

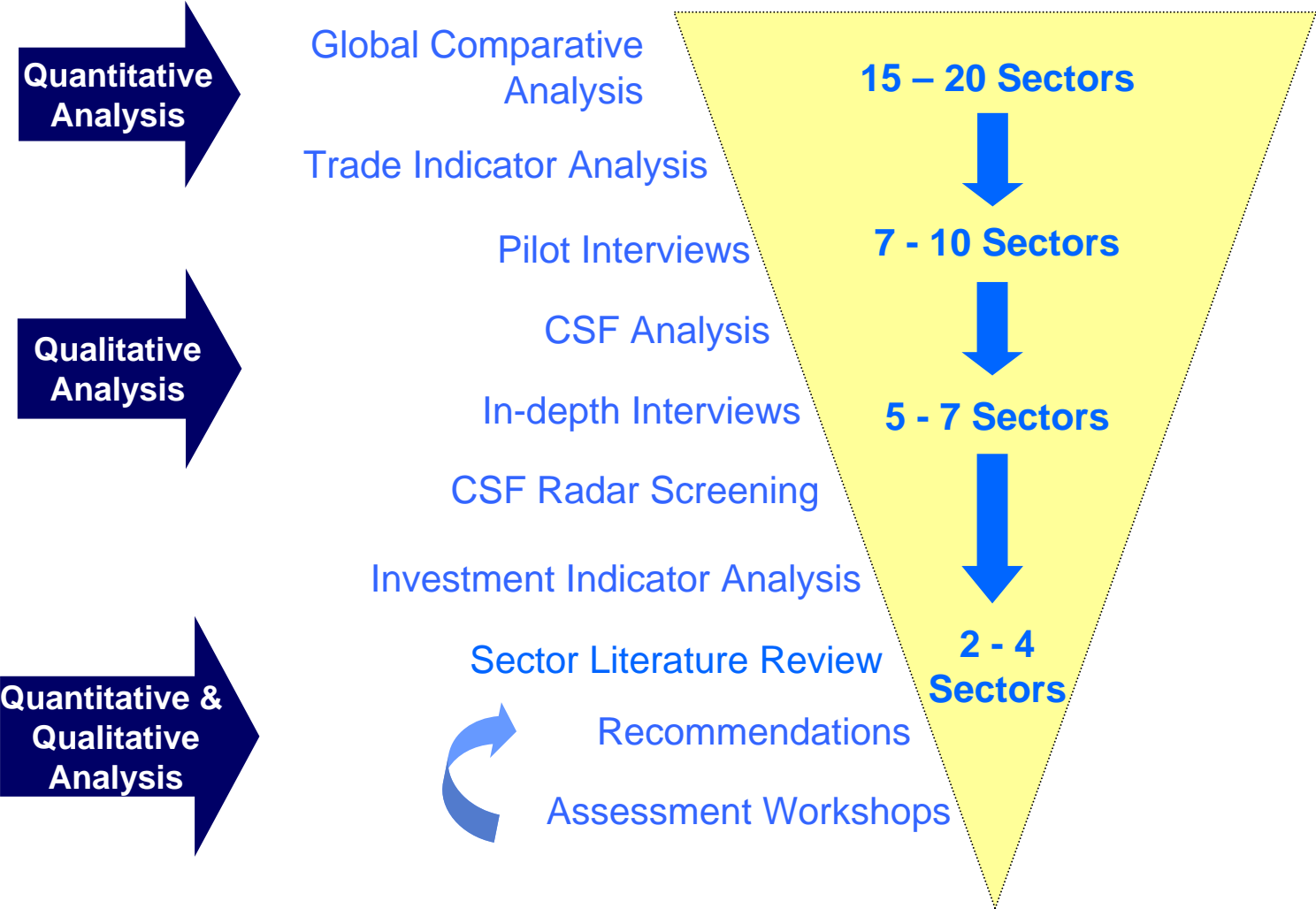
Regional Economic Potential Analysis

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Economic Potential Study

- When is the Economic Potential Study useful?
 - to assist local government / donor programmes to identify the main economic potentials of a province / country
 - and current or future competitive advantages with regards to private sector / SME development
 - to support local producers to remain or become more competitive
- Based on concepts like value chain analysis, learning from global buyers, gap analysis, global comparative trade analysis
- Applications in Vietnam: Da Nang, Can Tho, Hai Phong, Tra Vinh
- Applications in Indonesia: Region Solo Raya (Surakarta)

