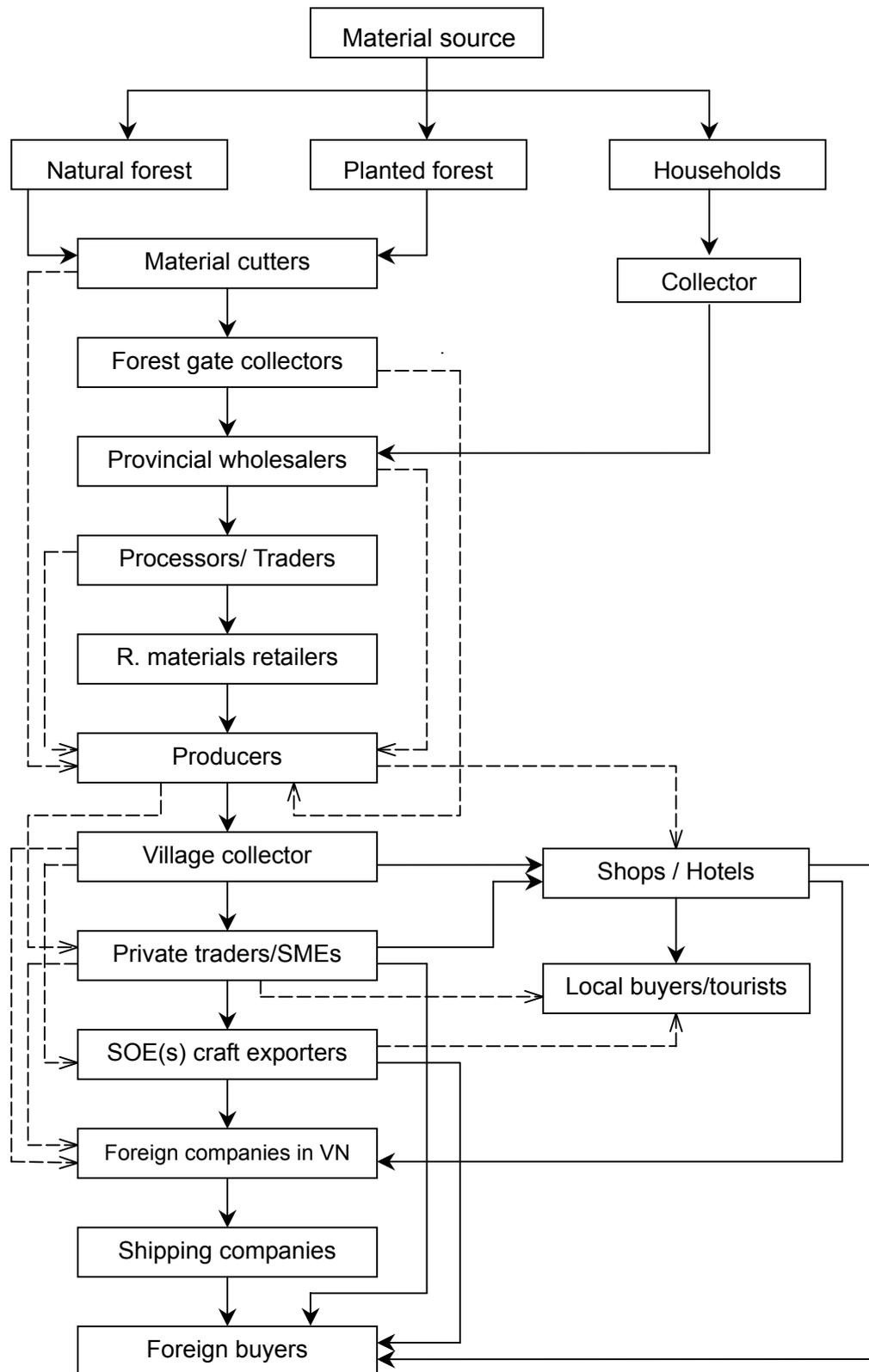


Figure 6.13.4 Distribution Flow Chart of Silk Products in Ha Tay Province

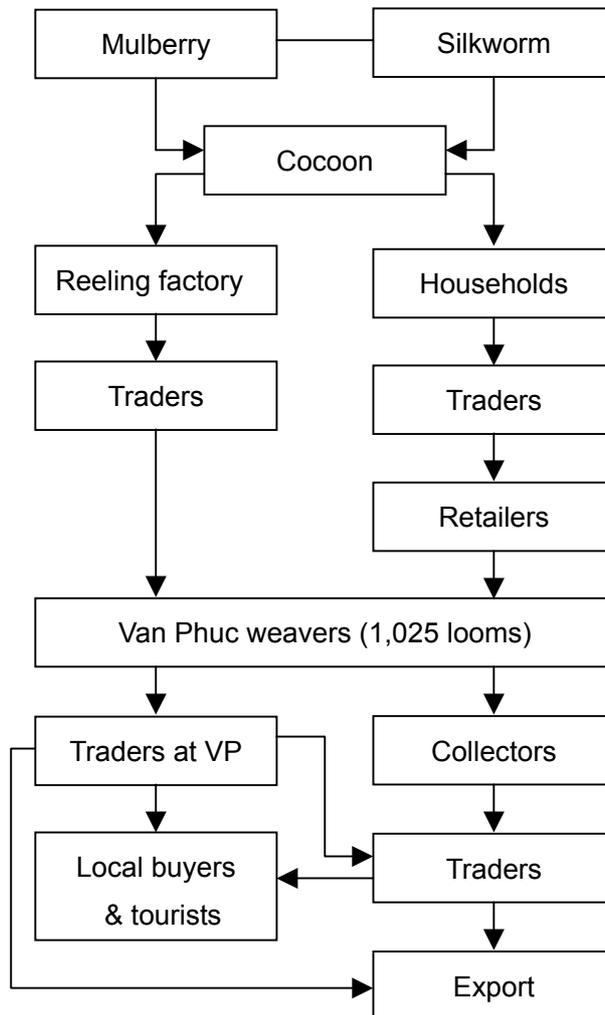


Table 6.13.1 Role of Players in the Distribution Channel

Player	Role
Raw materials harvesters	The farmers reside in or near the area where the raw materials are available and collect the raw materials. Sale price is VND 3,000 per kg for rattan and VND 2,000 per kg for bamboo.
Forest-gate collectors	The people reside in or near the forest areas. The raw materials are collected by people and gathered by raw materials collectors. Sale price is VND 4,000 per kg for rattan and VND 3,000 per kg for bamboo.
Raw materials wholesalers	They have a network of raw materials collectors in various areas and have good relations with the provincial government officers. They have sufficient funds for their business. They purchase the goods after placement of order by the distributor or processor. The margin for the raw material trader is around 20%. Sale price is VND 4,800 per kg for rattan.
Materials processors/ traders	The raw materials are processed prior to their sale to the craft producers. The techniques used at this stage determine the quality of raw materials. However, such processing techniques are based only on their experience. As there is no feedback from the craft producers, the quality of raw materials often does not improve. The profit margin is around 15%. Sale price is VND 7,500 per kg for rattan.
Raw Materials Retailers	After processing, the processors/traders sell their products to either craft producers directly or sell it to retailers. These retailers live in the craft villages. Their customers are craft producers (households), craft collectors, and sometimes, craft producing and trading companies. The role of rattan retailers is decreasing in the past years because materials can be supplied directly by private craft traders, collectors of craft products and in some cases, by state-owned craft exporters. The profit margin is around 10 %. Sale price is VND 8,200 per kg for rattan.
Producers	Most handicraft companies collect products from households; therefore, the producers here are understood as craft households. Craft workers are often busy with farm work during farming seasons. <sup>1</sup> Therefore the speed of craft production during this time is very slow. There are also popular cases where a group of households just specializes in one stage of the production process while other household groups finish up the other stages in the production process. This trend of work allocation is increasing. Usually, the producers are not responsible for the treatment or the final processing of products and handling them are either the collectors or craft traders. Besides, the producers sometimes cannot decide the cost of products themselves because the production cost is fixed by collectors and traders.
Craft collectors	The craft collectors live in the craft villages. They act as a bridge between handicraft traders and the producers. They are responsible for a wide range of tasks, from providing materials to the producers, supervising production and collecting. Sometimes they are also in charge of product finishing (e.g. treatment, coloring, etc.) and packing. The craft collectors often receive the orders from the traders and farm them out to the producers. They also arrange the production between the producers and supervise the on-line production. Therefore, they play a very important role in quality control and the delivery of the products. The profit margin is around 7-15%.

Cont'n of Table 6.13.1

Player	Role
Private craft traders	They are mainly responsible for (1) getting contact with customers, (2) arranging and financing production, (3) finishing and inspecting products, (4) arranging shipments, and (5) settling payments. Therefore, the private traders have to deal with various risks from both local and foreign partners. Many private traders are still suppliers for state-owned companies, but this function has been reduced because of the fierce competition in the handicraft business, which forces companies to cut down intermediaries to minimize costs. The number of private traders participating in handicraft trade has rapidly increased in recent years. The profit margin is around 15-50%.
State-owned craft exporters	The role of the state-owned craft exporters are almost similar to the private traders; however, they entered the international markets much earlier than the private traders and have gathered a lot of experience in craft trading. The state-owned exporters often participate in domestic and especially international trade fairs, because they are the high financial sources and they got many customers from these events. The state-owned exporters often mark up 5-10% from the price of private traders or 10-15% from the collectors.
Local shops	Local shops, especially shops in the big cities like Hanoi and HCMC, play an important role in marketing and selling Vietnamese handicrafts. The systems of shops look like a showroom for Vietnamese handicrafts and foreign customers can easily browse as to what handicrafts can be made in Vietnam. As soon as receiving the orders from customers, these shops will place orders with village collectors or traders. There is a practice wherein traders won't display their new products at the shops but only show them directly to foreign customers.
Foreign companies in Vietnam	The foreign companies source handicrafts through private traders and state-owned craft exporters and either export them back to their mother countries or to customers somewhere else in the world. These foreign companies play an important role in providing Vietnamese traders with internationally recognized designs and in improving their capacity in approaching and understanding international markets. Most of foreign companies are really traders, they just buy and sell the products to get profit, but some others want to invest with Vietnamese traders and state-owned exporters for production purposes.
Shipping and forwarding companies	The forwarding and shipping companies play a role in connecting Vietnamese exporters (private traders, SOEs, foreign companies) with foreign buyers. They offer various kinds of services, from customer declaration and clearance to hiring containers, inland transportation.

Source: Raw material and distribution survey

1) There are two cropping seasons for rice in Ha Tay – spring (planting in February and harvesting in May) and summer (planting in late July and harvesting in October).

As clearly stated in the table, it is possible to propose various cost-cutting measures or cost rationalization policies. However, implementing them as integrated measures at the national level rather than adopting each measure individually is recommended through programs formulated to improve the business practice in traditional crafts as a whole.

Table 6.13.2 Structure of Craft Production Logistics Cost, Issues and Countermeasures

Cost Item		Problems	Solutions (tentative)
<b>A. Raw Material Supply</b>			
1	Labor cost to grow and/or collect raw material necessary to produce craft item	Many of labors in the raw material production area live in a remote area and belong to low income segment.	Increase or set fair income to the labor for growing, collection and processing of raw materials.
2	Cost of tools necessary for growing and/or collection of raw material	Necessary equipment, tools and jigs for growing, mining, processing of raw materials is insufficient.	Income of raw material producers to be increased and proper financial support is to be provided.
3	Cost of material for primary treatment (chemical etc.)	Some materials for primary processing requires expensive foreign products or hazardous materials.	Local production of necessary materials for primary processing may reduce such cost and environment
4	Cost of inspection and grading of raw materials	Primary treatment or process of the raw materials are not inspected properly and graded.	Standardization on quality of raw materials is to be established for inspection and grading of quality.
5	Transport cost from production area to collection area	Many of raw materials are produced or grown in a remote area from the craft production area.	Improvement of transport infrastructure such as farm to market road, rural road, etc.
6	Commission for Agent of Domestic Trader in commune	Commission for agent of domestic trader may not be proper.	Direct deal between grower or raw material producer and craft producer may reduce such cost.
7	Commission for Agent of Domestic Trader in district	Commission for agent of domestic trader may not be proper.	Direct deal between grower or raw material producer and craft producer may reduce such cost.
8	Transport cost from collection area to destination (buyer of raw materials)	Many of raw materials are produced and collected in a remote area from the craft production area.	Improvement of transport infrastructure such as farm to market road, rural road, etc.
<b>B. Artisan Craft Village</b>			
1	Cost of material for secondary treatment (chemical etc.)	Some materials for primary processing requires expensive foreign products or hazardous materials.	Local production of such materials for primary processing may reduce such cost.
2	Cost of material for finishing treatment (chemical etc.)	Some materials for primary processing requires expensive foreign products or hazardous materials.	Local production of necessary materials for primary processing may reduce such cost.
3	Labor cost to produce product	Many of labors in the craft production area live in the rural area and belong to low-income segment.	Increase or set fair income to the labor for artisan craft production.
4	Power cost (Electric power driving motor, lighting, etc.)	Power cost is high.	Introduction of fair power rate to artisan craft production.
5	Fuel cost (Heat treatment, processing, etc.)	Fuel cost is high.	Reduction of fuel cost using renewable energy or introduction of low cost energy system.
6	Cost of tools and jigs for production of product.	Some tools and jigs for production of artisan craft is costly.	Income of artisan craft producers to be increased and proper financial support is to be provided.
7	Cost of packing materials	Packing materials to be transported from distant place.	Enhance and study locally available material for packing of finished goods.
8	Cost of warehouse	Cost of warehouse is high.	Production and delivery schedule are to be planned carefully and managed to reduce such warehouse.
9	Cost of trade administration (documentation, book keeping, etc.)	Cost of labor trained and experienced for trade practice is high.	Training of local personnel for trading practice is to be programmed and conducted properly to reduce such
10	Transport cost from production area to ex-go down (shipping area)	Many of artisan crafts are produced in a remote area from the commercial port.	Improvement of transport infrastructure such as farm to market road, rural road, etc.
11	Financial cost* (3 months)	Bank interest rate applied for bridge finance is high and requirement of collateral is severe.	Provision of specialized low interest, long terms loans and financial assistance for artisan craft industry is
<b>C. Exporter</b>			
1	Cost of general administration	Some of trading house hold excessive personnel for general administration activities.	Rationalization and reformation of organization to cut administration cost may be necessary.
2	Cost of warehouse	Cost of warehouse is high.	Production and delivery schedule are to be planned carefully and managed to reduce such warehouse.
3	Cost of land transport to port of export (to ex-go down)	Cost of transport is high.	Rationalization of transport cost may be needed. Collective transport of products may reduce the
4	Cost of stevedoring and forwarding (to FOB)	Cost of forwarding is high.	Fair competition among forwarders may reduce such cost.
5	Cost of maritime insurance	Cost of maritime insurance is high.	Fair competition among forwarders may reduce such cost.
6	Cost of shipment to external destination	Cost of ocean transport is high.	Provide direct ocean freight service from export port to the final destination. Enhance containerization.
7	Cost of documentation for export	Cost of documentation for export.	Reduce miscellaneous cost needed for documentation, clearance, etc. at customs.
8	Cost of banking charge (Negotiation of documentary credit, etc.)	Cost of banking charge is high.	Banking charge for small lot of trade may necessary be reduced or rationalized by volume of trade.
9	Financial cost (3 months)	Bank interest rate applied for bridge finance is high and requirement of collateral is severe.	Provision of specialized low interest, long terms loans and financial assistance for small-medium scale
11	Margin (Rough profit)	Margin added by exporter is high.	Develop fair market and earn proper profit.

Source: JICA Study Team

## 7) Fair Trade

The concept of fair trade is widely taking root. Fair trade is an international trading model that trade products through a direct channel built by selected and single production groups, retailers or companies. Without the complications of indirect trading channels, they fall under small-scale businesses and operations. But they do generate relatively higher revenues for contracted producers by eliminating the costs of middlemen at both ends.

The name Fair Trade is an offshoot of this form of trading that is based on a relatively fair and adequate trading mechanism where proceeds are spread among a limited number of producers and enterprises. Trade volumes in this form remain at a minimum, but this trend is rapidly expanding between the developing and industrialized countries. This form of trading can be developed especially by the NGOs that are taking an active part in promoting the welfare of ethnic minority groups, as size of transaction and market segment is limited.

## 8) Issues in the Distribution Channel

The distribution system survey conducted in Ha Tay province (in the north), Quang Nam province (in central Vietnam) and Lao Cai (in the northern mountainous region) on bamboo and rattan, woodcraft and silk products uncovered the prevailing issues in distribution channels:

- (a) **Raw material resources management:** Prices of raw materials is continuously increasing in relation to their scarcity, which pushes up production costs. Insufficient information and unorganized data on such matters as the remaining levels of resources, exact growing areas, production regions, etc. prevent buyers from properly accessing necessary information, which leads to inefficient raw materials management and, in turn, limits the need to devise countermeasures against the hegemony of raw materials suppliers.
- (b) **Cultivation of raw materials and production management:** Raw materials are mostly naturally grown resources or cultivated cash crops. Unprogrammed gathering and deforestation increase correlative to the growth in demand while the price of such resources continuously shoots up. Inappropriate cultivation methods and lack of technical information on such things as proper felling methods compound the concern for the preservation of natural resources.
- (c) **Primary treatment of raw materials:** Most of raw materials are processed, e.g. dried, cleaned of insects, etc. Due to the absence of a raw materials grading system, quality assessment often just relies on the experiences of sellers and

buyers. The introduction of an institutionalized grading system at this stage will enhance the efficiency of distribution systems including pricing.

- (d) **Involvement of many players in the distribution channel:** The number of middlemen in the distribution channel increases further the distance between raw materials suppliers and the craft villages. But the scale of each middleman becomes smaller and unorganized and further complicates the distribution process. The involvement of numerous middlemen pushes the margins up and correspondingly hikes the prices of raw materials, production costs and eventually weakening price competitiveness. Furthermore, information on quality management and raw materials quality is random and unstable at the raw materials stage.

9) Countermeasures

- (a) **Export finance:** Exporters are often involved in the distribution flow. These include raw materials supply to craft villages, raw materials processing, placing orders, cargo booking, shipping, etc. Exporters have business and trade management capacities as well as financial and market cultivation capacities. Commercial credit may be needed since deposit payments, according to contracts and payment for advance purchases of raw materials, are often required in the distribution channel. The establishment of a financial system that allows institutional assistance to a number of small-scale trading companies to meet export-related financial demands is urgently needed. Although a financial system intended for export promotion is in existence, the system should be reformed to be able to respond promptly to small and short-term financial demands.
- (b) **Information management, analysis and dissemination:** An information center that centrally handles organized information on available raw materials resources, plantation areas, prices, quality, raw materials suppliers, international markets, domestic markets, design, competitiveness, etc. should be strategically located for concerned enterprises and individuals.
- (c) **Simplification of distribution channels:** Any agency or intermediary service that can be eliminated should be done away with so that the system can be streamlined. The possibility of financially resourceful industries merging different types of businesses may be considered.
- (d) **Fair market price:** It is desired that the price of every product be determined by fair market precepts. Establishment of wholesale system, auction markets and

auction houses would be necessary to gain market mechanism functions. When a fair market price is determined through a dealing process where a number of raw materials, suppliers and buyers opposed each other, the sense of mistrust on costs between buyers and suppliers would be eliminated, as well as obstructions for proper linkages, collaborations, and cooperation such mistrust engenders.

- (e) **Information exchange and information access:** The establishment of a system that enables decision makers of each business category to make an effective judgment is necessary. This can be done through the utilization of a number of opportunities such as the aforementioned commodities exchange, or the periodic assembly of trading associations so that they could share the understanding of information on raw materials, production, sales, market development, etc.
- (f) **Establishment of quality standards:** A quality-grading system is absent for each product at the raw materials' stage, as well as the primary and secondary processes. Materials selection commonly depends on workers' experiences and gut feel. The establishment of proper quality standards would enhance information exchange, information access and commodity transactions.

#### **6.14 Improvement of Marketing**

##### 1) Current Level of Marketing Knowledge

Fundamentally, marketing is the process of strategizing approaches to successfully sell goods and products either in the domestic or international markets, and in being able to produce vendible goods. The meaning and process of marketing is not sufficiently understood by many parties in the crafts' industry. The physical distance alone, say, between the craft villages and overseas markets makes it incomprehensible to craft makers as to how their products are being sold in faraway markets. This state of relative market ignorance is also compounded by the practice of small and medium enterprises of continuing to produce only standard items or those that are fads. On the main, awareness of future market trends and competitive variables (e.g. price and quality) posed by similar products made by other countries is commonly lacking.

The mapping survey showed that more than 80% of producers in the communes and villages cited this glaring lack of market knowledge and information as a problem. Thirty percent (30%) rely on own efforts or private distributors in obtaining information on design trends, inputs, prices, quality, etc.

This business culture has made private distributors into important deliverers of market information. Even so, they are limited to functioning as commodity transaction agents and have low awareness of BDS provision, an area which they commonly lack the capability to be in.

## 2) Elements of Marketing

A comprehensive approach is necessary to produce products that are market vendible. Achieving this not only involves techniques in production quality but likewise entails conducting an effective consumer promotion, excellent distribution measures, suitable pricing variables, evaluation of various environments, and many others. The following are the essential marketing elements that should be considered:

- (a) Product development and techniques: What sort of products should be presented? (Product strategies).
- (b) Promotion: What kind of advertisement, sales approach should be conducted? (Promotion strategies).
- (c) Distribution channel: In which route should the product be distributed? (Distribution strategies).
- (d) Price measures: How much should be charged? (Price strategies).
- (e) Environment and social responsibility issues and other related issues.
- (f) Information gathering and understanding of market needs.
- (g) Coordination of overall production process.

People who take charge of marketing concerns should understand these factors and be able to coordinate them well. Thus, they should be sensitive to outside information, be highly reliable and have specialized capabilities.

A desired state for the craft industry is when managers and craft leaders in the craft villages have attained marketing skills and cultivate markets by themselves. The prevailing order-based production and subcontracting systems provide few opportunities for producers to conduct marketing by themselves.

So far, it has been mainly the owners of private enterprises and shops located in urban areas, as well as the foreign designers, and a few others that practice the tenets of effective marketing. It should also be noted that marketing is better practiced than theorized. A human resources development system that is based on know-how and actual experiences of people who are in the cutting edge of current industry marketing practices is required. Such marketing talent

should be enlisted and sent to the craft villages as BDS providers, directors, agent etc. Doing this will greatly help achieve the envisioned marketing state for the craft sector.

### 3) Marketing Measures

Sound marketing practices should proceed well in areas close to domestic markets where appropriate human resources exist, such as private enterprises near urban areas. A system should be initiated wherein these pools of human resources can be used as engines of knowledge imparting their know-how to the rural craft households. Government agencies should start initiating such a system. Likewise, the craft villages should be receptive in learning from this system and accommodate the imparted know-how on marketing and other innovations, thereby steadily attaining the desired direct market access. Furthermore, dynamic collaboration among administrators (particularly provincial governments located near such production areas), private enterprises, educational institutions, overseas traders, etc. is required so that the craft villages can reach their marketing potentials (see Table 6.14.1).

Table 6.14.1 Marketing Measures

Marketing Element		Activity/Action	System
Product strategies	Understanding of market needs	<ul style="list-style-type: none"> <li>Conduct consumer needs survey</li> </ul>	Administration or industry
	Product development by utilizing local raw materials	<ul style="list-style-type: none"> <li>Conduct product development training by specialists</li> <li>Display and sell products that have suggestive characters by using traditional craft techniques</li> </ul>	Dispatch specialist by administration, by private initiative
Promotion strategies	Craft product promotions & provision of marketing opportunities	<ul style="list-style-type: none"> <li>Establish craft center (pilot shop)</li> <li>Provide financial assistance to enterprises that hold fairs or participate in fairs abroad</li> </ul>	Administrative assistance
	Generalize craft items in daily life and to general public	<ul style="list-style-type: none"> <li>Conduct interactive program at workshops in production areas, design seminars, exchanges among local industries in urban areas</li> <li>Publish informative craft magazines</li> </ul>	Administrative assistance & implementation by private sector
	Developing excellent workers and designers	<ul style="list-style-type: none"> <li>Hold craft design competitions</li> <li>Conduct technical exchange program with other countries and exchanges among production areas</li> </ul>	Administrative assistance & implementation by private sector
		<ul style="list-style-type: none"> <li>Accredit master artisans and provide assistance on market cultivation</li> </ul>	Administrative assistance

Source: JICA Study Team

## 6.15 Strengthening of Linkage with Tourism Sector

### 1) Tourism Industry in Vietnam

The number of foreign tourists visiting Vietnam is increasing; even domestic tourism is rising as can be noted from the 2001 data. That year alone showed the arrival of 2.33 million foreign tourists; domestic tourists totaled 11.7 million.<sup>7</sup> Tourism revenue is highly substantial, especially from foreign tourists whose consumption units are relatively high. According to the World Tourism Organization, in 1998 the average consumption unit by a foreign tourist in South Asia was US\$ 844. Applying a formula based on this figure to Vietnam will show that approximately US\$ 1,967 million was spent by foreign tourists in Vietnam for that same year. Tourist-based economic generation has been huge in Vietnam. With its history, culture, and natural beauty Vietnam is becoming one of the primary tourist destinations in Southeast Asia.

Traditional craft villages catering to tourists have robustly thrived in Ha Tay province in the north, where craft promotion is actively pursued. In central Vietnam, Hue and Hoi An (Quang Nam province) are World Heritage Sites. In the mountainous regions, a number of ethnic minorities earn cash incomes by selling traditional craft items to tourists. These instances point to the profound bond between the craft sector and the tourism industry.

### 2) Craft Items as Souvenir Goods

The robust bond between tourism and the craft sector points to the need to sustain the development of craft products for tourist consumption based on an understanding of targeted tourist attributes (i.e. nationality, age group, etc.). This strategy is significant particularly when foreign tourists visiting urban areas are targeted. At present, in Hanoi or Ho Chi Minh City, certain shops, particularly stores managed by foreign designers, apply this marketing tactic. These stores have their own workshops and technicians, and they mainly make craft items that suit the styles and tastes of foreign tourists. Items coming from craft villages in the north often end up in the souvenir shops of Ho Chi Minh City, sporting higher price tags along with design and quality modifications.

This means that craft products bound for souvenir shops often change shape and value according to where they are sold. It should be noted that such modifications have both good and adverse effects on craft production (see Table 6.15.1). In regions where ethnic minorities reside, the negative impacts from tourism have been noted.

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<sup>7</sup> "Vietnam Discovery" Feb. 2002, the Official Voice of the Vietnam Administration of Tourism

Tourist-based planning should be carefully managed and involve the overall welfare of the local community (see section on Assistance to Ethnic Minorities).

### 3) Purchasing Trend of International Tourists

An interview survey was conducted at Noi Bai International Airport in Hanoi to determine the international tourists' purchasing trend for craft products and their visitation pattern in craft villages.<sup>8</sup> Results of the survey are as follows:

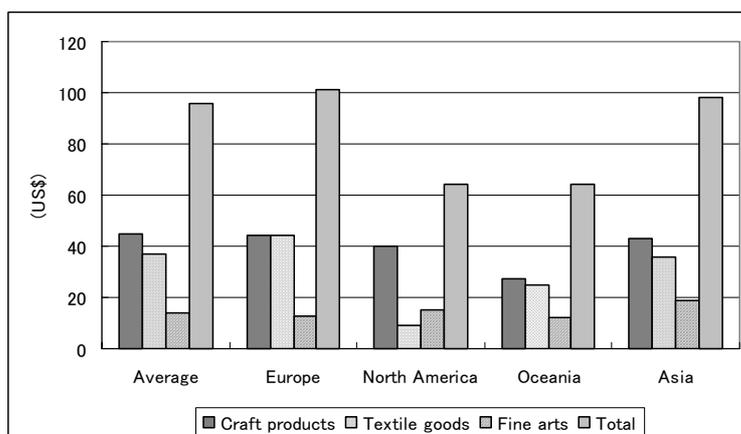
- Sixty-seven percent (67%) of international tourists purchased some products including souvenirs in Vietnam.
- Rate of tourists who purchased craft products, textile goods and fine art pieces are 23%, 19% and 17%, respectively. The average amount spent on such products was US\$ 45, US\$ 37 and US\$ 14, respectively, per person.

Table 6.15.1 Impacts on Craft Production by Tourism Development

Impact	Contents
Positive	<ul style="list-style-type: none"> <li>• Regional pride is related to tourism attention, which creates more willingness to exert efforts on preservation and development of traditional crafts.</li> <li>• Traditional crafts produced using excellent techniques create new markets through tourism development.</li> <li>• Easier for producers to generate cash earnings by selling directly to tourists (particularly for low-income craft households and ethnic minority groups).</li> <li>• Craft product development for tourism can bridge craft production tradition and market economy.</li> </ul>
Negative	<ul style="list-style-type: none"> <li>• By producing for the markets, it is easier to lose the value of tradition.</li> <li>• Tendency to produce low-quality products for tourists who wish to purchase cheaper items.</li> <li>• Exploitation by middlemen between producers and tourist sites.</li> <li>• Demand from tourists more than production capacity.</li> <li>• Lower quality products due to price competition.</li> </ul>

Source: JICA Study Team

Figure 6.15.1 Average Amount Spent by International Tourists by Region (US\$/person)

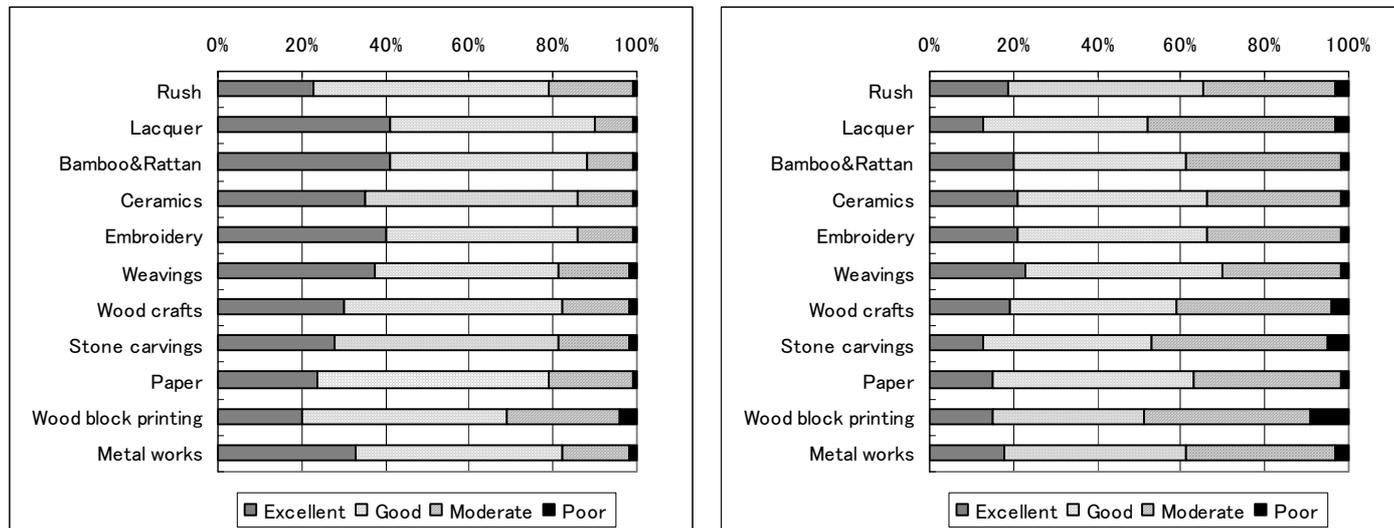


Source: Tourists Survey

<sup>8</sup> The survey was conducted at exits of Hanoi's Noi Bai International Airport. 546 samples were collected from international tourists to study tourism trends in relation to the craft sector.

- Forty-nine percent (49%) of total respondents visited craft village(s). By region, 55% of tourists from Oceania visited the villages, 54% for Europe, 44% for Asia, and 25% for the US. By country, 86% of tourists from Spain visited the villages, 84% for Holland, 72% for France, 69% for Italy, and 60% for Australia. It appears that European tourists have strong interests in craft villages, while Japanese tourists are the least interested at 28%.
- Craft villages visited by tourists are ceramics villages (34%), woodcarving villages (29%), embroidery villages (25%), stone carving villages (9%), and bamboo villages (2%). Sixty percent (60%) of tourists who visited a ceramics village went to Bat Trang, 65% of tourists who visited a woodcarving village went to Hoi An, 44% of tourists who visited an embroidery village went to Sapa, and 66% of tourists who visited a stone carving village went to Da Nang. All places are popular tourist sites.
- Eighty-seven percent (87%) of tourists who went to craft village(s) felt satisfied. Quality assessment of products was good and prices were considered reasonable (see Figure 6.15.2).

Figure 6.15.2 Tourist Assessment on Quality and Price of Vietnamese Crafts



Source: Tourist survey

Approximately 2.67 million tourists visited Vietnam in 2002. Based on the figures derived from the survey, an international tourist spent an average of US\$ 96 on craft products, textile goods and fine art pieces, thus it is presumed that US \$ 256 million was spent in 2002. In the same year, gross export value of craft products including textile goods was US\$ 274 million. The total amount spent by tourists was equivalent to approximately 90% of the export value. It is clear that marketing to tourists is quite significant.

Approximately 40% of overall tourists are visiting craft villages. Even such visit is included in the tour package, its trend generates high potentials in craft villages as tourism resources. Currently visitors go to particular villages, thus diversification is necessary.

#### 4) Sustainable Tourism Development

Since the Doi Moi Policy was adopted, the number of tourists jumped from 250 thousand in 1990 to 2.6 million in 2002. The Vietnamese government is deeply concerned about tourism development and the promotion of the socialization of tourism, i.e. returning profits and revenues generated from tourism to a community, particularly to the poor in rural areas, affected by tourism. In order to address poverty through sustainable tourism development, the concept of community-based tourism (CBT) was adopted utilizing the experiences of countries like Nepal, India, Thailand, and Indonesia.

Currently, CBT projects are carried out by VNT, SNV, IUCN and ITDR. Mai Chau in Hoa Binh province and Sapa in Lao Cai province, both of which are ethnic minority craft villages, were selected as case study sites. In addition, SNV is considering other villages in Lai Chau and Son La provinces as candidate sites including one of the craft study's pilot project sites, Na Sang II village.

Community assistance through tourism development is indispensable particularly in rural areas and ethnic minority communities. Among others, craft development should be promoted as a tool for increasing incomes and cultivating markets in line with tourism development.

#### 4) Attractions in Craft Villages

Generally, tourists look out for added value from their trips, either seeking to: (a) find more variety of products at production sites, (b) buy products cheaper than those sold in stores in urban areas, or (c) tour production sites, communicate with craftspeople, personally experience craft making, etc. However, these are not often met since many craft villages suffer from poor infrastructure or lack full development as tourist destinations. Thus, tourists make do with finding items from the countryside in urban shops and do not visit the production sites in the rural areas.

Developing the production sites as tourism destinations does not only imply the creation of new products. Instead, it initiates a comprehensive development approach that include, among others, environmental protection and pro-active actions from craft workers themselves. An example would be a craft worker acting as

tour guide, and other pro-active activities. Maximizing regional uniqueness is also indispensable, which means that craft promotion and tourism development viewed through the prism of the localities' culture and tradition is required through the initiative of provincial governments (see Table 6.15.2).

Table 6.15.2 Craft Promotion through Tourism

Measure	Concrete Action
Conduct of PR campaign for craft production sites and enterprises	<ul style="list-style-type: none"> <li>• Launch PR activities to appeal domestically and internationally using website</li> <li>• As tourism information, introduce master artisans in traditional craft village, access method, virtual experience, etc.</li> </ul>
Promotion of craft stores	<ul style="list-style-type: none"> <li>• Use old city section where craft stores can cluster together (e.g. ancient quarter in Hanoi, stone carving stores in Da Nang, galleries and craft shops in Hue, etc.)</li> <li>• Designate street where stores will sell antique items and holding of antique fairs.</li> </ul>
Establishment of craft pavilion	<ul style="list-style-type: none"> <li>• Set up facilities for display and sale of excellent craft products</li> <li>• Set up matching center for producers and buyers and establish technical training center</li> <li>• Create restaurant where local craft items can be used and introduce local dishes</li> <li>• Locate in area with good transportation access such as big cities, urban fringes, airport terminals, etc.</li> </ul>
Promotion of craft production site tour	<ul style="list-style-type: none"> <li>• Open large-scale craft factories as tourist spots and conduct factory tour to consumer groups</li> </ul>
Formulation of craft production site tour route	<ul style="list-style-type: none"> <li>• Establish a tourist route of craft goods street around big cities, like HCMC and Hanoi, and World Heritage Sites like Hue, Hoi An, and My Son</li> <li>• Establish craft route in Ha Tay province which has the largest accumulation of craft villages (Taking advantage of villages located in Hanoi's fringes, sales of Ha Tay craft products in Ha Tay, Ha Tay production site tour)</li> <li>• Tour the production sites of artisan craftspersons in craft villages, encourage direct sales to tourists and allow them to experience production (in principle, tourists can make an excursion)</li> </ul>
Development of new craft village	<ul style="list-style-type: none"> <li>• Develop a number of full-scale workshops in one place (Build a craft village in areas with stores and workshops, e.g. the old town of Hoi An)</li> <li>• Develop traditional houses in the mountainous region along with creating a craft village where each village has a different craft product workshop (the craft village serves as the pilot shop; a multiplier effect on the region is anticipated)</li> </ul>
Creation of market in craft village	<ul style="list-style-type: none"> <li>• For small settlements in rural areas, develop small stores (markets) selling both craft products and other goods (incidental to craft promotion training facilities, etc.; stores should earn even without tourist arrivals)</li> </ul>

Source: JICA Study Team

## 6.16 Mitigation of Environmental Impacts of Craft Making

### 1) Environmental Problems in Craft Villages

Although infrastructure development in the craft villages is said to be better than in other villages, their craft making methods are engendering environmental concerns that could spread to surrounding areas if not addressed properly. What is important is that environmental problems faced by a craft village is not limited within its confines; the dialogue and solutions should involve other communities and groups contiguous to it. Water pollution and solid waste disposal are priorities, and their current conditions are as follows:

(a) Water Pollution: Many craft villages produce relatively large volumes of wastewater. Large industries or industrial plants are commonly the only ones that have industrial wastewater treatment plants. Since craft villages have no such facilities, effluents are normally discharged into standard surface drains that serve rainwater flush. The danger is that industrial wastes tend to seep into underground pipes that discharge into common outlet points, which usually are the nearest stream or river. Sanitary waste from households is normally dealt through individual household septic tanks, or by direct discharge to rivers. There are no centralized treatment facilities.

Water pollution results from the processing of bamboo, woven textiles, printing and paper bleaching, and dyeing. Many cases have been noted wherein the discharges are highly pigmented, causing the discoloration of streams or rivers. Their effluents are also very low in dissolved oxygen, implying a high BOD/COD value<sup>8</sup> that is fatal to marine and plant life. The salinity levels in many streams and rivers have risen as salt is used in the dyeing process. Other discharges have warm temperatures causing rapid algae growth, that chokes both marine and plant life.

(b) Solid Waste Disposal

Many craft villages suffer from an absence of a proper solid waste/garbage collection and disposal system. General waste, such as food, used plastic bags, paper, cans, bottles and common debris, are thrown into any available drain, water course, or piece of unoccupied open land. The improper disposal of waste adversely affects the local environment, like blocking drainage and streams that causes flooding during heavy downpours, or stagnant water which becomes breeding areas for vectors and insects and causes water logging of low-lying lands. Stagnant water can also seep down to aquifers and pollute drinking water supply. Inadequate drainage likewise turn ponds into areas overgrown with weeds and plants that rot and add another pollution threat for potable water supply.

If a solid waste collection system is in place, it is hamstrung by a lack of ultimate disposal points. Landfills are simply large open spaces where garbage is thrown into, thus generating olfactory concerns and propagating disease-bearing vectors.

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<sup>8</sup> BOD and COD stand for biochemical oxygen demand and chemical oxygen demand, respectively.

## 2) Issues of Establishment of Waste Disposal and Treatment Facility

The lack of environmental infrastructure, especially in urban centers, has contributed to large-scale pollution concerns. A serious problem is the lack of proper waste treatment. Vietnam has no effective waste treatment facilities and lacks landfills. Consequently, solid and liquid wastes, including household and industrial effluents, are discharged without proper treatment. In cities, the sewerage and sanitation systems are in a state of disrepair. Landfills are the normal disposal route for household wastes. However, the collection system for household wastes is inconsistent and inefficient. Also, landfills in urban areas are fast approaching their fill-up capacities. Illegal garbage disposal into drains and streams is a common practice.

A main issue in waste management is economy of scales. For example, if an urban area can put up a large municipal wastewater treatment facility, it will allow industrial wastes to be discharged into it after undergoing treatment. As an added cost-effectivity, the large volumes of wastewater coming from proximate residential houses can help dilute the industrial liquid wastes by acting as treatment in itself. Where such municipal waste facility is not available, full responsibility and financial cost should fall upon the industries themselves. It is not realistic to expect individual factories to absorb these costs but a cluster of industries, pooling together their resources, can share such a communal waste treatment system, thereby reducing the overall burden of cost and social responsibility.

There are other cases, wherein the imperative is to relocate machinery and production out of craft households and into centralized sites. Although this will minimize craft families' exposure to workplace accidents and pollution (e.g. dust inhalation, noise, etc), it would not protect the actual workers nor would the relocation properly address external impacts, like treatment of contaminated wastewater. It will be a good opportunity to include the establishment of common wastewater treatment plants in projects establishing new industrial areas.

Solid waste treatment needs to address two main concerns: household collection and ultimate disposal points. Any collection system should recognize that the proximate road network will inevitably be narrow and that access would often be limited. Handcarts and suitably sized bins located at strategic pickup points would prove valuable particularly if combined with proper waste segregation and effective recycling practices.

The ultimate disposal of solid waste can be achieved in one of three ways: (1)

composting, (2) incineration, or (3) landfill. Composting is not recommended as the necessary segregation of waste at-source is time consuming and tedious. Incineration requires expensive equipment, skilled operators and entails substantial fuel costs, and is not considered appropriate in this situation. Landfill would be the most cost effective means of end-point solid waste disposal. However, simple surface tipping would not do as this would engender corollary problems like the possible contamination of underground aquifers, the proliferation of diseases-bearing vermin and insects, source of repulsive odor, etc. Landfill sites must have natural depressions, or excavated, and the tipped wastes should be covered with earth every day.

### 3) Issues on Sustainable Management of Environmental Protection Facility and Actions

So far, the environmental management of industries has mainly focused on large-scale industrial sectors. Little attention has been given to the small-scale craft households and villages. For instance, in Ho Chi Minh City, there are more than 700 medium to large industrial enterprises compared with about 25,000 handicraft workshops. Compounding the environmental issue is that while strengthening the craft industry may lead to economic progress, its long-term environmental impact will correspondingly increase if a systematic environmental plan is not put in place. This highlights the need to develop plans and programs that are compatible with the principle of sustainable development.

The main cause for the difficulty in building environmental protection facilities is the financial cost it entails. It must be accepted that waste treatment facilities come with a price and they must be realistically assessed. If the costs cannot be absorbed by the subject industries then the central or provincial governments may have to subsidize part of their operation. To minimize costs, proper standards of treatment must be set and appropriate technologies selected. Treatment processes based on high capital investment and high operating costs that need skilled workers are not appropriate. For wastewater treatment, natural lagoons are recommended. For solid waste disposal, landfills are the cheaper and most appropriate alternative.

On noise pollution, its control is at the source which is difficult and costly if machinery replacement is required. It is more practical to provide ear defenders to workers and relocate workshops from residential areas if noise levels are too high.

### 4) Proposal on Standards for Environmental Assessment in Craft Villages

In 1994, the Environmental Protection Law was passed. Monitoring responsibilities were handled by the MOSTE and the MOI. Currently, there are no national or

provincial environmental guidelines ratified by law, although the People's Committee of Ho Chi Minh City have established 11 environmental management guidelines since 1999.

At the provincial level, the DOSTE is tasked to monitor environmental situations and recommend measures to provincial governments and individual enterprises. Although empowered to do so, it usually does not fully enforce regulations because to do so will make some enterprises uncompetitive. Thus, it is necessary to inculcate the understanding that social responsibility is one of the important management strategies that provide add-on values to goods. And that efforts to maintain environmental conservation will eventually strengthen quality and competitiveness.

In general, the craft sector has a low sense of awareness of the environmental impacts caused by its production processes. Currently, the MONRE is considering the provision of incentives to promote compliance with environmental laws based on the "polluter pays" principle. This regulation will identify types of pollutants to be taxed and the amount of tax to be meted out. The MONRE is also considering imposing a charge per household on the amount of daily garbage collected. The National Environmental Agency (NEA) is a new agency recently formed from the split of MOSTE into two new agencies. It is still formulating its own programs with the consideration that its priority would be on: water pollution, coming from paper recycling; air pollution, from scrap copper; and handling of chemicals in the rattan/bamboo industry.

At present, laws or regulations that set pollution control standards do not cover many industries. The existing standards are prone to violations and are seldom enforced.

The central government has the final responsibility in the setting of standards, and the provincial government is mandated to enforce them. The successful implementation and strict enforcement of these standards depend on all concerned parties working together and adapting a phased approach whereby the standards are achieved over a period of time, with equitable and affordable cost sharing between all parties.

## **6.17 Assistance to Ethnic Minorities**

### **1) Ethnic Minorities in Vietnam**

Although ethnic minorities only comprise 14% of Vietnam's entire population they make up 29% of its poor. Although a number of poverty reduction programs have been initiated in their behalf including literacy campaigns, their socio-economic

status still remains low. The following are the socio-economic profile of the ethnic minorities:

- (a) Educational level is low, most have not undergone any formal schooling, are illiterate, and do not know the Vietnamese language.
- (b) Ethnic villages do not have access to information on markets outside the local trading community.
- (c) Cultural and spiritual practices interplay with economic endeavors.<sup>9</sup>
- (d) Have little experience in dealing with buyers outside local trading areas.
- (e) Raw materials for craft making, once plentiful, are now limited and access to them is diminishing (e.g. scarce raw materials are natural dye plants, silk, rattan, etc.)
- (f) Craft making is changing due to changes in cultural values, and the influences of the new market economy. Many traditional craft skills are not being passed on.

## 2) Ethnic Minorities, Poverty and Craft

Not all ethnic minorities are poor, however. The poorest groups are those located in the remote areas, or those in the Central Highlands that have been dislocated from ancestral lands. Efforts at handicraft development for income generation do not always reach the poorest people. Craft programs must have clear visions in their aim to uplift the standard of living of the ethnic minorities and in preserving their culture.

The goals of craft development for ethnic minorities may be:

- (a) To preserve a craft tradition.
- (b) To attract tourism.
- (c) To generate income.
- (d) To empower their communities. (e.g. develop people's confidence, management skills, business understanding, etc.)
- (e) To provide training in various useful skills for engaging in the market economy

## 3) Traditional Motifs of Ethnic Minorities

The craft items of ethnic minorities are replete with traditional motifs, like legends and mythologies of plants, animals, the spiritual world, and others which have been handed down from their ancestors. These motifs form their cultural heritage and ethnic values that manifest in their craft making. To ensure authenticity, it is important to incorporate traditional motifs of an ethnic culture into new products. What must be

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<sup>9</sup> For instance, advice of monks and religious beliefs are most important for the Khmer people in An Giang province. Without knowing such cultural background, it is difficult to proceed smoothly with projects.

noted is not to borrow the motifs from other groups.<sup>10</sup>

However, since the ethnic minorities themselves have not been vigorous in preserving their cultural heritage, this responsibility falls on the Government to aid these groups in patenting their motifs and patterns. The problem of copying is not only a national concern. Under World Trade Organization rules, any individual or company who first claims ownership of a motif or patent retains the copyright of that patent; hence, Thai motifs are in danger of being owned by foreign entrepreneurs. The Government of Vietnam must take appropriate steps to ensure the legal rights and cultural heritage of all of its people and tribes.

#### 4) Promotion of Fair Trade

Fair trade is a trading system that promotes fair wages and working conditions, whose mechanism also aims to uplift the status of the lowest common denominator in the industrial and agricultural workplace – the lowly workman. It does these by dealing directly with producers, providing publicity and information campaign, allowing the holding of fairs, and educational opportunities for producers' empowerment. In general, the NGOs and Women's Union in the communes support production and technical trainings in management, as well as other on-site programs for the producers' independence. They also act as market intermediaries.

Most Vietnamese are unaware of the meaning and purpose of the fair trade movement which necessitates the need for wider information drives to improve consumer awareness of its benefits, and this should be supported by shop owners and export companies for the promotion of fair trade. The promotion of fair trade principles will benefit ethnic minority producers as well, through: ensuring that they earn fair wages, encouraging their independence, allowing for technical and capacity improvements, preserving traditional values, and finding markets where their unique craft products are appreciated. The fair trade system is thus one of the appropriate tools of craft promotion, and a vehicle for the eventual self-reliance of the ethnic minorities.

#### 5) Improvement of Business Management Capabilities

While ethnic minorities have their own village leaders and systems of governance, they do not often participate in local governance. Nor do they commonly run shops or manage businesses. Ethnic artisans have little experience in managing a business. Their practice has been to sell their craft items to middlemen at cheap prices. They

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<sup>10</sup> Ethnic motifs are now adopted by other ethnic minority groups and the Kinh group. Some enterprises are producing industrial goods (machine-made) using copied ethnic motifs for souvenir goods and export.

often sell at a loss, or for paltry amounts, because of ignorance on the variables of raw material and production costs. They seldom count the real value of their labor. Unaccustomed cash dealing is another factor that creates a negative management outcome.

Costing and pricing are some of the essential elements that could be introduced through training programs. But training has to breach its traditional modes if it aims to teach the ethnic minorities and allow them to someday successfully manage their own businesses. As it is, better-educated Vietnamese earn most of the profits from the toil of ethnic minorities. Government must aim to uplift skills to a point wherein ethnic craft makers get the confidence to run their own shops.

#### 6) Market Strategy for Ethnic Craft Villages

A market strategy for the ethnic communities must be multifaceted. It should take into account the unique ways ethnic minorities sell their craft items, or the ways tourists and others buy them. Fundamental to this strategy is training ethnic producers the various avenues that are open to them (see Table 6.17.1). Particularly through practical trainings that will effectively make them understand the intricacies of the market, like high-quality products, mass-produced goods, cultural values, benefits of innovation, etc. Also, they should get acquainted with other ethnic items produced by cultural groups in other countries and how these items are creating demands in the international market.

Table 6.17.1 Selling Methods of Ethnic Minorities and Required Trainings

Market	Characteristic and Required Training
Individual vending	Ethnic minorities often feel most independent and at ease selling on an individual basis, where the sale provides instant cash. In tourist spots, in particular, they sell on the streets directly to tourists, or sell directly in markets. This selling in a market is a traditional means of selling for minorities and authorities should it consider it as their traditional way. Trainings on how to sell directly to buyers should be given.
Artisan group's own local shop	It is a good experience for ethnic minorities to experience selling craft products through a local shop. When supporting local efforts to create a shop, government agencies or other organizations must also provide training in sales techniques, bookkeeping, display, promotion, etc.
Middlemen	Business training to ethnic minorities should entail how to negotiate with middlemen. Ethnic minorities should insist on a fair wage. Artisans in a given area should also be encouraged to maintain a wage standard, though enforcement is not possible. How to plan to fulfill orders on time, and how to communicate long distance to buyers should also be a subject of training.
Exhibitions and fairs	Ethnic minorities need much more experience in trade fairs and exhibitions. These events are not only important for selling products, but for gaining exposure to other groups and exchanging experiences. These events also allow the group to practice promoting itself: explaining techniques, motifs, cultural background, etc.

Source: JICA Study Team

#### 7) Measures for Ethnic Minority Assistance

The cultural backgrounds and social mores of the ethnic minorities vary from each group. Thus, this should imply that there is no single, catch-all solution, or a single

“ethnic minority craft promotion assistance strategy”. Assistance on ethnic minority craft promotion, especially by the Government, should only proceed after enough time and effort have been taken at examining its goals and measures which should be suitable to the respective needs of a particular minority group, and this should be done in tandem with local organizations like the Women’s Union, etc. These actions should be based on a thorough understanding of the diversities and issues inherent within a particular ethnic community (see Table 6.17.2).

Measures should not be limited to direct assistance; the following are indirect measures:

- (a) Provide information on ethnic minority craft making (e.g. websites, publications, creating craft maps for tourism).
- (b) Develop links with museums (e.g. display, preservation, study, sales at museum shops).
- (c) Link with the tourism industry.

Table 6.17.2 Comprehensive Measures for Ethnic Minority Assistance

Issue	Measures
Coordinate with agencies and organizations	Coordinate support to artisans among governmental agencies, NGOs, Women's Union, etc. Particularly assistance on ethnic minority's craft products; measures for conservation, development, trainings, raw material supply and its improvement, market cultivation, etc. should be considered along with living habit and cultural background.
Culture	Officially recognize the Master Artisans nominated by project members. Help the group promote its products through exhibitions. Encourage the revival of traditional skills and practices.
Health	Link health-related programs to the project group. Craft projects are a vehicle for provision of healthcare information.
Education	Support literacy training for participants and their families by providing a teacher and/or literacy books. Provide scholarships for literate members of the group to improve their knowledge. Encourage higher (university) education among members of the community.
Exposure	Offer opportunities to visit other districts or provinces to see craft projects or attend trade fairs and exhibitions. Provide transportation and other logistical support. Facilitate the issuing of passports or travel papers if group members have an opportunity to visit other countries (groups may learn a lot by visiting artisan groups in Laos, Cambodia and China.)
Communication	Help the project access telephone and Internet. Assist in transmitting messages if the project center does not have nearby access to telephone.
Agriculture	Provide information on relevant agricultural products and support programs that create a sustainable supply of raw materials such as rattan, bamboo, mulberry, cotton, and dye plants, if needed.
Social	Encourage family members to support artisan project members (who are often women) in completing their project training, education and product creation tasks.
Technical	Support the group in improving skills for project needs in areas such as weaving, basketry, sewing, dyeing, etc. Also find ways to finance equipment recommended by craft experts (e.g. as steel combs for looms, new kilns, etc.)
Business & Finance	Help the group develop a savings program. Provide loans if the need is indicated in a careful business plan. Support the most educated members to take part in business training workshops and courses. Encourage transparent and precise bookkeeping.
Marketing	Help the group own and operate its own shop. Help develop links to local tourist markets such as hotels. Help the group in getting a fair profit from middlemen and businesspeople. Introduce visiting tourists or consumer groups to the artisans.

