




The Study on Integrated Development Strategy for Danang City and Its Neighboring Area in the Socialist Republic of Vietnam (DaCRISS)

FINAL REPORT / Part II
CFEZ Regional Development Strategy



December 2010

ALMEC Corporation
International Development Center of Japan

EID

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10-194

**JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)
DANANG PEOPLE'S COMMITTEE**

**THE STUDY ON INTEGRATED DEVELOPMENT STRATEGY FOR
DANANG CITY AND ITS NEIGHBORING AREA IN
THE SOCIALIST REPUBLIC OF VIETNAM
(DACRISS)**

**FINAL REPORT
PART II CFEZ REGIONAL DEVELOPMENT STRATEGY**

December 2010

**ALMEC CORPORATION
INTERNATIONAL DEVELOPMENT CENTER OF JAPAN**

The exchange rate used in the report is

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(average in 2008)

PREFACE

In response to the request from the Government of the Socialist Republic of Vietnam, the Government of Japan decided to conduct The Study on the Integrated Development Strategy for Danang City and Its Neighboring Area (DaCRISS) and entrusted the program to the Japan International cooperation Agency (JICA)

JICA dispatched a team to Vietnam between June 2008 and December 2010, which was headed by Mr. IWATA Shizuo of ALMEC Corporation and consisted of ALMEC Corporation and International Development Center of Japan.

In the cooperation with the Vietnamese Counterpart Team, the JICA Study Team conducted the study. It also held a series of discussions with the relevant officials of the Government of Vietnam. Upon returning to Japan, the Team duly finalized the study and delivered this report.

I hope that this report will contribute to the sustainable development of Danang City and its neighboring areas as well as Vietnam and to the enhancement of friendly relations between the two countries.

Finally, I wish to express my sincere appreciation to the officials of the Government of Vietnam for their close cooperation.

December 2010

KIYOFUMI KONISHI
Director General, Economic Infrastructure Department
Japan International Cooperation Agency

December 2010

KIYOFUMI KONISHI

Director General, Economic Infrastructure Department
Japan International Cooperation Agency
Tokyo

Subject: Letter of Transmittal

Dear Sir,

We are pleased to formally submit herewith the final report of The Study on the Integrated Development Strategy for Danang City and Its Neighboring Area (DaCRISS).

This report compiles the results of the study which was undertaken both in Vietnam and Japan from June 2008 to December 2010 by the Team comprising ALMEC Corporation and International Development Center of Japan.

In the course of the study we have conducted various surveys including the Household Interview Survey which targeted at 5,000 households in Danang City, to grasp the situation of the city from various aspects. By considering these results as well as existing policies, and through thorough discussions with the counterpart team, we have proposed “Danang to be an Internationally Competitive Environmental City Beyond being Pollution-free” as the vision statement for Danang City.

We owe a lot to many people for the accomplishment of this report. First, we would like to express our sincere appreciation and deep gratitude to all those who extended their extensive assistance and cooperation to the Team, in particular the People’s Committee of Danang City.

We also acknowledge the officials of your agency and the Embassy of Japan in Vietnam for their support and valuable advice in the course of the Study.

We hope the report would contribute to the sustainable development of Danang City and its neighboring areas as well as Vietnam.

Very truly yours,

IWATA Shizuo

Team Leader

The Study on the Integrated Development Strategy
for Danang City and Its Neighboring Area (DaCRISS)

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ABBREVIATIONS

3R	Reuse, Reduce, Recycle
AASHTO	American Association of State Highway and Transportation Officials
ADB	Asian Development Bank
AFD	Agence Française de Développement
AIDS	Acquired Immune Deficiency Syndrome
ALTID	Asian Land Transport Infrastructure Development
APEC	Asia-Pacific Economic Cooperation
API	Air Pollution Indices
ARD	Agriculture and Rural Development Department (
AS	Activated sludge
ASEAN	Association of Southeast Asian Nations
AUICK	Asian Urban Information Center of Kobe
AusAID	Australian Agency for International Development
BOD	Biological Oxygen Demand
BOO	Build-Own-Operate
BRT	Bus Rapid Transit
BSE	Bus Service Enterprise
CAD	Computer Aided Design or Computer Aided Drafting
CBD	Central Business District
CBO	Community Based Organization
CDM	Clean Development Mechanism
CDS	City Development Strategy
CEMDI	Center for Environmental Monitoring Data and Information
CEPT	Chemically Enhanced Primary Treatment
CER	Certified Emission Reductions
CFEZ	Central Focal Economic Zone
CG	Central Government
CIE	Capital Investment Expenditure
CMTT	Cach Mang Thang Tam.
CO	Carbon Monoxide
CO ₂	Carbon Dioxide
COD	Chemical Oxygen Demand
COWASU	Thua Thien Hue Construction Company
CPCM	Certified Pollution Control Manager
CPU	Central Processing Unit
CS	Commune Survey
CSR	Corporate Social Responsibility
CZIM	coastal zone integrated management
DaCRISS	The Study on Integrated Development Strategy for Da Nang City and Its Neighboring Area in the Socialist Republic of Vietnam
DAIZICO	Danang Industrial Zones Infrastructure Development and Exploitation Company
DARD	Department of Agriculture and Rural Development
DOCST	Department of Culture, Sport, and Tourism
DEIAA	Department of Environmental Impact Assessment and Appraisal
DGN	Design
DHMC	Danang Housing Management Company

DIEPZA	Danang Industrial and Export Processing Zones Authority
DNICT	Danang Information–Communication Technology
DOC	Department of Construction
DOET	Department of Education and Training
DOF	Department of Finance
DOFA	Department of Foreign Affairs
DOH	Department of Health
DOIA	Department of Internal Affairs
DOIC	Department of Information and Communications
DOIT	Department of Industry and Trading
DOJ	Department of Justice
DOLISA	Department of Labor, Invalids and Social Welfare
DONRE	Department of Natural Resources and Environment
DOST	Department of Science and Technology
DOT	Department of Transport
DPC	Danang People’s Committee
DPI	Department of Planning and Investment
DPTA	Danang Public Transport Authority
DSS	Decision Support System
DTCC	Danang Traffic Control Centre
DUT	Danang University of Technology
DVD-RW	Digital Versatile Disc - Rewriteable
DWRM	Department of Water Resources Management
DWSC	Da Nang Water Service Company
DWT	Dead Weight Tons
ECAFE	Economic Commission for Asia and the Far East
EFA	Environmental Flows Assessment
EIA	Environment Impact Assessment
ENTEC	Environment Technology Centre
ENVISAT	Environmental Satellite
EPA	Environmental Pollution Agency
EPC	Environment Protection Center
EPRC	Environmental Protection Research Centre
EPZ	Export Processing Zone
ESCO	Environmental Service Company
EU	European Union
EVN	Electricity of Vietnam
EWEC	East–West Economic Corridor
EZ	economic zone
FAO	Food Agriculture Organisation
FDI	Foreign Direct Investment
FEZ	Focal Economic Zone
FIA	Foreign Investment Agency
FS	Feasibility Study
FSCC	Flood and Storm Control Committee
GB	Gigabyte
GCS	Geographic Coordinate System
GDP	Gross Domestic Product
GEF	Global Environment Facility
GMS	Greater Mekong Sub-regional
GOJ	Government of Japan
GOV	Government of Vietnam

GPS	Global Positioning System
GRDP	Gross Regional Domestic Product
GRT	gross register tons
GSO	General Statistics Office
GSTC	Global Sustainability Tourism Criteria
GTZ	Gesellschaft für Technische Zusammenarbeit
GWh	Giga Watt hour
GWP	Global Water Partnership
GIS	Geographic Information System
GIS-IDEAS	Geo Informatics for Spatial-Infrastructure Development in Earth & Allied Sciences
HACCAP	Hazard Analysis and Critical Control Points
HAIDEP	The Comprehensive Urban Development Programme in Hanoi Capital City
HCMC	Ho Chi Minh City
HDD	Hard Disk Drive
HDQ	headquarter
HEPCO	Hokkaido Electric Power Company
HH	household
HIS	household interview survey
HIV	Human Immunodeficiency Virus
HMC	Housing Management Company
HOUTRANS	The Study on the Urban Transport Master Plan and Feasibility Study in HCM Metropolitan Area
HP	Hewlett-Packard
HPC	Hanoi People's Committee
HRD	Human Resource Development
HSBC	Hong Kong and Shanghai Banking Corporation.
HSR	High Speed Railway
ICAO	International Civil Aviation Organization
ICEM	International Centre for Environmental Management
ICM	Integrated Coastal Management
ICT	Information–Communication Technology
ICZM	Integrated Coastal Zone Management
ID	Identification
IDA	International Development Association
IEE	Initial Environmental Examination
IEMS	Integrated Environmental Monitoring System
IERR	Internal Economic Rate of Return
ILO	International Labour Organization
IMF	International Monetary Fund
IMO	International Maritime Organization
IMOLA	Integrated Management of Lagoon Activities
INBO	International Network of Basin Organizations
IT	information technology
IUCN	International Union for Conservation of Nature.
IWRA	International Water Resources Association
IWRM	Integrated Water Resources Management
IYB	Improve Your Business
IZ	industrial zone
JBIC	Japan Bank for International Cooperation
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency

JPY	Japanese Yen
KCN	industrial estate
KfW	Kreditanstalt für Wiederaufbau
Lao PDR	Lao People's Democratic Republic
LICCPP	Livelihood Improvement in Central Coastal Provinces Project
LIH	low-income housing
LIHAS	Low Income Housing Assessment Study
LoS	length of stay
LRT	Light Rail Transit
LUR	land-use rights
LURC	Land Use Right Certificates
LWR	Law on Water Resources
M/C	Motorcycle
MARD	Ministry of Agriculture and Rural Development
MASSCORP	Malaysian South-South Corporation
MB	megabyte
MICE	Meeting, Incentives, Conference and Exhibition
MIS	Management Information Systems
MLIT	Ministry of Land, Infrastructure, and Transport
MOA	Memorandum of Agreement
MOC	Ministry of Construction
MoCST	Ministry of Culture, Sports and Tourism
MOF	Ministry of Finance
MOI	Ministry of Industry
MONRE	Ministry of Natural Resources and Environment
MOST	Ministry of Science and Technology
MOT	Ministry of Transport
MP	Master Plan
MPA	Marine Protected Areas
MPI	Ministry of Planning and Investment
MRC	Mekong River Commission
MT	metric ton
NARBO	Network of River Basin Organization
NCEST	National Center for Environmental Science and Technology
NEDECO	Netherlands Engineering Consultants
NFEZ	North Focal Economic Zone
NIURP	National Institute for Urban and Rural Planning
NKEZ	Northern Key Economic Zone
NMT	non-motorized transportation
NO ₂	Nitrogen Oxide
NPV	Net Present value
N-S	North-South
NSHSR	North-South High-Speed Railway
NTSC	National Traffic Safety Committee
NWRS	National water resources strategies
NGO	Non Government Organizations
NH	National Highway
O&M	Operations and Maintenance
OD	Origin-Destination
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and

	Development
PAD	Project Appraisal Document
PAR	Public Administration Reform
PC	People's Committee
PCC	Project Coordination Committee
PCD	Pollution Control Department
PCU	passenger car unit
PDF	Portable Document Format
PEMSEA	Partnerships in Environmental Management for the Seas of East Asia
PIIP	Priority Infrastructure Investment Program
PIT	Personal Income Tax
PMO	Project Management Office
PMU	Project Management Unit
PPA	Participatory Poverty Assessment
PPC	Provincial People's Committees
PPP	Public Private Partnership
PSPO	Pilot Study Project Office
PTA	Public Transport Authority
R&D	Research and Development
RBO	river basin organization
RDF	Refuse Derived Fuel
ROW	Right-of-way
SAGE	Schéma d'Aménagement et de Gestion des Eaux (Water Management Plan)
SAWACO	Saigon Water Corporation
SBR	Sequencing Batch Reactor
SCOTIA	Sustainable Coastal Tourism in Asia
SDS-SEA	Sustainable Development Strategy of the Seas of East Asia
SEA	Strategic Environmental Assessment
SEDP	Socio-Economic Development Plan
SFEZ	South Focal Economic Zone
SIDA	Swedish International Development Cooperation Agency
SKEZ	Southern Key Economic Zone
SME	small and medium-sized enterprise
SOC	State of the Coast
SOE	state-owned enterprise
SOHO	small office/home office
STRADA	System for Traffic Demand Analysis
SWOT	Strengths, Weaknesses, Opportunities, and Threats
SYB	Start Your Business
TCVN	Tieu Chuan Viet Nam
TCXDVN	Tiêu chuẩn xây dựng Việt Nam
TDM	Traffic Demand Management
TEDI	Transport Engineering Design Institute.
TEU	twenty-foot equivalent units
TF	Trickling Filter
TGCH	Tam Giang Cau Hai
TIN	Triangular Irregular Network
TLP	Tropical Low Pressure
UMRT	Urban Mass Rapid Transit

UN	United Nations
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNFPA	United Nations Population Fund (formerly United Nations Fund for Population Activities).
UPI	Urban Planning Institute
URENCO	Urban Environmental Company
USA	United States of America
USB	Universal Serial Bus
USD	US Dollar
USP	Utility Service Programme
UTM	Universal Transverse Mercator
VAT	value added tax
VBSP	Vietnam Bank for Social Policy
VCCI	Vietnam Chamber of Commerce and Industry
VCEP	Vietnam-Canada Environment Program
VDR	Vietnam Development Report
VEA	Vietnam Environmental Agency
VEPA	Vietnam Environmental Protection Agency
VHLSS	Vietnam Household Living Standards Survey
VITRANET	Viet Nam Trade Network
VITRANSS 1	The Study on the National Transport Development Strategy in the Socialist Republic of Vietnam
VITRANSS2	The Comprehensive Study on the Sustainable Development of Transport System in Vietnam
VNAT	Vietnam National Administration of Tourism
VND	Vietnamese Dong
VNICZM	Viet Nam Netherlands Integrated Coastal Zone Management
VNRSC	Vietnam Remote Sensing Center
VPSSP	Vietnam Private Sector Support Programme
VRA	Vietnam Road Administration
WANI	Water and Nature Initiative
WB	World Bank
WDESP	Water Drainage and Environmental Sanitation Project
WGS	World Geodetic System
WHO	World Health Organization
WSP	Waste Stabilization Ponds
WTO	World Trade Organization
WWF	World Wildlife Fund
WWTP	Waste Water Treatment Plan

1 INTRODUCTION

1.1 Purpose of the Final Report

1.1 The Final Report has been prepared to explain the final results of the study on the development of Danang City and the CFEZ. The Draft General Plan of Danang City was presented in the Interim Report as well as Draft Final Report I and II, and feedbacks were given in the 6th Steering Committee and consecutive meetings with city departments following it. This Final Report consolidates the results of those discussions and farther studies made by the Study Team.

1.2 Background of the Study

1.2 Since its designation as a Class I city in 1997, Danang, as with the rest of Vietnam, has seen rapid socio-economic changes. Economic liberalization has increased the opportunities for investment, promoted economic development, and brought about social changes. However, Danang City is located in central Vietnam far from Hanoi capital city and economic center of HCMC by 700km to 900km. While this physical distance has been a handicap for growth, the growth of Danang City is crucial and decisively important for integration of the north and south as well as the entire country.

1.3 Socio-economic growth in Vietnam has been accompanied by rapid urbanization, which in 2007 stood at 27% and is forecast to reach about 40% by 2030, further increasing long into the future. Policy commitment of the government toward Vietnam's industrialization and modernization will also contribute to accelerating urbanization.

1.4 Danang City has its own Socio-Economic Development Plan for 2010–2020 and other sector plans such as Construction Plan. These plans have been appropriately authorized by the respective authorities and organizations. After the authorization, however, several years have passed. During the years, there have been dynamic changes in Danang's economic environment in domestic and international. In addition, two national mega-projects of North-South Expressway and North-South High-speed Railway are already in sight by 2025. Thus, there is a necessity to update these planning documents towards 2025.

1.5 On June 23 of 2009, the Prime Minister decided to revise the Danang Construction Plan to 2025 (Prime Minister Decision No. 882/QD-TTg). The decision provided a base to revise its Construction Plan and Danang People's Committee is expected to authorize the results from this DaCRISS Study with appropriate process.

1.6 It is in this context that the Government of Vietnam (GOV) requested the Government of Japan (GOJ) to conduct a study on the comprehensive urban development of the city to ensure that it follows an appropriate and a sustainable urban development. The Consultant Team, comprising ALMEC Corporation and the International Development Center of Japan, was selected and dispatched to carry out the study.

1.3 Progress of the Study

1.7 Current progress of the Study is briefly as follows (see Figure 1.3.1):

- (a) **Task 1 Preparatory Work:** The Inception Report containing the overall approach and work plan of the study was submitted in June 2008. The Report's contents were discussed and accepted in the 1st Steering Committee meeting held on 10 July 2008.
- (b) **Task 2 Analysis of Existing Conditions:** The situational analysis was undertaken by assigned Study Team members and the basic development directions for the identified issues are presented in this report.
- (c) **Task 3 Formulation of Vision and Strategies:** The initial proposal for the development strategies for the Central Focal Economic Zone (CFEZ) and Danang City were presented in the 2nd Steering Committee meeting on 28 November 2008 and the 1st Seminar Series on 10–17 December 2008. A more detailed proposal for the development strategies for CFEZ was presented in the 2nd Seminar Series on 20 April and 29 May 2009. Relevant agencies and institutions gave their respective feedbacks. Agreement in principle was made in the 3rd Steering Committee Meeting on 16 June 2009.
- (d) **Task 4 Urban Development Master Plan up to 2025:** The basic data and socio-economic framework for the Master Plan have been prepared and the initial concept of the Plan was presented in the 2nd Steering Committee meeting and 1st Seminar Series. Spatial plans have been elaborated through continuous discussions with the Department of Construction (DOC) of Danang City, while the socio-economic framework has been finalized through interactions with the Department of Planning and Investment (DPI). For each urban subsector, core strategies were formulated, and needed actions and projects were defined.
- (e) **Task 5 Urban Transportation Program:** Future traffic demand was estimated and alternative transportation network development plans were formulated and evaluated. Analysis of the alternative scenarios is done, and this report proposes the ideal transportation network for the city.
- (f) **Task 6 Sustainable Urban Environmental Program:** This task formulates a comprehensive urban environmental program, including a mechanism to manage it and sustain the envisioned urban development.
- (g) **Task 7 Assessment of Environmental and Social Considerations:** Results of the environmental and social assessment are presented in this report.
- (h) **Task 8 Implementation Plan (2015):** The initial proposal of the implementation plan is drafted in this Interim Report. Detailed projects and actions are proposed based on the core strategies for each subsector.
- (i) **Task 9 Development of an Urban Database System and Institutional Capacity:** A comprehensive urban database system is prepared, utilizing GIS technologies, consolidating "DaCRISS GIS Database", "DaCRISS Atlas", and "DaCRISS Viewer". It is a computer based system consolidating spatial information categorized by theme, such as natural conditions, environmental management, land use, urban transportation, urban utilities, etc. The study for Institutional capacity building is done focusing on the institutional capacities to realize the Environmental City Plan.

- (j) **Task 10:** A research on flooding damage and proposal for flooding control was conducted. Typhoon Ketsana which occurred in the Philippines in late September 2009 struck Danang City as well as neighboring provinces in Central Vietnam, bringing about serious damage to the region. In the DaCRISS study, natural conditions were systematically analyzed by utilizing GIS, and basic strategies for preservation and utilization from both environment and disaster prevention aspects were proposed. However, the analysis was mostly based on secondary data, and information on flood were especially lacking, this being a shortcoming. This survey is aimed to supplement this issue by conducting a survey on flood damage caused by the aforesaid event while the people's experiences are still remembered.
- (k) **Task 11:** Tourism development program for Central Focal Economic Zone is proposed with focus to Danang City, Thua Thien Hue Province, and Quang Nam Province. Detailed projects are presented as well.

Figure 1.3.1 DaCRISS Study Framework

Year/ Month	TASK / WORK ITEMS	SC., Report Seminars								
2008/6	Task 1: Preparatory Work	IC/R								
7	Task 2: Analysis of Existing Conditions <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; padding: 5px;">2.A Evaluation of Central Focal Economic Zone Development</td> <td style="width: 25%; padding: 5px;">2.B Evaluation of Danang City Development Strategies</td> <td style="width: 25%; padding: 5px;">2.C Evaluation of Danang Urban Transport</td> <td style="width: 25%; padding: 5px;">2.D Evaluation of Comprehensive Environmental Planning</td> </tr> <tr> <td colspan="4" style="padding: 5px;">2.E Supplemental Surveys •Comprehensive Household interview survey (HIS) •Commune survey •Establishment survey •Traffic survey •Others</td> </tr> </table>	2.A Evaluation of Central Focal Economic Zone Development	2.B Evaluation of Danang City Development Strategies	2.C Evaluation of Danang Urban Transport	2.D Evaluation of Comprehensive Environmental Planning	2.E Supplemental Surveys •Comprehensive Household interview survey (HIS) •Commune survey •Establishment survey •Traffic survey •Others				◀1 st S/C
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8	2.F Identification of Planning Issues and Agenda									
9	Task 3: Formulation of Vision and Strategies									
10	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">3.A Development Strategies for Central Focal Economic Zone •Review existing regional plans •Consider regional development strategies</td> <td style="width: 50%; padding: 5px;">3.B Danang City Development Strategies •Review existing plans •Formulate vision and strategies •Formulate growth management scenario</td> </tr> </table>	3.A Development Strategies for Central Focal Economic Zone •Review existing regional plans •Consider regional development strategies	3.B Danang City Development Strategies •Review existing plans •Formulate vision and strategies •Formulate growth management scenario							
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11	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; padding: 5px;">Task 4: Urban Development Master Plan (2025) •Prepare socio-economic and development framework (2025) •Formulate spatial structure plan •Prepare necessary subsector plans</td> <td style="width: 40%; padding: 5px;">Task 7: Assessment of Environmental and Social Considerations</td> </tr> </table>	Task 4: Urban Development Master Plan (2025) •Prepare socio-economic and development framework (2025) •Formulate spatial structure plan •Prepare necessary subsector plans	Task 7: Assessment of Environmental and Social Considerations	◀2 nd S/C						
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12	Seminar (1)									
2009/1+2		PR/R								
3,4		Seminar (2)								
5										
6	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Task 5: Urban Transport Program •Transport network plan •Transport service plan</td> <td style="width: 50%; padding: 5px;">Task 6: Sustainable Urban Environmental Program •Plan for urban services •Environment management plan</td> </tr> </table>	Task 5: Urban Transport Program •Transport network plan •Transport service plan	Task 6: Sustainable Urban Environmental Program •Plan for urban services •Environment management plan	◀3 rd S/C						
Task 5: Urban Transport Program •Transport network plan •Transport service plan		Task 6: Sustainable Urban Environmental Program •Plan for urban services •Environment management plan								
7										
8		IT/R								
9,10		◀4 th S/C								
11	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; padding: 5px;">Task 8: Implementation Plan (2015)</td> <td style="width: 33%; padding: 5px;">Task 10: Research on Flooding Damage and Proposal for Flooding Control</td> <td style="width: 33%; padding: 5px;">Task 11: Tourism Development Program for Central Focal Economic Zone</td> </tr> </table>	Task 8: Implementation Plan (2015)	Task 10: Research on Flooding Damage and Proposal for Flooding Control	Task 11: Tourism Development Program for Central Focal Economic Zone	DF/R					
Task 8: Implementation Plan (2015)		Task 10: Research on Flooding Damage and Proposal for Flooding Control	Task 11: Tourism Development Program for Central Focal Economic Zone							
12		◀5 th S/C								
2010/1	Task 9: Development of an Urban Database System and Institutional Capacity	IT/R (2) Tourism								
2		Seminar (3)								
3,4		DF/R (2)								
5-11		◀6 th S/C Seminar (4)								
		F/R								

Table 1.3.1 Status of Study Tasks

Task No.	Task Title	Status ¹
1	Preparatory Work	Completed
2	Analysis of Existing Conditions	
2A	Evaluation of Central Focal Economic Zone Development	Completed
2B	Evaluation of Danang City Development Strategies	Completed
2C	Evaluation of Danang Urban Transportation Planning	Completed
2D	Evaluation of Comprehensive Environmental Planning	Completed
2E	Conduct of Supplementary Surveys	Completed
2F	Identification of Planning Issues and Agenda	Completed
3	Formulation of Vision and Strategies	
3A	Development Strategies for Central Focal Economic Zone	Completed
3B	Danang City Development Strategies	Completed
4	Formulation of an Urban Development Master Plan for Danang City and Neighboring Provinces up to 2025	Completed
5	Forecasting of Future Traffic Demand	Completed
6	Formulation of a Comprehensive Urban Environmental Program	Completed
7	Assessment of Environmental and Social Conditions	Completed
8	Formulation of Implementation Plan (2015)	Completed
9	Development of an Urban Database System and Institutional Capacity	Completed
10	Research on Flooding Damage and Proposal for Flooding Control	Completed
11	Tourism Development Program for Central Focal Economic Zone	Completed

Source: DaCRISS Study Team.

1) Stakeholder Participation

1.8 The major meetings with relevant authorities and personalities that have been held since the study commenced in June 2008 are listed in Table 1.3.2.

- (a) **Counterpart Team Meetings:** Counterpart Team meetings were held weekly to have detailed and up-to-date discussions for better coordination and immediate action on requests and needs. Thorough discussions were held on a selected subsector and theme every meeting.
- (b) **Technical Working Group Meetings:** Technical Working Group meetings were held time to time to discuss the outcomes and progress of the study.
- (c) **Steering Committee Meetings:** The 1st Steering Committee meeting was held on 10 July 2008, wherein the initial study framework was introduced. The 2nd Steering Committee meeting, held on 28 November 2008, discussed the initial concept for the Urban Development Master Plan up to 2025 for Danang City. Initial results of the surveys were also presented. The 3rd Steering Committee meeting, held on 16 June 2009, discussed the more detailed development strategies for CFEZ based on the Progress Report. The 4th Steering Committee meeting, held on 9 October 2009, discussed the draft Master Plan of Danang City based on the Interim Report. The 5th Steering Committee meeting, held on December 15th, discussed the further developed Master Plan of Danang City based on the Draft Final Report I. The 6th Steering Committee meeting, held on 16 June 2010, discussed the overall outputs of the whole study and priority projects for implementation based on the Draft Final Report II.
- (d) **Seminars:** The first series of seminars was held in the period 10–17 December 2008 in all four provinces covered by the study, i.e., Binh Dinh, Hue, Quang Nam, Quang Ngai, and Thua Thien Hue. The preliminary concept of the development strategies for

CFEZ and Danang City were presented, while the role-sharing among the provinces was discussed. The second round of seminars held on 20 April and 29 May 2009 discussed the more elaborate development strategies for CFEZ and Danang City based on the Progress Report. The first round of seminars with DOC, DOT, and DONRE were conducted in 21 – 22 January 2010. A second round of follow – up seminars were conducted in 17 March, 16 March, and 10 April, respectively.

- (e) **Exhibition:** An exhibition was organized to hear the voices of the people on the main findings of the DaCRISS Study. This includes the following: for CFEZ, vision / development strategies, spatial development concept, role – sharing, tourism development, and for Danang City, regional role of Danang, vision / goals, basic strategy as Environmental City, subsector strategies, and investment plan. The exhibition was held at the Truong Vuong Theater on 13 – 19 October 2010, with more than 2,500 visitors viewing the exhibition and around 1,000 answering the questionnaire prepared by the Study Team. The visitors were consisted of 61% male and 39% female, and age composition was 0-20: 7%、20-40: 56%、40-60: 31%、and over 60: 7%. The exhibition became more known to residents in the latter half of the opening period, which resulted in more visitors, especially students. The exhibition was successful in making the study outputs and proposed plans more accessible to the public and in involving them in the decision-making process. Results from the questionnaires are shown in Tables 1.3.3 and 1.3.4.

