



CHUNG TAY CẢI CÁCH THỦ TỤC HÀNH CHÍNH

JOIN HANDS
FOR ADMINISTRATIVE PROCEDURES REFORM



JOIN HANDS FOR ADMINISTRATIVE PROCEDURES REFORM

HANOI, JANUARY 2011

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JOIN HANDS FOR ADMINISTRATIVE PROCEDURES REFORM

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Preface

On January 10, 2007, the Prime Minister signed Decision No. 30/QĐ-TTg, approving the Master Plan of Administrative Procedure Simplification in the fields of Government management for the 2007-2010 period (Project 30).

Project 30 was established with the purpose of giving support to the successful realization of the five-year socio-economic plan (2006-2010), complying with commitments between Vietnam and the World Trade Organization (WTO), building a democratic, transparent, professional, and efficient administrative system, and making a contribution to work preventing corruption and waste through simplifying and reducing unnecessary administrative procedures in order to significantly reduce their burden on individuals and enterprises.

After two stages of implementation over three years, Project 30 has achieved significant results. Its practical efficiency is highly regarded by both local and foreign enterprise communities and the public, resulting in continued confidence in Vietnam's reform agenda.

Foreign Investment Review, with support from the Advisory Council for Administrative Procedures Reform, presents this special publication, "Join Hands in Administrative Procedures Reform", with the aim of reviewing the progress of Project 30's implementation. There has been active participation from the Government administration system, from the central to local level, and efforts from the community and the Government to meet proposed targets.

The Editorial Board has received support from the International Finance Corporation (IFC), the European Chamber of Commerce in Vietnam (EuroCham), and the Vietnam Competitiveness Initiative of the US Agency for International Development (USAID/VNCI), as well as co-operation and enthusiastic assistance from experts at local and international organizations and journalists from various press agencies. The Editorial Board expresses its sincere gratitude for these valuable contributions.

EDITORIAL BOARD

Message from Prime Minister Nguyen Tan Dung



“ Build an administration and civil service that are effective, efficient, transparent, responsive, and satisfy practical requirements. Drive administrative reform, fine-tune institutions and value the monitoring and supervision of the implementation process. Promote democracy and strengthen direct dialogue and policy review aimed at improving the quality and efficiency of execution. Focus on implementing the simplification of administrative procedures and strictly control the issuance of new administrative procedures with a view to enhancing transparency, openness, and practicality. ”

PRIME MINISTER



Join hands and efforts to overcome difficulties

Project 30 has recorded important results in its three years of implementation, creating the basis for establishing a transparent and efficient national administrative system with lower compliance costs and greater convenience for individuals and enterprises. Minister, Chairman of the Office of the Government and Chairman of the Advisory Council for Administrative Procedures Reform, Nguyen Xuan Phuc, discusses the Project's achievements.

● *The business community and society view Project 30 as having been a breakthrough measure in Vietnam's administrative reform process. What do you see as its most important achievements?*

Minister Nguyen Xuan Phuc: Administrative procedures reform and simplification receive special attention and direction from the Government and the Prime Minister, with a focus on the implementation of Project 30. The Project demonstrates the political will of the Government and the Prime Minister in building a democratic, transparent, powerful, effective and efficient business- and individual-centered administrative system that also implements international commitments in terms of improving transparency and accessibility to information on government regulations. The leadership and administration by the Government, the Prime Minister, and leaders of ministries, agencies and localities, along with considerable efforts by the people and the business community and those directly affected by administrative procedures, have created a breakthrough in the administrative procedures reform process and brought about significant initial results.

Completing the inventory phase, we are proud to announce that for the first time since the country's



foundation we have published the national database of administrative procedures at four levels of government on the internet, containing over 5,700 procedures and more than 9,000 legal documents regulating procedures. In the inventory phase we have also reduced 10,000 administrative procedure sets at the commune level down to 63 and 700 administrative procedure sets at the district level down to 63, for consistent implementation in the country's 63 cities and provinces.

Completing the review phase, the Government has issued 25 resolutions simplifying almost 5,000 administrative procedures under the State management scope of 24

ministries and agencies. Accordingly, ministries and agencies are to revise and supplement 4,818 procedures, abolish 484 procedures, and replace 192 procedures, achieving a simplification rate of 88 percent and reducing compliance costs by 37.7 percent, or nearly VND30,000 billion each year.