Source: JICA Study Team

## 6.18 Preservation of Traditional Values

### 1) Meaning of Traditional Value

There are two kinds of traditional values of craft products. One is technical value, which is based on raw materials, manufacturing process, techniques, designs, etc. The other is cultural value, which comprises peoples' traditional ways, their heritage, religious and socio-cultural myths and beliefs, rites, feasts, etc. Both of these values have availed in Vietnam for hundreds of years, rooted in its socio-cultural psyche and character. Some of these manifested in its traditional crafts as integral parts of Vietnamese heritage, or through socio-cultural artifacts, living implements, or commodities which are sought for their commercial aesthetic, or cultural values. Vietnamese craft products that have traditional values can be categorized as follows:

- (a) Fine artistic crafts that are made using excellent techniques and raw materials, like lacquer ware, embroidery, wood carving, etc.
- (b) Crafts that reflect the expression of ethnic minorities' cultures and techniques, like weaving, embroidery, earthenware, silverwork, etc.
- (c) Crafts that are used as tools in farming and others like bamboo baskets, rush mats, woven hats, cutlery, etc.

Many of these items vanished with the onslaught of time. Those that remain continue to vanish. Craft manifestations of tradition and culture are slowly being changed by the evolution of lifestyles, market values, raw material scarcity, changing production methods, etc. Fine artistic handicrafts made by rural and ethnic artisans are dissipating due to the slow pace of old craft-making techniques and skills, as well as declining raw materials, changing lifestyles, the preponderance of modern industrial goods and implements, and fewer opportunities.<sup>11</sup>

As the country further shifts to a market-oriented economy and as industrialization progresses, livelihoods and lifestyles are being transformed in a grand shift from traditional practices to modern industrial ways: e.g. rather than spend time and labor at craft making, large chunks of rural hands are making earnings by other means. In the craft sector this trend is being aided by the growing scarcity of some raw materials or lack of markets. Other factors changing traditional values are the following:

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<sup>11</sup> In the mountainous areas, in particular, there are few markets for craft products made by ethnic minorities, and they also do not know the existence of market and value. Furthermore, due to the lack of impact on regional economy, government interests are not in craft promotion.

- (a) Industrial products are easier to produce, have bigger markets, are more durable and functional.
- (b) Younger generations are attracted to new styles and new goods.
- (c) Scarcity of raw materials increases prices and makes items difficult to obtain.
- (d) Fewer successors because traditional craft making is deemed time-consuming.
- (e) Lack of knowledge in selling traditional crafts and in exploring markets.
- (f) Collapse of traditional communities and vanishing regional cultural values due to migration to lowlands and urban areas.

Both administrators and stakeholders are looking into the market viability of craft products and economic development. The foundation that has been set up for the conservation of traditional values has not yet matured. Know-how is still lacking in raising market appraisal of traditional values. It is necessary to acknowledge the importance of traditional values of Vietnamese crafts at home and abroad, and preserve them as part of its cultural identity. Actions for their promotion should be taken promptly.

## 2) Recognition of Traditional Value

Recognition of traditional value can be easily grasped when they are compared with industrial goods, which are produced simply for mass consumption; thus, they have lower value. On the other hand, traditional crafts are made from local raw materials, crafted by hand by an artisan or craft worker and their aesthetic values increase through time.

The definition of conservation should include accommodating people's sensitivities and needs without losing the inherent regional value. Thus, the common recognition of traditional values should be preserved per community and region. Proactive actions in the regions, like the conservation of raw materials and techniques and market-oriented product development, record keeping, etc. are needed.

## 3) Documenting of Traditional Value

Traditional handicrafts are deeply rooted in the culture. Their conservation calls for the proper documentation of their history with variables such as: how they developed, their historical highpoints, the evolution of techniques and raw materials, their use and significance, etc.

The role of the local communities where these traditions originate is important. Documentation should be conducted with their help and initiative. To support such activities, the assistance of researchers and conservationists (e.g. museums and

educational research bodies), as well as support organizations (e.g. NGOs) and government institutional and financial assistance are desired (see Table 6.18.1).

Table 6.18.1 Documentation Method of Traditional Value

Documentation Objective		Means
Increase in public's appreciation and knowledge of craft products	Have common recognition of difference between industrial products and traditional crafts	<ul style="list-style-type: none"> <li>For museums, display craft products and publish craft information</li> </ul>
Cultural preservation of ethnic minority	Secure the stability of culture of ethnic minorities, religion, habit, etc.	<ul style="list-style-type: none"> <li>Provide educational program on ethnic minorities and cultural values at schools</li> <li>Ensure cultural understanding through literacy courses for ethnic minorities</li> </ul>
Training of successors	Hand down to knowledge to next generation	<ul style="list-style-type: none"> <li>Provide technical training program for younger generations by elderly craftspersons</li> </ul>
Documentation of traditional Techniques	Research and record production techniques and traditional raw materials	<ul style="list-style-type: none"> <li>Conduct research by museums and archive</li> <li>Conduct field studies and researches by students on craft villages and craft items</li> </ul>
Promotion of craftspersons who know traditional techniques	Promote craftspersons who know traditional production techniques and develop successors	<ul style="list-style-type: none"> <li>Appoint master artisans and strengthen recognition both at home and abroad, and develop an incentives scheme</li> </ul>
Linkage with other countries	Participate in craft-related activities abroad	<ul style="list-style-type: none"> <li>Conduct joint study with overseas research agents</li> <li>Hold international conferences on craft products</li> <li>Invite foreign craftspersons and hold technical exchanges</li> </ul>
Establishment of on learning system to teach traditional techniques	Teach traditional techniques	<ul style="list-style-type: none"> <li>Implement training curriculum on traditional techniques to be taught by excellent craftspersons at vocational schools</li> <li>Disseminate theory of traditional techniques and design education at universities</li> </ul>
Securing of raw materials	Use better quality raw materials and secure the sustainability of raw materials	<ul style="list-style-type: none"> <li>Build database with respect to available raw materials and supply locations by government</li> <li>Adopt safe production methods (e.g. use of natural dyes, drainage management, etc.)</li> <li>Exert efforts to ensure stable raw materials supply such as forestation, sericulture, etc.</li> </ul>
Review of traditional life style	Review and bring in traditional clothing and eating habit	<ul style="list-style-type: none"> <li>Use traditional craft items such as traditional clothing, decorations, tableware at hotels and restaurants</li> <li>Use craft items and teach craft education at elementary schools</li> </ul>

Source: JICA Study Team

#### 4) Utilization of Traditional Values

The “soft spots” of traditional craft products are their limited and low market values. Many items can be labeled traditional; however, few craft products have authentic traditional values. Those that have authentic evaluation revolve around a few domestic and international specialists, collectors, and other individuals or institutions.

Because of this, many producers have focused on new production technologies and new products that meet mass market needs that cut into the need to conserve traditional craft items and values. However, it should be noted that traditional craft items have sufficient values that consumers seek out and there are markets for such products. An example of using traditional values may be utilizing the characteristics of a production area and incorporating it in local brand promotion.

Furthermore, since consumers tend to put importance on product quality and design, not just to traditional values, it is important for traditional craft items to have high product values as well rather than bringing them into the market in their original state (see Table 6.18.2).

Table 6.18.2 Utilization of Traditional Values

Objective		Concrete Means
Local industry promotion	Conserve and promote traditional craft products at provincial government level	<ul style="list-style-type: none"> <li>• For provincial governments, prepare traditional products conservation and promotion plans</li> <li>• For provincial governments, build database on traditional craft items and craft villages within the province</li> <li>• Create craft village maps tying up with tourism sector</li> </ul>
Product development & design	Improve craft products to be able to use them in modern settings but using traditional motifs	<ul style="list-style-type: none"> <li>• For NGOs and designers, conduct product development training</li> </ul>
Market evaluation	Evaluate craft products by third parties (specialists, consumers)	<ul style="list-style-type: none"> <li>• Make presentations at exhibitions and fairs</li> <li>• Display at overseas museums</li> <li>• Sell products in markets and shops in urban areas</li> <li>• Implement fair trade system</li> </ul>

Source: JICA Study Team

## 7. Market of Vietnamese Craft Products

### 7.1 Overview of Craft Market

Vietnamese craft products are roughly classified into those made for export, those made for the domestic market, and those made for the personal consumption of the producers themselves. The domestic market, however, caters to both domestic and international tourists who purchase the craft items in shops in urban centers and major cities.

The mapping survey showed that the domestic market accounted for about half of the total craft products made (half of its share is the international tourist market<sup>1</sup>). The overseas market and personal consumption each accounted for a fourth of total output (see Table 7.1.1). With the exclusion of embroidery, textile and ceramics, over half of the craft market is domestic. For embroidery, more than half of its market was shared by exports, while textile was produced mainly for personal consumption. The target of the mapping survey was the craft villages and it was assumed that most interviewees were not aware of their products' final markets. Embroidery producers, however, had some knowledge of their market as the materials and designs they used were mostly brought in from overseas through middlemen. As for textile, the percentage of personal consumption was comparatively higher as a large percentage of textiles were produced for clothing and decorations. This was especially true among ethnic minority groups.

Table 7.1.1 Market of Craft Products

Product	Number of Craft Villages				Percentage of Craft Villages			
	Export	Domestic	Own Consumption	Total	Export	Domestic	Own Consumption	Total
Rush	134	187	48	369	36.3	<b>50.7</b>	13.0	100.0
Lacquer ware	9	29	1	39	23.1	<b>74.4</b>	2.6	100.0
Bamboo and rattan	244	447	139	830	29.4	<b>53.9</b>	16.7	100.0
Ceramics	25	40	17	82	30.5	<b>48.8</b>	20.7	100.0
Embroidery	205	101	86	392	<b>52.3</b>	25.8	21.9	100.0
Textile	76	134	307	517	14.7	25.9	<b>59.4</b>	100.0
Wood carving	35	253	131	419	8.4	<b>60.4</b>	31.3	100.0
Stone carving	19	40	12	71	26.8	<b>56.3</b>	16.9	100.0
Paper	1	7	2	10	10.0	<b>70.0</b>	20.0	100.0
Woodblock Print	2	3	1	6	33.3	<b>50.0</b>	16.7	100.0
Metalwork	15	161	54	230	6.5	<b>70.0</b>	23.5	100.0
Total	843	1,786	916	3,545	23.8	50.4	25.8	100.0

Source: Craft Mapping Survey

<sup>1</sup> The international tourist survey was conducted at Hanoi's Noi Bai International Airport and collected approximately 500 samples. The international tourist market was estimated based on the amount of crafts purchased per capita. Its scale was considered as equivalent to the export value.

## 7.2 Overseas Market of Craft Products

### 1) Export of Craft Products

Vietnamese exports have grown rapidly since 1995. An annual average growth rate of 21.5% was recorded in the trade statistics from 1995 to 2000, while GDP growth rate approximately netted 7%. It can be said that Vietnam's remarkable economic growth is helped in part by the rise of its exports. Although the share of craft products in the total export amount for miscellaneous products in 2000 was US\$ 274 million, accounting for a mere 1.9% of total exports, its average annual growth rate was a robust 24.4%, surpassing the total export rate of 21.5% (see Table 7.1.2). As of 2000, the export amount for craft products (including wooden furniture) was merely 1.9% of the total. However, in terms of pure export amount – the amount of export minus the cost of imported materials and services – it was significant. Although a definitive statistical analysis is quite difficult to get at, the craft sector's share of the pure export amount may reach 5 – 7%, considering that production and most raw materials depend on local resources and investments. The craft sector therefore plays an important role in Vietnam's export industry.

Table 7.2.1 Changes in Export Value by Industrial Group<sup>1)</sup>

Industrial Group	1995 (US\$ Mil)	2000		Annual Average Growth (%)
		(US\$ Mil)	(%)	
Light Industry	1,246	4,419	30.6	28.8
Shoes, textile	1,146	3,364	23.3	24.0
Craft products	92	274	1.9	24.4
Electronics	8	782	5.4	150.0
Agriculture/Forestry	2,225	3,655	25.3	10.4
Mineral products including crude oil	1,723	5,061	35.0	24.1
Others	255	1,320	9.1	38.9
All export items	5,449	14,455	100.0	21.5

Source: JICA Study Team (Based on the statistics of VIETRADE, Statistical Yearbook)

1) Many of the raw materials needed to produce shoes, textile and electronic products for export are imported. In the case of electronic products, foreign investors are into processing and re-export. Under such business pattern, the pure export amount (Production of items using domestic resources, domestic capital, domestic raw materials, etc.) is relatively low. As for the export of mineral products, the share of crude oil export is substantial. But since a considerable amount of foreign investment is poured into crude oil production, its pure export amount is considered low as well.

### 2) Export Trends of Craft Products

The VIETRADE issues annual trade statistics. Among other things, it lists craft products – including rattan/bamboo, fine art, embroidery, ceramic/glass etc. – under the category of light industrial products. A 2001 craft export data on wood carving, rattan/bamboo, ceramics, and embroidery/lace products was obtained from the customs office which was compiled by the International Trade Center (ITC) for a craft trade study financed by the UNCTAD/WTO. Although data on the two statistics do not completely correspond with each other, they provide useful information on current situations. Changes in export amounts from 1996 to 2000 are outlined in Table 7.1.3 using data from both VIETRADE's statistics and the ITC study for a comparative listing.

The average annual growth rate issued by VIETRADE was 24.4%. The one from the ITC study was 37.5%. Although VIETRADE's trade statistics on industrial products are considered more comprehensive, the ITC study's data shall be used for a numeric analysis on current conditions and demand forecasting, since it is closer to the actual craft export status in this study and their pegged annual growth rates are similar.

Table 7.2.2 Changes in Export Value of Vietnamese Craft Products

Source of Statistics	Product	Export Value in US\$ Million on FOB Basis			Average Annual Growth Rate	
		1996	1998	2000	% per Year	2000/1996
Trade statistics by VIETRADE	Rattan/Bamboo	31	-	79		
	Embroidery	20	-	51		
	Ceramic/Glass	22	-	108		
	Fine Art	19	-	36		
	Subtotal	92	-	274	24.5	3.0
ITC study	Rattan/Bamboo	29	39	54		
	Embroidery	4	24	41		
	Ceramic/Glass	14	35	58		
	Wood Carving	7	23	39		
	Subtotal	54	121	192	37.5	3.6
Trade statistics <sup>1)</sup>	Light Industrial Products in Total	1,238		3,637	24.0	2.9
	Total Export Amount	5,449		14,455	21.5	2.7

Source: Annual Trade Statistics of VIETRADE, ITC (UNCTAD/WTO), 2001

1) as of 1995

### 3) Transitions in the Craft Export Market

Export data for 1996-2000 was organized per item and destination (see Table 7.1.4 and 7.1.5). Craft items listed in that data were wood carvings, rattan/bamboo products, ceramics, and embroidery/lace products. Wooden furniture was not included.

Table 7.2.3 Export Amount by Country and Region

Country/Region	Export Amount in US\$ Million			Growth Rate		
	1996	1998	2000	%/Year	2000/1996	
ASIA	Japan	10,690	35,519	62,884	55.7	5.9
	Taiwan	19,912	22,867	18,677	-1.6	0.9
	Hong Kong	2,892	10,216	12,042	42.8	4.2
	Korea	4,324	5,393	7,499	31.1	1.7
	Singapore	2,239	4,489	6,210	9.2	2.8
	China	159	2,970	4,343	146.1	27.3
	Subtotal	40,216	81,454	111,655	29.5	2.8
USA	602	20,746	14,543	121.7	24.2	
EUROPE	France	6,740	13,918	18,217	28.2	2.7
	UK	1,116	6,813	15,918	94.3	14.3
	Holland	2,700	8,225	15,122	53.8	5.6
	Germany	1,863	4,723	7,853	43.3	4.2
	Belgium	709	2,638	6,485	70.7	9.1
	Subtotal	13,128	36,317	63,595	48.4	4.8
Total	53,946	138,517	189,793	38.1	3.5	

Source: ITC (UNCTAD/WTO), 2001

- (a) **Changes in export amount by destination:** Total export amount from craft products in 1996 was US\$ 53.9 million. It reached US\$ 189.8 million in 2000, indicating that the average annual growth for the 5-year period was 38.0%. By destination, growth was approximately 30% for Asia and 48% for Europe. The US market was opened in 1996 and since then has shown a significant growth of 120%. The high growth rate for the European market is expected to continue.
- (b) **Market share by export destination:** For export market share by region Asia has 58.8%, Europe 33.5%, and US 7.7%. Japan in particular had the largest share among all the destinations accounting for 33.1% of the total and a hefty 56% for Asia alone. The Japanese market is thus a substantial part of Vietnamese craft exports.

Table 7.2.4 Export Value by Country and Region

Country/Region		Export Amount in US\$ Million					
		1996		1998		2000	
		Value	%	Value	%	Value	%
ASIA	Japan	10,690	19.8	35,519	25.6	62,884	33.1
	Taiwan	19,912	36.9	22,867	16.5	18,677	9.8
	Hong Kong	2,892	5.4	10,216	7.4	12,042	6.3
	Korea	4,324	8.0	5,393	3.9	7,499	4.0
	Singapore	2,239	4.2	4,489	3.2	6,210	3.3
	China	159	0.3	2,970	2.1	4,343	2.3
	Subtotal	40,216	74.5	81,454	58.8	111,655	58.8
EUROPE	France	6,740	12.5	13,918	10.0	18,217	9.6
	UK	1,116	2.1	6,813	4.9	15,918	8.4
	Holland	2,700	5.0	8,225	5.9	15,122	8.0
	Germany	1,863	3.5	4,723	3.4	7,853	4.1
	Belgium	709	1.3	2,638	1.9	6,485	3.4
	Subtotal	13,128	24.3	36,317	26.2	63,595	33.5
USA		602	1.1	20,746	15.0	14,543	7.7
Total		53,946	100.0	138,517	100.0	189,793	100.0
Ranking by Share (%)	1st	Taiwan	36.9	Japan	25.6	Japan	33.1
	2nd	Japan	19.8	Taiwan	16.5	Taiwan	9.8
	3rd	France	12.5	France	10.0	France	9.6
	4th	Korea	8.0	Hong Kong	7.4	UK	8.4
	5th	Hong Kong	5.4	Holland	5.9	Holland	8.0

Source: ITC (UNCTAD/WTO), 2001

- (c) **Changes in market share by export destination:** Changes in regional market shares for 1996-2000 by region were as follows: -5.4% for Asia, +9.0% for Europe and +190% for the US. Europe's growth rate surpassed Asia's. Share changes by country were as follows: +13.0% for Japan, -26.7% for Taiwan and -10.0% for Korea. In contrast to the declining trend for some Asian countries, the shares of European countries increased, to wit: +43% for UK, +30% for Belgium and +16% for Holland.
- (d) **Changes in market share by craft item:** The export value of bamboo/rattan products, embroidery/lace, ceramics, and wooden products by country and region are listed in Tables 7.1.6~7.1.9. Export value changes for 1996 to 2000 is outlined in Table 7.1.10.

Table 7.2.5 Export Value by Item (Annual Average Growth Rate, 1996-2000)

	Bamboo/Rattan	Embroidery	Ceramics	Wood	Total
Asia	9.2%	93.2%	35.7%	42.6%	29.5%
Europe	45.0%	38.9%	51.8%	40.3%	48.4%
Entire World <sup>1)</sup>	16.7%	79.9%	46.8%	50.8%	38.1%

Source: JICA Study Team

1) The US was omitted since exporting there has just started recently and the growth rate is too high to use as reference. However, the US is included in the "Entire World".

Table 7.2.6 Export Value of Bamboo and Rattan Products by Country and Region

Country/Region		Export Amount in US\$ Million			Growth Rate	
		1996	1998	2000	%/Year	00/96
ASIA	Japan	5,111	7,132	13,288		2.6
	Taiwan	14,243	15,384	11,903		0.8
	Hong Kong	1,219	1,756	991		0.8
	Korea	4,291	4,197	5,850		1.4
	Singapore	223	907	2,354		10.6
	China	142	784	15		0.1
	Subtotal	25,229	30,160	34,401		1.4
USA		164	248	1,674		10.2
EUROPE	France	1,092	2,954	5,305		4.9
	UK	237	974	2,661		11.2
	Holland	749	1,219	1,317		1.8
	Germany	1,412	2,414	4,729		3.3
	Belgium	230	957	2,419		10.5
	Subtotal	3,720	8,518	16,431		4.4
Total		Total	38,926	52,506		1.8
Ranking by share (%)	1st	Taiwan (48.9)	Taiwan (39.5)	Japan (25.3)	/	
	2nd	Japan (17.6)	Japan (18.3)	Taiwan (22.7)		
	3rd	Korea (14.7)	Korea (10.8)	Korea (4.5)		
	4th	Germany (4.9)	France (7.6)	France (10.1)		
	5th	Hong Kong (4.2)	Germany (6.2)	Germany (4.6)		

Source: ITC (UNCTAD/WTO), 2001

Table 7.2.7 Export Value of Embroidery and Lace Products by Country and Region

Country/Region		Export Amount in US\$ Million			Growth Rate	
		1996	1998	2000	1996	1998
ASIA	Japan	2,475	18,118	33,289		13.5
	Taiwan	0	0	0		-
	Hong Kong	0	0	0		-
	Korea	33	1,196	1,649		50.0
	Singapore	0	0	0		-
	China	0	0	0		-
	Subtotal	2,508	19,314	34,938		13.9
USA		11	129	702		63.8
EUROPE	France	908	1,704	1,465		1.6
	UK	11	699	515		46.8
	Holland	0	0	0		-
	Germany	451	2,309	3,124		6.9
	Belgium	0	0	0		-
	Subtotal	1,370	4,841	5,806		4.2
Total		Total	24,284	41,446		10.7
Ranking by Share (%)	1st	Japan (63.6)	Japan (75.0)	Japan (81.7)	/	
	2nd	France (23.3)	Germany (9.6)	Germany (7.7)		
	3rd	Germany (11.6)	France (7.1)	Korea (4.0)		
	4th	Korea (0.8)	Korea (5.0)	France (3.6)		
	5th	UK/ USA (0.3)	UK (2.9)	USA (1.7)		

Source: ITC (UNCTAD/WTO), 2001

Table 7.2.8 Export Value of Ceramics by Country and Region

Country/Region		Export Amount in US\$ Million			Growth Rate	
		1996	1998	2000	1996	1998
ASIA	Japan	1,978	4,351	5,389		2.7
	Taiwan	0	0	0		-
	Hong Kong	1,612	3,340	5,392		3.3
	Korea	0	0	0		-
	Singapore	1,927	3,291	2,740		1.4
	China	0	0	0		-
	Subtotal	5,517	10,982	13,521		2.5
USA		602	20,746	14,543		2415.8
EUROPE	France	6,740	13,918	18,217		2.3
	UK	1,116	6,813	15,918		14.7
	Holland	2,700	8,225	15,122		7.1
	Germany	1,863	4,723	7,853		-
	Belgium	709	2,638	6,485		8.5
	Subtotal	13,128	36,317	63,595		5.3
Total		Total	138,517	189,793		4.3
Ranking by Share (%)	1st	France (32.2)	France (31.3)	Holland (23.9)		
	2nd	Japan (14.7)	Holland (19.9)	UK (22.1)		
	3rd	Holland (14.5)	UK (14.6)	France (17.0)		
	4th	Singapore (14.3)	Japan (12.4)	Hong Kong (9.3)		
	5th	Hong Kong (12.0)	Hong Kong (9.5)	Japan (9.3)		

Source: ITC (UNCTAD/WTO), 2001

Table 7.2.9 Export Value of Wooden Products by Country and Region

Country/Region		Export Amount in US\$ Million			Growth Rate	
		1996	1998	2000	1996	1998
ASIA	Japan	1,126	5,918	10,918		9.7
	Taiwan	5,669	7,483	6,774		1.2
	Hong Kong	61	5,120	5,659		92.8
	Korea	0	0	0		-
	Singapore	89	291	1,116		12.5
	China	17	2,186	4,328		254.6
	Subtotal	6,962	20,998	28,795		4.1
USA		112	586	8,372		74.8
EUROPE	France	413	925	1,598		3.9
	UK	0	0	0		-
	Holland	0	0	0		-
	Germany	0	0	0		-
	Belgium	0	0	0		-
	Subtotal	413	925	1,598		3.9
Total		Total	22,509	38,765		5.2
Ranking by Share (%)	1st	Taiwan (75.7)	Taiwan (33.2)	Japan (28.2)		
	2nd	Japan (15.0)	Japan (26.3)	USA (21.6)		
	3rd	France (5.5)	Hong Kong (22.7)	Taiwan (17.5)		
	4th	USA (1.5)	China (9.7)	Hong Kong (14.6)		
	5th	Singapore (1.2)	France (4.1)	China (11.2)		

Source: ITC (UNCTAD/WTO), 2001

### 7.3 Distribution Structure in Craft-consuming Countries

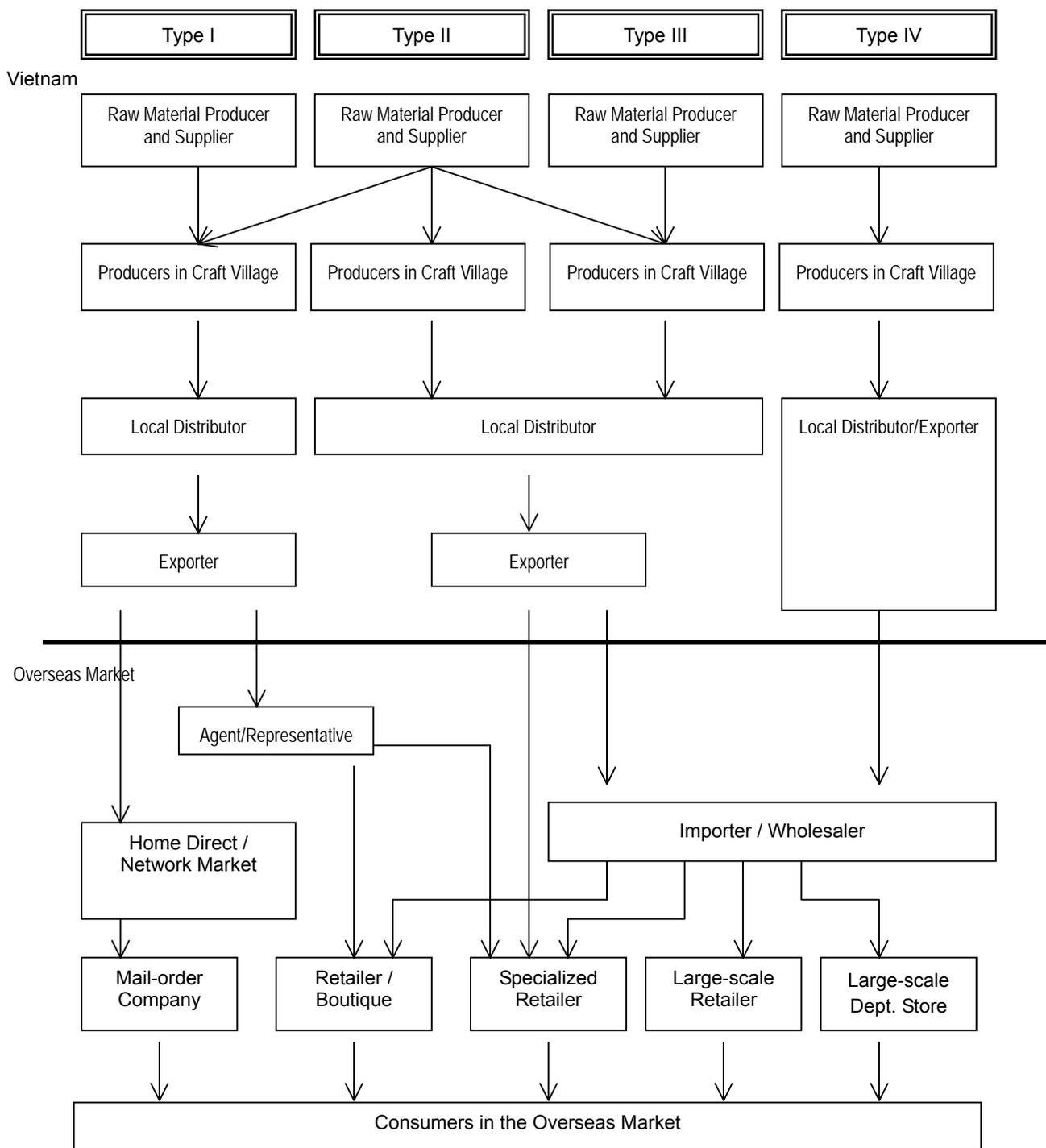
The distribution channels and characteristics of the industrialized markets differ by region and country. However, globalization has a streamlining effect on these markets, assimilating them with each other as global trading progresses. In general, major players (e.g. distribution enterprises) are also embedded in the distribution channels in overseas markets and they create their respective networks that correspond to the peculiar characteristics of each product (see Table 7.3.1 and Figure 7.3.1).

Table 7.3.1 Trends and Roles of Distributors

Distributor	Role	Trend
Importers/ Wholesalers	Imported products are distributed to large-scale department stores, supermarkets, retail shops, etc.	As networking or linkages among specialized retail shops progress, large orders placed by importers or wholesalers will decrease.
Large-scale department stores and supermarkets	Products are sourced through importers, or directly by the import division of department stores. The latter case has been increasing.	Sale of assorted products is being established. Purchasing in volumes is in a stable trend.
Specialized retailers	Retailers specializing in craft products are often self-employed and in some cases they import commodities by themselves. They strategically line up both directly and indirectly imported commodities.	More independent retailers directly import commodities as the simplification of trade and information access via Internet and other sources progress. Specialty shops respond to consumer needs instantaneously. In other words, they respond to market needs quickly. Retailers import commodities but often conduct direct purchases in small lots from producers or exporters by visiting them. As franchising advances, sales volume from such retailers tends to increase.
Home direct marketing enterprises	Vending through catalogues, telephone shopping, Internet shopping, etc. Commodities are imported both directly and indirectly.	This form of distribution is growing rapidly along with the development of the Internet. Consumers cannot test the commodities but when they are not satisfied products can be returned. Highest quality management is required.
Mail-order companies	Commodities are sent to members upon orders. Commodities are imported both directly and indirectly.	Distribution to the membership has a private market composition that is built on trust. Thus quality control is vital for this type of method. Sales performance of this distribution is stable.
Alternative trade through NGOs	Commodities are purchased directly from the producer in the production area and sold to specialized retailers, large-scale department stores, etc.	Sales volumes in this special segment in fair trade where consumers find incentives have been increasing. However, quantities are limited due to the minimal financial capacities of the NGOs involved in fair trade activities.

Source: JICA Study Team

Figure 7.3.1 Conceptual Flow of Distribution Chain



Source: JICA Study Team

## 7.4 Prospects for Vietnamese Craft Products in the Overseas Market

### 1) Classification of Crafts

In order to draw up a logical and practical analysis of export demand forecasts and review scenarios on various market trends in keeping with the agenda for rural industrialization, Vietnamese craft products were conceptually categorized into three types: (1) pure traditional, (2) quasi-traditional, and (3) miscellaneous craft products (see Table 7.4.1).

Table 7.4.1 Categories of Craft Products

Pure traditional craft products	Craft products that comprehensively maintain traditional designs, materials, techniques, etc. Their beauty or aesthetics, preciseness and sophistication are considered or appreciated as fine art. These products were probably presented to imperial houses, imperial courts, or local authorities in past centuries. These are also products that are used as special decorative garments during feasts and rituals, or embroideries that are valued as fine art in the ethnic tribes in the mountainous areas.
Quasi-traditional craft products	Craft products that are produced with motifs patterned after those used in pure traditional craft items. Similar production processes and raw materials are used. Designs do not strictly follow pure traditional craft products but they maintain traditional motifs. Their designs are flexible and can correspond to market needs for mass consumption, especially for the international market.
Miscellaneous craft products	Craft products with the aura of Vietnamese landscape or climate (e.g. the country's subtropical charm). It uses designs and materials that reflect its geographic or climatic characteristics. Products under this category are miscellaneous items often used in daily life and are often mass-produced. An example is the so-called Asian <i>zakka</i> (handicrafts), goods that have homey, earthy and unrefined features.

Source: JICA Study Team

### 2) Market Development Directions for Craft Products

Three directions can be considered in market development for craft products. These are: (1) the vertical development direction that seeks a certain profit margin or added value of the products; (2) the horizontal development direction that retains moderate profit margins but aims to expand the market in terms of volume; and, (3) the combination of these two directions. An analysis of what development direction is suitable for the development of Vietnamese craft products was conducted.

Every country that opens its market to Vietnamese craft products has unique characteristics different from other foreign markets. A vertical development direction may suit one foreign market, while a horizontal development direction may suit another. Although Vietnamese groups account for the dramatic market expansion of their crafts, it is the foreign distributors and marketing enterprises, currently dominating the distribution chains, that have actively pushed for Vietnamese crafts' entry into their markets. Prospects for market development should not solely depend on past trends, however. Such approach may hinder future development because of the fickleness of

markets and their tendency to shift along with the changes in social and economic conditions. Even trustworthy markets and highly potential ones could suddenly shrink. To avoid such risks, Vietnamese exporters and concerned government authorities should always be on the alert for market pitfalls and keep up with research to achieve optimal market approaches. Otherwise, the industry will face the prospect of being in a subject state devoid of expansion and the ability to independently maintain its own industries.

### 3) Development Scenarios

When the foundation for rural industry promotion – the development of the craft villages and craft production – is well grounded by addressing craft sector issues in an integrated manner, and a pro-active development of new markets along with an efficient production system is adopted, the optimal development scenario will be achieved (see Table 7.4.2).

Table 7.4.2 Measures to Achieve Optimal Development Scenario

Issue	Orientation	Measure
Market Information	<ul style="list-style-type: none"> <li>• Keep other exporters and producers regularly informed of accumulated knowledge by exporters by creating an information platform.</li> <li>• For exporters to form associations by region to exchange and utilize relevant information.</li> <li>• For administrative agencies to create an information collection system to promote craft production.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of center for exported craft products</li> <li>• Establishment of craft information center in each region</li> </ul>
Export Promotion	<ul style="list-style-type: none"> <li>• For exporters to participate in international expositions and exhibitions of craft products.</li> <li>• Set up suitable and high-standard permanent exhibition halls in Hanoi and HCMC.</li> <li>• For exporters, artisans and designers to participate in international exhibitions and to share acquired knowledge and experience with exporters and producers not involved in international fairs through an information feedback system.</li> <li>• Open a web site designed specifically for craft products to enhance e-commerce.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of craft exporters' association</li> <li>• Establishment of commerce and industry council for craft sector in each region</li> <li>• Development of the web site designed specifically for craft products</li> </ul>
Production Techniques	<ul style="list-style-type: none"> <li>• Incorporate basic information, knowledge, and techniques relevant to craft production of the subject region into the existing educational system and basic technical training curriculum to enhance the propagation of techniques and know-how. Provide training courses at primary and secondary levels of education and a system for their appropriate improvement of skills. Assign craftspersons in the subject region or trainers with equivalent knowledge and skills as teachers. (Existing educational system and facilities may be utilized to reduce costs and inputs. Specialized facilities or training systems should be established or provided based on the evaluation of such activities utilizing existing assets.)</li> <li>• Educate craft villages or artisans in remote or mountainous areas through long-distance learning programs via educational TV programs, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of training curriculum for basic craft production in existing educational system.</li> <li>• Creation of distance learning TV programs on craft production and information.</li> </ul>

Cont'n of Table 7.4.2

Issue	Orientation	Measure
Design	<ul style="list-style-type: none"> <li>• If understanding of the characteristics and features of the international market are lacking, the design created by buyers on their account and risk should be adopted as they are, and work should be enthusiastically done on craft production and exportation should be on consignment basis.</li> <li>• As a long-term strategy, although producers traditionally rely on consumers' tastes, producers learn and absorb techniques from buyers and designers that work for buyers. (Funds or profits obtained through commercial activities should be retained as internal reserves and re-invested in the development of local specialists, designers, market or promotions' specialist, etc.)</li> <li>• Managers of export companies should learn the meaning and value of design and develop their own designers.</li> <li>• Take special measures to conserve the quality and production techniques of traditional crafts and realize sustainability of traditional designs and production techniques.</li> </ul>	<ul style="list-style-type: none"> <li>• Learning the knowledge and techniques of designs brought by overseas buyers through discussions.</li> <li>• Accreditation of pure traditional crafts and implementation of preservation measures.</li> </ul>
Raw Material	<ul style="list-style-type: none"> <li>• Increased production of rattan and silk items can only be attained through cooperation between producers and suppliers of raw materials.</li> <li>• The craft villages producing similar products should organize themselves to address common problems and concerns. These villages should have common consciousness for cooperation at the village level and organize plural villages by themselves to achieve common goals and objectives.</li> <li>• Establish proper standards or a grading system of raw materials as the quality of final products substantially relies on raw material quality.</li> </ul>	<ul style="list-style-type: none"> <li>• Organization of craft villages and cooperatives in a stepwise manner.</li> <li>• Organization of associations among raw material producers in a stepwise manner.</li> <li>• Holding of periodic meetings between craft producers' organization and raw material producers' organization.</li> </ul>
Credit Facilities	<ul style="list-style-type: none"> <li>• Prepare an export credit system designed for easy use and access by small and medium rural businesses as well as by small-scale producers and exporters with limited capital. (Factors to be considered are conditions on collateral, qualifications for loans, business skills, terms, evaluation of loanable amount, feasibility, etc.)</li> <li>• Improve human resources through on-the-job training. Fostered specialists should be able to analyze information on international markets and evaluate markets, understand the foreign languages, negotiate with international businesses, know about exporting from negotiation to shipment.</li> <li>• Exporters with sufficient or spare funds should utilize credit facilities, collaborate more with producers and promote as well as expand the export business to the greatest extent.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of small and medium-scale exporters in an equitable manner through the promotion and expansion of large-scale exporters.</li> </ul>
Financial Support for Investment	<ul style="list-style-type: none"> <li>• Exporters who are in the closest position to the international market among all other players should maintain a relationship based on trust and profit making as well as stand against potential risks and invest in necessary production facilities until producers or craft associations can attain their own reserve capital and can re-invest profit.</li> <li>• The exporter with the practical business knowledge/skills and credit standing can best utilize the institutional financial systems. Exporters can utilize such financial systems for the benefit of producers to increase output and production efficiency (e.g. the general trading houses of Japan support small and medium-scale producers by direct financing, leasing of production facilities, etc. Such collaborative system between traders and producers can be applied in Vietnam.)</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement and reinforcement of production facilities using institutional financial systems by exporters for the benefit of producers.</li> <li>• Preparation and establishment of realistic institutional financial systems suitable for craft production at the village level.</li> </ul>

Cont'n of Table 7.4.2

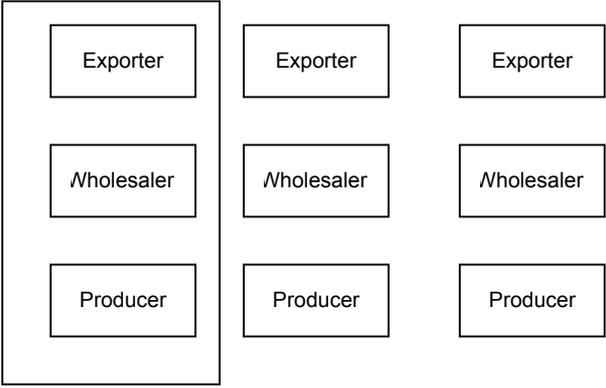
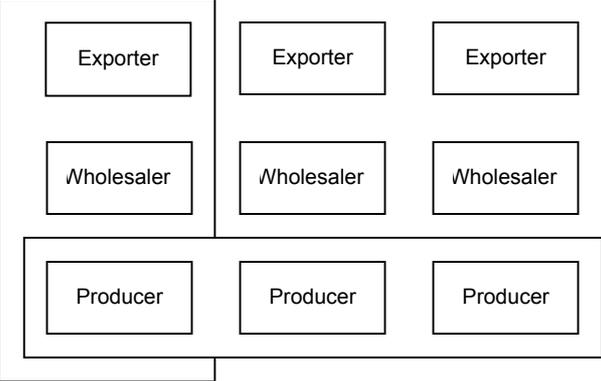
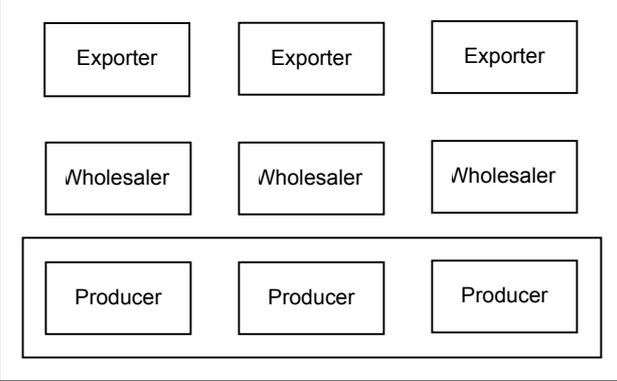
Issue	Orientation	Measure
Administration	<ul style="list-style-type: none"> <li>Sort a number of laws and regulations that are relevant to the craft sector and develop necessary laws in line with the promotion of the craft sector and craft villages.</li> <li>Strengthen administrative capabilities of officers in the central and local administrative agencies, especially those in charge of the development and promotion of craft production.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of capacities of the administrator in the local government units and agencies.</li> </ul>
Organization of trade associations	<ul style="list-style-type: none"> <li>Collaboration among producers, traders, exporters, and all other related economic sectors is important to facilitate craft production. Organizational flexibility and maneuverability can only be maintained by organizations created through the initiative of craft villages of their respective regions.</li> </ul>	<ul style="list-style-type: none"> <li>Organization of trade associations (see Figure 7.4.2)</li> </ul>
Specially designed institutional financing system	<ul style="list-style-type: none"> <li>Each member joins the association voluntarily to pursue business targets, such as individual profit from his business, in a practical way. Expenditures needed for any activities of the association should be borne by each member.</li> <li>In response to the transition to a market economy, each industrial sector should tackle matters independently unless one is run by the State. In order to ensure proper development of an independent market economy under the current economic environment, collaboration among concerned enterprises is important.</li> <li>Having enterprises that have certain capitals and funds, or ones that are knowledgeable about international markets should take the initiative as leaders of the association, it being the shortest and most effective way toward economic development.</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of regional traders' and producers' associations which value a vertical development direction and led by exporters including local wholesalers also regarded as exporters and agents in the craft villages.</li> <li>Main financial sponsors for such associations are exporters and their wholesalers but may include many producers at reduced membership fees.</li> <li>Holding of periodic association meetings to exchange vital and practical information on the craft industry.</li> </ul>
Cluster development	<ul style="list-style-type: none"> <li>Three development directions are considered: vertical, horizontal and combination of both. There is no single solution due to inherent complexities and the socio-economic development levels per region, as well as craft production systems, development levels, variety of craft products, etc. Each direction should be examined by area and commodity. It should be made sure that such direction is profitable to members.</li> </ul>	<ul style="list-style-type: none"> <li>Build appropriate linkage by region and commodity after through examinations of measures</li> </ul>

Source: JICA Study Team

#### 4) Formulation of a Craft Export Promotion Organization

Measures related to the formation of this organization are proposed in Table 7.4.2. The objectives of such an organization are to promote cooperation among organizations that have different roles and functions and those with similar interests, so that they will achieve their goals in an efficient and systematic manner. It is rare for an organization to immediately achieve its objectives. Often, it adapts to social and other changes as it figures out the best approach in achieving its objectives. The steps in developing a craft export promotion organization in Vietnam are explained in Figure 7.4.2.

Figure 7.4.2 Establishment of Craft Export Promotion Organization

Steps	Description	Remarks
<p data-bbox="204 315 726 376"><b>First Step (Organizing Trade and Industry Association)</b></p> 	<p data-bbox="869 315 1262 600">Exporters, wholesalers, producers, and financial institutions are not organized. Strengthen productivity and export capacity by organizing a group vertically by commodity. Especially in the field of trade and exports, collaboration should be further promoted.</p>	<p data-bbox="1284 315 1433 472">Similar to the Traders' Guild in Europe</p>
<p data-bbox="204 844 715 904"><b>Second Step (Organizing Regional Craft Producers' Organization)</b></p> 	<p data-bbox="869 844 1262 1160">By organizing regional craft producers' organization, mechanizing production and improving commercial activities, business will become more active and seek further development. When it reaches this level, of producers' organizations can be expanded and reinforced.</p>	<p data-bbox="1284 844 1433 965">Similar to Producers' Guild in Europe</p>
<p data-bbox="204 1346 774 1406"><b>Third Step (Organizing Regional Craft Export Promotion Organization)</b></p> 	<p data-bbox="869 1346 1262 1659">Production and commercial activities become more dynamic, and collaborative actions are needed to protect the environment. The need for environmental conservation and preservation of traditions is recognized, and the financial situation gears for further expansion.</p>	<p data-bbox="1284 1346 1433 1563">Similar to Japan's Association of Commerce and Industry</p>

Source: JICA Study Team

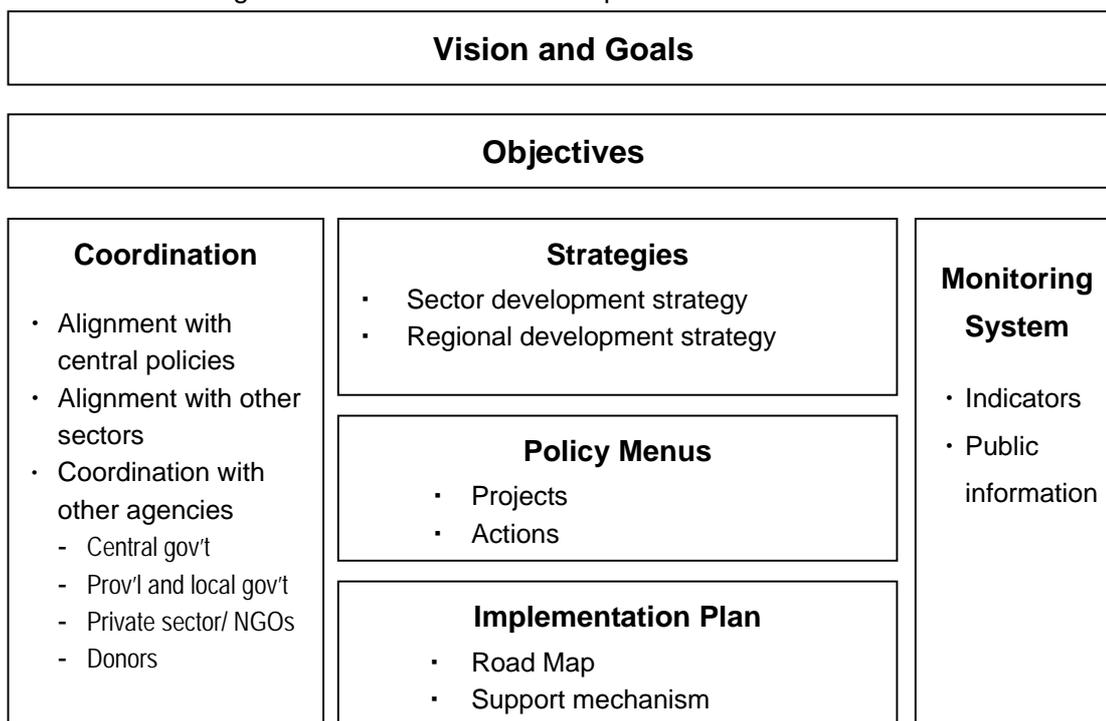
## 8. CRAFT DEVELOPMENT MASTER PLAN

### 8.1 Role and Objective of the Master Plan

As outlined in its main objective, the Craft Development Master Plan aims to establish an effective policy framework for rural development and poverty reduction through the development of the craft sector. Although the Master Plan will not quickly integrate with present government policies, its findings and recommendations can be immediately utilized in the formulation and implementation of policies. This is because the growth of the craft sector is one of the major developmental aims as outlined in the CPRGS and, initiatives have already been set in place to achieve this. The Master Plan has the following main areas:

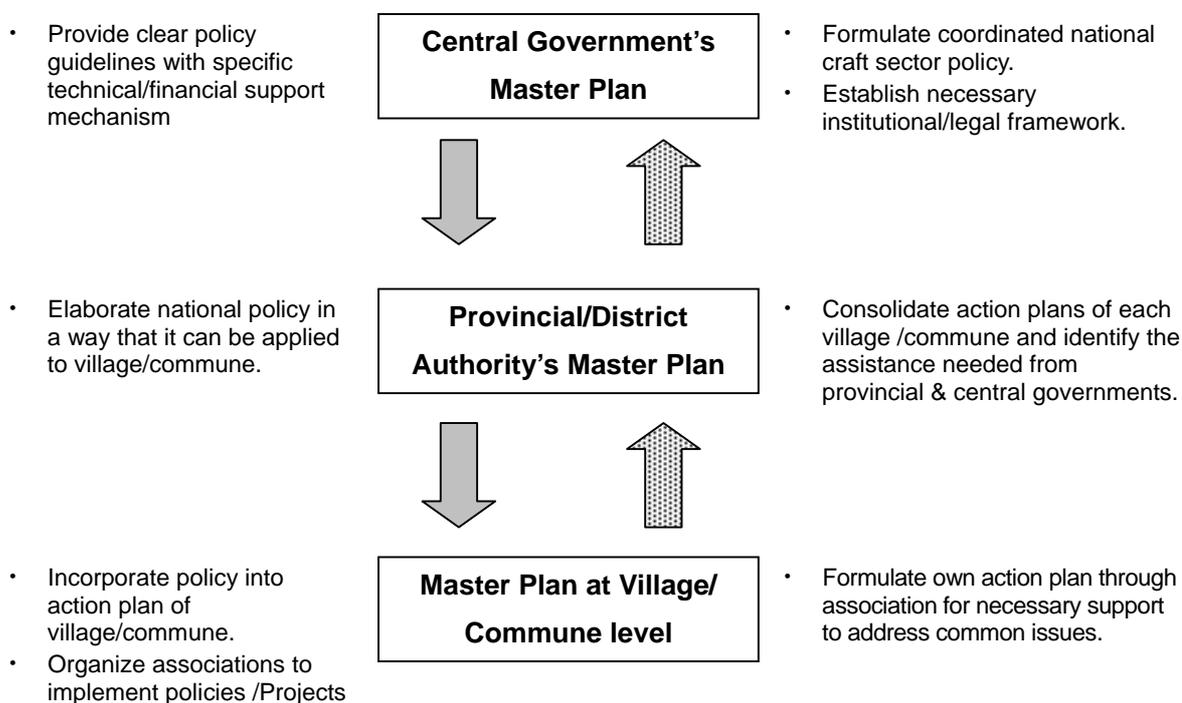
- (a) **Establishment of Policy Implementation Mechanism to Achieve Goal:** The Master Plan will lay down procedures in the implementation of concrete actions in achieving long-term objectives. A lack of continuity and connection between long-term objectives and project/action plan implementation has been noted. The Master Plan's framework is hierarchical: Vision, Basic Objectives (detailed objectives), Strategies (basic direction to achieve objectives), Projects/Programs (actions to implement strategies), and Modalities (measures for project implementation) (see Figure 8.1.1).
- (b) **Transparency in Adjustment of Policies and Role Sharing among Stakeholders:** Helping ensure rural growth through the development of the craft sector involves a wide spectrum of stakeholders. Collaboration on various activities for the craft sector is underscored in the Master Plan. Effective collaboration between the Government and the private sector lies at the core of such an objective. The private sector players, who are the actual stakeholders in craft production, should strengthen their efficiency and competitiveness. Government administrators, on the other hand, should clarify their respective roles and responsibilities, and formulate policies to ensure the private sector's gains and goals without sacrificing national development goals and objectives.
- (c) **Institutionalization of the Master Plan:** The basic policy source from which craft development goals emanate is Prime Minister's Decision No. 132. However, PMD132 is not a master plan. Central government policies still have to be formulated clearly in order to help local government entities (provincial, district, commune) to formulate their own plans. The manner in which they can approach the central government or higher authorities for necessary technical and financial support is also lacking. This Study thus aimed to formulate a master plan for the central, provincial and commune/village levels so as to streamline and ensure that respective policies and measures at various levels would work toward the same goal (see Figure 8.1.2).

Figure 8.1.1 Structure and Components of the Master Plan



Source: JICA Study Team

Figure 8.1.2 Role of Master Plan at Central, Provincial/District, and Commune/Village Levels



## 8.2 Goals and Objectives of Craft Development

### 1) Growth and Impact of Craft Sector Development in Vietnam

Vietnam's remarkable economic strides brought on by its market-oriented economic reforms and fast industrialization have likewise positively affected its craft industries,

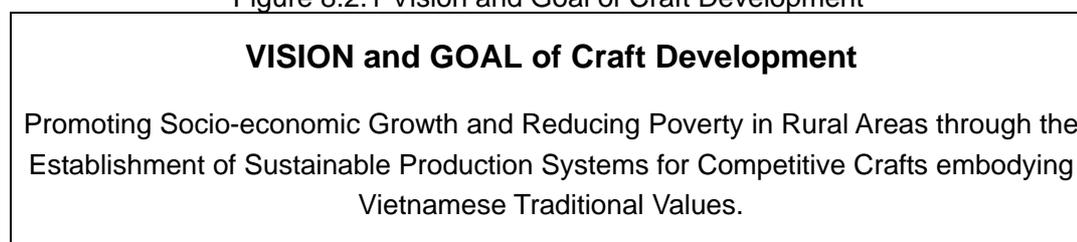
priming its growth and increasing its overseas market. If the sector's growth is sustained at its current pace and if it continues to increase its international competitiveness, its contribution to the Vietnamese economy will be large. It will turn the long sluggish craft sector into one of the major industries that will contribute to industrialization, income generation, and job creation in the rural areas, as envisioned in the national development agenda.