Economic Potential Study



Economic Potential Study

1. In-depth desk research	Identification of 10-12 existing and emerging sub-sectors with regards to SME development and high trading volume
	Identification of 5 – 7 products and services with stable growth trading over 5-6 recent years
	Identification of 3 – 4 products and services, which appear nationally and internationally competitive
2. Field research (Interviews with Buyers & Producers)	Closer assessment of the competitiveness of 3 - 4 products based on assessment of Critical Success Factors / Learning from Global Buyers
	Assessment of institutional and policy framework, including supporting industries
	Initial identification of linkages to exporters and international buyers
3. Reporting	Compiled analysis of the international competitiveness of products and sub-sectors
	Initial recommendation in designing interventions

Economic Potential Study: Global comparative trade analysis

Assessment of international competitiveness of regional products

<u>Solo Raya</u>	Products showing growing share at world market	Products showing shrinking share at world market
Export products of region with growing share at world market	++	+-
Export products of region with shrinking share at world market	-+	--

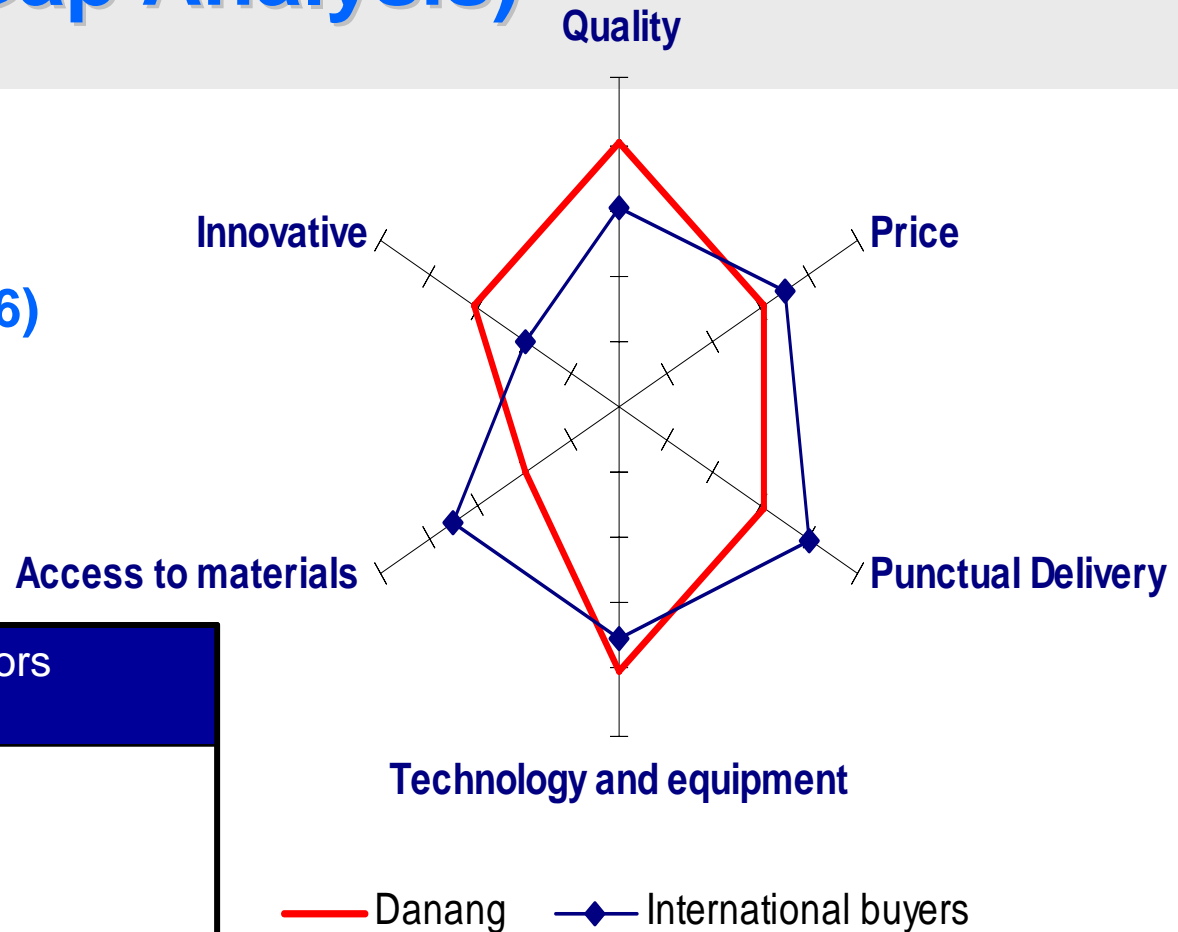
Sources: International Trade Center, National and Regional statistics

