

Resolution No19 and objectives of improving
business environment and enhancing
competitiveness accordant to international
standards (Doing Business indicators)

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Agenda

- Introduction on Resolution No 19 on improving business environment and competitiveness
- Rank of Vietnam vs. ASEAN 4
- Summarize implementation of Resolution 19 (2014, 2015)
- Introduce fundamentals of Resolution 19-2016
 - Objectives by end of 2016
 - Objectives by end of 2017
 - Objectives by 2020
 - Duties, solution and implementation methodology in Ministries and provinces

Introduction on Resolution No 19

- 03 Resolutions No 19: one approved on March 18, 2014, one approved on March 12, 2015, and one approved on April 28, 2016.
- Set targets based on Doing Business (DB) indicators published by WB.
- Focus on regulations, policies and administrative procedures related to business activities.
- Overall objectives: reducing time, cost, and risk for enterprises
 - Remove unnecessary documents/ elements of document
 - Reduce numbers of procedures
 - Reduce time and cost

Introduction on R19 (cont.)

- Targets for 2015: 5 DB indicators of Vietnam reach the ranking average of ASEAN 6 (including Singapore, Malaysia, Thailand, Philippines, Indonesia and Brunei)
- Targets for 2016: 10 DB indicators of Vietnam reach the ranking average of ASEAN 4 (including Singapore, Malaysia, Thailand, and Philippines)
- Target for 2017: maintain 10 DB indicators as defined for 2016; add some indicators of productivity based on approach of WEF
- Targets for 2020: 10 indicators of Vietnam reach the ranking average of ASEAN 3 (including Singapore, Malaysia, Thailand)
- Identify gap between indicator ranks of Vietnam and those of ASEAN economies and the best economies
 - Define targets
 - Specify solutions for improving each indicators
 - Action plan for implementation
 - Prepare quarterly reports or ad-hoc reports submitted to the Prime Minister and Carbinet meeting

Some focus points of Resolution 19

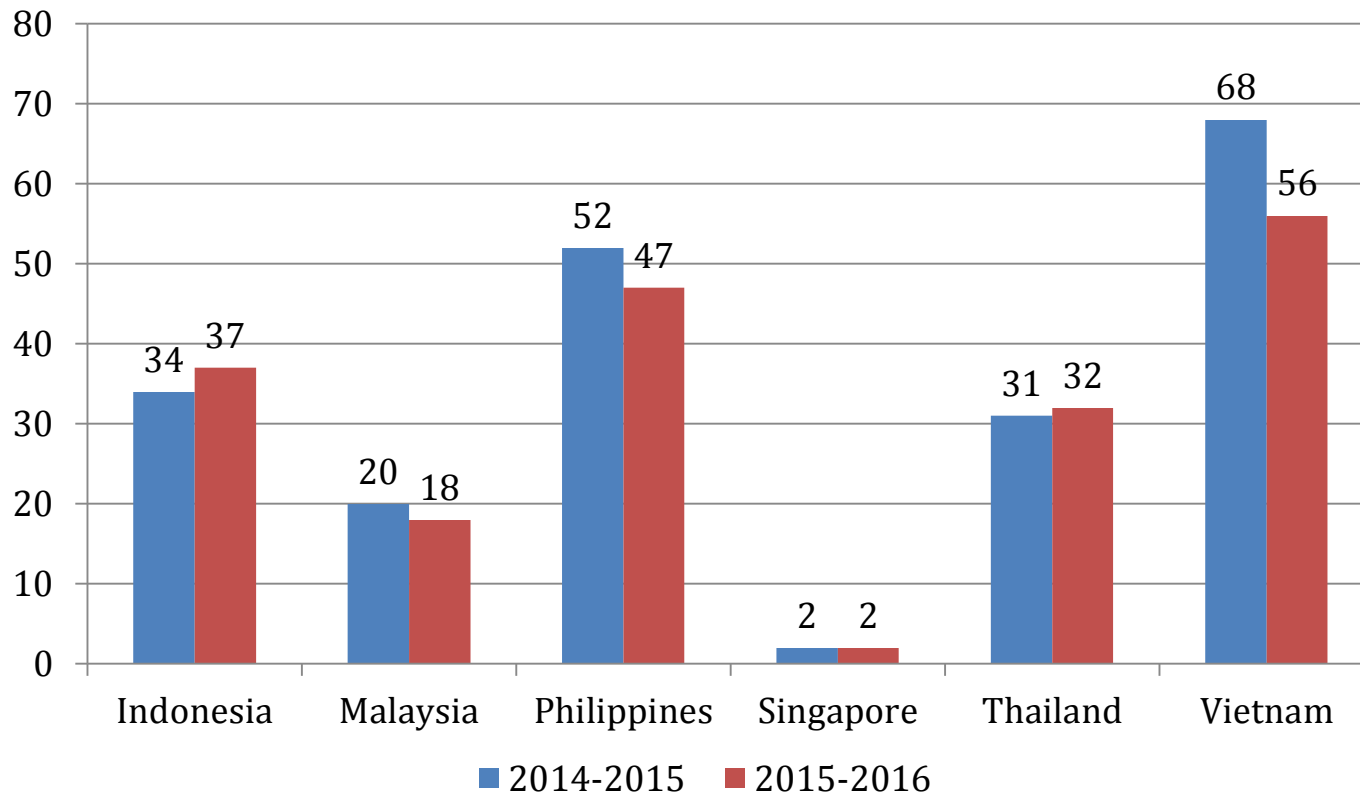
- Building market economy; reforming business regulations and administrative procedures
 - Review business conditions and recommendations on removing barriers to doing business
 - More than 6000 business conditions, of which over 3000 business conditions stipulated in Circulars/ Decisions issued by ministers.
 - Review regulations and administrative procedures on speciality inspection (quality and quantity control) for export and import goods, and make policy recommendations for promoting trade
 - Building capacity for authorities
- Strengthening IT in solving administrative procedures; providing e-public services; applying model of one stop shop/ single window.



