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22414

UNITED NATIONS INDUSTRIAL  
DEVELOPMENT ORGANIZATION



# SUPPORTING PRIVATE INDUSTRY

Working Paper No. 5

Assistance to Industrial SMEs  
in Vietnam

PRIVATE SECTOR DEVELOPMENT BRANCH

Investment Promotion and  
Institutional Capacity Building Division

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## **PSD TECHNICAL WORKING PAPERS SERIES**

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**Working Paper No. 5**

**Assistance to Industrial SMEs  
in Vietnam**

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# **ASSISTANCE TO INDUSTRIAL SMEs IN VIETNAM**

*moving towards a conducive policy framework  
and improved business development services\**

by

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*\*anatomy of MPI/UNIDO project US/VIE/95/004  
funded by a German contribution to UNIDO's Industrial Development Fund*



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION  
Private Sector Development Branch  
Investment Promotion and Institutional Capacity Building Division

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## ACRONYMS

BCD	Business Cooperation Day
BDS	Business Development Services
BPSC	Business Promotion and Service Center of Vietnam Cooperatives Alliance
BP Cons.	Business Planning Consultants
BSSC	Business Service Sub-Committee
BTVTC	Binh Thanh Vocational Training Center
CESTI	Center for Science and Technology Information
CFA	Cooperation and Financing Agreement
CG	Consultative Group
CIEM	Central Institute of Economic Management
CMS	Client Monitoring System
DCDB	Domestic Company/Enterprise Database
DFP	District Focal Points
EDB	Expert Database
FES	Friedrich Ebert Stiftung
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HCMC	Ho-Chi-Minh City
HCMCUT	HCMC University of Technology
HCU	Hanoi Cooperatives Union
HUT	Hanoi University of Technology
HwC/Koblenz	Handwerk Chamber Koblenz project
IBRD	International Bank for Reconstruction and Development
IBFC	International Banking and Finance Consultant
IFC	International Finance Corporation
IPO	Investment Promotion Office
IFP	Information Focal Point
ISIC	International Standard Industrial Classification
ITE	International Training Expert
MOLISA	Ministry of Labor, Invalids and Social Affairs
MoU	Memorandum of Understanding
MPDF	Mekong Project Development Facility
MPI	Ministry of Planning and Investment
NACESTID	National Center for Science, Technology Information and Documentation
NEU	National Economics University
PMRC	Prime Minister's Research Commission on SME Promotion Policy
SME	Small and Medium Enterprises
SMEDEC	SME Development Center of the Directorate of Standards, Metrology and Quality
SMEPC	SME Promotion Center of VCCI
SNV	Stichting Nederlandse Vrijwilligers (Dutch Volunteers Organization)
SOE	State owned enterprise



STAMEQ	Directorate of Standards, Metrology and Quality
Techn. Cons.	Technical Consultants
TCO	Technology Contact Officer
TTC	Technical Training Center
UAIC	Union of Associations of Industry and Commerce
UNIDO	United Nations Industrial Development Organization
UNV	United Nations Volunteer
VAT	Value Added Tax
VCCI	Vietnam Chamber of Commerce and Industry
VDT	Viet Duc Technical Training Center
VINASTAR	car manufacturer
VND	Vietnamese Dong
VMEP	company producing motorbikes
VTC	Vocational Training Center
ZDH	German Confederation of Small Business and Skilled Crafts

## EXECUTIVE SUMMARY

The present paper describes the evolution of project US/VIE/95/004, 'Assistance to Industrial SMEs in Vietnam' that turned out to be a 'laboratory' for SME promotion efforts in Vietnam. From the project formulation stage onwards, an 'open orientation' approach was adopted in this project, providing for the necessary flexibility to focus and adjust activities and corresponding performance indicators, in line with priorities and actual conditions.

With relatively limited resources a broad range of activities has been carried out in two fields: policy framework and business development services (BDS). Although it is recognized that 'spreading oneself thinly' has disadvantages, it is argued here that the approach followed gave a special touch to the project. It enabled to experiment, test approaches and learn lessons on 'what works', 'what not' and 'what not so well'. Experience gained is likely to influence Government's decisions on its future support to foster the development of SMEs.

The project contributed to the deepening of awareness of the situation of SMEs in Vietnam (their potential and constraints) and moved the need for support to SMEs higher on the policy agenda. There remain many challenges in the promulgation and implementation of improvements in the policy framework, but the project work - helping the Government of Vietnam in a relatively new field, SME promotion - came timely. Periodic Advisory Board meetings and the series of workshops organized throughout the project were not limited to project-related matters only. They provided the beginnings of a discussion and advocacy platform for SME issues at large. This interactive process resulted in a road map for policy actions and implementation steps, involving all stakeholders. The dialogue thus stimulated between the Government, support providers and the SME business community has 'come to stay'.

Regarding capacity and market development of BDS, the results vary across type of services and partners involved. Although the results are considered preliminary, at times 'fragile' and requiring more intensive attention, the project 'put a grain', in moving BDS related thinking in Vietnam towards the state-of-the-art. A lot of work remains to be done. However, the project has made a contribution to the creation of a market for BDS by fostering demand and supply, enhancing transparency in markets, promoting cooperative arrangements among the project's partner institutions as well as their networking with a wider range of support institutions.

'Building bridges' between BDS institutions leading to partnerships was considered important. This was based on the notion that an efficient support infrastructure consists of a range of institutions, private and public, that have the confidence of SMEs; understand their needs; consult each other, and provide complementary support services, each in line with what they know best. It is not claimed that this is an easy approach, but several of the results described in this paper provide arguments in favour of networking among support institutions to enhance collective efficiencies in BDS delivery.

Future challenges for the Government of Vietnam include, *inter alia*, rigour in the implementation of policy decisions, coordination among support interventions, and, of course, mobilization of internal and external resources to support SME promotion. For BDS providers the key challenge is to further enhance their capacity, develop the market for their services and strengthen their co-operation with partner institutions.

Finally, a word of thanks to the donor is called for: in addition to funding the project, the Government of Germany has demonstrated keen interest and excellent support throughout the four years of project operations. We also thank the MPI, the project partners and the UNIDO office in Vietnam for their good co-operation and support throughout the project life.<sup>1</sup>

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<sup>1</sup> We are grateful to Axel Mierke, Tran Thi Chin, Wilfried Lütkenhorst, Jaroslav Navratil and Sarwar Hobohm for their inputs and helpful comments on a previous draft of this paper and we thank Liesbeth Paardekooper for the pictures.

# CHAPTER I:

## The project

### A. Background

In the spirit of the 'Doi Moi' (renovation) policy adopted by the Government of Vietnam since 1986, Vietnam shifted from a centrally planned system to a market-oriented socialist economy. Although the role of SMEs in economic and social development was recognized, the business environment in this economy in transition presented great challenges to their development and growth. External constraints such as the transitional legal and administrative framework, scarcity of financial resources, intensifying competition as well as the internal constraints of company management, all exerted great pressures on SMEs in Vietnam. Despite the political willingness that existed to promote SMEs, there was no clear strategy for SME/private sector promotion, coupled with a lack of effective support institutions.

The UNIDO project 'Assistance to Industrial SMEs in Vietnam' was developed in 1994 based on an assessment of the needs of SMEs and of constraints faced by Government and institutions to support SME development. It addressed a sub-set of problems facing SMEs, specifically: incomplete legal and regulatory framework, low general level of technology, unresponsiveness of training systems to meet SME needs, poorly developed enterprise linkages (subcontracting) and weak capacity to prepare business plans.

A participatory approach was adopted, involving the stakeholders in the process of priority setting and project design. An Objectives-Oriented Project Planning workshop was held in April 1994, bringing together officials from Government, relevant public and private sector institutions, as well as representative SMEs from several provinces in Vietnam. With German funding secured in 1995 and implementation starting in September 1996, the project that evolved from this interactive project formulation process was timely, as it coincided with SMEs getting a more prominent place on the agenda of decision makers.

The aim of the project was to contribute to the development of an enabling environment for SMEs in Vietnam, through

- Direct support: providing recommendations to the Government on improvements to the policy and regulatory framework, including, but not limited to, those relating to registration procedures, import/export procedures and disincentives or regulatory barriers affecting SMEs;
- Policy-level capacity building: strengthening the capacity of relevant policy bodies to plan, monitor and coordinate efforts in support of SMEs;

- Service capacity building: strengthening the capacity of selected public and private institutions to provide effective market-led business development services (BDS) in the fields of technological information, advice and counseling; technical training; promoting subcontracting work and business planning.<sup>2</sup>

With a budget of some US\$2.1 million, the project's geographic coverage was limited to Hanoi and Ho-Chi-Minh City (HCMC) and its time frame covered four years in the period 1996-2000.<sup>3</sup> Additional contributions of the Government of Japan and thereafter Germany covered the funding of 2 associate experts attached to the project. Annex I is a chronological summary of significant project and partner activities.

## **B. The Partners**

The Ministry of Planning and Investment (MPI) Industry Department<sup>4</sup> acted as the lead counterpart agency for overall management and coordination of the project as well as for the SME policy-related support. As regards BDS, the project contacted in the start-up phase different business organizations, departments of the local governments, ministries, technical schools, universities, research institutes, banks and a few private service providers in Hanoi and HCMC. The findings showed that there existed capabilities that could be streamlined and supported to enable these organizations to better assist SMEs. Ultimately, with the approval of the Hanoi and HCMC People's Committees and the MPI, the project selected and worked with an institutional structure made up of different types of BDS facilitators and providers in Hanoi and HCMC, namely:

- Two business organizations: HCMC Union of Associations of Industry and Commerce (UAIC) and Vietnam Chamber of Commerce and Industry (VCCI);
- Two local government-sponsored service institutions: Center for Science and Technology Information of HCMC (CESTI) and Hanoi Cooperatives Union (HCU);
- Two universities: Hanoi University of Technology (HUT) and HCMC University of Technology (HCMCUT).

Co-operation agreements were prepared and signed between the project and the above organizations that became project partners. In turn, these partners have gradually established linkages and formal agreements with additional BDS providers, such as SMEDEC (SME Development Center of the General Directorate of Standards, Metrology and Quality), NACESTID (National Center for Science, Technology Information and Documentation), Business Promotion and Service Center (BPSC) of the Vietnam Co-operatives Alliance in Hanoi,

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<sup>2</sup> BDS are aimed at assisting SMEs overcome internal and external constraints on their development and thus to help them improve their performance. They cover non-financial services of all kinds (technological, technical, managerial, commercial) to SMEs. Deliverables at the SME level cover information, advice and counseling, training, facilitation of business linkages, development of commercial entities, technology development and transfer. The MPI/UNIDO project described in this paper addressed a sub-set of BDS focused on selected industrial branches.

<sup>3</sup> The current project is ending mid 2000; this paper describes the project results up to February 2000.

<sup>4</sup> In this paper, the counterpart is referred to as MPI instead of MPI Industry Department.

Viet Duc Technical and Binh Thanh Vocational Training Centers in HCMC. Upon a request from VCCI, their provincial branches in HCMC, Can Tho, Vung Tau, Khanh Hoa, Da Nang and Hai Phong have also joined the partnership. The resulting network of local partner institutions (*SMELINK*) is presented in Chart 1.

The project was monitored by an Advisory Board, representing central and local governmental authorities, partner institutions, other relevant organizations and donors involved in related support to promote private sector (particularly SME) development in Vietnam. Efforts towards coordination and cooperation with related external assistance were pursued throughout the project. Project reviews between MPI, UNIDO and the donor were held bi-annually. An independent in-depth mid-term evaluation of the project was undertaken in November-December 1998.

### **C. The underlying vision and principles**

Located in the MPI, as one of the pioneer projects to support the ‘non state-owned enterprises’ in Vietnam and being diverse in nature, the project turned out to be a laboratory for SME promotion efforts in Vietnam in two fields: policy and BDS.

#### **i. Policy - steps towards policy action**

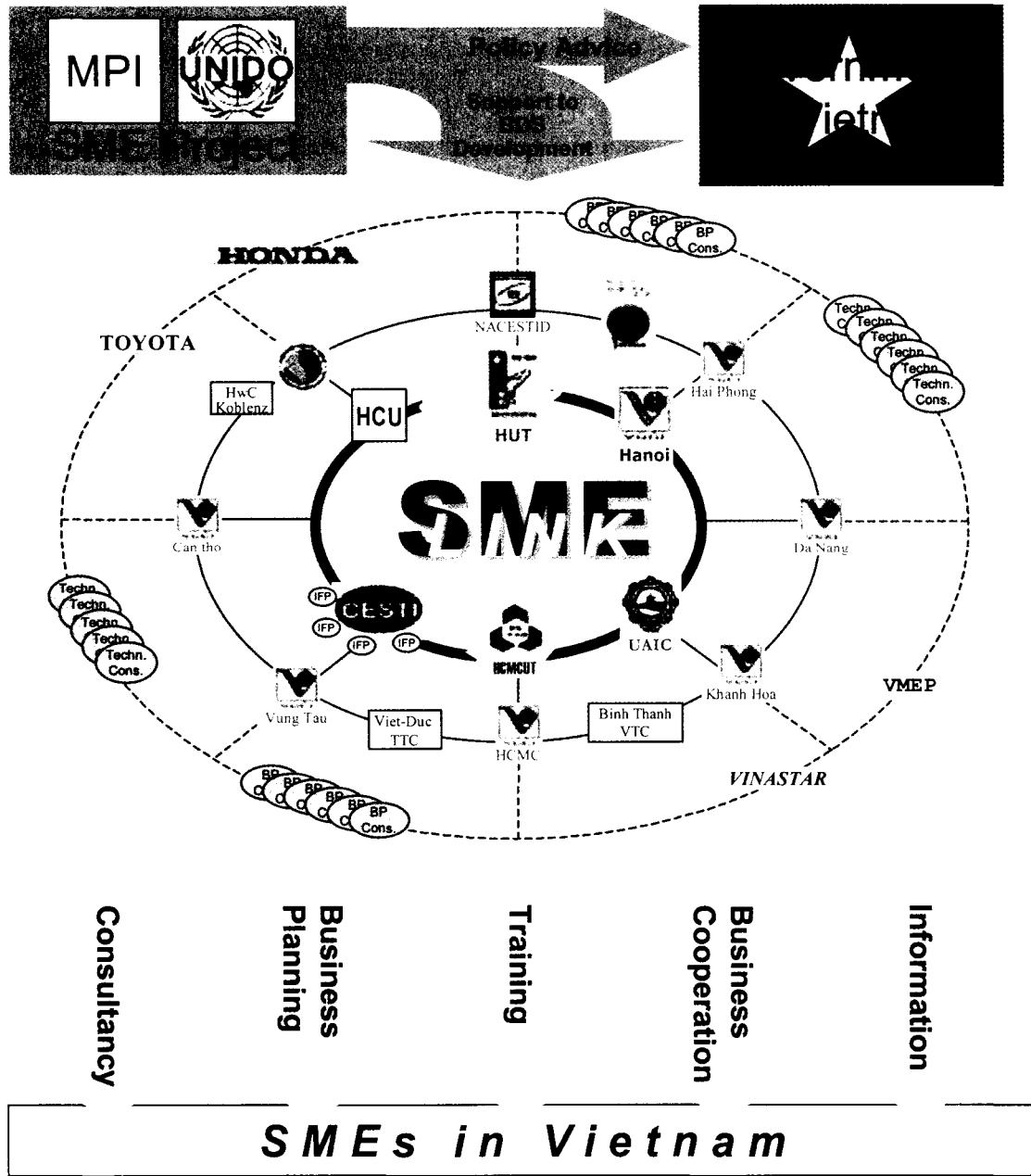
To foster and promote the development of SMEs, it was recognized that the ‘playing field’ of state- and non-state enterprises needed to be leveled. In spite of progress within the context of the policy directions taken towards a more open economy, policy obstacles and administrative procedures continued to affect SMEs. An in-depth inventory of policies, procedures and their implementation was to become the basis for drafting policy recommendations including concrete suggestions for streamlining the policy, legal and regulatory framework as well as facilitating the development of SME promotion institutions. The strategy called for a participatory process through interviews with stakeholders at central and local levels, followed by series of seminars to review the findings, conclusions and recommendations together with the relevant stakeholders.