However, putting a premium on growth alone without due consideration to sustainability will be counterproductive. The framework of rural livelihood, the social structure of the craft villages, and the cultural values and tradition they nurture will abruptly change and eventually collapse, victims of a fast and unbalanced reaction to market demands. The craft villages will only become mass production sites of cheap labor. Likewise, their indigenous raw materials, without sustainable development, will eventually dry up causing the disappearance of Vietnamese crafts and their role as provider of livelihood and purveyor of tradition. Also, solely focusing on industrialization and emphasizing mechanization and production efficiency will have the same result including an incalculable impact on the environment.

## 2) Goal of Craft Development

Craft sector development in Vietnam must take a multisectoral approach, meaning it should cover not just the economic aspect but the cultural, social and environmental ones as well. The growth of the craft sector must contribute to the improvement of the lives of craft workers and ensure sustainable development in the rural areas. The goal of craft development in Vietnam is defined as follows:

Figure 8.2.1 Vision and Goal of Craft Development



Source: JICA Study Team

## 3) Basic Objectives

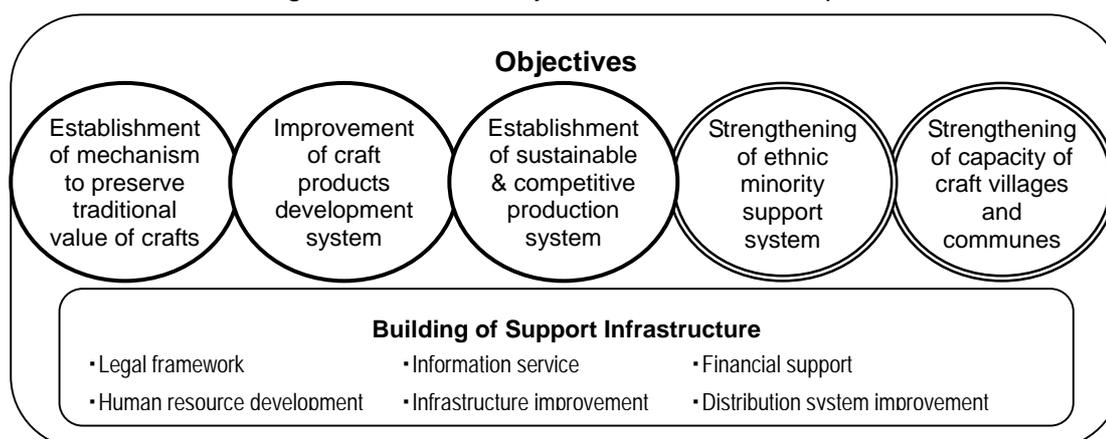
Vietnam's craft sector should be internationally competitive while epitomizing traditional values, and should be developed in a sustainable manner for the craft workers and households and the craft areas. Its development should support the achievement of these objectives. To achieve the goal mentioned above, the following basic objectives were set:

- (a) **Establishment of Mechanism to Preserve Traditional Value of Crafts:** The traditional value of craft items can be found in their originality, which reflects the tradition as well as the culture of a Vietnamese locality. Based on this concept, there is a need to establish a mechanism through which the Government, concerned organizations and the craft villages can rediscover, preserve and revive

the traditional values of Vietnamese crafts.

- (b) **Improvement of Craft Products Development System:** The system should be institutionalized by comprehensively paying attention not only to technical aspects, such as skills and quality improvement, but also to the provision of appropriate protection measures for newly developed products and aggressive marketing to increase market competitiveness.
- (c) **Establishment of Sustainable and Competitive Production System:** To further increase competitiveness, Vietnamese crafts need to be promoted comprehensively by addressing corollary concerns such as ensuring sustainability of raw materials supply, improving technologies and product quality, upgrading business management capacities, and improving labor environment. These can be supported through building a system for sustainable production.
- (d) **Strengthening of Ethnic Minority Support System:** A large part of Vietnamese craft making is rooted in the culture and life of ethnic minorities. It is necessary not only to promote them for economic development but also to preserve their ethno-cultural traditions. Ethnic craft workers themselves need to recognize the traditional value of their work and product so that they can increase their effectiveness in capacity building through craft promotion. It is also necessary to develop social recognition of the value of their work and craft items both in and out of Vietnam. Attaining these goals requires strengthening support systems and an effective collaboration and linkage system among various support and governmental institutions.
- (e) **Strengthening of Capacity of Craft Villages and Communes:** Vietnamese craft items are mainly produced in the rural areas. Helping strengthen the development capacities of the craft villages and communes will, in effect, mean helping improve living standards and eradicating poverty in the rural areas. This can be done, in part, by comprehensively analyzing the prevailing constraints and laying down the role the craft sector will play in overcoming such difficulties. The key to success is an active participation of all stakeholders, especially the craft villagers including the local authorities, in such a process, which will provide them with capacity-building and motivational tools. Further activities and good collaboration among those concerned in the locality is also a must.
- (f) **Building of Support Infrastructure:** To support craft sector development, it is necessary to build both soft and hard infrastructures, such as a legal framework, an information network, a financial system, human resource development, basic infrastructure, and reform of the distribution system.

Figure 8.2.2 Basic Objectives of Craft Development



Source: JICA Study Team

### 8.3 Mechanism for Implementing the Master Plan

- (a) **Basic Strategies:** The two basic strategies are: (a) sectoral development strategies corresponding to craft sector issues, and (b) regional development strategies that reflect different socio-economic conditions and purposes of craft development in the regions.
- (b) **List of Projects and Actions:** For the effective implementation of policies and measures by both central and provincial governments, projects and action plans on various issues and regions are proposed.
- (c) **Implementation Plan:** Long-term and step-by-step approaches will be necessary for craft development. Hence, proposed actions will be categorized into short-, medium- and long-term issues. Implementation terms, step-wise approaches and necessary actions will serve as road maps. Support mechanisms and measures that require inputs and budgets are figured out in the project profiles. These profiles can help various implementing bodies to sort out effective and applicable projects for each and to implement practical actions.
- (d) **Coordination:** The Craft Development Master Plan has a chance to adjust policies as well as the roles and responsibilities of various stakeholders. It is necessary to align central policies with the development directions of other sectors. Coordinative mechanisms are essential, so that stakeholders can work closely together in dealing with various issues.
- (e) **Monitoring:** Progress in the realization of the Master Plan should be assessed and measured along the way. This means regular monitoring by the Government as well as by various stakeholders on how the Master Plan is unfolding in real time. This necessitates the preparation of a set of performance indicators to represent progress and status. For the monitoring, some indicators are set to cover a whole sector, or specified for each issue and by region, if necessary. Furthermore, the “participatory approach”, which is expected to be a hallmark of Vietnamese governance, needs to be incorporated effectively into the monitoring process.

## 8.4 Proposed Strategies and Action Plans for Craft Development

### 1) General Situation

In formulating the Master Plan, various issues facing the craft sector in Vietnam were identified and analyzed. To further specify problems and issues, a total of nine (9) pilot projects<sup>1</sup> were undertaken. On the basis of the lessons learned from the pilot projects and parallel studies by the Study Team, a basic policy direction was made clear including a shared vision/ goal, objectives and strategies (see Figure 8.4.1). Six (6) objectives were translated into 30 strategies and 90 doable actions/ projects which are explained in the following sections (see Table 8.4.1 to Table 8.4.5).

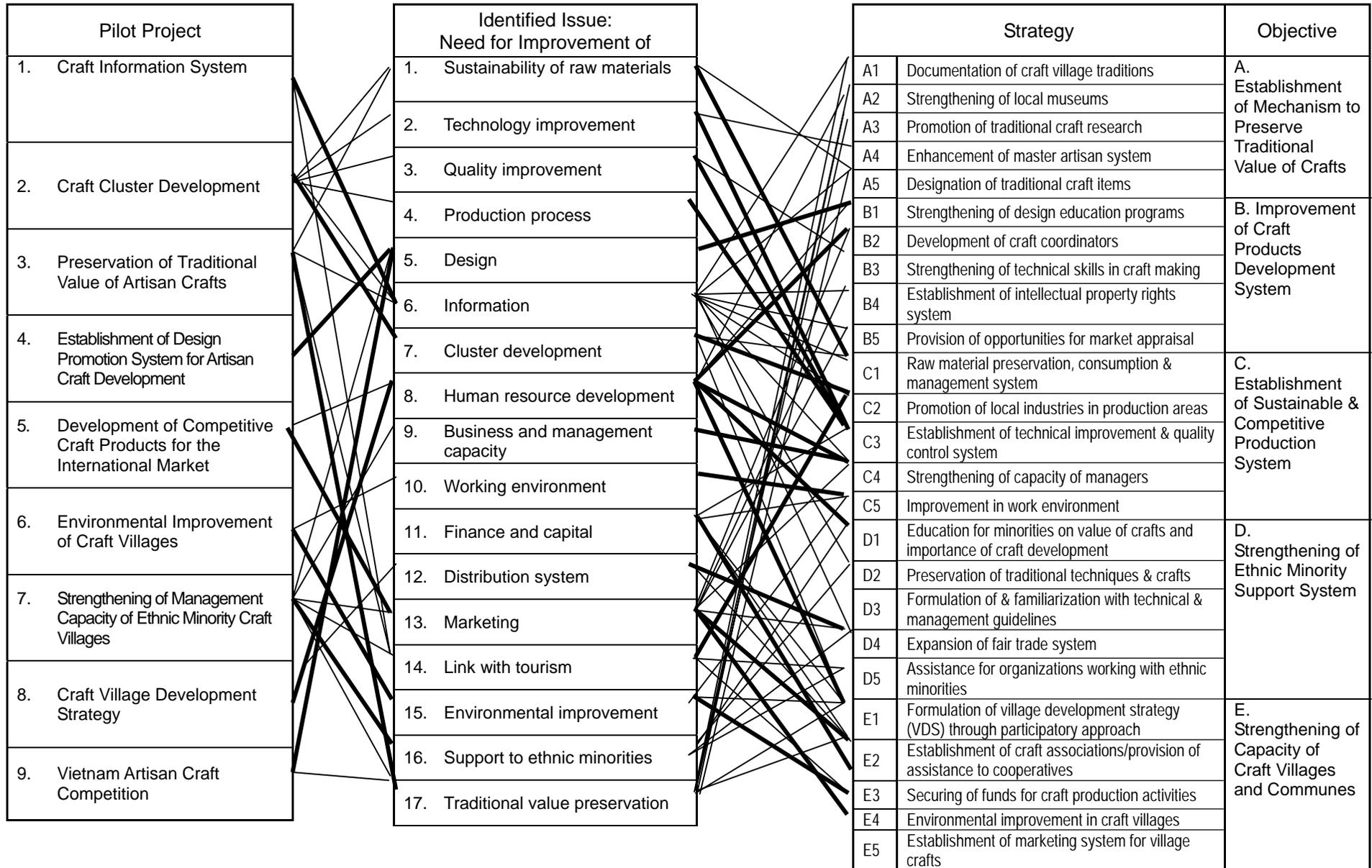
For each action, a data sheet was prepared covering the following items (see Part II Action Data Sheets):

- (a) Name of Action
- (b) Background, Objectives, Outline
- (c) Expected Impact
- (d) Implementation Plan
  - Responsible Agency
  - Key Strategy
  - Implementation Steps
  - Inputs
  - Outputs
- (e) External Assistance
- (f) Linkage with Other Actions
- (g) Reference
- (h) Other Considerations

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<sup>1</sup> In addition to the 8 pilot projects, the “Vietnamese Artisan Craft Competition” was implemented from August 2003 to January 2004.

Figure 8.4.1  
 Planning Framework for Integration of Craft Sector Issues with Proposed Strategies



## 2) Establishment of Mechanism to Preserve Traditional Value of Crafts

Craft development should also be premised on its traditional and cultural values, its uniqueness and originality. This should be the basis for establishing a mechanism through which the Government and all other stakeholders will preserve, revive and sustain the uniqueness and traditional values of Vietnamese craft items (see Table 8.4.1).

Table 8.4.1 Proposed Strategies and Action Plans  
for the “Establishment of Mechanism to Preserve Traditional Value of Crafts”

Strategy	Action Plan/Project	Description
A1 <b>Documentation of craft village traditions:</b> Discover and record traditional crafts, techniques, and the villages themselves for craft promotion in order to establish the identity of the craft villages.	A11 Creation of Guidelines for Research and Documentation of Traditional Crafts	This aims to create a manual on research and documentation methods for researchers and craft villages, which would be useful for identifying traditional values for the craft sector.
	A12 Conservation and Documentation of Traditions of Craft Villages	This aims to work on conservation and documentation of traditional values of craft villages through the initiative of villagers with technical assistance from specialists.
	A13 Presentation of Traditional Crafts Documentation Outcomes	This aims to conduct periodic presentations to provincial and central governments as one of the utilization methods.
A2 <b>Strengthening of local museums:</b> Revitalizing local museums to act as base for the preservation of traditional values and function as regional cultural and craft information centers and reconstituting their displays more comprehensively for the establishment of regional craft information database.	A21 Research on Current Conditions of Local Museums	This aims to analyze the need for local museums throughout the country to develop and improve their organizational structure, activities, mandate, and exhibition methods.
	A22 Improvement of Conservation and Exhibition Methods for Crafts at Existing Museums	This aims to improve the conservation and exhibition methods for crafts and includes restoration techniques, curator training and promotion of craft exhibition at existing museums.
	A23 Networking among Museums on Traditional Crafts	This aims to establish a network that can provide information on museums nationwide and to facilitate information exchanges and joint studies.
A3 <b>Promotion of traditional craft research:</b> Establish an organizational foundation for the promotion of academic researches on traditional crafts and enhance the network both at home and abroad.	A31 Establishment of Traditional Crafts Society	This aims to establish the Traditional Crafts Society and clarify its activities and organizational structure. The Society will be the chief research body for Vietnamese traditional crafts.
	A32 Networking among Research Institutes	This aims to establish a network of researchers and research institutes. Included is the listing of domestic and international research institutes on a wide scope including culture, information, industries, etc. while disseminating information on Vietnamese crafts.
	A33 Listing of Subjects of Researches and Studies	This aims to list the topics of academic researches to act as information service for domestic and international research institutes and researchers.
A4 <b>Enhancement of master artisan system:</b> Allowing the social recognition of master artisans and their traditional techniques, and promoting a system and activities that will disseminate their skills and knowledge.	A41 Revitalization of Master Artisan System	This aims to transfer to younger craftspeople the advanced production skills and techniques of master artisans by reforming and revitalizing the master artisan system.
	A42 Collection and Exhibition of Master Artisans' Works	This aims to collect and exhibit works of master artisans and promote assistance for their production activities.
	A43 Crafts Promotion Assistance to Master Artisans	This aims to create opportunities for the public to be exposed to master artisans' works and techniques in order to enhance social understanding of the importance of traditional techniques and value of traditional crafts through exchanges with master artisans inside and outside of the region.
A5 <b>Designation of traditional craft items:</b> Discover craft items that need to be preserved as traditional and cultural assets, and then promote them as national identities.	A51 Establishment of System for designation of Traditional Craft Title	This aims to establish a system for designation of traditional craft title and craft conservation measures from the national viewpoint of preserving traditional values and from the local viewpoint of promoting local industries.
	A52 Collection, Exhibition and Preservation of Products Accepted as Traditional Crafts	This aims to collect samples of crafts accepted as traditional crafts, to expand the conservation movement nationwide and to enhance conservation techniques.
	A53 Promotion of Traditional Crafts	This aims to conduct PR campaigns in collaboration with government and related organizations to disseminate information on and values of traditional crafts in and out of Vietnam.

### 3) Improvement of Craft Product Development System

Institutionalization of production systems should not only pay attention to technical aspects, such as skills and quality improvement, but also to the provision of appropriate protection for newly developed products and their active marketing to increase market competitiveness (see Table 8.4.2).

Table 8.4.2 Proposed Strategies and Action Plans  
for the “Improvement of Craft Products Development System”

Strategy	Action Plan/Project	Description
B1 <b>Strengthening of design education programs:</b> Deepen the common understanding of design and develop human resources for design and product development.	B11 Creation of Design Curricula for Existing Educational Institutes	This aims to link education and design business through development of design management curricula for universities and vocational schools.
	B12 Establishment of Design Promotion Organization	This aims to develop a design promotion system by networking among design-related organizations and human resources from the viewpoint of design promotion, and by centralizing the policies at government levels.
	B13 Expansion and Enhancement of Domestic/International Design Organizations Network	This aims to have design as important resource for the State's industrial promotion efforts by networking among concerned domestic agencies and designers, and through the promotion of information, human and technical exchanges with overseas design promotion institutions.
B2 <b>Developing craft coordinators</b> <sup>1)</sup> : Develop coordinators who will act as bridges between designers and craftspeople and coordinate product development processes especially those that correspond to market needs.	B21 Development of Training Program for Product Development Coordinators	This aims to establish a training program in collaboration with industries and educational institutes to develop coordinators with considerable knowledge of market information collection, product planning, concept planning, marketing design, production techniques, and coordinating ability.
	B22 Creation of Accreditation System for Coordinators	This aims to formulate an accreditation system for coordinators based on knowledge of design, production, sales, contract negotiations, intellectual property, business management, troubleshooting, etc. as selection criteria, and to establish a database on coordinators.
	B23 Product Development Utilizing Coordinators	This aims to conduct product development activities with coordinators taking a leading role in promoting production regions and cultivating markets by dispatching them to production areas and markets.
B3 <b>Strengthening of technical skills in craft making:</b> Preserve the unique craft techniques that were handed down traditionally and further improve their dissemination as one of the major strengths of Vietnamese crafts.	B31 Identification of Craft Skills	This aims to identify the specialized skills at every production process of each craft item.
	B32 Increase in Motivations of Craft Skills Advancement	This aims to conserve traditional and outstanding handicraft techniques and to disseminate these to the public through events like skills competition, etc.
	B33 Establishment of Craft Skills Training Program	This aims to develop a training program for vocational schools, studios and enterprises, etc. to pass on necessary skills to successors and to disseminate such training program and assistance to trainers and trainees.
B4 <b>Establishment of intellectual property rights system:</b> Formulate a system to protect traditional motifs, new technologies, and equipment from being imitated both domestically and internationally as well as appeal for such efforts externally.	B41 Development of Intellectual Property Rights Protection System	This aims to build a framework with which to protect intellectual property rights including copyrights and industrial property rights.
	B42 International Registration of Marks for Protection of Intellectual Property Rights	This aims to build a framework which will enable application to the international registration of marks.
	B43 Issue of Special Accreditation Mark to Qualified Crafts	This aims to build a system that will issue special accreditation marks to qualified crafts so that producers can display quality mark on their products thereby assuring consumers of quality upon purchase.
B5 <b>Provision of opportunities for market appraisal:</b> Promote market virtues of Vietnamese crafts domestically and internationally, and provide opportunities for craft product development and market cultivation while receiving evaluations from markets.	B51 Participation Assistance in Local and International Fairs and Exhibitions	This aims to hold fairs and exhibitions which allow participation of craft villages, production groups and enterprises, as well as to provide information about participation assistance.
	B52 Dispatch of Specialists and Exchanges	This aims to develop a system of dispatching Vietnamese or foreign specialists in the fields of design, techniques, market, etc. to production areas and markets to enhance understanding of market needs and potentials of production areas.
	B53 Establishment of Matching System for Producers & Buyers	This aims to provide periodic matching opportunities between production regions and buyers by gathering information about them.

- 1) A coordinator understands the flow from technical transfer, product development and distribution to marketing; formulates a merchandising plan; evaluates and suggests to workers. A coordinator serves as bridge between producers and designers.  
2) Intellectual property is information, an original expression that derives its intrinsic value from creative ideas. It is also information with commercial value. Key forms of intellectual property rights are patents, copyrights, trademarks, designs, and trade secrets.

#### 4) Establishment of Sustainable and Competitive Production Systems

While further increasing competitiveness, Vietnamese crafts must be promoted comprehensively with close attention to related tasks such as ensuring sustainability of raw material supply, improving technology and product quality, upgrading business management capacities, and improving work environments. This should be supported by building mechanisms for sustainable production (see Table 8.4.3).

Table 8.4.3 Proposed Strategies and Action Plans  
for the “Establishment of Sustainable & Competitive Production System”

Strategy	Action Plan/Project	Description
<b>Raw material preservation, consumption &amp; management system:</b> Comprehending the current state of raw materials for development and systematic use and quality improvement.	C11 Inventory of Raw Materials	This aims to create a database of raw materials for craft industries and to assist in formulating strategy, policy and remedial measures for their sustainable supply.
	C12 Establishment of Raw Materials Conservation System	This aims to create guidelines for conserving raw materials required for producing crafts to ensure their sustainable supply.
	C13 Quality Improvement of Raw Materials	This aims to establish quality standards and grading systems for bamboo, rattan, silk, and other important raw materials for artisan craft production.
<b>Promotion of local industries in production areas:</b> Strengthen regional linkages through technical and human resource exchanges within production regions where craft production is clustered, develop industry through BDS providers and establish local brands utilizing the characteristics of subject regions.	C21 Strengthening of Linkage among Craft Villages	This aims to carry out activities to strengthen linkage among craft villages and promote exchanges to address issues like raw material and lack of techniques, etc.
	C22 Development of BDS Providers <sup>1)</sup>	This aims to develop BDS providers (within NGOs, universities, SMEs, training institutes, etc.) who are accessible to producers in craft villages and microenterprises and understand the needs of producers.
	C23 Development of Production Areas as Local Brands	This aims to establish crafts or craft villages as product brands and to enhance name recall.
<b>Establishment of technical improvement &amp; quality control system:</b> Improving the quality of production process including handicraft techniques, investment in equipments, quality control, etc. as well as develop human resources.	C31 Formulation of Quality Control Criteria	This aims to establish the concept of quality management and know-how based on standards for increased competitiveness of each enterprise by improving product quality and strengthening local craft brands.
	C32 Stable Supply of Raw Materials, Improvement of Techniques and Equipment Investment Assistance	This aims to provide assistance towards investments in new equipment, application of necessary techniques and introduction of new technologies to craft production.
	C33 Enhancement of Vocational School Programs	This aims to enhance craft production curricula at vocational schools nationwide, to formulate favorable measures to develop outstanding workers so that they can conduct trainings, and to establish an educational system allowing trainees to engage in trainings continuously.
<b>Strengthening of capacity of managers:</b> Build frameworks to improve the capacities of managers, allow the formation of business management as an organization, and a business management system, as well as provide assistance in order to foster new entrepreneurs and create fine micro enterprises.	C41 Creation of Business Management Manual and Consultation	This aims to create a manual that includes concrete measures to improve business, such as evaluation index, action plans, checklist, etc., and to distribute it to micro, small and medium craft enterprises.
	C42 Assistance System for Entrepreneurs	This aims to provide financial and technical assistances to pioneering producers or enterprises, i.e. develop new products, embark on a different kind of business, etc.
	C43 Provision of Technical Training Assistance to Micro, Small and Medium Craft Enterprises, Managers	This aims to provide assistance to managers and workers of micro, small and medium enterprises to enable them to participate in necessary trainings. These enterprises compose the majority of the craft sector.
<b>Improvement in work environment:</b> Raise awareness among producers and managers on the poor work environment and provide assistance on improvement efforts. Formulate a craft production system that provides safe products to consumers while retaining labor standards.	C51 Establishment of Occupational Safety Standards	This aims to establish manageable occupational safety standards for managers and producers in craft villages and enterprises to guarantee better and safer workplaces.
	C52 Establishment of Occupational Safety Support System	This aims to establish a system to provide assistance in occupational safety management.
	C53 Registration with International Standards	This aims to earn international credibility for Vietnamese crafts by complying with international standards for labor (SA 8000 <sup>2)</sup> , on child labor, workplace, etc.), environmental management (ISO 14000 <sup>3)</sup> series), etc.

1) BDS providers are service providers who assist SMEs in business management and technical improvement.

2) SA 8000 (Social Accountability 8000) is the international code of conduct on labor rights' protection in conformity with the ILO (International Labor Organization) regulations. It recognizes if labor conditions comply with standards for child labor, forced labor, discrimination at workplace, labor hours, safety and health, freedom of unionization, etc. SA 8000 is considered as ISO labor's version, and it is usually issued to enterprises based in the US with factories in developing countries (e.g. apparel, toys, food processing manufacturers, etc.).

3) ISO 14000 is a series of international standards on environmental management for enterprises and organizations and aims to reduce environmental strain to protect the global environment. ISO 14001 is the international standard on environmental management, defined by ISO in 1996, seeking organizations (enterprises, autonomous bodies, etc.) with environment-friendly activities. Accreditation to ISO 14001 proves the entity is environment- friendly externally, at the same time it strengthens its awareness of environmental matters internally.

## 5) Strengthening Support System for Ethnic Minorities

Ethnic communities need to recognize their cultural and traditional values themselves through craft promotion so as to help increase the effectiveness of their capacity building. It is also necessary to create and develop social recognition of their values in and out of Vietnam. Attaining these goals needs the strengthening of ethnic minority support systems and the effective collaboration and linkages among various support and governmental institutions (see Table 8.4.4).

Table 8.4.4 Proposed Strategies and Action Plans  
for the “Strengthening of Ethnic Minority Support System”

Strategy	Action Plan/Project	Description
D1 <b>Education for minorities on the value of crafts and importance of craft development:</b> Provide educations in order to raise awareness of craft promotions through understanding of underlying traditional values among the ethnic minorities' as well as on their decorative items and commodities.	D11 Development of Craft Education Method and Manual	This aims to study the craft education method that suits the capacities of ethnic minorities and to create easily comprehensible manuals.
	D12 Development of Village Trainers	This aims to disseminate technical know-how through a trained villager, who have advanced skills and certain academic qualification, acting as trainer.
	D13 Development of Distance Learning	This aims to develop a teaching method, such as audio-visual education, for technical training in remote areas which have limited transport accessibility.
D2 <b>Preservation of traditional techniques &amp; crafts:</b> Preserve vanishing traditional techniques and crafts as Vietnamese cultural assets and promote their restoration and conservation.	D21 Research and Documentation of Traditional Values	This aims to make a record of existing traditional craft items, techniques, motifs, etc. in ethnic minority villages.
	D22 Restoration of Traditional Techniques	This aims to promote restoration activities to conserve vanishing traditional techniques, raw materials and tools.
	D23 Preservation of Traditional Crafts	This aims to promote preservation activities of ethnic minority traditional crafts with cooperation of local museums, local governments and other concerned parties.
D3 <b>Formulation of &amp; familiarization with technical &amp; management guidelines:</b> Establish a mechanism to provide technical and business management trainings for ethnic minorities to increase their incomes through craft development.	D31 Provision of Craft Production Technique Training	This aims to provide craft production trainings to ethnic minority producers in craft villages and urban areas.
	D32 Creation of Business Management Manual	This aims to create a business management manual (e.g. accounting, cost awareness, negotiation skills, etc) and provide assistance in implementing such manual to strengthen management capacities of ethnic minorities.
	D33 Provision of On-the-Job Training	This aims to provide on-the-job trainings outside of craft villages such as at local markets, in urban areas, abroad, etc. to make them understand the market and their current conditions through sales of their crafts.
D4 <b>Expansion of fair trade<sup>1)</sup> system:</b> Promote a social environmental wherein the ethnic minorities have equitable access to markets through the fair trade system.	D41 Establishment of International Fair Trade Participation Mechanism	This aims to provide assistance, such as improvement of working conditions, quality assurance, and market-oriented product development, to help enterprises and craft villages follow international fair trade practices.
	D42 Opening of Pilot Shops	This aims to open pilot shops to introduce ethnic minorities' crafts to visitors/tourists and to give ethnic minorities the experience of selling their products outside of their villages.
	D43 Establishment of Mechanism to Receive Consumer Feedback	This aims to build a system allowing ethnic minorities to receive feedback from consumers for further product improvement.
D5 <b>Assistance for organizations working with ethnic minorities:</b> Establish a support system wherein the provincial governments provide efficient and well-integrated assistance with the cooperation and understanding of the central government while deepening linkages and building a coalition among ethnic minority assistance organizations.	D51 Strengthening of Ethnic Minority Support Organizations' Capacities and Linkage with Government	This aims to build an assistance mechanism to facilitate support activities of donors and NGOs taking a lead in providing assistance to ethnic minorities.
	D52 Creation of Ethnic Minority Assistance Model	This aims to develop an assistance model based on samples of support activities for ethnic minorities including lessons learned and to plan future support activities.
	D53 Conduct of Forum among Organizations Assisting Ethnic Minorities	This aims to provide an opportunity to domestic and overseas organizations assisting ethnic minorities to discuss various issues and collaborate with each other.

1) Fair Trade is a form of trade protecting producers from greedy middlemen and directly linking producers in developing countries and buyers in developed countries. As a result, producers get an equitable share of the profit and consumers purchase products at fair prices.

## 6) Strengthening Capacity of Craft Villages and Communes

To upgrade living standards and alleviate poverty in the rural areas, there should be a comprehensive analysis of the inherent constraints to craft making with accompanying recommendations on how the craft industry can overcome such difficulties. The key is the active participation of villagers as well as local authorities in the whole process of solving problems. This will not only empower them but also motivate them to further collaborate with other stakeholders in the locality (see Table 8.4.5).

Table 8.4.5 Proposed Strategies and Action Plans  
for the “Strengthening of Capacity of Craft Villages and Communes”

Strategy	Action Plan/Project	Description
E1 <b>Formulation of village development strategy <sup>1)</sup> (VDS) through participatory approach:</b> Formulate development strategies by analyzing current status of the village and its issues through the villagers' participation and their willingness for a comprehensive appreciation of current situations in the craft village.	E11 Creation of VDS Manual & Guidelines	This aims to create a manual and guidelines for villagers and outside support agencies and organizations on developing a Village Development Strategy (VDS) wherein villagers analyze conditions of their villages through participatory research methods such as Participatory Rural Appraisal.
	E12 Establishment of VDS System	This aims to assist VDS formulation activities by providing financial and technical support from governments, donors and NGOs.
	E13 Institutionalization of VDS	This aims to formulate a VDS assistance mechanism, wherein government and concerned agencies provide concrete assistance to proposals conforming to the VDS vision.
E2 <b>Establishment of craft associations/ assisting cooperatives:</b> Strengthen regional capacities by organizing micro enterprises and household industries to address common issues and conduct promotional activities collectively.	E21 Establishment of Artisan Craft Association	This aims to establish a support system for organizations and village level artisan craft associations to enhance collaboration among craft producers, distributors and traders involved in craft industries.
	E22 Assistance to Existing Craft Cooperatives	This aims to create a support system for agricultural cooperatives to help promote craft industries.
	E23 Networking among Craft Promotions Organizations	This aims to create a network of organizations concerned and working for the promotion of artisan craft industries to increase efficiency of such activities, as well as to encourage exchanges among production areas.
E3 <b>Securing of funds for craft production activities:</b> Provide financial assistance on craft related activities for small scale concerned craft parties which lack sufficient capital and are facing difficulties with borrowing.	E31 Establishment of Craft Fund	This aims to create a craft fund as accessible financial source of funds for craft villages and producers.
	E32 Establishment of Financial Procedures to Access Financing Schemes	This aims to establish easy financial procedures by reviewing the existing lending procedures of financial institutions like Vietnam Bank for Agriculture and Rural Development (VBARD) and Vietnam Bank for Poor (VBP).
	E33 Study on Accessing ODA	This aims to examine the methods for access to assistance by strengthening linkage with central government so that donor assistance will reach craft villages.
E4 <b>Environmental improvement in craft villages:</b> Promote and provide assistance on community efforts on environmental improvement to help improve the regional environment of the craft villages and attain sustainable craft production.	E41 Study of Environmental Issues in Craft Villages	This aims to understand existing and potential impact of craft production on environment from the aspects of scale of craft villages, production method and craft item.
	E42 Development of Environment Assessment System for Craft Villages	This aims to create a standard for environmental impact assessment (EIA) to be able to conduct periodic assessment.
	E43 Environment Quality Development Assistance	This aims to provide financial and technical assistance on environmental improvement initiatives of craft villages.
E5 <b>Establishment of marketing system for village crafts:</b> Formulate product development with added values and marketing strategies especially those maximizing the characteristics of a village and local raw materials in order to sell such products as local brands in the market.	E51 Use of “Torisetsu” and Development of Trademark System	This aims to promote the use of “torisetsu” (point of purchase <sup>2)</sup> ) and to develop trademark and product name registration system.
	E52 Development of Tourism/Tourist Incentives	This aims to attract tourists to craft villages by improving the landscape, information and facilities and setting up tourist routes, etc. while providing opportunities to enjoy the environment and learn craft making.
	E53 Product Development Using Local Materials and Techniques	This aims to develop products showing identity and originality of craft villages through use of traditional local raw materials and techniques.

1) VDS is a plan developed not by the Government or outside organizations but by the villagers themselves.

2) It should include information on raw materials, craft history, craft village characteristics, and message from the producer. This information adds value to the craft products.

## 7) Development of Infrastructure Support

Improvement of legal systems, database, financial system, human resources, social infrastructure, and distribution system is necessary to promote craft industries. However, existing systems and infrastructure are not suitable for such task. Thus, a legal system that can act as a guidepost for a more realistic and concrete craft promotion is needed. To establish such a legal system, along with concrete promotions activities and assistance at production sites, there is a need to build the basic infrastructure. This infrastructure should cover the areas of information dissemination, financial assistance, infrastructure development, human resources development, and so forth, all of which will strengthen production capacities and market competitiveness.

Table 8.4.6 Proposed Strategies and Action Plans  
for the “Development of Infrastructure Support”

Strategy	Action Plan/Project	Description
F1 <b>Establishment of organizations and institutions related to craft sector promotion:</b> Establish a legal system and a cross-section organization for concrete assistance activities at production sites and linking them with the central, provincial and local governments.	F11 Establishment of National Craft Council	This aims to establish the National Craft Council at central level to be composed of members from MOI, MARD, MOCI, and MoTrade as well as from other key public and private entities.
	F12 Establishment of Provincial Craft Councils	This aims to establish provincial craft councils that will formulate and monitor the craft sector policy as well as coordinate activities.
	F13 Development and Streamlining of Institutions Related to Craft Sector	This aims to establish institutional arrangements to support effective craft sector development including streamlining existing regulations, government decrees and decisions as well as developing new ones.
F2 <b>Craft information support service:</b> Provide Vietnamese craft information both domestically and internationally by enhancing the contents of the craft website and creating information access opportunities, as well as providing necessary information to craft producers.	F21 Regular Updating of Craft Website	This aims to regularly update and expand the craft website to meet the changing needs of craft sector stakeholders.
	F22 Establishment of One-stop Craft Center	This aims to provide necessary information and assistance including consulting services on investment, partners, logistics, etc. in one place.
	F23 Development of Distance information Service to Remote Areas	This aims to provide needed information services and technical assistance using available information technology and system to remote areas.
F3 <b>Financial support to craft sector:</b> Secure budget for craft promotion to address capital shortages and establish financial assistance measures for sustainable engagement in craft production by small and medium enterprises.	F31 Budget Allocation for Craft Sector from Ministries and Provincial Governments	Since budget for the craft sector comes from various agencies, coordinated budgeting and spending are critical, and this can best be done by involving the National Craft Council.
	F32 Improved Access to Existing Financing Schemes	This aims to identify existing barriers and bottlenecks in the existing lending procedures of financial institutions to enable them to improve lending services to craft SMEs and households.
	F33 Effective Use of ODA	This aims to formulate a strategy and mechanism to use ODA more effectively to support craft sector development.
F4 <b>Infrastructure development support:</b> Develop hard infrastructures preferably in craft villages that meet their objectives such as transportation for market access, production activities and other related infrastructures such as production facilities, communication facilities, etc.	F41 Improvement of Transportation Access to Markets	This aims to identify critical areas where transporting products to markets are so difficult that business opportunities of craft village/households are constrained.
	F42 Support for Improvement of Utilities and Services in Craft Villages	This aims to identify needs for specific utility services to promote craft production. They will be integrated into the comprehensive infrastructure development programs for craft villages.
	F43 Support for the Improvement of Common Production Facilities for Craft Promotion/Development	This aims to determine and improve common facilities and utilities that can be shared by craft households in craft production and for efficient craft sector management.
F5 <b>Human resource development:</b> Develop human resources that support the Vietnamese craft sector through exchanges with skilled overseas craftsmen and policy makers for craft promotion.	F51 Training of Public Officials Responsible for Craft Sector	This aims to establish a mechanism of providing training on craft sector management to government officials.
	F52 Establishment of Database on Craftspersons and Organizations	This aims to establish a database on outstanding individuals and organizations involved in craft sector, particularly craft making, design, production coordination, research, and sustainable craft sector management and development. They include individuals, associations, NGOs etc.
	F53 Establishment of Overseas Exchange Program	This aims to develop a stable mechanism with which craft sector personnel and craftsmen can be sent overseas and those from overseas can be invited to visit Vietnam.

## **8.5 INSTITUTIONAL ARRANGEMENTS TO SUPPORT EFFECTIVE IMPLEMENTATION OF THE MASTER PLAN**

### **1) General Background**

This Study contributed in providing comprehensive clarification of various issues facing the craft sector and formulated a plan to promote and develop the craft sector in a sustainable manner in Vietnam. The proposed Master Plan includes a vision and objectives, as well as strategies and actions from which it is clearly seen that the implementation of the proposed strategies and actions need to involve a wide range of stakeholders from both public and private sectors who are responsible for attending to sectoral and crosscutting issues in a coordinated manner. Under this context, institutional arrangements are necessary, to wit:

- (a) Establishment of mechanism to administer craft sector policy in a unified manner.
- (b) Clarification of role sharing among existing ministries and organizations responsible for craft sector promotion and development
- (c) Establishment of smooth policy coordination among central government, provincial and local authorities.
- (d) Establishment of effective public-private partnership focusing on providing a level playing field to private sector entities who are the actual players in various craft activities.
- (e) Strengthening of network among donors, NGOs and other craft sector associations and organizations.

### **2) Possible Role Sharing under Existing Organizational Setup**

Key agencies that will manage the proposed strategies were tentatively identified (see Table 8.5.1), indicating that even major functions were extended to various agencies and organizations, thereby requiring the establishment of a concrete mechanism to implement projects and actions as well as coordinate policies.

Table 8.5.1 Possible Role Sharing among Stakeholders at Central Level

Objective	Strategy	Central Government		Responsible Agency
		Major Role	Minor Role	
A: Establishment of mechanism to preserve traditional value of crafts	A1 Documentation of craft village traditions	MOCI	NCSSH <sup>1)</sup>	Museums, NGOs
	A2 Strengthening of local museums	MOCI	-	Museums, Research institute, Cultural/ Academic institute
	A3 Promotion of traditional craft research	MOCI	NCSSH	Museums, Research institute, Cultural/ Academic institute
	A4 Enhancement of master artisan system	MOCI	MOLISA	VCA, Educational/ Research Institute
	A5 Designation of traditional craft items	MOCI	NCSSH	Museums, Research institute, Cultural/ Academic institute
B: Improvement of craft products development system	B1 Strengthening of design education programs	MOET	MOI	VCA, Educational Institute, Enterprises
	B2 Development of craft coordinators	MOI	MOT, MOET	VCA, Educational Institute, Enterprises, NGOs
	B3 Strengthening of technical skills in craft making	MOLISA	MOET	VCA, Vocational school, NGOs
	B4 Establishment of intellectual property rights system	MOST	MOI, MOT	Research institute, enterprises
	B5 Provision of opportunities for market appraisal	MOT	MOI	VCA, enterprises, NGOs
C: Establishment of sustainable & competitive production system	C1 Raw material preservation, consumption & management system	MARD	MOST, MONE, MOI	Donors, Enterprises
	C2 Promotion of rural industries in production areas	MOI	MARD, VNAT <sup>2)</sup>	WU, NGOs, Donors, Enterprises, Banks
	C3 Establishment of technical improvement & quality control systems	MOI	MOST, MoT, MARD	WU, Enterprises, Research institute
	C4 Strengthening of capacity of managers	MOI	-	WU, VCCI, Enterprises, Donors
	C5 Improvement in work environment	MOI	MOLISA, MOST	Research institute, enterprises
D: Strengthening of ethnic minority support system	D1 Education for minorities on value of crafts and importance of craft development	MOET	MOCI, MOI	WU, NGOs
	D2 Preservation of traditional techniques & crafts	MOI	MOCI, MOET	Museums
	D3 Formulation of & familiarization with technical & management guidelines	MOET	MOI	WU, NGOs
	D4 Expansion of fair trade system	MARD	MoTrade	WU, NGOs
	D5 Assistance for organizations working with ethnic minorities	CEM <sup>3)</sup>	NCSSH	WU, Research/ Academic institute, NGOs
E: Strengthening of capacity of craft villages and communes	E1 Formulation of VDS through participatory approach	MARD	-	WU, NGOs
	E2 Establishment of craft associations/ Provision of assistance to cooperatives	MOI	MARD	VCA, WU, enterprises, NGOs
	E3 Securing of funds for craft production activities	MPI	MARD, MOI	Banks, NGOs, Donors
	E4 Environmental improvement in craft villages	MONE	MOST	Research institute, Enterprises, Donors
	E5 Establishment of marketing system for craft villages	MOI	MOT	NGOs
F: Development of infrastructure support	F1 Establishment of organizations and institutions related to craft sector promotion	National Craft Council		
	F2 Provision of craft information support services	MOI	MOCI, MARD	VCA, Enterprises, NGOs
	F3 Provision of financial support to craft sector	MOF	MPI, MOI	Financial institutes, WU, donors
	F4 Provision of infrastructure development support	MoTransport	MOI	Financial institutes, Donors
	F5 Human resource development	MOI	MOLISA	VCA, Donors, NGO, WU

Source: JICA Study Team

1) NCSSH: National Center for Social Sciences and Humanities

2) VNAT: Vietnam National Administration of Tourism

3) CEM: Committee for Ethnic Minorities

### 3) Proposed Institutional Arrangements for Policy Coordination

The Study revealed that central government policy on craft sector does not effectively reach the grassroots such as craft households/villages. At the same time, problems being encountered by and the needs of craft villages/households have not been clearly heard by central level agencies. Streamlining the flow of policies and information between central and local levels is an important area to be attended to. In order to enhance inter-agency coordination, the establishment of a craft council both at the central as well as the provincial level is proposed.

The proposed council will not execute projects but rather function as a coordinative and advisory body for the Government and related agencies. In order to ensure its coordinating capacity it is proposed that the council be directly under the Government, while the secretariat be attached to key ministries.

The main tasks of the craft councils will be:

- (a) Formulating and monitoring a consented craft sector policy.
- (b) Coordinating policies and programs of various agencies/ organizations involved in the craft sector.
- (c) Networking with local and foreign organizations involved in craft sector development.

Figure 8.5.1 Conceptual Diagram of the National Craft Council

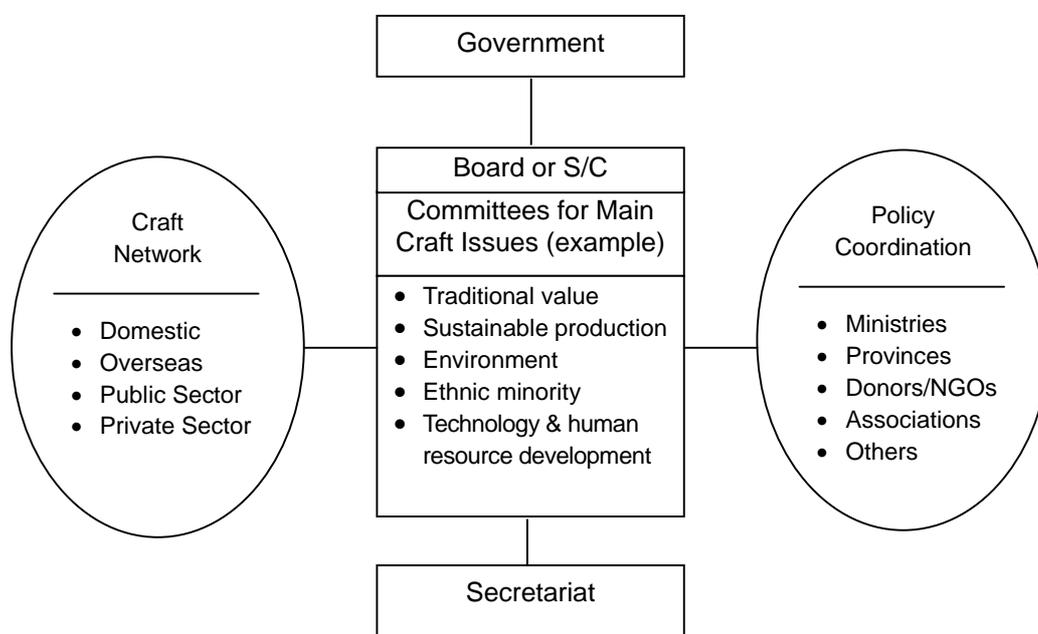


Table 8.5.2 Members of National Craft Council (Proposed)

	Central Government	Other Organization
Core Members	1. MOI 2. MARD 3. MOCI 4. MoTrade	5. VCA 6. Central WU 7. NCSSH 8. VME 9. Representatives of NGOs
Non-core Members	1. Governmental Office 2. MPI 3. MOLISA 4. MOET 5. MOST 6. MONE 7. VNAT 8. MOFA 9. MOF 10. MOH 11. MOJ 12. MOC 13. MoTransport 14. MOPT 15. GSO 16. CEM	17. VCCI 18. Donors

## 8.6 Role Sharing among Concerned Craft Sector Stakeholders

### 1) Role of Central Government

Even though there are a number of stakeholders involved in the craft sector, it is the private sector that takes charge of fundamental craft transactions. The private sector stands up to, and is defined by, the market competition. The Government's role thus is to assist in enhancing the competitiveness and welfare of stakeholders involved in craft production (e.g. full-time and part-time craft producers, craft villages, craft enterprises, etc.) and in providing a holistic (i.e. social, cultural, economic, environmental, etc.) and sustainable development of the craft sector.

It is apparent from the historical background of production (craft villages), long tradition of craft making and production scale (approximately 1.4 million people are engaged in craft production mainly in the craft villages of which there are more than 2,000 throughout the country) that Vietnamese traditional crafts are deeply rooted in Vietnamese culture, society, economics, and environment. However, traditional crafts are just about changing rapidly as the market economy progresses. Such changes bring about various advantages and disadvantages such as increase in export, loss of traditional values, lack of traditional craft successors, environmental issues, etc.

In order for Vietnam's craft sector to remain as a core component of efforts toward conservation of the identity and uniqueness of Vietnamese culture, a consensual decision on the direction and orientation of craft promotion as well as coordinated activities are necessary. Herein lies the fundamental role of the Vietnamese government. The Study's outcomes can contribute in formulating the needed framework not only to ensure sustainable promotion and development of traditional crafts, but also the development and implementation of mechanisms that will strengthen the linkage among stakeholders.

Many stakeholders are involved in the conservation of Vietnamese traditional crafts in a comprehensive manner, from social and cultural to economic and environmental aspects. However, four ministries, namely: MARD, MOI, MOCI, and MoTrade, are expected to be the core administrators. The basic roles of each ministry are listed in Table 8.6.1.

**Table 8.6.1 Stakeholders in Craft Sector Development**

		(1) Traditional value	(2) Craft development system	(3) Sustainable production system	(4) Support ethnic minorities	(5) Commune/ village capacity	(6) Support infrastructure
Central Govt	MARD	B	B	B	B	<b>A</b>	B
	MOI	B	<b>A</b>	<b>A</b>	B	B	B
	MOCI	<b>A</b>			B	B	B
	MoTrade		B	B			B
	MPI					B	<b>A</b>
	MOLISA		B	B			B
	MOET	B	B		B	B	
	MOST		B	B			
	MONE			B		B	
	VNAT	B			B	B	B
	MOFA						B
	MOF			B			B
	MOH			B	B		
	MOJ		B				
	MOC						B
	MoTransport						B
	MOPT						B
GSO						B	
CEM					<b>A</b>		
NCSSH	B				B	B	
Prov'l Govt.	Prov'l PC						<b>A</b>
	DOI	B	<b>A</b>	<b>A</b>	B	B	B
	DARD	B	B	B	<b>A</b>	<b>A</b>	B
	DPI						B
	DOCI	<b>A</b>			B		
	DoTrade		B	B			
	DoTourism	B			B	B	
	DoTransport						B
Local Govt.	District PC				B	B	B
	Commune PC				B	<b>A</b>	B
Other Related Agencies	VCA	B	B			B	
	WU				B	B	
	Museums	<b>A</b>			B		
	Financial instns.			B			B
	Research orgns.	B	B	B	B		
	Business support agencies			B			B
Private Sector		<b>A</b>	<b>A</b>				
NGO	B	B	B	B	B	B	

Source: JICA Study Team

- 1) E.g. Vietnam Museum of Ethnology, Vietnam Fine Art Museum, History Museum, and local museums in each province.
- 2) E.g. VBARD, VBP, and PCF.
- 3) Universities and research institutions for agriculture, technology, economics, environment, culture, and so on.
- 4) E.g. VCCI and BPSC.

(a) **MARD:** Promotion and development of traditional crafts should be studied comprehensively from the perspective of overall rural development, considering that Vietnamese traditional craft making is rooted in craft villages and 80% of the whole population live and are dispersed in rural areas. Vietnamese traditional craft making cannot be detached from the collective activities of craft villages and craft-engaged farmers. The basic tasks of the MARD are as follows:

- Provide assistance for the sustainable development of craft villages particularly those engaged in traditional craft production.
- Raise the standard of living in rural areas and reduce poverty by organizing craft villages' associations and developing their self-reliance.

The fundamental policies of the MARD in line with the basic objectives of craft development are listed in Table 8.6.2.

**Table 8.6.2 MARD's Fundamental Policies on Craft Development**

Master Plan Objective	Basic Action and Policy
A. Establishment of Mechanism to Preserve Traditional Value of Crafts	<ul style="list-style-type: none"> <li>• Assist in raising awareness of research on and preservation of traditional values at craft village/commune levels among concerned parties and establish preservation system in communities in cooperation with MOCI.</li> </ul>
B. Improvement of Craft Products Development System	<ul style="list-style-type: none"> <li>• Assist in establishing craft product development systems in communities in cooperation with MOI.</li> </ul>
C. Establishment of Sustainable & Competitive Production System	<ul style="list-style-type: none"> <li>• Assist in establishing sustainable production systems in communities in cooperation with MOI and MoTrade. Promote quality improvement of raw materials (silk and cotton yarns, wood, etc.), enhancement of production techniques and forestation plans for sustainable raw materials supply.</li> </ul>
D. Strengthening of Ethnic Minority Support System	<ul style="list-style-type: none"> <li>• Incorporate craft development concerns into environmental preservation and rural development plans for ethnic minorities' sustainable engagement in agro-forestry, traditional craft production and their settlement.</li> <li>• Collaborate with MOCI for preservation of traditional values, MOI and MoTrade for improvement of craft items and production systems.</li> </ul>
E. Strengthening of Capacity of Craft Villages and Communes	<ul style="list-style-type: none"> <li>• Assist in formulating participatory development strategies for the development of village and production activities with craft villages' initiatives, organization of production groups, and provision of support to agricultural cooperatives.</li> <li>• Carry out new rural economic structure in production, labor distribution, and encourage labor to work at local site through craft development.</li> <li>• Promote exchanges between urban and rural areas through promotion of local products, direct sales of crafts, exchange of agricultural experiences, etc. Strengthen linkage with VNAT on tourism development in rural areas.</li> </ul>
F. Development of Infrastructure Support	<ul style="list-style-type: none"> <li>• Develop community while conserving natural landscape in rural areas and raising their living environment by developing infrastructure, utilizing local resources with participation of rural residents and other concerned parties.</li> </ul>

(b) **MOI:** Competitiveness of Vietnamese traditional crafts in the international markets is increasing. At the same time, the market for traditional crafts as industrial goods – those that have gone beyond the stereotype and traditional functions of crafts – is also expanding through product development and improvement of craft production. The basic tasks of the MOI are as follows:

- Provide direct and indirect assistance to develop necessary infrastructure (human resource development, technological improvement, institutional development, financial assistance, information service, etc.) to strengthen competitiveness of crafts and craft production in domestic and international markets.
- Establish a mechanism to promote exchanges and linkage among various entities not only to ensure the sustainable development of each enterprise but each respective craft production region or cluster.

Linkage with the MARD is necessary to create individual measures that will generate synergy among various production systems in craft villages located in rural areas.

The fundamental policies for the MOI in line with the basic objectives of craft development are delineated in Table 8.6.3.