Selection Criteria for Sub-Sectors in Detail

- Sectors with high export volume over last 5 years
- Current & potential economic significance regarding jobs provided
- Development of regional product share at world market for same product
- Development of product share at world market for all products
- Development of regional product share at regional export
- Development of regional product share at national export
- Growth trends of services sectors
- Development capacity and outlook

Economic Potential Study: CSF Analysis (Gap Analysis)

Wooden Furniture: Example Da Nang (2006)

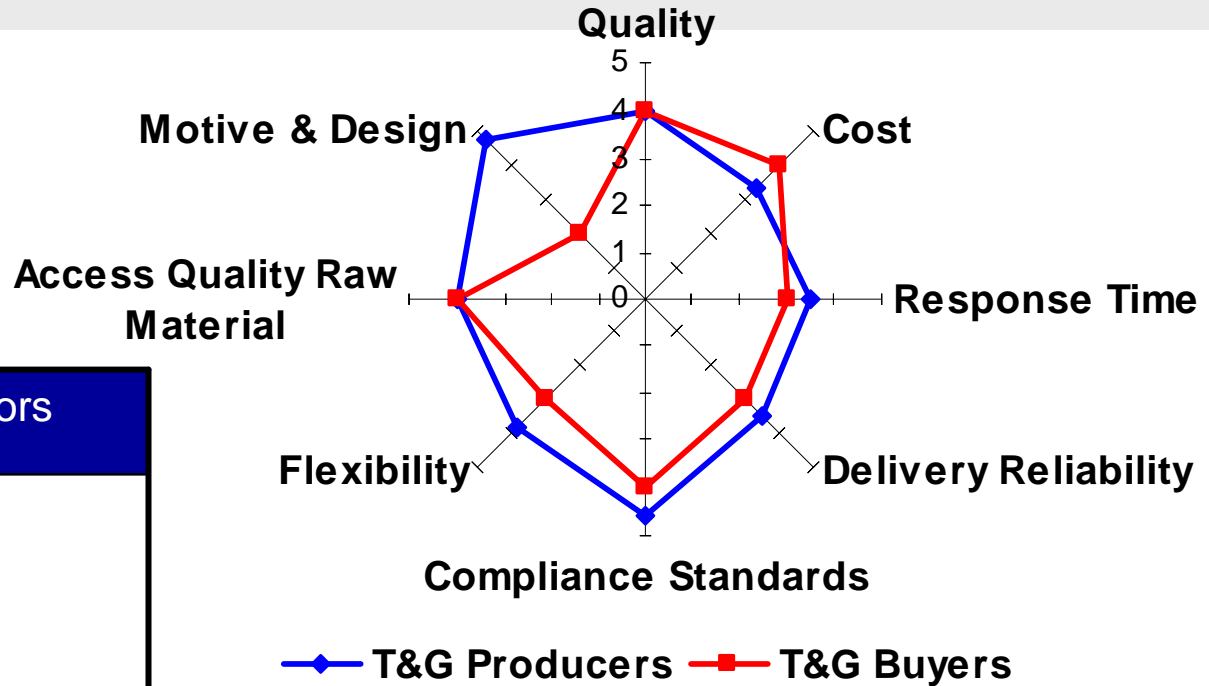


Sub-Sector	Critical Success Factors
<u>Wooden Furniture</u>	1.Reputation 2.Price 3.Punctual Delivery 4.Technology & Equipment 5.Access to materials 6.Innovativeness

Economic Potential Study: CSF Analysis (Gap Analysis)

