

has delivered a substantial and sustained improvement in the living standards of mill workers. Living standards of forestry workers have also improved sharply.

Contribution to human resource capacity building

The project's contribution to human resource capacity building has been substantial. A comprehensive and highly successful human resource capacity building program was undertaken. On-the-job training was provided to thousands of construction workers – many of who took their skills elsewhere in the economy. An effective vocational training school was established.

What were the problems

Bai Bang has been the subject of a great many studies and reports, particularly two in-depth evaluation studies published 1999. The decision to assist Vietnam had been made on political grounds largely unrelated to development considerations. This was Sweden's first major aid project to a Communist country. Sida had no experience of working in Vietnam and faced the cumbersome bureaucracy of a state socialist system as its counterpart. Communication problems of all kinds were formidable. Unlike in most projects, the agency

lacked in-house technical expertise and had to rely entirely on Swedish industry. Building a modern, integrated paper and pulp mill – even a medium-sized one by Northern European standards – was a larger and more complex project than Sida had ever undertaken before. North Vietnam, for its part, lacked economic infrastructure and relevant technical expertise.

Since there was very little of modern infrastructure, the project was forced to set up much of what would not have been needed in an industrialised country, including stone crusher, concrete plant, metal workshop, power plant and chemical plant. During construction, the project faced:

- A shortage of a skilled Vietnamese labour
- A rigid bureaucracy
- Severe transportation shortages and delays
- Theft

Commonly, investment in a primary industry is not done without having first secured the supply of basic raw materials. The Bai Bang project did not follow this rule. Contrary to a widespread impression, the biggest constraint on production was not wood but coal. Uncertainties about

the quality and quantity of the raw materials created a nightmare that would run throughout the whole project from start to finish. It was not until the early 1980s that explanations to the raw material shortage started to shift from a purely technical (not enough trees) and organisational perspective (wrong ministry in charge) to social and economic ones.

Turning Bai Bang into a completely Vietnamese operation depended, on a successful transfer of skills and an orderly transfer of responsibility. It was only late in the project that the idea of a permanent vocational school, modelled after Swedish experiences, was realised. The systematic transfer of knowledge included developing organisational charts and manning requirements, formulating job descriptions and individual training plans and a grading system to measure progress.

In June 1990, the last Swedish adviser packed up and six years later the mill finally reached its designed production capacity. One critical factor was the rapid dismantling of the centrally planned economy. After years of pushing towards greater influence in the state planning system for the control of the mill's resource inputs, the focus could be shifted towards the basics of enterprise management: survival in the market place.

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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