

**Part II**

**Provincial Craft Master Plan**

## **1. INTRODUCTION**

### **1.1 Necessity and Role of Provincial Craft Master Plan**

It became clear that socio-economic development, especially improvement of the livelihood of craft villages and craft households, could be an important and effective strategic instrument in achieving poverty reduction and sustainable growth in rural areas, which is the objective of Vietnam's national plan. The master plan at the central level, which is described in Volume 1 of this report, offers a comprehensive policy framework for realizing this objective. At the same time, it was clearly recognized that to ensure that the policies efficiently benefit the target areas and people, policy arrangement and action implementation should reflect the situation at the provincial level. Therefore, the preparation and implementation of a comprehensive provincial master plan, which functions similarly to the national master plan, are likewise essential.

Provincial craft development master plans will be necessary because it is impossible for the central government to cover all the issues and needs that are faced by craft villages, craft households and other craft stakeholders at the local level. Even if such information were available, it would be very difficult for the central government to deal with the issues effectively<sup>1)</sup>.

As described in detail in Volume 1 of this report, all policies by the central government must be effectively disseminated to related stakeholders, and proper feedback must be given about their benefits. Consequently, a three-tiered craft master planning system was proposed to allow for this communication flow. The provincial master plan is expected to play a core role in this three-tiered system. Provincial governments are thus required to prepare and manage their respective master plans (see Figure 1.1.1).

The role of provincial governments and provincial master plans in craft promotion can be summarized as follows:

- (a) Role of Provincial Governments: Provincial governments have to provide direct assistance to craft production areas and serve as a bridge between them and the central government. Their basic tasks are as follows:
- Implement measures formulated by the central government according to the characteristics of each production area and promote the incorporation in central government policies of local requirements.
  - Formulate and implement comprehensive, appropriate and concrete guidance and support measures as well as programs for each production area based on the opinions and needs of the grassroots on craft-related issues.
  - Promote appropriate guidance and concrete support measures suitable for each production area to incorporate in policies by gathering the opinions and

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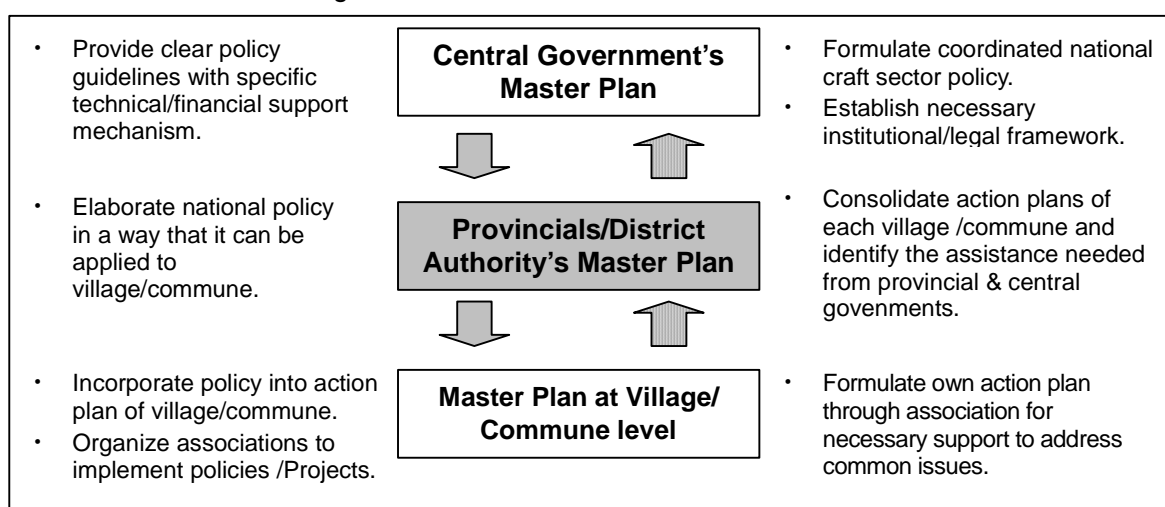
<sup>1)</sup> The Decision 132/2000/QĐ-TTg has set up a legal corridor for promotion rural industry activities, which, however, is insufficient to formulate master plans at all levels. In fact, promulgated policies cannot be utilized by local authorities (provincial, district, commune/village) to formulate their own craft master plan.

determining the needs of the grassroots on craft-related issues.

(b) Role of Provincial Master Plan: The Provincial Craft Master Plan serves as a tool for realizing the following three main tasks:

- Realize the central government's policy to benefit communes/ craft villages (top-down policy flow).
- Understand the situation and issues faced by communes/ craft villages and if necessary, report to the central government (bottom-up policy flow).
- Enhance environment and infrastructure to vitalize private sectors' activities (government-private policy flow).

Figure 1.1.1 Roles of Provincial Craft Master Plan



## 1.2 Craft Development Master Plan of Model Provinces

The proposed three-tiered master planning system requires provinces, those that consider the craft sector as a key economic element, to formulate their own master plans in conformity with the national master plan to ensure matching of policy priorities and needs. In this Study, the model provinces attempted to formulate their respective master plans based on the structure and interim outputs of the national master plan with guidance from the local consultant team. The basic considerations that guided the provincial governments in making their respective master plans are as follows:

- (a) To verify the practicability of the policy framework by implementing pilot projects, as well as to confirm whether the project is sustainable and replicable in other areas under certain conditions.
- (b) To provide orientation for craft promotion for each area, in conformity with the characteristics and development potentials of each of the four regions (north, center, south, and mountainous regions).
- (c) To identify specific policies and assistance measures (action plans/ projects) that can provide a direct impact on craft promotion activities at communes or craft villages, which are the centers of local industries.

The respective provincial craft master plans of model provinces were prepared by a task force in each provincial government supported by local consultants for this study. The following is a summary of the process and outcomes:

- (a) In preparing the master plan, a workshop for model provinces was held which was participated in by a wide range of stakeholders (e.g. related agencies and organizations at the provincial level such as women's unions, private companies, craft villages, and craftspersons). During the workshop discussion, the significance of craft promotion to various stakeholders and the issues it engenders were identified, paving the way for a consensus on the objectives, fundamental framework and orientation of the master plan of model provinces. This process was significant for the provincial governments because the craft sector issue was discussed lengthily and comprehensively together with related regional issues.
- (b) Two agencies, the DOI and the DARD, which have a key role in craft promotion at the provincial level, took leading parts in preparing the provincial master plan. However, other agencies are also responsible for craft promotion, such as DoTourism for tourism promotion, DOF for fund support for companies, and DOST for technical improvement. Hence, although various measures have been taken by provincial governments to support local craft production, these have been ineffective because of the lack of comprehensive and integrated strategies on craft promotion.
- (c) As stated above, comprehensive and integrated strategies are indispensable for preparing a master plan. However, there is a shortage of human resources at the provincial level who are competent to formulate comprehensive plans. Therefore, although the provincial master plan already has the objectives and strategies for craft promotion for each province, they may be effective only to the extent that each organization implements its own support measures. Specific measures to reinforce the existing structure and coordination between organizations are still missing.
- (d) At the provincial level planning on craft promotion, organizational setting and networking should be enhanced to achieve a more active craft promotion based on the provincial master plan.

### **1.3 Necessity of Preparing Guidelines**

While the need for a provincial craft master plan has been recognized by both the central and provincial governments, the human resources and the capacity particularly of the four model provincial governments are limited. Hence, the plans and projects, which they prepared, were not applicable in many cases.

It is for this reason that guidelines were formulated to help the rest of the provinces in ensuring that their respective provincial craft master plans would be coherent, integrated and practical.

## 2. Overview of Guidelines

### 2.1 Steps in Master Plan Preparation (see Figure 2.1.1)

**Task 1. Analysis of Existing Conditions:** Understand the situation faced by craft businesses and organizations in communes/ villages in the province by conducting a mapping survey or collecting and analyzing existing craft information. Focus group discussions among select stakeholders should be held on key issues to analyze more deeply the issues faced by concerned parties.

**Task 2. Identification of Key Issues:** Clarify the potentials, advantages and disadvantages of craft sector development by taking into consideration key issues identified in the national master plan and policy priorities set by the province.

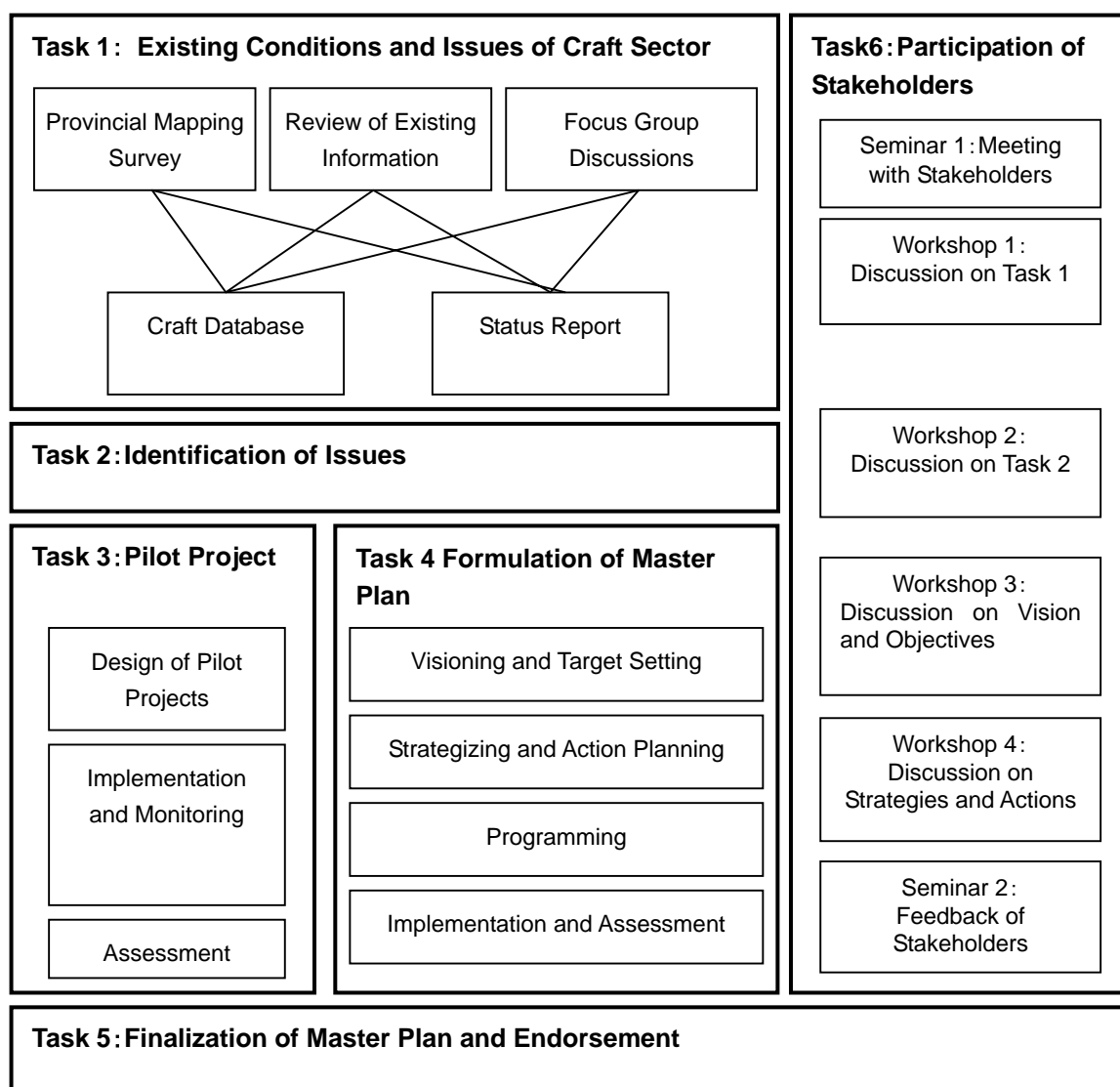
**Task 3. Implementation of Pilot Projects:** Pilot projects to adjust policies at the provincial level and to verify the practicability of the measures offered by the national and provincial master plans. Reflect the issues and lessons learnt from the pilot projects into the master plan (see section 2.4).

**Task 4. Formulation of the Craft Master Plan:** Formulate the provincial craft master plan based on the analysis of current conditions and issues, on the outcomes and lessons gained from the pilot projects, and on the orientation of the central government's master plan.

**Task 5. Finalization and Endorsement of Master Plan:** Finalize the provincial master plan after discussions with stakeholders through workshops and seminars. Give it status as a provincial policy by having it endorsed by the provincial PC to the central government (craft council at the central level) for the latter's consideration in national policy formulation.

**Task 6. Participation of Stakeholders:** Adopt participatory approaches at each task implementation stage, i.e. through workshops and seminars, to guarantee that the policies and tasks are sustainable. A wide range of participants should be targeted, e.g. related agencies of provincial government, central government, district commune government, related organizations, craft companies, craft villages, NGOs, donors, etc. It would be ideal if the provincial craft council takes the lead in preparing, implementing and monitoring the master plan. To realize this, a provincial steering committee should be established at the beginning of task implementation, which could later be accepted as the Provincial Craft Council itself when the master plan has been finalized.

Figure 2.1.1 Preparation of Provincial Craft Master Plan (proposed)



## 2.2 Contents of Provincial Craft Master Plan

### Task 1: Analysis of Existing Conditions

#### 1) Provincial Craft Mapping Survey

Similar to that conducted for the national master plan, the provincial survey will be conducted as follows:

- (a) **Definition and Criteria Setting for Craft Village/ Traditional Craft Village:** Set the province's own criteria for designating traditional craft villages based on the following: number of households engaged in craft production, number of craft output, significance of craft production, history of craft village, etc.
- (b) **Survey on Current Situation of Communes/Craft Villages (Provincial Craft Mapping Survey):** Under the supervision of provincial governments, send out

questionnaires to commune governments and craft villages selected based on definite criteria. Commune governments should collect answered questionnaires from village leaders/ businesses and submitted to district governments, which should in turn submit the same to provincial governments (see Table 2.2.1 for the Structure of National Craft Mapping Survey Questionnaire, and Appendix for the questionnaire for the National Craft Mapping Survey).

Table 2.2.1 Structure of National Craft Mapping Survey Questionnaire

Questionnaire	Objective	Main Output
Form 1	To determine profile of each commune and identify target craft villages <sup>1)</sup>	Basic data on approximately 9,400 communes in the entire country; list of target craft villages
Form 2	To collect detailed information on target craft villages	Identification of craft villages deeply involved and quite active in craft promotion; detailed information on targeted craft villages; identification of problems / constraints villages currently face
Form 3	To collect related information on communes to which target craft villages belong	Current activities of craft-related enterprises and cooperatives at commune level

Source: JICA Study Team

1) The criteria for being selected as target craft villages of the Study are as follows: either (1) more than 20% of households are engaged in craft making, or (2) the commune in charge recognizes it as important for the village, since the survey intended to paint a whole picture of the sector. The MARD originally used the criteria of having either (1) more than 50% of households engaged in the sector, or (2) 50% of income is accounted for by the sector.

## 2) Review of Existing Information

**(a) Existing Policy and System:** In order to clarify the relationship between craft sector development and related sectors' development plans, review existing policies such as provincial socio-economic development, Industrial promotion, SME promotion, preservation of traditional culture, and support for ethnic minorities. The policies, system, and decisions on craft sector development, and their relation to the craft sector are summarized in Table 2.2.2 and Table 2.2.3.

**(b) Responsibility and Role of Major Agencies:** Clarify the responsibility and role of each craft-related agency in a province, and the framework of cooperation/ collaboration between related agencies.

**(c) Review of Existing Documents and Research:** in order to select important issues in a region, review existing documents and research on craft, such as documents on their history and culture, or research on environment.

## 3) Focus Group Discussions

Based on major craft sector issues selected from the mapping survey and existing information, a wide selection of stakeholders will be invited to focus group discussions (FGDs) to clarify the province's institutional/ organizational framework and its competency towards project/ plan implementation. Stakeholders will include the following: government officials in provinces, districts, and communes; leaders of craft villages, provincial VCA, Women's Union, farmer's associations, craft companies, vocational training schools, provincial museums, master artisans, educational bodies, and NGOs, among others.

#### 4) Craft Database

Based on the Provincial Craft Mapping Survey, a database on the communes and craft villages in the province will be made. This will be used in selecting supporting measures and target areas and serve as basis to implement pilot projects and action plans. It should follow the format of the central government database for easy data comparison.

Table 2.2.2 Major Central Government Policies and Decisions Related to Craft Sector

Issue	Regulation and Decision	Agency	Content and Relation to Craft Sector
Regional Development	Decision No. 132/2000/QĐ-TTg of November 24, 2000 on a Number of Policies to Encourage the Development of Rural Trades	MARD	
	Decision No. 132/2001/QĐ-TTg of September 7, 2001 on Financial Mechanisms for the Implementation of the Programs on Developing Rural Traffic Roads, Infrastructure for Aquaculture and Infrastructure in Rural Craft Villages	MOF	
Poverty Alleviation	Decision No. 143/2001/QĐ-TTg of September 27, 2001 Approving the National Target Program on Hunger Elimination, Poverty Alleviation and Employment in the 2001-2005 Period	MOLISA	
	Decision No. 138/2000/QĐ-TTg of November 29, 2000 on the Integration of the Segmentation Projects, The Project on Support of Ethnic Minorities. People Meeting with Special Difficulties, The Program on Building Centers of Mountain and Highland Commune Clusters into the Program on Socio-Economic Development of Mountainous, Deep-lying and Remote Communes Meeting with Great Difficulties	CEM MPI, MOF, MOLISA MARD	
Investment Promotion	Decision No. 3/1998/QĐ-HĐ of May 20, 1998, The Law on Domestic Investment Promotion (amended)	Government	
	Decree No. 51/1999/ND-CP of July 8, 1999 Detailing the Implementation of Law No. 03/1998/QĐ-HĐ on Domestic Investment Promotion (amended)	MPI	
Export Promotion	Decision No. 195/1999/QĐ-TTg by the Prime Minister on Establishment of Export Promotion Fund	MoF	
	Decision No. 46/2001/QĐ-TTg of April 4, 2001 on the Management of Export and Import Goods in the 2001-2005 Period	MoT	
SME Promotion	Decree No. 90/2001/ND-CP of November 23, 2001 on Support for Development of Small and Medium Enterprises	MPI	
	Decree No. 02/2000/ND-CP of February 3, 2000 on Business Registration	MPI	
Preservation of Traditional Crafts	Decision No. 124/2003/QĐ-TTg of June 17 2003 approving cultural preservation and development for minority groups in Vietnam to fully utilize traditional crafts	MOCI	
Craft Village Criteria	Regulation (official, provisional) on craft village and traditional craft village criteria	DOI & DARD	
Craft Development Plans	a. Decision on Formulation of Industry & Cottage Industry Development Program by 2010	DOI & DARD	
	b. Human Resource Development Plan	DOLISA	
	c. Raw Materials Area Development Program	DARD	
	d. Craft Product Quality Improvement and Development Project (design improvement using new materials and technologies)	DOST	
	e. Infrastructure Development for Craft Villages and Craft Clusters	DOC	
Craft Investment	Investment program for industrial production development (or industrial extension program) + to support SMEs + to support development of crafts and craft villages + to identify sites and investment projects provided with preferential conditions in craft villages	DOI	
Market Development	a. Provide craft (and other goods) exportation bonus	DOT	
	b. Provide support and assistance in market development, trade promotion, exhibition participation, market information	DOT	
	c. Craft village tourism development	DoTourism	
Traditional Value Preservation	a. Revival and development of traditional crafts and craft villages	DOI	
	b. Craft development while preserving traditional values in the products	DOCI	
Support for Ethnic Minorities	Policies and Decisions related to craft promotion and development for minority groups	CEM and others	



Table 2.2.3 Major policies and decisions of central governments related to craft sector

Issues	Regulations and Decisions	Agency	Contents and their relations with craft sector
Craft village criteria	Regulation (official, provisional) on craft village and traditional craft village criteria	DOI & DARD	
Craft development plans	a. Decision on Formulation of Industry - Cottage Industry Development Program by 2010	DOI & DARD	
	b. Human Resource Development Plan	DOLISA	
	c. Raw material area development Program	DARD	
	d. Craft product quality improvement and development project (design improvement using new materials and technologies)	DOST	
	e. Infrastructure development for craft villages and craft clusters	DOC	
Craft investment	Investment program for industrial production development (or industrial extension program) + to support SMEs + to support development of crafts and craft villages + to identify sites and investment projects provided with preferential conditions in craft villages	DOI	
Market development	a. Provide craft (and other goods) exportation bonus	DOT	
	b. Provide support and assistance in market development, trade promotion, exhibition participation, market information	DOT	
	c. Craft village tourism development	DoTourism	
Traditional value preservation	a. Revival and development of traditional crafts and craft villages	DOI	
	b. Craft development while preserving traditional values in the products	DOCI	
Support for ethnic minority	Policies and Decisions related to craft promotion and development for minority groups	CEM and others	

## 5) Status Report

Based on the results of the mapping survey, information analysis, and FGDs, prepare a status report that should cover the following items:

### Part 1: Provincial Conditions

Table 2.2.4 Checklist for the Analysis of Provincial Conditions

	Items	Data
Geographical Location and Natural Conditions	Administrative Maps	
	Geographical Conditions	
	Climate and Hydrology	X
	Natural Resources	
Social Conditions	Land Use	X
	Population and Labor	X
	Education and Health Care	X
	Transportation	X
	Power, Telephone, Water Supply, Health Care Facilities	X
Economic Conditions	Economic Structure	X
	Agricultural Products and Key Crop Areas	X
	Forestry Area	X
	Forestry Products	X
	Fishery Products	X
	Production by Industrial Sector	X
Craft Export Turnover	X	

Table 2.2.5 Climate and Hydrology

Items	Months												Average
	1	2	3	4	5	6	7	8	9	10	11	12	
Temperature (°C)													
Rainfall (mm)													
Humidity (%)													
River Water Level (mm)													

Table 2.2.6 Land Use

Land Type	1999	2000	2001	2002	2003
Total Area					
Agriculture					
Plains					
Hills/Mountains					
Forestry					
Natural Forests					
Planted Forests					
Special-use					
Residential					
Idle					

Table 2.2.7 Population and Labor

Items	Unit	2000	2001	2002	2003
Total Population	persons				
Population Density	persons/km <sup>2</sup>				
Population Share					
- Urban	%				
- Rural					
Birth Rate	%				
Population Growth Rate	%				
Total Working-age Population					
Share in Population	%				
Share of Unemployed Labor in Total Labor					
Labor Structure					
- Agro-forestry-aqua	%				
- Industry – Construction					
- Services					
Labor Distribution					
- Urban	%				
- Rural					
Ethnic Groups					
- Kinh	%				
- Others					
Rate of Poor Households	%				

Table 2.2.8 Education and Health Care

Item	2000	2001	2002	2003
Literacy (%)				
Elementary Education (%)				
High School Education (%)				
Vocational Schools				
Qualified & Trained Laborers				
University-educated Staff (%)				

Table 2.2.9 Transportation

Name of Commune	Pavement (%)				Road Condition <sup>1)</sup>
	Asphalt	Gravel	Laterite	Earth	

1) 1: Good, 2: Fair, 3: Bad

Table 2.2.10 Utilities and Social Service Facilities

Item	Unit	2001	2002	2003
Communes with electricity	%			
Power consumption level	Kw/head			
Rural HHs with electricity	%			
Communes with access to telecommunications	%			
HHs with access to telecommunications	%			
Rural HHs with access to drinking water	%			
Number of doctors	Persons/10,000persons			

Table 2.2.11 Economic Structure

Sectors	2001		2002		2003	
	Values (VND bil.)	Share (%)	Values (VND bil.)	Share (%)	Values (VND bil.)	Share (%)
Agro – Forestry – Aqua						
Industry – Construction						
Services						

Table 2.2.12 Agricultural Products and Key Crop Areas

Name of Crop		Area (ha)	Volume (ton)	Main Location (District Name)
Food Crops				
Industrial Crops				

Table 2.2.13 Forest Areas

Forest Type	Area (ha)		
	Total	Protected Forest	Special-use Forest
Natural Forest			
Planted Forest			

Table 2.2.14 Forest Products

Forestry Product	Unit	2000	2001	2002	2003
Wood					
Firewood					
Bamboo & Rattan					
Others					

Table 2.2.15 Marine Products

Marine Products	Unit	2000	2003

Table 2.2.16 Industrial Production

Item	Unit	2000	2001	2002	2003
Production value	VND bil.				
GDP	Industry	VND bil.			
	Cottage Industry				
	Craft				
Main Products					

Table 2.2.17 Craft Export Turnover

Items		2000	2001	2002	2003
Total Export Turnover (mil.VND)					
Craft Export Turnover (mil.VND)					
Share in (%)	Industrial Value				
	Provincial Export Value				

## Part 2: Overall Condition of Crafts and Craft Villages

Since existing information and information sources on crafts and craft villages are limited, incorporate the results of the mapping survey and FGDs into the checklist below (see Table 2.2.18). Each item is arranged in tables according to each theme. Formulate the craft database based on this information (see Table 2.2.19 through Table 2.2.24).

Table 2.2.18 Checklist for Overall Condition of Crafts and Craft Villages

Items		Data
Overall Condition of Crafts and Craft Villages	Definition of Craft Villages and Traditional Craft Villages	
	Condition of Communes	X
	Condition of Craft Villages and Traditional Craft Villages	X
	Typical Craft Villages and Traditional Craft Villages	X
	Main Craft Items and Assessment by Items	X
	Master Artisans	X
	Craft Production at Craft Villages	
	Craft Production and Export Value	X
Existing Institutions and Policies related to Cottage & Craft Industries	Organizational Structure	
	Existing Policies and Decisions on Craft and Craft Village Development	X
Major Issues related to Craft Sector Development		
Potentials, Advantages and Disadvantages for Craft Development	Potentials	
	Advantages	
	Disadvantages	

- (a) Definition of Typical and Traditional Craft Villages in Province: Indicate criteria for distinguishing typical and traditional craft villages.
- (b) Condition of Typical and Traditional Craft Villages: Map the distribution of craft villages (location, name of the village, and name of the craft item, etc.) and their photos on a provincial map.

Table 2.2.19 Communes

Location		Population			No. of HHs	% of Poor HHs	Sector Distribution (%)			Craft Making	
District	Commune	Male	Female	Total			Agriculture	Mixed Agriculture	Non-Agriculture	% of Craft Households	% of Craft Production Value

Table 2.2.20 Craft Villages

Location			No. of Craftsperson			Household			Craft Item	Average Income VND000/month	
District	Commune	Village	Male	Female	Total	No. of HHs	% of Poor HHs	% of Craft HHs		Male	Female

(c) Typical and Traditional Craft Villages and their Development Purpose

Table 2.2.21 Typical and Traditional Craft Villages and Development Purpose

Location			Craft Item	History (years)	Purposes of productions/development					
District	Commune	Village			Job Creation / Income Generation	Economic Development	Export/ Industry Promotion	Tourism Development	Traditional Value Preservation	Social Security

(d) Main Craft Items: Identify existing problems and issues of each craft item.

Table 2.2.22 Main Craft Items and Assessment by Item

Issue		Craft Item				
Raw Materials	Quality					
	Quantity					
	Price					
Production	Technology					
	Design					
	Production Processes					
	Product Quality					
	Skills					
	Management capacity					
	Finance and Investment					
	Working conditions					
Distribution	Distribution cost					
	Time					
	Transport cost					
	Exportation cost					
Market	Market information					
	Competitive Product					
	Price					

Note: Fill in the corresponding number below (from 1 to 4) for each issue.

1 Serious Problem	2 Problem	3 Moderate	4 No Significant problem
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(e) Master Artisans: Explain the procedure of recognizing and designating master artisans, indicating criteria.

Table 2.2.23 Master Artisans

Location			Name	Birth Year	Craft Item	No. of Successors
District	Commune	Village				

## (f) Craft Production and Markets

- Analysis about the production made by craft villages; production structure.
- Activities of craft enterprises.
- Output and growth by craft item; export volume and value by year.
- Assessment of economic value of crafts and their share in industrial GDP.
- Potentials for exportation of craft items; constraints on export of craft items.

Table 2.2.24 Production and Export Value

Craft item	Production value			Exportation value		
	Unit	Value	Annual Growth Rate (%)	Unit	Value	Annual Growth Rate (%)

## Task 2. Identification of Key Issues

### 1) Selection of Issues

An analysis of the current condition revealed the issues, development possibilities and constraints faced by provinces or craft sector in each craft village/ commune. For an effective policy-making, clarify the following:

- Issues selected in the national master plan.
- Prioritized policies in the province's comprehensive socio-economic development plan.
- Opinions of internal/ external experts who are familiar with the market.

### 2) Checklist for Issue Selection

A checklist, which can be a guideline in selecting craft issues faced by a province, is shown below. Where necessary, the content is revised based on current condition of provinces and result of its analysis in the following description (see Table 2.2.25).

Table 2.2.25 Checklist of Key Issues for Craft Sector Development

Key Issue	Perspective for Issue Selection
1) Securing of Raw Material Supply	<ul style="list-style-type: none"> <li>• Problems and constraints on craft production and raw material exhaustion. Importance of the use of locally available materials for craft production. Issue of proper and planned exploitation, protection and development of local raw material resources.</li> <li>• Directions on planning of raw material zones development to ensure sustainable supply of materials.                             <ul style="list-style-type: none"> <li>- for crafts (wood, industrial crops, recycled materials etc.)</li> <li>- to other provinces</li> <li>- Conduct raw material processing and quality improvement. Encourage use of natural raw materials and applications of advanced technology to improve raw material quality.</li> </ul> </li> </ul>
2) Technology Improvement	<ul style="list-style-type: none"> <li>• Current situation about production technology and equipment.</li> <li>• Role of technology and equipment on the quality and cost of craft products.</li> <li>• Orientation of the application of technology and technique improvement in craft production (for typical crafts), paying attention to the following issues:                             <ul style="list-style-type: none"> <li>- Raising the quality and the uniformity of the crafts' quality, reducing the cost and labor intensity, increasing labor productivity while maintaining the traditional and cultural features of the crafts.</li> <li>- Ensuring and protecting environment in craft villages</li> <li>- Carrying out standardization of the processed materials</li> <li>- Preparation of the specialization in craft production and labor training especially for the crafts of integrated production process</li> </ul> </li> </ul>

Continuation of Table 2.2.25

Key Issue	Perspective for Issue Selection
3) Quality Improvement	<ul style="list-style-type: none"> <li>• Current situation of craft quality: Identify reasons for low sales of craft products in domestic and overseas market.</li> <li>• Constituent factors for high product quality.</li> <li>• Current quality control system: Establish quality standards for craft and craft materials testing &amp; evaluation.</li> <li>• Orientation on establishing an organizational network for testing &amp; evaluating craft quality.</li> </ul>
4) Production Process Improvement	<ul style="list-style-type: none"> <li>• Current status of the production systems and issues limiting SMEs.</li> <li>• Current status of production and management systems of household craft industries in craft villages.</li> <li>• Orientation of improvements in local production systems to meet market demands at home and abroad.</li> <li>• Orientation of improvements in production processes and the mode/division of craft production (regarding enterprise, production household and local administration).</li> </ul>
5) Design and Product Development	<ul style="list-style-type: none"> <li>• Awareness and significance of design and craft design development and promotion system.</li> <li>• Strategy on craft product design &amp; development to expand markets and access new ones.</li> <li>• Planning for the establishment of a craft design development system appropriate to regional conditions.</li> <li>• Potential of integrating traditional characteristics into new designs.</li> <li>• Approaches and steps for the actions; establishment of a support system for craft design development.</li> </ul>
6) Access to Information	<ul style="list-style-type: none"> <li>• Issues and difficulties related to information.</li> <li>• Necessary information for different stakeholders involved in craft production and management.</li> <li>• Approaches for and solutions to improve existing conditions (closer linkage among craft-related stakeholders and between the government and the private sector, organization of production of crafts with high competitiveness, participation in craft exhibitions, website creation, etc.).</li> </ul>
7) Craft Cluster Development	<ul style="list-style-type: none"> <li>• Necessity of linkage between craft villages and outside services (companies, cooperatives, etc.) in sharing information, providing financial support, making use of skilled craftsmen, and ensuring quality and timely delivery of craft products.</li> <li>• Appropriate types of production units in craft villages (craft associations, cooperatives, production groups, etc.) in view of craft production, development, management, and sales of products at home and abroad.</li> <li>• Potentials and orientation of regional cluster development (from the viewpoint of institutional and financial support from governments, business environment, BDS provider's activities, competitiveness of production groups, market development, etc.).</li> </ul>
8) Human Resource Development	<ul style="list-style-type: none"> <li>• Advantages and disadvantages in the current skills training program.</li> <li>• Skills training for new labor, skilled labor, technicians, master artisans, craft enterprise owners, etc.</li> <li>• Contents of training in craft quality and design improvement.</li> <li>• Role and importance of developing coordinators who can liaise between craftspeople and markets as well as designers.</li> <li>• Training organizations and contents                         <ul style="list-style-type: none"> <li>– Introduction of current training program on crafts in vocational schools and in human resource development programs.</li> <li>– Improvement and establishment of training course textbooks.</li> <li>– Linkage between provincial and central agencies involved in craft training.</li> </ul> </li> </ul>
9) Management and Business Capacity Improvement	<ul style="list-style-type: none"> <li>• Current status on business management of craft production enterprises.</li> <li>• Orientation and approaches for training and improvement of management and business skills (at enterprise and sector level).</li> <li>• Development orientation of enterprise types in craft villages appropriate to practical conditions of the province.</li> </ul>
10) Finance and Funding	<ul style="list-style-type: none"> <li>• Current status of finance and funding systems and available capital resources.</li> <li>• Capital requirements of craft households in craft villages. Identify issues that are hindering and limiting craft villages and other stakeholders involved in craft production to access available financial resources for production/ investment promotion.</li> <li>• Identify practical needs and financial characteristics of short- and medium-term loans for SMEs and households for craft production promotion.</li> <li>• Orientation for situation improvement</li> </ul>
11) Working Condition	<ul style="list-style-type: none"> <li>• Current working condition of labor in craft villages.</li> <li>• Problems affecting health, labor productivity and quality.</li> <li>• Status on occupational diseases among craft households in craft villages.</li> <li>• Approaches to improve situation</li> </ul>
12) Distribution System	<ul style="list-style-type: none"> <li>• Identify stakeholders involved in craft production and distribution in the province, particularly the role of middlemen.</li> <li>• Approaches to improve the distribution situation. Proper policies and solutions and that encourage the distribution while ensuring reasonable/fair benefits for different stakeholders</li> </ul>

Continuation of Table 2.2.25

Key Issue	Perspective for Issue Selection
13) Marketing	<ul style="list-style-type: none"> <li>Existing and future markets (domestic, export).</li> <li>Difficulties in market promotion and reasons.</li> <li>Approaches to market development and necessary support by governments for the private sector</li> </ul>
14) Linkage to Tourism	<ul style="list-style-type: none"> <li>Identify potentials for tourism development and for craft/community tours.</li> <li>Role of tourism in craft development.</li> <li>Approaches to craft-tourism development (ex. souvenir development, road and communication improvement, exhibition of craft items, craft/community tours).</li> </ul>
15) Environmental Pollution	<ul style="list-style-type: none"> <li>Status of environmental pollution in the process of craft development affecting community health in craft villages.</li> <li>Environmental impacts in craft villages and reasons (exhaustive exploitation of natural resources and inappropriate production technologies, etc.).</li> <li>Approaches, mechanisms and policies to improve situation and protect environment in craft villages</li> </ul>
16) Support for Minority Groups	<ul style="list-style-type: none"> <li>Characteristics and status of craft production of ethnic minority groups.</li> <li>Importance of reviving and preserving traditional craft production by minority groups.</li> <li>Approaches for efficient support for minority groups (e.g. craft promotion and development in pilot areas, training courses for minority groups in craft development, etc.).</li> <li>Potential for integration and linkage with other sectoral programs/projects supporting ethnic minorities (e.g. transport, education, health, etc.).</li> </ul>
17) Preservation of Traditional Values	<ul style="list-style-type: none"> <li>Importance and significance of preserving traditional values of crafts and craft villages.</li> <li>Potential for carrying out activities/projects for preserving traditional values of craft items and craft villages (e.g. documentation of traditional craft items, promotion of museum activities, education and training at vocational schools, etc.).</li> <li>Provincial policies and role of provincial administrative bodies involved in preserving traditional values</li> </ul>

### 3) Potentials, Advantages, and Constraints on Craft Development

In order to examine the objectives and strategies for craft development, clarify positive (strengths) and negative impact (weaknesses) which are a result of the internal setting of province as well as external factors surrounding the province should be clarified. It is important to enhance the province's potentials and advantages, or to turn constraints into opportunities, for provinces to develop their own originality and competitiveness. Therefore, it is necessary to discuss the analysis results when examining the master plan and strategies.

- a) **Potentials:** Identify environmental factors that are of great advantage to craft promotion in the province and analyze their potentials. These factors include human resources, natural resources, raw materials, transportation infrastructure, historic/cultural resources, tourism attractions) as well as funding and legal system of the province. Analyze the province's strengths and weaknesses in craft promotion from various aspects: crafts' quality, marketability, technical capabilities, production capacity, funding ability, and coordinating ability.
- b) **Advantages:** Identify and analyze external factors, such as transport and geographical condition of the surrounding areas, change in market trends and competition with other areas, or impact on environment, that can provide opportunities for craft promotion.
- c) **Constraints:** Analyze the factors that hamper the province's potentials and opportunities in pursuing craft development and promotion.



### Task 3: Implementation of Pilot Projects

To make a practical master plan, examine two aspects to see whether: (a) policies are secured at the provincial level; and (b) policies on localities (craft villages) or specific issues are actually functioning and with verifiable outcomes. In the national master plan, these were examined by implementing nine pilot projects in four selected provinces. All projects were planned based on identified key issues, especially on identified measures and action policies that were considered to have a good chance for improvement by implementing local actions.

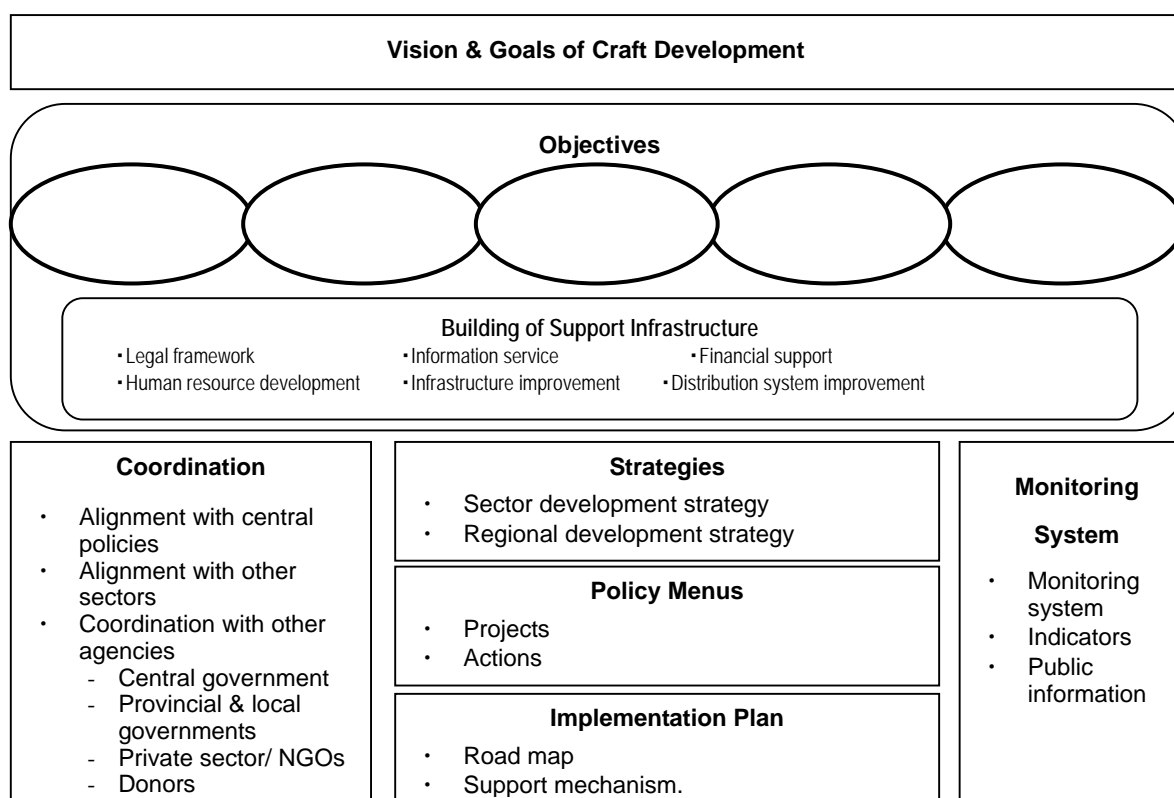
Select several areas (craft villages and communes) in province to determine whether the recommendations in the provincial master plan will encourage specific support actions to be taken at the local level and will benefit the people. Implement projects to improve the key issues that need to be tackled.

### Task 4: Formulation of the Craft Master Plan

#### 1) Structure of Master Plan

In order to relate the long-term objectives and the implementing projects/ actions, adopt a hierarchical structure for the master plan: (a) fundamental objectives for the future (vision); (b) materialization of objectives (development objective); (c) basic policy for realizing the objectives (strategies); (d) action based on strategies (project program); and, (e) measures for project implementation (modality). (see Figure 2.2.1)

Figure 2.2.1 Framework and Components of the Master Plan



## 2) Vision and Objectives

The province's structured vision for craft promotion and clarified objectives can indicate the basis of actions for various stakeholders involved in the craft sector. These are important to encourage a shared willingness and concerted action among concerned parties to achieve the objectives and to clarify policies and actions.

Participation of representatives from the public and private sectors involved in the craft sector is necessary in this process. Discuss with them through mapping surveys, focus group discussions, workshops, or seminars. Demonstrate objective indicators as well as clarify ideas and orientations (see Table 2.2.26 and Table 2.2.27).

Table 2.2.26 Provincial Socio-economic Development Indicators by 2010

Indicators		Present	2005	2010
GDP structure (%)	Agriculture			
	Industry – cottage industry			
	Services			
GDP growth (%)				
Average GDP per capita per year (USD/person/year)	Whole province			
	Rural areas			
Agro-forestry and fishery production value (VND bil.)				
Industry, cottage industry production value (VND bil.)				
Export value (thousand US\$)				
Growth rate of Export Value (%)				
Average annual income (USD/persons)				
Poor households (%)	Whole province			
	Rural areas			
Employed labor compared to labor needing jobs (%)	Industry, cottage industry			
	Construction			
	Agro-forestry and fishery			
	Services			
Ratio of households having power (%)				
Ratio of commune accessible to road (%)				
Coverage of telephone (%)				
Number of telephone (per 100 people)				
Ratio of households using clean water (%)				
Spread of education (%)	Primary school			
	Secondary school			
Literacy rate (%)				
Rate of villages having health care centers employed with doctors (%)				
Number of tourists	Total			
	Foreign tourists			
	Domestic tourists			
Average growth of tourist (%)				
Turnover of tourism (VND bil.)				

Table 2.2.27 Indicators of Craft Development

Indicator		Present	2005	2010
Craft production value (VND bil.)	Bamboo and rattan			
	Embroidery			
	Ceramic			
	Wood			
	....			
Ratio of production value of craft industry (%)				
Average growth rate (%)				
Export value (USD mil.)	Industry product			
	Cottage industry product			
	Craft and handicraft product			
Ratio of export value per total export value (%)				
Number of villages which have crafts				
Ratio per total villages in province (%)				
Number of craft villages meeting provincial criteria				
Labors working in cottage industry (persons)				
Labor working in craft sector (persons)				
Average income per labor of craft sector (000VND/month)				

### 3) Strategies and Action Plans

#### a) Planning Framework of linkage between issues and strategies

In order to establish the national master plan, various issues facing the craft sector were studied and analyzed. In addition, pilot projects were conducted to specifically identify the problems and issues. Outcomes and lessons gained from the analysis and pilot projects were applied to establish fundamental policy orientation and specific actions, which include vision, objectives, strategies, and action plans.(see Figure2.2.2)

A similar approach is required in formulating the provincial master plan. This is essential since it is only from analyzing current issues as recognized from the results of provincial mapping surveys can the specific vision and basic objectives be identified. Furthermore, pilot projects in model provinces can help determine strategies/ actions, so that policies and support measures fit the craft production area's situation.

#### b) Preparation of Strategies and Action Plans

Break down strategies into action plans, ensuring that each action plan is practicable. Formulate an action data sheet for each action plan (see Table 2.2.28).

As was the case in the national master plan, it would be very difficult to implement several action plans at the same time. Therefore, prioritize strategies and actions at this stage. The following must be noted when setting priorities:

- (a) Socio-economic development objectives and plans of the province.
- (b) Relation to the national Craft Development Master Plan of the central government.
- (c) Participation of craft stakeholders in the province.

Figure 2.2.2 Planning Framework for Integration of Issues and Strategies (example)

Main Issues	Strategies	Objectives
Securing of Raw Materials	A1 Documentation of craft village traditions	A: Establishment of Mechanism to Preserve Traditional Value of Crafts
Technology Improvement	A2 Strengthening of local museums	
Product Quality Enhancement	A3 Promotion of traditional craft research	
Production Process Upgrading	A4 Enhancement of master artisan system	
Design Improvement	A5 Designation of title of traditional craft items	
Craft Information	B1 Strengthening of design education programs	B: Improvement of Craft Products Development System
Cluster Development	B2 Development of craft coordinators	
Human Resource Development	B3 Strengthening of technical skills in craft making	
Business Management Improvement	B4 Establishment of intellectual property ...	
Work Environment Improvement	B5 Provision of opportunities for market ...	
Access to Financing	C1 Raw material preservation, consumption ...	C: Establishment of Sustainable and Competitive Production System
Improvement of Physical Distribution	C2 Promotion of local industries in production areas	
Marketing Improvement	C3 Establishment of technical improvement ...	
Linkage with Tourism	C4 Strengthening of capacity of managers	
Impact on Natural Environment	C5 Improvement in work environment	
Assistance to Ethnic Minorities	D1 Education for minorities on value of ...	D: Strengthening of Ethnic Minority Support System
Traditional Values Preservation	D2 Preservation of traditional techniques...	
Others	D3 Formulation of & familiarization with ...	
	D4 Expansion of fair trade system	
	D5 Assistance for organizations working with ...	
	E1 Formulation of VDS through participatory ...	E: Strengthening Capacities of Craft Villages and Communes
	E2 Establishment of craft associations ...	
	E3 Securing of funds for craft production activities	
	E4 Environmental improvement in craft villages	
	E5 Establishment of marketing system for ...	
	F1 Establishment of organizations and ...	F: Development of Infrastructure Support
	F2 Provision of craft information support services	
	F3 Provision of financial support to craft sector	
	F4 Provision of infrastructure development support	
	F5 Human resource development	

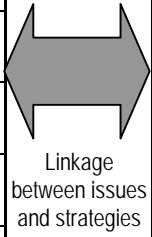

  
 Linkage between issues and strategies

Table 2.2.28 Action Data Sheet (Example)

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 (2004-05)	Medium Term (2006-10)	Long Term (2010-)
		<ul style="list-style-type: none"> <li>• Establish research and documentation methodology.</li> <li>• Create guidelines.</li> <li>• Implement the methodology in model areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Collect data of all provinces and create database.</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly update and improve the data.</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>		
Necessity of 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>		

### c) Level of Importance of Strategies and Action Plans

Rank interests of and incentives for provinces on the identified 30 strategies and 90 action plans for the central government's reference by choosing one of the following three choices:

- A: Important strategy/action for immediate implementation.
- B: Interested in strategy/action, but need not be implemented immediately.
- C: Not interested in strategy/action, or not going to implement in the province.

Add or revise strategies and action plans to meet the needs and characteristics of your provinces.

Table 2.2.29 Proposed Strategies and Action Plans

Objective	Strategy	Rating	Action Plan/Projects	Rating
A: Establishment of mechanism to preserve traditional value of crafts	A1 Documentation of craft village traditions		A11 Creation of Guidelines for Research and Documentation of Traditional Crafts	
			A12 Conservation and Documentation of Traditions of Craft Villages	
			A13 Presentation of Traditional Crafts Documentation Outcomes	
	A2 Strengthening of local museums		A21 Research on Current Conditions of Local Museums	
			A22 Improvement of Conservation and Exhibition Methods for Crafts at Existing Museums	
			A23 Networking among Museums on Traditional Crafts	
	A3 Promotion of traditional craft research		A31 Establishment of Traditional Crafts Society	
			A32 Networking among Research Institutes	
			A33 Listing of Subjects of Researches and Studies	
	A4 Enhancement of master artisan system		A41 Revitalization of Master Artisan System	
			A42 Collection and Exhibition of Master Artisans' Works	
			A43 Crafts Promotion Assistance to Master Artisans	
	A5 Designation of title of traditional craft items		A51 Establishment of System for designation of Traditional Craft Title	
			A52 Collection, Exhibition and Preservation of Products Accepted as Traditional Crafts	
			A53 Promotion of Traditional Crafts	
B: Improvement of craft products development system	B1 Strengthening of design education programs		B11 Creation of Design Curricula for Existing Educational Institutes	
			B12 Establishment of Design Promotion Organization	
			B13 Expansion and Enhancement of Domestic/International Design Organizations Network	
	B2 Development of craft coordinators <sup>1)</sup>		B21 Development of Training Program for Product Development Coordinators	
			B22 Creation of Accreditation System for Coordinators	
			B23 Product Development Utilizing Coordinators	
	B3 Strengthening of technical skills in craft making		B31 Identification of Craft Skills	
			B32 Increase in Motivations of Craft Skills Advancement	
			B33 Establishment of Craft Skills Training Program	
	B4 Establishment of intellectual property rights system		B41 Development of Intellectual Property Rights Protection System	
			B42 International Registration of Marks for Protection of Intellectual Property Rights	
			B43 Issue of Special Accreditation Mark to Qualified Crafts	
	B5 Provision of opportunities for market appraisal		B51 Participation Assistance in Local and International Fairs and Exhibitions	
			B52 Dispatch of Specialists and Exchanges	
			B53 Establishment of Matching System for Producers & Buyers	

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.

Continuation of Table 2.2.29

Objective	Strategy	Rating	Action Plan/Projects	Rating
C: Establishment of sustainable & competitive production system	C1 Raw material preservation, consumption & management system		C11 Inventory of Raw Materials	
			C12 Establishment of Raw Materials Conservation System	
			C13 Quality Improvement of Raw Materials	
	C2 Promotion of local industries in production areas		C21 Strengthening of Linkage among Craft Villages	
			C22 Development of BDS Providers	
			C23 Development of Production Areas as Local Brands	
	C3 Establishment of technical improvement & quality control system		C31 Formulation of Quality Control Criteria	
			C32 Stable Supply of Raw Materials, Improvement of Techniques and Equipment Investment Assistance	
			C33 Enhancement of Vocational School Programs	
	C4 Strengthening of capacity of managers		C41 Creation of Business Management Manual and Consultation	
			C42 Assistance System for Entrepreneurs	
			C43 Provision of Technical Training Assistance to Micro, Small and Medium Craft Enterprises, Managers	
	C5 Improvement in work environment		C51 Establishment of Occupational Safety Standards	
			C52 Establishment of Occupational Safety Support System	
			C53 Registration with International Standards	
D: Strengthen ethnic minority support system	D1 Education for minorities on value of crafts and importance of craft development		D11 Development of Craft Education Method and Manual	
			D12 Development of Village Trainers	
			D13 Development of Distance Learning	
	D2 Preservation of traditional techniques & crafts		D21 Research and Documentation of Traditional Values	
			D22 Restoration of Traditional Techniques	
			D23 Preservation of Traditional Crafts	
	D3 Formulation of & familiarization with technical & management guidelines		D31 Provision of Craft Production Technique Training	
			D32 Creation of Business Management Manual	
			D33 Provision of On-the-Job Training	
	D4 Expansion of fair trade <sup>1)</sup> system		D41 Establishment of International Fair Trade Participation Mechanism	
			D42 Opening of Pilot Shops	
			D43 Establishment of Mechanism to Receive Consumer Feedback	
	D5 Assistance for organizations working with ethnic minorities		D51 Strengthening of Ethnic Minority Support Organizations' Capacities and Linkage with Government	
			D52 Creation of Ethnic Minority Assistance Model	
			D53 Conduct of Forum among Organizations Assisting Ethnic Minorities	

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.

Continuation of Table 2.2.29

Objective	Strategy	Rating	Action Plan/Projects	Rating	
E: Strengthening of capacity of craft villages and communes	E1 Formulation of village development strategy (VDS) <sup>1)</sup> through participatory approach		E11 Creation of VDS Manual & Guidelines		
			E12 Establishment of VDS System		
			E13 Institutionalization of VDS		
	E2 Establishment of craft associations/ provision of assistance to cooperatives			E21 Establishment of Artisan Craft Association	
				E22 Assistance to Existing Craft Cooperatives	
				E23 Networking among Craft Promotions Organizations	
	E3 Securing of funds for craft production activities			E31 Establishment of Craft Fund	
				E32 Establishment of Financial Procedures to Access Financing Schemes	
				E33 Study on Accessing ODA	
	E4 Environmental improvement in craft villages			E41 Study of Environmental Issues in Craft Villages	
				E42 Development of Environment Assessment System for Craft Villages	
				E43 Environment Quality Development Assistance	
	E5 Establishment of marketing system for village crafts			E51 Use of "Torisetsu" <sup>2)</sup> and Development of Trademark System	
				E52 Development of Tourism/Tourist Incentives	
				E53 Product Development Using Local Materials and Techniques	
F: Development of Assistance Infrastructure	F1 Establishment of organizations and institutions related to craft sector promotion		F11 Establishment of National Craft Council		
			F12 Establishment of Provincial Craft Councils		
			F13 Development and Streamlining of Institutions Related to Craft Sector		
	F2 Provision of craft information support services			F21 Regular Updating of Craft Website	
				F22 Establishment of One-stop Craft Center	
				F23 Development of Distance information Service to Remote Areas	
	F3 Provision of financial support to craft sector			F31 Budget Allocation for Craft Sector from Ministries and Provincial Governments	
				F32 Improved Access to Existing Financing Schemes	
				F33 Effective Use of ODA	
	F4 Provision of infrastructure development support			F41 Improvement of Transportation Access to Markets	
				F42 Support for Improvement of Utilities and Services in Craft Villages	
				F43 Support for the Improvement of Common Production Facilities for Craft Promotion/Development	
	F5 Human resource development			F51 Training of Public Officials Responsible for Craft Sector	
				F52 Establishment of Database on Craftspersons and Organizations	
				F53 Establishment of Overseas Exchange Program	

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.

#### 4) Programming

Prepare an implementation schedule of over five years for actions with high priority and that can be realized within five years among the action plans. (see Table 2.2.30)

It is necessary to build consensus on the location and period of implementation and organizational structure with related agencies (organizing a feedback seminar for stakeholders).



Table 2.2.30 Implementation Schedule for Craft Action

Action Plan	Implementing Agency	Schedule for Implementation				Necessary Support
		2004	2005	2006	2007-08	
1. Preservation and documentation of craft villages' tradition	DOCI					MOCI, VME
2. Establishment of craft council	Provincial PC					Donor
3.						
4.						

## 5) Measures for Implementation

There are two types of actions: those that can be implemented using the province's own funds and resources; and those that require external support (see Table 2.2.31 for a checklist of action implementation measures).

For actions that can be implemented using the province's own resources, plan implementation measures by optimizing existing human and natural resources of the province. Place the craft sector promotion program in the existing framework by revising existing plans or programs or implementing necessary budget allocations.

For actions that require external support, carefully examine what kind of support is required among the following: (a) funding; (b) technology; (c) policy and system; or, (d) human resources. At the provincial level, in particular, enhance the ability to manage (a), (b) and (c). Therefore, put particular emphasis first on human resource development, that is (d). Implement this measure by inviting domestic and overseas leaders or experts.

Table 2.2.31 Checklist of Action Implementation Measures

Action Plan	Implementation Through Province's Own Resources		External Support and Supporting Agency			
	Main Agency	Implementation Measure	Fund	Technology	Institutional Reform	Human Resources
1. Preservation and documentation of craft villages' tradition	DOCI	Distributing manuals to communes	MOCI budget	Dispatch researchers from VME		Implementation of training at provincial museum
2.						
3.						
4.						

## 6) Role Sharing

Implementation of the proposed strategies and actions need to involve a wide range of stakeholders from both the public and private sector who are responsible for attending to sectoral and crosscutting issues in a coordinated manner. In this chapter, identify necessary institutional arrangements for craft development in the province.

Table 2.2.32 Possible Role Sharing among Stakeholders at Provincial Level

Objective	Strategy		Provincial Governments		Responsible Agency <sup>2)</sup>
			Main <sup>1)</sup>	Sub	
A: Establishment of mechanism to preserve traditional value of crafts	A1	Documentation of craft village traditions	<i>DOCI</i>	<i>DOI</i>	<i>Museum, VCA</i>
	A2	Strengthening of local museums			
	A3	Promotion of traditional craft research			
	A4	Enhancement of master artisan system			
	A5	Designation of traditional craft items			
B: Improvement of craft products development system	B1	Strengthening of design education programs			
	B2	Development of craft coordinators			
	B3	Strengthening of technical skills in craft making			
	B4	Establishment of intellectual property rights system			
	B5	Provision of opportunities for market appraisal			
C: Establishment of sustainable & competitive production system	C1	Raw material preservation, ...			
	C2	Promotion of rural industries in production areas			
	C3	Establishment of technical improvement ...			
	C4	Strengthening of capacity of managers			
	C5	Improvement in work environment			
D: Strengthening of ethnic minority support system	D1	Education for minorities on value of ...			
	D2	Preservation of traditional techniques & crafts			
	D3	Formulation with technical & management guidelines			
	D4	Expansion of fair trade system			
	D5	Assistance for organizations working with ethnic ...			
E: Strengthening of capacity of craft villages and communes	E1	Formulation of VDS through participatory approach			
	E2	Establishment of craft associations...			
	E3	Securing of funds for craft production activities			
	E4	Improvement of environment in craft villages			
	E5	Establishment of marketing system for craft villages			
F: Development of infrastructure support	F1	Establishment of organizations ...			
	F2	Provision of craft information support services			
	F3	Provision of financial support to craft sector			
	F4	Provision of Infrastructure development support			
	F5	Human resources development			

1) Main agency is only one.

2) Responsible agency is such as VCA, VCCI, Research institute, banks, museums, women's union, donor, NGO, etc.