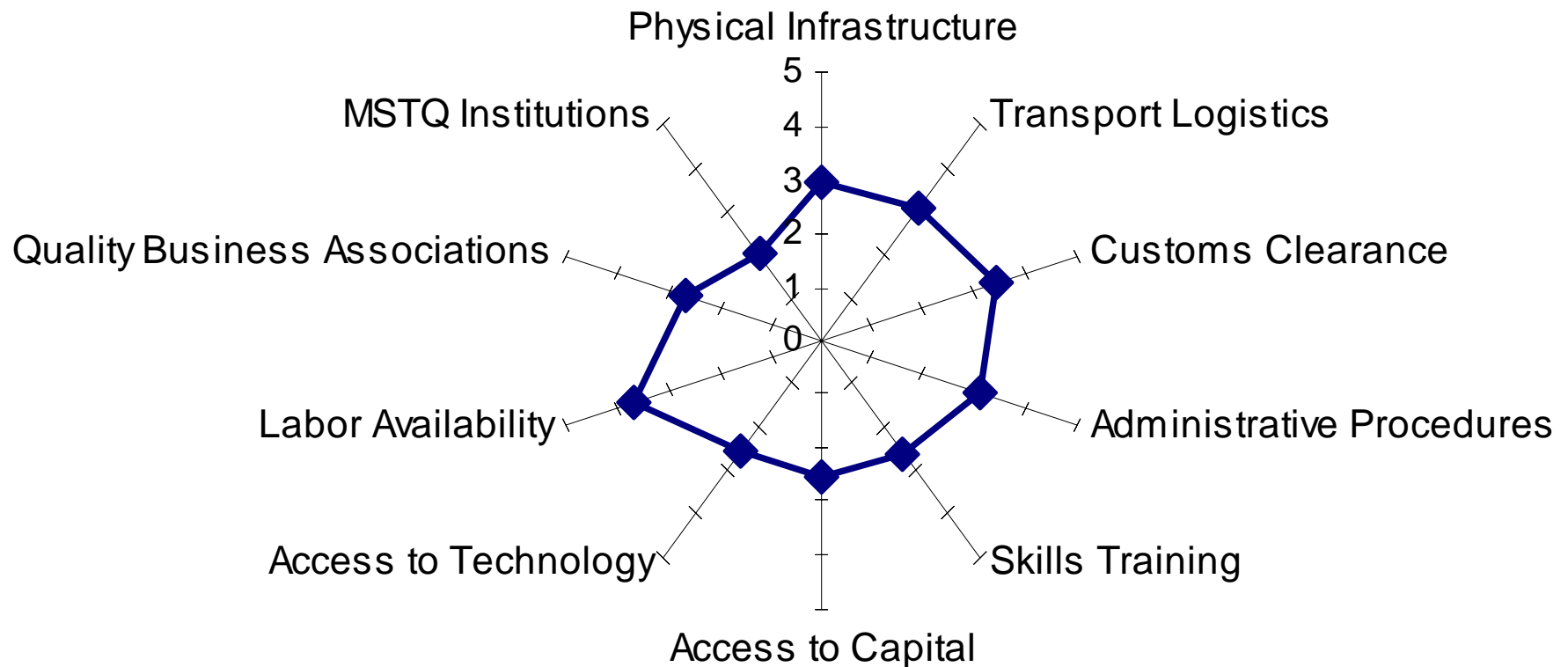
Textile & Garment: Example Solo Raya (2007)

Sub-Sector	Critical Success Factors
<u>Textile & Garment</u>	<ol style="list-style-type: none"> Quality Cost Response time Delivery reliability Compliance standards Flexibility (small and large orders) Access to quality materials supply Motive & Design

