

**Survey on Socio-Economic  
Development Strategy  
for the South-Central Coastal Area  
in Vietnam**

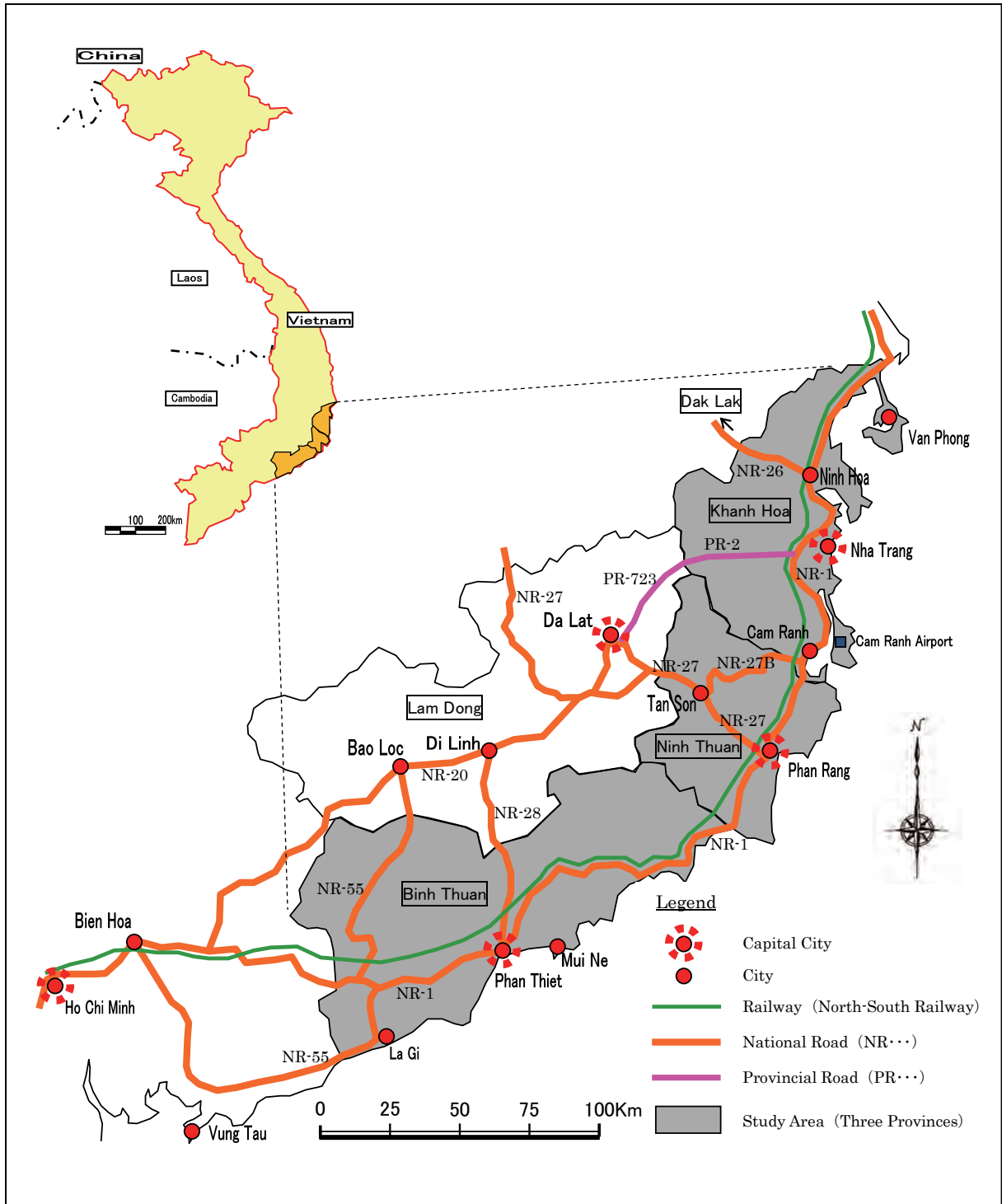
**Final Report  
Summary**

**October 2012**

**JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)**

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**Location Map of the Study Area**

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## **1 Introduction**

The South Central Coastal Region comprising of the three provinces, namely, Khanh Hoa, Ninh Thuan and Binh Thuan is located in the southern part of central coastal area. Khanh Hoa currently enjoys its leading economic status represented by Van Phong Special Economic Zone and the famous tourism spot, i.e. Nha Trang and Binh Thuan in proximity to Ho Chi Minh City is benefited with economic transactions with the Southern Economic Key Zone. Ninh Thuan is currently in a position of the poorest and the least industrialized province. Social and economic disparity exists in the region. Under such a circumstance, The US-based foreign consultant group, the Monitor Group employed by Ninh Thuan province prepared the long-term master plan for the province's social and economic development. The master piece of the master plan was creation of the Economic Development Office (EDO) as the organization or window for foreign and domestic investors taking interest in investment to Ninh Thuan. Nevertheless the fundamental issue of regional disparity will continue to be the challenging subject. The Study "Survey on Socio-Economic Development Strategy for the South Central Coastal Area" is basically intended to tackle the issue of regional disparity. The Study primarily focuses on strategy for socio-economic development of Ninh Thuan while taking into consideration regional linkage and cooperation among the three provinces.

## **2 Objective of the Study**

The objective of the Study is to propose regional development strategy for the three provinces, namely Ninh Thuan, Khanh Hoa and Binh Thuan, in the South Central Coastal Area, where socio-economic condition of Ninh Thuan province is lowest in the region. Regional development strategy is therefore proposed from the point of view of improving socio-economic condition of Ninh Thuan province with the cooperation and collaboration of neighboring provinces through strengthening regional linkage/cooperation.

### 3 Outline of the Study Area

The South Central Coastal area physically featured by long and beautiful coastline has a narrow and flat plain area where economic activities concentrate on regional cities such as Nha Trang, Phan Rang and Phan Thiet. Mountainous and hilly area where is less developed and least urbanized is economically poor compared with coastal area. Socio-economic environment among the three provinces is different. The characteristics of the three provinces, Ninh Thuan, Khanh Hoa, and Binh Thuan are shown in the table below.

**Table 1 Outline of Three Provinces**

	<b>Ninh Thuan province</b>	<b>Khanh Hoa province</b>	<b>Binh Thuan province</b>
Major Urban Center	Phan Rang	Nha Trang	Phan Thiet
Population	570,078	1,167,744	1,176,913
Area (km <sup>2</sup> )	2,260	5,197	7,828
GDP (billion VND)	6.72	34.30	24.40
GDP/Population (million VND)	11.79	29.37	20.74
Industrial composition(%)			
Primary industry	42.6	13.5	21.0
Secondary industry	22.2	41.8	34.2
Tertiary industry	35.2	44.6	44.8
Fertility Rate (%)	2.42	2.06	2.09
Population Growth Rate (%)	0.76	0.83	0.64
Poverty Rate (%)	19.0	9.5	10.1
Characteristic	<ul style="list-style-type: none"> <li>• National road 1A and 27 is passing through.</li> <li>• Climate around Phan Rang are dry, semi-desert location can be seen.</li> <li>• Fruit and garlic have been cultivated extensively.</li> <li>• There are a lot of salt fields in the coastal area, good-quality salt are made.</li> <li>• The Cham ethnic minority group has been settled as well as kin of the majority.</li> </ul>	<ul style="list-style-type: none"> <li>• Nha Trang is the international tourism city.</li> <li>• National road 1A and 27B is passing through.</li> <li>• Cam Ranh International Airport is the gateway to the tourism.</li> <li>• Khanh Hoa Province has good harbors such as Cam Ranh Bay, Van Phong Bay, Nha Trang Bay, and has become a nodal point of regional logistics</li> </ul>	<ul style="list-style-type: none"> <li>• National road 1A is passing through.</li> <li>• Climate around Phan Thiet are dry, semi-desert location can be seen.</li> <li>• The marine products industry has been practiced extensively.</li> <li>• Mui Ne has been attracting attention as the international tourism destination.</li> </ul>

Source:

- A Summary of Ninh Thuan's Master Plan for socio-economic development to 2020
- The Overall Planning on socio-economic development of Khanh Hoa Province up to 2020
- The Master Plan on socio-economic development of Binh Thuan Province up to 2020

## **4 Issues of the South Central Coastal Area**

### **(1) Basic issues**

Basic issues that the South Central Coastal Area faces are summarized below.

- Regional development strategy in the context of national development for the Northern area centering Hanoi, the Southern Key Economic Zone centering Ho Chi Minh City and the Central area centering Da Nang are clearly defined. Regional development strategy in the South Central Coastal Area, on the other hand, is a weak part of the regional development of Vietnam,
- Social and economic disparity exists within the region. Ninh Thuan is the smallest province in the South Central Coastal Area in terms of population and economy. Population of Ninh Thuan is about a half of that of Khanh Hoa and Binh Thuan. Economy of Ninh Thuan is about 40% and 57% of Khanh Hoa and Binh Thuan respectively in terms of GDP per capita.
- Geographical location of Ninh Thuan is strategically disadvantaged. Ninh Thuan is inter-positioned between Nha Trang/Cam Ranh in the north where is a gateway to outer area and Phan Thiet in the south where economy is closely linked with Southern Key Economic Zone. This implicates disconnection of Ninh Thuan with the neighboring provinces in terms of regional linkage. This makes flow of goods and people from north and south to Ninh Thuan limited.
- The poor living condition in rural area is somehow featured by low coverage rate of water supply, low quality of social services and poor accessibility, limited land for agriculture and low opportunity of employment.
- Urban centers in the region concentrate on provincial capitals so that further urbanization on provincial capitals will cause degradation of urban environment. Ninh Thuan particularly needs the balanced formation of urban and urban sub-centers.