#### **ii. BDS - towards working in new ways**

It was observed that the link between the need and demand for services on the one hand, and their supply on the other hand was missing or deficient. Information, expertise, training possibilities, testing facilities etc. existed, but were not or hardly known to nor used by the SMEs, or required improvement to meet their needs. The institutional structure supported by the project, and networking cooperation stimulated by joint actions between business organizations, universities, training centers, private consultants/consultancy firms, was to contribute to bringing about a “BDS market”.

In the “BDS market”, buyers (SMEs), facilitators and suppliers of services meet, and engage in BDS transactions, resulting in: information found, advice obtained, training received, business opportunities identified etc.

**Chart 1: Network of local partner institutions, SMELINK**



Inner circle: core project partners  
 Middle circle: associated SMELINK members  
 Outer circle: private sector associated with SMELINK  
 For an explanation of abbreviations please refer to the List of Acronyms

On the supply side of BDS markets, the project has been aimed at improving the effectiveness and transparency of the existing markets. This called for a project strategy<sup>5</sup> based on:

- working with existing institutions;
- building on their existing capabilities and readiness to commit their own resources;
- fostering competition by building up BDS capabilities in more than one institution;
- giving a facilitating role to institutions with closest linkage to SMEs;
- stimulating specialization and networking among the BDS facilitators and providers;
- promoting business-like behavior of partners by establishing contractual relationships between them and the project as well as among them;
- ensuring that services are demand-led by assessing needs and developing appropriate products together with the partners;
- aiming at achieving sustainability of services through fee charges (at/near market rates);
- trying to keep cost of services affordable to SMEs;
- using “level of fees” as signals from the external market (SMEs);
- employing “direct costs of products” as negotiation levers in the internal market, where SMELINK partners buy from and sell to each other.

On the demand side, the project interventions assisted the partners in raising awareness of products developed and their marketing among SMEs.



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<sup>5</sup> This project vision, strategy and plan for BDS was introduced in workshops in early May 1997 to SMEs (80) and potential partners (5) in HCMC and to SMEs (45) and potential partners (6) in Hanoi.



# CHAPTER II:

## Results achieved

### A. Policy component

#### i. Direct support

At the time of the project's formulation in 1994, support to the promotion of SMEs was recognized, but there was no comprehensive document, describing the vision of the Government on the channels and measures through which to support these businesses. Since then, work done and supported by the project has aroused interest at the highest levels. The in-depth evaluation conducted end 1998 concluded that the project 'significantly influenced discussion and formulation of SME policy'.

The direct support started with a study commissioned in February 1997 to the Central Institute of Economic Management (CIEM) to carry out a review of the legal and administrative environment in Hanoi and HCMC. Focus was on identifying barriers to the establishment and development of SMEs (see Box 1 for an illustration) and formulating an action-oriented agenda in the form of recommendations to the Government. CIEM, a major actor in drafting business related policy, compiled, and analyzed almost all documentation related to business establishment, operation and dissolution, and conducted in-depth interviews with SMEs and central and local policy-issuing agencies. Workshops in Hanoi and HCMC enabled the stakeholders to discuss and validate findings by January 1998. This report's recommendations regarding an SME definition (a much discussed issue, at times becoming a barrier to more productive discussions) and the necessity for policy action by the Government resulted in the issuance of the first ever Government document (681/CP-KTN dated 20 June 1998) directly related to SMEs. This document defined SMEs and appointed MPI to draft a proposal for State support to SMEs in Vietnam.

In order to make the recommendations of the first report more action-oriented, a second research team from CIEM, supported by an international legal consultant, prepared the "*Research Report on Improving the Macro-economic Policy and Improving the Administrative Procedures to Promote Development of SMEs in Vietnam*" (January 1999). Reviewed and discussed by SME owner-directors, business organizations, various ministries, the Party, local government agencies and the relevant donors, the report was found to have laid a foundation towards a vision for SME promotion in Vietnam. The research work was also an input for the draft "Government Decree on SME promotion policy and structures".

The example in Box 1 below is in line with the concern clearly expressed at the Prime Minister's Research Commission on SME Promotion Policy - PMRC's workshop on SME promotion policies on 15 October 1999: "...All discriminations must be abolished, especially for enterprises in the private sector, they should be respected for their bold investments in the current conditions filled with difficulties...; ...the State should simplify procedures in business registration, abolish unnecessary paperwork, provide information and a leveled playing ground,...; ...we should dismantle as many obstacles as we can, especially those caused by State agencies, and give freedom to SMEs, so that tens of thousands/millions of SMEs find their way to mushroom and succeed..."<sup>6</sup>

### **Box 1: A possibly bumpy road to create an enterprise**

T. D. Ltd is a limited liability company established in HCMC in early 1998. The company specializes in providing financial consulting services. To establish and register their company, the founders had to wait ten months from the date of submission of their application to the HCMC People's Committee and had to pay almost VND 100,000,000 (~US\$ 7,200) in unofficial fees and travel costs.

Until August 1998, the required legal capital for a limited liability company providing services was VND 50,000,000. However, when the applicants submitted their application with a bank certificate evidencing deposit in a blocked account of VND 50,000,000 (~US\$ 3,500), the officials in the HCMC Finance Department raised an objection, claiming that the company lacked sufficient capital...The officials insisted on requiring the applicants to increase the legal capital up to 1 billion VND (~US\$ 72,000). It took the applicants another one and a half months to borrow additional money from relatives and friends, deposited in the blocked account for the period needed until obtaining the incorporation license.

Source: MPI/UNIDO, Research report on improving macro-economic policy and reforming administrative procedures to promote development of SMEs in Vietnam, January 1999.

The discussions that started in 1997 in the context of the above research did, step by step, bring about new thinking at the level of policy makers, and significant actions have been taken in support of private sector development, in particular:

- Definition of SMEs and instruction to prepare SME promotion policy (Government document 681/CP-KTN dated 20 June 1998);
- Assignment of MPI to study the strategic orientation and policies for SME promotion, June 1998;
- Publication of the "Research report on improving the macro-economic policy and reforming the administrative procedures to promote the development of SMEs in Vietnam", MPI/UNIDO, January 1999;

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<sup>6</sup> Vu Quoc Tuan, Senior Advisor of the Prime Minister, Presentation 'Some basic matters on SME promotion', at PMRC workshop, Hanoi, 15 October 1999.

- Establishment of the Prime Minister's Research Commission (PMRC) on SME Promotion policy (Government Decision 133/1999/QD-TTg dated 31 May 1999);
- Large numbers of consultation workshops by the PMRC with relevant authorities, business organizations and SMEs, and preparation of reports on SME promotion by the PMRC as background papers for the workshops (June-December 1999);
- A Draft "Government Decree on SME Promotion Policy and Structures in Vietnam" for submission to the Government early 2000 and presented for consultations to all relevant stakeholders, including the donor community on 24 January 2000;
- Issuance of 3 decrees as required by the 1999 Enterprise Law, abolishing 84 licenses, reaffirming the right of the people to set up businesses under the law, and prohibiting business registration agencies to obstruct this process and clarifying the implementation of some articles of the Enterprise Law on 3 February 2000.

The above are considered important milestones on the road towards a comprehensive and effective Government support programme to SMEs. The measure of performance for this component of the project was formulated as: 'draft/supplement policy recommendations, through a process as participatory as possible, that are reflected in the agenda of the appropriate decision-making levels'. The in-depth evaluation qualified the results produced as 'more than planned'. Credit here goes to those involved in policy-making. They have taken actions as a result of assistance from the project. Through its background work, continuous guidance, but, especially, facilitation of dialogue among stakeholders and co-sponsoring of such activities, the project has played a very catalytic role in assisting the policy makers.

## **ii. Policy-level capacity development**

This project was the first SME assistance project executed within the Industry Department of the MPI. Thus far the Department had mainly been involved in activities related to state-owned enterprises. Concerns focused on state-owned SMEs that were facing difficulties due to the opening up of the markets. In the non-state sector, cooperatives took priority over other private enterprise types in existence.

Transition in thinking and acting related to domestic private sector development were reflected in the general political debates and are illustrated by the 6th Congress Resolution of the 8th Party Central Committee (October 1998). The Resolution reaffirmed that "creating a favorable environment and conditions for the development of the private economy, without any limits in scale, and in fields of operation not prohibited by the law, was required to overcome the slowdown in this economic sector".

Through its reports, discussion papers, and day-to-day exchanges, the project team's inputs can claim to have contributed to the fact that SMEs have obtained a much more prominent place on the policy action agenda of high level decision makers. For example, several of the recommendations currently reflected in the draft "Government Decree on SME Promotion Policy and Structures" have emerged as a result of activities supported and sponsored by the project. In that sense the project was a 'route to on-the-job learning' and provided as such a capacity

building experience for those in MPI as well as the other partner institutions, for whom private SMEs were a new field of attention.

In addition, the project document described the 'long term' vision for the Project Advisory Board as its potential to evolve into a forum for government-business sector dialogue for SME issues at large. The project Advisory Board -that had four sessions to date- took time to become sufficiently active. However, the announcement of the establishment of a now called "Private Sector/SME Promotion Council", aimed to provide advice on SME promotion policies to the Government can be considered a 'spin-off' of experience gained and suggestions steered by the project.<sup>7</sup>

A key issue for the envisaged Council to be successful is to ensure that the stakeholders -SME business community, BDS providers and relevant authorities- are represented at the highest levels. These representatives should be empowered to hold quality discussions on SME related issues and to turn lessons learned in SME support into proposals for new/modified support schemes, while actively following-up their proposals and taking part in other relevant fora.

The establishment of an SME Promotion Agency, associated with MPI, as announced in the above Draft Decree, to act as the focal point for developing and monitoring support to SME promotion, including for international donor co-operation in this field, was based on recommendations elaborated by the project team. Such an SME Promotion Agency would be well placed to absorb and build on the project's assets: trained local staff, tools developed, lessons learned, network of partner institutions, links with donors etc. At the local level, suggestions made have also found followers. The HCMC People's Council has recently approved the HCMC People's Committee's plan to establish a provincial level SME coordination entity to act as focal point for SME support formulation, monitoring and coordination at the local level.

The project essentially considered itself a type of advisory task force (rather than an institution to survive beyond the project cycle). Thus, continuation of work done by the project through the envisaged SME Promotion Agency would be a clear indication of sustainability and the institutionalization of efforts undertaken over the past four years.

The capacity of relevant agencies to plan, monitor and coordinate efforts in support of SMEs has also been strengthened by exposing key officials from the public and private sectors to SME support policies and programmes elsewhere. The National Project Director led a study tour of central and local level senior officials and representatives from the VCCI and the UAIC to the Philippines and Singapore in April 1997. In May 1998, the project co-sponsored participation of three senior officials in the Asia-Europe Small and Medium Enterprises Conference in Italy, which was combined with visits to SME support institutions in Italy and Germany. Also 4 senior officials studied the Republic of South Korea's experience in October 1998. At the end of 1999, a two-week SME policy study tour was organized for six PMRC members to the Netherlands, Italy and Germany, in support of their research work to guide the Prime Minister on SME development related issues. This study tour - a donor joint venture - is described in Box 2.

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<sup>7</sup> N. Tas, "SME Support Coordination Unit—Functions, Responsibilities, Tasks and Organization", Discussion Paper for MPI Industry Department, Hanoi, December 1998. This paper also includes the terms of reference for the SME Promotion Council, consisting of public and private representatives.

**Box 2: Donor clustering around a common activity - PMRC's study tour**

When the Prime Minister's Research Commission (PMRC) requested UNIDO in July 1999 to fund a study tour for 6 of its members to the Netherlands, Italy and Germany, the scenario chosen was not to do this alone, but to seek the support of different donors. The response was encouraging: a range of donors contributed to making the study tour possible: MPDF/IBRD, FES, GTZ, ZDH, Koblenz Handwerkskammer, SNV, Dutch Embassy, UNIDO-IPO/Milan, in addition to the MPI-UNIDO project that organized the event and sponsored one participant. Although seemingly easy, jointly sponsored events such as study tours seem a quite rare phenomenon in the area of donor cooperation.

A workshop was jointly organized by PMRC and UNIDO on 24 January 2000 to present the results of the study tour. This workshop also provided PMRC with a platform to present the draft Government Decree for SME promotion to the donor community at large and to seek their views. As an additional benefit, the constructive and honest discourse adopted by the PMRC and all the other eminent participants at this meeting seems to have aroused the interest of new donors in SME promotion. It is hoped that this joint donor action will have a further spin-off, by placing 'new donors' on the SME support map in Vietnam, once the above Decree is adopted.

The project also facilitated 'support coordination' efforts with the purpose of enhancing the learning process and information sharing among national and international stakeholders. MPI and the project jointly organized the first "Conference on Coordinated Support to SMEs" held in Hanoi on 14 May 1998. Since mid-1999 a core group of donors and practitioners active in the SME field started to move towards intensifying information sharing through what they called 'SME Forum'. In addition to informal events such as periodic lunches in which also national stakeholders were encouraged to participate, the Forum started organizing thematic activities/events, such as field trips to craft villages, a 'Show and Tell' exhibition of SME support organizations, and a workshop on Export Promotion. The SME Forum also contributed to the organization of the Vietnam Day, sponsored by the MPDF/IBRD, on the occasion of the Hanoi Conference of the Donor Committee on Small Enterprise Development in April 2000.

In addition to its contribution to the SME Forum, the project has throughout its lifetime undertaken efforts to enhance synergies with related donor support efforts, institutional networking being one of its guiding principles. From the very beginning, the Project Advisory Board has included representatives from donors with related projects. This may be considered quite unusual, since, most typically, participation in such Boards is limited to the counterparts, the donor and project management team. For a list of the most important cooperation and coordination relationships with other projects, reference is made to Annex II.

**B. BDS capacity building and market development component**

At the time of formulation of the project in 1994, the need for good quality business development services in line with the needs of SMEs was identified as a high priority: there were little or no services, at least not known to or accessible by the SMEs. Mechanisms assuring quality of available services were deficient. Actual or potential BDS providers focused on larger, state-owned enterprises, donors or joint ventures, and they were not sufficiently aware of, nor prepared for serving the market of services needed by SMEs, an emerging section of the business community.