Another significant achievement is the renovation of the process for promulgating administrative procedures, aiming to improve regulatory quality and reduce the administrative burden, ensuring that procedures are controlled from the drafting stage to implementation against four main groups of criteria: necessity, reasonableness,

legality and effectiveness.

Administrative procedures reform is a prerequisite for other reforms, such as improving regulatory quality, enhancing capacity and changing the working culture among public officials and civil servants, and decentralizing and delegating the handling of individuals' and businesses' affairs in the administrative system.

• *You spoke of consultation with the private sector, in which a good illustration is that most members of the Advisory Council are from business associations. What has been the effect of this?*

Businesses and entrepreneurs have always assisted in the reform of administrative procedures.

One of the key lessons from the project is the benefit of broad participation by individuals and the enterprise community, who are most affected by administrative procedures, in the implementation process. Right from the preparation

stage, the project has respected the role of the people and enterprises. The Advisory Council was established with the participation of 15 members who are representatives of local and foreign enterprises and research institutes.

In order to conduct the task, the Advisory Council established 15 working groups to take part in the research, review, and identification of any inadequacies in administrative procedures in 15 main fields of the economy that have a direct relationship with and significant impact upon people's lives and enterprises' business activities. The working groups secured the active participation of more than 300 enterprises, individuals, and domestic and foreign experts, providing a great deal of important data for statistics and review activities, thereby contributing to improved disclosure and clarity of administrative procedures.

The activities of the Advisory Council in particular and of the people and enterprises in general

are a new feature in the reform of administrative procedures. This meets the expectations of the people and creates the conditions necessary for them to participate in the policy making process.

A similar mechanism to engage the private sector in the review and simplification of procedures should be maintained post-Project 30.

• *What was the basis for the Government setting a target of simplifying at least 30 percent of existing administrative procedures and reducing 30 percent of compliance costs?*

In the first stage of Project 30 it was recognized that administrative procedures have developed over a long period of time, arising from various legal documents from different government levels and agencies. Such a situation was bound to result in overlapping procedures and contradictions.

International experience shows that countries that introduce general reform programs will end up cutting procedures. For example,



Deputy PM Nguyen Sinh Hung and Members of the Advisory Council at the launching ceremony in Hanoi



when South Korea conducted reform in 1997, after just 11 months nearly 50 percent of regulations were cut and more than 20 percent of those remaining were simplified. In Mexico, the five-year reform program conducted as part of joining the North America Free Trade Area (NAFTA) helped remove 54 percent of the country's regulations and simplified more than 50 percent of those remaining.

The target of the Government to simplify 30 percent of administrative procedures at a minimum and reduce compliance costs by 30 percent is a "modest" target, in which Vietnam's development level is taken into account. The implementation of the second phase of Project 30 illustrated that the target was perfectly reasonable. Compliance costs have been cut by 37 percent. Attaching a compliance cost target to an administrative procedures simplification target helps to bring about specific and practical benefits that are measurable.

● *Under the Government's plans, an agency in charge of supervising and inspecting the issuance of documents and verifying the legality and validity of new administrative procedures is to be established. But many observers have said that the agency should also have the power to decide whether new administrative procedures can be issued. What are your thoughts on this and what model will the agency function under?*

In my opinion, the control of administrative procedures must be done as soon as the drafting stage begins and be conducted on an ongoing basis. This is the basic principle in controlling administrative procedures, to promptly identify, remove or amend inappropriate procedures that are complicated and troublesome, and also supplement procedures that meet actual needs.

After Decree No. 63/2010/ND-

CP dated June 8, 2010 was issued, the Prime Minister approved a plan to establish an agency for administrative procedures control at the central level and a network of control units in ministries, agencies and localities. Administrative procedures control will be put under the direct management of the Minister, Chairman of the Office of the Government, with 50 officers and shall work closely with the private sector.

Its responsibilities will include supervising, inspecting, and identifying administrative procedures that are no longer suitable, maintaining a national database, organizing an intensive review by specific topic, solving any urgent issues of the people or enterprises, and issuing decrees as instruments for continuing the reform of administrative procedures.