### **(2) Economic issues**

The major issues in economic sector are summarized below.

- The primary sector of Ninh Thuan Province has many handicaps such as i) limited land for agriculture, ii) small scale, iii) salinity of soil, which further limits land for agriculture, iv) scarce water resource, v) few special products highlighted in the market, and vi) few supply chain.
- Low value-added shared by manufacturing can be explained by the current situation that manufacturing is primarily raw material extraction with basic processing.



- Tourism resources are not fully utilized.
- Investment promotion and tourism promotion capacity is low.
- Economic infrastructure and social infrastructure are not developed to attract investment.

These issues typically take the form of low income, and limited employment opportunities, causing large out-migration.

### (3) Social issues

The major problem in the social sector may be summarized as disparities in social service between urban area and rural area caused by poor access, lack of social facility, and low quality service. Access is the major issue in the rural area. In addition, most of ethnic minority groups live in mountain area where living condition is also poor and economic activity is limited. In view of further urbanization, higher level of social services such as education and medical/public health will be required to cope with commercial business and urban migration.

### (4) Organization and human resource issues

#### Organizational Issues

- Ninh Thuan does not have any governmental body to push forwards the Socioeconomic Development Plan on a daily basis.
- As an investment promotion agency (IPA), the EDO does not have a clear strategy for private investment attraction. It needs to adopt more proactive approaches to private investment attraction in addition to administrative reform currently undertaken.
- The EDO staff salary is too low to attract experienced staff who have expertise in investment and business support.
- The EDO does not have enough authority to instruct related departments and agencies to adjust their administrative procedures related to investment to one stop shop service by the EDO.
- Promotional activities are particularly weak in tourism development and industry development.

#### Human Resource Development Issues

- The quality of the work force in Ninh Thuan is not high. The current quantity and quality of training is very limited and the curriculum of the training

courses do not match the current industrial needs.

- Detailed human resource development plans by sectors are yet to be prepared and there is no effective coordination and cooperation mechanism among related department and agencies to develop human resources required for priority sectors.
- Ninh Thuan is trapped by a vicious cycle of human resource development in the initial stage of development. Though high-skilled labor needs to be fostered to promote industrial development and attract investors, no one is willing to pay for the training cost without any prospect for the future benefit. The workers in Ninh Thuan are matched with their jobs at a low level.

## **5 Regional Development Objectives**

### Objective 1 (overall):

To narrow regional disparities in the South Central Coastal Area, through raising the socio-economic condition of Ninh Thuan province and strengthening regional linkage/cooperation.

### Objective 2 (economy):

To strengthen economic structure, responding to emerging opportunities, in order to diversify industry, employment opportunities, and raise income level in the region.

### Objective 3 (social):

To promote regional integration or social cohesiveness by minimizing intra-regional disparities and securing self-sustainability.

### Objective 4 (organization):

To strengthen organization for efficient and effective implementation of regional development strategy.

## 6 Basic Strategy for the South Central Coastal Area

- (1) Strengthening of regional linkage/cooperation to narrow regional disparities;
- (2) Introduction of the comprehensive approach or inter-sector approach,
- (3) Linking local resources based industries with new industries;
- (4) Human resources development to support regional development; and
- (5) Organizational strengthening to promote regional development

### (1) Strengthening of regional linkage/cooperation to narrow regional disparities

To overcome issues regarding regional disparities, regional linkage/coordination has to be strengthened. The following components constitute this strategy:

- Even though the Study Area covers three provinces in the South Central Coastal Area, since Lam Dong province, (particularly Da Lat city) plays important role in regional linkage/cooperation, Lam Dong is included for regional linkage/cooperation consideration.
- Inter-regional road development connecting coastal areas and coastal area/central highland area to strengthen linkage with neighboring provinces,
- Regional cooperation on tourism development, with other popular tourism destination like Nha Trang, Mui Ne and Da Lat, to be implemented through public and private collaboration, tourism product development, tourism route development, and marketing promotion,
- Sub-center development along national road No. 1 and No. 27,
- Gateway approach to industrial diversification covering inter-organization collaboration and cross-border area development (Cam Ranh port and its hinterland),
- Regional cooperation on renewable energy projects to facilitate private sector to invest those projects, and
- Regional management of environmental protection for forest, river basin and maritime resources through promotion of borderless management..
- Regional coordination mechanism

### (2) Introduction of the comprehensive approach or inter-sector approach

Many of the issues observed by sector are inter-related, which means solving one problem or one sector problem may not be a solution for overall problem. The comprehensive or inter-sector approach will be taken, in which several projects or sub-projects are implemented under one objective. The following are particularly important.

(i) Tourism development including infrastructure and non infrastructure

The primal constraint of tourism development in Ninh Thuan province is tourism resources that are unknown to many tourists. In order to promote tourism in Ninh Thuan province, the following actions need to be taken:

- Tourism marketing and promotion aiming to focus target segment of tourism and to create image of tourism,
- Tourism product development to expand the range of products to raise visitor satisfaction through utilization of local resources (sea, forest, culture, salt, clean energy),
- Human resources development for execution of tourism promotion, and
- Tourism infrastructure development (road, tourism facilities).

(ii) Rural development to support improve living condition

It would be effective if multi-sector approach is applied for rural development since many aspects are related to cause the condition. Problem of health and education is caused not only by quality and quantity of services provided but also caused by access, living style, and culture. Some villages are located in the remote area where access to health and education facility is difficult. For some people, children are considered an important labor for agriculture and parents do not send children to school. The following constitutes this strategy.

- Improvement of health care through medical equipment, health service strengthening,
- Improvement of education through boarding school, facility improvement, teacher's text book development,
- Improvement of access by providing rural road to center in the area,
- Skill development based on local culture and products,
- Rural development targeting ethnic minorities through vocational training (improve quality of handicraft, collaboration with tourism sector, development of handicraft which can be sold outside Ninh Thuan province), and
- Strengthening of cultural activity (dance, housing, handicraft) which will contribute to tourism development

(iii) Urban development

Economic activities in the region will increasingly concentrate on urban centers or provincial capitals in the process of further urbanization. How to make cities and towns more attractive in terms of social services and urban environment would be one of key strategies for formation of business center and the relating investment promotion. Improvement of social services and urban living environment will be challenged in urban centers in the region. Ninh Thuan plans to grade up Phan Rang City from the third to the second grade. The province will need urban hierarchy comprising of centers combined with sub-centers.

(3) Linking local resources based industries to new industries

The traditional industry in the coastal area has been resource-based industry, i.e. the primary processing using raw materials in the area. The departure from the traditional resource-based industry has two approaches. One is the gateway approach, i.e. industrialization linked to near-by ports. Past experiences of the coastal area exemplify industrialization of hinterland behind the gateway. Industrialization will shift to high valued processing products using local resources depending on the market (demand) condition. Another is new type of products using primary agricultural and sea raw materials, which is supported by a growing demand in domestic market. Strategy for industry is composed of the followings:

- Diversification of resource-based products using a mixture of coastal and highland area,
- Cassava and sugarcane-based conglomerate industry and salt and seaweed-based conglomerate industry
- Market-driven products using local resources through the near-by gateway,

(4) Human resources development to support regional development

The fundamental issue to be tackled by the human resource development strategy is how to develop skilled workers required for the six priority sectors that have not been developed yet in Ninh Thuan. Ninh Thuan needs to formulate human resource development strategies for the six sectors and implement the strategies in cooperation with all the concerned agencies in addition to improvement of general education quality. The following are the measures to be taken:

- Building a human resource development network of related organizations and agencies to formulate and implement human resource development strategies

for matching demand and supply in the labor market

- Improving vocational training to support providing skilled labor to industry and tourism sectors
- Improvement of quality of general and higher education.

(5) Organizational strengthening to promote regional development

Since the Economic Development Office (EDO) is the only agency that could play the role of driving force for economic development, the EDO shall perform functions of both an investment promotion agency (IPA) and those of a provincial economic development board. The functions of the EDO to be strengthened as an investment promotion agency are investment promotion, business support services and policy advocacy and coordination. The functions to be added to the EDO as an economic development board are new industry creation and coordination of human resource development activities.

In addition to capacity development of the EDO, capacity of the departments and agencies related to tourism, industry and investment need to be strengthened especially in their coordination and promotional functions to ensure the successful implementation of the Socioeconomic Development Plan.

To achieve economic development at a regional level, The EDO could facilitate the formation of councils to promote regional cooperation among the neighboring provinces especially in the areas of tourism and industrial promotion.

## **7 Development Scenario**

Given the existing conditions of the South Central Coastal Area, regional development will be pursued in order to attain the objectives defined in the basic strategy, various elements of the basic strategy will be implemented step by step, and the regional development of the South Central Coastal Area will be realized over time as resources increase and institutional measures are implemented.

The planning period is tentatively divided into three phases: short-term in 2012-2015, medium-term in 2016-2020, and long-term in 2021-2030. The planning phase will be revised according to construction development such as construction schedule of the nuclear power plant.

The economic plan for the South Central Coastal Area is characterized as follows:

- Short-term: preparation for economic restructuring;
- Medium-term: economic restructuring; and
- Long-term: sustainable economic growth.

Regarding social development, local foundation for social development should be established in the short-term, followed by extending improved social services in the medium-term, and then upgrading the social services network linking other regions in the long-term.