Typical of SMEs elsewhere, Vietnamese entrepreneurs were often not aware of the benefits associated with external BDS, while, possibly, underestimating the costs of producing these services themselves. Secondly, they did not want to risk sharing competitive information with outsiders. Finally, they were reluctant in seeking external help, because of the fear of “losing face”.

### The BDS market

At the start-up of the project in September 1996, although a formal survey of the public and private BDS suppliers was not conducted, all major relevant semi-public bodies such as the VCCI, UAIC, Vietnam Cooperative Alliance, universities, technical and vocational schools, research institutes and a number of prominent, domestic private suppliers in Hanoi and HCMC were contacted. It was noted that at the time, even in the formal private sector, there were firms, which were previously ministry or local government departments and had recently entered the lucrative services market to cater to donors and joint ventures.

A study commissioned by Mekong Project Development Facility (MPDF), an IFC initiative, in 1998 on business services in Vietnam<sup>8</sup> confirmed the ‘niche’ for support to BDS development and strengthening. This study aimed to identify 40 private sector providers each in accounting, consultancy and market research located in Hanoi, HCMC and some other provinces. Of these 40, the sample was to include 12 in each category. Finally, of the total 42 firms included in the study<sup>9</sup>, 7 out of 10 accounting, 4 out of 12 consultancy, 2 out of 10 market research, 8 out of 10 training firms ended up to be state-owned enterprises.

A view of the potential demand for BDS from the business sector in Hanoi and HCMC can be gleaned from Tables 1 and 2, based on MPI data. Non-state sector includes legal forms of private enterprise, limited liability, joint-stock companies and cooperatives.

**Table 1**  
**Total number of registered enterprises in Hanoi and HCMC (1996-1999)**

City	Number of Registered Enterprises in the Non-state and State Sectors									
	Before 1996		1996		1997		1998		1999	
	Non-State	State	Non-State	State	Non-State	State	Non-State	State	Non-State	State
Hanoi	2,058	845	2,619	994	3,026	1,036	3,517	1,068	4,080	1,076
<b>Total</b>	2,903		3,613		4,062		4,585		5,156	
HCMC	6,283	855	7,760	909	8,107	931	8,368	933	8,761	942
<b>Total</b>	7,138		8,669		9,038		9,301		9,703	

Source: MPI, 2000

<sup>8</sup> Business services in Vietnam, study done by Service-Growth Consultants Inc, Canada and Galaxy Ltd, Vietnam, for MPDF, December 1998.

<sup>9</sup> Ibid. pages 21, 22 and 72.

**Table 2**  
**Total number of registered SMEs\* in Hanoi and HCMC (1996-1999)**

City	Number of Registered SMEs in the Non-state and State Sectors									
	Before 1996		1996		1997		1998		1999	
	Non-State	State	Non-State	State	Non-State	State	Non-State	State	Non-State	State
<b>Hanoi</b>	2,027	425	2,580	500	2,982	520	3,466	533	4,013	535
<b>Total</b>	2,452		3,080		3,502		3,999		4,548	
<b>HCMC</b>	6,208	400	7,668	425	8,011	436	8,268	438	8,656	443
<b>Total</b>	6,608		8,093		8,447		8,706		9,099	

Source: MPI, 2000 \*SMEs are defined as those enterprises having less than 5 BVND registered capital.

The figures in Tables 1-2 illustrate the fact that 90% of the emerging business community in Hanoi and HCMC consist of SMEs.<sup>10</sup> Despite being quite populous cities,<sup>11</sup> both Hanoi and HCMC seem to have a relatively small number of businesses active in the formal sector. With the further opening up of the economy and with more enterprises being established, demand for BDS from enterprises is expected to increase at quite a high rate.

In summary, the markets for BDS lacked and still lack many of the characteristics expected of them: demand is limited; competition is limited; “rules of the market” are ambiguous; knowledge, skills and available tools do not match the requirements; facilitators are few and weak, etc. This is why the BDS component of the project was as important as the policy component. In this component, the project again aimed to offer experiments and choices both to administrators and regulators such as the MPI, service providers and facilitators it worked closely with.

### **The project - a facilitator in the BDS market**

The project aspired to assist its partners in becoming “pioneer entrepreneurs” in creating new markets and paving the way for the followers. Therefore, in promoting BDS, the focus was on assisting the partners in:

- assessing the needs and demand of SMEs;
- awareness raising for BDS in the SME community to stimulate demand;
- designing service packages (tools, products, systems of delivery, including a system of referrals);
- promoting and delivering service products; and
- training partner staff in continuous re-assessment of needs, monitoring and redesign, when required, of service provision.

<sup>10</sup> According to Government Decision 681/CP-KTN (20 June 1998), SMEs are defined as registered enterprises with less than 200 employees and less than 5 billion VND in registered capital. US\$1=14,000 VND, February 2000.

<sup>11</sup> The population in Hanoi grew from 2,395,900 in 1996 to 2,779,699 in 1999; that of HCMC from 4,880,035 to 5,306,771 in that period.

In line with the project strategy as outlined under Chapter I, a BDS 'web' called SMELINK<sup>12</sup> was created with a view to linking sources of information and expertise among the project partner institutions, thereby providing an easy and cost-effective access to the services by SMEs. Business (membership) organizations were accorded the role of intermediaries to enhance transparency of markets and to promote quality on behalf of SMEs vis-à-vis other suppliers within the web. Creating mutual trust and ensuring sharing of benefits were considered critical preconditions for SME support partnerships to function and to be sustainable.

Tools were developed for common use by the partners, such as: a domestic company data base to support a market information service; a domestic experts data base for referral on advice and consultancy needs of SMEs; a client monitoring system; a business planning workbook adapted to Vietnamese conditions, modular training materials and simple financial forecasting software in Vietnamese. Professional-level short-term training courses for SMEs were developed/adapted. Trainers from the two cities were encouraged to teach in the other city, as appropriate, to enhance transfer of teaching techniques.

An internal newsletter, a common logo, brand name and, more recently, a web site for the network, all helped towards consolidating the network identity. The fact that all partners have been connected to the Internet since April 1998 and had a network related e-mail address facilitated and accelerated information sharing and referral among the partners.

As the SME client will only pay for services that are of relevance to his/her business and of good quality, it was considered important for the market (SMEs) to be involved when deciding on and monitoring the types and content of services. For this purpose Business Service Sub-Committees (BSSC) were established in the business organizations, consisting of leading SME entrepreneurs in the locality.



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<sup>12</sup> Web site: <http://www.smelink.com.vn>



The system put in place is based on contractual agreements, in particular the Cooperation and Financing Agreement (CFA), made between the project and the partner institutions, specifying e.g., the activities, their planning, budget allocations, reporting requirements and evaluation criteria. A number of Memoranda of Understanding (MoU) between the project and/or its partner institutions and other institutions involved in BDS provision also facilitated learning in setting up transactional relationships.

It was felt that without a financial incentive to stimulate the establishment and/or strengthening of BDS, it would be hard to move forward. This is why the project invested, on average per partner organization, a total of US\$ 44,367 over 3 years to support the BDS activities developed and started with the 6 core partners. Detailed ‘rules of the game’ determined the use of the financial incentive provided. This subsidization of the initial stages towards service delivery was considered a necessary step: most partners started at the level of little or no BDS provision to SMEs. Training the partner staff and providing them with tools for information, counseling, training services would have been insufficient. Initial cost-sharing, especially in promoting the products in workshops and seminars, in mounting training courses<sup>13</sup> to raise awareness in the market, while testing the product and coaching of the BDS providers proved to be indispensable to make the link from “ability to deliver” to actual delivery of services.

Notwithstanding the project’s facilitating attitude, which included incentives to kick off BDS delivery, sustainability of service delivery was one of the main concerns from ‘day one’. The partners were throughout reminded of the need for rigor in service management for the sake of continuity in service delivery, such as the need to keep costs down, to prioritize activities in line with market interest, to maximize participants and thus revenue of activities, without compromising quality, to actively promote and properly package services, and to clearly divide duties among the partners based on ‘who does what best’, etc.

The results by type of service addressed by the project - information, technical training, business planning, technical consultancy, and subcontracting promotion - are described below.

#### **i. Information services**

The information services offered to SMEs vary from matters like provision of standards information on products and processes to searches to identify suppliers of domestic and international inputs, machinery and equipment, buyer information, etc. As such, the products that could be offered range from off-the-shelf publications (low cost) to higher value added, expertise and skill-based products (high cost). Unlike other BDS, e.g., training services, it is difficult to isolate “information services for SMEs” as a well-defined and understood field of competence. For example, information provision on product standards is considered a “technology information services”. This can consist only of the compilation and provision of publicly and readily available information by finding and photocopying a certain standard, especially if the product involves a mandatory standard (such as pasteurized milk, due to its relation to human health). However, if a motorbike replacement parts producer selling to the market wants to know the standards for chains, the information officer either has to know something about motorbikes and

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<sup>13</sup> In development of training courses, it was seen that, with the right product, at the right price level partners were able to depreciate their own investments during the first and second run of the same course. This was ‘learned’ through experimentation.

chains, or consult an expert. In this case, it is difficult to discern the “technology information services” from technical consultancy.

Confronted with the task of facilitating the development and dissemination of information products to SMEs, who did not know where information could be obtained and what products were on offer, the project assisted the partners in implementing the following approach:

1. *Raising awareness of how readily available information can be obtained (developing the distribution channel for the product):* partners conducted awareness raising seminars with large numbers of SMEs in both project locations. In HCMC, CESTI adopted a district-based strategy where it cooperated with District Economic Divisions. These divisions later became Information Focal Points (IFPs) of CESTI in channeling demand from SMEs to CESTI for response. All district level staff was trained by CESTI in what CESTI can offer, on how to interview the client and how to fill out a simple request form, which they transfer back to CESTI. Recently, in Hanoi, HCU and VCCI separately conducted seminars with NACESTID to promote their “information products”. Initially, IFPs consisted of Economic Divisions of Districts 6 and 11, UAIC, Planning and Investment Department of HCMC. Later, Economic Divisions of Districts 3, 5 and 8, Tan Binh and Binh Thanh joined CESTI’s network by their own initiative. A recent (February 2000) formal partnership links NACESTID with HCU and VCCI, both in the role of IFPs. Soon-to-start sector-specific programmes (see below) in Hanoi within the new partnership are expected to enhance the level of demand in Hanoi.
2. *Stimulating demand for the available products and needs assessment for further product development:* in HCMC, in addition to the awareness raising seminars, CESTI prepared and conducted 2 half-day sector-specific “information training programmes”. The presentations included simple cases and solutions to information inquiries in specific sectors. Up to the present, 498 participants from 435 SMEs have attended 18 programmes in food processing, engineering and textile/garment sectors. IFPs cooperated in the recruitment. In the latest 9 programmes fees were charged and average direct cost recovery<sup>14</sup> reached 34%. As a result of these programmes, 277 SMEs made 368 information inquiries and obtained a response. Most of these inquiries involved standards and process information. A smaller number (16) of more complicated technical information-cum-consultancy requests were satisfied by CESTI or referred to external experts. CESTI’s overall direct cost recovery has improved from 11% as of end 1998 to 22% as of end 1999.
3. *On-going promotion:* partners promoted their services/products by placing advertisements in the daily newspapers, by making brief presentations during training courses, by preparing and distributing leaflets describing the ‘information services’ on every occasion, including at visits to SMEs.
4. *Development of information systems for information providers:* some basic information systems and services were identified with the partners and jointly produced. These served both as “products floated onto the market” as well as the elements of the management information systems for each partner (see Box 3). A Domestic Company/Enterprise

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<sup>14</sup> Direct costs include trainer, materials, facilities, equipment, refreshment, and direct promotion and recruitment charges.

Database (DCDB), an Experts Database (EDB) and a computerized Client Monitoring System (CMS) were created. All partners joined in the design and development of these databases as well as contributing their existing data as inputs (e.g., VCCI, HCU, UAIC and CESTI agreed to merging of their company/enterprise records into the DCDB). The introduction and utilization of the International Standard Industrial Classification (ISIC)<sup>15</sup> in all databases and at all partners enabled data sharing.

5. *Development of simple information products:* simple technical publications were produced by CESTI (food processing-30, engineering-8 and other-7). The SMELINK partnership enabled the dissemination of these products to other members. Assisted by CESTI, the IFP at the Planning and Investment Department of HCMC People's Committee is producing and disseminating a monthly newsletter containing the latest administrative decisions as well as the up-coming activities of HCMC SMELINK partners. Not having the in-house technical information capabilities (such as CESTI), HCU, VCCI and UAIC focus more on business and market information based on DCDB and other easily accessible resources. So far, HCU has satisfied 25 requests from SMEs. The same count stands at 45 for VCCI, and 31 for UAIC.
6. *Enhancement of skills to develop tailor-made products:* Staff training programmes complemented the on-the-job training and advice provided to partners. The staff training programmes (2 modules) focus on understanding the nature of various information requests from businesses/SMEs, interviewing and information searching skills through libraries, internet, resource persons, record keeping and analysis, presentation of the response, pricing strategies, etc.

### **Box 3: Common information toolbox developed for the network partners**

The project developed a database of domestic companies (DCDB), a Microsoft Access based software consisting of a reference part resident on a Netnam Server (an Internet Service Provider) and a user part resident on local disks. At present, the DCDB contains detailed records of 4,958 enterprises, with a concentration of records from HCMC and Hanoi. DCDB is growing almost on a daily basis as all SMELINK partners/members contribute to and maintain it on-line (see Chart 1). As of end 1999, a number of organizations approached the project and requested to be linked to the SMELINK information systems. The organizations that have signed an MoU with the project are NACESTID, SME Development Center of the General Directorate of Standards and Quality (SMEDEC), Business Promotion and Service Center (BPSC) of the Vietnam Cooperatives Alliance in Hanoi, GTZ-VCA project office in Hanoi, and in other provinces: VCCI's branches in HCMC, Can Tho, Vung Tau, Khanh Hoa, Danang and Hai Phong. Staff of these new partners was trained and systems were installed in January 2000, bringing the number of SMELINK partners/members using database tools from 6 to 15.

The DCDB is a powerful tool for domestic market information. To illustrate, when a client enterprise based in Hanoi approaches HCU to help identify a local supplier of a raw material in Hanoi or the buyers of certain products in HCMC (also supporting subcontracting promotion), the Information Officer searches the DCDB as a first step in the information production process. Searches may be conducted both in Vietnamese and English and outputs may be produced in these two languages.

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<sup>15</sup> The information officers of all partners use the ISIC product list also as a thesaurus, when they search the Internet.

The DCDB is also used as a marketing tool, where the partner (BDS supplier) wants to learn more about a potential group of clients, or uses address lists generated to promote services, e.g. training courses, etc. State agencies have also expressed interest in the DCDB and used it to generate sector specific lists to be used for selecting companies for visits by international experts, etc. The DCDB has an interface with the computerized Client Monitoring System (CMS).

#### *A computerized Client Monitoring System (CMS)*

The CMS is a contact monitoring system designed in Microsoft Access. It is resident on the local disks of the service providers and stores data about each client and data of contacts with them, for example, when a participant Company A attended a training course, what was the information inquiry of Company B, etc. The partners follow up and learn more about their clients by using the built-in reporting functions or designing new, user-friendly inquiries. For example, a built-in report generates a list of repeat clients, including simple statistics on which type of service they used: training, information, consultancy, etc. Lists of publications in-house, list of participants to training courses, lists showing which officer is handling which requests, list of completed requests, list of on-going requests assist the market research and quality improvement efforts of the partner. Continuity and transparency within the organization (professional behavior expected in a market setting) is also increased, because in the absence of one colleague, another colleague can continue to attend to the client.