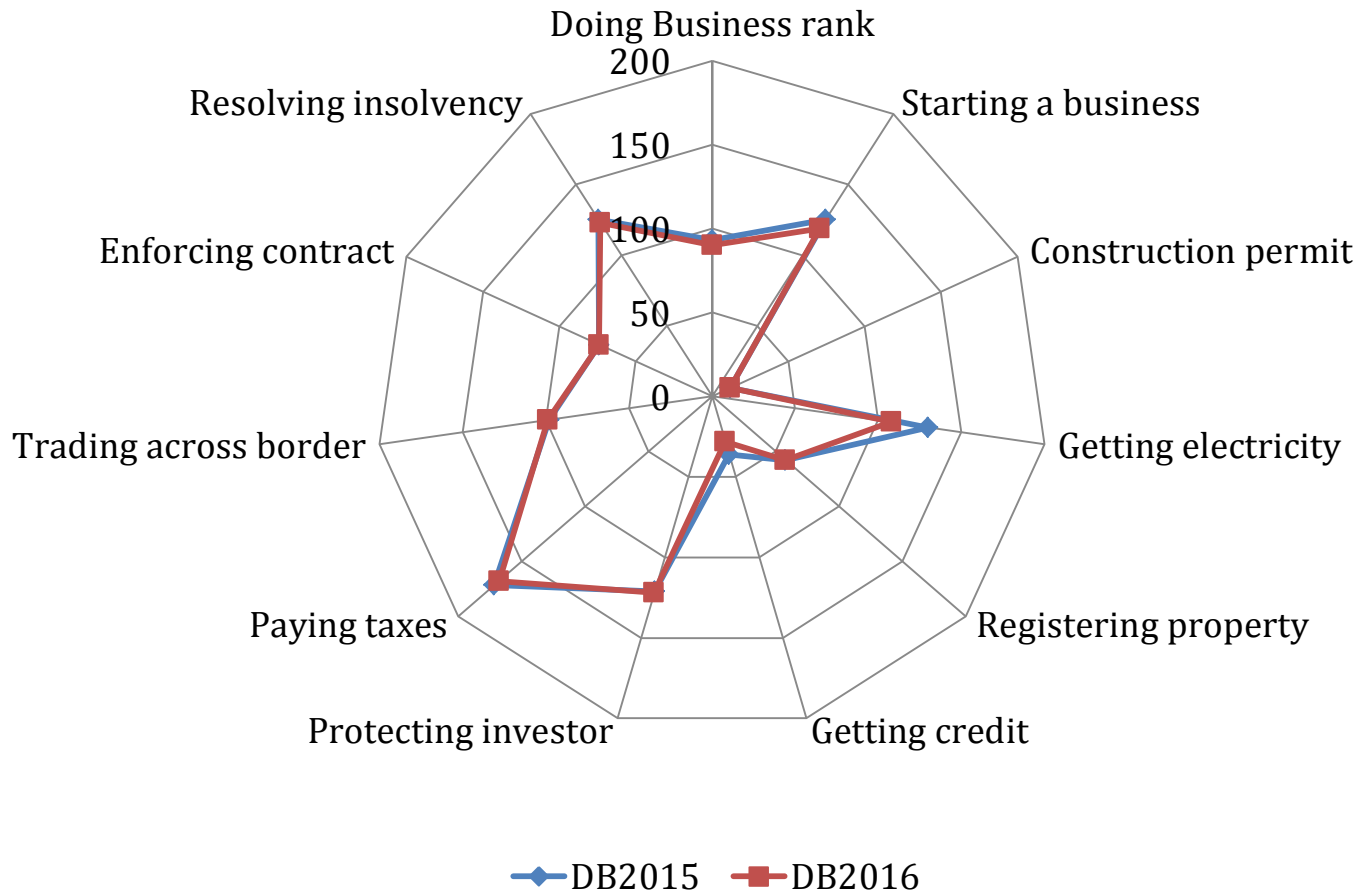
Summarize implementation of Resolution 19-2014 and Resolution 19-2015

Competitiveness ranking of Vietnam in 2015 jumped 12 places, reaching peak since 2012

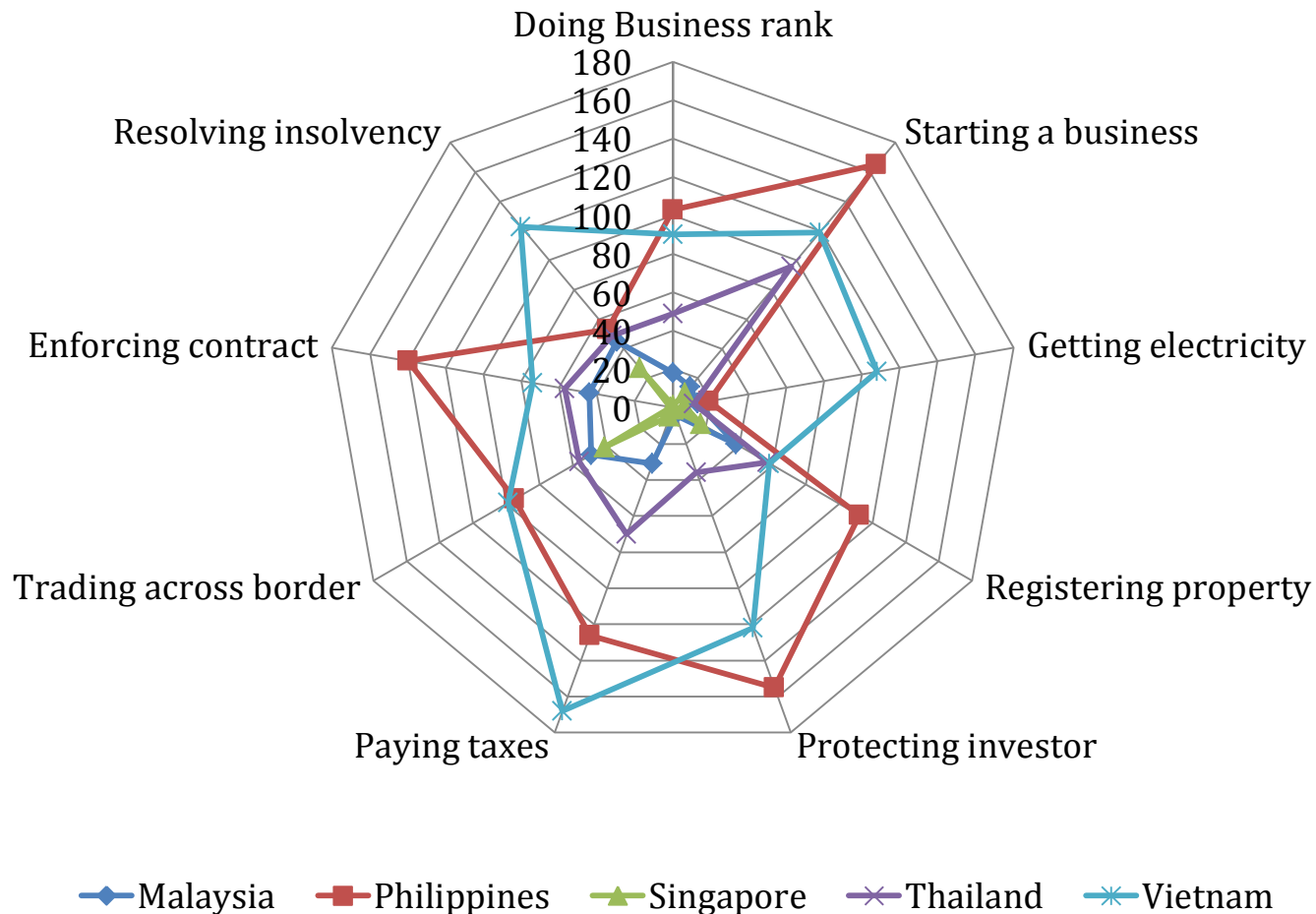
Competitiveness rankings (*World Economic Forum*)



Doing business (DB) ranking increased by 3 places with better score in 5/10 indicators

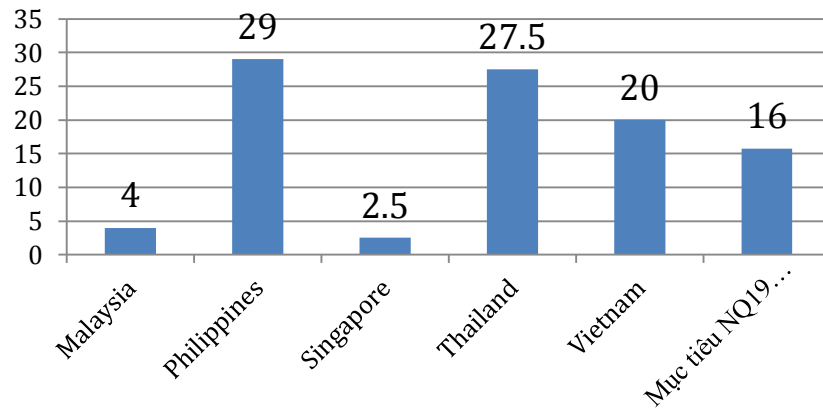


However, there is still a big gap between Vietnam and Thailand, Malaysia and Singapore in terms of DB