Table 1.3.2 Major Meetings with Relevant Authorities and Personalities

Date	Authority	Topic
25 Jun. 2008	DOC	<ul style="list-style-type: none"> • Current Danang City master plan
26 Jun. 2008	DONRE	<ul style="list-style-type: none"> • Environmental conditions
10 Jul. 2008	Steering Committee members	<ul style="list-style-type: none"> • 1st Steering Committee meeting
24 Jul. 2008	URENCO	<ul style="list-style-type: none"> • Solid waste management, collection, and disposal system
25 Jul. 2008	VIAURP	<ul style="list-style-type: none"> • Planning system and CFEZ Plan
30 Jul. 2008	DNICT	<ul style="list-style-type: none"> • Planning system and CFEZ Plan
31 Jul. 2008	DOI	<ul style="list-style-type: none"> • Electricity supply and infrastructure conditions
1 Aug. 2008	DOT	<ul style="list-style-type: none"> • Progress of DaCRISS
2 Aug. 2008	Danang University	<ul style="list-style-type: none"> • Environmental business
5 Aug. 2008	DPI	<ul style="list-style-type: none"> • GIS and SEDP
6 Aug. 2008	PIIP PMU	<ul style="list-style-type: none"> • Sewerage system development and GIS
13 Aug. 2008	DOT	<ul style="list-style-type: none"> • Transportation infrastructure, management, safety conditions
3–16 Sep. 2008	T.T. Hue, Quang Nam, Quang Ngai, and Binh Dinh provinces	<ul style="list-style-type: none"> • Progress of DaCRISS • Data request • Need for cooperation to implement the study
18 Sep. 2008	Danang Investment Promotion Center	<ul style="list-style-type: none"> • Situation of foreign investment, plan for high-tech IZ
25 Sep. 2008	URENCO	<ul style="list-style-type: none"> • Solid waste collection and possibility of recycle business
13 Oct. 2008	VNAT	<ul style="list-style-type: none"> • Current tourism strategies
27 Oct. 2008	DCST	<ul style="list-style-type: none"> • Current tourism strategies
3 Nov. 2008	Statistics Office of Danang City	<ul style="list-style-type: none"> • Request for statistical data of industrial output
13 Nov. 2008	DPI	<ul style="list-style-type: none"> • Management of IZs
18 Nov. 2008	JBAD	<ul style="list-style-type: none"> • Logistics in Danang City and situation of Japanese firms
28 Nov. 2008	Steering Committee members	<ul style="list-style-type: none"> • 2nd Steering Committee meeting
2-3 Dec. 2008	DOF, DWSC, URENCO, TMDC, DOT	<ul style="list-style-type: none"> • Municipal finance situations
10–17 Dec. 2008	T.T. Hue, Quang Nam, Quang Ngai, and Binh Dinh provinces	<ul style="list-style-type: none"> • 1st Seminar
25 Dec. 2008	DONRE	<ul style="list-style-type: none"> • Progress of DaCRISS
17 Mar. 2009	DONRE	<ul style="list-style-type: none"> • Land Management System in Danang
25 Mar. 2009	DONRE	<ul style="list-style-type: none"> • Strategic Environmental Assessment for SEDP Danang
2 Apr. 2009	DARD	<ul style="list-style-type: none"> • Project List of the Environmental City Plan • Classification of forest and reserved areas
2 Apr. 2009	DONRE	<ul style="list-style-type: none"> • Environmental City Plan • Treatment of solid waste, medical waste and industrial waste • Environmental Management
7 Apr. 2009	DARD	<ul style="list-style-type: none"> • Endangered (protected) species in Danang City area
13 Apr. 2009	Danang Vocational Training College	<ul style="list-style-type: none"> • Profile of the school • Cooperation with the local government agencies • Strategic plan for future needs
14 Apr. 2009	Department of Education	<ul style="list-style-type: none"> • Answers to the questionnaire by the Study Team • Danang University Town concept • Future needs of education facilities
15 Apr. 2009	Training and Vocational Center 579	<ul style="list-style-type: none"> • Profile of vocational training center • Business prospect
20 Apr. 2009	Danang City	<ul style="list-style-type: none"> • 2nd Seminar (Danang City)
13 May 2009	DOF	<ul style="list-style-type: none"> • Development Investment Fund
15 May 2009	DPI	<ul style="list-style-type: none"> • Danang municipal finance • Development Investment Fund
18 May 2009	DOT	<ul style="list-style-type: none"> • Building infrastructure by applying Public Private Partnership

Date	Authority	Topic
20 May 2009	DPI	<ul style="list-style-type: none"> Development Investment Fund
25 May 2009	MOT	<ul style="list-style-type: none"> Situation of the introduction of Public Private Partnership
28 May 2009	CECO 545	<ul style="list-style-type: none"> CECO 545's Build-Operate-Transfer Project
29 May 2009	Danang City, T.T. Hue, Quang Nam, Quang Ngai, and Binh Dinh provinces	<ul style="list-style-type: none"> 2nd Seminar (Danang City and the Neighboring Provinces)
29 May 2009	General Department of Taxation	<ul style="list-style-type: none"> Feasibility to set Danang' own fees / charges
10 Jun. 2009	DOC	<ul style="list-style-type: none"> Policy and projects in the Construction Plan
16 Jun. 2009	Steering Committee members	<ul style="list-style-type: none"> 3rd Steering Committee meeting
16 Jun. 2009	UPI	<ul style="list-style-type: none"> Revision process of the Construction Plan
18 Jun. 2009	Compensation and Resettlement for Construction Investment Project Number 3 (Resettlement Committee #3)	<ul style="list-style-type: none"> Organization and activities Compensation program
24 Jun. 2009	DOC	<ul style="list-style-type: none"> Social housing projects (low income, students, etc.)
3 Jul. 2009	DOC	<ul style="list-style-type: none"> Concept of zoning and usage restriction Land use planning
7 Jul. 2009	PMU of Project for rural area transportation	<ul style="list-style-type: none"> PPP scheme implemented by the company
14 Jul. 2009	DOF	<ul style="list-style-type: none"> Current Status of the "Danang-Environment City" Project Roles of DOF Problems of implementing the Project
14 Jul. 2009	DOT	<ul style="list-style-type: none"> Current Status of the "Danang-Environment City" Project Roles of DOT Problems of implementing the Project
15 Jul. 2009	JICA 3R Project	<ul style="list-style-type: none"> Site survey and briefing on the project
15 Jul. 2009	Danang Newspaper	<ul style="list-style-type: none"> Current Status of the "Danang-Environment City" Project Roles of Danang Newspaper Problems of implementing the Project
15 Jul. 2009	DARD	<ul style="list-style-type: none"> Current Status of the "Danang-Environment City" Project Roles of DARD Problems of implementing the Project
16 Jul. 2009	DOF	<ul style="list-style-type: none"> Danang city's own fee / charge
16 Jul. 2009	DONRE	<ul style="list-style-type: none"> Financial basis of the Project for Danang Environment City Current Status of the "Danang-Environment City" Project Roles of DONRE Problems of implementing the Project
16 Jul. 2009	DOC	<ul style="list-style-type: none"> Current Status of the "Danang-Environment City" Project Roles of DOC Problems of implementing the Project
16 Jul. 2009	Danang Radio and Television	<ul style="list-style-type: none"> Current Status of the "Danang-Environment City" Project Roles of Danang Radio and Television Problems of implementing the Project
17 Jul. 2009	DOCST	<ul style="list-style-type: none"> Current Status of the "Danang-Environment City" Project Roles of DOCST Problems of implementing the Project
20 Jul. 2009	Department of Commerce	<ul style="list-style-type: none"> Current Status of the "Danang-Environment City" Project Roles of Department of Commerce Problems of implementing the Project
20 Jul. 2009	DOST	<ul style="list-style-type: none"> Current Status of the "Danang-Environment City" Project Roles of DOST Problems of implementing the Project
20 Jul. 2009	DOIA	<ul style="list-style-type: none"> Current Status of the "Danang-Environment City" Project Roles of DOIA Problems of implementing the Project
21 Jul. 2009	DOH	<ul style="list-style-type: none"> Current Status of the "Danang-Environment City" Project

Date	Authority	Topic
		<ul style="list-style-type: none"> • Roles of DOH • Problems of implementing the Project
21 Jul. 2009	Youth Union	<ul style="list-style-type: none"> • Activities of Youth Union • Problems of its activities
23 Jul. 2009	DPI	<ul style="list-style-type: none"> • Project profile on introduction of PPP scheme • Current Status of the "Danang-Environment City" Project • Roles of DPI • Problems of implementing the Project
23 Jul. 2009	Women's Union	<ul style="list-style-type: none"> • Major activities of Women's Union • Environment related activities • Problems of its implementation
24 Jul. 2009	Hai Chau District Office	<ul style="list-style-type: none"> • Activities of District for environment protection • Problems of its activities
27 Jul. 2009	Danang Tourism Association	<ul style="list-style-type: none"> • Profile of Danang Tourism Association • Tourism industry market in Danang and its prospective • Workforce in tourism industry (current and forecast) • Human resource development in tourism industry • Business prospect
27 Jul. 2009	URENCO	<ul style="list-style-type: none"> • Discussion on the proposal submitted by URENCO • Discussion on Development strategy and Project List
28 Jul. 2009	DOF	<ul style="list-style-type: none"> • Contents of Project profiles
28 Jul. 2009	Danang Taxation Department	<ul style="list-style-type: none"> • Contents of Project profiles
30 Jul. 2009	Vietnam Bank for Social Policies	<ul style="list-style-type: none"> • Introduction of the Study • Information about lending programs
31 Jul. 2009	Danang Farmers Association	<ul style="list-style-type: none"> • Profile and activity of the association • Issues and problems the association encountering
3 Aug. 2009	Faculty of Tourism, Duy Tan University	<ul style="list-style-type: none"> • Profile of Tourism faculty
3 Aug. 2009	Japanese Chamber of Commerce and Industry	<ul style="list-style-type: none"> • Discussion on current Infrastructure supply condition • Waste Water Standard and enforcement
4 Aug. 2009	Danang City Society for the Support of the Handicapped and Orphans	<ul style="list-style-type: none"> • Profile and activity of the association • Considerations of handicapped in M/P
4 Aug. 2009	Hospitality Management, College of Economics, Danang University	<ul style="list-style-type: none"> • Profile of Hospitality Management faculty
5 Aug. 2009	Danang Park Corporation	<ul style="list-style-type: none"> • Profile and activity of Danang Park Corporation
5 Aug. 2009	Department of Information and Communications	<ul style="list-style-type: none"> • Introduction of the Study • E-city initiative of the Danang People's Committee
6 Aug. 2009	DOC	<ul style="list-style-type: none"> • Land Use Planning
7 Aug. 2009	Faculty of Social Science, Duy Tan University	<ul style="list-style-type: none"> • Profile of Social Science Faculty
7 Aug. 2009	Women's Union	<ul style="list-style-type: none"> • Concerned issues for women
7 Aug. 2009	Vietnam Bank for Social Policies Transaction office at Anh Khe Commune, People's Committee	<ul style="list-style-type: none"> • Activities of transaction office • Borrowing at Anh Khe Commune
10 Aug. 2009	Lien Chieu District Aged (Senior Citizen) Association	<ul style="list-style-type: none"> • Profile and activity of the association
10 Aug. 2009	Hai Chau District Land Acquisition and Resettlement Committee	<ul style="list-style-type: none"> • Implementation of land clearance/land acquisition and resettlement • Issues to overcome
11 Aug. 2009	DPI	<ul style="list-style-type: none"> • Future Socio Economic Framework
11 Aug. 2009	DOIT	<ul style="list-style-type: none"> • Discussion on demand projection • Discussion on Development strategy and Project List
11 Aug. 2009	DWSC	<ul style="list-style-type: none"> • Discussion on demand projection • Discussion on Development strategy and Project List
11 Aug. 2009	Nissuikon	<ul style="list-style-type: none"> • JETRO FS • Plan and Objective of Study

Date	Authority	Topic
		<ul style="list-style-type: none"> Information Exchange
13 Aug. 2009	URENCO	<ul style="list-style-type: none"> Discussion on the proposal submitted by URENCO Discussion on Development strategy and Project List Discussion on Projects Sheet
13 Aug. 2009	DOIT	<ul style="list-style-type: none"> Orientation of SME support and FDI promotion
13 Aug. 2009	DPI	<ul style="list-style-type: none"> Orientation of SME support and FDI promotion
18 Aug. 2009	DOI, Quang Nam Province	<ul style="list-style-type: none"> Progress of Chu Lai project Relationship with the private sector
18 Aug. 2009	DPI, Quang Nam Province	<ul style="list-style-type: none"> Progress of Chu Lai project Relationship with the private sector
19 Aug. 2009	DOC	<ul style="list-style-type: none"> Land Use Planning
19 Aug. 2009	DONRE	<ul style="list-style-type: none"> Approach for the Solid waste Management Project Proposal Demand Projection for the solid waste
19 Aug. 2009	DPI, Quang Ngai Province	<ul style="list-style-type: none"> Progress of Dung Quat project Relationship with the private sector
19 Aug. 2009	DOI, Quang Ngai Province	<ul style="list-style-type: none"> Progress of Dung Quat project Relationship with the private sector
20 Aug. 2009	Management Board of Chan May – Lang Co Economic Zone	<ul style="list-style-type: none"> Progress of Chan May–Lang Co project Relationship with the private sector
20 Aug. 2009	DOI, Thua Thien Hue Province	<ul style="list-style-type: none"> Progress of Chan May–Lang Co project Relationship with the private sector
20 Aug. 2009	DPI, Thua Thien Hue Province	<ul style="list-style-type: none"> Progress of Chan May–Lang Co project Relationship with the private sector
21 Aug. 2009	Danang Young Entrepreneur's Association	<ul style="list-style-type: none"> History and activities of the association Constraints of private sector development
24 Aug. 2009	University Town Management Board, Danang University	<ul style="list-style-type: none"> Construction schedule of Danang University Town
24 Aug. 2009	DOC	<ul style="list-style-type: none"> Development plan of park
25 Aug. 2009	Street Children Association	<ul style="list-style-type: none"> Activity of the association
25 Aug. 2009	Visual Disability (impairment) Association	<ul style="list-style-type: none"> Activity of the association
27 Aug. 2009	Standardization and Customer Protection Association	<ul style="list-style-type: none"> Activity of the association
9 Sep. 2009	Danang University	<ul style="list-style-type: none"> Smart Code
11 Oct. 2009	DOT	<ul style="list-style-type: none"> Overall project schedule, project list
12 Oct. 2009	DOC	<ul style="list-style-type: none"> Master Plan
2 Nov. 2009	DOC	<ul style="list-style-type: none"> Project list and Master Plan
3 Nov. 2009	DONRE	<ul style="list-style-type: none"> Project list
4 Nov. 2009	DOT	<ul style="list-style-type: none"> Overall project schedule, project list
11-13 Jan. 2010	DOSCT (Thua Thien Hue)	<ul style="list-style-type: none"> Initial cooperation on tourism study
16-18 Jan. 2010	DOSCT (Quang Nam)	<ul style="list-style-type: none"> Initial cooperation on tourism study
3-5 Mar. 2010	DOSCT (Thua Thien Hue, Danang, Quang Nam)	<ul style="list-style-type: none"> Current situation and candidate projects for tourism study
10 Aug. 2010	VNAT, JICA	<ul style="list-style-type: none"> Discussion on tourism projects
26-30 Aug. 2010	DOSCT (Thua Thien Hue, Danang, Quang Nam)	<ul style="list-style-type: none"> Discussion on tourism projects
16 Sep. 2010	VNAT, JICA	<ul style="list-style-type: none"> Discussion on tourism projects

Source: DaCRISS Study Team.

Table 1.3.3 Assessment of DaCRISS Study Outputs

Percentage of Respondents		Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
CFEZ	Vision / Development Strategies	39	58	0	1	2
	Spatial Development Concept	26	68	1	1	5
	Role - Sharing	26	61	3	1	9
	Tourism Development	33	60	1	3	4
Danang City	Regional Role of Danang	49	48	0	1	2
	Vision / Goals	41	56	1	1	2
	Basic Strategy as Environmental City	44	49	4	1	2
	Social Development	33	63	1	1	2
	Economic Development	33	63	3	1	1
	Spatial Development	32	64	2	1	1
	Transport Development	43	54	1	1	1
	Urban Infrastructure Development	40	54	3	1	3
	Investment Plan	30	62	4	1	2

Source: DaCRISS Study Team.

Table 1.3.4 Assessment of Exhibition

Percentage of Respondents		Very Good	Good	Bad	Very Bad	Don't Know
Exhibition	Overall Impression	29	61	9	0	1
	Exhibition Layout	20	61	17	0	2
	Panel Presentation	22	72	4	0	1
	Exhibition Venue	44	54	2	0	0
	Exhibition Hours	24	72	4	0	0
	Visitor Assistance	31	65	2	0	2
Panel Presentation	A: Introduction	22	75	2	0	1
	B: CFEZ Development Strategy	24	71	2	0	3
	C: Current Situation in Danang City	18	71	8	0	2
	D: Future of Danang City	24	71	2	0	3
	E: Planning Tools	17	73	3	0	7
	Audio Corner	16	48	29	1	6

Source: DaCRISS Study Team.



Opening Ceremony



Visitors from VIAP Hanoi



Visitors from Donor Agencies

2 PROFILE OF THE CENTRAL FOCAL ECONOMIC ZONE

2.1 Geographic Profile of CFEZ

1) Location of CFEZ

2.1 The role of the Central Focal Economic Zone (CFEZ) in the Greater Mekong Sub-region (GMS), comprising Cambodia, the People's Republic of China, Lao People's Democratic Republic, Myanmar, Thailand, and Vietnam, is significant. The CFEZ is a gateway to the sea for the provinces in southern Laos and northern Thailand and Cambodia. The east-west corridor between Vietnam and Thailand via Laos (running through National Highways No. 19 – No. 9 – No. 24 – No. 14D in Vietnam) is also being developed, strengthening ties in the region. Tourism linkages between CFEZ – Central Highlands – Laos – Thailand and CFEZ – Central Highlands – Cambodia – Thailand is being promoted. The region is also connected in trade and culture exchange via the Central Highlands in Vietnam.

2.2 Located on the eastern skirt of the Annamese Mountain range (Day Truong Son), the geographic profile of CFEZ is characterized as having short river lengths, fast river flows, and narrow flat area (practically limited in the coastal area) (see Figure 2.1.3). These geographic features influenced the central region as follows:

- (i) The divided water basins prevent the region from developing an urban concentration to represent the region;
- (ii) The short and rapid river discharge cause water-related disasters in the rainy season; and
- (iii) The mountains functioned as a natural stronghold to protect the region from the west.

Table 2.1.1 Provinces under CFEZ

Region	Province	
North Central Coast	1. Than Hoa	Central Focal Economic Zone
	2. Nghe An	
	3. Ha Tinh	
	4. Quang Binh	
	5. Quang Tri	
6. Thua Thien Hue		
South Central Coast	1. Danang City	
	2. Quang Nam	
	3. Quang Ngai	
	4. Binh Dinh	
	5. Phu Yen	
	6. Khanh Hoa	

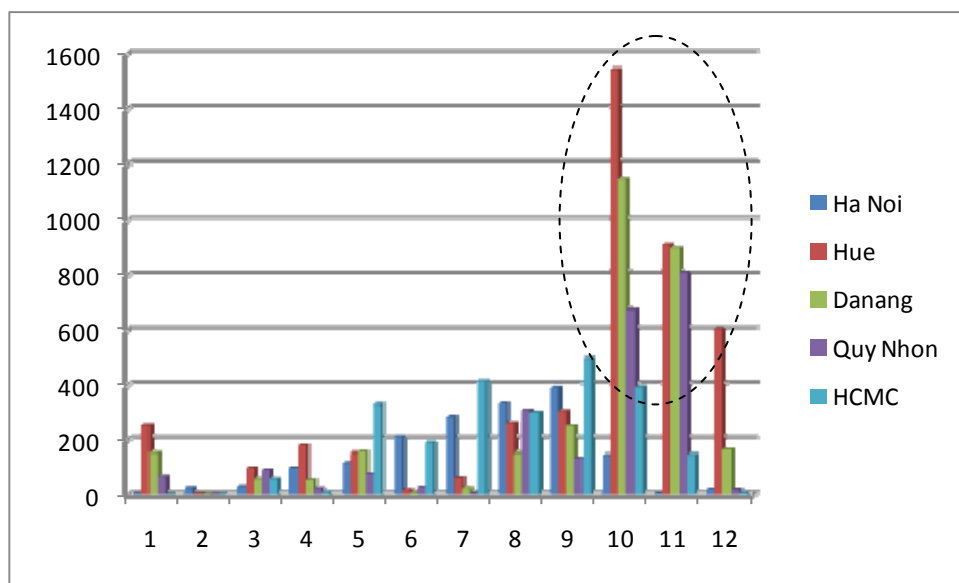
Source: The Study on the Socio – Economic Development Master Plan for North and South Central Coastal Regions and the Central Focal Economic Zone, MPI, 2006.

2) Natural Conditions

2.3 The CFEZ has complex topographic conditions, bordered on the west by the East Truong Son mountain range running to the sea. The topographic conditions of the CFEZ are featured by high mountains. The highest peak is Bach Ma Mountain (Thua Thien Hue Province), which is 1,700m.

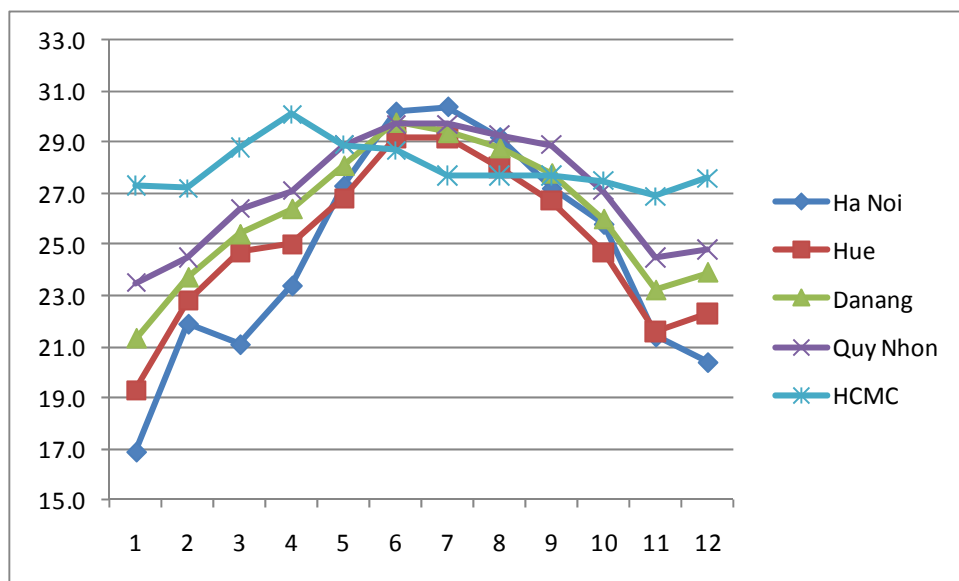
2.4 The region has two seasons, the rainy season and the dry season, the former from October to January, and the latter from February to September. This trend is clearly seen in the comparison of average monthly rainfall comparison (see Figure 2.1.1). The temperature drops during the rainy season as well (see Figure 2.1.2). The region is prone to typhoons during this rainy season, often bringing about great damage to the region, both natural and social.

Figure 2.1.1 Average Rainfall in Cities in Vietnam (mm)



Source: General Statistics Office.

Figure 2.1.2 Average Air Temperature of Cities in Vietnam (celcius)



Source: General Statistics Office.

3) Landuse

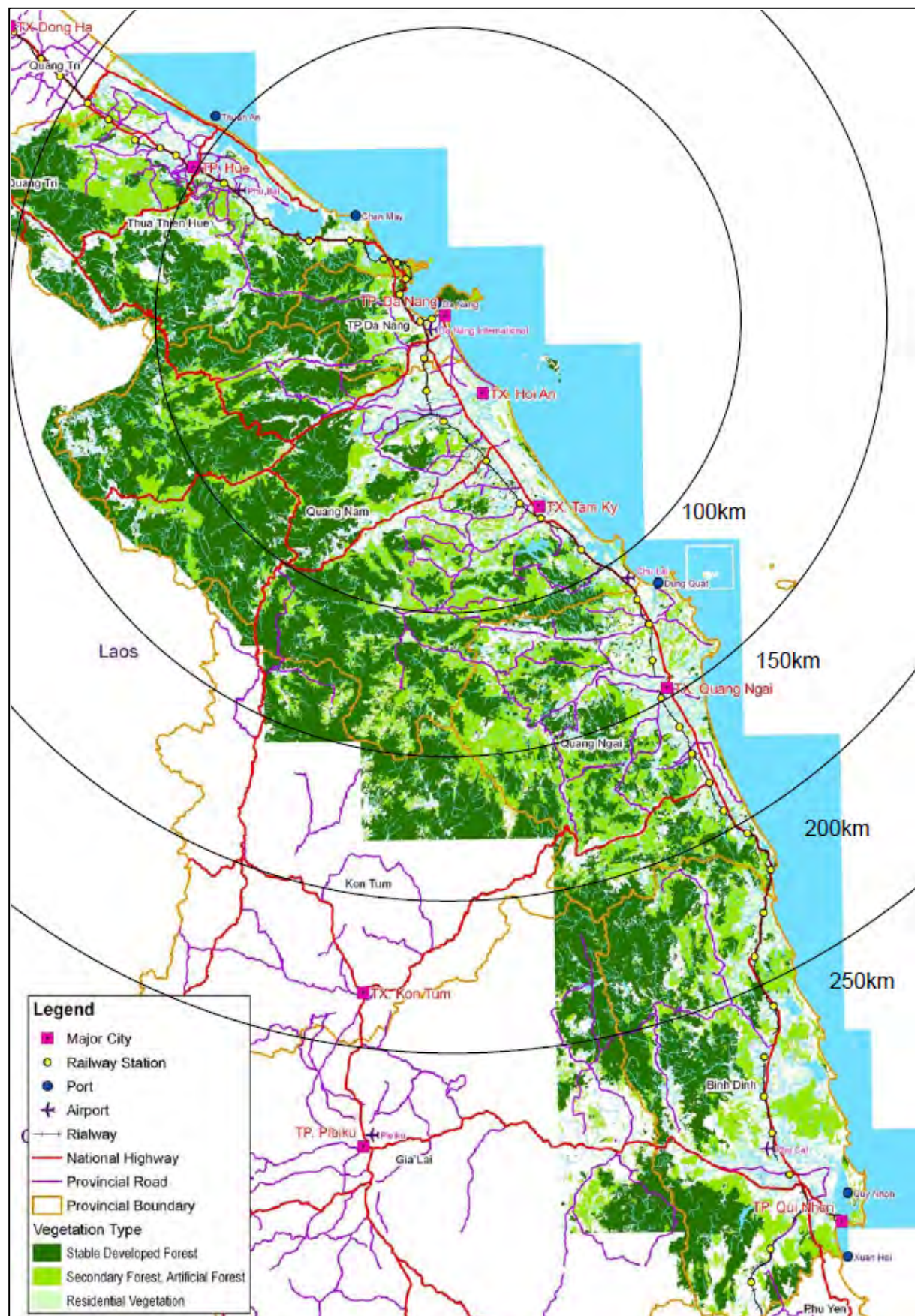
2.5 Table 2.1.2 shows that forested areas range from nearly half to or more than half of the area in the city and provinces, while homestead areas range from only 1% to 5% in all five provinces in the CFEZ. This means that the area suitable for development is limited. At the same time, the vast unused area poses a potential for development.

Table 2.1.2 Profile of CFEZ

		Danang City	Provinces				CFEZ
			T.T. Hue	Quang Nam	Quang Ngai	Binh Dinh	
Area (km ²)		1,283	5,063	10,438	5,153	6,040	27,976
Land Use (%)	Agricultural	7	11	11	24	23	16
	Forestry	49	55	53	38	41	48
	Special Use	31	3	2	3	4	4
	Homestead	5	3	2	2	1	2
	Unused	9	28	32	33	31	30

Source: General Statistics Office.

Figure 2.1.3 Geographic Profile of CFEZ



Source: DaCRISGIS Database

2.2 Socio-economic Profile of CFEZ

1) CFEZ in Vietnam

2.6 The CFEZ covers some 400 kilometers from north to south, a land area of 27,976 square kilometers (km²), and a population of 6.1 million, as of 2009. According to the Decision No.148/2004/QĐ-TTg dated August 13th, 2004, the Prime Minister has directed the CFEZ to speed up its development for it to become an economic spearhead and impact pervasively to the neighboring provinces and the Central Highlands. The government has invested in key projects in the region such as the oil refinery factory, deep water seaports, economic zones to realize this orientation. However, in reality, the development of the CFEZ is much in behind that of the NFEZ and the SFEZ.

2) Socio – economic Profile

2.7 The socio-economic profile of the region is summarized in Table 2.2.1 and Table 2.2.2.

Table 2.2.1 Socio-economic Profile of CFEZ in Comparison with the Other FEZs

		2009				2020				
		CFEZ	NFEZ	SFEZ	Vietnam	CFEZ	NFEZ	SFEZ	Vietnam	
Area	No of Provinces	5	7	7	63	5	7	7	63	
	Core City	Danang	Hanoi	HCMC	Hanoi	Danang	Hanoi	HCMC	Hanoi	
	Area "km ² " (%)	27,976 (9)	15,594 (5)	28,099 (9)	331,051 (100)	27,976 (9)	15,594 (5)	28,099 (9)	331,051 (100)	
Population	No "000" (%)	Total	6,109 (7)	14,328 (17)	15,535 (18)	86,025 (100)	7,270 (7)	16,605 (16)	18,451 (18)	101,439 (100)
		Urban	2,024 (8)	5,000 (20)	8,304 (33)	25,466 (100)	2,684 (8)	6,766 (20)	11,056 (33)	33,783 (100)
	Growth 2000 - "%/yr"	Total	0.58	1.35	2.98	1.15	1.10	1.36	2.25	1.35
		Urban	2.80	4.33	3.58	3.48	2.65	3.52	3.05	2.98
GDP ¹⁾	VND Billion (%)	62,585 (5)	239,241 (21)	486,366 (43)	1,144,015 (100)	100,009 (5)	420,123 (21)	795,190 (39)	2,024,844 (100)	
	Per Capita GDP "USD" (%)	601 (74)	1,044 (128)	2,124 (261)	814 (100)	834 (69)	1,533 (127)	2,612 (216)	1,210 (100)	
FDI ²⁾	Projects (%)	1988-2009	416 (3)	3,106 (25)	7,665 (61)	12,575	-	-	-	
	USD Mil. (%)		15,755 (8)	36,626 (19)	92,683 (48)	194,430	-	-	-	

Source: General Statistics Office, VITRANSS2.

Note:

1) 2007 data instead of 2009. 2007 constant price. Applied exchange rate: 1US\$=17,000VND

2) Foreign Direct Investment (including supplementary capital of licensed projects in previous years.)

Table 2.2.2 Socio-economic Profile of CFEZ (2009)

2009 Data			Danang	Provinces in the Region				CFEZ	
				T.T. Hue	Quang Nam	Quang Ngai	Binh Dinh		
1. Natural Conditions	Area (km ²)		1,283	5,063	10,438	5,153	6,040	27,976	
	Rainfall (mm/year)		3,018	3,817	3,446	3,655	2,274	3,242	
	Sunshine Duration (hours/year)		2,113	1,865	2,058	2,114	2,425	2,115	
2. Administration	District Level	No. of Districts	8	9	18	14	11	60	
	Commune Level	No. of Communes	56	152	241	184	159	792	
	Provincial Capital	Name	Danang City	Hue City	Tam Ky City	Quang Ngai City	Ouy Nhon City	-	
		Class	Grade 1	Grade 1	Grade 3	Grade 3	Grade 1	-	
Population		890,490	337,554	107,908	112,435	280,900	-		
3. Social	Population	2005 ¹⁾	Total	779,019	1,076,022	1,407,417	1,295,608	1,477,800	6,035,866
			Urban (%)	86	32	17	14	26	30
			Rural (%)	14	68	83	86	74	70
		2009	Total	890,490	1,088,822	1,423,537	1,219,229	1,488,900	6,110,978
			Urban (%)	87	36	19	15	28	33
			Rural (%)	13	64	81	85	72	67
		Growth 05-09 (%/year)	Total	3.40	0.30	0.29	-2.01	0.25	0.41
			Urban	3.55	3.59	2.51	-1.32	2.31	3.49
			Rural	2.41	-1.35	-0.19	-2.12	-0.50	-0.98
	Employment	Stable Employment	420,475	537,493	803,104	687,552	849,300	3,297,924	
		Unemployed Rate (%)	5.05	5.00	5.16	-	-	5.07	
	Household (HH) ²⁾	No. of HHs	175,572	246,000	350,764	293,165	355,581	1,421,082	
		Ave. HH Size	4.59	4.66	4.25	4.47	4.44	4.46	
		Ave. HH Income (VND000/mo.)	2,380	1,588	1,645	2,056	1,724	1,830	
		% of Poor HHs	3.7	15.0	35.3	36.8	24.7	25.5	
Literacy Rate (%)		99.8	94.4	95.1	89.5	100.0	95.6		
4. Economic	GRDP	VND billion (current price)	24,663	30,229	20,838	18,383	21,390	115,503	
		Growth (% per year)	16.1	17.7	18.8	22.8	15.8	17.9	
	Per Capita GRDP	VND thousand	27,696	27,763	14,638	15,078	14,366	18,901	
		US\$ (1 US\$=17,000 VND)	1,629	1,633	861	887	845	1,112	
	Sector Composition (%)	Primary	3.9	21.9	23.0	26.1	35.3	21.4	
		Secondary	44.6	38.8	38.6	46.1	26.8	39.0	
		Tertiary	51.5	39.3	38.4	27.8	37.9	39.6	
	Output/Capita (VND000)	Agricultural	1,783	1,564	3,431	4,219	5,940	3,367	
		Industrial	34,868	6,889	11,022	21,373	9,510	10,376	
	FDI ³⁾	No. of Projects	164	64	70	18	45	-	
Registered (US\$ mil.)		2,640	2,578	5,019	3,424	492	-		
Implemented (US\$ mil.)		589	116	346	306	-	-		
Trade	Export Turnover (US\$ mil)	476	145	236	140	325	1,323		
	Import Turnover (US\$ mil)	532	113	413	1,312	136	2,506		
Tourism	Domestic Tourists (000) ^{4) 5)}	1,000	829	1,099	390	397	3,715		
	Foreign Tourists (000) ^{4) 5)}	300	601	1,006	20	42	1,969		
	Receipt (US\$ mil)	42	45	36	6	6	134		
Industrial Estate	No. ⁴⁾	4	1	1	1	1	8		
	Area (ha) ⁴⁾	1,133	185	390	239	348	2,295		
5. Utility	Health	Hospital Beds	No.	3,819	4,342	3,959	2,776	3,055	17,951
			No./000 pop	4.29	3.99	2.78	2.28	2.05	2.94
	Education	Primary	No. of Students	63,217	100,061	114,701	96,688	124,700	499,367
			No. of Schools	101	237	270	237	243	1,088
		Secondary	No. of Students	86,176	130,039	175,162	128,751	182,600	702,728
			No. of Schools	71	150	265	193	193	872
		Tertiary	No. of Students	138,491	115,617	24,163	8,243	28,289	314,803
			No. of Schools	23	13	8	3	4	51
6. Cultural	No. of World Heritages		0	1	2	0	0	3	
	Ethnic Minorities (%) ²⁾		0.8	4.0	8.5	11.9	2.4	5.5	
7. Environment	Length of Coast Line (km) ⁴⁾		98	115	105	155	142	616	
	Protective Forest Area (%) ⁴⁾		-	12.2	-	24.8	18.3	18.5	

Source: Source: Most is 2009 data from provincial Statistical Yearbooks, except the following data listed below.

