



# Orientations for An Giang's Socio - Economic Development by 2010

by TRẦN THỊ ĐỆP

## I. Development vision

Based on its study and evaluation of potentials, challenges, and forecasts, the province's major view is to speed up its economic growth rate, improve the development quality, and make great efforts to become one of the Mekong Delta's provinces having the highest per capita income and reach the country's per capita income by 2020. The An Giang Province will be built into an open economic region, linking other provinces in the Delta with the neighboring country, Cambodia, and other ASEAN countries. Therefore, it actively joins and exploits all advantages in the integration process to spur development. Moreover, its economic growth must be accompanied by socio-cultural evolution to provide opportunities for the people to enjoy the development achievements. As a result of this, the provincial authorities must perfect the mechanism to employ skilled persons and enhance the quality of local human resources, especially managers and technicians.

The province is required to combine agricultural industrialization and rural modernization with expansion and construction of urban areas and focal economic regions having developed industries and services. Its economic growth must be attached to social order, security and national defense, especially in border areas, and in line with

environmental protection and sustainable development.

## II. Development targets

The general target is to transform basically and comprehensively manual labor into technical labor for higher productivity and value as well as survival in the global competition.

The province's specific goals are an annual growth of 12% in the 2006-2010 period including agriculture-forestry-fishery 3.5%, industry and construction 17%, service 15%; and per capita GDP of US\$927 (actual price), doubling the figure of 2005.

Table 1: An Giang's estimated growth targets in the 2006 - 2010 period

Indicator	Unit	2006	2007	2008	2009	2010
1. GDP (1994 as price base)	VND bil.	11,710	13,115	14,689	16,452	18,426
Agro - forestry - fishery	VND bil.	3,780	3,896	4,014	4,136	4,261
Industry - construction	VND bil.	1,991	2,313	2,688	3,126	3,636
Service	VND bil.	5,939	6,906	7,987	9,190	10,529
2. GDP growth	%	12.01	12.00	12.00	12.00	12.00



Agro-forestry-fishery	%	3.39	3.07	3.03	3.04	3.02
Industry-construction	%	17.45	16.18	16.21	16.29	16.31
Service	%	16.37	16.28	15.65	15.06	14.57
3. GDP (Actual value)	VNDbil.	22,037	25,581	29,702	34,504	40,096
US\$	US\$mil.	1,311	1,483	1,678	1,899	2,151
(Foreign exchange rate)	VND/US\$	16,809	17,249	17,701	18,165	18,640
Agro-forestry-fishery	VNDbil.	7,633	8,120	8,636	9,185	9,769
Industry-construction	VNDbil.	2,808	3,414	4,154	5,057	6,158
Service	VNDbil.	11,597	14,047	16,913	20,262	24,169
4. Export	US\$mil.	350	450	550	630	700
Per capita	US\$1	158	200	242	274	301
5. Import	US\$mil.	65	85	110	140	210

Source: The An Giang Service of Planning and Investment

The province will make a breakthrough in economic restructuring with agriculture-forestry-fishery accounting for 24.8%, industry and construction 15.5% and services 59.7%. Its export value is expected to reach US\$700 million by 2010 with an annual growth rate of 16.3%.

**Table 2: Economic structure by sector in the 2006-2010 period**

Indicator	Unit	2006	2007	2008	2009	2010
<b>1. GDP</b>						
Agro-forestry-fishery	%	34.6	31.7	29.1	26.6	24.8
Industry-construction	%	12.7	13.3	14.0	14.7	15.5
Service	%	52.6	54.9	56.9	58.7	59.7
<b>2. Per capita GDP</b>						
1994 price base	VNDmil.	5.27	5.80	6.46	7.16	7.93
Actual price	VNDmil.	9.91	11.38	13.07	15.01	17.26
	US\$	589	660	738	827	927

Source: The An Giang Service of Planning and Investment

The province's population growth rate will be reduced to 1.1% in the 2006-2010, reaching 2,323,000 by 2010; and its natural population will rise 1.27% by 2020. In this five-year period, 150,000 new jobs shall be created or 30,000 jobs per year. In the mean time, the province plans to export 10,000 workers. By 2010, the number of trained labor increases 25-30%; the urban unemployment rate will be kept at 4.8% and the time of rural employment promoted to 80-85%.

**Table 3: An Giang's population from 2006 to 2010**

Indicator	Unit	2006	2007	2008	2009	2010
1. Average population	1,000 persons	2,224	2,248	2,273	2,298	2,323

2. Birth rate	%	1.88	1.85	1.82	1.79	1.77
3. Diminishing birth rate	%	0.04	0.035	0.03	0.025	0.02
4. Growth rate of population	%	1.30	1.26	1.23	1.21	1.10
5. Urban unemployment rate	%	4.3	4.14	3.98	3.82	3.66
6. Poverty rate of households	%	12.35	10.5	9.0	7.5	5.5

Source: The An Giang Service of Planning and Investment

In respect of education, local governments shall finish their universalization of primary and junior second education and most of schools shall meet the national standards.