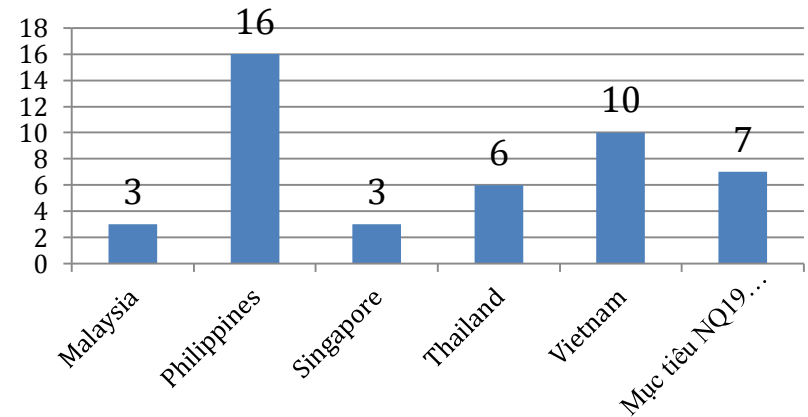


Starting a business jumped 6 places

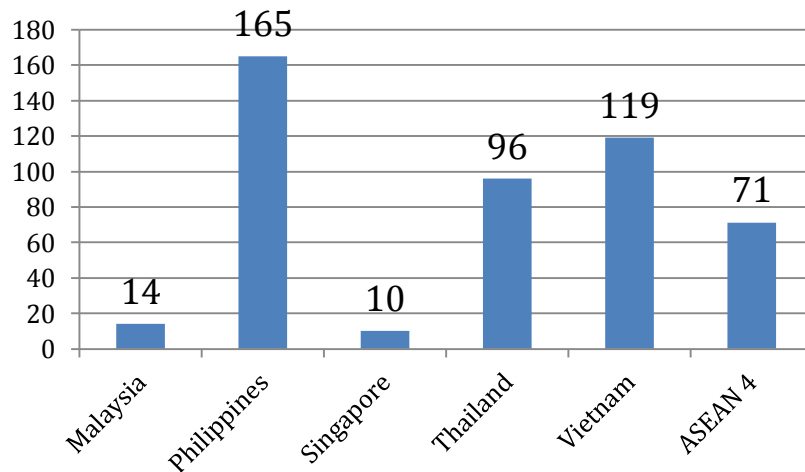
Starting a business (Time, days)



Starting a business (Number of procedures)



Starting a business (Ranking)

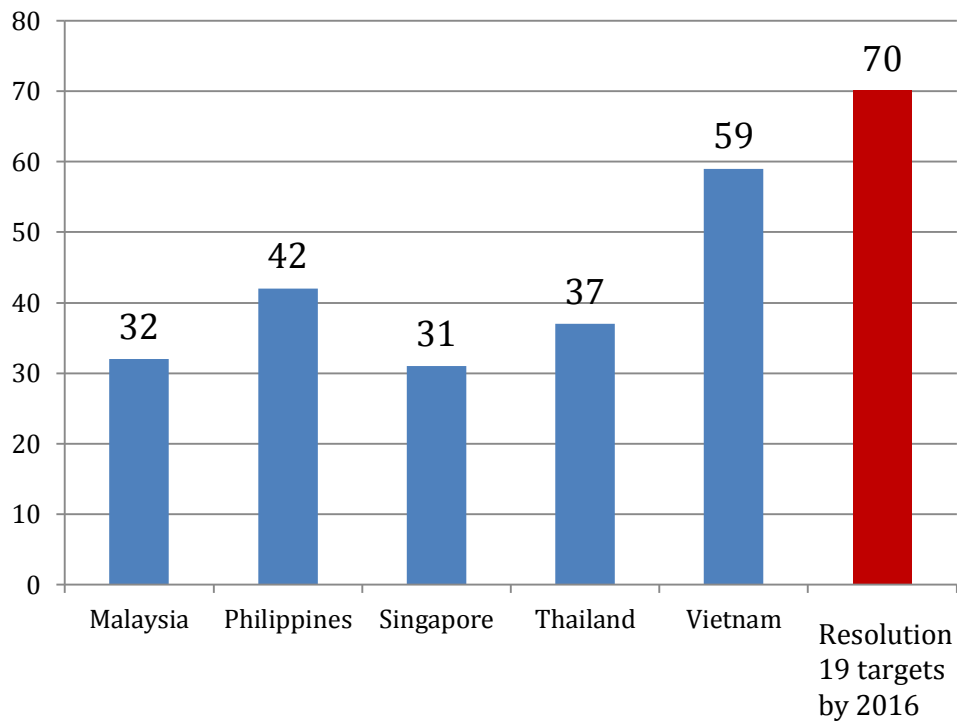


According to Law on Enterprise 2014:

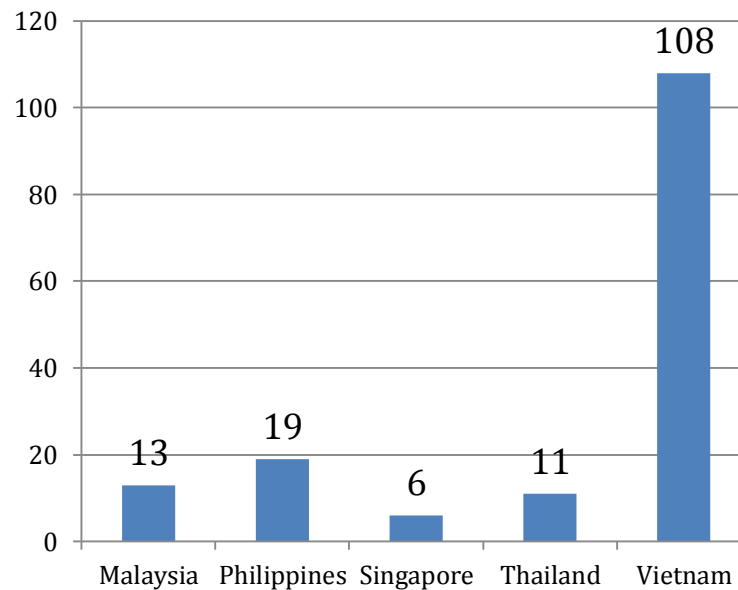
- 5 procedures
- 10 days
- Expected ranking 50th

Getting Electricity 56 days faster, improved by 27 places but still far behind ASEAN 4

Getting Electricity (Time, days)

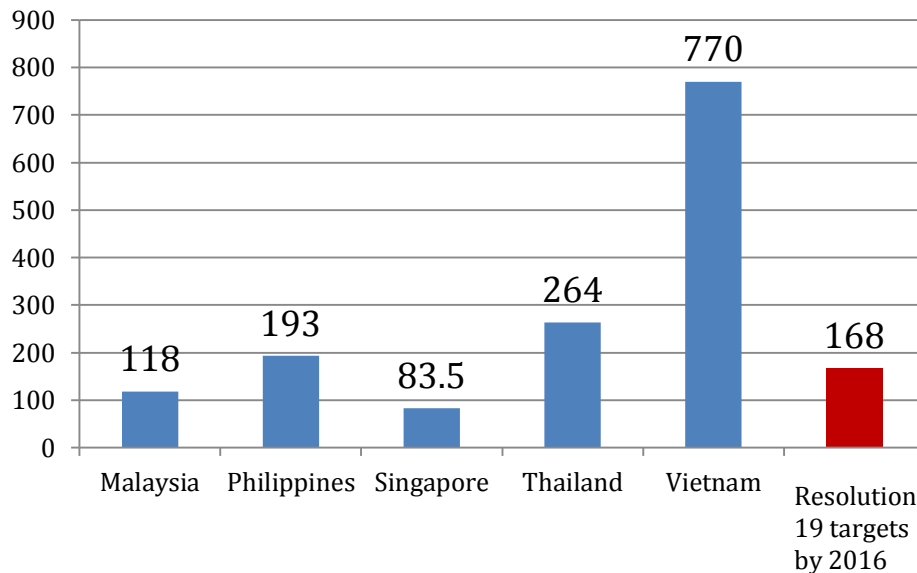


Getting Electricity (Ranking)