## 7) Monitoring

Monitoring should be done not only per project or action but also per policy and strategy. Monitoring should be undertaken not only from by the implementing body but also by the beneficiaries. This is one of the most important functions of the proposed craft council at national and provincial levels. Some of the criteria for evaluation are: the project/ action/ policy/ strategy (a) properly benefits the craft villages and communes in the rural areas; (b) sustainably supports production of crafts; and, (c) complies with the direction of key policies in Vietnam. Identify specific indicators that meet provincial conditions. (see Table 2.2.33)

Table 2.2.33 Evaluation Framework for Monitoring

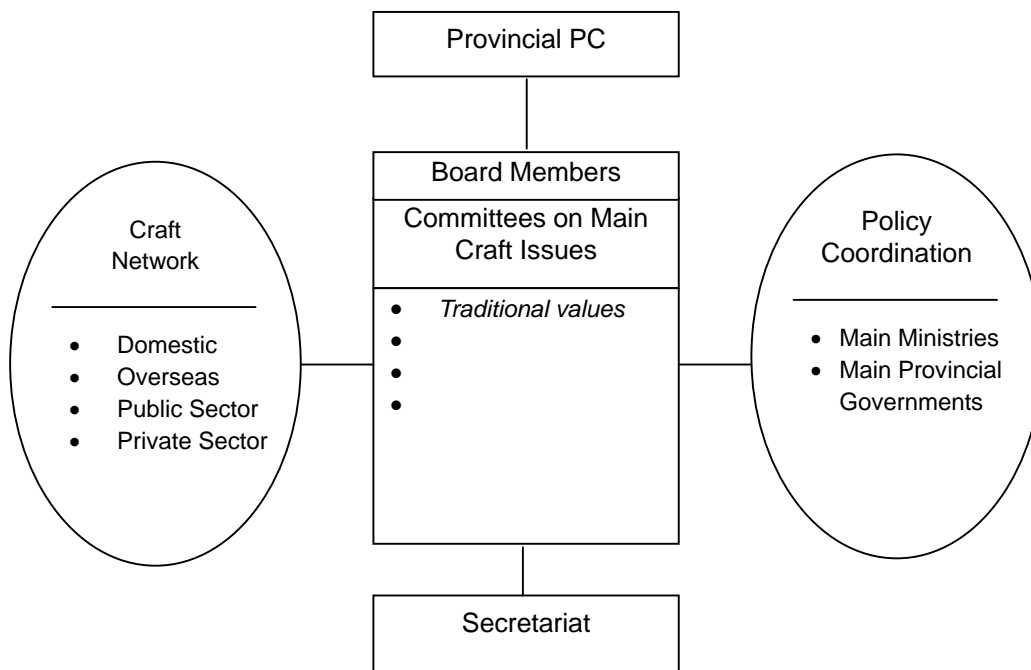
Evaluation Aspect		Indicator
Craft Villages/ Communes	1.Traditional, cultural and social development	•
	2.Rural economic development	•
	3.Independence and sustainability of rural areas	•
Production System and Working Condition Improvement	1.Sustainable production systems	•
	2.Marketing promotion	•
	3.Relevance of plans	•
Key Issues in National Development Policies	1.Impact on ethnic minorities	•
	2.Poverty alleviation	•

### Task 5. Finalization and Endorsement of Master Plan

The national master plan proposes the establishment of a “National Craft Council” comprising concerned central governmental agencies (MARD, MOI, MOCI, MoTrade) and private and relevant organizations (cooperatives, associations, museums, research institutes, etc.). The Provincial Craft Council, in particular, has a role in linking the policies and measures set by the central government to the craft villages and communes through concrete plans and measures. The necessity of the Provincial Craft Council, its roles, and member organizations are described below. (see Figure 2.2.3)

- 1) Role and importance of the Provincial Craft Council
- 2) Role and responsibility of the council
- 3) Scope of activities of the council
- 4) Selection of Organizational structure of the council including Chairman, Executive board, Secretariat, and Members of provincial governments and agencies

Figure 2.2.3 Conceptual Diagram of the Provincial Craft Council



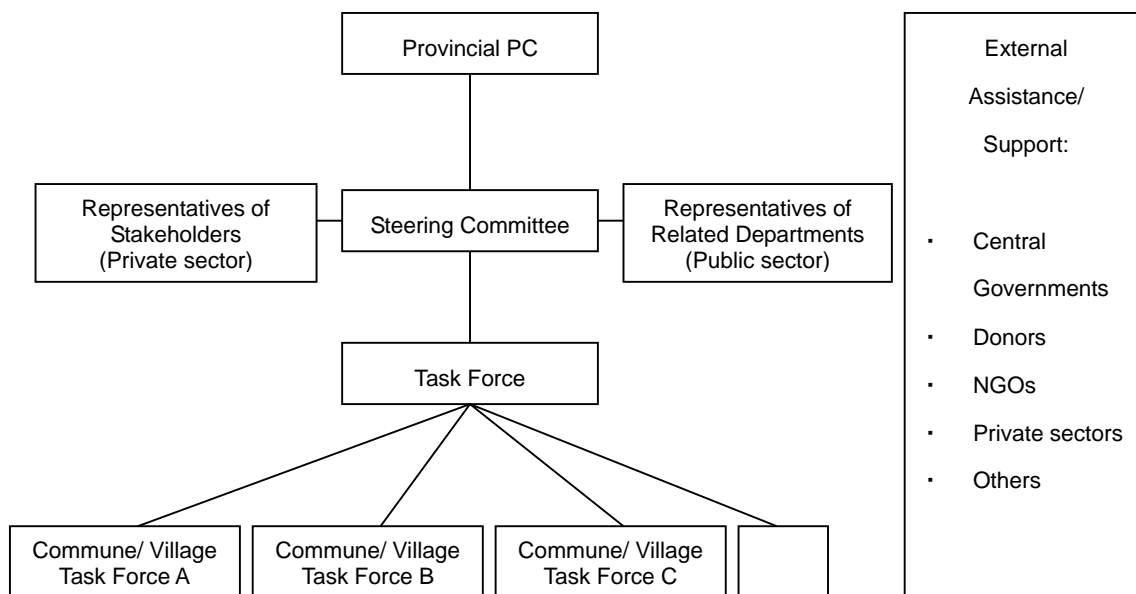
### Task 6: Participation of Stakeholders

Hold workshops to bring together groups directly involved in the craft sector to prepare the master plan. Organize seminars targeting a wide range of stakeholders. These workshops and seminars can help build consensus on the contents and methods of the master plan, as well as help enhance the sense of ownership of the outcomes among the stakeholders.

### 2.3 Implementation Structure

Organize the structure for the study and implementation when formulating a master plan (see Figure 2.3.1). Organize a Task Force under the Steering Committee to include representatives from the provincial government and related agencies as well as from the private sector. Then, this structure will be able to suitably cover the main parties involved in the craft sector. At the same time, organize a counterpart team at the craft village/ commune level to obtain local information and encourage the locals to participate in the planning process (issue identification, task setting, strategy making, etc.). This organized structure can be used effectively for policy/ action implementation even after the completion of the study. It would be ideal to institutionalize the Steering Committee as the “Provincial Craft Council”.

Figure 2.3.1 Implementation Structure



**Craft Master Plan  
of Ha Tay Province**

# Craft Master Plan of Ha Tay Province

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Craft Village Distribution Map of Ha Tay Province

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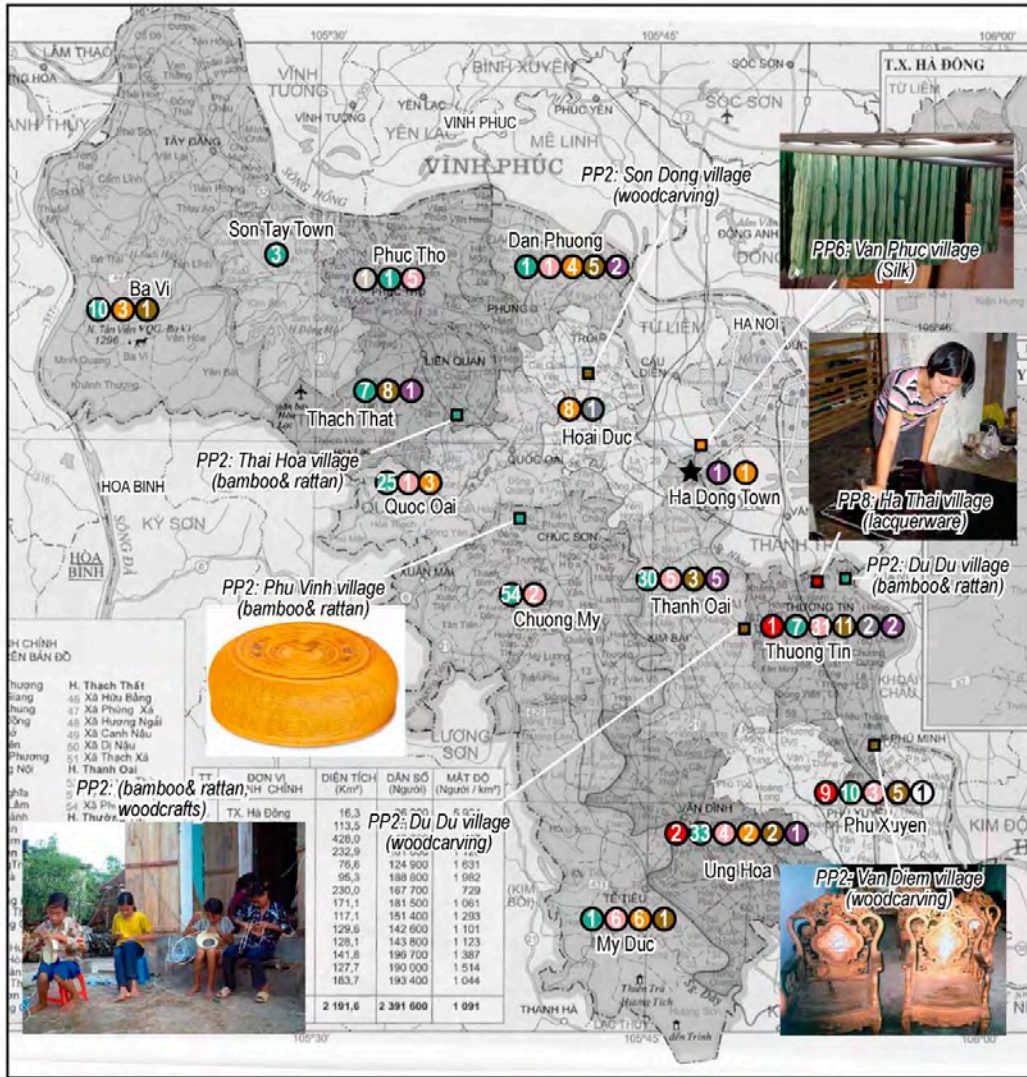
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- ★ Provincial Center      □ Pilot Project Site
- 1)Rush 2)Lacquerware 3)Bamboo&Rattan 4)Ceramics 5)Embroidery 6)Woven Fabric  
 7)Woodcraft 8)Stone carving 9)Traditional Paper 10)Wood Printing 11)Metalworks

No.	Code	District	Craft Village	No. of Craft Item														
				Rush	Lacquer	Bamboo & Rattan	Ceramics	Embroidery	Woven	Wood	Stone	Paper	Wood Printing	Metal	Others	Total		
1	1	Ha Dong	2	0	0	0	0	0	1	0	0	0	0	0	1	0	2	
2	3	Son Tay	4	0	0	3	0	0	0	0	0	0	0	0	0	0	1	8
3	5	Ba Vi	22	0	0	10	0	0	3	1	0	0	0	0	0	0	8	25
4	7	Phuc Tho	11	1	0	1	0	5	0	0	0	0	0	0	0	0	4	12
5	9	Dan Phuong	24	0	0	1	0	1	4	5	0	0	0	0	2	11	50	
6	11	Thach That	16	0	0	7	0	0	0	8	0	0	0	0	1	0	43	
7	13	Hoai Duc	15	0	0	0	0	0	8	0	1	0	0	0	0	6	32	
8	15	Quoc Oai	32	0	0	25	0	1	3	0	0	0	0	0	0	3	50	
9	17	Chuong My	56	0	0	54	0	2	0	0	0	0	0	0	0	0	60	
10	19	Thanh Oai	55	0	0	30	0	5	0	3	0	0	0	5	12	99		
11	21	Thuong Tin	61	0	1	7	0	31	0	11	2	0	0	2	7	87		
12	23	My Duc	14	0	0	1	0	6	6	1	0	0	0	0	0	0	22	
13	25	Ung Hoa	49	0	2	33	0	4	2	2	0	0	0	1	5	64		
14	27	Phu Xuyen	49	0	9	10	0	3	0	5	0	1	0	0	21	68		
Total				410	1	12	182	0	58	27	36	3	1	0	12	78	622	
				0.16	1.93	29.26	0.00	9.32	4.34	5.79	0.48	0.16	0.00	1.93	12.54	100.00		

## **1. INTRODUCTION**

### **1.1 Necessity of Craft Development Provincial Master Plan**

Ever since the reformation spurred by the Doi Moi policy, Vietnam has emerged from its strife-torn past to make remarkable economic headways. Its adoption of free enterprise and open-market economy, along with its vibrant urban industrialization, has helped sustain its economic progress.

However, the rural areas, where 80% of its population live and 73% of its total labor force work, still have to benefit from the country's newfound progress. Economic experts have forecast that, in the future, urban in-migration will continue to increase and create an economic imbalance. This therefore necessitates the need for the adoption of measures that can control the growing trend. Measures that would be effective in creating more jobs, improving incomes and increasing the standard of living for rural workers through non-agriculture activities.

Ha Tay province is known as the land of crafts. It has many famous craft villages that produce well-known craft items that are preferred by customers in both the domestic and foreign markets. The development of Ha Tay's craft villages over the past years has made significant contributions to the socio-economic growth of the province.

Presently, the composition of Ha Tay is 66% craft villages which are involved in various kinds of craft making and diversified cottage industries. There are 160 craft villages recognized as such by provincial standards. The main industries are: food processing, wood and forest product processing, construction materials production, textile, leather products, inlaid products, woodcraft, etc. Production value accounts for 60% of total value of the province's cottage industries and 20% of the province's rural industry products. These figures have contributed to the process of building new rural and cultural villages.

Determining the role and the importance of craft villages in the province's socio-economic development, the 13th Provincial Party Congress on cottage industry and craft village development underscored the: "Active management to increase the number of craft villages, create more new crafts aiming to food and agro-forestry product processing and crafts for export so that by 2010 there will be more villages that will be recognized as craft villages".

In compliance with the resolution agreed upon in the Provincial Party Congress, continuously developing craft villages in the province is the important and complicated issue that relates to many organizations at different levels. Some of the issues that need to be addressed are stable land distribution and the organization of cottage industry clusters in tandem with rural craft villages so that households, other economic sectors, private enterprises, and limited-liability companies in the villages can invest in production in the spirit of Prime Minister's Decision No. 132/2000/QD-TTg that was issued on 24 November 2003 on "a number of promotion policies for rural industry development".



The pace of Ha Tay's cottage industry and craft village development has progressed positively over the past years. Meanwhile, craft development master planning (in which planning the cottage industry points and applying for changing the land uses and land expansion for production are the most important) for craft villages has become the critical issue. When this matter is solved, it will boost not only craft development but also settle other socio-economic constraints such as jobs for labor, infrastructure building, new rural construction, pollution control, improvement of people's health and human resources.

Based on the need, the study and building up of Ha Tay's master plan for craft development to 2010 is very crucial.

## **1.2 Grounds for Craft Development in the Province**

Stepping into the new millennium and the new development era, Ha Tay is determined to accelerate industrialization and modernization. It is also taking advantage of its geographical proximity to Hanoi. The province covers some 2,193km<sup>2</sup> of plains, midlands and highlands, and endowed with natural beauty, rich natural resources, and historical as well as cultural landmarks. Of its 2.4 million population, its labor force makes up more than 1 million, living in the province's 325 communes, wards, towns, and a total of 1,460 villages. Among the provinces, Ha Tay has the biggest potential for human, land and natural resources for the development of various cottage industries.

Aside from its proximity to Hanoi, Ha Tay's location is favored with potential development and commercial exchanges with other provinces. Because of its long history, Ha Tay has plenty of historical sites and local personalities that are recognized in Vietnam's national history. Craft development will surely be facilitated in such a naturally favored and legendary place where attractive cultural and historical relics and landscapes are tourists' destinations. Preservation of uniqueness in traditional craft villages and conduct of trainings in agricultural areas have been determined as the main tasks of the Government at all levels in Ha Tay, which require effort and attention not only from local authorities but also from the local population and other stakeholders with the aim of making tourism the key economic sector of the province.

As mentioned earlier, Ha Tay has a lot of crafts and craft villages, which have had chances to exchange with local and international partners. In the period 1996-2000, Ha Tay has made remarkable economic achievements despite all difficulties and challenges. GDP growth rate was reported at 7.3% per year and economic restructure took place.

- (a) Industry & construction: 23.3% in 1995 to 30.5% in 2000 (the target was 30%).
- (b) Industry & cottage industry: at a stable 16% per year. In 2000, industrial outputs made up VND 2,997 billion, of which the private sector contributed VND 1,610 billion (or 54%).
- (c) Economic achievements in Ha Tay were greatly attributed to craft villages where

plenty of industrial production activities were conducted. In this period, many traditional craft villages were revived and trainings were efficiently conducted. In fact, several villages were able to meet the criteria for cottage industry villages set by the provincial authorities<sup>1</sup>.

Ha Tay's People's Committee has now reviewed its craft development activities through the 5-year period of 1996-2000 to learn more lessons for better guidance in the new period of 2001-2005. This will also be the real engine to drive industrial development in the context of national industrialization and modernization.

It was determined in the 8th National Party Congress that "development of traditional crafts and craft villages as well as new ones..." must be well conducted to support rural industrialization and modernization. The 8th Ha Tay Party Congress also identified the main task for cottage industries in the period 1996-2000 as "actively provide guidance and formulate new craft villages, create new sidelines toward agro-forestry product processing and craft productions so that by the year 2000, many more villages will be recognized as craft villages".

It has been thoroughly understood that revival and development of traditional crafts and craft villages as well as creation of new sidelines and crafts will be one of the important measures to make full use of rural potentials. Under the administration and the guidance of the provincial party and government authorities, implementation of activities has gradually adapted themselves to market conditions. Government policies and provincial policies to support traditional crafts and to revive a number of vanishing crafts such as weaving, embroidery, lacquer, sculpture, wood, rattan and bamboo, silk, etc.

Besides the revival and the development of traditional craft villages, district governments have paid attention to trainings, especially in creating sideline jobs to agricultural villages in remote villages. Popular new sidelines are food processing (Hoai Duc), wood furniture (Thuong Tin), incense sticks (Ung Hoa), and sewing (Phuc Tho).

The Conclusion 06KL/TU of 12 October 2002 by the Ha Tay People's Party Committee was significant in provincial socio-economic development in general and cottage industries in particular. The Conclusion emphasizes that "Cottage industries must become the key economic sector in the province..." The Conclusion also identified development tasks for the five main production categories for the period up to 2005 and 2010, as follows:

- (a) Agro-forestry product and food processing, beverage production
- (b) Construction materials and fertilizers

---

<sup>1</sup> Criteria of craft villages in Ha Tay was set by the province, namely, more than 50% of the labor force are involved in such craft, output from which account for more than 50% of total production value in the village or commune for 3 consecutive years, and, effective implementation of the Party's and Government's policies and development orientations.

- (c) Mechanics and electricity (for agricultural production and daily life)
- (d) Weaving, leather
- (e) Development of traditional crafts in rural areas (including formulate craft village development plans, rural village development plans in the year 2003 so that by the year 2005 80% of the rural villages will have sidelines and some 250 villages will meet the craft village criteria of the province; create more jobs for unemployed rural persons in cottage industry and service sectors; develop rural industries in combination with rural tourisms; adequately utilize local and provincial industrial extension funds.)
- (f) Right after the fourth meeting of the 11<sup>th</sup> National Assembly, Prime Minister Phan Van Khai, accompanied by several ministers, vice ministers and representatives from departments under MPI, MOF, MOI, MOT, MARD, MOST, MONE, MOC, MOLISA, etc.) paid a working visit to Ha Tay (28 November 2003) and emphasized that “all ministries must cooperate well with Ha Tay to support Ha Tay in the implementation of three big projects of the Government, namely the construction of Lang – Hoa Lac Hi-tech Zone, National University, and Vietnamese People’s Cultural Village”.

## **2. GENERAL SITUATION OF THE PROVINCE**

### **2.1 Natural Conditions**

#### **1) Topography**

Ha Tay is part of the Red River Delta region. Its geographic coordinates are 20°33' – 21°18'N and 105°17' – 105°59'E. The province is naturally separated from Phu Tho and Vinh Phuc in the north by the Red River and is bordered by Hanoi and Hung Yen to the east, Hoa Binh to the west, and Ha Nam to the south.

Ha Tay has two urban towns (Ha Dong and Son Tay) and 12 rural districts including 324 communes, precincts and townships, covering 2,192.95 km<sup>2</sup>.

Ha Tay's geographic makeup is diverse. It has mountains in the west and plains in the east. The height descends from the northwest to the southeast. Its mountainous cover is 70,400ha, comprising a third of the province's total area. Of this, 53,400ha are hills. Plains make up about 148.896ha, or two-thirds of the province's land area.

Its diverse geographic characteristic gives Ha Tay the potential to develop various industries like animal raising, agriculture, aquaculture, and material planting for the sustainable development of crafts and cottage industries.

#### **2) Climate**

Ha Tay has basically a tropical monsoon climate, with dry spells and a cold winter. However, because of its geographic makeup, it has various locales with different climates. The mountainous area of Ba Vi, which is located 700m above sea level, has a cool climate that averages a temperature of 18°C. The province's average rainfall is 2,300mm annually.

Hilly areas have an average height of above 15 – 50m with a mainland climate suffering Lao wind, average temperature of 23°C, the annual rainfall amount is 2,300mm – 2,400mm. Plains with an average height of 5 – 7m have the mainland climate suffering Lao wind, hot and humid, average temperature of 23.8°C, the annual rainfall amount of 2,300mm – 2,400mm.

Sunshine throughout the year counts from 1,300 – 1,700 hours, and the average humidity is 84 – 86%. Its climate is favorable for raising various kinds of animals and growing various plant species for its light and cottage industries. The lack of water in the dry season and flooding during the rainy season, however, also stymies some developmental goals.

#### **3) Natural Resources**

Generally, Ha Tay is poor in natural resources. The province, generally, has no big-ticket natural resources like big mines, although its mining includes gold, pyrite, limestone, soil, peat, construction materials, materials for fertilizers, mineral water, soil and clay for craft production.

Food security in the province is not a problem since its 17ha plains are ideal for the planting of food crops and vegetables, including the growing of short-term industrial crops. Its 20.6ha of hills are good for growing long-term industrial plants, fruit trees, tea shrubs, sugar cane, medicinal trees, and as grazing ground for cattle.

Ha Tay's mineral resources fall under three categories: fossil, metal and non-metal.

- (a) Fossil: This includes mostly peat, which spreads from My Duc to Xuan Mai in the lowlands. Peat layer is generally 0.1-0.3m thick with reserves of up to 3 million cubic meters which is easily exploitable. Peat is processed into NPK fertilizers in Thuong Lam and used to fertilize crops such as maize, peanuts, rice, and potato. The fertilizer can reform soil and improve crop productivity by 23-34% (compared to usage of cattle manure and nitrogen fertilizers).
- (b) Metal: A number of copper and iron mines have been discovered in Ha Tay. They are specifically found in Da Chonga and Cu Yen. Furthermore, six gold mines are operating in Boc Cuu to Ba Vi in the west of the province. In general, metal resources in Ha Tay have small reserves. However, gold has a potential as small-scale gold mining is spreading. Some can be manually exploited.
- (c) Non-metal: Several non-metal resources are available, such as pyrite (Ba Trai – Ba Vi), phosphor (Huong Tich, 16.6 thousand tons), kaolin (Xuan Mai, Ba Trai, 100 thousand cubic meter). Additionally, some other mines are limestone, which amounts to 100 million tons, mineral water, and construction materials.

Table 2.1.1 Land Use (ha)

	1997	2000
Agriculture land	122,577.08	123,398.80
Forestry land	15,211.16	16,689.56
Special land	39,308.23	39,404.00
Residential land	12,773.53	12,548.17
Unused land	29,415.92	26,999.26
Total Area	219,295.92	219,160.63

Source: Ha Tay Statistical Department, Aug 1998

## 2.2 Social Condition

### 1) Population, labor and education

Ha Tay's population in 2002 was 2,473,000, making it the fifth most populated province in Vietnam. Its ethnic makeup is 99% Kinh, 0.8% Muong and 0.2% Dao. It has a density of 1,083 people/km<sup>2</sup>.

Ha Tay's DARD reports that the whole province has 1,199,750 employed labourers, of whom 217,677 are working in the craft sector (79.26% in craft enterprises and villages).

It has a high literacy rate with around 700,000 of its citizens having received some form of education. The province early on achieved the national standard on primary education and literacy campaigns. The number of graduates at different grades

reaches 90%, while students with vocational training is about 90%.

The craft villages have attracted a large number of workers. This underscores the importance of conducting trainings to improve working skills in the production of existing as well as new craft items so as to sustain product quality and meet market demands. This would also encourage trainees to become independent craftspersons, who are key element in craft village development.

Numerous training courses have already been conducted in this regard thanks to the administration and guidance of the Government, party cells and the active participation of such groups as the Women's Union, Youth's Union, Veteran's Union, entrepreneurs, and the people of Ha Tay themselves. In fact, from 1996-2000, 49 training courses were conducted. These trainings were attended by 194,000 trainees, of which 17,300 or 80% of the total, were able to get employment after the courses.

## 2) Infrastructure

Ha Tay's infrastructure has the following evaluative contents:

**(a) Transportation:** Its transportation system is relatively developed which allows good transit of goods in the province as well as to other provinces. Its total railway length is 42.5km. However, freight and passenger transport by this means is still limited. The province's waterway system includes the Red River, Day River, Tich River, Nhue River, and the Da River. But there are limitations of channels that impinge on greater exploitation of this form of transportation. Thus, they are mostly used for agricultural transit by barges whose allowable tonnage is 200 tons in the rainy season and of 50 tons in the dry season.

**(b) Port System:** Son Tay Port, in the Red River, has an operational area of around 4,820m<sup>2</sup> and a handling capacity of 150,000 tons/year. Hong Van Port, also in the Red River, has an operational area of 5,000m<sup>2</sup> and a handling capacity of around 150,000 tons/year. There are other smaller ports that handle passenger transport and the transit of goods and materials. Due to the impact of the market economy, the number of goods and passengers transported through the main ports has decreased, while it has increased through the private ports. Long Bien and Duong bridges are not secured during flooding and the rainy season and disallows the passage through them of transport vessels. During the dry season, vessels of over 50 tons find it difficult to pass through the channel. The Day River, on the other hand, has several shallow parts that do not deepen every year, likewise making vessel passage difficult. These problems are not alleviated by the high costs entailed by dredging and clearing of river operations.

**(c) Road System:** The development of Ha Tay's road system is fairly equal throughout its plains, mountainous and semi- mountainous areas. The total road network is 4.503km. Because of its proximity to Hanoi, its road network connects Ha Tay with its northwest provincial neighbours of Hoa Binh and Son La. It is connected in the southeast with Ha Nam and Nam Dinh provinces. Vehicle flow on roads No.1, 6, and

32 is very heavy amounting to 15,000 – 20,000 vehicles per day.

Transport organizations are flexible. At present, there are many public and private sectors engaged in this sector. Upgraded roads are ensured for civil transportation. Ha Tay has actively participated in land clearing for construction of road No.6, Lang – Hoa Lac and road No.1.

The quality of its roads and bridges is not high and has yet to meet the demands of economic development. Most bridges are narrow and have low capacities. Only 45% of the bridges can handle vehicles of over 18 tons, only 13% of its total bridges can accommodate vehicles weighing 13 tons. The remaining balance is for vehicles of 1-6 tons. Most of the roads are designed for vehicles with low weight. Since 1996, many roads were improved by the provincial government. However, they still do not meet the requirement standards, especially those under the management of the province. Until now, good roads account for only 10%, with 40% fair, and 50% poor. Roads within communes are narrow, enough only for one-way traffic, and they are easily degraded during the rainy season. Besides, Ha Tay has two airports of Hoa Lac and Mieu Mon which are managed by the Ministry of Defense. In the future, there would be cooperation between the province and the Ministry of Defense to upgrade Hoa Lac to a tourism airport and Hieu Mon to an international airport.

### 3) **Electricity Grid**

Over the past few years, Ha Tay has concentrated in developing electricity. At present, 100% of communes are linked to the national grid. However, Ha Tay's electricity grid is very complicated, with many parts of it yet to be improved. Because of this, systems loss is quite large and their operation is dangerous, especially in the flooding season.

Because of undeveloped production, investment capital for electricity is limited. Ha Tay has yet to utilize its advantage of being near the national electricity grid. The Da River hydroelectric plant has enough capacity for industries, agricultural development and other demands.

### 4) **Irrigation System**

Ha Tay's economy is still largely agricultural. It has 122,577ha of agricultural land and 80% of province's population are farmers who earn their living through farming. Irrigation development has been a top concern of the province's PC. In its development direction, Ha Tay is determined to be an agricultural/industrial province which is in the process of industrialization and modernization. To achieve a stable agriculture and food supply, which are both requisites for industrial development, the province has to settle two immediate problems: Dike safety and irrigation system to fight against flood and drought.

The total dike length in the province is 600km, which includes all kinds of dikes. They are upgraded annually by the central and local governments. However, due to their characteristics many of them only pose problems during the flooding season, especially those that are old and dilapidated. Those that are in undulating fields only

helps make floods rise up quickly and prevent them from quickly subsiding. And because the land is pockmarked with insect caves it easily breaks down and collapses during flooding.

The province has seven main irrigation systems. Basically, they meet irrigation demands in the plains and part of the semi-mountainous areas. Irrigation systems constructed a long time ago are now degraded, leading to a lack of water for intensive cultivation and increasing crops. In recent years, Ha Tay has saved 30% of its agriculture tax to build 214 field channels with a total capitalization of VND 68 billion. This was an effective measure, which not only increased water supply but also expanded useful agricultural land.

## 5) Post and Telecommunication

The postal business in Ha Tay is in a stable condition. It is a leading business, substantially contributing to the local budget. Currently, there are 217 post offices that are located in the communes. Each post office has an average operation area that covers 1,76km and a population of 10,000 people. Telephone density in the communes is a remarkable 100%. This is one of the important criteria for socio-economic development evaluation in the province. In 2002, Ha Tay had 1.95 phones/100 people on average.

## 2.3 Economic Condition

In the past few years, with the renovation policies and measures for economy management organization, under the guidance of the Party and provincial PC, Ha Tay has achieved many positive changes, setting up a good condition for the province to achieve some remarkable success in the industrialization and modernization implementation.

Ha Tay's GDP is increasing with an average growth rate of 7.3% per year. The country's growth rate reached 6.8% for the same period. There is a clear shift in economic activities and structure with an increasing trend toward industry, construction, and services, while decreasing in agriculture.

Table 2.3.1 Total GDP and Economic Structure of Ha Tay

	1996	1997	1998	1999	2000	2002
total GDP (VND bill.)	4.977,2	5.301,9	6.095,7	6.775	7.235,9	
GDP structure (%)	100.00	100.00	100.00	100.00	100.00	100.00
- Agriculture	47.38	41.38	43.05	41.82	40.00	35.9
- Industry	25.80	29.74	29.11	29.70	30.78	34.59
- Services	26.82	28.88	27.84	28.48	29.22	29.51

Source: Ha Tay DOI

The table above shows that the province's total GDP in 2000 increased by 45.9% compared to that in 1996. Industry value increased from 25.8% in 1996 to 30.78% in 2000. Services also improved from 26.82% to 29.22%. Meanwhile, agriculture decreased from 47.38% down to 40% although its absolute value still increased,



bringing good condition for economic development. Average GDP per head in 2000 reached 315USD per year which is increasing by 11.1% on average, thus hiking the living standards of the people of Ha Tay and resulting in an upgrading of cultural activities and people's basic knowledge.

The province's agro-forestry sector keeps growing, contributing to overall socio-economic development. Production value for agro-forestry and fishery on the average increased by 4.6% annually. In 2000 food yield reached 1.027 million tons food per head. Currently it is at 414kg/year. This has been a remarkable achievement for the province, one that also performs as a stable foundation for the growth of its other economic sectors to develop. However, the growth in agricultural cultivation has not been equally met by a similar growth in animal husbandry. Animal husbandry is merely achieving 30% of its potentials. Agricultural production is diversified in scale and form of possession.

Cottage industry production increased by 16% annually, in which the central state economic sector rose by 5.4%. The local state economic sector increased by 10.5%, while the private sector improved by 9.3% and the enterprises with foreign investment capital increased by 56.3%.

The activities of services like tourism, transportation, electricity, post, finance, banking, insurance, etc. are ample in type and have increasing quality. State trade, which accounts for 26.2% still keeps a leading position in necessary commodities.

Export values, on the average, increased quickly by 21.7% annually. In 2000 it reached USD40 million and was expected to reach USD62 million in 2002 and gain USD57.2 million, or 92.7% of the forecast. Several necessary commodities, like machinery and materials, were imported. The total import value in 2000 was USD47 million.

## **2.4 Market and Distribution**

Ha Tay's craft villages produce various craft items, but generally they fall under traditional articles, such as rattan and bamboo products, weaving products, leather, etc., which are exported to Eastern Europe, Russia, Western Europe, Japan, Republic of Korea, Taiwan, and North America. Export turnover made by the private sector in 2000 was VND189 billion. This increased to VND335 billion in 2002, achieving a 23.2% growth rate per year, since 1996. Biggest exporters are Thuong Tin, Phu Xuyen, Hoai Duc, and Chuong My.

Product range is large coming from diversified production activities. The product volume has now been able to satisfy domestic demands owing to better designs and improved quality. Many of them have been able to meet Vietnamese standards.

Craft villages, such as Da Si (forging), Nghia Hung (knitting), Lien Ha (wood), etc., are producing items mostly for domestic consumption and their markets are spread nationwide. Furthermore, Ha Tay authorities have now been promoting exports.

### **3. GENERAL SITUATION OF CRAFT SECTOR**

#### **3.1 Current Situation of Craft Villages and Main Craft Items**

##### **1) Contribution of Craft Village Development**

###### **(a) Improvement of people's material and spiritual life in the province**

Ha Tay's rural area accounts for 95% of its total land area and nearly 90% of its total population. Other than being a big consumption area for cottage industry products, Ha Tay is also the production base of agricultural products and a basic material source for the cottage industries. This interdependence has become more dynamic, supporting each other's growth and development.

Evaluation results showed that the income of households engaged in craft making, both full time and part time, is normally two to three times higher than the earnings of purely agricultural households.

Aside from government projects, people in the craft villages have contributed money and labor toward infrastructure development. Through their own volition many village roads have been widened, many have 100% brick or concrete roads; health care centers, power stations, and schools have been built and are satisfactorily meeting demands.

The growth of the cottage industry in the craft villages not only creates jobs for local labor but likewise attracts a great number of workers from villages in other provinces.

Craft village development has boosted the speed of urbanization of its rural areas and improved people's living standards and their basic knowledge. Ha Tay currently has 112 villages that are recognized as cultural villages.

###### **(b) Boosting positive shift of rural economic structure**

The craft village survey showed that the GDP of its cottage industries and services increased higher than expected. While the average growth was 60-65%, some of the province's craft villages reached 79-80% (e.g. Huu Bang woodcraft village in Thach That District achieved 84.7%; Tu Van embroidery village at Le Loi commune, Thuong Tin District reached 95%).

##### **2) Craft villages in Ha Tay's cottage industry production**

Its industries grew fairly over the past few years. Total production kept increasing year by year, contributing to the province's industrial GDP growth. By structure, the private sector and cottage industries played important roles, their performance reflected through such criteria as total production value, number of product categories, number of labor force, export value, etc.

The average annual growth is 8.8%. Cottage industry value in 1996 for public and private sector was 6.58 times. In 2000 it was 5.9 times, which was higher than the

value of local state industries. Compared to the province's industries, cottage industry and private sector production value comprised 62.6% in 1996, 52% in 2000 and 48% in 2002. The statistics in the table above shows that in Ha Tay's cottage industries the private sector plays an important role in commodity production for domestic demand and partly for export.

Table 3.1.1 Production Value of Ha Tay's Industries, 1996-2000

	1996	1999	2000	2001	2002	Average Growth Rate (%) 1996-2000
State industry at central level	165.1	175.4	223.6	329.0	422.4	1.7
Local industry	1,289.0	1,652.0	1,822.5	2,375.0	2,710.0	9.4
- State	169.9	236.9	283.5	273.0	3,281.5	12.0
- Private sector	1,119.1	1,412.0	1,558.5	2,102.0	2,381.5	8.8
- Public factories	333.0	794.4	890.3	1,201.0	1,756.4	61.3

Source: Ha Tay DOI

Craft village development in Ha Tay is a long and spontaneous process. In recent years, it has gotten more attention from the Party and the Government. Therefore, it has achieved great successes in many aspects.

Ha Tay's total number of villages is 1,460, of which 344 are agricultural (comprising 33.9%). There are 1,116 craft villages, accounting for 76.44%. In recent years, some craft villages were restored and have developed. Compared with other provinces in the Red River Delta region, Ha Tay has a higher number of craft villages with big production volumes and diverse, artistic products. Ha Tay can be considered as the center of traditional craft villages in the region.

The districts where the craft villages are concentrated are Phu Xuyen (28 villages), Thuong Tin (28 villages), Thanh Oai (27 villages), Chuong My (15 villages), Quoc Oai (7 villages), Ung Hoa, Ba Vi and Thach That (9 villages each), Hoai Duc (12 villages), Phuc Tho, Dan Phuong and Phuc Tho (5 villages each), My Duc (4 villages), and Ha Dong (2 villages). Son Tay town is the only area that has no craft villages.

In 1996, the production value of 88 craft villages was VND 716.3 billion, of which the cottage industries accounted for VND 448.2 billion or 62.6%. In 2000, the production value of 120 craft villages reached VND 1,102.7 billion, of which cottage industry value was VND 693.6 billion or 62.5%. In 2002, the production value of 200 craft villages was VND 1,735.32 billion of which cottage industry value was VND 1,111,115 billion, accounting for 64%.

- Rattan and bamboo craft: 18 craft villages with a production value of VND 108.8 billion.
- Textile: 14 craft villages with a production value of VND 201.3 billion.
- Food processing: 15 craft villages with a production value of VND 178.1 billion.

In 1996, the province had 88 craft villages and 33,000 households engaged in cottage industry production, accounting for 64% of total households. It had 76,400 workers, or 61.2% of its total labor force. In 2000, craft households reached 45,962, or 66.8% of

total households, with 147,274 workers, or 67.8% of its total labor. In 2002, the number of craft households reached 66,400, or 67% of total households, with 147,304 workers or 67.6% of total labor.

Many craft villages have become centers of vast rural areas, attracting numerous workers such as Minh Khai, La Phu (Hoai Duc), Phu Tuc (Phu Xuyen), Quang Phu Cau (Ung Hoa) etc.

From 1996 to 2002, the total number of households and labor engaged in the cottage industries in the craft villages substantially increased. At the same time, agricultural households correspondingly decreased. This trend was reflected the shift in economic structure from agriculture to cottage industries, and this change included a restructuring of the labor force.

### 3) Characteristics of selected traditional crafts and craft villages in Ha Tay

(a) **Weaving:** Van Phuc village in Ha Dong makes precious silk items. Silk weaving in Van Phuc dates back to the 7th-8th centuries. The popularity of Van Phuc silk grew in the 20th century when market and consumption expanded and better designs and craftsmanship were attained by master artisans along with the advent of technological innovations. The village produces several types of silk in various colors, especially “gam” which is considered as the queen of silk. In 2001, the village operated as many as 1,000 looms and produced 2.1 million meters per year. Village workers earn up to VND 600,000 per month. Van Phuc is a thriving village, with each household functioning as a literal production unit, with an average of 3-5 looms. Their products are exported to Thailand, Laos, France, and Japan. Exports to these countries reached nearly VND 29 billion in 2001 alone. Silk from Ha Dong are also exhibited in many trade fairs in Marseille, France; Vientiane, Laos; Cambodia, and other places where their quality and sophistication are highly appreciated.

(b) **Embroidery:** Embroidery work requires great skill and craftsmanship. Good eyesight, ambidexterity and diligence are the traits required in embroidery work, especially for the embroidery in Quat Dong (Thuong Tin). Ha Tay People's Committee has recognized four villages in Quat Dong as embroidery villages. Their communes have as many as 20 enterprises besides their satellite workshops. Their products are exported to Japan, Taiwan, Hong Kong, Singapore, etc.



Silk industry



Embroidery in Quat Dong, Thuong Tin district

- (c) **Shell inlay:** Chuyen The villagers of My Village (Phu Xuyen) started shell inlaying back in the 3rd century. Shell inlaying has brought relative prosperity to the village. Today, all seven villages in the commune are involved in craft production. Their products, which are rich in variety and design, are exported to Japan, US, Taiwan, UK, Netherlands, and many other countries. In 2001, Chuong Ngoc village was officially recognized as a traditional craft village. Eighty percent (80%) of the commune's 8,700 residents are involved in craft work, and they are able to make up to VND 5 million per year per capita. Only a minimal 2% of total households are poor.
- (d) **Lacquerware:** Thuong Tin district is where lacquer craft started. With 28 craft villages the commune has the biggest number of craft villages that can meet production quotas. On the other hand, Duyen Thai commune is well known for its quality lacquerware. The commune's production system is relatively well developed and organized within households and production units. Two enterprises, namely Thanh Son and My That, provide jobs for thousands of craftsmen. Annual revenue from lacquerware reaches VND 11-13 billion (72% of total income), as more than 80% of the households are involved in lacquerware production and services. Also, Ha Thai village, which originally was an agricultural village, has now transformed itself into a craft village that produces at least 200 types of lacquer items that are exported to other countries. Ha Thai village was selected as the site for the pilot project on the formulation of a sustainable craft village development plan until 2010 under the technical and financial assistance from JICA consultants and MARD experts (February to September 2003). Local villagers actively participated in the pilot project. Duyen Thai village, on the other hand, has been making more products with better design and quality, which, in turn, have helped improve the village's living standards.



Lacquerware in Ha Thai,  
Duyen Thai commune



Rattan in Phu Nghia,  
Chuong My district

- (e) **Rattan and bamboo weaving:** Rattan and bamboo weaving in Phu Nghia (Chuong My), which dates back to the 17th century, has always been a source of local pride. Today, all of the seven villages in the commune and 95% of the households are involved in craft making. Three of the villages have been recognized as traditional craft villages, namely Phu Vinh, Quan Cham and Khe Than. Currently, the commune has eight workshops employing 200 laborers each. The products are exported to such European countries as France, Germany and

Belgium, as well as the former USSR, South American and Asian countries like Hong Kong and Taiwan. These exports total about ten million items per year. Craft workers' income is often 3-4 times higher than that of farmers'. In 2000, Phu Nghia's total income was VND 7.5 billion. This substantially increased to VND 20 billion in 2001. Accessibility to Phu Nghia is easy as it is only 18km from Ha Dong town via the NH6, which makes it easy for tourists to visit this busy craft village. Because of income and development brought by its craft making, the village can boast that there is not a single poor household in it, and public utilities are built from craft production income.

- (f) **Forging:** Forging has a long history in Da Si village (Ha Dong). While the village had only 300 furnaces, producing some 2 million items in 1996, these increased to 500 furnaces in 2000. Production output in 2001 totaled about VND 4.94 billion (53% of total). Average income is VND 2 million per capita per year.
- (g) **Metalcraft:** The most famous metalcraft village is Rua Ha (Thanh Thu – Thanh Oai), where production has been conducted for long and living standard is high. After the “Doi Moi” process, Rua Ha has had remarkable changes with more organized production activities and diversified products (hinges, doors, bicycle components, electrical components, etc.) with high quality that can satisfy domestic markets. Of its 1,215 population, 1,015 workers are involved in metalcraft making. Their total earnings from their production activities reached VND 13.9 billion (72% of total income) in 2001. Average income is VND 3.85 million per person per year in 2000. Metal products made in Rua Ha are sold well in domestic markets, which is the reason why earnings have improved local living standards.
- (h) **Non (conical hat):** *Non* making has always been linked with Chuong village (Phuong Trung – Thanh Oai) because the village makes such unique *non* items, although other provinces such as Thanh Hoa, Quang Binh, Hue have also been into *non* making. Despite the economic ups and downs, *non* production has continued. *Non* makers comprise 90% of the local workers. On average, the village can produce 3-3.5 million items for VND 20 billion per year. The products are exported to China, Taiwan and Japan.



*Non* making

- (i) **Sculpture:** The villages of Vu Lang village (Dan Hoa – Thanh Oai) and Son Dong commune (Hoai Duc) have been into sculpture for 400-500 years already.

- (j) **Weaving:** Weavings have been exported to Eastern European countries, France, Italy, Taiwan, Japan, etc., generating more and more jobs for local workers.

In general, each commune has some 3-4 villages, which are all involved in the production of a main craft item. In Ha Tay, there are three craft communes, namely Phuong Trung – Thanh Oai (non Chuong), Phu Tuc – Phu Xuyen (rattan and bamboo), Chuyen My – Phu Xuyen (carving).

Currently, some craft items are not selling well, such as shell-inlaid items and lacquerware due to limited markets. Generally, producers have to seek out markets themselves or rely on several middlemen which substantially reduces their potential earnings. Like other provinces, Ha Tay greatly requires assistance from other industries as well as agencies in all levels, including that from both domestic and international trade promotion organizations.

### **3.2 Current Situation of Production and Market**

#### **1) Organizational Structure and Roles**

- (a) Provincial Party Committee and Provincial People's Committee are the administrative bodies. They promulgate rules and decisions that facilitate craft development in accordance with Prime Minister's Decision No. 132/2000/QD-TTg.
- (b) The DOI is authorized by the Provincial People's Committee to coordinate with other relevant agencies and departments, as well as to formulate a provincial craft development master plan up to 2010.
- (c) The MARD, which received a TA and FA from JICA, conducted five pilot projects on craft development in over two years and made initial steps and activities related to craft development strategy, such as:
  - i) Craft information system
  - ii) Craft cluster development
  - iii) Development of competitive products in the international market
  - iv) Environmental improvement of craft villages
  - v) Craft village development strategy
- (d) Government support programs such as industrial extension programs, craft village recognition, artisan accreditation, human resources development, organization of exhibition and trade fairs, craft competitions, etc. have helped facilitate production as well as honed the creativity of production units in seeking new markets.
- (e) Cluster development planning was also conducted through proper coordination between the DOI and the provincial construction sector, as approved by the Provincial People's Committee. Relevant bodies will implement the plan.
- (f) Guidance documents on craft development are prepared by the provincial government, the DOI, and are applied by relevant agencies and other stakeholders.

## 2) Existing Policies and Decisions

- (a) Before the issuance of Prime Minister's Decision No. 132/2000/QĐ-TTg giving some incentives to rural industrial development, the Ha Tay provincial government had instructed the provincial People's Council and the provincial People's Committee to allot VND 1 billion annually from the province's budget and transfer the amount to the DOI in collaboration with the DOF mainly to conduct skills training as well as expand and boost rural industrial development.
- (b) On 11 August 1999, the Ha Tay People's Committee promulgated Joint Circular 366 CV/LN on the implementation and management of craft training activities in 1999, guiding local authorities in making use of existing industrial extension funds for craft development and training activities, with priority on traditional and new crafts that can attract workers and produce items for export.
- (c) In December 1999, the Provincial People's Committee issued Decision No.1942/QĐ-UB on temporary regulations for cottage industries and craft villages in Ha Tay, delegating the responsibility of implementation to the DOI, other relevant departments and district people's committees. As a result, the province's craft villages have been progressively restored.
- (d) After Decision 132 and Provincial PC Decision 208/2001/QĐ-UB was issued in February 2001 delegating the Department of Planning and Investment in cooperation with the DOI and other related agencies in the province with the task of planning for land expansion and craft village development up to 2010.
- (e) In March 2001, the Provincial People's Committee assigned DOI to organize a provincial meeting in which rural industrial and craft village development was discussed and the direction, mission and measures for development up to 2010 were determined. After this meeting, the standing board of the Provincial People's Committee released Directive No. 04 CT/TU on 26 March 2001 on cottage industry and craft village development in the province.
- (f) Ha Tay's DOI (Ha Tay PC) promulgated Decision 99QĐ/CN on 19 August 2002 to expand the Steering Committee to support the industrial extension program under the DOI. Specifically it paved the way for the involvement of an additional three vice directors from related departments.
- (g) The Ministry of Finance issued Circular No.84/2002/TT-BTC on 26 September 2002 providing financial instructions for rural industrial promotion.
- (h) Ha Tay's Development Support Fund received Document No. 134/HTPT/KH on 24 August 2001. This document was sent to district and town PCs that did not provide loans to industries and craft villages for their development due to Document No. 991 dated 28 June 2001 from the Central Development Support Fund.
- (i) On 10 October 2002, the Provincial People's Committee released Document No. 3363/CV/UB-CN assigning the DOI, in cooperation with the DARD, and other



related agencies to implement Decision 132 and Plan No. 757 BNN/CBNLS of the MARD on creating a master plan on rural industry and craft village development up to 2010 in Ha Tay. The document also provided for the implementation of Joint Circular No. 41/2002/TTLT/ BNN-BLDTBXH-BVHTT issued on 30 May 2002 on the criteria and procedures for awarding the title of Master Artisan and the provision of incentives for them.

- (j) The Executive Board of Ha Tay's PC term IX, 9<sup>th</sup> meeting came out with Conclusion No. 06/KL/TU on 12 October 2002 on developing cottage industries and attracting foreign investment up to 2005 and 2010.
- (k) Summary report on cottage industry village operation in 1996-2000 in Ha Tay. Craft village development Direction for 2001-2005 and succeeding years, from Ha Tay's PC, No. 43-BC/UB-CN on 27/3/2001.
- (l) Draft final report on 2 year of Decision 132/2000/QD-TTg implementation of incentives on rural industrial development and operation plan for Conclusion 06/KL/TU of Ha Tay's PC on cottage industry development and foreign investment up to 2005 and 2010, No. 03 BC/UB-CN dated 3 January 2003.
- (m) Decision No. 228 QD/UB of 28 January 2003 on the establishment of a steering committee for the development of cottage industries under Ha Tay's PC, involving the Vice Chairman of the PC and directors of the DOI, DPI and DARD, among others.
- (n) Decision No. 401 QD/UB dated 14 August 2003 by Ha Tay's PC on the establishment of a task force to support the Steering Committee for Cottage Industries Development in order to realize craft development directions.
- (o) Decision No. 635 dated 20 May 2003 by Ha Tay's PC on approval of industrial extension funding plan using VND 1.05 billion to support local authorities to open training classes, promote the establishment of craft associations, introduce new technology, purchase new equipment, formulate cluster planning, introduce and advertise products, develop managers, etc.
- (p) Memorandum No. 3834/GN/CN on 13 October 2003 between MOI leaders and Ha Tay's authority on cottage industry development.

### **3.3 Major Issues**

Based on the analysis of difficulties faced by Ha Tay, the following issues and problems were identified for consideration in the development of the craft master plan.

- (a) Securing materials for production
- (b) Improving technology to enhance product quality
- (c) Enhancing product design and production processes
- (d) Developing market information system to disseminate pricing and consumption information to producers.

- (e) Developing craft clusters to prevent environmental pollution and improve competitiveness
- (f) Developing human resources and improving management capacity of producers
- (g) Securing financial sources
- (h) Developing tourism
- (i) Preserving traditional values
- (j) Developing infrastructure to facilitate freight circulation

### **3.4 Potentials, Advantages and Difficulties in Craft Development**

Presently, the number of new craft villages accounts for 8% of total villages. In villages where craft making is a sideline, agriculture still dominates. Therefore, Ha Tay is still agriculture-based.

#### **1) Potentials**

- (a) Main national roads that traverse Ha Tay are the NH1A and the NH6 in addition to railway lines and two big rivers, the Da River and the Red River which both facilitate freight transportation.
- (b) The railway line in Ha Tay is 42.5km long. This includes 29.5km of the North – South line and 13km of the feeder lines that both serve freight and passenger transport.
- (c) The length of waterway system under central government management adds up to about 109km covering 33km of the Da River and 76km of the Red River. The Day River is under provincial management and it is 106km long. The Tich River and Nhue River, which has about 49km, have not been used for transport purposes, only for irrigation.
- (d) Existing port capacity for both freight and passenger is relatively big. Coal berths, among others, are located along the Red River.
- (e) Total road network is 2,994km and they cover both the plains and mountainous areas with an average density of 1.39km/km<sup>2</sup>, which is one of the highest density rates in the country. All communes, economic zones and tourist destinations are accessible by road.
- (f) Ha Tay is one of the gateways to Hanoi being in the capital city's south and southwest. In the future, Trung Ha Bridge will connect the province to the western part of Phu Tho. Besides the Lang – Hoa Lac Highway, another North – South expressway will cross the province and a railway line will link Hanoi with Hoa Lac Industrial Park and Ba Vi. The construction of Mieu Mon Airport is also expected.
- (g) Regarding the number of historical monuments, Ha Tay ranks third after Hanoi and HCMC with 300 sites (14 sites/100km<sup>2</sup>).
- (h) Ha Tay is also favored due to the presence of the Ba Vi National Park where

tourists enjoy beautiful sceneries such as Suoi Hai Lake, Dong Mo Lake, Ngai Son, etc. Ha Tay has a long limestone mountain range in the southwest (Quoc Oai, Chuong My, My Duc) with plenty of caves and pagodas that attract foreign and local tourists.

## 2) Advantages

- (a) Ha Tay's Party Committee is bent on pursuing industrial development and often provides timely decisions, resolutions and guidance to facilitate industrialization and modernization.
- (b) Diligence, hard work and a business sense among the residents along with the principles of the *Doi Moi* policy are the firm foundations that have promoted local creativity and investments in the local cottage industries and have developed the traditional craft villages.
- (c) Ha Tay is located next to the industrial areas of Hanoi and is within reach of the Northern Focal Economic Zone consisting of Hanoi, Hai Phong and Quang Ninh. These areas provide both potential market and key advantages that promote a positive economic shift in Ha Tay, making it easier for the province to access new technology and information.
- (d) Ha Tay soil is suitable for several industrial crops, such as maize, coffee, pine, fruit trees, etc. In addition, big industrial parks can be constructed along NH6 and NH21.
- (e) Agriculture in Ha Tay is well developed and is considered as stable input for processing industries.
- (f) The Government has decided to create a town chain consisting of Mieu Mon, Xuan Mai, Hoa Lac, and Son Tay, and to construct the Hoa Lac Hi-tech Zone in addition to the Phu Cat Industrial Park and the construction of Lang – Hoa Lac Expressway. The expressway is a pre-condition for further construction of factories and industrial clusters as well as for accelerated economic development, including craft development.
- (g) A large part of Ha Tay's human resources is now working in Hanoi and other provinces, who are willing to support provincial development, particularly the development of its cottage industries. Ha Tay's Party Committee is interested in industrial development and often provides timely decision, resolutions and guidance on industrial development.

## 3) Difficulties

The following are the manifested shortcomings of craft development in Ha Tay:

- (a) Production households' main engagement is cottage industry production. This means that they have limited time for agriculture, which has led to an imbalance between agriculture and industrial production. In some places, arable lands have been left uncultivated thereby decreasing agriculture productivity.

- (b) The output of cottage industries is higher than that of agriculture, which brings about a shift in the economic structure of each craft village. In the line with this, the employment of underaged labor also causes concerns. While the number of students leaving school to engage in craft making has increased, the rate of high school graduates and college students has decreased.
- (c) Actual workspaces are relatively small. Most work environments are households that have small spaces that tend to combine work area with living area. This has resulted in low production value, pollution and poor health of residents.
- (d) Increasing occupational diseases and deteriorating safety in the workplace have not been given enough attention. Workers' health (especially of women and children) in craft villages is not properly addressed.
- (e) The state of the environment in the craft villages is presently at a critical stage. Pollution caused by production wastes is creating a negative impact on residents as well as surrounding areas. Proper and adequate measures by relevant agencies and other stakeholders are needed to ease the situation.
- (f) Until now, there are only five central government organizations that have instructional documents of the Prime Minister's Decision No. 132/2000/QĐ-TTg. These are the MARD, the MOF, the MOCI, the MOLISA, and the Investment & Development Support Fund. However, these documents are not detailed; therefore, localities (including Ha Tay) lack an integrated legal foundation for the implementation of the Prime Minister's Decision.
- (g) Linkage and cooperation between related agencies and localities were not close at the beginning. Propaganda work for the implementation stage was not effective.
- (h) Economic development is not strong enough with slow economic restructuring and small share among industry, construction and service sectors. Investments in big projects are still insufficient. Land use and shifts to non-agricultural development have faced constraints in some localities.
- (i) Although production value in the cottage industries is high, they are not equal at the localities. Major products are still not produced in big quantities.
- (j) Raw material plantations in Ha Tay are small in scale and scattered.
- (k) There is a lack of management experience (especially in cottage industry development) including opportunities for manpower to participate in training courses. This situation is exacerbated by the lack of funds
- (l) To be accepted in the Hanoi market, Ha Tay products must be well advertised and highly competitive, i.e. have high quality but low price.
- (m) Available policies and legal documents are not well integrated, raising difficulties for implementation.
- (n) Ha Tay is a potential site for flood redirection. When the Day River outlet is opened a large part of Ha Tay will get flooded. The risks posed by this threat hangs heavily in the air and could discourage both production and investment, especially in craft making.

## **4. CRAFT DEVELOPMENT MASTER PLAN OF PROVINCE**

### **4.1 Orientation of Craft Development**

#### **1) General**

The overall development direction set for Ha Tay is to bring into full play all its available resources, especially its geographical location and tourism potential, to improve living standards, preserve the environment, enhance social equality among local residents, and secure national security. The direction can be broken down into the following:

- Push economic development in close cooperation with Red River Delta provinces, especially those in the focal economic zone where Hanoi is the center, in order to establish a large subcontractor network with industrial units. Keep the provincial commodity production in line with domestic markets and promote exportation. Tourism is seen as a key economic sector.
- Develop a multisectoral commodity production system, making use of all available external resources for investments and new technology. Prioritize small and medium enterprises that meet local conditions in terms of natural resources, capital, equipment and technology, as well as economic development policies.
- Socio-economic efficiency and environmental stability are measures of the development processes. Promote rural industrialization and modernization to maintain harmonious development among provincial territories.
- Economic development must go hand in hand with settlement of social issues so as to promote sustainability and social equality. Economic development must make sure of a protected environment.
- Economic development must be in line with national defense and security programs in the province, especially at tourism destinations, industrial parks and important transport corridors along NH1 and NH6.

#### **2) Overall Development Objectives**

- Understand and bring into full play all local advantages for economic development at a high growth rate and in a sustainable manner, reaching the national rate by 2010.
- Make use of all given opportunities for external economic development and pursue an “open-door” policy, so that export turnover in 2005 and 2010 will be 1.5-2 times and 3-4 times higher than that in 2000, respectively.
- Manage and organize well provincial budget incomes and strive to balance expenditure and revenue and even to produce profits after 2005.
- Gradually improve living standards of local groups so that there will be no more

poor households by 2010.

- Improve spiritual life of local residents by addressing cultural, educational, healthcare issues, among others, in accordance with the Central Resolution V: illiteracy elimination, strengthening of primary education, universalization of secondary education, provision of vocational training to young generations, eradication of child malnutrition, provision of local healthcare services, reduction of population growth by 0.1% per annum, and building of new lifestyles among local residents.

By 2005, the focus will be on:

- Continuing industrialization and modernization, settling all shortcomings in the economy, increasing economic growth rate and applying new technology.
- Improving education and training quality, generating more jobs, reducing poverty, and improving living standards.
- Paying more attention to social and technical infrastructure as firm foundation for other development stages.
- This period is considered crucial to comprehensive development based on local natural advantages, environmental improvement and provincial defense and security.

### **3) Craft Development Orientation**

- Industry and cottage industry development is based on local potentials of agriculture, forestry, mineral resources, labor forces, and infrastructure near raw materials areas in setting up reasonable and efficient production models and scales. There is a need to make more investments in technology development to enhance competitiveness of the products. Agriculture and food processing industry are given top priority, followed by traditional crafts, beverage production, construction materials production, mechanics, fabrics, leather, etc.
- Local industries must cooperate with central industries.
- It is important to fully utilize existing infrastructure, to make intensive investments, purchase more equipment and technology to improve product quality and volume, expanding consumption markets.
- Steer investments toward advanced technologies at appropriate scales. Focus on small and medium enterprises in all economic sectors. Encourage environment-friendly production.
- Promote external economy in order to strengthen enterprises making investments as well as to select new enterprises that show efficient operations, suitable for industrial development plan (to locate in industrial parks or clusters or raw material zone).

- Provide support and assistances to crafts and craft villages.
- Develop industry sector based on considerations of national defence and security. Efficiently link ordinary enterprises with those in the military.

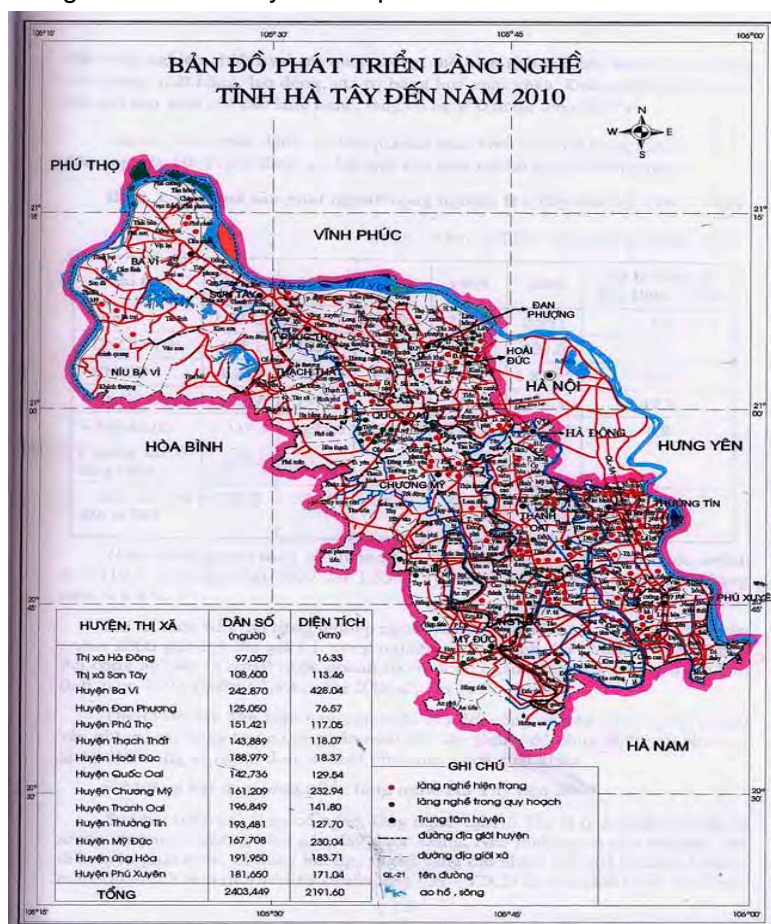
#### 4) Development Direction of Craft and Agricultural Villages in 2003-2010

On the threshold of the 21st century, Ha Tay's economy has improved, due mainly to the contributions of the craft villages and other villages where craft making is a sideline work. However, besides the advantages and development opportunities, there have been several difficulties and obstacles in terms of infrastructure, markets, investment funds for new equipment, human resources development, production, production site improvement, conversion of land to industrial use.