1) 2006 data

2) DaCRISS, Commune Survey, 2008

3) From 1995 to 2009 for Danang, 1999 to 2008 for T. T. Hue, 1989 to 2009 for Quang Nam, 1995 to 2009 for Quang Ngai, 1992 to 2009 for Binh Dinh

4) 2007 data

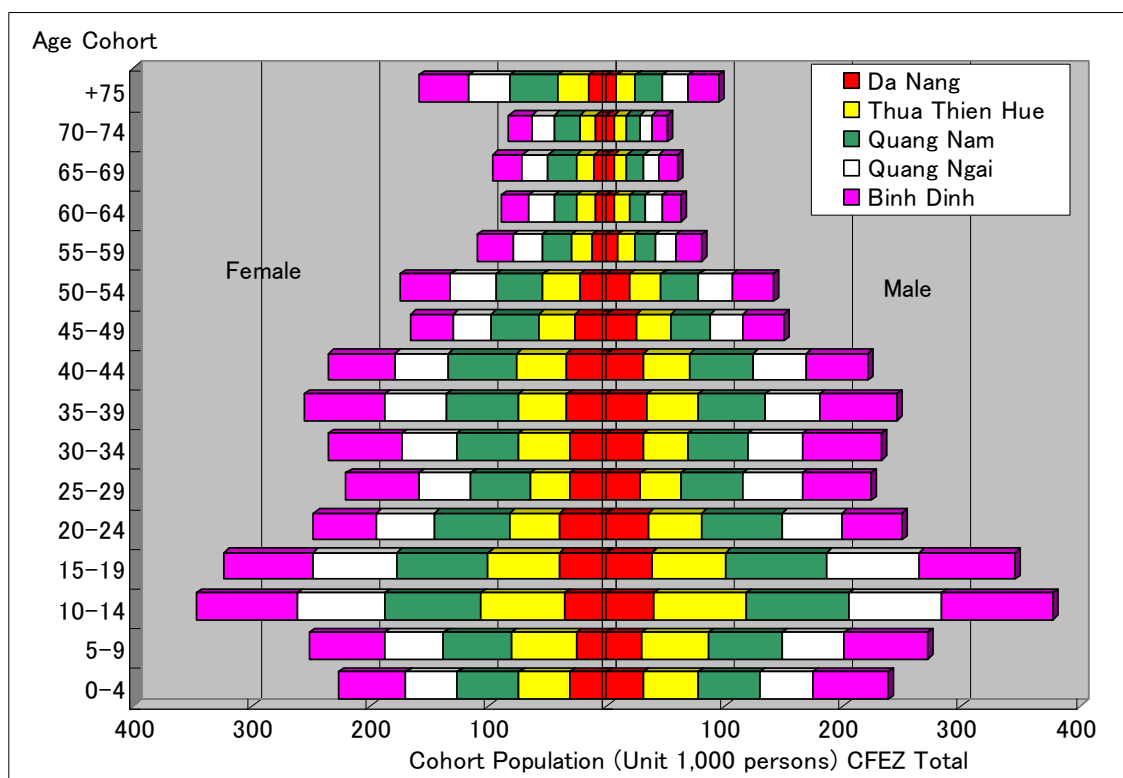
5) Department of Culture, Sports, and Tourism for Danang, T. T. Hue, and Quang Nam

2.3 Demographic Profile of CFEZ

1) Population Structure

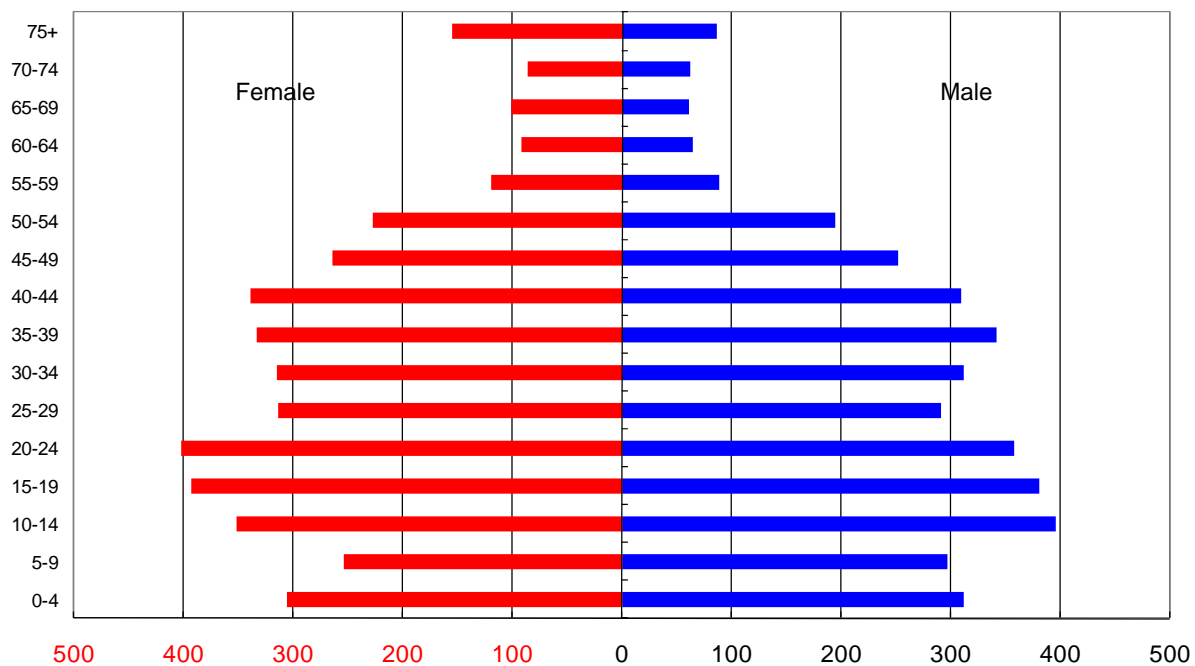
2.8 The population structure of the central region is similar to that of the whole country (see Figure 2.3.1 to 2.3.6). It means that the largest population group is found in the cohort of 14–19 year-olds. The boomers are the generation born after the introduction of the Doi Moi economic policy. Because the natural birth and death rates in Vietnam are decreasing, its aging population is gradually increasing. At the same time, the population pyramid displays different shapes by provinces. Strong urban areas, such as Danang, attract the younger generation due to higher employment opportunities. Meanwhile, other provincial areas are losing their young populations through outmigration.

Figure 2.3.1 Population Profile of CFEZ



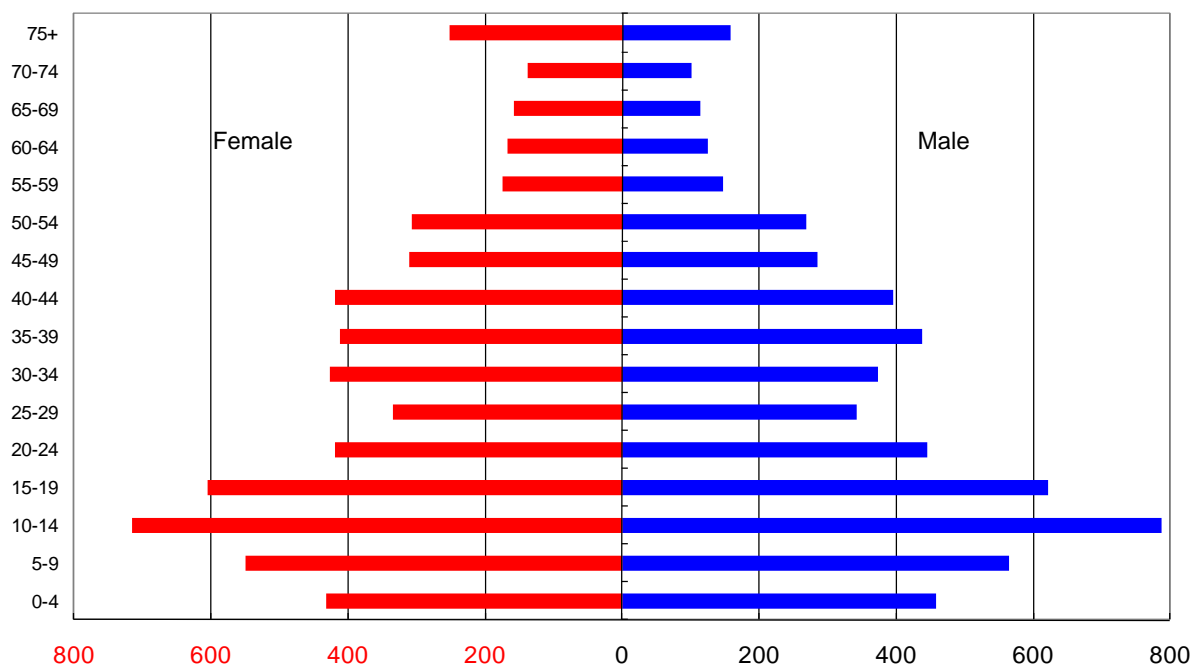
Source: The 2007 Population Change and Family Planning Survey. Statistical Publishing House. March 2008.

Figure 2.3.2 Population Profile of Danang City



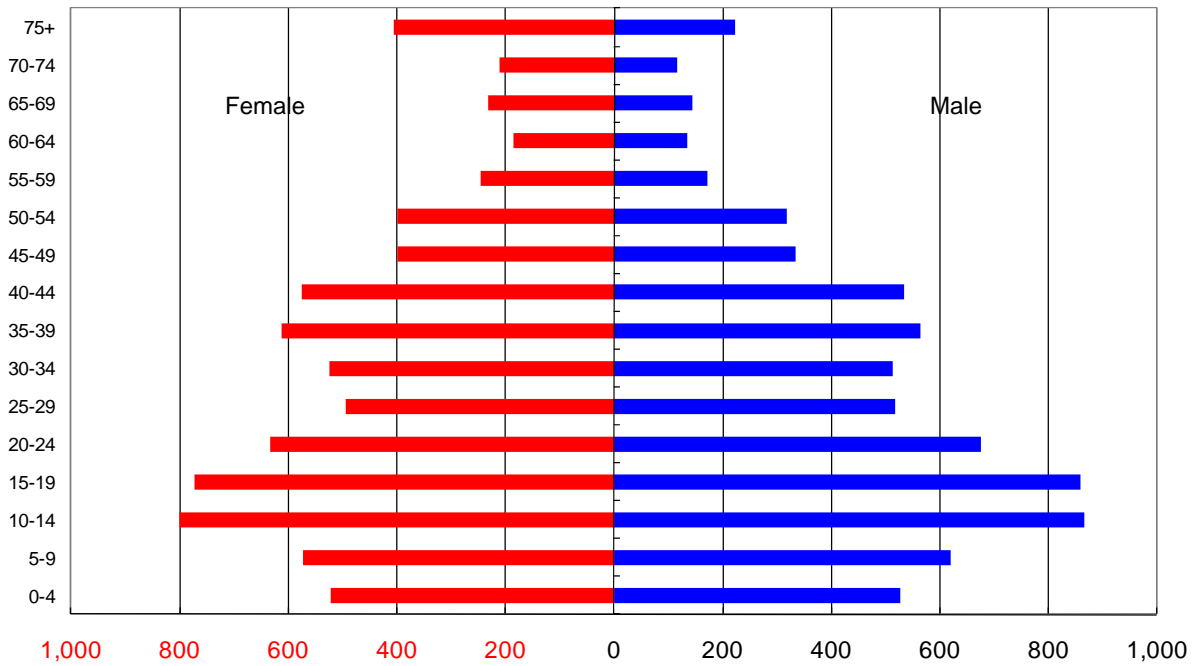
Source: The 2007 Population Change and Family Planning Survey. Statistical Publishing House. March 2008.

Figure 2.3.3 Population Profile of Thua Thien Hue Province



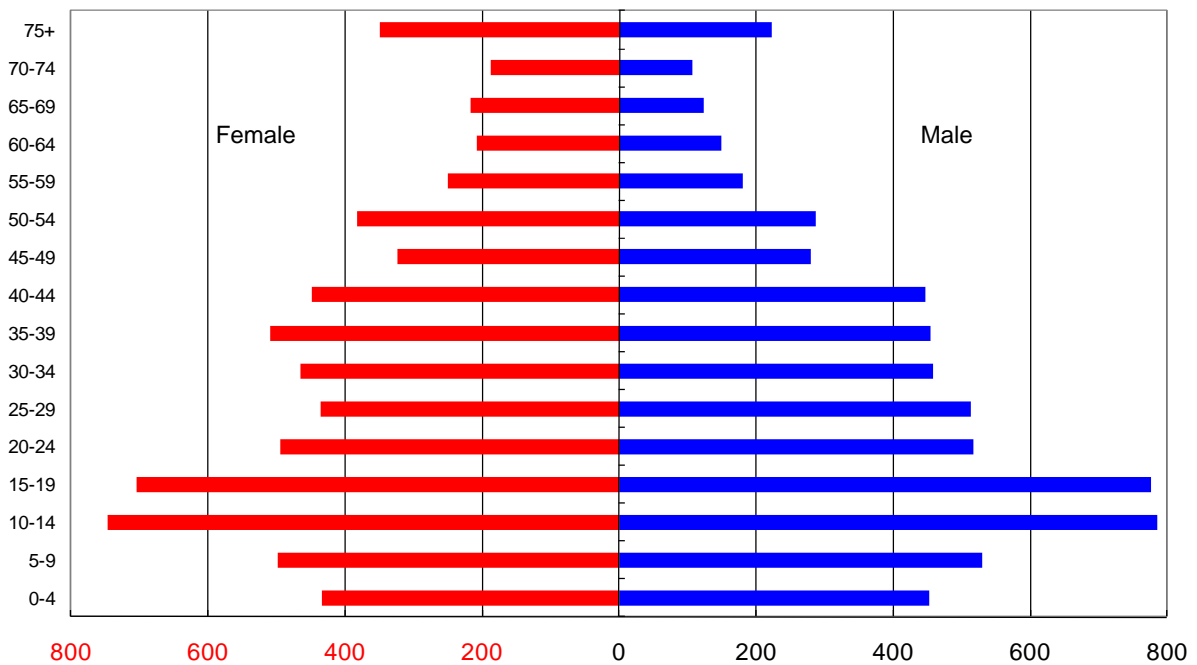
Source: The 2007 Population Change and Family Planning Survey. Statistical Publishing House. March 2008.

Figure 2.3.4 Population Profile of Quang Nam Province



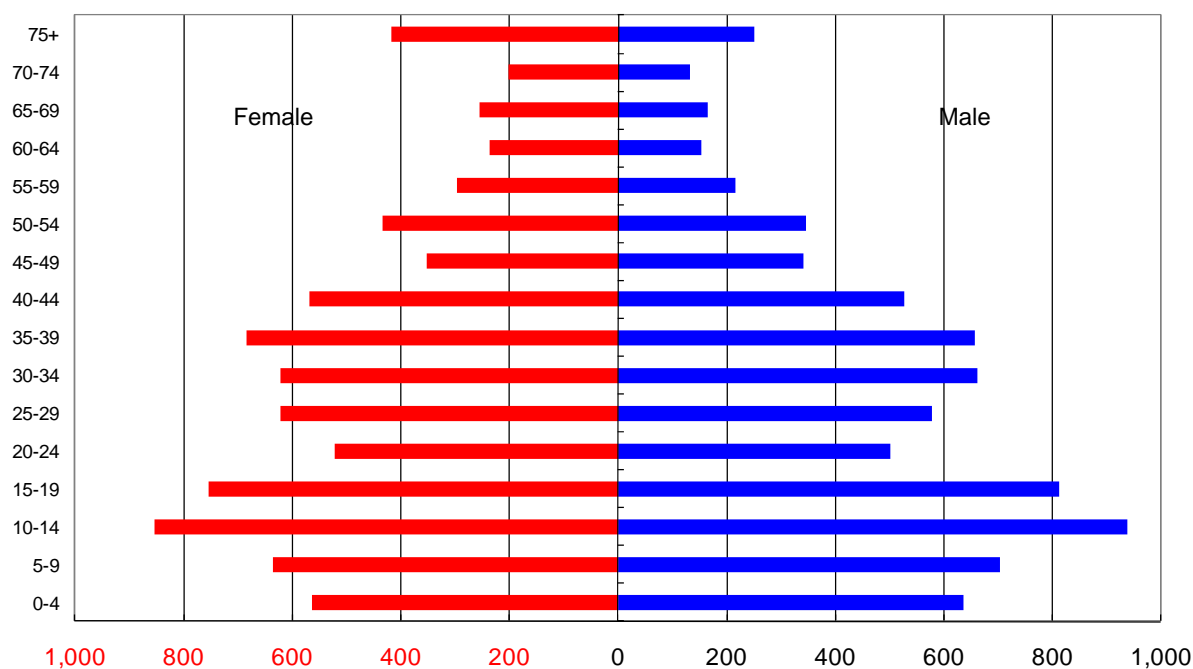
Source: The 2007 Population Change and Family Planning Survey. Statistical Publishing House. March 2008.

Figure 2.3.5 Population Profile of Quang Ngai Province



Source: The 2007 Population Change and Family Planning Survey. Statistical Publishing House. March 2008.

Figure 2.3.6 Population Profile of Binh Dinh Province



Source: The 2007 Population Change and Family Planning Survey. Statistical Publishing House. March 2008.

- (a) **Population:** Population growth is prominent especially in Danang City, but other provinces also experienced population increase during the 2000-2007 period. The urbanization rate among provinces varies greatly, with 87% of Danang City citizens residing in urban areas, 15% in Quang Ngai, and 19% in Quang Nam. The decrease of rural population in Danang City is due to the formation of Cam Le District, which derived from the most populous area in Hoa Vang District, the only rural district in Danang City. Migration from 1999 – 2005 and 2005 – 2008 is approximately the same, this implying accelerating migration for all provinces. Monthly incomes vary from VND 1.6 million in Thua Thien Hue to VND 2.4 million in Danang City, thus suggesting that poor households are still an issue in the CFEZ, especially in Quang Nam, Quang Ngai, and Binh Dinh where poverty rates are yet high.

Table 2.3.1 Composition of Urban and Rural Population in the CFEZ

Province	Urban / Rural	2000	2005	2007	Growth Rate (% / year)		
					00 - 07	00 - 05	05 - 07
Danang	Urban (%)	79	86	87	3.1	3.5	2.0
	Rural (%)	21	14	13	-4.8	-6.7	0.2
	Total (no.)	716,282	779,019	806,744	1.7	1.7	1.8
Thua Thien Hue	Urban (%)	30	31	35	3.3	2.2	6.2
	Rural (%)	70	69	65	0.0	0.6	-1.7
	Total (no.)	1,066,162	1,126,293	1,145,259	1.0	1.1	0.8
Quang Nam	Urban (%)	15	17	19	4.6	3.8	6.7
	Rural (%)	85	83	81	0.2	0.5	-0.4
	Total (no.)	1,395,296	1,465,622	1,489,524	0.9	1.0	0.8
Quang Ngai	Urban (%)	12	14	15	4.4	5.4	1.9
	Rural (%)	88	86	85	0.5	0.5	0.5
	Total (no.)	1,223,389	1,292,597	1,311,445	1.0	1.1	0.7

Binh Dinh	Urban (%)	24	25	27	2.3	1.8	3.5
	Rural (%)	76	75	73	0.4	0.8	-0.7
	Total (no.)	1,485,600	1,566,900	1,578,800	0.9	1.1	0.4
Total	Urban (%)	27	30	31	3.3	3.1	3.8
	Rural (%)	73	70	69	0.1	0.4	-0.5
	Total (no.)	5,886,729	6,230,431	6,331,772	1.0	1.1	0.8

Source: General Statistics Office.

2) Migration

2.9 Domestic migration is also an important trend in CFEZ, showing social increases, or net migrations, within the region (see Table 2.3.2). The region experienced a net decrease of about 13,400 in 2007 during which only Danang experienced a net increase (ie 6,000). While the other four provinces experienced natural increases in their populations, these barely offset the decreases due to emigration (Table 2.3.3). Although Danang City posted an increase in its immigrant population, such an increase is less than the total emigrant population in the four provinces. This means that overall the central region is losing its population because the people are moving to the other two urban centers of Hanoi and Ho Chi Minh City. The commune survey conducted by the DaCRISS Study Team shows that Ho Chi Minh City has attracted more people than Hanoi.

Table 2.3.2 Migration Status in CFEZ

Province/City	Population, 2007	No. of Non-migrants	No. of Immigrants from the Same Province	No. of Immigrants from Other Provinces (A)	No. of Emigrants to Other Provinces (B)	Net Migrants to/ from Abroad and not states	Change (A)-(B)
Thua Thien Hue	1,144,466	1,131,325	7,394	5,593	8,636	151	-3,043
TP Danang	785,777	764,697	10,324	10,697	4,690	61	6,007
Quang Nam	1,469,799	1,457,214	8,795	3,765	10,396	24	-6,631
Quang Ngai	1,293,438	1,278,487	8,848	5,426	10,120	678	-4,694
Binh Dinh	1,563,783	1,541,480	15,621	6,610	11,693	72	-5,083
CFEZ Total	6,257,263	6,173,203	50,982	32,091	45,535	986	-13,444
Country Total	84,198,613	82,727,812	802,216	631,009	631,009	37,570	0

Sources: The 2007 Population Change and Family Planning Survey and Statistical Publishing House, March 2008.

Table 2.3.3 Population Changes in CFEZ

Province/ City	Population		Reason for Change (2006—2007)			
	2006	2007	Emigration/ Immigration ¹	Natural Change	Total	
					No	%
Thua Thien Hue	1,137,900	1,150,900	-3,026	16,060	13,000	1.1
TP Danang	789,800	805,400	5,861	9,739	15,600	2.0
Quang Nam	1,474,300	1,484,300	-6,566	16,566	10,000	0.7
Quang Ngai	1,280,800	1,288,900	-4,711	12,811	8,100	0.6
Binh Dinh	1,567,000	1,578,900	-5,034	16,934	11,900	0.8
CFEZ Total	6,249,800	6,308,400	-13,510	72,110	58,600	0.9
Country Total	84,136,800	85,154,900	0	1,018,100	1,018,100	1.2

Sources: Statistical Yearbook of Vietnam 2007; Statistical Publishing Office; The 2007 Population Change and Family Planning Survey; Statistical Publishing House, March 2008.

¹ Changes due to migration/immigration were estimated using data from the above sources.

Table 2.3.4 Migration to/from and within CFEZ

Province		From				
		Danang City	Thua Thien Hue	Quang Nam	Quang Ngai	Binh Dinh
Other FEZ	SFEZ	20.9/16.3	21.2/24.4	22.2/13.0	19.6/19.4	20.3/13.1
	NFEZ	3.8/3.4	9.2/10.3	1.1/0.6	1.8/1.8	0.1/0.0
CFEZ	Danang City	53.4/44.5	21.8/17.3	12.5/11.9	17.6/16.8	6.9/5.3
	Hue City	1.3/1.1	18.6/15.2	0.6/0.2	2.1/1.9	0.1/0.0
	Dung Quat	1.6/2.7	1.8/1.6	2.6/6.7	19.8/22.7	1.7/4.1
	Elsewhere in CFEZ	5.3/9.0	8.2/12.3	40.7/51.8	26.8/26.1	60.6/72.1
Elsewhere in Vietnam		13.7/23.2	20.3/18.0	20.4/15.8	12.1/11.5	10.3/5.4
Total	% (99-05/05-08)	100/100	100/100	100/100	100/100	100/100
	No (000)	23, 20	17, 23	35, 31	26, 25	61, 64

Source: DaCRISS Commune Survey, 2008.

2.10 Tables 2.3.2 to 2.3.4 show the status of migration and population change in the CFEZ. Social change is estimated from Table 2.3.2, subtracting (B) Number of emigrants to other provinces from (A) Number of immigrants from other provinces. The proportion of this change is reflected in Table 2.3.3, thus coming up with emigration/immigration numbers. Natural change is the result of this subtracted from the total number of migrants. Table 2.3.4 shows the movement of the migrants. It can be seen that the population moving to the SFEZ is growing rapidly in all provinces, whereas this is not the case for the movement to NFEZ. It is also noticeable that many dwellers in Danang migrate within the city.

2.4 Urbanization

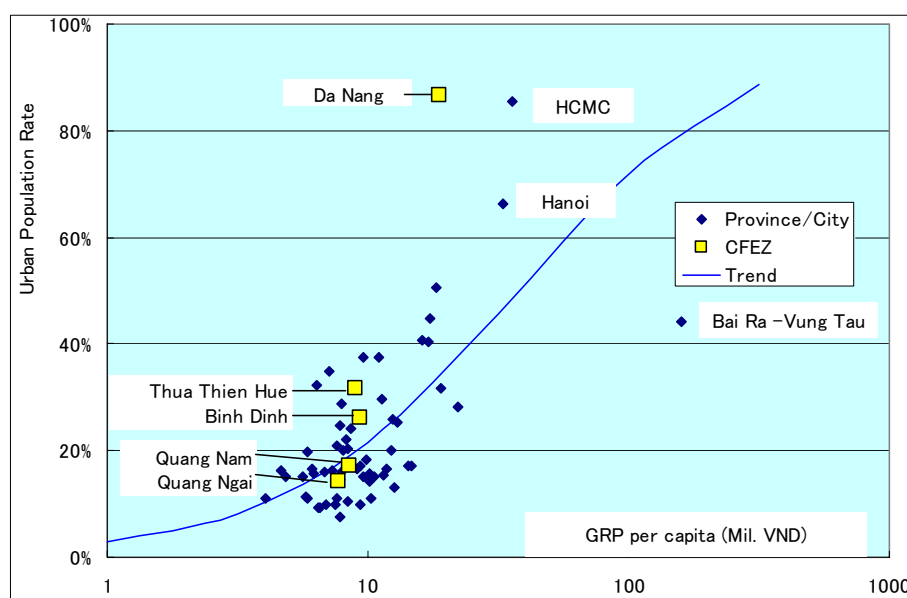
2.11 The domestic migration of working-age populations also causes a rural-to-urban shift, and the growth in per capita GRDP pushes the urbanization rate further up. As the population distribution shows a partiality for the coastal areas and bearing in mind the largely mountainous terrain of central Vietnam, urbanization progresses are limited to the coastal areas (see Figure 2.4.2). Based on the current trend, the urban population in CFEZ will more than double by 2025, i.e., 4.4 million from 1.9 million in 2007 (see Table 2.4.1).

Table 2.4.1 Estimated Future Urban Population in CFEZ

Item		2007	2025	2025—2007
Total (000)		6,325	9,869	1.56
Urban Population	000	1,937	4,415	2.28
	%	30.6	44.7	-

Note: Worked out by the DaCRISS Study Team.

Figure 2.4.1 Urban Population and Per-capita GRDP in CFEZ



Source: General Statistics Office.

2.12 Figure 2.4.1 shows the relationship between the urban population rate and per capita GRDP in the CFEZ. The urban population rate of Danang City is exceptionally high compared to cities of the same level of per capita GRDP, even higher than that of HCMC. This is due to the fact that most districts in Danang City are urban districts, with one rural district. Therefore, it must be noted that the economic status of Danang City is relatively low compared to its urban population rate. A significant gap is seen in both the urban population rate and the economic status between Danang City and the four neighboring provinces.

2.13 Figure 2.4.2 shows the Overall and Urban Population in CFEZ by district. Though the overall urban population rate for the 4 neighboring provinces ranges around 10–40% for the whole province as seen in Figure 2.4.1, Figure 2.4.2 shows that provincial centers, i.e. Hue City in Hue Province, Hoi An Town and Tam Ky Town in Quang Nam Province, Quang Ngai Town in Quang Ngai Province, Quy Nhon Town in Binh Dinh Province each has a high rate of urban population.