The percentage of access to clean water in urban areas shall reach 96% by 2010 and in rural areas over 80%. The number of poor households will be reduced to 5%; the electric supply shall come to more than 95% of the people; and local radio and TV transmission can be received all over the province. The environment protection and forest coverage will be enhanced.

### III. Development orientations for industries and sectors

#### 1. Farming production and rural economy:

The provincial farming production shall be boosted up with major products including rice, fishes and vegetables. It will be oriented towards export in addition to domestic consumption. The value added of the agriculture-forestry-fishery increases 3.1% per year. The restructuring of agriculture and rural economy is performed in the direction of living with floods safely. Furthermore, science and technology should be used to produce clean products and the work of preserving and processing satisfies international and national standards. The province's sectors of industry and agriculture are closely combined to enhance the value of farm exports. Occupations in rural areas are diversified, especially for those having high value-added and high export value to improve the people's living standard.

Local governments shall continue to invest in building socio-economic infrastructures for poverty eradication and hunger alleviation, initially for mountainous, remote, ethnic minority, and flood areas.

Three province's key tasks of rural development include education of farmers, cooperation of production and industrialization and modernization of agriculture and rural areas. Relevant agencies shall study and provide information for farmers and businesses. Local authorities will give necessary supports to businesses' marketing, establishment of wholesale and retail markets and warehouses in areas, especially those having great stocks of farm produce. The provincial government keeps on developing its multi-sectoral economy, give more assistance to cooperatives and favorable conditions to the farm economy, and mobilize all sources for



production.

## **2. Orientations for industry and handicraft production:**

The industry sector will continue to intensify investment and innovation of equipment to modernize the industry production. It focuses its strengths on promoting major industries such as processing farm and marine products, animal feeds, building materials, mechanical engineering, garment, footwear, and handicraft for tourism and farm development. The sector's GDP annual growth of 16% will be maintained along with enhancement of product quality, production efficiency and higher competitiveness.

The land reserve will be concentrated on building infrastructures and industrial parks, border economic zones, and district handicraft clusters. Infrastructures of Binh Long and Binh Hoa industrial parks and Vinh Xuong, Tinh Bien and Khanh Binh border economic zones need be expanded and upgraded.

It is estimated the province's urbanization rate will reach 31% by 2010, and building plans will be made or revised to meet requirements for development. The province will continue to promote programs of industrial encouragement and create favorable conditions for expansion of small and medium-sized enterprises, especially in rural areas. In addition, local businesses should take effective measures to reduce production costs for goods in accordance with the AFTA regulations.

## **3. Orientations for trading and services:**

The provincial government should focus its efforts on developing several potential and high value services to improve their advantages and competitive edge such as tourism, trading, transport. In addition, high quality services need be given incentives for growth with a view to earning foreign currency, increasing income and generating more jobs.

The An Giang province will intensify the establishment of trading centers and border economic zones to secure commodity circulation in local markets and foreign trade. Long Xuyen City and Chau Doc town will become trading centers acting as a hub to receive and distribute goods from HCMC, Can Tho... to border economic zones and vice versa, as well as tourist sites.

The GDP in services is expected to rise 15% annually in the 2006-2010 period. The province's strategy for market expansion and international integration should be well performed to facilitate activities of provincial businesses after Vietnam joins WTO and implement the country's commitments of service liberalization within the ASEAN framework.

The An Giang tourism will become a spearhead sector on the basis of tapping advantages from natural resources, ecology, tradition, culture and history. It is anticipated that

there are about 5 million visitors to An Giang by 2010, including 40,000 international visitors. The industry tries to post an annual growth rate of 5.9% for international travelers and 3.9% of domestic ones.

The local transport services will meet requirements for carrying goods and passengers, namely, higher quality and safety. The transport and communication value added will increase 13% per year. Telecommunications services are also step by step improved and modernized to keep pace with international practices.

The province export activities should be boosted to increase GDP growth. Therefore, the local foreign trade must be restructured towards enhancing export of high value-added goods and processed ones. Moreover, the province also exports some 10,000 workers in the 2006-2010 period. Materials, equipment, machinery and technologies will be given priority for import with a view to serving the provincial industrialization and modernization as well as producing goods for export. From now until 2010, the province shall build essential infrastructures and apply policies of the central government for incentives and privileges to attract investment to industrial parks and handicraft clusters.

## **4. Orientations for development of border economic zones:**

The province authorities will build and develop border areas into economic zones to improve the people's living standard and secure the national defense. These areas will grow into border urban areas suitable for their characteristics. Border residents will resettle their lives in accordance with the development planning. These zones will attract investment sources for constructing infrastructures and business centers. As a result, they will create more employment to local people. Nevertheless, economic development should be combined with improvement of ecological environment and enhancement of people's knowledge and human capital. This task also helps strengthen national security and defense and uphold the national sovereignty.