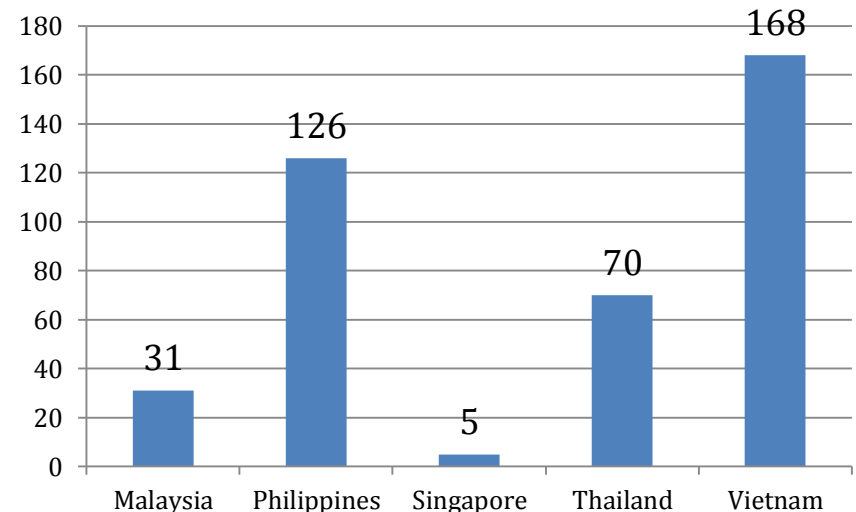


Paying taxes and social insurance 102 hours faster, increased by 4 places, but still low ranking

Paying taxes and social insurance (Time, hours)



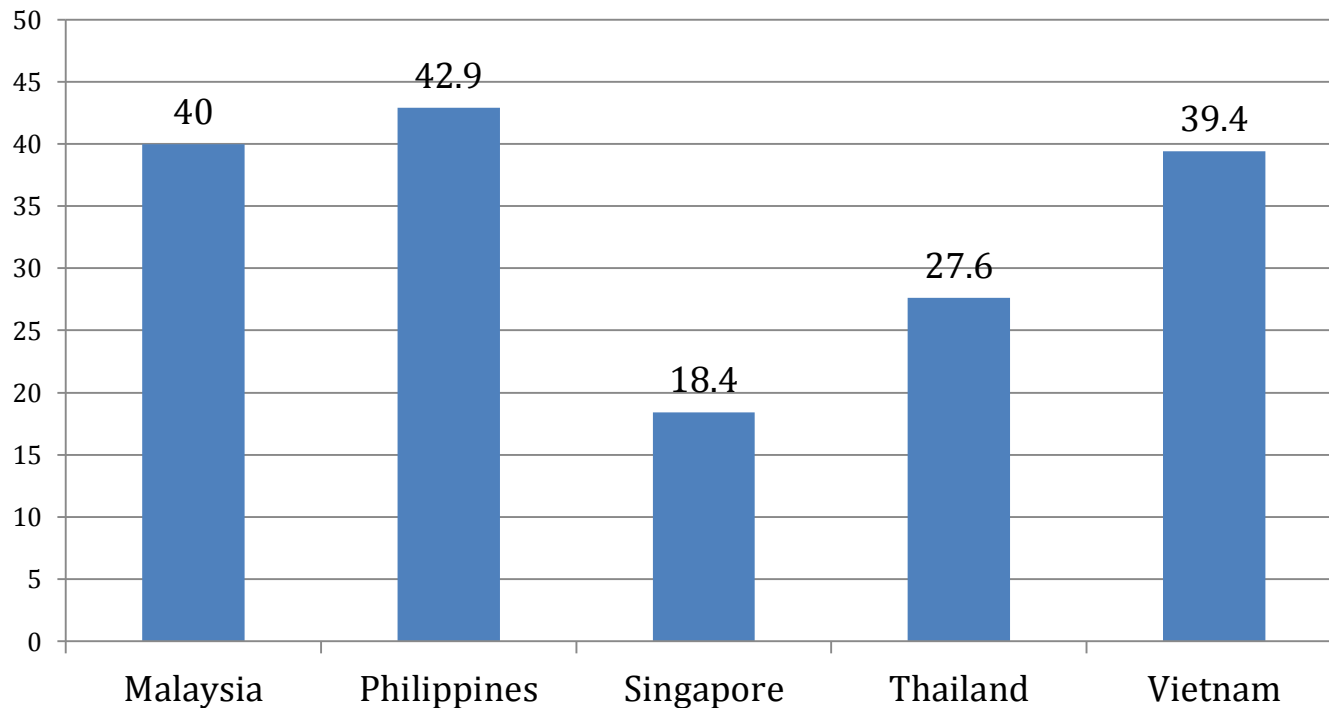
Paying taxes and social insurance (Ranking)



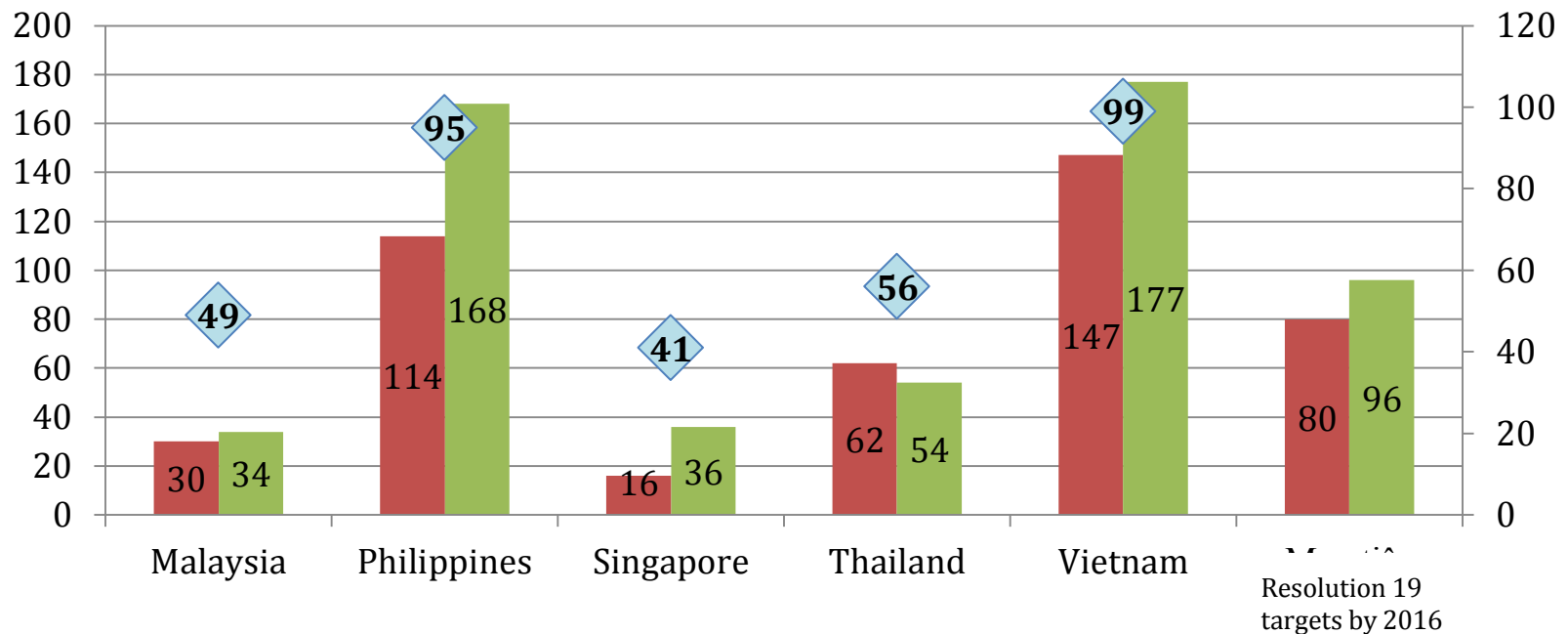
- MOF estimates based on revised provisions, policies and IT application that paying taxes may require 119 hours per year.
- Similarly, Social Insurance Agency estimates based on streamlined administrative procedures, post service adoption and IT application that social insurance payment may take 49 hours per year.

