

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Second Small and Medium Enterprise Development Program loan (Subprogram 2) seeks to assist sustainable high economic growth in Viet Nam, by supporting the development and competitiveness of small and medium-sized enterprises (SMEs). It takes into account assistance provided by other multinational and bilateral aid agencies to develop aid synergies for the highest possible program effectiveness.

Major Development Partners

Development Partner	Project Name	Duration	Amount (million) ^a
UNIDO, NORAD, SECO	Technical Assistance to Business Registration Reform	2008–2013	12.6
UNIDO, Government of Italy	SME Cluster Development	2008–Dec 2012 (extended)	3.6
UNIDO, EuroCham, and other donors	Helping Vietnamese SMEs Adapt and Adopt Corporate Social Responsibilities for Improved Linkages with Global Supply Chains in Sustainable Production	2009–2013	2.7
UNIDO, SECO	Post WTO Accession Support to Vietnam – TBT/SPS Compliance Capacity Development Related to Key Export	2008–Ongoing	2.1
UNIDO	Promotion Industrial Energy Efficiency Through System Optimization and Energy Management Standards	2011–2015	6.6
ADB, Belgium, Finland, Norway, SECO	Mekong Enterprise Fund	2002–2012	18.5
SECO	Green Credit Fund Trust	2007–2017	5.0
SECO	Investment Fund for emerging markets	2007–Ongoing	25.0
SECO–IFC	International Finance Corporation – Advisory Services	2008–2013	4.0
SECO–IFC	Green Building Program in East Asia and the Pacific	2012–2017	7.0
SECO–ILO	Sustaining Competitive and Responsible Enterprises (SCORE)	2011–2017	8.4
SECO	Decentralised Trade Support Services for Strengthening the International Competitiveness of Vietnamese SMEs	2013–2016	3.3
CIDA	Small and Medium-Sized Enterprise (SME) Development in Soc Trang Province	2010–2016	Can\$10.0
CIDA	Tra Vinh Small and Medium-Sized Enterprise (SME) Development Project	2012–2017	Can\$10.0
CIDA	Developing Entrepreneurship in Viet Nam	2008–2014	Can\$2.4
EU	Mainstreaming Energy Efficiency Through Business Innovation Support Vietnam (MEET-BIS Vietnam)	2009–2013	1.6
EU	EU–MUTRAP (European Trade Policy and Investment Support Project)	2012–2017	15.0
ILO, IFC, Irish Aid, Netherlands	Better Work for Viet Nam	2009–2013	1.2 per year

Development Partner	Project Name	Duration	Amount (million) ^a
ILO, NORAD, SECO	Sustaining Competitive and Responsible Enterprises II (SCOREII)	2010–2013	4.1
USAID	Support for Implementation of Legislation on International Economic Integration/STAR PLUS	2010–2013	1.2
USAID	Vietnam Competitiveness Initiative (VNCI II)	2008–2013	12.7
JICA	Small and Medium-Sized Enterprises Finance Project (SMEFP)	2009–2015	¥27 billion
World Bank	Rural Finance III	2008–2013	200
World Bank	Inclusive Innovation Project	2012–2016	55

ADB = Asian Development Bank, CIDA = Canadian International Development Agency, EU = European Union, EuroCham = European Chamber of Commerce in Vietnam, IFC = International Finance Corporation, ILO = International Labour Organization, JICA = Japan International Cooperation Agency, NORAD = Norwegian Agency for Development Cooperation, SECO = State Secretariat for Economic Affairs of Switzerland, SMEs = small and medium-sized enterprises, SPS = sanitary and phytosanitary, TBT = technical barriers to trade, UNIDO = United Nations Industrial Development Organization, USAID = United States Agency for International Development, WTO = World Trade Organization.