**Table 8.6.3 MOI's Fundamental Policies on Craft Development**

Master Plan Objective	Basic Action and Policy of MOI
A. Establishment of Mechanism to Preserve Traditional Value of Crafts	<ul style="list-style-type: none"> <li>• Understand the importance of preservation of traditional values and promote development of competitive and original products.</li> </ul>
B. Improvement of Craft Products Development System	<ul style="list-style-type: none"> <li>• Establish a support mechanism to strengthen the capacity of private sector to lead in efforts to develop competitive crafts (e.g. design promotion, development of product development coordinators, establishment of system for conferment of craft title, etc.).</li> </ul>
C. Establishment of Sustainable & Competitive Production System	<ul style="list-style-type: none"> <li>• Provide technical and management assistance to craft production at enterprise and craft village levels to ensure stable quality using local raw materials.</li> <li>• Promote consistent production, distribution and sales systems in cooperation with MoTrade.</li> </ul>
D. Strengthening of Ethnic Minority Support System	<ul style="list-style-type: none"> <li>• Provide assistance on efforts to improve craft development and production systems in cooperation with MARD.</li> </ul>
E. Strengthening of Capacity of Craft Villages & Communes	<ul style="list-style-type: none"> <li>• Assist in strengthening production activities in craft villages/communes in cooperation with MARD.</li> </ul>
F. Development of Infrastructure Support	<ul style="list-style-type: none"> <li>• Promote deregulation including provision of favorable treatment in terms of investment and taxation among craft industries, land use, etc. and linkage among production areas to enhance support activities of each enterprise in production areas and establish craft clusters.</li> <li>• Develop human resources within provincial governments to lead efforts to promote craft production by region and in partnership with private sector.</li> </ul>

(c) **MOCI:** Vietnamese traditional crafts are significant in two aspects – originality and traditional values. Retaining originality is critical for the expansion of market against the products of other Asian countries, and originality can be found in the traditional value of the products. Preservation of traditional values will enhance the identity of Vietnamese crafts. Use of craft items with traditional values in daily life at home and abroad means the “living preservation or preserving tradition in a living environment”. However, the traditional values of Vietnamese crafts are vanishing without documentation and preservation. It should not be forgotten that documentation and preservation of traditional values do not simply mean making records, although such documents are the beginning of a new tradition. Thus, the role of the MOCI is significant and their tasks are as follows:

- Redefine the traditional values of Vietnamese crafts and establish collection, documentation, and preservation systems.
- Promote understanding of Vietnamese traditional values among the public

The fundamental policies for MOCI in line with the basic objectives of craft development are outlined in Table 8.6.4.

**Table 8.6.4 MOCI’s Fundamental Policies on Craft Development**

Master Plan Objective	Basic Action and Policy of MOCI
A. Establishment of Mechanism to Preserve Traditional Value of Crafts	<ul style="list-style-type: none"> <li>• Establish preservation mechanism of Vietnamese crafts at national, provincial and craft village/commune levels, and implement such system linking with existing museums, research institutes and craft villages.</li> <li>• Provide assistance on preservation and promotion activities by establishing, in cooperation with MOLISA, a conferment system for traditional crafts and master artisans with corresponding provision of assistance to awardees.</li> </ul>
B. Improvement of Craft Products Development System	<ul style="list-style-type: none"> <li>• Conduct research on techniques and original designs worthy of preservation and incorporate them into preservation programs by MOST.</li> </ul>
C. Establishment of Sustainable & Competitive Production System	<ul style="list-style-type: none"> <li>• Study traditional raw materials to restore them, ensure their sustainable supply and incorporate them into raw materials supply plan by MARD.</li> </ul>
D. Strengthening of Ethnic Minority Support System	<ul style="list-style-type: none"> <li>• Provide institutional and financial assistance to enable ethnic minorities to continue craft production using traditional techniques and designs while retaining their traditional culture and lifestyle. Develop support system in cooperation with research institutions and NGOs.</li> </ul>
E. Strengthening of Capacity of Craft Villages and Communes	<ul style="list-style-type: none"> <li>• Establish a support system in cooperation with research institutes and NGOs and provide guidance to provincial governments so that craft villages in rural areas will be able to research on and conserve their traditions.</li> </ul>
F. Development of Infrastructure Support	<ul style="list-style-type: none"> <li>• Provide institutional and financial assistance to put up necessary facilities (museums, community centers, etc.) and purchase equipment (traditional tools, etc.) to preserve cultural assets in each region.</li> </ul>

(d) **MoTrade:** The rapid growth of Vietnamese craft export in the last couple of years mainly depended on big SOEs and large enterprises in urban areas. It is thus necessary to provide them with export assistance based on the level of their contribution to rural development. The basic tasks of the MoTrade are as follows:

- Enhance promotion of export and business assistance to craft enterprises and provide assistance to expand the local and international markets of Vietnamese crafts.
- Provide equal business and market evaluation opportunities to micro, small and medium enterprises in rural areas that support production of Vietnamese crafts.

The fundamental policies of the MoTrade in line with the basic objectives of craft promotion are explained in Table 8.6.5.

**Table 8.6.5 MoTrade's Fundamental Policies on Craft Development**

Master Plan Objective	Basic Action and Policy of MoTrade
A. Establishment of Mechanism to Preserve Traditional Value of Crafts	<ul style="list-style-type: none"> <li>• Formulate a preferential export system for low volume production like traditional crafts and provide assistance to such promotional activities in cooperation with MOI.</li> </ul>
B. Improvement of Craft Products Development System	<ul style="list-style-type: none"> <li>• Provide necessary technical trainings and know-how such as in design, product development (linkage with MOI) and intellectual property rights (linkage with MOST) to obtain international competitiveness and trust.</li> </ul>
C. Establishment of Sustainable & Competitive Production System	<ul style="list-style-type: none"> <li>• Provide information on international standards of quality and techniques to craft enterprises to develop business managers with management and negotiation capacities in cooperation with MOI.</li> </ul>
D. Strengthening of Ethnic Minority Support System	<ul style="list-style-type: none"> <li>• Assist in expanding markets by holding exhibitions, dispatching specialists, etc. with cooperation of MOI and MOCI to disseminate ethnic minority crafts as Vietnamese traditional crafts both at home and abroad.</li> </ul>
E. Strengthening of Capacity of Craft Villages and Communes	<ul style="list-style-type: none"> <li>• Formulate support measures according to the organization of producers' groups and craft villages to expand their businesses. Establish a stable local craft industry distribution flow from craft village to market in cooperation with MARD and MOI, so that craft items produced in craft villages will be sold at fair prices in markets and proceeds will be fairly distributed to producers.</li> </ul>
F. Development of Infrastructure Support	<ul style="list-style-type: none"> <li>• Provide assistance so that information on domestic and overseas buyers and market needs will be disseminated to local areas as well as urban areas.</li> </ul>

(e) **Other Central Government Agencies:** The involvement of other central government agencies is necessary to address various crosscutting issues related to craft promotion. Linkage among the above-mentioned four ministries is critical to assure that policies and assistance reach the beneficiaries appropriately and effectively.

- **MPI:** Strengthen support for the craft sector by revitalizing various craft promotion projects in each region while making sure the contents of projects

meet the needs of the beneficiaries. Incorporate issues on craft sector development into existing assistance schemes.

- **MOLISA:** Assist in improving vocational trainings and working environment, as well as in preserving and promoting handicraft techniques in cooperation with the MOI, the MARD and the MOCI so that outstanding Vietnamese workers will be able to engage in craft production under better working conditions; it needs to be aware of the specific needs of traditional craft production and development.
- **MOET:** Assist in conducting educational trainings and creating educational materials to develop human resources needed by the craft sector, from literacy education for ethnic minority groups to design education for university students.
- **MOST:** Provide technical assistance to enhance the productivity of craft industries and link with concerned ministries and agencies: with the MOI for technical improvement, with the MOCI for the protection of intellectual property rights, with the MONE for the promotion of technical improvement, etc.
- **MONE:** Responsible for all environmental issues, but for the craft sector in particular, develop environmental assessment systems for production areas, craft villages and craft enterprises to improve and protect the environment taking account of institutional and technical aspects in cooperation with the MOI, while the MOI conducts environmental assessment of each enterprise. Provide guidance and collaborate with MARD, MOI in efforts to preserve and exploit efficiently raw materials.
- **VNAT:** Further link craft promotion with tourism to attract more domestic and overseas tourists to craft villages, utilizing the appeal of a farming environment in cooperation with the MARD, MOCI, MOI and MoTrade. With respect to ethnic minority villages, in particular, the preservation of their culture and habitat should be carefully considered before proceeding with tourism development, which must also have their cooperation and initiative.

## 2) Role of Local Governments

Craft industries contribute to regional economies and preservation of traditions, thus local governments have a keen interest in craft sector promotion. The craft sector is guided by the provincial PC and assisted by the DOI and the DARD. In the provinces, the Women's Union, the district PC, commune PC, and others assist the craft villages. Often, they are more knowledgeable about actual conditions of production areas. For this reason, these local organizations are often designated as grassroots counterparts of various NGOs.

The local governments have the pivotal role of coordinating craft promotion activities with other involved sectors at the rural and regional levels. In other words, they have to provide direct assistance to craft production areas and serve as bridge between

them and the central government. The basic tasks of the local governments are as follows:

- (a) Supervise craft-related measures and programs for effective craft promotion in each production area.
- (b) Implement measures formulated by the central government according to the characteristics of each production area.
- (c) Promote appropriate guidance and support measures suitable for each production area by gathering the opinions and determining the needs of the grassroots on craft-related issues.

### 3) Role of Craft Villages

Rural craft villages sustain the Vietnamese craft sector in producing traditional crafts using the techniques passed on from generation to generation. Although the scale and production patterns vary, craft production is mainly carried on by small production groups or cottage industries. Some outstanding traditional craftspersons are engaged in craft production full time. However, most craft workers in rural areas are involved in craft production only as a sideline job to augment earnings from agriculture. They often do not take pride in their work and lack the willingness to improve their craft skills.

It is important for craft villagers to feel that they are the ones who are supporting Vietnam's craft sector while passing on traditional craft production systems and enhancing their competitiveness. The basic tasks of the craft villages are thus as follows:

- Preserve techniques and raw materials related to local craft industries and pass them on as unique cultural assets.
- Initiate the development of their craft villages through the participation of a wider range of local sectors (organization and collaboration, etc.) and through sustainable craft production activities, and linkage and competition with other craft-producing areas.

### 4) Role of Related Organizations and Individuals

Most organizations interested in the craft sector are private enterprises engaged in export promotion, distribution or sales. They have a growing capacity to compete in the international market through their own effort. On the other hand, most craft villages lack this capacity and the opportunity to receive incentives for making improvements. The role of concerned organizations is thus significant in translating government policies and guidelines into concrete activities in production areas.

- **BDS Providers:** Develop human resources including producers, business managers, craftspersons, etc. to further develop the craft industries in rural areas.
- **Production Area Coordinators:** Strengthen linkage among production areas

through joint purchases of raw materials within craft villages and areas, joint sales, joint vocational trainings, etc.

- **Local Counterparts:** Implement assistance from donors and NGOs matching the needs and capacities of craft villages.

The following existing organizations have the capacity mentioned earlier. Developing leaders and specialists within these organizations who fully understand craft sector issues is anticipated.

- **VCA:** Increase the benefits for cooperatives involved in craft production and promote job creation in the rural areas by utilizing its organizational strength and linkage with central and provincial governments.
- **Women's Union:** Provide appropriate technical trainings and financial assistance with a thorough understanding of actual field conditions and needs (in the case of ethnic minorities, understanding of their language and lifestyle is important). The role of the district and commune WU is particularly important for on-site trainings.
- **National and Local Museums:** Function as academic research institutions to disseminate Vietnamese crafts' traditional values at home and abroad. The VME, in particular, should link with domestic and overseas researchers and universities to research on and preserve unique regional cultures including those of ethnic minorities.

## 8.7 Provincial Level Master Plan

### 1) Craft Sector Master Plan of Model Provinces

The proposed three-tiered master planning system requires the provinces, which considered the craft sector as important to the local economy, to formulate their own master plans. In this Study, the model provinces (with guidance from the local consultant team) formulated their respective master plans based on the structure and interim outputs of the national master plan, and in conformity with its policy priorities and area needs. The respective master plans were formulated through workshops held in model provinces. However, there remain many points for improvement; hence, support in terms of human resources development for provincial government officers would be necessary.

The basic considerations in making the provincial master plan are as follows:

- (a) To formulate a craft sector development and promotion plan that pays due consideration to local conditions and requirements, and that is adequately integrated with the provincial socio-economic development plan. Priority actions and areas as well as necessary inputs and support measures are to be clearly stated in the Master Plan;

- (b) To provide each province with a policy framework and concrete implementation strategy to promote and develop their craft sector and to meet the specific needs of their different localities in a way that conforms to national policies and plans; and,
- (c) To provide guidance to stakeholders in the provinces so that they can access necessary support to improve their activities.

## 2) Concerns of Provincial Governments

### (a) Role of Craft Councils

The Craft Development Master Plan, which is the national master plan, was sent to either the DARD or the DOI in all the provinces in order to solicit their opinions about the proposed objectives, strategies, action plans, and the establishment of the craft promotion councils. By the middle of January 2004 a total of 38 provinces replied.

Most of the provinces agreed on the necessity of establishing a Craft Council. Two-thirds of the provinces felt that craft promotion councils should take charge of implementing policies and planning. And, it became clear that many provinces expected the councils to act as policy-making agencies rather than simply functioning as craft assistance organizations.

**Table 8.7.1 Basic Functions of Provincial Craft Councils (%)**

Basic Functions of Craft Councils	%
(1) Implementing policies and projects	65.7
(2) Coordinating with related agencies/ stakeholders	20.0
(3) Providing advice for provincial governments	4.3

Source: Follow-up survey of provincial governments, 2003

**Table 8.7.2 Specific Tasks of Provincial Craft Councils**

Task of Craft Councils		No. of Provinces		% <sup>1)</sup>			
		Yes	No	Yes	No		
1	To formulate an integrated craft sector policy	25	8	<b>75.8</b>	24.2		
2	To coordinate with craft-related agencies and stakeholders	Central government agencies		12	21	36.4	63.6
3		Districts		23	10	69.7	30.3
4		Communes/ craft villages		19	14	57.6	42.4
5	To advise related agencies on their policies and projects		26	7	<b>78.8</b>	21.2	
6	To provide support to stakeholders	Private sector		20	13	60.6	39.4
7		Small production groups, households and producers		25	8	<b>75.8</b>	24.2
8	To promote crafts		29	4	<b>87.9</b>	12.1	
9	To develop a network of craft sector stakeholders		21	12	63.6	36.4	
10	To build an information management system for craft sector promotion and development		27	6	<b>81.8</b>	18.2	

Source: Follow-up survey of provincial governments, 2003

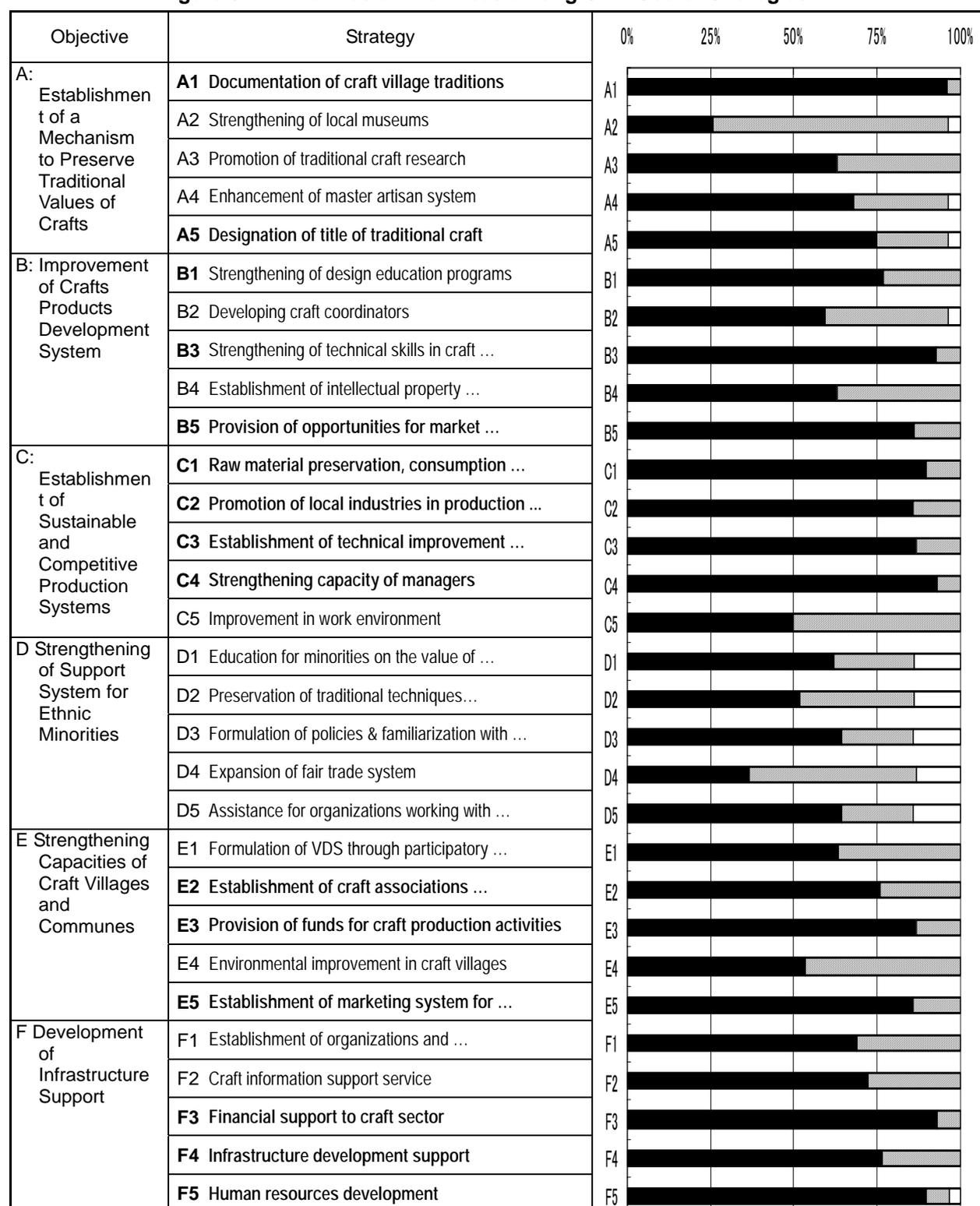
1) Figures higher than 75% are in boldface.

(b) Priorities of Provinces among Craft Sector Strategies

Provincial governments were positive about the suggested six basic objectives and 90 strategies. The objective “Strengthening of Support System for Ethnic Minorities” was rated generally low by many provinces that consider the ethnic minority issue as irrelevant. However, the interest on this objective was relatively high among provinces that regard the ethnic minorities as important. Craft sector strategies given high priorities (more than 75% is important) by the provinces are as follows (see Figure 8.7.1):

(1)	A1:	Documentation of craft village traditions	(96.2%)
(2)	C4:	Strengthening of capacity of managers	(93.1%)
(3)	F3:	Financial support to craft sector	(93.1%)
(4)	B3:	Strengthening of technical skills in craft...	(92.9%)
(5)	C1:	Raw material preservation, consumption...	(89.7%)
(6)	F5:	Human resources development	(89.7%)
(7)	C3:	Establishment of technical improvement...	(86.7%)
(8)	E3:	Securing of funds for craft production..	(86.7%)
(9)	B5:	Provision of opportunities for market...	(86.2%)
(10)	C2:	Promotion of local industries in production...	(85.7%)
(11)	E5:	Establishment of marketing system for...	(85.7%)
(12)	B1:	Strengthening of design education programs	(76.9%)
(13)	F4:	Infrastructure development support	(76.7%)
(14)	E2:	Establishment of craft associations ...	(75.9%)
(15)	A5:	Designation of title of traditional craft	(75.0%)

**Figure 8.7.1 Priorities of Provinces among Craft Sector Strategies**



Source: Provincial governments follow up survey, 2003

1) Bold figures are more than 75%.

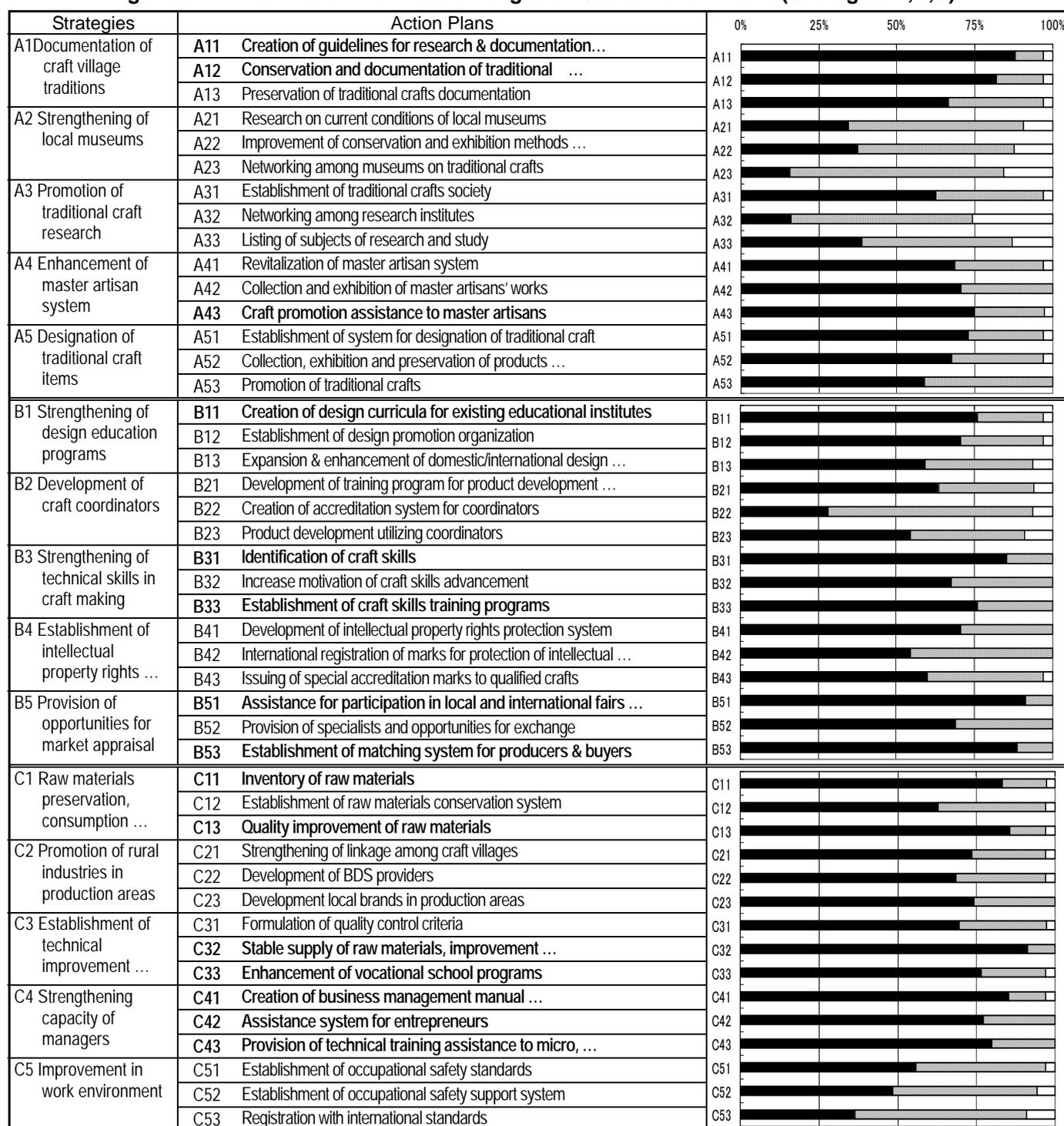
2) A: important, B: somewhat important, C: not important.

(c) Priorities of Provinces among Craft Sector Action Plans

The prioritized action plans (a rating of more than 75% per action plan makes it important) are as follows (see Figure 8.7.2 and Figure 8.7.3):

(1)	B51: Assistance for participation in local and international...	(91.4%)
(2)	C32: Stable supply of raw materials, improvement of...	(91.2%)
(3)	F41: Improvement of transportation access to markets	(88.9%)
(4)	B53: Establishment of matching system for producers &...	(88.6%)
(5)	E53: Product development using unique local materials ...	(88.6%)
(6)	A11: Creation of guidelines for research & documentation...	(87.9%)
(7)	E22: Assistance to existing craft cooperatives	(86.5%)
(8)	F31: Budget allocation for craft sector from ministries and ...	(86.5%)
(9)	F51: Training of public officials responsible for craft sector	(86.5%)
(10)	C13: Quality improvement of raw materials	(85.7%)
(11)	F33: Effective use of ODA	(85.7%)
(12)	B31: Identification of craft skills	(85.3%)
(13)	C41: Creation of business management manual and...	(85.3%)
(14)	E32: Establishment of procedures to access financing...	(84.8%)
(15)	C11: Inventory of raw materials	(83.3%)
(16)	F32: Improved access to existing financing schemes	(83.3%)
(17)	A12: Conservation and documentation of traditional values...	(81.8%)
(18)	F43: Support for the improvement of common production...	(81.1%)
(19)	C43: Provision of technical training assistance to micro, ...	(80.0%)
(20)	E33: Study on accessing ODA	(78.4%)
(21)	C42: Assistance system for entrepreneurs	(77.1%)
(22)	E51: Use of "torisetsu", point of purchase, and development...	(77.1%)
(23)	E52: Development of tourism/tourist incentives	(77.1%)
(24)	C33: Enhancement of vocational school programs	(76.5%)
(25)	B11: Creation of design curricula for existing educational...	(75.8%)
(26)	B33: Establishment of craft skills training programs	(75.8%)
(27)	D51: Strengthening of ethnic minority support...	(75.8%)
(28)	E21: Establishment of artisan craft associations	(75.7%)
(29)	A43: Craft promotion assistance to master artisans	(75.0%)
(30)	D52: Creation of ethnic minority assistance model	(75.0%)
(31)	F21: Regular updating of craft website	(75.0%)

**Figure 8.7.2 Priorities of Provinces among Craft Sector Action Plans (Strategies A,B,C)**

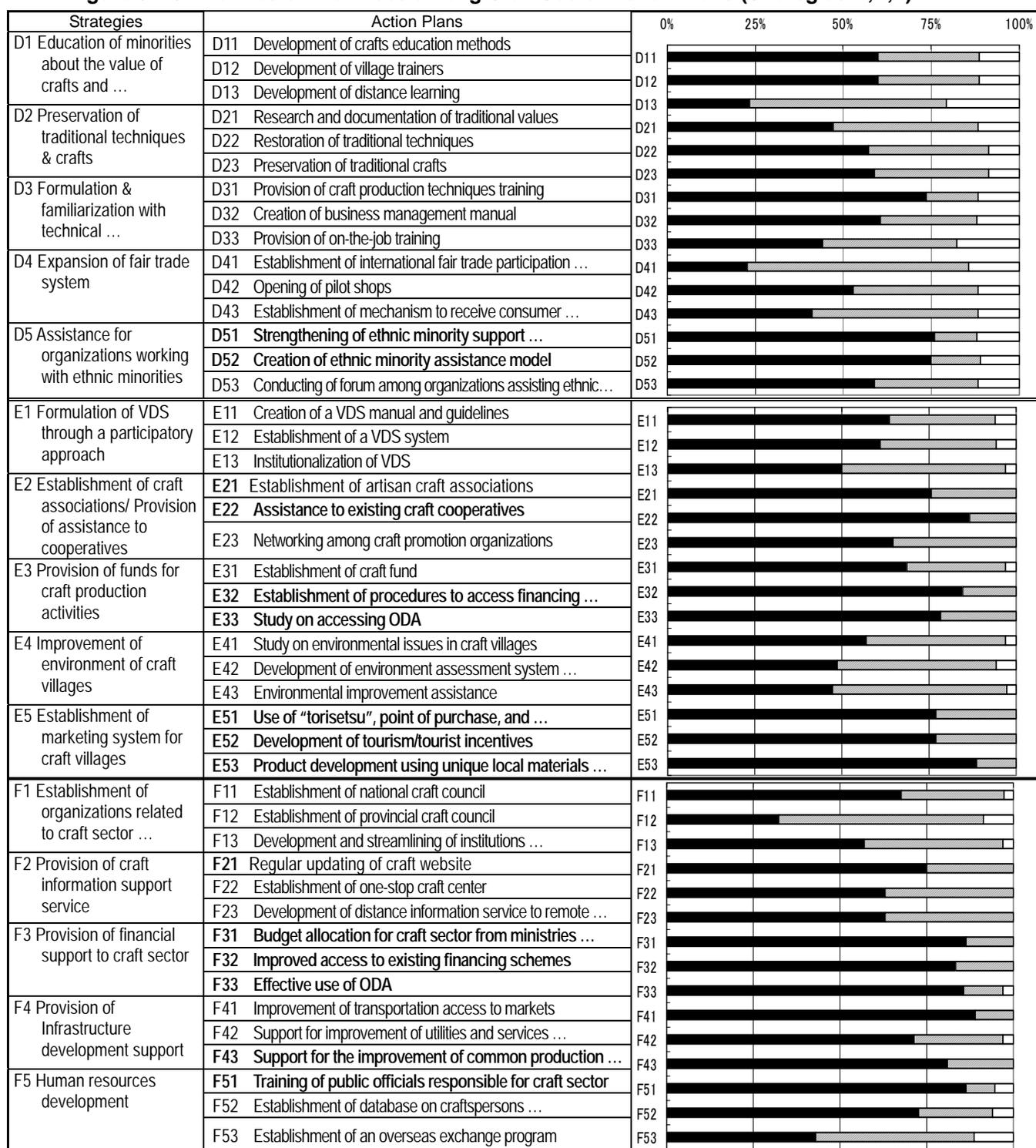


Source: Provincial governments follow up survey, 2003

1) Bold figures are more than 75%.

2) A: important, B: somewhat important, C: not important.

**Figure 8.7.3 Priorities of Provinces among Craft Sector Action Plans (Strategies D,E,F)**



Source: Provincial governments follow up survey, 2003

1) Bold figures are more than 75%.

2) A: important, B: somewhat important, C: not important.

### 3) Orientation of Craft Development

#### (a) Priorities of Regions among Craft Sector Strategies

The priority given by the regions to the various craft sector strategies were examined in terms of location (northern, central, southern, and mountainous region) <sup>1)</sup> (see Figure 8.7.4).

**Figure 8.7.4 Priority Given by Provinces and Regions to Each Strategy**

Objective	Strategy	Northern Area				Central Area				Southern Area				Mountainous Area				
		25	50	75	100	25	50	75	100	25	50	75	100	25	50	75	100	
A Establishment of a Mechanism to Preserve Traditional Values of Crafts	A1 Documentation of craft village traditions																	
	A2 Strengthening of local museums																	
	A3 Promotion of traditional craft research																	
	A4 Enhancement of master artisan system																	
	A5 Designation of title of traditional craft																	
B Improvement of Crafts Products Development System	B1 Strengthening of design education programs																	
	B2 Developing craft coordinators																	
	B3 Strengthening of technical skills in craft ...																	
	B4 Establishment of intellectual property ...																	
	B5 Provision of opportunities for market ...																	
C Establishment of Sustainable and Competitive Production Systems	C1 Raw material preservation, consumption ...																	
	C2 Promotion of local industries in production ...																	
	C3 Establishment of technical improvement ...																	
	C4 Strengthening capacity of managers																	
	C5 Improvement in work environment																	
D Strengthening of Support System for Ethnic Minorities	D1 Education for minorities on the value of ...																	
	D2 Preservation of traditional techniques...																	
	D3 Formulation of policies & familiarization with ...																	
	D4 Expansion of fair trade system																	
	D5 Assistance for organizations working with ...																	
E Strengthening Capacities of Craft Villages and Communes	E1 Formulation of VDS through participatory ...																	
	E2 Establishment of craft associations ...																	
	E3 Provision of funds for craft production activities																	
	E4 Environmental improvement in craft villages																	
	E5 Establishment of marketing system for ...																	
F Development of Infrastructure Support	F1 Establishment of organizations and ...																	
	F2 Craft information support service																	
	F3 Financial support to craft sector																	
	F4 Infrastructure development support																	
	F5 Human resources development																	

<sup>1)</sup> Data was analyzed by region: the North (6 out of 14 provinces responded including the Red River Delta and the Northern Central Coast), the Center (6 out of 9 provinces responded including the Northern/ Southern Central Coast), the South (6 out of 20 provinces responded including the Northeastern South and the Mekong Delta), and the Mountainous Area (10 out of 18 provinces responded including the Northwest, the Northeast and the Central Highlands).

Each region identified similar priority strategies except for the mountainous and central regions which placed a relatively high priority on the strategy "Strengthening of Support System for Ethnic Minorities". This information, together with the Master Plan, can be important basis for the actual policy-making/ implementation process.

The strategies that need to be prioritized by region are summarized as follows:

**Northern Region:** Compared to the other regions, the strategies for the Red River Delta are most highly emphasized since craft villages are most concentrated here. All surveyed provinces underscored the importance of ten particular strategies, namely: (1) B5: Provision of opportunities for market appraisal; (2) C1: Raw materials preservation, consumption & management system; (3) C2: Promotion of rural industries in production areas; (4) C4: Strengthening capacity of managers; (5) E3: Provision of funds for craft production activities; (6) E5: Establishment of marketing system for craft villages; (7) F1: Establishment of organizations related to craft sector promotion; (8) F3: Provision of financial support to craft sector; (9) F4: Provision of infrastructure development support; (10) F5: Human resources development. Although having the most number of craft villages, this region has a low capacity due to insufficient human resources, inadequate funding, and low skills of craft workers. Hence, the provinces in this region would like to develop their craft villages into craft clusters in the hope that such a move would lay the groundwork for more government and private assistance that would result in enhanced capacities and adequate infrastructure.

**Central Region:** This region has less craft villages and craft promotion is less encouraged than in other regions. However, a relatively high interest was shown on strategy "A3: Promotion of traditional craft research", because this region has cultural heritage sites such as Hue and Hoi An. Strategies relating to product development, ie (1) B1: Strengthening of design education programs; (2) B2: Development of craft coordinators; and (3) E5: Establishment of marketing system for craft villages, were highly prioritized. This reveals the provinces' aspiration to improve their craft products to become more competitive in the marketplace. Provision of infrastructure is also urgently needed as indicated in strategies "F2: Provision of craft information support service" and "F5: Human resources development".

**Southern Region:** HCMC can be regarded as the craft center in the South because of its accessibility to markets and its skills capacity. Many provinces placed high emphasis on strategies under the objectives "B: Improvement of Craft Products Development System" and "C: Establishment of Sustainable and Competitive Production Systems", which reflected their intention to prioritize product/ design development and cultivation of potential markets. While low interest was given to objective "E: Strengthening Capacities of Craft Villages and Communes", strategy "E2: Establishment of craft associations/ Provision of assistance to cooperatives" was regarded as a priority. Therefore, it can be said that provinces in this region have a tendency and potential to enhance their market competitiveness by reinforcing the capacities of organizations or businesses rather than those of craft villages. However, it should be noted that Mekong Delta is far from HCMC and

requires basic infrastructure.

**Mountainous Area:** There are a great number of ethnic minorities in the northern mountainous area and the central highlands, which explains the diverse and rich palette of traditional craft products from these areas. However, promoting these crafts will be difficult due to the products' low marketability as well as the areas' high poverty rate and inadequate infrastructure. Various support will need to be channeled to this area since the provinces showed a relatively high interest on the following strategies: (1) A1: Documentation of craft village traditions; (2) A4: Enhancement of master artisan system; (3) B3: Strengthening of technical skills in craft making; (4) C1: Raw materials preservation, consumption & management system; (5) C3: Establishment of technical improvement & quality control system; and (6) C4: Strengthening capacity of managers. In addition, funding will be critical to implement strategies "E3: Provision of funds for craft production activities" and "F3: Provision of financial support to craft sector" both of which were deemed important by the provinces. Therefore, it is essential to incorporate an appropriate craft promotion program into the development plans of provincial governments, particularly the ethnic minority support plans.

(b) Orientation of Craft Promotion by Region

Based on this study, especially on the mapping survey, on-site survey and the follow-up survey of provincial governments, the orientation of craft promotion can be summarized as follows (see Table 8.7.3):

**Table 8.7.3 Orientation of Craft Promotion by Region**

Region		Orientation of Craft Promotion
North	Red River Delta	<ul style="list-style-type: none"> <li>• Due to the remarkable concentration of craft villages in this area, where many agricultural households make crafts to augment farm incomes, promote the organization of and collaboration among the villages to realize labor-intensive craft production.</li> <li>• Strengthen cooperation with tourist craft villages by improving accessibility to urban areas and providing adequate information. Promote investment in infrastructure and facilities.</li> <li>• Because this area is lagging behind the south in developing market-oriented commodities, support new product development utilizing the skills in traditional crafts and local raw materials.</li> </ul>
Central	Northern Central and Southern Central Coast	<ul style="list-style-type: none"> <li>• With rich natural resources, establish the area as a raw materials provider. Promote continued quality and skills improvement among the raw materials processing businesses.</li> <li>• Designate craft villages in the cultural conservation areas, such as Hue and Hoi An, as historical tourism destinations. Emphasize craft promotion as part of tourism development.</li> <li>• Promote further joint researches on traditional craft products and cultural/ academic exchanges with foreign countries (coordinate with existing historical/ cultural researchers).</li> </ul>
South	Northeast	<ul style="list-style-type: none"> <li>• Invite craft-related businesses to relocate to the urban and peripheral area of HCMC. Promote export-oriented and internationally competitive craft development such as introduction of new technology and development of new products.</li> </ul>
	Mekong Delta	<ul style="list-style-type: none"> <li>• Promote crafts and agricultural processing businesses by utilizing local raw materials (plants, etc.).</li> <li>• Improve infrastructure and distribution system for crafts from rural areas to reach the urban markets.</li> <li>• Enhance domestic market capacity by selling crafts at local agricultural markets. Incorporate craft promotion into tourism development in rural areas.</li> </ul>

Region		Orientation of Craft Promotion
Mountainous Area	Northeast and Northwest	<ul style="list-style-type: none"> <li>• Since this region is less influenced by, and benefits less from, national economic growth and provincial governments showed low interest in craft promotion, explicitly state craft promotion in provincial development objectives to achieve social development and cultural conservation.</li> <li>• Promote sustainable rural development by placing great emphasis on lifestyle, culture and traditional value of ethnic groups.</li> <li>• Revitalize traditional crafts in areas with good market accessibility and promote ethnic groups to settle there.</li> <li>• Prepare raw materials provision/ processing plan for distribution to other areas as well as for enhancing marketing opportunities as raw materials provider.</li> <li>• Collect provincial crafts from areas with tourism potential to sell or exhibit them.</li> </ul>
	Central highland	<ul style="list-style-type: none"> <li>• Follow the same orientation adopted for the northeast and northwest regions.</li> <li>• With rich natural resources, establish the area as raw materials provider. Promote continued quality and skills improvement among the raw materials processing businesses.</li> </ul>

Source: JICA Study Team

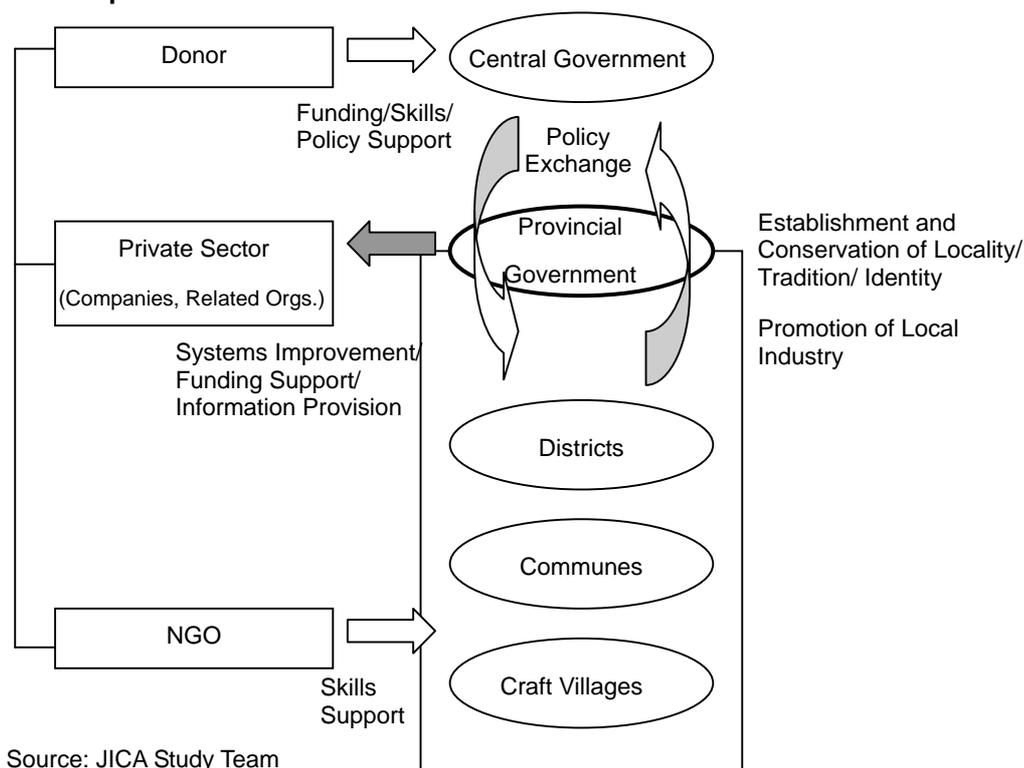
#### 4) Cooperation between Central and Provincial Governments on Craft Promotion

The vision and basic objectives of craft promotion set by the central government are considered a priority by all provinces. However, each province has to formulate its own strategies and action plans to reflect its regional identity and local needs.

For craft promotion, therefore, it will be important for provincial governments in each region to formulate specific policies/systems based on the vision and basic objectives set by the central government. As mentioned earlier, provincial governments are responsible for three basic tasks, namely: (1) to realize the central government's policy to ensure that communes/craft villages benefit (top-down policy flow); (2) to understand the situation and issues faced by communes/craft villages and if necessary, communicate with the central government (bottom-up policy flow); and (3) to enhance the environment and the infrastructure to vitalize private sector initiatives (government-private policy flow). Hence, provincial master plans should be carefully designed to serve as a tool to deliver these three main tasks.

In order to realize the provincial master plans, the methods adopted in the pilot projects in this study can be taken as good examples. That is, first, pilot the plan to realize the objectives of a particular area, then replicate it in other areas. Then, reflect the lessons and issues learnt at the local level on the master plan. Implementation and support of local projects based on the provincial master plan as well as policy support for them by the national master plan will be necessary. This would be the ideal way of cooperation between the central government and provincial governments.

**Figure 8.7.5 Cooperation between Central and Provincial Governments on Craft Promotion**



## 8.8 Monitoring

### 1) Importance of Monitoring

The success in implementing craft development projects likewise hinges on the proper analysis of beneficiaries' needs in the rural areas, coming up with appropriate objectives to meet regional conditions, and the selection of appropriate implementing bodies. In attaining the primary goal, which is the development of the rural areas – through income generation and job creation by way of the development of the craft sector – various issues in other areas such as industrial promotion, cultural and traditional preservation, environmental impact, and education, are also involved and need to be evaluated.

In a sense, all the issues and concerns are interrelated, wherein the development activity in one area has the potential of negatively affecting another area. Furthermore, to effectively implement these thrusts, appropriate institutional systems and policies at the central and provincial governments are necessary; so adjustment and recalibration of various policies at the provincial level is also important.

In this consideration, proper monitoring and evaluation are necessary. Some of the criteria for evaluation are: (a) properly benefiting the craft villages and communes in the rural areas; (b) sustainably producing crafts; and, (c) compliance with the direction of key policies in Vietnam.

## 2) Monitoring Mechanism

Monitoring should be done not only per project or action but also on policy and strategies. Monitoring should be undertaken not only by the implementing body but also by the beneficiaries. This is one of the most important functions of the proposed craft council at central and provincial levels.

## 3) Indicators

Results of the evaluation should be expressed in a set of quantitative and qualitative indicators that can be easily understood and shared by all stakeholders (see Table 8.8.1).

Table 8.8.1 Proposed Evaluation Framework

Evaluation Aspect			Rank <sup>1</sup>	Indicator
Craft Villages/ Communes	1.Traditional, cultural and social development	<ul style="list-style-type: none"> <li>• Traditional value preservation</li> <li>• Sustainable development of craft villages</li> <li>• Gender equality</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Change and transition of craft villages</li> <li>• Judgment by experts</li> <li>• Indicators by gender</li> </ul>
	2.Rural economic development	<ul style="list-style-type: none"> <li>• Modernization/ industrialization</li> <li>• Job creation</li> <li>• Income generation</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Population by sector</li> <li>• Income level</li> <li>• Judgment by experts</li> </ul>
	3.Independence and sustainability of rural areas	<ul style="list-style-type: none"> <li>• Organization/ systematization of production activities</li> <li>• Human resource development</li> <li>• Production of local products</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Activities and conditions of craft-related organizations</li> <li>• Training for craftspeople and managers</li> <li>• Originality of products</li> <li>• Banking process</li> </ul>
Production System and Working Condition Improvement	1.Sustainable production systems	<ul style="list-style-type: none"> <li>• Sustainable supply of raw materials</li> <li>• Improvement in working conditions</li> <li>• Environmental improvement of craft villages</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Condition of raw material supply</li> <li>• Working time and condition</li> <li>• Indicators of environmental pollution</li> </ul>
	2.Marketing promotion	<ul style="list-style-type: none"> <li>• Improvement of production skills</li> <li>• Effective distribution system</li> <li>• Design and intellectual property protection</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Number of coordinators</li> <li>• Design registration</li> <li>• Development of trading/ distribution function</li> </ul>
	3.Relevance of plans	<ul style="list-style-type: none"> <li>• Conformity to beneficiaries' needs</li> <li>• Institutional arrangement for implementation</li> <li>• Capacity of implementation</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Selection of appropriate beneficiaries</li> <li>• Constraints and difficulties in implementation</li> <li>• Capacity of implementing body</li> </ul>
Key Issues in National Development Policies	1.Impact on ethnic minorities	<ul style="list-style-type: none"> <li>• Traditional preservation</li> <li>• Capacity and awareness building</li> <li>• Improvement of living standards</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Number of production groups</li> <li>• Training</li> <li>• Judgment by experts</li> </ul>
	2.Poverty alleviation	<ul style="list-style-type: none"> <li>• Income generation</li> <li>• Capacity and awareness building</li> <li>• Improvement of living standards</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Income level</li> <li>• Poverty rate</li> <li>• Coverage of Infrastructure</li> </ul>

Source: JICA Study Team

1) Each aspect will be rated as follows: highly positive, positive, moderate, negative, and highly negative.

## 9. CONCLUSION AND RECOMMENDATIONS

**Conclusion:** The development of Vietnam's craft sector has been found to be very important, much more important than was thought at the beginning of the Study. The National Craft Mapping Survey revealed that there are more than 2,000 craft villages employing 1.5 million people in rural areas, and that rural households who augment income through craft production are relatively better off. The contribution of the craft sector in export earnings has grown significantly and is expected to increase. Furthermore, craft production and craft villages in Vietnam have a long historical and cultural importance that is of great national value and pride. Thus, in order to gain a comprehensive understanding of the craft sector in Vietnam, it must be looked at from economic, social, cultural and environmental perspectives.

Promotion of traditional crafts in Vietnam must improve livelihoods in rural areas, especially those of the poor, and contribute to economic growth. The sector should therefore help to promote local industries and localities, strengthen the identity of culture and tradition, and expand in a way that is sustainable and friendly to the environment.

The Vietnamese craft sector shows both growth factors and deterrents. While the former includes a shift to the market economy, a growing private sector, an increased demand for traditional cultural items due to improved living conditions, and reassessment of natural materials, the latter includes low awareness of the significance and value of traditional crafts, decline of traditional values, negative impact on the environment, increasingly fierce competition from other Asian countries, lack of capacity for product development and design, and so on.

In order to realize the potential of the craft sector, the Government should, first of all, clarify the sector's vision and policy so that they can be understood and accepted by all stakeholders (who do not have a level playing field nor are equipped with efficient institutions and adequate support measures). When the piece-meal implementation of policies and actions by different ministries and agencies is corrected, the public and the private sectors can share roles and responsibilities and work together to achieve the Government's objectives.

As Vietnam's craft sector developed through the centuries, its sustainable development for the future must also evolve as the fruit of society's combined efforts with a long-term perspective. Therefore, both the comprehensive three-tiered master planning system, and the establishment of craft councils or similar policy adjustment mechanisms at the central, provincial and production area levels, can be specific tools for encouraging craft promotion and development. Points of particular importance are as follows:

### **(1) Role of Government and Coordination among Public Entities**

The basic role of the Government and public entities is to provide a competitive and level playing field for the private sector. Various ministries at the central level, such as MARD, MOI, MONE, MOST, and MOLISA, should take part in sector development and promotion in a coordinated manner. At the local level, provincial authorities should

utilize the policies and measures of line agencies to attend to local issues, implement comprehensive actions, and ensure that target beneficiaries are reached. Therefore it is recommended that a three-tiered (central, provincial and village/commune level) Master Plan be established, as well as Craft Councils at the central and provincial levels, and a craft association at the village/commune level. This will provide basic institutional support for the craft sector upon which the private sector can carry out activities in a much more integrated and effective manner. What is particularly important for the Government is to establish a mechanism, where handicapped areas and the poor can gain adequate support for independence in the process of craft sector promotion. Careful attention must be paid to gender and child labor issues.

## **(2) Preservation and Promotion of Tradition**

Traditional values are a vital core of craft sector development and promotion in Vietnam. Preservation and promotion of traditional values is important for two reasons: first, traditional values are linked to the identity of Vietnamese culture and spirit, and secondly, they are the force that can make Vietnamese crafts competitive in the international market. Tradition and traditional values are not only to be preserved but also promoted through the active use of traditional crafts in the everyday life of the people. Without this social recognition, traditional values will survive only in archives.

## **(3) Vitalization of Production Areas through Promotion of Local Characteristics**

As the craft sector grows and the market matures, competition among craft villages or production areas will become stiff. To prepare them for an increasingly competitive environment, there is an urgent need for many craft villages and production areas to establish a sustainable mechanism by which households and enterprises can continuously be engaged in craft production to improve their livelihoods. For this, they are required to find their own strategy to distinguish themselves in the market such as the “one village one product” strategy currently practiced in a number of countries like Japan and Thailand.

## **(4) Active Participation of Private Sector and NGOs**

The importance of the private sector in craft sector development and promotion cannot be overemphasized. The private sector is the producer and end-user that plays various catalytic roles in the process of craft production and transaction. The type and level of inputs by the private sector, such as technology and equipment, production skills, management, and marketing determine the quality and competitiveness of the end products. If a level playing field is provided, the private sector moves into any area where there is demand and business opportunity. Government policy should therefore be further directed toward improving the investment environment to draw more active participation from the private sector.

It should be noted that there are areas in Vietnam that may remain disadvantaged for some time, such as the mountainous areas where the private sector hesitates to invest. For these areas, the public sector should step up their support in collaboration with NGOs and donors who have helped develop and promote the areas' crafts.

## **(5) Commitment to a Long-term Agenda**

Preservation of traditional values and the natural environment, in addition to enhancement of the social environment, are prerequisites for sustainable craft sector development. They require the long-term commitment of the Government and the society. The Government must take the lead in collaboration with the business sector and academe to enhance people's awareness and increase their cooperation, as well as to establish linkages with other Asian countries that provide raw materials, markets for end products, and share similar craft issues.

The proposed key actions to be initiated by all levels of government include the following:

- Determine the institutional framework that can attend to the craft sector comprehensively (e.g. three-tiered master planning system and craft councils at central and provincial levels) and submit the same for approval by higher authorities.
- Consolidate and streamline existing policies and projects on crafts for review and monitoring by the craft council.
- Consult with key players from the public sector, such as relevant ministries, public entities, provincial authorities, as well as private sector associations, NGOs, and donors for detailed planning and systematic implementation of proposed actions.
- Through appropriate media and constant updating of the craft website, disseminate outputs and lessons learned from the Study in order to enhance the public's awareness of the significance of traditional crafts in Vietnam

**Recommendation:** Aspects that are important and fundamental to a sustainable Vietnamese craft sector development are recommended below:

- (a) Establishment of administrative framework for craft promotion:** Institutionalize the proposed three-tiered master planning system and the craft council, and establish an administrative framework for the craft sector. This will provide a foundation for taking comprehensive measures with a long-term perspective. Effective coordination among both domestic and foreign stakeholders will be encouraged; thus, various technological and financial support will be easily available with effective operating systems. Since the central government plays an important role in Vietnam, it has to take concrete measures for guiding provinces nationwide and supporting their technology and financing. Therefore, a 'Craft Sector Development Fund' will be established nationwide to concretely support actions at the provincial levels.
- (b) Establishment of sustainable craft development model at provincial level:** It became clear that provinces play a core role in craft sector development. However, both policy framework at the local level and a mechanism for an effective craft sector promotion have not clearly identified yet. A certain amount of outcome was obtained by preparing the provincial craft master plans. However, it was found out

anew that establishing a policy framework and its delivery system at the provincial level is very important. Therefore, a new model province needs to be selected to implement comprehensive measures in formulating the master plan, establishing framework or institutions, and implementing projects. Various concrete support measures in plan preparation and association setup at the provincial level must also be taken.

- (c) **Materialization and implementation of action data sheet:** Ninety (90) actions, which directly cover the promotion and the development of Vietnam's craft sector, were proposed in this Study. However, these actions do not cover the issues adequately enough; therefore, actions that are regarded as high priority should be implemented first. The extensive participation of stakeholders, such as donors, NGOs, and the private sector, will be necessary.

The "Declaration on Vietnamese Craft Sector Promotion" that was adopted in the final Steering Committee and seminar is as follows (see Figure 9.1.1);

**Figure 9.1.1 Declaration on Vietnamese Craft Sector Promotion**

- Vietnam's traditional crafts are deeply rooted in Vietnamese culture, religion, economy, and environment, and constitute an important sector that sustains the identity and originality of Vietnamese society.
- Vietnamese crafts significantly contribute to income generation and poverty reduction in rural and mountainous areas. At the same time, their production areas (craft villages) are culturally rich communities that are an attraction for visitors. However, problems such as loss of traditional values, lack of traditional craft successors, lack of raw materials, etc. are becoming serious as modernization and the market economy progress.
- Competitiveness of Vietnamese crafts in the international market is getting stronger and exports are growing rapidly through organized production systems in large cities and suburban areas. While it is apparent that Vietnamese craft is contributing to economic growth, it is feared that traditional values are vanishing and there are no guarantees for their sustainability.
- The future of Vietnamese traditional crafts depends on how their competitiveness in domestic and international markets can be enhanced, while retaining their traditional values and originality as well as addressing major issues like increasing income of craft producers working in difficult areas, improvement of working conditions and environmental protection in production areas.
- Establishment of a collaborative mechanism among all parties concerned including central government, local authorities, village communes, craftspersons, private sector enterprises, donors, and NGOs is critical to a sustainable sector development. Also critical is a social commitment to "preserve tradition in a living environment" by integrating the use of traditional crafts into the new lifestyles of a changing society.