2.5 Economic Development

- (a) **GDP and Economic Sector Composition:** All provinces have seen nearly or over 10% increase in their annual GRDP growths; however the gap between Danang City and the other four provinces regarding per capita GRDP is large, with that of Danang City being almost twice as large as the others. This shows that the economic dominance of Danang City in this region allows it to become a population magnet, bringing about population inflow to the city from the region as a whole. While SEDPs in the region state a structural change of industry, i.e., shifting importance on the secondary and tertiary sectors, Danang City is the only province that already has this kind of industrial structure, while on the other hand the primary sector is still dominant in provinces such as Quang Ngai and Binh Dinh. (see Table 2.2.2)
- (b) **FDI:** Foreign direct investment (FDI) is currently on the rise in all provinces of the CFEZ, with Danang City leading the region by USD 1.7 million of total registered capital from 2000–2007. However, according to the Department of Planning and Investment in Danang City, the city is promoting clean investment, thus more apt to welcome light and high-tech industries rather than infrastructure-intensive heavy industries, this due to the city's environmental policy and also due to its limitation of available land for industrial zones as the area is already much occupied in the older IZs in the city. With the completion of the construction of the new oil refinery in Dung Quat IZ, Quang Ngai province has the potential to receive heavy industry foreign investment as well as other IZs such as Chu Lai IZ in Quang Nam province. (see Table 2.2.2)
- (c) **Tourism:** In the tourism sector, Thua Thien Hue and Quang Nam receives the most tourist arrival in the region, both domestic and foreign. Both provinces boast world heritage tourism sites, which calls in many tourists year round. On the other hand, though Danang City has an accessible international airport, the city lacks noticeable tourism sites, resulting in low tourist arrival and tourism receipt. However, though these are official figures from the government, the interpretation of them should be done with care, as tourist arrival and tourism receipt are normally very difficult to estimate due to its unambiguous definition and the tourists' liquidity itself. (see Table 2.2.2)
- (d) **Poverty:** Table 2.5.1 shows detailed information of the poverty situation in the CFEZ. While most people in the CFEZ are over the food poverty rate, the income of approximately one – fourth of the population is still below the income poverty rate, and this is especially seen in rural mountainous areas. These remote areas are often populated predominantly by ethnic minority groups and they have not seen the benefits of economic growth experienced elsewhere. The reasons for poverty in these areas is related to a number of factors including limited land for agriculture, lack of other income earning opportunities and remoteness from markets, frequent natural disasters, poor infrastructure and services, inability of ethnic groups to participate in the labor market more fully, low levels of education, relatively high population growth rates and degradation of the resource base, particularly through deforestation and unsustainable swidden farming practices.

Table 2.5.1 Poverty Situation in the CFEZ

	Thua Thien Hue	Danang City	Quang Nam	Quang Ngai	Binh Dinh	Total	
No of Households	246,000	175,572	350,764	293,165	355,581	1,421,082	
Per Capita GRDP (US\$)	530	1,102	499	443	546	581	
Average Household Income (VND000/mo)	1,568	2,380	1,645	2,056	1,724	1,875	
Overall Situation (%)	Income Poverty ¹⁾	14.7	3.2	32.8	31.9	20.0	24.4
	Food Poverty Rate ²⁾	1.6	0.0	0.7	4.2	0.0	1.5
	Literacy Rate	93.9	99.8	95.8	89.5	100.0	95.1
Poverty by Household Type (%)	Primary Sector	17.0	5.7	35.5	43.2	24.4	29.8
	Mixed	8.9	2.0	13.9	22.6	7.0	12.9
	Non-Agriculture	7.1	1.8	18.1	13.6	7.1	11.7

Source: Statistical Yearbook 2007, DaCRISS Commune Survey, 2008.

1) Based on DoLISA poverty definitions which use a poverty line of VND 260,000 per person per month in urban areas and VND 200,000 per person per month in rural areas. The poverty line currently under discussion in DoLISA is VND 450,000 per person per month in urban areas and VND 350,000 per person per month in rural areas.

2) Based on information from commune leaders referring to households that do not have enough food to meet the energy and nutrient needs of all of their members.

2.6 Public Services

(a) **Public Services:** In the health sector, the number of hospital beds per 1,000 people, an indicator for sufficiency in health services, is especially low in Binh Dinh which is at approximately 1.5. This is especially a problem for people residing in the mountainous areas in the region, who tend to have access to health and medical services. Education level is high in all provinces, with each province having a graduation rate of over 98% for primary education, 90% for secondary education, and 85% even for tertiary education. This is also reflected in the literacy rate of each province, all nearly or over 90% of the population, thus implying that education is a relatively low priority issue in the CFEZ. Table 2.5.1 shows the coverage of basic services in the CFEZ. Health care, education, and electricity are well provided in all provinces. Coverage of piped drinking water, telephone, and drainage for mountainous and rural areas are generally low.

Table 2.6.1 Coverage of Basic Services in the CFEZ

	Thua Thien Hue	Danang City	Quang Nam	Quang Ngai	Binh Dinh	CFEZ	
Primary Health Care	93.8	96.7	96.4	83.9	99.8	93.8	
Education	Primary	92.3	97.8	94.8	92.5	100.0	95.1
	Secondary	83.1	97.6	91.1	88.8	95.6	90.4
Piped Drinking Water	61.7	71.5	64.6	40.8	51.1	58.4	
Electricity	84.7	100.0	88.8	90.2	97.4	90.9	
Telephone	48.3	72.9	32.3	19.6	53.2	39.6	
Drainage	50.8	75.0	45.6	19.1	81.0	58.9	

Source: DaCRISS Commune Survey, 2008.

3 REVIEW OF EXISTING PLANS

3.1 Main Existing Plans for CFEZ

3.1 There are three official plans for CFEZ, namely the “Socio-Economic Development Plan for the Focal Economic Zone in the Central Region of Vietnam” (1995), the “Socio-Economic Development Master Plan for North and South Central Coastal Regions” (2006), and the Construction Plan for the Central Focal Economic Zone (2006). The first two SEDPs were prepared by the Ministry of Planning and Investment (MPI), while the Construction Plan was made by the Ministry of Construction (MOC). Brief descriptions of these plans are provided below and on succeeding pages.

Table 3.1.1 Existing Plans for CFEZ

Name	Planning Authority	Status	Remarks
1. Socio-Economic Development Plan for the Focal Economic Zone in the Central Region of Vietnam	MPI	Prepared in 1995. Updated.	Binh Dinh Province was not included in CFEZ at this time.
2. The Socio-Economic Development Master Plan for the North and South Central Coastal Regions and the Central Focal Economic Zone	MPI	Prepared in November 2006.	
3. Construction Plan for the Central Focal Economic Zone.	MOC	First Draft in September 2006.	

Source: DaCRISS Study Team.

3.2 Socio-Economic Development Plan for the Focal Economic Zone in the Central Region of Vietnam (1995)

3.2 The SEDP for CFEZ, which was prepared in 1995, aimed at a high economic growth through accelerated industrialization and urbanization (see Table 3.3.1). Estimated GRDP growth rates for the 1996–2000 and 2000–2010 periods were 13.5–14.5% and 14–15%, respectively, which are higher than the national averages. With these rates, it was expected that per capita GRDP would reach USD288–301 in 2000 and USD867–989 by 2010. However, the actual per capita GRDP were USD172 in 2000 and USD308 in 2007. Increases in both overall population and urban population were also overestimated in the SEDP for CFEZ.

3.3 The main reason for the failure to hit the targets is partly attributed to delays in the implementation of key development projects in the Chan May–Danang–Lien Chieu and Dung Quat areas, resulting in projects still being under construction and only a few in operation. Other causes are the economic slowdown due to the 1997 Asian financial crisis and the development of overreaching targets: five years is too short to achieve ambitious targets.

3.3 Socio-Economic Development Master Plan for the North and South Central Coastal Regions and the Central Focal Economic Zone (2006)

1) Revision of SEDP for CFEZ

3.4 Ten years after the first SEDP for CFEZ was prepared, the MPI revised it and renamed it as the “Socio-Economic Development Master Plan for the North and South Central Coastal Regions and the Central Focal Economic Zone” (June 2006). The new SEDP did not only include Binh Dinh Province in CFEZ, it also planned for the entire north and south central coastal regions (see Table 3.5.1).

2) Objective

3.5 The SEDP for the coastal regions and CFEZ has development objectives for the 2006–2010 and 2010–2020 periods, as follows:

(1) Development Objectives for 2006–2010¹

- (i) Increase the regional GDP by 8–9% in the 2001–2010 period and reduce the percentage of agricultural labor to 50% of the total labor;
- (ii) Accomplish the infrastructure system of economic zones (EZs) approved by the Prime Minister, including the Chan May–Lang Co EZ, Chu Lai EZ, Dung Quat EZ, and Nhon Hoi EZ, west-east corridor of the Greater Mekong Subregion, and border area of the Vietnam-Laos-Cambodia triangle;
- (iii) Implement important construction projects such as the Dung Quat refinery, Chu Lai Open EZ, Dung Quat EZ, and other industrial zones (IZs);
- (iv) Establish tourist zones and travel routes showcasing special products to compete in the domestic and international tourist markets ; and
- (v) Achieve the socio-economic and environmental targets within the 2006–2010 period approved by the Congress Party X.

(2) Development Objectives for 2010–2020

- (i) Achieve the average GRDP of the country;
- (ii) Develop the central region into an industrialized region for the country’s benefit; and
- (iii) Ensure that the environmental and social aspects support the achievement of the Millennium Development Goals.

3) Development Strategies

3.6 In order to achieve the above objectives, two scenarios were developed and studied. Scenario 2 was eventually chosen.

- (a) **Common Strategy:** To develop the central region by giving consideration to its maritime strength.
- (b) **Scenario 1:** The scenario shows a situation wherein the development of infrastructure is guaranteed with the mobilization of external and stronger internal sources of funds. Per capita GDP by 2020 was set at USD2,977.
- (c) **Scenario 2:** The scenario shows that a successful integration of CFEZ provinces facilitates the development of external sources, industry pushes the development of

¹ Target indicators are provided by MOP Decision 39 entitled “Socio-Economic Development and National Defense and Security of Central North and Central Coast up to 2010.”

the service sector, and internal sources have been strengthened more than before. The service sector is more prioritized than the Alternative 1. Per capita GDP by 2020 was set at USD3,205.

- (d) **Core Development Measures:** Based on an analysis of current and future potentials of the industrial sector, the development of industrial estates and economic zones is considered as the core of the SEDP.

4) Achievements of the SEDP

3.7 Some target indicators of the SEDP for major development aspects are compared with actual achievements, as follows (see Table 3.3.1);

- (i) Actual levels and growth rates are considerably low compared to the plan's targets;
- (ii) Actual population growth and urbanization levels are equally low; and
- (iii) Industrialization seemed to have been promoted through the development of industrial estates.

3.8 In summary, it can be said that CFEZ's development is still in its infancy and therefore requires much more appropriate and effective growth strategies.

Table 3.3.1 Target and Actual Indicators of the SEDP for CFEZ

Indicator	Target	Achievement
1. GRDP Growth Rate	<ul style="list-style-type: none"> • 13.5–14.5% (1996–2000) • 14–15% (2000–2010) 	<ul style="list-style-type: none"> • 11% (2000–2007)
2. GDP per capita at 1994-95 constant price	<ul style="list-style-type: none"> • USD288–301 (2000) • USD867–989 (2010) 	<ul style="list-style-type: none"> • USD172 (2000) • USD308 (2007)
3. GRDP Share of Industry	<ul style="list-style-type: none"> • 32–33% (2000) • 41% (2010) 	<ul style="list-style-type: none"> • 29% (2000) • 41% (2007)
4. Industrial Park Development	<ul style="list-style-type: none"> • Chan May–Danang–Lien Chieu • Dung Quat 	<ul style="list-style-type: none"> • Constructed or under construction
5. Development Budget	<ul style="list-style-type: none"> • 11–12% of GRDP (1996–2000) • 18–19% (2001–2020) 	<ul style="list-style-type: none"> • 50.5% (2006)¹
6. Export Turnover	<ul style="list-style-type: none"> • USD650–700 million (2000) • USD1150–1550 million (2010) 	<ul style="list-style-type: none"> • USD410 million (2000)² • USD1112 million (2007)
7. Total Population	<ul style="list-style-type: none"> • 4,695,000 (2000) • 5,733,000 (2010) 	<ul style="list-style-type: none"> • 4,356,500 (2000) • 4,729,500 (2007)
8. Urban Population	<ul style="list-style-type: none"> • 1,360,000 (2000) • 3,020,000 (2010) 	<ul style="list-style-type: none"> • 1,233,500 (2000) • 1,503,000 (2007)

Sources: SEDP for CFEZ, GSO

¹ Shown as reference to indicate achievement. Number equals the ratio of gross investment to area GRDP. Average of Thua Thien Hue, Danang City, and Quang Nam in 2006.

² 2003 data used for Thua Thien Hue Province.

5) Review of the SEDP by the Study Team

3.9 The SEDP for the coastal regions and CFEZ was also reviewed by the DaCRISS Study Team and below are the Team's comments.

- (a) **Objectives:** The objectives are not clear on the main purpose(s) of the plan. Development objectives should be associated with an overall development goal such as prosperity or poverty reduction. But in this SEDP, the objectives are more of tools to realize the development goals;
- (b) **Regional Division:** While the SEDP for CFEZ clearly refers only to CFEZ, the SEDP for the coastal regions and CFEZ does not delineate regional boundaries, thereby making it appear that CFEZ refers to the central region.

- (c) **Target Indicators:** The SEDP for the coastal regions and CFEZ offers several socio-economic indicators to illustrate the vision for the region by 2020. These indicators included population, GDP, and GDP share by sector under two scenarios. It may be too early to determine the accuracy of the forecast indicators. However, the GDP growth rates are set too high, i.e., the GDP (at current prices) would double every five years. Even at 1994 prices, the GDP was assumed to grow at 12–14% p.a. for the 2010–2020 period under Scenario 2. Considering the actual growth rate of the region from 2000 to 2007 which was almost 11% p.a., the GDP indicators are considered too high to be achieved.
- (d) **Sectoral Development Orientation:** The SEDP describes the development perspective for each economic sector; but, it does not state the resource allocation among the sectors. Industrial development, in particular, requires prioritized resource allocation of water or land. For example, the SEDP states that paddy fields should be reduced from 1.22 million hectares to 1.00 million hectares and their yields increased. However, it is not clear if such area is appropriate to meet the demand for land for urban expansion.
- (e) **Primary Sector (Agriculture, Forestry, and Fishery):** Although the growth rates of the primary sector are low, its share is dominant in Quang Nam and Binh Dinh provinces. The SEDP focuses on the production of sugarcane, cashew, cotton, and coffee; but, these prices have not been competitive in the international market. The forestry subsector is required to establish both natural conservation and forest industries. The SEDP aims to increase forest coverage from 45.1% (2005) to 55–60% (2020). Since the afforestation area is based on the “unused land,” its effectiveness is unclear.
- (f) **Secondary Sector (Industry and Construction):** The SEDP focuses on the manufacturing industry based on local resources such as cement, sugarcane, and fishery products. In addition, the petrochemical industry, as well as the small and medium industries, is given more focus. Such industrial development mostly depends on private sector investment in industrial or economic zones. And though the Plan provides for the construction of such zones, it does not analyze the investment climate in CFEZ.
- (g) **Tertiary Sector (Service):** The SEDP for the coastal regions and CFEZ depends on the development of the tertiary sector, particularly commerce and tourism. One of the tools for commercial development is the establishment of “border economic zones,” the effectiveness of which is still unclear. Moreover, the SEDP forecasts tourist arrivals to double by every 10 years, which is most likely possible based on current conditions. The growth rate of the service sector is set at around 14–15% p.a., which is considered as reasonable.
- (h) **Demography:** The SEDP describes the total population, working-age population, and employment by sector; but it does not refer to migration and urbanization. Consequently, the Plan assumes the current trend continues over the planning period. Considering the current demographic trend shown in Chapter 2, there might be a population decrease in the four provinces in CFEZ after 2015 due to migration.
- (i) **Infrastructure and Spatial Planning:** The SEDP’s development orientation merely involves setting growth rates. Descriptions of infrastructure projects and consideration of physical constraints, such as land use or water bodies, are deemed the task of

other plans such as the Construction Plan. It also does not clarify the appropriateness of the proposed large-scale development projects and their impact on the environment from the viewpoint of limited land availability in the central region and its development suitability.

- (j) **Implementation:** The Plan mainly mentions public sector role. However, the implementation measures described in Chapter 4 estimates a budget of VND1,152 trillion for CFEZ for the 2006–2020 period almost half of which is in the form of private investment and credit. Thus, the importance of the private sector in implementing the Plan cannot be underestimated.

3.4 Construction Plan for CFEZ

1) General

3.10 In September 2006, the National Institute of Urban and Rural Planning (NIURP) of the Ministry of Construction (MOC) prepared the “Plan for Construction of the Central Focal Economic Zone (The First Draft).” This document follows the economic indicators included in the SEDP for coastal regions and CFEZ and Decision No. 148/2004/QD-TTg dated 13 August 2004. The plan was approved in Decision No. 1085/2008/QD-TTg dated 12 August 2008 with some of its contents updated. The approved Construction Plan’s development orientation is briefly explained below.

2) Development Objectives

3.11 Development objectives of the Construction Plan are as follows:

- (i) Enhance the integration among provinces and cities in the region;
- (ii) Integrate transportation systems and modes;
- (iii) Develop the rural areas, enhance the rural–urban integration;
- (iv) Establish international commercial corridors connecting the central region with southern Laos, northeastern Thailand, and northern Cambodia;
- (v) Build CFEZ as a transit gateway and commercial/ service/ processing center for the Mekong region and the Asia Pacific;
- (vi) Speed up economic development by shifting the economic structure;
- (vii) Prevent drought in the dry season, floods in the rainy season, and saltwater intrusion of domestic water sources; and
- (viii) Create an attractive environment for investment capital (FDI and local capital).

3) Population Development and Urban Construction Land

3.12 The target total population is 7,115,000 by 2015 and 8,150,000 by 2025. The working-age population is 5,190,000 (73% of total population) by 2015 and 6,020,000 by 2025 (74% of total population). The Plan targets a total urban construction land at 45,000–50,000 ha (130–150 m²/capita) by 2015 and 60,000–65,000 ha (120–140 m²/capita) by 2025.

4) Spatial Structure

3.13 The spatial structure of CFEZ will be composed of the following (see Figure 3.4.1):

- (a) **North-South Transportation Corridors:** Comprising coastal corridors (NR1, railway, and coastal shipping), upland (HCM Highway), and six east-west transportation corridors (NH9, NH14B, NH24, NH19, Nui Thanh–Thanh My–Nam Giang, and Duc Pho–Kon Tum);
- (b) **Four Development Clusters:** Comprising (i) Hue–Tu Ha–Phu Bai–Thuan An–Binh Dien, (ii) Chan May–Danang–Dien Nam Dien Ngoc–Hoi An–Phuoc Loc, (iii) Nui Thanh–Doc Soi–Chau O–Van Tuong, and (iv) Quy Nhon City and neighboring areas; and
- (c) **Urban Development Poles:** Comprising Hue City (cultural and tourism center), Danang City (economic center), Nui Thanh–Van Tuong Town (science, technology,

and information center), and Quy Nhon City (general services center directly supporting the Central Highlands).

5) Transportation

3.14 The development of the transportation system covers the following:

(a) **Road Development:** Includes the following projects:

- (i) Improve NH1A to reach Class III by 2010;
- (ii) Develop two branches of the HCM Highway in the CFEZ-Middle Central section, namely the western branch (Class IV) from Pe Ke pass to Thach My with a length of 150km and the eastern branch (expressway) from Cam Lo–Son La–Tuy Loan with a length of 209km;
- (iii) Develop the north-south expressway with 4–6 lanes;
- (iv) Improve the security and defense corridors to achieve a road class of IV and V;
- (v) Connect the coastal routes to form a corridor geared toward a maritime-oriented economic development;
- (vi) Establish border inspection routes along the border line to guarantee national defense and security;
- (vii) Upgrade national highways to category III and IV to meet development demand by period;
- (viii) Upgrade district roads to category II and improve provincial highways to connect Dong Truong Son road and NH1; and
- (ix) Improve provincial highway system and construct new roads to communal centers.

(b) **Railway Development:** Includes the following projects:

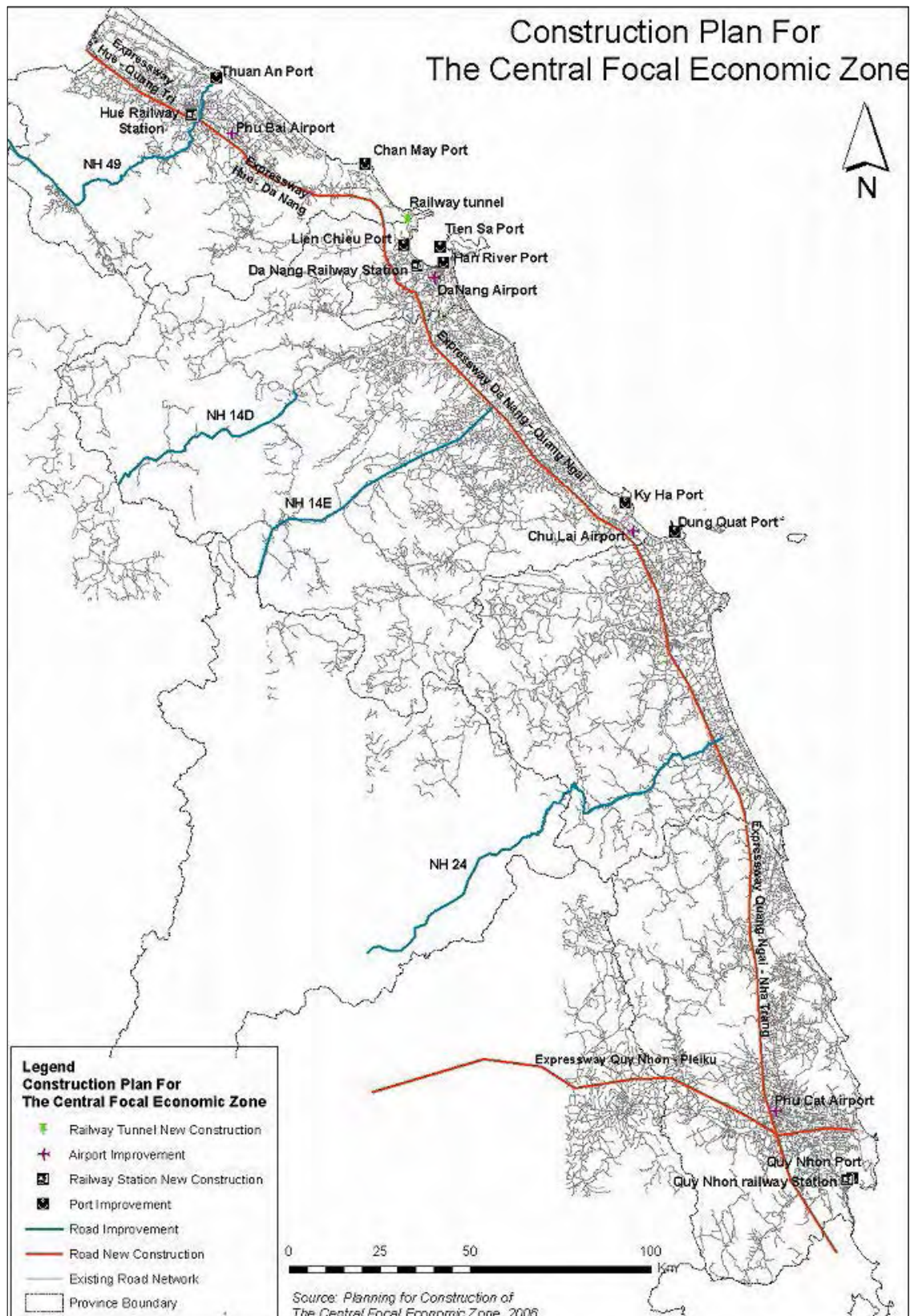
- (i) Complete the improvement of the N-S railway line according to technical standards;
- (ii) Construct the high-speed railway line; and
- (iii) Construct railway routes connecting to economic/ industrial zones and seaports.

Figure 3.4.1 Spatial Development Concept for CFEZ in the 2008 Construction Plan



Source: 2008 Construction Plan.

Figure 3.4.2 Location of CFEZ Projects Included in the 2008 Construction Plan



Source: 2008 Construction Plan.

(c) **Port Development:** Includes the following projects:

- (i) Establish port groups including: Chan May–Danang Port Group; Dung Quat–Ky Ha Port Group, and Quy Nhon–Nhon Hoi Port Group;
- (ii) Build a N-S sea route and one connecting to international corridors in order to shorten the distances between regional ports and national ports; and
- (iii) Upgrade some major inland waterway routes, including the Huong River, Tam Giang lagoon, Han River, Truong Giang River, and Thu Bon River, to Grade I to IV.

(d) **Airport Development:** Includes the following projects:

- (i) Construct four airport groups to include the international airports of Danang, Phu Bai, Chu Lai, and domestic airports such as Phu Cat.

6) Urban Infrastructure

(a) **Irrigation System Development:** Includes the following:

- (i) Develop urban land;
- (ii) Improve and upgrade reservoirs and dams for the Hoa My hydroelectric plant, such as Truoi (Thua Thien Hue); An Trach and Dong Nghe (Danang); Phu Ninh and Viet An (Quang Nam); Thach Nham and Nui Ngang (Quang Ngai); Nui Mot, Huoi Son, and Lai Giang (Binh Dinh);
- (iii) Upgrade and build water reservoirs to supply running water to rural/ urban residential and industrial areas, support aquaculture, decrease impact of natural calamities, and prevent flooding in the river delta;
- (iv) Build and upgrade medium and small irrigation systems in mountainous areas, remote districts, and along the coast to benefit small residential areas and farmland;
- (v) Build embankments to prevent erosion of riverbanks, mountainsides, and coastlines.

(b) **Water Supply System Development:** Includes the following to accommodate a forecast demand of 1,448,000 m³/day by 2015 and 2,397,000 m³/day by 2025:

- (i) Build medium and small irrigation systems in mountainous areas, remote districts, and along the coast to benefit small residential areas and farmland;
- (ii) Build oil reservoir for multiple purposes;
- (iii) Build breakwaters and irrigation lakes to prevent saltwater intrusion into running freshwater sources: Thao Long dam, Binh Dinh hydroelectric plant, Ta Trach Lake (Thua Thien Hue), Thach Nham irrigation system, seawater impoundments on Tra Bong–Binh Duong and Binh Phuoc rivers (Quang Ngai), and a breakwater on Lai Giang River (Binh Dinh);
- (iv) Protect underwater resources to prevent pollution, effectively use saltwater resources, and water resources combined with water supply and irrigation;
- (v) Protect freshwater from contamination due to mineral exploitation and forestry activities; and
- (vi) Continue to invest in water supply and drainage systems in urban areas.

(c) **Power Supply System Development:** Includes the following:

- (i) Develop a balanced national power supply development plan for the 2006–2015

period with a view toward 2025 (Electricity Plan No. VI was approved by Decision No 110/2007/QĐ-TTĐ on 18 July 2007);

- (ii) Develop a 220–500KW grid with electricity supply as indicated in Electricity Plan No. VI; and
 - (iii) Develop electricity supply for urban, mountainous, and island areas comprehensively.
- (d) **Wastewater Treatment System Development:** Includes the following:
- (i) Properly treat sewage from cities and towns before discharge;
 - (ii) For the initial period, sewage can be treated to meet standard B (TCVN 5942-1995) and discharged into rivers, lakes, or lagoons;
 - (iii) Provide a separate sewage system for redeveloped towns and new urban areas, while old urban areas should use a semi-separate sewage system. Industrial areas should use separate sewage systems and treat sewage to meet standard B (TCVN 5945-1995).
- (e) **Solid Waste Development:** Includes the following:
- (i) Develop hazardous-waste treatment zones in Danang, Dung Quat Industrial Estate, and Chu Lai Open Economic Zone;
 - (ii) Develop interprovincial solid waste disposal zones in Phu Loc District (Thua Thien Hue) and Binh Son (Quang Ngai); and
 - (iii) Develop regional and provincial solid waste disposal zones (at least one solid waste disposal zone per province).

3.5 Provincial Socio-economic Development Plans

1) General

3.15 The SEDP for all 5 provinces were carefully reviewed and summarized as follows. Most provinces have set several scenarios of anticipated economic growth with various growth rates, trends, and patterns. All provinces have set high targets for their growth, with a basic shift from the primary sector to the secondary and tertiary, meeting demands for basic urban infrastructure, and providing sufficient social services.

2) Summary of the 2008 SEDP for Danang City

3.16 The development objectives up to 2020 are summarized in Table 3.5.1.

Table 3.5.1 Development Objectives up to 2020 (Danang City)

Sector	Target Indicator
Economic	<ul style="list-style-type: none"> Maintain economic growth rate of 12–13% per year. By 2020, GDP of service, industry & construction, and agriculture will be 55.6% - 42.8% - 1.6%. By 2020, GDP of Danang will account for 2.8% of national GDP (currently it is 1.6%). Export turnover for 2011–2020 will grow by 19–20% per year.
Social	<ul style="list-style-type: none"> Maintain natural population growth rate at 1%; create jobs for new laborers. Further expand scale of education and training to help all secondary schools meet national standards; intensify privatization of healthcare sector. Focus on infrastructure development; improve quality of public services.
Environment	<ul style="list-style-type: none"> Develop Danang City as an “Environmental City” by 2020. Ensure 100% of urban and 90% of rural population will have access to clean water by 2015. Ensure 100% of industrial and domestic wastewater will be collected and treated properly.

Source: 2008 SEDP Danang City.

3.17 3 development scenarios are proposed in the plan, and Scenario 1, the medium economic growth scenario, was selected.

Table 3.5.2 Development Scenarios (Danang City)

Sector	Target Indicator
Scenario 1	<ul style="list-style-type: none"> Assumes a 12.8% average economic growth rate in the country in 2011–2020. Takes into account in-depth investments, foreign investment, and technology transfers.
Scenario 2	<ul style="list-style-type: none"> Assumes a 13.8% average economic growth rate in the country in 2011–2020. Takes into account positive effects of economic integration, with service sector as a leverage.
Scenario 3	<ul style="list-style-type: none"> Assumes a 10.8% average economic growth rate in the country in 2011–2020. Takes locally available resources (i.e., investment, human and natural resources, etc.) while taking into account external support.

Source: 2008 SEDP Danang City.

Table 3.5.3 GDP Growth by Scenario (Danang City)

Scenario		2010	2015	2020
1	GDP (VND bil., '94 prices)	10,952	19,820	36,360
	Per capita GDP (USD)	1,900	3,025	4,965
2	GDP (VND bil., '94 prices)	10,952	20,720	39,894
	Per capita GDP (USD)	1,900	3,167	5,482
3	GDP (VND bil., '94 prices)	10,952	18,084	30,472
	Per capita GDP (USD)	1,900	2,772	4,206

Scenario	GDP Growth Rate and Sector Composition				
		11–15	16–20	11–20	
1	GDP Total (%/yr, '94 prices)		12.6	13.0	12.8
	Sector (%)	Primary	5.3	4.4	4.9
		Secondary	12.2	12.3	12.2
		Tertiary	13.5	14.0	13.8
2	GDP Total (%/yr, '94 prices)		13.6	14.0	13.8
	Sector (%)	Primary	4.3	4.5	4.4
		Secondary	12.6	12.0	12.5
		Tertiary	15.2	15.9	15.6
3	GDP Total (%/yr, '94 prices)		10.6	11.0	10.8
	Sector (%)	Primary	4.3	4.5	4.4
		Secondary	8.4	9.0	8.7
		Tertiary	13.0	12.9	13.0

Source: 2008 SEDP Danang City.