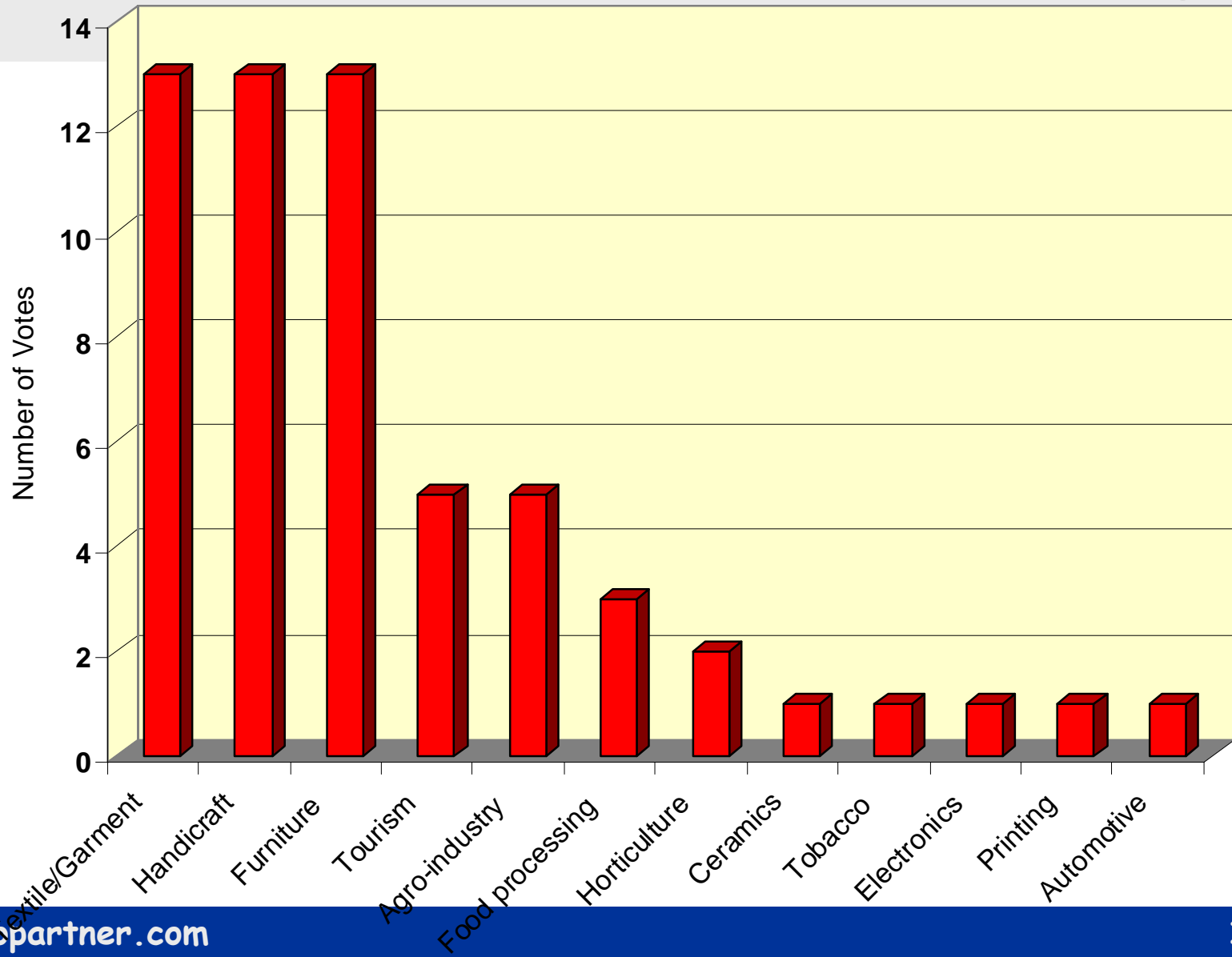


Aggregated Perception of Local Framework Conditions....

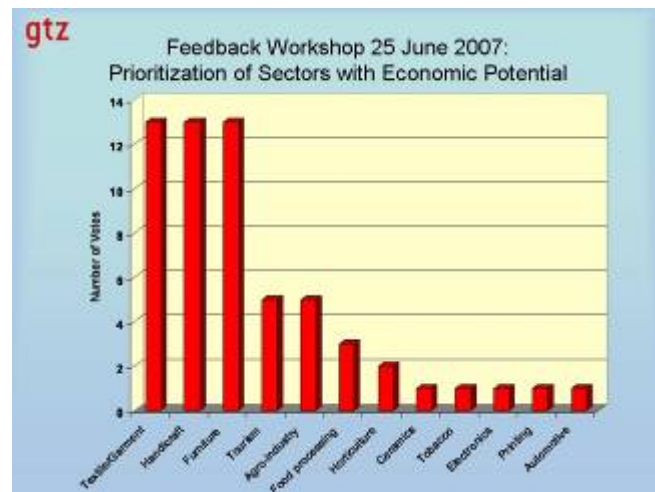
.....in Solo Raya / Indonesia by Producers and Buyers (2007)