## **Part II**

### **Action Datasheets**

Action Plan		A11: Creation of Guidelines for Research and Documentation of Traditional Crafts		
Background, Objective & Outline		<p>In order to recognize the traditional value of crafts, an objective assessment by outside evaluators is necessary in addition to the intrinsic viewpoint of the particular region. Such an evaluation system does not exist under current conditions.</p> <p>The objective of the action plan is to create a manual on research and documentation methods for researchers as well as the craft villages. The manual will be useful in identifying the traditional values of the craft sector.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft villages, craft producers.</li> <li>• Will be used as a common manual for the promotion of documentation activities of the craft villages.</li> <li>• Raise the awareness on Vietnamese traditional crafts among domestic and international academic and research institutions.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOCI</li> <li>• Implementing agencies: DOCI, Folk Art Association, VME, research institutes.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Create a scheme for the craft villages to generate a local brand showing the regional and traditional uniqueness of the crafts.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Establish research and documentation methodology.</li> <li>• Create guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement the methodology in model areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Collect data nationwide and create database.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force (MOCI, DOCI, Folk Art Association, VME, NPOs).</li> <li>• Government budget: MOCI.</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Guidelines for researching traditional crafts and their documentation.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Domestic/international NPOs.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A12: Conservation and documentation of traditional values in the craft villages.</li> <li>• A13: Presentation of traditional crafts' documentation outputs.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Case studies of the PP3: Preservation of traditional values of artisan crafts.</li> <li>• Studies on crafts and craft villages by the Folk Art Association.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Consideration of the Photovoice method.</li> </ul>		

Action Plan		A12: Conservation and Documentation of Traditional Values of Craft Villages			
Background, Objective & Outline		<p>Craft villages need to be studied both from within and from the outside on the available traditional resources of the craft villages. However, studies have often lacked spontaneous insider viewpoints.</p> <p>The objective of the action plan is to work on the conservation and documentation of traditional values through the initiative of the craft villages themselves with technical assistance from specialists.</p>			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft villages, traditional-culture researchers.</li> <li>• Accumulated records on Vietnamese traditional craft villages as part of the official archives.</li> <li>• Increased awareness of traditional values among villagers.</li> <li>• High interest in Vietnamese traditional crafts among domestic/international academic and research institutes.</li> <li>• Application to craft products development strategy.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOCI</li> <li>• Implementing agencies: DOCI, Folk Art Association, VME, educational institutes.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Craft villages that meet the selection criteria shall be targeted.</li> <li>• The provincial government shall be in charge and provide guidance on the basis of the created guidelines.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Create guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Implement guidelines and methodology in model areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Collect data nationwide and create database.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Task force: MOCI, DOCI, Folk Art Association, VME, NPOs..</li> <li>• Government budget: MOCI</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Records on the values of the craft villages (documentations, photos, etc.).</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Domestic as well as international NPOs.</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A11: Creation of guidelines for research and documentation of traditional crafts.</li> <li>• A13: Presentation of traditional crafts' documentation outcomes.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>• Case studies of PP3: Preservation of traditional values of artisan crafts.</li> <li>• Studies on crafts and craft villages by Folk Art Association.</li> </ul>			
Other Considerations		<ul style="list-style-type: none"> <li>• Consideration of the Photovoice method.</li> <li>• Participation in and assistance to the study by concerned local craft parties.</li> </ul>			

Action Plan		A13: Presentation of Traditional Crafts' Documentation Outcomes (at provincial and central levels)		
Background, Objective & Outline		<p>While records collection on the craft villages and traditional crafts is vital, utilizing the outcomes is equally important.</p> <p>The objective of the action plan is to conduct periodic presentations to both provincial and central governments as one of the utilization methods.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft villages, producers, distributors, consumers.</li> <li>• Use as venue for information collection for and presentation to domestic/international academic and research institutes.</li> <li>• Periodic disclosure of archives at home and abroad.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOCI</li> <li>• Implementing agencies: MOCI, DOCI, Folk Art Association, VME, Art and Culture Exhibition Center.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Creation of a presentation opportunity where craft villages can participate with their initiatives.</li> <li>• Task force (VME) shall take a supporting role.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Create guidelines and manual.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement methodology in model areas.</li> <li>• Conduct presentations (Hanoi, HCMC).</li> </ul>	<ul style="list-style-type: none"> <li>• Fine-tune craft village study based on feedbacks gathered from the presentations.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Study and presentation team where craft villages participate through their initiatives.</li> <li>• Government budget: MOCI.</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Exhibition and presentation of traditional crafts and archives.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Domestic as well as international NPOs.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A11: Creation of guidelines for research and documentation of traditional crafts.</li> <li>• A12: Conservation and documentation of traditional values in craft villages.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Case studies of PP3: Preservation of traditional values of the artisan crafts.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Design a presentation method that will encourage spontaneous comments from the craft villagers themselves.</li> </ul>		

Action Plan		A21: Establishment of Craft Museums		
Background, Objective & Outline		<p>Although Vietnamese traditional crafts have a long history, there is no museum established solely for them. A number of existing museums display some craft products, but this is not enough to fully introduce the entire range and history of traditional crafts.</p> <p>The objective of this action plan is to establish a craft museum solely dedicated to traditional crafts, their history, production tools, techniques, typical products, the craft villages all over the country, etc.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Domestic and overseas researchers, government, craftspersons, the entire society, especially the young generation, tourists etc.</li> <li>• Understanding of the tradition and history of traditional crafts in Vietnam.</li> <li>• Collection of valuable craft products.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOCI (central level) or Ha Tay PC (provincial level).</li> <li>• Implementing agency: Department of Heritage (MOCI), DOCI, research institutes, craft villages.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Identification of management agencies for local craft museums.</li> <li>• Formulation of a project for organization, contents, conditions of exhibition and collection of products, information system, human resources, equipment, funding, operation, etc.</li> <li>• Establishment of relationship with craft villages and other museums.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Identify management agencies for museums.</li> <li>• Formulate museum project.</li> <li>• Exchange with domestic/ overseas museums.</li> <li>• Source funds.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare physical infrastructure.</li> <li>• Train human resources.</li> <li>• Site surveys, collection list.</li> <li>• Establish relationship with craft villages and research institutes.</li> </ul>	<ul style="list-style-type: none"> <li>• Collect and exhibit craft products.</li> <li>• Advertise campaigns on crafts.</li> <li>• Exchange with domestic and overseas museums.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Formulation of task force composed of management agency, experts.</li> <li>• Formulation of consultant team (managers, museum curators, researchers, trainers, etc.).</li> <li>• Budget: government, donors.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Craft museums to exhibit craft products from all ethnic minorities: items, photos, publications, video and live performance by master artisans.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Overseas specialists (staff of museums, research institutes, craft centers, etc.).</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A11: Creation of guidelines for research and documentation of traditional crafts.</li> <li>• A12: Conservation and documentation of traditional values in craft villages.</li> <li>• A42: Collection and exhibition of master artisans' works.</li> <li>• A52: Collection, exhibition and preservation of traditional craft products.</li> <li>• A53: Promotion of traditional crafts.</li> <li>• F21: Regular updating of craft website.</li> </ul>		
Reference		Japanese experiences.		
Other Considerations				

Action Plan		A22: Improvement of Conservation and Exhibition Methods for Crafts of Existing Museums		
Background, Objective & Outline		<p>Permanent exhibitions in local museums are common and their display methods are unchanged. No improvements are made in the displays and research activities due to the lack of curators. A more logical display of local crafts and well-laid out exhibitions for visitors and researchers would enable museums to function as conservation and information centers for crafts in each region.</p> <p>The objective of this action plan is to improve the conservation and exhibition methods for crafts and includes restoration techniques, curator training, promotion of crafts, and promotion of craft exhibition at existing museums.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Museums, provinces, domestic/overseas researchers and research institutes, whole communities, tourists.</li> <li>• Training of curators and strengthening of their skills.</li> <li>• Regional cultural conservation activities with a central focus on museums.</li> <li>• Increase in the number of tourists.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOCI.</li> <li>• Implementing agency: DOCI.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Based on the findings of action plan A21, identify selection criteria and select one museum from each region (northern, central and southern regions as well as northern mountainous areas).</li> <li>• Museums with high development potential in provinces with many traditional crafts, and where tourism and regional promotion may be anticipated from craft exhibitions.</li> <li>• Utilize overseas technical assistance as part of cultural exchange activities.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• (Implementation of A21).</li> <li>• Study possibility of external assistance (technical and financial assistances).</li> <li>• Establish task force.</li> <li>• Formulate selection criteria.</li> <li>• Preliminarily survey potential museum beneficiaries.</li> </ul>	<ul style="list-style-type: none"> <li>• Dispatch task force to museums.</li> <li>• Provide technical assistance by specialists (short and long term).</li> <li>• Draw up museum reform plan.</li> <li>• Draw up exhibition and research plan.</li> <li>• Draw up plans for 10 museums by end 2006.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement repair work.</li> <li>• Continue manpower dispatch and conduct curators' training courses.</li> <li>• Monitor exhibition status.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force (comprising concerned domestic/overseas museum staff, researchers, etc.).</li> <li>• Necessary equipment for exhibition in museums.</li> <li>• Government budget: MOCI donors and foundations' assistance.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Improvement of exhibition rooms at existing museums.</li> <li>• Creation of museum guidebook and website at existing museums.</li> <li>• Drawing up of museum improvement plan, exhibition and research study plan.</li> </ul>		
External Assistance	<ul style="list-style-type: none"> <li>• Dispatch of specialists to local museums (museum staff, researchers, etc.).</li> <li>• Technical and financial assistance by overseas educational and cultural promotion agencies.</li> </ul>			
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• A52: Collection, exhibition and preservation of traditional products.</li> </ul>			
Reference	<ul style="list-style-type: none"> <li>• Various events and craft production demonstrations by ethnic minorities.</li> <li>• Exhibition and operating methods of overseas museums (using video, displaying production process, operation of museum shops).</li> </ul>			
Other Considerations	<ul style="list-style-type: none"> <li>• Japanese research institutes with broad experience are: National Museum of Ethnology in Japan (dispatch of researchers), National Research Institute for Cultural Properties, Tokyo (preservation of intangible cultural asset), The Japan Foundation, (restoration techniques), Toyota Foundation (research activities), etc.</li> </ul>			

Action Plan		A23: Networking among Museums on Traditional Crafts			
Background, Objective & Outline		<p>There are no opportunities for local museums to exchange information or interact with each other since they are spread all over the country. In order to develop curators and facilitate collection and research in each museum, the development of a nationwide museum network and places for information exchange and direct interaction is needed.</p> <p>The objectives of this action plan are to establish a network that can provide information on museums nationwide and facilitate information exchange and joint studies.</p>			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Provinces/Vietnam society, domestic/overseas researchers and research institutes.</li> <li>• Revitalization of traditional craft collection activities with a central focus on museums.</li> <li>• Promotion of joint studies and direct interaction among curators.</li> <li>• Establishment of network with overseas research institutes.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOCI.</li> <li>• Implementing agencies: MOCI, DOCI.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• The central government shall provide opportunities for direct interactions including information disclosure through website, forums and workshops, etc.</li> <li>• The promotion of exchanges (events, exchange programs, etc.) with overseas museums.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• (Implementation of A21 and A22).</li> <li>• Establish task force.</li> <li>• Develop museum website.</li> <li>• Establish forum secretariat.</li> </ul>	<ul style="list-style-type: none"> <li>• Hold forums among museums in all provinces.</li> <li>• Present researches by overseas organizations approximately 3 times a year.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain and manage website.</li> <li>• Hold regular forums.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Formulation of task force (VME, research institutes) and forum secretariat (within the task force).</li> <li>• Facilities for events and crafts/information displays.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Information on traditional crafts (website) and manpower exchanges (forums, etc.).</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Financial and technical assistance by domestic and overseas educational and cultural promotion agencies.</li> <li>• Government budget: MOCI, assistance from donors and foundations.</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A31: Establishment of a Traditional Craft Society.</li> <li>• A53: Promotion of traditional crafts.</li> <li>• F21: Regular updating of craft website.</li> </ul>			
Reference					
Other Considerations		<ul style="list-style-type: none"> <li>• An organization and facilities to centralize collected samples of and data on traditional crafts are necessary.</li> <li>• To promote research and study, the participation of domestic/overseas educational institutions is necessary.</li> </ul>			

Action Plan		A31: Establishment of a Traditional Craft Society		
Background, Objective & Outline		<p>Conservation activities on Vietnamese traditional crafts carried out by research institutes, specialists, etc. are diverse, and their outcomes are not integrated as academic information resources. Research activities on crafts from the cultural and historical viewpoints have not progressed due to limited institutional and financial assistance to researchers.</p> <p>The objective of this action plan is to establish a Traditional Crafts Society, identify its activities and establish its organizational structure. The Society will be the chief research body on Vietnamese traditional crafts.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Domestic and international researchers and academic institutions, master artisans, all levels of government in Vietnam.</li> <li>• Strengthening of administrative functions for the conservation and promotion of Vietnam's traditional crafts.</li> <li>• Promotion of exchanges among domestic/international researchers and research institutes.</li> <li>• Promotion of field surveys and joint researches with overseas researchers and research institutes, and accumulation of academic researches/studies.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: Art Association Union or Science Association Union.</li> <li>• Implementing agencies: VME, DOCI.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Establish the Society either under the Craft Promotion Council as an affiliate organization, or as a non-government independent agency.</li> <li>• The Society will include government agencies (e.g. MOCI, etc.), museums, research institutes, individuals, private enterprises, and donors as members.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Establish a Traditional Craft Society.</li> <li>• Establish a task force.</li> </ul>	<ul style="list-style-type: none"> <li>• Hold conferences (presentation of outcomes from researches/studies).</li> <li>• Participate overseas studies.</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in overseas studies and present outcomes.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force (researchers from the central government agencies like VME, research institutes, universities, etc.).</li> <li>• Society's operating expenses (office operating cost, cost for conferences, research fund, funds for equipment, like computers, and information/materials).</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Establishment of a Traditional Craft Society.</li> <li>• Carrying out of periodic conferences of the Society.</li> </ul>		
External Assistance	<ul style="list-style-type: none"> <li>• Dispatch of specialists (museum staff, researchers, etc.).</li> <li>• Technical and financial assistance by overseas educational and cultural promotion agency (e.g. UNESCO, etc.).</li> <li>• Government budget: MOCI, assistance from donors and foundations.</li> </ul>			
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• F11: Establishment of a National Craft Council.</li> </ul>			
Reference				
Other Considerations				

Action Plan		A32: Networking among Research Institutes		
Background, Objective & Outline		<p>Craft sector issues are broad. Vietnamese craft promotion issues in particular need to be studied and evaluated in various aspects such as their socio-economic impacts, assessment of traditional and cultural values, etc.</p> <p>The objective of this action plan is to establish a network of researchers and research institutes, including a listing of domestic and international research institutes covering other fields such as culture, information, industries, etc. while disseminating information on Vietnamese crafts.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: Domestic/international researchers and research institutes, Vietnamese government.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Jurisdiction: MOI</li> <li>Implementing agency: DOI</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>Linkage between government agencies and private sector.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>Establish a task force.</li> <li>List domestic/international craft research institutes and researches.</li> </ul>	<ul style="list-style-type: none"> <li>Participate in overseas studies.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>Task force: research institutes, universities, researchers from central government like VME, etc.</li> <li>Study expenses (for equipment, such as computers, and information/materials).</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>List of domestic/international craft research institutes and researches.</li> <li>Network among research institutes.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>Dispatch of specialists (museum staff, researchers, etc.).</li> <li>Technical and financial assistance by overseas educational and cultural promotion agency.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>A23: Networking among museums on traditional crafts.</li> <li>A31: Establishment of a Traditional Craft Society.</li> <li>A33: Listing of topics for researches and studies.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li></li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>Can be conducted as one of the activities of the Traditional Craft Society.</li> </ul>		

Action Plan		A33: Listing of Topics for Researches and Studies		
Background, Objective & Outline		<p>A number of researches on Vietnamese crafts are conducted by various implementing agencies. Topics, however, do not necessarily match the needs of target areas and researchers often lack links with craft production areas.</p> <p>The objective of this action plan is to list possible topics to guide domestic and international research institutes and researchers in conducting researches.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Local and international researchers, producers, craft villages.</li> <li>• Promotion of joint researches with domestic and international research institutes taking the lead based on the created list.</li> <li>• Accumulation of outputs of academic researches or studies on Vietnamese crafts.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI.</li> <li>• Implementing agency: DOI.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Anticipated fields of study are culture, technique, design, industrial economy, environment, policy, etc.</li> <li>• Furthering practical and modern research activities by obtaining private sponsors for each research topic.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Review outcomes of existing researches on craft sector.</li> <li>• For each government ministry and agency, list research topics in related fields by .</li> </ul>	<ul style="list-style-type: none"> <li>• Provide overseas study for researchers and concerned government officials.</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force: research institutes, universities, researchers from central government like VME, etc.</li> <li>• Study expenses (for equipment, such as computers, and information/materials).</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• List of research topics related to Vietnamese crafts.</li> <li>• Report on the study of Vietnamese crafts by topic.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Dispatch of specialists.</li> </ul>		
Linkage with Other Actions				
Reference		<ul style="list-style-type: none"> <li>• Activities of industrial laboratories and industrial-technical centers in Japan (Arts and Crafts Institute in Okinawa Prefecture).</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Register scientific researches with MOST to get assistance.</li> </ul>		

Action Plan		A41: Revitalization of Master Artisan System		
Background, Objective & Outline		<p>In response to PM Decision No. 132, the MARD, the MOLISA and the MOCI are supposed to manage the master artisan system<sup>1)</sup>; however, this remains dysfunctional with no organized committees. Moreover, due to a lack of uniform and practical criteria, the craft villages and the provincial PCs accredit master artisans using their own criteria. Promoting assistance for master artisans' activities is important in conserving traditional crafts through the establishment of accreditation and support systems.</p> <p>The objective of this action plan is to allow the transfer to younger generation of craftsmen the unique production skills and techniques of the artisans by reforming and revitalizing the master artisan system.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Domestic/International researchers, academic research institutes, master artisans, Vietnamese governments.</li> <li>• Clarification of qualifications for the master artisan accreditation.</li> <li>• Revitalization of production activities through master artisan support.</li> <li>• Promotion of traditional crafts conservation with master artisans playing a central role.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOCI.</li> <li>• Implementation agencies: Provincial PC, DOCI, VCA.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Through the accreditation of master artisans, improve social standing, facilitate production of traditional craft products and pass down traditional techniques, and provide concrete financial and institutional support.</li> <li>• Types of assistance include financial support for the production of traditional crafts (funds for raw materials, equipment, etc.), government agencies' understanding of the objectives of conservation, assistance in technology transfer for the future generation, etc.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Review master artisan selection criteria and assistance system.</li> <li>• Identify accreditation body.</li> </ul>	<ul style="list-style-type: none"> <li>• Review master artisan support measures at the provincial level.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Government budget: MOCI, assistance from donors and foundations.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Establishment of a Master Artisans' Club under the craft associations.</li> <li>• Periodic conference of the Traditional Crafts Society.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Dispatch of specialists (concerned government officials, museum staff, researchers, etc.).</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• F11: Establishment of a National Craft Council.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Master artisan system formulated by Hanoi PC.</li> <li>• "Certification of Traditional Master Craftspersons" in Japan.<sup>2)</sup></li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• It is desired that nomination and support activities be managed by the Crafts Council and certification is accredited under the name of the MOCI.</li> </ul>		

1) MARD, MOLISA, MOCI, "Joint Circular on Guiding the Criteria and Procedures on the Assessment for Recognition of Master Artisan Title and Some Policies about the Master Artisan", 30 May 2002

2) In Japan, based on the "law concerning the promotion of traditional craft industries", the Association for the Promotion of Traditional Craft Industries issues the Certification of Traditional Master Craftsperson as one of the projects to secure and develop human resources. Examinations are administered to technicians/craftspersons with a minimum of 12 years' experience. Qualifiers receive the title of "Traditional Master Craftsperson" and certificates are issued, signed by the Chairman of the association.

Action Plan		A42: Collection and Exhibition of Master Artisans' Works		
Background, Objective & Outline		<p>A great number of works produced by master artisans are high in artistic and traditional merit and show advanced handicraft techniques. Marketing such products is difficult in both the domestic and international markets because of their high prices. They are also difficult to use in daily activities. Many master artisans are aging. Collection and conservation of their works at the regional and national levels are necessary and their traditional values should be passed on to future generations both in and outside of Vietnam.</p> <p>The objectives of this action plan are to collect and exhibit works of master artisans and promote assistance for their production activities.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Master artisans, craft producers, craft villages, provincial governments, entire Vietnam.</li> <li>• Provision of opportunities to show the products of master artisans to the public.</li> <li>• Increase of understanding of traditional values of Vietnamese crafts among the public.</li> <li>• Continuation of master artisans' production of traditional crafts and conservation of their techniques.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOCI</li> <li>• Implementing agencies: VME, arts museums, DOCI, provincial PC, VCA.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• To collect the works of master artisans, purchase at the provincial level, exhibit at local museums, donate to educational institutions and research institutes, etc.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Implement the Revitalization of Master Artisan System (A41).</li> <li>• Collect master artisans' works at the provincial level.</li> </ul>	<ul style="list-style-type: none"> <li>• Include in the Improvement of Conservation and Exhibition Methods of Existing Museums (A22).</li> <li>• Document craft items.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Task force (comprising research institutes, universities, museum researchers from the central government like VME, etc).</li> <li>• Funds to buy crafts.</li> <li>• Exhibition space for collected works.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Comprehensive list of master artisans' crafts.</li> <li>• Exhibition of master artisans' works at museums and other places.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Assistance from donors and foundations.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A12: Conservation and documentation of traditional values of craft villages.</li> <li>• A22: Improvement of conservation and exhibition methods for crafts of existing museums.</li> <li>• A41: Revitalization of master artisan system.</li> <li>• A43: Craft promotion assistance to master artisans.</li> <li>• A52: Collection, exhibition and preservation of traditional products.</li> </ul>		
Reference				
Other Considerations		<ul style="list-style-type: none"> <li>• It is necessary to secure storage space for the works of master artisans at both the provincial and central levels.</li> </ul>		

Action Plan		A43: Craft Promotion Assistance to Master Artisans			
Background, Objective & Outline		<p>A number of researches on Vietnamese crafts are conducted by various implementing agencies. Topics, however, do not necessarily match the needs of target areas and researchers often lack links with craft production areas.</p> <p>The objectives of this action plan are: (1) to create opportunities so that the public can be exposed to the works of master artisans and their techniques in order to enhance the public's understanding of the importance of traditional techniques, and (2) to increase the value of traditional crafts through exchanges with master artisans both inside and outside of the region.</p>			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Master artisans, producers, craft villages, society.</li> <li>• Craft promotion activities with the participation of master artisans.</li> <li>• Increased social acceptance of the importance of traditional techniques and traditional values.</li> <li>• Craft educational activities for children through linkages with educational institutes and promotion of cultural conservation activities through linkages with museums.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOCI.</li> <li>• Implementing agency: DOCI, Provincial VCA</li> </ul>			
	Key Strategy				
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Conduct national master artisans' traditional craft exhibition.</li> <li>• Establish succession planning system</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct technical training and exchange program</li> <li>• Dispatch Master Artisans to elementary schools</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct international exchange program of Master Artisans</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Master Artisan Club of VCA</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Exchanges with master artisans (product demonstration, exhibition and sale).</li> </ul>			
External Assistance					
Linkage with Other Actions					
Reference		<ul style="list-style-type: none"> <li>• Japan National Craft Festival</li> </ul>			
Other Considerations					

Action Plan		A51: Establishment of System for Conferring Title of Traditional Craft			
Background, Objective & Outline		<p>Traditional crafts need to be preserved as national cultural assets. At the same time, they need to be made disseminated and evaluated by a large number of people. Product development and market cultivation of traditional crafts as local brands by each production region is also important.</p> <p>The objectives of this action plan are to establish a system for the conferment of the title of traditional craft and to formulate conservation measures from the national viewpoint of conserving traditional values as well as from the local viewpoint of promoting local industries.</p>			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft producers, master artisans, provincial governments, central government.</li> <li>• Nationwide promotion of conservation of craft products with traditional values and are rare.</li> <li>• Enhancement of added values of craft products as local brands.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI.</li> <li>• Implementing agency: DOI.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Establishment of a committee at the national level to select traditional crafts and a study group consisting of specialists to conduct studies on traditional crafts and develop proposals.</li> <li>• The DOI of each province shall be in charge of necessary investigations and paperwork and shall submit documents to the committee.</li> <li>• The provincial governments shall also promote craft items that are not qualified as traditional crafts but which have outstanding qualities.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Establish a traditional craft conferment committee and study group.</li> <li>• Define traditional crafts and criteria (at the national level and levels).</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct first conferment of title of traditional craft.</li> <li>• Confer title to approximately 10 to 30 items per year.</li> <li>• Confer title to 100 items by 2010.</li> <li>• Confer title to 10 items per year at the provincial level.</li> </ul>	<ul style="list-style-type: none"> <li>• Make qualification review by study group (every 3 years).</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Traditional craft conferment committee (central government level).</li> <li>• Traditional craft conferment system study group (approximately 10 people from the private sector and research institutes).</li> <li>• Government budget: MOI.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Vietnamese traditional crafts conferment system.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Dispatch of specialists (local government, concerned craft agencies, etc.).</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B43: Issuance of special accreditation mark to qualified crafts.</li> <li>• C23: Development of production areas as local brands.</li> <li>• D23: Preservation of traditional crafts.</li> <li>• F11: Establishment of a National Crafts Promotion Council.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>• In Japan, the title of traditional craft is conferred according to the laws on the promotion of traditional craft industries<sup>1)</sup>, as well as on the respective criteria of each local government in promoting local industries.</li> </ul>			
Other Considerations		<ul style="list-style-type: none"> <li>• The committee shall consist of the MOI as lead agency (local industrial promotion) with the MOCI (cultural conservation), the MARD (rural development) and the MoTrade (export promotion). Once the National Craft Council is established, the conferment committee would be placed under the Council.</li> <li>• The study group shall consist of a wide range of specialists from the private sector and research institutes to review the conferment system from a broader perspective.<sup>2)</sup></li> </ul>			

1) The five conditions of traditional craft stipulated in the law on the promotion of traditional craft industries are: (1) goods are for daily use, (2) mainly produced by hand, (3) manufactured using traditional technology/technique, (4) use of traditional materials, and (5) formation of local production areas (more than 10 enterprises or more than 30 people are engaged in production).

2) In Japan, a study group was established to review the traditional crafts conferment system because of the perceived decline in traditional craft industries due to the changing times. The study group consists of university professors, local government (prefecture staff, village chief), the dean of crafts union, market research companies, designers, and producers. The group regularly meets and discusses matters for a year.

Action Plan		A52: Collection, Exhibition and Preservation of Traditional Crafts			
Background, Objective & Outline		There exist no facilities or resources showcasing traditional crafts that need conservation and promotion. To promote crafts that have been accepted as traditional crafts, they must be exposed to a great number of people. The Vietnamese people's understanding of their crafts also needs to be deepened. The objectives of this action plan are to collect samples of accepted traditional crafts to expand the conservation effort nationwide, and to enhance conservation techniques.			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft producers, all government levels, tourists.</li> <li>• Centralization of information on traditional crafts.</li> <li>• Higher level of understanding of and education about crafts among the Vietnamese.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI.</li> <li>• Implementing agencies: DOI, DOCI, local museums, craft associations.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Confer title of traditional craft at the national level by the conferment committee, and then the DOI of each province shall be in charge of public announcement, catalog, exhibition, etc.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• (A51 Establishment of System of Conferring Title of Traditional Craft).</li> <li>• Collect designated traditional crafts by province (donation or purchase).</li> <li>• Create educational video materials on representative crafts (approximately 5 products).</li> </ul>	<ul style="list-style-type: none"> <li>• Publicize designated traditional crafts<sup>1)</sup>.</li> <li>• List designated crafts.</li> <li>• Exhibit designated crafts at the provincial level, at local museums, community center, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a Vietnamese Craft Exhibition Pavilion (Hanoi or HCMC).</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Provincial government traditional crafts task force (DOI, DOCI, district PC, local museums).</li> <li>• Funds for collecting designated crafts (purchase, transportation cost, labor cost).</li> <li>• Funds for producing video.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Vietnam traditional crafts catalogue.</li> <li>• Vietnam traditional crafts, video.</li> <li>• Periodic exhibitions on Vietnam's traditional crafts.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Dispatch of specialists (museum staff, researchers, etc.).</li> <li>•</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A12: Conservation and documentation of traditional values in craft villages.</li> <li>• A42: Collection and exhibition of master artisans' works.</li> </ul>			
Reference					
Other Considerations		<ul style="list-style-type: none"> <li>• Space for exhibitions shall be required at the provincial and central levels (construct new facilities or use existing facilities).</li> </ul>			

(1) In Japan, once the product is designated as a traditional craft by the Minister of Economy, Trade and Industry, the following 4 aspects are announced; (1) name of traditional craft, (2) traditional techniques or technique detail, (3) raw materials, and (4) production region.

Action Plan		A53: Promotion of Traditional Crafts		
Background, Objective & Outline		<p>The use of traditional crafts in the daily life of the Vietnamese is decreasing. Its citizens also have lesser opportunities to understand and appreciate the values of the traditional crafts. Although the traditional crafts enjoy steady popularity due to their competitive prices and quality, their traditional values should be passed down properly to help secure and sustain stable markets.</p> <p>The objective of this action plan is to conduct PR campaigns in collaboration with government and related organizations to disseminate information and values of traditional crafts in and outside of Vietnam.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Vietnamese society.</li> <li>• Raising recognition of traditional crafts among the people and promotion of conservation activities in production regions.</li> <li>• Exposure to overseas activities by participating in overseas conservation and research activities.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI, MoTrade.</li> <li>• Implementing agency: DOI.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Conduct domestic and international promotion campaign according to target areas.</li> <li>• Primary domestic campaign should focus on furthering appreciation of the traditional crafts and their reorientation into the people's daily existence (e.g. educational materials for pupils, craft-related TV programs, and events like craft exhibitions and fairs, etc.).</li> <li>• Hold Vietnam craft festival either in Hanoi or HCMC. Gather selected craft villages from all over the country (e.g. one village per province, etc.) for exhibition, sales and demonstration, etc.</li> <li>• International campaign should be designed to promote export and market cultivation. Promote participation in overseas fairs and exhibitions.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Conduct periodic Vietnam craft competition.</li> <li>• Establish craft promotion events office.</li> </ul>	<ul style="list-style-type: none"> <li>• Hold Vietnam craft festival (annual event).</li> <li>• Exchange with traditional craftspeople from overseas.</li> </ul>	<ul style="list-style-type: none"> <li>• Hold Vietnam craft fair in foreign countries.</li> <li>• Hold periodic competitions and festivals.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Craft promotion events office.</li> <li>• Funds for event (site fee, operation cost, labor cost).</li> <li>• Funds for making educational materials, production cost for TV programs.</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Vietnamese traditional craft-related events.</li> <li>• Vietnamese traditional craft-related educational materials and TV programs.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Donor (Joint fair with Japan).</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A13: Presentation of traditional craft documentation outcomes (at provincial and central levels).</li> <li>• B32: Increase in motivation of craft skills advancement.</li> <li>• B51: Participation assistance in local and international fairs and exhibitions.</li> <li>• C23: Development of production areas as local brands.</li> <li>• E23: Networking among craft promotion organizations.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• The Japan Traditional Crafts Exhibition is held annually in Tokyo. Both designated and non-designated traditional crafts are displayed and sold. Demonstrations, new products, repair services, and events are conducted.</li> </ul>		
Other Considerations				

Action Plan		B11: Creation of Design Curricula for Existing Educational Institutes		
Background, Objective & Outline		Emphasis is placed on technical aspects of design and practical training, applicable business concepts are absent in the curricula of design education. Objective of the action plan is to link education and design business through the development of a design management curriculum for universities and vocational schools.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Design students, designers, business managers.</li> <li>• Acquisition of practical capacities which are applicable in actual design business scenes.</li> <li>• Acquisition of design management skills for business managers.</li> <li>• Dissemination of design method as a management tool.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MoTrade.</li> <li>• Implementing agencies: Hanoi Arts Industrial University, HCMC Architectural University, VIETRADE (Hanoi), ITPC (HCMC), craft training schools.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Conduct design management towards students and designers.</li> <li>• Formulate measures in order to have design management establish as one of the systematic business strategies, and foster human resources targeting certain scale of enterprises.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		(Trial run and case building phase) <ul style="list-style-type: none"> <li>• Create design management course in universities (Hanoi Arts Industrial University, HCMC Architectural University).</li> <li>• Develop design management courses (VIETRADE, ITPC).</li> </ul>	(Institutionalization phase) <ul style="list-style-type: none"> <li>• Place design management as one of the design promotion measures.</li> <li>• Include design management in the activity of the Design Promotion Center (tentative name).</li> </ul>	(Dissemination phase) <ul style="list-style-type: none"> <li>• Foster and disseminate design managers.</li> <li>• Promote exchanges with related overseas agencies.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Expenditures for starting up courses.</li> <li>• Course start-up staff.</li> <li>• Fostering of design management education and human resources.</li> <li>• Government budget: MoTrade, Vietrade.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Design management program (curricula, teaching materials, educational staff).</li> <li>• Report on implementation of design management education curricula (students version and vocational school trainees version).</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Calling up overseas specialists, holding seminars and training courses.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B12: Establishment of design promotion organization.</li> <li>• B13: Expansion and enhancement of domestic/international design organizations network.</li> <li>• B21: Development of training program for product development coordinators.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Implementation of the outcomes of PP4 and PP5 (utilization of design guidebook, craft coordinator's manual).</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Utilization of active Vietnamese designers in HCMC with design management capabilities.</li> </ul>		

Action Plan		B12: Establishment of Design Promotion Organization		
Background, Objective & Outline		<p>Actions towards design are taken independently at universities or enterprises; there are no support provided as part of a social system.</p> <p>The objective of this action plan is to develop a design promotion system by networking among design-related organizations and human resources from the viewpoint of design promotion, and by centralizing the policies at the government level.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Manufacturers, business managers, importers/exporters, designers.</li> <li>• Systematization of design promotion through the establishment of design promotion system at national level (combination of governmental design promotion division, Design Council, Design Promotion Center).</li> <li>• Recognition of potentials of designers by networking among designers.</li> <li>• Strengthening of consumer confidence through design promotion campaign.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI.</li> <li>• Implementing agencies: MOI, MoTrade, MOCI, MPI, MARD, VCCI, ITPC, Industrial Arts University.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Working towards practical use and activation of domestic design resources by placing design promotion as one of the industrial measures at the national level.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		(Prepare basic promotion system) <ul style="list-style-type: none"> <li>• Clarify roles within government (MOI).</li> <li>• Prepare establishment of a Design Council.</li> <li>• Prepare establishment of Design Promotion Center (tentative name).</li> </ul>	(Establish a promotion system) <ul style="list-style-type: none"> <li>• Establish a Design Council.</li> <li>• Formulate design promotion policies by MOI and Design Council.</li> <li>• Establish Design Promotion Center.</li> <li>• Establish designers association.</li> </ul> Prepare implementation of design promotion measures.	(Disseminate promotion activities) <ul style="list-style-type: none"> <li>• Implement design promotion actions.</li> <li>• Implement and disseminate design promotion activities at local levels.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Government budget for design promotion.</li> <li>• Organization of start-up team for the establishment of a design promotion framework (design specialists and concerned parties).</li> <li>• Vietnamese government budget (MOI).</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Project sheet for the establishment of a design promotion policy at central government level (combination of the Design Promotion Department and Design Council).</li> <li>• Project sheet for the establishment of a design promotion policy and implementation system (Design Promotion Center).</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Advice and consultation of overseas specialists.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B11: Creation of design curricula for existing educational institutes.</li> <li>• B13: Expansion and enhancement of domestic and international design organization networks.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Organizational structure of Indonesian design promotion.</li> <li>• Design promotion activities of the Japan Design Industrial Promotion Organization (JDIPO).</li> <li>• Activities of local Japanese design centers (e.g. Toyama prefecture, Ishikawa prefecture, etc.).</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Establishment of the design promotion framework as an integral element.</li> </ul>		

Action Plan		B13: Expansion and Enhancement of Domestic/International Design Organization Network		
Background, Objective & Outline		<p>Currently, domestic design-related institutions such as educational institutes, government institutions, and industrial circles are operating individually. Also, due to the absence of a designers' network, the creative synergy from the collaboration of different fields and businesses is not exercised.</p> <p>The objective of this action plan is to make design an important resource for the State's industrial promotion efforts by networking among concerned domestic agencies and designers, and through the promotion of information, human and technical exchanges with overseas design promotion institutions.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Concerned Vietnamese domestic design institutions.</li> <li>• Synergy from networking.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI.</li> <li>• Implementing agencies: Design Promotion Center (tentative name).</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Aiming to promote synergy from the accumulation of knowledge and capacity of each institute and individual by networking and organizing concerned design-related institutions and designers, and to create a database by centralizing the information on each institute and designer.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Establish a designers' association.</li> <li>• Prepare for the establishment of a Design Promotion Center and its network.</li> </ul>	<ul style="list-style-type: none"> <li>• Commence networking, with the Design Promotion Center playing a central role (local assistance by central government, etc.).</li> <li>• Commence overseas exchanges (calling up overseas specialists, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>• Disseminate and expand Design Promotion Center activities (expansion of target areas).</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Government budget for design promotion.</li> <li>• Organization of start-up team for the establishment of a design promotion framework (design specialists and concerned parties).</li> <li>• Vietnam government budget: MOI.</li> <li>• Sponsorship/membership fee from the members of the Design Promotion Center.</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Establishment of a designers' association (Specialized organization aside from the arts association).</li> <li>• Networking of the concerned design-related institutions by the Design Promotion Center.</li> <li>• Networking with overseas design promotion institutions and human resources exchanges.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Overseas design promotion centers.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B11: Creation of design curricula for existing educational institutes.</li> <li>• B12: Establishment of a design promotion organization.</li> <li>• B21: Development of training programs for product development coordinators.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• VIETRADE, Japan Design Foundation, trading institutes like Japan ASEAN Center, etc.</li> </ul>		
Other Considerations				

Action Plan		B21: Development of Training Program for Product Development Coordinators		
Background, Objective & Outline		International market stands on the principles of market mechanism. Human resource management from design to production process with understanding of market needs is necessary for the product development. The objective of this action plan is to establish a training program in collaboration with industries and educational institutes to develop coordinators with considerable knowledge on market information collection, product planning, concept planning, marketing design, production techniques, and coordinating ability.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Enterprises, persons that are in charge of crafts product development, craft villages, provinces, distributors, consumers.</li> <li>• Establishment of uniform educational program on product development processes.</li> <li>• Provision of product development opportunities by collaboration of industries and educational institutes towards young people like students.</li> <li>• Fostering needed human resources among industries.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: VIETRADE.</li> <li>• Implementing agencies: DoTrade, private sector.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Candidates are those who have finished learning design education or business management.</li> <li>• Develop necessary curricula for fostering coordinators. Those who can teach the curricula or foreign specialist conducting trainings.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Review curricula</li> </ul>	<ul style="list-style-type: none"> <li>• Develop educational programs.</li> <li>• Develop a coordinator training system through on-the-job trainings at enterprises in production regions.</li> </ul>	<ul style="list-style-type: none"> <li>• (Shift to B23)</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Educational institutions.</li> <li>• Specialists (marketing, design, etc.).</li> <li>• Budget/finance resources: MoTrade, JICA assistance.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Coordinator fostering curricula created by industries and educational institutes.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Foreign specialists.</li> <li>• Donors (e.g. JICA), trade promotion agency (e.g. JETRO).</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B51: Participation assistance in local and int'l fairs and exhibitions.</li> <li>• E51: Use of "torisetsu", point of purchase &amp; development of trademark system.</li> <li>• E53: Product development using local materials and techniques.</li> <li>• F21: Regular updating of craft website.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Training Manual for Craft Coordinators created in PP5.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Coordinators require advanced knowledge and experience. It is most suitable to reeducate persons who have already had sufficient knowledge of design and business management.</li> </ul>		

Action Plan		B22: Creation of Accreditation System for Coordinators			
Background, Objective & Outline		<p>Coordinators are professional who analyze market information and build concepts of product planning in order to create a marketable high quality product that will be supported by end-users. Their roles are to identify the right designer and manufacturer in the right place during the development stage and to coordinate all the stages of product development. A wide range of knowledge is required such as marketing ability, product improvement planning, design knowledge, production knowledge and so on. Insufficiently capable coordinators actually produce negative effects in business activity.</p> <p>The objectives of this action plan are to formulate an accreditation system for coordinators based on knowledge of design, production, sales, contract negotiations, intellectual property, business management, troubleshooting, etc. as selection criteria, and to establish a database on coordinators.</p>			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Coordinators, designers, enterprises.</li> <li>• Quality assurance of coordinators by clarifying the selection criteria.</li> <li>• Trouble preventions at the contract negotiation stage between producers in the production regions and designers, between producers and buyers.</li> <li>• Fostering future BDS providers.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: VIETRADE or MOI.</li> <li>• Implementing agencies: DoTrade, private sector, VCCI.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Establish prerequisite qualifications for candidacy examinations such as educational program credit, working experience in the industry (on the job training in product development and experience as a coordinator) for a certain period (e.g. 2 years). Establish an examination system.</li> <li>• Examination should cover the following: necessary basic skills to develop products as a coordinator; craft related knowledge (raw materials, techniques, production management, quality management, design, environmental impact, etc.) and business related knowledge (marketing, intellectual property rights, safety standards, legal matters like contract clauses, etc.).</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Create curricula.</li> <li>• Identify implementing agencies.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish educational institute.</li> </ul>	<ul style="list-style-type: none"> <li>• Utilize coordinators in production regions.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Specialists</li> <li>• Government budget/financial resources: VIETRADE or MOI.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Coordinator Accreditation System.</li> <li>• List of accredited coordinators.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Donors (e.g. JICA)</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B41: Development of intellectual property rights protection system.</li> <li>• B42: International registration of marks for protection of intellectual property rights.</li> <li>• B43: Issue of special accreditation mark to qualified crafts.</li> <li>• C41: Creation of business management manual and consultation.</li> <li>• C43: Provision of technical training assistance to micro, small and medium enterprises, managers.</li> <li>• C51: Establishment of occupational safety standards.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>• Training Manual for Craft Coordinator created in PP5.</li> <li>• Japanese national accreditation system (e.g. Interior coordinator, etc.).</li> </ul>			
Other Considerations					

Action Plan		B23: Product Development Utilizing Coordinators		
Background, Objective & Outline		Up to this date, foreign buyers visit directly to production regions for product development and contract negotiations. It has been difficult for them to select appropriate production areas in an efficient manner. Furthermore, various troubles often occur during the process due to the lack of negotiation and language skills. The objective of the action plan is to conduct product development activities with coordinators taking a leading role in promoting production regions and cultivating markets by dispatching them to production areas and markets.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft village, craft related enterprises, distributors, and consumers.</li> <li>• Market information becomes available outside of urban areas. Conduct market development.</li> <li>• Provide information on production regions to buyers and develop craft products in competitive production areas.</li> <li>• Raise incentives of designers and producers by proactive product development and provide competitive opportunities.</li> <li>• Expand opportunities for distribution and sales.</li> <li>• Promote craft product development that meets the needs of consumers and current life style</li> <li>• Impact on reform of workplace and production streamlining.</li> <li>• Promote recognitions and understandings towards design and crafts.</li> <li>• Inspire the consumer awareness towards crafts.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: VIETRADE.</li> <li>• Implementing agencies: DoTrade, private sector.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Producers, enterprises, distributors.</li> <li>• Carry out product development model cases at various production areas simultaneously in order to present oversea exhibitions.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Conduct product development in model production areas (3 villages from each of 4 model provinces).</li> </ul>	<ul style="list-style-type: none"> <li>• Continue the model cases (3 villages in each province).</li> <li>• Conduct joint product development at multiple target villages.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct product development by dispatching coordinators to all provinces.</li> <li>• Develop coordinator registration system by provincial government.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Necessary expenditures for product development (coordinator, design, materials, exhibition).</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Report on the outcomes of the coordinators dispatching activities.</li> <li>• Craft products developed by the coordinators dispatching activities.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• JICA</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• C23: Development of production areas as local brands.</li> <li>• C31: Formulation of quality control criteria.</li> <li>• D41: Establishment of int'l fair trade participation mechanism.</li> <li>• D42: Opening of pilot shops.</li> <li>• D43: Establishment of mechanism to receive consumer feedback.</li> <li>• E31: Establishment of Craft Fund.</li> <li>• F52: Establishment of database on craftspersons and organizations.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Training Manual for Craft Coordinator created in PP5.</li> <li>• Japanese production region coordinator system <sup>1)</sup>.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Coordinators secure or assume final markets in advance so that products that meet market needs can be developed.</li> <li>• Buyers can select production areas with high quality and productivity through the information and coordination of coordinators for the crafts product development and purchase.</li> </ul>		

1) Japanese regional production coordinator system is aiming to revitalize production areas by conducting activities through consultations with experts from various fields dispatched through this system. Regional production producers are also registered and they shall be dispatched by the request of production region. Their expertise are general planning, raw materials, techniques, design, commercialization, marketing, PR, human resources development, business management, information technology, research and diagnosis.

Action Plan		B31: Identification of Craft Skills		
Background, Objective & Outline		Division of labor is practiced in the craft production process and skilled craftspersons with specialized skills exist in each process. However these are considered simple processes and mechanization is taking away their skills. In order to preserve the traditional crafts, each production process should be also conserved and handed down as an artisan skill. The objective of this action plan is to identify specialized skills at each production process of each craft item.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiary: Craftspersons.</li> <li>• Clarification of division of labor in production areas and production process that requires improvement or that should be handing down.</li> <li>• Establishment of craft technique assessment and opportunity.</li> <li>• Raising awareness towards traditional craft techniques among craftspersons.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: DOI, MOLISA.</li> <li>• Implementing agencies: craft associations, vocational schools.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Lacquer: lacquer making, paining, decoration techniques Ceramics: forming shapes, decoration techniques Wooden product: raw material process, painting, metal fittings techniques, etc.</li> </ul>		
	Implementation Steps	Short Term (2004) <ul style="list-style-type: none"> <li>• Organize the selection committee.</li> <li>• Identify the traditional techniques.</li> <li>• Formulate evaluation items for every production process.</li> </ul>	Medium Term (2005-2006) <ul style="list-style-type: none"> <li>• (Moving forward to B32)</li> </ul>	Long Term (2007-2010)
	Inputs	<ul style="list-style-type: none"> <li>• Craft Techniques Assessment Committee (MOLISA, craft specialist, master artisans, craftspersons, vocational schools).</li> <li>• Government budget: MOLISA.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Report on the study of craft production skills by craft item.</li> <li>• Traditional techniques by master artisans on video tape.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Japanese traditional crafts artisans.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• C32: Stable supply of raw materials, improvement of techniques and equipment investment assistance.</li> <li>• C33: Enhancement of vocational school programs.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• “Japanese ”Modern Master Hand” system by Ministry of Health, Labor and Welfare<sup>1)</sup></li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>•</li> </ul>		

1) Modern Master Hand: Minister of Ministry of Health, Labor and Welfare makes a public recognition of technicians that are recognized as leading persons with excellent skills. Recognized persons receive cash reward. Target items are not limited to crafts but include metal processing, electric machines, textile, architectures, wooden products, cooking, etc. Approximately 150 people have received recognitions.

Action Plan		B32: Increases in Motivations of Craft Skills Advancement		
Background, Objective & Outline		Most craftspersons are engaged only within their regions with few opportunities to visit other production provinces or areas or exchange opportunities. The objectives of this action plan are to conserve traditional and outstanding handicraft techniques and to disseminate these to the public through events like artisans skill competition, etc.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiary: Craft producers.</li> <li>• Enhancement of technical standards of craftspersons and raise their stations.</li> <li>• Opportunities for discovering worthy techniques as national intangible cultural asset, new technology and potential for craft development.</li> <li>• Raising the awareness level and the necessity of passing down techniques and the pride of work to younger generations.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOLISA, MOI.</li> <li>• Implementing agencies: DOLISA, vocational schools, DOI.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Accredit craftspersons that have significant vocational skills in the division of labor as excellent technicians.</li> <li>• Hold craft skills competitions in order to provide an opportunity for skilled craftspersons of various kinds of items from all over the country to come together to enhance their skills while aiming to conserve such techniques.</li> <li>• Hold a competition in urban areas like Hanoi or HCMC. Each province sends participants. Judging criteria are technical preciseness, production time, and aesthetics of the product.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Establish operations committee.</li> <li>• Establish award system.</li> <li>• Hold craft skills competition.</li> </ul>	<ul style="list-style-type: none"> <li>• Create list of craftspersons with advanced techniques.</li> <li>• Provide overseas trainings to excellent technicians.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish association for craftspersons with advanced skills.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Skills competition operation committee (MOLISA, donor, vocational schools).</li> <li>• Expenditures for skills competition (cost of equipment, raw materials, site fee, human resources).</li> <li>• Government budget: MOI</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Craft skills competition.</li> <li>• Award presentation system for advanced technicians.</li> <li>• List of traditional craft artisans by craft item.</li> </ul>		
External Assistance	<ul style="list-style-type: none"> <li>• Donors (E.g. ILO).</li> <li>• Japanese traditional craft artisan.</li> </ul>			
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• C33: Enhancement of vocational school programs.</li> <li>• D22: Restoration of traditional techniques.</li> <li>• D33: Provision of On-the-job training.</li> </ul>			
Reference	<ul style="list-style-type: none"> <li>• "Modern Master Hand" by Japanese Ministry of Health, Labor and Welfare.</li> <li>• "Skills Grand Prix" <sup>1)</sup> and the Asian Youth Engineers Training Program <sup>2)</sup> and other activities by Japan Vocational Ability Development Association.</li> </ul>			
Other Considerations	<ul style="list-style-type: none"> <li>•</li> </ul>			

- 1) Skills test for certification are official national certification tests. Certified persons obtain a "certified technician" title. A "Skills Grand Prix" is held every year.
- 2) The Asian Youth Engineers Training Program accepts trainees from cities in developing countries throughout the Asian region. In partnerships with private enterprises in the Tokyo Metropolitan area, the trainees are given specialized technical training, along with the knowledge and skills necessary to resolve environmental and other issues common to each city. The goal of this training is to promote inter-urban development and international relations.