3) Summary of the 2007 SEDP for Thua Thien Hue Province

3.18 The development objectives up to 2020 are summarized in Table 3.5.4.

Table 3.5.4 Development Objectives up to 2020 (Thua Thien Hue Province)

Sector	Target Indicator
Economic	<ul style="list-style-type: none"> GDP growth rate to hit over 15-16% in 2006–2010, more than 12–13% in the years beyond. GDP per capita (current price) to reach more than USD 1,000 by 2010 and USD 4,000 by 2020. Export turnover to reach USD300 million by 2010 and USD1 billion by 2020.
Social	<ul style="list-style-type: none"> Population growth rate to become lower than 1.2% per year in 2006–2010. Unemployment rate in urban area to become 5–6%. Creation of 14,000 jobs/year in 2006–2010 and 16,000–17,000 jobs in 2011–2020. Poor households to decrease to less than 10% of population by 2010 and less than 3% by 2020
Environment	<ul style="list-style-type: none"> Forest coverage to hit 55% by 2010 and more than 60% by 2020. Proper wastewater treatment in all urban areas, industrial parks, industrial clusters, and craft villages.

Source: 2007 SEDP Thua Thien Hue Province.

3.19 3 development scenarios are proposed in the plan, and Scenario 3, the high economic growth scenario, was selected.

Table 3.5.5 Development Scenarios (Thua Thien Hue Province)

Sector	Target Indicator
Scenario 1	<ul style="list-style-type: none"> Assumes medium economic growth (7.5 % p.a.) in the country in 2006–2010. Takes into account major projects, e.g., Chan May–Lang Co Industrial Zone, East-West Economic Corridor Project, whose strong impacts will show late in the period.
Scenario 2	<ul style="list-style-type: none"> Assumes a high economic growth (7.5–8.0 % p.a.) in the country in 2006–2020. Preferential policies and mechanisms for investments will be more than those under Scenario 1.
Scenario 3	<ul style="list-style-type: none"> Assumes a high economic growth (8.0–8.5 % p.a.) in the country in 2006–2010, 8.5% after 2010. Takes into account advantages and good conditions in the province to attract large investments.

Source: 2007 SEDP Thua Thien Hue Province.

Table 3.5.6 GDP Growth by Scenario (Thua Thien Hue Province)

Scenario		2005	2010	2015	2020
1	GDP (VND bil., '94 prices)	3,475.8	6692	12,060	21,254
	Per capita GDP (% to National)	62.8	82.7	111.2	135.9
2	GDP (VND bil., '94 prices)	3,475.8	6991	12,881	22,198
	Per capita GDP (% to National)	62.8	88.3	121.7	148.3
3	GDP (VND bil., '94 prices)	3,475.8	7,300	13,450	23,704
	Per capita GDP (% to National)	62.8	94.0	129.2	161.1

Scenario	Sector	GDP Growth Rate (% / yr)					
		96-00	01-05	06-10	11-15	16-20	
1	GDP Total	6.3	9.6	14.0	12.5	12.0	
	Sector	Primary	1.6	8.7	3.5	3.2	3.0
		Secondary	9.7	16.1	19.0	14.0	12.5
		Tertiary	7.1	10.2	13.0	13.0	12.8
2	GDP Total	6.3	9.6	15.0	13.0	11.5	
	Sector	Primary	1.6	8.7	3.5	3.2	3.0
		Secondary	9.7	16.1	19.0	14.5	13.0
		Tertiary	7.1	10.2	15.4	13.5	11.0
3	GDP Total	6.3	9.6	16.0	13.0	12.0	
	Sector	Primary	1.6	8.7	3.5	3.2	3.0
		Secondary	9.7	16.1	20.0	16.0	13.0
		Tertiary	7.1	10.2	16.7	11.8	12.0

Source: 2007 SEDP Thua Thien Hue Province.

4) Summary of the 2004 SEDP for Quang Nam Province

3.20 The development objectives up to 2015 are summarized in Table 3.5.7.

Table 3.5.7 Development Objectives up to 2015 (Quang Nam Province)

Sector	Target Indicator
Economic	<ul style="list-style-type: none"> GDP growth rate to reach 10% in 2001-2005, 12-12.7% in 2006-2010, and 13-13.5% in 2010-2015. GDP per capita (current price) to reach USD670-698 by 2010 and USD1,395-1,500 by 2015. Economic structure to reach the following by 2015: Industry, 39.9-41.3%; Agriculture, 16.2-17.4%; Service, 42.5-42.7% (2004-2005 shares: 32.1% , 35.6%, 32.3%).
Social	<ul style="list-style-type: none"> Conduct family planning to reduce population growth to 1.2-1.25% in 2006-2010 and 1.15-1.2% in 2011-2015. Promote job creation and vocational training to reduce unemployment and to raise the share of trained labor from 16% in 2003, 23% in 2005, and 35-40% by 2015. Improve health care services to control disease and epidemics and to reduce malnourishment rate below 20-25% in 2005 and below 15-20% by 2010. Reduce poverty from 15.5% to 10-12% by 2005 and 2.5-4% by 2015.
Environment	<ul style="list-style-type: none"> Preserve and protect to ensure sustainable development. Develop infrastructure for flood warning, control, and prevention. Secure clean environment by taking pollution preventive measures.

Source: 2004 SEDP Thua Thien Hue Province.

3.21 2 development scenarios are proposed in the plan, and Scenario 2, the scenario which takes into account impacts of external factors, was selected.

Table 3.5.8 Development Scenarios (Quang Nam Province)

Scenario	Target Indicator
1	<ul style="list-style-type: none"> High dependence on internal resources, limiting external investment. GRDP growth rate to become 10% p.a. in 2001–2005, 12% p.a. in 2006–2010, and 13% p.a. in 2011–2015.
2	<ul style="list-style-type: none"> Mobilization of internal resources, taking into account impacts of external factors. Promotion of smooth and open investment environment (establishment of growth centers in the south). GRDP growth rate to become 10% p.a. in 2001–2005, 12.7% p.a. in 2006–2010, and 12.5% p.a. in 2011–2015.

Source: 2004 SEDP Thua Thien Hue Province.

Table 3.5.9 GDP Growth by Scenario (Quang Nam Province)

Scenario		2003	2005	2010	2015
1	GDP (VND bil., '94 prices)	3,959.1	4,790.6	8,442.7	15,555
	Per capita GDP (USD)	265.5	344	670	1395
2	GDP (VND bil., '94 prices)	3,290	4,790.6	8,710	16,406
	Per capita GDP (USD)	265.5	350	698	1,500

Scenario	GDP Growth Rate (% / yr)					
	Sector	2003	2005	2010	2015	
1	GDP Total	10.36	10	12.0	13	
	Sector	Primary	n.a.	3.2	3.2	3.0
		Secondary	n.a.	17.2	17.1	16
		Tertiary	n.a.	10.3	13.4	14.2
2	GDP Total	10.36	10	12.7	13.5	
	Sector	Primary	n.a.	3.2	3.4	3.0
		Secondary	n.a.	17.1	17.8	17.5
		Tertiary	n.a.	10.3	14.4	13.8

Source: 2004 SEDP Thua Thien Hue Province.

5) Summary of the 2004 SEDP for Quang Ngai Province

3.22 The development objectives up to 2010 are summarized in Table 3.5.10.

Table 3.5.10 Development Objectives up to 2015 (Quang Ngai Province)

Sector	Target Indicators
Economic	<ul style="list-style-type: none"> GDP growth to reach 11% in 2001–2005, 17–18% in 2006–2010, and 14–14.4% in 2001–2010. GDP per capita (current price) to reach VND 5.18 million by 2005 and VND 13.1–13.8 million by 2010. Economic structure to reach the following: Industry, 47–50%; Agriculture, 17–18%; Service, 33–35% (currently at 30–31%, 34–35%, 34–35%).
Social	<ul style="list-style-type: none"> Population growth rate from 1.3% in 2001–2005 and 1.1% in 2006–2010. Creation of 28,000–30,000 jobs per year, accounting for 18–20% of trained labor. Reduction in poor and hungry households to less than 10% of population in 2005 and 5–6% by 2010.

Source: 2004 SEDP Quang Ngai Province.

3.23 2 development scenarios are proposed in the plan, and Scenario 2, the high economic growth scenario, was selected.

Table 3.5.11 Development Scenarios (Quang Ngai Province)

Scenario	Target Indicator
1	<ul style="list-style-type: none"> GDP growth rate to become 14% in 2001–2010. Total investment capital to reach VND 30,072 billion.
2	<ul style="list-style-type: none"> GDP growth rate to become 14.4% in 2001–2010. This target helps solve corresponding social targets. Total investment capital to reach VND 52,206 billion.

Source: 2004 SEDP Quang Ngai Province.

Table 3.5.12 GDP Growth by Scenario (Quang Ngai Province)

Scenario		01-05	06-10	01-10
1	GDP (VND bil)	n.a.	n.a.	n.a.
	Per capita GDP (% to National)	63	101.6	n.a.
2	GDP (VND bil)	n.a.	n.a.	n.a.
	Per capita GDP (% to National)	63	106.5	n.a.

Scenario	GDP Growth Rate and Sector Composition				
		01-05	06-10	01-10	
1	GDP Total (%/yr, '94 prices)	11	17	14	
	Sector (%)	Primary	34.8	18.2	n.a.
		Secondary	30.2	47.1	n.a.
		Tertiary	35.0	34.7	n.a.
2	GDP Total (%,'94 prices)	11	18	14.4	
	Sector (%)	Primary	34.8	17.3	n.a.
		Secondary	30.2	49.9	n.a.
		Tertiary	35.0	32.8	n.a.

Source: 2004 SEDP Quang Ngai Province.

6) Summary of the 2004 SEDP for Binh Dinh Province

3.24 The development objectives up to 2020 are summarized in Table 3.5.13.

Table 3.5.13 Development Objectives up to 2020 (Binh Dinh Province)

Sector	Target Indicators
Economic	<ul style="list-style-type: none"> GDP growth to reach 13% in 2006-2010, 15% in 2011-2015, and 16.5% in 2016-2020. GDP per capita to reach USD900 by 2010, USD2,200 by 2015, and USD4,000 by 2020. Economic structure for industry-agriculture-service to reach 40-22-38% by 2015 and 43-16-41% by 2020. Urbanization rate to increase to 35% by 2010, 45% by 2015, and 52% by 2020.
Social	<ul style="list-style-type: none"> Reduction in birth rate by 0.6 %/year in 2006-2010. Provision of education and vocational programs to reach the target share of trained workers at 80% of the work force by 2010. Reduction in poor households to under 10% by 2010 and zero by 2015.
Environment	<ul style="list-style-type: none"> By 2010, 95% of urban and 85% of rural population will have access to potable water. By 2015, 100% of the population will have access to clean domestic water and domestic waste collection services. Hazardous industrial and hospital wastes will also be collected and treated properly.

Source: 2004 SEDP Binh Dinh Province.

3.25 Only 1 scenario was mentioned in the plan, and the details are shown as follows.

Table 3.5.14 Development Scenarios (Binh Dinh Province)

Scenario	Target Indicator
1	<ul style="list-style-type: none"> Gradually improve the per capita GDP of Binh Dinh up to 2020 when the province is expected to be one of the leading provinces in the Central Coast Region, with a developed industrial sector (agriculture will account for less than 20% of GDP).

Source: 2004 SEDP Binh Dinh Province.

Table 3.5.15 GDP Growth by Scenario (Binh Dinh Province)

Scenario		2006-2010	2011-2015	2016-2020
1	GDP (VND bil.)	n.a.	n.a.	n.a.
	Per capita GDP (USD)	900	2,200	4,000

Scenario	GDP Growth Rate and Sector Composition				
		2006–2010	2011–2015	2016–2020	
1	GDP Total (%/yr)	13	15	16.5	
	Sector	Primary	5.6	5.2	3.9
		Secondary	21.8	22.2	21.9
		Tertiary	13.5	13.5	13.3

Source: 2004 SEDP Binh Dinh Province.

7) Review of the Provincial SEDPs

3.1 The socio-economic development plans for the four provinces in CFEZ were briefly reviewed² as follows:

- (i) The structure of each provincial SEDP is based on the traditional economic planning system. The first part states the objectives and the second part compares two economic alternatives. Finally, the last part describes the direction of each economic sector. As the provincial SEDP precedes other sectoral plans prepared by provincial departments, its target indicators are directly meant for departments;
- (ii) The plans' objectives and targets are confusing. Basically, an objective should be in the form of a narrative to show the future image of the province. Then, a target should be expressed in a quantitative form. The targets in the provincial SEDPs directly shows the goal indicators and the path to the goal is represented by different scenarios, of which there are basically two. Scenarios are based on different growth rates set for the industrial sector. Because the details of the scenarios were not disclosed and only the results were provided, it is impossible to verify the scenarios' suitability. The four provinces usually select the scenario which indicates a higher growth;
- (iii) Economic indicators should be revised based on recent economic trends in CFEZ. For example, in the case of Binh Dinh Province, the economic growth is set as shown in Table 3.5.16. This economic growth is heavily dependent on the industrial and construction sector. Specifically, the growth rate is set at more than 20% for 15 years, although the actual growth rate is 13%. The scenario presumes the complete success of the Nhon Hoi Economic Zone. At the same time, the Binh Dinh SEDP underestimates the growth of the service sector, even as it expects a rapid development in tourism. The recent economic growth in the province (see Table 3.5.16) shows that the GRDP of the service sector exceeds that of the secondary sector.

Table 3.5.16 Actual and Target Sectoral Shares in Binh Dinh Province

Sector	2000	2001	2002	2003	2004	2005	2010	2015	2020
	Actual						SEDP Target		
Agri., Forestry, & Fishery	47.6	46.5	46.5	45.5	43.4	41.3	27.6	22.0	16.0
Industry & Construction	19.7	20.1	19.7	20.9	22.7	23.8	37.4	40.0	43.0
Service	32.7	33.4	33.8	33.6	33.9	34.9	35.0	38.0	41.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Statistical Office and 2004 SEDP for Binh Dinh Province.

² The SEDP and Construction Plan for Danang City are reviewed in Part III of this Report

4 IDENTIFIED DEVELOPMENT OPPORTUNITIES

4.1 General

4.1 The following are the critical issues for consideration in the development of the CFEZ;

- (i) The CFEZ is handicapped compared to NFEZ and SFEZ in many ways;
- (ii) Widening gap among NFEZ, SFEZ, and CFEZ;
- (iii) CFEZ is the key to north – south integration; and
- (iv) Strengths (three World Heritage Sites, beaches and mountains) and potentials (marine, forestry, human resources) are not fully tapped.

4.2 Constraints and threats of the region include the following; (i) small population, (ii) lack of infrastructure, (iii) vulnerability to natural disasters, (iv) weak private sector, (v) weak connectivity with global markets and growth hubs, and (vi) impact of climate change. However on the contrary, it has strengths and opportunities such as; (i) diverse and rich natural and cultural environment, (ii) strategic location in Vietnam and GMS region, (iii) growing market for quality tourism, (iv) improving investment environment, and (v) strong policy commitment of the Government for CFEZ growth.

4.2 Accelerating Urbanization in Vietnam

4.3 Along with the acceleration of economic growth in Vietnam, urbanization rate, though still relatively low compared to other Asian countries, is also rising at a high pace (see Figure 4.2.1). The national policy in Vietnam to become an industrialized country is to create a focal economic zone in the northern, southern, and central regions with Hanoi City, Ho Chi Minh City, and Danang City as the central cities of each region, respectively.

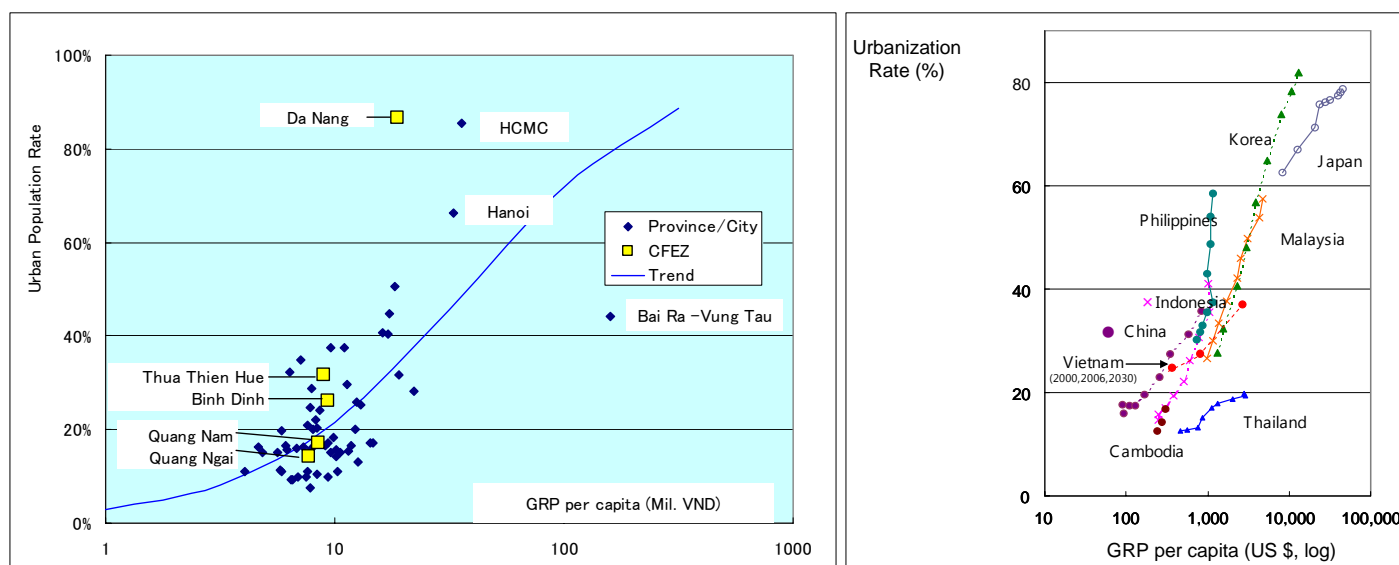
4.4 The domestic migration of working-age populations also causes a rural-to-urban shift, and the growth in per capita GRDP pushes the urbanization rate further up. As the population distribution shows a partiality for the coastal areas and bearing in mind the largely mountainous terrain of central Vietnam, urbanization is limited to the coastal areas. Based on the current trend, the urban population in CFEZ will more than double by 2025, i.e., 4.4 million from 1.9 million in 2007 (see Table 4.2.1).

Table 4.2.1 Estimated Future Urban Population in CFEZ

Population		2007	2025	2025–2007
Total (000)		6,325	9,869	1.56
Urban	000	1,937	4,415	2.28
	%	30.6	44.7	-

Note: Worked out by the DaCRISS Study Team.

Figure 4.2.1 Urbanization Trend in Vietnam and CFEZ



Note: Worked out by the Study Team based on UN and GSO figures.

4.5 As in many other countries around the world, urbanization parallels the growth of the economy. The same is true for CFEZ, whose urbanization rate is not so different compared with the national trend, i.e., urbanization rate in the region stands at 31%, while the country average is 27%. However, the urbanization rates of each province differ considerably. As for the GRDP per capita, CFEZ provinces except for Danang—whose figure is almost twice that of CFEZ total—have almost the same levels.

4.3 East–West Economic Corridor (EWEC)

4.6 It is apparent that the central area is geographically suited for the East-West Economic Corridor (EWEC), which is expected to drastically reduce transit time between Vietnam and Thailand. With the expectation that Thailand will grow to become the “export hub” in this region, Thai manufacturers are exerting efforts as early as now to develop new vendors and suppliers overseas. In addition, it is shifting its manufacturing function overseas due to increased costs of local labor. Vietnam is one of the candidate countries with most potential to fulfill this role. The East-West Economic Corridor connecting Thailand and Vietnam thus becomes important in this context.

4.7 Table 4.3.1 shows the advantages and disadvantages of potential major national roads in central Vietnam. The positive effect of the current situation is that traffic growth has been rapid, while the negative impacts include such issues as no consolidation services, no backhauls (Vietnam to Thailand), and that it is limited to Hanoi users.

Figure 4.3.1 Map of East-West Economic Corridor



Source: GMS North-South Economic Corridor, Flagship initiative.

Table 4.3.1 Potential Roads in Central Vietnam as East-West Corridor

	Advantage	Disadvantage
No. 9	<ul style="list-style-type: none"> • Good road • Facilitated transit procedure 	<ul style="list-style-type: none"> • Long transit time in Vietnam • Road No. 1 for northern users
No. 8	<ul style="list-style-type: none"> • Possible shortcut to Road No.1 	<ul style="list-style-type: none"> • Mountainous road section in Lao PDR • Non-facilitated transit procedures
No. 12	<ul style="list-style-type: none"> • Connected to Vung Ang Port • Few mountainous roads in Lao PDR 	<ul style="list-style-type: none"> • Poor road conditions • Non-facilitated transit procedures
Danang to Bo-y and Binh Dinh to Dac-ta ooc (Cambodia border) Road is narrow and underdeveloped and under planning stage		

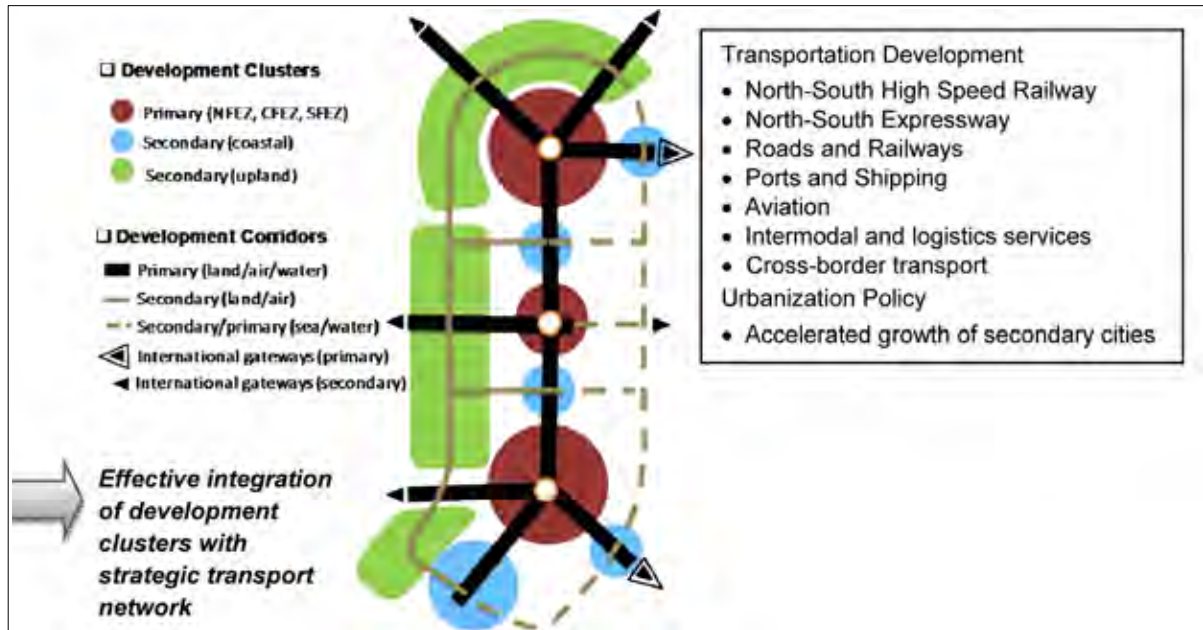
Source: Summarized by the DaCRISS Study Team.

4.8 More detailed issues of the EWEC include the following: (i) need for cargo transshipment (i.e., containers must be transferred between vehicles) at the border which is usually handled roughly; (ii) some road sections are deteriorated due to poor maintenance; and (iii) lack of adequate immediate action or communication in case of emergencies.

4.4 National Development Strategy

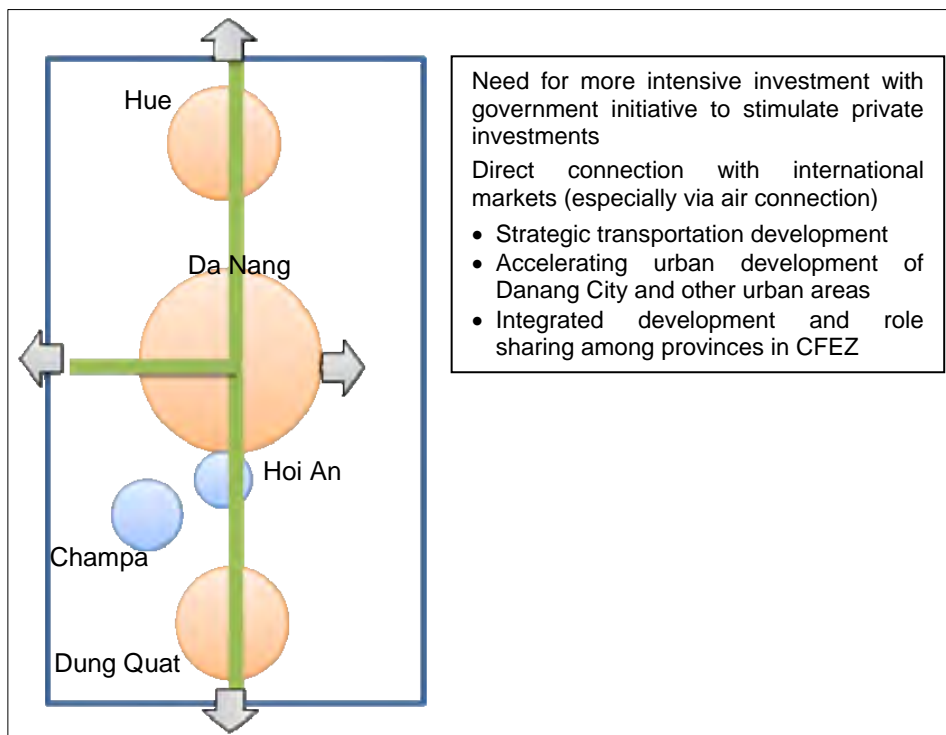
4.9 The integration of regional development strategies with national level policies / projects is essential. Figure 4.4.1 shows the concept for national transportation development and includes the North-South High-speed Railway from Hanoi City to Ho Chi Minh City. This will connect the three regions of the north, center, and south as well as all the cities in between. Therefore, the growth of secondary cities is expected to bode well for a more integrated growth of the country.

Figure 4.4.1 Development Concept for the Core National Transportation Network



Source: VITRANSS 2 .

Figure 4.4.2 Strategic Integrated Transportation and Regional Development Concept for CFEZ



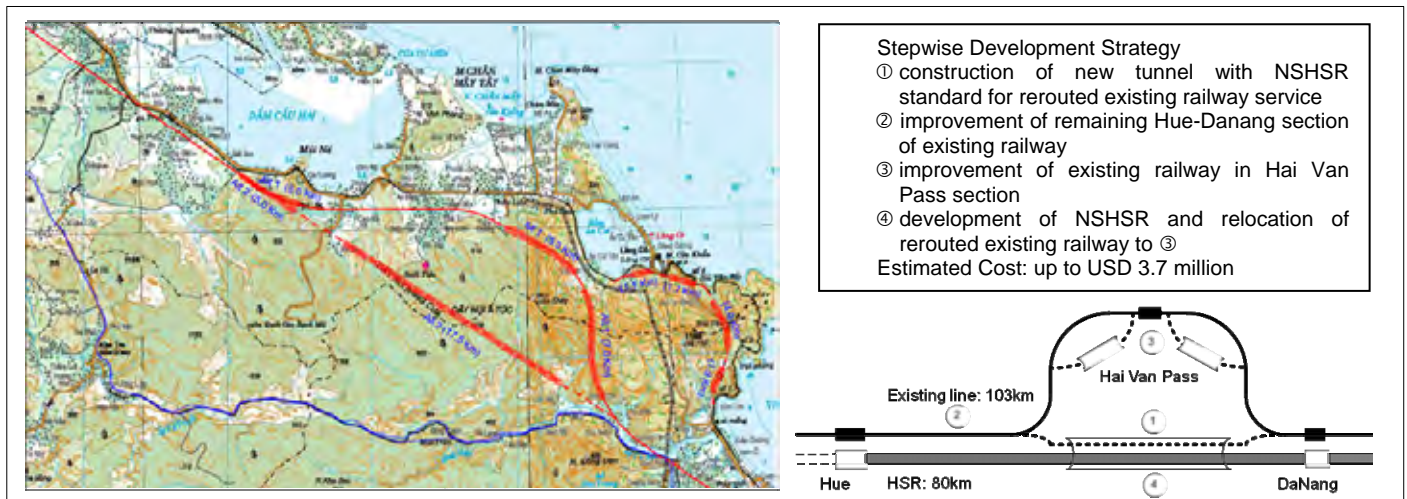
Source: DaCRISS Study Team.

Figure 4.4.3 Danang–Quang Ngai Expressway Project



Source: DaCRISS Study Team based on VITRANSS2.

Figure 4.4.4 Danang–Hue Railway Improvement Project



Source: DaCRISS Study Team based on VITRANSS2.

4.10 Figure 4.4.5 shows the main transport network in the region. In the CFEZ, there are many airports, ports, and roads which are mostly invested by the State sector (provinces and the Central Government). However, since resources are limited in comparison to demand, such large-scale investments should be carefully chosen with utmost regards to priorities. Since it may not be practical to rank them according to economic returns, a preliminary order of priorities can be derived by comparing the forecasted demand against planned capacities, and by judging the functions in which the project or facility has clear edge over others. From this standpoint, a proposal for the role sharing of transportation facilities (namely airport and port) was made in the context of national and regional plans.

Figure 4.4.5 Main Transportation Network in the Region



Source: Worked out by DaCRISS Study Team based on Planning for Construction of the Central Focal Economic Zone, 2006.

4.11 Overall, capacity is not a crucial issue for airport development in the region. There are concrete plans to upgrade the facilities of each airport, including the near future upgrading plan for Danang Airport, although forecasted demands are uncertain and below capacities. Required investments can therefore be minimized by splitting demands among the airports. Tourism demand shall be shared among Danang Airport and Phu Bai Airport. This will be consistent with the government's direction to orient Chu Lai Airport to absorb main cargo demand in the region. Phu Cat Airport shall continue to serve local air traffic demand, linking the CFEZ to the Central Highlands and southern provinces as well. Table 4.4.4 compares the advantages and disadvantages of each airport, and presents the future role proposed.

Table 4.4.1 Airport Dimensions in the Region

Airport	Passenger Terminal Building Area (sp. m)	Main Runway Length (m)	Main Runway Width (m)	Maximum Operating Aircraft
Phu Bai ²⁾ (T.T. Hue)	5,650	2,700 (2,800)	40 (45)	B737 / A320
Danang ³⁾ (Danang)	5,700 (additional 36,000)	3,058 (3,500)	45	A320
Chu Lai ⁴⁾ (Quang Nam)	2,700	3,658 (3,800 - 4,000)	45 (60)	ATR72 (B767 / A320)
Phu Cat (Binh Dinh)	3,135	3,048	46	ATR72

Source: Worked out by DaCRISS Study Team based on VITRANSS2.