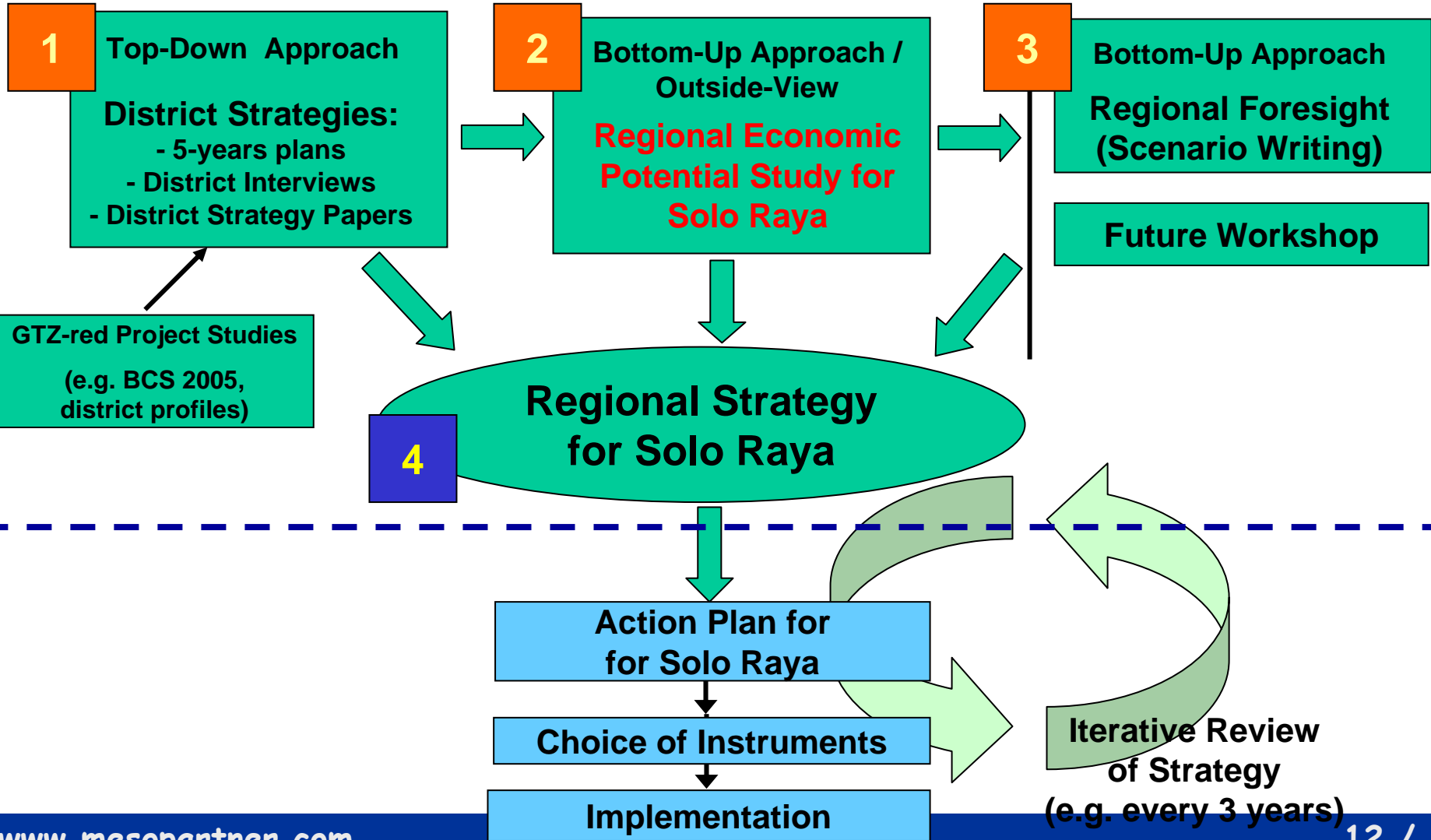
Prioritization of Sectors with Economic Potential (at Feedback Workshop in Solo Raya)



Economic Potential Study



Example: Economic Potential Study in Regional Development Strategy in Indonesia



Thank you for your attention!

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