With regard to organizational strengthening, investment promotion capacity, training network capacity, and inter-regional linkage coordination capacity should be strengthened in the short-term, followed by strengthening of tourism promotion capacity in the medium- and long-terms.

Regarding the improvement of regional linkage, linkage among Ninh Thuan Province, Binh Thuan Province, and Lam Dong Province should be strengthened in the short and medium terms. Then linkage between Ninh Thuan and Binh Thuan Provinces should be strengthened in the long-term.



**Table 2 Development Scenario for the South Central Coastal Area Regional  
Development**

	<b>Short Term (2012-2015)</b>	<b>Medium Term (2016-2020)</b>	<b>Long Term (2021-2030)</b>
Development Target	Preparation for launching development	Launching development	Sustainable development
Economic Development	Preparation for economic restructuring <ul style="list-style-type: none"> <li>• Primary sector: product diversification, improve productivity, link with agro-processing</li> <li>• Institutional strengthening for industry and tourism promotion</li> </ul>	Economic restructuring <ul style="list-style-type: none"> <li>• New industry development</li> <li>• Industry diversification model development preparation</li> </ul>	Sustainable economic growth <ul style="list-style-type: none"> <li>• Industry diversification model realization</li> </ul>
Social Development	Establishment of local foundations for social development <ul style="list-style-type: none"> <li>• Improve facilities and services in rural area</li> <li>• Improve access to social services</li> <li>• Improve vocational training mechanism</li> </ul>	Extension of improved social services <ul style="list-style-type: none"> <li>• Expansion of facility and service improvement</li> <li>• Expansion to other areas</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrading of social services network linking other regions</li> </ul>
Spatial Development/Infrastructure	Transportation Network Improvement <ul style="list-style-type: none"> <li>• Inter-regional road development to strengthen inter-regional linkage (National road No. 1, No. 27)</li> </ul> Urban Development <ul style="list-style-type: none"> <li>• Urban development through strengthening of urban hierarchy (urban sub-center: Loi Hai, Tan Son)</li> <li>• Development of urban infrastructure in Phan Rang urban area</li> </ul>	Transportation Network Improvement <ul style="list-style-type: none"> <li>• Intra-regional road development to strengthen linkage within the province</li> <li>• Development of community/district roads to improve access in the rural area</li> </ul> Urban Development <ul style="list-style-type: none"> <li>• Urban development through strengthening of urban hierarchy (urban sub-center: : Loi Hai, Tan Son)</li> <li>• Development of urban infrastructure in Phan Rang urban area</li> </ul>	Transportation Network Improvement <ul style="list-style-type: none"> <li>• Intra-regional road development to strengthen linkage within the province</li> <li>• Development of community/district roads to improve access in the rural area</li> </ul> Urban Development <ul style="list-style-type: none"> <li>• Urban development through strengthening of urban hierarchy (urban sub-center: Phuoc Nam)</li> </ul>
Organization and Human Resources Development	<ul style="list-style-type: none"> <li>• Strengthening of EDO, industry promotion, and training</li> <li>• Formation of a steering committee to study inter-regional cooperation mechanism</li> <li>• Establishing a human resources development council and a human resources development center</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening of EDO, industry promotion, tourism promotion, training, and additional function</li> <li>• Continue to develop inter-regional cooperation mechanism</li> <li>• Improvement of vocational training and professional education to support providing</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrading the Teacher Training College into a multidisciplinary university</li> </ul>

	<b>Short Term (2012-2015)</b>	<b>Medium Term (2016-2020)</b>	<b>Long Term (2021-2030)</b>
		workers to industry and tourism	
Regional Linkage	<ul style="list-style-type: none"> <li>• Strengthening the linkage and cooperation between Phan Rang and Cam Ranh/Nha Trang</li> <li>• Strengthening the linkage and cooperation between Phan Rang and Da Lat</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening the linkage and cooperation between Phan Rang and Cam Ranh/Nha Trang</li> <li>• Strengthening the linkage and cooperation between Phan Rang and Da Lat</li> <li>• Strengthening the linkage between Ninh Thuan and Binh Thuan Provinces</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening the linkage and cooperation between Phan Rang and Da Lat</li> <li>• Strengthening the linkage between Ninh Thuan and Binh Thuan Provinces</li> </ul>
Role of Public/Private Sector	<ul style="list-style-type: none"> <li>• Public investment</li> </ul>	<ul style="list-style-type: none"> <li>• Public investment and private investment</li> </ul>	<ul style="list-style-type: none"> <li>• Private and public investment (social and economic)</li> </ul>

Source: JICA Study Team

## **8 Sector Strategy**

### (1) Strategy for economic development

#### Industry diversification

Industry diversification in Ninh Thuan is intended to shift from traditional resource-based industry (primary processing of local raw materials) to high valued products. The approaches to industrial diversification are i) industrialization in hinterland behind a gateway (port), ii) diversification of resource-based products using raw materials from Highland (regional linkage), iii) a combination of a gateway approach with diversification of resource-based products, iv) cassava and sugarcane-based products (i.e. cassava chip, molasses, bio ethanol), and v) seaweed and salt-based products (i.e. foods, cosmetics, chemicals). The cassava and sugarcane-based products sustained by a steady regional demand could be planned and produced in region-wise base based on regional cooperation.

#### Building brand images

Given the situation that Ninh Thuan has the less attractive image such as “poor” and “no special products or impression”, brand image shall be strengthened through brand product development and brand name and image creation. Building of brand products (e.g. wine, salt, seaweed) will be conducted through selection appropriate products, conduct of pilot production, experimental sales to major markets and take action for active advertisement. Brand name and image can be created through examining brand name, regional cooperation on marketing survey of brand image, and active advertisement of brand name/image.

#### Extensive tourism market formulation

Tourism promotion of Ninh Thuan as a single tourism market would not be effective, but extensive tourism market formulation including Ninh Thuan could help increase inflow of tourists into Ninh Thuan. Tourism market formulation includes tourism pattern in the triangle tourism market (coastal area and highland area), tourism facility provision, and land and marine transport. A hinterland tourism spot (Lam Dong) and tourism spots in the South Central Coastal Area forms a triangle tourism market. Lam Dong corresponds to apex of the triangle while the coastal region forms the base of the triangle. Ninh Thuan is placed at the middle of the base of the triangle.

The common tourism facilities consist of i) roadside station to stop for rest and

also a place for promoting local products (michino eki in Japanese), ii) access road to tourism spots, iii) water treatment and supply facility for tourism spots, v) bus stations to transfer.

For promoting tourism, extensive tourism development committee consists of local government and private sector should be established.

#### Direction of agricultural sector

Agriculture sector in the future requires shifting to high value products, agricultural products linked to high valued processing products, aquamarine products with local supply chain.

#### Encourage private investors to invest renewable energy projects

The current power purchasing is based on a take-or-pay obligation under which EVN purchases power from renewable energy projects. This means that power market is not liberalized yet. In order to encourage investors to investment in renewable energy, pilot PPP scheme has to be conducted including implementation of PPP feasibility study, contract negotiation with contracting agency regarding price, subsidy, guarantee, and incentives, regional cooperation between Ninh Thuan and Binh Thuan.

#### (2) Strategy for social development

Strategy for social development is composed of social service improvement for urban area and rural development to improve living condition and reducing poverty.

#### Social service improvement in urban area

At the 3 provinces in south central coastal area, especially at Ninh Thuan, there are serious lack of human resources with quality administrative ability and ability for planning and implementing high potential projects both in public and private sectors. Such abilities are expected to have potential to strike out in new/fine directions to improve present stagnant situation, so provision of such kind of human resources is highly required.

Education is quite effective means to grow and provide quality human resources. Present condition of education in this area is quite poor: the quality is quite low in every educational stage and capacity of upper secondary and higher education is quite insufficient.

At first, projects “improvement of the quality and capacity of secondary education” can increase the number of students who have potential to promote to higher education after graduating from upper secondary schools. Development of teaching guide books and construction of upper secondary schools are contents that can achieve it. At the same time, projects “improvement of the capacity of higher education (colleges, universities, and etc.)” can accommodate increased students from secondary education. After implementation of these projects, this area will be able to produce more number of quality human resources.

For health care sector, provincial hospital is enlarged and relocated to new place in 2012 and old one will be converted into private hospital. So in urban area, the number of beds will become sufficient.

#### Social service improvement in rural area

Objective of rural development is to improve living condition including health, education, skill development, and access. For education sector, construction of boarding rooms to improve the access and improvement of the curriculum of “vocational training lessons” that can directly connect to the better living will be able to raise the potential of students in the area.

Mechanism of skill development for those in rural area should be strengthened through improving vocational training management to increase job opportunities. For health sector, quality of medical staff and patient referral system should be improved to keep the health in good condition.

Due to the planned construction and operation of nuclear power plant, population in Ninh Hai district is expected to increase to large extent. In order to attract quality human resources and settle down them in this area, the provision of educational and health care services which at least satisfy the national standard are required. Present social services in Ninh Hai are insufficient that they will become unable to satisfy BHN. The relocation, enlargement and enhancement of schools and medical facilities, which can handle the population growth, are highly expected.

### (3) Strategy for spatial development/infrastructure

Strategy for spatial development/infrastructure covers road development, urban development and land use plan.

#### Road network

In transport/road sector, three development targets were set up, that is:

- Strengthen regional linkage through development of inter regional road,
- Promote sector programs based on development strategy through development of intra-regional road, and
- Promote rural development and minority support in remote area through development of community/district road.