Table 4.1.1 Land Use Plan by 2010

Items	Now 2000	Plan by 2010	
		Area (ha)	Share (%)
Total	219,160.63	219,160.63	100
Agriculture	123,398.80	122,998.42	56.1
Forestry	16,689.56	19,000.00	8.7
Special purposes	39,488.82	43,221.60	19.7
Residential	12,584.17	13,306.30	6.1
Unused	26,999.26	20,634.30	9.4

Figure 4.1.1 Ha Tay Development Plan until 2010



In order to realize the 19th Resolution of Ha Tay's Party Committee on industry and cottage industry development in general and on craft village development in particular, and to accelerate rural industrialization and modernization as part of the national program with consideration of local conditions, Ha Tay's government has formulated development directions and objectives as well as implementation measures for the period 2001-2010, as follows:

**(a) Preservation and development of existing craft villages**

Based on the given criteria, 160 villages were recognized as craft villages and tens of others will be able to meet the criteria in the forthcoming years due to the unceasing efforts of the villagers, who want a better life in the rural areas. This, from another point of view, reflects proactiveness, creativity and solidarity among the villagers in creating new jobs and increasing their and the community's income. Yet, it is very difficult to preserve and develop the craft villages under a free market without the efforts of each production household and other producers to enhance and stabilize their product quality. Moreover, support from government agencies and other related organizations is very important.

**(b) Revival and development of traditional craft villages**

At present, technological development is rapidly progressing, making modern and convenient industrial goods that have started to replace several traditional crafts, namely paper fans, paper and firecrackers, resulting in diminishing incomes.

Out of the 160 recognized craft villages, several have existed for 20-30 years while others have had century-long history and whose products are preferred in the markets such as Van Phuc (silk), Da Si (forged products), Huong Duong (embroideries). The craft items possess not only economic value, but also cultural and traditional importance. Traditions are reflected through designs, quality and uniqueness of the products, which differ among regions. The name of the region sometimes gives additional value to the product.

At the same time, craft villages are also attractive tourism destinations for foreigners, where information on lifestyle, organizational and labor structure of traditional craft villages can be found. Revival and development of traditional craft villages play an important role in cultural and social life.

**(c) Harmonious combination of tradition and modernity**

Through time crafts develop their own identities and uniqueness based on the traditions followed by their respective producers. It is tradition reflected in the crafts that significantly helps the items to dominate markets.

However, craft products need improvement in terms of technology and design. A combination of tradition and modernity will also suit modern lifestyles. Technological advancements help create new tools and equipment, as well as materials and additives for products to make them more durable and beautiful even at larger volumes,



thereby meeting consumers' needs.

#### **(d) Economic development and socio-cultural life**

The combination of advanced technology and experience help improve economic efficiency. Yet, it is also important to include local socio-cultural considerations, which, in fact, must be considered as the foundation for long-term development and spiritual background for craft villages.

Efforts must be made to preserve cultural values of craft villages and improve the surrounding landscapes, rehabilitate and consolidate historical sites, especially meritorious contributions of craft founders as they are the indispensable elements, the engine for the preservation of national identity. Also, external social factors must be considered for the craft villages to develop their crafts.

Figure 4.1.1 Ha Thai Village (lacquerware, tourism)



#### **(e) Traditional craft development and comprehensive rural development**

The development of traditional crafts aims to bring about high economic returns, contributing to the improvement of physical and spiritual well being.

However, for the development of traditional crafts, several conditions are needed such as infrastructure (transport system, electricity, telecommunication, etc.), human resources (master artisans, trainers, etc.) healthcare, environment, and sustainable and balanced development of other economic sectors in the vicinity.

The development of craft villages on the basis of a comprehensive development of other related aspects, from technical to social infrastructure, environmental protection, security, etc. is an inevitable trend in craft villages, something that must be done properly and seriously. Otherwise, it would be impossible to develop new and modern rural areas.

#### **(f) Popularization and development of crafts in farming villages**

The 160 craft villages in Ha Tay province account for 10.96% of the country's total number of craft villages. Hundreds of other villages are trying to meet the criteria of a craft village. Particularly, there are as many as 500 farming villages. For this reason, the promotion of rural industrialization and modernization covers cottage industries in craft villages and farming villages.

Creating sideline work in farming villages will not only help promote industrial and cottage industry development, but also generate more jobs for local farmers during their leisure time or off-farm season, increasing their incomes, preventing social evils and enhancing security of local residents, especially in mountainous and isolated areas.

**(g) Development of craft villages towards commodity production to serve domestic and export markets**

In the transition from a centralized economy to socialism-oriented market economy, the Party and the Government have promulgated several policies and measures to promote production in general and craft production in particular to meet increasing market demand (including demand from tourists and for preservation of cultural traditions).

However, in order for craft villages to conduct a stable production, it is necessary to focus on the quality improvement of products that are essential to daily life and for domestic markets.

With its own identity and uniqueness, several products made in Ha Tay have been accepted and preferred in overseas markets such as rattan and bamboo products, silk products, and lacquerware, which can be found not only in developing countries but also in industrialized countries. However, export products need to satisfy more requirements than those for domestic markets. But it also brings about larger profits and foreign currency which can be spent on importing materials and fuels as reinvestments.

Though remarkable developments have occurred in recent years, the craft sector's potentials have not been fully developed. Tourists visiting craft villages have accounted for only a small percentage of the total and cultural tourism has not been fully utilized. Value-added services are underdeveloped, and so tourists tend to spend time shopping for souvenirs only. For this reason, Ha Tay's Department of Tourism conducted a seminar entitled "Development of Traditional Craft Village Tourism in Ha Tay" on 7 December 2003, in order to:

- Review tourism conditions in craft villages so as to formulate a study and adequate measures for sustainable development. In order to do this, craft village tourism must be efficient economically, socially and environmentally.
- Develop campaign programs promoting craft villages as cultural tourism destinations, meeting the global tourism development trend.
- Develop training programs to develop human resources, especially local tourist guides for better tourist services.
- Enhance existing tours to attract more tourists and prolong their visiting time.

Despite their long history, craft development was unplanned and current production

sites seem to scatter around the province. When there is a need for production expansion, the development direction and legal status might be obstacles. Therefore, it is important to conduct planning of the crafts and craft villages to propose feasible development plans. Ha Tay's government has categorized its industry plans into:

- cottage industry development plan;
- construction materials and transportation development plan; and,
- development plan for trade, service and tourism, among others

## **4.2 Role and Objectives of Provincial Master Plan**

### **1) Role of Administrative Levels in MP Formulation**

Based on the analysis and assessment prepared by JICA, Ha Tay's government has identified the respective roles of all government levels in the planning process.

Central Level: Central government agencies are responsible for formulating policies and providing technical and financial assistance, as follows:

- Formulating national craft development policy
- Preparing legal and institutional framework

Provincial and District Level: This is the bridge linking central government agencies and implementers in the communes and villages which play a crucial role in realizing policies and decisions promulgated at the central level. Their main tasks are to study existing policies to apply adequately to localities, to wit:

- Formulating provincial development plans in accordance with development demand and available budgets for specific economic sector.
- Integrating and harmonizing action plans at the commune and village level with national and provincial development policy, and formulating new action plans for localities.

Commune and Village Level: This is where specific action plans are implemented, where policies are translated into activities by villages and communes. The local authorities are to actively formulate their own action plans and seek for assistance to efficiently implement such plans.

### **2) Vision and Targets**

#### **(a) Vision and Targets of the Study**

According to reports prepared by experts under the MARD-JICA Study, the vision and overall objectives of craft development is to promote economic development and reduce poverty in rural areas through the establishment of sustainable production systems for traditional crafts that are competitive.

There are five main targets:

- Establishment of preservation system for traditional values
- Improvement of craft development system
- Establishment of competitive and sustainable production systems
- Improvement of capacity of communes and villages
- Strengthening of support system for ethnic minority groups

In order to realize the said targets efficiently and effectively, there is a need for adequate institutional arrangements and support activities, including:

- Legal framework
- Human resources development
- Information service
- Infrastructure improvement
- Financial assistance
- Distribution system improvement

#### (b) Vision and Targets of Ha Tay

Still referring to the MARD-JICA project document, Ha Tay has set up its own vision and targets based on local conditions.

**Vision: Conduct rural industry development in all villages in a sustainable manner.**

Specific targets are as follows:

- Establishment of traditional value preservation mechanism
- Improvement of craft product development system
- Establishment of competitive and sustainable production systems
- Capacity strengthening for craft villages and communes
- Resolution of environmental issues in craft villages
- Formulation of supporting policies and measures

### 4.3 Development Indicators

For the period up to 2005, the policy on rural industrialization and modernization is given special attention by the Party and the Government as this important policy directly affects nearly 90% of the population residing in 90% of the national territory, which is mostly rural. Specifically, in the resolution of Ha Tay's Party Committee Congress, the development targets are as follows:

Table 4.3.1 GDP Structure (%)

GDP structure	2005	2010
- Industry – Construction	35	40
- Agriculture – Forestry – Aquatics	35	23
- Trade, Service	30	37

Table 4.3.2 Target for industrial sector

	2005	2010
- Production growth rate (%)	17	14
- Share in GDP (%)	35	40
- Minimum number of recognized craft villages	250	400
- Number of villages with sideline work (%)	80	100

Table 4.3.3 Craftspersons Producing Major Products (VND. Billion)

Major Products	1999	2000	2001	2002	2003	Growth Rate (%, 99-03)	2005	2010
Lacquerware	3,801	4,084	4,284	4,686	5,030	32.3	6,000	9,500
Rattan & bamboo	18,909	21,674	22,974	24,665	26,350	39.4	30,000	46,000
Embroideries	9,080	9,190	9,466	10,099	10,700	17.8	12,000	17,500
Weavings	20,147	20,847	22,699	23,499	24,300	20.6	26,000	34,000
Woodcrafts	17,107	17,551	18,077	19,777	21,500	257	25,000	40,000
Metalcrafts	3,095	3,194	3,305	3,475	3,630	17.3	4,000	5,500
Others	80,390	79,820	85,629			10.2	93,000	147,500
<b>Total</b>	<b>152,529</b>	<b>157,360</b>	<b>166,434</b>	<b>172,534</b>	<b>180,100</b>	<b>18.1</b>	<b>196,000</b>	<b>300,000</b>

Source: Annual Report by Ha Tay DOI

Table 4.3.4 Cottage Industry Outputs (Private) (VND. Billion)

Major Products	1999	2000	2001	2002	2003	Growth Rate (%, 99-03)	2005	2010
Lacquerware	35.9	46.4	50.7	63.9	65	81.06	80.0	140.0
Rattan & bamboo	71.1	89.6	116.2	134.6	147.3	107.2	170.0	275.0
Embroideries	27.0	30.5	31.0	32.5	35.5	31.5	45.0	75.0
Weavings	128.0	132.0	165.2	174.8	200.0	56.3	250.0	420.0
Woodcrafts	112.3	137.7	177.9	205.0	246.0	119.7	300.0	570.0
Metalcrafts	24.9	28.5	33.4	35.1	37.9	152.1	40.0	50.0
Others	1,009.7	1,217.9	1,527.9	2,067.1	2,615.8	137.6	3,615.0	8,470.0
<b>Total</b>	<b>1,408.9</b>	<b>1,682.6</b>	<b>2,102.3</b>	<b>2,713.0</b>	<b>3,347.5</b>	<b>137.6</b>	<b>4,500.0</b>	<b>10,000.0</b>
- For export	133.8	213.6	251.9	335.0	383.0	186.3	450.0	1,000.0

Source: Annual Report by Ha Tay DOI

#### 4.4 Implementation Strategy and Action Plans

Table 4.4.1 Action Plans and Implementation Bodies

Objectives	Action Plans	Main Agencies	Cooperating Agencies
Establishment of traditional value preservation mechanism	Documentation and preservation of traditional values in craft villages	- DOCI	- Master artisans in villages
	Improve existing craft displays in museums	- DOCI - DOI (Ha Tay Craft School)	- VME - Art experts
	Establish a research organization on traditional craft	- DOCI - DOI (Ha Tay Craft School)	- Traditional craft village - VME - Master artisans
	Revive artisan recognition system	- DOI	- Craft villages
	Promote cooperation among master artisans	- DOCI - Others	- Related agencies - MOCI
Improvement of craft product development system	Establish training courses and curriculum for existing training institutes	- DOLISA - DOI (Ha Tay Craft School)	- Training center - Women's Union - Youth Union - Other public organization - Craft associations - VCA
	Establish design center	- DOI (Ha Tay Craft School)	- Associations - Master artisans - Designers
	Develop coordinator training system	- DOI	- Technicians - Project consultants - Training centers - Donors - Craft villages - Project managers
	Develop copyright protection system	- DOST - DOI - Intelligent Property Authority	- Enterprises - Households
	Issue special mark for qualified products	- PPC - DOT - DOI	- Households - Craft associations - Commune PC
	Provide assistance, subsidy for participation in domestic and overseas exhibitions	- DOT - DOCI - DOTourism - DOI	- Donors - VCA - Enterprises - NGOs - Craft associations
	Conduct craft competitions among craftspersons	- DOI	- Ha Tay Craft School - Public organizations - Donors - Craft villages - Craft associations
	Dispatch experts to trade fairs for exchange opportunities	- DOT - DOCI	- MOCI - MOT - Central associations - Craft associations - VCA

Objectives	Action Plan	Main Agencies	Cooperating Agencies
Establish a competitive and sustainable production system	- Study existing conditions of raw materials	- DARD - DOI	- MARD - District DARD - Commune PC
	- Establish a system for material preservation	- DARD	- MARD
	- Improve material quality	- DOI	- District DARD - Commune PC - Material processing units
	- Strengthen linkage among craft villages	- DOI - DARD	- Craft associations - Master artisans
	- Train business development services (BDS) providers	- DoTrade	- Ministry of Trade
	- Establish appropriate product list system	- DoTrade	- PCs of districts, communes - Craft village Association - Organizations
	- Setup product trademarks for production area	- DoTrade	- Enterprises - Households - Division of Trade - Craft village Association
	- Establish quality management standards	- DOSTE	- Dept. of Culture and Information
	- Improve technology and support new technology advances	- DOI (Ha Tay craft vocational training school) - DoTrade	- Dept. of Finance and Pricing - Dept. of Planning and Investment - Designers
	- Improve training programs at vocational schools	- DOLISA	- DOLISA - Local organizations - Craft village associations - DOI (Ha Tay craft vocational training school) - Dept. of Finance and Pricing
	- Prepare manual for business management	- DOI	- Craft village association
	- Establish supporting system for enterprise owners	- DOT	- Dept. of Infrastructure
	- Establish small and medium enterprise development system	- DOI	- Commune PC - Supporting programs and organizations - VCA
	- Clarify work safety standards	- MOLISA	- DOLISA
	- Establish work safety supporting system	- DOLISA	- Dept. of Infrastructure - Craft village associations - Women's Union
- Apply ISO standard of environment control system and labor's basic rights assessment system	- DOST - DOLISA	- Organizations - Craft village association - Commune PC - Women's Union	

Targets	Action Plan	Main Agencies	Cooperating Agencies
Reinforce ethnic minority supporting system	- Build appropriate methodology and training materials	- DOLISA - DOI (Ha Tay craft vocational training school)	- Vocational centers - VCA - Agencies at the localities - Relevant district PCs
	- Train trainers	- Dept. of Culture and Information	- Division of Culture and Information
	- Implement long-distance training	- Dept. of Planning and Investment - DOSTE - DOI	- Division of Planning and Investment - Division of Science and Technology
	- Build up ethnic minority supporting models	- DOI - Dept. of Planning and Investment - Dept. of Finance	- Division of Industry - Division of Planning and Investment - Division of Finance - Projects, programs
Confirm and develop capability of craft villages	- Prepare guidance documents for strategy making and development master planning	- DOI	- Consultants
	- Institutionalize craft village development strategy system	- Relevant depts and agencies	- Governmental organizations - Relevant ministries and agencies - District PC - Commune PC
	- Support establishment of craft associations - Support cooperatives, existing craft associations	- DOI	- Associations at the central levels - Organizations - Projects, programs - Consultants - Craft villages - Commune PC - VCA
	- Cooperate with associations, enterprises, government, and NGOs	- Craft village associations - Organizations - Coordinators	- Government organizations - NGOs - Projects, programs - Consultants
	- Establish industrial extension center and craft development consulting center	- Ministry of Domestic Affairs - MOI	- DOI
	- Establish craft artisan fund	- DOI - Province PC	- Province PC - District PC - Division of Industry - VCA
	- Determine methodology to access existing banks/financial system	- Dept. of Finance and Pricing - Banks - DOLISA	- Women Union - Branches of Women's Union - Associations - Enterprises
	- Study methodology to access ODA fund	- Relevant depts. and organizations - Dept. of Finance	- Banks - Consultants - Organizations - Associations - VCA



Targets	Action Plan	Main Agencies	Cooperating Agencies
Confirm and develop capability of craft villages	- Study and evaluate existing environment condition of craft villages	- DONE - DOSTE - DOI - DOH	- Consultants - Projects, programs - MONE - Craft villages - Division of Health
	- Develop tourism/ encourage tourists	- DOT - DOCI	- Dept.of Planning and Investment - Dept. of Finance and Pricing - Dept.of Construction - Dept.of Transportation - Culture and information propaganda board of craft village
	- Manufacture typical products, focus on technical and material characteristics of the localities	- DOI (Ha Tay craft vocational training school) - DARD	- Local organizations - Craft village associations - Master artisans at the village - Enterprises
	- Edit "Profile of craft village" and build product trademarks	- DOCI - Dept. of Tourism	- Consultants, coordinators - Culture and information propaganda board of craft village - Ha Tay craft vocational training school - VME
Solve environment pollution at craft villages	- Support improvement of environment conditions	- DOSTE - DONE	- Consultants - Local community
	- Dispose wastes at the craft villages - Clear waste drainage system	- DOSTE - DONE - DOH	- Division of Health - Women's Union - Local organizations - Commune PC - Craft village community
	- Solve environment pollution caused by chemicals at craft villages	- DOSTE - DONE - DOI - DARD	- Craft village community - Organizations - Consultants - Craft village association

Targets	Action Plan	Main Agencies	Cooperating Agencies
Draw up supporting policies and activities	Put craft subject in education curriculum of primary/high schools	<ul style="list-style-type: none"> <li>- Dept. of Education and Training</li> <li>- DOLISA</li> </ul>	<ul style="list-style-type: none"> <li>- Enterprises</li> <li>- DOLISA</li> <li>- High skilled craft persons</li> <li>- Vocational guidance center</li> </ul>
	Reinforce craft training at existing vocational schools	<ul style="list-style-type: none"> <li>- DOLISA</li> <li>- DOI</li> </ul>	<ul style="list-style-type: none"> <li>- Craft village associations</li> <li>- Division of Labor, Invalid and Social Affairs</li> <li>- Vocational training centers</li> <li>- Organizations</li> </ul>
	Formulate comprehensive human resource development program for craft industry	<ul style="list-style-type: none"> <li>- DOI</li> <li>- DOLISA</li> <li>- Vocational training centers</li> </ul>	<ul style="list-style-type: none"> <li>- Dept. of Planning and Investment</li> <li>- Dept. of Finance and Pricing Projects, programs</li> <li>- Women's Union</li> </ul>
	Establish integrated information system for craft industry including website at central level	<ul style="list-style-type: none"> <li>- DOSTE</li> <li>- Dept. of Culture and Information</li> <li>- DOI</li> </ul>	<ul style="list-style-type: none"> <li>- Division of Science and Technology</li> <li>- Division of Culture and Information</li> <li>- Division of Industry</li> <li>- Craft villages</li> <li>- Enterprises, households</li> </ul>
	Develop craft information system at provincial/local levels	<ul style="list-style-type: none"> <li>- DOSTE</li> </ul>	<ul style="list-style-type: none"> <li>- Division of Science and Technology</li> </ul>
	Develop craft industry management by information technology such as e-commerce, remote training	<ul style="list-style-type: none"> <li>- Dept. of Culture and Information</li> <li>- DoTrade</li> <li>- Dept. of Statistics</li> <li>- DOLISA</li> </ul>	<ul style="list-style-type: none"> <li>- Division of Culture and Information</li> <li>- Division of Trade</li> <li>- Division of Statistic</li> <li>- Division of Labor, Invalid and Social Affairs</li> </ul>
	Improve roads to craft villages	<ul style="list-style-type: none"> <li>- Dept. of Construction</li> <li>- Dept. of Transportation</li> <li>- Dept. of Planning and Investment</li> <li>- Dept. of Finance</li> <li>- DOI</li> <li>- DARD</li> </ul>	<ul style="list-style-type: none"> <li>- Division of Transportation</li> <li>- Division of Infrastructure</li> <li>- Division of Planning and Investment</li> <li>- Division of Agriculture and Rural Development</li> </ul>
	Improve basic services at craft villages	<ul style="list-style-type: none"> <li>- Dept. of Trade</li> <li>- Dept. of Planning and Investment</li> </ul>	<ul style="list-style-type: none"> <li>- Relevant organizations at the localities</li> <li>- Division of Trade</li> <li>- Commune PC</li> </ul>

Table 4.4.2 Prioritized Actions for Ha Tay Craft Development Master Plan by 2010

No.	Code of Project <sup>2</sup>	Action	Site	Time	Responsible Agency	Done by Local Authorities	Assistance
1	A1	Document craft village traditions	Ha Dong, Thuong Tin, Chuong My, Phu Xuyen, Hoai Duc, Dan Phuong, Thanh Oai, Thach That (8 districts)	2004-2005	DOCI		- DOI - Districts, towns
2	A4	Revitalize master artisan system	Whole province	2004	DOI	Y	-DOCI - Districts, towns
3	A43	Promote cooperation among master artisans	- Inside province - Outside province	2004	- DOCI - DOI		- MARD - MOCI - MOI (Dept of local Industry)
4	B12	Establish design promotion center	Craft village association	2004-2005	DOI (Ha Tay Vocational School)		- DOCI - MARD - MOI - MOCI
5	B32 <sup>3</sup>	Conduct craft competition for craftspersons	Districts, towns in the province	To 2004 and annually	DOI	Y	- DOLISA - MOI
6	B4	Develop intellectual property rights protection system	Ha Dong, Thuong Tin, Chuong My, Phu Xuyen, Thanh Oai, Hoai Duc, Dan Phuong (7 districts)	2004-2005	DOST		- DOI - NOIP
7	B51	Facilitate participation in local and international fairs	- Districts, towns (14 districts) - Enterprises and craft village association	To 2004 and annually	DOT	Y	- DOI - DOCI - DoTourism
8	C11	Inventory raw materials	Chuong My, Ba Vi, Son Tay, Quoc Oai (4 districts)	2004	DARD		- MARD - DOI - MOI
9	C13	Improve quality of raw materials	Ba Vx, Son Tay (2 districts)	To 2004 and annually	- DARD - DOST		- MARD - DOI - MOST - MOI
10	C22	Develop BDS providers	- Districts, towns (14 districts) - Enterprises and craft village association	To 2004 and annually	DOT		- MOT - DOI - VCA - NGOs
11	C31	Formulate quality control standards	- Districts, towns (14 districts) - Enterprises and craft village association	2004-2005	DOST		- DOCI - DOI - MOST - MOI
12	C33	Improve and Develop technology	Ha Dong, Chuong My, Thuong Tin, Phu Xuyen (4 districts)	2004-2005	DOST		- DOI - DOT - MOI
13	C5	Comply with international standards	Districts, towns (14 districts)	2005	- DONE - DOST		DOI

<sup>2</sup> According to Code Number in "Action Plan" – the Report on the Study on Artisan Craft Development Plan for Rural Industrialization in the Socialist Republic of Vietnam, December 2003, Chapter 8, MARD-JICA

<sup>3</sup> Based on Action Plans, Ha Tay Province has supplemented some actions suitably with the provincial requirement and condition

No.	Code of Project <sup>2</sup>	Action	Site	Time	Responsible Agency	Done by Local Authorities	Assistance
14	D22	Restore traditional techniques	Ha Dong, Thanh Oai, Thuong Tin, Dan Phuong, Phu Xuyen, Chuong My (6 districts)	To 2005	DOST		- DOI - DOCI
15	D52	Create ethnic minority assistance model	Ba Vi, Quoc Oai, Mü Şøc (3 districts)	To 2005	DOI		- DOF - DPI - DOLISA
16	E22	Assist existing craft cooperatives	Districts, towns, recognized craft villages.	2004-2005	DOI		- DOF - DPI - Central Craft Village Asso. - VCA
17	E33	Study accessing ODA	14 districts, towns in the province	2004-2005	DOF		DOI
18	E41	Study environmental issues in craft villages	Districts, towns, craft villages	2004-2005	DONE		DOI
19	E43	Provide environment quality development assistance	Districts, towns, craft villages	2004-2005	DONE		- DOI - DOST
20	E52	Develop tourism/tourist incentives	Districts, towns in the province	2004	DoTourism		- DOI - DOCI
21	F5	Develop comprehensive human resources programs	Districts, towns in the province	2004-2005	Sê LŞ- TBXH		- DOI - VCA - MOI (Dept. of local industry)
22	F2	Establish integrated craft information system, including national website	Ha Dong, Thuong Tin, Phu Xuyen, Chuong My, Thanh Oai (5 districts)	2004	DOI		- MARD - MOI (Industry Strategy and Policy Institute)
23	F4	Develop efficient maintenance system for infrastructure and facilities	Districts, towns in the province	2004-2005	- DoTransport - DOI		- DARD - DoTourism - DOC
24	8.5 <sup>4</sup>	Formulate multisectoral policies for better coordination with central agencies	Districts, towns in the province	2004-2005	- Provincial PC Office - Central Party Office - Govt Office		- DOI - Related department and agencies
25	8.5	Formulate legal foundations for implementation of action plans within the master plan	Districts, towns in the province	2004-2005	- Provincial PC Office - Internal Affairs Dept	Local	- DOI - Related departments, agencies

<sup>4</sup> Part 8.5 "Institutional Arrangements to support Effective Implementation of the Master Plan" - the Report on the Study on Artisan Craft Development Plan for Rural Industrialization in the Socialist Republic of Vietnam, December 2003, Chapter 8

#### 4.5 Goals and Objectives of Craft Development

##### 1) Solutions to craft development master plan

As mentioned earlier, Ha Tay's government has categorized industries into: agro-forestry product and food processing, construction materials and commodity production, transportation and services.

Ha Tay plans to support a number of industries and cottage industries from 2003 to 2010 as shown in the table below.

Table 4.5.1 Number of Industries to be Supported under the  
 Craft Development Master Plan, 2003-2010

No.	District	Provincial Master Plan 2003 - 2010			
		Planned sites		Area (ha)	
		2003	2010	2003	2010
	Total	21	202	178.72	1,292.2
1	Ba Vi	1	31	8.3	68.3
2	Phu Tho	1	21	10	93
3	Son Tay	1	4	8.3	22
4	Dan Phuong	1	11	6.6	73
5	Quoc Oai	1	7	5.4	55.4
6	Thach That	5	20	42.1	130.5
7	Chuong My		12		116
8	Ha Dong	2	2	28	20
9	Hoai Duc		15		131
10	Thanh Oai	2	8	17	62
11	Thuong Tin	1	21	5	110
12	Phu Xuyen	1	12	15	54
13	Ung Hoa	4	30	23	300
14	My Duc	1	8	10	57

##### 2) Capital Solution

Households in craft villages are ordinary farming families with a sideline work in craft production. Although productivity has increased and living standards have improved, reserve capital is still low. Thus, producers continue to be faced with many difficulties in improving production (purchasing tools, equipment, materials, etc.). The same is true even for satellite workshops of big producers. Therefore, banks and credit funds should create favorable conditions for craft villages to acquire soft loans and to increase medium-term loans. Functional organizations should support borrowers to fulfil requirements and provide them advice in setting up workable projects to ensure quick and effective loans, including mortgage. This needs a provincial PC policy, instructions from authorities at different levels, and assistance by the province's state organizations (e.g. Department of Finance, province's State Treasury, trading banks, Division of Finance and district's treasury on economic management) to issue regulations on loan amount, interest, repayment, etc. It is also necessary to establish cooperation among establishments in craft villages and among domestic and foreign economic groups, as well as establish joint ventures, cooperation, etc. to attract capital and technology.

Apart from the solutions above-mentioned, households and establishments should be more concerned with utilizing existing capital and facilities for processes of material preservation, unfinished products and in-storage products to mobilize more capital for production.

### 3) Infrastructure

Based on the regional economic development plan, the transport sector will coordinate with relevant agencies and organizations to formulate a transport master plan for different stages of development. The objectives for the period 2001-2005 are as follows:

- (a) National Highway 6: Ha Dong section is still under construction but was expected to be finished by end of 2003.
- (b) National Highway 21B, 41.6km long, is under construction with a budget of VND 151.5 billion. In fact, 26.5km are already operating. The project will finish in 2004 and will facilitate rural industry development, especially in Thanh Oai, Ung Hoa and My Duc.
- (c) National Highway 32 is under construction (VND 195 billion).
- (d) The interprovincial road network has been improved, and some 20 billion dong are spent on improvement and maintenance every year.
- (e) Rural transport: Major district roads will be improved. By 2005 the network will have 400-500km of asphalt and concrete roads accounting for 50-55% of total district roads.
- (f) Commune/village roads will be upgraded and by 2005, there will be no more earth roads.

### 4) Technology

Establishments in craft villages should be encouraged to invest more in improved technology and equipment taking into account the following guidelines: combining traditional techniques with advanced technologies and selecting appropriate technologies to improve product quality, increase competitiveness and create high productivity.

Advisory agencies and organizations studying science should also be organized to help establishments and craft villages to build up investment projects, apply new production technology, develop new products, increase productivity and quality of traditional products, and create at least one typical product for each craft village monthly.

Investment in technology improvement is necessary and requires big capital. Therefore, there should be careful, sustainable and applicable studies.

## 5) Market

Market is a problem for craft villages' products. The present production scale of craft villages does not allow them to fully access the domestic and foreign markets. Each individual and production group has limited ability to search for markets and lacks business negotiation skills and knowledge of contracts as well as import-export procedures. Craft villages need outlets for their products and agencies for market information, designs, product prices, etc. Therefore, it is necessary to establish craft production associations or organizations for mutual benefit.

Trade and service organizations at central and local levels should provide concerned craft villages with product demand forecast for both domestic and foreign markets timely and adequately. This will prevent forced quality degrading and price lowering of the craft villages' products.

Relevant agencies need to reinforce market management, cracking down on illegal and fake products. They should also fight against trade cheating, protect copyright and craft villages' products. Besides, products need to be registered in terms of quality, trademark and packaging according to instructions of functional organizations.

It is necessary to encourage organizations to set up companies for product output services and to introduce craft villages' products to cities and through trade fairs, exhibitions and craft competitions.

State organizations should support and create a favorable condition for establishments and other sectors in the craft villages to actively search for, get access to and expand their local, domestic and foreign markets through a step-by-step access to e-commerce. Craft information system project sponsored by the JICA and the MARD aims to build up a craft website from central to local level. This marks the beginning of applying information technology to craft development to allow craft villages to introduce their products and get market information from the website.

## 6) Environment

Pollution in craft villages is currently a critical problem not only in Ha Tay but also in all craft villages nationwide. It has negatively impacted on the living environment of communities, contaminating water and resulting in many diseases.

Therefore, craft village development also means requiring craft villages to seriously follow environmental protection laws from the formulation of the master plan to production planning and during operation. There should be close coordination between government authorities at different levels and functional agencies. All measures must be started to effectively reduce, if not eliminate, pollution that has pervaded a number of villages, such as Van Phuc silk weaving village, Duong Lieu agricultural product processing village and Ha Thai lacquer village, for years. Workable projects need to be considered in terms of controlling solid waste, air pollution and noise; of preventing and controlling fire; improving production technology; using work safety equipment, etc.

Production processes that cause pollution should gradually be moved to industrial estates which can better manage pollution and wastes. These estates are part of the village's plan of solving pollution as effectively as possible.

#### 7) Raw material

Manufacturing more products requires a stable supply of raw materials. This is one of the important factors determining the result of production.

To achieve this, accessible plantations of raw materials must be planned on the premise that sustainable plant cultivation will be followed, the quantity and quality of materials for agro-forestry and food processing at craft villages are ensured, and other industries will likewise be provided materials.

A favorable and legitimate environment for craft villages to collect raw products and materials, such as soya beans, corn, rush, rattan, wood, and timber, at localities and in other provinces must likewise be created.

Based on local topographic characteristics, raw materials planning can be categorized into three groups:

- (a) Hilly land: Protect existing natural forests and forest plantations and by 2010 plant more trees so that the forest area will reach 19,000ha bigot provide resources for rattan and bamboo craft production.
- (b) Plains: Increase crop productivity, save more land for planting industrial crops and trees for craft production and processing industries.
- (c) Riverside land: Cultivate industrial crops (mulberry plants to feed silkworms) and focus on clean vegetables for the Hanoi market.

#### 8) Tax

There should be appropriate tax policies to ensure production and income for the national budget, giving priority to new establishments and tax exemptions on new products at the initial stage. It is necessary to study a suitable tax scheme for different kinds of products of craft villages in order to avoid overlapping tax collection on production processes at craft villages.

#### 9) Human resources development

Currently, human resources training for craft villages is the issue that attracts the most concern of localities. Highly skilled labor in the craft villages tends to decrease both in quantity and quality. The Government needs to provide incentives and encourage master artisans to share their craft skills with the young generation. The province's annual industrial extension assistance fund should be used efficiently on concrete programs and to gradually overcome the difficulties being faced by the craft villages.

It is important to conduct more training courses, apply new technological advancement



in production processes in order to make craftspersons not only stable politically but also dexterous. New incentives and promotion are needed, such as fee reduction for those from remote areas or the low-income and other needy cases.

It is possible for Ha Tay to mobilize concerned agencies and organizations into providing and supporting training activities in human resources development (see Table 4.5.2)

Table 4.5.2 Role sharing of training activities

Vietnam Cooperative Alliance	<ul style="list-style-type: none"> <li>- Strengthen consultant activities and provide guidance on legal issues, help introduce products and jobs, conduct technology transfer and provide market information to all of its members and other enterprises in the province.</li> <li>- Conduct training programs, train some 2000 – 2500 laborers for production units and 450 managers each year.</li> </ul>
Provincial Women's Union	<ul style="list-style-type: none"> <li>- Coordinate with DARD to provide training in the application of new technology in agricultural production.</li> <li>- Coordinate with agricultural extension centers and other local units to conduct technology transfer.</li> <li>- Coordinate with DOI to offer training courses for female managers and other training courses to improve management capacity of female entrepreneurs.</li> <li>- Maintain existing and establish new female entrepreneur clubs.</li> </ul>
DOLISA	<ul style="list-style-type: none"> <li>- In 2003 – 2004, establish a vocational school that can accommodate 600 attendants per year, provide lessons on key occupations such as mechanics, electronics, sewing, etc.</li> <li>- By 2005, develop 2 – 3 vocational schools for 250 – 300 students in Thach That, Hoai Duc, Ung Hoa, and Son Tay.</li> <li>- By 2010, develop new vocational schools in Chuong My, Phuc Tho and Ba Vi.</li> <li>- By 2005, trained workers should account for 25%, and by 2010, 30%.</li> <li>- During the period 2002 – 2005, provide jobs for 60,000 – 80,000 laborers, including new jobs for 20,000-30,000 laborers, and by 2010, the expected number will be 100,000 persons (40,000 – 50,000 new jobs).</li> <li>- Employment rate in rural area should increase 1 – 2% per year and working time should be 80%.</li> </ul>

## 10) State Management

State management of craft village development should be reinforced. It is the responsibility of district PCs, with town PCs, precinct and commune PCs as the direct agencies. A close collaboration between state management organizations at different levels and functional agencies from central to local levels can settle constraints so that craft villages can develop properly through activities such as propagandising widely the industry and craft village development policy of the Government.

#### 4.6 Main targets of socio-economic plan and craft development plan

##### 1) Organizing for implementation

- (a) Ha Tay PC has set up a Steering Committee to guide industry and cottage industry development in accordance with Decision 228-QD/UB of 28 January 2003.
- (b) Ha Tay PC promulgated Decision 401 QD/UB of 14 April 2003 establishing a task force to support the SC in industry and cottage industry development
- (c) Ha Tay PC has promulgated Decision 635 – QD/UB of 20 May 2003 approving the industrial extension fund for 2003. The approved VND 1.5 billion fund is for the following activities:
  - Training programs: VND 1.05 billion
  - Craft village development support programs and establishment of craft association: VND 100 million
  - Purchase of new equipment and technology: VND 120 million
  - Support for craft cluster development plan formulation: VND 80 million
  - Support for introduction of industrial products and craft products: VND 60 million
  - Training of managers: VND 25 million
  - Conduct of exchange programs: VND 30 million
  - Awarding: VND 35 million

In the coming years, industrial extension plans must be strengthened with much larger budgets and diversified contents to meet requirements of each of the planned stages.

##### 2) Mechanism for cooperation and supporting

- (a) Financial organizations, banks and credit agencies are requested to support households, enterprises at craft villages by lending them money with low interest and through simplified procedures due to the credit of local PCs that have craft villages.
- (b) NGOs, supporting projects in terms of technical consultancy, study and upgrading training for households, enterprises at craft villages through local organizations (Women's Union, craft village association, enterprise club, etc.)
- (c) Offer incentives on land use by giving reasonable land rent and attractive credit programs.
- (d) Build up people's credit fund, set up a favorable condition for households to make loans.
- (e) Promote trade, provide many kinds of information, improve marketing.
- (f) Establish proper price subsidy policy to encourage production.
- (g) Policy on science and technology, land, business sector, and human resources

development.

- (h) DOI, Dept. of Planning and Investment, related organizations, and districts and town PCs to draw up targets, programs, plans, and detailed measures by end of November 2003 to carry out Conclusion 06KL/TU of Ha Tay's provincial PC:

Table 4.5.3 Role of provincial agencies for industrial development

Agency	Roles and Tasks
Government Organization Department	<ul style="list-style-type: none"> <li>- The SC established according to Decision 228-QD/UB is chaired by the Vice Chairman of Ha Tay PC and has the directors of DOI, DARD, DPI as vice chairmen with eight deputy directors from related departments as members.</li> <li>- The Task Force established according to Decision 401-QD/UB is led by the Chief of Administrative Division under DOI, and has 17 other members from other department and divisions. The TF aims to obtain and understand industry development situation, prepare reports (monthly, quarterly, annually) to the SC; prepare action plans for the SC in different stages; make recommendations on industrial development; estimate operation expenditure for the SC and the TF.</li> <li>- Coordinate with DOI in 2003 in making proposals for submission to the Ha Tay PC and other central government agencies on improving the organizational management structure of the industrial sector, especially for district and commune levels, for highest efficiency in management, including management of industrial and craft clusters.</li> </ul>
Department of Industry	<ul style="list-style-type: none"> <li>- Implement function of industry and cottage industry management at the localities, take the initiative in cooperation with agencies, districts and towns from the present to the end of 2003 to check and amend industry and cottage industry master plan.</li> <li>- Finalize craft and craft village development by the end of 2003 (by second quarter for commune level, end of August for district level and end of September 2003 for provincial level).</li> <li>- By the end of 2003, coordinate with Electricity Corporation I to finalize electricity gridline plan for 14 districts and towns, and start construction in accordance with the provincial industrial development master plan.</li> <li>- Formulate project to establish a provincial industry extension agency, and an industrial design center by second quarter of 2003.</li> <li>- Continue collaboration with the Department of Finance and Pricing to formulate industrial extension programs, regularly conduct training courses and introduce new experiences, policies, technology for enterprise manager and provide support for enterprises and households to set up associations; gradually strengthen training quality in vocational schools by 2005.</li> <li>- Keep spending a larger part (60-70%) of the annual industrial extension budget by supporting organizations and individuals to conduct training activities and generate jobs for rural laborers.</li> <li>- Finalize detailed planning for the three major industries, namely: agricultural products, food and beverage processing; and, garments and fabrics – leather and electronics; coordinate with other sectors, based on Conclusion 06KL/TU and construction plans to set up economic and technical projects to submit and report to PPC for approval and implementation.</li> <li>- Collaborate with DPI and relevant agencies to prepare a list of investment projects for industry and cottage industry development in Ha Tay by 2010.</li> <li>- Finalize procedures to recognize master artisans and submit to the Government by the first quarter of 2003; conduct surveys and analyze data to recognize craft villages, master artisans, highly skilled craftspersons in December every year.</li> <li>- Every year coordinate with related agencies and local authorities to review promulgated policies on industry and cottage industry development; make proposals in consideration of local conditions.</li> <li>- Regularly work with the DOST to conduct studies and introduce and replicate new production and business models, using new technologies toward higher mechanization rates.</li> </ul>

Agency	Roles and Tasks
Department of Planning and Investment	<ul style="list-style-type: none"> <li>- The DPI is tasked to revise socio-economic development plans based on local conditions; coordinate with other sectors to submit such revised plans to PPC for approval within the second quarter of 2003; finalize guidance for implementation of regulations and policies set by provincial governments on investments, land acquisitions, production promotion, exportation, management, etc. to provide timely settlements.</li> <li>- Coordinate with other sectors to strengthen foreign investments and link with central corporations to formulate large economic programs on industries and cottage industries, including rural industries.</li> <li>- Provide guidance for implementation of Conclusion 02 promulgated by the Provincial Party Committee on reformation and development of state-owned enterprises, and other programs under Central Resolution 5 on consolidation and development of cooperatives, private economy, and rural industrialization and modernization; provide sufficient funds to formulate development plans for major industries, other big projects and programs in 2003.</li> </ul>
Department of Construction	<ul style="list-style-type: none"> <li>- The DOC, together with the DOI and related agencies, will provide guidance for districts and towns to implement major tasks, such as:</li> <li>- Formulate detailed plan and manage industrial clusters and sites, especially for craft clusters.</li> <li>- Be responsible for plan assessment and supervise construction of craft and industrial clusters in the province.</li> <li>- Formulate construction materials planning in the first quarter of 2003.</li> <li>- Formulate projects on construction materials production as stated in Conclusion 06KL/TU and in the attached report of the PPC.</li> <li>- Based on infrastructure development plans for rural industries in accordance with Decision 132/2000/QD-TTg, coordinate with the Department of Transport to make proposals and guide implementation of infrastructure development in rural villages before 2010.</li> </ul>
Department of Land and Housing	<ul style="list-style-type: none"> <li>- Provide technical consultancy and legally simplify procedures which must be followed by enterprises asking for land for business purposes.</li> <li>- Finalize procedures for revision, amendments and supplementation of new land-use plan for industrial development; ensure reasonable exploitation of natural resources and step-by-step settlement of environmental pollution in craft villages (tens of craft villages each year).</li> </ul>
Department of Agriculture and Rural Development	<ul style="list-style-type: none"> <li>- Conduct agricultural development planning, including crop structure reformation and agricultural production improvement towards industrialization and modernization.</li> <li>- Link production activities with industrial sector, especially processing and partly for exportation; pursue the new economic structure of Industry – Service – Agriculture to create new material sources to promote industries and cottage industries, including rural industries.</li> </ul>
Departments of Tourism, Culture and Information, Security and Defence	<ul style="list-style-type: none"> <li>- These departments will actively coordinate with DOI to fulfil their tasks and functions and secure local requirements in terms of sites, markets and materials for industrial development programs, including promotion of exhibition and trade fairs (at home and abroad), craft village tourism, etc. in order to generate more exchanges at the same time king account of preservation of national culture and securing of national safety and defence.</li> </ul>
Transport Sector	<ul style="list-style-type: none"> <li>- The transport sector will finalize their provincial transport development plan in the first quarter of 2003 and formulate implementation plans to provide a basic infrastructure system before 2010, especially roads to industrial clusters and sites, roads inside craft villages and roads to big industrial parks.</li> </ul>

Agency	Roles and Tasks
Banking Sector	<ul style="list-style-type: none"> <li>- Adequately operate investment assistance fund of the province to construct public infrastructure facilities, such as roads and drainage systems, in industrial clusters and industrial parks.</li> <li>- Hold shares in important projects.</li> <li>- Diversify credit models for efficient investments.</li> <li>- Provide additional funds for key production units whose products are for export.</li> <li>- Finalize and submit to PPC financial support mechanisms related to industry and cottage industry development and rural industrial development in the first quarter of 2003.</li> <li>- Prepare guidance documents for local authorities to formulate and implement land acquisitions for industrial clusters and parks based on local conditions.</li> </ul>
Tax Sector	<ul style="list-style-type: none"> <li>- The sector will make proposals on promotion mechanisms for households and enterprises involved in rural industries; clarify roles and obligations to the provincial budget of the enterprises.</li> </ul>
Department of Labor, War Invalids and Social Affairs, and Dept. of Education and Training	<ul style="list-style-type: none"> <li>- In 2003, the sectors will formulate their development plans, including strengthening coordination among central education institutes to improve training quality as one of the most important tasks.</li> <li>- Diversify training types; strengthen training in new crafts and retraining of highly skilled craftspersons in vocational schools.</li> <li>- Conduct informatics training to apply information technology in the economic sectors, including industries and cottage industries aiming at meeting development demands using new technologies and generating more job in local industrial clusters and industrial parks.</li> <li>- Coordinate with Program 134 on job generation by the Occupation Consultant Center (under MOLISA) that covers the entire country via DOLISAs.</li> </ul>
Department of Science and Technology	<ul style="list-style-type: none"> <li>- Spend funds on scientific research on the application of new management schemes and new technology for new products to replace imported items, and for exportation.</li> <li>- Provide support to enterprises and other organizations to allow them to adopt new management schemes on product quality to meet international standards.</li> <li>- Review lessons and replicate successful cases and technologies done by institutes or residents.</li> <li>- Provide guidance on and state management of copyright registration and industrial intellectual property right.</li> <li>- Prioritize waste treatment projects in polluted craft villages, industrial clusters and industrial parks in the province.</li> </ul>
Department of Statistics	<ul style="list-style-type: none"> <li>- Coordinate with DOI to supervise and collect information on the implementation of Conclusion 06KL/TU and Decision 132/2000/QD-TTg; provide support for supplementation and updates of planning contents and development of industry and cottage industry, including rural industries.</li> <li>- Regularly review provincial data and statistics, with coordination with DOI, and report to PPC, and to central agencies upon requests.</li> </ul>
Electricity	<ul style="list-style-type: none"> <li>- The sector is expected to review and consolidate the electricity gridline and ensure sufficient and uninterrupted power supply especially to craft villages; make proposals for the Vietnam Electricity Corporation for investments according to local development plans.</li> </ul>
Post Office	<ul style="list-style-type: none"> <li>- The sector is expected to expand telephone coverage to meet telecommunication demands among craft villages, even long-distance information exchanges to facilitate transactions between producers and buyers; target a mobile telephone coverage reaching the farthest areas of the province.</li> </ul>
Mass Media and Public Unions	<ul style="list-style-type: none"> <li>- Actively disseminate new policies, measures, models and experiences; broadcast industrial expansions and rural industrial development in the province.</li> <li>- Enhance local residents' awareness of development of industries and cottage industries towards industrialization and modernization through mass media such as television, radio, newspapers, etc.</li> </ul>

Agency	Roles and Tasks
People's Committees	<ul style="list-style-type: none"> <li>- Finalize in 2003 an industrial development plan up to 2010.</li> <li>- By the end of 2003, formulate and approve detailed plans so that each of the districts will have one or two craft clusters to attract enterprises and households to invest and expand production and business scale.</li> <li>- In the forthcoming period, focus on formulating detailed plan for industrial and craft clusters approved in the development master plans by the PPC.</li> <li>- Authorize commune people's committees to approve detailed plans for industrial and craft clusters in accordance with overall development plans and with consideration of local conditions in terms of raw materials, labor and other resources.</li> <li>- Rearrange public land funds based on approved plans and make proposals and request for supplements when demand increases.</li> <li>- Upon approval of the detailed plans, establish management units for the craft and industrial clusters using appropriate regulations to support commune PCs and district PCs in the efficient construction and management of clusters.</li> <li>- Work out implementation plans for Conclusion 06KL/TU and other programs under the Central Resolution.</li> <li>- Establish steering committee for industry and cottage industry development at district level in 2003.</li> <li>- Send industry staff from district government to communes and villages to provide timely support and countermeasures during implementation of industry and cottage industry development projects.</li> <li>- Coordinate with related agencies to conduct study tours and new models by 2005 and replicate them by 2010 towards turning farmers into industrial workers holding shares industry – agriculture – service union.</li> <li>- Provide step-by-step signed purchase contracts with producers and farmers.</li> </ul>

#### 4.7 Proposed Policies and Mechanisms

##### 1) Central Policies

- For related ministries, such as the MOF, MOT, MOST, MONE, and MOLISA, to provide guidance documents on industrial development policies, including rural industry development policies. It is important to quickly provide industrial extension programs and realize supporting mechanisms for master artisans.
- Provide detailed guidance in the form of joint circulars (MOCI, MARD) on recognizing the title of master artisan.
- For Government to provide a list of traditional crafts for priority (the current list of 11 items prepared by JICA has not been officially approved).
- Conduct master plan for rural industry development at national level.
- Dispatch international consultants and provide technical assistance in planning methodology, preparing action plans for higher feasibility and calling for investments from local and international investors.
- For banking and financial sectors to support households and enterprises in craft

villages by adopting simplified procedures and giving them the most preferential loans using the credit of the local People's Committee.

- For MOT to provide new policies and support to industries and cottage industries on product sales, especially those by craft villages and rural industries; encourage and provide favorable conditions for enterprises to seek consumption markets and export opportunities.
- For Government, MOI, MARD, other public unions, and international organizations to prepare more programs to strengthen local management capacity and develop industries and cottage industries through new policies, equipment and technologies; provide related agencies in the province guidance on every aspect related to strengthening state administration and promoting socio-economic development towards industrialization and modernization.

## 2) Provincial and District Policies

- Perfect existing policies, including industrial extension programs.
- Establish design consultant agencies at local level.
- Establish a multisectoral task force including one manager, two deputy managers and 15 members from related departments and agencies.
- PPC should prepare legal documents and decisions related to implementation of craft development master plan in accordance with schedule set by DOI.
- Finalize procedures for judgment and recognition of master artisan title.
- PCs at district level should apply central and provincial policies and provide guidance to commune PCs in formulating development strategy and action plans and submitting the same for approval to the provincial PC via the district PC.

## 3) Commune People's Committee and Craft Villages

- Conduct surveys to assess actual conditions in their domains and understand advantages and disadvantages in craft development.
- Based on the assessment results and on guidance document given by provincial and district governments, prepare development strategy and action plans for their locality (with considerations of internal resources and utilization of external assistance).
- Formulate crop structure reformation plan and land-use plan to serve planning craft clusters and industrial clusters in accordance with the provincial development plan.
- Actively participate in assistance programs, exhibitions, craft competitions, judgment of master artisans, preparation of documents and manuals as well as necessary procedures for competent agencies to recognize craft villages and

master artisans when they meet all criteria.

#### **4.8 Monitoring**

Based on action plans and objectives in the master plan, supervision activities will be conducted, including:

- Implementation Progress Supervision: Based on action plans and expected implementation period approved by PPC.
- Disbursement Progress Supervision: Based on approved financial schedules.
- Implementation Supervision: Based on objectives, targets stated in approved plans.

The DOI is authorized by Ha Tay PPC to take responsibility in organizing a task force comprising representatives from departments and agencies and related experts to supervise various aspects from making assessment, formulating plans, preparing action plans to implementing approved plans related to craft development.



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**Craft Master Plan  
of Quang Nam Province**

# Craft Master Plan of Quang Nam Province

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# Craft Village Distribution Map of Quang Nam Province



★ Provincial Center

□ Pilot Project Site

- 1)Rush 2)Lacquerware 3)Bamboo&Rattan 4)Ceramics 5)Embroidery 6)Woven Fabric  
 7)Woodcraft 8)Stone carving 9)Traditional Paper 10)Wood Printing 11)Metalworks

No.	Code	District	Craft Village	No. of Craft Item											Total		
				Rush	Lacquer	Bamboo & Rattan	Ceramics	Embroidery	Woven	Wood	Stone	Paper	Wood Printing	Metal		Others	
1	1	Tam Ky	8	0	0	6	0	0	0	0	0	0	0	0	1	1	8
2	3	Hoi An	5	2	0	0	1	0	0	1	0	0	0	0	0	1	5
3	5	Hien	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	7	Dai Loc	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1
5	9	Dien Ban	1	1	0	0	0	0	0	0	0	0	0	0	0	0	2
6	11	Duy Xuyen	11	5	0	3	0	0	3	0	0	0	0	0	0	0	12
7	13	Nam Giang	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	15	Thang Binh	2	0	0	1	0	0	0	0	0	0	0	0	1	0	2
9	17	Que Son	2	0	0	0	1	0	0	0	0	0	0	1	0	0	3
10	19	Hiep Duc	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	21	Tien Phuoc	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	23	Phuoc Son	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	25	Nui Thanh	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	27	Tra My	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>			<b>30</b>	<b>8</b>	<b>0</b>	<b>10</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>33</b>	
				24.24	0.00	30.30	6.06	0.00	9.09	6.06	0.00	0.00	0.00	6.06	9.09	100.00	

## **1. INTRODUCTION**

### **1.1 Necessity of Craft Development Provincial Master Plan**

Traditional craft villages and rural industries in Quang Nam play important roles in its rural economy, contributing to the shift in local economic structure, providing jobs, improving people's living standards, and supporting the development of new rural communities.

Currently, craft industries in the provinces have not fully developed even with their potentials. Some traditional craft villages are even vanishing while preservation efforts progress slowly. In general, craft industries develop spontaneously in small scale. They have low production capacities and are spread out throughout the countryside.

Industrialization requires craft sector development to keep pace with the local economy, changing from small-scale production to stable production of commodities that can meet the demand of the domestic market and boost exports, thereby contributing to local economic development, traditional value preservation in craft villages and craft industries.

Planning craft sector development is necessary to shift the economic structure in each locality in line with provincial economic growth targets and in order to exploit their potentials and gradually industrialize and modernize the agricultural and rural sectors.

### **1.2 Background of Craft Development in the Province**

Traditional craft industries and craft villages in Vietnam, particularly in Quang Nam, generally interrelate with the socio-economic development of the regions and the communities' survival.

Due to the turn of events in the country's difficult history, Southern Vietnam developed much later than Northern Vietnam especially the Red River Delta. Therefore, traditional craft villages in the South, in general, and in Quang Nam, in particular, are less developed and are of smaller scale than those in the North.

Quang Nam's traditional craft villages have existed for years. Some craft villages, such as Thanh Ha ceramics village, Kim Bong carpentry village, and Phuoc Kieu bronze casting village, in fact emerged in the 15th century. Later on, craft villages specializing in silk unraveling, silk making, mat weaving, etc., sprouted along the Thu Bon and Vu Gia rivers. They produced a wide variety of products for both domestic and international consumption.

Prior to 1975, the production of the craft villages was scattered and seldom changed. Most craft village labor moved on to other areas for livelihood or migrated to suburban areas to maintain their crafts.

After the country's reunification in 1975, some traditional crafts and craft villages were either revitalized or developed, while several other craft enterprises were formed. The Government ensured raw materials supply and product consumption. It could be said

that this was a prosperous time for artisan craft villages, during which most of the products were exported to Eastern European countries and the Soviet Union.

With the national economy's reformation and shift toward a free market, craft enterprises encountered plenty of difficulties and deadlock, partly due to the diminishing market of traditional craft items and partly due to the enterprises' poor adaptability to a free market, leading to a reduction in their business operations. Nevertheless, there were still some craft enterprises that were able to overcome difficulties and challenges in maintaining their businesses while waiting for opportunities for re-emergence and development.

In recent years, with the Central Party's and Government's policies and support mechanisms, Quang Nam's craft villages have gradually been revitalized and developed. Many traditional craft villages have invested in technological improvement, production expansion, and design and product quality improvement. Gradually their products have become market favorites. As a result, woven textiles, bamboo and rattan products, woodworks, rush mats, etc. have gradually dominated the domestic and overseas market.

## **2. GENERAL SITUATION OF PROVINCE**

### **2.1 Natural Condition**

Quang Nam province belongs to the central coastal region in central Vietnam. It is bordered by the South China Sea to the east, Kon Tum province and Laos to the west, Quang Ngai province to the south, and Danang city, Central Vietnam's biggest city, to the north.

#### **1) Geography**

Quang Nam has a relatively complex topography, spanning three ecological types from the west to the east: mountainous, midlands and plains, and coastal areas.

The mountainous area comprises six western rural districts that are situated in the upstream areas of rivers. These are inhabited by ethnic minorities whose main livelihood are agro-forestry using backward methods of cultivation. The area's strengths are forests, perennial crops, and cattle raising.

The midland area has the average height of 50-200m, hills alternate with plain strips rich in natural resources. The inhabitants' traditional occupations are agriculture, industrial crops, animal raising, forest planting, and mining.

The coastal plain area consists of are narrow plains rich in alluvium in the downstream areas of Vu Gia, Thu Bon and Tam Ky rivers. The traditional livelihoods in the area are intensive cultivation of rice paddies, other food and short-term industrial crops. The coastal area although it mainly comprises sandy areas, focuses on production of food crops and fishery.

#### **2) Land Use**

The province's total area is 1,040,700ha. According to the land-use statistics based on Decision 3729/QD-UB made on 24 October 2000 by the Quang Nam PC, land used for socio-economic development is 537,700ha, which account for 55.1% of the total land area. As of 2002, land-use data area as follows:

- Agricultural land is 111,496ha (comprising 10.7% of the total area)
- Forestry land is 439,293ha (comprising 42.2% of the total area). Land for industry, construction and infrastructure is 27,362ha (comprising 2.6%)
- Residential land accounts for 0.67% of the total area.
- Unused land is 455,249ha (comprising 43.7%) in which unused land in the mountainous areas is 399,200ha, accounting for 32.6% the total area

#### **3) Climate**

Quang Nam has a typical tropical climate with rainy and dry seasons. The average temperature is 20 – 24<sup>0</sup>C. The annual average rainfall is 2,000 – 2,500mm. During the

rainy season, landslides occur in the mountainous areas while flooding happens in the plains. The dry season lasts from February to August with hot spells.

## 2.2 Social Condition

### 1) Population

In 2000 the province's population was 1,427,117. The average population growth is 1.8%. At present, 14% of the population is concentrated in the urban areas, specifically towns and townships, while the population in the rural areas is 86%.

### 2) Ethnic

Quang Nam has 34 ethnic minorities, the Kinh dominates in number while ethnic minorities comprise only 5% of the population. The latter includes the Co Tu, X'Dang, M'Nong, Co, Gie Chieng, etc. These groups mostly live in the mountainous areas.

### 3) Labor

Labor forecast and labor utility structure in the province are presented in the tables below.

Table 2.2.1 Labor situation, forecast and labor utility structure

		1999	2000	2005	2010
Number of working age	(thousand people)	713.4	726.5	830.1	881.2
	(% of the population)	52.0	52.2	55.6	55.3
Labor needing jobs		607.3	617	667.8	711.2
Unemployed rate compared with the labor needing jobs (%)		10.5	10.3	9.0	5.3

Source: Quang Nam's Master Plan for Socio-Economic Development to 2010

Table 2.2.2 Labor allocation in economic sectors

Sector	No. Of persons	%
Agro-forestry	491,057	77.9
Fishery	28,937	4.3
Industry, mining	2,219	0.2
Processing industry	50,524	8.0
Trade and services	78,423	9.5

Source: Quang Nam's Master Plan for Socio-Economic Development to 2010

### 4) Education

In 2001, the province had a total of 249 primary schools, in which 101 were solidly-built (accounting for 40.6%) and 148 semi-solidly built. There were 145 junior high schools, in which 67 are solidly-built (accounting for 46.2%) and 15 senior high schools, for 73.3% that were solidly- built.

### 5) Health care

Health care network: The province has 193 health care centers in the villages and inter-villages, in which 68 centers have employed doctors, 20 beds for patients and 4 doctors serving 10,000 people. The birth rate has decreases by 0.07%.



## 6) Poverty rate

The poverty rate has decreases from 27% in 1996 to 17% at the present.

## 7) Infrastructure

Quang Nam has the advantages of transportation. It has Chu Lai airport, Ky Ha seaport, Chi Minh road which traverses its mountainous districts. Land and railway systems are very convenient for goods transportation over sea and land frontier passes in the west. The province has 16 districts and towns and 222 villages. Communes that have roads for cars to commune centers account for 84.97%.

The communes that have over 50% of concrete inter-commune roads comprise 13.99% (29.97% for coastal communes). 177 communes and precincts (81.6%) are part of the national electricity gridline, rural households having electricity for production and daily activities account for 86.79%. Water resources from Phu Ninh lake and rivers, as well as underground streams, assure supply for production and daily activities, households using clean water account for 81%.

The total number of telephones in rural area is 11,919 (in 2001), 43.6 phones/1000 households on the average.

## 2.3 Economic Condition

Economic structure: Average economic growth due to GDP is 7.6% per year. Economic structure has shifted in a positive way, increasing industrial share, cottage industry and services. Economic structure shifting is shown in the following table.

Table 2.3.1 Economic structure due to GDP

	1997	1998	1999	2000	2001		2002	
	%	%	%	%	Value (VND bil.)	%	Value (VND bil.)	%
Agriculture	47.6	46.5	44.4	41.5	1,876.4	40.1	2,001.1	38.2
Industry	20.0	20.9	22.9	25.3	1,258.0	26.9	1,487.9	28.4
Services	32.4	32.6	32.7	33.2	1,545.0	33.0	1,753.4	33.5

Source: Report of Quang Nam's DARD

Agro-forestry production: Annual food yield is 410,000 tons on the average, which meets food security of the province. Agricultural production value increases by an average of 3.3%/year. There has been a shift in plant and crop structure to avoid natural disasters, including the formation of material plant areas for processing industry. Animal raising has become the main production sector, comprising 23% of agriculture production value. Eighty percent of Quang Nam's area is forest land. Over the past five years, 52,000 hectares of forestry have been replanted.