1) Aviation Transport Development Master Plan up to 2020 and orientation to 2030, decision Nr. 21/QĐ-TTg dated 08.01.2009.

2) Numbers in parenthesis show changes after joint-venture project with Middle Airports Corporation (study by Changi Airport International) targeting 2020.

3) Numbers in parenthesis show changes after State project consisting i) new terminal building and ii) extension of runway to be completed in 2011.

4) Numbers in parenthesis show changes after State project targeting 2025.

Table 4.4.2 Projection of Goods and Passengers Volumes by Airport

Airport	Passenger (000 persons / year)			Goods (million tons / year)		
	2010	2020	2025	2010	2020	2025
Phu Bai (T.T. Hue)	613	1,500	2,351	5	15	26
Danang (Danang)	2,100	4,000	6,025	0.2	100	241
Chu Lai (Quang Nam)	500	1,000	2,055	0.2	1,000	1,416
Phu Cat (Binh Dinh)	65	140	206	-	-	-

Source: CFEZ Construction Plan.

Table 4.4.3 Airport Capacity in the Region

Airport	Passenger (000 / year) ¹⁾		
	2010	2020	2025
Phu Bai ²⁾ (T.T. Hue)	582	2,000	-
Danang ³⁾ (Danang)	1,000	5,000	5,000
Chu Lai ⁴⁾ (Quang Nam)	291	-	4,000
Phu Cat (Binh Dinh)	291	-	-

Source: Worked out by DaCRISS Study Team based on VITRANSS2.

1) Aviation Transport Development Master Plan up to 2020 and orientation to 2030, decision Nr. 21/QĐ-TTg dated 08.01.2009.

2) Numbers in parenthesis show changes after joint-venture project with Middle Airports Corporation (study by Changi Airport International) targeting 2020.

3) Numbers in parenthesis show changes after State project consisting i) new terminal building and ii) extension of runway to be completed in 2011.

4) Numbers in parenthesis show changes after State project targeting 2025.

Table 4.4.4 Proposed Role Sharing of Airports in the Region

Airports	Advantages	Disadvantages	Considerations	Proposed Role
Phu Bai (T.T. Hue)	<ul style="list-style-type: none"> • 4th international airport in Vietnam • Serves tourists bound for Hue 	<ul style="list-style-type: none"> • Unexpected changes in flight schedule due to bad weather 	<ul style="list-style-type: none"> • Passenger terminal building is obsolete 	<ul style="list-style-type: none"> • Local airport (supplemental role for regional tourism) • International airport for point to point service
Danang (Danang)	<ul style="list-style-type: none"> • Main international gateway airport in Vietnam along with Noi Bai and Tan Son Nhat • Serves tourists bound for Hue, Danang, and Hoi An • Adequate capacity for passenger transport up to 2025 or even 2030¹⁾ • Proximity to the city center 	<ul style="list-style-type: none"> • Remoteness to Hue • Limited area for further expansion • Lack of airspace clearance for large jet aircraft • Limited airspace because of hills and tall buildings 	<ul style="list-style-type: none"> • Urban development and height restrictions in the vicinity of the airport • Aircraft noise will be an issue in the future 	<ul style="list-style-type: none"> • Gateway airport of region (mainly passenger transport) • Regional hub airport for domestic routes
Chu Lai (Quang Nam)	<ul style="list-style-type: none"> • Cargo demand for Chu Lai and Dung Quat IZs • Initial capacity for cargo of 1.5 million tons / year, 5 million tons / year in 2015 (committed project) • Area for future expansion is available 	<ul style="list-style-type: none"> • Uncertainty in future passenger demand (projected hinterland overlaps that of the other 2 airports – 90km from Danang and 150km from Phu Bai) 	<ul style="list-style-type: none"> • Presence of transcontinental flights of cargo • Willingness of a global air cargo carrier 	<ul style="list-style-type: none"> • National hub airport for cargo transit, but of doubtful viability due to inadequate internal market
Phu Cat (Binh Dinh)	<ul style="list-style-type: none"> • Serves tourists bound for Quy Nhon • Cargo demand for Nhon Hoi IZ 	<ul style="list-style-type: none"> • Small market and demand for both passenger and cargo • Lack of tourism destinations • Small aircrafts only 	<ul style="list-style-type: none"> • Domestic flights only 	<ul style="list-style-type: none"> • Local airport

Source: Worked out by DaCRISS Study Team.

1) VITRANSS2 forecast.

4.12 There are 5 main ports in the region, namely Chan May Port (Thua Thien Hue), Danang Port (Danang), Ky Ha Port (Quang Nam), Dung Quat Port (Quang Ngai), and Quy Nhon Port (Binh Dinh). According to the CFEZ Construction Plan, basically ports will be developed to meet its capacity by 2025. While this is not incorrect, there is danger of over-investment when a single port is developed without consideration of other ports in the region. Chan May Port will receive more demand than its capacity, but as it is stated in the CFEZ Construction Plan that Lien Chieu Port will be developed according to the situation of other neighboring ports (Chan May and Tien Sa Ports), Lien Chieu Port can presumably absorb any excess demand. Dung Quat Seaport may lack capacity around 2020, however further development will balance this in 2025. Thuan An Port (local port) will support Chan May Port, and Sa Ky Port (local port) will support Dung Quat Port alike. However demand presented in the CFEZ Construction Plan is rather optimistic, and it is unlikely that capacity will become an issue in the future. Passenger ports shall be developed in Chan May and Tien Sa Ports, where tourism demand is high but often averted to using ports. Table 4.4.8 shows adequate roles for each port in the region.

Table 4.4.5 Port Dimensions in the Region

Port	Berth no. / length (berth / m)			Maximum Ship Size (DWT)			Main Industry / Handled Goods ¹⁾
	2010	2020	2025	2010	2020	2025	
Chan May (T. T. Hue)	1-3 / 300-720	6 / 1,350	7 / 1,800	30,000	50,000	50,000 - 70,000	<ul style="list-style-type: none"> • General goods serving for Chan May IZ • Goods transited to Lao • Ship building and repairing industry • International / Local tourists
Danang (Danang)							
Tien Sa	4 / 880	6 / 880	8 / 1,000	35,000	35,000	40,000	<ul style="list-style-type: none"> • General goods and containers serving for Danang City and Central Highlands • Goods transited to Lao and Northeast Thailand • Modern passenger station
Lien Chieu ²⁾	3 / 570	10 / 1,080	10 / 2,000	30,000	50,000	50,000	<ul style="list-style-type: none"> • General goods serving for IZs in the area • To take over Tien Sa's role as a gateway port
Ky Ha (Quang Nam)	2-3 / 333-533	5/939	6/1,200	10,000 - 20,000	20,000	20,000 - 30,000	<ul style="list-style-type: none"> • General terminal: general goods serving for region • Exclusive terminal: general goods serving for Chu Lai and Nui Thanh IZs
Dung Quat (Quang Ngai)							
General Zone	2-4 / 580-1,000	5 / 1,250	6 / 1,500	30,000	30,000	40,000	<ul style="list-style-type: none"> • General container port for Dung Quat IZ • Exclusive terminal used for heavy industrial establishments • Ship repairing industry (up to 30,000 DWT)
Oil Zone	-	-	-	110,000	110,000	120,000	<ul style="list-style-type: none"> • Crude oil, coal for large scale steel laminating complex
Gas Oil Zone	-	-	-	30,000	30,000	40,000	
Petroleum Zone	1 / 120	-	-	10,000	10,000	20,000	
Quy Nhon (Binh Dinh)							
Quy Nhon	6 / 866	6 / 866	8 / 1,200	30,000	30,000	35,000	<ul style="list-style-type: none"> • General container port • Goods transited to northern provinces in the Southern Central Region, Central Highlands, and border economic zones of Lao and Cambodia
Nhon Hoi	2 / 480	3 / 2,000	4 / 2,500	30,000	> 30,000	> 40,000	<ul style="list-style-type: none"> • General goods serving for Nhon Hoi IZ • Goods transited to northern provinces in the Southern Central Region, Central Highlands, and border economic zones of Lao and Cambodia
Thuan An (T. T. Hue)	3 / 252	3 / 252	4 / 300	2,000	2,000	3,000	<ul style="list-style-type: none"> • Supporting port for Chan May Port
Sa Ky (Quang Ngai)	2 / 120	2 / 120	3 / 150	2,000	2,000	3,000	<ul style="list-style-type: none"> • Supporting port for Dung Quat Port

Source: Worked out by DaCRISS Study Team based on VITRANSS2.

1) Vietnam Seaports Development Plan up to 2020 with the vision to 2030, statement Nr. 5213/TTr-BGTVT dated 30.07.2009.

2) Numbers in parenthesis show changes after step-wise development to be the main terminal of Danang International Gateway Port targeting 2015.

Table 4.4.6 Projection of Cargo Volume Handled at Seaport

Port	Volume (million tons)		
	2010	2020	2025
Chan May (T. T. Hue)	1.0 – 2.3	8.1	8.1
Danang (Danang)			
Tien Sa	3.3 – 5.2	5.2	8.0
Lien Chieu ²⁾	1.9	4.4	6.8
Ky Ha (Quang Nam)	1.2	3.2	4.1
Dung Quat (Quang Ngai)			
General Zone	0.9 – 3.0	9.0	13.3
Oil Zone	-	25.2	37.4
Gas Oil Zone	6.5 – 13.0	13.0	19.3
Petroleum Zone	6.1 – 12.2	12.2	18.1
Quy Nhon (Binh Dinh)			
Quy Nhon	2.5	2.5	4.3
Nhon Hoi	2.0	12.5	21.7
Thuan An (T. T. Hue)	0.2	0.2	0.3
Sa Ky (Quang Ngai)	0.2	0.2	0.3

Source: CFEZ Construction Plan.

Table 4.4.7 Port Capacity in the Region

Port	Capacity (million tons)		
	2010	2020	2025
Chan May (T. T. Hue)	1.0 – 2.3	6.0	7.4
Danang (Danang)			
Tien Sa	3.3 – 5.2	5.2	8.0
Lien Chieu ²⁾	1.9	6.3 – 6.7	6.8
Ky Ha (Quang Nam)	1.9	3.1	4.1
Dung Quat (Quang Ngai)			
General Zone	0.9 – 3.0	3.7	13.3
Oil Zone	6.5	6.5 – 13.0	37.4
Gas Oil Zone	6.1	6.1 – 12.2	19.3
Petroleum Zone	0.5	-	18.1
Quy Nhon (Binh Dinh)			
Quy Nhon	2.0 – 2.2	2.5	4.3
Nhon Hoi	1.3 – 2.0	12.5	21.7
Thuan An (T. T. Hue)	0.2	0.2	0.3
Sa Ky (Quang Ngai)	0.2	0.2	0.3

Source: CFEZ Construction Plan.

Table 4.4.8 Proposed Role Sharing of Ports in the Region

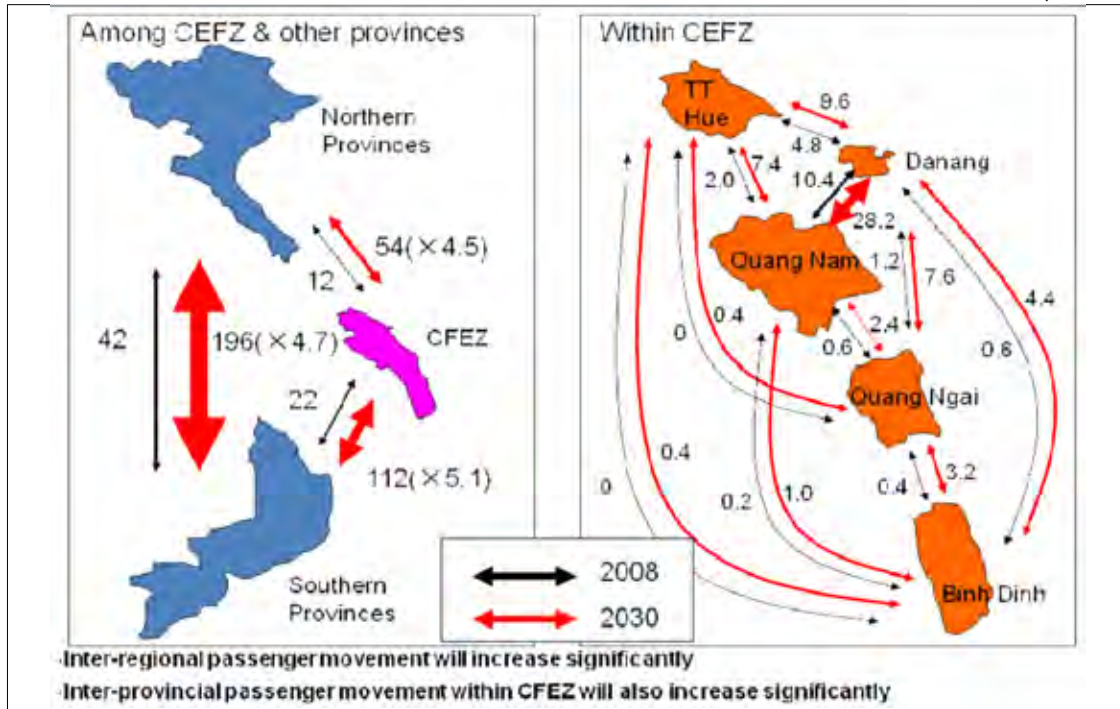
Ports	National Gateway Port	Regional Port	Passenger Port	Supporting Port
Chan May		○	○	
Tien Sa		○	○	
Lien Chieu	○			
Ky Ha		○		
Dung Quat	○			
Quy Nhon	○			
Nhon Hoi		○		
Thuan An				○
Sa Ky				○

Source: Worked out by DaCRISS Study Team.

4.13 Figure 4.4.6 compares interprovincial passenger transportation demand among CFEZ and other provinces, and within CFEZ. This indicates that more movement from CFEZ to southern provinces is expected than that to northern provinces. When focusing to movements within the CFEZ, absolute amount is large for Danang – Quang Nam, but the increase rate for Danang – Quang Ngai is very large.

Figure 4.4.6 Interprovincial Passenger Transportation Demand, 2008 and 2030

(Unit: 000)



Source: DaCRISS Study Team based on VITRANSS2.

4.5 Identified Development Opportunities by Province Based on Commune Survey Results

4.14 The development opportunities in CFEZ and its provinces were identified in the commune survey that was conducted in DaCRISS (see tables 4.5.1 to 4.5.6).

- (i) **CFEZ:** Almost 1 in 3 respondents from Thua Thien Hue, Quang Nam, Quang Ngai, and Binh Dinh provinces agree that CFEZ has development potentials for forestry products. This is a reasonable answer, as 48% of land in CFEZ is covered by forests. Danang City centers its potentials on urban services, while that of Quang Nam is on agriculture.

Table 4.5.1 Identified Development Opportunities in CFEZ based on Commune Survey

Province		Danang City	TT Hue	Quang Nam	Quang Ngai	Binh Dinh	CFEZ
Agricultural Products	Crops	13	16	36	10	1	18
	Livestock	9	7	28	13	22	18
	Aquacultural	13	28	9	16	15	16
	Forestry	11	28	43	37	36	35
Processing Agricultural, Aquacultural, and Forestry Products		13	17	8	28	15	16
Mining and Other Extractive Industry		4	13	4	15	0	7
Household Craft Industry		16	11	15	14	20	15
Tourism	Mass	9	16	6	2	1	6
	Eco	23	28	13	3	35	19
Manufacturing Industries		7	3	5	13	2	6
Construction		4	3	3	16	13	8
Shops / Commercial		38	34	13	28	25	25
Other Services		25	26	8	4	25	15
Other Industrial		23	1	3	2	0	3

Source: DaCRISS Commune Survey, 2008.

¹% who answered "High potential" or "Very high potential."

- (ii) **Danang City:** Respondents from Lien Chieu district were relatively positive about the potentials for development in Danang City. Many respondents agreed that Danang City is suitable for ecotourism, as it has many beautiful beaches and mountains. The people felt that there are opportunities in shops/commerce and services as well.

Table 4.5.2 Identified Development Opportunities in Danang City based on Commune Survey

District		Lien Chieu	Thanh Khe	Hai Chau	Son Tra	Ngu Hanh Son	Cam Le	Hoa Vang	DN City
Agricultural Products	Crops	0	0	0	0	50	17	36	13
	Livestock	0	0	0	0	25	0	36	9
	Aquacultural	40	0	0	14	0	0	36	13
	Forestry	20	0	0	0	0	0	45	11
Processing Agricultural, Aquacultural, and Forestry Products		40	0	8	29	0	0	18	13
Mining and Other Extractive Industry		20	0	0	0	0	0	9	4
Household Craft Industry		20	0	8	71	25	0	9	16
Tourism	Mass	20	0	0	14	50	0	9	9
	Eco	20	0	8	43	50	33	36	23
Manufacturing Industries		20	0	8	0	0	17	9	7
Construction		0	10	0	0	0	0	9	4
Shops / Commercial		20	50	46	43	50	33	18	38
Other Services		0	20	23	29	50	50	18	25
Other Industrial		60	40	31	0	50	0	0	23

Source: DaCRISS Commune Survey, 2008.

¹% who answered "High potential" or "Very high potential."

- (iii) **Thua Thien Hue:** It is clear that tourism is one of the main sectors for development in Thua Thien Hue. Mass tourism is suitable for Hue City especially as the city has one of the five World Heritage Sites in Vietnam. Respondents considered sectors related to tourism, such as shops/commercial enterprises and services, as having development potential

Table 4.5.3 Identified Development Opportunities in Thua Thien Hue based on Commune Survey

Region		Hue City	Coastal	Inland	TT Hue
Agricultural Products	Crops	7	30	30	16
	Livestock	0	8	8	7
	Aquacultural	7	10	10	28
	Forestry	7	43	43	28
Processing Agricultural, Aquacultural, and Forestry Products		0	12	12	17
Mining and Other Extractive Industry		4	16	16	13
Household Craft Industry		7	7	7	11
Tourism	Mass	22	7	7	16
	Eco	33	26	26	28
Manufacturing Industries		0	1	1	3
Construction		4	2	2	3
Shops / Commercial		41	35	35	34
Other Services		30	26	26	26
Other Industrial		0	0	0	1

Source: DaCRISS Commune Survey, 2008.

¹ % who answered "High potential" or "Very high potential"

² Coastal: Quang Dien, Phu Vang, Phu Loc.

³ Inland: Phong Dien, Huong Thuy, Huong Tra, A Luoi, Nam Dong.

- (iv) **Quang Nam:** Many respondents in Quang Nam assessed that the province has high potentials in agricultural products. Rates were high for household craft industries, tourism (both mass and eco), shops/commercial enterprises, and services in the World Heritage Site of Hoi An, since it attracts many tourists from all over the world.

Table 4.5.4 Identified Development Opportunities in Quang Nam based on Commune Survey

Region		Tam Ky	Hoi An	Coastal	Northern Inland	Southern Inland	Quang Nam
Agricultural Products	Crops	0	0	32	51	37	36
	Livestock	0	8	34	42	18	28
	Aquacultural	0	8	24	6	0	9
	Forestry	0	0	10	58	76	43
Processing Agricultural, Aquacultural, and Forestry Products		0	8	9	6	8	8
Mining and Other Extractive Industry		0	0	7	2	5	4
Household Craft Industry		0	69	24	10	2	15
Tourism	Mass	0	38	10	1	2	6
	Eco	0	77	23	6	5	13
Manufacturing Industries		0	8	14	4	0	5
Construction		0	0	8	1	0	3
Shops / Commercial		0	69	12	11	10	13
Other Services		23	46	10	3	2	8
Other Industrial		0	0	8	0	1	3

Source: DaCRISS Commune Survey, 2008.

¹ % who answered "High potential" or "Very high potential."

² Coastal: Dien Ban, Thang Binh, Nui Thanh.

³ Northern Inland: Tay Giang, Dong Giang, Dai Loc, Duy Xuyen, Que Son, Nam Giang, Nam Son.

⁴ Southern Inland: Phuoc Son, Hiep Duc, Tien Phuoc, Bac Tra My, Nam Tra My, Phu Ninh.

- (v) **Quang Ngai:** Almost all respondents in Quang Ngai City agreed that it has high potentials for agricultural product processing, mining and other extractive industries, household craft industries, manufacturing, and construction. More people felt the province has potentials for the industrial sector in comparison with other provinces.

Table 4.5.5 Identified Development Opportunities in Quang Ngai based on Commune Survey

Region		Quang Ngai	Sub Urban	Coastal	Inland	Quang Ngai
Agricultural Products	Crops	0	20	6	6	10
	Livestock	0	17	2	28	13
	Aquacultural	0	12	51	0	16
	Forestry	0	6	4	98	37
Processing Agricultural, Aquacultural, and Forestry Products		80	28	54	8	28
Mining and Other Extractive Industry		70	16	11	8	15
Household Craft Industry		70	13	16	3	14
Tourism	Mass	0	0	4	2	2
	Eco	0	0	1	13	3
Manufacturing Industries		70	21	7	2	13
Construction		80	18	9	12	16
Shops / Commercial		50	40	29	21	28
Other Services		0	5	5	0	4
Other Industrial		0	3	2	0	2

Source: DaCRISS Commune Survey, 2008.

¹ % who answered "High potential" or "Very high potential"

² Suburban: Son Tinh, Tu Nghia, Nghia Hanh.

³ Coastal: Binh Son, Mo Duc, Duc Pho, Ly Son.

⁴ Inland: Tra Bong, Tay Tra, Son Ha, Son Tay, Minh Long, Ba To.

- (vi) **Binh Dinh:** Respondents, especially those in inland areas, felt that the province has high development opportunities for forestry as well as ecotourism. It is noticeable that urban services such as shops/commercial enterprises and services in general are also favored by residents in Quy Nhon City.

Table 4.5.6 Identified Development Opportunities in Binh Dinh based on Commune Survey

Region		Quy Nhon	Sub Urban	Coastal	Inland	Binh Dinh
Agricultural Products	Crops	0	4	0	1	1
	Livestock	0	8	8	49	22
	Aquacultural	43	0	27	0	15
	Forestry	5	4	19	85	36
Processing Agricultural, Aquacultural, and Forestry Products		71	23	4	0	15
Mining and Other Extractive Industry		0	0	0	0	0
Household Craft Industry		76	40	8	0	20
Tourism	Mass	0	0	0	1	1
	Eco	71	10	26	46	35
Manufacturing Industries		14	0	0	0	2
Construction		81	10	0	0	13
Shops / Commercial		95	40	11	3	25
Other Services		95	40	11	3	25
Other Industrial		0	0	0	0	0

Source: DaCRISS Commune Survey, 2008.

¹ % who answered "High potential" or "Very high potential".

² Suburban: Huyen An Nhon, Huyen Tuy Phuoc.

³ Coastal: Huyen Phu My, Huyen Phu Cat, Huyen Hoai Nhon.

⁴ Inland: Huyen Vinh Thanh, Huyen Tay Son, Huyen Van Canh, Huyen An Lao, Huyen Hoai An.

4.6 Summary of Strengths and Opportunities for Growth of CFEZ

4.15 CFEZ has unique strengths and exceptional opportunities that can help it achieve its development goals. These are briefly as follows:

- (vii) **Rich Cultural and Natural Resources:** The central region is known as the place where three of the five World Heritage Sites in Vietnam are located. In addition, CFEZ is also endowed with a long shoreline with white sand and mountainous areas with precious ecosystems. The location of high-quality natural resources and remarkably fascinating cultural tradition within a relatively compact area (i.e., within a 50–100 km range) makes CFEZ a potentially strong tourism destination not only in Vietnam but also in Asia and the rest of the world. At present, such promise remains latent;
- (viii) **Gateway of East-West Corridor:** The development of the Greater Mekong Subregion is currently being given importance. To this end a number of strategic projects are ongoing, one of which is the east west corridor development. This corridor is expected to change the regional structure by connecting Vietnam, Laos, Thailand, and Myanmar via road. CFEZ is expected to function as a gateway at the eastern end of the corridor. Although the current activities along the corridor are insignificant, there are initial movements of tourists and logistics services to/from Thailand.
- (ix) **Strategic Location in Vietnam:** At present, Vietnam's growth is mainly driven by NFEZ and SFEZ which are separated by almost 1,700 km of road. It has been a Government priority policy to integrate these two socio-economic hubs to ensure further sustainable growth and development of the country. CFEZ is located in the middle of the north–south corridor and a north–south integration will neither be realized nor be able to generate the expected benefits without the growth of CFEZ itself. CFEZ can provide a catalytic role to strengthen north-south integration.
- (x) **Government Commitment to Accelerate Growth and Development of CFEZ:** At present, significant amounts of investment are made by the Government to develop heavy and chemical industries in Dung Quat. This effort is associated with the provision of high-standard infrastructure and industrial estates to encourage private sector investments, including FDI, which can attract further investments in related and diversified industries and services, if adequate investment environment is provided.
- (xi) **Relatively Low Cost of Labor, Suppliers, and Services:** CFEZ has a surplus human resource pool that moves to SFEZ and NFEZ for employment. CFEZ offers higher education at a relatively good standard which makes it another strong point in attracting new investments. The University of Danang and other institutions for higher education and vocational training located throughout the CFEZ also contribute to human resource development for the region and the country.

5 REDEFINED VISION, GOALS, AND STRATEGIES

5.1 Proposed Vision and Basic Strategies

5.1 CFEZ can and must play a significantly different role from that of NFEZ and SFEZ where the ill effects on socio-economy and environment are coming to fore due to the mismanagement of rapid investments. Hanoi and HCMC have been suffering from worsening traffic congestion, air pollution, traffic accidents, lack of affordable housing, solid waste management, vanishing greeneries, increasing crimes, widening inequality between the poor and the rich, among others. Although both NFEZ and SFEZ are expected to further grow economically, their future sustainability will be uncertain if the current trend continues.

5.2 Key elements for the future growth of CFEZ can include the following:

- (a) **Development of Tourism and Service Industries through Maximum Utilization of Cultural and Natural Environment Targeting Global and Domestic Markets:** Developing the MICE (Meeting, Incentives, Conference and Exhibition) market is also possible.
- (b) **Development and Location of Environment Business:** Vietnam is also required to respond to international agreements on protecting the global environment as well as to eradicate various pollution sources and enhance the living environment. For this, the development of environment businesses and research and development (R&D) on the environment will soon be needed. CFEZ can provide sites for these activities using existing industrial zones.
- (c) **Provision of Opportunities for New Types of Industries:** Rich cultural and natural resources and the provision of high-quality infrastructure and conducive investment environment can attract new services which are becoming popular across Asia. These services are in health care, higher education, information technology, and entertainment, among others.
- (d) **Location of Conventional Types of Industries:** These types of industries are also important to create employment in a large scale. However, only those which comply with environmental standards must be brought into the region.

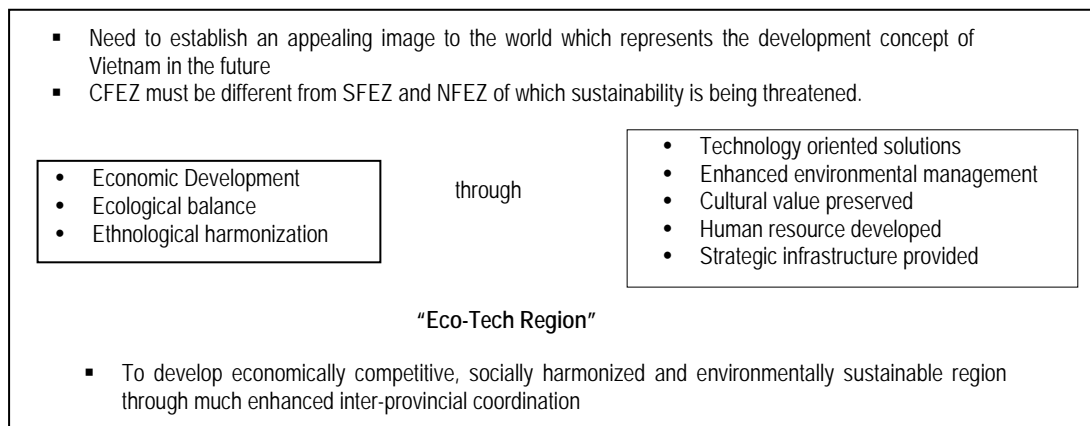
5.3 In view of the above, a suggested vision for CFEZ is to become an “eco-tech region,” one that promotes economic development, ecological balance, and harmonious coexistence of different ethnic groups based on the maximum use of modern technology. “Tech” refers to the achievement of the vision through technology-oriented solution, enhanced environmental management, preserved cultural values, empowered human resources, and available strategic infrastructure.

5.4 Integration is the core principle to promote the vision for CFEZ. There are three suggested types of integration, as follows:

- (a) **Spatial Integration:** CFEZ must be integrated at all levels in a hierarchical manner: international, national, provincial, and local levels.
- (b) **Sectoral Integration:** Economic, social, and environmental sectors must be integrated to ensure development sustainability. Urban–rural integration is also necessary to narrow inequalities between the two. Providing infrastructure must also be associated with efficient operation and management.

- (c) **Institutional Integration:** This is critical in Vietnam. Many policies and projects are affected adversely by the lack of adequate coordination and role-sharing between central and local governments, among provinces and departments, as well as between public and private sectors.

Figure 5.1.1 Proposed Vision



Source: DaCRISS Study Team.

5.2 Assessment of Development Scenarios for CFEZ

5.5 For the development of CFEZ, three scenarios were prepared. These are as follows:

- (a) **Scenario 1 (Baseline or Do-nothing Case):** This scenario shows a development without interprovincial coordination and where government investment and policy support will be limited. Because of this, infrastructure will be insufficient, connectivity with internal and external markets will remain poor, socio-economic development and environmental improvement will be constrained. Provinces will be connected to each other only through substandard national highways, old single-track railway, irregular shipping services, and infrequent air services, all of which will make coordinated activities among provinces and even among districts within a province difficult to promote. The environment will be threatened due to lack of protection measures, and emigration from CFEZ will continue. Under this scenario, CFEZ will not be able to take a sustainable development path and will face widening development gaps.
- (b) **Scenario 2 (Existing Plan):** This scenario shows a development based on the existing MOC plan which integrates the CFEZ provinces through transportation corridors, development clusters, and urban centers. However, such spatial integration of provinces and development areas will still be insufficient. There is also little mention about coordinated policies and development activities among socio-economic development plans of each province.
- (c) **Scenario 3 (Enhanced Integration):** This scenario shows a development based on enhanced strategy and integration of CFEZ in terms of physical structure, sectors, and institutions, as explained in Chapter 3.

5.6 A rapid assessment of these three scenarios in light of selected sustainability indicators shows that Scenario 3, which intends to further enhance regional integration, will be the most appropriate for CFEZ.