The Government will improve working capacity at these agencies and units to ensure the achievements of Project 30 are maintained into the future. The agencies and units will also implement Decree No. 20/2008/ND-CP on the receipt of proposals from individuals and organizations regarding administrative procedures relating to life, business and production to quickly identify any provisions that are no longer suitable or create unjustifiable difficulties for enterprises.

This mechanism will also efficiently resolve any issues and proposals about harassment and corruption during the completion of procedures and allow individuals and enterprises to comment on regulations for procedures.

● *What difficulties and challenges could arise during the simplification of the nearly 5,000 administrative procedures the Government has approved?*

The next difficulty in the reform task is actually simplifying the administrative procedures that have

been identified. According to estimates from the Working Groups, the central level must amend, supplement or abolish 1,016 legal documents, including 42 laws, 12 ordinances, 183 decrees, 37 Prime Ministerial decisions, 313 Ministerial decisions, 336 circulars and 93 other documents. The local level has more than 3,000 documents to be amended or supplemented. Reform results are only achieved upon the actual amendment or supplement of these legal documents. This is a huge workload that requires the involvement of not only ministries and agencies but also the National Assembly and the National Assembly's Standing Committee.

After October 14, 2010, ministries, agencies, and localities need to focus on maintaining Project 30's reforms through controlling administrative procedures from the draft stage to the issuance stage and then implementation, ensuring close supervision over procedures as well as those that will be amended, supplemented or newly issued. The Government should also strengthen capacity at administrative procedures control agencies and units.

Another major task is to organize the implementation of Decree No. 20 from the Government on the receipt of proposals from individuals and organizations on administrative regulations relating to life, business and production.

The human factor plays a vital role in successfully completing these tasks. Efforts in salary reform in the civil service have been ineffective because of Vietnam's limited resources. Therefore, giving public servants the motivation to quickly and completely fulfill their assigned duties is a major challenge for the reform process.

Challenges are ahead, but I believe that if everyone works together we will be successful. ■

VAN THANH REPORTS

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graph TD
    PM[Prime Minister] <--> MOOG[Minister of OOG]
    MOOG --- D1[2 Deputies]
    MOOG --- STF[STF Special Task Force]
    MOOG --- OOG[Minister of OOG]
    OOG -- Office Equipment --> MOOG
    OOG -- Staff --> STF
    MOOG --- ACAPR[ACAPR Advisory Council for AP Reform]
    ACAPR --- S[Secretariat]
    S <--> STF
    S --- V[VCCL, VICOFA, CIEM, VNBA, YEA, VASEP, LEFASO, VITAS, AMCHAM, KOTRA, IFC, EUROCHAM OTHERS]
    STF --- TF1[TF 18 Ministries]
    STF --- TF2[TF 3 Ministerial level agencies]
    STF --- TF3[TF 5 cities]
    STF --- TF4[TF 58 provinces]
    STF --- TF5[TF 3 agencies]
  
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The organizational chart illustrates the structure of the Ministry of OOG. At the top is the Prime Minister, who has a bidirectional relationship with the Minister of OOG. The Minister of OOG oversees two deputies and the STF Special Task Force. The Minister of OOG also has a bidirectional relationship with the OOG (Office of the Minister of OOG), which provides office equipment and staff to the Minister of OOG and the STF Special Task Force, respectively. The Minister of OOG is also associated with the ACAPR Advisory Council for AP Reform, which is supported by a Secretariat. The Secretariat has a bidirectional relationship with the STF Special Task Force and is supported by various entities including VCCL, VICOFA, CIEM, VNBA, YEA, VASEP, LEFASO, VITAS, AMCHAM, KOTRA, IFC, EUROCHAM, and OTHERS. The STF Special Task Force is supported by five task forces (TF) with specific responsibilities: 18 Ministries, 3 Ministerial level agencies, 5 cities, 58 provinces, and 3 agencies.