Fishery: The cultivation area of aquatic production has been expanded, and the means for off- shore fishing is increasing. Export turnover reached USD6.2 million.

Industry and cottage industry production: According to the report of Quang Nam's DOI, industrial production increases by 18% annually. In 2002 industrial production value

reached VND1,619.88 billion, in which cottage industry comprised VND392 billion and is expected to reach VND445.5 billion in 2003. By the end of 2001, the province had 11,094 cottage industry production establishments, employing 42,892 labors. Some concentrated industrial zones, like Dien Nam, Dien Ngoc, North Chu Lai, Thuan Yen..., and industrial clusters, like Trang Nhat, Dai Hiep, East Thanh Binh have formed and attracting investments.

Trade and tourism: According to a report from the Dept. of Trade, sales of goods and services in the province increased by 9.54% annually in 1988 -2002. Total export turnover in 1988 – 2002 reached USD 152.883 million, increasing on average by 13% per year.

Table 2.3.2 Export turnover of craft industry

	1998	1999	2000	2001	2002
Total export turnover (1000 US\$)	22,410	27,498	34,302	32,093	36,580
Export turnover of craft industry (1000 US\$)	144	206	160	390	1,344
Compared to the total export value (%)	0.64	0.75	0.47	1.22	3.67

Source: Report of Dept. of Trade , Nov. 2003

Tourism: According to Dept. of Tourism's report, tourists coming to Quang Nam increased from 69.607 in 1997 to 230.857 in 2002, in which foreign tourists increased from 54.520 in 1997 to 190.979 in 2002 with an annual average growth of 27,1%. Total turnover increased from VND20,315 billion in 1997 to VND121,108 billion in 2002, in which sales turnover from goods was VND692 million in 2002.

### **3. GENERAL SITUATION OF CRAFT SECTOR**

#### **3.1 Current Situation of Craft Villages and Their Main Craft Products**

Traditional crafts in Quang Nam are as follows:

- (a) Rattan and bamboo knitting
- (b) Silk unraveling and silk making, fabric and brocade weaving of ethnic minorities in mountainous areas
- (c) Woodcarving and furniture making, ship building and maintenance
- (d) Rush mat weaving
- (e) Bronze casting, mechanical forging
- (f) Ceramics
- (g) Agro-forestry and marine products processing

Crafts are mainly produced in the craft villages.

The mapping survey conducted by the JICA and the MARD in May 2002 (see Figure 3.1.1) showed that Quang Nam had 30 craft villages. The survey further showed that over 20% of households were engaged in craft production, and over 20% of the village's income came from the craft sector; craft villages which have potentials for craft development). Eleven craft villages were engaged in rattan and bamboo craft (accounting for 36.6%) with 2,792 laborers. The average income ranged from VND 250,000 to 400,000 a month. Some craft villages had more than a thousand year history.

According to a DOI report, by the end of 2002, the province had 33 traditional craft villages (based on the province's criteria). Six were in rattan and bamboo knitting; four in rush mat weaving; two in woodcraft and ship building; three in ceramics; five in fabric weaving, silk unraveling and silk making; two in bronze casting and blacksmithing; five in agro-forestry and marine products processing; and seven in other crafts. New craft villages were involved in rattan and bamboo knitting, perfumed tea production and agro-forestry, and marine products processing.

Table 3.1.1 Craft Villages in Quang Nam

	District/Town	Commune	Craft Village	Main Item	Number of HHS	No. of Craft HHS	Craftspersons			Ave. Income (VND000/month)	
							Male	Female	Total	Male	Female
1	Tam Ky	Tam Thanh	Ca Ty	Rattan - bamboo	245	61	0	261	261	0	300
2	Tam Ky	Tam Thanh	Van Ha	Rattan - bamboo	236	23	0	236	236	0	300
3	Tam Ky	Tam Thanh	Tu Hoi	Rattan - bamboo	261	78	22	250	272	370	330
4	Tam Ky	Tam Thanh	Tu Hoi	Rattan - bamboo	261	78	261	5	266	350	320
5	Tam Ky	Tam Thanh	Khanh My	Rattan - bamboo	298	59	0	101	101	0	350
6	Tam Ky	Hoa Huong	Hong Phong	Metal	406	60	70	30	100	400	300
7	Tam Ky	Tam Vinh	Thach Duc	Rattan - bamboo	347	277	600	900	1.500	150	150
8	Tam Ky	Tan Thanh	Phuong Hoa	Others	611	244	20	300	320	400	520
9	Dai Loc	Dai Thanh	Tay Le	Wood	192	11	10	0	10	1.200	0
10	Dien Ban	Dien Phuong	Triem Tay	Rush	154	138	47	267	314	150	150
11	Hoi An	Thanh Ha	Thanh Ha	Ceramics	308	0	7	25	32	600	450
12	Hoi An	Cam Kinh	Village 1	Rush	264	79	0	250	250	0	210
13	Hoi An	Minh An	Village 4	Rush	529	21	5	15	20	450	400
14	Hoi An	Cam Chau	Son Pho 1	Others	364	21	19	8	27	400	250
15	Hoi An	Cam Kim	Village 2	Wood	245	73	50	0	50	800	0
16	Que Son	Que Chau	Village 2	Metal	416	0	60	20	80	500	400
17	Que Son	Que An	Nghia Trung	Ceramics	405	14	15	25	40	250	200
18	Thang Binh	Ha Lam	Lang Huong	Others	711	191	200	1.560	1.760	800	500
19	Thang Binh	Binh Que	Binh Phung	Rattan - bamboo	441	101	86	16	102	300	150
20	Duy Xuyen	Nam Phuoc	Chau Hiep	Weaving	578	404	150	550	700	50	250
21	Duy Xuyen	Duy Phuoc	Village 2	Rush	518	259	200	800	1.000	300	300
22	Duy Xuyen	Duy Phuoc	Village 3a	Rattan - bamboo	409	163	10	90	100	400	320
23	Duy Xuyen	Duy Trinh	Phu Bong	Weaving	530	212	184	552	736	550	500
24	Duy Xuyen	Duy Thanh	Village 1	Rattan - bamboo	569	113	100	200	300	420	400
25	Duy Xuyen	Duy Thanh	Village 2	Rush	456	118	0	140	140	0	200
26	Duy Xuyen	Duy Son	Village 1	Rattan - bamboo	456	13	70	90	160	400	400
27	Duy Xuyen	Duy Son	Village 4	Weaving	342	9	15	70	85	500	500
28	Duy Xuyen	Duy Vinh	Vinh Nam	Rush	500	295	195	453	648	300	300
29	Duy Xuyen	Duy Vinh	Ha Thuan	Rush	501	260	132	308	440	300	150
30	Duy Xuyen	Duy Vinh	Dong Binh	Rush	339	203	150	350	500	360	210

Source: MARD-JICA Craft Mapping Survey, 2002

### 1) Thanh Ha Ceramics Village (Hoi An)

Thanh Ha ceramics village was established in the 15th century and has grown with the development of Hoi An commercial port and town.

The village is situated along the Thu Bon River, which is a very convenient location for product transport. The region's supply of clay, along with the skills and proficient hands of its master artisans and their traditional production techniques have created household and artistic ceramic products that have been present in Quang Nam and its southern market for a long time.

However, as most of the local population's living standards have improved with the socio-economic development, products from the craft village are being replaced by those that are more durable, beautiful and of more convenient materials. This has led to difficulties in the making of traditional ceramics, the practice of which is gradually vanishing. The reason for this is the lack of investment in technological innovation, product and design improvement, as well as product diversification in line with market

and consumers' demand. Most of the craft village's craft workers have shifted to building material production and the use of kiln-dried bricks and tiles is increasing, creating jobs for most of the village's labor force.

Nevertheless, Thanh Ha ceramics village continues to survive and keeps producing traditional items, maintaining its traditional skills and techniques which it has preserved for over four centuries. This is quite extraordinary in Vietnam as well as in the world and has turned Thanh Ha ceramics village into a living museum and a precious source of information for researchers on traditional ceramics in Vietnam in particular and in Southeast Asia in general.

Thanh Ha ceramics village has been recognized as a cultural heritage of "traditional craft village" within the complex of the old town of Hoi An, which the UNESCO declared as a World Heritage Site.

At present, Thanh Ha ceramics village has 17 craft households with a total of 44 workers, including 25 female workers, two master artisans and eight skilled workers, who are mostly ageing. Annual production capacity is 216,000 ceramics of all kinds and nearly 1 million tiles. Average income is VND 420,000 per person per month. Thanh Ha has contributed to increasing its workers' incomes.

The total ward has 78 kilns for bricks and tiles, employing 857 workers, including 453 female employees. Production output is 35 million tiles a year and average income is VND 700,000 per person per month. The current situation of manual brick and tile production in Thanh Ha is due to the concentrated kiln density in residential areas using non-mechanized technique and the supply of clay which is not locally available and has to be obtained from other areas. Its local environment is seriously polluted, affecting Hoi An's ecological environment and landscape and damaging local natural resources. Hoi An town is formulating proposals to transfer Thanh Ha's brick and tile production in another area.



Thanh Ha traditional ceramics village (Hoi An)



Production unit in Thanh Ha ceramics village

## 2) Kim Bong Carpentry Village

Kim Bong carpentry village (Cam Kim commune, Hoi An town) has existed since the 15th century. Its long history has mainly been preserved by the northern people moving into Cam Kim – Hoi An. Its traditional crafts experienced its robust era under the Nguyen Dynasty. Kim Bong woodworks have delicate, accomplished and distinctive sculptures

from household woodworks, architectural works and wooden boats for goods transportation and exchanges, etc. that are well known up to the present day.

Nevertheless, Kim Bong craft making also has experienced its share of ups and downs. There were times when the consuming markets were very difficult to please. However, Kim Bong's carpenters have managed to overcome such difficulties.

In recent years, Kim Bong carpentry has been revitalized and has further developed. So far, in the craft village region (Cam Kim commune), there are seven carpentry establishments, which include the traditional carpentry establishment of Mr. Huynh Ri which employs 50 workers and trainees, and four households producing woodworks. In the old Hoi An town can be found the carpentry establishments of Mr. Dinh Van Loi (Dinh Van Loi Kim Bong Carpentry Limited Company), the Tan An establishment (Tan An Limited Company) which employs 32 people with an average income of VND 750,000 per person per month. At present, the craft village has one job training unit which has completed two training courses with a total of 40 trainees.

Key carpentry products at present include sculptured woodworks, pearl inlaid products, furniture, artisan souvenirs, furnishings, etc. Diversified and attractive products and designs have been recognized by domestic and overseas customers. In the craft exhibition in HCMC held recently, the Huynh Ri carpentry product was awarded the "Best Craft" prize. Meanwhile, the carpentry products of Dinh Van Loi which participated in a trade fair in France received the "Customers' Favorite" prize.



Kim Bong traditional carpentry (Hoi An)



Huynh Ri carpentry establishment at Kim Bong village

### 3) Phuoc Kieu Aluminum and Bronze Casting Village

Phuoc Kieu aluminum and bronze casting village was established with the formation of Quang Nam town in 1602. It is located in Thanh Chiem (nowadays Thanh Chiem hamlet, Dien Phuong commune, Dien Ban district, Quang Nam province). The ancestors of the Duong Ngoc and Nguyen Ba families in Phuoc Kieu handed down their bronze casting skills and techniques to their successors and the craft has continued to develop up to today.

The village has 39 households working on bronze and aluminum casting and one cooperative with 104 workers, including 44 skilled workers and two master artisans.

The establishments are small in scale with scattered production at the household level using outdated technology, self-made molds and traditional non-mechanized production techniques. Annual production output is around 55 tons including thanh la, chieng, tieu dai hong chung, bronze statues and bronze and aluminum products for industry, construction and civilian uses.

The craft village's business is facing lots of difficulties, especially an unstable market, lack of capitalization and poor product competitiveness.

However, the village still has better products than other places including cong, chieng, tieu dai hong chung, because its products have special characteristics especially in their sound.

Phuoc Kieu bronze casting village has existed for so long that it has become famous and part of the psyche of the Quang Nam people which manifests in such oral traditions such as "Lam Yen drums, Phuoc Kieu chieng" or "Kim Bong carpentry, Dien Phuong bronze". Also, until now, on the national highway section crossing Dien Phuong commune, shops selling bronze products, such as *chieng*, *thanh la*, and *bo tam su (lu den)* souvenirs, help revitalize and develop Phuoc Kieu bronze and aluminum casting village.

#### 4) Silk Unraveling and Making Village

Silk unraveling and making are traditional craft processes that have been established long ago along the Thu Bon and Vu Gia rivers. As climate, weather and land characteristics in many regions in Quang Nam are suitable to the growth of mulberry and silkworm, silk unraveling and silk making became local industries in many craft villages such as Bao An (Dien Ban), Dong Yen - Thi Lai, Ma Chau, Cu Ban (Duy Xuyen), Giao Thuy, Hoa My (Dai Loc), and Trung Phuoc (Que Son).

During its development stage, silk unraveling production expanded. Apart from households engaged in manual silk unraveling, there are also concentrated production workshops, such as the Giao Thuy Silk Unraveling Workshop, Dien Quang Silk Unraveling Factory, Duy Trinh Silk Unraveling Cooperative, Nam Phuoc Silk Unraveling Cooperative, etc. which have added value to the province's silk industry. However, with the economy's reformation, the diminishing export market and the province's uncompetitive silk products, the silk industry gradually ran into difficulties and many establishments had to stop production. Still, many people kept producing to preserve the craft, which paid off due to the craft's ability to use many workers and to generate a relatively higher income.

At present, there are eight silk unraveling and silk making villages in operation with a total of 708 production households, employing 469 workers. Their production output is 4,200 kg of silk and 25,000 meters of woven silk. Some enterprises, such as the Nam Phuoc Silk Cooperative, as well as the enterprises in Hoi An and Dien Ban, are producing high-quality silk products for a stable consuming market.

## 5) Weaving Villages

Weaving villages are mainly concentrated in Duy Xuyen and Dien Ban districts. They include Duy Trinh weaving village and Chau Hiep weaving village in Nam Phuoc town, as well as the Duy Son weaving village (Duy Xuyen) and the Nong Son weaving village (Dien Ban).

The production method of these villages contains one newer facet than other craft villages, which is that each village has one cooperative that deals with both concentrated production and acts as a support unit for the households. The cooperative supplies materials, acts as a guide on technical specifications and ensures a market for the products of craft households. Because of these, the weaving villages have developed further.

At present, there are five weaving villages with 419 iron looms, 1,950 wooden looms and 852 weaving households. They employ around 2,462 employees. Cloth output is 13.5 million m/year and output value is VND 54 billion. Major products are *kate* cloth and *moc* (plain) cloth. Average income is VND 450,000 per person per month. From 1997 to the present, the weaving villages have invested in weaving equipment, renovation, product expansion investing about VND 11.2 billion, including the shift from wooden to iron looms so as to gradually improve quality of textile products. So far, the province's textile products have dominated the domestic market.

## 6) Brocade Weaving

Brocade weaving is the traditional craft of the ethnic minorities in the mountainous districts of Nam Tra My, Bac Tra My, Phuoc Son, Nam Giang, Dong Giang, and Tay Giang.

At present, brocade weaving is available in Ta Lu commune (Dong Giang district) and in Chaval (Nam Giang). Brocades can be ordinary or elaborate. They are an indispensable traditional craft for the ethnic minorities.

## 7) Bamboo and Rattan Knitting

Bamboo and rattan knitting is one long-standing craft in Quang Nam. At present, the province has 12 bamboo and rattan establishments employing 3,516 workers. They include four cooperatives, two limited-liability companies, two private establishments, and four bamboo knitting villages (An Thanh – Dien Ban, Tam Vinh – Tam Ky, Thang Binh, and Dai Loc).

Bamboo and rattan knitting is thriving and many establishments in Duy Xuyen, Nui Thanh and Dien Ban have invested in product expansion and export enhancement. Many bamboo and rattan products, artisan items, decorations, souvenirs, bamboo letters, etc. are well received in both the domestic and overseas markets.

Bamboo and rattan knitting has the advantages of small capitalization, job generation among the rural folk especially in the off-farm season and availability of raw materials in local areas.





Workshop of Au Co Rattan Bamboo & Leaves Factory  
(Nui Thanh)



Weaving of rattan basket

#### 8) Rush Mat Weaving

The province has four rush mat weaving villages, namely Cam Kim (Hoi An), Triem Tay (Dien Ban), Ban Thach, Duy Phuoc (Duy Xuyen), and Thach Tan (Tam Ky). They employ 1,465 looms and produce 515,000 pairs of mats a year through 904 production households that hire 1,984 workers. Mat weaving mainly uses simple technology, manual weaving, small capital, on-site material supply, and free labor services from people of varying ages. Products are almost consumed domestically and mat weavers' income is not significant. Moreover, consuming markets often fluctuate and are usually unstable.

#### 9) Ceramics

There are presently six artisan ceramics establishments, namely Bach Dang Ceramics, Le Duc Ha Kiln-Dried Ceramics, Duy Hoa Ceramics, Que Son Ceramics, La Thap Ceramics, and Thang Binh Ceramics. These establishments produce ceramic products and vases for domestic and overseas consumption.

#### 10) Ship Building and Repairing

Hoi An town has four ship building and repairing establishments that employ 35 workers. These establishments build small ships and off-shore fishing boats. At present, these establishments are facing difficulties on customers and raw materials.

Production result at some craft villages have been mentioned above.

In 2002, the production value of the cottage industries was VND 392 billion and was expected to reach VND 445.5 billion in 2003. Craft export turnover gained USD 1.34 million in 2002, which was 9.2 times higher than that in 1998.



Traditional ship building and repairing village of  
Tan Phu (Tam Phu, Tam Ky)



Ha Tien Khoi ship building and repairing workshop  
in Tam Phu village

### 3.2 Current Situation of Production and Market

#### 1) Assessment of Current State of Production and Market of Craft Villages

- (a) **Production system:** Craft establishments in craft villages are mainly households, while village enterprises are small-scale with rudimentary technology and equipment, mainly non-mechanized production (except for silk making), make small investment, and with production sites inside household premises.
- (b) **Labor:** Workers are mostly off-farm season laborers with low skills and given on-the-job training. Some enterprises employ highly skilled laborers (woodcraft, bronze casting, etc.) but their skills are not equal and their designs and creativity level is limited.
- (c) **Techniques:** Over the past few years, some enterprises in the craft villages have applied advance technological methods in craft production, gradually modernizing some traditional techniques (sliding machines, machines to saw wood, split and bend rattan, improved pottery kilns, advanced drying machines, etc.). However, craft production technology, in general, is still obsolete and technological renovation has progressed slowly. There has been no mechanism that could support studies for applying advanced technology for craft establishments in the villages. Product quality is not high and quality control management has not been paid enough attention.
- (d) **Raw materials for production:** Most of the raw materials are available locally such as bamboo, rattan, rush, wood, etc. Bamboo and rattan materials are not only supplied to Quang Nam's craft enterprises but also to neighboring provinces. However, due to lack of planning, these resources are gradually diminishing. Wood for ship building and carpentry is limited due to stricter forest laws, while garden and hill woods resources have yet to be planned for proper development and utilization, especially wood for sculpture and carving. On the other hand, the application of new materials in production has not been fully attended to by the enterprises so as to gradually replace wood materials and ease the constraints in raw materials supply. In general, local raw materials supply, although sufficient in type, still contain some defects that have yet to satisfy production demand, and some resources do not have proper plans for replanting and exploitation.

- (e) **Market information and consuming market:** In recent times, provincial and district government agencies have created favorable conditions allowing the domestic expansion of production and markets via joint ventures and introduction of the products within and outside the province. At the same time, the province is also creating favorable conditions for craft villages to participate in trade fairs and craft exhibitions together with their introduction as part of the national cultural identity both in the domestic and overseas markets. Through trade fairs and exhibitions, some craft villages with typical products have received the attention of customers and many valuable contracts have been signed.

At present, the consuming market is mainly the domestic market, which is usually unstable. The export market is still limited and most of Quang Nam's craft enterprises, which are able to export their products, do so mainly through authorized export companies, since they do not have direct access to overseas markets. Although product marketing through trade fairs and exhibitions is carried out, these are still relatively new to the craft villages. Craft enterprises and households have yet to build product distribution systems, their marketing staff is still limited both in quality and quantity and they do not have the necessary equipment. Therefore, production has not kept pace with market changes.

Some local typical products such as Kim Bong woodworks, Thanh Ha ceramics, Phuoc Kieu bronze casting, etc. have yet to get product origin protection and group trademark for competitiveness. Some industries such as bamboo knitting, textile and footwear are now operating for other companies and are forced to adopt product grading and pricing, leading to low economic efficiency.

- (f) **Competitiveness:** Competitiveness of Quang Nam crafts is still weak. Product designs are limited and have slow innovation due to a lack of master artisans and highly skilled craftspersons as well as obsolete production technology. Traditional value preservation and development have not been paid enough attention, especially in some traditional craft villages. There has been no recognition given to master artisans, excellent craftspersons and highly skilled craft workers nor incentives for them, such as participation in training in craft making or designing products imbued with Vietnamese cultural values, in general, and Quang Nam characteristics, in particular.

The province has issued some policies on restoring traditional craft villages and supporting craft villages in production development and search for markets. Until now, there have been 16 craft village restoration projects that have gotten the approval with a total investment of VND 111,317 million. In 2003, 10 craft villages invested in infrastructure construction with a total investment of VND 2 billion. This is expected to reach VND 2 billion to support eight traditional craft villages and two new craft villages. However, for some craft villages in the process of restoration, finding a stable market for their products is still a big problem.

### **3.3 Current Institutional Mechanism**

#### **1) Organizational Structure and Roles**

##### **(a) Tasks of the PPC**

According to Prime Minister's Decision No. 132/2000/QĐ-TTg, of 24 November 2000, on incentives to promote rural industrial development, the Provincial PCs have the following tasks in implementing rural industrial development:

- Building up detailed rural industrial and craft village development plan and guiding lower level agencies to formulate projects on a focused development of industries.
- Constructing infrastructure to support rural industrial and craft village development, guiding the districts and communes to build up small-scale cottage industry clusters to provide a shop floor for rural industries.
- Monitoring lower level agencies and rural industries to ensure social security, production and environmental protection at the locality.
- Inspecting and guiding craft establishments and craft villages to follow laws and state regulations.

##### **(b) Organizational Structure of Provincial level: Monitoring rural industries development (including craft sector)**

- DARD: There is no division in charge of rural industries. It is delegated to the Policy Division. By the end of 2002, the Policy Division was integrated with other divisions to form the Division on Agriculture which monitors the development of cottage industries in the craft villages and implements industrial extension programs (due to the plan of DAFPPRI, DARD) as well as undertakes professional missions.
- DOI: Creates plans and formulates projects for rural cottage industries development; monitors and develops cottage industry establishment in the craft villages and in cottage industry clusters; implements the Industrial Extension Program with a budget from the Provincial Industrial Extension Fund (some VND 1.2-1.5 billion); cooperates with relevant departments in recommending to the provincial PC to issue regulations on the implementing mechanisms and policies on local cottage industry development. Under the DOI, the Industrial Extension and Consultancy Center supports it in assisting the establishment of cottage industries in the craft villages.
- VCA: Takes part in forming and implementing as well as guiding and assisting rural industries and establishments (mainly cooperatives) to carry out policy on rural industry development of the central and local governments.

##### **(c) Organizational Structure of District level: District PCs assign the Division of Planning and Investment to monitor and support rural cottage industry establishment and craft villages.**

## **2) Assessment on Organizational Structure**

In general, the allocation of tasks, management and support for cottage industries and craft villages in the province is vague and overlapping due to the unclear task assignment among the MARD, the DOI and the VCA at the central level. The DAFPPRI, under the MARD, manages rural industries but there are no lower-level organizations in the provinces. Some provinces have the DAFPPRI under the DARD but their staff is limited in number while in most others (including Quang Nam), rural industries are managed by the Division of Policy - Division of Agriculture. The DOI has efficient staff and the Industrial Extension Center, but in the MOI, there is no department in charge of cottage industry management.

At the district level, the Division of Planning and Investment manages rural industries but it covers so many areas such as planning, investment, cottage industry development, transportation, construction, trade, services, etc. Therefore, in districts where leaders are concerned with cottage industry (like Duy Xuyen, Dien Ban, Tam Ky, Hoi An, etc.) craft villages and cottage industries are developed.

Decree No 55/2003/ND-CP of the Government dated 28 May 2003 clarified the functions, tasks, rights, and organizational structure of the MOI under which the Department of Local Industry has been formed, assisting the Minister to undertake state management of industry development nationwide. Decision No. 115/2003/QD-BCN made by MOI on 4 July 2003 identified the functions, tasks, rights, and organizational structure of the Department of Local Industry. Joint Circular No. 02/2003/TTLT BCN – BNV (MOI, MOInterior) dated 29 October 2003 determined the functions, tasks, rights, and organizational structure of the agency which assists the District PC to implement the state management of local industries.

On 18 July 2003, Decree No. 86/2003/ND-CP of the Government identified the functions, tasks, rights, and organizational structure of the MARD under which the name of the DAFPPRI was changed to the DAFPPSI. Decision No. 09/2003/QD-BNN made by MARD on 4 September 2003 identified the functions, tasks, rights, and organizational structure of the DAFPPSI, in which the task “unifying management of rural industries and villages” was stated.

At present, the provinces are carrying out the summary of the two-year implementation of Decision No. 132/2000/QD-TTg. After this event, the Government will have the amendments and modifications to issue a new Decision in which the tasks of organizations will probably be clearer.

## **3) Existing Policies and Decisions**

Regarding rural industries and cottage industry promotion, Quang Nam has issued the following policies and decisions:

Table 3.3.1 Policies and Decisions on Rural and Cottage Industry Promotion

Title	Contents
Decision No 37/2001/QD-UB on 30 July 2001 by Quang Nam PC	To issue the regulations for promotion of and investment in cottage industries and traditional craft villages in the province.
Decision No 13/2003QD-UB on 30 January 2003 by Quang Nam PC	On the mechanism for investment incentives and promotion in the province.
Decision No 26/2003/QD-UB on 20 March 2003 by Quang Nam PC	To issue the temporary regulations of criteria for cottage industries and craft villages in the province.
Decision No 40/2003/QD-UB on 14 May 2003 by Quang Nam PC	On the mechanism for management and investment incentives in the province.
Decision No 10/QD-UB on 26 February 2001 by Quang Nam PC.	To issue the regulations for promotion of and investment in the textile, garment and footwear industry in the province.
Quang Nam PC's action plan to implement Central Communist Party's Resolution 5:	Strengthening agriculture and rural industrialization and modernization in Quang Nam province in 2001 – 2010.
Decision No 44/2003/QD-UB on 5 June 2003 by Quang Nam PC	To approve the project on developing Quang Nam as a industrial province with the direction of strengthening industry and services production.
Decision No 143/QD-UB on 15 January 2003 by Quang Nam PC	On the formation of Quang Nam's industrial extension management Board.
Decision No 04/2002/QD-UB on 25 March 2002 by Tam Ky town PC	To issue the regulations for investment incentives and promotion in cottage industry in Tam Ky town, Quang Nam province.

Source: Quang Nam provincial government

### 3.4 Potentials, Advantages and Difficulties in Craft Development

#### 1) Potentials and Advantages

Quang Nam's traditional craft villages have been in existence for years, and some craft villages are famous nationwide such as the Thanh Ha ceramics village, Kim Bong carpentry village, Phuoc Kieu bronze casting village, Bao An silk unraveling and silk making village (Dien Ban), Thi Lai – Dong Yen silk unraveling village, Ma Chau weaving craft village, An Hoa artisan ceramics village (Duy Xuyen), etc.

Raw material supply (e.g. rattan and bamboo) is sufficient in type and, if properly planned for replanting and exploiting, can satisfy demands of the craft enterprises and villages at localities and in other provinces. Other materials, such as mulberry trees and cotton plants have high yields and are suitable for different kinds of soil in the province.

Quang Nam has great potentials for tourism with two World Heritage Sites namely the old town of Hoi An and My Son relics. It also has 61 historical sites. Its coastline stretches for 125km and have numerous beautiful beaches especially in Tam Ky, Hoi An and Dien Ban. The tourism industry has cooperated with the craft sector in establishing tours to the craft villages combined with traditional festivals and buying of craft souvenirs.

Quang Nam has a favorable geographical location being in the principal area of the

central region's main economic development region (Hue – Da Nang – Quang Nam – Quang Ngai) with sufficient land, railway, airway and water transportation systems that connects it to other provinces. Located between the two airports of Da Nang and Chu Lai are the two seaports of Da Nang and Ky Ha at the two ends.

The province's people are hard working. The labor force in the craft sector is expected to reach 1,081,500 accounting for 71.15% of its population in 2005 and 1,223,500 in 2010, for a hefty 74.6% population.



World Heritage Site of Hoi An



World heritage Site of My Son

## 2) Shortcomings and Difficulties

Agro-forestry and fishery sectors have faced countless difficulties due to natural disasters and unfavorable weather. The increase in the share of crop production and animal husbandry in the economy has progressed slowly. Support for households from cooperatives is not efficient.

Industry is still small scale and lacks leading establishments. Production technology is obsolete, thereby lacking market competitiveness for its products.

Because the craft industries and the craft villages developed spontaneously they lack proper planning. Some localities have yet to build up socio-economic development plans, leading to difficulties in development direction for the craft sector.

The lack of large-scale and highly stable enterprises to turn them into hubs and connecting bridges to develop cottage industries is apparent, and cooperation and alliance among economic sectors is still fragmented.

The consuming market is usually unstable. Enterprises do not have sufficient market information and are not able to participate in many trade fairs, exhibitions, etc. to help promote sales and search for new markets. There is also a lack of organizations (state, private and NGOs) to serve as BDS providers that support craft enterprises at the villages to improve technology and business management and to get access to markets.

Infrastructure at craft villages does not meet demands, which causes difficulties in materials supply and product transport. Production sites of enterprises are small and there have been no effective measures to control pollution.

The majority of cottage industry production is small scale with poor facilities, old equipment, outdated technologies, inappropriate labor structure, low productivity, high intermediate cost, high production cost, poor product quality, insignificant output, weak competitiveness, and lacking distinguishing characteristics and attention to designs and packing. These factors have largely influenced business efficiency, leading to unstable production, low labor income and limited revenue for reinvestment.

Rural worker's expertise in the enterprises is still low and mainly relies on previous experience and highly skilled workers. Technical and managerial laborers are seriously lacking. According to a 2002 statistics, 89.68% of rural enterprise workers have never undergone job training, 8.53% had primary level education, 1.18% had secondary level education, 0.20% had college education, and only 0.41% had university or higher education. At present, the province's vocational schools or training centers and relevant agencies do not have budgets and teachers to open training courses for craftspersons, which is one big shortcoming in the rural craft industries.

Onsite raw materials supply, although sufficient in type, has inferior quality and cannot meet production demands. Some materials do not have plans for replanting and exploiting. Raw materials supply for certain industries is running short even as there is a large dependence on them such as wood for ship building and repairing and carpentry at the craft villages. Materials for knitting and rush mat weaving villages are too substandard to produce quality craft items for export.

Local capital has not been fully mobilized and utilized and the mobilization of residents' capital for production development is still low. Local production activities are only reliant on government funds under programs and projects with interest rates. The people continue to have little information on commercial banks and development assistance funds. The lack of capital is the cause of poor technology and techniques, as well as inadequate craft villages' infrastructure for production, leading to difficulties in product and material transportation.

### **3.5 Major Issues**

From the analysis of the potentials, advantages, difficulties, and shortcomings, it can be seen that for Quang Nam, the following major issues should be addressed so as to develop its craft sector.

- (a) Securing of Raw materials supply: Improve materials quality, proper planning on planting and harvesting of raw materials,.
- (b) Improvement of technology and product quality: Identify processes in each craft making that need to be improved or can be applied with machines to increase quality, save on labor and improve productivity.
- (c) Design and product development.
- (d) Human resources development: e.g. capability, knowledge, skills and experience.
- (e) Information to introduce craft sector.



- (f) Financing and capitalization.
- (g) System of craft consumption, market access and sales promotion.
- (h) Cooperation with tourism: building tours to the craft villages in combination with traditional festivals, and the participation and buying of craft souvenirs.
- (i) Traditional value preservation of crafts and craft villages.
- (j) Support for ethnic minorities in craft production and craft traditional values preservation (mainly brocade weaving of ethnic minorities in mountainous districts of Tra My, Phuoc Son, Nam Giang , Hien, etc.)
- (k) Environmental protection, workers' safety, and health protection.

## **4. CRAFT DEVELOPMENT MASTER PLAN FOR QUANG NAM PROVINCE**

### **4.1 Orientation for Craft Development**

#### **1) General**

Rural industry and craft village development in Quang Nam province must create a sustainable economic structure and shift towards agricultural and rural industrialization and modernization. Commodity production should be emphasized and the province's inherent advantages on natural resources, human resources as well as other advantages should be fully utilized to boost its industry and attain a quick, sustainable and effective growth.

The development of its rural industry must be in close coordination with the agriculture, industry and commerce sectors. At the same time, there must be support for the operation of production establishments.

Industry development investment in rural areas and traditional craft villages should select the proper scale and employ the combination of traditional and modern technologies to produce high quality and competitive products that can create jobs for rural workers.

Traditional craft village development should be done in a justifiable scale, combining preservation of traditional elements, creation of distinctive and delicate products with typical features of national cultural identities.

Industry development in the mountainous and remote areas should be enhanced in tandem with investing in socio-economic development to help improve the living standards in these areas.

#### **2) Overall Orientation for Craft Development**

Encourage craft promotion, enlarge production establishments and services that can utilize on-site materials and local labor to create more jobs for rural off-farm season labor, gradually re-allocate labor distribution, decrease agricultural labor and increase labor in non-farming areas, improve farmers' income, and limit spontaneous immigration from rural to urban areas.

Develop industrial clusters and craft villages in cooperation with concentrated cottage industry clusters and craft centers in some districts and towns to attract investment in production development, along with the utilization of the craft villages' strengths. Move the establishments causing pollution to areas that are far from residential districts in the villages.

Restore and develop crafts and the craft villages, multiply new crafts and the craft villages. Utilize potentials for tourism, i.e. World Heritage Sites of Hoi An ancient town and My Son relics, through collaboration with craft village tours and craft purchasing.

### **3) Orientation for Craft Item Development**

Focus on the following crafts that have potentials, strengths and markets:

- i) Rattan and bamboo products
- ii) Silk, fabric, brocade weaving products of ethnic minorities in the mountainous areas
- iii) Furniture and artisan woodworks, ship building and repairing
- iv) Ceramics
- v) Rush mats
- vi) Metal works (aluminum and bronze casting, mechanical forge)

In Quang Nam's 2010 socio-economic development master plan (Quang Nam PC, March 2000), development orientation for craft villages and cottage industry is quoted in a passage that states: "By the year 2010, Quang Nam will focus its strength on reviving and improving production capacities for traditional craft villages such as silk weaving in Duy Trinh (Duy Xuyen), in the Thu Bon River communes, some villages in Dien Ban, Dai Loc etc.; casting in Dien Ban; porcelain in La Thap; ceramics in Thanh Ha; and several other craft villages involved in weaving, rattan and bamboo, wood crafts etc. in the rural areas in order to meet domestic demands, increase income, generate jobs and improve the economic landscape of the rural areas."

### **4) Orientation for Craft Village Development**

The focal villages are as follows:

#### **(a) Silk unraveling, silk making and fabric weaving villages**

Silk unraveling and silk making villages: Quang Nam is planning the formation of materials zones, including the revitalization of a 3,000ha mulberry plantation that will produce a cocoon output of 2,400 tons and silk output of 240 tons. There is a large market demand for silk thread and silk, but this demand requires high quality. Therefore, the revitalization and development of silk unraveling and silk making must pay attention to technological and equipment standards to create high quality products that will sell at competitive prices. In the upcoming stages, focus should be on the revitalization and development of the following silk unraveling and silk making villages:

- Investment in the development of Chau Hiep, Duy Xuyen silk making villages (Nam Phuoc town's unraveling and weaving cooperative).
- Investment in the revitalization and development of Bao An silk making villages (Dien Quang cooperative), utilizing the premises of Dien Quang silk unraveling factory.
- Formulation of projects for the development of Dong Yen, Thi Lai, Giao Thuy and Trung Phuoc silk making villages for both concentrated production and support for households engaged in manual silk unraveling.

- Investment promotion to attract domestic and foreign enterprises to invest in silk unraveling and silk making.

Fabric weaving villages: Concentrate investments in technological innovation through the combination of both traditional and modern technologies, gradually replace old and outdated equipment, study the development of new weaving products with high quality such as *kate* cloth, etc. From 2003 onwards, the following craft village projects shall be implemented:

- Investment in production facilities for Duy Trinh weaving village.
- Investment in the revitalization and development of Nong Son weaving village.
- Investment in equipment renovation in Nam Phuoc town's weaving village.
- Investment in concentrated brocade weaving, formulating projects for revitalizing brocade weaving in the mountainous districts, such as Dong Giang, Nam Giang, Que Son, Bac Tra My, and Nam Tra My, by way of government support and investment in workshops, equipment and technology transfer.

#### (b) Ceramic villages

Thanh Ha ceramic village (Hoi An): Formulate projects for revitalizing and developing the Thanh Ha ceramic village through investing in concentrated production units, combining modern technology with traditional techniques to create skillfully made and beautifully designed artisan ceramic products aimed at the export markets; and at the same time, invest in ceramic production technology and equipment of craft households.

- Improve ceramic baking technology and equipment to gas kilns.
- Plan local materials zones to supply materials for ceramic production.

Regarding ceramic production establishments in Dien Ban, Duy Xuyen, Que Son, investing in production expansion and creation of ceramic designs for souvenirs, home items, decorative ceramics, and ceramics for export should be maintained.

#### (c) Phuoc Kieu aluminum and bronze casting

Directions for the development of Phuoc Kieu casting village: Form the center of Phuoc Kieu casting village, invest in technology and facilities for Dien Phuoc aluminum and bronze producing factory, produce traditional aluminum and bronze products, products for industrial/construction works, motorcycle assembly, home applications, etc.

Assist households in capital borrowing to improve production sites, renovate technology for the production of aluminum and bronze products such as *thanh la, cong, chieng, dai hong chung, bo tam su*, souvenir products and furnishings, etc. Provide incentives to master artisans in the craft villages to strengthen craft skills training as well as maintain traditional value preservation.

(d) Kim Bong carpentry village

Continue the expansion of Kim Bong carpentry establishments in Hoi An towns in close connection with tourism development; strengthen the search for consumer markets, study the production of skillfully made craft items such as inlays and produce woodworks from forest wood and garden wood. Develop the Huynh Ri carpentry establishment through job training, expansion and support for households.

(e) Bamboo and rattan knitting villages

Develop the production of bamboo and rattan items in upcoming stages to ensure high growth rate, create jobs for 1,400-1,500 workers annually and reach export values amounting to 3.5 million USD in 2005, and 7 million USD in 2010.

Regarding bamboo knitting villages such as Tam Vinh village: Formulate projects for craft village revitalization and development until 2005, set jobs for 1,500 local workers and create 500 new jobs.

For An Thanh bamboo knitting village (Dien Thang, Dien Ban): Invest in the production of craft items from bamboo and rattan.

Bamboo letter making in Hoi An: Invest in the technology to improve bamboo quality, expand production sites and aim at the export market.

Bamboo knitting villages in Dai Loc, Thang Binh: Form a business organization to be the hub for materials supply and product consumption.

Development of export bamboo and rattan production: Invest in production expansion and form new establishments, concentrate both production and processing at the household level in the district and town. Form establishments for both craft production and for preliminary rattan processing in the mountainous districts.

Form bamboo and rattan production clusters to create new craft villages such as in Thanh Ha ward area in Hoi An, Dien Thang – Dien Ban, Duy Xuyen district area including Duy Phuoc commune, Nam Phuoc town and Duy Son to form bamboo and rattan production clusters along the Hoi An – My Son tourism route.

In Nui Thanh town, the establishments under Au Co bamboo, rattan and leaves workshop and Dong Tin limited company should be developed to revitalize the crafts and promote coconut fiber carpet.

(f) Rush mat weaving

Study design improvement, weaving technology renovation, product quality improvement, and the creation of new designs such as symbols and textures on products. There should be focus on consuming markets, seek the formation of craft village enterprises to deal with materials supply services as well as product consumption.

Formulate projects to revitalize and develop the Thach Tan, Ban Thach and Duy Phuoc

rush mat weaving villages.

Support households in the Triem Tay, Cam Kim and Duy Phuoc rush mat weaving villages along business development aspects.

(g) Other craft villages

Encourage the development of craft villages on boat building and repairing, Lam Yen leather drum making, conical hat making, etc. so as to help increase local employment and contribute to rural industry and cottage industry development.

## **5) Orientation for industry and cottage industry clusters development**

Study the build up of industry and cottage industry clusters associated with traditional craft villages in Thanh Ha (Hoi An), Phuoc Kieu (Dien Ban), Duy Trinh (Duy Xuyen), Tam Vinh (Tam Ky), Nui Thanh, etc. and other craft villages.

Plan small-scale cottage industry centers in rural townships, districts, towns, and commune cluster centers in the mountainous districts.

Aside from the concentrated industry and cottage industry clusters, Quang Nam also has other cottage industries though scattered tend to utilize existing infrastructure and indigenous materials and labor supplies, in effect directly influencing the socio-economic development of many localities. From now to 2010, there will be a lot of scattered small to medium-scale cottage industries along National Road A1, the new branches of National Road A1, provincial roads, and district centers. On the Hoi An – My Son route and other routes to traditional craft villages, establishments that produce crafts for export and tourists will be formed.

To contribute to the economic development of the mountainous areas and the midland districts, it is necessary to create a favorable condition for private establishments and households to develop the production of ethnic traditional crafts such as rattan and bamboo products and brocade weavings apart from small-scale food and forestry product processing and other industries.

## **6) Orientation for market development**

Domestic market: Craft village products are usually oriented to markets in the Central Highland because of its accessibility. Moreover, with Quang Nam's crafts have unique characteristics that can meet customers' tastes in the regions. The next step is getting access to markets nationwide through distribution channels, especially products and materials for commodity production.

Export market: Based on the MOT forecast, statistics of the General Customs Department on the craft export turnover of Vietnam to other countries, market direction can be made for the following craft items:

(a) Rattan and bamboo: Major markets are Japan, Taiwan, Korea, France, Germany, England, Belgium, Singapore, etc.

- (b) Artisan woodworks: Japan, US, Taiwan, Hong Kong, China, France, Singapore, etc.
- (c) Ceramics: France, England, Netherlands, US, Germany, Belgium, Japan, Hong Kong, Singapore, etc.
- (d) Silk and fabrics: US, France, Germany, Italy, Denmark, Russia, etc.

## **7) Orientation for material development**

Plan for materials replanting and proper exploitation of bamboo and its related materials. Regarding the materials supply for craft villages (furniture and artisan woodworks, ship building and repairing), wood supply is distributed due to annual harvest plan and come from gardens and tree plantations. Increase tree plantation yield from 150,000 to 200,000 m<sup>3</sup>/ year in 2005.

Revitalize and develop raw materials areas for silk unraveling, silk making and fabric weaving. In the coming years, expansion of materials area and formation of concentrated materials areas will be done so as to ensure 5,000ha for cotton and 3,000ha for mulberry.

Invest in studies to look for alternative materials to cover the demand for natural forest wood to make into furniture and other crafts, refined products for export, and ship building and repairing.

## **4.2 Role and Objectives of the Provincial Master Plan**

The Craft development master plan of Quang Nam aims to establish an effective policy framework on poverty alleviation and rural development through the development of the craft sector. Findings and recommendations in the provincial master plan can be applied in policy making and implementation because rural industries development in general and craft development in particular are identified as some of the basic tools in the National Program for hunger elimination, poverty alleviation and rural economic growth.

The craft development provincial master plan are based on following:

- The province's socio-economic development strategy; rural industry and craft villages development in Quang Nam province in 2002-2010; the opinion, directions and policies of the province on craft industries.
- Province's internal potentials of geographical location, socio-economic conditions, labor, market, infrastructure, etc. can be mobilized for craft industry development.
- Craft villages' potentials of tradition, management experience and skills of craftspersons.
- Craft development master plan at central level.

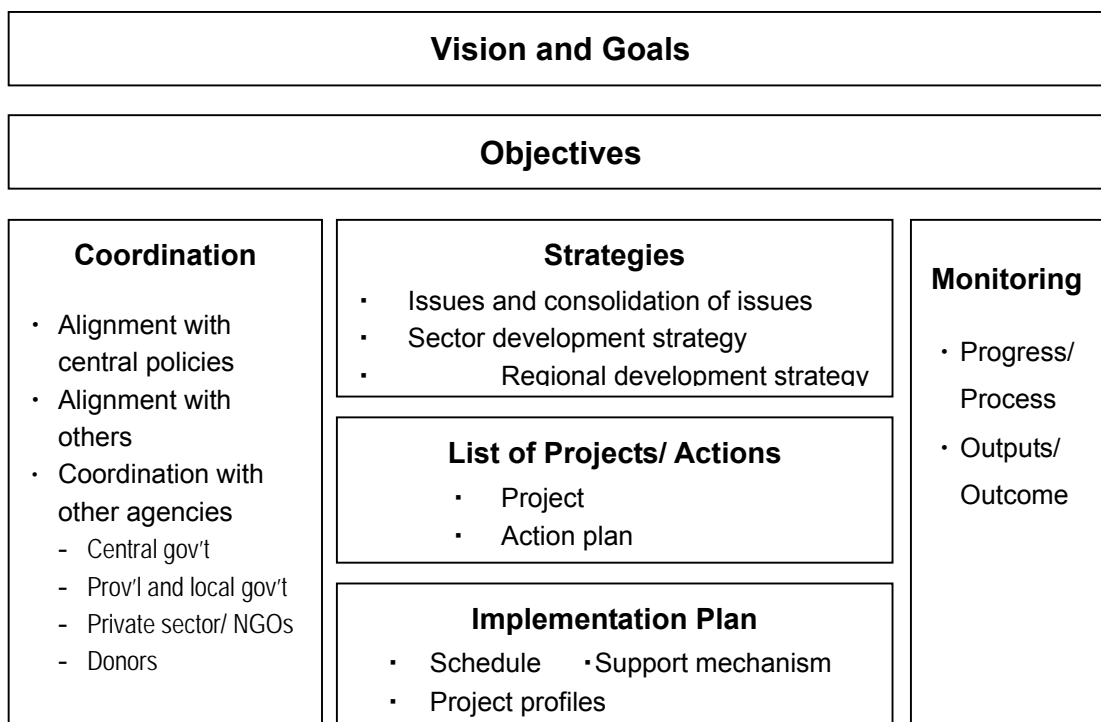
### 4.3 Goals and Objectives of Craft Development

The craft development master plan should mention the following issues:

- (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. Its framework is hierarchical, from the future basic objective (Vision, Goal), detailed objectives (Basic Objective), some indicators for craft development based on the province's socio-economic growth indicators, basic direction to achieve objectives (Strategy), actions to implement the content mentioned above (Action Plan), to measures for implementation (see Figure 4.5.1).
- (b) **Transparency in Adjustment of Policies and Role Sharing among Stakeholders:** Rural industrialization through the development of the craft sector involves a wide spectrum of stakeholders: relevant government administrators, individuals and groups, NGOs, producers, distributors, rural master artisans and craftspersons, consumers, etc. Collaborative mechanisms on various activities for the craft sector are underscored in the master plan. Effective collaboration between the government and the private sector lie at the core of such an objective. The private 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 ensuring the private sector's gains and goals.
- (c) **Institutionalization of the Master Plan:** In the provincial master plan, it is necessary to study the government's policies – which to apply and which to propose, especially those suitable for local situations and those that apply for villages and communes. Prime Minister's Decision No 132 cites incentives to promote rural industries development. For two years now, provinces have implemented Decision No 132. After this event, the government will issue amendments and modifications or issue new decisions that will suit new conditions. Following the release of new decisions will be their application and institutionalization in provincial craft development master plans for policy implementation toward common goals.

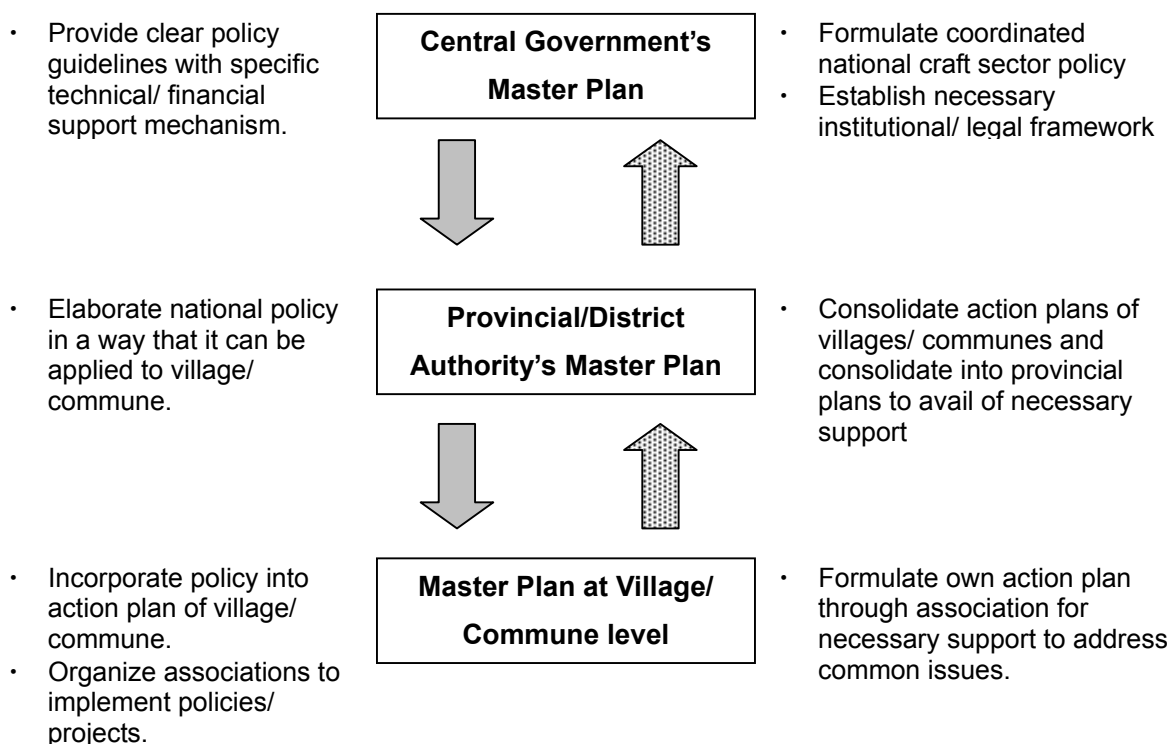


**Figure 4.3.1 Structure and Components of the Master Plan**



Source: JICA Study Team

**Figure 4.3.2 Role of Master Plan at Central, Provincial/District, and Commune/Village Levels**



**4.4 Vision and Goal of Craft Development in Quang Nam**

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

Vietnam’s craft sector, over the past years, has gained rapid growth contributing to industrialization, income generation and job creation in the rural areas.

However, putting a premium on growth alone without due consideration to sustainability will be counterproductive. The framework for rural livelihood, the social structure of the craft villages and the cultural values and traditions 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 for cheap labor. Likewise, their indigenous raw materials, without sustainable development, will eventually dry up causing the disappearance of the 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 in Quang Nam**

Craft sector development must take on a multisectoral approach, i.e. it should cover not just the economic but cultural, social and environmental aspects. 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 future goal of craft development in Quang Nam is defined as follows:

**VISION and GOAL of Craft Development (tentative)**

Accelerate economic restructuring toward rural industrialization and modernization, higher share of craft sector through development of rural industries in general and craft production in particular, and stronger competitiveness and traditional value preservation.

Source: JICA Study Team

**3) Basic Objectives**

The province’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 concretize the goal mentioned above, the following basic objectives were set:

**Establishment of a Sustainable and Competitive Production System:** It is important for Quang Nam (i) to bring into full play competitive advantages such as abundant raw materials supply, favorable location thanks to being a part of the Central Focal Economic Zone and near Da Nang City and (ii) to strengthen linkages between craft sector and tourism sector in the province (it has two World Heritage Sites besides countless beauty

spots, traditional crafts), with improvement of technology and productivity, product quality, production skills, and working conditions for sustainable development.

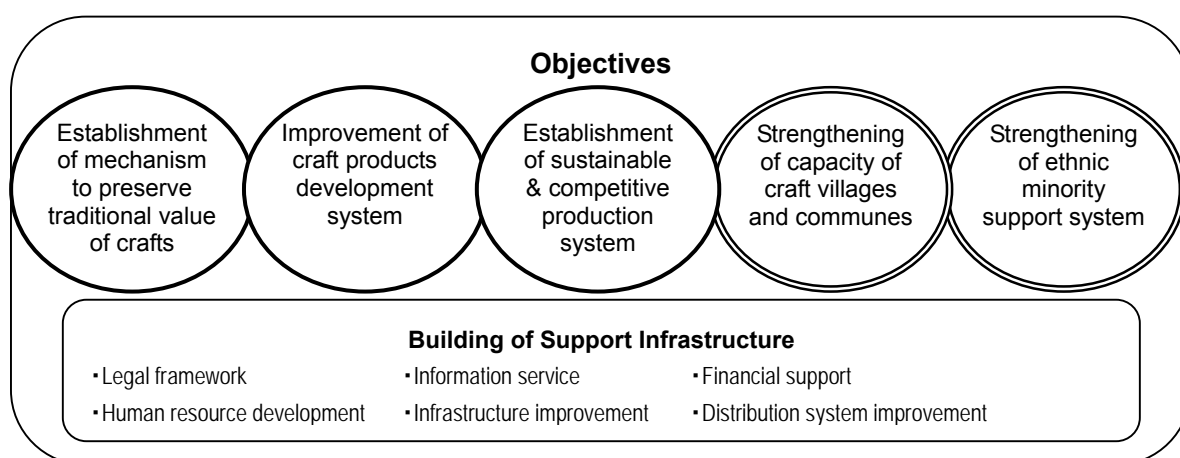
**Improvement of Craft Products Development System:** Improvement must be made in design, production skills, product quality, and linkage between producers, designers and markets. At the same time, copyright and trademark protection for local crafts and craft villages, especially for reputable enterprises must be secured.

**Establishment of Mechanism to Preserve Traditional Craft Value:** The province has several traditional crafts and craft villages with long history (silk weaving in Duy Trinh, wood crafts in Kim Bong, bronze casting in Phuoc Kieu, ceramics in Thanh Ha). Local governments and local museums (Hoi An Museum, Dien Ban District Museum, Duy Xuyen District Museum) must provide support for craft villages to identify traditional values in local crafts, conduct documentation of craft history and construct traditional houses, conduct village festivals and other preservation activities.

**Strengthening of Capacities of Craft Villages and Communes:** Most of the local crafts are made in rural areas. Related sectors such as industry, cottage industry, agriculture, trade and tourism, together with local authorities, should provide assistance and support for the craft villages and communes so as to improve their capacity through the participatory establishment of village and commune development plans, which analyze in detail the pros and cons, as well as roles and impacts of craft development.

**Strengthening of Ethnic Minority Support System:** Quang Nam has 8 mountainous districts. Brocade weaving, which is pursued in Bac Tra My, Nam Tra My, Phuoc Son, Nam Giang, Dong Giang, and Tay Giang, is highly traditional, especially in the communes of Ta Lu (Dong Giang) and Cha Vai (Nam Giang). There is a need to enhance awareness of traditional values in crafts among the ethnic minorities (such as beads in brocades, motifs, etc.). It is also important to improve the public's awareness of crafts done by ethnic minorities. Local governments should provide support and make investments in production, training, distribution, and marketing.

Figure 4.1.1 Basic Objectives of Craft Development



Source: JICA Study Team

## 4.5 Main Targets of Socio-economic Plan and Craft Development Plan up to 2010

### 1) Goal of Agriculture and Rural Industrialization and Modernization

The long-term goal of agriculture and rural industrialization and modernization in Quang Nam is developing agro-forestry in the direction of sustainable, diversified and efficient commodity production; creating agriculture products for export, strengthening industrial processing and services for agriculture production; developing rural industries, increasing the shares of industry and services in rural economic structure, especially transportation, irrigation, electricity and schools; shifting labor structure from agriculture to industrial, cottage industry and services; and improving the material and spiritual lives of the people, especially people in rural and mountainous areas.

**Table 4.5.1 Some indicators for socio-economic Development to 2010**

Indicators		2005	2010
Economic structure (%)	Agriculture	32	22.8
	Industry – cottage industry	32	40.0
	Services	36	37.2
Agro-forestry and fishery production value (VND bil.)		2,243	2,693
GDP growth (%)		9-10	11-12
Export value (thousand US\$)		65,000	110,000
Growth rate of Export Value (%)		20	25
Average annual income (USD/persons)		340-370	575-680
Poor households (%)	Midland	20	10
	Mountainous areas	under 30	(whole area)
Agriculture labor rate		75	65
Employed labor compared to labor needing jobs (%)	Industry, cottage industry	9.1	11.8
	Construction	4.2	4.9
	Agro-forestry and fishery	66.0	58.1
	Services	20.7	25.2
Rate of households involving in electricity gridline		90	100
Coverage of telephone (%)	Plain	100	100
	Mountainous area	45	60
	Number of telephone ( per 100 people)	3.5	20
Rate of rural households using clean water		75	100
High school education (%)	At towns, townships and industrial zones	100	100
	In districts in plain	30	60
Rate of villages having health care centers employed with doctors (%)		60	80
Number of tourists	Total	370,000	760,000
	Foreign tourists	305,500	580,000
	Domestic tourists	64,500	180,000
Average growth speed (%)		17.06	15.48
Turnover of tourism (VND mil.)		223,000	680,000

Source: 1) Quang Nam's master plan for socio- economic development to 2010 (8/2002)

2) Report of Dept. of Planning and Investment (11/2003)

3) Quang Nam PC's action plan on rural agriculture industrialization and modernization (08-Ctr/TU 30/8/2002)

**Table 4.5.2 Some Indicators for Industry and Cottage Industry Development**

Indicators	Unit	2001	2005	2010
Industrial production value (according to fixed price)	VND bill.	1,327	2,800	4,994
In which: Industrial production value in rural areas		1,098	2,373	4,245
Industrial share in GDP	%	26.5	32	40
Average growth speed of industry-cottage industry production value	%	20.9	21	21.5
Labor	person	42,892	84,000	112,000
Export value of industry-cottage industry products	USD mill.	12.5	55	85
- In which crafts		0.39	5	12

Source: Project on rural industry and craft village development in Quang Nam in 2002-2010 (DOI – 8/2002). Report of Dept. of Planning and Investment, Dept. of Trade (11/2003)

#### **4.6 Proposed Strategies and Action Plans for Craft Development**

In the parts mentioned above, based on the analysis of potentials, advantages and difficulties and the 11 major issues that need concentrating on in craft development, the basic directions have been defined: Vision, goal and objectives. From 6 objectives, 85 strategic contents and action plans presented in the following sections have been developed. Thirty-two action plans have been selected (as A in Tables 4.6.1~ 4.6.6) and they need to be prioritized for implementation (see Table 4.6.7).