Action Plan		B33: Establishment of Craft Skills Training Program			
Background, Objective & Outline		<p>So far, there is no craft training system. In fact, most of the craftspersons are trained within their families. Though some vocational schools have added craft production into their programs, training methods are different. As a result, quality in craft villages is generally low, which include merely concentrating on production skills other than other knowledge.</p> <p>The objective of this action plan is to establish a craftsperson training system from the low to a high level that will include not only production skills but also cultural and aesthetic knowledge for new generations of craftspersons.</p>			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craftspersons, craft villages.</li> <li>• Standardization of techniques by the official skill training course, from low to high levels.</li> <li>• Fostering knowledge for craftspersons.</li> <li>• Increase of excellent technicians, trainers.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOLISA.</li> <li>• Implementing agencies: DOLISA, vocational schools, universities, craft villages.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Establishment of standards for each training system, from low to high levels.</li> <li>• Establishment of trainer and teacher school for craft production.</li> <li>• Preparation of manuals using visual illustrations which can be written to CDs for remote training.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Establish research organization.</li> <li>• Study current conditions of craft production.</li> <li>• Review existing training manuals.</li> <li>• Identify necessary knowledge and skills for craft production.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish Craft Training Center.</li> <li>• Prepare craft training manuals.</li> <li>• Cooperate and exchange with training centers and schools in Japan and other countries.</li> </ul>	<ul style="list-style-type: none"> <li>• Train technicians, chief craftspersons and trainers for craft villages and producers.</li> <li>• Train teachers for local craft schools. Establish a network of craft schools.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Study team</li> <li>• Experts to prepare manuals</li> <li>• Craft trainers</li> <li>• Funds</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Craft training system: Central school, provincial schools and training courses at craft villages for craft production.</li> <li>• Training manuals, from low to high levels.</li> <li>• A group of excellent trainers and technicians.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Donors</li> <li>• Craft-related organizations and NGOs.</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B11: Creation of design curricula for existing educational institutes.</li> <li>• B31: Identification of craft skills.</li> <li>• B32: Increases in Motivations of Craft Skills Advancement.</li> <li>• C32: Stable supply of raw materials, Improvement of techniques and equipment investment assistance.</li> <li>• C33: Enhancement of vocational school programs.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>• Japanese experiences in craft training.</li> <li>• Experiences in craft training by Craft Cooperative Union in Vietnam.</li> </ul>			
Other Considerations		<ul style="list-style-type: none"> <li>•</li> </ul>			

Action Plan		B41: Development of Intellectual Property Rights Protection System		
Background, Objective & Outline		<p>Even though intellectual property rights protection measures exist, they have proven not to be effective, property rights infringements are common. Such violation is an obstacle to development of the crafts industry by hindering producers' creativity and causing business troubles. Product improvement and avoiding business troubles are pressing issues.</p> <p>The objective of this action plan is to build a framework within which to protect intellectual property rights including copyrights and industrial property rights.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Crafts producers, crafts villages.</li> <li>• Creation of incentives for producers' creativeness.</li> <li>• Intellectual property rights related trouble prevention.</li> <li>• Furthering understanding of intellectual property rights protection.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOSTE, MOCI.</li> <li>• Implementing agencies: NOIP, COV, Market Control Organization, General Department of Customs, MOPS.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Development an intellectual property rights protection system by study team in which composed of existing concerned agencies and enforcement agencies, and enforce strictly such system and means for enforcement.</li> <li>• Promotion of intellectual property rights protection in cooperation with existing educational institutes (e.g. Hanoi Law University, Hanoi Social Science University).</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<p>(Actual condition survey)</p> <ul style="list-style-type: none"> <li>• Formulate study team to investigate the actual conditions of infringements.</li> <li>• Understand actual conditions and identify issues.</li> </ul>	<p>(Systems planning)</p> <ul style="list-style-type: none"> <li>• Develop intellectual property protection systems.</li> <li>• Develop programs for dissemination and educate on intellectual property rights.</li> </ul>	<p>(Implementation of system)</p> <ul style="list-style-type: none"> <li>• Establish and launch Intellectual Property Rights Protection Organization (tentative name).</li> <li>• Disseminate information on intellectual property rights and start education programs by educational institutes.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Study team (MOSTE, MOCI, MOJ, NOIP, COV)</li> <li>• Government budget: MOSTE, MOCI, MOJ</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Intellectual property rights protection system.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Specialists from overseas patent-related agencies.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B12: Expansion and enhancement of domestic/international design organizations network.</li> <li>• B42: International registration of marks for the protection of intellectual property rights.</li> <li>• B43: Issuing special accreditation mark to qualified crafts.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Supplemental reading materials about industrial property rights for elementary school, junior and senior high school students (Patent Office, Japan).</li> <li>• Strategic indicators for intellectual property rights (Patent Office, Japan).</li> <li>• Measures against imitation manual (Patent Office, Japan).</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Intellectual property rights protected by legal instruments are as follows: <ol style="list-style-type: none"> <li>1. Industrial property rights (copyrights, trademarks, industrial designs) Jurisdiction: MOSTE, Implementation Agency: National Office of Intellectual Property.</li> <li>2. Copyrights and others, Jurisdiction: MOCI, Implementation Agency: COV (Copyright Office of Vietnam).</li> <li>3. Geographic indications.</li> </ol> </li> <li>• Vietnam is a member state of following international agency and agreement: <ul style="list-style-type: none"> <li>- WIPO Copyright Treaty (Since 1976)</li> <li>- Paris Convention for the Protection of Industrial Property (since 1949)</li> <li>- PCT (Patent Cooperation Treaty) (Since 1993)</li> <li>- Madrid Agreement (Since 1949)</li> </ul> </li> </ul>		

Action Plan		B42: Registration with International Standards for the Protection of Intellectual Property Rights		
Background, Objective & Outline		<p>Vietnam is a member state of several treaties and contracts with several acts of the agreement. However, it has not become party to "the Madrid Protocol, Agreement Concerning the International Registration" yet. In other words, Vietnam has not participated in the system that recognizes the indicators on sources of goods (crafts in this case) internationally.</p> <p>The objective of this action plan is to build a framework that will enable the application to the international registration of marks.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Crafts producers.</li> <li>• International protection of trademarks through international registration system.</li> <li>• Raising the level of awareness of the intellectual property rights by protecting the property rights of overseas products in Vietnam.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOSTE.</li> <li>• Implementing agency: NOIP.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Formulation of intellectual property rights protection operational system by a study team composed of existing concerned agencies and enforcement agencies. Strengthening of monitoring function and enforcing protection measures strictly for overseas trademarks.</li> <li>• Provision of coaching for advancement to have domestic trademarks and to be able to apply for international registration in cooperation with controlling ministries and agencies and educational institutes.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Conduct survey of infringement on intellectual property rights and identify the issues.</li> <li>• Formulate protection measures for overseas trademarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Sign the Madrid Agreement.</li> <li>• Build a protection system against infringement of intellectual property rights</li> </ul>	<ul style="list-style-type: none"> <li>• Establish and launch Intellectual Property Rights Protection Organization (tentative name).</li> <li>• Implement intellectual property rights dissemination programs.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Protection of overseas trademarks and a promoting team for international registration of domestic trademarks (MOSTE, MOCI, MOJ, NOIP, COV).</li> <li>• Government budget: MOSTE.</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Support measures of intellectual property rights registrations for crafts producers (institutions, measures, financial assistance, etc.).</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• WIPO (To become party to the Madrid Agreement. WIPO administrates treaties).</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>•B41: Development of intellectual property rights protection system.</li> <li>•B43: Issuing special accreditation mark to qualified crafts.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>•Madrid Agreement Concerning the International Registration.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>•International registration of domestic trademarks denote liability to infringement of trademarks in other countries. Thus this process needs to carry forward the integration with strengthening of domestic regulatory monitoring.</li> </ul>		

Action Plan		B43: Issue of Special Accreditation Mark to Qualified Crafts			
Background, Objective & Outline		No rating scale method exists for crafts quality assessment. Neither producers nor consumers have evaluation criteria. The objective of this action plan is to build a system that will issue special accreditation marks to qualified crafts so that producers can display quality marks on their products thereby assuring consumers of quality upon purchase.			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft producers, craft sellers, craft purchasers.</li> <li>• Quality assurance by presenting the quality target for crafts producers.</li> <li>• Providing incentives for producers to maintain the quality level of products.</li> <li>• Crafts sellers can use as a promotion tool.</li> <li>• Providing guidelines for crafts purchasers upon purchase.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MARD, MOI, MoT, MOST.</li> <li>• Implementing agencies: Craft Association (tentative) or Design Promotion Center (tentative).</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Target all crafts producers.</li> <li>• Immediate goal is to present the criteria of the quality standards to producers.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		(Start-up stage) <ul style="list-style-type: none"> <li>• Establish start-up team.</li> <li>• Conduct case study.</li> <li>• Select mark.</li> </ul>	(Implementation stage) <ul style="list-style-type: none"> <li>• Implement accreditation (advertising for the design of the mark, screening the design applications, identifying the design of the mark, publication, impact analysis).</li> <li>• Enhance accreditation program.</li> </ul>	(Dissemination and diversification stage) <ul style="list-style-type: none"> <li>• Register trademark.</li> <li>• Launch consumer marketing program.</li> <li>• Launch overseas marketing programs.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Start-up team (MOI, MoT, MARD, MOCI, VCCI, ITPC, etc.).</li> <li>• Start up stage through implementation stage: Central government budget (MOI or MARD).</li> <li>• Implementation stage through dissemination stage: independent revenue source of administrator of the program and government subsidy.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Special accreditation mark for the qualified crafts.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Advice from overseas administrators of similar programs (e.g. JIDPO).</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B12: Establishment of Design Promotion Organization.</li> <li>• B13: Expansion and enhancement of domestic/international design organizations network.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>• G Mark (JIDPO)</li> </ul>			
Other Considerations		<ul style="list-style-type: none"> <li>•</li> </ul>			

Action Plan		B51: Participation Assistance in Local and Int'l Fairs and Exhibitions Participation		
Background, Objective & Outline		<p>In general, Vietnamese producers are working as subcontractors and produce products without knowing desires or needs of end users. Fairs and exhibitions obtain market feedbacks, they offer opportunities in learning whether products meet the needs of concerned distributors and end users. Market trends and marketing methods also needs to be acquired.</p> <p>The objectives of this action plan are to hold fairs and exhibitions that allow participation of the craft villages, production groups and enterprises, as well as provide information about participation assistance.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Producers, craft villages, concerned craft enterprises.</li> <li>• Provision of opportunities to participate in exhibitions that are opened to producers in rural areas.</li> <li>• Provision of opportunities for producers to learn the evaluation of their products by selling them directly to consumers.</li> <li>• Expansion of business towards international market.</li> <li>• Accumulations of know-how of marketing and sales promotion.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: VIETRADE.</li> <li>• Implementing agencies: DoTrade, MOCI, VNAT</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Select organizations among enterprises that are producing products based on the Vietnamese traditional crafts, craft artists, artists and enterprises that contribute to building brands for Vietnamese crafts.</li> <li>• The DoTrade shall select craft villages and enterprises that will make presentations in exhibitions by province. Each province shall display a booth.</li> <li>• Promote producers that make "high quality, med-price products" rather than "low quality, low-price products". Provide appropriate guidance in order for them to be able to present better products.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Establish theme of domestic exhibition and selection of criteria for participation.</li> <li>• List eligible participants.</li> </ul>	<ul style="list-style-type: none"> <li>• List eligible organizations by market.</li> </ul>	<ul style="list-style-type: none"> <li>• Select eligible organizations by exhibition theme.</li> <li>• Make a presentation in overseas exhibitions.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Selection Committee (5 specialists consists of Vietnamese and foreigners).</li> <li>• Operation institute (administration office).</li> <li>• Government budget, financial assistance from donors.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Craft fairs in urban area by craft villages and production groups.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• JETRO</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B23: Product development utilizing coordinators.</li> <li>• D41: Establishment of int'l fair trade participation mechanism.</li> <li>• D43: Establishment of mechanism to receive consumer feedback.</li> <li>• E22: Assistance to existing craft cooperatives.</li> <li>• F22: Establishment of one-stop craft center.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• One village one product activities (Thailand), Presentation in Italian exhibition in Toyama prefecture design center (Japan).</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Assistance of overseas specialists is necessary in order to make a presentation in international exhibitions.</li> </ul>		

Action Plan		B52: Dispatch of Specialists and Exchanges		
Background, Objective & Outline		Up to this day, dispatching of specialists is managed as a short-term and irregular activity. Often they are sent to craft villages located in nearby urban areas where target items are limited and where they have not expanded as nationwide activity yet. The objectives of this action plan are to develop a system of dispatching Vietnamese or foreign specialists in the fields of design, techniques, market, etc. to production areas and markets to enhance understanding of market needs and the potentials of these production areas.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft villages, craft related enterprises, domestic and overseas buyers, designers.</li> <li>• Revitalization of craft products development in production regions.</li> <li>• Understandings of overseas market needs in craft production regions and among producers.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: VIETRADE.</li> <li>• Implementing agencies: VIETRADE , JETRO</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Dispatch specialists to production areas to develop craft products through the assistance and guidance of specialists.</li> <li>• Aim to position the craft products development activities as a craft promotional program in the production region.</li> <li>• As a mid-term objective, build a system wherein the administration office can dispatch specialists for craft development projects based on the needs of production regions when a request form is submitted.</li> <li>• Build a one-year implementation program for production areas which covers raw materials, traditional skills discovery project, design and marketing training programs, production development project, exchange project, etc.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Identify projects by production regions.</li> <li>• Dispatch specialists to model provinces and carry out craft products development.</li> <li>• List domestic and international specialists.</li> </ul>	<ul style="list-style-type: none"> <li>• Systematize craft specialists dispatch program.</li> <li>• Systematize craft development activities at production areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Start approximately 10 projects a year by the year 2010.</li> <li>• Conduct exchanges among production areas and overseas specialists.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Administration office of Traditional Craft Industry Promotion Association, marketing specialists, buyers, product development specialists.</li> <li>• Financial resources: VIETRADE, JETRO assistance.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Report on craft development activities by dispatching specialists to production areas.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• JETRO</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B23: Product development utilizing coordinators.</li> <li>• D41: Establishment of international fair trade participation mechanisms.</li> <li>• D43: Establishment of mechanism to receive consumer feedback.</li> <li>• F22: Establishment of one-stop craft center.</li> <li>• F53: Establishment of overseas human resources exchange program.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• PP5 Craft development project by coordinators.</li> <li>• Japanese production region coordinator system <sup>1)</sup></li> <li>• Dispatch of specialists from JETRO.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Select foreigners that are specialized in markets and Vietnamese coordinators, especially those that have extensive experiences in overseas with knowledge of market and traditional crafts.</li> </ul>		

1) Japanese regional production coordinator system is aimed at revitalizing production areas by conducting activities thru consultation with experts from various fields dispatched through this system. Production regional producers are also registered and they are dispatched by requests from production regions. Their expertise are general planning, raw materials, techniques, design, commercialization, marketing, PR, human resources development, business management, information technology, research and diagnosis.

Action Plan		B53: Establishment of Matching System for Producers & Buyers		
Background, Objective & Outline		Vietnamese producers work as subcontractors and produce products without knowing the desires and needs of end users. Overseas markets and the tastes of foreign end users' are seldom known. Matching projects are mainly for SMEs that have already stable markets, thus market accessibility is limited in the units of production regions. The objective of this action plan is to provide periodic matching opportunities between production regions and buyers through proper information gathering.		
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: Craft villages, concerned craft enterprises, domestic and overseas buyers.</li> <li>Direct understanding towards end users' desires among producers.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Jurisdiction: VIETRADE.</li> <li>Implementing agencies: VIETRADE, JETRO.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>Enterprises located in production regions, most suitable matching between enterprises located in production regions and buyers.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>List Vietnamese coordinators, overseas buyers, enterprises in production regions, craft producers, crafts and buyers by VIETRADE taking a leading part.</li> </ul>	<ul style="list-style-type: none"> <li>Formulate scheme for matching activities (creation of application forms).</li> </ul>	<ul style="list-style-type: none"> <li>Invite buyers and media to exhibitions.</li> <li>Promote marketing and exposure through media.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>Development of administration office, Vietnamese and overseas buyers.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>Report on the matching projects between production regions and buyers.</li> <li>Dispatching of buyer mission to production areas.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>JETRO</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>B23: Product development utilizing coordinators.</li> <li>B51: Participation assistance in local and international fairs and exhibitions.</li> <li>C21: Strengthening of linkage among craft villages.</li> <li>D43: Establishment of mechanism to receive consumer feedback.</li> <li>E23: Networking among craft promotion organizations.</li> <li>F22: Establishment of one-stop craft center.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>JETRO Local to Local Project (L to L)<sup>1)</sup></li> <li>JETRO Natural raw materials sample exhibition<sup>2)</sup></li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>Matching system: In order to promote trade, match the most suitable buyers to Vietnamese producers effectively. Human resources link to sales promotion are also applicable (e.g. media, excellent coordinators, etc.).</li> <li>The number of Japanese craft enterprises and production regions that evaluate Vietnamese techniques and labors high is increasing. Thus, L to L project is considered as one of the high schemes.</li> </ul>		

1) L to L project creates new industry and diversification and advancement of local industry through furthering the industrial exchanges between specific areas in Japan, specific areas in foreign countries, promotion of joint research, and inviting enterprises.

2) Collected natural raw materials coming from Asian countries interested in consignment manufacturing trade (e.g. India, Indonesia, Malaysia, Myanmar, Philippines, Vietnam) to match with Japanese enterprises that have design and processing techniques and technologies. In the case of Vietnam, a Vietnamese enterprise processes bamboos to a certain stage of production, the final touches are made in Japan and displayed in the exhibition (November 2002 to March 2003).

Action Plan		C11: Inventory Survey of Raw Materials		
Background, Objective & Outline		<p>Various major raw materials for artisan craft industry such as bamboo, rattan, wood, stone, etc. is about to facing extinction because of their close proximity to artisan craft villages and over exploitation. The volume of raw materials exploited from distant places has increased to meet increasing demands. However, information about raw material production is still lacking and distinction of the totality of these materials is in question. Prices of raw materials have increased due to shortages, transport and distribution costs. The degradation of natural environments due is other problematic issue. However, there is no comprehensive inventory on current condition of raw materials production and distribution.</p> <p>The objective of this action plan is to create a database of raw materials for craft industries and to assist in formulating strategies, policies, and remedial measures for their sustainable supply.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Artisan craft producers, distributors, traders, society in general</li> <li>• Understanding actual conditions of raw material production (bamboo, rattan, wood, etc.) throughout the country.</li> <li>• Creation of basis for establishment of proper guidelines of raw material exploitation and production to ensure sustainable supply of these items.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MARD, MONRE.</li> <li>• Implementing agencies: DARD, DONRE.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Assess present situation and condition of production or exploitation of bamboo, rattan, wood, stone, etc. in detail so as to share relevant information by all concerned parties in the artisan craft industries.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Conduct inventory survey on bamboo, rattan, wood for artisan craft use.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish guidelines of exploitation and production of raw materials by kind.</li> </ul>	<ul style="list-style-type: none"> <li>• Make legislations on raw material exploitation and production.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• MARD, MONRE and other organization concerned to sustainable development based on natural environment.</li> <li>• Formulation of survey team to conduct inventory survey for each major items of raw material such as bamboo, rattan, wood, stone.</li> <li>• Study fund.</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• The inventory of raw material (geographic distribution by kind, past and present volume of production or exploitation, etc.) and prospect of production or supply of major raw materials.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Technical collaboration of international aid agencies.</li> <li>• NGO</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• C21: Strengthening of linkage among craft villages.</li> </ul>		
Reference				
Other Considerations		<ul style="list-style-type: none"> <li>• Correct information based on inventory survey of raw material exploitation, production, collection, etc. by type of raw material will enhance understanding on limitations, fair pricing, fair distribution, quality control and sustainable supply of such raw materials based on natural resources.</li> </ul>		

Action Plan		C12: Establishment of Raw Materials Conservation System			
Background, Objective & Outline		<p>Various major raw materials for the crafts industry such as bamboo, rattan, wood, , etc. are facing extinction due to their close proximity to artisan craft villages. The volume of exploited raw materials from distant sites is increasing to meet with ever increasing demands. However, information about raw material production is still lacking and distinction of these materials in totality is still in question. As there is no proper and established guidelines for exploitation, production, cultivation, unregulated exploitation continue in the need to meet demands of commercial interests. Unless proper guidelines are established the sustainable supply of raw materials for artisan craft industry cannot be assured.</p> <p>The objective of this action plan is to create guidelines for conserving of raw materials required for production of artisan crafts to ensure their sustainable supply.</p>			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Artisan craft producers, distributors, traders, society in general.</li> <li>• Avoid over exploitation and degradation of natural environment.</li> <li>• Understanding the importance of controlled exploitation or production of raw materials to ensure their sustainable supply by all concerned parties for the promotion of artisan craft industry.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MARD, MONRE.</li> <li>• Implementing agencies: DARD, DONRE.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Based on the data and information made available from the inventory survey (C11) the guidelines for exploitation, production, cultivation, etc. will be prepared for all areas throughout the country concerned with raw material production.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Conduct inventory survey on bamboo, rattan, wood, stone for artisan craft use.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish guidelines of exploitation and production of raw materials by kind.</li> </ul>	<ul style="list-style-type: none"> <li>• Make legislations on raw material exploitation and production.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Formulation of task force to establish guidelines for exploitation, production, cultivation, etc. of raw materials (bamboo, rattan, wood, silk, etc.).</li> <li>• Technical assistance by international support agencies.</li> <li>• Fund</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Establishment of guidelines for exploitation or production of such raw materials to ensure their sustainable supply.</li> <li>• Establishment of monitoring system to ensure a proper resource management for artisan craft industry.</li> <li>• Establishment of measures to protect further degradation of natural environment where such raw materials are exploited or produced.</li> </ul>			
External Assistance					
Linkage with Other Actions					
Reference					
Other Considerations					

Action Plan		C13: Quality Improvement of Raw Materials			
Background, Objective & Outline		<p>One of the key elements aside of workmanship to produce quality artisan craft products is the quality of the raw material used. Raw materials' quality are determined mainly by the craft producers based on their experience and sense. There are no proper established quality grades or standards to measure the quality of respective raw materials. When the raw materials are no longer available in the proximity of artisan craft villages, they are procured through chains of raw material producers, distributors, traders, etc. As there is no established quality standards or grading system the distribution system cannot be rationalized in an effective manner and volume of raw material supply of inferior quality increases substantially.</p> <p>The objective of this action plan is to establish quality standards and grading systems for bamboo, rattan, silk, and other important raw materials for artisan craft production.</p>			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Artisan craft producers, raw material exploiters, producers, cultivators, suppliers, distributors, traders, and society in general.</li> <li>• Streamlining of raw materials distributions and trade.</li> <li>• Product quality improvement by quality improvement of raw materials.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI/MARD, MOST.</li> <li>• Implementing agencies: DOI/DARD, DOST.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Cover nationwide, especially where important raw materials are produced or exploited.</li> <li>• Establish grade and quality standards for respective raw materials to rationalize the distribution and trade of raw materials.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Conduct inventory survey of raw material resources.</li> <li>• Start experimental activities to establish quality grades and standards at raw materials level.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish quality grades and standards of raw materials for each item such as bamboo, rattan, silk, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Make legislations on quality grade and standards of raw materials at raw materials level.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Task force consists of MARD/MOI.</li> <li>• Fund.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Establishment of quality standards and grading system.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Technical collaboration of international aid agencies.</li> <li>• NGO</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• C31: Formulation of quality control criteria.</li> <li>• C33: Enhancement of vocational school programs.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>• (PP2) Standardization of Raw Material Quality (silk).</li> </ul>			
Other Considerations					

Action Plan		C21: Strengthening of linkage among craft villages			
Background, Objective & Outline		Even as Vietnamese crafts grow more popular in markets, their production techniques and qualities remain diversified through the various producing regions. The objectives of this action plan are to carry out activities to strengthen linkages among craft villages and promote exchanges to address issues like raw material supply and lack of techniques, etc.			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Producers, distributors, exporters, provincial governments.</li> <li>• Revitalization of joint activities within and among craft villages.</li> <li>• Strengthening of competitiveness of overall production regions.</li> <li>• Strengthening of capacities of BDS providers and crafts cluster related organizations.</li> <li>• Formulation of production area cluster.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI.</li> <li>• Implementing agencies: DOI.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• In compliance with provincial craft development plans and strategies, proceed in linking production areas engaged in highly prioritized items.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Identify the crafts that should be promoted within a province.</li> <li>• Understand other production areas in other province which produce similar crafts.</li> </ul>	<ul style="list-style-type: none"> <li>• Select production areas in other provinces that need to be linked.</li> <li>• Discuss cooperation and exchange methods with production area in other provinces.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve product quality and techniques through linkage among production areas.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Place a person in charge of coordination among production areas in the department of crafts of DOI.</li> <li>• Expenditures for dispatching persons in charge, site check, discussion to other provinces.</li> <li>• BDS providers.</li> <li>• Government budget: DOI.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Report on cluster development, project study.</li> <li>• Activity plans scheduled by local production clusters.</li> <li>• Service by BDS providers (Not free of charge).</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• BDS providers.</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B23: Product development utilizing coordinators.</li> <li>• E23: Networking among craft promotion organizations.</li> <li>• F52: Establishment of database on craftspersons and organizations.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>• Cases from the study on strengthening capacity of SME clusters in Indonesia by JICA.</li> <li>• Linkage with UNIDO: Rural Cluster Development Project (planned).</li> </ul>			
Other Considerations		<ul style="list-style-type: none"> <li>• During the process of the linkage partner, use the Mapping Survey of this Study, as a primary resource.</li> <li>• Refer to the collaboration conducted by PP2.</li> </ul>			

Action Plan		C22: Development of BDS Providers		
Background, Objective & Outline		<p>Modern management methods have not been introduced yet in the craft sector. Furthermore, craft production techniques are behind compared to other competing neighboring countries. One considerable reason is that BDS providers have not been fostered yet.</p> <p>The objective of this action plan is to develop BDS providers (within NGOs, universities, SME training institutes, etc.) who are accessible to producers in craft villages and micro enterprises and understand the needs of producers.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Producers, craft villages, provincial governments.</li> <li>• Strengthening of capacities of BDS providers.</li> <li>• Formulation of cluster in production areas.</li> <li>• Strengthening of capacities of producers and distributors.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI, MARD, MOT.</li> <li>• Implementing agencies: DOI, DARD, DOT, VCCI</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Identify the area of the BDS provider's specialty that should be fostered based on the assessment on the needs of producers and enterprises, business management skills and techniques of crafts production areas.</li> <li>•</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Understand the needs of BDS providers.</li> <li>• Understand the technical and financial level of BDS providers.</li> <li>• Prepare training programs for BDS providers.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide training courses to BDS providers.</li> </ul>	<ul style="list-style-type: none"> <li>• Revise training programs to reflect the concrete cases of consultation services.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Place a person in charge of BDS provider fostering program within implementing provincial government.</li> <li>• Dispatch of specialists, training courses, necessary fund with the support of donors and NGOs.</li> <li>• MOI, provincial governments.</li> <li>• Financial assistance by donors and NGOs.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• BDS provider training manual.</li> <li>• Training courses for BDS providers.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Donors, NGOs</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• E21: Establishment of Artisan Craft Association.</li> <li>• E22: Assistance to existing craft cooperatives.</li> <li>• E23: Networking among craft promotions organizations.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• SME assistance trainings by GTZ.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Refer to craft related training activities by NGOs (e.g. Craft Link, HRPC).</li> </ul>		

Action Plan		C23: Development of Production Areas as Local Brands			
Background, Objective & Outline		Although craft production is actively done on a nationwide scope, local brands have not been definitively established except for some. Each craft village and producer do not have the means to access the domestic and international markets on their own using their own brands. The objectives of this action plan are to establish crafts or craft village as specific production brands and to enhance name recall.			
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: Producers, distributors, exporters, raw materials producers and suppliers, provincial governments.</li> <li>Promotion of local brand in an integrated manner concerning development of other sectors including crafts promotion, tourism and other local products, etc.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Jurisdiction: VIETRADE.</li> <li>Implementing agencies: DOT, DOTourism, provincial craft promotion center.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>Place a work group to establish local brands within provincial craft promotion centers. Initially receive assistance of DOT, DOTourism, and then gradually shift to independent operations.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>Form a work group to establish a local brand within crafts promotion center with assistance of provincial government, and to formulate strategies for local brand building.</li> </ul>	<ul style="list-style-type: none"> <li>Promote brand-building activities in line with local brand building strategies.</li> </ul>	<ul style="list-style-type: none"> <li>Expand PR activities of craft promotion center by their own operations.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>Human resources from DOT, DOTourism, provincial craft promotion center.</li> <li>Running cost from DOT, DOTourism, provincial craft promotion center.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>Plans for local brand building strategies.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>BDS providers, craft groups by craft items.</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>B43: Issue of special accreditation mark to qualified crafts.</li> <li>A53: Promotion of traditional crafts.</li> <li>E23: Networking among craft promotions organizations.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>One village one product movement (e.g. Oita prefecture, Japan, Thailand).</li> </ul>			
Other Considerations		<ul style="list-style-type: none"> <li>Provincial craft promotion center shall operate coordinating with promotion of tourism.</li> </ul>			

Action Plan		C31: Formulation of Quality Control Criteria			
Background, Objective & Outline		<p>Due to the absence of quality management standards among small and medium crafts production enterprises and because the importance of not producing inferior products has not been brought up yet, product quality cannot be improved as yet and production costs cannot be reduced.</p> <p>The objective of this action plan is to establish the concept of quality management and know-how based on standards for increased competitiveness of each enterprise by improving product quality and strengthening of local craft brands.</p>			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Employees of crafts production enterprises, provincial government, importers.</li> <li>• Improvement of products quality at each enterprise, cost reduction by reducing inferior products, raising revenues.</li> <li>• Enhancement of local crafts brand image.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI, MOST.</li> <li>• Implementing agencies: DOI, DOST.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Firstly, implement within model enterprises within province, then extend to crafts producers within production regions. On the basis of the foundation, establish quality assurance system.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Assist in creation of production standards for model enterprises (consultation, joint seminar).</li> <li>• Create product management data management format and assist in adopting such system.</li> <li>• Evaluate impact of above-mentioned system.</li> </ul>	<ul style="list-style-type: none"> <li>• Create standard production criteria at provincial level and assisting in its promotion and dissemination.</li> <li>• Create management format for quality management at the provincial level and assist in its promotion and dissemination.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish craft accreditation system at the provincial level.</li> <li>• Adopt commendation system for excellent craft items at the provincial level.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Quality management specialists.</li> <li>• Administrative agency for crafts accreditation system.</li> <li>• Government budget: MOI.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Creation of production standards by each enterprise.</li> <li>• Establishment of a quality management-data system by each enterprise (number of inferior products, complains from customers, etc.).</li> <li>• Establishment of crafts accreditation system at province level.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Japanese specialists</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B43: Issuing special accreditation mark to qualified crafts.</li> <li>• C13: Quality improvement of raw materials.</li> <li>• C23: Development production areas as local brands.</li> <li>• C32: Stable supply of raw materials, Improvement of techniques and equipment investment assistance.</li> <li>• C41: Creation of business management manual and consultation.</li> <li>• C43: Provision of technical training assistance to micro, small and medium enterprises' managers.</li> <li>• C51: Establishment of occupational safety standards.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>• Utilization of production process improvement manual and silk products management manual created by PP2.</li> </ul>			
Other Considerations		<ul style="list-style-type: none"> <li>• Crafts promotion level and particular emphasis of measures are diversified by region. (E.g. Both technical level and measures are advanced in Ha Tay province, while Quan Nam province is still in the developing stage.) Thus product quality should be on regional level first, and then extended to the provincial level.</li> </ul>			

Action Plan		C32: Stable Supply of Raw Materials, Improvement of Techniques and Equipment Investment Assistance		
Background, Objective & Outline		Assistance of raw materials supply and modernization of production equipments are necessary in order to strengthen the competitiveness of the crafts industry both domestically and internationally. The objective of this action plan is to provide assistance towards investments in new equipment, application of necessary techniques and introduction of new technologies to craft production.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Employees of crafts enterprises.</li> <li>• Strengthening of competitiveness by reducing the raw materials costs.</li> <li>• Reduction of production costs by modernization of production equipments.</li> <li>• Strengthening of competitiveness by the enhancement of equipments productivity.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI, MOST.</li> <li>• Implementing agencies: DOI, DARD, DOST.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• In order to effectively allocate limited budget, clarify the preferred areas, contents of assistance and select adequate enterprises that have prospective business managers with future growth potentials on the basis of clear screening criteria.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Finalize the range and contents of assistance.</li> <li>• Determine budget.</li> <li>• Determine screening standards.</li> <li>• Determine administrative agency.</li> </ul>	<ul style="list-style-type: none"> <li>• Secure human resources of administrative agency and their trainings.</li> <li>• Create investment-assistance request form.</li> <li>• Make first solicitation of applicants.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate first solicitation, then make appropriate modifications of qualification standards, conditions, etc.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Budget for assistance from MOI.</li> <li>• Human resources for the administrative agency.</li> <li>• Specialists who provide guidance on overall assistance measures.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Assistance measures for new techniques and equipment investments by provincial government (measures, assistant programs, etc.).</li> <li>• Creation of investment-assistance request form for the establishment of common use facilities by organization within production area.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Dispatch of specialists (provide guidance on overall support measures).</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• C12: Establishment of raw materials conservation system.</li> <li>• C13: Quality improvement of raw materials.</li> <li>• C31: Formulation of quality control criteria.</li> <li>• C41: Creation of business management manual and consultation.</li> <li>• C43: Provision of technical training assistance to micro, small and medium enterprises' managers.</li> <li>• E31: Establishment of Craft Fund.</li> <li>• E32: Establishment of financial procedures to access financing schemes.</li> <li>• F23: Development of distance information service to remote areas.</li> <li>• F32: Improved access to existing financing schemes.</li> <li>• F33: Effective use of ODA.</li> <li>• F42: Support for improvement of utilities and services in craft villages.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Utilization of diagnostic program for business management improvement created in PP2.</li> </ul>		
Other Considerations				

Action Plan		C33: Enhancement of Vocational School Programs			
Background, Objective & Outline		<p>Although there are vocational schools in various regions, very few have craft related curricula. Some don't utilize programs well due to the lack of instructors and adequate educational materials. Production techniques are mainly taught in the programs and products development that meet the needs of market or business management are very rare.</p> <p>The objective of the action plan is to enhance the craft production curricula at vocational schools nationwide, and to formulate favorable measures to develop outstanding workers so that they can conduct trainings, as well as to establish an educational system allowing trainees to engage in continuous trainings.</p>			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Trainees, trainers.</li> <li>• Implementation of wide range of educational contents including history of crafts, design theory, product development, etc. in addition to crafts production techniques.</li> <li>• Fostering human resources who will be the core of crafts promotion at regional areas.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOLISA, MOI.</li> <li>• Implementing agencies: DOLISA, DOI.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Select model vocational schools (2 schools each from north, south, central and mountainous region). Promote standardization of the programs nationwide and diversify the human resources and contents of the programs. Facilitate new engagements including diversifying human resources and contents of programs at model provinces that shall act as advanced cases.</li> <li>• Diversify the curricula and provide various levels of programs according to the level of trainees at schools that already have sufficient human resources. For instance teach product development, business management, environment management, etc. aside from production techniques.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Select model schools (8 schools).</li> <li>• Establish task force.</li> <li>• Identify target crafts items and creation of curricula.</li> <li>• Implement pilot project using the curricula.</li> <li>• Sell the products created by trainees at tourist spots.</li> </ul>	<ul style="list-style-type: none"> <li>• Exchange among schools, trainers and trainers.</li> <li>• Tie up product development with vocational schools and local enterprises.</li> <li>• Conduct activities debriefing session by relevant vocational school parties.</li> <li>• Hold bazaars by trainees in urban areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement crafts training curricula for vocational schools in all provinces.</li> <li>• Level the standards of contents of programs and standards of trainers.</li> <li>• Provide overseas study programs for gifted trainees.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Task force in creating curricula and teaching materials.</li> <li>• Vocational schools trainers.</li> <li>• Operation cost of vocational schools (facilities, equipments, raw materials, tools).</li> <li>• Educational materials costs.</li> <li>• Government budget: MOLISA.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Crafts production training curricula for vocational schools.</li> <li>• Educational materials for crafts training at vocational schools.</li> <li>• Production prototypes created by trainees (for sale).</li> </ul>			
External Assistance	<ul style="list-style-type: none"> <li>• Dispatch of specialists</li> </ul>				
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• D42: Opening of pilot shops.</li> <li>• E52: Development of tourism/tourist incentives.</li> </ul>				
Reference	<ul style="list-style-type: none"> <li>• At Bangsai Arts and Crafts Training Center of H. M. Queen Sirikit in Thailand, the training center has become a tourist spot and products created by trainees are sold as souvenirs. The proceeds are returned to the trainees so that they can receive training continuously or can use them as start-up fees for opening up their own business.</li> <li>• At Utatsuyama Craft Workshop in Ishikawa prefecture, Japan, students draw an activity plan and excellent craft artisans across the country give students guidance, so that a number of graduates have learned know-how as entrepreneurs..</li> </ul>				
Other Considerations	<ul style="list-style-type: none"> <li>• Take financial independence into account, for instance, education system can be established should the operation funds are circulated by the proceeds from the sale of production prototypes and when some proceeds are returned to students.</li> </ul>				

Action Plan		C41: Creation of Business Management Manual and Consultation		
Background, Objective & Outline		<p>Vietnamese craft business managers have not acquired the methods of business management such as business planning, marketing. As a result, it is common that foreign crafts traders develop products and local crafts producers manufacture per assignment. In order to strengthen competitiveness, it is necessary for crafts producers to be proactive and independently develop product, establish sales strategy with action plans, monitor and evaluate business activities.</p> <p>The objectives of the action plan are to create a manual that includes concrete measures to improve business, such as evaluation index, action plans, check list, etc. and to distribute it to micro, small and medium craft enterprises.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft enterprises (business manager), provincial government (business management consultant).</li> <li>• Implementation of trainings and consulting service using the business management service.</li> <li>• Leveling the basic business management capacities of business managers using the implementation format.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI.</li> <li>• Implementing agencies: DOI, DARD.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• In the short term, emphasize human resources development and enhancement of capacities of consultant trainers. In mid to long terms, conduct trainings for business managers and semi-management consulting..</li> <li>• Employ consultants from concerned provincial government persons (ones who are in charge of SME within DOI) or private sectors that act as BDS providers..</li> <li>• External resources (specialist) shall conduct technical transfer to foster consultants, and then such fostered consultants take a leading part in dissemination..</li> <li>• Conduct business management consultant trainings in each province, one-week trainings for three times, approximately 20 persons per training..</li> <li>• Conduct management diagnosis for 5 enterprises a year in each province, each enterprise reserves one-week consultation for three times..</li> <li>• Short-term management diagnosis for 20 enterprises a year in each province, each enterprise receives approximately three days of consultation..</li> </ul>		
	Implementation Steps	<p><b>Short Term (2004)</b></p> <ul style="list-style-type: none"> <li>• Foster business management consultant (study in Japan, overseas study).</li> <li>• Monitor the business management improvement of model enterprises and disseminate the positive outcomes to others.</li> </ul>	<p><b>Medium Term (2005-2006)</b></p> <ul style="list-style-type: none"> <li>• Conduct business manager trainings by business management consultants.</li> <li>• Select model enterprises and conduct management diagnosis and short-term management diagnosis.</li> </ul>	<p><b>Long Term (2007-2010)</b></p> <ul style="list-style-type: none"> <li>• Conduct business manager trainings by business management consultants (Conduct trainings for one week course for three times, 20 people per course).</li> <li>• Select model enterprises and conduct short-term management diagnosis.</li> <li>• Evaluate performance of management improvement of model enterprises.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Seminars for fostering business management consultant (in Japan or other countries).</li> <li>• Business management consultant (5 consultants per each province).</li> <li>• Government budget: MOI.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Business management manual and implementation format.</li> <li>• Trainings using the business management manual.</li> </ul>		
	External Assistance	<ul style="list-style-type: none"> <li>• Dispatch of specialists (either Japanese or foreigners).</li> </ul>		
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• C22: Development of BDS providers.</li> <li>• F31: Budget allocation for craft sector from Ministries and provincial governments based on craft development master plan.</li> <li>• F51: Training of public officials responsible for craft sector.</li> </ul>			
Reference	<ul style="list-style-type: none"> <li>• Utilization of business improvement manual created by PP2</li> </ul>			
Other Considerations	<ul style="list-style-type: none"> <li>• Expand the conducted PP2 in Ha Tay and Quang Nam provinces; conduct business managers trainings for 120 people and management consulting for 50 companies. "Pilot project performance evaluation" and "capacity enhancement of counterparts" shall be emphasized in first year.</li> </ul>			

Action Plan		C42: Assistant System for Entrepreneurs		
Background, Objective & Outline		Promoting new approaches, adopting young people, or women's new ideas especially those who had few business opportunities, is desired in order to strengthen the competitiveness of Vietnamese crafts in highly competitive market against other Asian crafts. The objective of the action plan is to provide financial and technical assistances to pioneering producers or enterprises, i.e. develop new products, embark on a different kind of business, etc.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Entrepreneurs.</li> <li>• Promotion of assistance and investment of public and private sectors by the establishment of public institution.</li> <li>• Promotion of new undertakings by entrepreneurs such as product development and store operations.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI, Women's Union.</li> <li>• Implementing agencies: DOI, Women's Union, VCCI.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Select business that has an influence on social matters like rural development and women's assistance and associated with crafts promotion.</li> <li>• Create an environment that is more approachable to assistance and investment from public and private sectors for entrepreneurs' new undertakings such as product development, store operation, etc.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Review existing assistance program for entrepreneurs.</li> <li>• Conduct product development competition and provide assistance to successful competitors.</li> </ul>	<ul style="list-style-type: none"> <li>• Match buyers with entrepreneurs.</li> <li>• Assist entrepreneurs in participating overseas exhibitions.</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Consultation with overseas entrepreneurs and buyers.</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Establishment of new product development assistant system.</li> <li>• New product-development pilot project by new entrepreneurs.</li> <li>• Exchange opportunities with other kind of businesses.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Financial assistance from donors and dispatch of specialists.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B21: Development of training program for product development coordinators.</li> <li>• B53: Establishment of matching system for producers &amp; buyers.</li> <li>• C22: Development of BDS providers.</li> <li>• D42: Opening of pilot shops.</li> <li>• E21: Establishment of Artisan Craft Associations.</li> <li>• F32: Improved access to existing financing schemes.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Fostering project for women entrepreneurs by UNDP founded by Japan Women in Development Fund (JWDF).</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Create programs for craft business using existing entrepreneurs support schemes.</li> </ul>		

Action Plan		C43: Provision of Technical Training Assistance to Micro, Small and Medium Enterprises' Managers		
Background, Objective, Outline		<p>Few Vietnamese craft business managers have acquired the knowledge of business management such as business planning, marketing due to the lack of sufficient trainings, or because they have few funds to spare for trainings due to poor management.</p> <p>The objective of the action plan is to provide proper assistance to managers and workers of micro, small and medium enterprises to enable them to participate in necessary trainings. These enterprises compose the majority of the craft sector..</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft enterprises, technicians.</li> <li>• Business improvement and strengthening of competitiveness of enterprises through capacity development of managers and technicians of micro, small and medium enterprises.</li> <li>• Provision of trainings to managers and technicians of micro, small and medium enterprises.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI.</li> <li>• Implementing agencies: DOI, DARD, VCCI.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Classify the target enterprises and persons in order to effectively allocate limited budget.</li> <li>• In order to assess the effectiveness of training outcomes, make submission of report compulsory for three years after the completion of trainings.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Select target enterprises.</li> <li>• Identify the budget.</li> <li>• Identify the target persons.</li> <li>• Create application forms for trainings.</li> <li>• Secure necessary human resources for examination agency and their education.</li> <li>• 1st solicitation.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate first solicitation and revise criteria and conditions for the second solicitation.</li> </ul>	<ul style="list-style-type: none"> <li>• (Continue implementation)</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Budget for assistance: MOI, VCCI.</li> <li>• Human resources for examination agency.</li> <li>• Specialists that instruct overall assistant measures.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Training programs for managers of micro, small and medium enterprises.</li> </ul>		
External Assistance				
Linkage with Other Actions				
Reference		<ul style="list-style-type: none"> <li>• SME promotional activities like project by VCCI.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Tie up with existing SME support activities (VCCI, GTZ, VARISME, etc.).</li> </ul>		

Action Plan		C51: Establishment of Occupational Safety Standards		
Background, Objective & Outline		<p>A number of workers and managers use a lot of chemicals and machines as emphasis on technical aspects are underscored.</p> <p>The objective of the action plan is to establish manageable occupational safety standards for managers and producers in craft villages and enterprises to guarantee better and safer workplaces.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Workers in factories.</li> <li>• The basic level of occupational hygiene and industrial safety in craft villages is very low. By disseminating knowledge and awareness on good industry practices industrial accidents should be avoided and workers health improved.</li> <li>• This should result in less lost industry time, less drain on medical facilities and workers who are healthier and have a better quality of life.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI, MOLISA.</li> <li>• Implementing agencies: Business managers of enterprises.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Most workers and managers routinely deal with chemicals and machines, and are comfortable with technical issues. General simple guidelines are needed which are practical and easy to implement. Technical advice may be necessary from MONRE, MOLISA and MOI on issues such as chemical safety and health issues such as hearing loss.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Produce or utilize industry safety guidelines and mass distribution.</li> <li>• Launch public awareness campaign on safety, health and industrial hygiene.</li> </ul>	<ul style="list-style-type: none"> <li>• Expand safety practices to most at risk industries.</li> <li>• Fir MOI to exert strong pressure to all craft industries to adopt good practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Push all craft industries to comply and penalize non-compliance.</li> <li>• Move to cleaner technologies and safer practices.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force (MOI, industrial circles, provincial governments).</li> <li>• Cost for occupational safety guideline manuals (printing cost).</li> <li>• Buying expenses for Special PPE (Personal Protective Equipment).</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Occupational safety guideline for craft production industry.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>•</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• C52: Establishment of occupational safety support system.</li> <li>• C53: Registration with International Environmental Standards.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>•</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Standards to be implemented must be simple, practicable and affordable. Resistance is not usually due to lack of awareness, or loss of profit, but concern over loss of competitiveness with similar factories. If all industries in a certain category are forced to comply with safety regulations then there is no relative loss “across the board” and resistance to change is lessened. The MOI and industry guilds can help in this area.</li> <li>• Healthy workers produce higher quality goods, which aids competitiveness and profit.</li> </ul>		

Action Plan		C52: Establishment of Occupational Safety Support System		
Background, Objective & Outline		Occupational safety should be observed by each enterprise, however, sufficient system such as necessary techniques and financial assistance, etc. are needed. The objective of the action plan is to establish a system to provide assistance in occupational safety management.		
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: Workers in craft village industries.</li> <li>The implementation of safe practices in industry must be self implemented but the pressure to do so must come from government.</li> <li>The procedures for regular checks must be set up with the MOI and MOLISA being seen as a source of help and assistance, rather than handing out penalties. However, the fact that MOI and MOLISA could fall back on penalties will always exist and should be kept as a reminder to recalcitrant industries.</li> <li>Industries in many countries are being encouraged to be "self regulating". This is effective and takes the pressure off government agencies, lightens their burden and makes industry more responsive as they feel that they are still in control.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Jurisdiction: MOI, MOLISA.</li> <li>Implementing agencies: DOI, DOLISA.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>Government should have a "Centre of Excellence" in technical matters and give technical advice and assistance.</li> <li>Industry should be encouraged and required to be self-regulating with regular reporting by industry, and random spot checks by government.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>Produce health and safety guidelines</li> <li>Provide training on guidelines and a series of workshops to determine lessons learned and ease of implementation.</li> <li>Train government staff in safety procedures.</li> </ul>	<ul style="list-style-type: none"> <li>Revise guidelines if necessary.</li> <li>Implement protection measures of different types for different industries, i.e. noisy industries, those emitting fumes, those using hazardous machinery.</li> </ul>	<ul style="list-style-type: none"> <li>Train further staff on basis of "Train the trainers".</li> <li>For trainers to train other staff in practical measures.</li> <li>Require industries to report on 3-year goals and objectives and attainment of the same.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>Task force should be lead by MOI with working groups set up to represent different industry types to discuss their particular problems.</li> <li>Expenditures for trainings for government staff (domestic/international training courses).</li> <li>Buying expenses for Special PPE (Personal Protective Equipment).</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>Occupational safety guideline manual for craft production industry.</li> <li>Establishment of occupational safety department and fostering instructors (within provincial government).</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li></li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>C51: Establishment of occupational safety standards.</li> <li>C53: Registration with International Environmental Standards.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li></li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>Human physiology is the same the world over but implementation of safety measures must take account of local affordability.</li> <li>Monitoring of improvements in villagers health would be a useful statistic to justify further resources.</li> </ul>		

Action Plan		C53: Registration with International Environmental Standards		
Background, Objective & Outline		<p>In overseas markets, various factors such as environmental impact, labor climate, product safety, etc. are considerable reasons for purchasing rather than simply by the price and quality of products. Many countries will not purchase goods or permit them to be imported unless the manufactures have obtained certification to international standards.</p> <p>The objective of the action plan is to earn international credibility for Vietnamese crafts by pertaining to labor standards (child labor, workplace, etc.) such as ISO 14000 series (environmental management standards), SA 8000 (labor's rights protection) etc.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft Village Industries and economy of Vietnam.</li> <li>• Raising the international credibility through the registration of International Environment Standards and increase of import.</li> <li>• Enhancement of the brand image of craft village.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MONE, MOI, MOST.</li> <li>• Implementing agencies: Village industry leaders assisted by consultants.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Craft villages need to implement the needed corrective measures and reporting regime themselves, but need to ask for technical help in areas such as environmental auditing and certification.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Conduct environmental audit of selected craft villages to prepare them for certification.</li> <li>• Implement environmental improvement program (Procedure normally takes 1 year).</li> </ul>	<ul style="list-style-type: none"> <li>• Check improvements and obtain certification for industries.</li> <li>• Extend to whole village and create a "first" by being an ISO Certified Village.</li> </ul>	<ul style="list-style-type: none"> <li>• Extend trade links by developing new markets which require these certifications.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force (specialists, consultants)</li> <li>• Costs for environmental assessment</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Obtaining of Certification pertaining to international environmental standards.</li> </ul>		
External Assistance				
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• C52: Establishment of occupational safety support system.</li> <li>• C53: Registration with International Environmental Standards.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Van Phuc village in Ha Tay province has been working on obtaining certifications, however, they require consultations of consultants and financial assistance.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Some factories in Vietnam have already obtained ISO 14000 certification and should learn from their experiences.</li> </ul>		

Action Plan		D11: Development of Craft Education Method and Manual		
Background, Objective & Outline		Illiteracy is high and lack of numeric ability is found in the mountainous areas where ethnic minorities live. Most of them do not understand Vietnamese, and this has become an obstacle to conduct assistance projects. NGOs are working on the craft development assistance for ethnic minorities in some areas. However, there are no standardized teaching materials due to the unique characteristics of the ethnic minorities, which makes it difficult to disseminate other minority groups and regions. The objective of this action plan is to study the craft education method that suits the capacities of ethnic minorities and to create easily comprehensible manuals.		
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: Ethnic minorities, provincial governments, ethnic minority assistance organizations.</li> <li>Strengthening of related sectors and integration of relevant issues by efforts made combining following three aspects: educational activities, fostering human resources and crafts development..</li> <li>The raising of awareness towards craft promotion among ethnic minorities by providing educational materials.</li> <li>Expansion of ethnic minority assistant scheme using education materials as common assistant tool.</li> <li>Strengthening of linkage between craft promotion projects and existing projects.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Jurisdiction: MOET.</li> <li>Implementing agencies: DOET, CEM, DARD, DOCI, NGOs, Commune Women's Union.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>The program lasts for three years; Phase I: understanding the values of traditional crafts, Phase II: restoration of traditional techniques and raw materials, Phase III: market oriented product development.</li> <li>Create teaching materials by task force, and conduct trainings (4 to 6 times a year) at the same time.</li> <li>It is important for ethnic minorities to understand the values of their traditional crafts. In order to do so, introduce crafts created by other ethnic minority groups for comparison. Include illiteracy and rural development education programs.</li> <li>Prepare practical educational materials. Create visually understandable textbook using pictures and photos so that illiterate ethnic minority groups can easily understand. Consider providing materials and tools during trainings.</li> </ul>		
	Implementation Steps	<b>Short Term (2004)</b> <ul style="list-style-type: none"> <li>Establish task force.</li> <li>Select model provinces and target ethnic minorities.</li> <li>Implement educational activities towards target groups (Phase I).</li> </ul>	<b>Medium Term (2005-2006)</b> <ul style="list-style-type: none"> <li>Implement educational activities in target groups (Phase II).</li> <li>Disseminate to ethnic minority groups.</li> </ul>	<b>Long Term (2007-2010)</b> <ul style="list-style-type: none"> <li>Implement educational activities in target groups (Phase III).</li> <li>Shift to D13.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>Task force for ethnic minority assistance (MOET, CEM, MARD, MOCI, Women's Union, NGOs, specialists).</li> <li>Expenditures for making educational materials (teaching materials, raw material, tools).</li> <li>Expenditures for trainings.</li> <li>Government budget: MOET, donor's assistance.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>Crafts education teaching manuals for ethnic minorities (for trainers).</li> <li>Crafts education teaching materials for ethnic minorities (for ethnic minorities).</li> <li>Implementation reports on crafts education for ethnic minorities.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>Overseas specialists</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>D12: Development of village trainers.</li> <li>D13: Development of distance learning.</li> <li>D31: Provision of crafts production technique training.</li> <li>D32: Creation of business management manual.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>Ethnic minority assistance handbook created in PP7 and account books.</li> <li>Materials prepared by the World "Terakoya" Movement in Lai Chau province, by National Federation of UNESCO Association (Development partnership program of JICA)..</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>Create educational materials with users/ethnic minorities..</li> <li>In Lai Chau province (PP7 project site), several ethnic minority assistance programs were consecutively conducted. Thus existing learning center should be continuously used for the implementation.</li> <li>Craft development project, illiteracy project for ethnic minority groups are conducted by other donors and NGOs. Educational materials should be prepared considering those examples.</li> </ul>		

Action Plan		D12: Development of Village Trainers		
Background, Objective & Outline		<p>Knowledgeable trainers who understand the significance and contents of trainings are necessary for ethnic minority assistance and training. Fostering human resources within the area is desired so that such trainees can take leading roles in the assistance activities for their independence.</p> <p>The objective of this action plan is to disseminate technical know-how through a trained villager, with advanced skills and certain academic qualifications, acting as trainer.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Communes/craft villages, districts/provincial governments, ethnic minority groups, ethnic minority assistance organizations.</li> <li>• Establishment of a core group that will play a central role in craft promotion and other activities in ethnic minority villages.</li> <li>• Continuation of voluntary teaching activities by trained village trainers.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOET, CEM.</li> <li>• Implementing agencies: DOET, Provincial CEM, DARD, DOCI, NGOs, Commune Women's Union.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Organize a group of people from commune/district, Women's Union, and representatives of ethnic minorities as village trainers.</li> <li>• Implement the program linking with existing assistance projects, as trainers should be fostered with ethnic minority assistance activities.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Select 2 model provinces.</li> <li>• Establish village trainers' groups (3 groups per province).</li> <li>• Implement craft assistance projects.</li> <li>• Identify necessary skills of trainers.</li> </ul>	<ul style="list-style-type: none"> <li>• Hold trainer groups' conference.</li> <li>• Establish village trainer development system.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor training activities by trainers.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Ethnic minority craft-assistance task force (MOET, CEM, MARD, MOCI, Women's Union, NGOs, specialists).</li> <li>• Village trainers' group (5 persons).</li> <li>• Expenditures for trainings (labor cost, transportation cost).</li> <li>• Government budget: MOET, donors' assistance.</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Trainings for villagers who will become trainers themselves.</li> <li>• Qualification system of village trainers.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Specialists</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• D11: Development of Crafts Education Method and Manual.</li> <li>• D13: Development of Distance Learning.</li> <li>• D31: Provision of Training in Craft Production Techniques.</li> <li>• D32: Creation of Business Management Manual.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Utilizing the ethnic minority assistance handbook created in PP7 and accounting books.</li> <li>• NGOs' time-proven activities such as Craft Link, etc.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Experience from Ethnic Issue School under CEM, and the Committee for Ethnic and Religion Issue under WU.</li> </ul>		