1. Mr. **Nguyen Xuan Phuc** - Minister, Chairman of the Office of the Government, Chairman of the Advisory Council
2. Mr. **Nguyen Minh Man** - Director of the Government Administrative Organization and Civil Service, Office of the Government, Deputy Chairman
3. Mr. **Nguyen Dinh Cung** - Deputy Director of the Central Institute for Economic Management, Member
4. Mr. **Tran Du Lich** - Deputy Head of Ho Chi Minh City's National Assembly Delegates, Member
5. Mr. **Pham Gia Tuc** - Deputy Chairman and General Secretary of the Vietnam Chamber of Commerce and Industry, Member
6. Ms. **Duong Thu Huong** - General Secretary of the Vietnam Bankers Association, Member
7. Mr. **Luong Van Tu** - Chairman of the Vietnam Coffee and Cocoa Association, Member
8. Mr. **Le Quoc An** - Former Chairman of Vietnam Textile and Garment Group, Member
9. Mr. **Nguyen Duc Thuan** - Chairman of the Vietnam Leather and Footwear Association , Chairman of Thai Binh Shoes Group, Member
10. Mr. **Nguyen Huu Dung** - Deputy Chairman of the Vietnam Association of Seafood Exporters and Producers, Member
11. Mr. **Vo Quoc Thang** - Chairman of the Vietnam Young Entrepreneurs Association, Chairman of the Board of Directors, General Director of the Dong Tam Group, Member
12. Mr. **Fred Burke** - Representative of the US Chamber of Commerce in Vietnam, Managing Partner of Baker & McKenzie, Member
13. Mr. **Alain Cany** - Chairman of the European Chamber of Commerce in Vietnam, Member
14. Mr. **Seogki Sun** - Director of the Korea Trade-Investment Promotion Agency in Vietnam, Member
15. Mr. **Simon Andrews** - Regional Manager, International Finance Corporation - Vietnam, Laos, Cambodia and Thailand, Member

1. Mr. **Dinh Van An** - Deputy Head, Office of the Central Committee of the Communist Party of Vietnam, Member (from 6/2008 - 7/2009)
2. Mr. **Sin Foong Wong** - Former Regional Manager, International Finance Corporation - Vietnam, Laos, Cambodia and Thailand, Member (from 6/2008 - 7/2009)
3. Mr. **Kim Won Ho** - Former Director of the Korea Trade-Investment Promotion Agency in Vietnam, Member (from 6/2008 - 7/2010)



MR. NGUYEN MINH MAN - DIRECTOR OF GOVERNMENT ADMINISTRATION AND CIVIL SERVICE AT THE OFFICE OF THE GOVERNMENT AND DEPUTY CHAIRMAN OF THE ADVISORY COUNCIL:

Expressing determination



The Project to Simplify Administrative Procedures in fields of government management in the period 2007 - 2010, known as Project 30, has been identified as one of the key features in the strategy of the Vietnamese Government.

Administrative procedures reform has a tremendous impact on promoting socio-economic development. The successful implementation of Project 30 will remove procedural barriers to businesses and people's lives, reducing costs and risks suffered by people and enterprises while undertaking administrative procedures. The actual implementation of the project shows that all measures to simplify administrative procedures, after being adopted, will greatly reduce the costs of compliance. The tens of trillions of VND saved will be reallocated to other activities such as investment and job creation, thereby contributing to socio-economic growth.

In addition, the simplification of administrative procedures will contribute to promoting the image of Vietnam in general and the various ministries, departments, and localities in particular at the national and international levels, improving Vietnam's ranking in terms of transparency, business environment, and competitiveness. This is an intangible good but one that has a significant impact on national socio-economic development, in particular having a positive effect on domestic and foreign investment, imports and exports, employment, and social security.

After Project 30 was launched, the Advisory Council for Administrative Procedures Reform was established as

the private sector's representative. It included 15 members from local and foreign associations, organizations, and research institutions who participate in the process and give advice to the working group responsible for administrative procedure reform proposed by the Prime Minister, in order to effectively perform tasks and objectives set for administrative procedure reform. This new method demonstrates the political determination of the Government and the Prime Minister to involve people and businesses in the administrative procedures reform process.

After three years of implementation, Project 30 has recorded important results and contributed positively to improvements in the business environment. We must acknowledge the role of the media communication in the process. The media have participated positively and have made a significant contribution to communication of the project in general and the activities of the Advisory Council for Administrative Procedures Reform in particular, creating a consensus in society and encouraging individuals and organizations to overcome procedures that no longer satisfy the criteria of legality, rationality, and relevance.