**Table 4.6.1 Proposed Strategies and Action Plans for  
 “Establishment of Mechanisms to Preserve Traditional Value of Crafts”**

Strategy		Action Plan/Project		Description	Priority	Sites
A1	Documentation of craft village traditions	A11	Creation of Guidelines for Research and Documentation of Traditional Crafts	This aims to create a manual to identify and document such values	B	Initially in Traditional Craft Villages: Thanh Ha (ceramics), Kim Bong (wood), Chau Hiep, Dong Yen, Thi Lai, Trung Phuoc, Giao Thuy, Duy Trinh (silk), Phuc Kieu (copper), Tam Vinh, An Thanh (rattan, bamboo) Thach Tan, Triem Tay (weaving)...
		A12	Documentation of Tradition Values in Crafts and Craft Villages	Conduct surveys, researches and coordinate with relevant agencies based on participation of local villagers to document traditional values in crafts and craft villages.	A	
		A13	Presentation of Traditional Crafts Documentation Outcomes	Collect documents, edit and publish publications to introduce traditions of crafts and craft villages..	B	
A2	Strengthening of local museums	A21	Exhibits of craft products in Local Museums	In many history and culture museums, a number of traditional crafts are on displays. It is necessary to strengthen collections and displays of such crafts..	A	Provincial History and Culture Museum, Hoi An Museum, Dien Bien District Museum, Dien Ban District Museum, Duy Xuyen District Museum
		A22	Establishment of provincial craft museums	Establish exclusive museums for craft sector. Display all items that present historical development processes, production techniques, and unique crafts	B	
		A23	Building Traditions House for craft villages	Provide support and mobilize the whole society to construct Tradition House where historical items will be kept, which would represent traditions and uniqueness of local crafts	B	
A3	Promotion of traditional craft research	A31	Listing research schemes, and getting registration.	List all aspects that need researches for development of the craft sector, list all scientific researches and technique improvement projects, get registration with administration agencies to make use of budget for scientific researches.	B	Improvement of furnace and molds for bronze casting in Phuoc Kieu and ceramic kiln in Thanh Ha, and improve silk raveling techniques.
		A32	Donations for researches on restoration of diminished crafts	It is necessary to provide financial assistance for experts and master artisans making efforts to revive diminished techniques and crafts.	B	
A4	Enhancement of master artisan system	A41	Revitalization of Master Artisan System	This aims to revive master accreditation system and conduct preferential policies for master artisans.	A	Provincial PC, DOCI, DOI, VCA, DARD, District PC, DPI, Commune PC, craft villages, artisans
		A42	Provide supports for and help exhibit crafts made by master artisans	This aims to annually conduct exhibition of crafts made by master artisans based on full assistance from the government	B	
		A43	Fostering of master artisans. Providing financial for master artisans to provide training of traditional crafts	Formulate different training types, foster more knowledge on culture, techniques, economics and aesthetics for master artisans. Provide assistance for master artisans to open training courses for younger generations	B	
A5	Conferment of title of traditional craft	A51	Establishment of System for Conferment of Traditional Craft Title	This aims to establish a system for periodical conferment of traditional craft title from the national viewpoint of preserving traditional values and from the local viewpoint of promoting local industries.	B	Traditional Craft villages; District DPI, DOCI, Industrial Extension Center, VCA
		A52	Collection and Preservation of Traditional Crafts	This aims to collect samples of traditional crafts for preservation in museums, tradition house or private collections. Prepare a list and profiles of such crafts.	A	
		A53	Dissemination of information on Traditional Crafts	Conduct exhibits, introduce through publications on craft products attached with explanations and presentations for public knowledge.	B	

**Table 4.6.2 Proposed Strategies and Action Plans for  
 “Improvement of Craft Products Development System”**

Strategy		Action Plan/Project	Description	Priority	Sites	
B1	Strengthening of craft design capacity	B11	Creation of Design Curricula for Existing Educational Institutes	Targets of this action plan are students in craft-related universities, craft vocational schools, designers in production units	A	Quang Nam Vocational School, Dien Bien vocational center
		B12	Establishment of Design Promotion Unit under Provincial Industrial Extension Center	Provide support for and promote design activities in production unit.	A	Industrial Extension Center (DOI)
B2	Strengthening Development Services	B21	Pilot training of craft coordinators	Coordinators are links between producers, designers and markets. It is important to train coordinators (who come from production units, enterprises )	B	DOI, IEC, DPI (district), big enterprises (Duy Son, Au Co, Huynh Ri, Tran Thu etc.) VCA
		B22	Development of BDS provider network	BDS providers are to provide consultant and support services for product development. Based on existing organizations (VCA, Rural Industry Enterprise Association), it is to encourage private sector to set up new BDS organizations	B	
B3	Strengthening of technical skills in craft making	B31	Identification of Craft Skills that determine craft quality	This should initially done for key crafts such as wood, ceramics, rattan and bamboo etc.	A	Thanh Ha (ceramics), Suy Son, Au Co (rattan, bamboo), Cam Kim, Dien Ban (wood), Tan Phu
		B32	Conduct Craft Competitions	This aims to preserve traditional craft production techniques and apply new ones	B	
		B33	Establishment and standardization of training system	This aims to promote craft training for younger generations through establishment of adequate training system in educational institutes, production units and enterprises, with support given to trainers and trainees..	B	Vocational Schools, enterprises in villages
B4	Establishment of intellectual property rights system	B41	Apply property right protection to craft products	Set up legal framework and organize protection of copyrights for craft products and intellectual properties.	B	DOI, DOST, enterprises in Kim Bong, Phuoc Kieu etc.
		B42	Get registration with relevant agencies	Strengthen registration system and provide certificates for special products, make it possible for get registration with relevant international agencies.	B	
B5	Provision of opportunities for market appraisal	B51	Participation Assistance in Local and International Fairs and Exhibitions	This aims to hold fairs and exhibitions for better marketing of the products	A	DOT, DOI, DoTourism, enterprises in craft villages
		B52	Dispatch of Specialists and Exchanges	This aims to develop a system of dispatching and exchanging Vietnamese or foreign specialists	B	
		B53	Establishment of Matching System for Producers & Buyers	This aims to provide better matching opportunities between production regions and buyers by gathering information about them.	A	

**Table 4.6.3 Proposed Strategies and Action Plans for  
 “Establishment of Sustainable & Competitive Production Systems”**

Strategy		Action Plan/Project		Description	Priority	Sites
C1	Securing sustainable raw materials	C11	Inventory Survey of Raw Materials	Formulate planning of raw material areas for craft productions, and formulate raw material supply programs for other provinces as well as raw material purchase programs from other places.	A	DARD, DONE, DPI District PC Craft villages
		C12	Improvement of raw material cultivation techniques	Improve planting, harvesting techniques and technologies for sustainable supply of high-quality raw materials and securing regeneration of raw materials	B	
		C13	Establishment of standardized raw material processing factories	Improve and standardize processing techniques in production units and factories. Establish standardized processing factories for supply for craft production.	B	
C2	Local industry promotion	C21	Promotion and assistance for of local craft development	Create opportunities to strengthen linkages among production regions and exchange for craft development, expand existing crafts and create new ones.	B	IEC (DOI), DARD, District DPI, commune PC, craft villages
		C22	Promotion of cooperatives and small and medium size enterprises in craft villages	Develop cooperatives, enterprises in craft villages to provide further support and assistance to production in households, and create direct exchange with consumption markets for craft households.	A	
		C23	Development of Production Areas as Local Brands	Guide and help craft villages to develop their own brands for the products that they make and secure their copyrights	B	
C3	Establishment of technical improvement & quality control system	C31	Revitalization and development of unique techniques	Guide and assist master artisans in craft villages to revive and develop unique traditional techniques and apply to new crafts	A	DOST DOI District DPI Enterprises Craft villages
		C32	Support for producers to improve production technology and apply new achievements	Provide support and assistance for producers to maximize their initiatives in improvement of techniques and tools. Instruct and help them in using new equipment, technology.	B	
		C33	Establishment of Quality Control Criteria	Establish quality control criteria for craft production, manufacture measure equipment and tools and provide instructions and guidance for quality control activities in craft villages.	B	
C4	Improvement of training quality for craftspersons	C41	Development craft training manual	Prepare craft training manuals suitable for learners as craftspersons in craft villages and provide them for master artisans, chief craftspersons in training others.	A	Quang Nam Vocational schools, Dien Ban vocational center, DOI, craft villages
		C42	Strengthening of training and fostering activities for chief craftspersons and trainers in craft villages	Mobilize vocational schools, experts to conduct short-term training courses for chief craftspersons, master artisans in order to improve their creativeness and training capacity	A	
C5	Strengthening of capacity of managers	C51	Training to foster business management	Conduct short-term training courses to improve business management for business managers	A	DOI IEC VCA District DOI
		C52	Assistance System for Entrepreneurs, cooperatives	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.	B	
C6	Improvement in work environment	C61	Replanning of workplaces and Construct infrastructure	Replanning of workplaces to match technological development and Construct infrastructure for craft production	A	DOLISA DOI Ceramic village of Thanh Ha (Hoi An)
		C62	Establishment of Occupational Safety Support System	This aims to establish a system to provide assistance and instruction in occupational safety management and operation. Provide tools and preventive equipment.	B	
		C63	Improvement of craft village environment	Instruct and provide necessary equipment to improve environmental issues in craft villages. Support local villagers to manage environmental issues on their own.	A	



**Table 4.6.4 Proposed Strategies and Action Plans for  
 “Strengthening of Support System for Ethnic Minorities”**

Strategy		Action Plan/Project		Description	Priority	Sites
D1	Education for minorities on the value of crafts and importance of craft development	D11	Development of Craft Education Method and Manual	This aims to study the craft education method and manuals that suits the capacities and languages of ethnic minorities	B	CEM, DOI, WU, mountainous communes of Tra My, Nam Giang, Phuoc Son ect.
		D12	Development of Village Trainers	This aims to educate and train technicians as village trainers	A	
D2	Preservation of traditional techniques & crafts	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.	B	CEM, DOCI, WU, weaving villages in mountainous districts
		D22	Restoration of Traditional Techniques	This aims to promote restoration activities to conserve vanishing traditional techniques, raw materials and tools.	A	
		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.	A	
D3	Formulation of & familiarization with technical & management guidelines	D31	Provision of Craft Production Technique Training	This aims to provide craft production trainings to local people. Coordinate with NGOs.	A	DOI, DOLISA, WU, CEM Craft villages in mountainous districts
		D32	Creation of Business Management Manual	Management manual (e.g. accounting, cost awareness, negotiation skills, etc)	B	
		D33	Provision of On-the-Job Training	Provide support to improve market accessibility (selling products in local markets or through shops and stores in other countries)	B	
D4	Expansion of fair trade system	D41	Establishment of International Fair Trade Participation Mechanism	Establish a number of production group/cooperatives for ethnic minorities groups with sufficient conditions (working environment, quality control v.v.). Provide support for them to participate in overseas trade fairs	A	DOT, CEM, DOI, WU, VCA, craft villages in mountainous areas.
		D42	Opening of Pilot Shops	This aims to access tourists and have more business experiences.	B	
		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.	B	
D5	Assistance for organizations working with ethnic minorities	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.	B	DOT, CEM, DOI, WU, VCA, NGOs, craft villages in mountainous areas
		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.	B	
		D53	Conduct of Forum among Organizations Assisting Ethnic Minorities	This aims to coordinate with local government agencies and other stakeholders to setup forums for groups and support organizations to have better opportunities for discussions and learn experiences and obtain craft information.	B	

**Table 4.6.5 Proposed Strategies and Action Plans for  
 “Strengthening of Capacities of Craft Villages and Communes”**

Strategy		Action Plan/Project		Description	Priority	Sites
E1	Formulation village development strategy (VDS) through participatory approach	E11	Creation of VDS Manual & Guidelines	Select some villages for pilot implementation.	B	DOI, VCA, Districts and commune PC
		E12	Preparation of VDS Manuals	Prepare manuals and provide assistance for local villagers to select pilot sites and understand more about their craft villages and conduct village development through participatory approach.	B	
		E13	Pilot implementation		B	
E2	Establishment of craft associations	E21	Establishment of Artisan Craft Associations	Conduct study tours to learn more experiences through visiting a number of craft associations in other provinces (Ha Tay, Hanoi, Bac Ninh..)	A	DOI, VCA, Districts and commune PC, craft villages, enterprises
		E22	Preparation of Association Regulations		B	
		E23	Establishment of a number craft associations as pilot cases		B	
		E24	Creation of linkages among associations, enterprises	Prepare a list of groups and organizations related to craft promotion in the province and strengthen linkages among these for better information, technology and human resource exchange	B	
E3	Securing funds for craft production activities	E31	Establishment of Craft Fund	This aims to create a craft fund as accessible financial source of funds for craft villages and producers.	A	DOF, Banks, Development Assistance Fund, commune, district PC, production units in craft village
		E32	Establishment of Financial Procedures to Access Financing Schemes	This aims to review existing banking systems and work out better procedures for easier accessibility to such funds by local producers and craft villages.	B	
		E33	Study on Accessing ODA	This aims to strengthen linkages among craft villages and improve their accessibility to donors’ assisting activities	B	
E4	Environment improvement in craft villages	E41	Study of Environmental Issues in polluted 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.	B	DONE, DOST, DOI, District DPI Ceramic village of Thanh Ha and bronze casting village of Phuoc Kieu
		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.	B	
		E43	Environment Quality Development Assistance	This aims to provide financial and technical assistance on environment quality development self-activities in craft villages.	A	
E5	Establishment of marketing system for village crafts	E51	Preparation of documents introducing crafts and craft items in the village and establishment of trademark	Provide introductions about crafts and craft products, and establish trademark for registration	B	DOI, DOT, enterprises in craft villages
		E52	Development of Tourism/Tourist Incentives	Strengthen linkages between craft promotion and tourism development through better providing better hygienic conditions, improving facilities and opening new tours	A	Craft villages along tourism line of Hoi An, My Son (Cam Kim, Dien Ngoc, Dien Quang, Duy Son, Duy Trinh)
		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.	A	

Table 4.6.6 Strategy and Action Plan for “Building of Support Infrastructure

Content		Action Plan	Priority	Tentative Sites
F1	Strengthening human resource developemnt system for craft sector	F11 Introduce crafts into curriculum of primary and high schools	B	Quang Nam vocational school, Dien Ban vocational center, DOI, MOLISA, VCA
		F12 Reinforce craft training at existing vocational schools	A	
		F13 Buid up human resource developemnt program for craft sector	B	
F2	Establish craft information system	F21 Establish and develop craft information system at provincial/local levels	A	DOI, DARD, DOST, DOTrade, enterprises at craft villages
		F22 Build up plan for craft sector management by IT, e-commerce	B	
F3	Imrove infrastructure	F31 Improve roads to craft villages	A	DOTrans., DOI, DPI, PCs of districts and communes, enterprises at craft villages
		F32 Improve basic services at craft villages	B	
		F33 Build up effective maintenance system for infrastructure/services	B	
F4	Establish a proper capital provision mechanism	F41 Establish a fund exclusive for craft sector management and development	B	DOFP, Banks, Development Support Fund, Commune PC, enterprises at craft villages
		F42 Improve the current financial organizations for providing enough loans to craft sector	A	
		F43 Cooperate with donors to utilize the proper financial and technical support resources	B	
F5	Strengthening institution framework for craft sector management	F51 Reinforce the capability of Provincial Industrial extension management Board	A	Quang Nam's Industrial extension management Board, DOI, DARD, DOTrade, DOTourism, VCA, PCs of districts and communes, enterprises at craft villages
		F52 Create a necessary legislative foundation to ensure the implementation of strategies/action plans in the Provincial Master Plan	B	

Table 4.6.7 Prioritized Action Plans for Craft Sector Development Master Plan in Quang Nam

No.	Code	Action Plan	Expected Sites	Time	Responsible Agencies	Coordinating Agencies
<b>A. Establishment of Mechanism for Preservation of Traditional Values in Crafts</b>						
1	A12	Documentation of Tradition Values in Crafts and Craft Villages	Thanh Ha ceramic village; Kim Bong (Hoi An) Wood village; silk villages of Chau Hiep, Dong Yen, Thi Lai, Trung Phuoc, Giao Thuy, Duy Trinh (Dong Xuyen); bamboo villages of Tam Vinh (Tam Ky), An Thanh (Sien Ban); mat weaving villages of Thach Tan, Triem Tay	To 2004	DOCI DDOCIs Craft villages	DOI
2	A21	Exhibits of craft products in Local Museums	Quang Nam Museum, Hoi An Museum, Dien Ban District Museum, Duy Xuyen District Museum.	To 2004 and yearly	DOCI; DDOCIs, Quang Nam Museum, Hoi An Museum, Dien Ban District Museum, Duy Xuyen District Museum	DOI Craft villages
3	A41	Revitalization of Master Artisan System	Craft villages in Hoi An, Dien Ban, Duy Xuyen, Tam Ky	2004-2005	PPC, DOCI, DOI	DARD, VCA, District and commune PC, DDPI, craft villages, artisans
4	A52	Collection and Preservation of Traditional Crafts	Thanh Ha ceramic village; Kim Bong (Hoi An) Wood village; silk villages of Chau Hiep, Dong Yen, Thi Lai, Trung Phuoc, Giao Thuy, Duy Trinh (Dong Xuyen); bamboo villages of Tam Vinh (Tam Ky), An Thanh (Sien Ban); mat weaving villages of Thach Tan, Triem Tay	To 2004 and yearly	Identified traditional craft villages	DOCI, DOI, IEC, VCA, DOCI, DDPI
<b>B. Improvement of Product Development System</b>						
6	B12	Establishment of Design Promotion Unit under Provincial Industrial Extension Center	IEC and consultant (DOI)	2004-2005	IEC and consultant (DOI)	Vocational schools, some craft villages
7	B31	Identification of Craft Skills that determine craft quality	Thanh Ha Village (ceramics), Duy Son Commune (rattan and bamboo), Cam Kim Commune and Dien Ngoc Commune (wood), Tan Ph commune (boat building)	2004-2005	DOST, enterprises in craft villages	DOI, Hoi An DDPI, Duy Xuyen, Tam Ky, Nui Thanh, Sien Ban
8	B51	Participation Assistance in Local and International Fairs and Exhibitions	Enterprises in craft villages	2004-2005 and yearly	DOF, IEC, enterprises in craft villages	DOI, DoTourism, DDPI
9	B53	Establishment of Matching System for Producers & Buyers	Hoi An Town, Tam Ky, Dien Ban, Duy Xuyen, Nui Thanh	To 2004	DOF, IEC, enterprises in craft villages	DOI, DoTourism, DDPI
<b>C. Establishment of Competitive and Sustainable Production System</b>						
10	C11	Inventory Survey of Raw Materials	DARD, DONE	2004-2005	PPC, DARD, DONE	DPI, District PC, craft villages
11	C22	Promotion of cooperatives and small and medium size enterprises in craft villages	Craft villages	2004-2005	VCA, DOI, DARD	DOI, IEC, DDPI, DDARD, Commune PC
12	C31	Revitalization and development of unique techniques	Traditional craft villages in Dien Ban, Duy Xuyen, Nui Thanh, Hoi An, Tam Ky	2004-2005	DOST, DOI, Master artisans in craft villages	DOCI, DDPIs
13	C41	Development craft training manual	Quang Nam vocational school, Dien Ban District Vocational center	2004-2005	DOI, DOLISA	DARD, VCA
14	C42	Strengthening of training and fostering activities for chief craftspersons and trainers in craft villages	Craft villages, enterprises in craft villages	2004-2005 and yearly	IEC, DOI, DOLISA	DARD, VCA

No.	Code	Action Plan	Expected Sites	Time	Responsible Agencies	Coordinating Agencies
15	C61	Replanning of working places and Construct infrastructure	Craft villages, enterprises in craft villages	2004-2005 and yearly	Commune PC, enterprises in craft villages	District PC, DOI, DPI
16	C63	Improvement of craft village environment	Traditional craft villages	2004-2005 and yearly	DONE, DDPI, Commune PC, craft villages	DOI, DPI, DARD, IEC
<b>D. Strengthening of Support System for Ethnic Minorities</b>						
17	D 12	Development of Village Trainers	Bac Tra My, Que Son, Phuoc Son, Nam Giang, Dong Giang, Tay Giang	2004-2005	CEM, DOI, Commune PC, craft villages	WUs in mountainous areas, DARD, DDPIs in mountainous areas
18	D 22	Restoration of Traditional Techniques	Bac Tra My, Que Son, Phuoc Son, Nam Giang, Dong Giang, Tay Giang	2004-2005	CEM, DOCI, craft villages	WUs in mountainous areas, DOI, DARD, DDPIs in mountainous areas
19	D 23	Preservation of Traditional Crafts	Bac Tra My, Que Son, Phuoc Son, Nam Giang, Dong Giang, Tay Giang	2004-2005	CEM, Quang Nam Museum, DOCI, Commune PC, craft villages	WUs in mountainous areas, DOI, DARD, DDPIs and DDOCIs in mountainous areas
20	D 31	Provision of Craft Production Technique Training	Bac Tra My, Que Son, Phuoc Son, Nam Giang, Dong Giang, Tay Giang	2004-2005 and yearly	CEM, DOI, craft villages	WUs in mountainous areas, DARD, DDPIs in mountainous areas
21	D 41	Establishment of International Fair Trade Participation Mechanism	Bac Tra My, Que Son, Phuoc Son, Nam Giang, Dong Giang, Tay Giang	2004-2005	CEM, DOF, craft villages	WUs in mountainous areas, DOI, DDPIs in mountainous areas
<b>E. Strengthening of Capacities of Craft Villages and Communes</b>						
22	E21	Establishment of Artisan Craft Associations	Hoi An, Tam Ky, Dien Ban, Duy Xuyen, Nui Thanh	2004-2005	DOI, VCA, some traditional craft villages: Kim Bong, Phuoc Kieu, Thanh Ha, Duy Trinh, Duy Son, Nui Thanh Town	District PC, Commune PC, Enterprises in craft villages
23	E 31	Establishment of Craft Fund	Hoi An, Tam Ky, Dien Ban, Duy Xuyen, Nui Thanh	2004-2005	DOF, VBARD, Development assistance funds, enterprises in craft villages	DOI, District and Commune PC, Bank branches
24	E 32	Establishment of Financial Procedures to Access Financing Schemes	Thanh Ha Village (Hoi An)	2004-2005	DONE, Hoi An DDPI, Thanh Ha PC, Thanh Ha Village	DOI, DOST,
25	E 52	Development of Tourism/Tourist Incentives	Hoi An, Tam Ky, Duy Xuyen, Dien Ban	2004-2005 and yearly	DoTourism, District and Commune PC, craft villages	DOI, DOCI, DOF
26	E 53	Product Development Using Local Materials and Techniques	Traditional craft villages in Dien Ban, Duy Xuyen, Nui Thanh, Hoi An, Tam Ky	2004-2005	Enterprises in traditional craft villages, DOI, IEC, DDPI	DARD, DOCI, DOF
<b>F. Building of Support Infrastructure</b>						
27	F 12	Reinforce craft training at existing vocational schools	Tam Ky, Dien Ban	2004-2005 and yearly	Quang Nam Vocational School, Dien Ban Vocational Center	PPC, DOLISA, DOI
28	F 21	Establish and develop craft information system at provincial/local levels	Tam Ky, Hoi An, Dien Ban, Duy Xuyen, Nui Thanh	2004-2005	DOI, DARD, enterprises in craft villages	DOST, DOF
29	F31	Improve roads to craft villages	Traditional craft villages in Dien Ban, Duy Xuyen, Nui Thanh, Hoi An, Tam Ky	2004-2005 and yearly	DoTransport, DDPI, Commune PC	DPI, DOI, DARD
30	F 42	Improve the current financial organizations for providing enough loans to craft sector	Tam Ky, Hoi An, Dien Ban, Duy Xuyen, Nui Thanh	2004-2005	DOF, Banks, DAF, enterprises in craft villages	District and commune PC
31	F 51	Reinforce the capability of Provincial Industrial extension management Board	Tam Ky	2004-2005	Industrial extension management unit	

## 4.7 Major Solutions

### 1) Market Solution

Domestic market: Expand network distribution and introduce products locally as well as in other provinces through alliance formations.

Export markets: Invest in modern technology to produce a diversified collection of products in combination with traditional techniques so as to create products with premium materials and beautiful and diversified designs to satisfy demand in such markets as the EU, Japan, ASEAN, United States, Korea, Taiwan, and some other potential markets. Enterprises for export products should endeavor to comply with ISO standards on product quality.

Rural craft villages should attract enterprises from urban areas to invest in rural industries and services, such as in forming a supporting network of materials supply and product consumption for producing households.

Enterprises should develop measures to seek and expand markets such as attending fairs and exhibitions; getting agents and stands at trading, tourism or craft villages' centers; participating in e-trading bourses for craft items; and introducing products over the Internet.

Provincial agencies should assist in the commercial promotion and market information for establishments as well as organize promotions via trade fairs, exhibitions and festivals to introduce industrial and craft villages' products.

### 2) Capital Solution

To strengthen rural industry and traditional craft village development, focus should be on investment in production development, craft villages' technical infrastructure construction, and materials supply development.

Funds for production development should be loans from preferential loans, national job creation fund, hunger eradication and poverty alleviation funds, small and medium enterprises development loans, loans from domestic credit and banking institutions, international donors' supporting funds and the establishments' mobilized capital.

The budget for infrastructure construction for traditional craft villages, industrial clusters, cottage industry centers and job training support shall be taken from local and central state budget.

Capital demand for production development:	VND 478 billion
Of which: - Infrastructure investment:	VND 273 billion
- Production development loans:	VND 205 billion

Regarding production development loans for each project in on rural craft village revitalization and development as well as for investment projects in mountainous areas,

the maximum loanable rate is 75% of the project's total investment requirements.

### **3) Training and Human Resources Utilization**

The province's human resource is plentiful but trained workers are still in short supply and managerial/technical/scientific personnel still have to meet the development demand. Thus, human resources training is very important and urgent.

Formulate strategies to develop the human resources with full capacity and proficiency to satisfy industry development demand with appreciation of both managerial, professional and technical staff.

The training of technical, managerial and trained staff shall be done at vocational centers and schools inside and outside the province.

Particularly, workers training for traditional craft villages and rural villages shall be done at the production sites and master artisans are encouraged to teach craft techniques.

The government has supporting policies on labor training, retraining and utilization in some industries that prioritize in development and the craft villages, on remuneration for master artisans and on policies to attract talented and skilled workers.

The government should support 50% of job training expenses for rural craft villages' workers.

Estimates of job training expenses for rural craft villages' workers are as follows:

$16,200 \text{ trainees} \times 210,000 \text{ VND/person} \times 2 \text{ months} \times 50\% = \text{VND } 3,402 \text{ mill.}$

There should be a plan for training courses to improve craftspersons' skills with budget from annual Industrial extension funds at central and local levels.

### **4) Science and Technology**

Encourage technology transfer and invest in new appropriate equipment and technology to meet demands for new and high quality products with good designs that satisfy consumers' demands and has market competitiveness. Craft villages are encouraged to renovate facilities and technology, modernize traditional technology by appropriately combining traditional technology with advanced ones. Select appropriate technology in some processes to improve productivity and quality such as: drying wood, bamboo and rattan processing, weaving, etc.

Strengthen quality control at craft establishments and gradually standardize the main production process. Apply systematic quality control methods (process access method). Encourage establishments and craft villages to register their product quality.

Study and apply new technological advances in the field of developing materials zones serving processing industries (cotton, mulberry, high quality silkworm, rattan and wood suitable for crafts, etc.). At the same time, study and apply new kinds of materials as alternatives for natural materials (such as artificial plywood for furniture and carpentry).

Pay enough attention to the environment in the craft villages, especially engaged in ceramics, aluminum and bronze casting, silk drying, etc.). Find out measures to control pollution caused by craft production.

The province should allot an annual budget for the formulation of research activities and technology transfer to pursue craft sector and craft village development.

## **5) Other Solutions**

Create favorable conditions for the development of small and medium enterprises, cooperatives, production groups and craft villages. Support enterprises and cooperatives to fulfill their role as bridge between households and markets, both for production input and output; at the same time, support households' production development in order to exploit potentials of capital and the experience of each locality and craft village.

Continue to study the industry and cottage industry cluster development in combination with the formation of centers, traditional craft villages at Thanh Ha (Hoi An), Phuoc Kieu, Dien Thang (Dien Ban), Duy Trinh, Duy Son (Duy Xuyen) and in some rural craft villages.

Build a plan for a small-scale craft center in communes, towns and mountainous districts.

## **4.8 Mechanism for Implementing the Master Plan**

### **1) Role Sharing in Existing Organizational Structure**

To effectively implement the master plan, the cooperation of relevant organizations, including state management and local authorities, universities, vocational schools, institutes, associations, enterprises, NGOs, etc. is crucial. "Collaboration" and "participation" are key words in establishing a necessary framework for craft promotion.

In the following table, proposals for dividing the duties among organizations in charge of implementing craft development strategies and action plans are shown. It can be seen that some strategies and action plans are undertaken through the collaboration of many organizations. Therefore, it is required to have close cooperation between relevant agencies to effectively implement policies.



Table 4.8.1 Role Sharing among Related Stakeholders (tentative)

Tasks	Strategies		Main Agencies	Support Agencies
A: Establishment of mechanism to preserve traditional value of crafts	A1	Recording of craft village traditions	DOCI	Local museums
	A2	Strengthening of local museums	PC, DOCI	Local museums
	A3	Promotion of traditional craft research	PC, DOCI, DOI	Local museums
	A4	Enhancement of master artisan system	PC, DOCI, DOI	DARD, VCA
	A5	Designation of traditional craft items	PC, DOCI, DOI	DARD, VCA
B: Improvement of craft products development system	B1	Strengthening of design education programs	DOI	Enterprises, craft villages
	B2	Development of craft coordinators	DOI, DOT	WU, VCA, enterprises
	B3	Strengthening of technical skills in craft making	PC, DOI, DOST	Vocational schools
	B4	Establishment of intellectual property rights system	PC, DOI, DOST	Research institutes
	B5	Provision of opportunities for market appraisal	PC, DOT	DOI
C: Establishment of sustainable & competitive production system	C1	Raw materials preservation, consumption & management system	PC	Donors, enterprises
	C2	Promotion of local industries in production areas	PC, DARD, CN, TM, TC, DL	VCA, WU, NGO, donors, enterprises
	C3	Establishment of technical improvement & quality control system	DOI, DOST	WU, enterprises, Research institutes
	C4	Strengthening of capacity of managers	DOI, DOLISA	Vocational schools
	C5	Improvement in work environment	DOI, DOLISA	VCCI, enterprises, donors
	C5	Education of minorities about the value of crafts and importance of craft development	DOI, DOLISA, DOST, DONE	Research institutes
D: Strengthening of ethnic minority support system	D1	Preservation of traditional technique & crafts	PC, CEM, DOI	WU, NGO
	D2	Formulation & familiarization with technical & management guidelines	PC, DOCI	Local museums
	D3	Expansion of fair trade system	DOI	WU, NGO
	D4	Assistance for organizations working with ethnic minorities	DOT	WU, NGO
	D5	Formulation of VDS through participatory approach	PC, CEM	WU, NGO
E: Strengthening of capacity of craft villages and communes	E1	Establishment of craft associations/ Provision of assistance to cooperatives	PC, DOI, DARD	VCA, WU, NGO, craft villages
	E2	Provision of funds for craft production activities	PC, DARD, CN, TM, TC, DL	VCA, WU, NGO
	E3	Improvement of environment in craft villages	DOF, DOI	Banks, NGO, donors
	E4	Establishment of marketing system for craft villages	DOST, DONE	Enterprises, donors
	E5	Recording of craft village traditions	DOT, TC, CN, DL	NGO

Some major issues in craft development including the 11 areas are presented. Division of responsibilities among relevant organizations is shown in the following table.

Table 4.8.2 Division of Responsibility for 11 Issues

Issue	DOI	DARD	DO CI	Do Trade	DPI	DOLISA	DOST	MONRE	DOFP	Do Tourism	Banks, Funds	VCA	WU	Ethnic Support Board
1 Ensure material supply	C	A			B		C	B	B		C			
2 Improve technology and product quality	A	C	C	C	B	C	A		B			B		
3 Design and product development	A	B	B	B	B	B	B		C	C	C	C		
4 Human resource development	A	B	C	B	B	A			B			B	B	C
5 Craft information	A	A	C	B	B	C	A		C	C		C		
6 Finance and capital	B	C		B	B	C	C		A		A	C		
7 Distribution & market access system	B	B		A	B				C	C	C	B		
8 Cooperating with tourism	B	B	A	C	C	C				A		C		
9 Traditional value preservation	C	C	A	C		C	C					B	B	B
10 Supporting ethnics	C	C	B			C		C	C			B	C	A
11 Environment & working condition improvement	B	C		C	B	B	A	A	C			C		

Note: A: key agency, B: cooperation agency, C: relevant agency

#### 4.8.2 Proposals for Cooperation Organization

Confirm government management system for craft industry from the central to the local levels; clearly assign responsibilities of key agencies as well as cooperation among related agencies. Organize professional agencies that support craft establishments such as information provision, trade promotion, market access and craft village tourism development.

District and town PCs need to reinforce cottage industry development managerial tasks, strengthen staffs in charge of industries and cottage industries and industrial extension management to effectively carry out the province's industry and cottage industry development program.

##### 1) Provincial Industrial Extension Management Board

Quang Nam's PC issued Decision No. 143/QD-UB on 15 January 2003 to establish "Quang Nam's Industrial extension management Board" in which the function of the Board was identified as follows:

- Advise the province People's Committee in issuing mechanisms and policies on industry and cottage industry production promotion. Establish and implement an annual and a 5-year industry promotion programs.
- Organize the propagation and introduction of industry promotion programs, production projects, mechanisms and policies on industry-cottage industry development, technological advances and new production technologies; consuming markets.
- Guide, assist and examine production units and localities in their execution and implementation of industry promotion programs and industries and craft village development.
- Organize domestic and overseas visits and surveys to learn lessons in production, production models; search investment counterparts, product consumers' markets, new technology, etc.

## **2) Organizational Structure of Management Board**

- (a) Head: Vice-chairman of Quang Nam PC
- (b) Vice-head: Director of DOI
- (c) Members: Directors or Deputy-Directors of the following organizations: DOTrade, DPI, DOFP, DOST, DARD, VCA, DOLISA, Branch of Investment and Development Support Fund, State Bank of Quang Nam (9 agencies)

It can be seen that for Quang Nam, it is not required to establish a Provincial Craft Council whose function can be combined with that of the Province's Industrial Extension Management Board, to wit:

- Implement policies and connect craft-related programs and projects to achieve the efficiency in the program and project implementation.
- Carry out government policies with amendments to suit the local situation.
- Based on the collected requirements and recommendations for contents of craft development, propose solutions to the province and government.
- Contact craft-related agencies at central levels (Council, Management Board) and relevant organizations in other provinces to exchange information, experience, human resource and other craft-related issues.

The province's Industrial Extension Management Board has played an important role in guiding, consulting and supporting craft establishments and craft villages to develop their production. The function of the Board should be enhanced to contribute to craft and craft village development.

Study on the formation of province's craft association (craft associations, craft villages associations) that aims to connect craft establishments and craft villages and encourage support between them. It is necessary to organize a team to visit and learn the operation of craft associations in the northern provinces such as Ha Tay, Ha Noi, Bac Ninh, etc.

## **4.9 Monitoring**

### **1) Importance of Monitoring**

The success in the implementation of craft development projects likewise hinges on the proper analysis of beneficiaries' needs in the rural areas, thereby coming up with appropriate objectives to meet regional conditions and appropriate implementing bodies. In attaining the primary goal, which is the development of the rural areas – through job creation and income improvement through craft development – 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.

Furthermore, to effectively implement these thrusts, appropriate institutional systems and policies, not only with the central government but also with 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 of the government (see Table 4.9.1).

### **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 “Traditional Crafts preservation and Promotion 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 easily be understood and shared by all stakeholders (see Table 4.9.1).

Table 4.9.1 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

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

#### 4.10 Proposed Policies and Mechanisms

Continue to propose policy adjustments to the government on craft development to concretize the province's mechanisms on craft and craft village promotion.

Detailed policies are as follows:

##### 1) Policy on Land Use

Strengthen land provision and identify a stable land-use rights. Implement policy on tax

exemption and reduction for land use, incentive investment policy promoting all economic sectors to build up concentrated materials areas and invest in production at craft villages. Facilitate the setting up of craft establishments on shop floor.

## **2) Policy on Human Resources Development**

Create policy to attract talented craftspersons and to recognize master artisans (incentives, certificates), encourage participation of highly skilled craftspersons in craft village development activities.

Reinforce craft training, socialize the human resources training for the craft sector, diversify the forms of training to train farmers as craft workers. Foster and improve the management capability of enterprises and cooperatives to meet business requirements.

Create policy on investment in vocational training centers in the province to train workers who have qualified hands-on practice and technical skills to implement craft development programs. Give priority to training ethnic labor especially those who are the core in support of project implementation. Include craft training in industrial subjects in schools.

Concentrate on training officials at villages and communes, improve the capability of officials at craft-related organizations, especially those who are in charge of marketing, sales promotion, investment, and project management.

## **3) Policies on investment, finance and credit**

Give priority to implementing policy on materials development and rural transportation including craft villages.

Expand bank and credit networks into the communes with diversified forms of operation. Encourage the development of a Peoples' Credit Fund.

Increase short-term and long-term loans to meet the demand of enterprises and households for production expansion.

Encourage policy on production establishments that employ lots of workers and produce crafts for export as well as establishments in the mountainous areas.

Create policy to encourage economic sectors and enterprises to invest in the craft sector, saving a portion in the national budget to invest in rural craft promotion and the establishment of cottage industry clusters and craft villages at districts and towns. Strengthen craft village restoration and development projects at the localities. Amend policies and mechanisms on craft promotion.

Establish an Industrial Extension Fund to facilitate producers in technology application, transfer, and training. The province expected to have VND1.2 billion for the Industrial Extension Program annually.

Annual investment capital is allotted based on a combination of investment project and government budget (budget from the government, provinces, NGOs and other

resources)

#### **4) Policies on Science, Technology and Environment**

Encourage and prioritize technology improvement in craft production, especially in some processes of operation, materials processing and pollution control.

Stabilize the legislative environment for the technological market and technology improvement consulting service development, connect the producers and the markets.

Encourage policy on study and apply new technological advances into some production processes to improve quality, productivity and competitiveness.

The province shall allot an annual budget for the formulation of research schemes and technology transfer in the craft sector and craft village development such as biotechnology (In materials area development, advanced technology transfer. Provide implementation support to apply some research schemes in crafts and craft villages such as Duy Xuyen-Dai Loc silk weaving, Thanh Ha ceramics, Phuoc Kieu bronze casting, Tam Phu ship building and mechanical forge).

Support production establishments and craft villages to apply IT, formulate programs to introduce and advertise the craft villages' products in the mass media, craft establishments-commerce and the Internet in order to exchange information and advertise crafts domestically and internationally.

Create policy on supporting formulation and registration of craft standards, policy on trademark and typical product protection for establishments and the craft villages.

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**Craft Master Plan  
of An Giang Province**

# Craft Master Plan of An Giang Province

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Craft Village Distribution Map of An Giang Province

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### 5. REFERENCES

# Craft Village Distribution Map of An Giang Province



- ★ Provincial Center
- Pilot Project Site
- 1)Rush 2)Lacquerware 3)Bamboo&Rattan 4)Ceramics 5)Embroidery 6)Woven Fabric  
 7)Woodcraft 8)Stone carving 9)Traditional Paper 10)Wood Printing 11)Metalworks

No.	Code	District	Craft Village	No. of Craft Item											Total	
				Rush	Lacquer	Bambo o&Ratt an	Ceram ics	Embroid ery	Woven	Wood	Stone	Paper	Wood Printin g	Metal		Others
1	1	Long Xuyen city	5	0	0	0	0	0	0	1	1	0	0	1	2	15
2	3	Chau Doc town	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	5	An Phu district	2	0	0	0	0	0	2	0	0	0	0	0	0	4
4	7	Tan Chau district	3	0	0	0	0	0	1	0	0	0	0	0	2	6
5	9	Phu Tan district	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	11	Chau Phu district	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	13	Tinh Bien district	1	0	0	0	0	0	1	0	0	0	0	0	0	1
8	15	Tri Ton district	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	17	Cho Moi district	10	0	0	7	0	0	0	3	0	0	0	0	0	11
10	19	Chau Thanh district	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	21	Thoai Son district	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total			21	0	0	7	0	0	4	4	1	0	0	1	4	37

## **1. INTRODUCTION**

### **1.1 The Necessity of the Provincial Master Plan**

An Giang's cottage industry, with the strength of its traditional crafts, has developed over the past years setting the favourable condition for traditional craft village and new craft village restoration. The province has a total of 91 craft villages (including craft making and agro-fishery product processing) with 6,222 households and 22,041 labour forces. There are 50 craft villages of rattan knitting, wood carving, weaving, embroidery, and metal works. Craft sector has contributed to job creation, income increase for labours and new rural construction.

Labour engaging in craft sector accounts for the high rate of the total labour. Poor household rate in the province is 6.7% but this rate is higher in districts such as Tinh Bien (16.7%), Tri Ton (16.2%) and An Phu (11.69%). The in-migration trend of rural labours to rush to urban areas in search for jobs causes negative impacts to society. Development of the craft sector is expected to address this problem as this will not require big investment capital and training is carried out locally and easily.

Although craft sector was established for years and has existed at many craft villages, it has not adequately developed its potentials. The common situation is that craft sector develops spontaneously, is dispersed and has obsolete production technology that causes pollution at craft villages.

For socio-economic development, it is necessary to revitalize and promote traditional crafts and new crafts in rural areas. They should be promoted in a system which is suitable for the province's socio-economic development. Craft sector development, under a positive direction and proper management, can contribute to local economic growth, job generation, increase in income, and poverty reduction in rural areas. Well-planned traditional craft villages will therefore provide a favourable condition for craft development, craft village tourism clusters and they will be at the core of the province's craft promotion.

To implement the Resolution of An Giang Communist Party on cottage industry promotion, craft villages have been revitalized and developed.

### **1.2 Overview of Craft Sector in An Giang**

Craft villages in An Giang are generally small-scaled. Each village has 400 labour forces on the average based on the report of the province's DOLISA. Most of the craft villages in the province are classified as a "newly-established craft village" due to the criteria of the General Department of Statistic and Systematics.

Craft villages and crafts are scattered in many districts but are concentrated in areas near the districts and towns. Aside from the rural craft individual households, production in household groups and cooperatives has begun to develop and these craft villages and establishments account for a large contribution to production value and export turnover of the province's industry-cottage industry.

Most of the crafts in An Giang or in Mekong river delta are carpentry, wood carving, rush

weaving, bamboo product making, ship building, and metal works produced at craft villages which meet the local market and partially the export market.

As compared with the whole craft production in Vietnam, An Giang's craft sector occupies a modest position in the country. However, some crafts in the province, such as embroidery and silk production, have threshold in terms of production capacity. This is particularly because An Giang is an agricultural province that suffers much during the flooding season therefore it faces many difficulties in craft development. However, it also has many special kinds of materials which can become the strength of the province such as bamboo and water hyacinth. So far, the craft sector in An Giang has positively changed the province due to the assistance of craft-related organizations.

## **2. GENERAL SITUATION OF THE PROVINCE**

### **2.1 Natural Condition**

#### **1) Geographic Condition**

An Giang belongs to the Mekong river delta region in the southwest of Vietnam with geographic coordinate of 10054' – 10031' north latitude and 104046' – 105012' east longitude.

Bordered with Cambodia to the northwest, An Giang shares the same border length with Dong Thap province (113 km), Can Tho (45 km) and Kien Giang (62 km). The province's main city is Long Xuyen, 184 km from Ho Chi Minh City.

An Giang has both plains and mountains in which the remarkable ones are Sam Mountain, Thien Cam Son (the highest mount is 710 km), Thuy Dai Son and Anh Vu Son.

An Giang is located in the southwest of Mekong river delta region, on the international land and waterway system connecting Cambodia, Laos, Thailand, and southern Vietnam and East Sea. This system becomes more and more important for these countries and An Giang will be the connector for Vietnam's integration into the economy of Southeast Asian region.

Given this advantageous geographic characteristics, An Giang holds a competitive edge in terms of promoting trade, tourism and craft industry.

#### **2) Climate**

An Giang has a monsoon tropical climate, with dry and rainy seasons. Rainy season is from May to November and dry season spans from December to April. The province has an annual average temperature of 27°C, an annual average rain amount of 1,130mm and average humidity of 80% - 85%. In general, An Giang's climate is advantageous for its agricultural development.

#### **3) Hydrography**

Hydrography of An Giang depends on the hydrography regulation of Mekong river. About 70% area of the province is flooded annually which is disadvantageous for agriculture production. In spite of this, foodstuff yield and productivity of An Giang have always been highest ranked in the Mekong delta region as well as in the entire country.

#### **4) Natural resources**

##### **1) Land**

Most of An Giang's land mass is relatively fertile, with 37 kinds of land classified into 6 main categories in which alluvium land is 151,600 ha (44.5%) and alum-alluvium land is 93,800 ha (27.5%). Water and land composition of the province is shown in Table 2.1.1.

**Table 2.1.1 Water and Land Composition of An Giang**

Indicators	1998	1999	2000	2001	2002
<b>Total area</b>	340,623	340,623	340,623	340,623	340,623
<b>1. Agricultural land</b>	249,910	250,383	255,476	255,307	260,446
a. Land for annual plants	246,110	246,583	248,466	247,689	251,277
Rice paddies	233,680	234,153	234,486	234,085	234,785
Mill	9,078	9,078	9,497	8,700	8,696
b. Land for perennial trees	1,731	1,731	4,530	4,793	9,169
<b>2. Water area for aquaculture</b>	930	1,076	1,252	1,252	1,461
<b>3. Forestry land</b>	11,488	11,653	12,669	14,362	15,969
a. Natural forestry	583	583	583	583	583
b. Planted forestry	10,901	11,066	12,082	13,775	15,382
c. Land for seedling	4	4	4	4	4
<b>4. Land for regular use</b>	24,940	24,940	24,846	25,778	26,546
<b>5. Land for residential use</b>	21,476	21,476	21,287	19,899	17,815
<b>6. Unused land</b>	31,879	31,095	25,093	24,025	18,386

Source: Department of Land Registry – Statistic 2002

## 2) Aquatic resources

Aquaculture is the traditional occupation of the local people and is the strength of An Giang. The province plans to invest into aquatic resource development to be able to provide stable resources for aquatic product processing factories. The total aquatic yield at present is 117,000 tons and it is expected to reach 188,000 tons in 2005.

## 3) Mineral resources and raw materials for craft production

Raw materials for craft production: Mulberry for silk making and brocade weaving for export are largely available in the districts of Tan Chau, Tri Ton, Tinh Bien, and Phu Tan. Bamboo for artisan bamboo production and stone for artisan stone carving are ample in the districts of Tri Ton, Tinh Bien and Thoai Son. Water hyacinth for carpet production is plentiful in the districts of Tri Ton, Tinh Bien, and Thoai Son.

Raw materials for rattan and bamboo knitting, ceramics and metal works: Raw material for rattan and bamboo knitting are largely available in Cho Moi and Long Xuyen while metals for metal works are available in Long Xuyen City.

Limitations: While investments on raw material areas over the past years has mostly focused on some leading industries such as food processing and construction, materials exploitation, raw materials for craft production, which has great potentials, have not been invested on adequately.

## 5) Tourism

An Giang has many famous tourist spots such as the Chua Xu Temple, pagoda in Sam mountain, Cam mountain, and historical sites, among others. Further, the province has a transportation system (land and waterway) that connects An Giang with tourist routes of other provinces in Mekong delta region and that of other ASEAN countries.

## 2.2 Social Conditions

### 1) Population and Resources

#### 1) Population

An Giang has 11 administrative units that include Long Xuyen City, Chau Doc town and 9 districts in which 2 are mountainous districts with 118 communes and 24 wards. With a total area of 3,406 km<sup>2</sup>, An Giang has the population of 2.125 million (in 2002) and the density is 623 people/km<sup>2</sup>. The province's population is expected to reach 2.331 million in 2005 and 2.482 million in 2010. Population growth rate in 2002 is 1.427%, with a 1.469% growth rate in the rural areas. Rural population rate is 76.89% (in 2002) in which female population accounts for 66.25%.

#### 2) Labor

Labor distribution in local state economic sectors are shown in Table 2.2.1

**Table 2.2.1 Current Situation of Labor Distribution in Local State Economic Sectors**

	2001	2002
Labor force (1+2)	1,337,806	1,368,994
1) Labor in working age group	1,210,693	1,241,112
2) Labor excluded from working age group (under or above working age)	127,113	127,882
Labor distribution		
Labor engaging in local state economic sectors	998,200	1,024,307
Agro-forestry	713,441	721,005
Aquaculture	30,596	31,316
Processing industry	52,630	55,149
Construction, etc.	16,110	16,156

Source: Statistic Year Book 2002 – An Giang

In general, An Giang has abundant labor but the quality is not high. In 2002, 12% of labor force had training and more than 105,000 people were employed, accounting for 8.9% of the province's total population.

#### 3) Ethnicity

According to a population survey conducted on 1st April 1999, An Giang has a total of 29 ethnic minorities with population of 2.099 million, majority of which are Kinh followed by Kho Me, Hoa and Cham. The population of Kho Me minority in 1999 was 78,706 comprising 3.8% of the province's total population. Cham minority, accounting for 0.6% of the province's total population, live mainly in two rural districts of Tan Chau and Phu Tan and partly in the rural district of Chau Thanh.

Traditional brocade weaving of Cham and Kho Me minorities was established a long time ago and has been revitalized and developed.

#### 4) Education

In 2002, An Giang has completed its illiteracy eradication task, its primary education



universalization in the whole province and junior high school education universalization in towns and townships. The province has 1 university (the An Giang University), 3 technical high schools (of which 1 vocational school belongs to DOLISA) and 1 economic-technical school which belongs to DOET.

#### 5) Rate of poor households

Generally, hunger eradication in the province has been effectively implemented through projects which have direct impact on the people. Poor household rate decreases by 1% annually and by the end of 2003, poor households are expected to go down to 5.2% of the province's total population.

#### 6) Infrastructure

Transportation: In general, investments have been adequate on the road system in the province, particularly in the rural areas. The government has provided some investments on road improvements for main roads such as National Roads No 1 and No 91 which have facilitated the province's transportation, especially in the mountainous districts of Tinh Bien, Tri Ton, etc.

Electric power gridline and communication: By the end of 2002, the national electric power gridline has reached 142 villages in the province and 98% of these households have been connected to the national gridline. At present, 100% villages have access to the communication system.

Water supply: The province has a total of 53 clean water supply systems including 11 water supply systems to urban districts. A total of 80% households are provided with clean water for everyday living, industry-cottage industry production and rural services.

Limitations: Rural transportation system usually suffers from flooding season; especially during serious flooding, the transportation is sealed off thus constraining production and daily life activities. Electric power has not yet met the demand of production and the power quality has not been ensured. In addition, investments on infrastructure improvement for industry-cottage industry clusters and craft villages progresses slowly, thus limiting craft promotion.

## 2.3 Economic Conditions

### 1) Economic Structure

An Giang prides itself of being the first province to top rice production yield at the national level. However, with the shift of the country's economic structure, the province has boosted up the growth of its industry-construction and trade services.

**Table 2. 3.1 GDP Structure of An Giang**

Economic sectors	1998	1999	2000	2001	2002
<b>GDP (current price) (VND bil.)</b>	<b>8,976</b>	<b>9,247</b>	<b>9,472</b>	<b>10,069</b>	<b>11,476</b>
Agro-forestry and fishery	4,121	4,149	3,937	4,016	4,614
Industry and construction	1,222	1,112	1,057	1,230	1,387
Services	3,622	3,985	4,476	4,822	5,477
<b>Structure (%)</b>					
Agro-forestry and fishery	45.9	44.9	41.6	39.0	40.2
Industry and construction	13.6	12.0	11.1	12.2	12.1
Services	40.5	43.1	47.3	47.9	47.7

Source: Statistic Year Book 2002 – An Giang

In particular, production share of industry-cottage industry increases by 14.3% in 2001-2003, with the private sector increased to 25.76% on the average.

The total export turnover of An Giang in 7 years (1996 – 2000) has reached 946.8 million USD, with a growth rate of 2.1% per year. In 2001, the province's export turnover was 118.7 million USD and 147.3 million USD in 2002. Export market has expanded to 52 countries. However, export turnover of craft sector is still limited, mainly to embroidery, silk and brocade weaving products.

### 3. GENERAL SITUATION OF THE CRAFT SECTOR

#### 3.1 Current Situation of Craft Villages and Main Craft Items

##### 1) General Situation

Over the past years, traditional craft villages in An Giang has been restored and developed, contributing to the shift in the local economic structure and job creation.

Crafts in craft villages are diversified in type. However, most of production sites exist alternately with the resident areas, causing pollution and negative effects on people's health and daily life.

An Giang has formulated its master plan for industry development until 2010. It also takes the leading position in the formulation of Industrial Promotion Program. At the beginning of 2003, the province's industry-cottage industry development program to 2010 has been developed, in which the assistance for craft promotion has been included.

So far, An Giang has not yet formulated an exclusive program for craft and craft village development. Craft production has been included in the province's industry-cottage industry production plan.

##### 2) Status of Craft Sector in the Province (based on MARD-JICA's survey in 2002)

###### 1) Number of craft villages and craft village distribution

Based on the results of the MARD-JICA mapping survey which covered 11 craft items, An Giang has a total of 21 craft villages. The number, type and crafts of the craft villages are shown in Table 3.1.1.

**Table 3.1.1 Number, type and crafts of the craft villages in An Giang**

Indicators	Rush	Knitting	Embroidery	Weaving	Carpentry	Stone	Metal works	Others	Total
Number of craft villages	3	7	1	4	4	1	1	-	21
Type of crafts	-	8	4	7	5	2	5	6	37
Total of crafts	238	481	70	63	126	10	130	594	1712

Source: MARD-JICA survey (2002)

###### 2) Some results of An Giang's craft sector through the survey

An Giang has 21 craft villages with 37 kinds of crafts and 1712 crafts are produced for domestic and export markets. Among the well-known craft villages are Tan Chau silk making (in Tan Chau district) and Cho Thu carpentry (Cho Moi district). Ethnic minorities' brocade weaving villages with traditional woven products of Cham (Chau Giang district) and Kho Me (Tinh Bien district) minorities have become famous nationwide.

The biggest constraints the craft villages are confronting are the lack of capital for production expansion, insufficient market information and obsolete technology.

**Table 3.1.2 Current Constraints of Craft Villages in An Giang**

Constraints	Level of constraint (%)			Total
	Normal	Difficult	Seriously Difficult	
Lack of capital	10.0	46.7	43.3	100%
Lack of technology	44.0	44.0	12.0	100%
Insufficient market information	13.3	73.3	13.4	100%

Source: MARD – JICA survey (2002)

According to the survey results, in 420 cases, there was an 84% consensus from among the craft villages and communes for the province's further craft promotion. If there are integrated management and guidance and appropriate policies, An Giang's craft sector will develop more and more.

### 3) Some results of supplemental survey on craft villages in An Giang

Based on the results of supplemental survey, An Giang's industry-cottage industry is comprised of the craft sector, food processing, mechanics, and construction material production.

Silk weaving is the traditional craft making in An Giang, with 454 production enterprises employing 2,627 labors. These enterprises produce twisted silk, satin, brocade, embroidered silk, etc. Embroidery products for export has emerged where at present, 6 cooperatives are employing 2000 labors. On the other hand, in Cho Moi district, traditional carpentry has attracted many local high-skilled craftpersons.

Results of the survey show that An Giang has a total of 87 traditional craft villages and 4 new craft villages (including 50 craft villages, 41 craft villages of food processing and other industries). Craft villages are scattered in 11 districts and towns. Aside from craft villages, cooperatives, production groups, individual producers and enterprises are also engaged in craft sector.

### 4) Identification of typical traditional craft villages and craft villages

An Giang has 50 craft villages (producing 11 craft items) in which 21 craft villages have more than 20% households are engaged in the craft sector. Table 3.1.1 shows the typical traditional craft villages and craft villages in the province.

**Table 3.1.3 Typical traditional craft villages and craft villages in An Giang**

No.	Name of craft villages	Craft items	Purposes					
			Job/ income generatio n	Economic growth	Export developm ent	Tourism developm ent	Traditiona value preservati on	Social security
1	Phum Xoai hamlet, Chau Phong commune, Tan Chau district	Brocade weaving	X			X	X	
2	Sray Xa Cot, Van Giao, Tinh Bien district	Brocade weaving	X			X	X	
3	Long Dinh hamlet, Long Dien commune, Cho Moi district	Wood carving	X		X		X	
4	My Luong, Cho Moi district	Bamboo making	X	X	X			
5	Cho Vam, Phu Tan district	Water hyacinth weaving	X		X			X
6	Long Xuyen township	Embroidery		X	X			X
7	Trung 1 Commune, Phu My, Phu Tan	Forging sickles	X	X				X
8	Tay Khanh 3 commune, My Hoa village, Long Xuyen city	Fishing hooks	X	X				X

3)

#### 4) Identification of Main Crafts of the Province

1) Regarding type of crafts, level of development and main crafts

**Silk making and brocade weaving:** Silk making in Tan Chau has been well-known domestically and internationally. Ha Dong silk making (Ha Tay) in the north and Tan Chau (An Giang) in the south are the two centers of silk making in Vietnam. The production share of Tan Chau silk making accounts for 93.9% of the total craft sector's production value of the district. There are 7 weaving and dyeing enterprises and other 17 silk weaving workshops in Tan Chau district with the total output of 50-60 tons/month, exported to Laos and Cambodia. In particular, jet black Lanh My A silk dyed with "mac nua" nuts is preferred by French and European markets. Brocade weaving of Cham minority (Phum Xoai commune, Chau Phong village, Tan Chau district) and Kho Me minority (Van Giao village, Tinh Bien district) was established long time ago and has been revitalized. The Department of Trade and Tourism has proposed to select the two villages to include in craft village tours.

**Embroidery:** Embroidery is a relatively new craft in An Giang but has achieved stable development with increasing production share in craft sector. In 2002, production value of embroidery cooperatives in Long Xuyen City only reached VND 9.3 billion and all embroidered products are exported to the European market. The constraints that need to be addressed are strengthening of design and the establishment of a craft vocational school including embroidery. Embroidery attracts many labors and suits female labor but does not require a big investment capital. Four cooperatives in Long Xuyen City that employs 2,290 workers (95.6% female) have potentials for further development. The

National Office of Industrial Property (MOI) has issued product brand certificate for Kim Chi Embroidery Cooperative.

**Carpentry and wood carving:** Traditional carpentry and wood carving is concentrated in Cho Moi district, attracting many local labors. The main products are artisan wood works, furniture, ships, boats, etc. Aside from producing wooden crafts for interior decoration, master artisans and craftpersons in Long Dinh commune, Long Dien A village and Cho Moi district have created unique wood carved sceneries in Mekong river delta. Carpentry and wood carving in An Giang needs to be maintained and promoted for further development to meet domestic and foreign customers' demand.

**Bamboo knitting, palmyra pictures, arjun mattress knitting, carpet weaving, and water hyacinth weaving:** Distinctive artisan bamboo in An Giang is the valuable raw material of the province. Palmyra leaf crafts are the unique products of Vietnam, representing the typical characteristics of An Giang province. Water hyacinth woven carpets have been exported (through middleman companies) and supported for development by the Department of Trade Promotion-Ministry of Trade. Thus, attention should be given to these crafts' raw material exploitation as well as planning for a sustainable material supply. At present, due to design capability limitation for product development, exporting raw materials is becoming popular. This should be carefully considered and compared with the benefits from exporting finished crafts. Besides, it is necessary to select good production enterprises for development model. Bamboo producers in My Hoa commune, My Luong village (Cho Moi), Le Hong Tai factory in Cho Vam township, and water hyacinth processing village in Chau Doc should be planned and extended in the future.

**Metal works:** Some craft villages in An Giang produce metal works for agriculture and aquaculture such as sickles, fishing hooks, etc. The more notable ones locate in Ap Trung 1 village (Phu My township, Phu Tan) and Tay Khanh 3 commune (My Hoa village, Long Xuyen township). Their products are mainly for local and regional demand (Nha trang and provinces in the central region) and some are exported to Cambodia through middleman enterprises. Metal works (forge, sickles and fishing hooks) are relatively highly competitive to Thai and Taiwan products. Thus, it is necessary that appropriate policies and plans be developed to further promote these crafts.

**UZU rush mat weaving:** UZU is a raw material imported from Cambodia. Compared to domestic rush, UZU has nicer appearance, higher quality and its length meets the requirement for producing high-quality rush crafts. In the future, Vietnam's agricultural sector should pay attention to select the regions which have ecology conditions similar to Cambodia's to develop this or a similar kind of rush. Rush mat weaving does not require high technical skills and attracts a lot of labor. Production enterprises at craft villages such as Tan An village (Tan Chau district) should be considered for development.

**Other craft industries:** Craft industries, being the province's strength and having potentials for development such as rice, food and aquatic product processing, contribute big production value and export turnover to the province's cottage industry.

## 2) Identification of the province's main craft items

The additional surveys of MARD-JICA in 2003 show the diversified crafts, market demand and possibility of craft development in An Giang. The province has selected 5 main craft items prioritized for promotion.

**Table 3.1.4 Crafts Prioritized for Promotion and Current Production Situation Assessment of these Items**

Factors for Assessment		Craft Items				
		Embroidery	Brocade weaving	Bamboo, carpentry	Fishing hooks, forge	Rush, water hyacinth
Material	Quality	3	3	3	3	3
	Quantity	3	3	3	3	3
	Price	3	3	3	3	3
Production	Technology	3	2	3	2	3
	Product design	3	1	2	2	1
	Production process	3	2	3	3	3
	Product quality	3	2	3	2	2
	Technical skill	3	2	3	2	2
	Management ability	3	2	3	3	3
	Finance & investment	3	2	2	2	2
	Working condition	3	3	3	3	3
Distribution	Cost in distribution	3	2	3	3	3
	Time	3	2	3	3	3
	Transportation cost	3	2	3	3	3
	Distribution system	3	2	2	2	2
	Cost for export	3	1	1	1	1
Market	Market information	2	1	1	1	1
	Competitive products	3	2	2	2	2
	Price	3	2	2	2	2

(1)Note: Numbers in the table show the degree of craft item situation due to the following criteria:

1 Very serious                      2 Serious                      3 Fair                      4 Not serious

It can be seen from Table 3.1.4 that aside from embroidery (with all advantageous factors for assessment), the 4 other craft items are facing very serious or serious problems of design, market information and cost for export.