Action Plan		D13: Development of Distance Learning			
Background, Objective & Outline		Ethnic minorities don't receive sufficient education as they live in the mountainous or remote areas where educational materials are insufficient. Obtaining craft production skills and market information from experience or visiting markets are desired. On the other hand, information can also be learned through pictures. The objective of this action plan is to develop a teaching method, such as audio-visual presentation, for technical training in remote areas that have limited transport accessibility.			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Ethnic minorities, provinces, educational institutes, NGOs.</li> <li>• Provision of educational opportunities in remote areas utilizing educational materials.</li> <li>• Strengthening of knowledge and skills of ethnic minorities and permeation of cultural understandings and leveling educational standing.</li> <li>• Recording of support activities performed by outer organizations such as donors, NGOs.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOCI.</li> <li>• Implementing agencies: TV stations, related People's Committees.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Manuals should cover broad themes related to craft promotion such as craft production, traditional culture, literacy, labor, natural environment, marketing, etc.</li> <li>• Broadcast craft-assistance project activities to disseminate the values of ethnic minority crafts to the public, particularly in model provinces.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Select 2 model provinces.</li> <li>• Review educational programs for ethnic minorities.</li> <li>• Study educational methods and contents.</li> <li>• Film ethnic minority villages.</li> </ul>	<ul style="list-style-type: none"> <li>• Create ethnic minority craft making video footages.</li> <li>• Conduct TV and radio education about ethnic minority crafts.</li> </ul>	<ul style="list-style-type: none"> <li>• Document all 53 ethnic minority groups by year 2010.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Ethnic minority craft-assistance task force (MOCI, MOET, MARD, Women's Union, NGOs, specialists).</li> <li>• Video footage, production task force: TV stations, DOCI, Provincial CEM, NGOs.</li> <li>• Donors and foundations.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Craft training audio-visual materials (video tapes, equipment, facilities, etc.) for ethnic minorities.</li> <li>• Ethnic minority craft programs on television and radio.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Joint project with NGOs (Filming NGO activities).</li> <li>• Technical and financial assistance by donors and foundations.</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A42: Collection and exhibition of master artisan's works.</li> <li>• A53: Promotion of traditional crafts.</li> <li>• C33: Enhancement of vocational school programs.</li> <li>• D23: Preservation of traditional crafts.</li> <li>• D31: Provision of training in craft production techniques.</li> <li>• D52: Creation of ethnic minority assistance model.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>• Utilizing the ethnic minority assistance handbook created in PP7 and accounting books.</li> <li>• Materials prepared by the World "Terakoya" Movement in Lai Chau province by National Federation of UNESCO Association (Development partnership program of JICA).</li> </ul>			
Other Considerations		<ul style="list-style-type: none"> <li>• Not limited to overseas educational and cultural promotion agencies, but calls for assistance from overseas international exchange organizations or media.</li> </ul>			

Action Plan		D21: Research and Documentation of Traditional values		
Background, Objective & Outline		<p>Although traditional practices are being transformed as the economy and environment changes, unique cultural values of the ethnic minorities are relatively well preserved. However, this could change rapidly as a market-oriented economy and the inroads of tourism progresses. Thus, traditional crafts should be passed down not only by the ethnic minorities themselves, but should also be studied in an academic context in order to help in their preservation.</p> <p>The objective of this action plan is to make a record of existing traditional craft items, techniques, motifs, etc. in the ethnic minority villages.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Ethnic minorities, provinces/Vietnam society, research institutes.</li> <li>• Accumulation of academic study on ethnic minority crafts.</li> <li>• Understandings and education of ethnic minority crafts among Vietnamese people.</li> <li>• Raising awareness of craft promotion among ethnic minorities.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOCI.</li> <li>• Implementing agency: DOCI.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Target traditional craft villages that meet the selection criteria and each provincial government shall be in charge of study and guidance on the basis of created study guidelines (same as A11).</li> <li>• Dispatch researchers, NGOs or students to sites to conduct field surveys. Results shall be analyzed by a group of specialists and make documentations.</li> <li>• Assign one study group (approx. 5 persons) per one target group. Study approximately 3 model villages per province with the cooperation of provincial governments.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Review existing archives and studies.</li> <li>• Establish task force.</li> <li>• Establish study method and study team.</li> <li>• Select ethnic minority groups and crafts.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct approximately 10 studies per year.</li> <li>• Conduct annual debriefing sessions.</li> </ul>	<ul style="list-style-type: none"> <li>• Follow through on study and research activities.</li> <li>• Complete archives of 53 ethnic minority groups by year 2010.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force (National Culture Department, Department for Art and Photography, VME, local museums, research institutes).</li> <li>• On-site study team (approx. 5 persons/team; researchers, NGOs, students, etc.).</li> <li>• Equipment necessary for study and research.</li> <li>• Government budget: MOCI.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Ethnic minority crafts study report.</li> <li>• Ethnic minority crafts archive (catalogue).</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Overseas specialists (museum staff, research institutes, etc.).</li> <li>• Technical and financial assistance by International educational and cultural promotional agency (e.g. UNESCO).</li> <li>• Financial assistance for study from foundations and private enterprises.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A13: Presentation of traditional crafts documentation outcomes (at province and central levels).</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Traditional values study guidelines using the Photovoice method used in PP3.</li> <li>• Ethnic minority craft study methods used in neighboring countries (e.g. Thailand, Indonesia, Laos, etc.) and their archives.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Promotion and assistance of voluntary research activities by production regions or concerned craft parties.</li> <li>• Japanese research institutes that have broad experience are: National Museum of Ethnology in Japan (dispatch of researchers), National Research Institute for Cultural Properties, Tokyo (preservation of intangible cultural asset), The Japan Foundation, (restoration techniques), Toyota Foundation (research activities), etc.</li> <li>• Training researchers and curators to have specialized knowledge. Participation of NGOs and specialists that understand the unique characteristics of mountainous areas and ethnic minority groups are necessary.</li> </ul>		

Action Plan		D22: Restoration of Traditional Techniques		
Background, Objective & Outline		Ethnic minorities have engaged in weavings and embroideries using local materials and tools with natural dyes and weaving techniques all passed down within households and confined in their regions. However, these traditional techniques are declining due to the exhaustion of local raw materials and the increase of cheap imported raw materials and industrial products. The objective of this action plan is to promote the preservation of these vanishing traditional techniques, raw materials and tools.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Ethnic minorities, provinces, research institutes, consumers.</li> <li>• Long-term efforts towards restoration of traditional techniques.</li> <li>• Raising awareness towards craft promotion among ethnic minorities.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI, MARD.</li> <li>• Implementing agencies: DOI, DARD.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Restoration of traditional techniques requires long-term planning. Document traditional techniques in the short term, and then identify the techniques that have high necessity and potential of restoration in order to conduct trainings.</li> <li>• Tie-up with raw materials conservation plans by government agencies and aim to work on restoration and plantations of raw materials on a long-term basis.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Establish task force.</li> <li>• Select study method, target areas.</li> <li>• List traditional techniques.</li> <li>• Conduct restoration trainings (on-sites, Hanoi).</li> </ul>	<ul style="list-style-type: none"> <li>• Create archives for traditional techniques.</li> <li>• Promote technical exchanges among neighboring countries.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement local raw materials preservation plans (grow cocoons, plant cotton, etc.).</li> <li>• Establish specialized organization on traditional techniques conservation and restoration.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force (VME, DOI, museums, research institutes, NGOs, etc.).</li> <li>• Facilities for technical trainings.</li> <li>• Equipments for crafts production (various raw materials, tools like looms, etc.).</li> <li>• Equipments for documentation (Camera, video camera, etc.).</li> <li>• Government budget: MOI.</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Ethnic minority traditional crafts production techniques archive (catalogue, video tape, photograph collection).</li> <li>• Ethnic minority traditional crafts production techniques restoration training (e.g. natural dye, weaving techniques).</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Overseas specialists (craft specialists, museum staff, research institutes, etc.).</li> <li>• Technical and financial assistance by international educational and cultural promotional agency (e.g. UNESCO).</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A52: Collection, Exhibition and Preservation of Traditional Products.</li> <li>• B31: Identification of Craft Skills.</li> <li>• C13: Quality Improvement of Raw Materials.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Craft production technical trainings conducted by VME and NGOs.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Setting up a training facility for technical trainings in urban areas and invite ethnic minorities to conduct technical trainings.</li> </ul>		

Action Plan		D23: Preservation of Traditional Crafts		
Background, Objective & Outline		<p>Understanding of values and traditional crafts of the ethnic minorities can be furthered and widely disseminated by conserving them in local museums as well as their exhibition in urban areas and overseas.</p> <p>The objective of the action plan is to promote preservation activities of ethnic minority traditional crafts with the cooperation of local museums, local governments and other concerned parties.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Ethnic minorities, provinces/Vietnam society, tourists.</li> <li>• Raising awareness of conservation of traditional crafts among ethnic minorities.</li> <li>• Conservation of ethnic minority traditional crafts in various areas and its utilization as tourism resources.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOCI.</li> <li>• Implementing agencies: DOCI, DOI, PCs.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Target traditional craft villages that meet the selection criteria; each provincial government shall be in charge of the study and guidance on the basis of the created study guidelines (as same as A11).</li> <li>• Take a step-by-step approach on preservation as they need to be conserved at broad and various points from the village, commune, province (local museums), museums located in urban areas (e.g. VME, etc.) to overseas museums and research institutes.</li> <li>• Phase I. Aim to conserve within production areas (village, commune, province). Conserve products will be presented by villagers and selected by participations of ethnic minorities, specialists, local governments at local community center, etc. (one product per village). The provincial governments or local museums will collect representative crafts which will be chosen by the village for their exhibition.</li> <li>• Phase II. Collect representative crafts from each regional museum and hold joint exhibitions in museums located in urban areas.</li> <li>• Phase III. Hold ethnic minority craft exhibitions overseas thru collaborations with overseas cultural promotional institutes and research centers.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• (Implementation of Action Plan 21).</li> <li>• List ethnic minority crafts that should be conserved.</li> <li>• Establish task force.</li> <li>• Phase I: Implement conservation activities within production areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Phase II: Collect traditional crafts and conduct conservation programs at museums located in urban areas.</li> <li>• Continuation of Phase I.</li> </ul>	<ul style="list-style-type: none"> <li>• Phase III: Exhibit overseas.</li> <li>• Continuation of Phase I &amp; II.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force (VME, museums, research institutes, NGOs, etc.)</li> <li>• Crafts collections.</li> <li>• Expenditures for exhibitions (site fees, labor cost, equipments).</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Creation of exhibition space for ethnic minority crafts at various local facilities.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• International donors, NGOs, researchers and craft experts.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A11: Creation of guidelines for research and documentation of traditional crafts.</li> <li>• A22: Improvement of conservation and exhibition methods for crafts at existing museums.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Conservation efforts by Vietnam Museum of Ethnology (VME) and exhibition in the US with collaboration with Smithsonian Museum.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Promotion and assistance of voluntary research activities by production regions or concerned crafts parties.</li> </ul>		

Action Plan		D31: Provision of Craft Production Technique Training		
Background, Objective & Outline		Most craft items produced by ethnic minorities are clothing and decorative items, these are made for their own consumption using techniques handed through generations. In order to develop crafts that meet market needs, necessary techniques and skills need to be introduced to raise quality levels while continuing to preserve traditional techniques. The objective of the action plan is to provide crafts production trainings to ethnic minority producers in craft villages and urban areas.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Ethnic minorities, research institutes.</li> <li>• Introduction of technologies that suit to development of ethnic minority crafts.</li> <li>• Raising of productivity and quality enhancement.</li> <li>• Provision of technical exchanges towards ethnic minorities.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI.</li> <li>• Implementing agencies: Commune and district Women's Union.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Combine technical trainings for specific ethnic minority group in craft village and joint trainings in provincial capitals or urban areas inviting multiple groups.</li> <li>• In the joint trainings held in provincial capitals or urban areas--- the teaching of basic techniques like weaving and dyeing, new technology, tools, etc. to multiple groups (5 to 10 groups).</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Establish task force.</li> <li>• Create teaching programs.</li> <li>• Provide trainings in production areas (5 villages per each 3 provinces).</li> <li>• Hold joint trainings (approx. 4 times a year).</li> </ul>	<ul style="list-style-type: none"> <li>• Expand and continue training target candidates.</li> <li>• Establish training centers in urban areas.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Task force (DOI, VME, village trainers).</li> <li>• Equipments for crafts production (various raw materials, tools like looms, etc.).</li> <li>• Equipments for documentation (Camera, video camera, etc.).</li> <li>• Government budget: MOI</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Provision of crafts production technique trainings in production areas for ethnic minorities and their activities record.</li> <li>• Provision of ethnic minority joint trainings in urban areas and their activities record.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• International experts (dyeing) and donors, foundations.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• D12: Development of village trainers.</li> <li>• D22: Restoration of traditional techniques.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• PP7 Design training conducted by NGO.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• There are several ethnic minority groups, which have received some assistance from NGOs. Conduct joint trainings in the urban areas for representatives from each group. These groups shall take a leading role in the provincial capital.</li> <li>• Facility for joint trainings is necessary in the urban areas.</li> </ul>		

Action Plan		D32: Creation of Business Management Manual		
Background, Objective & Outline		Ethnic minority groups produce bamboo or rattan products, textiles, and metal products mainly for self-consumption and sale to tourists. However, their craft production does not transform into income increases and better standards of living due to insufficient understanding of traditional values, unstable and limited markets, absence of awareness on costs and intervention of middlemen thru commissions. The objectives of the action plan are to create a business management manual (e.g. accounting, cost awareness, negotiation capacity, etc) and provide assistance in implementing the manual in order to strengthen the management capacities of the ethnic minorities.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Ethnic minorities, the communes and district Women's Union.</li> <li>• Strengthening of management capacities of ethnic minorities.</li> <li>• Leveling the contents of ethnic minority assistance activities.</li> <li>• Empowerment of ethnic minority communities.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI, Vietnam WU.</li> <li>• Implementing agencies: Commune and district Women's Union.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Provide trainings on the ethnic minority management assistant method for BDS providers and NGOs using the outcomes of the PP7 handbook.</li> <li>• For ethnic minority groups, provide business management trainings and create business management tools that are useable among ethnic minority groups.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Strengthen management capacities of ethnic minorities by BDS providers and NGOs taking a main role.</li> <li>• Select target groups.</li> <li>• Create business management tools for ethnic minorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Educate ethnic minority groups training method to commune Women's Unions.</li> <li>• Document ethnic minority management assistance by image.</li> </ul>	<ul style="list-style-type: none"> <li>• For Women's Union to conduct ethnic minority assistance activities in various regions by year 2010.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force (Women's Union, NGOs, Village trainers, etc.).</li> <li>• Facility and equipments for trainings (stationeries, business machines, etc.).</li> <li>• Documentation equipments (camera, video camera, etc.).</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Business management manual for ethnic minorities.</li> <li>• Business management training activities record.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Private Universities and provincial economic, financial high schools.</li> <li>• Domestic and overseas NGOs.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• D12: Development of village trainers.</li> <li>• D41: Establishment of international fair trade participation mechanism.</li> <li>• D42: Opening of pilot shops.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Utilization of ethnic minority crafts assistance handbook and account book created in PP7.</li> <li>• Outputs of other programs and projects to support ethnic minorities through international donors.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• On the assumption that the manual is used among ethnic minorities and Women's Union, utilize illustrations rather than describing by texts only and simplify the contents.</li> <li>• Conduct trainings in conjunction with literacy education.</li> </ul>		

Action Plan		D33: Provision of On-the-Job Trainings			
Background, Objective & Outline		Ethnic minorities seldom go out of their villages or communes giving them little opportunity to learn craft promotion activities in other areas. Providing exchange opportunities with other groups would enhance their willingness to start their own craft businesses and outside trainings would bring about significant effects. The objective of the action plan is to provide on-the-job trainings outside of their villages such as at local markets, in urban areas, overseas, etc., to make them understand markets and their own conditions through the sale of their crafts.			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Ethnic minorities, the communes and district Women's Union.</li> <li>• The raising of awareness towards craft promotion among ethnic minorities.</li> <li>• Provision of opportunities for market cultivations for ethnic minority crafts.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI.</li> <li>• Implementing agencies: DOI, commune and district Women's Union.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Visit ethnic minority groups that have received assistance from NGOs.</li> <li>• The government shall provide financial assistance on such trainings or dispatch human resources.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Systematize the outside training opportunities within governments and taking into budget.</li> </ul>	<ul style="list-style-type: none"> <li>• Visit other neighboring countries.</li> </ul>	<ul style="list-style-type: none"> <li>• For ethnic minorities in neighboring countries to visit Vietnam.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Task force (provincial governments, Women's Union, NGOs, Village trainers, etc.).</li> <li>• Documentation equipments (camera, video camera, etc.).</li> <li>• Costs for trainings (transportation costs, accommodation costs, etc.).</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• On the job training programs for ethnic minority.</li> <li>• Record of on the job training programs.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• FA, TA from international organizations, such as UNESCO.</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B52: Dispatch of Specialists and Exchanges.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>• Utilization of ethnic minority crafts assistance handbook and account book created in PP7.</li> <li>• F53: Establishment of Overseas Human Resource Exchange Program.</li> </ul>			
Other Considerations		<ul style="list-style-type: none"> <li>• Examples of the visit: Sapa in Lao Cai province, Institute for Khmer Traditional Textiles in Cambodia.</li> </ul>			

Action Plan		D41: Establishment of Int'l Fair Trade Participation Mechanism		
Background, Objective & Outline		<p>Other neighboring Asian countries like Nepal and Bangladesh participate in international fair trades and aim to secure stable market for their crafts as well as sustain community development through craft development. Furthering craft development that meet the qualification standards for participating in international fair trades would secure suitable markets as well as create opportunities for learning market needs.</p> <p>The objective of the action plan is to provide assistance such as improvement of working conditions, quality assurance, market-oriented product development, to help enterprises and craft villages follow international fair trade practices.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: The ethnic minorities, the communes and district Women's Unions, provinces, fair trade groups, and consumers.</li> <li>• The raising of name recognitions of Vietnamese crafts and cultivation of stable markets.</li> <li>• Contributions towards community development.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MoTrade.</li> <li>• Implementing agencies: Domestic fair trade groups, Women's Union, NGOs.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Set standard criteria for Vietnamese producers' groups and formulate official registration forms in order to publicize groups to overseas concerned parties.</li> <li>• International Fair Trade Association (IFAT)'s standards are based as follows; creating opportunities for economically disadvantaged producers, transparency and accountability, capacity building, payment of a fair price, gender equity, working conditions, the environment.</li> <li>• Attribution, raw materials, production methods, working environment, etc. should be filled in the registration form.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Organization of domestic fair trade groups.</li> <li>• Collect information of fair trade groups in other countries.</li> <li>• Setting up appropriate criteria of producers groups and creation of registration forms.</li> <li>• Establishment of assistance method for producers groups.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of distribution system with producers groups.</li> <li>• Establishment of e-commerce of fair trade groups by the end of year 2005.</li> <li>• 30 producers groups participate in the fair trade groups by the end of year 2006.</li> </ul>	<ul style="list-style-type: none"> <li>• Study tour by overseas fair trade groups.</li> <li>• Producers groups will be able to deal with overseas groups directly.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Fair trade groups (concerned crafts parties, ethnic minority assistant groups, volunteers).</li> <li>• Product development, buying expenses, catalog production cost.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• International fair trade system participation manual.</li> <li>• Ethnic minority producers' group registration form.</li> </ul>		
External Assistance	<ul style="list-style-type: none"> <li>• Human resources and information assistance from fair trade groups in various countries.</li> </ul>			
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• D32: Creation of business management manual.</li> <li>• D43: Establishment of mechanism to receive consumer feedback.</li> <li>• E51: Use of "torisetsu", point of purchase, &amp; development of trademark system.</li> </ul>			
Reference	<ul style="list-style-type: none"> <li>• Activities of IFAT, Vietnam NGOs like Craft Link.</li> <li>• Japanese fair trade groups such as The Third World Shop, Fair Trade Company, etc. are dealing with Bangladesh, Nepal, African countries, etc.</li> </ul>			
Other Considerations	<ul style="list-style-type: none"> <li>•</li> </ul>			

Action Plan		D42: Opening of Pilot Shops		
Background, Objective & Outline		Ethnic minority crafts are sold directly from minority groups to tourists at local markets or craft retailers in urban areas. Ethnic minorities don't involve themselves with markets directly and often lack knowledge on appropriate price setting and negotiation skills even when they sell directly to tourists. In other words, there have been no opportunities for them to acquire business management skills. The objective of the action plan is to open pilot shops to introduce ethnic minority crafts to visitors or tourists through pilot shops, and to give the ethnic minorities the experience of selling their products outside of their villages.		
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: Ethnic minorities, the commune and district Women's Union, provinces, fair trade groups, consumers, tourists.</li> <li>Strengthening of management capacities of ethnic minorities and knowledge of markets.</li> <li>Provision of exchange opportunities with ethnic minority groups and crafts purchase toward tourists.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Jurisdiction: MoTrade.</li> <li>Implementing agencies: PCs, domestic fair trade groups, Women's Union, NGOs.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>Utilize existing facilities like a corner of local market, tourist information, museum shop, etc. for pilot shop, seek for assistance from people's committees.</li> <li>Initially, operate shops with assistance of BDS providers like NGOs or WUs to provide sales opportunities for ethnic minorities that made a business plan at pilot shops.</li> <li>Transfer management responsibility to ethnic minority groups once they have acquired necessary business management capacities.</li> <li>During the training periods conducted in urban areas, open temporary shops managed by participating ethnic minority groups.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>(Implementation of D32).</li> <li>Creation of business plan by ethnic minorities.</li> <li>Establishment of pilot shops in capital of province and operational assistance by BDS providers or WUs.</li> </ul>	<ul style="list-style-type: none"> <li>Business trainings at pilot shops for ethnic minorities.</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of pilot shops in Hanoi and HCMC.</li> </ul>
		<ul style="list-style-type: none"> <li>Pilot shop operations administrative office (BDS provider, commune Women's Union, etc.).</li> <li>Expenditures for opening pilot shops.</li> <li>Operation cost for pilot shops (labor cost, products burying expenses, etc.).</li> </ul>		
	Inputs	<ul style="list-style-type: none"> <li>Pilot shop operations administrative office (BDS provider, commune Women's Union, etc.).</li> <li>Expenditures for opening pilot shops.</li> <li>Operation cost for pilot shops (labor cost, products burying expenses, etc.).</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>Establishment of ethnic minority pilot shop at provincial capital or local markets.</li> <li>Establishment of ethnic minority pilot shop in urban areas.</li> <li>Ethnic minority pilot shop operation plan.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>Human resources and information assistance from fair trade groups in various countries.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>D32: Creation of business management manual.</li> <li>D43: Establishment of mechanism to receive consumer feedback.</li> <li>E51: Use of "torisetsu", point of purchase, &amp; development of trademark system.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>MRDP, a pilot shop created by the assistance of Craft Link for ethnic minority in Ta Phin commune, Lao Cai Province.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>This action plan is applicable to any crafts production areas (not limited to ethnic minority groups).</li> </ul>		

Action Plan		D43: Establishment of Mechanism to Receive Consumer Feedback		
Background, Objective & Outline		Ethnic minority producers are not aware of where the markets for their products are, and domestic and overseas consumers are hard pressed in finding out which ethnic minority group is producing which product. The objective of the action plan is to build a system allowing ethnic minorities to receive feedback from consumers for further product improvement.		
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: Ethnic minorities, the communes and district Women's Union, provinces, fair trade groups, consumers, tourists.</li> <li>Efforts in producing higher commercial values that meet the needs of consumers.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Jurisdiction: MoTrade.</li> <li>Implementing agencies: VIETRADE, domestic fair trade groups, Women's Unions, NGOs.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>Build a feedback system on ethnic minorities crafts that will be highly appreciated in developed countries so that the information of sales price, commercial values, usage methods, etc. of ethnic minority crafts, etc. would be available.</li> <li>Through the participation of ethnic minority producers' groups, NGOs and local governments participating in fairs, producers and local governments can learn the values and evaluations of crafts by the assessment of buyers and specialists, while NGOs can obtain the evaluation of products' marketability.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>(Implementation of E51).</li> <li>Study consumer feedback at overseas craft retail stores.</li> <li>Put examples of how ethnic minority crafts are used together.</li> </ul>	<ul style="list-style-type: none"> <li>Ethnic minority craft village tour by buyers.</li> </ul>	<ul style="list-style-type: none"> <li>Hold periodic consumer feedback study.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>BDS providers (NGOs).</li> <li>Domestic and foreign market specialists.</li> <li>Expenditures for conducting tour.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>Report on practical use of ethnic minority crafts (how crafts are used as part of interior decorations in photos, photo collections with consumer evaluation and comments, etc.</li> <li>Periodic ethnic minority crafts fairs.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>Cooperation of overseas crafts shops and fair trade groups.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>B53: Establishment of Matching System for Producers &amp; Buyers.</li> <li>D42: Opening of Pilot Shops.</li> <li>E51: Use of "torisetsu", point of purchase <sup>2)</sup> &amp; development of trademark system.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>Related report by VCCI and export, import companies.</li> <li>NGOs, such as Craft Link.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>This action plan is applicable to any crafts production areas (not limited to ethnic minority groups).</li> </ul>		

Action Plan		D51: Strengthening of Ethnic Minority Support Organizations' Capacities and Linkage with Governments		
Background, Objective & Outline		<p>There are various counterparts of donors, and NGOs for ethnic minority support activities. Due to the lack of cross-sectional linkages and information exchange opportunities within governments, support activities are not coordinated, also joint activities are not taken full advantage of and some supports don't meet the needs of beneficiaries and local governments.</p> <p>The objective of the action plan is to build an assistant mechanism to facilitate support activities of donors and NGOs that take a lead in providing assistance to ethnic minorities.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: Provincial governments, ethnic minority assistant groups, Women's Union.</li> <li>It enables relevant governments (central, province, local) to obtain the information of NGOs activities periodically by participating in the debriefing sessions, which allows them to make related activities more efficient through joint operations, etc.</li> <li>Establishment of cooperation and linkage system among relevant projects.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Jurisdiction: CEM.</li> <li>Implementing agencies: Provincial CEM, DARD, VUFO-NGO Resource Center, PCs.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>Target provincial governments that are committed in assisting ethnic minority support activities.</li> <li>Strengthen the linkage between NGOs and the provincial governments to have NGOs, who are taking an active part, will be able to act as bridges between provincial measures and the needs of ethnic minorities.</li> <li>Include projects and relevant organizations that cover rural development, traditional conservations, environment, education, etc. and create opportunities where support agencies and governmental agencies can exchange information periodically by holding donors and NGOs meetings at provincial government level including local counterparts.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
	Inputs	<ul style="list-style-type: none"> <li>Ethnic minority assistance working group (NGOs, Provincial CEM, CEM, Women's Union, etc.).</li> <li>Expenditures for activities debriefing session.</li> <li>Expenditures for joint projects between provincial government and NGOs.</li> <li>Provincial government budget.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>Report of ethnic minority assistance activities by donors and NGOs (by province).</li> <li>Donors and NGOs meeting at provincial level.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>Donor assistance on debriefing session.</li> <li>.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>F51: Training of public officials responsible for craft sector.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>Ethnic Minority Support Manual by PP7.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>Linking with existing organizations or networks such as the Ethnic Minorities Working Group (EMWG) under the VUFO-NGO Resource Center, consisting of NGOs is desired. Refer to <a href="http://www.emwg.org.vn/index.shtml">http://www.emwg.org.vn/index.shtml</a>.</li> </ul>		

Action Plan		D52: Creation of Ethnic Minority Assistance Model		
Background, Objective & Outline		Assistance for ethnic minority activities is conducted by various organizations. However, such experiences have not been applied to other areas because assistance goals and processes are not shared among similar stakeholders. The objective of the action is to develop an assistance model based on samples of support activities for ethnic minorities including lessons learned and to plan future support activities.		
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: Provincial governments, ethnic minority support groups, Women's Union.</li> <li>Common understandings between governments and NGOs towards ethnic minority assistance.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Jurisdiction: CEM.</li> <li>Implementing agencies: Provincial CEM, VUFO-NGO Resource Center, local Women's Union, people's committees.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>Establish an ethnic minority-assistance study group consisting of donors, NGOs and Women's Union. Review and evaluate existing assistance projects and create assistance models linking with central and provincial governments.</li> </ul>		
	Implementation Steps	Short Term (2004) <ul style="list-style-type: none"> <li>Establish ethnic minority study group.</li> <li>Identify typical characters of minority groups.</li> <li>Review existing projects.</li> <li>Implement post ethnic minority assistance activities evaluation and monitoring.</li> </ul>	Medium Term (2005-2006) <ul style="list-style-type: none"> <li>Implement assistance models and set up the evaluation criteria.</li> <li>Implement assistance projects based on the standards and their evaluations.</li> </ul>	Long Term (2007-2010) <ul style="list-style-type: none"> <li>Carry out ethnic minority assistance model visiting tour.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>Ethnic minority assistance study group (donors, NGOs, Provincial CEM, Women's Union).</li> <li>Expenditures for visiting tour.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>Ethnic minority assistance activities study and their evaluation report.</li> <li>List of previous ethnic minority assistance activities.</li> </ul>		
	External Assistance	<ul style="list-style-type: none"> <li>Donors, NGOs</li> </ul>		
Linkage with Other Actions	<ul style="list-style-type: none"> <li>E32: Establishment of Financial Procedures to Access Financing Schemes.</li> </ul>			
Reference	<ul style="list-style-type: none"> <li>Ethnic Minority Support Manual by PP7.</li> <li>Rural development model for mountainous areas as a support model for minority group in Ta Phi, Lao Cai.</li> </ul>			
Other Considerations	<ul style="list-style-type: none"> <li>The model will be established with consideration on feasibility for mountainous minority groups in northern, central, and central high land regions).</li> </ul>			

Action Plan		D53: Conduct of Forum among Organizations Assisting Ethnic Minorities		
Background, Objective & Outline		There are a number of domestic and overseas organizations that are engaged in ethnic minority assistance. However, there is neither an organization to manage such groups centrally, nor one that shares their activities and experiences. The objective of the action plan is to provide an opportunity for domestic and overseas organizations assisting ethnic minorities to discuss various issues and collaborate with each other.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Provincial governments, ethnic minority support groups, Women's Union.</li> <li>• Provision of opportunities for information exchanges on ethnic minority assistances.</li> <li>• Expansion of linkage among overseas ethnic minority assistance institutes.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: CEM.</li> <li>• Implementing agencies: VUFO-NGO Resource Center, Provincial CEM, local Women's Union, people's committees.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Most ethnic minority assistance activities are conducted by NGOs and donors. In order to promote fostering domestic NGOs and their activities, the ethnic minority assistance project debriefing session should be conducted by domestic and overseas NGOs and Women's Unions, as well as representatives of ethnic minorities once a year.</li> <li>• Administrative office shall be placed under ethnic minority-assistance study group (same as D52).</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• (Same as D52)</li> <li>• Prepare debriefing sessions on ethnic minority assistance projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Hold ethnic minority assistance project debriefing sessions (once a year).</li> </ul>	<ul style="list-style-type: none"> <li>• Hold ethnic minority assistance forums (every other year).</li> <li>• Hold ethnic minority assistance project debriefing sessions (once a year).</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Expenditures for debriefing session.</li> <li>• Expenditures for overseas study group participation (labor cost, transportation cost).</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Holding an ethnic minority assistance forum.</li> <li>• Participation of overseas assistance organizations.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>•</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• D51: Strengthening of ethnic minority support organizations' capacities and linkage with Governments.</li> <li>• D33: Provision of on-the-job training.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Center for Biodiversity and Indigenous Knowledge (CBIK): <a href="http://cbik.org/index.htm">http://cbik.org/index.htm</a> CBIK aims to explore alternative development approaches for working directly with indigenous people and communities to enhance their livelihoods and maintain cultural and biological diversity, knowledge, and so on. CBIK also works to promote local and regional inter-sectoral and inter-cultural dialogue and communication among rural communities, NGOs, academia and governmental agencies. For this purpose, it conducts interdisciplinary research, facilitation for participatory development, consultation for cultural identity, networking for information sharing, and capacity building for watershed governance and livelihood development.</li> </ul>		
Other Considerations				

Action Plan		E11: Creation of VDS Manual & Guidelines		
Background, Objective & Outline		<p>The central government has included the importance of craft promotion in the 2001-2010 Development Strategy. Necessity of support measures for craft village and craft engaged households are recognized in Prime Minister's Decision No. 132<sup>1)</sup>, however, concrete measures have not yet been brought about due to lack of information and awareness on craft villages. Thus assistance and development for craft villages are not conducted institutionally. In addition to building a framework of measures for the central and provincial levels, it is also important for craft villages to form craft development strategies by themselves.</p> <p>The objective of the action plan is to create a manual and guidelines for villagers and outside support agencies and organizations on developing a Village Development Strategy (VDS) wherein the villagers themselves analyze conditions of their village through participatory research methods such as Participatory Rural Appraisal (PRA).</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft villages, commune, district, provincial governments, NGOs.</li> <li>• Revitalization of rural development activities with the initiatives of villagers by formulation of VDS as a turning point.</li> <li>• Standardization of VDS formulation methods and contents on the basis of manual guidelines.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MARD.</li> <li>• Implementing agencies: DARD, DOI and related agencies.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Place the formulation of VDS as one of the MARD rural development projects.</li> <li>• Formulate VDS task force consisting of the MARD and consultants and create manual and guidelines. Disseminate the VDS formulation activities.</li> <li>• Provide trainings for provincial government (DARD) and BDS providers using manual created by PP8 to foster VDS formulation human resources.</li> <li>• Consultants shall teach VDS formulation activities for the first year. In the mid and long term, concerned provincial parties (commune and district governments, Women's Union, etc.) shall be in charge of assisting in formulation of VDS.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Conduct VDS formulation training (Hanoi for 1 week).</li> <li>• Create VDS formulation teaching manual.</li> <li>• VDS formulation at target craft villages (3 villages from each 4 model provinces).</li> </ul>	<ul style="list-style-type: none"> <li>• Create VDS formulation manual for villagers.</li> <li>• Implement VDS manual in craft villages (expansion of target craft villages).</li> <li>• Train one VDS formulation trainer per each province government.</li> </ul>	<ul style="list-style-type: none"> <li>• 3 villagers from each province formulate VDS by the year 2010.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• VDS task force (consultant, concerned provincial government officers).</li> <li>• Expenditures for VDS formulation trainings for trainers (distribution of manuals, labor cost, transportation cost).</li> <li>• Government budget: MARD.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• VDS formulation manual for villagers.</li> <li>• VDS formulation teaching guidelines for concerned governments and BDS providers.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>•</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• E12: Establishment of VDS system</li> <li>• E13: Institutionalization of VDS</li> <li>• F51: Training of public officials responsible for craft sector</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Craft village developmental strategies manual using PRA method created by PP8.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Revise the PP8 manual in lines with Craft Promotion Master Plan (central and provincial levels) to make its contents more practical.</li> <li>• In the short term, the provincial government shall take a leading role in reviewing the VDS formulation and operational methods using the PP8 target governments; DOI Ha Tay province, DARD Ninh Binh province.</li> </ul>		

<sup>1)</sup> "Decision No.132/2000 of the Prime Minister on a Number of Policies to Encourage the Development of Rural Trades"

Action Plan		E12: Establishment of VDS System		
Background, Objective & Outline		In order to turn the Village Development Strategy (VDS), formulated by villagers, to concrete actions an implementation system is needed in each stage, such as the VDS formulation assistance, VDS formulation consultation, VDS authorization and action plan implementation assistance, etc. Linkage with various relevant agencies, including external resources like donors and NGOs, is needed in addition to linkages among the central, provincial, and the local governments (district, commune and Women's Union, etc.). The objective of the action plan is to assist VDS formulation activities by providing financial and technical support from governments, donors and NGOs.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft village, commune, district and provincial governments, NGOs.</li> <li>• Assistance for the craft village self-support by implementing the formulation of VDS.</li> <li>• Taking action plans based on the VDS created by village on a concrete form.</li> <li>• Clarification of assistance from governments to rural areas and realization of measures.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MARD.</li> <li>• Implementing agencies: DARD, DOI and related agencies.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Establish a VDS task force consisting of MARD and consultants (as same as Action Plan E11), and institutionalize VDS and assist in formulating VDS.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• (Implementation of E11).</li> <li>• Adjust budget, develop human resources, conduct technology transfer on formulation of VDS.</li> <li>• Create proposal making manual for craft villages.</li> </ul>	<ul style="list-style-type: none"> <li>• For provincial governments on VDS activities (Hanoi, once a year) to conduct debriefing sessions.</li> <li>• Hold donors meeting on VDS.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• VDS task force (consultants, concerned provincial governments).</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Establishment of VDS implementation mechanism (measures, system, organization).</li> <li>• Proposal making manual for craft village based on the VDS.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Donors, NGOs</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• E11: Creation of VDS Manual &amp; Guidelines.</li> <li>• E13: Institutionalization of VDS.</li> <li>• F51: Training of public officials responsible for craft sector.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Refer to the support systems in Ha Tay and Ninh Binh provinces applied in the activities of PP8.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Establish the provincial and local governments' support system using Ha Tay and Ninh Binh provinces' models of PP8.</li> </ul>		

Action Plan		E13: Institutionalization of VDS			
Background, Objective & Outline		<p>Due to the absence of assistance activities and information exchange opportunities among government agencies and donors, some external assistance programs or target persons overlap, or contents of activities don't match the needs of villagers in the rural areas. Thus, using the Village Development Strategy (VDS) as a common village information source is recommended and an administrative organization for the created VDS should be needed. In order to assist in realizing the VDS, contents of the assistance should be determined after the government units, private sectors, donors and NGOs appraise the VDS proposals.</p> <p>The objective of the action plan is to formulate a VDS assistant mechanism wherein government and concerned agencies provide concrete assistance to proposals conforming to the VDS vision.</p>			
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: Vietnamese governments.</li> <li>Promotion of efficient public assistant activities from domestic and international agencies by institutionalizing VDS.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Jurisdiction: MARD.</li> <li>Implementing agencies: DARD, DOI, people's committees and related agencies.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>Establish VDS assistance system at both the central and provincial levels. The MARD shall take a leading part and coordinate with other ministries and donors. At the provincial level, the DARD shall take a leading part, and coordinate with other concerned departments and district and commune PCs, etc.</li> <li>Establish VDS Assessment Council consisting of the central governments and donors while making the MARD a leading part and study on the institutionalization of the VDS. The VDS task force shall function as an administration office of the Council.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>Establish VDS Assessment Council.</li> <li>Conduct VDS formulation activities in target craft village (3 craft villages from each 4 model province) (Action Plan E11).</li> </ul>	<ul style="list-style-type: none"> <li>Conduct debriefing session on VDS activities in each model province.</li> <li>Include VDS assistance system in related measures and guidance of central and provincial governments.</li> <li>Conduct donors' meeting on institutionalization of VDS.</li> </ul>	<ul style="list-style-type: none"> <li>Establish VDS financial assistance system by financial institutes and donors.</li> <li>Conduct annual VDS debriefing sessions and donors' meetings.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>VDS Assessment Council (MARD and consultants)</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>Establishment of VDS department within provincial government.</li> <li>Budget for VDS implementation assistance.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li></li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>E11: Creation of VDS manual &amp; guidelines.</li> <li>E12: Establishment of VDS system VDS.</li> <li>E31: Establishment of Craft Fund.</li> <li>E32: Establishment of financial procedures to access financing schemes.</li> <li>E33: Study on accessing ODA.</li> <li>F32: Improved access to existing financing schemes.</li> <li>F51: Training of public officials responsible for craft sector.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>City Development Strategy (CDS) by World Bank.</li> <li>Craft Village Development Strategy (PP8).</li> </ul>			
Other Considerations		<ul style="list-style-type: none"> <li>Aspects related to sustainable development.</li> </ul>			

Action Plan		E21: Establishment of Artisan Craft Association			
Background, Objective & Outline		Structuralizing among concerned craft engaged people are not promoted in the craft villages. There is much room for improvement, particularly in the areas of production technique trainings and improvement, profit sharing system, etc. The objective of the action plan is to establish a support system for organizations and village level artisan craft associations to enhance collaboration among craft producers, distributors and traders involved in craft industries.			
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: Association members mainly composed of craft producers, craft villages.</li> <li>Advancement of craft production techniques, fair profit sharing among craft producers.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Jurisdiction: MOI.</li> <li>Implementing agencies: DOI, PCs.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>Investigate persons who can act as leaders and provide assistance in the process of establishment of association.</li> <li>BDS providers' assistance is critical particularly during the initial establishment process.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>Build consensus among members on the establishment of a Craft Association.</li> </ul>	<ul style="list-style-type: none"> <li>For BDS providers to assist in the establishment of a Craft Association.</li> <li>Collect data from other craft associations and on establishment of craft associations.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor Craft Association activities by BDS providers, develop operation and management of association.</li> <li>List examples of establishment and activities of association.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>Implementation of case study on the establishment of other craft associations.</li> <li>Expenditures for creating list of case examples.</li> <li>Consulting fees on establishment assistance.</li> <li>BDS providers.</li> <li>Joint capital investment by DOI and Craft Association members.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>List of establishment of Artisan Craft Associations and activity cases.</li> <li>Craft association, establishment guidelines. (Production areas and crafts).</li> </ul>			
External Assistance					
Linkage with Other Actions		<ul style="list-style-type: none"> <li>C22: Development of BDS providers.</li> <li>C42: Assistance system for entrepreneurs.</li> <li>F42: Support for improvement of utilities and services in craft villages.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>Case of establishment of the lacquer association in Ha Thai village in Ha Tay province (PP8).</li> </ul>			
Other Considerations		<ul style="list-style-type: none"> <li>Assist and promote self-activities of production areas and concerned craft parties.</li> <li>Establish associations more efficiently by conducting case studies of activities of craft associations promoted through the promulgation of Prime Minister's Decision No. 132.</li> </ul>			

Action Plan		E22: Assistance on Existing Cooperatives in Craft Activities		
Background, Objective & Outline		Although cooperatives are organized in craft villages, considerable numbers of cooperatives are in a state of plateau without maximizing the benefits of organization, which is due to a lack of know-how in operation and management. The objective of the action plan is to create a support system for agricultural cooperatives to help promote craft industries.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: cooperative members, craft villages.</li> <li>• Revitalization of craft activities by cooperatives.</li> <li>• Strengthening of production areas.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: VCA, MOI, MARD.</li> <li>• Implementing agencies: VCA, DOI, DARD.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Understand and collect successful cases of cooperatives and improvement made through trainings, and put them together as sample cases collection for other cooperatives' reference.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• For operation and management specialists to diagnose activities of cooperatives to identify areas for improvement.</li> </ul>	<ul style="list-style-type: none"> <li>• For operation and management specialists to provide trainings to cooperative members.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor training outcomes.</li> <li>• Collect sample cases of cooperatives' activities.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Cooperative activity diagnosis cost.</li> <li>• Employment and dispatch of training specialists.</li> <li>• Financial assistance for training expenses.</li> <li>• Expenditures for creating a collection of sample cases.</li> <li>• BDS providers.</li> <li>• Cooperative's independent revenue source.</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Collection of cooperative activity cases.</li> <li>• Conduction of training courses for cooperatives (organizational operation, management, techniques, etc.).</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Assistance on training expenditures by donors.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• C22: Development of BDS provider.</li> <li>• C42: Assistance system for entrepreneurs.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Activity samples of VCA members.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Manage by self-activities and independent revenue source of VCA and individual cooperatives.</li> <li>• Promote efficient activities of cooperatives by analyzing sample activities (successful and failure cases) of cooperatives related to craft promotion.</li> <li>• Encourage linking with other existing cooperatives.</li> </ul>		

Action Plan		E23: Networking among Craft Promotions Organizations		
Background, Objective & Outline		Although craft promotion organizations or groups are established in various regions the range of activities are limited to their own areas. Exchanges and linkages among other production areas that are producing similar products and raw material production areas are not developed. The objective of the action plan is to create a network of organizations that are concerned and are working for the promotion of artisan craft industries to increase efficiency of such activities, as well as to encourage exchanges among production areas.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Target craft manufacturers, craft villages for exchange.</li> <li>• Understanding of actual conditions and activities of concerned organizations.</li> <li>• Collaboration within production areas and promotion of exchange among production areas.</li> <li>• Strengthening of competitiveness among production areas by exchanges.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI.</li> <li>• Implementing agencies: DOI, provincial VCA, craft promotion organizations by region.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Make production and sales more efficient by promoting exchanges among other production areas and conduct self-diagnosis of series of process from raw materials supply, craft production, sales under the lead of MOI and DOI.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• List craft promotion organization and groups, craft related enterprises by region through organizations of VCA.</li> <li>• Understand current state of exchange such as technical exchange, etc. among or within production areas by region.</li> </ul>	<ul style="list-style-type: none"> <li>• Review exchange possibility with other production areas by region.</li> <li>• Exchange human resources among production regions particularly among specialists.</li> <li>• Make periodic exchanges with craft production areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Promote networking and expansion of production areas exchange.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Expenditures for making lists of craft promotion organization and groups (by region and by craft item).</li> <li>• List of craft related enterprises (raw materials supply, design, manufacturing, distribution, sales).</li> <li>• Periodical exchange among craft production regions in urban areas.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Network and linkage among craft promotion organization and.</li> </ul>		
External Assistance				
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• C21: Strengthening of linkage among craft villages.</li> <li>• C22: Development of BDS Providers.</li> <li>• C23: Development of production areas as local brands.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Implementation cases from PP2.</li> <li>• Provincial craft sector development plans (Ha Tay, Lai Chau, Quang Nam, An Giang).</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Expansion of linkage among production areas implemented in PP2.</li> <li>• Clear definition of responsibilities for task force to avoid overlap.</li> </ul>		

Action Plan		E31: Establishment of Craft Fund		
Background, Objective & Outline		Every craft village has not been able to access the necessary funding for expansion and this has proven to be a nagging bottleneck in craft promotion. The objective of the action plan is to create a craft fund as an accessible financial source of funds for the craft villages and producers.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft producer, craft villages.</li> <li>• Revitalization of craft village activities.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI, MOF.</li> <li>• Implementing agencies: DOI, DOF.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Underlying fund shall be generated through the assistance of donors and governments. The fund shall be managed by the MOI.</li> <li>• Primarily, the DOI shall examine the application of the craft fund from each craft village and producer, and then once the craft fund operation gets on track, it shall be placed under the authority of private bank.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Study the needs of craft activities and promotion funds through local site surveys.</li> </ul>	<ul style="list-style-type: none"> <li>• Formulate a Craft Fund establishment plan.</li> <li>• Implement financial assistance through craft fund.</li> </ul>	<ul style="list-style-type: none"> <li>• Operate Craft Fund.</li> <li>• Assess operation efficiency.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Place persons in charge within MOI, DOI.</li> <li>• Expenditures for study on the needs of craft promotion fund.</li> <li>• Underlying fund for the Craft Fund from donors and MOF.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Craft Fund establishment plan.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Underlying fund from donors.</li> <li>• Programs</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• F31: Specific budget allocation for craft sector from Ministries and provincial governments based on craft development master plan.</li> <li>• F33: Effective use of ODA.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• Other related local assistance programs and funds, such as Industrial Extension Fund (Ha Tay) and Poverty Reduction Fund (Bank for the Poor).</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• It is important to work out regulations to set up a Craft Fund.</li> </ul>		

Action Plan		E32: Establishment of Financial Procedures to Access Financing Schemes		
Background, Objective & Outline		<p>Micro enterprises or producers do not have access to existing financial systems due to lack of collateral or funds.</p> <p>The objective of the action plan is to establish easy financial producers by reviewing the existing lending procedures of financial institutions like the Vietnam Bank for Agriculture and Rural Development (VBARD) and the Vietnam Bank for Poor (VBP).</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: craft producers, distributors, production areas.</li> <li>• Expansion of production scale of craft producers.</li> <li>• Revitalization of crafts enterprises.</li> <li>• Strengthening of competitiveness of production areas.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOF, MARD, banks.</li> <li>• Implementing agencies: DOF, DARD, local bank branches</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• The VBARD and the VBP have no experience in lending funds for production improvement to crafts producers, etc. thus none of them have never dealt with craft related cases. Fostering human resources within financial agencies shall be conducted along with proposing financial measures and systems for government agencies and financial institutes.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Study the current conditions of existing financial system.</li> </ul>	<ul style="list-style-type: none"> <li>• Review and make proposals on financial measures for the revitalization of crafts enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement a system that is accessible to micro enterprises and producers.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Expenditures for study on the current conditions of existing financial systems.</li> <li>•</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Report on the study of financial system for craft promotion.</li> <li>• Financial measures proposals for government agencies and financial institutes.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• BDS providers.</li> <li>• Assistance programs.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• F33: Effective use of ODA.</li> <li>• F32: Improved access to existing financing schemes.</li> <li>• F31: Specific budget allocation for craft sector from Ministries and provincial governments based on craft development master plan.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• JBIC's Sector Study for Agricultural Development Sector in Vietnam and existing micro finance systems.</li> <li>• Assistance programs for SMEs in Vietnam.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• There is a need for specific guidance for loan procedures.</li> <li>• Diversified loan mortgages should be acceptable.</li> </ul>		

Action Plan		E33: Study on Accessing ODA		
Background, Objective & Outline		The scale of financial assistance from donors for craft sector is limited. Even with donors that provide assistance to central governments the channels towards craft villages and craft producers are not developed. The objective of the action plan is to examine the methods for accessing assistance by strengthening linkage with central government so that donor assistance will reach craft villages.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft producers, craft villages.</li> <li>• Technical and financial assistance by donors shall be reached to beneficiaries.</li> <li>• Revitalization of craft activities among craft villages by the assistance of technical and financial assistances.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MPI, MOF.</li> <li>• Implementing agencies: MARD, MOI, MOT, MOCI, VNAT, banks.</li> </ul>		
	Key Strategy			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Pass on the ODA access procedures from MPI via ministries concerned to appropriate agency like DOI, DARD, DAT, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Pass on the ODA access procedures from DOI, DARD, DAT and others to craft villages.</li> <li>• Provide intructions for craft villages to formulate action plans and financial plans.</li> </ul>	<ul style="list-style-type: none"> <li>• Identify demands to recommend to government agencies.</li> <li>• For local departments to identify funding demand for considerations by competent agencies.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Information system, ODA loan procedures</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Technical and financial assistance from donors shall come down to beneficiaries.</li> <li>• Producers have capacity to prepare loan dossiers.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Donors.</li> <li>• NGOs.</li> <li>• Assistance programs for SMEs.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• F51: Training of public officials responsible for craft sector.</li> </ul>		
Reference		PP8: Craft village development strategies for Ha Thai and An Hoa; project list for Ha Thai village in 2003.		
Other Considerations		<ul style="list-style-type: none"> <li>• It is important for governments to inform each donor that craft sector falls into the donor's target support coverage and it shall make a significant impact on poverty reduction.</li> </ul>		

Action Plan		E41: Study on Current Conditions of Environmental Issues in Craft Villages		
Background, Objective & Outline		<p>As craft production becomes more active, negative impacts on villages and surrounding regions also increase. It is currently difficult to state the pollution caused by certain craft villages and those that are caused by other sources. The “polluter pays” principle cannot be applied unless exact sources and extent of pollution are identified.</p> <p>The object of the action plan is to understand existing and potential impacts of craft production on the environment from the aspects of scale of craft villages, production method and craft item.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Villagers, craft workers, neighboring residents, municipal authorities and environmental protection agencies, health facilities and practitioners.</li> <li>• Deeper understanding of environmental conditions.</li> <li>• Provision of foundation for environmental action plan.</li> <li>• Allow “scoping” of environmental problems and determination of priorities.</li> <li>• Sound basis for allocation of budget to priority areas.</li> <li>• Allowing determination of appropriate technology.</li> <li>• Raising of environmental awareness of villagers and community.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI (lead agency), MARD and MONE (technical support)</li> <li>• Implementing agencies: All interested stakeholders with the village commune as lead.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Three aspects; policy, techniques and finance, are required to address environmental issues not only villagers in craft villages but by concerned parties from broader surrounding areas. The environmental authorities can then take the appropriate action. This program will facilitate this.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Set up “baseline” monitoring program based on a small number of easily measured parameters which give good overall picture of environmental conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• Expand monitoring program to include similar craft villages to allow comparison or results across an industry, and so show trends and lessons learned.</li> </ul>	<ul style="list-style-type: none"> <li>• Expand monitoring program to establish current conditions in all craft villages of different types of manufacturing, in different regions and provinces to allow establishment of national database.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• The Task force will require inputs from all stakeholders and “actors”. This will include the Village Commune, Trade Associations, Industry Groups, Local and Regional Authorities. It is expected that the Village Council Chairman will lead.</li> <li>• MOI / MONE with perhaps some external assistance on baseline studies.</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Craft village environment study report (by craft item, by region).</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• Technical assistance from MONE, MOI and external consultants.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• E42: Development of environment assessment system for craft village.</li> <li>• E43: Environment quality development assistance.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• This monitoring program will provide information on current issues and if extended to many villages could be part of a larger survey on environmental conditions throughout the country.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Ensuring that the actions are demand driven and responding to the needs of the villagers, not the perceptions of other parties are essential.</li> <li>• The program should be simple to begin with to allow comparison between villages and not become overly scientific.</li> </ul>		