### Urban development

Transformation of urban system shifting from the present one pole concentration on Phan Rang to urban hierarchy comprising of urban centre and urban sub-center could render the balanced development to Ninh Thuan. To support regional development strategy for urban development is proposed to strengthen urban hierarchy by development urban sub-centers and improve urban environment in Phan Rang Thap Cham.

- The urban hierarchy proposed in Ninh Thuan assigns Phan Rang as the urban center which is composed of several subcenters in each district. In order to strengthen regional linkage along inter-regional roads to develop the Da Lat-Phan Rang-Cam Ranh corridor, Tan Son and Loi Hai are prioritized for subcenter development. In addition, the subcenters of Phuoc Nam are also developed in Phuoc Nam, which is located in the south of Phan Rang. It is a strategic area for industry and port development (Ca Na) and is connected with Binh Thuan.
- In order to improve the urban function and create an attractive urban environment for Phan Rang Thap Cham, various urban infrastructure facilities should be selectively improved, among them are infrastructure for flood control and living environment improvement such as road, drainage, and solid waste management.

#### (4) Strategy for organization and human resources development

##### Organization

Ninh Thuan needs the driving force to develop detailed strategies and plans and push forwards them in cooperation with related departments, and the EDO is so far the only agency that could play such a role in addition to their original roles as an investment promotion agency (IPA). The EDO has to be strengthened in the following functions: investment promotion, business support services, policy advocacy and coordination, creation of new local industries and products and human resource development for six sectors.

Provincial departments, especially DOIT and Tourism Department, also need to

build marketing and promotion capacity to implement sectoral development strategies. For tourism sector, marketing and promotion capacity of the Tourism Division, the Tourism Association and community leaders of tourist destinations are to be developed. Government officials in the EDO, the Industry and Trade Promotion Center and industrial parks also need to learn how to make investment attraction strategy, reach potential investors and sell the province or the parks with proposals based on analysis of the comparative advantages of the locations and potential investors' requirements.

Regional linkages are also an important tool to accelerate economic development in the region. A steering committee for regional linkage promotion will be formed within Ninh Thuan, where tentative regional linkage mechanisms along with the pilot projects to start with are discussed. The pilot projects help the region to build a suitable mechanism for regional linkages.

#### Human resources development

Ninh Thuan needs to make a policy to create labor demand rather than merely respond to it. The following are the measures to be taken.

The Human Resource Development Council has to be established soon to formulate strategies as well as detailed human resource development plans for six priority sectors. The council aims to make a linkage among related departments and agencies as well as a linkage between local government and private enterprises. The Center of the Human Resource Development for Economic Development is also to be set up to collect and analyze labor market information on a day-to-day basis and function as the secretariat of the Council.

The working groups by sector formed under the council shall define the types of human resources required for the six sectors. Tourism industry, for example, requires mainly i) those engaging in practical operation such as planning, sales and public relations and ii) those who directly serve the customers such as hotel staff and tour conductors. Especially mid-level clerical, sales and service workers need to be trained in cooperation with professional and vocational education institutes. For industrial development, human resources with good knowledge of food and wood processing technology are required in the short term and engineers in technology related to bioethanol need to be trained in the long term. Those who have deep knowledge of local resources, product development ability and marketing ability are also required for the development of new resource-based products of high value.

To stop upper secondary school graduates from leaving the province for higher education, upgrading of the Teacher Training College to a multidisciplinary university shall be supported.



## 9 Strategy for Regional Linkage and Cooperation

### 9.1 Approaches for Regional Linkage and Cooperation

#### (1) Rationale for Regional Linkage and Cooperation

The Ninh Thuan province as the smallest province among three (four) provinces in the study area in terms of land, population and economic size, may have a difficult position in economic development whether the province is swallowed by large neighboring provinces economically in future or the province can tackle the development issues from own standpoint. Regional linkage and cooperation are expected to be one of strategic measures to promote and encourage socio-economic development in effective and organized manners sustaining Ninh Thuan uniqueness in cooperation with neighboring provinces, which is also expected to provide benefits to neighboring provinces in parallel as a consolidated region to compete to other major economic centers in Vietnam.

#### (i) Regional character and necessary integrated management

The South Central Coastal Area has common issues and objectives to exploit and manage each natural environment and resources as borderless resources of which distribution are spread across three (four) Provinces (Ninh Thuan, Khanh Hoa, Binh Thuan and Lam Dong). These borderless resources and environment sometimes has brought difficulties to be controlled by one Province in terms of environment protection and exploitation management in well-organized manner.

**Table 3 Shared Issues for Development in South-Central Coastal Area**

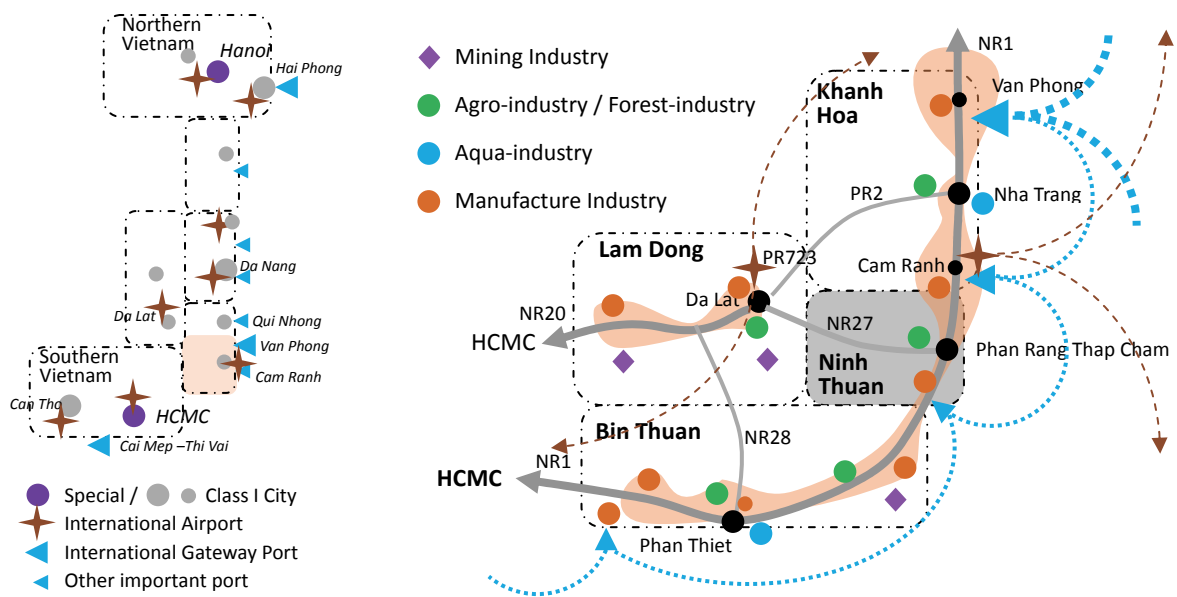
Economic Region		Management Issues	Intensity of Necessary Linkage for Common Resource			
			NT	KH	BT	LD
Natural Environment	Coastal/Marine	<ul style="list-style-type: none"> <li>• Coral reef protection along coast</li> </ul>	●	●	○	--
	Mountain/flora&fauna	<ul style="list-style-type: none"> <li>• National Park protection, improvement</li> <li>• Biosphere protection and management</li> </ul>	●	●	○	●
Resource Exploitation	Natural climate	<ul style="list-style-type: none"> <li>• Strong wind distribution</li> <li>• Strong sun beam and long sunny days</li> </ul>	●	○	●	--
	Water resource	<ul style="list-style-type: none"> <li>• Increase demand for development</li> <li>• River basin water and utilization</li> </ul>	●	○	●	●
	Mining/mineral	<ul style="list-style-type: none"> <li>• Mining-processing-transfer-production – shipping linkage</li> </ul>	○	○	○	○
	Forestry, hazard protect	<ul style="list-style-type: none"> <li>• Reforestation, fostering forest industry</li> <li>• Planting, logging, processing, production</li> </ul>	●	●	○	●
	Fishery	<ul style="list-style-type: none"> <li>• Resource protection and management</li> <li>• Fishery industry linkage</li> </ul>	●	●	●	--
	Agriculture	<ul style="list-style-type: none"> <li>• Arid agriculture production</li> <li>• Agro-industry linkage</li> </ul>	○	○	○	●
Tourism	<ul style="list-style-type: none"> <li>• Key nature tourism products</li> <li>• Excursion tourists</li> </ul>	●	●	●	●	

Note: NT = Ninh Thuan, KH = Khanh Hoa, BT = Binh Thuan, LD = Lam Dong, ● = strong, ○ = in general, -- = not shared

Source: JICA Study Team

(ii) Regional network and international gateways

The South Central Coastal Area has two key international gateways to the region by airport and port taking one of the pivotal positions in Vietnam. These key international gateways are connected and linked with major cities of Nha Trang (Class I), Da Lat (Class I) and other cities of Cam Ranh, Phan Rang-Tap Cham and Phan Thiet by National Road (hereafter NR) No.1(NR1) as the spine of the region in combination with NR20, NR27 and NR27B and Provincial Road (hereafter PR) PR2 and PR723.