Due to its link with the DCDB, the CMS user does not have to input basic client information again into the CMS. This link also ensures that DCDB is up-dated whenever a contact is made with a new client. Partners upload their local DCDB to the central server, where all uploads are checked for duplications and merged automatically during the night. Every morning, when the partner staff turns on their computer, the newest version of the DCDB is downloaded. This process saves the partners time and energy, especially when joint activities such as training courses are conducted. Work of updating company information of participants attending the training course can be shared.

Like any tool, CMS's proper use determines its usefulness. The key to success of this tool lies, in particular, in the discipline of the SMELINK partners in entering relevant information into the database. In the beginning most partners did not use the CMS to its highest potential. However, usage has improved as partners learned more about the benefits of focusing on their satisfied clients as potential buyers of new services (quite a business-like attitude).

#### *Experts Database (EDB)*

The project initially intended to build upon the Consultants Roster of UNDP, which in 1996 contained some 700 national consultants. Later, it was decided to develop a more user-friendly software and classification system based on ISIC as in DCDB and CMS. EDB is also Microsoft Access based and basic functions, for instance, searching and duplication checking are similar to those in the other databases. This enables the users to transfer skills from one software programme to the others.

The project wanted to facilitate markets in expertise, where the partners having close links to SMEs (VCCI, UAIC, HCU), have a role in inducing professional ethics and standards within the consulting market. Partners of SMELINK facilitate access of SMEs to local expertise for questions related to products, production processes, management, marketing etc. Information about experts is stored in the EDB. The EDB contains at present 31 entries in Hanoi and about 125 entries in HCMC. It is recognized that such a common tool is useful. However, the enrichment of this database with new expert entries has been quite slow due to the slow take up of technical and business planning consultancy services offered through the SMELINK. HUT seems to think that experts prefer to 'go on their own' and be independent, rather than part of any intermediation system. The project believes that the quality of

experts in the EDB is more important than the number. In fact, there is a short list of criteria for registration with the EDB, including previous consulting experience within the private sector. Independent business planning consultants certified by the project (33 in Hanoi and HCMC) and similarly trained and certified technical consultants are selected according the same criteria before the training and are automatically registered into the local EDBs upon certification.

The project's experience suggests that a more pro-active attitude is called for on the part of the BDS suppliers. SMELINK partners have to actively seek clients by going out to visit them, if and when necessary, while continuing with their campaign to raise awareness through the media and training courses and pursuing the development of products.

## ii. Technical training

Training courses took a prominent place in the project portfolio. These activities are, together with the policy component, considered to have shown the most impact during the project lifetime. The project assisted the partners in starting different types of training activities, with a view to strengthening institutional capacities to provide effective training services, relevant and responsive to the needs of SMEs, as well as in pilot testing some new initiatives. The training activities covered in particular:

- professional multi-sector and sector-specific short-term training courses for SMEs on subjects such as job costing, production management, design ideas for the garment industry, Food Additives;
- technical refreshment/upgrading training courses for vocational training instructors;
- a pilot 'flexible training' (skill combination rather than single skill training) programme for students/unemployed persons at a district vocational training school in HCMC;
- facilitation of training in high quality welding for SME technicians through other technical training providers (MoU with the Koblenz-STAMEQ Handwerk Center);
- facilitation of training on modern techniques in adult education for university instructors in Hanoi conducted by the National Economics University (NEU) Business School.

The project started its work by collecting information on priority requirements of SMEs, based on a questionnaire administered during workshops and seminars where the project and its partners had contact with SMEs. Based on this 'market-testing' of topics, the partners and the international training expert jointly prepared training courses. This included the establishment of an agreement on 'who does what' among the partners. Demand assessment, promotion of courses, recruitment of participants and monitoring satisfaction of participants (during the courses at the end of each day and 8-12 weeks after the end of the training courses) are the tasks of the business organizations. Simple tools and methods of analysis were developed by the international training expert, used and tested by partner staff. On the other hand, preparing, teaching and improving the courses as well as assuring quality of content and teaching methods are the tasks of university partners. All tools and methods of preparing, mounting and monitoring of such courses are documented in a "Manual for the Organization of Professional Courses for

SMEs". Partner staff have contributed to the preparation of this Manual through numerous discussions. The Manual also defines how the supplier (universities) and the buyers (business organizations) cover costs, arrange logistics, and distribute the fee income from the training courses.

Focus was on short-term professional training (typically of 5-7 days duration with half-day attendance). The courses organized cover the management of technical problems and of technologies, and do not claim to teach in an in-depth manner technology-related skills, which can only be done in longer-term technical training.

Having set a target for cost recovery of at least 50%, the level of cost recovery on courses held in Hanoi (50.4%) and HCMC (87.2%) has exceeded the target. On repeat courses 100% cost recovery and above has been reached, implying that the cost involved in mounting courses for the first time can be covered when the courses are repeated, of course, based on demand.

Guidelines for the partners included:

- strictly control costs;
- let repeat courses outnumber new courses;
- raise the fees to a level that the market bears, without going below a certain percentage of smaller SMEs in the overall numbers, subject to course contents (to ensure outreach);
- conduct training evaluation through participants to ensure and improve quality; and
- follow technical guidelines from the Manual (e.g. keeping class size at or below 30 to enable higher level of interaction and proper utilization of modern teaching tools and methods - cases, games, etc.).

The number of enterprises that participate in a later course is an important indication of quality of a training course. Partners were trained to keep careful records of who attends (in HCMC 16.8% of the enterprises attended multiple courses; in Hanoi 12.9%).

The courses that attracted the highest proportion of directors and managers were the ones related to general management, such as job costing, production management and business planning, and sub-sector specific ones, such as those on garment design, or food additives. Not surprisingly, courses that were 'rushed', such as those on VAT<sup>16</sup> and selling skills<sup>17</sup>, were least successful. The project has exercised 'supervision' over the training programmes through advice given to partners on 'what may work' and 'what may not'. Such 'supervision' has allowed partners to have some real life experiences not only by achieving successes, but also learning from failures and to reflect on them. A summary of main results up to end December 1999 is shown below:

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<sup>16</sup> The topic, VAT, was selected because the Government started the implementation of VAT as of 1 January 1999. In March 1999, when this VAT course was mounted, the VAT implementation procedures were still being developed and revised by the authorities. The choice of topic was correct; however, the trainers (1 university lecturer and 1 from the Hanoi tax department) were not able to provide satisfactory answers to questions raised by SME directors. Partners did not take advice of the project to include 1 practicing accountant as a lecturer.

<sup>17</sup> SMEs selected the topic as one of high priority. However, due to inexperience of lecturers on how SMEs work, the level of lectures turned out to be more suitable for larger enterprises with structured sales departments.

**Table 3**  
**Performance indicators of professional training courses (April 1998 to December 1999)**

	Hanoi	HCMC
Number of professional training courses (number of runs)	20	16
Number of participants	612	449
% of participants from repeating <sup>a</sup> enterprises	28.4	35
Number of enterprises	396	256
% of enterprises that are repeating enterprises	12.9	16.8
% of female participants	36.3	38.3
% of directors/managers	9.4	25.4
Average age of participants	38	35
Average cost per participant	617,310 VND (~US\$ 44)	550,290 VND (~US\$ 39)
Average cost recovery 1998	37.3	50.5
Average cost recovery 1999	50.4	87.2
Overall participant evaluation	Satisfactory	Satisfactory

a. The term 'repeating participants' and 'repeating enterprises' refer to those having attended earlier courses organized by the partners.

The quality of the course materials was a continuous concern. When deficient quality of some course material was detected, it was decided to translate materials fully into English so that the content could be reviewed (a time consuming procedure). At times material was too theoretical for the enterprises, or taught in a traditional manner ('talk and chalk') without using exercises, games, nor adopting multimedia presentations, etc. A training course on "Modern Teaching Techniques in Adult Education" was commissioned to and conducted by the National Economics University (NEU) in Hanoi. NEU had developed this course with assistance sponsored by the MPDF. The participants were selected by interviews among applicants, from various training and education organizations, including the private sector, responding to a newspaper advertisement.

**Box 4: Professional training courses***Training Course on Production Management*

The topic "Production Management" was one of the 60 topics tested through a questionnaire with SME directors. In both cities, SME directors consistently selected this topic as one of their top 10 priorities. HCMCUT had been one of 4 partners with whom MPDF had contributed to product development by providing the services of an international consultant. Within this MPDF programme, HCMCUT had developed a production management course. During the preparation of the SMELINK Production Management course, this previous material was taken as the baseline and was revised to better suit the needs of SMEs. Revisions focused on shortening the course by, for example, choosing one technique, when 2 or 3 were introduced - CPM, PERT, etc. or by eliminating whole chapters. In addition, more relevant, new examples were developed, e.g. the problem of scheduling in a hospital was replaced by examples from manufacturing. These revisions made the course shorter and more practical. As of February 2000, this course has run for 5 times in HCMC, with the demand for the 5th run exceeding over 60 persons, which has resulted for scheduling of the 6th run for March by dividing the 5th run registrants into 2. The course runs on 6-half days in HCMC and each participant pays 400,000 VND (~US\$ 29/person).

Hanoi partners have based their course on the same SMELINK course materials. However, the lecturers have added some parts of their own, at the expense of some examples and this has also lengthened the course duration. The course runs on 8-half days in Hanoi and each participant pays 300,000 VND (~US\$ 21/person). The initial run of this course in Hanoi has not resulted in a similarly high demand as it did in HCMC, possibly due to its longer duration.

HCMCUT managers find other benefits in mounting professional training courses for the business community. According to one of them, "through these courses, we, as the university, establish better contacts and understanding with the business community: we can be useful for them and at our end, these contacts bring hands-on experience into our curricula; so this is a mutually beneficial relationship..." (at a meeting on 7 December 1999).

**iii. Business planning**

The project facilitated the adaptation of a business planning methodology and tools suitable to Vietnamese conditions. These tools were developed in the Vietnamese language by a fully Vietnamese owned, private consulting company supported by international consultants. The tools were disseminated to the core SMELINK partners, to the domestic private consulting sector, and through them, to the SMEs.

Business planning was considered an area in which most Vietnamese SMEs are deficient. Although all too often misconceived as an avenue to ease access to credit - a service the project was not in a position to facilitate -, the project promoted business planning as a management tool: a way to identify and implement company growth strategies.

Similar to the approach used in the area of information services, the project assisted the SMELINK partners in:

1. *Raising awareness of the benefits of business planning and the consultancy service on offer, specifically: newspaper advertisements, appearances on the TV programme "Business Forum", 3 short introductory courses for SME directors in Hanoi and HCMC (83*



participants from 68 SMEs), leaflets, preparation and dissemination of a “Business Planning Checklist for SME Directors” as promotional material, a partnership with the MOLISA-EU SME Development Fund, visits to major banks by SMELINK staff, visits to provincial People’s Committee departments by SMELINK partner managers, specific discussions at BSSC meetings with SME directors to enlist their support in promotion of the products, etc.

2. *Product Development*, specifically: the business planning workbook with an actual running example (a noodle company) and 2 additional examples (a mechanical engineering company and a bottled water company) to be used as exercises in consultant training programmes, a simple financial forecasting software in Vietnamese, and a series of other financial management related booklets, development of awareness raising course materials for SME directors, a course for external local private sector consultants.
3. *Enhancing the knowledge base and skills available in the market place*, specifically: relevant HCU and UAIC staff worked with the consultants in the preparation of the initial 3 actual business plans. Later, finance and marketing specialists from NEU in Hanoi and HCMCUT backstopped them. In the process, HCU and UAIC have lost several of their staff trained in the business planning service, and this employee turnover has eroded capacities built. Under the course directorship of an HCMCUT lecturer, the international experts of the project have trained 18 local external consultants in a 6 full day course in Hanoi in July 1999 and 10 ‘best performers’ were registered in the EDB and formally recommended to HCU and VCCI. The same course has been mounted for 6 ½ full days in HCMC for 23 local external consultants and 2 VCCI-HCMC and 1 UAIC staff in November 1999 and 22 external consultants have been recommended to UAIC and VCCI-HCMC as ‘best performers’. The trained consultants have to pay for their training by completing 1 business plan for a nominal fee for a client facilitated by HCU or VCCI in Hanoi and UAIC or VCCI-HCMC. The business organizations find the client and charge the usual fee for each business plan, while paying the consultant the nominal fee agreed in his/her agreement with the project and keeping the rest to do further promotion of the services of the external consultants. The project has turned over its rights on the agreements with the local consultants to the business organizations.
4. *Promoting professional conduct in the consultancy market*, specifically: business organization partners of SMELINK have taken on a role of facilitator upon the addition of the 40 external consultants to the network. The training programmes conducted for consultants have also been attended by the officers of the business organizations that already have some business planning experience. The last session of each programme has been devoted to discussions on cases illustrating issues such as ‘conflict of interest’, ‘confidentiality’, ‘competence’, ‘independence’, culminating in group discussions on the relationship between a business organization and consultants, coming just short of an agreement on a ‘professional code of conduct’. It is hoped that such agreement could be reached as a result of working together throughout the year 2000. An interesting spin-off is the intention of the HCMC based consultants, at the end of the November 1999 course, to organize themselves into an association of business consultants.

As of end February 2000, partners have completed 16 business plans, of which HCU has prepared 9, UAIC 6 and VCCI 1.

**Box 5: Why prepare a business plan?**

A private traditional rice wine producer requested the HCU to prepare a business plan for a new investment project late December 1998. The in-house business planning expert (BPE) and the manager of the SME Assistance Office of HCU visited the enterprise's offices in Hanoi. They briefed the entrepreneur on how the process would run by going through the Checklist for Business Planning. The entrepreneur agreed to the conditions regarding information gathering and analysis within the enterprise, especially joint work that needed to be done with his in-house accountant, the timetable and the costs involved. A contract was signed on 28 December 1998. At a second session, the entrepreneur, his potential new partner (an expert in ceramicware production) and the accountant gave information on the details of the expansion: new buildings and equipment to improve the capacity and quality of rice wine production and the setting up of a new ceramic bottle production line. The entrepreneur wanted to produce a bottle with a unique design at his new ceramic bottle plant to establish his brand and to stop copycats from using his wine's good reputation.

The HCU and the relevant staff of the SME worked hard and drafted a first plan. It was seen that setting up of the new ceramicware production line was not at all a wise business decision! When the plan was presented to the entrepreneur with the assistance of the financial forecasts prepared using the financial forecasting software, the entrepreneur wanted to study the draft by himself and with his potential new partner. The BPE had requested a marketing specialist from the NEU to accompany her to this presentation and the marketing specialist offered some ideas on establishing a brand.

Some 2 weeks later, the entrepreneur informed the BPE that he had decided against the new investment and that he wanted her to complete the final version of the business plan, where the bottles would be outsourced to producers in Ba Trang as usual. The business plan was completed at the end of March 1999.