## 3.2 Current Situation of Production and Market

### 1) Production

An Giang has a total of 20,379 craft enterprises with investment capital of VND 808.9 billion, attracting 85,857 labors divided as follows:

- 15 cooperatives with 3,704 labors
- 45 limited companies employing 7,186 labors
- 292 private companies employing 4,536 labors
- 6,812 individual producers with 33,618 labors

- 13,215 craft households and mixed-time craft households with 36,813 labors (1-2 labor in each household). This kind of production creates diversified crafts and generates jobs for off-season farmers. The popular craft industries are embroidery, knitting, weaving, hand-held tool production, fishing hook making, sugar cane from palmyra, rice paper making, incense making, etc.
- Production groups: established and developed on the basis of households producing the same crafts in the same villages, with seasonal production. At present, the province has 150 production groups with 2,625 households attracting 9,285 labors.

## 2) Export market

Most of the province's crafts are exported through the following ways:

- Direct export: Embroidery (An Giang Craft Cooperative, Kim Chi Embroidery Cooperative), garments (Long Xuyen Export Garment Company, etc.)
- Indirect export through local and domestic import-export companies: UZU rush mats, embroidery (Duy Anh Cooperative, Nam Phuong Cooperative)
- Non-trade export through borders: Silk, towels, brocade, etc.
- Export through tourists: Brocade, artisan crafts.

## 1) Production share of craft villages and craft private sector (households, production groups, cooperatives, enterprises)

Over the past three years (2001 - 2003), production share of industry-cottage industry has an average annual increase of 14.3% reaching VND 1,503.3 billion in 2000 (accounting for 15.97% of the province's GDP), VND 1,705.7 billion in 2001 (16.93%) and VND 1,913.9 billion (16.67%) in 2002.

For easier analysis, production share can be categorized into 3 groups:

1) **Group A:** Private sector engages in food processing, mechanics, construction material production, and craft production, including enterprises, cooperatives, production groups, and individual producers.

2) **Group B:** Craft villages including food processing, mechanics, construction material production, and craft production (91 traditional and new craft villages).

3) **Group C:** Craft villages produce artisan crafts including 11 craft items (50 traditional and new craft villages).

Compared to output value of the province's industry-cottage industry, production value of group A accounts for 28.07%, group B 17.11% and group C 6.42%. In general, export value of cottage industry and craft sector (3 groups) is still small (1.34 – 2.4%) in comparison with that of industry-cottage industry.

Compared to province's GDP, output value of craft sector (group C) only comprises 1.07%



and export value accounts for 0.22%.

**Table 3.2.1 Value and Production Share Structure of Craft Villages and Craft Enterprises in Districts and Towns (VND billion)**

Craft Villages in Districts and Towns		Group A		Group B		Group C	
		Output Value	Export	Output Value	Export	Output Value	Export
1	Long Xuyên city	32.284	9.300	82.682	2.917	55.765	2.484
2	Châu Đốc town	9.803	4.500	22.000	4.400		
3	Châu Thành district	23.184		19.660		5.836	
4	Châu Phú Dist.	30.980		9.706			
5	An Phú Dist.	1.482		41.310			
6	Tân Châu Dist.	26.630		24.857	23.055	24.857	23.055
7	Phủ Tân Dist.	60.720	15.600	69.582	15.600	10.218	
8	Chợ Mới Dist.	338.131		24.390		21.640	
9	Thoại Sơn Dist.	13.042		0.616		0.490	
10	Tri Tôn Dist.	0.775		8.432		3.633	
11	Tịnh Biên Dist.	0.410		24.270	0.110	0.510	0.110
Total		537.441	29.4	327.505	46.082	122.949	25.649
Compared to total output value of industry-cottage industry (%)		28.07	1.53	17.11	2.40	6.42	1.34
Compared to province's GDP (%)		4.68	0.25	2.85	0.40	1.07	0.22

Source: An Giang's Summary Report on 2 years' implementation Decision 132/2000/QĐ-TTg (2002) and analysis JICA Study Team

## 2) Output and growth speed of some craft items – export situation over the past years

Growth speed of industry-cottage industry in general and of craft sector in particular has been stable over the past two years. Output of some crafts at craft villages is shown in Table 3.2.2.

**Table 3.2.2 Output of Some Main Products of Industry-Cottage Industry**

Name of products	Unit	2000	2001	2002	2002/2000 (%)
Silk	ton	150	130	150	100
Embroidery	ton	14.7	21.6	27	183.67
Satin	1000 m	244	263	269	110.24
Hand-held tools for agriculture production	1000 products	1564	1729	1720	109.97
Mouse traps	1000 traps	450	745	3520	782.2

Export situation and market: Except for embroidery, silk, garment, weaving, brocade weaving, and food processing already have export markets. Most of An Giang's cottage industry products are sold in the domestic market. Export value of some main products is shown in the Table 3.2.3.

**Table 3.2.3 Export Value of Some Main Products**

Crafts	Unit	Export output		Export turnover (USD)		Market
		2001	2002	2001	2002	
Skirts	1000 pieces	10	10	10,710	10,710	Cambodia
Bath towels	1000 pieces	60	60	19,260	19,260	Cambodia
Embroidery	ton	22	27	455,144	553,662	EU, Canada
Mats	1000m <sup>2</sup>	10	10	17,860	17,860	Through middleman
Silk	ton	150	150	2,812,650	2,812,650	Cambodia, Laos
Satin	1000 m	16	20	9,600	12,000	Cambodia, France

Labor and income: Labor skills are not high and productivity is low with labor that has training accounting for a low percentage. As for enterprise owners, only about 1% has been trained on business management. Most of them manage their businesses equipped with their own experiences. Labor's average income is from VND 300,000 to VND 800,000. Labor at craft villages have low income and normally operate seasonally.

### 3.3 Current Institutional Mechanism

An Giang's industry-cottage industry is currently managed by the provincial DOI. Before Decision No132/2000/QĐ-TTg by the Prime Minister on 24/11/2000, An Giang PC issued the Decision to formulate the province's industry-cottage industry promotion program (Industrial Promotion Program) and to establish the management Board of the Program. The Board includes provincial PC's office and directors of DPI, DOTrade & Tourism, DOC, DOSTE, DOFP, State Bank, DARD, and the General Department of Planning and Investment.

At the district and town levels, the District and commune PC manage the Program under the instruction of PPC and the Management Board.

Decision No132/2000/QĐ-TTg on 24/1/2000 on some policies for rural industries development has created the legal foundation for the localities to boost up their rural industries. It has also assigned provincial DARD to manage rural industries. However, in An Giang's case, industry-cottage industry management is still undertaken by DOI while DARD is in charge of rural industry management. Therefore, rural industry management function is overlapped and ineffective.

To improve the situation, An Giang has issued Decision No 538/2003/QĐ-UB on 15/4/2003 to identify the state managerial function of DOI on local industry as well as the responsibility of and cooperation between DOI's director and district PC's chairman on industry-cottage industry. District PC will provide guidance to all industry-cottage industry activities of Division of Economic.

#### 1) Current management structure for industry-cottage industry

To ensure the effective management on industry-cottage industry and Industry Promotion Program, the PPC has issued Decision No 1844/QĐ-UB-TC on 18/8/2000 to establish the

Management Board which includes 1 head (Vice-chairman of PPC) and 8 members who are the directors of the following departments:

1. DOI (Vice-Head of the Board is DOI's Vice Director)
2. Dept. of Trade and Tourism
3. Dept. of Planning and Investment
4. Dept. of Construction
5. Dept. of Science – Technology and Environment
6. Dept. of Finance and Pricing
7. Dept. of Agriculture and Rural Development
8. State Bank

In addition to the Board, a task force was also formed to support the Board in its activity implementation. The function of the Board is presented as follows:

- Formulating research programs, themes, policy on industry-cottage industry promotion and investment.
- Transferring new technology, encouraging enterprises to invest into technology improvement.
- Promoting traditional crafts, creating more jobs for craft labors.
- Cooperating with technical training centers to organize short-term training courses for the owners of enterprises'.
- Organizing craft training courses for poor labor in rural and urban areas
- Providing enterprises with market information

PPC manage the Program by policies and projects, DOI cooperates with other relevant departments and district PCs to undertake the program implementation:

**(a) DOI**

- To implement, summarize results and progress of program implementation; prepares annual program implementation plan.
- To consult Provincial PC on the promulgation of crafts and craft industry.
- To implement program for redeveloping craft village and development of export craft items.
- To manage and control expenditure in program implementation according to budget plan approved by Provincial PC

**(b) DPI**

- To prepare plans for development of small and medium enterprises in combination with provincial crafts.

**(c) DARD**

- To prepare plans for growing aquatic products to serve the aquatic product's processing factories.

- To prepare plans for growing agricultural products to serve the agricultural product processing factories.
- To prepare plans for development of milk cow.

**(D) DOSTE**

- To prepare plans for managing and monitoring environmental effects in industrial and craft clusters in the province.

**(e) Department of Tourism and Trade**

- To prepare plans for the development of domestic and foreign market.

**(f) Management Board of Provincial Industrial Zone**

- To invest in infrastructure construction for industry-cottage industry area in the province particularly in the two industry-cottage industry areas of Binh Long (Chau Phu Dist.) and Binh Hoa (Chau Thanh Dist.) in 2003-2004.

**(g) PCs of districts, towns and city**

- To prepare plans for the development of industry and craft industry in the province in accordance with the provincial master plan.
- To monitor the implementation of the program; to summarize, report and propose measures to address problems and issues.

**(h) Craft enterprises in the province**

- To formulate production development project for 2003-2010.
- In addition, other Departments are assigned to manage projects in the craft-related Programs. DOLISA is in charge of Occupational Training Project until 2010. This is one of the 5 human resource development projects for the province until 2010. Other relevant agencies (DOCI, DOET, VCA, etc.) are not members of the Program.

**2) Existing Policies and Decisions**

Similar to other provinces, craft development in An Giang is considered to be an urgent task. In fact, the government authorities, namely People's Committees and Party's Committee, have promulgated several policies that create favorable conditions for craft-cottage industry development, particularly for production and business activities in craft villages:

- (a) An Giang PC promulgated Decision 522/2002/QD-UB on 7 March 2002 on expansion of priority sites and item list. This Decision plays a very important role and is considered the foundation for acceleration of investments into and development of local crafts. The Decision includes preferential policies on taxes, credits, investments into industrial clusters and industrial areas. In practice, this Decision has helped settle problems related to issuance of business licenses, investment priority certificates, etc.

- (b) Among the 20 priority project categories for industry-cottage industry development, the key categories are (1) environmental protection and waste treatment; (2) establishment of training centers to improve production skills and management capacity; (8) technology development research; (10) investment consultancy, technology transfer, marketing management skill improvement, trade promotion; (14) diversification of industries and product; (19) investments into crafts such as brocades, carpets, silks, ceramics, embroidery, rush mats, forging, and bronze casting.
- (c) Decision 2097/2003/QD-UB of 23 October 2003 by An Giang PC on promulgation of award regulations on commodity exportation in 2000 has considered craft products as candidates for award, out of six other products. The award condition is export turnover in 2003 must be higher than that in 2002. If this is the case, VND 100 will be awarded for every dollar surplus.
- (d) Decision 545/2002/QD-UB of 7 March 2002 by An Giang PC promulgates a number of promotion policies for border-gate economic zones in An Giang.
- (e) Decision 476/QD-UB of 2 May 1996 by An Giang PC on promotion and development of industry-cottage industry in An Giang, also referred to as the Industrial Extension Program (IEP), focuses on (i) assistances for SMEs, purchase of new technology, quality improvement, price reduction in order to generate higher competitiveness; and (ii) assistances for development of crafts, traditional craft villages to generate more jobs and conduct labor distribution in rural areas.
- (f) The IEP has had remarkable impacts on disbursement and human resource development for industry-cottage industry, craft village development and cooperative establishment, organizations of study tours and exhibitions, entrepreneur club establishment, industrial cluster planning, etc.
- (g) Implement infrastructure development projects for craft villages in the period 2001 – 2005.
- (h) Implement the provincial project 31 on production development, job creation, living standard improvement during flood seasons.
- (i) Implement job creation and poverty reduction program.
- (j) Occupational training program for farmers and craftpersons at communes and villages.
- (k) Prepare investment plans for local industrial-cottage industry areas.
- (l) Broadcast craft village advertisement programs via An Giang radio and television stations together with related policies.
- (m) Recently, An Giang PC has approved of the Program for Industry and Cottage Industry Development in An Giang for the period 2003 – 2010.

### **3.4 Major Issues**

At present, craft and craft village development in An Giang is still at an infancy stage.

However, An Giang has the highest number of craft villages in the Mekong River Delta, although it is not quite a big number yet. Several craft villages are generating most of their income from craft production which help increase local living standards.

Private craft producers are rapidly growing, contributing a good share to total income from industry-cottage industry outputs. Although environmental pollution is not yet a critical issue at the moment, it is expected that in the future, it will adversely affect local living conditions unless adequate measures and directions are implemented now.

At present, An Giang is making full use of its advantages in terms of favorable raw materials brought about by the flood seasons, in addition to available raw materials in the province (bamboo, cotton, leaves, grass etc.). However, unless there is an adequate development strategy for raw materials, the craft villages will encounter big difficulties in sourcing for raw materials.

Craftspersons in existing craft villages are now aware of the economic benefits from craft production but they still do not fully understand the values in the products as well as constraints in craft development. Some of the traditional products might lead to extinction (such as Tan Chau silk, brocades by Cham and Kh'me groups, wood carvings, etc.) or shall be changed or transformed according to market requirements. Besides, the number of high-skilled craftspersons and master artisans is decreasing. It is thus important to ensure continuity of and improve master artisans through training courses for younger generations.

It is most critical that at present, the value assigned to craft products is judged only from economic viewpoint, while other social and traditional aspects have not been considered.

Therefore, it is possible to say that efficient development of craft sector in An Giang in particular or in Vietnam in general requires for comprehensive considerations for concrete development strategies and action plans in adequate levels as well as for effective coordination and collaboration among related agencies and organizations.

Major issues related to craft development in An Giang are: (1) Securing raw material for sustainable craft production, (2) Technology improvement, (3) Product quality improvement, (4) Craft product design and development, (5) Craft information, (6) Human resource development (knowledge, skill, experience, etc.), (7) Working environment, (8) Finance and Funding, (9) Distribution system, (10) Marketing and trade promotion, (11) Linkages with tourism, (12) Sanitary conditions and environment in craft villages, (13) Support for ethnic minority groups, (14) Preservation of traditional values, and (15) Production organization and alliance form.

For An Giang's conditions, survey results and comments from the Seminar on An Giang Craft Development Strategy Formulation have identified the following key issues prioritized as follows:

- 1) Craft product design and development
- 2) Product quality improvement
- 3) Technology improvement

- 4) Human resource development
- 5) Craft information
- 6) Marketing and trade promotion
- 7) Finance and Funding
- 8) Preservation of traditional values
- 9) Securing raw material supply
- 10) Distribution system
- 11) Production organization and alliance form

## **1) Craft Product Design and Development**

Nowadays, craft products made in An Giang are mainly for domestic market while some other provinces in the Mekong River Delta have started selling their products to other countries. According to An Giang Trade Promotion Center, through participations of key enterprises in the province in domestic trade fairs and exhibitions (Expo 2003), there is a big potential for An Giang to produce items that can meet market demands. However, at the moment, designs are still poor and unattractive to customers. With adequate investments and unique designs, products made in An Giang craft villages would be able to meet not only domestic but also international markets.

Product development requires for high production skills and a well-organized production system. Vocational and training schools or centers in An Giang have not been teaching designing and production skills for craft production, especially for fine art articles. A system to promote craft production has not been available, either. This is one of the most concerned issues that should be considered in the time to come, which has been identified and agreed upon by enterprises after participations in domestic and international exhibitions and trade fairs.

## **2) Product Quality Improvement**

Product quality is mainly determined by quality of raw materials (especially for natural materials), processing and crafting techniques. For some crafts, product quality depends also on aesthetic and cultural values that it contains, reflecting uniqueness of the locality. Securing those determinant elements will help ensure sustainable development. However, it should be noted that product quality is also affected by market demands.

At present, though some products have been able to satisfy market demands, they are, judging from national point of view, in need of further improvement, including raw material processing, designs, and production techniques. For An Giang, application of improved and advanced techniques is one of the most important factors that determine improvement of product quality. According to the Department of Science and Technology (DOST) in An Giang, in carpentry, knitting, mat weaving, etc., technology determines 50% of product quality while raw materials make up 16%. For brocade weaving, embroidery and sewing, production skills and raw materials determine 10% of product quality, while management and funding are for 30% and 50%, respectively.

Scattered productions in craft villages and other production regions are making things more difficult for management and product quality improvement as well as for formulation and application of quality control criteria.

### **3) Technology Improvement**

In order to win a good competitive status in domestic and international markets for better sales, craft villages and enterprises in An Giang are to reduce prices and improve product quality. Improvement of techniques is aimed at realizing such targets. In practice, application of advanced technology into brocade weavings, raw material processing can be seen as foundations for reduced costs and improved quality. This will also help establish quality standards for raw materials and craft products for better quality control. Yet, it is important to select the right technology not to lose traditional beauty and values.

However, current application of new technology into craft production in An Giang is insufficient. There is a need to improve bamboo processing techniques and technologies to prevent moulds and borers (in My Luong, Cho Moi) as well as processing techniques for water hyacinth products (in Vinh My, Chau Doc). Environment-friendly technologies are needed for dyeing techniques. Weaving loom improvement for Cham group (in Chau Giang, Tan Chau) has helped improve productivity and lessen heavy jobs and increase export volumes. In general, new technologies needed for specific production processes are necessary for sustainable development of craft sector in An Giang.

### **4) Human Resource Development**

Local labor quality is still low as trained workers account for only 5.44% of the total labor force. At present, training activities are conducted the traditional way within families, craft villages or among craftspersons. It is said by DOLISA that apart from successful combination of training models in agriculture and cottage industry, vocational training activities have been revived after a long time falling into oblivion. Public training institutes are few, most of which are located in urban areas, provided with backward equipment, and disconcerted investments. Private training institutes are small in size, whose development is unprompted. However, all of the training institutes in the province have not included craft production into their curricula. Experienced trainers and teachers on craft production are insufficient. In fact, some teachers cannot meet standards.

For better product quality, there is a need for high-skilled craftspersons, especially for master artisans, and a well-organized training system in the province. To overcome the problems and to make up a breakthrough in product development, an adequate development strategy to organize and strengthen the training system in close coordination with other provinces and regions is needed.

### **5) Craft Information**

Production activities are currently dependent on orders. Furthermore, markets are both far from production sites and unstable, especially for traditional crafts such as knitting, stone carvings, etc. Domestic markets' conditions are changing according to agricultural deviations. Except for some craft enterprises (embroidery, water hyacinth carpets) and



food processing enterprises, most of the existing craft villages and small enterprises are faced with difficulties in accessing market information while local technical infrastructure and facilities are still poor. Survey results reveal that 86% of the craft villages are facing serious problems in accessing information sources for craft products. Though An Giang has been able to publish its own website, a craft information system to support craft villages and enterprises, which can be easily accessed by local governments for promulgation of justifiable policies and decisions, has not been made available.

## **6) Marketing and Trade Promotion**

At present, order-based productions are common. Accessibility to both domestic and international markets is poor due to limited financial capacity and knowledge, and, as a result, local producers have few chances to make comparisons between their products and others. In the recent years, An Giang has provided assistances for local enterprises, namely study tour to other provinces and participations in exhibitions, trade fairs for more exchange opportunities. However, the achievements have failed to fully meet requirements by enterprises and producers in craft villages. An Giang needs to conduct appropriate training courses to improve marketing capacity, such as distribution strategies, pricing, information collection, understanding market demands, linkage between producers and market, etc. in order to produce acceptable products.

## **7) Finance and Funding**

Provincial IEP has been a concern by the Party's Committee and People's Committee, especially since the promulgation of Decision 522/2002/QD-UB on promotion and prioritization of a number of fields and industries. As a result, disbursement, in coordination with commercial banks, funds for production development has had remarkable improvement. However, operation of Job Assistance Fund and Poverty Reduction Fund is inadequate and has not met financial demands from loan projects. In flood-prone areas, producers' financial demands are not timely addressed, and business and production activities in craft villages are adversely affected.

In An Giang, it is still difficult for farming households to get loans as credit loans are given only to poor households that are officially recognized. In reality, most of the production households in An Giang are standing on the poverty threshold and cannot get loans as they have no mortgages or these households cannot get credit loans either due to the lack of assistance sources. In order to support craft production in craft villages, there is a need for concrete policies and measures to set up funding sources for craft villages.

Though central and provincial budgets are currently sufficient, disbursement is sluggish. Though the disbursement target in 2003 for Cho Moi District (set by the IEP) is VND 32 billion, only VND 16 billion has been disbursed by November 2003, including mostly short-term loans. This means that producers are not making intensive investments as they cannot meet required conditions, despite their huge demands. Thus, in order to ensure sustainable development, it is necessary to provide soft long- and medium-term loans using different funding sources.

## **8) Preservation of Traditional Values**

During the initial stage of craft development in An Giang, economic benefits are important to local life. Nevertheless, preservation of traditional values in craft products is significant and must be focused on in overall development plan.

The rapid growth of cheap industrial goods, including cloths and dye chemicals, has strong impacts on traditional tools and techniques unless they are utilized justifiably. It is extremely important to preserve traditional values in craft products and other fine art articles. Now, several products made in An Giang have been accepted domestically and internationally, thanks to their unique characteristics in designs and raw materials (brown-spotted bamboo, water hyacinth) which are advantages for An Giang craft products to win favorable status in domestic and international markets. Traditional crafts such as brocades, wood products, brown-spotted bamboo products, etc., should be preserved and, of course, improved to meet domestic demands and should be suitable for modern life without ruining the unique traditional values and beauty. This can only be realized through an appropriate master plan.

## **9) Securing Raw Material Supply**

One of the typical characteristics in An Giang is the use of local raw materials for craft productions, such as brown-spotted bamboo, palmyra leaves and especially water hyacinths which are available during flood seasons, as An Giang is located in upstream area of the Mekong River. This is considered as one of the advantages to reduce production costs and product prices. Because of increased productions, local people tend to make use of local water hyacinth to sell as raw materials to other provinces and countries. However, the natural source of water hyacinth is not as rich as before and there is a need for exploitation and usage plan to make sure of sustainable production. Besides, it is important to increase the share of finished water hyacinth products and to restrict exportation of water hyacinth as raw materials in order to improve economic benefits from the craft.

## **10) Distribution System**

In general, the distribution system in An Giang involves several sectors and stakeholders, from raw material production to finishing products and selling to customers. In addition, middlemen play important roles in stabilizing the system in scattered production areas, especially in rural craft villages. In the stable market, if the middlemen are minimized in number, the income of producers will increase. In general, due to the market changes, the middlemen will adjust the prices so that they can have profits. In particular, in the scattered production condition with undeveloped transportation and communication, production and business performance of establishments at craft villages depends on the middleman's activities, including in export.

To ensure the sustainable craft development in the province, it is necessary to formulate supporting mechanism and measure that have positive impacts on existing distribution system. Measures comprise of main issues such as formulating information analysis,

dissemination and management system for craft enterprises (information of raw material, domestic and foreign markets, customers' preference on design, market demand, etc.), reduction of unnecessary middlemen in distribution channels; adjusting activities ensuring the rights of stakeholders in production and distribution and decreasing the distribution cost; and exchanging information between relevant parties, among others. All these measures are aimed at reaching the price fairness on market and boosting up production.

### **11) Production organization and alliance form**

Production at craft villages in An Giang develops spontaneously with self-support business performance. The linkage between craft villages and enterprises outside the villages is weak. Enterprises in general have limited finance; they grasp the market demand and search for the market-oriented products. Meanwhile, craft villages lack market information and capital for production (especially in material purchasing). The strong linkage between craft villages and enterprises will settle this problem. Enterprises will provide craft villages with information of market, product quality, design, customers' preference, etc., to support production and business performance.

In the market economy, producers in craft villages will select the suitable production organization for them such as households, production groups, cooperatives' members, or establishing enterprises or limited companies due to their production scale and financial capability.

## **3.5 Potentials, Advantages and Difficulties in Craft Development**

### **1) Potentials**

- 1) The province has a well-developed agricultural sector, especially for rice cultivation and aquatic culture, which has had a long history.
- 2) In the province, there are several types of mineral resources. Some of them can be used for craft production such as granite (7 billion cubic meters), kaolin (2.5 million tons), shells (30-40 million cubic meters), etc. This is also one of the advantages of An Giang over other provinces in Mekong River Delta. Materials for black ceramics are also available.
- 3) An Giang is favored with plenty of cultural and historical vestiges, which can be used as a part of craft village (Cham, Kh'me) tours or eco-tourisms. The best known vestige is Hoa Thanh Co Tu in Tinh Bien District, which has been recognized by MOCI, and Xa Ton pagoda (already 200 years), which reflects strongly unique identity and culture of the Kh'me group, among others (Nui Cam, Nui Sam, Chau Doc v.v.)
- 4) An Giang residents are hard-working and creative. For the past years, An Giang has taken the leading steps in economic restructure in Mekong River Delta as well as the whole country. Abundant is the labor force, added by 40,000 people each year. This is both a challenge and comparative advantage for lower labor costs in product prices.

## **2) Advantages**

- 1) An Giang is naturally favored with advantageous geographical location. The province is well-connected with Laos PDR, Cambodia and Thailand through developed road and waterway systems. This will facilitate trade exchange and craft development.
- 2) Craft products are produced manually or semi-manually, being suitable for local production capacity and labor force in rural areas.
- 3) The province has unique materials such as materials for production of black ceramics and other materials brought by floods such as water hyacinth, which can be easily exploited and used for export-oriented craft production.
- 4) Provincial Party's Committee and People's Committee, as well as other relevant agencies, are creating every needed conditions for craft and craft village development, namely credit support, advertisement, training, trade promotion, economic restructure, etc. And since 1996, An Giang is the leading province in formulation of IEP (Decision 476/QD-UB of 2 May 1996), which was fundamental condition for other programs, projects and coordination by relevant agencies and for some other important decisions supporting rural industry development.

## **3) Difficulties**

For efficient and sustainable craft development and creation of stable market position in local and international markets, the craft sector will have to face big difficulties and challenges. There is a need for identification of the main problems and difficulties in current development trends so as to work out adequate solutions and countermeasures

### **(a) Infrastructure and Business Environment**

Rural infrastructure system, especially for services, is currently weak and unable to meet requirements from a commodity production system. Rural roads, though upgraded and widened, are not providing smooth travel conditions, particularly for remote areas. Trade facilities such as local markets, stores and shops in rural areas are underdeveloped. In craft villages, production sites are located within residential areas, and production development and environmental treatment are consequently difficult.

For the last 2 years, the transport sector has had great efforts to construct rural transport infrastructure using different fund sources, namely, 5 roads to craft villages and 4 mountainous roads, among others. However, infrastructure improvement requires not only for huge fund but also good cooperation and coordination among trade, tourism and transport sectors.

### **(b) Impacts of Floods**

Every year in An Giang, flood occurs and lasts for 3-4 months causing difficulties in transportation and production in general, and craft production in particular.

### **(c) Human Resource Limitation**

One of the province's constraints is the quality of craft labor, especially labor in new crafts. Craftpersons' knowledge of aesthetics is limited; therefore, their products have weak competitiveness. Time for training is necessary to improve the skills of craftpersons. This is the big challenge for the province in craft design and product development.

#### **(d) Organization and Coordination**

Implementation of Decision 132/2000/QĐ-TTg in the province is faced with several difficulties, limiting effectiveness and efficiency of the decision. Management tasks and responsibilities are overlapped among MOI and MARD, and among DOI and DARD. There is no clear definition for this and some provinces leave it to DOI while in others, DARD is in charge. For the case of An Giang, DOI is in charge of the implementation and provinces, projects, plans on rural industries set up by MARD are not coming to DOI for implementation.

Craft development in An Giang is related to several agencies and organizations in the provinces. In its industrial extension program, An Giang has set up a framework for organization and coordination among the stakeholders. However, role- and responsibility-sharing among these agencies has not been transparently defined for comprehensive craft development. If the province can clearly identify roles and tasks of these stakeholders, including state agencies and NGOs (such as CARE), it would be a stable foundation for local craft development. This is one of the most problematic subjective challenges, not only in An Giang but also in other provinces.

#### **(e) Support and Assistance for Ethnic Minority Groups**

Compared to other regions, ethnic minority people are needier (in terms of languages and social knowledge, etc.). Poor household rate is high (for the case of Van Giau commune, it is 31%); market accessibility and information are extremely limited. Local awareness of values of traditional silk and brocade weaving is poor while the development of cheap industrial fabric and dyes can negatively affect traditional weaving techniques of local ethnic people. Traditional weaving of ethnic groups in the province is facing difficulties, especially in some remote areas, such as Tri Ton, Tinh Bien, etc.

## **4. CRAFT DEVELOPMENT MASTER PLAN IN AN GIANG**

### **4.1 Orientation for Craft Development**

#### **1) Overall Objectives**

- (a) Revitalization and development of traditional crafts and craft villages which are in danger of extinction.
- (b) Improvement of labor quality in craft villages: design capacity, product quality and productivity.
- (c) Continuous product development of new crafts suitable for local conditions (labor, raw materials, infrastructure) with focus on labor-intensive crafts that require small initial investments, using suitable technology and techniques.
- (d) Strengthening of training activities in close coordination with producers to create more jobs in rural areas.
- (e) Improvement of business management skills in rural areas for local managers to have sufficient capacity in production development.
- (f) Acceleration of disbursement for producers in rural areas to be financially capable of production development.
- (g) Continuation of advertisement of craft products through the establishment of exhibits of craft products within and outside the province; publication of craft information in the internet; assistance for enterprises to be able to participate in exhibitions and trade fairs.
- (h) Promotion of exportation of local crafts and development of tourism lines in proper linkages with craft villages.
- (i) Gradual and sustainable development of crafts of ethnic minorities residing in remote areas as model cases which will be replicated widely to other places. Paying attention to successful traditional craft development cases in the ethnic minorities for replication (Chau Phong in Tan Chau and Van Giao in Tinh Bien).

#### **2) Craft Village Development Orientations**

Development orientations for each of the towns and districts in the province are described as follows:

##### **1) Long Xuyen City**

- Strengthening craft productions for local consumptions (fishing hooks, filing and polishing marbles, boat making, knitting) and for exports (fine arts, embroidery).
- Expansion of export-oriented embroidery cooperatives.

##### **2) Chau Doc Town**

- Development of crafts to attract and offer to tourists and visitors.
- Development of embroidery making use of experiences learnt in Long Xuyen City.

##### **3) Cho Moi District**

- Development of traditional crafts such as knitting and fine art products made from bamboo, carpentry, boat making, mat weaving, etc. and provision of support for fine art wood furniture and wood carvings.
- 4) Phu Tan District
- Development of traditional crafts such as agricultural production tool forging, sweeper making, embroidery, etc.
  - Development of boat making in Hoa Lac Commune.
  - Promotion and development of new crafts such as items from water hyacinth, bamboo, shells etc.
- 5) Thoai Son District
- Formulation of strategies for stone exploitation to ensure sustainable supply for stone processing factories.
  - Providing support for cottage industries such as rattan and bamboo product making (baskets) to generate job opportunities and to meet local demand.
  - Providing support for picture-making from palmyra leaves and fine articles from bamboo.
- 6) Tan Chau District
- Establishment of community tourism model by 2005 in brocade village (Cham group) in Phum Xoai Commune.
  - Providing support for and promotion of growing mulberry and cocoons, silk reeling in order to revive traditional silk in Tan Chau.
  - Providing support for and promotion of export-oriented mat making and brocades of the Cham group.
- 7) An Phu District
- Providing support for and promotion of traditional crafts such as net making, embroidery, weaving by Cham group.
- 8) Chau Thanh District
- Providing support for and promotion of traditional crafts such as mouse traps, scissors, footwear, etc.
- 9) Tinh Bien District
- Providing support for and promotion of traditional crafts such as stone splitting, silk making, brocade weaving (Kh'me group).
  - Establishment of community tourism model by 2005 in brocade village (Kh'mer group) in Sray Xa Cot Commune.
- 10) Tri Ton District
- Providing support for and promotion of traditional crafts such as palmyra sugar, cushion making, stone splitting, silk making, brocade weaving (Kh'mer group).
- 11) Chau Phu District

- Assistance in craft making such as boat making, mat weaving, etc.

#### **4.2 Roles and Objectives of the Craft Development Master Plan in An Giang**

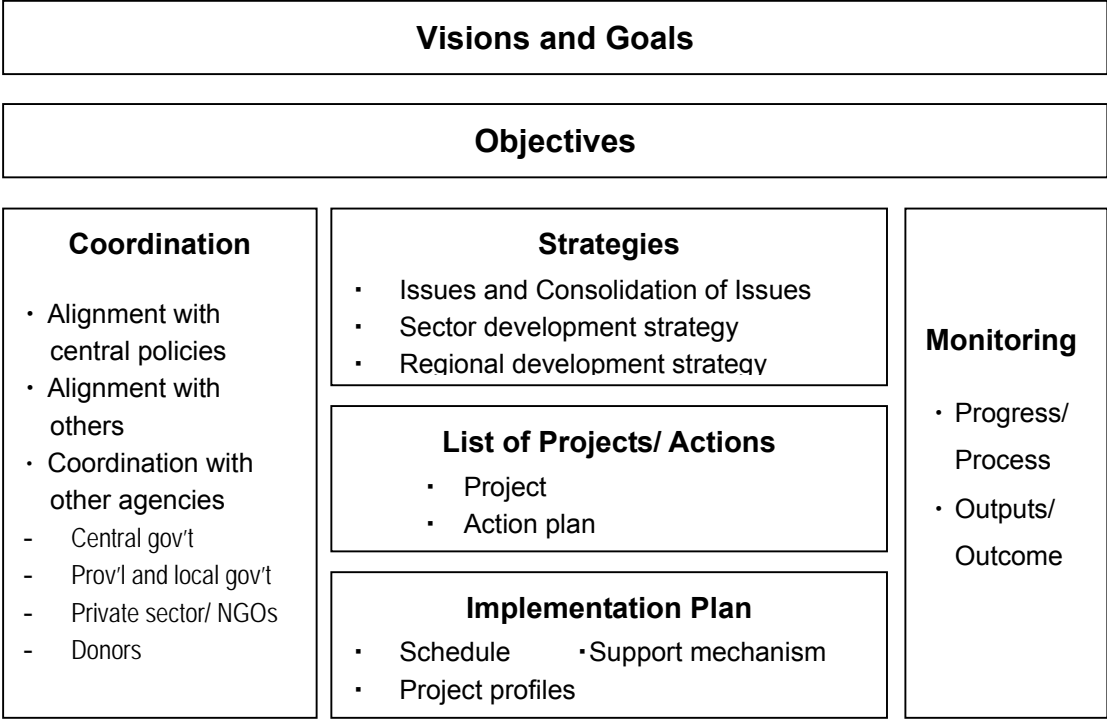
As outlined in its main objective, the Craft Development Master Plan in An Giang aims to establish an effective policy framework for rural development and poverty reduction through the development of the craft sector. Although the Master Plan will not be immediately integrated with present government 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 relationship between long-term objectives and project/action plan implementation has been noted. The Master Plan's framework is hierarchical: from the future basic objective (Vision), detailed objectives (Basic Objective), basic direction to achieve objectives (Strategy), actions to implement strategies (Projects/ Programs), and measures for project implementation (Modality) (see Figure 4.2.1).
- b) Transparency in Adjustment of Policies and Role Sharing Among Stakeholders:** Helping ensure rural growth through the development of the craft sector (i.e. strategy for growth and poverty alleviation) involves a wide spectrum of stakeholders: relevant government administrators and workers, distributors, artisans, consumers, etc. It is desired that each segment will contribute in helping reduce poverty in the subject areas and ensure economic development by enhancing their respective developmental tasks and strategies. Collaborative mechanisms on various activities for the craft sector are underscored in the Master Plan. Effective collaboration between the government and the private sector lie at the core of such an objective. Several government agencies at the central and regional levels are involved in the administrative aspect while various private entities handle production process, distribution and marketing. The private 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 ensuring the private sector's gains and goals.
- 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 does not function as a master plan and does not sufficiently allow the formulation of a master plan based on it. Because of its limiting characteristic, it does not reflect practical actions and projects for craft development activities at the provincial, commune and village levels. Furthermore, central government policies have not been formulated clearly as to help local government entities (province, district, commune) to formulate their own plans nor the manner in which they can approach the central government or higher authorities for necessary technical and financial support. This



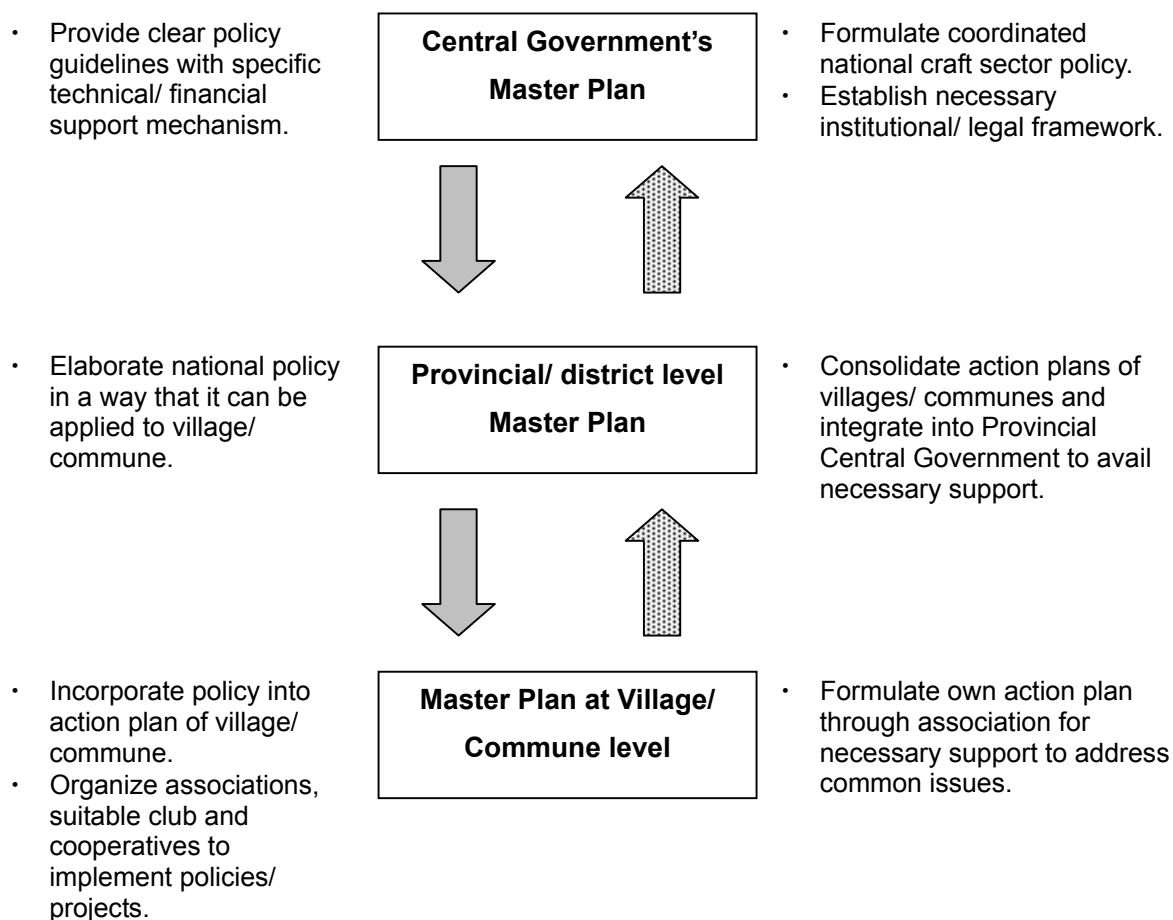
Study thus aims to formulate a master plan for the central, provincial and commune/village levels so as to streamline and ensure that respective policies and measures at various levels should work toward the same goal (see Figure 4.2.2).

**Figure 4.2.1 Structure and Components of the Master Plan**



Source: JICA Study Team

**Fig 4.2.2 Role of Master Plan at Central, Provincial, Commune/Village Level**



### 4.3 Goals and Objectives of Craft Development

Craft Sector Development Master Plan in An Giang is a part of the national craft sector development master plan. The MP will guide and coordinate all related action plans by all of the stakeholders for craft development under 3-tier master plan (central, provincial/district and village/commune). This means that the village/commune level will also take an initiative role in the formulation of development plan/strategies, providing feedback to realize such development plan, taking into account local conditions and to ensure sustainability and avoid negative impacts from development processes.

#### 1) Goals and Objectives of Craft Development in An Giang

##### (a) Growth and Impact of Craft Sector Development in Vietnam

The craft sector in Vietnam in general and in An Giang in particular has been making big steps forward owing to several factors such as market-oriented economic reform, industrialization and an increased international market demands, among others. If the trend is maintained, it will have positive impacts on national and provincial economy. The craft sector in An Giang will become the key economic sector, generating job opportunities and contributing to rural industrialization. In the early development stage, job creation and

income improvement for local laborers by craft development is the primary concern of the local people and authorities in An Giang, as well as in other provinces.

However, past experiences in craft village development in other provinces show that the sustainable development will hardly be realized if focus will only be given to growth. Local life and social structure will be changed and affected as the crafts will have to be changed to meet market demands; traditional craft villages may become mass production workshops run by enterprises looking for cheap labor. Supply of natural materials (minerals, trees, etc.) will be scarce because of over exploitation, which may lead to the diminishing or even vanishing of a number of traditional crafts if the province fail to workout an adequate preservation strategy and stable raw material source to meet increased production activities.

#### (b) Goal of Craft Development in An Giang

Craft sector development in An Giang must be taken on a multisectoral approach, meaning, that it involves not just the economic but cultural, social and environmental aspects. 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 and preservation of traditional values.

The future goal of craft development in An Giang is defined as follows: **Promoting Socio-economic Growth and Reducing Poverty in Rural Areas through the Establishment of Sustainable Production Systems for Competitive Crafts embodying Vietnamese Traditional Values.**

#### (c) Basic Objectives

In the future, An Giang'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, it is important to formulate a development strategy and action plans in the concerned fields to realize the following basic objectives:

**Establishment of Mechanism to Preserve Traditional Craft Value:** The traditional value of craft items can be found in their originality, which reflects the tradition as well as the culture of a locality in An Giang. 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 An Giang crafts. This objective is for both short- and long-term periods, so that it would formulate a firm foundation for provincial craft development and a good status for An Giang craft products in international markets.

**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.

**Establishment of a 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 the development of a sustainable production system.

**Strengthening of Ethnic Minority Support System:** A large part of An Giang craft making is rooted in the culture and life of ethnic minorities, namely Cham and Kh'mer groups. 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 products 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 the strengthening of support systems and an effective collaboration and linkage system among various support and governmental institutions.

**Strengthening of Capacities of Craft Villages and Communes:** An Giang craft items are mainly produced in the rural areas. Helping strengthen the development capacities of the craft villages and communes in effect will 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.

**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.

## 2) Main Targets of Socio-economic Plan and Craft Development Plan

### (a) Targets for Socio-economic Plan

- Stable and sustainable economic development, reaching annual growth rate of 9.5% for the period 2001 – 2010 (8.8% and 10.2% per year for 2001 – 2005 and 2006 – 2010, respectively)
- Average GDP increases from VND 4.5 million in 2000 to VND 7.7 million in 2005 and to VND 17 million in 2010.
- Promote export programs, focusing on foodstuff, agricultural and aquatic products. By 2010, export turnover will reach USD 560 million, in which agricultural and

aquatic products share 64% and light industrial products share 36%.

- Investment rate, compared to GDP, will reach 36% in 2005 and 50% in 2010.
- Effective implementation of national and provincial programs related to social issues, especially education, in order to develop local human resources.

The overall targets set by An Giang Party's Committee and People's Committee for the next two years are as follows:

- Realize the annual growth rate of 9.4% by the year 2005.
- By 2005, the economic structure will be: Agriculture, Forestry and Aquaculture (32.2%); Industry and Construction (12.5%) and Services (55.3%). Poor household rate will be reduced to 4.3%.

(b) The Industry – Cottage Industry Development Program in An Giang (approved by An Giang People's Committee on 23 April 2003) has set development targets by 2010 as follows:

- By 2010, the secondary sector (Industry & Construction) in GDP will reach 20.5%.
- Industrial product export turnover by 2010 will reach USD 500 million. 98% and 87% of the households will be able to access electricity and water supply services, respectively.
- Industry – cottage industry growth rate for the period 2003 – 2010 will reach 14.3%.

#### **4.4 Proposed Strategies and Action Plans for Craft Development**

##### **1) Preparation Methodology**

In order to propose development strategies and action plans for existing craft villages, and proposal and implementation mechanism of the master plan as well as role sharing among stakeholders, a seminar on formulation of Provincial Craft Sector Development Master Plan was conducted in An Giang (Long Xuyen City) in November 2003 under the support of the provincial People's Committee. The seminar discussed on issues related to recent craft development activities and the contents of the Provincial Craft Sector Development Master Plan as well as obtained consensus on the National Craft Sector Development Master Plan and An Giang Craft Sector Development Master Plan.

In the seminars, several comments were made on the following issues:

- Consensus on goals for provincial craft sector development was obtained.
- Importance of objectives mentioned in the master plan and needed efforts to realize the prioritized objectives.
- Role-sharing among local agencies and unions at different levels for strength consolidation for the realization of the objective among main and supporting agencies.

- Identification of key issues related to provincial craft sector development and recommendations of responsible agencies to take charge of the issues. Prioritization of the issues for preparation of action plans.
- In addition, in order to get comments on specific action plans needed for the province, questionnaires were prepared and sent to key agencies in the province. The feedback papers were collected and processed, results of which are as follows:
  - (i) Identified strategies and selected action plans prioritized for implementation for provincial development in the province.
  - (ii) Identified main responsible agencies and coordinating agencies for each of the selected action plans as well as important action plans.

## **2) Proposed Strategies and Action Plans**

The proposed development strategies and action plans for craft sector development in An Giang is described in the following tables.

**Table 4.4.1 Proposed Strategies and Action Plans for the “Establishment of Mechanisms to Preserve Traditional Value of Crafts”**

Strategy		Action Plan/Project	Description	Key Agency	Coordinating Agency	
A1	Documentation of craft village traditions	A11	Creation of Guidelines for Research and Documentation of Traditional Crafts	This aims to create a manual to identify and document such values.	DOI MOCI's Project	DOCI DOCI Master Artisans in Craft Villages DOCI DOT & Tourism
		A12	Documentation of Traditional Values in Crafts and Craft Villages	Conduct surveys, researches and coordinate with relevant agencies based on participation of local villagers to document traditional values in crafts and craft villages.	DOI	
		A13	Presentation of Traditional Crafts Documentation Outcomes	Collect documents, edit and publish publications to introduce traditions of crafts and craft villages.	DOI	
A2	Strengthening of local museums	A21	Exhibits of craft products in Local Museums	In many historical and cultural museums, a number of traditional crafts are on display. It is thus necessary to strengthen collections and displays of such crafts.	DOCI	DOI Craft Villages DOI Craft Villages
		A22	Establishment of provincial craft museums	Establish exclusive museums for craft sector. Display all items that present historical development processes, production techniques and unique crafts.	DOCI An Giang Museum	
		A23	Building of a Traditions House for craft villages	Provide support and mobilize the whole society to construct a Traditions House where historical items representing traditions and uniqueness of local crafts will be kept.	DOI DOCI	
A3	Promotion of traditional craft research	A31	Listing research schemes and getting registration.	List all aspects that need researches for development of the craft sector, list all scientific researches and technique improvement projects, get registration with administration agencies to make use of budget for scientific researches.	DOI MOCI's Project	DOST DOCI Prov. Coop. Alliance (PCA)
		A32	Donations for researches on restoration of badly maintained crafts	It is necessary to provide financial assistance for experts and master artisans providing efforts to revive vanishing techniques and badly maintained crafts.	Prov. PC	
A4	Enhancement of master artisan system	A41	Revitalization of Master Artisan System	This aims to revive master accreditation system and conduct preferential policies for master artisans.	Government & Prov. PC	DOI DOCI DOI DOCI DOLISA DOET AnGiang Univ. & Vocational School DOCI
		A42	Provide support for and help exhibit crafts made by master artisans	This aims to annually conduct exhibition of crafts made by master artisans with full assistance from the government.	DoT & Tourism	
		A43	Fostering of master artisans. Providing financial assistance for master artisans to provide training on traditional crafts.	Formulate different training types, foster more knowledge on culture, techniques, economics, and aesthetics for master artisans. Provide assistance for master artisans to open training courses for younger generations.	DOI	
A5	Conferment of title of traditional craft	A51	Establishment of System for Conferment of Traditional Craft Title	This aims to establish a system for periodical conferment of traditional craft title from the national viewpoint of preserving traditional values and from the local viewpoint of promoting local industries.	DOI DOCI	DOST DARD DOI DARD DoT&Tourism DOCI DARD
		A52	Collection and Preservation of Traditional Crafts	This aims to collect samples of traditional crafts for preservation in museums, tradition house or private collections. Prepare a list and profiles of such crafts.	DOCI (Museum)	
		A53	Dissemination of information on Traditional Crafts	Conduct exhibits and introduce craft products through publications with annotations of presentations for information of the public.	DOI	

**Table 4.4.2 Proposed Strategies and Action Plans for the “Improvement of Craft Products Development System”**

Strategy		Action Plan/Project		Description	Key Agency	Cooperating Agency
B1	Strengthening of craft design capacity	B11	Creation of Design Curricula for Existing Educational Institutes	Targets of this action plan are students in craft-related universities, craft vocational schools, designers in production units.	Univ&Col. of Art (central) DOET An Giang Univ.	DOI DOCI
		B12	Establishment of Design Promotion Unit under Provincial Industrial Extension Center	Provide support for and promote design activities in production unit.	DOI DOCI	Art Association DOT&Tourism
B2	Strengthening Development Services	B21	Pilot training of craft coordinators	Coordinators are links between producers, designers and markets. It is important to train coordinators (who come from production units, enterprises).	DOI DOT&Tourism	Consul. Agencies Art Assc. DOT&Tourism
		B22	Development of BDS provider network	BDS providers are to provide consultant and support services for product development. Based on existing organizations (VCA, Rural Industry Enterprise Association), it is to encourage private sector to set up new BDS organizations.	DOI Prov. CA	
B3	Strengthening of technical skills in craft making	B31	Identification of Craft Skills that determine craft quality	Collect and record special and high production techniques due to each craft item	DOI Local Industry Dept. (MOI)	DOST DOLISA
		B32	Conduct Craft Competitions	This aims to preserve traditional craft production techniques and apply new ones.	DOI	DOST DOLISA DARD
		B33	Establishment and standardization of training system	This aims to promote craft training for younger generations through establishment of adequate training system in educational institutes, production units and enterprises, with support given to trainers and trainees.	MOLISA DOLISA (Vocational School)	DOET DOI
B4	Establishment of intellectual property rights system	B41	Apply property right protection to craft products	Set up legal framework and organize protection of copyrights for craft products and intellectual properties.	DOST	DOT&Tourism DOI DOI
		B42	Get registration with relevant agencies	Strengthen registration system and provide certificates for special products; make it possible to get registration with relevant international agencies.	DOST	DOT&Tourism
B5	Provision of opportunities for market appraisal	B51	Participation Assistance in Local and International Fairs and Exhibitions	This aims to hold fairs and exhibitions for better marketing of the products.	DOT&Tourism DOI	Local PC DOCI Business Club
		B52	Dispatch of Specialists and Exchanges	This aims to develop a system of dispatching and exchanging Vietnamese or foreign specialists.	VCCI DOT&Tourism	DOCI DOI
		B53	Establishment of Matching System for Producers & Buyers	This aims to provide better matching opportunities between production regions and buyers by gathering information about them.	DOT&Tourism	VCCI DOI Coordinators



**Table 4.4.3 Proposed Strategies and Action Plans for the “Establishment of Sustainable & Competitive Production Systems”**

Strategy		Action Plan/Project		Description	Key Agency	Cooperating agency
C1	Securing sustainable raw materials	C11	Inventory Survey of Raw Materials	Formulate planning of raw material areas for craft productions, and formulate raw material supply programs for other provinces as well as raw material purchase programs from other places.	DARD	Local PC DPI Seed Center Local PC DOST
		C12	Improvement of raw material cultivation techniques	Improve planting and harvesting techniques and technologies for sustainable supply of high-quality raw materials and securing regeneration of raw materials.	DARD	Seed Center DARD DOCT
		C13	Establishment of standardized raw material processing factories	Improve and standardize processing techniques in production units and factories. Establish standardized processing factories for supply for craft production.	DOI	
C2	Local industry promotion	C21	Promotion of and assistance for local craft development	Create opportunities to strengthen linkages among production regions and exchange for craft development, expand existing crafts and create new ones.	DOI	DARD Prov. PC Local Eco. Div. Local PC
		C22	Promotion of cooperatives and small-and medium-sized enterprises in craft villages	Develop cooperatives and enterprises in craft villages to provide further support and assistance to production in households; create direct exchange with consumer markets for craft households.	DOI DOT&Tourism	DARD Ind'l Property Dept. (MOST) DOI DOT&Tourism
		C23	Development of Production Areas as Local Brands	Guide and help craft villages to develop their own brands for the products that they make and secure their copyrights.	DOST	
C3	Establishment of technical improvement and quality control system	C31	Revitalization and development of unique techniques	Guide and assist master artisans in craft villages in reviving and developing unique traditional techniques for application to new crafts.	DOI DOST	DOCI Craft villages Master Artisans DOST
		C32	Support for producers to improve production technology and apply new achievements	Provide support and assistance to producers in maximizing their initiatives for the improvement of tools and techniques. Instruct and help them in using new equipment and technology.	DOI MOI	Prov. CA DOLISA Dept. of Standard – Measurement & Quality (MOST)
		C33	Establishment of Quality Control Criteria	Establish quality control criteria for craft production; manufacture measurement equipment and tools and provide instructions and guidance for quality control activities in craft villages.	DOST	DOI Business Club Master Artisans
C4	Improvement of training quality for craftspersons	C41	Development of craft training manual	Prepare craft training manuals for use by master artisans and chief craftspersons in training other potential craftspersons in craft villages.	DOI	DOLISA VCA, PCA Master Artisans DOET
		C42	Strengthening of training and fostering activities for chief craftspersons and trainers in craft villages	Mobilize vocational schools and experts to conduct short-term training courses for chief craftspersons and master artisans in order to improve their creativeness and training capacity.	DOI	DOLISA
C5	Strengthening of capacity of managers	C51	Training to foster business management	Conduct short-term training courses to improve business management skills of business managers.	DOI	Prov. CA DOLISA An Giang Univ.

		C52	Assistance System for Entrepreneurs, cooperatives	This aims to provide financial and technical assistances to pioneering producers or enterprises to develop new products, embark on a different kind of business, etc.	DOI	DOT&Tourism Prov. CA
C6	Improvement in work environment	C61	Re-planning of working spaces and construction of necessary infrastructure	Re-planning of working spaces to match technological development and construction of infrastructure for craft production.	DOI	Prov. & District PC DPI
		C62	Establishment of Occupational Safety Support System	This aims to establish a system to provide assistance and instruction in occupational safety management and operation as well as provision of tools and preventive equipments.	DOLISA DOI	Local PC Local Econo. Div.
		C63	Improvement of craft village environment	Instruction and provision of necessary equipment to improve environmental issues in craft villages. Support local villagers to manage environmental issues on their own.	MONE DONE	DOI Local PC

**Table 4.4.4 Proposed Strategies and Action Plans for “Strengthening of Support System for Ethnic Minorities”**

Strategy		Action Plan/Project		Description	Key agency	Cooperation agency
D1	Education for minorities on the value of crafts and importance of craft development	D11	Development of Craft Education Method and Manual	This aims to study the craft education method and manuals that suits the capacities and languages of ethnic minorities.	An Giang Univ. Voc. Centers etc.	DOCI DOLISA Prov. Eth. Committee
		D12	Development of Village Trainers	This aims to educate and train technicians as village trainers.	An Giang Univ. Voc. Centers	WU DOCI
D2	Preservation of traditional techniques & crafts	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.	DOCI (Museum)	Prov. Ethn. Committee Local Econ.
		D22	Restoration of Traditional Techniques	This aims to promote restoration activities to conserve traditional techniques, raw materials and tools which are in danger of extinction.	Ditto	Div. Master Artisans
		D23	Preservation of Traditional Crafts	This aims to promote preservation activities for ethnic minority traditional crafts in cooperation with local museums, local governments and other concerned parties.	Ditto	DOI Master Artisans (related) Local PC Prov. Ethn. Com.
D3	Formulation of and familiarization with technical and management guidelines	D31	Provision of Craft Production Technique Training	This aims to provide craft production trainings to local people in coordination with NGOs.	DOI Local Eco. Div.	DOLISA Vocational Center
		D32	Creation of Business Management Manual	Management manuals for accounting, cost awareness, negotiation skills, etc.	An Giang Univ.	WU DOI
		D33	Provision of On-the-Job Training	Provide support to improve market accessibility (i.e. selling products in local markets or through shops and stores in other countries).	PCA DOT&Tourism	DOT&Tourism Prov. CA DOLISA DOI DOLISA WU
D4	Expansion of trade fair system	D41	Establishment of International Trade Fair Participation Mechanism	Establish a number of production groups/cooperatives for ethnic minority groups with sufficient conditions (working environment, quality control v.v.). Provide support for them to participate in overseas trade fairs.	DOT&Tourism	DOI DOCI Local PC WU rel. Craft vil. DOI
		D42	Opening of Pilot Shops	This aims to provide accessibility for tourists and have more business experiences.	DOT&Tourism	Business Club
		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.	Ditto	
D5	Assistance for organizations working with ethnic minorities	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.	DOI	Local PC Prov. CA WU-FU DOT&Tourism
		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.	DOI	Prov. Eth. Dept. Local PC DARD
		D53	Conduct of Forum among Organizations Assisting Ethnic Minorities	This aims to coordinate with local government agencies and other stakeholders to setup forums for groups and support organizations to have better opportunities for discussions, to learn experiences and obtain craft information among each other.	DOI	DOT&Tourism WU Local PC Prov. Ethn. Committee

**Table 4.4.5 Proposed Strategies and Action Plans for “Strengthening of Capacities of Craft Villages and Communes”**

Strategy		Action Plan/Project		Description	Key agency	Cooperation agency
E1	Formulation of village development strategy (VDS) through participatory approach	E11	Assistance on VDS formulation activity	Select some villages for pilot implementation. Formulate financial and technical assistance system for VDS activity.	DOI DARD	Local PC DOCI DOT&Tourism
		E12	Preparation of VDS Manuals	Prepare manuals and provide assistance for local villagers to select pilot sites and understand more about their craft villages and conduct village development through participatory approach.	DOI DARD	DOCI WU, FU Local PC
		E13	Pilot implementation to expand VDS	Formulate support mechanism for VDS for more practical assistance by the state agencies.	DOI DARD	FU WU Local PC
E2	Establishment of craft associations	E21	Establishment of Artisan Craft Associations	Conduct study tours to gain more experiences by visiting a number of craft associations in other provinces (Ha Tay, Hanoi, Bac Ninh, etc.)	DOI	DARD PCA Local PC
		E22	Preparation of Association Regulations	Support to formulate regulations and form associations at villages to enhance cooperation between producers and concerned parties.	DOI VARISME VCCI	DARD PCA DOCI
		E23	Establishment of a number of craft associations as pilot cases	Pilot formulation of craft associations at typical villages; identification of the support mechanism of local government and producers for associations.	DOI	Local PC DOT&Tourism
		E24	Creation of linkages among associations, enterprises	Prepare a list of groups and organizations related to craft promotion in the province and strengthen their linkages among each other for better information, technology and human resource exchange.	DOI	DOT&Tourism PCA DOCI
E3	Securing funds for craft production activities	E31	Establishment of Craft Fund	This aims to create a craft fund which is an accessible financial source of funds for craft villages and producers.	DOI	Prov. PC DOF FDA
		E32	Establishment of Financial Procedures to Access Financing Schemes	This aims to review existing banking systems and work out better procedures for easier accessibility by local producers and craft villages to such funds.	DOI	Banks rel DOF FDA
		E33	Study on Accessing ODA	This aims to strengthen linkages among craft villages and improve their accessibility to donors' which are assisting such activities.	DPI	Prov. PC DOI Banks Rel.
E4	Environment improvement in craft villages	E41	Study of Environmental Issues in polluted Craft Villages	This aims to understand existing and potential impacts of craft production on the environment from the aspects of scale of craft villages, production method and kind of craft item produced.	DONE	DOI DARD DOST DONE
		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.	DONE DOST	DOI DARD
		E43	Environment Quality Development Assistance	This aims to provide financial and technical assistance on environment quality development self-activities in craft villages.	DONE	DOI DOST DOLISA DOT&Tourism
E5	Establishment of marketing system for village crafts	E51	Preparation of documents introducing crafts and craft items in the village and establishment of trademark	Provide introductions about crafts and craft products and establish trademark for registration.	DOI DOT&Tourism	DOST DOCI Master Artisans
		E52	Development of Tourism/Tourist Incentives	Strengthen linkages between craft promotion and tourism development through provision of better hygienic conditions, improved facilities and opening of new tours.	DOT&Tourism	DOI DOTransp. Local PC
		E53	Product Development Using Local Materials and Techniques	This aims to develop products showing identity and originality of craft villages through the use of traditional local raw materials and techniques.	DOI	DOT&Tourism PWU DOST M.Artisans rel.