Source: JICA Study Team

**Figure 1 Regional Network and International Gateways**

(2) Focused regional development linkage/cooperation domains

Taking into account the character and uniqueness of the South Central Coastal Area, several focused potential development linkage domains are identified to promote effective and practical linkage formulation as follows. Table 7.1.3 summarizes application of regional development/linkage by sectors

**Table 4 Application of Regional Linkage/Cooperation by Sectors**

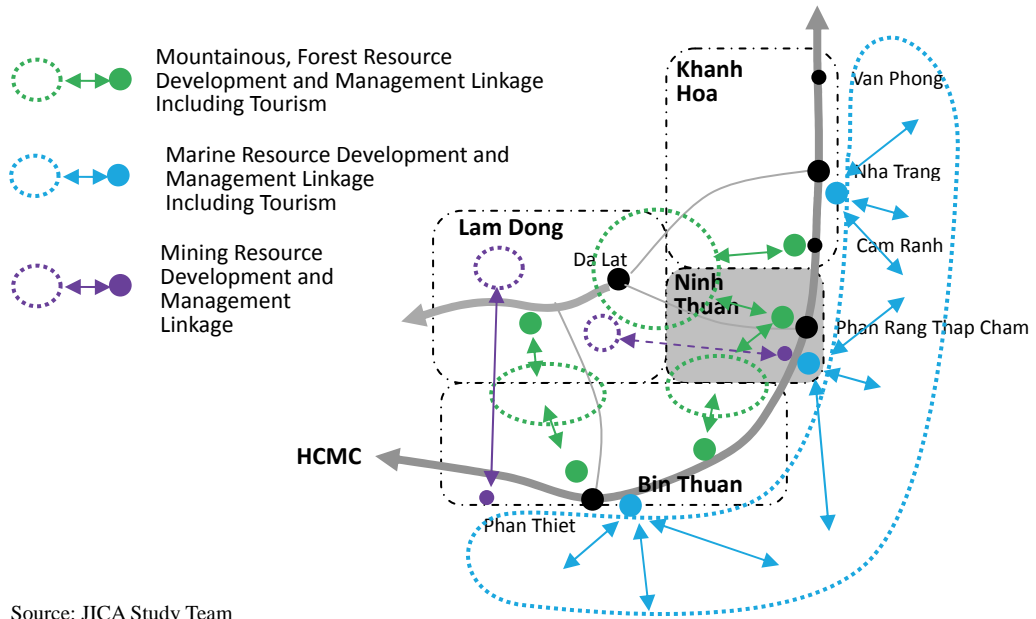
Regional Development Sector	Sector Strategy	Regional Linkage/Cooperation Strategy			
		Resource-based development linkage/cooperation formulation	Cross-border economic development linkage formulation	New frontier development linkage/cooperation formulation	Cooperative social development linkage/cooperation formulation
Economic Development	<ul style="list-style-type: none"> <li>• Industry Diversification</li> <li>• Creating Brand Images of Local Products</li> <li>• Extensive Tourism Market Formation</li> <li>• New Roles of the Agricultural Sector</li> <li>• Encouraging Private Investors to Invest in Renewable Energy Projects</li> </ul>	●	○	●	--
Social Development	<ul style="list-style-type: none"> <li>• Social Service Improvement in the Urban Area</li> <li>• Social Service Improvement in the Rural Area</li> </ul>	○	○	--	●
Spatial Development/Infrastructure	<ul style="list-style-type: none"> <li>• Transportation Network Improvement</li> <li>• Urban Development</li> </ul>	○	●	●	○
Organization and Human Resources Development	<ul style="list-style-type: none"> <li>• Organization</li> <li>• Human Resources Development</li> </ul>	○	○	●	●
Role of Public/Private Sector	<ul style="list-style-type: none"> <li>• Public investment</li> <li>• Public investment and private investment</li> <li>• Private and public investment (social and economic)</li> </ul>	●	●	●	○

Note ● = Actively apply, ○ = Apply if possible, -- = Not apply

Source: JICA Study Team

### Resource-based development linkage/cooperation formulation

Maximizing and sharing common resources of this region by coastal marine resource (e.g. fishery, salt farm, shrimp farm and tourism), mountain forest resources (e.g. nature reserve area, watershed protection forest, minerals) and semi-arid belt agriculture production will be common issues to be addressed for the region. Research and development for agriculture products, protection of natural resources, agro/aqua-industry development cooperation or linkage including tourism will play an important role in encouraging and promoting to exploit resources and to manage resources in the region in integrated manner.

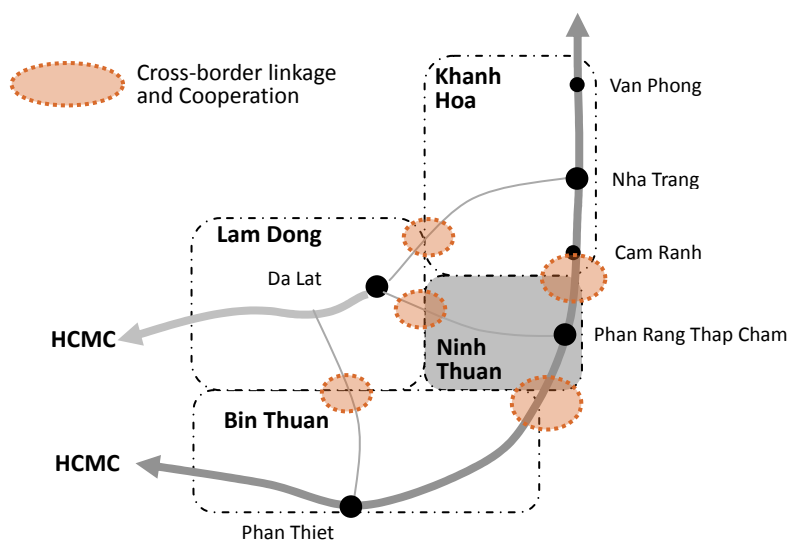


Source: JICA Study Team

**Figure 2 Resource-based Development Linkage and Cooperation in the Region**

Cross-border economic development linkage formulation

This linkage aims at encouraging and promoting effective economic development or resource management in cross-border areas between provinces by maximizing current development programs, potentials and necessary environmental management, where investment plans or environmental management plans at one-side province are formulated and both side development will bring supplemental and synergy effects (e.g. Cam Lap Peninsula resort development and Cam Ranh port development at Khanh Hoa and Ninh Thuan border, Ninh Thuan – Binh Thuan border with Ca Na port development).



Source: JICA Study Team

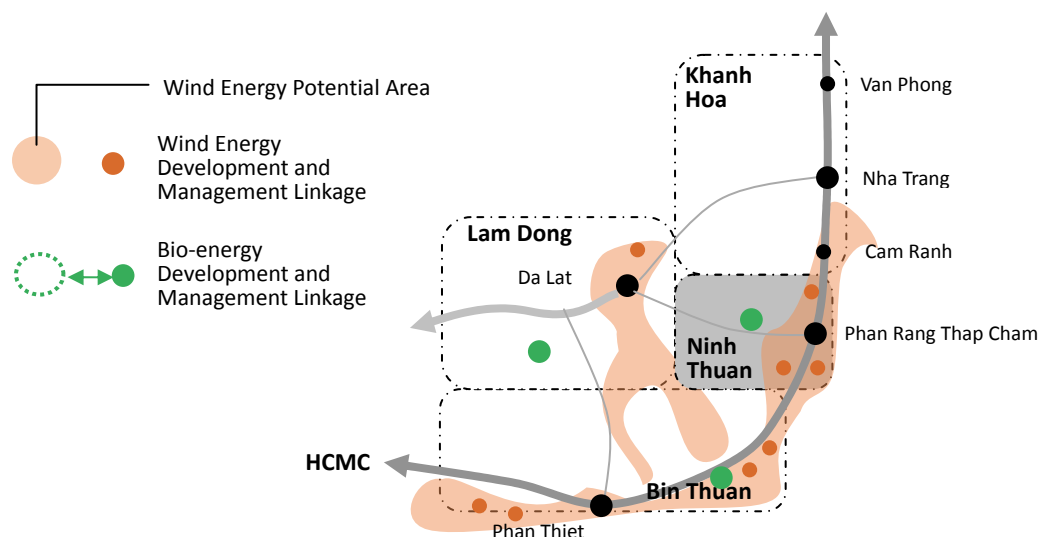
**Figure 3 Cross-border Linkage and Cooperation in the Region**

New frontier development linkage/cooperation formulation

Ninh Thuan and Binh Thuan provinces have been highlighted as potential provinces for renewable energy production where suitable natural conditions for wind power plant, solar power and semi-arid agricultural climate for bio-fuel products will be productive. However renewable energy system is still halfway to acceptable level of economic feasibility than other energy production systems with reasons of required advanced technologies with high-cost production, difficult requirement of efficient management and operation, insufficient supports mechanism by the central government.

From advantageous point of view, cooperative (or bundled) renewable projects with flexible and adjustable capacity may give better environment for investors rather than stand-alone project separately due to limited market industrial sector. Regional cooperation may be able to cope with these circumstances for renewal energy production in Vietnam, by offering favorable business environment in the region. For example, energy storage systems, smart distribution system to the national grid and wider production capacity for bio-fuel in integrated and stable production management manner will be more durable system for renewal energy production, for which various investors need collaborative works to be supported by local authority under regional cooperation agreement.

Regional cooperation for integrated renewable energy system led by relevant provinces would give more opportunities to realize attractive business environment for this sector investment in short way.



Source: JICA Study Team based on the Information on Wind Energy of Vietnam 2011/MOIT-GIZ

**Figure 4 New Frontier Development Linkage and Cooperation in the Region**

### Cooperative social development linkage/cooperation formulation

Mountainous areas in this region where ethnic minorities has settled have common issues to encourage their socio-economic development in order to fill big gaps between the coastal area settlements and mountainous settlements in terms of income level and social services. Vertical (rural – urban linkage such as exchanges by tourism and recreation by town-side guests and village hosts, movable library from town to village, movable clinic, etc) and horizontal (joint cultural events, succession of traditional performance, joint development of traditional handicrafts) linkage developments will be encouraged and promoted effectively and efficiently.