And rate of taxes and social insurance to profit is high (39.4%), including: Social, health and unemployment insurance (24.8%); corporate income and transfer tax (14.5%); other taxes (0.1%)

Total tax rates (% of profit)



Trading across borders down 1 place due to shortcomings of specialized inspection; import and export procedures take significantly longer time than in Singapore, Malaysia and Thailand



Hours to complete export procedures

Hours to complete import procedures

Ranking of Trading across borders

Granting construction permit with takes 52 days longer, while most other indicators could cut down time or increase ranking.

This indicator covers 10 steps per procedure, including one procedure at Police Department for Fire Fighting and Fire Prevention; 5 at Construction Permit Granting Agency; 3 at Water supply and drainage company; and 1 relating to DONRE

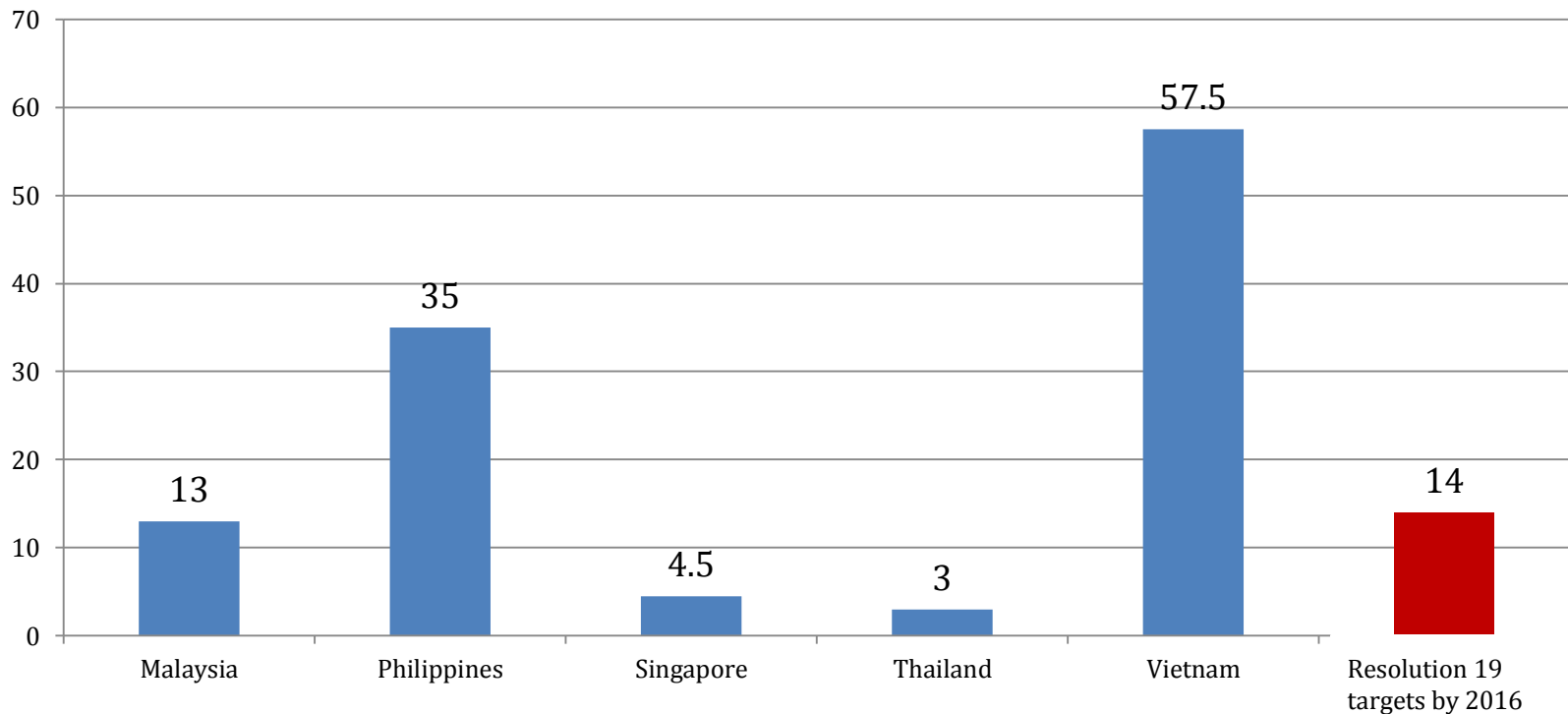
No.	Procedure	DB 2015	DB2016
		Time (days)	Time (days)
1	Obtain the certification of the designs from the Police Department for Fire Fighting and Fire Prevention	30	30
2	Request and obtain construction permit from the (District) Department of Construction	30	82
3	Notify the Department of Construction about the commencement of construction and receive inspection	1	1
4	Request and receive inspection from the municipality after completion of foundation works	3	3
5	Request and receive inspection from the municipality upon completion of building surroundings	3	3
6	Request water and sewage connection	1	1
7	Receive inspection by water company	1	1
8	Connect to water and sewage services	14	14
9	Notify and receive inspection from the municipality after completion of building	1	1
10	Register the building at the Department of National Resources and Environment	30	30
Total time for construction permit		114	166

Granting construction permit takes long time due to procedures at Construction Permit Granting Agency

Handling agencies	Time (days)
Police Department for Fire Fighting and Fire Prevention	30
Construction Permit Granting Agency and Construction Inspector	90
Water supply and drainage company	16
Department of National Resources and Environment	30
Total time	166

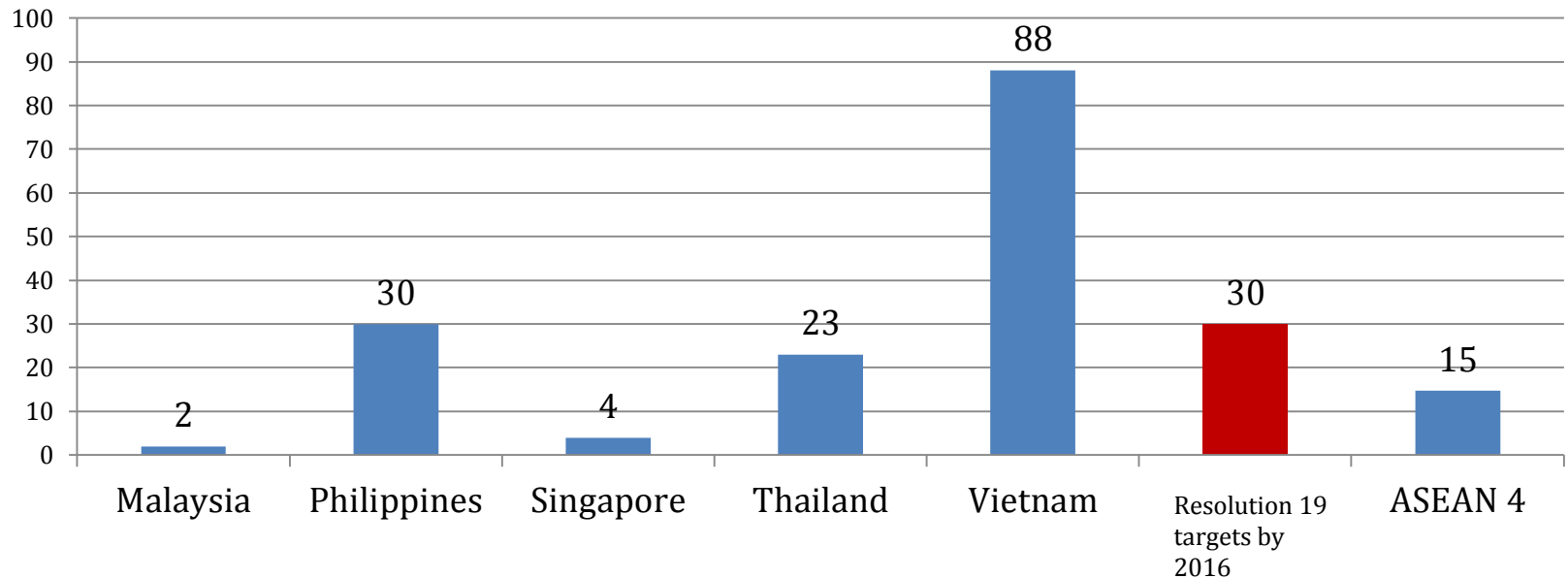
Registering asset ownership and use right requires 1 additional procedure (becoming 5 in total), taking long time (57.5 days), much higher than in ASEAN 4, and far away from the target set by Resolution 19 (14 days)