Action Plan		E42: Development of Environment Assessment System for Craft Villages		
Background, Objective & Outline		Environmental impacts should be dealt by adopting preventive measures during the planning process rather than dealing them after negative impacts occur; as well as conducting periodic monitoring for improvement. Yet, such an environmental impact assessment mechanism has not been developed at the village or regional levels. The objective of the action plan is to create a standard for the Environmental Impact Assessment (EIA) to be able to conduct periodical assessment.		
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: MONE, MOI staff, residents, industrialists, planning authorities.</li> <li>Enjoy the benefits among a wide range of stakeholders by rigid and transplant EIA procedures.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Jurisdiction: MONRE, National EPA, MOI.</li> <li>Implementing agencies: Consultants and environmental authorities.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>Although this logically comes under the authority of the MONE it may be appropriate to set up an environmental unit in the MOI as they are more likely to have first contact with the relevant developers and industries.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>Prepare EIA procedures and guidelines suitable and appropriate for craft villages. To be done in association with MONRE / MOI.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct trials of EIAs in the field and gain their general acceptance.</li> <li>Establish a standard EIA system.</li> </ul>	<ul style="list-style-type: none"> <li>Adopt EIA procedures on the regional, provincial and national levels.</li> <li>Establish an environmental division in each agency.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>Task force will comprise the MONE, the MOI and the consultants.</li> <li>Needs financial assistance for drafting guidelines and workshops for training staff in their use.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>Craft village, environment assessment system.</li> <li>Fostering examiners within government agencies for environment assessment.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>Technical assistance from technical experts on customizing EIA guidelines to meet needs of Vietnam situations.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>E41: Study of environmental issues in craft villages.</li> <li>E43: Environment quality development assistance.</li> </ul>		
Reference				
Other Considerations		<ul style="list-style-type: none"> <li>The essence of the EIA procedure is correct timing. If the EIA is carried out too soon in a project cycle, there will be insufficient information to give meaningful results. If the EIA is carried out too late in the project cycle, then it is too late to change decisions. This is a key point in implementation.</li> <li>EIAs are a very powerful planning tool and should be used before allowing new development or permitting intensification of an industry. The procedure should be used by the MONRE / EPA staff but should be disclosed to the public for public consultation before any major planning decisions are made. All interested parties will benefit from a rigorous transparent EIA procedure, including the project proponent.</li> </ul>		

Action Plan		E43: Environment Quality Development Assistance		
Background, Objective & Outline		Although there are various environmental development stages, raising awareness towards the environment among local residents and self-initiated activities are the most important factors. However, there is yet no system to encourage the public on such environmental improvement initiatives and the provision of assistance from government agencies or external assistance. The objective of the action plan is to provide financial and technical assistance on environmental improvement initiatives of craft villages.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Villagers, residents, neighbors, government authorities (by obtaining technical skills).</li> <li>• Enhancement of beauty of villages.</li> <li>• Increase of tourists and sales by environmental improvement.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MONE / MOI.</li> <li>• Implementing agencies: Craft villages with the village PC as lead.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Villagers need to accept that they must make their own effort rather than rely on charity and external assistance.</li> <li>• Necessary and sufficient assistance should be provided to craft villages that aim at their independent operation at the end. Environmental education and PR activities are also important as well as financial and technical assistance.</li> <li>• Convincing major polluters to bear the cost of cleanups and relocation to other area through commune is important.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Get approval of relocation to other less constricted site.</li> <li>• Implement at source controls.</li> <li>• Identify main polluters in villages.</li> <li>• Identify other polluters outside village.</li> </ul>	<ul style="list-style-type: none"> <li>• Relocate to new areas to allow expansion of village industries.</li> <li>• Intensify at-source treatment to include all factories.</li> <li>• Launch beautification campaign focusing on the increase of tourists.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop new industrial estates with full facilities for tourists.</li> <li>• Build new industrial estates in provinces.</li> <li>• Promote competition among villages for most attractive villages.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• The Task force will be led by the Village Leaders as they have the most vested interests.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Craft village environment improvement movement proposal by production region</li> <li>• Governmental assistance measures on craft village-environment movement (measures, assistance program, etc.).</li> </ul>		
External Assistance	<ul style="list-style-type: none"> <li>• Technical assistance on pollution control, and how to design and organize shared facilities such as common waste treatment plants, which serve an industrial estate, and which need an organizational structure to have shared costs allocation.</li> </ul>			
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• E41: Study of environmental issues in craft villages.</li> <li>• E42: Development of environment assessment system for craft village.</li> </ul>			
Reference	<ul style="list-style-type: none"> <li>• PP6: Improvement of Craft Village Environment.</li> </ul>			
Other Considerations	<ul style="list-style-type: none"> <li>• Many villages are suffering from environment damage from craft production (e.g. chemical use, etc.), domestic wastewater, waste materials, etc. A major paradigm shift is required to lift them out of this problem and give them the means to make themselves sustainable.</li> </ul>			

Action Plan		E51: Use of “ <i>Torisetsu</i> ”, Point of Purchase & Development of Trademark System		
Background, Objective & Outline		<p>Vietnamese crafts often lack product information, such as the characteristics of the production area or production background. Absence of product identity harms competitiveness and added value. They also hinder better social understanding of the traditional crafts.</p> <p>The objectives of this action plan are to promote the use of “<i>torisetsu</i>”, point of purchase, and to develop trademark and product name registration system.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft producers, craft villages, provinces, Vietnam society, consumers.</li> <li>• Further understandings towards crafts and production areas among consumers and increase of incentives of purchase.</li> <li>• Differentiating products from other production regions, strengthening of identities of crafts.</li> <li>• Strengthening of awareness towards product development.</li> <li>• Educational impact in Vietnamese society, furthering understanding of traditional crafts.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MoTrade.</li> <li>• Implementing agency: VIETRADE (Hanoi, HCMC).</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Production areas or crafts that have traditions and their own identities shall be the selection criteria for trademark registration. The DoTrade shall handle applications, and then the VIETRADE shall accredit and provide guidance.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Establish selection criteria for target crafts and Council.</li> <li>• Develop accreditation system (laws, organization, manual).</li> <li>• Establish accreditation system by the end of 2004.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement trademark registration system from year 2005.</li> <li>• Register approximately 20 items per year.</li> </ul>	<ul style="list-style-type: none"> <li>• Register 100 products by year 2010.</li> </ul>
	Inputs	Craft village history and profile (if any)		
	Outputs	<ul style="list-style-type: none"> <li>• Guidelines for “<i>torisetsu</i>” and standards for giving trademarks.</li> <li>• Production of craft items with trademarks.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Technical assistance by NGOs and specialists (Consultation on <i>torisetsu</i> creation, trademark registration, etc.).</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B41: Development of intellectual property rights protection system.</li> <li>• C23: Development of production areas as local brands.</li> <li>• D23: Preservation of traditional crafts.</li> <li>• E53: Product development using local materials and techniques.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• A tag is attached on overseas trade fair products that describes the production groups, history of the crafts, etc.</li> <li>• Japanese traditional crafts are designated by name of the production area and name of the craft item, such as “woven fabrics in Nishijin”, “Basho-fu weavings in Kijjoka”, etc.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Promote and assist in activities of production areas and concerned craft parties.</li> </ul>		

Action Plan		E52: Development of Tourism/Tourist Incentives			
Background, Objective & Outline		<p>The tourism sector is rapidly developing in Vietnam and more and more local and foreign tourists visit the craft villages. However, development of infrastructures and services towards tourists still lag behind in the craft villages. Opportunities for tourists are limited to shopping at souvenirs stores and limited chances of wandering about in the village or meeting craftspersons.</p> <p>The objectives of the action plan are to attract tourists to the craft villages by improving the physical landscape, information availability, and facilities and setting up tourism routes, etc. while providing opportunities to enjoy the local environment and learn craft making.</p>			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft villages, tourists.</li> <li>• Direct purchase of craft products by tourists.</li> <li>• Promotion of tourism led by craft villages.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: VNAT.</li> <li>• Implementing agencies: DOTourism, private enterprises, DOCI, DOT.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Establish a committee consisting of villagers, craftspersons, and village representatives, to promote tourism through village initiative.</li> <li>• Conduct tourism plans by villagers by recruiting participants in Hanoi. For instance, villager tour guides, demonstration, craft making experience, local food experience, etc.</li> <li>• Villagers and craftspersons could act as tour guides. Having villagers guide tourists shall enhance understanding towards production areas among tourists while tourists can obtain appropriate advice on craft purchase.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Select craft villages for tourism initiatives (one village each from four regions).</li> <li>• Establish craft products display, demonstration and sales corner.</li> <li>• Implement tourism plans by villagers.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop infrastructures in craft villages with tourism initiatives.</li> <li>• Train tour guides in production areas.</li> <li>• For the private sector to conduct tour of craft villages.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish more than one craft village with tourism initiatives from each province by year 2010.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Task force for craft village tourism development.</li> <li>• Village Committee.</li> <li>• Government budget: VNAT Capitals from Private enterprises.</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Crafts villages tourism information pamphlets (tourism route, crafts, craft village, craftspersons).</li> <li>• Training manual for tour guides in production areas.</li> </ul>			
External Assistance	<ul style="list-style-type: none"> <li>• International organizations (UNESCO)</li> </ul>				
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• A22: Improvement of crafts conservation and exhibition methods for crafts at existing museums.</li> <li>• C23: Development of production areas as local brands.</li> <li>• D42: Opening of pilot shops.</li> <li>• E12 Establishment of a VDS system.</li> <li>• E53: Product development using local materials and techniques.</li> <li>• F41: Improvement of transportation access to markets.</li> <li>• F43: Support for the improvement of common production facilities for craft promotion/development.</li> </ul>				
Reference	<ul style="list-style-type: none"> <li>• "Craft village – Culture Village – Tourism Village" Model</li> </ul>				
Other Considerations	<ul style="list-style-type: none"> <li>• Promote and assist self-activities by production areas and concerned craft parties.</li> <li>• Trainings for production area tour guides should contain history of craft village and crafts, production process, culture of village, natural resources and foreign languages like English.</li> <li>• Some pilot villages have been already designated as candidates for tourism development sites. Thus continuation of the pilot project is considered effective. For instance, Ha Thai village in Ha Tay province, Na Sang II village, H'mong weaving).</li> </ul>				

Action Plan		E53: Product Development Using Local Materials and Techniques		
Background, Objective & Outline		<p>Vietnamese traditional products have been handed down utilizing local raw materials and techniques. However, in order to develop crafts that meet market needs, many craft production areas are producing similar craft items or imitations of overseas products, and fewer products are applying the unique characteristics or resources of the production region.</p> <p>The objective of the action plan is to develop products showing identity and originality of craft villages with the use of traditional local raw materials and techniques.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: Craft villages, crafts producers, consumers.</li> <li>• Utilization of local raw materials, techniques and potentialities of human resources.</li> <li>• Development of products that provide sense of security and trust by identifying the production areas and producers.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Jurisdiction: MOI.</li> <li>• Implementing agency: DOI.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Target craft villages should be limited to approximately 3 villages per model province and no restrictions are placed on items. Develop new products using different materials in these villages during the mid-term.</li> <li>• Establish a product development task force within craft villages (approximately 3 to 5 people), which should be consisted of raw materials supplier, middlemen while craftsmen taking a leading part).</li> <li>• Identify local products, raw materials, techniques and develop local products while learning market needs and design with assistance of specialists.</li> </ul>		
	Implementation Steps	<p>Short Term (2004)</p> <ul style="list-style-type: none"> <li>• Select target craft villages.</li> <li>• Develop product within craft villages.</li> <li>• Establish task force.</li> <li>• Document local raw materials and techniques.</li> <li>• Develop the first test products (approximately 30 products per village).</li> </ul>	<p>Medium Term (2005-2006)</p> <ul style="list-style-type: none"> <li>• Implement joint development projects with craft retailers.</li> <li>• Develop new products using different materials by collaborating with neighboring craft villages.</li> <li>• Exhibit and sell local crafts in urban areas.</li> </ul>	<p>Long Term (2007-2010)</p> <ul style="list-style-type: none"> <li>• For more than one village in each province to develop local products.</li> <li>• For 100 craft villages to develop products by year 2010.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Expenditures for crafts development (raw material cost, labor boost).</li> <li>• Expenditures for dispatching specialist (BDS providers or product development specialists).</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Documentation of local raw materials and techniques.</li> <li>• Development of crafts applying the characteristics of locality.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• Dispatch of specialists (marketer, domestic designers, owners of crafts retailer shops, etc.).</li> <li>• NGOs (Product development trainings).</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B23: Product development utilizing coordinators.</li> <li>• B52: Dispatch of specialists and exchanges.</li> <li>• C11: Inventory survey on raw material.</li> <li>• C21: Strengthening of linkage among craft villages.</li> <li>• D43: Establishment of mechanism to receive consumer feedback.</li> <li>• E51: Use of "torisetsu", point of purchase<sup>2)</sup> &amp; development of trademark system.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• PP5 Craft product development process by craft coordinators.</li> <li>• Identify the advantage and disadvantage of local crafts and resources by villagers using PP8 Craft village development strategies using the situation analysis by PRA approach.</li> <li>• Thailand's One Village, One Product Movement.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Positive outcomes can be anticipated by implementing in the PP target villages as continuation projects.</li> <li>• Promote and assist in self-activities by production areas and concerned craft parties.</li> <li>• Similar to the Action Plan B2, Fostering craft coordinators (competitive craft development), however, this Action Plan focuses on the initiatives of craft villages.</li> </ul>		

Action Plan		F11: Establishment of National Craft Council		
Background, Objective & Outline		<p>Craft promotion and development involve a wide range of issues, thus requiring attention from the viewpoint of comprehensive rural development. They are also related closely to basic policy issues such as poverty reduction, gender and environment. In order to properly attend to craft sector issues, there is a need to establish an organization to coordinate policies and activities of relevant public and private entities.</p> <p>The objective of this activity is to establish a Craft Council at central to be composed of members from MOI, MARD, MOCI, and MoTrade as well as from other key public and private entities.</p>		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: craft sector stakeholders in Vietnam.</li> <li>• Clear demonstration and coordination at central level among craft sector organizations.</li> <li>• Facilitation of coordinated donor assistance and activities.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• MOI or MARD as core agency (to be decided) with members from MOCI, MoTrade, WU, NCSSH, VCA, etc. (to be decided).</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• The core agency, for which a secretariat will be established, will chair the council to formulate and monitor a concerted craft development and promotion policy and master plan. Coordination at ministry level, between the central government and provincial authorities, and between the public and private sectors, including NGOs as well as with donors, is also a key role of the Craft Council.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Establish preparatory committee.</li> <li>• Prepare by-laws for approval.</li> <li>• Establish national craft council.</li> </ul>	<ul style="list-style-type: none"> <li>• Formulate national craft promotion and development plan (first 5-year plan).</li> <li>• Provide assistance to provinces in establishing craft councils at local level.</li> <li>• Build up network with provincial councils and overseas craft promotion/development organizations.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue and expand activities.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Operating expenses of the secretariat.</li> <li>• Assignment of council members and necessary budget allocation.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• By-laws of National Craft Council.</li> <li>• National Craft Council with a 3-year activity plan.</li> <li>• Craft Sector Development Report (annual report).</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• TA on establishment and operation of Craft Council (from expert).</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• F12: Establishment of a Provincial Craft Council.</li> <li>• F13: Development and streamlining of institutional related to craft sector.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• In Japan, the Traditional Craft Industry Division is under the Ministry of Industry.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• In order to monitor policy implementation as well as to make sure of smooth coordination among government levels, the Council needs involvement and guidance from relevant agencies.</li> </ul>		

Action Plan		F12: Establishment of Provincial Craft Councils		
Background, Objective & Outline		The role of the province in craft sector promotion and development is very important in providing effective policy linkages between the central level and the commune/village level, where most craft sector activities actually takes place and the needs for assistance exist. Provincial craft councils are expected to formulate and monitor craft sector policies and plans and provide the necessary coordination.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: craft sector stakeholders in provinces.</li> <li>• Formulation of concerted craft sector promotion policy and plan for provinces and districts.</li> <li>• Provision of assistance to communes/craft villages in formulating a "Commune/Village Development Strategy".</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• The DOI or the DARD as core agency (to be decided) with members from the MOCI, the MoTrade, WU, provincial museums, VCA, district people's committees etc.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• National Craft Council should first be established. It will lead this undertaking including preparation of draft concept of provincial craft councils and provision of guidance to provinces.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Discuss specific role and organizational setup of councils through a series of workshops.</li> <li>• Prepare guidelines on establishing a provincial craft council.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish preparatory committee.</li> <li>• Establish provincial craft councils.</li> <li>• Formulate provincial craft promotion and development plan (5-year plan).</li> <li>• Assist commune/craft villages in organizing associations/local councils.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue and expand activities.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Operating expenses of the secretariat.</li> <li>• Assignment of council members and necessary budget allocation.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Guidelines on establishing provincial craft councils.</li> <li>• Craft councils with respective 3-year activity plans.</li> <li>• Craft Sector Development Report (annual report).</li> </ul>		
External Assistance	<ul style="list-style-type: none"> <li>• TA on establishment and operation of craft councils (from National Craft Council).</li> </ul>			
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• F11: Establishment of a National Craft Council.</li> </ul>			
Reference	<ul style="list-style-type: none"> <li>•</li> </ul>			
Other Considerations	<ul style="list-style-type: none"> <li>• Now, craft sector is put under rural industries and either DOI or DARD management.</li> <li>• It is important to clearly identify types of crafts under management of the Council</li> </ul>			

Action Plan		F13: Development and Streamlining of Institutional Arrangements Related to Craft Sector		
Background, Objective & Outline		Existing PD132 does not provide craft stakeholders, especially those at the grassroots level, with a tangible institutional framework with which they can address various concerns that they face in craft promotion and development. Considering that craft sector activities involve crosscutting issues, institutional arrangements to support effective craft sector development needs to be established including streamlining existing regulations, government decrees and decisions as well as developing new ones.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: craft sector stakeholders in Vietnam including craft SMEs.</li> <li>• Transparent procedures for undertaking craft business and related activities.</li> <li>• Encouragement of local and foreign investment.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• National Craft Council (to be established) as core coordinating body for all other related ministries.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Thorough review of existing legal and institutional arrangements to identify specific areas/gaps to be attended to in promoting concerted craft sector promotion/development policy and strategy from which actual players (especially private sector, SMEs, village associations representing craft villages) benefit.</li> </ul>		
	Implementation Steps	Short Term (2004) <ul style="list-style-type: none"> <li>• Establish preparatory committee.</li> <li>• Review existing institutions to identify gaps.</li> <li>• Conduct stakeholder workshops in the process.</li> <li>• Prepare status report.</li> </ul>	Medium Term (2005-2006) <ul style="list-style-type: none"> <li>• Formulate overall institutional framework necessary for craft sector promotion/development.</li> <li>• Prepare draft decrees for approval and enactment.</li> </ul>	Long Term (2007-2010) <ul style="list-style-type: none"> <li>• Monitor and make necessary revisions.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force under National Craft Council.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Overall institutional framework plan for craft sector promotion and development</li> <li>• Draft decrees and decisions.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• TA on experience of other countries.</li> </ul>		
Linkage with Other Actions				
Reference		<ul style="list-style-type: none"> <li>• Practices in other countries.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• Final outputs of institutions and procedures must be easy to understand and followed.</li> </ul>		

Action Plan		F21: Regular Updating of Craft Website		
Background, Objective & Outline		While the craft website was developed for the MARD-JICA study, it has to be constantly updated and expanded so as to meet the changing information needs of the craft sector stakeholders.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: all craft sector stakeholders in Vietnam and overseas.</li> <li>• Providing opportunities of equal access to updated information through Internet.</li> <li>• Encouraging bi-directional communications among stakeholders including between central and local authorities.</li> </ul>		
Implementation Plan	Responsible Agency	• Respective secretariats of National Craft Council and provincial craft councils (to be established).		
	Key Strategy	• The website must not only be a static information source but also be a catalyst to enhance bi-directional communication among stakeholders.		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Monitor existing website and formulate plan for further expansion and upgrading.</li> <li>• Identify needs and management capability of websites at province/commune level.</li> <li>• Formulate craft sector information development plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Assist provincial authorities to participate in craft website development and disseminate the use among relevant stakeholders.</li> <li>• Formulate plan to assist craft communes/villages to access website.</li> </ul>	<ul style="list-style-type: none"> <li>• Expand activities to cover all craft communes/villages.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• A team, equipped with the necessary hardware, to operate and manage the website.</li> <li>• A task force to formulate plan for expansion and upgrading of website and its management system.</li> <li>• Necessary budgetary arrangement.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Updated website.</li> <li>• Craft information management system.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• TA on developing an effective craft information system.</li> <li>• FA to set up information system in remote areas to give stakeholders access to Internet.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A53: Promotion of traditional crafts.</li> <li>• B21: Development of training program for product development coordinators.</li> <li>• D41: Establishment of international fair trade participation mechanism.</li> <li>• D43: Establishment of mechanism to receive consumer feedback.</li> </ul>		
Reference		• Websites by related agencies		
Other Considerations		• Website should strengthen administrative linkages and coordination among relevant ministries, other government organizations and provincial authorities.		

Action Plan		F22: Establishment of One-stop Craft Center		
Background, Objective & Outline		As Vietnam's craft sector continues to develop, both domestic and overseas investors will enter the business while existing ones will improve and expand their activities. In order to facilitate these activities, there is a need to provide them with efficient and the necessary information and assistance including consulting services on investment, partnerships, logistics, etc.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: existing and potential investors, both domestic and foreign, in craft sector.</li> <li>• Facilitating investments and improvements of business environment.</li> </ul>		
Implementation Plan	Responsible Agency	• The MOI at central level as well as DOI at provincial level.		
	Key Strategy	• Effective coordination with existing organizations at the central and local levels is critical.		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Review current status of relevant organizations, services and needs of customers to pinpoint issues.</li> <li>• Prepare status report and organize workshops to share problems, issues and improvement direction.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish one-stop center each in Hanoi, HCMC and Da Nang as well as in selected major provinces.</li> <li>• Prepare expansion programs.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish one-stop center in all provinces where craft sector is considered important.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Organization of a task force: DOI, DPI, DOT, DARD.</li> <li>• Preparation of plan and guidelines.</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• One-stop craft centers all over the country.</li> <li>• Operation and management guidelines for one-stop craft centers.</li> </ul>			
External Assistance	• TA on formulation of concept and plan.			
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• C23: Development production areas as local brands.</li> <li>• D42: Opening of pilot shops.</li> <li>• E52: Development of tourism/tourist incentives.</li> </ul>			
Reference				
Other Considerations				

Action Plan		F23: Development of Distance Information Services for Remote Areas		
Background, Objective & Outline		Many craft villages are located in remote areas where necessary information is difficult to obtain and assistance is hard to come by. Since the provision of physical access, such as roads, takes time and considerable cost, a more effective solution is to provide the needed information services; technical assistance should be worked out thru the maximum use of available information technology and system.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: craft workers and those involved in craft sector in remote areas, local government.</li> <li>• Facilitating access to needed information.</li> <li>• Facilitating training of craftspeople in remote areas.</li> </ul>		
Implementation Plan	Responsible Agency	• CEM, MOLISA, MOCI, MOI		
	Key Strategy	<ul style="list-style-type: none"> <li>• Establishment of a core group that understands conditions in the remote areas to prepare manuals, guidance documents and training manuals that are simple enough for easy application.</li> <li>• Establishment of a new mechanism to provide support for local governments in target areas to prepare plans, monitor and provide information for local residents</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Identify information needs in remote areas.</li> <li>• Formulate development concepts with the involvement of stakeholders including representatives of target areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement pilot projects for selected areas.</li> <li>• Formulate development plans to cover the entire target areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement plan for the entire target areas.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force (CEM, DOCI, DOLISA, DOI) and support from local governments</li> <li>• Funds for preparation of training manuals and training activities, television broadcasting, etc.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Periodical feedback report from district and commune authorities on awareness and development of craft sector in target areas.</li> <li>• Reports on activities and outputs of remote information services for target areas.</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• TA on design of concept and system.</li> <li>• FA on plan implementation.</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• D11: Development of craft education method and manual.</li> <li>• D13: Development of distance learning.</li> </ul>		
Reference		• Outputs from remote information services in other fields		
Other Considerations		• If there are similar schemes for similar target areas, integration or coordination of activities should be done.		

Action Plan		F31: Specific Budget Allocation for Craft Sector from Ministries and Provincial Governments Based on Craft Development Master Plan		
Background, Objective & Outline		The craft sector has not been provided with a specific and regular budget at the central or provincial levels except in a few instances. While the Craft Development Master Plan is expected to delineate sector development policy and direction with the establishment of the National Craft Council, there is a need to solicit corresponding budgets from each ministry, as well as from provincial authorities. Since budgets for the craft sector comes from various agencies, coordinated budgeting and spending are critical, this can best be done by involving the National Craft Council.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: craft sector stakeholders including relevant public sector entities.</li> <li>• Effective implementation of the Master Plan.</li> <li>• Increase in motivation of and incentives for craft sector stakeholders.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• National and provincial craft councils as coordinating bodies.</li> <li>• Relevant ministries and provincial authorities.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Under the existing budgeting system, coordinated activities in planning, budget allocation, and disbursement are critical. Adequate monitoring should also be conducted.</li> </ul>		
	Implementation Steps	Short Term (2004) <ul style="list-style-type: none"> <li>• Organize a task force to review existing budgets related to craft sector promotion and development</li> <li>• Identify financing needs based on the approved Master Plan.</li> <li>• Prepare budget allocation plan.</li> </ul>	Medium Term (2005-2006) <ul style="list-style-type: none"> <li>• Allocate budgets and monitor disbursement.</li> </ul>	Long Term (2007-2010) <ul style="list-style-type: none"> <li>• Adjust budget allocation and operation terms of the Council.</li> <li>• Allocate budgets according to demands of the next steps.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• A task force to study the action.</li> <li>• Necessary institutional reform (if needed).</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Integrated public expenditure plan for craft sector promotion and development</li> <li>• Annual monitoring report.</li> </ul>		
	External Assistance	<ul style="list-style-type: none"> <li>• TA on planning and institutional reform.</li> </ul>		
Linkage with Other Actions				
Reference				
Other Considerations				

Action Plan		F32: Improved Access to Existing Financing Schemes		
Background, Objective & Outline		While there are a number of financing schemes for rural and industrial development, craft SMEs have limited access to these schemes. This action plan intends to identify existing barriers and bottlenecks in the existing lending procedures of financial institutions to enable them to improve lending services to craft SMEs and craft households.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: craft SMEs and households.</li> <li>• Facilitating improvement/development of activities of craft SMEs, households and village associations.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Existing financing institutions such as the VBARD, the PCF, and government units.</li> <li>• Women's Union, Agricultural cooperatives (from central level to local level).</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Establish clear conditions, guidelines and procedures on lending for craft SMEs, village associations and households.</li> </ul>		
	Implementation Steps	Short Term (2004) <ul style="list-style-type: none"> <li>• Organize a task force to study existing financial institutions to identify bottlenecks.</li> <li>• Formulate improvement plan and discuss with relevant organizations for possible implementation.</li> </ul>	Medium Term (2005-2006) <ul style="list-style-type: none"> <li>• Commence and monitor services.</li> </ul>	Long Term (2007-2010) <ul style="list-style-type: none"> <li>• Apply a unified fund allocation model for enterprises and organizations related to craft sector nationwide.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Task force</li> <li>• Institutional reform (if required).</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Report on financial system for craft sector.</li> <li>• Annual monitoring report.</li> </ul>		
	External Assistance	<ul style="list-style-type: none"> <li>• TA (advisory)</li> </ul>		
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• E32: Establishment of financial procedures to access financing schemes.</li> <li>• E33: Study on accessing ODA.</li> </ul>			
Reference	<ul style="list-style-type: none"> <li>•</li> </ul>			
Other Considerations	<ul style="list-style-type: none"> <li>• Loans and interest rates always are concerns of enterprises. There is a need for uniform guidance from the central levels to local levels on loan procedures and preferential interest rates for craft production activities.</li> </ul>			

Action Plan		F33: Effective Use of ODA		
Background, Objective & Outline		While existing budget sources is currently limited, access to and use of ODA should be duly considered to provide inputs to craft sector promotion and development, particularly in the aspects of infrastructure support, environmental protection, poverty reduction, and training. Incorporation of craft sector issues in ODA projects of other sectors should also be considered. This action aims to formulate a strategy and mechanism to use ODA more effectively to support craft sector development.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: craft sector stakeholders in rural areas.</li> <li>• Accelerated improvement of infrastructure support for the craft sector.</li> </ul>		
Implementation Plan	Responsible Agency	• National Craft Council, MPI.		
	Key Strategy	• Many existing ODA assistance projects, including those of NGOs, have barely focused on craft sector promotion and development due to lack of information on the craft sector. Thus, the results of the Study need to be widely disseminated to potential support groups.		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Organize workshop for donors and NGOs to encourage possible assistance to craft sector.</li> <li>• Review existing ODA schemes for possible modification/ expansion to cover craft sector issues.</li> <li>• Develop ODA projects on craft sector development.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop craft sector assistance programs for donors' commitment.</li> <li>• Implement and monitor ODA projects on craft sector development.</li> </ul>	
	Inputs	• Task force, DPI.		
	Outputs	• Proposals for assistance to craft sector in Vietnam.		
External Assistance		<ul style="list-style-type: none"> <li>• TA on developing assistance projects/programs (advisory).</li> <li>• FA</li> </ul>		
Linkage with Other Actions		• E33: Study on accessing ODA.		
Reference				
Other Considerations		• Coordination among donors is important.		

Action Plan		F41: Improvement of Transportation Access to Markets		
Background, Objective & Outline		Physical transportation of products is expensive, especially in remote/rural areas where---although there are ongoing road projects for trunk and feeder roads---all-weather roads are inadequate. This action plan intends to identify critical areas where transporting products to markets are so difficult that business opportunities of craft village/households are constrained.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: craft villages/households in areas with poor accessibility.</li> <li>• Improved distribution system, expanded business opportunities to contribute to reducing poverty in poor areas.</li> <li>• Facilitation of assistance to poor areas.</li> </ul>		
Implementation Plan	Responsible Agency	• Provincial authorities, DPI, DoTransport, DOT, DOI.		
	Key Strategy	• Identify precise development needs through formulation of village development strategies.		
	Implementation Steps	<b>Short Term (2004)</b> <ul style="list-style-type: none"> <li>• Identify transport problems and needs in all craft villages in each province.</li> <li>• Review existing projects whether they meet demands of craft sector.</li> <li>• Prepare plan on transport access improvement and seek commitment of central government and or provincial authorities.</li> </ul>	<b>Medium Term (2005-2006)</b> <ul style="list-style-type: none"> <li>• Incorporate into official implementation plan/ program including possible ODA assistance.</li> <li>• Implement program.</li> <li>• Monitor transport situation for subsequent upgrading.</li> </ul>	<b>Long Term (2007-2010)</b> <ul style="list-style-type: none"> <li>• Replicate in other target craft areas and craft villages in accordance with national plan.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Study to prepare investment plan based on intensive participation of craft villages/communes.</li> <li>• Assistance of provincial authorities, and involvement in planning by DoTransport, DOTrade, DOI.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Transport access improvement plan.</li> <li>• Report on implementation of transport sector improvement and impacts on craft sector.</li> </ul>		
	External Assistance	<ul style="list-style-type: none"> <li>• TA to support preparation of investment programs.</li> <li>• FA for transport investment packages.</li> </ul>		
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• D42: Opening of pilot shops.</li> <li>• E52: Development of tourism/tourist incentives.</li> </ul>			
Reference	• Successful cases for craft village tourism			
Other Considerations	• Ongoing rural road development projects (under MOT) and local projects should have a careful look at the craft sector.			

Action Plan		F42: Support for Improvement of Utilities and Services in Craft Villages			
Background, Objective & Outline		Various utilities and services, such as electricity, telecommunications, water supply, and drainage, are also necessary to support the improvement of craft production in the craft villages. This action plan intends to identify specific needs for utility services to promote craft production. Identified needs will be integrated into the comprehensive infrastructure development programs for craft villages.			
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: craft villages/households/associations.</li> <li>• Facilitation of modernization and improved efficiency of craft production and management.</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Provincial authorities with central government support.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>• Identify precise development needs through formulation of village development strategies.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>• Identify problems in necessary facilities and services and needs in all craft villages in each province.</li> <li>• Review existing projects on service assistance whether they meet demands of craft sector.</li> <li>• Prepare plan on public service improvement and seek for support from central government and/or provincial authorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporate into official implementation plan/ program including possible ODA assistance.</li> <li>• Implement program.</li> <li>• Monitor operation of faculties and services and their impacts on craft production, product quality, environment, and apply new technology.</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• Study to prepare investment plan based on intensive participation of craft villages/communes.</li> <li>• Assistance of provincial authorities, NGOs</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>• Investment plan on common facilities for craft production and management in craft villages.</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>• TA to support preparation of investment programs.</li> <li>• FA for transport investment packages.</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• C13: Quality improvement of raw materials.</li> <li>• C32: Stable supply of raw materials, improvement of techniques and equipment investments assistance.</li> <li>• C51: Establishment of occupational safety standards.</li> <li>• E43: Environment quality development assistance.</li> </ul>			
Reference					
Other Considerations					

Action Plan		F43: Support for the Improvement of Common Production Facilities for Craft Promotion/Development			
Background, Objective & Outline		Coordinated work in craft production and related activities at the village level is encouraged to improve the competitiveness of craft villages/households as well as their production and management capacity. This action plan intends to determine and improve common facilities and utilities that can be shared by craft households in craft production (such as dyeing workshop, raw material processing workshop, warehouses etc.) and for efficient craft sector management.			
Expected Impact		<ul style="list-style-type: none"> <li>Beneficiaries: craft villages/households/associations.</li> <li>Facilitation of modernization and improved efficiency of craft production and management (raw material and product quality, reduced pollution and increased productivity).</li> </ul>			
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>Provincial authorities with central government support.</li> </ul>			
	Key Strategy	<ul style="list-style-type: none"> <li>Identify precise development needs through formulation of village development strategies.</li> <li>Identify required processes and equipment for increased productivity.</li> </ul>			
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)	
		<ul style="list-style-type: none"> <li>Identify problems and needs for production equipment and facilities by households and producers in all craft villages in each province.</li> <li>Review existing facilities and equipment, whether they meet demands of craft sector.</li> <li>Prepare plan on provision and improvement of required equipment and seek commitment of central government and or provincial authorities.</li> </ul>	<ul style="list-style-type: none"> <li>Implement program.</li> <li>Monitor operation of improved facilities and equipment.</li> <li>Assess impacts on productions.</li> </ul>	<ul style="list-style-type: none"> <li>Apply suitable facilities and equipment to target areas nationwide.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>Study to prepare investment plan based on intensive participation of craft villages/communes</li> <li>Assistance of industrial extension projects, programs; TA from DOST, institutes</li> </ul>			
	Outputs	<ul style="list-style-type: none"> <li>Reports on existing conditions and improvement of facilities and equipment and their impacts</li> </ul>			
External Assistance		<ul style="list-style-type: none"> <li>TA to support preparation of investment programs.</li> <li>FA for transport investment packages.</li> </ul>			
Linkage with Other Actions		<ul style="list-style-type: none"> <li>C13: Quality improvement of raw materials.</li> <li>C32: Stable supply of raw materials, improvement of techniques and equipment investments assistance.</li> <li>C51: Establishment of occupational safety standards.</li> <li>E43: Environment quality development assistance.</li> <li>E53: Product development using local materials and techniques.</li> </ul>			
Reference		<ul style="list-style-type: none"> <li>Successful cases in other provinces.</li> </ul>			
Other Considerations		<ul style="list-style-type: none"> <li>Identify criteria to assess efficiency for production activities with improved facilities and equipment.</li> </ul>			

Action Plan		F51: Training of Public Officials Responsible for Craft Sector		
Background, Objective & Outline		In order to effectively implement craft sector policy and programs in coordination with a wide range of stakeholders including private sector entities, villages, donors, and NGOs. There is a need for officials who are responsible for craft sector administration at central and local government levels to be provided with necessary training to facilitate the process. This action intends to establish a mechanism of training government officials on craft sector management.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: public officials (directly) and craft sector stakeholders (indirectly).</li> <li>• Facilitation of better understanding of craft sector issues and smooth implementation of policy and programs.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• MOLISA in consultation with National Craft Council at central level, and provincial authorities in consultation with concerned Provincial Craft Council.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Local government administrations require a comprehensive understanding on a wide range of issues on the craft sector and on management capacities. Linkage among departments that handle issues on the promotion of SME enterprises, conservation of traditional culture, rural development, etc. and fostering human resources that can manage their coordination are necessary for the comprehensive assistance of the craft sector.</li> <li>• Coordination with providers of existing training programs should be carefully made.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Organize a task force to review existing training programs to incorporate or find coordinating mechanism with craft sector program.</li> <li>• Prepare teaching materials.</li> <li>• Establish training system at central level.</li> </ul>	<ul style="list-style-type: none"> <li>• Define training requirements and mechanism at local level.</li> <li>• Provide assistance to provincial authorities to conduct training program.</li> </ul>	<ul style="list-style-type: none"> <li>• Replicate training system and training programs to the whole country.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• A task force to prepare and implement program.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Status report on training needs.</li> <li>• Training materials.</li> <li>• Training system.</li> </ul>		
External Assistance	<ul style="list-style-type: none"> <li>• TA (advisory), especially from Japanese consultants</li> </ul>			
Linkage with Other Actions	<ul style="list-style-type: none"> <li>• B43: Issue of special accreditation mark to qualified crafts.</li> <li>• C31: Formulation of quality control criteria.</li> <li>• C41: Creation of business management manual and consultation.</li> <li>• C51: Establishment of occupational safety standards.</li> <li>• C52: Establishment of occupational safety support system.</li> <li>• E42: Development of environment assessment system for craft village.</li> <li>• E52: Development of tourism/tourist incentives.</li> </ul>			
Reference	<ul style="list-style-type: none"> <li>• Japanese documents on craft trainer trainings.</li> </ul>			
Other Considerations	<ul style="list-style-type: none"> <li>• It is possible to include craft manager training in training programs in related schools in the provinces.</li> </ul>			

Action Plan		F52: Establishment of Database on Craftspersons and Organizations		
Background, Objective & Outline		Capable human resources and organizations are the most important resource in competitive craft production and craft sector management in Vietnam. This action intends to establish a database on outstanding individuals and organizations involved in the craft sector, particularly craft making, design, production coordination, research, and sustainable craft sector management and development. They include individuals, public corporations, associations, NGOs, and others.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: craft sector stakeholders.</li> <li>• Facilitation of communication and exchanges among individuals and organizations.</li> </ul>		
Implementation Plan	Responsible Agency	<ul style="list-style-type: none"> <li>• Provincial Craft Council, provincial governments.</li> </ul>		
	Key Strategy	<ul style="list-style-type: none"> <li>• Identification of the resources should be done both at central and provincial levels to reflect local conditions in the database. Criteria to assess the resources and conditions for inclusion in the database are to be clearly defined. Updating procedure is also necessary. Further, link with craft website should be established.</li> </ul>		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Organize a task force to prepare concept and design a system in consultation with craft councils.</li> <li>• Establish initial database system.</li> </ul>	<ul style="list-style-type: none"> <li>• Complete database.</li> </ul>	
	Inputs	<ul style="list-style-type: none"> <li>• A task force to develop and maintain the system, people's committees, clubs, associations and organizations related to the sector.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Database system</li> </ul>		
External Assistance		<ul style="list-style-type: none"> <li>• TA</li> </ul>		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• A23: Networking among museums on traditional crafts.</li> <li>• A32: Networking among research institutes.</li> <li>• A41: Revitalization of master artisan system.</li> <li>• B13: Expansion and enhancement of domestic/international design organizations network.</li> <li>• B22: Creation of accreditation system for coordinators.</li> <li>• B52: Dispatch of specialists and exchanges.</li> <li>• C22: Fostering BDS providers.</li> <li>• C33: Enhancement of vocational school programs.</li> <li>• D12: Development of village trainers.</li> <li>• D41: Establishment of international fair trade participation mechanism.</li> <li>• D53: Conduct of forum among organizations assisting ethnic minorities.</li> <li>• E23: Networking among craft promotion organizations.</li> </ul>		
Reference		<ul style="list-style-type: none"> <li>• PP1: Building a craft website for MARD.</li> </ul>		
Other Considerations		<ul style="list-style-type: none"> <li>• It is important to keep information and data updated, which requires for an efficient organization.</li> </ul>		

Action Plan		F53: Establishment of Overseas Human Resource Exchange Program		
Background, Objective & Outline		Many of the craft sector personnel in Vietnam are not provided with opportunities to observe and study overseas markets and craft production practices nor to have overseas contacts and communicate with them. While Vietnamese crafts are facing stiffer competition in the international market which compels it to further improve, exposure of craftspersons to foreign items and practices is becoming important. This action intends to develop a sort of stable mechanism with which craft sector personnel can be sent overseas and where those from overseas can be invited into the country.		
Expected Impact		<ul style="list-style-type: none"> <li>• Beneficiaries: craftspersons and sector personnel.</li> <li>• Facilitation of improvement of craft production and management.</li> <li>• Promotion of international competitiveness of Vietnamese crafts.</li> </ul>		
Implementation Plan	Responsible Agency	•		
	Key Strategy	• The human resource exchange system should be established at different levels at the central government, provincial and local levels. Exchanges among private entities should also be encouraged.		
	Implementation Steps	Short Term (2004)	Medium Term (2005-2006)	Long Term (2007-2010)
		<ul style="list-style-type: none"> <li>• Review existing systems and identify opportunities to include craft sector personnel.</li> <li>• Establish exchange programs for craft sector based on existing arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>• Expand system by including developing additional arrangements.</li> <li>• Facilitate matching with various overseas organizations.</li> </ul>	<ul style="list-style-type: none"> <li>• Finalize international exchange for national and provincial levels.</li> </ul>
	Inputs	<ul style="list-style-type: none"> <li>• Public sector to facilitate exchanges of craft sector personnel and craftspersons</li> <li>• Necessary budget support.</li> </ul>		
	Outputs	<ul style="list-style-type: none"> <li>• Overseas exchange programs.</li> <li>• List of exchange opportunities for craft sector personnel and craftspersons.</li> </ul>		
External Assistance		• Provision of information on potential organizations and programs.		
Linkage with Other Actions		<ul style="list-style-type: none"> <li>• B13: Expansion and enhancement of domestic/international design organizations network.</li> <li>• B33: Establishment of craft skills training program.</li> <li>• B51: Participation assistance in local and international fairs and exhibitions.</li> <li>• C33: Enhancement of vocational school programs.</li> <li>• C43: Provision of technical training assistance to micro, small and medium enterprises, managers' managers.</li> <li>• D33: Provision of on-the-job trainings.</li> <li>• D53 Conduct of forum among organizations assisting ethnic minorities.</li> <li>• F51: Training of public officials responsible for craft sector.</li> </ul>		
Reference		• UNESCO documents related to international exchanges.		
Other Considerations		• It is important to identify support mechanism for international exchange programs.		

# Appendices

- A Seminar & Workshops Conducted
- B Members Involved in the Study
- C List of Outputs of the Study

Appendix A: Seminars & Workshops Conducted

(1/2)

Seminar / Workshop	Agenda	Participating Institution (Number)	
NGO Meeting	Collect information on NGOs' activities in the fields of craft promotion and rural development. March 7, 2002, Hanoi	International NGOs (6), Local NGO (1)	
Consultation Meeting	Explain the outline of the Study Explain the outline of the Mapping Survey of Artisan Crafts and establish collaborative linkages with provinces March 15, 2002, Hanoi, March 22, 2002 Da Nang and April 5, 2002 HCMC	All provinces (61), MPI, MARD, and other institutions (120 persons)	
1 <sup>st</sup> Seminar and Craft Exhibition	Introduce Japan's experiences in promoting local industries and regional development Evaluate Vietnamese crafts collected from all over Vietnam Exhibit craft items from Japan and other Asian countries June 29, 30, 2002 HCMC and July 2, 3, 2002 Hanoi	Ministries, provincial governments, NGOs, enterprises, media, and others (93 persons in HCMC and 204 in Hanoi)	
Focus Group Discussions	Discuss the topics below, which were identified as crucial for craft promotion in Vietnam by reviewing the current situation; e.g., awareness on the Vietnam side, current institutional frameworks and capacities to implement pilot projects. "Traditional Value and Design Development of Crafts" "Manufacturing Process and Business Management" "Market Development and Distribution Management of Vietnam's Handicraft and Fine Art Products" "Some Perspectives on Developing and Promoting Crafts with Ethnic Minority Communities" "Craft Sector Development at the Provincial Level (Ha Tay)" September 4,6,9,11, 2002 Hanoi and September 13, 2002 Ha Tay	Institutions concerned with each topic, e.g. MOT, MOLISA and other government authorities, enterprises, educational institutions, and NGOs (86 persons)	
Workshop on Selecting Candidate Model Provinces	Report the outputs of the Mapping Survey and exchange opinions on candidate pilot projects as well as the selection process of candidate model provinces. September 30, HCMC 2002 and October 1, Hanoi	50 provinces (30 from the North and 20 from the South)	
Workshops of Pilot Projects	PP1	• Internet training course (4 days in February 2003 at MARD)	Officials of 4 model provinces
	PP2	• Workshops after diagnosis of enterprises (3 times from November 2002 to May 2003 at DOI/ DARD)	DOI/ DARD, enterprises
	PP3	• Photo training workshop (1 day in November 2002 and one day in December 2002 at villages) • Exhibitions in villages (1 week in August 2003) • Exhibition at Vietnam Museum of Ethnology (1 month in September 2003)	Craft persons in village, DOI/ DARD
	PP4	• Workshop to discuss design promotion system (1 day in February 2003 at Industrial Arts University) • Seminars to introduce Design Guidebook (1 day in July 2003 at Industrial Arts University in Hanoi and at HCMC PC)	Designers, students, enterprises

(2/2)

Seminar / Workshop		Agenda	Participating Institution (Number)
Workshops of Pilot Projects	PP5	<ul style="list-style-type: none"> <li>Exhibition of prototype products and seminar (1 day in September 2003 at La Thanh Hotel)</li> </ul>	Master Artisans, designers, retailers, artists
	PP6	<ul style="list-style-type: none"> <li>Working group meetings (3 times from June to September 2003 at village)</li> <li>Workshops (1 day in September 2003 at village)</li> </ul>	DOI, DONE, DOTourism, Village PC
	PP7	<ul style="list-style-type: none"> <li>Orientation workshop (3 days in December 2002 at communes)</li> <li>Training courses in management, design and literacy (from December 2002 to August 2003 at villages)</li> <li>Study tour (4 days in Hanoi in November 2002 for An Giang group, 4 days in Sapa, Lao Cai in April 2003 for Lai Chau group)</li> <li>Business plan training workshop and study tour in Hanoi (4 days in May 2003)</li> <li>Business and marketing workshop (1 day in July 2003 at villages)</li> <li>Provincial seminars (1 day in November 2003 at provincial centers)</li> </ul>	Ethnic minority groups, commune WU, NGOs, VCCI, DOI/ DARD
	PP8	<ul style="list-style-type: none"> <li>Working group selection workshop (1 day in November 2002 at village)</li> <li>PRA training and situation assessment (10 days in November 2002 in Ha Tay and in June in Ninh Binh at village)</li> <li>Village meeting (1 day in May in Ha Tay and June 2003 in Ninh Binh at village)</li> <li>Provincial seminar (1 day in June 2003 in Ha Tay and in September 2003 in Ninh Binh at village)</li> <li>Hanoi seminar (1 day in September 2003 at MARD)</li> </ul>	Working group in village, villagers, village/ commune/ district PC, WU, Farmers' Union, enterprises, DARD, NGOs, donors
1 <sup>st</sup> Pilot Project Workshop	Among task force members related to each pilot project, discuss interim findings and significant problems, and identify possible improvements in implementing pilot projects. 24 February 2003, Hanoi	Task managers and members of 8 PPs, 7 provincial officers	
2 <sup>nd</sup> Pilot Project Workshop	Discuss next steps for and lessons learned from each pilot project and recommendations that should be included in the Craft Development Master Plan. July 9, 2003, Hanoi	Task managers and members of 8 PPs, 7 provincial officers, central governmental officers	
3 <sup>rd</sup> Pilot Project Workshop	Present the entire process of the activities, results of the assessment, lessons learned and recommendations, which will be reflected in finalizing the Master Plan. 26 September 2003, Hanoi	Task managers and members of 8 PPs, 7 provincial officials, central governmental officials (70)	
Model Provincial Workshops	Report on the progress of the Study, and discuss the current situation of provinces and the Draft Provincial Master Plan of 4 model provinces. October 24, 2003 in Ha Tay, November 7, 2003 in Quang Nam, November 11, 2003 in An Giang, and November 13, 2003 in Lai Chau	MARD, MOI, provincial governments (30-50 from each province)	

## Appendix B: Members Involved in the Study

<b>Steering Committee</b>	Mr. Bach Quoc Khang	Director of DAFPPSI, MARD
	Mr. Bach Quoc Khang	Director General, DAFPPSI of MARD
	Mr. Bui Xuan Trinh	Director of Agricultural Department, Governmental Office
	Mr. Vuong Xuan Chinh	Deputy Director, Dept. of Agriculture and Rural Development, MPI
	Mr. Do Minh Cuong	Director General, Dept. of Vocational Training, MOLISA
	Mr. Nguyen Doanh Chau	Director, Dept. of Local Industry, MOI
	Mr. Nguyen Bao	Vice Director, Dept. of Trade Promotion, MoTrade
	Mr. Hoang Duc Toan	Director, Dept. of Fine Art, MOCI
	Mr. Dang Van Bai	Director, Dept. of National Cultural Heritage, MOCI
	Mr. Nguyen Van Ngu	Vice Director, Dept. of Finance & Planning, MOET
	Mr. Phung Van Nghe	Expert, Dept. of Registration and Statistics, MONE
	Mr. Vu Hy Chuong	Director, Dept. of Scientific Management, MOST
	Mrs. Dao Thi Loc	Expert, Dept. of International Cooperation of MARD
	Mr. Trang Hieu Dung	Director, Dept. of Planning of MARD
Mr. Xuan The Thu	Officer, Dept. of Policies of MARD	
Mr. Le Van Ban	Vice director, Dept. of Science and Technology of MARD	
<b>MARD</b>	Mr. Bach Quoc Khang	Director of DAFPPSI, MARD
	Mr. Nguyen Duc Xuyen	Deputy Director of DAFPPSI, MARD
	Mr. Ha Son	DAFPPSI, MARD
	Ms. Thanh Thi Ngoc Son	DAFPPSI, MARD
	Mr. Nguyen Manh Dung	DAFPPSI, MARD
	Mr. Nguyen Thanh Dung	DAFPPSI, MARD
	Mr. Ton Gia Hoa	DAFPPSI, MARD
Mr. Nguyen Ngoc Khanh	Former Director of DAFPPRI, MARD	
<b>Central Government</b>	Mr. Vuong Xuan Chinh	Deputy Director, Dept. of Agriculture and Rural Development, MPI
	Mr. Nguyen Doanh Chau	Director, Dept. of Local Industry, MOI
	Mr. Nguyen Thang Long	Deputy Director General, Dept. of Local Industry, MOI
	Mr. Pham Thanh Tung	Head, Cottage Industry Division, Dept. of Local Industry, MOI
	Mr. Hoang Duc Toan	Director, Dept. of Fine Art, MOCI
	Mr. Dang Van Bai	Director, Dept. of National Cultural Heritage, MOCI
	Mr. Nguyen Bao	Vice-head of Dept. of Trade Promotion, MoTrade
	Mr. Do Minh Cuong	Director General, Dept. of Vocational Training, MOLISA
	Mr. Nguyen Van Ngu	Vice Director, Dept. of Finance & Planning, MOET
	Mr. Phung Van Nghe	Expert, Dept. of Registration and Statistics, MONE
	Mr. Vu Hy Chuong	Director, Dept. of Scientific Management, MOST
Mr. Chu Tien Quang	Director, Rural Economic Policy Dep., CIEM	
<b>Provincial Governments</b>	Mr. Nguyen Xuan Chinh	Director, DOI of Ha Tay
	Mr. Tran Van Vien	DOI of Ha Tay
	Mr. Tran Thanh Diep	DARD of Quang Nam
	Mr. Pham Duc Hien	Vice Director, DARD of Lai Chau
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Appendix C: Outputs of the Study

Category	Outputs	Type of outputs
Study	Final report of the Study on Artisan Craft Development Plan for Rural Industrialization in Vietnam	Report
	Model Provincial Master Plan (Ha Tay, Quang Nam, An Giang, Lai Chau)	Report
	Summary report of the Study	Report
	Video of the Study on Artisan Craft Development Plan for Rural Industrialization in Vietnam	Video
	CD-ROM of the Final Report	CD-ROM
PP1	1) MARD Craft Website	Website
	2) Website training manual	Manual
PP2	1) Consultant Manual	Manual
	2) Handbook for skill improvement (Bamboo & Rattan)	Text
	3) Handbook for skill improvement (Woodcarving)	Text
	4) Cluster development final report	Report
	5) Management improvement report	Report
	6) Manual on boiling yellow silkworms and reeling processes	Manual
	7) Bamboo, rattan and wood crafts made by trainees	Craft
	8) Inspected silk yarn and fabrics	Craft
PP3	1) Methodology Report of the Photovoice project on preservation of traditional values of crafts	Manual
	2) Report on bronze casting in Dai Bai village	Report
	3) Report on textile crafts in Na Sang 2 village	Report
	4) Photovoice Panels	Panel
PP4	1) Design Guidebook	Text
	2) Report on design system	Report
PP5	1) Coordinators' Manual for Competitive Craft Product Development	Manual
	2) Final report on development of competitive products for the international market	Report
	3) Craft 2003 - Developing competitive craft products	Brochure
	4) Competitive Craft Items	Craft
PP6	1) Manuals on clean water supply and environmental sanitation in Van Phuc village	Manual
	2) Report on environmental improvement of Van Phuc village in Ha Tay province	Report
PP7	1) Handicraft Training with Ethnic Minority Groups in Vietnam Part 1	Manual
	2) Handicraft Training with Ethnic Minority Groups in Vietnam Part 2	Manual
	3) Final report on strengthening the management capacity of ethnic minority craft villages	Report
	4) Woven textiles and embroidered craft products made by ethnic minorities	Craft
PP8	1) Guidebook on participatory methodology for situation assessment and formulation of development strategy of craft villages	Manual
	2) Strategy for sustainable development of Ha Thai craft village until 2010	Report
	3) Strategy for sustainable development until 2010 of Village # 8 in An Hoa commune, Ninh Binh province	Report
PP9	1) Vietnam Artisan Craft Competition Catalog	Brochure
Others	Craft Village Calendar 2004	Calendar