#### (3) Types and definition of regional linkage

##### Physical connection

Physical connection is a type of linkage that connects several areas physically through transport connection, logistics network, and land use. Physical connection plays an important role in regional development. Road has to be linked among the strategic areas and land use has to be considered not by administrative boundary but functional characteristics such as settlement area, industry area, and tourism area.

##### Technical cooperation

Technical cooperation is a type of linkage through which the provinces support each other technically. Ninh Thuan province needs support from the provinces which have experiences in specific field, such know-how on specific fields can be supported by neighboring provinces. As a sample, tourism sector in Ninh Thuan is desirable sector to be supported by experienced staffs from Nha Trang as an advanced province in tourism. Capacity development programs as one of major tools for technical cooperation can be applied to tourism sector to improve tourism administrative or professional services through training courses, workshops, seminars and on the job trainings.

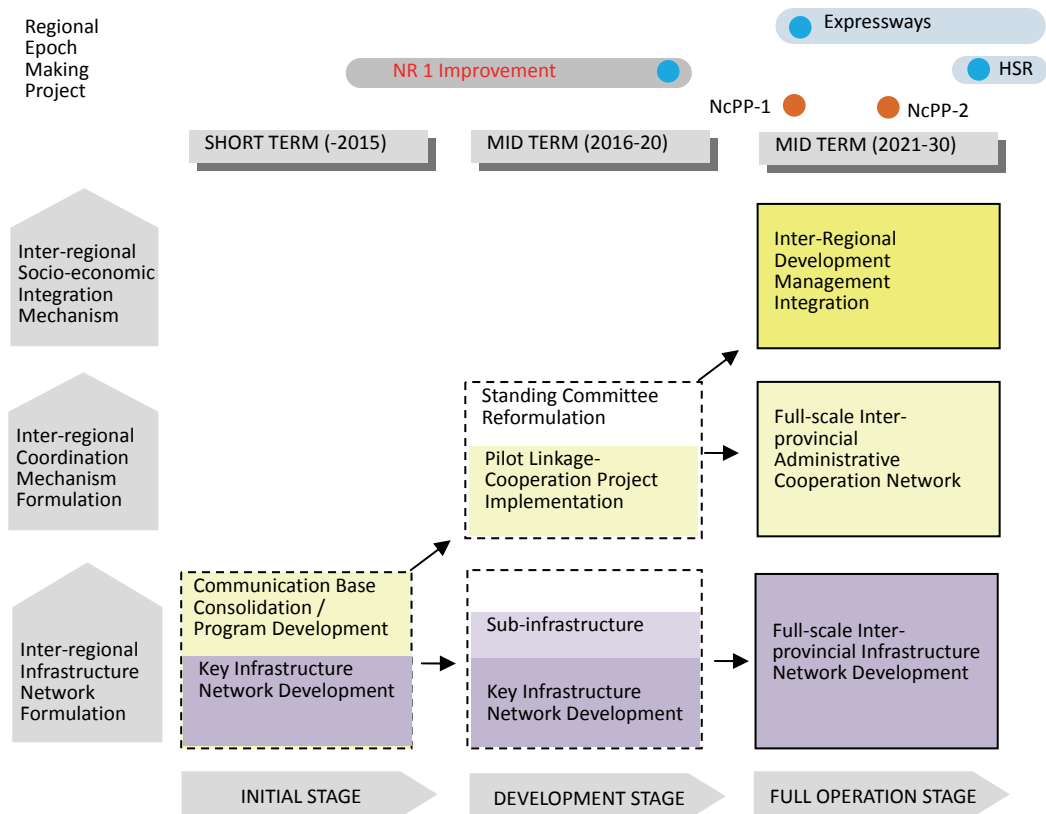
##### Collaboration and coordination for project

The collaboration work as part of regional linkage activities of which some programs/projects are implemented and managed together among relevant provinces, is one of the most challengeable type for regional linkage formulation

in terms of well-organized coordination to achieve same level of output quality in each project by each province.

(4) Step-by-step formulation of linkage and cooperation

Taking account of past lessons of difficulties of actual linkage and cooperation, especially for Ninh Thuan Province, gradual steps and actions need to be taken based on the certain programs with concrete actions and clear vision for regional linkage and cooperation maximizing potential and necessary areas and fields based on common issues among provinces. Toward coming new regional infrastructure (e.g. expressway, high-speed rail, new clear power plant) which will have great impacts on the region, strategic actions for establishment of regional linkage and cooperation mechanism will be essential in step-by-step development manner.



Note: NcPP = Nuclear Power Plant, HSR = High-speed Rail  
Source: JICA Study Team

**Figure 5 Gradual Development for South-Central Coastal Area Regional Linkage and Cooperation**

## **9.2 Region and Ninh Thuan Linkage and Cooperation Formulation**

### **(1) Strengthening linkage and cooperation between Phan Rang - Cam Ranh/Nha Trang**

This linkage is important for logistics, tourism, and industry development. Cam Ranh is considered gateway for both Khanh Hoa province and Ninh Thuan province where international airport and seaport are available.

Regional cooperation and necessary consolidation of infrastructure network are expected to promote mutual benefit and synergy effects on economic development.

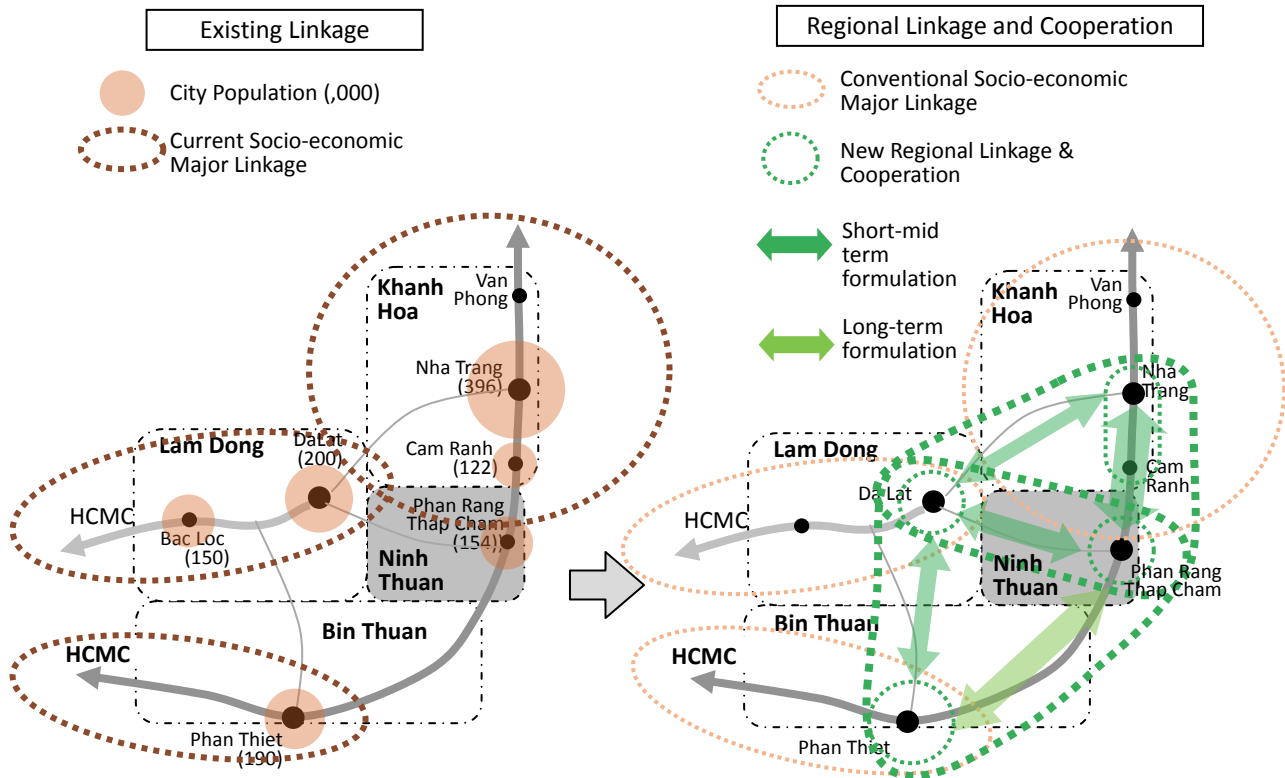
### **(2) Strengthening linkage and cooperation between Phan Rang and Da Lat**

Phan Rang – Da Lat had a historical and stronger linkage with PR27 and a railway in the past than other cities before. Although current mobility between Phan Rang and Da Lat has not been strong and enjoyed its prosperous development as past times, it will be necessary to revive and enhance this connection between Ninh Thuan and Lam Dong province in terms of resource based development including tourism through road network and urban service improvement and economic development linkage and cooperation.

### **(3) Strengthening of linkage of Ninh Thuan and Binh Thuan Provinces**

Existing linkage between Ninh Thuan province and Binh Thuan province is limited because economic activity of Binh Thuan holds stronger economic connection with Southern Focal Economic Zone and some tourism linkage with Lam Dong Province (Da Lat), thus the linkage is expected to formulate long-term linkage taking account of social service and minority group support and some collaborative activity along border area.