Registering asset ownership and use right (Time, days)



Getting Credit (based on WEF approach) ranks 88/140, much lower than target (Top 30)

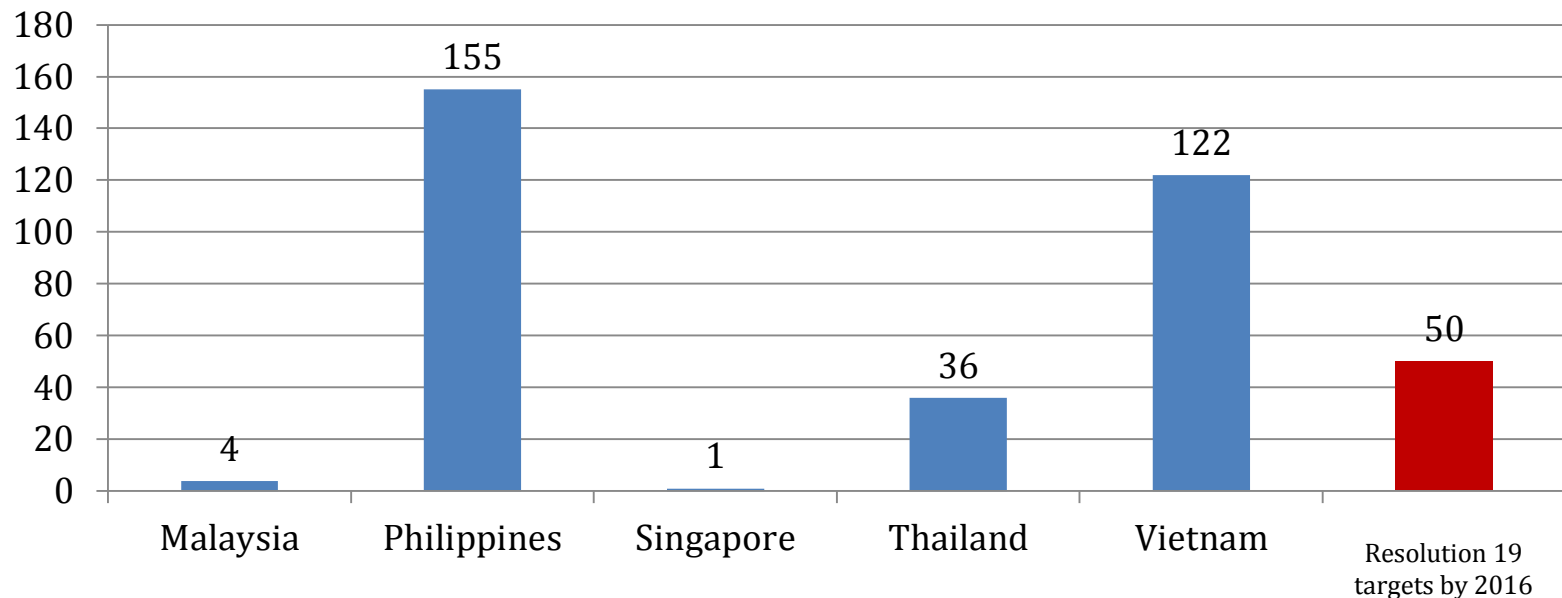
Getting Credit (ranking among 140 economies, World Economic Forum)



According to WEF, Getting Credit ranking composes of factors as follows: National credit rating; Availability of financial services; Banking system's capacity to provide credit for private sector; Accessibility to fund of SMEs via financial system; Maturity of credit information system

Protecting Investor hardly sees improvement in ranking and score as amendments of Enterprise Law 2014 have not been recognized

Protecting Investor (Ranking)

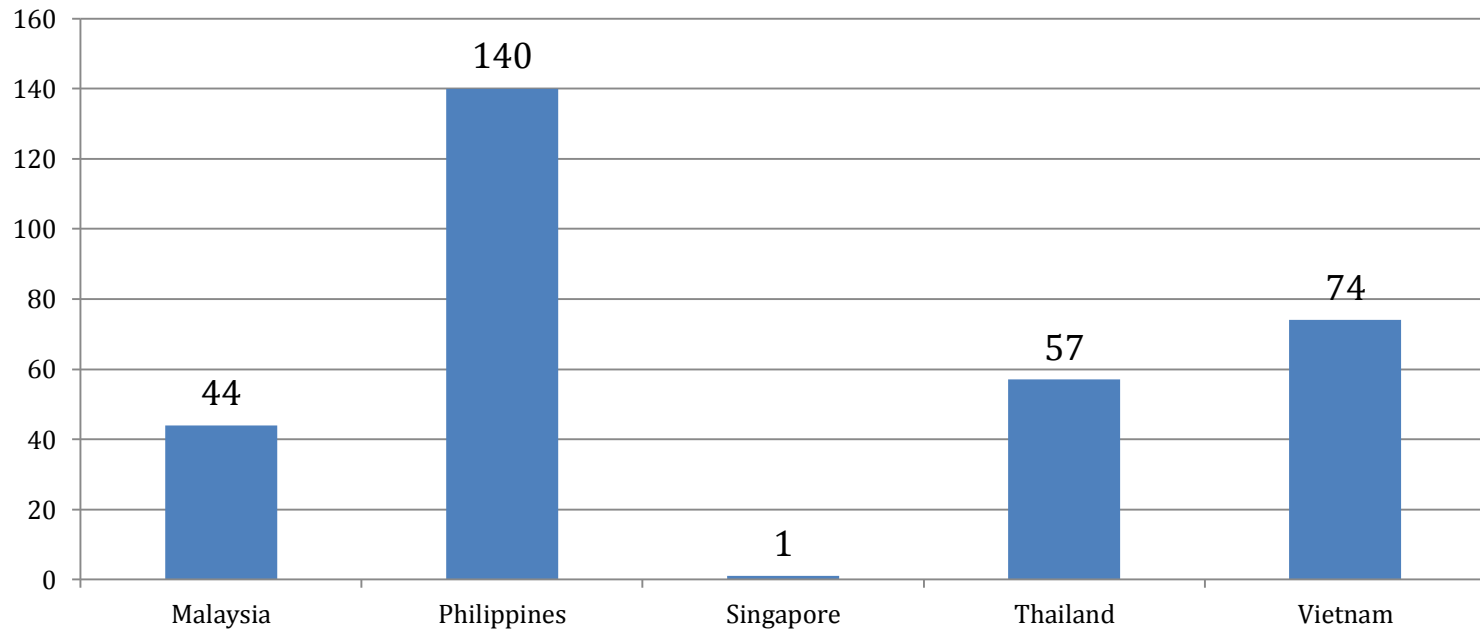


According to Law on Enterprise 2014:

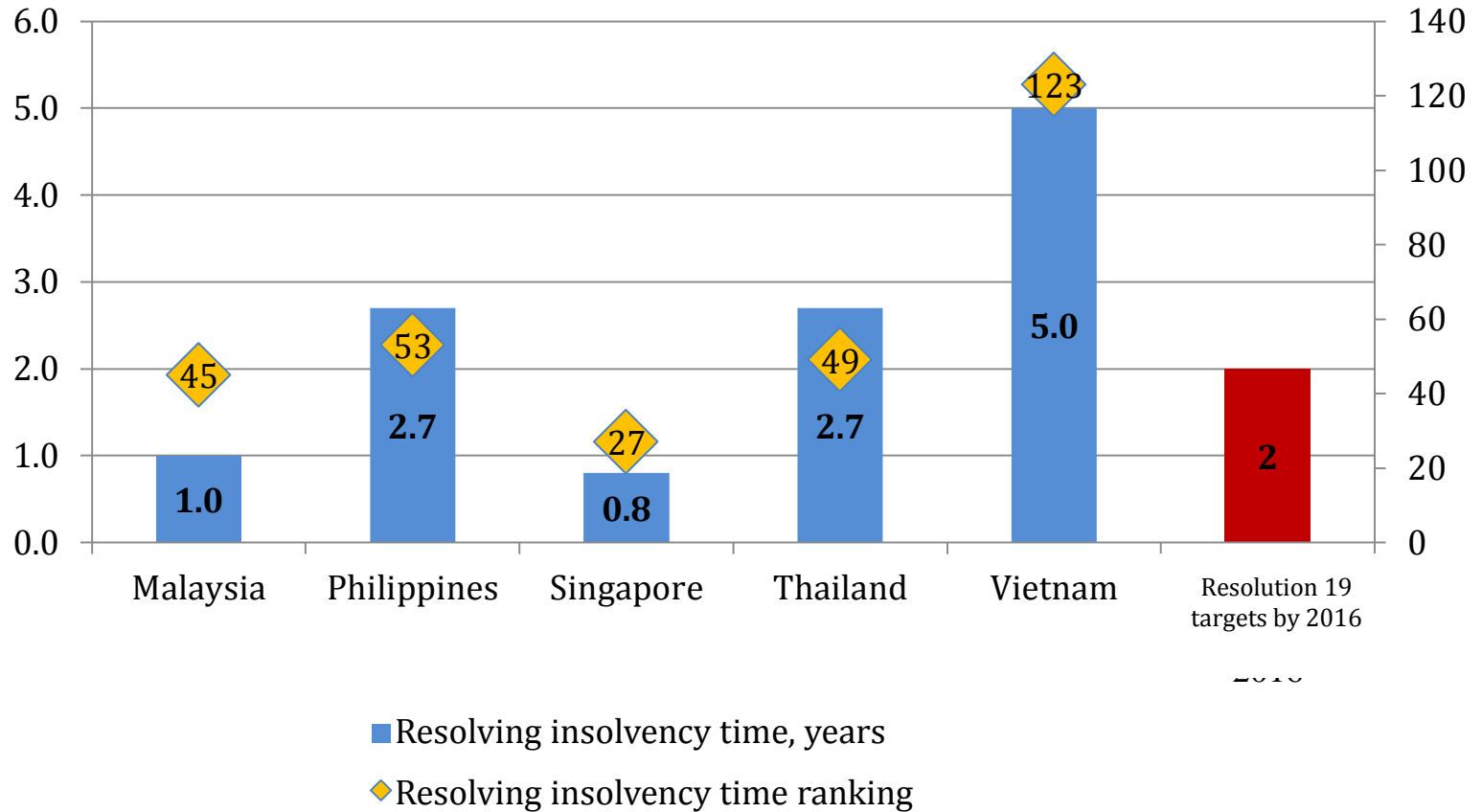
- Protecting Investor score: 6.2
- Expected ranking: 50

Time for **Enforcing contract** has not been shortened (remaining 400 days), still relatively far from target of Resolution (200 days); better than Philippines but lower than 3 countries, i.e., Singapore, Malaysia and Thailand

Resolving contract disputes (Ranking)



Resolving insolvency ranks poorly (123/189); timeline remains long (still 5 years), much longer than ASEAN 4





Targets and fundamentals of Resolution 19-2016

Objectives by end of 2016

Doing business targets are at least equal to ASEAN 4 average

		Vietnam, current	Resolution 19 target by end of 2016
1	Starting a business (Ranking)	119	71
2	Construction permit (Time, days)	166	77
3	Getting Electricity (Time, days)	59	59
4	Registering property (Time, days)	57.5	14
5	Getting Credit (WEF ranking)	88	30
6	Protecting Investor (Ranking)	122	50
7	Paying taxes (Time, hours)	770	168
8	Trading across borders		
	Hours to complete export procedures	147	56
	Hours to complete import procedures	177	73
9	Enforcing contract (Time, days)	400	200
10	Resolving insolvency (Time, years)	5.0	2

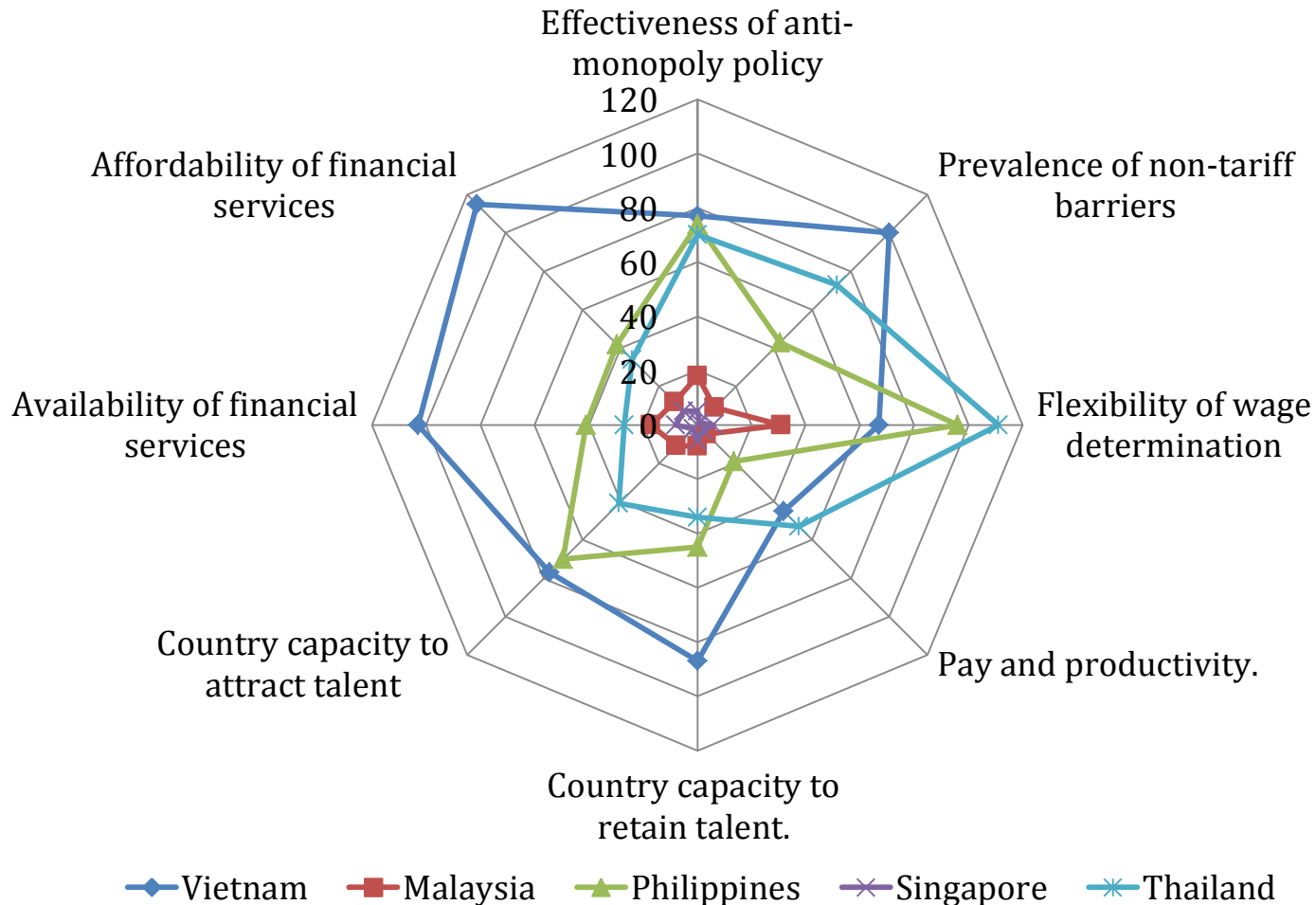
Objectives by end of 2016 (cont.)