Table 5.2.1 Assessment of Alternative Development Scenarios

Sustainability Indicators		Scenario 1	Scenario 2	Scenario 3
Economic	<ul style="list-style-type: none"> • Global competitiveness • Complementarity in Vietnam • CFEZ integration 	Low	Moderate	High
Social	<ul style="list-style-type: none"> • Poverty free • Reduction in inequality • Access to services 	Low	Moderate	High
Environmental	<ul style="list-style-type: none"> • Ecology protected • Pollution free • Disaster preparedness 	Low	Moderate	High
Governance	<ul style="list-style-type: none"> • Good management • Financial sustainability • Community involvement 	Low	Moderate	High

Source: DaCRISS Study Team.

5.7 Tables 5.2.2 and 5.2.3 summarize the approach for development stated in the CFEZ and provincial SEDPs, respectively.

Table 5.2.2 Development Approach Stated in the CFEZ SEDP

Main Orientation	Detailed Orientation
<ol style="list-style-type: none"> 1. Respond to existing demand and needs of communes. 2. Attend to common issues among provinces in the region such as human resource development, capacity building, access to credit, etc. 3. Strengthen international access to market, information, technology, and investment through expanded air and maritime transportation and information system. 4. Strengthen interprovincial coordination for strategic sector such as tourism, environment, transportation, coastal management. 5. Establish complementary role of CFEZ led by Danang in growth strategy through new types of economic development opportunities rather than competing with NFEZ and SFEZ. 	<ul style="list-style-type: none"> • Formulate step-wise, comprehensive infrastructure development program for the region for external funding. • Leverage major national transportation projects such as NSHSR, expressways, etc. • Expand international direct air connection with major Asian cities and international shipping services. • Exploit east–west corridor demand. • Strengthen telecommunication services. • Strengthen intraregional connectivity through network development. • Expand tourism in coordination with provinces especially eco and cultural tourism. • Promote agricultural production matching potential of provinces. • Promote handicraft industries. • Promote private sector SMEs in commercial and service sector. • Exploit new types of industries such as human resource development, R&D, environmental business.

Source: CFEZ SEDP.

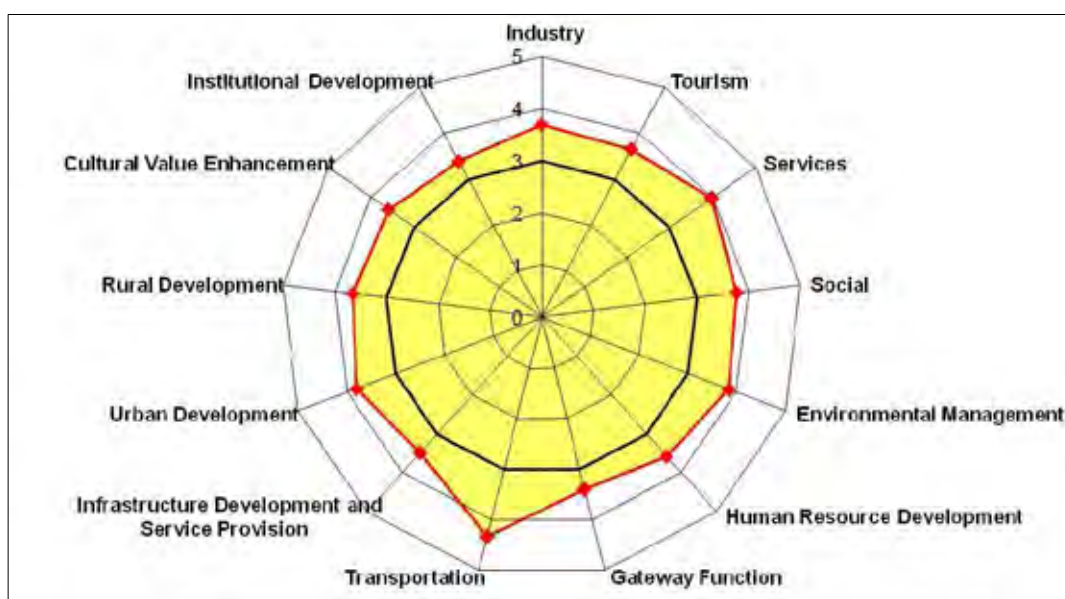
Table 5.2.3 Development Approach Stated in Provincial SEDPs

City / Province	Development Approach
Danang City	<ul style="list-style-type: none"> • Develop Danang as a center for maritime economy in the region, one of three maritime-oriented economic centers in Vietnam. • Introduce modern infrastructure. • Develop Danang as a trade, tourism, financial, and banking service center in Vietnam. • Develop Danang as a center for high technology, education, and training, and as one of the comprehensive medical centers in Vietnam. • Achieve the goal of becoming an environment-friendly city.
Thua Thien Hue	<ul style="list-style-type: none"> • Develop modern infrastructure and other major projects. • Pursue sustainable development for environment in planning and management. • Develop Hue City as a growth core for tourism, service, and culture. • Develop the Chan May–Lang Co economic zone as an economic and urban center in the south. • Develop Thua Thien Hue Province as one of the maritime economic centers. • Integrate rural economies into an economic belt. • Complete territorial and spatial plan to connect urban centers with rural areas. • Coordinate development of Thua Thien Hue with other provinces and cities to boost the development of the entire CFEZ, central region, and Vietnam as a whole.
Quang Nam	<ul style="list-style-type: none"> • Mobilize internal resources and ensure stronger impacts of external resources. • Concentrate on developing key infrastructure facilities. • Promote conducive and open investment atmosphere. • Include market factors, namely funds, human resources and technological achievements. • Utilize impact of foreign-invested projects in Chu Lai, Ky Ha, Dien Ngoc–Dien Nam IP, and tourism development in Hoi An and Dien Ban. • Promote the Chu Lai Economic Zone.
Quang Ngai	<ul style="list-style-type: none"> • Coordinate provincial plan with CFEZ and national development plans. • Promote focal points and industries with potentials: <ul style="list-style-type: none"> – Dung Quat Economic Zone and its clusters; – Fishery industry (shrimp) and export processing; and – Processing industries using sugar cane, wheat, fruits, rubber, cotton, etc. • Encourage infrastructure construction investment: <ul style="list-style-type: none"> – Production facilities such as irrigation works, transportation and power supply; – Urban infrastructure for Quang Ngai and industrial zones; and – Infrastructure for mountainous areas for poverty reduction. • Pursue economic development for national security: <ul style="list-style-type: none"> – Reduce disparities, and

City / Province	Development Approach
	<ul style="list-style-type: none"> - Promote social welfare in rural areas and among poor households. • Protect the environment to prevent negative impacts.
Binh Dinh	<ul style="list-style-type: none"> • Coordinate with national SEDP, CFEZ plan, East-West Economic Corridor Plan, Central Highlands provincial plans, and provinces in southern Laos, northeastern Cambodia, and Thailand. • Create smooth and transparent environment to attract investors and promote shift of economic structure toward industrialization and modernization. • Harmonize economic development and environmental protection. • Accelerate investment at the Nhon Hoi Economic Zone and develop transshipment hub for GMS region. • Strengthen infrastructure connectivity within the province. • Invest in key economic sectors: agriculture, forestry, aquacultural product processing, handicrafts, construction materials, garments, electronics, marine tourism, trade, services, etc.

Sources: Provincial SEDPs.

Figure 5.2.1 Main Development Agenda Identified by CFEZ Provinces



Source: DaCRISS Study Team.

Table 5.2.4 Main Development Agenda for CFEZ

<ul style="list-style-type: none"> • Strengthening Gateway Function and Intra-CFEZ Connectivity • Tourism Development • Industrial Development • New Business Development • Human Resource Development • Environmental Management • Cultural Value Enhancement • Urban Development • Rural Development • Investment Promotion • Interprovincial Coordination 		<p>Sustainability Index</p> <p>Economic</p> <p>Social</p> <p>Environment</p> <p>Governance</p>
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Source: DaCRISS Study Team.

Table 5.2.5 Rapid Assessment of Development Scenarios

Sustainability Index		Scenario ¹ : Baseline (Do Nothing)	Scenario ² : Existing Plan	Scenario ³ : Enhanced Integration
Economic	<ul style="list-style-type: none"> • Global competitiveness • Complementarily with NFEZ, SFEZ • CFEZ integration 	1	2	3
Social	<ul style="list-style-type: none"> • Poverty elimination • Reduction in inequality • Access to services 	1	2-3	3
Environment	<ul style="list-style-type: none"> • Ecological protection • Elimination of pollution • Disaster preparedness 	1	2	2-3
Governance	<ul style="list-style-type: none"> • Good management • Financial sustainability • Community involvement 	1	2	2-3

Source: DaCRISS Study Team.

Note: ¹ Insignificant, ² Moderate, ³ Significant.

5.3 Proposed Spatial Structure

5.8 The spatial orientation in the MOC plan indicates that CFEZ is basically composed of four dynamic urban clusters, namely as follows; i) Hue - Tu Ha - Phu Bai - Thuan An - Binh Dien, ii) Chan May – Danang - Dien Nam Dien Ngoc - Hoi An - Phuoc Loc, iii) Nui Thanh - Doc Soi - Chau O - Van Tuong, and iv) Quy Nhon), and a network of north-south and east–west transportation corridors. This concept is considered rational and was adopted in the study with the following modifications:

- (i) The region will be composed of development clusters, development corridors, and a hierarchy of urban areas;
- (ii) Development corridors are regrouped and suggested as follows:
 - Hue - Danang - Hoi An development cluster (linkage through tourism and urban development);
 - Tam Ky - Dung Quat - Quang Ngai development cluster (heavy industry development); and
 - Quy Nhon - Xuan Hai development cluster (connect CFEZ and Central Highlands).
- (iii) Development corridors will be composed of the north-south and east-west corridors, as follows:
 - The north-south development corridor is composed of: (i) coastal corridor (NR1 railway, coastal shipping, aviation, planned expressway and high-speed railway, as well as other improved transportation infrastructure), and (ii) upland corridor (Ho Chi Minh Highway), and
 - The east-west development corridor is composed of: (i) an east-west development corridor (comprising NR9, NR19, and NR14B) and a local east-west development corridor (comprising NR24, NR49, and others). The former intends to strengthen international connectivity, while the latter aims to improve urban–rural linkages within the region.

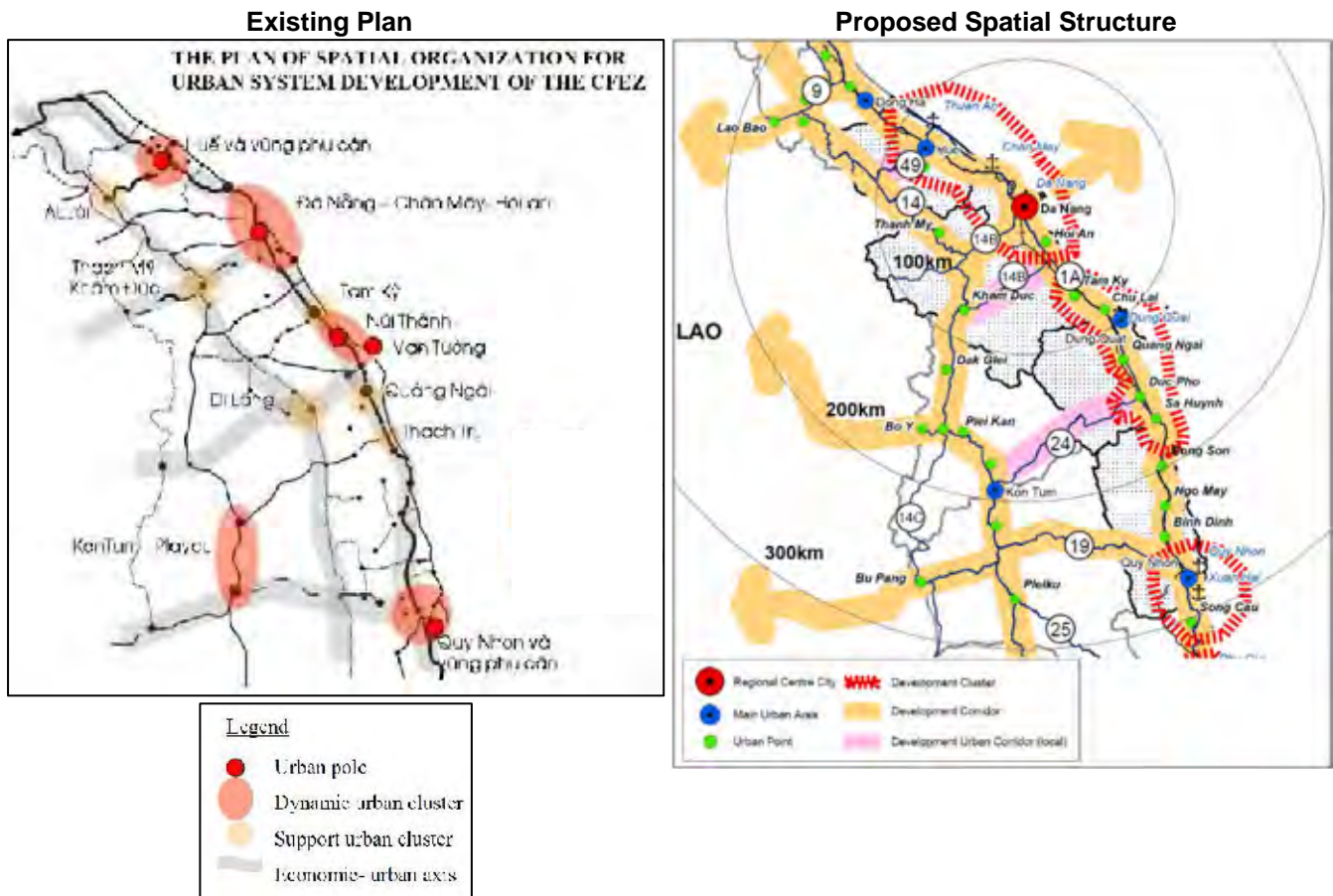
5.9 Urban centers are proposed to be developed in a hierarchy to respond to rapid urbanization and provide diversified urban services in the region in the most effective manner:

- (a) **Regional Center (CFEZ Gateway City):** Danang;
- (b) **Main Urban Areas:** Hue, Dong Ha, Quang Ngai, and Quy Nhon; and
- (c) **Urban Points (Urban Service Centers):** Thuan An, Chan May, Thanh My, Hoi An, Khan, Tam Ky, Chu Lai, Dung Quat, Duc Pho, Sa Huynh, Dong Son, Ngo May, Binh Dinh, Xuan Hai, Son Cau, and others.

5.10 The alternative scenario for development that DaCRISS proposes comprises the following:

- (i) Clarify focus of the basic spatial structure in the existing plan;
- (ii) Enhance the development of 3 growth clusters that are integrated with high-quality transportation infrastructure;
- (iii) Integration of mountainous areas in CFEZ through the linking of upland and north-south corridors; and
- (iv) Strengthen east-west corridors (international/domestic) to connect upland with coastal growth centers.

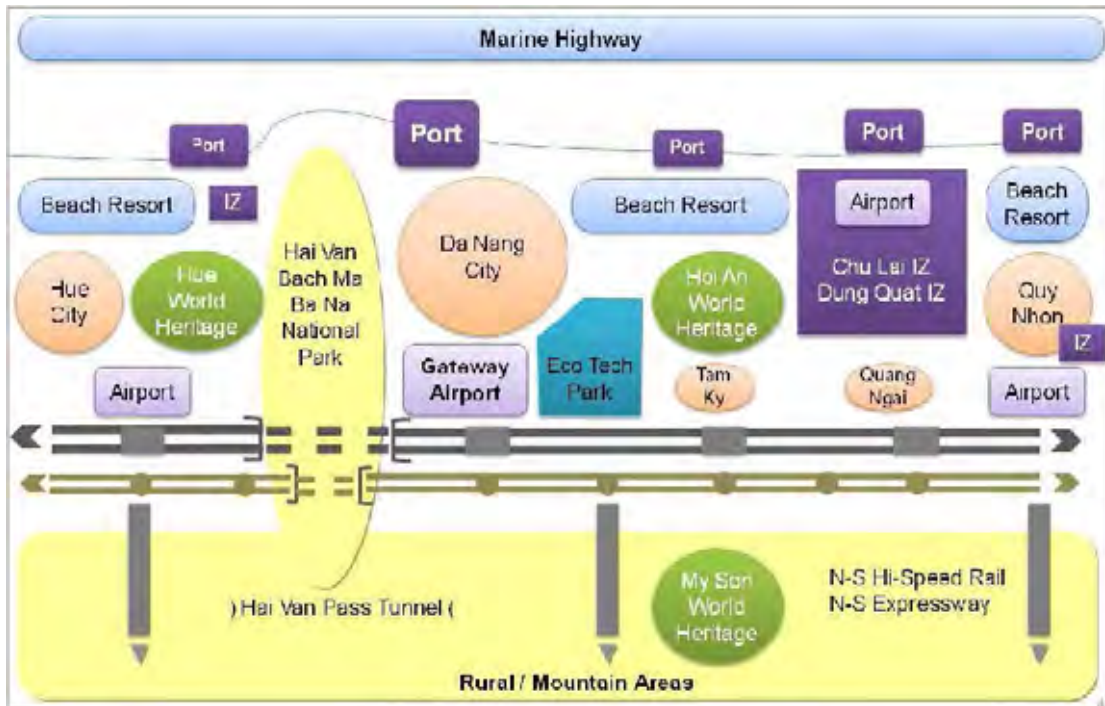
Figure 5.3.1 Spatial Plan the CFEZ Region



Source: Construction Plan, MOC

Source: DaCRISS Study Team.

Figure 5.3.2 Main Components of an Integrated Spatial Development for CFEZ



Source: DaCRISS Study Team.

5.4 Key Development Strategies

- (i) Establish direct connection with the international market (especially via air through competitive airports and air transportation services);
- (ii) Establish competitive coastal growth (transportation) corridor to strengthen connectivity and integration of provinces in CFEZ;
- (iii) Accelerate urban development and networking of Danang City and other main urban centers in CFEZ to establish a competitive basis for regional growth;
- (iv) Strengthen urban–rural linkages to promote rural development;
- (v) Establish coordinated strategies among provinces in CFEZ on economic development and regional management; and
- (vi) Expand central government interventions in infrastructure development to establish a competitive basis for development and policy to stimulate private sector investments.

Table 5.4.1 Summary of Basic Development Strategies for CFEZ and Key Players

1. Respond to existing demand and needs of communes (provinces).	<ul style="list-style-type: none"> • Formulate step-wise comprehensive infrastructure development program for the region for external funding (CFEZ, CG).
2. Attend to common issues among provinces in the region such as human resource development, capacity building, access to credit, etc. (CFEZ)	<ul style="list-style-type: none"> • Leverage major national transportation projects such as NSHSR, Expressway, etc. (CFEZ). • Expand direct international air connection with main cities in Asia as well as international shipping services (CG, Danang).
3. Strengthen international access to market, information, technology and investment through expanded air and maritime transportation and information system (CFEZ).	<ul style="list-style-type: none"> • Exploit east–west corridor demand (CG, Hue, QN, BD.) • Strengthen telecommunication services (CFEZ, CG). • Strengthen intra-regional connectivity through network development (Provinces). • Promote industries (CFEZ, QN, 'QN).
4. Establish complementary role of the CFEZ led by Danang in growth strategy rather than competing with NFEZ and SFEZ through new types of economic development opportunities (CG, CFEZ).	<ul style="list-style-type: none"> • Expand tourism in coordination with provinces especially eco and cultural tourism (CG, CFEZ, Provinces). • Promote agricultural production matching potential of provinces (Provinces). • Promote handicraft industry (CFEZ, Provinces). • Promote private sector SMEs in commercial and service sector (CFEZ, Provinces).
5. Strengthen interprovincial coordination for strategic sector such as tourism, environment, transportation, coastal management (CFEZ, Provinces).	<ul style="list-style-type: none"> • Exploit new types of industries such as human resource development, R&D, environmental business (CG, CFEZ).

Source: DaCRISS Study Team.

Note: CG=Central Government, QN=Quang Nam, 'QN=Quang Ngai, BD: Binh Dinh

5.11 Geographically, CFEZ is strategically located at the center of ASEAN and the Greater Mekong Subregion.

5.12 Many growth centers within a radius of 1,000 – 2,000 km from CFEZ, such as Bangkok, Hong Kong, and Taiwan are larger than NFEZ and SFEZ.

6 ROLE-SHARING FOR SUSTAINABLE CFEZ DEVELOPMENT

6.1 Main Development Agenda and Strategies Identified in Provincial Workshops

6.1 In the provincial workshops, 13 main topics were listed including industry, tourism, services, society, environment management, human resource development, gateway function, transportation, infrastructure development and service provision, urban development, rural development, cultural value enhancement, and institutional development. For each topic, main strategies were prepared to generate responses from the provinces (see tables 6.1.1 and 6.1.2, figures 6.1.1 and 6.1.2).

Table 6.1.1 Relevance of Main Development Agenda and Strategies to Provinces

Main Agenda	Strategies	Thua Thien Hue	Danang	Quang Nam	Quang Ngai	Binh Dinh	Average
1. Industry	1.1 Modernize conventional industries through improved technology and management	B	A	A+	A+	B	A+
	1.2 Develop supporting industries for competitive export industries	B	A+	A+	C	B	A
	1.3 Develop new types of industries including those of "environmental technologies", "advanced technologies" and software, etc.	A	A+	C	A+	C	A
	1.4 Develop industrial cluster and strengthen international linkages	C	C	C	C	C	C
	1.5 Provide more conducive and competitive investment environment for target industries	B	A	A+	C	A	A
	1.6 Improve operation and management of industrial parks/zones to facilitate more smooth activities of located companies by introducing a capable private sector	C	A+	A+	C	A	A
	1.7 Establish regular communication channel between domestic and foreign business groups	A	A+	A+	C	B	A
	1.8 Improve investment promotion system for CFEZ region	A	B	A+	C	A+	A
2. Tourism	2.1 Establish consolidated identical image of the CFEZ region to appeal in the global market through best mixture of culture (world heritage and traditional values), eco-system (marine and mountain), and hospitality (human resource) and coordinated marketing strategies	A+	A	A+	C	A	A+
	2.2 Identify tourism routes and clusters supported with well described story including legend and folktale for which smooth mobility and amenity are provided through adequate infrastructure and services	C	B	C	C	C	C
	2.3 Develop international world heritage linkages in the GMS including Angkor Wat and Luang Prabang	A+	C	A	C	C	B
	2.4 Enhance world heritage cultural resources	A+	B	A+	C	C	A
	2.5 Develop professionally trained personnel for wide range of services related to tourism to ensure amenity of tourists	A+	B	A+	C	B	A
3. Services	3.1 Develop competitive and diversified services which support efficient economic activities of foreign and domestic investors including financial services	A	A	A	A+	B	A+
	3.2 Promote commercial activities of SMEs and private sector through various facilitation measures and infrastructure provision	A	A	B	A+	A	A
4. Social	4.1 Reduce poverty and inequality through accelerated economic development, expansion of safety net, implementation of poverty focused programs, and capacity building	A+	C	A+	A+	A	A+
	4.2 Investigate nature of poverty more precisely to sharpen the focus and needed policy interventions	A	C	B	A+	C	A
	4.3 Encourage and support self-help activities of communities and households	C	C	B	A+	B	B
5. Environmental Management	5.1 Establish environmental zoning which delineate clear guideline on the preservation of ecosystems, prevention of disasters and restrictions against development activities	A+	A+	A	C	A	A+
	5.2 Establish integrated water resource management system by river basin	A	B	A+	C	A	A
	5.3 Promote "environmental technologies" which support effective implementation of necessary measures	C	B	C	A+	C	B
	5.4 Establish comprehensive environmental management and monitoring system including organization, staffing, facilities, standards, funding wherein communities, NGOs and private sector capacities are to be mobilized	A+	C	B	A+	B	A
	5.5 Establish coordinated environmental management to reduce pollution, protect ecosystems and for better landuse	A+	C	B	A+	B	A
	5.6 Strengthen preparedness and prevention measures against various natural disasters including typhoon, flooding, land slide, etc.	A	B	A	A+	A+	A+

Source: DaCRISS Study Team.

Note: 5: Very important, 3: Important, 1: So-so, 0: Not important. Scores given as A+: 4.1-5, A: 3.6-4.0, B: 3.0-3.5, C: 2.9.

(Table 6.1.1 continued)

Main Agenda	Strategies	Thua Thien Hue	Danang	Quang Nam	Quang Ngai	Binh Dinh	Average
6.Human Resource Development	6.1 Formulate demand - driven human resource development program based on investigation of supply -demand gap	A	A+	C	C	B	B
	6.2 Implement coordinated training program including qualification system to enhance human resource development in the region wherein private sector capacity is fully utilized	A	B	A+	C	B	A
	6.3 Strengthen higher education through expanded interchange with excellent organizations	A+	B	A+	C	A	A
7.Gateway Function	7.1 Establish direct connections with the world in competition with Hanoi and HCMC (e.g. Bangkok, Hong Kong, Shanghai, Beijing, Tokyo, Seoul, etc.) through a much improved international airport facilities	C	B	C	C	C	C
	7.2 Farther develop and improve East-West corridors in terms of infrastructure and services to strengthen connectivity with industrial hub in Thailand	A+	B	A	C	B	A
	7.3 Develop competitive CFEZ gateway port through consolidation of cargo traffic and strengthening of logistics function	A+	A+	B	C	A	A
	7.4 Develop international cruise market by constructing adequate port facilities and land links	C	A	C	C	A	B
8.Transportation	8.1 Strengthen north-south transportation connectivity including expressway, roads, railway and shipping	A+	A+	A	A+	A+	A+
	8.2 Strengthen transport network in the CFEZ region	A+	A+	A+	A+	A+	A+
	8.3 Improve transportation connectivity within province, especially in rural areas	A	B	A	A+	A	A
	8.4 Improve urban transportation	A+	B	B	A+	A	A
	8.5 Improve traffic safety	A+	A	A+	A+	A+	A+
9.Infrastructure Development and Service Provision	9.1 Formulate balanced infrastructure investment plan with clear justification and prioritization	A	A	A	C	A	A
	9.2 Improve operation and management of infrastructure services through much enhanced private sector participation	C	B	B	C	C	B
	9.3 Strengthen inter-provincial coordination for strategic infrastructure such as transportation, power, telecommunication	A+	C	A	C	B	A
10.Urban Development	10.1 Promote urban development and establish a network of cities and urban areas to lead socio-economic development of the province and region	A	A	B	A+	A	A+
	10.2 Develop competitive urban center which provide interface between other major cities in Vietnam and the world	A+	B	B	C	C	B
	10.3 Promote compact and environmental friendly urban area development	C	A	A	C	A	A
	10.4 Establish effective urban landuse control and management system	C	A+	A	A+	A+	A+
11.Rural Development	11.1 Accelerate provision of basic infrastructure services to support rural industrialization and socio-economic activities in rural areas	C	C	A	A+	B	A
	11.2 Strengthen urban-rural linkages to integrate rural activities with growth centers	C	C	A	A+	A	A
12.Cultural Value Enhancement	12.1 Identify cultural values and establish sustainable mechanism of preservation and enhancement	A+	A	A+	C	B	A
	12.2 Establish a network of information and organizations to share cultural values in the region and related countries	A+	C	B	C	C	B
	12.3 Promote cultural / traditional events for living preservation for local society and visitors	A+	B	A	C	C	A
13.Institutional Development	13.1 Continue organizational reform to strengthen administrative capacities for more efficient and effective implementation of policies	A+	A+	A+	C	A+	A+
	13.2 Encourage and promote private sector involvement in planning, implementation, operation and management of all sectors through provision of adequate rules and regulations and investment environment	A	A	A	C	C	B
	13.3 Expand own revenue sources through improved collection and finding new sources	C	B	C	C	C	C
	13.4 Establish city performance indicators to share and monitor the progress of policies / plans / programs among stakeholders	C	C	A+	C	B	B

Source: DaCRISS Study Team.

Note: 5: Very important, 3: Important, 1: So-so, 0: Not important. Scores given as A+: 4.1<, A: 3.6-4.0, B: 3.0-3.5, C:-2.9.

Table 6.1.2 Need for Interprovincial Coordination

Main Agenda	Strategies	Thua Thien Hue	Danang	Quang Nam	Quang Ngai	Binh Dinh	Average
1. Industry	1.1 Modernize conventional industries through improved technology and management	B	C	C	C	C	C
	1.2 Develop supporting industries for competitive export industries	B	A	C	A+	B	A
	1.3 Develop new types of industries including those of "environmental technologies", "advanced technologies" and software, etc.	B	C	C	A+	C	B
	1.4 Develop industrial cluster and strengthen international linkages	C	C	C	C	C	C
	1.5 Provide more conducive and competitive investment environment for target industries	C	C	A+	C	C	B
	1.6 Improve operation and management of industrial parks/zones to facilitate more smooth activities of located companies by introducing a capable private sector	C	C	B	C	C	C
	1.7 Establish regular communication channel between domestic and foreign business groups	A+	A+	A+	C	A	A
	1.8 Improve investment promotion system for CFEZ region	A	A	A+	C	A	A
2. Tourism	2.1 Establish consolidated identical image of the CFEZ region to appeal in the global market through best mixture of culture (world heritage and traditional values), eco-system (marine and mountain), and hospitality (human resource) and coordinated marketing strategies	A+	A+	A+	C	A	A+
	2.2 Identify tourism routes and clusters supported with well described story including legend and folklore for which smooth mobility and amenity are provided through adequate infrastructure and services	C	C	C	C	C	C
	2.3 Develop international world heritage linkages in the GMS including Angkor Wat and Luang Prabang	A+	C	A	C	C	B
	2.4 Enhance world heritage cultural resources	A+	A+	A	C	C	B
	2.5 Develop professionally trained personnel for wide range of services related to tourism to ensure amenity of tourists	A	C	A+	C	C	B
3. Services	3.1 Develop competitive and diversified services which support efficient economic activities of foreign and domestic investors including financial services	A	C	A+	C	C	B
	3.2 Promote commercial activities of SMEs and private sector through various facilitation measures and infrastructure provision	A	C	B	A+	C	B
4. Social	4.1 Reduce poverty and inequality through accelerated economic development, expansion of safety net, implementation of poverty focused programs, and capacity building	A	C	A	A+	C	B
	4.2 Investigate nature of poverty more precisely to sharpen the focus and needed policy interventions	C	C	B	C	C	C
	4.3 Encourage and support self-help activities of communities and households	C	C	B	A+	C	C
5. Environmental Management	5.1 Establish environmental zoning which delineate clear guideline on the preservation of ecosystems, prevention of disasters and restrictions against development activities	C	A+	A+	C	C	B
	5.2 Establish integrated water resource management system by river basin	C	A	A+	C	C	B
	5.3 Promote "environmental technologies" which support effective implementation of necessary measures	C	C	C	C	C	C
	5.4 Establish comprehensive environmental management and monitoring system including organization, staffing, facilities, standards, funding wherein communities, NGOs and private sector capacities are to be mobilized	C	C	A+	A+	B	A
	5.5 Establish coordinated environmental management to reduce pollution, protect ecosystems and for better landuse	C	C	B	A+	C	B
	5.6 Strengthen preparedness and prevention measures against various natural disasters including typhoon, flooding, land slide, etc.	B	B	A	A+	A	A

Source: DaCRISS Study Team.