In the time to come, I hope that media agencies will continue to help in administrative procedures reform and fulfill their role as a communication channel, making specific contributions to promoting more active participation by the business community in the process of reforming administrative procedures. ■

HOANG LONG REPORTS

MR. SIMON ANDREWS - REGIONAL MANAGER, INTERNATIONAL FINANCE CORPORATION
- VIETNAM, LAOS, CAMBODIA AND THAILAND:

Changing constantly



The recent efforts on regulatory and public administrative reforms in Vietnam, marked by Project 30 and the resulting Resolution 25, are creating a more efficient and effective business environment in Vietnam. Early results from Project 30's first reform package have already made their mark on Vietnam's global ranking in the World Bank Group's "Doing Business 2011", with Vietnam improving ten places on the ease of doing business. This sends a positive message to international investors that Vietnam is an attractive investment destination.

Project 30's first reform package has removed a number of costly bottlenecks stemming from unnecessary procedures. These procedures have either been eliminated or streamlined, like the consolidation of the business registration and tax code into one procedure and the enabling of most businesses to print their own invoices. Furthermore, the Government's adoption of the Standard Cost Model (SCM), which quantifies administrative burdens faced by businesses, is an important development in the regulatory reform process in Vietnam. The SCM has proved to be a powerful tool in communicating reforms, setting targets, and monitoring and evaluating reform progress and impact. With proper implementation of the first reform package, the annual impact from using the SCM is estimated at around VND6 trillion.

As the largest global development institution focused on the private sector, IFC is pleased to have contributed our expertise to the reform pro-

cess through the Project's Advisory Council. The Advisory Council has actively coordinated participation of different businesses in reviewing administrative procedures, and its recommendations have largely been included in the Prime Minister's Resolution 25. As a member of the Council, we have also provided capacity building support including training on the SCM and recommendations for simplification of a number of key business licenses. We view the Advisory Council as an integral part of the reform process and look forward to building on its success. It will be important to formalize and strengthen the role of the Advisory Council, so that it can stand as an official and effective channel for businesses to participate in the Government's regulatory reform process after Project 30 closes.

We look forward to other positive legacies from Project 30 that will expedite administrative procedure and regulatory reform. Most important is the need for active monitoring of the procedure implementation process and impact assessment to ensure momentum from the Project does not flag. We also promote the application of a Regulatory Impact Assessment (RIA) tool, which helps regulators improve decision making when drafting regulations and conducting regulatory analyses.

Project 30 was an important first step. We would like to congratulate the Government and all who played an active role in the Project, including USAID and EuroCham. IFC looks forward to continued cooperation and greater and deeper reforms. ■

NGOC ANH REPORTS



MR. DINH VAN AN - DEPUTY HEAD, OFFICE OF THE CENTRAL COMMITTEE OF THE COMMUNIST PARTY OF VIETNAM AND MEMBER OF THE ADVISORY COUNCIL FROM JUNE 2008 TO JULY 2009:

Leaders are key to success



The results after three years of implementing Project 30 have been outstanding, evidence of the huge effort by the Government, the Office of the Government (OOG) and ministries, agencies and localities to simplify administrative procedures and improve the business environment. After compiling lists of administrative procedures and posting them on the internet, all have now finished checking and proposing detailed measures for simplification. In recent times the Government has issued 24 resolutions approving measures for simplification of procedures in all agencies, expressing its strong determination regarding reform.

A key element of success has been the participation from the outset of leaders at State agencies and the establishment of specialized assistance teams of experts qualified and experienced in administrative procedures, and the involvement of

the people and the enterprise community via representation on the Advisory Council. During project implementation the Minister, Chairman of the Office of the Government, as the leader of the Working Team and Chairman of the Advisory Council, has been working actively and drastically. Leadership at ministries, agencies and localities have also strictly implemented directions from the Prime Minister on implementing the project, establishing working teams comprising specialized and dedicated members, creating the conditions necessary for the working team to complete statistics and check procedures at ministries, agencies and localities.