**Table 4.4.6 Proposed Strategies and Action Plans for “Development of Infrastructure Support”**

Strategy		Action Plan/Project		Description	Key agency	Cooperation agency
F1	Establishment of organization and institutions related to craft sector promotion	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.	Gov.' (Office)	MOI MARD MOCI MoTrade, etc. WU, VCA, etc.
		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.	PPC (Office)	DOI DARD DOCI DoTrade, etc
		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.	PCC	DOI & PCC key members
F2	Craft information support service	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.	PCC (Office) DOST	DOI, DARD Business/ prod.agencies
		F22	Establishment of One-stop Craft Center	This aims to provide necessary information and assistance that includes consulting services on investment, partners, logistics, etc. in one place.	PPC DOI	PCC Rel. Consul. Agency
		F23	Development of Distance Information Service in the Remote Areas	This aims to provide needed information services and technical assistance using available information technology and system to remote areas.	CEM MOI MOLISA MOCI	Rel. Prov. Agencies
F3	Financial support to craft sector	F31	Budget Allocation for Craft Sector from Ministries and Provincial Governments Based on Craft Development Master Plan	Since budget for the craft sector comes from various agencies, coordinated budgeting and spending are critical which can effectively be undertaken by involving the National Craft Council.	PPC DPI PCC	Rel. Depts. Under PCC
		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.	DOF Banks rel. Funds rel.	Local PC Craft Assc. Business Club WU, Youth Union, PCA
		F33	Effective Use of ODA	This aims to formulate a strategy and mechanism to use ODA more effectively to support craft sector development.	PCC DPI	Rel. Agencies
F4	Infrastructure development support	F41	Improvement of Transportation Access to Markets	This aims to identify critical areas where transporting products to markets are so difficult, thus constraining business opportunities of craft village/households.	PPC DPI DoTrade&Tour	Dist. PC DOF, DOI DARD
		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.	PPC DPI	PPC, DOI Local PC Craft Assc.
		F43	Support for the Improvement of Common Production Facilities for Craft 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.	PPC DOI	Local PC DARD, DOST Research inst.
F5	Human resource development	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.	PPC, PCC DOI, DOLISA	An Giang Univ. PCC
		F52	Establishment of Database on Craftpersons 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. The database shall include individuals, public corporations, associations, and NGOs.	PCC DOI Prov. Stat'. Dept.	Rel. PCC members Craft Assc. Business Club
		F53	Establishment of Overseas Exchange Program	This aims to develop a stable mechanism with which craft sector personnel and craftpersons can be sent overseas and those from overseas can be invited to visit Vietnam.	PPC PCC	Rel. Agencies DOLISA Dept. of FA

**Table 4.4.7 Prioritized Action Plans for Craft Sector Development Master Plan**

No.	Code	Action Plan	Expected Sites	Time	Responsible Agencies	Coordinating Agencies
<b>A: Establishment of Mechanisms to Preserve Traditional Value of Crafts</b>						
A1	A11	Creation of Guidelines for Research and Documentation of Traditional Crafts		2004-2005 (govt's support needed)	DOI	DOCI
	A12	Documentation of Traditional Values in Crafts and Craft Villages	Traditional craft villages, new craft villages	2005-2006 (2 stages)	DOI	DOCI, master artisans
	A13	Presentation of Traditional Crafts Documentation Outcomes		2007	DOI	DOCI, DOTrade& Tourism
A3	A32	List of researches to register to the Government		2004-2005	DOI, VCA	DOSTE, DOCI, VCA
	A33	Donations for researches on restoration of crafts in danger of extinction		2004-2010	PPC	DOCI, DOI, DOSTE
A4	A41	Revitalization of Master Artisan System		2005 (with support of a consulting agency)	Government and PPC	DOI, DOCI
	A43	Fostering of master artisans. Providing financial for master artisans to provide training of traditional crafts		2005	DOI	DOLISA, An Giang Univ., vocational shools, DOCI
A5	A53	Dissemination of information on Traditional Crafts		2006-2010	DOI	DOTrade& Tourism, DOCI, DARD
<b>B: Improvement of Craft Products Development System</b>						
B1	B11	Creation of Design Curricula for Existing Educational Institutes		2004-2010 (in cooperation with relevant agencies)	Universities, colleges and technical high schools, DOET , An Giang Univ.	DOI, DOCI
	B12	Establishment of Design Promotion Unit under Provincial Industrial Extension Center	Selection of suitable site to be conducted	Beginning 2005	DOI, DOCI	DOFineArt, DOTrade & Tourism
B2	B21	Pilot training of craft coordinators			DOI, DOTrade & Tourism	Consulting agencies of DOFineArt
	B22	Development of BDS provider network		2005	DOI, VCA	DOTrade & Tourism
B3	B33	Establishment and standardization of training system	Province's vocational school	2004- 2006	DOLISA (vocational school), MOLISA	DOET (vocational shool), DOI
B4	B41	Apply property right protection to craft products		From 2005	DOSTE	DOI, DOTrade & Tourism

No.	Code	Action Plan	Expected Sites	Time	Responsible Agencies	Coordinating Agencies
	B42	Get registration with relevant agencies	Chau Phong brocade, Van Giao brocade, Lanh My A silk , Cho Moi brown-potted bamboo	2005- 2010	DOSTE	DOI, DOTrade &Tourism
B5	B51	Participation Assistance in Local and International Fairs and Exhibitions		Continue with annual implementation	DOTrade &Tourism, DOI	Local PCs, DOCI, Club of Enterprises
	B53	Establishment of Matching System for Producers & Buyers		From 2004	DOTrade &Tourism	VCCI, DOI
<b>C: Establishment of Sustainable &amp; Competitive Production Systems</b>						
C1	C11	Inventory Survey of Raw Materials	Brown -potted bamboo area in Cho Moi, water hyacinth area in An Phu and Phu Tan	2004-2010	DARD	Local PCs, DPI, Agricultural Seeding Center (ASC)
	C12	Improvement of raw material cultivation techniques	- do -	2004-2010	DARD	Local PCs, DOST, ASC
C2	C21	Promotion of and assistance for local craft development	Phu Tan (crafts from shells, embroidery, etc.), Cho Moi (brown-potted bamboo, wood carving), Thoai Son (palmyra), Tan Chau (uzu rush, silk), Long Xuyen (expansion of embroidery)	2004-2010 (due to the common development	DOI	DARD, PPC and Economy Divisions of districts
	C22	Promotion of cooperatives and small- and medium-size enterprises in craft villages		2004-2010	DOI, VCA	Local PCs
	C23	Strengthening activity of BDS providers for craft villages		2004-2010	DOTrade & Tourism	VCA Local PCs
	C24	Development of Production Areas as Local Brands	Van Giao brocade, Chau Phong brocade, Tan Chau silk, Thoai Son palmyra leaf pictures, Phu Tan water hyacinth mattress, Cho Moi brown-potted bamboo	2004-2010	DOST	NOIP, DOI, DOTrade & Tourism
C3	C32	Support for producers to improve production technology and to apply new achievements		2004-2010	DOI	MOI, DOST, VCA
C4	C42	Strengthening of training and fostering activities for chief craftspersons and trainers in craft villages	Province's vocational school, craft producers and enterprises	Concentration during 2004-2006	DOI	DOET, DOLISA, An Giang University
C5	C51	Training to foster business management	An Giang University	Continuous training from 2004	DOI	VCA, DOLISA, An Giang Univ.
<b>D: Strengthening of Support System for Ethnic Minorities</b>						
D1	D 11	Development of Craft Education Method and Manual		2004-2005 (with govt's support)	An Giang University, vocational centers	DOCI, DOLISA, local PCs

No.	Code	Action Plan	Expected Sites	Time	Responsible Agencies	Coordinating Agencies
D2	D 22	Restoration of Traditional Techniques	Concentrate in 3 districts of Tinh Bien, Tri Ton and Tan Chau	2005	DOCI (Museum)	DOI, master artisans (relevant)
	D 23	Preservation of Traditional Crafts	An Giang Museum	2004	DOCI (Museum)	Local PCs
D3	D 31	Provision of Craft Production Technique Training		Annually	DOI, local Economic Division	DOLISA, vocational centers, WU
	D32	Creation of Business Management Manual	An Giang University	2004-2005 (with govt's support)	An Giang University	DOI, DOTrade&Tourism, VCA, DOLISA
D4	D41	Establishment of International Trade Fair Participation Mechanism		2004-2010	DOTrade&Tourism	DOI, DOCI
	D42	Opening of Pilot Shops	Pilot implementation in two craft villages (community tourism in Van Giao and Chau Phong), for expansion to other villages	2005-2006	DOTrade&Tourism	Local PCs, WU, craft villages
D5	D52	Creation of Ethnic Minority Assistance Model	Model in Tri Ton, Van Giao and Chau Phong	2005-2006	DOI	PCs of districts and communes, DARD, DOTrade&Tourism, WU
	D53	Conduct of Forum among Organizations Assisting Ethnic Minorities			PCs, CEMMA	DOI
<b>E: Strengthening of Capacities of Craft Villages and Communes</b>						
E1	E12	Preparation of VDS Manuals		2004-2005	DOI	DOCI, WU, FU, relevant unions, PCs of districts, communes
	E13	Pilot implementation to expand VDS	Select 3 typical craft villages (3.1.2)	2005	DOI	DOCI, WU, FU, relevant unions, PCs of districts, communes
E3	E 31	Establishment of Craft Fund			DOI	DOLI (MOI), BSP, ADF, VCA
	E 32	Establishment of Financial Procedures to Access Financing Schemes		Annual implementation	DOI	Trade Bank, ADF, BSP
E4	E41	Study of Environmental Issues in polluted Craft Villages			DOSTE	DOI, DARD, DOSTE
	E42	Development of Environment Assessment System for Craft Villages		2006	DONE	DOI, DOSTE
E5	E51	Preparation of documents introducing crafts and craft items in the village and establishment of trademark	Firstly, select craft villages having traditional crafts	1 <sup>st</sup> stage:2005, 2 <sup>nd</sup> : 2008-2010	DOI, DOTrade&Tourism	DOSTE, DOCI, master artisans(relevant)



No.	Code	Action Plan	Expected Sites	Time	Responsible Agencies	Coordinating Agencies
	E 53	Product Development Using Local Materials and Techniques	Select 6 typical craft villages for crafts in 3.1.2	2004-2006	DOI	DOTrade&Tourism, PCs and Economic Divisions, DOSTE, master artisans (relevant)
<b>F: Development of Infrastructure Support</b>						
F1	F 12	Reinforce craft training at existing vocational schools		Tentative	PPC	DOI and representatives of relevant Depts.
	F13	Development and Streamlining of Institutions Related to Craft Sector		2004-2006	Province's Craft Council	DOI and staff
F2	F22	Establishment of One-stop Craft Center		2006	DOI	DOSTE, (Information Center), Province's Craft Council
F3	F31	Improve roads to craft villages		Keep implementation from 2004-2010	PPC, DPI	Province's Craft Council, DARD and relevant agencies
	F 32	Establishment of One-stop Craft Center	DOI, DOCI, DARD, DOTrade&Tourism	2004-2005	DOF	Trade Bank, ADF, DOI
	F33	Effective Use of ODA		2006 (with govt's support)	DPI	Relevant agencies
F4	F43	Support for the Improvement of Common Production Facilities for Craft Promotion/ Development		2004-2010	DOI	DOSTE, DPI, local PCs
F5	F 51	Reinforce the capability of Provincial Industrial extension management Board			An Giang University	DOI, DOCI, VCA, DOLISA
	F52	Establishment of Database on Craftspersons and Organizations			DOI	Relevant agencies, DOLISA
	F53	Establishment of Overseas Exchange Program			PPC	

## **4.5 Some Main Solutions**

Cottage industry, including the craft sector, is part of the provincial economy of An Giang. In fact, An Giang has promulgated some promotion policies for cottage industry through concrete decisions, programs and projects. In order to formulate adequate measures for cottage industry development, it is important to base these measures on the related orientations set by An Giang Party's Committee and People's Committee, as follows:

### **1) Policies and Measures for Sustainable Economic Development**

#### 1) Economic Restructure:

- Quickly implement promotion programs and projects for economic restructuring towards sustainability in accordance with the province's development plan.
- Accelerate Industrial Extension Program implementation. Create needed favorable conditions, especially for sites for industrial clusters and area development. Provide incentives for labor consuming industries.
- Actively conduct trade promotion activities, expand local and international markets and pay special attention to development of brand name and trade mark. Make full use of advantages of the border economic areas.
- Replicate successful cooperative cases and services for production development, product consumption and rural life.
- Strengthen application of technological advancements. Conduct efficiently and effectively information technology program, including improvement of An Giang Website and providing equipment (computers) for schools and expanding internet coverage to rural areas.

#### 2) Finance and Development Investment

- Mobilize available resources from the local residents into infrastructure development.
- Consider feedback and make necessary revisions to promotion policies.

### **2) Social and Cultural Measures**

Conduct education assistance program for Kh'mer and Cham groups in the province through:

- Conduct of human resource development program by 2010. Concentrate on implementation of training projects, taking into account recruitment demands. Provide equipment for and dispatch teachers to public training institutes and provide assistance and support for private institutes.
- Promulgation of promotion policies for technology transfer to rural areas. Acceleration of application of technological achievements to prioritized fields.

- Preservation of traditional values and protection of the environment.

### **3) Community Development**

Provide opportunities for Kh'mer and Cham people in the province to preserve their identity and traditions while integrating them into the outside community. The overall development plan of the province related to craft development is the foundation for the development of concrete measures for support and promotion of local craft sector.

In order to realize the listed action plans, there is a need for further analysis and implementation of linkages between the action plans and the following main measures:

- Financial Assistance for Craft Development:

Commercial banks, Social Policy Bank and people's credit funds are to secure funds for craft village development according to regulations of the Government and PPC.

It is important to provide preferential policies on interest rates for craft producers and enterprises in rural areas that are generating jobs in accordance with local regulations.

Loans based on mortgages generated from other loans or credits in craft villages should also be promoted.

It is necessary to encourage and mobilize funds from local residents and other economic sectors to make investments into rural industries.

- Development of Craft Training Models in Craft Villages:

The rural and agricultural industrialization and modernization will surely spare more and more rural workers, who will need training for participation into production activities in craft villages and enterprises. Besides, production processes will be improved more and more in terms of quality and design for the products to be more attractive to customers. This will require regular improvement of craftspersons' skills. Study on new crafts suitable for local conditions, especially those using materials brought by flood seasons, such as embroidery, wood, water hyacinth products, metal products, etc.

- Assistance for Craft Villages in Trade Promotion and Marketing:

Provide full or partial financial assistance for craft producers in local craft villages to participate in exhibitions inside or outside the province. Craft exhibit sites and showrooms should be prepared in local trade centers or tourism destinations inside or outside the province. Development of trade centers, rural markets for better craft exchanges and integration into domestic and international market is also important. Linkage with tourism development program to set up craft village tour lines, in which local crafts will be able to access more customers, needs strengthening. It is necessary to conduct researches and experiments as well as application of scientific and technological achievements for increased productivity, new products, improved designs, etc.

- Enhancement of Advertisement and Promotional Campaigns:

Broadcasting promotion policies and other legal issues related to production activities to producers through introductions of successful cooperation cases and suitable technology for traditional craft village development by mass media. It is important to popularize preferred policies and provide production assistances for producers through strengthened efforts of local radio stations and craft village activities. Furthermore, activities under industrial extension program for local producers should also be strengthened while it is significant to conduct study tour, training courses, provide economic information, market information, etc. Roles of consultants for design, production and sales of products should be enhanced, and, at the same time, provide consultancy on design and product quality for producers.

#### **4.6 Mechanism for Implementing the Master Plan**

##### **1) Management and Implementation**

In order to prevent overlapping in the management of industry – cottage industry, An Giang People’s Committee promulgated Decision 538/2003/QD-UB of 15 April 2004, authorizing DOI to take charge of state administration over the industry – cottage industry development issues, and identifying clearly role sharing among the heads of DOI and district people’s committees in management of cottage industry development in districts.

In order to promote industry – cottage industry development in the province and to facilitate management, the PPC formulated Industrial Extension Program in 1996 and on 18 August 2000, the decision to setup Management Unit of the Industry – Cottage Industry Development Program in An Giang was promulgated. The MU has 9 members, chaired by the Vice Chairman of PPC.

The PPC takes responsibility in steering the Program and DOI is the standing agency that coordinates with other agencies in its vertical management line to realize the program components, including craft sector development. In 2003, according to the new policy, the PPC has given full administration responsibility for DOI, in coordination with other agencies, to implement the program.

Based on existing legal framework on industry – cottage industry of An Giang, 3 options are recommended:

- 1) The main responsibility for implementation of Craft Development Master Plan should be given to the MU. Membership of the MU will be expanded for more efficient operation. This management option is considered compact as the existing MU will find it easy to take these responsibilities to realize targets of the MP. However, craft development is also significant from cultural and traditional viewpoint. Existing management system will largely restrict development potentials of local craft sector.
- 2) Establish a Craft Council for An Giang. This will have positive impacts on craft development, making sure of unified management and coordination among relevant agencies and organizations. The Council will be placed under An Giang PC and participated by key officials in other sectors. Formulation of such hub will facilitate craft development comprehensively as well as help receive more external assistances.

- 3) Establish a Craft Development Steering Committee (CDSC), including key agencies related to craft development according to the master plan. In the coming year, the CDSC will be a part of the Industrial Extension Program which is in charge of the craft sector. The CDSC, through the MU, will make direct contact with the National Craft Development Council and other related agencies, even for information exchanges with overseas partners. This can be seen as a preparatory step towards the establishment of Provincial Craft Development Council in the future.

Success from implementation of each of the listed options relies on the implementation of national craft development. One of the determinant factors is mechanism and funding and clear role-sharing among related stakeholders.

## **2) Implementation Mechanism and Role-Sharing**

Administration agencies for action plans, programs and projects related to craft development were listed earlier in Table 4.4.7. It is thus obvious that there is a need for close coordination for each of the action plans. Role-sharing among relevant agencies has been discussed and agreed upon during the Seminar on Provincial Craft Sector Development Master Plan.

## **4.7 Monitoring**

### **1) Importance of Monitoring**

In order to make assessments on effectiveness and efficiency of craft development master plan through action plans, it is necessary to review the following aspects:

- 1) Targeted groups of the project/action plan (beneficiaries and craft villages), direct and indirect impacts (impacts of the project through different environment)
- 2) Provincial craft production activities based on appropriate and sustainable mechanisms through economic growth rates, social environments

The MU or CDSC will play important roles in making the assessment, not only in terms of responsible agencies but also in monitoring of all beneficiaries. This is the foundation for making proposals and recommendations.

### **2) Assessment Criteria**

Assessments are based on clear quantitative and qualitative criteria. Details are shown in Table 4.7.1.

**Table 4.7.1 Proposed Assessment Framework**

	Items		Point <sup>1)</sup>	Criteria
Craft village and commune	1. Development of tradition and culture	<ul style="list-style-type: none"> <li>• Preservation of traditional values</li> <li>• Sustainable development of craft villages</li> <li>• Gender equality</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Changes and transformation of the craft village</li> <li>• Assessments of experts</li> <li>• Gender issues</li> </ul>
	2. Rural economic development	<ul style="list-style-type: none"> <li>• Industrialization – modernization</li> <li>• Job creation</li> <li>• Income improvement</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Population by sector</li> <li>• Income level</li> <li>• Assessments of experts</li> </ul>
	3. Independence and sustainability of rural areas	<ul style="list-style-type: none"> <li>• Organization / systemization of production activities</li> <li>• Human resource development</li> <li>• Local production system</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Activities and conditions of related agencies</li> <li>• Training of craftspeople and managers</li> <li>• Uniqueness of products</li> <li>• Banking procedures</li> </ul>
Improvement of production system and working conditions	1. Sustainable production system	<ul style="list-style-type: none"> <li>• Sustainable supply of raw materials</li> <li>• Improvement of working conditions</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Raw material supply conditions</li> <li>• Working time and conditions</li> <li>• Environmental pollution criteria</li> </ul>
	2. Marketing promotion	<ul style="list-style-type: none"> <li>• Improvement of production skill</li> <li>• Efficient distribution system</li> <li>• Design and intellectual property protection system</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Number of coordinators</li> <li>• Design registration</li> <li>• Trade/distribution function development</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>
Main issues in national development policy	1. Impacts on ethnic minorities	<ul style="list-style-type: none"> <li>• Preservation of traditional values</li> <li>• Development of capacity and awareness</li> <li>• Improvement of living standard</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Number of production groups</li> <li>• Training</li> <li>• Assessments of experts</li> </ul>
	2. Poverty reduction	<ul style="list-style-type: none"> <li>• Income generation</li> <li>• Development of capacity and awareness</li> <li>• Improvement of living standard</li> </ul>	1-5	<ul style="list-style-type: none"> <li>• Income level</li> <li>• Poverty level</li> <li>• Infrastructure size</li> </ul>

Source: JICA Study Team

## **4.8 Proposed Policies and Mechanisms**

### 1) Craft and Craft Village Development Policy

- Provide support and assistance for revitalization and development of traditional crafts; create new crafts and secondary income-generating activities suitable for local conditions, with special focus on exported craft items and tourisms.
- Continue with craft training program in local areas to promote craft development.
- Develop cooperative models and industry – cottage industry production groups and enterprise model in rural areas; develop joint ventures among craft producers and enterprises (cooperatives, production groups, etc.) in craft villages to link market demands (production activities, information, design improvement, distribution system, etc.) with producers; provide financial assistance for producers.
- Provide support for public unions, associations, clubs, etc. in participating into training courses for craft development by providing craft information as well as formulation of development plans for smoother assistance to associations and unions (such as WU).
- Provide preferential policies to attract and foster high-skilled craftspersons; link local and central craft experts according to product development plans in traditional craft villages.
- Develop awarding policies for vocational schools, for both public and private sectors, which are making meritorious contributions to training jobs.
- Prepare appropriate policies for promotion of crafts of ethnic minorities (Khmer, Cham) in order to convert the self-supply system into commodity production system to meet requirements from domestic and international markets.
- Formulate policies on assistance and linkage with domestic and overseas donors and NGOs to get them involved in the action plan implementation.

### 2) Proper Implementation of all preferential policies for investments according to Decision 522/2002/QD-UB of 7 July 2002 by An Giang PPC.

### 3) Credit and Finance

- Provide loans using mortgages generated from other loans, mortgages and credit loans with scale and time suitable for craft sector.
- Continue applications of subsidies for interest rate differentials for producers and enterprises, and for technology improvement.
- Provide awards for exported crafts according to government regulations.

### 4) Human Resource Development, Training System

- Develop training manuals for craftspersons in craft villages as well as for ethnic minorities.
- Reorganize the training system in the province, including craft training.
- Coordinate policies and measures among stakeholders in craft training to improve awareness and traditional values (DOI, DOLISA, DOCI) through supports from industrial extension programs.
- Foster high-skilled craftspersons and master artisans as the core for replication of crafts and craft villages. Provide financial assistance for master artisans to make product designs using traditional values as well as new styles.

#### 5) Technology

Encourage and support producers in craft villages to improve product quality through improvement of tools and technology for higher product competitiveness without losing its traditional values. In addition, reduce environmental pollutions and improve working conditions of craftspersons.

#### 6) Marketing

- Provide support and assistance for craft villages, SMEs and cooperatives to participate in domestic and overseas exhibitions to seek for new markets.
- Provide assistance for development of websites for craft enterprises.
- Develop tourism line in linkages with craft villages in the province and create conditions for craft products to get to markets. Coordinate well relevant agencies, local or central, for concerted results.

#### 7) Social Insurance

- Based on the revised Law on Labor, it is important to continue encouraging producers to realize social policies related to workers interests by:
  - Buying social insurance for workers to get assistance in case of sickness, accidents, etc.
  - Providing labor protective equipment for workers working in harmful environments (dusts, noise, vibration, heat, coldness, chemicals, etc.)
  - Checking workers' health periodically to avoid occupational-related diseases.

### 4.9 Recommendations

#### 1) To Central Government

**1) Establishment of a National Program for Craft Development:** Taking into account the importance and roles of craft sector in economic and socio-cultural development, preservation of traditional values through craft items, and to provide needed conditions for



craft and craft village development, the Central Government is requested to formulate a 5-year national program for craft development using the current schemes applied to other fields. The program will attract all efforts from the entire country in order to realize the strategies and action plans in Vietnam craft development Master Plan.

**2) Establishment and Approval of Industrial Extension Program:** The Government is to formulate a national industrial extension program to facilitate craft development, support economic growth and make use of available resources, increase production outputs and export turnover and reduce risks for producers.

The Government should also promulgate a guidance document with criteria to identify craft villages, traditional craft villages in the country and revise or supplement a number of existing joint circulars on accreditation of master artisans.

## **2) To Provincial Government**

**1) Implementation Organization:** According to the general trend for craft development in the country, it is important to unify and perfect the administration system for crafts and craft development master plan to meet local requirements and conditions. The organization system may be a Provincial Craft Council. In the coming year, however, a Craft Development Committee which is in charge of consulting, managing and steering craft sector under the existing Industry, Cottage Industry Management Unit, will ensure close coordination with other key agencies in the provinces. To promote the craft sector, PPC is requested to study the necessary next steps to develop the Provincial Craft Council for An Giang.

**2) Craft Development Action Plans:** Based on management body of craft development (either a Craft Council or Steering Committee), it is necessary to select adequate action plans to realize development targets based on clear role-sharing among related agencies.

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**Craft Master Plan  
of Lai Chau Province**

# Craft Master Plan of Lai Chau Province

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### 5. REFERENCES

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- ★ Provincial Center      □ Pilot Project Site
- 1)Rush 2)Lacquerware 3)Bamboo&Rattan 4)Ceramics 5)Embroidery 6)Woven Fabric  
 7)Woodcraft 8)Stone carving 9)Traditional Paper 10)Wood Printing 11)Metalworks

No.	Code	District	Craft Village	No. of Craft Item											Total	
				Rush	Lacquer	Bambo o&Ratt an	Cerami cs	Embroid ery	Woven	Wood	Stone	Paper	Wood Printin g	Metal		Others
1	1	Dien Bien Phu town	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	3	Lai Chau town	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	5	Muong Te district	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	7	Phong Tho district	4	0	0	1	0	0	2	0	0	0	0	0	1	8
5	9	Sin Ho district	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	11	Muong Lay district	2	0	0	2	0	0	0	0	0	0	0	0	0	4
7	13	Tua Chua district	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	15	Tuan Giao district	16	0	0	2	0	0	10	1	0	0	0	2	1	32
9	17	Dien Bien district	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	19	Dien Bien Dong district	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total			22	0	0	5	0	0	12	1	0	0	0	2	2	44

## **1. INTRODUCTION**

### **1.1 Necessity for Provincial Craft Development Master Plan**

Lai Chau is located in the northwest mountainous region with a land area of about 16,919km<sup>2</sup> and a population of 65,000 comprising 23 ethnic minority groups like the Thai, H'mong, Kinh, Dao, Kho Mu, Ha Nhi, La Hu, Giay, Lao, Lu, Mang U, and Phu La. Lai Chau is part of the border highlands and has that area's traditional demographics of low population density, poor infrastructure conditions and low living standards. Production activities in the province are commonly done in a self-supply system. Although craft making has a long history in the province it mostly caters to local consumption, commodity production is still underdeveloped. The formulation of a craft development master plan for Lai Chau will have significant developmental impacts, like the following:

- Contribute to poverty reduction, generate more jobs, increase incomes, change economic structure, and develop new rural areas.
- At present, all crafts in Lai Chau, despite their diversifications, are not developed to their full potential and have not maximized local resources. From a general point of view, craft development has not been planned, leading to poor production technology and product design.
- Industrialization and modernization of agriculture and rural areas require craft making to catch up with overall economic growth in the province. Small-scale productions, which are unprompted and backward, should gradually shift to sustainable commodity production systems that can meet local as well as export demands in order to accelerate local economic growth and preserve traditional values.

### **1.1 Basis of Provincial Craft Development Master Plan**

- Decision 132-2000/QD-TTg of 24 November 2000 by the Prime Minister on a number of rural industry promotion policies.
- Guidance documents promulgated by the MARD on implementing Decision 132-2000/QD-TTg.
- Lai Chau Socio-economic Development Master Plan, 1996 – 2010.
- Recent reports on socio-economic achievements.
- Existing potentials and resources such as land, labor and craft production skills among local residents.

## **2. GENERAL SITUATION**

### **2.1 Natural Conditions**

#### **2.1.1 Geographical Condition**

A mountainous province located in the northwestern region, Lai Chau is bordered by China in the north and Lao PDR in the south and west through a 671km borderline. To its east are the two provinces of Lao Cai and Son La. Although the border areas of the two neighboring countries are not well developed, two border gates to Lai Chau, namely Tay Trang and Pa Nam Cum, are available and Lai Chau has many opportunities for economic, cultural and tourism exchanges with the northern part of Laos PDR and Kunming (China) through the Northern Focal Economic Zone comprising Hanoi, Hai Phong and Quang Ninh. Lai Chau is accessible by road through the NH6, by railway through the Lao Cai railway line, by air via the Hanoi – Dien Bien Phu point, as well as by waterway through the Da River.

#### **2.1.2 Topography**

Lai Chau's topography is rugged, comprising long mountain ranges from the northwest to the southeast. As much as 82% of its natural land is inclining with steep mountains that split its land area into segments and creating harsh livelihood and living conditions. In its northeast stands Hoan Lien Son range, where the 3,134m high Phan Xi Pang Mountain sits. To its west, several long mountain ranges run along the Vietnam – Laos PDR border, with Pu-den-ding as its highest peak at 1,886m. Between mountain ranges are valleys, rivers and streams, which are narrow and sloping. In its low lands are plains created through erosion and filling, with some stretching 100km long, such as Muong Thanh, Tam Duong, and Binh Lu.

Hoang Lien Son Range runs from the northwest to the southeast, dividing the province into two natural parts with different land and climate conditions.

#### **2.1.3 Climate**

Lai Chau has a tropical and high-mountain climate. It has two seasons, a rainy summer and a long winter. The province is rarely affected by storms. Average rainfall in the province varies between 1,400 – 1,700mm. Humidity is generally 80-85%. Hours of sunshine are between 2,200 – 2,400 hours.

Due to its complicated topography and altitude which ranges from 60 to 3100m, different types of climates avail in Lai Chau depending on altitude and location. In the west and the south, the average temperature is 17.8°C – 28.4°C, sometimes it goes down to 5°C or lower. Average rainfall is 1502mm, with the highest coming in from June to August. Average humidity is 84% and average sunshine is 1,986 hours. In the north and east, average temperature is lower, at 12.6°C - 19°C, which comes down to minus 2°C. Average rainfall is 2.749mm, mostly in May to August. Average humidity is 88% and average sunshine is 1,962 hours per year. Frost can be seen for some days.



#### 2.1.4 Land and Land Use

Total land area in the province is 1,691,920ha. Their distribution and use are as follows:

- 1) Agriculture: 150,544 ha (9%):
  - Annual trees: 143,329 ha
  - Perennial trees: 2,517 ha
  - Mixed gardens: 3,978 ha
  - Water areas, aquatic: 720 ha
- 2) Forestry: 511,565 ha (30%):
  - Natural forests: 498,675 ha
  - Planted forests 12,889 ha.
  - Seedling gardens 1 ha
- 3) Land for special purposes: 8,849 ha (0.52%).
- 4) Residential land: 3,923 ha (0.23%):
  - Urban land: 455 ha
  - Rural land: 3,468 ha
- 5) Unused land: 1,017,039 ha (60%):
  - River, stream, rocky mountain: 63.859 ha
  - Bare hills: 208,851 ha
  - Uncultivated land: 744,329 ha
- 6) Large parts of land have not been utilized, such as:
  - Pu Nhi, Na Son, Na Dung, Keo Lom, Phinh Giang (Dien Bien Dong District)
  - Muong Nha, Muong Phang, Na Tan (Dien Bien District).
  - Hilly areas along Dien Bien basin.
  - Ba Cha (Muong Lay District)
  - Muong Toong, Muong Nhe (Muong Te District)
  - Ho Thau, Bang Giang, Ban Hom, Khuon Ha, Na Tam (Phong Tho District)

#### 2.1.5 Natural Resources

**Soil:** There are four main types of soil:

- Ferrite soil generated from parma rock is found mostly in the northern districts of Muong Te, Phong Tho and in the northeast in Dien Bien District. The soil is poor and highly acidic. Total area covers some 214,760 hectares.
- Ferrite soil on sedimentary rock can be found everywhere in the province. The soil layer is medium in thickness. It is light and slightly acidic. The soil covers some 1,280,822 hectares.
- Ferrite soil on marma rock can be found mostly in Tam Duong District, Dien Bien basin, Tuan Giao District and some other places. Soil is acidic and its layer is thick, covering some 159,465 hectares.

- Other soil developed from silt near rivers, streams and valleys. The soil layer is medium. It is highly fertile and a little acidic, covering 22,096 hectares.

**Mineral Resources:** According to survey results and actual exploitations, Lai Chau has important minerals such as copper, lead, gold, coal, and precious soil. Although no accurate data on reserves is available, exploitations are reported as easy.

- Coal mine in Na Sang (Dien Bien District): 156,000 tons.
- Rare soil mine in Phong Tho: 9,000 tons.
- Kaolin mine in Huoi Pha: 51,500 tons.
- Saw stones as construction materials for local and export markets.
- Coal and other minerals in Da River's upstream areas.

**Water:** Fresh water in Lai Chau is abundant. Average rainfall varies between 1,500mm – 2,700mm, while flow volume is some 10-100 liter/second/km<sup>2</sup>. As many as 3,061 rivers and streams, which are distributed rather evenly, make up a dense network of inland waterways. The main rivers are Da River (0.45km/km<sup>2</sup>), Nam Na, Nam Rom, Ma and Nam Khoai, among others.

**Forestry:** Lai Chau forests have several types of high-quality wood species as well as rattan and bamboo. Forest coverage in Lai Chau in 2000 was 28.7% of the total natural area. However, most of them are poor forests, protected forests, regenerated forests or young planted forests. Rich forests cover only 9.2% of its existing forestland.

## 2.2 Social Condition

### 2.2.1 Population and Labor

**Population:** By the end of 2003, Lai Chau's population stood at 650,000, with a density of 38 persons/km<sup>2</sup>. Most of the residents, comprising 88%, are living in its rural areas, while urban dwellers account for 12%. Average birth rate is 32.7%, while mortality rate is 6.8%, making the natural growth rate at 25.94%. The province has 23 minority groups. Their shares in the provincial population are as follows:

Thai	35.8%
H'mong	25.1%
Kinh	19.4%
Dao	6.9%
Kho Mu	2.7%
Ha Nhi	2.3%
Giay	1.6%
La Hu	1.2%
Lao	1.2%
Lu	0.8%
Hoa	0.6%

Khang	0.5%
Others	1.9%

**Labor:** The number of working-age population is 333,420 or 52% of the total population, and 306,315 (91.8%) are involved in economic activities.

Labor distribution in economic sectors: Industry & construction – 5%; services & trade 70%; forestry and rural cottage industry – more than 80%.

Poor labor quality is a main concern. Illiterate laborers are pegged at about 101,000, or 31.9% of those of working age. Qualified workers account for only 3.16%, including 42 postgraduates, 2,984 university graduates and 1,300 college graduates. Workers with vocational training number about 15,158, with 5.56% involved in economic activities. Around 22.78% of the workers did not finish elementary, while secondary and high school graduates are 13.71% and 10.63%, respectively.

Rural labor: Total rural labor force is 292,409, with 268,279 (87.5%) involved in economic activities. Female workers number 134,944 (50.3%). Working hour usage rate is 74%.

Rural labor distribution: Agriculture – forestry – fishery: 98.09%; construction – industry: 0.45%; and services – trade: 1.5%.

Regarding working age, most of them are 20-44 years old (69.44%), while others belong to the 15-19 (15.60%) and 45-60 (14.96%) age bracket.

Craft production in Lai Chau is underdeveloped and there are no craft villages. Craft making often take place in urban areas and in the lowlands. In the rural areas, only about 5,256 people (1.95%) are directly involved in crafts and services and most of them are untrained and only finished Grade 4 (there are 12 grades in the educational system). Income earned from craft making is VND 300,000 – 400,000 per month per capita and reaches a high of VND 500,000 – 600,000 for workers in industrial processing, or VND 500,000 – 800,000 for those involved in textiles, garments, mechanics, or brick making.

### 2.2.2 Education and Training

**Education and Training:** In recent years, the educational system in the provincial, district and commune levels remarkably improved and expanded. Most communes have had their own schools with several schools being constructed in the villages.

Table 2.2.1 Number of Schools in Lai Chau

Type of Schools	Unit	1990	1995	2000
1. Kindergarten	building	20	29	41
2. Regular schools	"	177	189	222
- Elementary	-	121	125	134
- Secondary	-	40	47	56
- High	-	8	8	18
- Elementary, secondary and high	"	8	9	14
3. Vocational school	"		1	1
4. Re-education schools	"	1	3	6
5. Technical schools	"	4	4	3

Table 2.2.2 School Population in Lai Chau

Students/Pupils	1990	1995	2000
1. Pre-school education	8,023	7,782	11,300
- Nursery	3,090	1,912	2,000
- Kindergarten	4,933	5,370	9,300
2. Ordinary education	52,431	80,616	131,480
- Elementary schools	43,973	64,789	95,060
- Secondary schools	7,080	12,095	284,420
- High schools	1,037	2,552	6,700
3. Re-education school	341	1,180	1,300
4. Technical school	600	1,271	3,471
- In-service courses		142	304
- College			542
- High schools	500	945	2,290
- Others	100	185	425
5. Vocational schools			90

Elementary education has been universalized in 131 out of the 154 communes, while secondary education has been universalized in 11 towns and 21 communes. Key officials in commune authorities as well as 91% of people in 15-25 years are no longer illiterate.

**Vocational Training:** Training activities are mostly conducted within families or at production sites. Few workers had the chance of attending official training courses. It was only after 2001 that a vocational school solely focused on local workers was constructed in Lai Chau. However, the school's capacity is still low and most of the trainees are sent to other provinces for training.

### 2.2.3 History and Culture

Of its 23 minority groups, four are indigenous to Lai Chau. They are the Sila, Cong, Mang, and La Hu groups. Each of these groups has its own cultural identity, such as *xoe* dancing (Thai, Lu), *tang ba* dancing (Kho Mu), *khen* dancing (H'mong) etc., which all contribute to Lai Chau's rich and diverse culture.

Lai Chau celebrates numerous local festivals and ceremonies (*xen ban*, *xen muong*, *lau no* etc.) in addition to a rich accumulation of proverbs, tales, folk songs, etc. The culture of each of the minority groups is also reflected in their attire, production tools, household appliances, and others.

There are many historical and cultural sites in Lai Chau, such as Dien Bien Phu, Muong Luan Tower, Tien Son Cave, in addition to the eco-tourism destinations of Sa Khoang Lake, Pe Luong Lake and plenty of hot springs.

#### 2.2.4 Poverty

Lai Chau is one of the poorest provinces in the country. In 1995, poor households represented 52.1% of total households in Lai Chau.

Within five years (1996 – 2000), the provincial administration lent VND23 billion to 490 projects (budgeted by the National Fund for Job Generation), generating jobs for 9,650 workers, or 1,930 persons per year. By 2000, the share of poor households was reduced to 30%, or 4.4% per year, while rich households increased from 16% (1995) to 24% (2000).

#### 2.2.5 Infrastructure

**Transport:** Transport network in Lai Chau is mainly road-based. There are five national highways, with a total length of 550.5km, which have been repaved and upgraded. There are also eight provincial roads, 309.2km long, half of which have been paved. Commune roads total 1,504km, but only 117km are paved. Ten communes are not accessible by road and only one-third of the villages are accessible by automobiles and motorcycles; the other two-thirds are reachable only through footpaths.

Dien Bien Airport has been upgraded and can serve daily flights. However, the waterway system is underdeveloped.

**Electricity and Water Supply:** Twenty-eight (28) precincts and communes (21,400 households, including 7,000 in the rural areas) are covered by the electricity gridline. The Dien Bien water plant was constructed to supply towns and three communes with water. The water supply system also reaches mountainous areas and rural areas, serving 75,000 people. Generally, the water supply system can meet the demand of 22% of the population.

**Health Care:** Hospitals, health centers and clinics have been improved and upgraded. In fact, all of the communes are provided with clinics and 1,200 villages are served by medical staff.

As of 2000, the province had three hospitals, 10 district health centers, 22 general consultation rooms, and 150 commune clinics, altogether providing 1,333 beds. Total medical staff number 3,518, including 347 doctors and 1,458 village medical staff, among others. This means, that there are 4.34 doctors and 21.95 beds for 10,000 people.

Family planning is widely accepted, leading to a decreased population rate of 2.63% in 2000.

**Television and Radio Stations:** These stations are active in broadcasting government policies, with special focus on the preservation of cultural traditions, the identity of the

minority groups, the fight against social ills, as well as the popularization of technological advancements.

As of 2000, there were one radio station, 11 FM stations, nine television stations, and 12 playback television stations. Some 85% and 65% of the population were served by radio and television, respectively. Twenty-five percent (25%) of households had television sets.

## 2.3 Economic Condition

Lai Chau's economy is still poor as commodity production is still underdeveloped. The economic structure comprise: agriculture, forestry, industry and cottage industry, construction and services. Economic restructuring towards a lower share of agriculture and forestry and a higher industrial share is slow, although the annual GDP growth rate is reported at 6.55%. This structure is further illustrated in Table 2.3.1

Table 2.3.1 Economic Structure of Lai Chau

Sector	1995	2000
Agriculture, forestry	48%	41%
Industry, cottage industry	14%	17%
Trade, services	38%	42%

**Agriculture:** Revenue from agricultural production in 2000 was VND 466,779 million, as follows:

- Cultivation: VND 365,675 million.
- Husbandry: VND 99,639 million
- Services: VND 1,468 million

**Forestry:** In 2000, forest cover was 38.7% of total land area, including 489,792ha of natural forests and 17,746ha of tree plantations.

Table 2.3.2 Forestry Products

	Unit	1990	1995	2000
1. Wood	1,000m <sup>3</sup>	113	125	93
2. Firewood	1,000 Ste	1,118	1,116	860
3. Rattan and bamboo	1,000 trees	4,034	6,500	6,000

**Industry:** Lai Chau's industrial output in 2000 was more than VND 130 billion, with a growth rate of 9.85% per year. Further details are shown in Table 2.3.3.

Table 2.3.3 Income by industries

VND mil.

	1995	1996	1997	1998	1999	2000
Mining	5,317	5,118	6,961	5,188	5,500	5,946
Electricity, water		1,912	132	18,352	20,998	27,086
Processing	64,026	80,572	8,156	86,334	86,953	101,566

**Construction:** In order to serve local construction demands, Lai Chau has constructed a cement factory in Dien Bien Phu, which can produce some 1,000m<sup>3</sup> per year and a tuymen brick plant that produces 15 million pieces per year.

Construction growth rate in Lai Chau in the 1996 - 2000 period was 13.7% per year.

Table 2.3.4 Construction Outputs

VND billion

	1990	1995	2000
Construction outputs	73.7	124	216
GDP share of construction sector	29.2	43.2	82

**Trade:** Lai Chau has the two border gates of Pa Nam Cum and Tay Trang with Lao PDR and China, seven trade centers and 30 district markets. Total retail trade volume in 2000 was VND 690 billion, of which 33% was by stated-owned enterprises, meeting regular demands of 563,456 people (93% of the population). The average growth rate in 1995-2000 was 15% per year.

**Tourism:** Before 1995, Lai Chau hardly had any tourism activities. Tourist volume started increasing in 1995 by 10.75%. At that time, Lai Chau had 26 hotels with 254 rooms. Total revenue from tourism in 1999 hit VND19 billion, which increased to VND 21 billion in 2000, or a increase of 14.9%.

**Import and Export:** In 1999, export-import turnover was US\$ 1,465,000. In 2000, it was US\$ 2 million, including US\$ 1 million from exports. Exported items are not substantial, with mostly unfinished products with low quality.

### 3. GENERAL SITUATION OF CRAFT SECTOR

#### 3.1 Current Situation of Craft Villages and Main Craft Items

##### 3.1.1 Crafts and Craft Items

Generally, craft making in Lai Chau is considered as mere sideline work by farmers during the off-farm season. Villagers tend to produce craft items either for their own consumption or for local demand. In recent years, selling to tourists looking for souvenirs and collector's items started as tourism influx began. The crafts available in Lai Chau are the following:

**Brocade Weaving:** This is popular in all villages of minority groups. Most minority women weave their own clothes or souvenirs for other family members. The brocade items, which are greatly influenced by ethnic culture and mores differ from other minority groups in terms of motifs and the use of color. Because of the lack of market accessibility, brocades made in Lai Chau have retain their traditional influences and motifs. The products are mainly cloths, pillowcases, cushions, bags, towels, etc.

**Rattan and Bamboo:** Popular in minority villages and mostly done by males, the products are mainly for own consumption. Each minority group has different cultural lifestyles that demand different types of furniture, tools and designs. Also, the lack of market accessibility has resulted in the preservation of traditional values in the craft items. The products are baskets, tables, chairs, etc.

**Carpentry:** Carpentry is also done widely in the province. Local carpenters are not only making products for their own consumption, but also work as employees for other households. Still, wood products are mainly for local demand, using ordinary designs. Recently, some carpenters have started producing new designs. The products are beds, cabinets, tables, chairs, doors, etc.

**Forging and Casting:** This is done in a number of villages mostly to meet local demands. The tools and techniques used in forging and casting are all traditional, in other words, manual and simple. The products are hand-held agricultural tools and household appliances.

**Goldsmith and Jewelry Making:** This is done in some villages to meet local consumption especially among the minority people. Craft techniques are mainly traditional. The products are earrings, laces, buttons, chains, etc.

**Embroidery:** This craft is done widely in villages by women, who produce for their own consumption. Some minority groups weave cloths and embroider them with sophisticated designs. Some have started with modern embroidery techniques, which are not yet popular. The products are clothes, bags, towels, cushions, pillowcases, etc.

**Woodcarving:** Carving by the minority groups is simple and is not yet considered as an occupation. The Kinh coming from the deltas introduced the craft in the area and set up small production workshops. Proximity to raw materials facilitates production. Still, its markets are problematic. The products are animal figurines and high-class furniture.



**Making Traditional Musical Instruments:** Products are for the consumption of the minority groups. Production techniques are simple; however, the product quality is high. The products are flutes, gongs, drums, etc.

**Others:** Other livelihoods include food and agricultural product processing, construction materials production, growing cocoons, etc. These are done in locations where raw materials are available, albeit at micro scale.

### 3.1.2 Craft Villages

Almost all villages have their own craft making activities in order to satisfy personal demands. These crafts reflect the culture and identity of each of the minority groups and are often produced for own consumption. Although the number of persons involved is big, production activities are conducted within households, rather than in clusters or groups. Local income from craft production is, therefore, generally low and unstable. Following the craft village criteria applied in the deltas, Lai Chau has no craft villages. However, some villages have been able to access markets, which, in turn, have made impacts on production activities in the villages. The products are improved and credited; and orders are made accordingly. In this point of view, Lai Chau has 22 craft villages, as follows:

- Brocades : 16 villages, 46 items
- Rattan and bamboo: 8 villages, 8 items
- Wood: 6 villages, 8 item
- Metal: 6 villages, 105 items
- Others: 8 villages, 160 items

Because of the self-supply production, the local craft items are unique and reflect preserved traditional values. However, the disadvantages are their undiversified designs, low quality and high production costs. Old production methods have not polluted the environment, and workers' health has not yet been adversely affected.

### 3.1.3 Impacts of Craft Production

**Socio-economic Development:** The share of craft production in Lai Chau's GDP is so small that it cannot be used to make a proper assessment of its economic impacts on provincial socio-economic development. However, taken from the viewpoint of local consumption, its impact is substantial. A larger part of the minority groups in Lai Chau still pursue the self-supply culture, rarely having contacts with outside markets and have few products to sell. The products, actually, are so cheap because they tend to keep them for their own consumption. More than 90% of daily demand is met by craft production outputs. The industrial goods volume needed to replace these items would be huge. For this reason, based on the local conditions of Lai Chau, craft production is significant and indispensable.

**Poverty Reduction:** At the moment, poor households in Lai Chau account for a high 30.6%, including agricultural households (20.9%), craft households (9%) and households with other occupations (0.7%). Similar to other areas, craft production generates sideline

work for farmers. However, in Lai Chau, craft production has not generated substantial incomes for local residents; it has merely helped them from spending on more expensive goods, a factor which is especially important for low-income households.

**Preservation of Traditional Values:** In Lai Chau, the significance of preserving traditional values is important, as there are as many as 23 minority groups, accounting for 80.6% of the population. At present, these minority groups still use traditional methods to produce their tools. Traditional designs, structure, motifs, colors, and usage are retained. It is important to them that the products are still used in daily existence, festivals, ceremonies, customs, etc. This explains why the cultural identity and traditions of the minority groups are preserved and handed over to younger generations.

**Public Security:** Craft production provides jobs and income that help stabilize the local economy. This is the fundamental factor that helps ensure public security, prevent social evils and put relationships and development activities in a healthy environment. It is especially important for women and the youth in Lai Chau, since it would be difficult for them to find jobs in urban areas with their poor qualifications. Generating incomes for its local women can empower them, enhance their social status and promote gender equality. Through craft production, minority women have better chances to conduct social unions and form organizations to improve their status.

## **3.2 Current Situation of Production and Market**

### **3.2.1 Raw Material Sources**

Lai Chau's large forest areas, mostly wood, bamboo and rattan, are rich raw material sources for craft making. At present, wood and bamboo reserves in Lai Chau are about 202,795,000m<sup>3</sup> with an estimated 99,396,000 trees. Apart from natural forests, wood reserves and tree plantations account for a remarkable 249,600m<sup>3</sup>.

At present, kaolin, cotton and mulberry plantations amount to 4,000ha, 600ha and 500ha, respectively.

With such raw material sources, Lai Chau will be able to supply not only local craft production but also craft villages in the delta provinces.

The development of its transport network will also facilitate raw materials exploitation and transportation.

### **3.2.2 Labor**

Laborers in Lai Chau are of mixed type, but essentially they are farmers. Professional craftsmen are not many. Craft workers number 5,132, accounting for 0.9% of its local population, with 684 involved in rattan and bamboo craft, 2,886 in weaving, 327 in woodcraft, 590 in metalcraft, and 645 in other crafts. Male and female craft workers' rates differ among the crafts. While weaving is mostly done by women, metalcraft is done by men.

Labor quality is generally low as the average educational qualification level is pegged at grade 4 (out of 12), which means there is high illiteracy among craft workers. Craft workers are traditionally trained by family members and, therefore, lack knowledge about economics, technology, social issues, etc. This is one of the biggest hindrances that keep craft workers from accessing markets and using new technological methods. In some areas local residents do not speak the Vietnamese language well enough, making business transactions and training courses more difficult.

The average craft incomes are hard to assess as sales are unstable. On the average, craft workers can earn about VND 230,000.

Due to the self-supply manner and the customs of each of the minority groups, children start working as early as 12-15 years old, or even 10 years old in the case of weaving. High-skilled craftspersons are few and are mainly elderly master artisans.

### **3.2.3 Working Conditions**

Production areas and living spaces are not separate. Remarkably, however, since production scales are not large and living areas are rather spacious, environmental pollution has not occurred. Primary health care services cover some 73% of the population, while 37% have access to clean water, 46% to electricity and 7% to telephone services. In general, working conditions for craft production are rather favorable.

### **3.2.4 Market**

At present, craft items made in Lai Chau are mainly suitable for local consumption of the minority people, rather than for outside markets. Besides collectors and souvenir buyers, craft items have not been able to satisfy the common customers. Which means that product competitiveness remains low. Furthermore, simple production techniques done in households lead to high production costs and unstable product quality, which also contributes to their inability to access better markets.

So far, there are no craft enterprises in existence in the villages and craft makers have to sell the products themselves. Due to low educational attainment, poor communication skills in Vietnamese and poor financial capacities, craft makers can hardly bring their products outside of their villages nor make economic assessments. As a result, they are rarely able to access proper markets to sell their products.

Local craft makers are not aware of issues related to craft production in their villages. With no assistance, they can hardly develop products according to market requirements. Despite their hopes for better product sales, they do not know how to improve their production methods and processes.

### **3.3 Current Institutional Mechanisms**

#### **3.3.1 Existing Decisions and Policies**

Since the promulgation of Decision 132/2000/QD-TTg on 24 November 2000 by the Prime Minister, in addition to a series of MARD guidelines on craft promotion and craft village development, Lai Chau authorities have conducted several meetings on the formulation of a craft development plan. Yet, for several reasons, including financial constraints, such a plan has yet to be realized. Consequently, government policies on rural industry development (including the craft sector) have yet to be translated into legal documents.

For the last few years, craft making in Lai Chau has developed in an unsystematic manner, with as little guidance from other socio-economic development projects by international NGOs.

Nevertheless, in its socio-economic development program, Lai Chau's PC has mentioned the development of raw material forests for paper production and craft development. Through Decision No. 35/2003/QD-UB on the 2010 tourism development program, craft village development for tourism purposes is also mentioned. However, Decision No. 34/2003/QD-UB by Lai Chau's PC on the approval of an import-export program by 2010 only mentions the importation of processed agricultural products and construction materials. On 6 November 2002, the PC issued a decision approving the projects to revive and develop the rattan and bamboo villages in Bum Nua commune (Muong Te District) by the Provincial Farmers Association, and those in Na Tau commune (Dien Bien District) by the Dien Bien District PC.

#### **3.3.2 Organizational Structure and Roles**

So far, despite the big number of local agencies and organizations involved in craft development, only the Department of Industry (DOI) and the Department of Agriculture and Rural Development (DARD) are officially authorized by legal documents because of low awareness of tasks and responsibilities.

According to Decision 132, the DARD has taken charge of rural industries, including craft sector, since 2000. It has setup a Rural Industry Division for this purpose. In 2003, the Government issued a decree on the structure of the MOI which is authorized to take over craft management responsibilities. DOI also established the Local Industry Division to do the job.

Other related agencies are the:

- Department of Planning and Investment (DPI): Formulates socio-economic development master plan, including the craft sector.
- Department of Culture and Information (DOCI): Preserves traditional values in crafts.
- Department of Trade and Tourism (DOTT): Provides guidance to craft villages in selling their products.

- Department of Finance (DOF): Assists craft villages in getting loans and implements preferential policies on taxes.
- Department of Science and Technology (DOST): Assists craft villages in formulating and implementing technology development projects.
- Vietnam Cooperative Alliance (VCA): Provides guidance on cooperative development in craft villages to provide direct support to household economies in craft villages.

### **3.4 Potentials, Advantages and Difficulties in Craft Development**

#### **3.4.1 Potentials**

The first potential for craft development of Lai Chau lies in its vast areas planted to raw materials, which are being expanded through plantation programs for more tree plantations and diversified raw materials. This potential is the key to a new development era of the craft sector at a larger scale as well as to a processing industry in service of craft villages in other provinces.

The second potential is its abundant laborers. Despite its small population, a large part of it comprises the working age group. Furthermore, minority villagers are all skillful and can easily join production activities.

The province's third potential is its long history of traditional crafts whose tradition has not diminished. There are also several types of crafts with different designs that can meet market demands.

Tourism potential is also remarkable. As soon as transportation and services are available, Lai Chau will be able to receive more tourists. This will also strengthen development opportunities for tourism-oriented craft production.

#### **3.4.2 Advantages**

- Lai Chau has abundant raw material sources, including forestry and mineral products in large reserves to sustain craft development. The sources are also providing favorable conditions for exploitation and transportation, further facilitating craft development.
- Unemployed workers are still many; however, craft production has been a part of the daily life of the minority people. It has been done by families for long, including training. Craft production in Lai Chau does not require big investments and is suitable to local conditions.
- Local transport network is improving, making traveling and transportation of raw materials and freight easier. Trading with neighboring countries and provinces can be expanded as well.

### **3.4.3 Difficulties**

- The Provincial People's Committee has not promulgated transparent and concrete policies on the promotion of craft development on which government agencies will base their programs. Craft production activities and craft village development are unprompted and unplanned.
- Crafts are scattered and small in scale, heavily based on a self-supply system. Craft items have not become commodities that meet market demands for quality and quantity.
- Workers and craftsmen's quality is low, which can not be improved in one day, or two.
- There are no craft enterprises in existing craft villages. Craftsmen have few opportunities to access markets. Since sales are slow and difficult, income from craft production is unstable.
- Facilities and technology used in craft villages are simple and backward. Production activities are mainly manual and low in productivity. Product quality is also low.
- Although craft products are made of traditional materials, product development does not meet current market demands.

### **3.5 Major Issues**

In general, crafts in Lai Chau are small in number and underdeveloped. Most of the crafts are limited to satisfying own demands. Together with socio-economic development, the products are less and less used in daily life. As a matter of fact, young minority people have started wearing modern attire rather than their traditional clothes, and industrial goods have gradually replaced craft items as household appliances. More and more youths are paying attention to modern technologies such as mechanics, electronics, trade, etc. For this reason, the crafts will vanish if they continue to cater to personal demands alone. Fundamental changes are needed for the crafts to diversify and produce better sales in the markets. In other words, the most important thing is for the current production system to shift to a commodity production system to serve not just local demands, but also other markets and even be exported. In normal cases, the shift is difficult. Things will be more difficult in Lai Chau where there are big differences culture and customs between buyers (urban dwellers and foreigners) and producers (local villagers).

However, the advantages remains as Lai Chau can make use of the experiences and lessons learnt by other provinces. On such basis, Lai Chau can actively identify and work out adequate solutions for actual issues faced in the province in order to improve local crafts. The main issues are as follows described in the following sections.

### 3.5.1 Securing Raw Materials Supply

At present, as craft production has not yet shifted to production for the market, the lack of raw materials has not become critical. However, as soon as market-oriented production starts, the demand for raw materials will increase tens or hundreds of times. Therefore, the issue of raw materials should be addressed as soon as possible.

Making use of its large forested areas and low population density, Lai Chau should prepare a raw materials development plan not only to serve local demands but also those of other provinces.

Table 3.5.1 Main Raw Materials by Crafts

Crafts	Natural forest	Planted forests	Processed
Weaving, brocade	Roots, leaves as dyeing materials	- Cotton - Flax	
Wood	- Precious wood - Normal wood		
Forging, casting	- Firewood, coal		- Silver, aluminum - Iron, copper
Rattan and bamboo	- Rattan - Bamboo		
Cocoon raising		- Mulberry	

Regarding materials from the forests, it is necessary to have both natural and planted forests. For natural forests, valuable materials such as precious perennial woods, long rattan and its varieties should be given special attention while alternatively planning for woods for furniture, for rattan and bamboo and for some trees as sources of natural dyes. For planted forests, focus should be on ordinary kinds of wood for furniture, trees for paper production and bamboo for food (bamboo shoots) and crafts.

Regarding planted trees, cotton and mulberry for silk making are the main kinds of material to be promoted. Improve material quality by choosing suitable breeds, enriching land and applying advanced techniques of cultivation. Select silkworm breeds suitable to local conditions and standardize silkworm quality. Besides materials area planning, encourage villagers to utilize small lots beside residential areas.

For recycled materials, quality is very important to assure quality of end-products. Iron for forging, aluminum and bronze for casting are easy to find. Because of poverty, craftswomen making jewelries, in particular, tend to use aluminum instead of silver. A solution to this problem is needed. Aluminum is not as beautiful and valuable as silver which shows off the beauty of jewelry. It is also oxydated, endangering the users' health. Therefore, providing jewelry makers with new kinds of aluminum alloy which is not oxydated and more beautiful is needed.

#### 1) Materials provision for industry and other provinces

With the favorable climate for forestry development, Lai Chau can establish areas for raw materials for industry and other provinces' use (materials area for paper production is a typical example). Materials for craft production should be promoted, catering to both local

and domestic demand (mostly wood, rattan, bamboo and silk for provinces in the plains). This can assure a stable raw materials supply for local demand and generate income for the province.

## 2) Quality improvement of raw materials

Applying advanced technology in soaking wood and rattan right after harvest. Aside from processing factories, provide villagers with instructions in processing materials by themselves.

Regarding natural dyes from tree barks and leaves, combine the traditional techniques of villagers and advanced technology to continue using natural materials but standardizing the quality for longer shelf life (e.g. change into powder or condensed form).

For silk, besides improving quality of silkworm, it is necessary to apply advanced techniques in silk unraveling and twisting to achieve high-quality silk.

### **3.5.2 Technological improvement**

Craft making in the province still utilizes traditional techniques. Although crafts are highly traditional, they are limited in quantity and expensive. Therefore, it is essential to study technological improvement, so that crafts in the province can turn into commodities, accessing bigger markets.

#### 1) Technique Improvement

In Lai Chau, most craft production processes are manual using simple, locally made tools. In using modern machines to produce by bulk, villagers must be guided to prevent ineffectiveness and occupational hazards and pollution.

There are many degrees of improvement: Applying new technical skills aside from traditional techniques, improving some tools, using machines in some processes and manual work in others. Due to the requirements of each product and the characteristics of each craft making, combinations of techniques can be applied.