Note: 5: Highly necessary, 3: Necessary, 1: So-so, 0: Unnecessary Scores given as A+: 4.1<, A: 3.6-4.0, B: 3.0-3.5, C:-2.9.

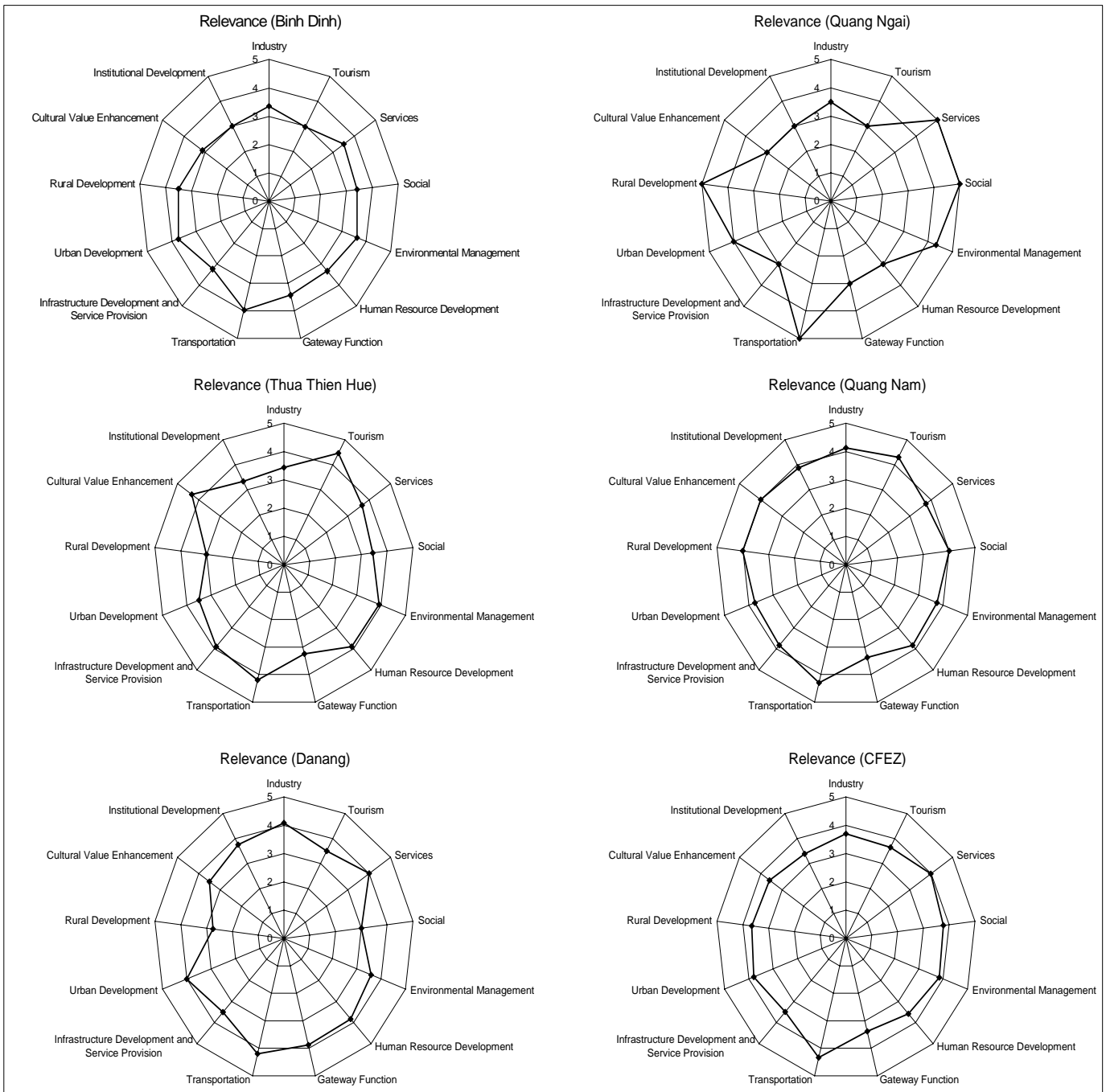
(Table 6.1.2 continued)

Main Agenda	Strategies	Thua Thien Hue	Danang	Quang Nam	Quang Ngai	Binh Dinh	Average
6.Human Resource Development	6.1 Formulate demand - driven human resource development program based on investigation of supply -demand gap	C	A	B	C	C	B
	6.2 Implement coordinated training program including qualification system to enhance human resource development in the region wherein private sector capacity is fully utilized	A	B	A+	C	C	A
	6.3 Strengthen higher education through expanded interchange with excellent organizations	A	C	A	C	B	B
7.Gateway Function	7.1 Establish direct connections with the world in competition with Hanoi and HCMC (e.g. Bangkok, Hong Kong, Shanghai, Beijing, Tokyo, Seoul, etc.) through a much improved international airport facilities	C	C	C	C	C	C
	7.2 Farther develop and improve East-West corridors in terms of infrastructure and services to strengthen connectivity with industrial hub in Thailand	A+	C	A	C	C	B
	7.3 Develop competitive CFEZ gateway port through consolidation of cargo traffic and strengthening of logistics function	C	A+	B	C	C	B
	7.4 Develop international cruise market by constructing adequate port facilities and land links	C	B	B	C	C	B
8.Transportation	8.1 Strengthen north-south transportation connectivity including expressway, roads, railway and shipping	A+	A+	A+	A+	B	A+
	8.2 Strengthen transport network in the CFEZ region	A+	A+	A+	A+	B	A+
	8.3 Improve transportation connectivity within province, especially in rural areas	C	C	A	A+	C	B
	8.4 Improve urban transportation	C	C	A	A+	C	C
	8.5 Improve traffic safety	C	B	A+	A+	C	A
9.Infrastructure Development and Service Provision	9.1 Formulate balanced infrastructure investment plan with clear justification and prioritization	C	B	B	C	C	B
	9.2 Improve operation and management of infrastructure services through much enhanced private sector participation	C	C	C	C	C	C
	9.3 Strengthen inter-provincial coordination for strategic infrastructure such as transportation, power, telecommunication	A+	A	A	C	C	A
10.Urban Development	10.1 Promote urban development and establish a network of cities and urban areas to lead socio-economic development of the province and region	C	C	A	A+	C	B
	10.2 Develop competitive urban center which provide interface between other major cities in Vietnam and the world	C	C	B	C	C	C
	10.3 Promote compact and environmental friendly urban area development	C	B	B	C	C	C
	10.4 Establish effective urban landuse control and management system	C	A	A	A+	B	B
11.Rural Development	11.1 Accelerate provision of basic infrastructure services to support rural industrialization and socio-economic activities in rural areas	C	C	B	A+	C	C
	11.2 Strengthen urban-rural linkages to integrate rural activities with growth centers	C	C	A	C	C	C
12.Cultural Value Enhancement	12.1 Identify cultural values and establish sustainable mechanism of preservation and enhancement	A+	B	A	C	C	A
	12.2 Establish a network of information and organizations to share cultural values in the region and related countries	A+	A	B	C	C	B
	12.3 Promote cultural / traditional events for living preservation for local society and visitors	A	B	B	C	C	B
13.Institutional Development	13.1 Continue organizational reform to strengthen administrative capacities for more efficient and effective implementation of policies	C	B	A+	C	B	B
	13.2 Encourage and promote private sector involvement in planning, implementation, operation and management of all sectors through provision of adequate rules and regulations and investment environment	C	C	B	C	C	C
	13.3 Expand own revenue sources through improved collection and finding new sources	C	C	C	C	C	C
	13.4 Establish city performance indicators to share and monitor the progress of policies / plans / programs among stakeholders	C	C	A+	C	C	C

Source: DaCRISS Study Team.

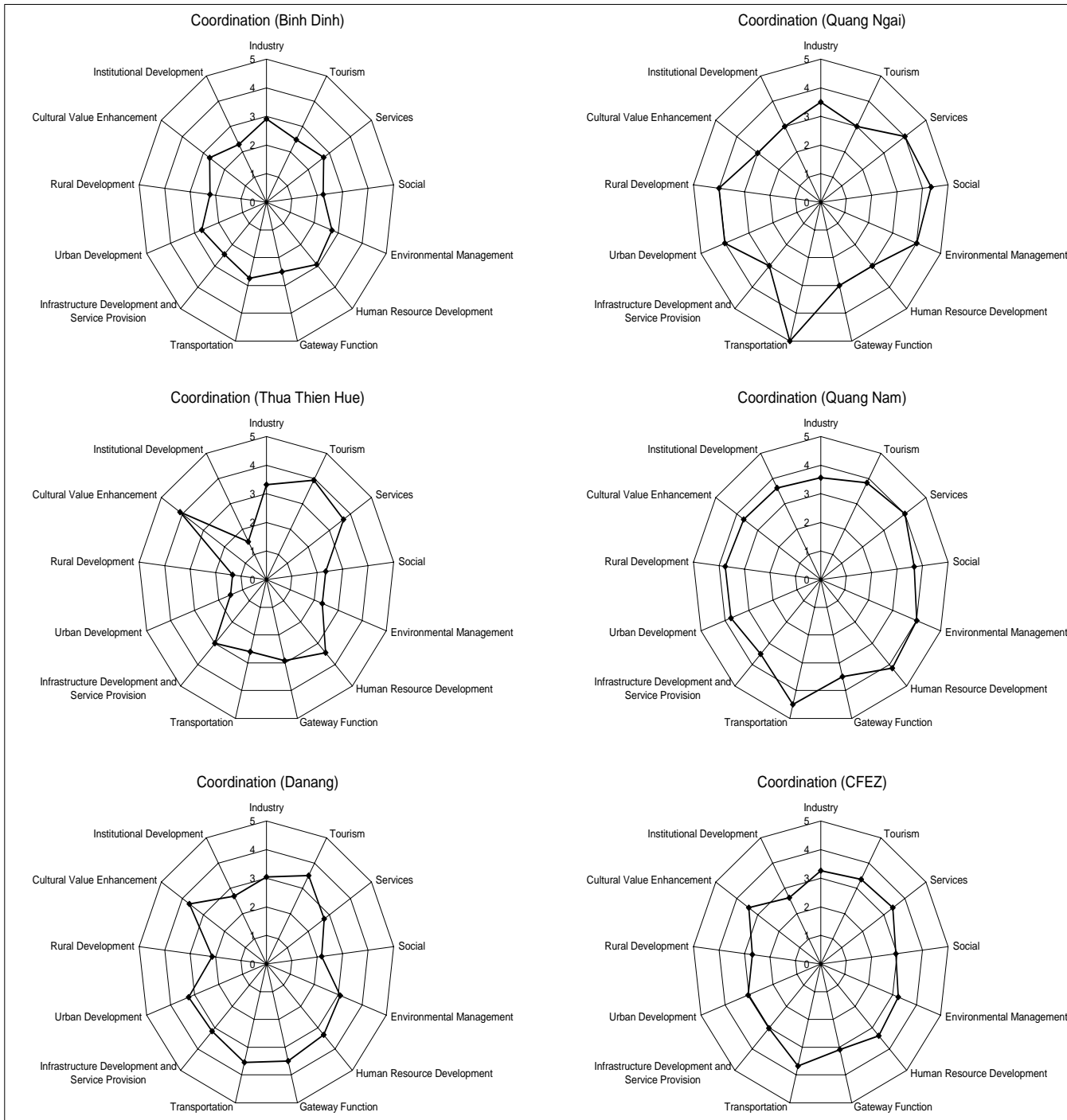
Note: 5: Very important, 3: Important, 1: So-so, 0: Not important. Scores given as A+: 4.1<, A: 3.6-4.0, B: 3.0-3.5, C:-2.9.

Figure 6.1.1 Relevance of Main Development Agenda and Strategies to Provinces



Source: DaCRISS Study Team.

Figure 6.1.2 Need for Interprovincial Coordination



Source: DaCRISS Study Team.

6.2 Possible Role-sharing among Provinces

6.2 The importance of integration and coordination among CFEZ cities and provinces as a prerequisite to sustainable development has been commonly recognized and accepted by stakeholders. A series of provincial workshops was conducted on 10–17 December 2008 in all four provinces covered by the study, i.e., Binh Dinh, Quang Nam, Quang Ngai, and Thua Thien Hue to discuss the roles of each province and to assess existing conditions, development issues, current SEDP orientations, visions, and strategies.

6.3 The possible role-sharing among provinces, which is shown in Table 6.2.1, should be further discussed with a broader range of stakeholders to generate understanding and to formulate a more concrete and integrated strategy for the region, including Danang City.

6.4 It is recommended that Danang needs to shift current industrialization development orientation towards new types of industries which generate higher value added and drive industrialization of CFEZ in a more competitive way. It is therefore suggested that Danang will take a lead in developing environmental high-tech and service industries while conventional industries are located in other CFEZ provinces. Quang Ngai can offer attractive locations for heavy industries. Role-sharing in industrialization strategies among CFEZ provinces is expected to strengthen competitiveness in industrial development as CFEZ.

Table 6.2.1 Possible Role-sharing among CFEZ Provinces

Main Agenda		T.T. Hue	Danang City	Quang Nam	Quang Ngai	Binh Dinh
Gateway Function		B	(A)	B	(A)	A
Strategic Development Themes	Tourism	(A)	(A)	(A)	A	A
	Conventional Industry (heavy industry)	B	B	B	(A)	B
	Services	A	(A)	B	A	A
	New Business (health, education, environment)	(A)	(A)	A	B	B
	Human Resource Development	(A)	(A)	A	A	A
	Environmental Management	A	A	A	A	A
	Cultural Value Enhancement	(A)	A	(A)	A	A
Urban Development		A	(A)	A	A	(A)
Rural Development		A	B	A	A	A

Source: DaCRISS Study Team.

Note: (A) = Regional role, A = Main role, B = Secondary role.

6.5 The view of the Study Team on possible role-sharing is as follows:

(a) Gateway Function

6.6 Danang must strengthen its gateway function for passenger movement to connect CFEZ with main cities and countries in the region in two ways:

- (i) Through Danang International Airport to attract visitors and tourists directly to / from CFEZ rather than via Hanoi and HCMC; and
- (ii) Establishing a competitive urban centre provided with high quality supporting urban

services and amenity for business, tourism and industrial activities.

6.7 In order to have Danang to function as gateway to CFEZ, it is necessary to establish an efficient and effective hinterland land transport system comprising expressway, national and provincial roads and railways to ensure smooth access to and from various destinations in CFEZ.

6.8 With regard to freight movement, it is advisable that Quang Ngai plays a key gateway role through Dung Quat in the future. Danang – Quang Ngai expressway and eventual farther extension to Hue and Binh Dinh must strengthen its own gateway function in coordination with neighboring provinces, including Central Highlands.

6.9 Hue and Quang Nam can supplement gateway function of CFEZ through their airports and ports. Especially the role of Hue in relation to East-West Corridor in GMS is becoming increasingly important.

(b) Economic Development

6.10 Main economic sector in the future include tourism, industries (both conventional and new types), and services. Suggested role-sharing is briefly as follows:

- (i) Danang will gradually shift to focus on new type of value added industries by leveraging its much improved urban function which can provide necessary support services, such as environmental industries, eco business, R&D, tourism, human resource development, health care, and various urban services including banking, commercial and retail trade, entertainments, etc.
- (ii) Location of conventional industries can be promoted to other provinces in CFEZ, especially Quang Ngai where large-scale industrial development in Dung Quat is being implemented.

(c) Tourism Development

6.11 Tourism is an important sector for all provinces in CFEZ, especially T. T. Hue, Danang, and Quang Nam. In order for three provinces to enhance synergy in tourism development, there is a need to establish a collective brand image, improvement of infrastructure to strengthen connectivity of three provinces, improvement of human resource matching needs of tourists and conduct coordinated promotion activities. Suggested role-sharing among T. T. Hue, Danang and Quang Nam is as follows:

- (i) Danang strengthens its gateway function to provide a smooth entrance / exit of tourists, especially those using international and domestic air transport. For this Danang Airport must provide smooth transfer for tourists who intend to go to destinations in Hue and Quang Nam. Proper information and services must be available at the airport.
- (ii) Main tourism resources in the region include three world heritages, long beautiful beaches, marine and land ecosystems, craft villages, and landscape (see Table 6.2.2). It is important to coordinate among the provinces to best meet matching demand of the market without overlapping supply and excessive competition.

Table 6.2.2 Main Target Tourism Resource by Province

		T.T. Hue	Danang City	Quang Nam
Tourism Resources / Products	World Heritage	⊙	△	⊙
	Beach Resort	⊙	⊙	⊙
	Craft Villages	⊙	-	⊙
	Eco Tourism (land)	⊙	○	⊙
	Eco Tourism (marine)	○	○	○
	Sports	△	⊙	○
Potential Resources / Products	MICE	△	⊙	△
	Medicare / Health	-	⊙	-
	Retirement Village	○	○	○

Source: DaCRISS Study Team.

(iii) Promotion activities need to be coordinated. Internationally, three provinces must establish one integrated image to appeal to the region in the world. At present, many tourists do not recognize where Hue, Danang and Quang Nam are located, how they are related, and what kind of attractions each province has. Even locations of three World Heritages are not well known. Strength and opportunities of the three provinces must be maximized by establishing and promoting consolidated image of the region in a simple term. Following is an example:

For Thua Thien Hue	Ancient City and Heritages with Diversified Fauna and Flora and Long Tranquil Beaches
For Danang	Long White Sand Tranquil Beaches with Ancient City and Heritages and And Diversified Fauna and Flora
For Quang Nam	Ancient Town and Heritages with Long White Sand Tranquil Beaches and Diversified Fauna and Flora

(iv) Promotion activities within three provinces are also important to facilitate smooth travel of tourists and maximize their satisfaction on coordinated travel information and standardized services.

6.12 Although tourism is also important for Quang Ngai and Binh Dinh, it is a little difficult to integrate the provinces with Hue / Danang /Quang Nam because of the physical distance. In addition to existing resources, Quang Ngai can offer industry tourism when Dung Quat is fully developed.

(d) Human Resource Development

6.13 Human resource development is a very important policy agenda not only in CFEZ but entire Vietnam to step up to the next level of socio-economic development. For CFEZ, as the focus is more and more shifted to non-conventional industries, tourism and other

services, human resource development needs to match the trend. This is urgent for tourism sector which has been growing fast and complaints of many tourists on services and quality of tourism personnel are heard in many locations. For this Danang and Hue must play a leading role in coordinated manner to benefit other provinces, too.

(e) Environment Management and Cultural Value Enhancement

6.14 Environment and cultural heritage are the precious value of the provinces in CFEZ. Management of watershed and coastal lines is becoming a growing concern. At the same time the provinces suffer from pollution, natural disasters, and degradation of ecosystems and cultural values. Knowledge and experiences on these issues must be shared for effective implementation and monitoring through adequate coordination mechanism.

(f) Urban and Rural Development

6.15 Urbanization has been making a steady progress across the country. In coming decades, movement of the people from rural to urban areas will be farther accelerated. This is an opportunity but it may be a threat, therefore it is important to manage the process properly through adequate urban plan formulation, training of rural people to have them fit to the new situation, and rural area development strategies.

7 STRATEGIC ENVIRONMENTAL ASSESSMENT

7.1 Legal Framework for the Strategic Environmental Assessment

7.1 The strategic environmental assessment (SEA) as defined in the Law on Environmental Protection enacted in 2005 refers to the analysis and projection of potential environmental impacts of development strategies and project plans prior to their approval in order to ensure the achievement of sustainable development. The Environmental Protection Law mandates that socio-economic development strategies, planning, and plans at all governmental levels, land-use plans, as well as plans for key economic regions, forest protection and development, and utilization of other natural resources need SEA reports.

7.2 The primary purposes of the SEA are to incorporate potential environmental impacts into the planning process, as well as to facilitate transparent and participatory decision making.¹ In DaCRISS, the aim is also to establish a SEA model for urban development planning which would reflect mitigation measures and monitoring plans raised in the SEA process. A distinctive feature of the Vietnamese system is that SEA needs to cover the environment, social, and economic aspects of a strategy or plan, i.e., all three pillars of sustainable development as defined in the *Strategic Orientation for Sustainable Development in Vietnam* (2004).²

7.3 SEA regulations are included in the laws and decisions listed below. However, because the SEA is a relatively new concept, it has not been widely practiced in Vietnam so far. Although the law was established in 2005, the implementing rules and regulations on financial framework, task sharing, stakeholder identification, contents of report, and so on, were not set until January 2008 by the Department of Environmental Impact Assessment and Appraisal (DEIAA) under Ministry of Natural Resources and Environment (MONRE).

- (i) Law on Environmental Protection in 2005;
- (ii) Decree No.80/2006/ND-CP dated August 2006 regarding detailed regulations and guidelines for implementing some articles of Law on Environmental Protection;
- (iii) Circular No.08/2006/TT-BTNMT of MONRE providing guidelines on SEA, environmental impact assessment (EIA), and environmental protection commitment;
- (iv) Circular No.13/2006/TT-BTNMT of MONRE providing guidelines on the organization and operation of appraisal committees for SEA and EIA reports; and
- (v) A draft guideline on conducting SEA issued by MONRE in 2008 as an evolving guide on SEA implementation.

7.4 In the context of DaCRISS, a SEA report will be formulated by the People's Committee of Danang City which is responsible for strategy and plan development. At the same time, the Danang City PC needs to establish an appraisal committee under its jurisdiction. The committee will be composed of environment experts, members of the academe, and representatives of NGOs, among others.

¹ General Technical Guidance for SEA, MONRE.

² SEA of the Quang Nam Province Hydropower Plan for the Vu Gia–Thu Bon River Basin–Final SEA Report, MONRE, January 2008.

7.5 As for a regional development plan under DaCRISS, the actors involved in planning are Danang City and its neighboring four provinces; thus, according to regulations, the responsibility of formulating SEA reports lies with a higher authority, which is at the ministerial level, specifically the Vietnam Institute for Architecture, Urban and Rural Planning under the Ministry of Construction.

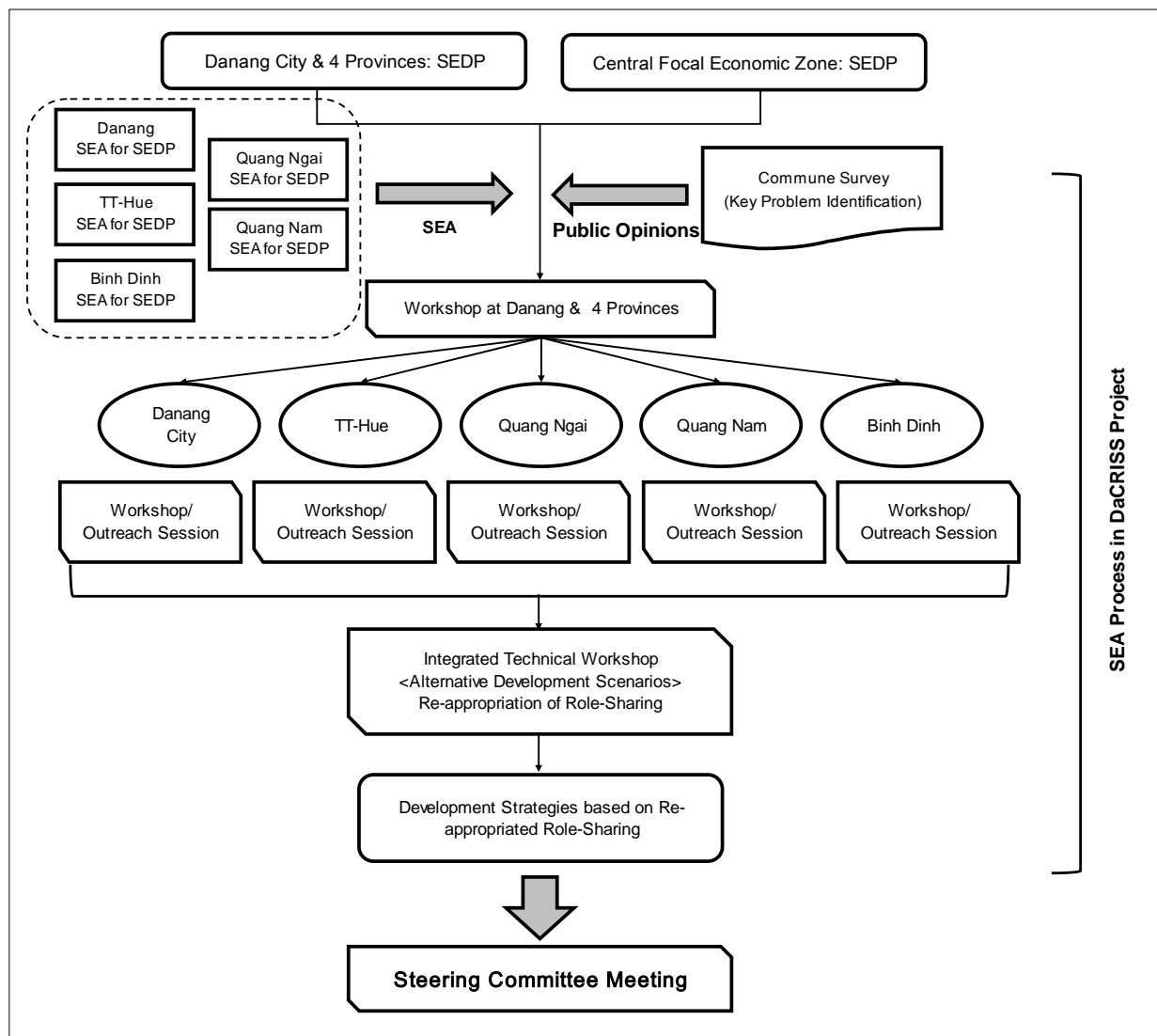
7.2 SEA Process in DaCRISS

7.6 As stated above, if a new SEDP or regional plan is formulated, the responsibility of preparing a strategic environmental assessment lies with the MOC. However, SEA reports for each provincial SEDP are, presumably, being prepared or already completed. Since DaCRISS intends to produce an integrated regional strategic development plan based on the city and provincial development plans, it is presumed that the SEA process can be carried out by the Danang City and the four provincial PCs.

7.7 However, after reviewing the CFEZ and provincial SEDPs from the viewpoints of role-sharing, comparative advantages, and development strategies, the Team simply restructured and integrated the plans into one regional SEDP; therefore, a strategic environmental assessment at the ministerial level is deemed not necessary. The assessment of this regional development plan, integrated development strategies, role-sharing, and others will be incorporated into the SEA report for Danang City which is associated with the outputs of this project and which is the responsibility of DONRE and the Danang City PC.

7.8 Figure 7.2.1 shows how DaCRISS will carry out the strategic environmental assessment. Existing SEA reports and the commune survey results were key inputs to the identification of environmental issues. These issues, together with the Team's analysis of the CFEZ and provincial SEDPs, were discussed in provincial seminars and technical workshops participated in by representatives from relevant government agencies, establishments, citizens' groups, and civil society, as well as members of the academe and experts. Once the proposed regional development plan based on a revised role-sharing is finalized, Danang City and each of the provinces should review their respective SEA reports. If necessary, stakeholder meetings should be carried out with the provinces' initiatives. All feedbacks from these consultations will be raised in the Steering Committee meetings. As a final step, a SEA report on the proposed regional development plan will be prepared by DONRE of Danang City.

Figure 7.2.1 SEA Process in DaCRISS



Source: DaCRISS Study Team.

8 CONCLUSION AND RECOMMENDATIONS

8.1 Based on the analysis made by the DaCRISS Study Team and discussions held with stakeholders in the provinces, the proposed basic development directions for CFEZ are briefly described below.

- (a) **Establish a Complementary but Competitive Role of CFEZ in the National Development Strategy:** The development of CFEZ should be different from that of NFEZ and SFEZ. CFEZ must provide a complementary role in the overall national development strategy which it can best provide. At the same time, CFEZ must be competitive enough in the global market in order to attract topnotch information, technology, human resources, and investment.
- (b) **Strengthen Connectivity with International Community:** CFEZ must be provided with efficient access to the global market and major growth centers in the world, at least in Asia, especially through air links. Danang City must play this role as a competitive gateway between the region and the rest of the world. Sea and land links must also be strengthened usually. Further improvement of the telecommunications system is also critical.
- (c) **Strengthen Interprovincial Coordination:** In order for CFEZ to become nationally and internationally competitive, seamless and timely integration of the region must be ensured to maximize its potentials and strengths. This can be done by developing strategic transportation infrastructure including expressways, high-speed railway, competitive international airport and seaport gateways, which, however, require effective role-sharing among the provinces.
- (d) **Attend to Common Issues among Provinces:** There are many issues that were identified in the provincial workshops conducted by DaCRISS. These are common to all or some provinces such as need for human resource development and tourism promotion, unequal access to credit, and inadequate investment promotion, among others. For provinces sharing the same issues, coordinated approach and mechanisms should be further worked out.
- (e) **Respond to Existing Internal Demand and Needs of Communes and Provinces:** Provinces in CFEZ need basic infrastructure and services for many of their communes, especially those in rural areas.

8.2 More specific strategies for CFEZ include the following:

- (i) Formulate a step-wise, comprehensive infrastructure development program for external funding;
- (ii) Leverage major national transportation projects such as the north–south high-speed railway, expressway, etc.;
- (iii) Expand direct international air connection to major Asian cities and strengthen international shipping services;
- (iv) Exploit the east–west corridor demand;
- (v) Strengthen telecommunications services;
- (vi) Strengthen intraregional connectivity through transportation network development;
- (vii) Expand tourism, especially eco and cultural tourism, in coordination with provinces;
- (viii) Promote agricultural production that matches the potentials of provinces;

- (ix) Promote handicraft industries;
- (x) Promote private SMEs in the commercial and services sector; and
- (xi) Exploit new types of industries such as human resource development, R&D, environmental businesses, etc.

8.3 In summary, the core strategies for CFEZ must be firmly established based on “integration” at the spatial, sectoral, and institutional levels (see Box 8.1).

Box 8.1 Core Development Strategies for CFEZ

Spatial Integration	:	international, national, provincial, and local levels
Sectoral Integration	:	economic, social, environmental, urban–rural, infrastructure–service, etc.
Institutional Integration	:	central–local government, interprovincial, interdepartmental, public–private, etc.

- Maximize potentials through integration to expand and strengthen capacity of the, and as a, region.
- Improve its competitiveness and appeal to promote investment inflow (capital, technology, visitors).
- Provide more active Central Government intervention for takeoff before establishing sustainable growth.