## **IV. Estimated demands for An Giang's development investment capital in the 2006-2010 period**

The province plans to require VND66,160 billion to keep its annual growth rate of 12% in the 2006-2010 period, including capital for infrastructure construction and production expansion. The investment will be restructured for efficiency, concentration and utilization of local potentials. The capital mobilization rate must reach 45% of total local income. The government revenue accounts for 9% of GDP and total local investment should be more than VND17,890 billion, or 46% of GDP.

This is a huge demand for development investment in the period to attain the province's economic growth and



development targets. The province can attract more than VND30,000 billion from central and local government budget, investment credit and public savings and the rest or more than 50% of the demand will come from private businesses and banking activities. Therefore, the mobilization of non-state sources is an urgent requirement for the province's socio-economic development.

**Table 4: The An Giang Province's total development investment in the 2006-2010 period**

Indicator	Unit	2006	2007	2008	2009	2010
1. Gross provincial investment	VNDbil.	9,160	10,910	12,980	15,220	17,890
Investment/GDP	%	41.6	42.7	43.7	44.1	44.6
1.1 The local government budget	VNDbil.	750	866	970	1,087	1,217
1.2 Investment credit	VNDbil.	200	210	220	230	240
1.3 People's capital	VNDbil.	3,306	3,840	4,460	5,180	6,010
1.4 The central government investment	VNDbil.	450	500	600	800	1,000
1.5 Others	VNDbil.	4,454	5,504	6,750	7,953	9,463
Bank credit	VNDbil.	3,164	3,500	4,150	4,950	5,900
Businesses	VNDbil.	660	750	1,000	1,350	1,850
Outside provinces, ODA, FDI...	VNDbil.	631	1,254	1,600	1,653	1,713
2. ICOR		3.2	3.1	3.2	3.2	3.2

Source: The An Giang Service of Planning and Investment (2006-2010 plan)

## V. Measures to boost development investment in An Giang

The province has made great efforts to attract domestic and foreign sources for its socio-economic development. Nevertheless, its potentials and strengths have not been fully tapped. The following groups of measures are suggested to boost development investment based on the analysis of available conditions and opportunities:

1. The first group of measures is to renovate, upgrade and develop socio-economic infrastructures by state budget, funds from land exploitation via projects of building roads, industrial parks, border economic zones, handicraft clusters, trading centers and urban residence. To do this task, the province's Center for Land Exploitation should be established to deal with land exploitation and utilization of revenues from land exploitation.

2. The second group includes administrative reformation. The one-door practices are applied at the business registration agency, for example, filing documents, and registering for stamps and tax code based on regulations by the provincial People's Committee. The business comes to only one agency for its registration and application for business licenses and certificates. This agency must be responsible for

coordinating with other relevant agencies to complete the business procedure. This will help the business save energy, time, and costs and avoid inconvenience.

3. The third is to finish the planning of land use, construction, industries and occupations and more importantly publicize these plans for investors' consideration and selection. In addition, the authorities must announce their blueprints of new urban areas, high-rise buildings, apartments, service areas outside the boundaries of industrial parks to allure investors for development.

4. The fourth is to create the equal legal framework for the foreign -invested sector. The An Giang province encourages its existing businesses, give more incentives and secure fair competition based on equal rules for foreign investors, especially in the province's potential areas.

5. The fifth is to attract investment capital from indirect sources, for example, issuing bonds of building projects, to mobilize funds from the people and various economic sectors in compliance with the Law on State Budget based on the balancing capability of the province budget. Other sources come from intermediate financial institutions such as financial investment funds, finance leasing organizations, the stock market, and businesses' production expansion.

6. The sixth is to enhance the investment promotion activities through the province's Investment Promotion Center's action programs. Local businesses will find their investment partners in marketing and sales. Furthermore, relevant authorities should establish relations with support institutions, associations, foreign investment organizations for investment promotion. Contents and methods of investment attraction must be positive, flexible, effective and suitable for the provincial conditions. The province will build projects to call for foreign investments and vigorously seek investors, especially official development assistance (ODA) for essential projects of health care, education-training, prevention from natural calamity, treatment of urban environment pollution, and improvement of roads.

The province's information will be fully introduced and updated on its website, especially about investment attraction policies, administrative reform, lists of projects calling for investment. This website should be attractive and easily accessed. Moreover, public services will make the best use of information technology in order to give quick supports to businesses and help them deal with administrative procedures such as registration, tax codes, licenses...

7. The seventh is to develop the provincial human resources by establishing, upgrading and expanding local vocational schools. In the meanwhile, private investment in this field is encouraged with best incentives with a view to train skilled workers for the province's development projects