**iv. Technical consultancy**

Advice to solve day-to-day technical problems and to assist in the improvement and upgrading of products and production processes of SMEs has been relatively slow in its start-up. SMEs are reluctant to allow outsiders into their business, a typical behavior worldwide. A particular difference in this field in Vietnam is the 'newness' of the idea of purchasing expert inputs to solve problems of production and management. The concept of consultancy is commonly associated with 'facilitation services', such as introduction to authorities during enterprise establishment and registration, similar facilitation when applying for credit, etc. As such, these services are not associated with 'technical' competence of an expert and the awareness raising efforts have fallen short of changing perceptions.

What SMELINK partners offer, is essentially the referral of an SME director to an expert. The demand for technical consultancies has most typically emerged from other services used by SMEs, i.e. information request, business plan preparation or attendance of a training course. For example, HCMCUT has given technical inputs in business plan development for 6 SMEs, some of which have later purchased additional consultancy services in preparing marketing plans, developing criteria for staff selection, etc. HCMCUT has carried out 3 comprehensive and 13 short-term assignments with project support since the end of 1998 (fee paid complemented by 50% subsidy). HUT has not been able to generate much demand for consultancy (4 requests up to January 2000 in equipment selection, electroplating technology, and glassware production).

The project has had to advise on the number of staff that should be involved in the SME Assistance Offices of HUT, HCU, UAIC, CESTI and HCMCUT (all of which were newly established by these organizations). In order to keep the overhead low, the project has advised on a minimum number of staff for the SME Offices. This has limited also the nature of staff - e.g. lack of an engineering background in the available staff members to promote technical topics better. Limited staff time, lack of some skills, and a relatively large number of products offered from each of these organizations, has added to the low level of uptake in this "referral service" for technical consultants. Easier to promote, less riskier to sell and higher margin products such as the training courses have taken precedence over technical consultancies (another business-like behavior from the partners!).

The EDB, which has been developed as a tool to enhance transparency, and other inputs, such as simple contracts and formats for monitoring the work of experts and reporting of results to the client SME, are expected to be put to use as SMELINK partners develop a larger core client base. As a final input before closing, the project has planned to train external technical consultants on how to deliver technical consultancies in May 2000. It is hoped that armed with new tools and a linkage to the SMELINK web of partners, a group of about 40-50 competent individuals already in some type of 'consulting' business in Hanoi and HCMC would be a good addition to the market.

#### **Box 6: Ask an expert and get back your sleep!**

*Illustration of a small business seeking professional advice*

One day in mid May 1998, the Technology Contact Officer (TCO) of HUT received a phone call from a man who sounded very concerned. He wanted to know if this was the SME Training and Consulting Office of the HUT and if this office could help him assess the viability of the choice he made of a heavy duty press, which he planned to buy at the end of the week in Taiwan.

The HUT Officer contacted the Mechanical Engineering Department and agreed with them that an expert would visit the entrepreneur the next afternoon. The HUT Officer printed a consultancy contract template and took it with him to the meeting.

When they met, the entrepreneur recounted how he had lost his sleep over his decision to buy a specific press during the weekend. He was an engineer himself, and he had discussed with colleagues, but as the time to fly to Taiwan drew nearer, doubts started to emerge. So, he called up the directory service of Vietnam Post and Telegram by dialing 108 and asked for the coordinates of a consultancy center for SMEs. The expert discussed the problem with the entrepreneur and asked the specifications of the product he wanted to produce with the press. The entrepreneur was able to produce technical specifications for his intended steel sheet product as well as a technical drawing. The expert worked on these and came back by the end of that same week with a positive answer: yes, the press could do the job it was intended to do. The entrepreneur was charged 400,000 VND/2 days of assistance.

#### **v. Subcontracting promotion**

Efforts have been made to raise the awareness of the project partners, SMEs, as well as of potential contractors, of the benefits of subcontracting. The project started with the organization of awareness building seminars for the project partners in 1997. It became quickly clear that the *perceived expectations of the project were quite unrealistic*, especially in the light of major

obstacles to subcontracting in Vietnam. The idea that the project could forge such business partnerships in a fairly short time had to be challenged, given major barriers for subcontracting, related to factors such as the quality of products, delivery conditions, management skills at the SME level. Also, with low annual capacity of industries in Vietnam in which subcontracting is typical (automotive assembly/manufacturing, bicycle production etc.), the market size for potential subcontracting by SMEs remains still limited. In addition, acting as subcontractor for larger enterprises based in the Export Promotion Zones was found to be complicated, as such commercial linkages would be subject to complicated export procedures.

Given the above environment, the project tried its best to *raise awareness on the relevance of such business co-operation and made a modest attempt to promote matchmaking* between potential contractors and subcontractors. VCCI and, to some extent, UAIC, supported SMEs in the participation in prominent trade fairs and exhibitions held in Vietnam, such as SMEs participating in the SME Exhibition<sup>18</sup> at *Expo 98* (April 1998) in Hanoi, *Consumer Goods Fair* in HCMC in September 1998, SME exhibition at *ASEAN EXPO* in Hanoi in December 1998, SME Exhibition in the *300th Year of HCMC Fair* in January 1999 in HCMC, and *Products Made in Vietnam* in Hanoi in December 1999. In total some 41 enterprises took part in such events with cost recovery of about 45%. Participating SMEs were first time exhibitors. The project helped the business organizations in preparing for the events by joining the visits to enterprises to help the entrepreneurs select products to be displayed, discussing the type of pictures that could be hung on the walls of the stands, brochures, etc. and co-sponsored the participation of the selected SMEs.

An innovative initiative was started in August 1998. This consisted of the organization of Business Cooperation Days (BCD), bringing together a carefully selected group of SMEs - potential subcontractors -, and preparing them for a visit to a large scale company that confirmed interest and willingness in hosting such an event. During the BCD, the group visits the plant of the prospective contractor, followed by an exchange on expectations and conditions involved in subcontracting. The next step would be visits by the potential contractor to the potential subcontractor, depending on interest. VCCI organized the first BCD in Hanoi with HONDA Vietnam (motorcycle assembly) in August 1998, attended by 10 SMEs. A second one was organized by VCCI with again HONDA Vietnam (10 participants from 6 SMEs, 2 local government officials, 1 MPI official) and TOYOTA (7 participants from 4 SMEs and 1 local government official, 1 MPI official) in April 1999. These two BCDs were held back-to-back to a workshop on the subject attended by some 109 participants, in which 46 participants were from enterprises in Hanoi, Hai Phong and HCMC (see Box 7). UAIC organized its first BCD with VMEP, a motorcycle manufacturing/assembly plant, in early January 2000.

VCCI continues its efforts to find 'domestic' potential contractors in or near Hanoi, but without much success. Domestic large companies, that are mostly state-owned either produce in-house or subcontract to other companies belonging to their General Corporation (a type of holding company). UAIC is preparing its BCD with VINASTAR, a car manufacturer.

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<sup>18</sup> SME Exhibition refers to the special stands organized by partners, where SMEs share stand space.

**Box 7: A matchmaking attempt - VCCI's experience**

In June 1999, the Deputy Director of SME Promotion Center (SMEPC) of VCCI started to prepare for the Business Co-operation Day to be held at the HONDA factory in Hanoi. She had made 2 visits to HONDA with a project expert in May and she had an MoU describing how the event would flow and how the SMEPC and HONDA would evaluate the results to decide whether to conduct similar events in the future.

She, again, asked for assistance from the project expert in visiting some SMEs that she had selected from the newly installed DCDB. The team visited about 18 enterprises and selected 13 of them as candidates for this trip to HONDA. Then, SMEPC staff had to do numerous phone calls to these 13 enterprises. It seemed some directors had changed their minds after the visits. Their main argument was that they were not good enough and that they did not want to join the BCD. This issue had already been considered with HONDA, but HONDA had said they would be willing to assist some SMEs if they saw the potential. The same had also been discussed during the visits to the SMEs and the visitors had suggested to the SMEs to consider the visit to HONDA as a learning experience, one that may be helpful in setting future targets.

On the day of the BCD, the group consisted of 10 SME directors, VCCI staff and project staff. The presentations by HONDA General Manager on the company's mission, the HONDA production manager on future localization plans, the quality manager on standards expected and the procurement manager on purchasing practices were well received by SMEs. Most SME directors were anxious to ask questions after the factory tour. Questions from SME directors came one after the other and were answered by relevant HONDA staff. Just as the visit was coming to an end, one SME director compared the newly released HONDA Dream with the motorcycle produced by VMEP for which he was a contract replacement parts producer and mentioned that the designs of some VMEP parts were better (not what one would call a business-like comment, when the purpose of the visit is to secure contracts from the hosting enterprise!). The meeting ended on that note. VCCI later learned that HONDA engineers had visited that entrepreneur about 1 week after the BCD. Upon further follow-up, it was understood that the first visit of the HONDA engineers was also the last contact between the parties.

# CHAPTER III:

## Conclusions

While project US/VIE/95/004 *Assistance to Industrial Small and Medium Enterprises in Vietnam* does not claim that the changes below can be exclusively attributed to its effort, it is fair to state that the project 'made some difference'.

Assessing overall performance of direct support and capacity building activities of the policy component, one can conclude that:

- *Scale* has been substantial: many state and private sector organizations, and individuals at the central and local levels have engaged in the activities of the project;
- *Effectiveness* was proven: over the past years there have been step by step transitions in thinking about SMEs and support to them, including changes announced at the highest levels in policies, regulations and their implementation as well as enhanced dialogue between the major public and private stakeholders;
- *Sustainability* is expected, as the changes at the level of policy making and implementation are considered durable, and are likely to deepen rather than to fade away;
- *Efficiency* was achieved, as local expertise of the key stakeholders was mobilized and additional external inputs beyond the existing project team were kept to a minimum.

As regards overall performance of BDS capacity and market development activities, one can conclude that:

- *Scale* has been quite vast: the project worked with a core of 6 BDS partners in two locations, Hanoi and HCMC, that in turn, created partnerships with 9 other BDS providers, including those from 5 provinces outside the geographic scope of the project;
- *Effectiveness* has varied: as the BDS field is new in Vietnam, the project contributed towards service and product capacity building/strengthening in a number of fields as a demonstration. In the BDS market, the project facilitated a relatively large number of suppliers to start to learn adopting product prices and quality in response to demand and contributed to the emergence of a good number of "satisfied/repeating customers" prepared to pay for relevant products. This is to be considered the mere start of a BDS market, recognizing that many more efforts in this field are still required;

- *Sustainability* is promising in some cases (such as the decision of the HCMCUT to maintain its SME Support Office beyond the life of the project), as well as the overall result achieved in cost recovery of some services, in particular training. However, sustainability would be at risk in cases of loss of crucial staff trained by the project in some organizations (UAIC, HCU). The project facilitated “market experiences” to the BDS suppliers it worked with and to their BDS customers. Sustainability of the resulting attitude and behavior changes both on the demand and supply side of BDS are expected to be reinforced due to the bound to increase competition in the emerging BDS market in Vietnam;
- *Efficiency* is observed, as the project is considered to have tested and introduced a vast number of services in the BDS providers community in Hanoi and HCMC, compared to its relatively limited external inputs over a four year period; the BDS partners are networked and use common facilities/tools, leading in fact to collective efficiencies.

The above is not to state that coming to such meso-level BDS partnership agreements has been an easy process. It took quite some time to agree on the Co-operation and Financing Agreements and there have been institutional tensions in the partner web, including of some of the partners with UNIDO itself. The latter had to take for example a strong stand on the subsidization approach and be firm on the principle that it was a ‘one time’ incentive to start the BDS delivery. Although carefully selected, the degree in which the partners want to position themselves on the BDS market also varies among the partners. However, the above is not surprising in such an SME support laboratory environment with so many partners, operating in two locations.



# CHAPTER IV:

## Strategic choices for the future

### *The road from policy vision to action*

The project planted some seeds to support SME development. In terms of policy formulation, the Government of Vietnam made remarkable achievements, as illustrated in the recent draft of the SME promotion policy mechanism designed by the Prime Minister's Research Committee. The challenges ahead require rigor in step by step implementation of policy decisions. 'Leveling the playing field' for all sectors of the economy remains a priority and the Government has an important task to assist the business community by simplifying the legal and administrative environment, including but not limited to SMEs. Further strengthening of the dialogue between the Government, the business community and other stakeholders, as envisaged through the setting up of a Private Sector/SME Promotion Council, is equally important. Whereas the government can design policies and finance support interventions, experience in many countries of the world has shown that the actual facilitation and delivery of services is better done by the private sector itself and its representative business organizations. Policy advice and coordination among support interventions is crucial, and the envisaged setting up of a focal point agency to act as the 'ear' and 'voice' of the private sector SMEs is an important step in the right direction.

### *BDS challenges*

The progress made in the BDS capacity and market development 'laboratory' varies: some partners are expected to be able to grow by themselves in terms of the range, depth and outreach of services. Others will likely require further support, depending on their willingness and concern to sustain and gradually expand the services rendered to their members or clients: SMEs. A proactive attitude of BDS providers is a precondition for efficient and effective service provision. The road to sustainability is long, and entails more than cost-recovery.

Demand for BDS is expected to grow with the increase in the number of potential customers, private SMEs, as the policy environment improves. This will present a challenge to the facilitators, domestic and donor, of designing and promoting interventions that will encourage the development of a BDS market rather than delaying its emergence.

### *Working together*

Networking among institutions that have different cultures (bureaucratic, academic or entrepreneurial) is challenging. The parties involved need to be convinced of win-win situations to carry out work together, and it is important to be flexible and allow the parties themselves to gain trust, as a basis for taking joint initiatives. The project has achieved a beginning of co-



operation among partner institutions, based on a growing recognition of benefits of joint action. With time it will be possible to see how sustainable these partnerships are.

### *The donor landscape*

The current project will be closing soon. Compared to the start of the project, there are now many more ongoing efforts of donors in support of private sector development. More support is needed in this field, be it at policy and BDS level, work at the central, local, urban and rural levels, as well as thematic support such as addressing gender and environmental issues. New donor interest such as expressed during the workshop organized by PMRC and UNIDO on 24 January 2000 is encouraging and needs to be concretized. The Consultative Group (CG) Meeting for Vietnam held on 14-15 December 1999 covered, inter alia, the themes of poverty reduction and economic reform. However, the area of SME/private sector development was not mentioned in the summary minutes of this CG Meeting, nor was reference made to the important work of PMRC and the commitments made by the Government.

### *Vietnam, Germany and UNIDO*

For UNIDO, it has been a rewarding experience to participate in the exciting process of promotion of the private sector in Vietnam. UNIDO is prepared to continue its support to the Government and the other stakeholders in this field, and has been particularly gratified by the fact that the donor, the Government of Germany, has shown keen interest and excellent support throughout the four years of project operations. It is hoped that over and above the existing assistance in this field, more donors will come in and join hands to help Vietnam in its effort to support SMEs, as key actors in the country's socio-economic development.