Source: JICA Study Team

**Figure 6 Direction of Strategic Linkage and Cooperation in the Region**

### 9.3 Programs/Projects for Regional Linkage/Cooperation

#### (1) Tourism linkage and cooperation

Tourism industry is considered as one of the most favorable sectors to formulate and promote regional linkage development and cooperation taking account of its character of circuit tourism and product attractiveness to extend length of stay by tourists and increase tourist expenditure.

Taking the advantage of strategic position of Ninh Thuan Province sharing borders of famous neighboring tourism destinations internationally of the Khanh Hoa, Binh Thuan and Lam Dong provinces, the tourism region including Ninh Thuan should rebuild the linkage and cooperation system based on the following programs/projects.

#### Regional tourism linkage and cooperation platform programs

Common programs and projects among relevant provinces are proposed to promote regional linkage and cooperation focusing on rebuilding regional

cooperation mechanism as basic platform formulation for three (four) provinces of Ninh Thuan, Khanh Hoa, Binh Thuan and Lam Dong. The followings are major programs/projects to be implemented by short-term and medium term, taking account of level of ownership of provincial government involvement by initiative role, cooperation and collaboration.

- Ninh Thuan Initiative Program: Joint Tourism Promotion Program / short-term (2012-2015) to medium-term (2016-2020)

Joint promotion strategy formulation, regional branding and marketing, joint Tourism Information Center (TIC) especially at the International Airports (Cam Ranh and Da Lat), joint regional web-portal, regional tourist map printing, etc

- Ninh Thuan Initiative Program: Regional Tourism Circuit Formulation Program / short-term (2012-2015) to medium-term (2016-2020)

Product and marketing studies by working group with professional advisory, regional model tour route development, scenery observation point and rest place development, regional product promotion center development, etc

#### Ninh Thuan pilot model project for tourism linkage and cooperation

In order to strengthening fruitful linkage and cooperation among the region, actual projects would have various opportunities of practical linkage and cooperation involving efforts on issue solutions and linkage encouragement through implementation of the projects. “Pilot Model Projects” in Ninh Thuan province is proposed to be implemented to establish effective and practical coordination mechanism through assessment and verification of projects for linkage and cooperation among three or four Provinces of Ninh Thuan (NT), Khanh Hoa (KH), Binh Thuan (BT) and Lam Dong (LD). The followings are key programs/projects to be implemented.

- Collaboration Program (NT-KH): Cam Lap Peninsula Tourism Area Integration Project / short-term (2012-2015) to medium-term (2016-2020)

Common site utility provision, common transportation service including sea glass-boat, nature (coral reef) guide/instructor training, for both Binh Tien Resort projects of KH and NT, etc

- Collaboration Program (NT-LD): Phuoc Binh National Park Tourism Integration Project / short-term (2012-2015) to medium-term (2016-2020)

Youth nature center and nature trail development, camping site, environmental education program, outdoor recreation instruction and guide development, local community (Bac Ai district) livelihood improvement program, etc

(2) Other economic sector development linkage and cooperation

Successful economic development, especially industrial development in the region requires essential driving factors of i) tight business network and production chains, ii) innovative production and management, iii) skilled human resource, iv) supporting infrastructure by transportation system and logistic (sea port, airport, logistic) and v) competitive and sustainable resource management.

Having the opportunities of strategic position of Ninh Thuan Province proximity to developing provinces of Khanh Hoa, Binh Thuan and Lam Dong provinces in terms of economic development by manufacturing and service industry, agriculture/aquaculture and fishery, and social/urban services, Ninh Thuan province should utilize and maximize those economic resources and opportunities when the province promote economic development. Key programs are shown in below.

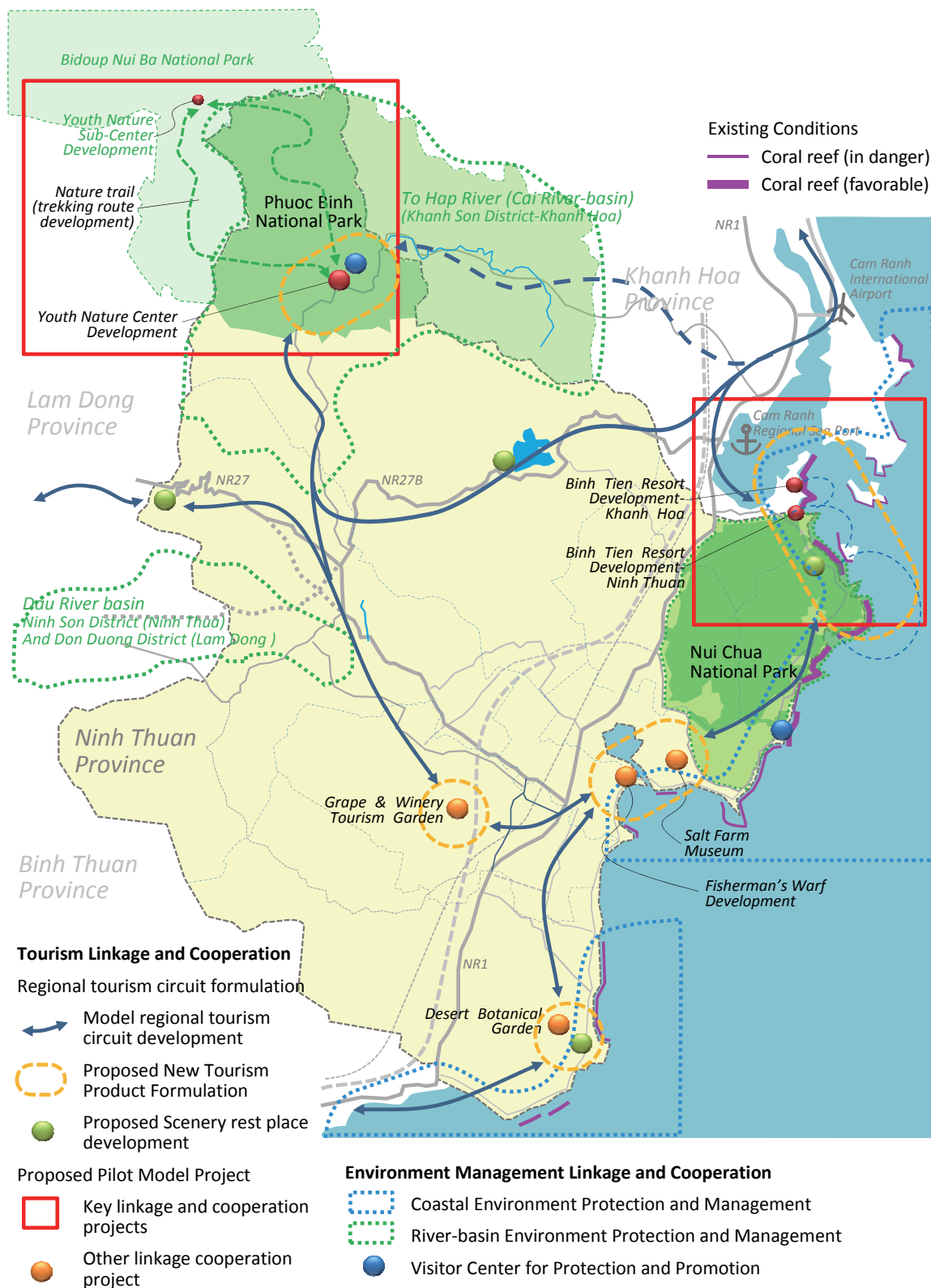
- Collaboration Program for Border Development (NT-KH): Cam Ranh/Thuan Bac Economic Development Priority Zone Formulation Project / short-term (2012-2015) to medium-term (2016-2020)  
Joint industrial park development plan formulation, common utilities provision, joint operation and management program and capacity development, etc
- Ninh Thuan Initiative Program (NT-LD): Wine Industry Value-chain Development Project / short-term (2012-2015) to medium-term (2016-2020)  
Grape production quality management program, winery development with product quality management, market and branding, distribution program, collaboration with wine research institute or foreign institutions, etc
- Collaboration Program for Regional Frontier Industry (NT-BT): Renewable Energy (Wind, Solar, Bio-fuel) Development Promotion / short-term (2012-2015) to medium-term (2016-2020)  
Joint provincial investment fund formulation, joint project facilitation services, joint investment coordination, renewable energy research institute establishment, etc

### (3) Natural environment linkage and cooperation

The region consisting of four provinces of Ninh Thuan, Khanh Hoa, Binh Thuan and Lam Dong embraces rich and valuable natural environment of natural forest in mountainous areas and coastal marine resources with vulnerable species of marine lives in Vietnam. These nature fields spread over beyond the boundaries of the provinces.

There are common issues among the provinces especially in mountainous areas where local communities of ethnic minority groups live in and exploit natural resources beyond administrative boundaries in association with degradation of natural environment, also causing natural disasters. The coastal area faces similar issues in terms of deterioration of sea or coastal environment by human activities for marine lives in the coastal areas of Ninh Thuan, Khanh Hoa and Binh Thuan provinces beyond the administrative boundary. Taking account of key natural environment in Ninh Thuan Province as common natural resources with common issues shared by Khanh Hoa, Binh Thuan and Lam Dong provinces, the mountainous forest and nature and marine environment in Ninh Thuan should be protected, utilized properly and managed effectively by the linkage and cooperation mechanism based on the following objectives.

- **Ninh Thuan Initiative Program (NT-KH): Coastal Environment Protection and Management Program / short-term (2012-2015)**  
Marine conservation visitor center, glass-bottom boat, protection and management facilities, nature guide/instructor training, awareness program, diving tourism development, etc
- **Ninh Thuan Initiative Program (NT-BT): River-basin (mainly Phuoc Binh National Park) Environment Protection and Management Program / medium-term (2016-2020)**  
Natural forest recovery, flora & fauna protection and guide program, nature guide/instructor skill development program, local community livelihood improvement program, etc.