Table 3.5.2 Possible Combinations of Technique in Craft Making

Crafts	Traditional Technique	Improved Technique	Machine Operation	Products
Brocade weaving	- Fiber twisting - Dyeing - Embroidery - Weaving			Brocades and traditional crafts
	- Dyeing - Embroidery	- Twisting fiber - Weaving	- Sawing	Brocade cloth for making bags, pillow cases with new patterns
		- Twisting fiber - Dyeing - Weaving	- Weaving	Rough cloth
Wood carving	- Carving - Fine processing	- Rough processing - Finishing	- Splitting timber	Artisan crafts, high-quality home furnishings
	- Assembling	- Fine processing - Finishing	- Splitting timber - Rough processing	Woodworks for home furnishings and architecture
Rattan bamboo knitting	- Bending rattan - Knitting	- Whittling rattan		Rattan furniture
	- Splitting rattan - Knitting	- Whittling rattan		Rattan artisan crafts
	- Splitting bamboo - Knitting	- Whittling bamboo		Bamboo products for export
	- Assembling - Knitting	- Cutting		Bamboo furniture
Forge, casting and jewelry making	- Forging - Finishing	- Burning - Repairing		Hand tools and products for daily life
	- Making molds - Casting - Finishing	- Polishing		Cast products
	- Cutting - Repairing - Finishing	- Unraveling silk - Twisting fiber - Wheeling		Jewelry
Silk making	- Dyeing - Washing		- Twisting fiber	Silk

## 2) New method of labor distribution

Crafts are produced in limited quantities and there is no production lead nor time limitation. Therefore, one craftsperson performs the whole process. This trend is currently popular in Lai Chau, especially in brocade weaving and rattan bamboo knitting. Even craftpersons take care of buying raw materials, selling products. However, in the commodity production, this situation can't be maintained. When a lots of labors with different skill levels engage in craft production, labor distribution is natural to select high-skilled persons for difficult processes requiring high and fine techniques. Applying machines at some processes can bring into higher productivity, leading to natural labor distribution. Besides, there will be persons in charge of raw material and tool supply for production and product consumption.

This new labor distribution normally occurs in the progress of commodity production, but it is different in various craft making. In traditional crafts such as brocade weaving, embroidery and rattan bamboo knitting, labor distribution is not as clear as material processing and product consumption. For crafts using machines like wood carving, labor distribution is very clear in processes such as sawing, cutting, rough carving, fine carving, assembling, rubbing, polishing, etc.

Anticipating the trend, Lai Chau can prepare for this new labor distribution. At first, it is the distribution in households, then in craft vilages and finally between enterprises and craft villages. This preparation must be clarified in provincial development plan, especially in land using planning, policy making and human resource development.

### **3.5.3 Formulation of quality inspection system**

At present, there is no quality inspection criteria for crafts in the province. Craftpersons check quality only by their experience. In craft production for commodity, it is required to establish a quality inspection system and implement quality checking.

#### **1) Formulation of quality standard system**

Fisrt of all, formulate quality criteria fofr each kind of product, esp. product with big quantity, and for export. These criteria must have concrete quality requirements. For labors, it is also necessary to build up quality standard system to check their skills and they are recognized by skill grade certificates. For products made by many processes, quality criteria for each process must be identified and quality checking must be carried out before the next process.

#### **2) Creation of quality inspection tools**

To check quality accurately, creation of quality inspection tools is crucially important. One essential requirement is that these tools must show directly the parameters needed to check to determine immediatetly the quality of the products.

#### **3) Implementation of quality inspection**

Quality inspection must become an official regulation and it must be carried out seriously. It is necessary to raise the awareness on quality checking for craftpersons. To assure the accurateness of quality inspection, training for staff-in charge is very important and provide guidance for craftpersons so that they can check quality by themselves.

### **3.5.4 Design and product development**

Lai Chau's crafts possess high traditional and aesthetic values but they are not marketable as most of them are produced for decoration, not for daily use. Furthermore, they are expensive and their market is limited, mainly for collectors and tourists. To achieve competitiveness and expanse market, developing a wide range of products which can meet the customers' demand is crucial. At the same time, traditional values and typical characteristics of the province must be maintained in crafts.

On the basis of market forecast, develop a wide range of products with diversified designs, various use purposes and different prices. The most effective measure is developing new crafts based on the existing crafts. The following table shows the example of this idea.

Table 3.5.4 New craft development based on the existing craft variation

Crafts	Original products	Level of variation	New products
Brocade weaving and embroidery	Skirt edge	Weaving separately the patterns along the edge	Decorative piece of cloth
		Changing the size and position of patterns	Sheets cloth for pillow cases cloth for bags
		Extracting particular patterns	many kinds of bags
		Embroidering additional small pieces of patterns	decorative pieces attached to clothes, pillow cases, etc.
		Extracting particular patterns and arranging them simply	scarf
Rattan and bamboo knitting	Bamboo chairs with rattan seat and curved legs	Changing the way of surface knitting	chairs with decorative patterns
		Changing the height and size of chair legs	higher chairs
		Changing the height and tightening the rattan at the chair sides	higher chairs with decoration
		Adding decorative wooden pieces	higher chairs with decoration
		Making higher legs and smaller back	chairs for bars

In this direction, every product can be easily changed and improved to new products. For wood carving, it is much more easier.

However, craftspersons are not able to develop new products by themselves as they do not have enough information of customers' preferences. Assistance of specialists in design is needed, but designers act as consultants and instructors to guide craftspersons to develop new products by themselves because designers do not master the techniques of craft making and skill capability of craftspersons.

To achieve the sustainable development of crafts, it is important to train craftspersons at the villages on design. Gradually, they can work on design and build up product development plan to meet the market demand.

### 3.5.5 Human resource development

In craft production, the technical skills of craftspersons are the most important. So far, like other provinces, craft training in Lai Chau has been home-based. Although this way of training has provided a big number of craft labor, craftspersons do not have sufficient technical skills. The lack of highly skilled craftspersons and technicians at the craft villages is severe. Therefore, there is a need to reform craft training.

1) Training new craftspersons

Maintaining the existing method of training new craftspersons at villages by tutoring, utilizing the training capability of master artisans. The trainees are provided with on-site experience and they can perceive craft making tradition naturally. To limit the negative sides of this training method, it is necessary to organize supplemental training courses for craftspersons. There are many master artisans who can serve as trainers at craft villages in the province. The matter is organizers for this kind of training courses.

For new crafts, high-skilled craftspersons in other provinces can be invited as trainers.

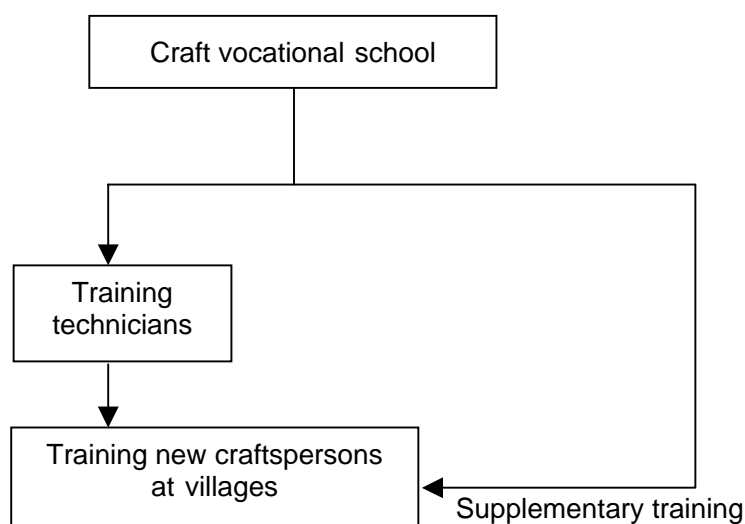
2) Training technicians

Technicians comprise high-skilled craftspersons, teachers at vocational schools, and master artisans for designing. To foster technicians' ability, providing training on aesthetic knowledge, delicate technical skills and designing. Short-term training courses are the most suitable form for the condition of craftspersons.

3) Formulation of provincial craft training system.

Craft training must be carried out constantly and stably, therefore, it is very important to build up a training system for craftspersons. This system is formulated based on the combination of basis training and technical training of master artisans. Key agency will be vocational school of the province. It will implement training for technicians and dispatch trainers to craft villages to organize supplemental training courses for craftspersons.

Table 3.5.1 Operation of vocational school



### 3.5.6 Enterprise and Business Management Capability Development

Craft households are not able to access markets directly, but through enterprises which are inside or outside the craft villages. These enterprises give orders to craft households.

Based on the orders, households get information about market demand, and their products reach consumers through enterprises. Therefore, enterprises which serve as the bridge between markets and craft households play an important role in craft promotion. Facilitating their operation should be given focus.

Most craftspersons in Lai Chau are poor and do not have enough financial capability to establish enterprises. Therefore, production groups and cooperatives are the most suitable forms. Regarding cooperatives, an assistance model should be selected. In these cooperatives, households still operate at home, while cooperatives support them by providing raw materials and selling their products. Cooperatives are their representatives in doing business and signing contracts with outside companies as well as in organizing training courses for craftspersons.

### **3.5.7 Linkage with tourism**

Lai Chau has great potentials for tourism development of many famous historical sites, sight-seeing and distinctive characteristics of ethnic minorities. Cooperation with tourism helps introduce products of craft villages to tourist markets effectively and create craft villages as appealing tourist sites.

#### **1) Souvenir craft production**

Craft souvenirs range from small and cheap items to delicate and expensive ones. Aside from traditional crafts for collectors, develop new small products as alternatives and produce small items with traditional or historical site-related patterns.

#### **2) Craft exhibition site development**

To help tourists access crafts easily and increase their purchases, it is essential to develop craft exhibition venues in tourist sites and museums. If possible, develop craft exhibition areas where many kinds of traditional and new crafts, materials, tools, and photographs of craft making processes and craft villages can be displayed. Encourage hotels and restaurants to use crafts for interior decoration and issue pamphlets to introduce crafts to customers.

#### **3) Craft village tourism development**

Select craft villages which are accessible and include them in tours. At these craft villages, launch campaign on keeping a clean environment and on attracting tourists. Production sites should be well ventilated and spacious to allow tourists to observe craftspersons work. Encourage cooperation in selling crafts between households and provide guidance on fixed prices to avoid price competition.

### **3.5.8 Assistance for Ethnic Minorities**

Ethnic minorities account for 86% of the province's total population. Most of them live in mountainous and remote areas. The common craft production situation is self-sufficient and backward. They produce what they need. Furthermore, they cannot access markets

directly. Their product prices are degraded by the middleman. In a market economy, ethnic groups are coping with more difficulties.

First of all, assist ethnic groups in reducing poverty, increasing living standards, improving education, and accessing information.

Provide support to ethnic minorities to revitalize and develop their traditional crafts. Provide young generations training in traditional craft techniques. Provide craftspersons with market information and guidance to develop new products on the basis of traditional crafts. Organize production and manage business effectively. To improve the marketability of ethnic groups' crafts, it is essential to develop many tours to villages, organize craft exhibitions at tourist sites and support them in participating in trade fairs.

Assist ethnic groups to improve infrastructure and other facilities such as electricity, clean water and cultural services.

### **3.5.9 Traditional Value Preservation**

#### **1) Keeping documents of traditions**

First of all, increase people's awareness of traditional value preservation, organize researches and explanation of the meaning of pattern of each ethnic minority's crafts. After that, record characteristics of each craft in terms of design, technical skills and purpose. This record must be illustrated by photographs, design drawings, product samples, explanation sheets, and video tapes of production processes and daily life application.

#### **2) Preserving traditional values in daily life**

Strengthen education for the people, especially craftspersons on recognizing traditional values expressed on each craft. Facilitate master artisans to pass on traditional technical craft skills to young generations. Encourage specialists to work with master artisans on recording and analyzing craft traditions. In training, formulate material on the basis of local traditional crafts, avoid imposing training material and method from other provinces on trainees. In production, assure supply of traditional raw materials and preserve the habit of using traditional tools. Concentrate on keeping traditional style of crafts expressed on the shape, design, structure, and decorative patterns. Avoid changing traditional patterns or applying patterns of other ethnic groups.

Revitalize and encourage the traditional use of crafts in daily life. Preserve traditional festivals and revitalize the festivities of ethnic minorities in their original forms.

#### **3) Strengthening traditional values**

At present, it is impossible to produce lots of traditional crafts because it takes much time and crafts are not marketable. Therefore, there is a need to develop new crafts. However, this should be carefully considered, because market demand, design copy and imitation tend to happen, leading to the disappearance of traditional values.

Cooperation between specialists and master artisans is needed to develop new and diversified crafts while preserving their traditional values.

#### **3.5.10 Formulation of Assistance System for Craft Promotion**

So far, crafts in Lai Chau have developed spontaneously due to the habit and demand of villagers. But with the impacts of a market economy, this spontaneous production can not survive. Therefore, the province should pay attention to the formulation of an assistance system for local craft promotion.

Firstly, consolidate the state management of craft industries. It is necessary to clarify the function and responsibility of key and related agencies. Coordinate the activities of craft managerial departments which have the main responsibility and the PCs at the provincial, district and commune levels.

Human resources training for the craft sector should be given special attention. It is necessary to establish a craft vocational school in the province and craft skills training centers at districts and towns, if necessary and possible. Craft vocational schools will be the core in craft training. To fulfill this function, it has to formulate training materials suitable for each craft and ethnic group. Simultaneously, develop master artisans, highly skilled craftspersons and craft technicians, and dispatch trainers to craft villages to implement supplementary training.

The establishment of one or many Support & Consulting Centers for the craft sector is required. This center will study in depth the crafts, provide consultancy on craft promotion and assistance for producers on the techniques, information, production facilities, craft exhibition, and marketing.

## 4. CRAFT DEVELOPMENT MASTER PLAN OF PROVINCE

### 4.1 Orientation for craft development

#### 4.1.1 Orientation for craft development

**Craft development in the direction of priority:** Lai Chau currently has traditional crafts development in the villages. Firstly, the focus of promotion is directed towards prioritizing objectives. Priorities are formulated on the basis of both provincial socio-economic development objectives and the favourable condition for craft development.

Table 4.1.1 Priority Criteria for Craft Promotion

	Priority criteria	Brocade weaving	Rattan & bamboo knitting	Wood carving	Casting & forge	Jewelry making	Silk making
1	Available raw material	●	●	●	●	●	●
2	Having craft traditions	●	●	●	●	●	●
3	Employing many labors	●	●	○	○	○	●
4	Easy to organize production	●	●	●	●	●	●
5	Having markets	○	○	○	●	○	●

● Good      ○ Limited

The above data shows that silk making should be given development priority followed by brocade weaving, rattan and bamboo knitting, casting and forging, jewellery making, and finally woodcarving. Limited crafts should be promoted at a scale suitable for market demand. At the same time, it is necessary to conduct research on product development to overcome limitations and facilitate craft promotion.

**Development of new crafts:** Because Lai Chau has abundant raw materials and labor which are not wholly utilized by existing craft industries it needs to develop new crafts. There are two ways to pursue new craft promotion: Developing new products and new techniques on existing craft making (e.g. wood carving, bamboo knitting) or creating new ones that are suitable to local conditions (e.g. embroidery, weaving). Raw materials, labor and market are important variables in the selection of new crafts so as to attain sustainable development.

#### 4.1.2 Orientation of Regional Development

Geographically, Lai Chau is endowed with a vast land area and rich forest resources. Because of this, its raw materials area and craft region should be developed.

Traditional crafts closely associated with local farmers and ethnic minorities are brocade weaving, bamboo knitting, etc. These crafts should be promoted for development in craft villages. Small-scale and market-oriented crafts, such as woodcarving and jewellery making, are developed mainly in towns and townships.



Raw materials area development should be done in tandem with forestry programs with focus on plans for large-scale exploitation.

#### **4.1.3 Orientation of Production Organization Development**

The most suitable form for craft production and business organization are SMEs, cooperatives and production groups. Since most households are poor and craft development is community-based, cooperative and production group development is the most appropriate. The proper cooperative model is assistance services where production is still scattered in the cooperative's members' households.

#### **4.1.4 Orientation of Market Development**

With the current craft situation in Lai Chau, meeting local consumption should be first focused on so that local consumers will not buy crafts from other provinces. At the same time, selected crafts should be promoted for tourism. After this, other crafts should be selected to access the export market. The province is expected to export crafts by 2006. It will do this by first operating for craft export companies in big cities and then gradually getting direct access to export markets and expanding its craft products for stable consumption.

### **4.2 Objectives of the Master Plan**

#### **4.2.1 Role and Objectives of the Master Plan**

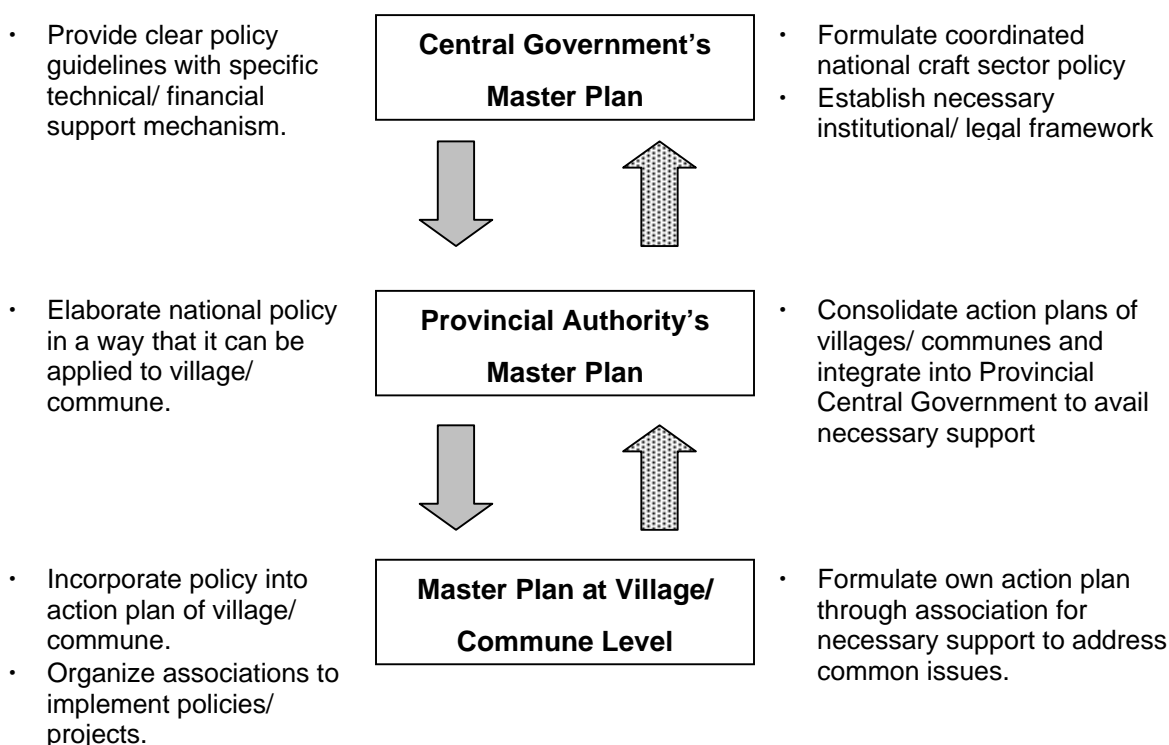
The Craft Development Master Plan of Lai Chau aims to establish an effective policy framework and act as a measuring system for local craft development to contribute to poverty reduction, economic growth, and rural development at the provincial level as well as to preserve the traditional values of the ethnic minorities in Lai Chau.

This master plan will act as a basis for the establishment of a mechanism in implementing governmental and provincial policies on craft promotion. It identifies the system from objectives to concrete measures in developing local craft sustainability. It also identifies the role of craft –related organizations, and the collaboration of relevant agencies as well as the craft village and villagers' participation.

#### **4.2.2 Role of Master Plan at Provincial, Village and Commune Level**

The master plan is formulated in an integrated and consistent manner from the central to provincial level, and village and commune levels as shown in the following diagram:

**Figure 4.2.1 Role of Master Plan at Central, Provincial, Commune/Village Level**



### 4.3 Goals and Objectives of Craft Development

#### 4.3.1 Goal of Craft Development

Craft sector development must be seen through the prism of multisectoral initiative, meaning it involves not just economic variables but also cultural, social and environmental aspects. The growth of the craft sector must contribute to the improvement of the lives of the craft workers and be able to attain sustainable development in the rural areas. The future goal of craft development in Vietnam is defined as follows:

#### Vision and Goal of Craft Development

Promoting Socio-economic Growth and Reducing Poverty in Rural Areas through the Establishment of Sustainable Production Systems for Competitive Crafts embodying Vietnamese Traditional Values.

Source: JICA Study Team

#### 4.3.2 Basic Objectives

To achieve the goal mentioned above, the following basic objectives are set:

**Establishment of Mechanism to Preserve Traditional Values of Crafts:** Craft value can also be found in their originality and ethnic significance which reflects the tradition as well as the culture of certain localities. Based on this concept, there is a need to establish the mechanism through which the government, concerned organizations, and craft villages can rediscover, preserve, and revive the traditional values in craft making as well as those of the ethnic minorities.

**Improvement of Craft Products Development System:** The system should be

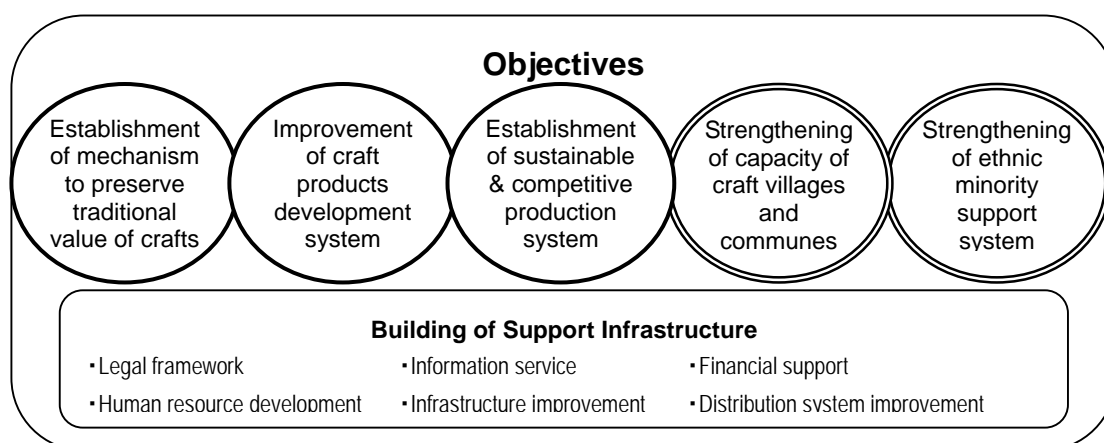
institutionalized by comprehensively paying attention not only to technical aspects, such as skills and quality improvement, but also to the provision of appropriate protection measures for newly developed products and aggressively marketing them to increase market competitiveness.

**Establishment of a Sustainable and Competitive Production System:** To further increase competitiveness, Vietnamese crafts need to be promoted comprehensively by addressing their adjunct concerns such as ensuring sustainability of raw material supply, improving technology and product quality, upgrading business management capacities, and improving its labor environment. These factors should be supported through building a sustainable production system.

**Strengthening of Ethnic Minority Support System:** A large part of Vietnamese crafts are rooted in the culture and life of the ethnic minorities. Thus it is necessary not only to promote them for economic development but also to preserve them as ethno-cultural tradition. The ethnic craft workers themselves need to recognize the traditional value and significance of their work and craft products so as to increase their effectiveness in capacity building through craft promotion. It is also necessary to develop social recognition of these values and their crafts in and out of Vietnam. Attainment of these goals requires strengthening support systems as well as a good and effective collaboration/linkage among various support and governmental institutions.

**Strengthening of Capacity of Craft Villages and Communes:** Lai Chau's craft items have been produced mainly in rural areas. To help upgrade the living standards and eradicate poverty in the rural areas, the capacity of craft villages and communes should likewise be strengthened. This can be done in part by comprehensively analyzing the prevailing constraints and then laying down measures or identifying the role the craft sector will play in overcoming such difficulties. The active participation of all stakeholders will be important, especially the craft villagers including the local authorities, in such a process, so as to provide them with capacity-building and motivational tools. Further activities and good collaboration among those concerned in the locality is also a must.

**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, and basic infrastructure, and to reform the distribution system.



Source: JICA Study Team

### 4.3.3 Mechanism for Implementing the Master Plan

**Basic Strategies:** The basic strategies are: (a) sectoral development strategies corresponding to craft sector issues, and (b) regional development strategies which reflect different socio-economic conditions and purposes of craft development in the regions.

**List of Projects and Actions:** For the effective implementation of policies and measures by both central and provincial governments, projects and action plans in various issues and regions are proposed.

**Implementation Plan:** Long-term and step-by-step approaches are necessary for craft development. Proposed plans are categorized into immediate and long-term issues and those that proceed step by step. Implementation terms, step-wise approaches, and necessary projects/programs will act as a road map for each project. Support mechanisms and measures that require inputs and budgets are figured out in the project profiles. These profiles will help various implementing bodies to sort out effective and applicable projects for each and to implement practical actions.

**Coordination:** The Craft Development Master Plan has a chance to adjust policies and classification of various stakeholders' roles and responsibilities. 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.

**Monitoring:** Progress in the realization of the master plan should be assessed and measured along the way. This means regular monitoring by 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 monitoring, some indicators are set to cover a whole sector, or specified for each issue or region, if necessary.

## 4.4 Proposed Strategies and Action Plans for Craft Development

### 4.4.1 Establishment of Mechanism to Preserve Traditional Value of Crafts

Craft value should be premised on tradition and cultural values, as well as uniqueness and originality. This should be the basis of establishing a mechanism through which government agencies and all other stakeholders will preserve, revive, and sustain the uniqueness and traditional values of crafts.

Table 4.4.1 Establishment of Mechanism to Preserve Traditional Value of Crafts

Strategy	Action Plan/Project	Rating
A1 Documentation of craft village traditions.	A11 Preparation of guidelines.	B
	A12 Recording and preservation of traditions of crafts and craft villages.	A
	A13 Disclosure of records (at central & provincial level).	B
A2 Strengthening of local museums.	A21 Research on current conditions of local museums.	C
	A22 Improvement of crafts conservation and exhibition system at existing museums.	A
	A23 Strengthening of the network of existing traditional crafts related museums. Building up traditional craft houses at villages having developed craft sector.	B
A3 Promotion of traditional craft research.	A31 Establishment of the Traditional Crafts Society.	A
	A32 Cooperating with research institutes and craft researchers.	C
	A33 Listing subjects for research/study to provide craft researchers.	B
A4 Enhancement of master artisan system	A41 Revitalization and institutionalization of master artisan system	A
	A42 Policy on activity promotion of master artisans	B
	A43 Collection & exhibition of master artisans' work	C
A5 Designation of traditional craft items	A51 Establishment of guidelines	A
	A52 Policy on preservation and promotion of designated crafts	B
	A53 Collection and display of designated crafts	B

### 4.4.2 Improvement of Craft Products Development System

The production system should be institutionalised by paying attention not only to technical aspects, such as skills and quality improvement, but also in the provision of appropriate protection measures for newly developed products and actively marketing these products to increase market competitiveness.

Table 4.4.2 Improvement of Craft Products Development System

Strategy	Action Plan/Project	Rating
B1 Strengthening of design education programs.	B11 Preparation of design training material.	B
	B12 Design training for craft vocational schools, establishments and craft villages.	A
	B13 Establishment of design center for production establishments.	C
B2 Strengthening of technical skills in craft making.	B21 Identification and preservation of quality determining skills.	A
	B22 Holding annual craft skills competitions.	B
B3 Establishment of intellectual property rights system <sup>1)</sup> .	B31 Guiding craft workers for copyright registration with state relevant organization.	B
	B32 Issuing special accreditation mark to qualified crafts.	B
B4 Provision of opportunities for product appraisal.	B41 Support for domestic and international fairs and exhibitions participation.	B
	B42 Holding annual design competition.	A
	B43 Establishment of matching system for producers & buyers.	C

1) Intellectual property right denotes the right to protect the assets derived from human intellectual activities such as device and discovery, goodwill, etc. which includes copyright, copyright in registered design, trademark.

#### 4.4.3 Establishment of Sustainable & Competitive Production System

While further increasing their competitiveness, Vietnamese crafts should be promoted comprehensively with close attention to various related tasks such as ensuring sustainability of raw material supply, improving technology and product quality, upgrading business management capacities, and improving work environment.

Table 4.4.3 Establishment of Sustainable & Competitive Production System

Strategy	Action Plan/Project	Rating
C1 Assurance of sustainable raw material.	C11 Planning of raw material areas.	A
	C12 Improvement of material planting and exploitation techniques.	A
	C13 Applying of advanced technology for material processing to improve quality.	B
	C14 <i>Improvement of raw material distribution system.</i>	C
C2 Promotion of local industries in production areas.	C21 Strengthen links inside craft village and among craft villages.	A
	C22 Promoting BDS providers <sup>1)</sup> to operate in craft villages.	B
	C23 Support for development of brand production establishments.	C
C3 Establishment of technical improvement & quality control system.	C31 Formulation of quality control criteria.	C
	C32 Supporting establishments to strengthen technology and assisting in technological development.	A
	C33 Enhancement of training programs.	B
C4 Strengthening of management capacity.	C41 Creation of business management manual.	B
	C42 Establishment of entrepreneurial assistance system.	C
	C43 Craft cooperatives and SMEs assistance.	A
C5 Improvement in work environment.	C51 Establishment of Occupational Safety Criteria.	C
	C52 Health care for craftspeople.	B
	C53 Environment protection in craft villages.	A

1) BDS provider is a service provider who assists in guiding business management and technical improvement for small to medium enterprises.

#### 4.4.4 Strengthening of Ethnic Minority Support System

The ethnic communities themselves should recognize the cultural and traditional values of their crafts so as to increase the effectiveness of their capacity building through craft promotion. It is also necessary to develop social recognition of these values in and out of Vietnam. The attainment of this goal needs the strengthening of ethnic minority support systems and the effective collaboration/linkage among various support and governmental institutions.

Table 4.4.4 Strengthening of Ethnic Minority Support System

Strategy	Action Plan/Project	Rating
D1 Education for minorities about the value of crafts and importance of craft development.	D11 Development of Crafts Education and Manual Creation Methods.	B
	D12 Fostering trainers within Village.	A
	D13 Development of Distance Learning/Remote Education.	B
D2 Preservation of traditional techniques & crafts.	D21 Research and identification of traditional values and their recording.	A
	D22 Restoration of Traditional Techniques.	B
	D23 Conservation of traditional crafts.	B
	D24 <i>Support for ethnic master artisans.</i>	A
D3 Formulation of & familiarization with technical & management guidelines.	D31 Provision of Crafts Production Technique Training.	A
	D32 Creation of Business Management Manual.	B
	D33 Support for ethnic minorities to participate in craft fairs outside the villages.	C
D4 Expansion of trade fairs system.	D41 Support for ethnic minorities to participate in domestic and foreign craft fairs	A
	D42 Support for ethnics to open Pilot Shops.	B
	D43 Guidance for ethnics to collect and analyze feedback information.	C
D5 Assistance for organizations working with ethnic minorities.	D51 Strengthening of cooperation between local governments and NGOs.	A
	D52 Creation of ethnic minority assistance model.	B
	D53 Organization of Forum for Ethnic Minority Assistance Organizations.	C

#### 4.4.5 Strengthening of Capacity to 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 in craft making and corresponding recommendations on how the craft industry can overcome such difficulties.

Table 4.4.5 Strengthening of Capacity to Craft Villages and Communes

Strategy	Action Plan/Project	Rating
E1 Mechanism formulation for ethnics to participate in and discuss about craft village's issues	E11 Regulation formulation for this activity	A
	E12 Disclosing information and issues and democracy to all villagers	B
	E13 Facilitate village's organizations to discuss issues with local government	C
E2 Establishment of craft associations at villages	E21 Assistance on formation of cooperatives and SMEs at craft villages	A
	E22 Assistance on craft association formation at villages	B
	E23 Strengthening linkage between village's organizations and relevant agencies	C
E3 Securing funds for craft production activities	E31 Establishment of craft fund	A
	E32 Assistance craftspeople to access capital resources	B
	E33 Facilitate craftspeople to arrange their credit funds.	C
E4 Environment improvement in craft villages	E41 Health care for craft villagers	C
	E42 Production area planning and guidance on organization and implementation	A
	E43 Financial assistance and guidance for villagers to protect environment	B
E5 Establishment of marketing system for village crafts	<i>E51 Creation of books and pamphlets to introduce local crafts</i>	B
	E52 Developing craft village tourism	B
	E53 Encouragement on typical local craft production	A
	E54 Support for craft villages to register trade mark and copyright	C

#### 4.5 Prioritized Activities in Provincial Master Plan for Craft Development to 2010

A seminar on the formulation of craft development provincial plan took place on 7th November 2003 in Lai Chau's DARD. Representatives of relevant departments and districts participated in the discussions which resulted in the selection of 15 appropriate activities that need to be addressed urgently.

Table 4.5.1 Prioritized Strategies

Strategy	Action Plan/Project	Term	Key agencies	Related Agencies
A1 Recording of craft village traditions	A12 Recording and preservation of traditions of crafts and craft villages	2004-2008	DOCI	Provincial museum, villages, Folk Arts Association (FAA)
A2 Strengthening of local museums	A22 Improvement of crafts conservation and exhibition system at existing museums	2004-2006	PPC, DOCI, Provincial museum	villages, FAA
A3 Promotion of traditional craft research	A31 Establishment of the Traditional Crafts Society	2004-2008	DOCI	DOST, FAA, agencies
A4 Enhancement of master artisan system	A41 Revitalization and institutionalization of master artisan system	2005	PPC	DOCI
B2 Development of craft coordinators	B21 Identification and preservation of quality determining skills	2004-2010	Craft vocational school	DOI, DOST, MOCI
B4 Establishment of intellectual property rights system	B42 Holding annual design competition	2004-2006	DOTrade&Tourism	DARD, VCA, DOI
C1 Raw material preservation, consumption & management system	C11 Planning of raw material areas	2004-2010	DARD, DPI	Districts
	C12 Improvement of material planting and exploitation techniques			
C2 Promotion of local industries in production areas	C21 Improvement of raw material distribution system	2004-2006	PPC, DOI	DARD, DOTrade&Tourism, DOF, VCA, Districts
C3 Establishment of technical improvement & quality control system	C32 Supporting establishments to strengthen technology and assisting in technological development	2004-2006	DOI, DOST	
C4 Strengthening of capacity of managers	C43 Craft cooperatives and SMEs assistance	2004-2006	DOTrade&Tourism, Craft vocational school	VCA
D2 Preservation of traditional technique & crafts	D21 Research and identification of traditional values and their recording	2004-2006	DOI, DOCI	Craft vocational school, DOST, FAA
	D24 Support for ethnic master artisans			
D3 Formulation & familiarization with technical & management guidelines	D31 Provision of Crafts Production Technique Training	2004-2006	DOI, Craft vocational school	DOET, DOLISA
D4 Expansion of fair trade system	D41 Support for ethnic minorities to participate in domestic and foreign craft fairs	2004-2010	DOTrade&Tourism	WU, VCA
E1 Formulate Village Development Strategy (VDS) through participatory approach	E11 Regulation formulation for this activity	2004-2006	PPC, DOCI	Villages
E2 Establish of craft associations/ Assist cooperatives	E21 Assistance on formation of cooperatives and SMEs at craft villages	2004-2006	PPC	VCA, DPI



## 4.6 Institutions to Support Effective Implementation of the Master Plan

### 4.6.1 Role Sharing among Stakeholders

Table 4.6.1 Role Sharing among Stakeholders

Objective	Strategy	Key agencies	Related Agencies
<b>A: Establishment of mechanism to preserve traditional value of crafts</b>	A1 Recording of craft village traditions	DOCI	FAA, villages, Provincial museum,
	A2 Strengthening of local museums	PPC, DOCI, Provincial Museum	FAA, villages
	A3 Promotion of traditional craft research	MOCI	DOST, FAA, villages
	A4 Enhancement of master artisan system	PPC	DOCI
	A5 Designation of traditional craft items	PPC	DOCI, DOST
<b>B: Improvement of craft products development system</b>	B1 Strengthening of design education programs	Vocational schools	DOCI, DOI
	B2 Development of craft coordinators	Vocational schools	DOCI, DOI
	B3 Strengthening of technical skills in craft making	DOST	DOI
	B4 Establishment of intellectual property rights system	DOTrade &Tourism	DARD, DOI, VCA
<b>C: Establishment of sustainable &amp; competitive production system</b>	C1 Raw material preservation, consumption & management system	DARD, DPI	Districts
	C2 Promotion of local industries in production areas	PPC, DOI	DARD, DOTrade &Tourism, DOF, VCA, Districts
	C3 Establishment of technical improvement & quality control system	DOI, DOSTE	
	C4 Strengthening of capacity of managers	DOTrade, Vocational schools	VCA
	C5 Improvement in work environment	DPI, DOH	DOST, VCA
<b>D. Strengthening of ethnic minority support system</b>	D1 Education of minorities about the value of crafts and importance of craft development	PPC, DOET, DOCI	WU, VCA
	D2 Preservation of traditional technique & crafts	DOCI, DOI	DOST, FAA, Vocational school
	D3 Formulation & familiarization with technical & management guidelines	DOI, Vocational school	DOET, DOLISA
	D4 Expansion of fair trade system	DOTrade &Tourism	WU, VCA
	D5 Assistance for organizations working with ethnic minorities	PPC	WU, VCA
<b>E: Strengthening of capacity of craft villages and communes</b>	E1 Formulate Village Development Strategy (VDS) through participatory approach	PPC, DOCI	Villages
	E2 Establish of craft associations/ Assist cooperatives	PPC	VCA, DPI
	E3 Securing funds for craft production activities	DOF, DOI	Banks, Credit Fund
	E4 Improvement of environment in craft villages	DOST	WU, VCA
	E5 Establish marketing system for village crafts	DOTrade &Tourism	

Source: JICA Study Team

## **4.7 Organization for Policy Coordination**

Presently, the government has approved the establishment of the Industrial Promotion Fund at the locality. To manage the fund's operation, the PPC needs to organize a management Board including relevant departments and organizations wherein the DOI will serve as the key agency. This fund will aim to encourage and assist craft sector development in the provinces.

However, to coordinate policy implementation for craft promotion, a Craft Promotion Council should be established.

- 1) Name: Craft Promotion Council of Lai Chau Province
- 2) Basic function: Activity coordination between relevant agencies to effectively implement craft promotion polices of the province.
- 3) Members: The Council comprises of many craft-related agencies in which the key agencies are:
  - PPC (Chairman)
  - DARD
  - DOI
  - DPI
  - DOLISA
  - DOTrade & Tourism
  - VCA

## **4.8 Monitoring**

### **4.8.1 Importance of Monitoring**

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

In a sense, the development activity in one area has a potential of negatively affecting another area. Furthermore, to effectively implement these thrusts appropriate institutional systems and policies, not only with the central government but also with the 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 both necessary. Criteria for evaluation are in the following terms: (a) Properly benefiting the craft villages and communes in the rural areas, (b) Sustainable producing crafts, and (c) Compliance with the direction of key policies in Vietnam.

#### 4.8.2 Monitoring Mechanism

Monitoring should be done not only by project/action but also by policy/strategy. Monitoring should be undertaken not only by the implementing body but also by the beneficiary. This is one of the most important function of the proposed “Traditional Crafts preservation and Promotion Council” at both the central and provincial levels.

#### 4.8.3 Indicators

Results of the evaluation should be expressed in a set of quantitative and qualitative indicators, which can be easily understood and shared by all stakeholders.

Table 4.8.1 Proposed Evaluation Framework

Evaluation Aspects			Rank <sup>1</sup>	Indicators
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 craftspersons 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 evaluated in five ranks: highly positive, positive, moderate, negative, and highly negative.

## **4.9 Proposed Policies and Mechanisms**

### **4.9.1 Proposed Policies**

To promote the local craft sector, notwithstanding existing government policies, Lai Chau's PC should issue the following provincial policies:

- Incentive policies to promote crafts that utilize local materials and labor.
- Create a favorable condition on land use and provide financial support establishments to produce crafts for export and tourism.
- Provide financial assistance and organize technical and business management trainings for ethnic minorities, focusing on training technicians.
- Promote and support technology improvement research and product development activities.
- Invest in information provision and assist crafts establishments to access markets.
- Invest in and organize researches and records on ethnic minorities' craft making traditions. Provide financial support and facilitate specialists in other provinces to implement this activity.
- Establish Industrial Extension Management Board to provide guidances for local craft promotion and rural industry development.

### **4.9.2 Proposed Measures**

#### 1) Assurance of sustainable raw materials supply

Lai Chau has forest resource potentials, however, a concrete plan on craft raw material areas should be made. A plan on forest restoration and protection, raw material area development, especially on wood, cotton, mulberry, should be formulated afterwards. This means pursuing on one hand a raw material area plan to guarantee sufficient sustainable raw material supply for craft sector in the province, and on the other hand, developing a raw material supply region for industry and crafts in other provinces to generate income for Lai Chau. It is also necessary to construct raw material processing factories to ensure the supply of good quality materials for crafts.

#### 2) Technology improvement, craft production development.

For Lai Chau's craft sector, the important thing at present, is to shift from self-support production done through scattered and small scale methods to concentrated commodity production on a large scale basis. Therefore, technology improvement and production organization enhancement should be carried out in a parallel manner. On the basis of traditional techniques, applying technology advances to improve production processes, including using machines for productivity increase, quality improvement and standardization are necessary. Furthermore, the creation of new labor distribution systems which will direct the formulation of production groups, cooperatives and SMEs at villages should also be properly addressed.

3) Formulation of craft training system

The province's craft vocational school will act as a center while craft training centers in capable districts will be created. It is essential to formulate craft training materials including technical skills and relevant knowledge to overcome the present insufficiency in craft training. The vocational schools should provide craft technicians, trainers for villages, and the production establishments, and at the same time, undertake training courses for technical supplementation for craft workers.

4) Linkage with tourism

Lai Chau has many beautiful landmarks that attract tourists. Cooperation with tourism will create a favourable condition for craft sector development. First of all, the promotion of souvenir crafts should be strengthened, while the use of craft items in hotels and restaurants should be encouraged. Also, the opening of craft shops in tourist areas, and the formation of craft village tours should be undertaken.

5) Support for ethnic minorities and traditional value preservation.

It is necessary to help ethnic minorities to deeply understand the value and significance of their crafts and craft making, and support them to develop traditional crafts. Assisting them to improve their living standards and encouraging them to preserve their own customs, festivals and activities that utilizing traditional crafts should also be implemented.

#### **4.9.3 Proposed Organizational Structure**

1) Strengthening management organization structure

It is necessary to enhance the state management for craft sector in which the concrete functions, tasks, cooperation between authorities of districts, communes and craft-related parties should be clarified. The role of key agencies (e.g. DOI or DARD) and the other tasks of relevant departments should also need to be properly identified. These departments should have qualified staff and personnel in charge of craft sector management.

2) Organization of craft sector assisting agencies

Focus should be on developing the province's vocational school and craft training centers in the districts to strengthen craft trainings for ethnic villages. At the same time, the vocational school should be improved in the aspect of technical development center for craft sector in the province.

## 5. REFERENCES

- 1) On A Number of Policies to Encourage the Development of Rural Industries. Resolution No.132/QD-TTg, 24 November 2000.
- 2) Master Plan for Socio – Economic Development in North – Western Part in 1996 – 2000 period. Resolution No.712/QD-TTg, 30 August 1997
- 3) Master Plan for Socio – Economic Development of Lai Chau Province in 1996 – 2010 period. Lai Chau People Committee.
- 4) Report on Finalization of Socio – Economic Development Master Plan of Lai Chau province up to 2010. Lai Chau People Committee, 2000.
- 5) On the Implementation of the Fifth Conference of the Central Party Committee (Session IX<sup>th</sup>) on Industrialization and Modernization Promotion in Agriculture and Rural Areas in 2001-2010 period. Action Program of Lai Chau Provincial Party Committee, 12 July 2002.
- 6) On the Forestry Development Program till the year 2010. Resolution of Lai Chau Provincial Party Committee, 18 October 2002.
- 7) Tourism Development Program till the year 2010. Resolution of Lai Chau People Committee, 7 May 2003.
- 8) Rural Industries Training Plan in the last 6 months of 2003. Lai Chau People Committee, Inter-Sectoral: Depts. of Agriculture & Rural Development, Labor-War Invalids and Social Affairs and Board of Provincial Authorities Organization.
- 9) Study on Artisan Craft Development for Rural Industrialization in Vietnam – Draft Final Report. Ministry of Agriculture & Rural Development – Japan International Cooperation Agency Study. Hanoi, December 2003.
- 10) Report on the Craft villages Mapping Survey in Vietnam. Ministry of Agriculture & Rural Development – Japan International Cooperation Agency Study, 2002.
- 11) Reports from the Agencies in Lai Chau Province for the Model Province, Seminar on the Establishment of Provincial Master Plan for Craft Development in Lai Chau, 7 November 2003.
- 12) Results (estimated) on the Socio – Economic Indexes Implementation in 2003. Statistical Dept. of Lai Chau province.

**Appendix:**  
**Questionnaire Forms of**  
**National Craft Mapping Survey**

Manual Form

Form 1 Profile of Commune

Form 2 Detailed Information on Craft-related Village

Form 3 Other Craft Related Information in the Commune

<p>The Study on Artisan Craft Development Plan for Rural Industrialization</p> <p><b>Manual for Questionnaire Form 1 (Profile of Commune)</b></p>
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## 1. Objective of Questionnaire Form 1

The purpose of this Questionnaire is 1) to collect the data of communes / villages, 2) to find out Craft-Related Villages which have important artisan crafts and wish to promote / develop their crafts products in Vietnam.

The objective of Form 1 is to capture the general information of each commune, as well as to know where crafts making are conducted in Vietnam, by collecting basic information / data. Therefore, Form 1 should be distributed to all communes and filled in for each commune data/information.

## 2. Procedure for filling in this Questionnaire Form 1

First, the commune should fill in this Form 1. Question 1 to Question 5 should be filled in with the general information of the Commune.

Regarding to Question 6 “Craft Making”, please fill in the data / information of all villages engaged in Craft Making as much as the Commune knows / can collect.

After the commune replies this Form 1, the district will check and supplement insufficient information, then, next step, the Department of Agricultural and Rural Development (DARD) will complete the questionnaire.

All of the Questionnaire Form 1 will be collected and submitted to Ministry of Agriculture and Rural Development (MARD) for data processing and analysis.

## 3. How to fill in the questions

“Information Provider” refers to the chairman of Commune People’s Committee or an officer of the commune.

Most questions can be answered by ticking the appropriate column which you think the best answer to the question.

In some cases the name (such as craft item, ethnic group), and number (such as population, percentage, or code number) must be supplied. If accurate data are not available, estimated figures are acceptable.

## 4. Survey Area

- Subjects: Communes in rural areas or townlets or suburbs of cities...
- For Item 6.2 of Question 6, besides 11 craft products listed in the table of craft products, others could be added (marking No.12) except agricultural, aquatic products and construction...



The Study on Artisan Craft Development Plan for Rural Industrialization  
**Manual for Questionnaire Form 2 and Form 3**  
(Detailed Information on Craft-Related Village)

### **1. Objective of Questionnaire Form 2 and Form 3**

The objective of Form 3 is to collect more detailed data/information on villages with a large number of households engaging in craft making or traditional artisan crafts. Therefore, Form 2 is used for villages meeting Criteria 1) or 2) or both. Criteria for communes/villages to fill in Form 2 & Form 3 are at Item 7 of Questionnaire Form 1. Form 3 includes questions on other craft-related information, e.g. enterprises, finance and overall assessment in the commune.

### **2. Procedure for filling to this Questionnaire Form 2 and Form 3**

For Form 2, communes should collect data from each village to fill in by interviewing chiefs of communes/villages.

After the commune replies this Form 2 and Form 3, the district will check and supplement insufficient information, then, next step, the Department of Agricultural and Rural Development (DARD) will complete the questionnaire.

All of the Questionnaire Form 2 and Form 3 will be collected and submitted to Ministry of Agriculture and Rural Development (MARD) for data processing and analysis.

### **3. How to fill in the questions**

“Information Provider” should be chiefs of the villages

Most questions can be answered by ticking the appropriate column which you think the best answer to the question

In some cases the name (such as craft item, ethnic group), and number (such as population, percentage, or code number) must be supplied. If accurate data are not available, estimated figures are acceptable.

### **4. Survey Area**

- Subjects: Communes/villages engaging in craft making locate in rural areas or townlets or suburbs of cities...
- For Item 2.2 of Question 2, besides 11 craft products listed in the table of craft products, others could be added (marking No.12) except agricultural, aquatic products and construction...

## Questionnaire Form 1 (Profile of Commune)

Name of Province	
Name of District	
Code No. (don't fill)	

### Information Provider

Name		
Organization/Position		Chairman of Commune P.C. / Officer of commune
Contact	Address	
	Tel/Fax	

### 1. Commune and Village Profile

Name of Commune						
Population In Commune	1995			Ethnic Group*	(1)	%
		Male			(2)	%
	2001	Female		(3)	%	
		Total		Others	%	
Name of Village		Population In Village	No. of Households In Village	Estimated % of Households engaged in Craft Making		
1.				%		
2.				%		
3.				%		
4.				%		
5.				%		
6.				%		
7.				%		
8.				%		
9.				%		
10.				%		

Note: \*Enter the names of 3 major groups and their percentages.

### 2. Household Profile in the Commune

Type of Household	No. of Households	Main Source of Income *	Average Household Income (VND000/month)	% of Poor Households
Agriculture				
Mixed-Type				
Non-Agriculture				
Total				

Note: \*Select the corresponding numbers. (more than two can be chosen)

1 Agriculture	2 Livestock	3 Fishery	4 Forestry
5 Craft	6 Production	7 Service/Business	8 Others

**3. Access to Basic Services**

	Primary HealthCare	Education		Drinking Water	Electricity	Tele-phone	Drain-age
		Primary	Secondary				
Coverage of Households (%)	%	%	%	%	%	%	%
Service Level	Good						
	Fair						
	Poor						
	Very Poor						

**4. Road Conditions**

From Commune Center	Distance	Pavement		Road Condition			Seasonal Disruption		Average Travel Time by Vehicle
				Good	Fair	Bad	Yes	No	
To District Center	km	Paved	%						min
		Gravel	%						
		Earth	%						
To Provincial Center	km	Paved	%						min
		Gravel	%						
		Earth	%						

**5. Environmental Issues**

Environmental Problems	Very Serious	Serious	Fair	No Problem
Water pollution				
Soil pollution				
Air pollution				
Land slide				
Deforestation				
Others (specify: )				

**6. Craft Making**

**6.1 Are there any households/establishments engaged in craft making?**

Yes:  No:

Pls go to 6.2 Pls go to 6.3

**6.2 For those who answered “Yes” in 6.1,**

**Profile of Villages engaged in Craft Making**

Name of Village engaged in Craft Making	Craft Item*		Willingness for further promotion/development of Craft Making	
	Main	Minor	Yes	No
1.				
2.				
3.				

This table continue to next page

Name of Village engaged in Craft Making	Craft Item*		Willingness for further promotion/development of Craft Making	
	Main	Minor	Yes	No
4.				
5.				
6.				
7.				
8.				

Note: \*Select the corresponding numbers of Craft Items in the table below (more than two can be chosen).

1 Rush products	2 Lacquer wares	3 Bamboo and Rattan products	4 Ceramics
5 Embroideries	6 Woven fabrics	7 Woodcrafts	8 Stone carving
9 Craft paper	10 Wood block printing	11 Metal work products	12 Others

**6.3 For those who answered “No” in 6.1,**

**Are there any villages which are interested in craft development in the future?**

Yes:  No:

If “Yes”, fill in the table below.

Name of Village which is interested in Craft Development in the future	Potential in Craft Development		
	High	Medium	Low
1.			
2.			
3.			
4.			

**6.4 Importance of Craft Making in the Commune**

Importance of Craft Making from the viewpoint of	Very Important	Important	Not Important
Poverty Alleviation			
Industry Promotion	Export		
	Domestic		
Preservation of Culture			

**7. Criteria for Commune to fill Form 2 and Form 3**

Criterion 1): Villages with more than 20% of the households involved in Craft Making

Criterion 2): Villages which do not meet Criterion 1) but are considered important by the Commune

**Villages which comply with one of the following criteria should be covered by the Form 2 and Form 3. Please enter the name of only those villages which are related to the 11 craft items in the table below.**

Name of village	
1.	2.
3.	4.
5.	6.
7.	8.
9.	10.

Name of Province	Name of District	Code No. (don't fill)
------------------	------------------	-----------------------

## Questionnaire Form 2 (Detailed Information on Craft-Related Village)

### Information Provider

Information Provider		Interviewer	
Name		Name	
Organization /Position	Chief of Village	Organization /Position	
Contact	Village Address	Contact	Address
	Tel/Fax		Tel/Fax

### 1. Profile of Craft Items

		Name of Craft Item			
		1.	2.	3.	4.
History of Craft Making	100years&more				
	30-100years				
	10-30years				
	10years&less				
Popularity of Craft Item in Vietnam	Very popular				
	Moderately popular				
	Not popular				
Main Market of Craft Item	Overseas				
	Domestic				
	Own Consumption				
Competitiveness (Quality)	Strong				
	Moderate				
	Weak				
Competitiveness (Price)	Strong				
	Moderate				
	Weak				
Attach Photos*	Yes				
	No				

Note: \* Please attach photos of typical products of each craft.

## 2. Profile of Craftsperson

### 2.1 Characteristics

		Name of Craft Item			
		1.	2.	3.	4.
No. of Craftpersons	Male				
	Female				
	Total				
Age (years)	Between ___ to ___	___ to ___	___ to ___	___ to ___	___ to ___
	Average				
Origin (%)	Same village	%	%	%	%
	Same province	%	%	%	%
	Other province	%	%	%	%
	Total	100%	100%	100%	100%
Formal Training* (% Yes)		%	%	%	%
Period of Engagement (months/year)	Male				
	Female				
Average Working Hour (hours/day)	Male				
	Female				
Average Income (VND000/person/month)	Male				
	Female				

Note: \* Estimated % of the craftpersons who obtained training at official organizations such as university, college, school, training institution, etc.

### 2.2 Outstanding Craftpersons with Golden Hand or Equivalent Craftsmanship (maximum 3 persons)

Name of Craftperson	Male	Female	Age	Craft Item*
1.				
2.				
3.				

Note: \* Select corresponding number of Craft Items in the table below.

1 Rush products	2 Lacquer wares	3 Bamboo and Rattan products	4 Ceramics
5 Embroideries	6 Woven fabrics	7 Woodcrafts	8 Stone carving
9 Craft paper	10 Wood block printing	11 Metal work products	12 Others

**3. Marketing**

**3.1 Main Market**

		Name of Craft Item			
		1.	2.	3.	4.
Estimated Sales (VNDmil./year)					
Market Share	For Sale	%	%	%	%
	Own Consumption	%	%	%	%
	Total	100%	100%	100%	100%
Main Domestic Market*					
Main Overseas Market**					
Future Target Market***	Domestic				
	Overseas				

Note: \*Select corresponding numbers of major areas from the table below. (maximum 3)

1 HCMC	2 Hanoi	3 Da Nang	4 Hai Phong	5 Others
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\*\* Select corresponding numbers of major countries from the table below. (maximum 3)

1 Japan	2 Korea	3 Taiwan	4 Hong Kong	5 China
6 Italy	7 Germany	8 France	9 Australia	10 USA
11 Other Asia	12 Other Europe	13 Others		

\*\*\*Select corresponding numbers from the above notes. (maximum 3)

**3.2 Marketing Channel**

		Name of Craft Item			
		1.	2.	3.	4.
Trading Through	Cooperative				
	SOE				
	Private Company				
	Own/ Individual				
	Others				

**3.3 Availability of / Access to Market Information**

Information on	Source/ Means								Not Available
	Media	NGO	Traders		Tourists	Official Organization	Own Efforts	Others	
			Private	State					
Design									
Price									
Quality									

**4. Production**

**4.1 Cost Structure**

		Name of Craft Item			
		1.	2.	3.	4.
Production Cost Structure (%)	Raw Materials	%	%	%	%
	Power/ Water	%	%	%	%
	Equipment	%	%	%	%
	Labour	%	%	%	%
	Others	%	%	%	%
	Total	100%	100%	100%	100%

**4.2 Name of Raw Materials**

		Name of Craft Item			
		1.	2.	3.	4.
Name of Main Raw Materials	1A	2A	3A	4A	
	1B	2B	3B	4B	
	1C	2C	3C	4C	
	1D	2D	3D	4D	
	1E	2E	3E	4E	



**4.3 Characteristics of Raw Materials**

		Main Raw Materials *									
Source to get	Within Commune										
	Within Province										
	Domestic										
	Imported										
Manner of Acquisition	Through traders										
	Through cooperative										
	Own/ Village										
Quality	Good										
	Fair										
	Bad										
Quantity	Sufficient										
	Insufficient										
Average Price	Unit**										
	VND000										

Note: \* Enter corresponding code identified in 4.2, e.g., "1A", "4C", etc.

\*\* Enter the unit of measurement, e.g. per "kg", per "m", etc.

**4.4 Power Source**

		Name of Craft Item			
		1.	2.	3.	4.
Power Source	Firewood				
	Fossil Fuel				
	Coal				
	Electricity				
	Others				

Power Source		Firewood	Fossil Fuel	Coal	Electricity	Others
Availability	Sufficient					
	Insufficient					
Cost	Expensive					
	Reasonable					

**4.4 Design/ Technology**

		Name of Craft Item			
		1.	2.	3.	4.
Design	Traditional				
	Mixed/Modified				
	Modern				
Technology	Traditional				
	Mixed/Modified				
	Modern				

**5. Tourism**

5.1 Do tourists visit the village?	Yes		No	
5.2 If "Yes", how many tourists per year?				
5.3 Does the village want to attract tourists?	Yes		No	
5.4 Are craft items sold to tourists who visit the district?	Yes		No	
5.5 If "Yes", percentage of craft items sold to tourists (in total sales)	%			

**6. Main Problems Facing**

**6.1 Problem Areas**

		Name of Craft Item											
		1.			2.			3.			4.		
Problem Areas		Fair	Some Problem	Serious Problem	Fair	Some Problem	Serious Problem	Fair	Some Problem	Serious Problem	Fair	Some Problem	Serious Problem
Lack of Craftpersons													
Lack of Raw Material													
Loss of Traditional Value													
Lack of Finance													
Lack of Transportation													
Lack of Market Information													
Lack of Leaders/Managers													
Lack of Technology													
Others (specify)													

6.2 Is there a change in the traditional way of craft making?	Yes		No	
6.3 Is the change advantageous for the village?	Yes		No	
6.4 Is the preservation of traditional value important to the village?	Yes		No	

Name of Province	Name of District	Code No. (don't fill)
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### Questionnaire Form 3 (Other Craft-Related Information in the Commune)

#### Information Provider

Name		
Organization/Position		Chairman of Commune P.C. / Officer of commune
Contact	Address	
	Tel/Fax	

#### 1. Profile of Craft-Related Enterprises

Name of Enterprises	Is this Head Quarter?		Type of Enterprise *	No. of Employees			Main Function **
	Yes	No		Male	Female	Total	
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

Note: \* Choose the corresponding number from the table below.

1 State-owned Enterprises (SOEs)	4 Private Companies (Domestic)
2 Provincial Gov. - owned Enterprises	5 Private Companies (Foreign)
3 Joint-ventures between domestic and foreign firms	6 Others

\*\* Choose the corresponding number from the table below. (more than two can be chosen)

1 Production	4 Collection of Raw Materials
2 Trading	5 Management
3 Design	6 Others

**2. Profile of Craft-Related Cooperatives/ Associations**

Name of Cooperatives/Associations	Year established	No. of Members	Own Office		No. of Staffs		Membership Fee	
			Yes	No	Male	Female	Yes	No
1.								
2.								
3.								
4.								

**3. Access to Finance**

Access to Finance			Borrower			
			SOE	Private Enterprise	Cooperative	Individual
Access to Finance	Yes	Easy				
		Difficult				
	No					
Main Financing Institution and Interest Rate (%)	Bank of Agriculture		%	%	%	%
	Bank for the Poor		%	%	%	%
	Micro Credit		%	%	%	%
	Others( )		%	%	%	%

**4. Overall Assessment of Craft Making in the Commune**

Craft Items	Judgment	Quality	Tech-nology	Raw Material	Market	Price of Products	Trans- portation	Training	Finance	Work Condi- tion	Environ- mental Problem
1.	Good/ No Problem										
	Fair										
	Problematic										
2.	Good/ No Problem										
	Fair										
	Problematic										
3.	Good/ No Problem										
	Fair										
	Problematic										
4.	Good/ No Problem										
	Fair										
	Problematic										

**5. Questions for Head Quarters of Craft-Related Enterprises**

Name of Enterprises	Type of Enterprise *	No. of Employees			No. of Branch offices	Main Function **	Total Sales (VNDmil)
		Male	Female	Total			
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

Note: \* Choose the corresponding number from the table below.

1 State-owned Enterprises (SOEs)	4 Private Companies (Domestic)
2 Provincial Gov. - owned Enterprises	5 Private Companies (Foreign)
3 Joint-ventures between domestic and foreign firms	6 Others

\*\* Choose the corresponding number from the table below. (more than two can be chosen)

1 Production	4 Collection of Raw Materials
2 Trading	5 Management
3 Design	6 Others