# ANNEX I:

## Chronological summary of project activities

<b>Pre-project work</b>		
1	Preparatory fieldwork	March-April 1994
2	Objectives-Oriented Project Planning workshop	18-21 April 1994
3	Project document signed in Vietnam	19 December 1995
<b>Preparatory work - start-up of project</b>		
4	<b>National Project Management Team conducts first Advisory Board meeting</b>	<b>15 August 1996</b>
5	Chief Technical Adviser (CTA) <sup>1</sup>	21 August 1996
6	First draft of Work Plan	27 September 1996
7	Associate Expert fielded	30 October 1996
8	<b>Study tour</b> for NPC to China - Nanjing Forum on Technology Transfer, Rural Industrialization and SME development	15 November 1996
9	Initial contacts of CTA with potential partner institutions in Hanoi and HCMC completed	4 December 1996
10	<b>First Tripartite Review Meeting</b>	<b>20 December 1996</b>
<b>Implementation</b>		
<b>Phase I Policy Related Work Started and SMEs Services Network Designed and Launched</b>		
11	First <b>Workshop</b> in Hanoi-Overview of SME Promotion	19 December 1996
12	Identification of Partner Candidates and Report on Principles of Implementation	13 January 1997
13	CIEM is subcontracted for a study under Output 1	03 February 1997
14	Short term International Banking and Finance Consultant (IBFC) fielded (8 week assignment)	14 March 1997
15	Partners agreed upon among Project Management: <ul style="list-style-type: none"> <li>• Hanoi University of Technology</li> <li>• Vietnam Chamber of Commerce</li> <li>• Union of Associations of Industry and Commerce</li> <li>• Center for Science and Technology Information</li> <li>• Hanoi Cooperatives Union</li> <li>• HCMC University of Technology</li> </ul>	<ul style="list-style-type: none"> <li>• 18 March 1997</li> <li>• 18 March 1997</li> <li>• 24 March 1997</li> <li>• 24 March 1997</li> <li>• 21 May 1997</li> <li>• 17 February 1998<sup>2</sup></li> </ul>
16	<b>Study tour</b> to Philippines and Singapore-under the leadership of NPD, participants from Office of Government, Hanoi and HCMC People's Committees, VCCI and UAIC	25 April 1997
17	<b>Workshop</b> on Business Planning and Bank Credit in HCMC-Project implementation modality presented to SMEs and found enthusiastic support	9 May 1997
18	<b>Workshop</b> on Business Planning and Bank Credit in Hanoi- Project implementation modality presented to SMEs and found enthusiastic support	12 May 1997
19	Drafts of Cooperation and Financing Agreements (CFAs) completed after initial rounds of consultations with partners	26 May 1997

<sup>1</sup> Field work started with the arrival of the CTA in Hanoi on 21 August 1996. CTA prepared and discussed project Master Plan on 7 September 1996.

<sup>2</sup> Selection was done after the arrival of the International Training Expert (ITE).

20	Discussion of CFA with Partners completed	14 June 1997
21	IBFC completes 4-week assignment	17 July 1997
22	<b>Signing of CFAs with partners:</b> <ul style="list-style-type: none"> <li>• Hanoi University of Technology</li> <li>• Vietnam Chamber of Commerce</li> <li>• Union of Associations of Industry and Commerce</li> <li>• Center for Science and Technology Information</li> <li>• Hanoi Cooperatives Union</li> <li>• HCMC University of Technology</li> </ul>	24 July 1997        21 March 1998 <sup>3</sup>
23	Partners are allowed 4 weeks to appoint/recruit staff and prepare premises for project- related work.- <i>End of Phase I</i>	26 July 1997
<b>Phase II Infrastructure Development for Networked Services to SMEs: Tools Development and Counterpart Staff Training</b>		
24	Business Planning Consultant and Programmer from CONCETTI start work on business planning methodology and database programming; 7 month assignment	1 August 1997
25	International Training Expert (ITE) fielded	4 September 1997
26	Subcontracting and Partnership Promotion Expert (SPE) fielded for 4-week assignment; completed on 18 October 1997	27 September 1997
27	<b>Seminar</b> on Subcontracting in Hanoi	8 October 1997
28	<b>Seminar</b> on Subcontracting in HCMC	15 October 1997
29	<b>Counterpart Staff Training</b> -Induction Training on Information Services and Business Planning Services completed, IBFC and CTA	16 October 1997
30	IBFC completes 6-week assignment	20 October 1997
31	<b>Seminar</b> on Technical Training Needs (with officials and training institutions) in Hanoi	6 November 1997
32	<b>Seminar</b> on Technical Training Needs (with SMEs directors) in Hanoi	13 November 1997
33	<b>Counterpart Staff Training</b> -Training Needs Assessment completed in Hanoi, ITE	15 November 1997
34	<b>Seminar</b> on Technical Training Needs (with SMEs, officials and training institutions) in HCMC	28 November 1997
35	<b>Domestic Company/Enterprise Database</b> -DCDB information collection formats and data collection/consolidation strategies agreed by partners both in Hanoi and HCMC	29 November 1997
36	<b>Counterpart Staff Training</b> -Training Needs Assessment completed in HCMC, ITE	6 December 1997
37	UNV Computer Specialist fielded	16 December 1997
38	<b>Counterpart Staff Training</b> -CESTI Information Service in HCMC, CTA and ITE	18 December 1997
39	IBFC completed 3-week assignment. First versions of Business Planning Workbook and Financial Forecasting Software both in Vietnamese and English circulated to banks, partners and international organizations for comments.	20 December 1997
40	<b>Counterpart Staff Training</b> -Basic Computer Training completed in HCMC	22 December 1997
41	<b>Seminar</b> on SMEs Assistance Network for MPI, MOFA, MOF, MOET, MOLISA and other officials.	23 December 1997
42	<b>Counterpart Staff Training</b> -Basic Computer Training completed in Hanoi	29 December 1997
43	<b>Viet Duc Technical Training Center, CESTI and UAIC</b> agree to cooperate.	6 January 1998
44	<b>Workshop</b> on Legal and Administrative Procedures Affecting SMEs-HCMC (Output 1)	16 January 1998
45	<b>Second Advisory Board Meeting</b>	20 January 1998
46	<b>Workshop</b> on Legal and Administrative Procedures Affecting SMEs-Hanoi-1 ½ days (Output 1)	22 January 1998
47	<b>Second Tripartite Review Meeting</b>	23 January 1998
48	<ul style="list-style-type: none"> <li>• Consultation with SMEs-Business Planning Methodology, Workbook and Software</li> <li>• Test version of DCDB Input Module provided to UAIC for testing</li> </ul>	24 January 1998
49	<b>Client Monitoring System (CMS)</b> -systems analysis version 1 completed.	23 February 1998

<sup>3</sup> Selection was done after the arrival of the International Training Expert (ITE).

50	<b>Counterpart Staff Training</b> -Comprehensive Business Planning Methodology started-NEU-9 days	5 March 1998
51	On-the-job training of BPEs completed with the completion of <b>3 real-life business plans</b> , 2 in food processing and 1 in engineering industries	March 1998
52	Consulting Services Administrator (National Expert) recruited. He will support BPEs in business planning	6 March 1998
53	Technical Meetings with Partners <ul style="list-style-type: none"> <li>• CESTI Information Services</li> <li>• VCCI Information, Business Planning Consultancy and Subcontracting Promotion Services</li> <li>• HCU Information and Business Planning Consultancy Services</li> <li>• HUT Consultancy and Training Services</li> <li>• UAIC Information, Business Planning Consultancy and Subcontracting Promotion Services</li> </ul>	9 March 1998 10 March 1998 11 March 1998 11 March 1998 12 March 1998
54	<b>Counterpart Staff Training</b> -Introduction to DCDB and CMS software	13 March 1998
55	Tan Thuan Export Promotion Zone visited with UAIC and CESTI	18 March 1998
56	<b>HCMC University of Technology becomes an SMELINK partner</b> ; CFA signed	21 March 1998
57	<b>Seminar</b> -SMELINK Services from CESTI and UAIC, Binh Thanh People's Committee-HCMC	23 March 1998
58	<b>Counterpart Staff Training</b> -"Introduction to Electronic Communications and Internet" completed in Hanoi-2 days	27 March 1998
59	Second Phase on "Legal and Administrative Procedures Affecting SMEs" started with new research team from CIEM and international legal consultant	30 March 1998
60	<b>SMEs Exhibition</b> at EXPO '98 in Hanoi started, VCCI	3 April 1998
61	<b>Counterpart Staff Training</b> -"Introduction to Electronic Communications and Internet" completed in HCMC-2 days	4 April 1998
62	<b>All Partner Organizations are connected to Internet</b>	4 April 1998
63	<b>"Job Costing in a Competitive Market Economy"</b> training course in Hanoi started. HUT, HCU, VCCI (7 half-day course)-47 participants from 30 enterprises received certificates	6 April 1998
64	<b>DCDB, CMS and EDB</b> software installed at partner organizations in HCMC	24 April 1998
65	CESTI signed cooperation agreements with <b>Information Focal Points</b> : <ul style="list-style-type: none"> <li>• Planning and Investment Department of HCMC</li> <li>• Economic Department of District 6</li> <li>• Economic Department of District 11</li> <li>• Union of Associations of Industry and Commerce</li> </ul>	27 April 1998
66	<b>Binh Thanh Vocational School</b> instructors start refresher course at Viet Duc Technical Training Center	4 May 1998
67	ITE completes a proposal for <b>"Master Craftsmen Training in Viet Nam"</b>	7 May 1998
68	<b>DCDB, CMS and EDB</b> software installed at partner organizations in Hanoi	8 May 1998
69	<b>VCCI, HCU and Handwerk Center of STAMEQ</b> sign a Memorandum of Understanding of welding training for SMEs	11 May 1998
70	<b>Conference</b> on Coordinated Support to SMEs conducted in Hanoi	14 May 1998
71	IBFC arrived for 4-week assignment	18 May 1998
72	HUT signs 1st consultancy contract with an SME	20 May 1998
73	<b>"Job Costing in a Competitive Market Economy"</b> training course in HCMC started. HCMC UT and UAIC (6 half-day course)-29 participants from 21 enterprises received certificates	25 May 1998
74	<ul style="list-style-type: none"> <li>• <b>Study tour</b> to Italy and Germany and attendance at the Asia-Europe Small and Medium Enterprises Conference (AESMEC) organized for Vice Minister Hoang and NPC;</li> <li>• The master craftsmen training proposal presented at the AESMEC (26 May-9 June)</li> </ul>	26 May 1998
75	HCU completed first independent <b>business plan</b> for an SME (Ngoc Khanh-Engineering, electrical cable); client was satisfied	30 May 1998
76	CESTI started a 3 half-day <b>training course</b> for information focal point staff ( <b>IFP</b> )	2 June 1998
77	HUT signs 2nd consultancy contract with an SME-repeat client	4 June 1998

78	<b>EU-MOLISA SME Development Fund</b> announced its partnership with the <b>Project and SMELINK</b> partners at press conference	5 June 1998
79	<b>"Design Ideas for the Garment Industry"</b> training course in Hanoi started. HUT, VCCI and HCU (8 half-day course)-33 participants from 18 enterprises received certificates	8 June 1998
80	<b>Guidelines for Experts Database</b> data collection strategies sent to HUT, VCCI, HCU, UAIC and HCMC UT	18 June 1998
81	First edition of <b>Business Planning Workbook, Financial Forecasting Software and Finance Related Booklets</b> finalized by IBFC	19 June 1998
82	Draft <b>MoUs</b> among partners for cooperative work in training and consultancy services sent to partners from Project Office	19 June 1998
83	<b>"Job Costing in a Competitive Market Economy"</b> repeat training course in HCMC started. HCMC UT and UAIC (6 half-day course)-19 participants from 10 enterprises received certificates	22 June 1998
84	Experts' Database information collection work organization started in Hanoi under the coordination of HUT	4 July 1998
85	Discussions on MoUs for cooperation between Hanoi partners started	10 July 1998
86	Discussions on MoUs for cooperation between HCMC partners started	16 July 1998
87	Experts' Database information collection work organization started in HCMC under the coordination of HCMC UT	17 July 1998
88	CESTI completed <b>10 publications for SMEs in food processing</b> industries.	24 July 1998
89	<b>"Information Services for Food Processing Industries"</b> training course in HCMC conducted, CESTI (2 full-day course)-30 participants from 20 enterprises	28-29 July 1998
90	<b>Counterpart Staff Training</b> -Reporting and Monitoring of Activities and Financial Transactions, UAIC, CESTI, HCMCUT by NE-Monitoring	1 August 1998
91	<b>Counterpart Staff Training</b> -Reporting and Monitoring of Activities and Financial Transactions, HCU, VCCI, HUT by NE-Monitoring	3 August 1998
92	<b>Counterpart Staff Training</b> -Practical training on Client Monitoring System and Domestic Company/Enterprise Database, by UNV and NE-Information Services, HCU, HUT, VCCI, Hanoi	5-8 August 1998
93	<b>"Design Ideas for the Garment Industry"</b> repeat training course in Hanoi started, HUT, HCU and VCCI (8 half-day course)-28 participants from 17 enterprises received certificates	16 August 1998
94	<b>"Business Cooperation Day"</b> organized by VCCI and HONDA Viet Nam. 10 SMEs attended	20 August 1998
95	<b>Counterpart Staff Training</b> -Practical training on Client Monitoring System and Domestic Company/Enterprise Database, by UNV and NE-Information Services, UAIC, CESTI, HCMCUT, HCMC	24-27 August 1998
96	CESTI completed <b>7 publications for SMEs in engineering</b> industries	25 August 1998
97	UAIC supported 10 SMEs to participate at the <b>Consumer Goods fair</b> in HCMC	26 August-3 September 1998
98	CESTI introductory workshop on information services conducted in District 6	29 August 1998
99	<b>The Third Advisory Board Meeting</b>	12 September 1998
100	<b>Technical Meeting</b> -BSO- Project Management, new project indicators agreed	16 September 1998
101	<b>"Business Planning- A tool for Raising Credit Finance"</b> training course in Hanoi started, HCU, HUT and VCCI (7 half-day)-18 participants from 17 enterprises received certificates	12 September 1998
102	<b>"Information Services for Food Processing Industries"</b> repeat training course in HCMC started, CESTI (2 full-day course)-33 participants from 31 enterprises	23 September 1998
103	Discussion and agreement on new project targets with UAIC and HCMCUT	23 September 1998
104	Discussion and agreement on new project targets with CESTI	24 September 1998
105	<b>"Business Planning- A tool for Raising Credit Finance"</b> training course in HCMC started, UAIC (7 half-day)-23 participants from 21 enterprises received certificates	24 September 1998
106	<b>Workshop</b> on "The Strategic Orientation & Solutions for Development of SME in Vietnam". 78 participants attended	25 September 1998
107	<b>"Job Costing in a Competitive Market Economy"</b> repeat training course in Hanoi started. HUT and HCU (7 half-day)- 75 participants from 44 enterprises received certificates	29 September 1998