^a Except where indicated, all amounts are in US dollars. The numbers are rounded off to one decimal digits. Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

2. Institutional arrangements for effective assistance to SME development in Viet Nam are coordinated by the Enterprise Development Agency (EDA) of the Ministry of Planning and Investment. At the national level, the EDA maps development partner activities and ensures their complementarity, sector coverage, and geographic balance. At the local level, the Department of Planning and Investment, under the provincial people's committee, coordinates and monitors aid activities in their respective province. In addition to these ministry line agencies, Viet Nam Chamber of Commerce and Industry (VCCI) promotes the development of business enterprises, and cooperation among business entities in Viet Nam and with international partners. Viet Nam SME Association (VSMEA) represents the interests of enterprises, advocates policy supporting SME development, and coordinates activities among enterprises and international cooperation. The Young Business Association also exists in each city and province of Viet Nam. These associations represent and coordinate the activities of private business members in their locations. VCCI and all business associations are independent, nongovernment, nonprofit organizations operating with financial autonomy.

3. The EDA, as the government's SME promoter and coordinator, is the executing agency in most development partner programs. Twice a year, the EDA coordinates with development partners to hold the SME Partnership Group. The meetings are chaired by the EDA and a partner on a rotating basis, to update information on development partners' SME development programs for better coordination and to enhance aid effectiveness among donors.

4. Together with the Consultation Group meetings organized by the government, Vietnam Business Forum (VBF) meetings are held annually. The VBF is a structured and ongoing policy dialogue between the government and the business community to develop a favorable business environment for sustainable growth. This forum was previously chaired by the International Finance Cooperation, a member of the World Bank Group. In February 2012, the coordination function of the forum's secretariat was transferred to a consortium of 14 foreign and local chambers of commerce and business associations (the VBF Consortium) so that the private sector can play a bigger role in the forum's sustainable development. For the

2013 cycle, the two co-chairs are EuroCham's immediate past chairperson and VCCI's chairperson.

5. Since 2001, bilateral and multilateral development partners have made significant contributions to SME development in Viet Nam. Among the most active development partners are large multilaterals such as the World Bank, the Asian Development Bank, the International Finance Cooperation, the United Nations Development Programme, and the European Commission; and bilateral donors, most notably the Canadian International Development Agency, State Secretariat for Economic Affairs of Switzerland, Japan Bank for International Cooperation, and the United States Agency for International Development.

C. Achievement and Issues

6. Development partners have introduced useful concepts and lessons in SME support. Given the diversity of the SME sector and the strengths of supporting programs and development partners, targeted support has been varied by technical approaches, locations, counterparts, beneficiaries, and sectors. Most development partner initiatives can be categorized under business enabling environment, capacity and business development services, trade or access to markets, access to finance, and human resource development.

7. In the 1990s, development partners largely focused on the central level, with most activities in the capital city of Ha Noi. Since 2000, development partners have diversified and localized their support in other cities and provinces, in line with the government's priorities. As a result, bilateral donors have increasingly focused on localities with a high concentration of enterprises to help boost production, bilateral trade, investment cooperation, and economic development in neighboring areas. Other donors, mostly nongovernment organizations, focus on rural and other more economically challenged areas with high incidence of poverty.

D. Summary and Recommendations

8. Further development of the SME sector is a key pillar of the government's new Socioeconomic Development Strategy, 2011–2020 and the Socioeconomic Development Plan (SEDP), 2011–2015. The program is closely aligned with and contributes to development outcomes of the government's SME Development Plan (SMEDP), 2011–2015 and the Asian Development Bank's program to support SMEs in Viet Nam. The program supports improving the framework for SME development, improving the efficiency of bureaucratic systems in support of SME operation, strengthening the regulatory framework for completion policy, and enhancing SME access to finance, in synergy with other development partners' work in Viet Nam. The program works closely with other development partners—the State Secretariat for Economic Affairs, the European Union, the United Nations Industrial Development Organization, the International Finance Corporation, Japan International Cooperation Agency, and the World Bank—and other stakeholders to provide support to private sector development in Viet Nam.