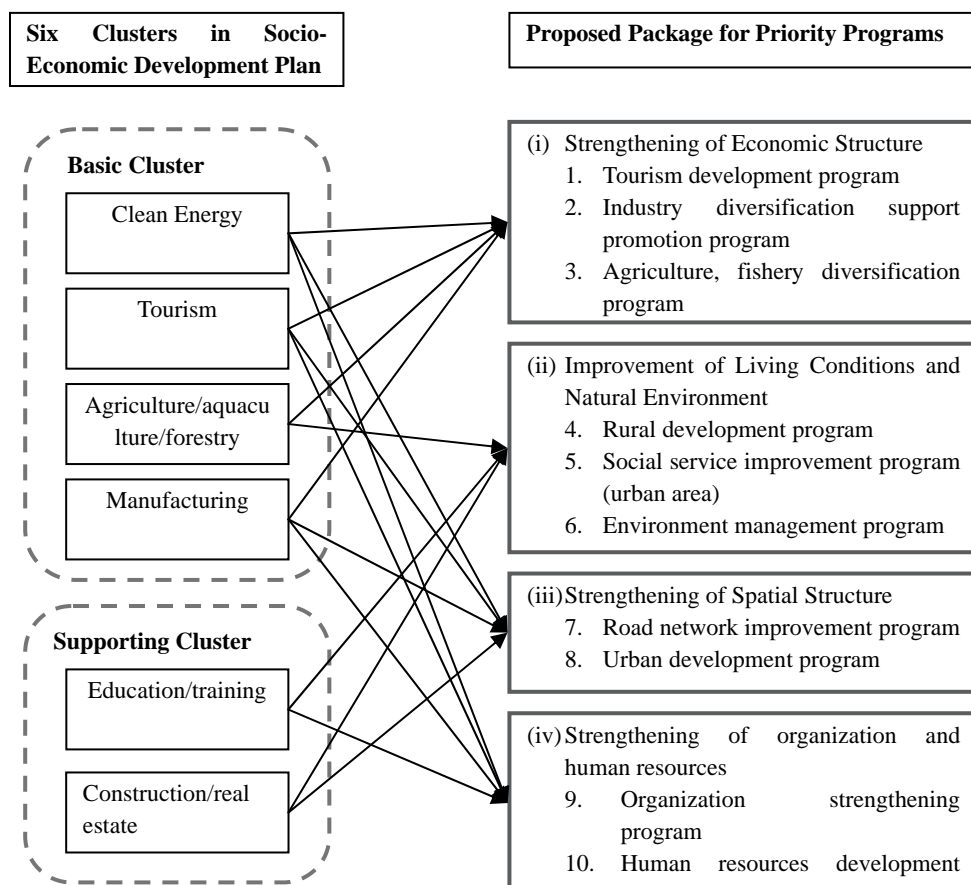
Source: JICA Study Team

Figure 7 Tourism & Environment Sector Regional Linkage and Cooperation in Ninh Thuan

## 10 Structure of Priority Programs

(i) Strengthening of economic structure aims to accelerate economic development, focusing on primary sector, industry sector and tourism sector. (ii) Improvement of living conditions and natural environment aims to support to improve social service and strengthen skill development particularly in the rural area, which also expects to secure self-reliance of ethnic minorities, and also natural environment management. (iii) Strengthening of spatial structure and (iv) Strengthening of organization and human resources aim to support implementation of package (i) and (ii) through strengthening of spatial structure and organization/human resource capacity.

The package proposed is closely linked with six development clusters proposed in the Socio-Economic Development Plan for Ninh Thuan. The relationship between six development clusters and proposed package for priority programs are shown in the Figure below.



**Figure 8 Relationship between Six Development Clusters and Priority Programs**

**Table 5 Implementation Schedule of the Priority Programs**

	Program/Sub Program	Regional Linkage	Phasing		
			S	M	L
1	Tourism development program				
1.1	(Joint) Tourism product development subprogram	●	■		
1.2	(Joint) Tourism marketing and promotion subprogram	●	■		
1.3	Tourism infrastructure development subprogram	●		■	
2	Industry diversification support program				
2.1	Gateway and cross border area development subprogram	●	■		
2.2	Resource-based new industry (agricultural product-based industry) subprogram	●	■		
2.3	Resource-based industry (sea product-based industry) subprogram	●	■		
2.4	New frontier industry development subprogram	●		■	
2.5	Building of brand image subprogram	●	■		
3	Agriculture and fishery diversification program				
3.1	Agricultural product diversification sub-program	●	■		
3.2	Fishery and marine aquaculture product development subprogram	●	■		
4	Rural development program				
4.1	Bac Ai region rural development subprogram		■		
4.2	Ninh Son region rural development subprogram			■	
4.3	Ninh Hai region infrastructure and social services equipment enhancement subprogram		■		
4.4	Rural infrastructure improvement subprogram		■		
4.5	Strengthening vocational training support subprogram	●		■	
4.6	Improvement of the quality of medical services sub-program	●		■	
5	Social service improvement program (urban area)				
5.1	Enlargement of the capacity of upper secondary education subprogram		■		
5.2	Improvement of the quality of education subprogram	●		■	
6	Environmental management program				
6.1	Coastal environment protection and management subprogram	●	■		
6.2	River basin environment protection and management subprogram	●		■	
7	Road network development program				
7.1	Inter-regional linkage strengthening subprogram	●	■		
7.2	Intra-regional linkage strengthening subprogram	●	■		
7.3	Rural development and ethnic minority promotion in remote areas support subprogram	●	■		
8	Urban development program (Phan Rang urban development)				
8.1	Urban subcenter development subprogram			■	
8.2	Flood protection in Phan Rang Thap Cham subprogram		■		
8.3	Urban environment improvement subprogram			■	
9	Organization strengthening program				
9.1	EDO strengthening subprogram	●	■		
9.2	Local government capacity enhancement subprogram	●	■		
9.3	Regional coordination management strengthening subprogram		■		
10	Human resources development program				
10.1	Human resources development network support		■		

	Program/Sub Program	Regional Linkage	Phasing		
			S	M	L
	subprogram				
10.2	Vocational training strengthening support subprogram				
10.3	Upgrading the teacher's college into a university support subprogram				

Note: S: short term (2012~2015), M: mid term (2016~2020), L: long term (2021~2030)



## **11 Recommendations for Further Action**

In order to ensure the smooth transition or implementation of the socio economic development strategy for the South Central Coastal Area, recommendations are prepared as follows:

### **(1) Preparation of regional cooperation mechanism**

The strengthening of the regional linkage/cooperation is important not only for Ninh Thuan but also for the South Central Coastal Area to compete with other areas in Vietnam. The bargaining power to the central government and donor, and the policies toward attracting foreign direct investment (FDI) will be strengthened if a regional cooperation mechanism is developed. Thus, it has to be developed as soon as possible. The following actions should be taken as initial steps for accelerating regional cooperation:

- Workshops shall be conducted to discuss regional linkage and cooperation with concerned agencies, including the central government, the local governments (Ninh Thuan, Khanh Hoa, Binh Thuan, and Lam Dong), donors, and the private sector; and
- An agreement or a memorandum of understanding (MoU) among the three provinces in the South Central Coastal Area, Ninh Thuan, Khanh Hoa, and Binh Thuan, and Lam Dong Province in the Central Highlands region has to be prepared for regional cooperation.

### **(2) Implementation of pilot projects to form regional cooperation**

The implementation of regional cooperation has not been successful after signing the MoU among the concerned provinces mainly due to weak implementation mechanism. In order to accelerate regional cooperation, pilot projects for selected sectors or fields will have to be conducted. The mechanisms shall be examined and developed for further regional cooperation.

### **(3) Further study to justify (prepare) the programs/projects**

Some data may not be enough to determine in detail the program components. Market and demand surveys for industry development, as well as natural resources survey for agriculture development, have to be conducted. For the human resources sector, a similar survey needs to be conducted to select which skills have to be developed to prepare and supply workers to the industry and tourism sectors. For organizational strengthening, the advantages and disadvantages of role sharing among concerned organizations have to be examined also.

(4) Conduct feasibility study or pre-feasibility study of priority programs

In order to proceed with the implementation of the programs, a detailed studies have to be conducted to secure budget from both the Vietnamese government and donors. A very important study would be a feasibility study. It aims to examine the technical, financial, and institutional feasibility which are required for project approval and also requests the budget for implementation.

(5) Strengthening of the EDO

The EDO plays an important role in regional development in terms of investment promotion, tourism promotion, and coordination among stakeholders. Strengthening of the EDO has to be executed to accelerate the implementation of regional development. Strengthening of the EDO, which include structure reform, staff capacity development, and budget preparation, has to be implemented, as shown below.

- Strengthening the function of investment promotion: set up separate division for investment promotion to enhance the quality and quantity of promotional activities. A system for coordination with related departments is required
- Providing business support services: provide investors with investment counseling services and aftercare support
- Policy advocacy and coordination: formulate and propose investment policies based on feedback reports from investors
- Creation of new local industries and products: provide small-scale competitive funds, provide strategy to promote innovation in the direction of the Socioeconomic Development Plan
- Human resources development for the six sectors: maintain a network of key private and public representatives, organize training sessions to the private sector on the six priority sectors in cooperation with other professional institutions