108	<b>"Information Services for Food Processing Industries"</b> repeat training course in HCMC started, CESTI (2 full-day course)-27 participants from 23 enterprises	30 September 1998
109	<b>Counterpart Staff Training-</b> "Business Planning-Evaluating Our Experience" (28-30/9/98) (14 staff from UAIC, HCU, VCCI, HUT, HCMCUT attended)	30 September 1998
110	Discussion and agreement on new project targets with HUT and HCU	2 October 1998
111	Discussion and agreement on new project targets with VCCI	3 October 1998
112	<b>Counterpart Staff Training-</b> Practical training on Client Monitoring System and Domestic Company/Enterprise Database, by UNV and NE-Information Services, HCU, HUT, VCCI, Hanoi	6-8 October 1998
113	CESTI introductory workshop on information services conducted in District 11	8 October 1998
114	<b>Workshop</b> "Safety and Hygiene in Processing", HUT in Hanoi	9 October 1998
115	<b>"Design Ideas for the Garment Industry"</b> , training course in HCMC started. UAIC-HCMCUT (8 half-day course)-29 participants from 15 enterprises received certificates	11 October 1998
116	<b>Business plan</b> for EDICO (Engineering-energy) completed by HCU	16 October 1998
117	<b>Counterpart Staff Training-</b> Practical training on CMS and DCDB, by UNV and NE-Information Services, UAIC, CESTI, HCMCUT, HCMC	19-23 October 1998
118	<b>Study Tour</b> to South Korea for 4 senior officers of MPI	18-24 October 1998
119	<b>"Design Ideas for the Garment Industry"</b> , repeat training course in Hanoi started, HCU (8 half-day course)-20 participants from 9 enterprises received certificates	20 October 1998
120	<b>Project Review Meeting in Hanoi-</b> People's Committee, relevant agencies and partners	27 October 1998
121	UAIC and HCMCUT agree to cooperate in preparing business plans. HCMCUT will provide expert services to support the BPEs of UAIC	November 1998
122	<b>Business plan</b> for Minh Chau (garments) completed by UAIC	4 November 1998
123	<b>Seminar</b> on the Master Craftsman Programme in Vietnam in Hanoi for Ministry and Local officials	6 November 1998
124	<b>Counterpart staff training-</b> "Understanding Basic Financial Statements" in Hanoi, CTA+CSA	7 November 1998
125	<b>Project Review Meeting in HCMC-</b> People's Committee, relevant agencies and partners	11 November 1998
126	<b>Counterpart staff training-</b> "Understanding Basic Financial Statements" in HCMC, CTA	12 November 1998
127	<b>2 Business plans</b> for Nguyen Dinh (engineering-tire re-threading) and Bach Viet (toys) completed by UAIC	15 November 1998
128	CESTI completed <b>11 other publications</b> for SMEs in <b>food processing industries</b>	16 November 1998
129	CESTI introductory workshop on information services conducted in District 8	17 November 1998
130	<b>Evaluation Mission fielded in Hanoi</b>	<b>20 November 1998</b>
131	<b>"Information Services for Food Processing Industries"</b> , CESTI training course in HCMC (2 full day), 34 participants from 24 enterprises received certificates	21 November 1998
132	<b>Presentation</b> of Evaluation Team in Hanoi	28 November 1998
133	<b>"Production and Operation Management"</b> training course in HCMC started. UAIC and HCMCUT (8 half-day course), 33 participants from 23 enterprises received certificates	28 November 1998
134	<b>"ISO 9000-Modern Food Processing"</b> training course in Hanoi started. VCCI – HUT and HCU (8 half day course), 34 participants from 24 enterprises received certificates	1 December 1998
135	<b>Presentation</b> of Evaluation Team in HCMC	4 December 1998
136	UNV Database specialist completes assignment	4 December 1998
137	NE - Monitoring starts assignment.	5 December 1998
138	<b>Counterpart Staff Training-</b> Practical training on CMS and DCDB by NE-Information Services, HCU, HUT, VCCI, Hanoi	7-9 December 1998
139	<b>Presentation</b> of Evaluation Team to All Partners, in Hanoi	9 December 1998
140	<b>"Production and Operation Management"</b> repeat training course in HCMC started. UAIC and HCMCUT (8 half- day course), 26 participants from 15 enterprises received certificates	7-15 December 1998
141	<b>Evaluation Mission leaves Hanoi</b>	<b>12 December 1998</b>

142	<b>Counterpart Staff Training</b> -Practical training on CMS and DCDB by NE-Information Services, UAIC, CESTI, HCMCUT, HCMC	14-18 December 1998
143	<b>SME Exhibition</b> -ASEAN Expo 98, VCCI, 6 SMEs displayed their products in Hanoi	14-17 December 1998
144	<b>"Information Services for Food Processing Industries"</b> , CESTI training course in HCMC (2 full-day), 30 participants from 28 enterprises received certificates	15-16 December 1998
145	<b>Business plan</b> for WACO (food processing-water) started by UAIC	18 December 1998
146	<b>2 Business plans</b> for Dai Thanh (engineering-electrical cable) and Hong Quang (footwear) delivered to enterprises for final comments by HCU	22 December 1998
147	<b>Business plan</b> for Kinh Tien (engineering-lens making) started by UAIC	24 December 1998
148	<b>Business plan</b> for Cam Viet (food processing-rice wine) started by HCU	28 December 1998
149	<b>"ISO 9000-Modern Food Processing"</b> repeat training course in Hanoi started. HUT-HCU and VCCI (8-half day course), 28 participants from 15 enterprises received certificates	30 December 1998
150	<b>SMEs Exhibition</b> at Thuan Kieu, Dist 5 in HCMC started. UAIC supported 8 SMEs	8-14 January 1999
151	<b>"Information Services for Food Processing Industries"</b> , CESTI training course in HCMC (2 full day), 30 participants from 28 enterprises received certificates	13-14 January 1999
152	<b>Workshop on</b> "Improving macroeconomic policy and reforming administrative procedures to promote development of SMEs in Vietnam", in HCMC	28 January 1999
153	<b>Counterpart Staff Training</b> -Practical training on Information Services and Domestic Sources in Internet, by CTA and NE-Information Services, VCCI, HCU, HUT, in Hanoi	5 February 1999
154	<b>Workshop on</b> "Improving macroeconomic policy and reforming administrative procedures to promote development of SMEs in Vietnam", in Hanoi	6 February 1999
155	CESTI started a 3 half-day <b>training course for IFP staff</b>	4-6 March 1999
156	<b>"Counterpart Staff Training"</b> -Practical training on Information Services and Domestic Sources in Internet, by CTA and NE-Information Services, UAIC, CESTI, HCMCUT, in HCMC	8 March 1999
157	The <b>Third TPR Meeting</b> in Hanoi, 14 participants attended	16 March 1999
<i>Phase III Product Improvements, Further Staff Training and Extension of SMELINK Network</i>		
158	<b>"Business Planning- A tool for improving your business"</b> repeat training course in Hanoi started. HCU-VCCI-HUT(7 half- day), 22 participants from 17 enterprises received certificates	9-16 March 1999
159	<b>"Computer Aided Drawing"</b> training course in Hanoi started, VCCI -HUT-HCU (9 half-day); 38 participants from 24 enterprises received certificates	19-29 March 1999
160	<b>"VAT"</b> training course in Hanoi started, HCU-VCCI-HUT (4 half-day); 50 participants from 31 enterprises received certificates	23-26 March 1999
161	<b>"Selling Skills"</b> training course in HCMC, UAIC-HCMCUT, 32 participants from 21 enterprises received certificates	24-27 March 1999
162	<b>Business Plan</b> -Dai Thanh, completed by HCU in Hanoi	Nov 1998- March 1999
163	<b>Business Plan</b> -Cam Viet, completed by HCU in Hanoi	Jan-March 1999
164	<b>Workshop on</b> "Industrial Subcontracting Promotion", VCCI, 109 participants attended, in which 46 participants from enterprises in Hanoi, Hai Phong, HCMC	1 April 1999
165	<b>Business Cooperation Day</b> , by VCCI in Hanoi, 11 enterprises visited Honda Vietnam and TOYOTA	2 April 1999
166	<b>"Computer Aided Drawing"</b> repeat training course in Hanoi started; VCCI-HCU-HUT (9 half-day); 22 participants from 13 enterprises received certificates	20-29 April 1999
167	<b>Counterpart Staff Training</b> - Practical Training on Information Services and International Sources on Internet, by CTA and NE-Information Services, VCCI-HUT-HCU, in Hanoi	28 April 1999
168	<b>"Information Services for Engineering Industries"</b> , CESTI training course in HCMC, 15 participants from 15 enterprises received certificates	28-29 April 1999
169	<b>"Food Additives"</b> training course in Hanoi started; HCU-VCCI-HUT; 23 participants from 16 enterprises received certificates	31-10 April 1999
170	<b>"Job Costing in a Competitive Market Economy"</b> ; repeat course in Hanoi started; VCCI-HCU-HUT (7 half-day), 29 participants from 17 enterprises received certificates	5-12 May 1999

171	<b>Counterpart Staff Training-</b> Practical Training on Information Services and International Sources on Internet, by CTA and NE-Information Services, CESTI-UAIC- HCMCUT in HCMC	6 May 1999
172	<b>IFP Staff training-</b> Information Service in CESTI, 36 participants attended	15 May 1999
173	<b>"Information Services for Food processing Industries"</b> , CESTI repeat training course in HCMC, 39 participants from 34 enterprises received certificates	25-26 May 1999
174	<b>"Information Services for Engineering Industries"</b> ; CESTI repeat training course in HCMC, 39 participants from 37 enterprises received certificates	28-29 May 1999
175	3 clients enterprises received information services, VCCI	1-31 May 1999
176	<b>"Information Services for Engineering Industries"</b> - CESTI repeat training course in HCMC (no.3); 35 participants from 34 enterprises in Districts 11 and 6 received certificates	11-12 June 1999
177	Discussion with HCU on Expenditures and Revenues Projection 1999-2000	12 June 1999
178	Discussion with VCCI on Expenditures and Revenues Projection 1999-2000	14 June 1999
179	<b>"Production Management"</b> training course in Hanoi started, HCU-VCCI-HUT (8 half-day); 29 participants from 15 enterprises received certificates	15-22 June 1999
180	Discussion with HUT on Expenditures and Revenues Projection 1999-2000	15 June 1999
181	<b>"Food additives"</b> training course in HCMC, UAIC-HCMCUT (6 half-day); 30 participants from 26 enterprises received certificates	21-26 June 1999
182	Discussion with HCMCUT on Expenditures and Revenues Projection 1999-2000	24 June 1999
183	<b>"Design Ideas for the Garment Industry"</b> repeat training course in Hanoi started, VCCI-HCU-HUT (8 half-day); 28 participants from 20 enterprises received certificates	22-29 June 1999
184	<b>"Information Service for Engineering Industries"</b> CESTI repeat training course in HCMC (no.4); 23 participants from 22 enterprises in Districts 11, 8 received certificates	25-26 June 1999
185	UAIC BSSC Meeting and Discussion with UAIC on Expenditures and Revenues Projection 1999-2000	25 June 1999
186	Discussion with CESTI on Expenditures and Revenues Projection 1999-2000	26 June 1999
187	<b>Seminar</b> on Technological Information Services in Hanoi, HCU-NACESTID	29 June 1999
188	192 information requests to CESTI were satisfied: 99 requests on quality Standards on Food Processing; 41 requests on Standard on Engineering; 52 request on manufacturing technologies: dying, candy processing, etc.	As of June 1999
189	7 client enterprise received information services, VCCI	1-30 June 1999
190	<b>"Business Planning for SME Consultants"</b> - training course for local external consultants conducted in Hanoi, 18 participants got certificates of attendance; 10 consultants recommended to HCU and VCCI	12-16 July 1999
191	Discussion with HCU on Expenditures and Revenues Projection 1999-2000	13 July 1999
192	Discussion with VCCI on Expenditures and Revenues Projection 1999-2000	15 July 1999
193	<b>"Food Additives"</b> repeat training course in HCMC started; HCMCUT-UAIC (6 half-day), 38 participants from 33 enterprises received certificates	19-24 July 1999
194	UAIC and project staff visits HCMC potential contractors: VMEP, SUZUKI and VINASTAR	19-23 July 1999
195	Discussion with HUT on Expenditures and Revenues Projection 1999-2000	26 July 1999
196	<b>"Information Services for Food Processing"</b> CESTI repeat training course in HCMC (no.8); 45 participants from 40 enterprises received certificates	30-31 July 1999
197	5 clients enterprise received information services, VCCI	1-31 July 1999
198	<b>Business Plan</b> - Viet Huong Hai, completed by UAIC in HCMC	Dec 1998- July 1999
199	<b>"Business Planning to Improve Your Business Performance"</b> repeat training course in HCMC started, UAIC-HCMCUT (6 half days), 38 participants from 30 enterprises received certificates	9-14 August 1999
200	<b>"Efficiency in Using Electricity"</b> training course in Hanoi started, VCCI-HCU-HUT (2 days), 35 participants from 23 enterprises received certificates	27-28 August 1999
201	<b>"Information Services for Engineering Industries"</b> ; CESTI repeat training course in HCMC (no.5), 22 participants from 21 enterprises received certificates	30-31 August 1999
202	19 enterprises in HCMC were satisfied with 20 information requests to CESTI in August 1999	1-31 August 1999



203	3 client enterprises received information-paper based and 27 client received information through Internet, VCCI	1-31 August 1999
204	<b>Business Plan-</b> Tien Bo, completed by HCU in Hanoi	May-August 1999
205	<b>Business Plan-</b> Cuong Thinh, completed by HCU in Hanoi	June-August 1999
206	<b>Business Plan-</b> WACO, completed by UAIC in HCMC	Jan-Aug 1999
207	LADODA Co received information service, HCU Hanoi	August 1999
208	Discussion with HUT on Expenditures and Revenues Projection 1999-2000	9 September 1999
209	<b>"Information Services for Engineering Industries"</b> ; CESTI repeat training course in HCMC (no.6), 16 participants from 15 enterprises received certificates	14- 15 September 1999
210	Discussion with SG Ban Mai and Hai Viet Co (introducing clients to these two companies), HCMCUT	15 September 1999
211	<b>"Production Management"</b> Repeat training course in Hanoi started, HCU-UAIC-HUT (7 half-day)	17-24 September 1999
212	Meeting with HUT Leaders about establishing formal office in HUT	22 September 1999
213	<b>"Business Planning to Improve Your Business Performance "</b> repeat training course in HCMC started, UAIC-HCMCUT (6 half days), 18 participants from 13 enterprises received certificates	20-25 September 1999
214	<b>Seminar</b> on Technological Information in Food processing sector was conducted in Hanoi, VCCI-NACESTID (half day)	28 September 1999
215	Discuss on a BP development, HCMCUT-Tin Thanh Co	28 September 1999
216	<b>"Information Services for Engineering Industries"</b> ; CESTI repeat training course in HCMC (no.7), 15 participants from 14 enterprises received certificates	29-30 September 1999
217	<b>"Computer Aided Drawing"</b> repeat training course in Hanoi started, VCCI-HCU-HUT (9 half days course) - 22 participants from 19 enterprises received certificates	28 Sep- 7 Oct 1999
218	<b>21 information requests were satisfied</b> (4 requests on food processing technologies, 2 requests on food processing standard, 5 requests on engineering sector technologies and 10 requests on standard in engineering sector)	September 1999
219	Undertaking 2 consultancy requests on technologies in food processing, CESTI HCMC	September 1999
220	2 client enterprises were provided with information services, VCCI Hanoi	September 1999
221	Labour Cooperative and Cuong Thinh Cooperatin received information service, HCU Hanoi	September 1999
222	<b>"Hygiene in Food Processing"</b> , new training course in HCMC started, UAIC-HCMCUT (6 half days), 35 participants from 30 enterprises received certificates	4-9 October 1999
223	CTA, Acting NPC, Mr. Xuan worked with UAIC, CESTI, HCMCUT, DPI	6-7 October 1999
224	<b>"Upgrading skills for Teachers from Vocational Training Centers"</b> training programme, in cooperation with Fashion Design Institute (FADIN) in Hanoi, 11 teachers from 11 training center attended	8 October 1999
225	<b>Seminar on "Solutions for SME Development in Vietnam"</b> in Hanoi, by PMRC, sponsored by Project, more than 100 participants attended	15 October 1999
226	<b>The Fourth Advisory Board Meeting in HCMC</b>	20 October 1999
227	CTA, AE, Acting NPC, Mr. Xuan worked with VCCI, HCMC	21 October 1999
228	Meeting with VIM Co, agreement in exchange information, and Minh Thu Co in providing training for its staff, HCMCUT	22 October 1999
229	<b>"Information Service on Food processing Industries"</b> repeat CESTI training course in HCMC (the ninth), 21 participants from 20 enterprises received certificates	28-29 October 1999
230	<b>31 information requests were satisfied</b> (16 requests on food processing & engineering sector technologies; 13 requests on food processing standard and 2 requests on standard in engineering sector)	October 1999
231	Undertaking 2 consultancy requests on technologies in engineering sector, CESTI	October 1999
232	5 client enterprises were provided information from magazines and internet, VCCI	October 1999
233	Ngoc Ha Trade Cooperative, Thanh Cong ltd, Tocontap Hanoi received information services, HCU Hanoi	October 1999
234	Signed BP contract with Thang Long Ltd, HCU Hanoi	October 1999
235	Working with CESTI HCMCUT, NE/M	2-4 November 1999
236	<b>"Business Planning for SME Consultants"</b> - training course for local external consultants conducted in HCMC, 22 participants got certificates of attendance and 22 approved for recommendation to UAIC and VCCI-HCMC	9-16 November 1999