- Focus on reform of business conditions; specialized inspections for import and export goods and services; administrative procedures relating to investment, land, construction and environment.
- Cut down at least 10% administrative procedures compliance costs
- Fundamentally change State management methods: risk-based management, wide application of international practices; computerization of procedures; connection and communications among agencies and units.
- Reach ASEAN-4 benchmark on 3 indicators: tax refund; tax inspection and examination; time period and outcome of tax complaint handling.
- Create a startup support system: Developing legal framework; facilitating startups to access to land and capital; providing incentives to establish venture capital funds.

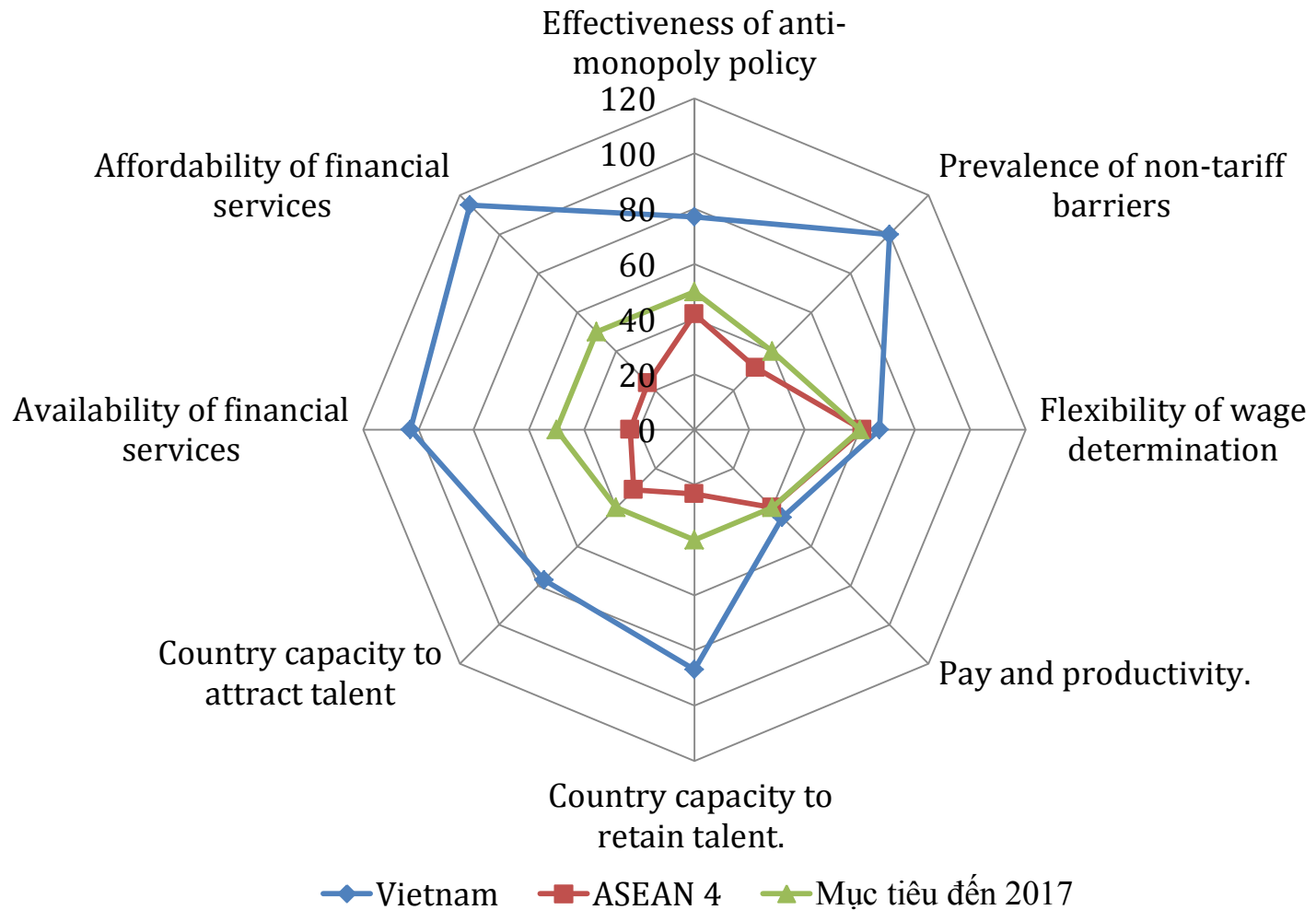
Objectives by 2017

- Sustain 2016 targets
- Reach ASEAN-4 benchmark in some competitiveness indicators (among efficiency drivers in WEF's approach)

Compare some indicators in the efficiency drivers (based WEF approach) of Vietnam versus ASEAN-4 nations



Compare some indicators in the efficiency drivers (based WEF approach) of Vietnam versus ASEAN-4 average



Objectives by 2020

Doing business and competitiveness indicators reach ASEAN-3 benchmark (Singapore, Malaysia and Thailand) on some international practice indicators

		Vietnam, current	Resolution 19 target by 2020
1	Starting a business (Ranking)	119	40
2	Construction permit (Time, days)	166	70
3	Getting Electricity (Time, days)	59	33
4	Registering property (Time, days)	57.5	10
5	Getting Credit (WEF ranking)	88	30
6	Protecting Investor (Ranking)	122	30
7	Paying taxes (Time, hours)	770	155
8	Trading across borders		
	Hours to complete export procedures	147	36
	Hours to complete import procedures	177	41
9	Enforcing contract (Time, days)	400	200
10	Resolving insolvency (Time, years)	5.0	1.7

Some duties, solution and implementation method

Overall task: Ministers, Heads of Ministry equivalents, Chairmen of People's Committees are directly accountable for implementation result of Resolution 19 before Government and PM

- Action plan (by 30 May): Clearly define objectives, tasks, schedule, and units in charge, etc.
- Complete development of legal documents on business conditions; review and remove unnecessary, inappropriate, inefficient business conditions.
- Publicize administrative procedures on National Database before 30 June 2016.

Some duties, solution and implementation methodology

- Specialized inspection:
 - Revise provisions on specialized management of imports and exports:
 - Simplify and modernize administrative procedures
 - Issue List of import and export goods to be simple, detailed, coded; stipulate clear applicable standards, methods, timing, units and venues of inspection
 - Revise regulations on specialized inspection.
 - Cut down shipments subject to specialized inspection within customs clearance process to 15% (30-35% currently)

Some duties, solution and implementation methodology

- Establish a system to receive information and handle complaints of policies and administrative procedures so that people and enterprises can feedback on the policies, administrative procedures and attitude of staff:
 - Online telephone
 - A dedicated page on the portal of units and agencies
 - Assign an official to receive information
 - Unit/Agency Head to be accountable
- Regularly examine and monitor the progress and result of Resolution 19 implementation
- The Office of Government opens a forum to receive policy debates of people and enterprises on Government e-portal.

Some duties, solution and implementation methodology

- The Office of Government, the Prime Minister establish delegates to inspect implementation of Resolution 19 in Ministries, agencies and provinces.
- The Office of Government and Ministry of Planning and Investment are in charge of monitoring and evaluating the implementation of Resolution 19; quarterly reporting to the Carbinet meeting. During monitoring and evaluation process, they can dirrectly report to the Prime Minister if identifying bottlenecks for doing business.

Thank you!