237	"Modern Techniques Teaching Adult" training course for 23 lectures in Hanoi, week 1	8-12 November 1999
238	Seminar on "Solutions for SME Development in Vietnam" in HCMC, by PMRC, sponsored by Project, more than 60 participants attended	5 November 1999
239	ITE presented his report and recommendation on the technical training services to Project Management	18 November 1999
240	CTA went on study tour with PMRC members	19 Nov- 4 Dec 1999
241	"Information Services for Engineering Industries"; CESTI repeat training course in HCMC (no.8), 20 participants from 19 enterprises received certificates	18-19 November 1999
242	"Production Management" repeat training course in HCMC started, HCMCUT-UAIC (6 half day), 32 participants from 19 enterprises received certificates	22-27 November 1999
243	"ISO- Standards in the Engineering Sector", new training course in Hanoi started, VCCI-HUT-HCU (7half days), 22 participants from 17 enterprises received certificates	17-25 November 1999
244	"Application of New Technologies in Rubber-Product Manufacturing", new training course in HCMC started, HCMCUT-UAIC (4 half days), 14 participants from 12 enterprises received certificates	23-25 November 1999
245	"Information Service on Garment Sector" CESTI training course in HCMC, 20 participants from 20 enterprises	29-30 November 1999
246	ITE completed his assignment.	30 November 1999
247	25 information requests were satisfied (7 requests on technologies; and 15 requests on standard), CESTI	November 1999
248	Undertaking 3 consultancy requests on technologies, CESTI	November 1999
249	1 client enterprise received information through internet, VCCI Hanoi	November 1999
250	Quang Ninh Bank, Hanoi Business Food processing Co, Sao Sang Co, Huu Nghi Ltd received information service, HCU Hanoi	November 1999
251	Signed consultancy service contract with Sao Mai Ltd, HCU	November 1999
252	BSO on mission to project for technical meetings	4 December 1999
253	BSO, CTA working with DPI, VCCI, HCMCUT and visits to 2 SME clients of partners	6-7 December 1999
254	Meetings with HCU, VCCI, HUT, PMRC, Project Management and Project staff, and visits to 2 SME clients of partners in Hanoi, UNIDO Hanoi (CTA, BSO, other project staff)	8-11 December 1999
255	Wide distribution of output 1 report to relevant domestic and international organizations	8 December 1999
256	"Production Management" repeat training programme in HCMC started, UAIC-HCMCUT (6 half days), 21 participants from 9 enterprises received certificate	6-11 December 1999
257	Signed contract sent to TIHACO to prepare BP, HCU	14 December 1999
258	"Efficiency in using electricity" repeat training course in Hanoi started, HCU-VCCI-HUT (4 half days), 18 participants from 17 enterprises received certificates	15-17 December 1999
259	"Recruiting and Selecting Personnel for SME" new training course in HCMC started, UAIC-HCMCUT (5 half days), 37 participants from 27 enterprises received certificates	20-24 December 1999
260	"Closing Ceremony" of Modern Technique Teaching Adult training programme in Hanoi, end of week 3	23 December 1999
261	"Products made in Vietnam" trade fair in Hanoi, 5 enterprises were 50% sponsored by SME PC (VCCI) to attend	23 December 1999
262	"Preparation Meeting for Business Cooperation Day", UAIC and VMEP	28 December 1999
263	1 enterprise client received information through internet, VCCI Hanoi	1-31 December 1999
264	18 information requests were satisfied, CESTI	1-31 December 1999
265	2 client enterprises (Hanoi food processing, Honda Co) received information services, HCU	December 1999
266	"Counterpart Staff Retraining"- Practical Training on Information Systems and Information Services, by CTA, AE and NE-Information Services, VCCI, HUT-HCU in Hanoi, VCCI Danang, NACESTID, STAMEQ, BPSC, SMEDEC, GTZ-VCA Project; 15 participation received certificates	4-7 January 2000
267	"Business Cooperation Day" for 8 enterprise in HCMC with VMEP, UAIC, representatives of Department of Economic (District 6)	7 January 2000

268	<b>"Counterpart Staff Retraining"</b> - Practical Training on Information System and International Sources in Internet, by CTA, AE and NE-Information Services, HCMCUT-UAIC in HCMC, VCCI HCMC- Can Tho, Khanh Hoa, Vung Tau	11-15 January 2000
269	<b>Installation CMS, DCDB, EDB</b> for VCCI branches in <b>HCMC, Can Tho, Khanh Hoa, Vung Tau, Da Nang</b> , NE/IS	16 -31 January 2000
270	<b>"Food Additives"</b> repeat training course in Hanoi started, VCCI-HCU-HUT (7 half days), 31 participants from 31 enterprises received certificates	20-27 January 2000
271	<b>PMRC</b> workshop <b>"SME Promotion Policy and Structures"</b> with donors and foreign organizations, related Projects on SME promotion	24 January 2000
272	1 client received information through internet, 3 others received free of charge information, VCCI	1-30 January 2000
273	2 clients received information service , HCU in Hanoi	1-30 January 2000
274	Diagnostic visit to Hoang Hai and Thanh Xuan Cooperative for technological consultancy service, HCU	January 2000
275	Discussion with <b>NACESTID</b> about Information Services in Hanoi, CTA, NPC and NE/IS	15 February 2000
276	UNV- SME Promotion Expert fielded to improve promotion and marketing of partners' products	23 February 2000
277	Signing of the <b>MoU</b> between <b>NACESTID, VCCI, HCU and Project</b> on cooperation to provide information services to SMEs in Hanoi	29 February 2000

## ANNEX II:

### Coordination and cooperation with other SME donor projects and organizations

The project placed an emphasis on setting up and maintaining relationships with on-going SME projects and related organizations. The project has tried to establish itself as an information and coordination point for SME-related donor activities in Hanoi. Improved coordination and cooperation through information sharing and joint activities has enhanced the impact and effectiveness of efforts of all parties involved. Some of the more important linkages are the following:

- Upon request from the project, the *GTZ-VCA* (former VICOOPSME) Non-state SME Promotion Project provided a staff member to work jointly with the CIEM team in the identification of bottlenecks in the administrative procedures in 1997. This member of the above project was instrumental in drafting recommendations regarding technology and training policies for SMEs. The GTZ-VCA project was the first external **Advisory Board** member.
- The project requested *UNDP Hanoi* to allow use of its Consultant's Roster by the project as a starting point for the Experts Database. Upon completion, the project has provided its EDB software to UNDP, which has decided to use this software for its Consultants' Roster.
- The project approached the *GTZ-VCA*, which was compiling an SME database through regional VICOOPSME organizations in 1998 and proposed the utilization of a common, international "business activity and coding system" in their database and the project's DCDB. This was agreed and the project supplied the ISIC coding system in Vietnamese at no extra cost in 1998. As of early January 2000, the BPSC, a new BDS supplier set up by the GTZ-VCA project, has become an SMELINK partner. If they have used the coding system as agreed at the time, their company data can easily be merged into the SMELINK DCDB.
- By early 1999, the *GTZ-VCA* project had started its preparations for a new phase. They approached the project to learn more about its experience in working with new partners through contractual relationships. The project shared this experience, including relevant documentation. The new institutional set up of the new phase of the GTZ-VCA project looks similar to the one of the project: multiple partners overseen by a steering committee.
- The project approached the *Partnership Project Handwerkskammer Koblenz-STAMEQ* that has established a welding school in Hanoi. It was agreed that the welding training programmes offered by this school would be promoted through the network business organizations. An MoU between this Partnership Project and VCCI and HCU was facilitated, with the project signing the same as witness, in May 1998. The Partnership Project is a member of the **Advisory Board**.

- The project had discussions with the *EU-MOLISA<sup>1</sup> Small and Medium Enterprise Development Fund - SMEDF* and introduced to them the Business Planning Workbook and Financial Forecasting Software. SMEDF provided comments on the materials. The introduction of the materials and the business planning service to be offered through the network business organizations to SMEDF partner banks (Viet Nam Agricultural Bank, Vietcombank, Investment and Development Bank and Maritime Bank) was also agreed. The SMEDF included the name and address of the project on its brochure as a cooperating institution in June 1998. SMEDF referred a number of potential clients to HCU for business planning assistance. The SMEDF is a member of the **Advisory Board**.
- The project approached the *GTZ-MOET Vocational Education Programme Viet Nam* and discussed with them cooperation opportunities. A topic of interest has been the need in master craftsmen training in Vietnam. A monograph written by the International Training Expert was provided to them for distribution to related MOET officials in June 1998.
- The project approached the *GWZ-Baden Württemberg Agency for International Economic Cooperation* which is cooperating with the *Viet Duc Technical Teachers Training Center* in HCMC. Following visits in HCMC to the Viet Duc Training Center, *Binh Thanh Vocational Training Center* and *District 4 Vocational Training Center*, it was decided to sponsor the training of technical instructors from these district vocational training centers at Viet Duc and training started in May 1998. **CESTI** was introduced to Viet Duc and acquired copies of international standards that have been translated into Vietnamese by Viet Duc. These formed the basis for 7 engineering booklets CESTI prepared for SMEs in August 1998. Both Viet Duc Technical and Binh Thanh Vocational Training Center managers were invited to join the third **Advisory Board** meeting of the project as members in September 1998. The Viet Duc Technical and Binh Thanh Vocational Schools are members of the **Advisory Board**.
- The regional *ESCAP-GTZ Export Promotion for SMEs* project was contacted in early 1997 and information sharing was sustained through the visits of ESCAP project's international consultants to the Project Office when they come to Viet Nam. The ESCAP-GTZ project identified VCCI SME PC, an SMELINK partner, as its Hanoi counterpart in 1998. The ESCAP-GTZ project has provided our project with address information of about 200 Vietnamese enterprises during the initial information collection phase of DCDB.
- A new phase of the *ESCAP-GTZ* project started with a new project coordinator as of third quarter of 1999. The project was approached to share its experience regarding working with multiple partners and setting up of contractual relationships with them.
- The German *ZDH Partnership project* that has been working with VCCI completed data collection from the VCCI provincial branches early 1998. Since its inception, the UNIDO project has coordinated with them by sharing information on project activities. As a result of this cooperation, the UNIDO project designed its DCDB data collection format in such a way that information collected by the other project will be easily imported into the project database. As of April/May 1998, this data was merged into the DCDB and installed at SMELINK partners. Singapore based managers of the ZDH Partnership Programme make a point of visiting the project office when they are in Vietnam, if possible.

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<sup>1</sup> Ministry of Labor, Invalids and Social Affairs

- The *Technonet Asia* that has had cooperation with VCCI and UAIC in the past cooperated with the project in organizing the study tour in Singapore in April 1997. They have been instrumental in organizing the appointments with SME related organizations as well as logistical support. Technonet Asia staff visit the project office on almost every visit they made to Vietnam.
- The *ILO East Asia Multidisciplinary Advisory Team (EASMAT)* that initiated business-planning seminars in Vietnam in cooperation with VCCI in 1998 was requested to provide the project with their business planning materials. Upon studying, it was seen that their business planning materials are mainly for start ups and therefore the activities of the project and theirs are complementary. The ILO Start and Improve Your Business project that resulted from these seminars is among partners with which the project shares information.
- The *Mekong Project Development Facility (MPDF)*, also administers a financing for SMEs in Viet Nam. Among other actors in the field the project forwarded its business planning workbook and financial forecasting software to MPDF for comments in June 1998. The MPDF is a member of the **Advisory Board**.
- Between March-August 1998, the project has assisted the *Japanese Embassy* and MPI to draft the terms of reference for an MPI-JICA SME Study. Upon agreement between the two countries early January 1999, the study has been implemented from March-December 1999. During this time, the project has supported the JICA team with relevant information and insights. JICA was invited to join the **Advisory Board** of the project.
- From 1997 to end 1999, the *ADB-MPI Enterprise Reform project* and the project coordinated their activities by closely sharing information and comments on legal and administrative matters related to private sector development with special emphasis on SME development. In 1999, the "Research Report on Improving the Macroeconomic Policy and Reforming the Administrative Procedures to Promote the Development of the Small and Medium Enterprises in Vietnam" was requested for distribution inter alia at its courses for officials from provincial governments. The project participated in the ADB workshops and in July 1997, the CTA was invited for a lecture on SME Promotion to provincial officials within their training programme.
- In the period from July-December 1999, the project in cooperation with UNIDO Hanoi has coordinated and organized a study tour to the Netherlands, Italy and Germany for the PMRC by securing support and sponsorship from *MPDF, FES, GTZ, ZDH, Koblenz Handwerkskammer, SNV, Dutch Embassy and UNIDO IPO Italy*.
- The project has contributed to the activation of the *SME Forum* in cooperation with SNV, MPDF, GTZ, NEU Business School and some other organizations. The CTA has actively participated in this process as a programming committee member of the SME Forum. The SME Forum has sponsored various joint activities for the SME promotion community in Hanoi.
- *UNIDO IPO-Italy* started a Vietnam Desk in the premises of the Italian Embassy in 1999. The project assisted the Desk Officer by supplying information about the legal and administrative environment, contacts with and referrals to its partners, company data, etc. The IPO-Italy and Vietnam Desk Officer assisted the project in organizing the Italy part of the recent PMRC study tour.

# **ANNEX III:**

## **List of references**

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Project progress reports in the period 1996-2000

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Reports of Project Review Meetings and of Advisory Board meetings in the period 1996-2000

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