Project 30 has recorded many significant achievements, but these are only initial results. In order to bring these results to fruition it is necessary to improve the implementation of measures for the simplification of approved procedures. At the same time, the administrative procedure reform task should include regulatory and organizational reform and improvements in the quality of State officials and public servants. In the near future, the Government of the new term will introduce changes to the function, duties and authority of ministries and agencies as well as decentralization from the central to local levels. This must receive full attention, because it is crucial for the success of measures being introduced for administrative procedures simplification. ■

LE PHONG REPORTS

Project 30 has been conducted and deployed in a prompt, serious, and comprehensive manner, ensuring progress under the approved plan and achieving its proposed target. For the first time Vietnam has established and published on the internet a national database for Administrative Procedures Reforms in Government management sectors relating to individuals and businesses.

This result is greatly appreciated by the public and the local and foreign business community, who consider it an important contribution to improving the business environment.

Project 30 is being carried out in a very methodical manner, with a suitable schedule and method being implemented intensively and comprehensively at all levels, mobilizing the participation of many enterprises, individuals, associations, and specialists, assigning specific

The success of Project 30 is first and foremost reflected in an awareness of the urgent need for administrative procedures reform among the leadership of the national administrative apparatus. The Prime Minister's Advisory Council for Administrative Procedures Reform comprises 15 members, with the majority from professional associations representing local and foreign enterprise communities. In order to increase the efficiency and practicability of Project 30, each ministry, agency, and province should also have its own working team in charge of administrative procedures reform.

The Vietnam Textile and Apparel Association (VITAS) has participated in compiling figures and proposing solutions for administrative procedures reform relating to the import-export sector.

MR. PHAM GIA TUC - DEPUTY CHAIRMAN AND GENERAL SECRETARY OF VCCI:

Better business environment

responsibility to the leadership of local authorities and agencies and enjoying the close direction of the Prime Minister. Although recording only initial results, the implementation of Project has had a major impact on the capacity of agencies at all levels.

A remarkable feature of Project 30 is that it has created a reform “movement”. There have been no vague, unspecific slogans. Instead we have useful targets for enterprises, such as removing procedures and reducing costs for businesses. The target of “simplifying and recommending the simplification of at least 30 percent of the current provisions in administrative procedures,” from the Prime Minister, has received a positive response from all of society.

The principle of devolution to local

governments, in particular the delegation of most procedures on investment to the provincial and municipal level, has been one of the catalysts leading to this success. Once they have more authority and responsibility, provinces will be more active in granting licenses and managing investment projects, contributing to the promotion of competition among regions during the process of simplifying procedures for investors and creating a more business-friendly environment at the provincial level.

As a member of the Advisory Council, VCCI has established four working groups with dozens of local and foreign specialists and more than 30 VCCI staff members presiding over a review of administrative procedures relating to tax, customs,



labor, investment, business registration, transport, advertising and so on. These activities have made an active contribution to the general results of Project 30. ■

THANH HA REPORTS

MR. LE QUOC AN - FORMER CHAIRMAN OF VIETNAM TEXTILE AND GARMENT ROUP (VINATEX), VIETNAM TEXTILE AND APPAREL ASSOCIATION (VITAS):

Future drive required



VITAS, together with the Vietnam Leather and Footwear Association (LEFASO), has thoroughly studied

the various segments, holding 30 direct meetings with enterprises in the textile and leather industries. It then consolidated the recommendations and forwarded them to the relevant agencies and the government’s working group. The working group has also worked with relevant agencies in relation to deciding upon amendments. Specifically, VITAS proposed to cut 258 procedures in the first phase in November 2009, and more than 250 procedures in the second phase in April 2010. A number of our proposals were adopted by relevant agencies, with about 20 procedures being amended, or 10 percent of recommendations.

Difficulties in administrative

procedures for import-export activities can be found in such areas as finance, trade and industry, tax, and customs. Only about 5-10 percent of procedures recommended by VITAS have been simplified. There needs to be further amendments in legal documents issued by the Ministry of Finance, the Ministry of Industry and Trade, the General Department of Taxation and the General Department of Customs. If this process is not focused on and hastened, the proposed target will not be met. We therefore propose that for the sake of continuity and efficiency the government continue being the driver of the administrative procedures reform process. ■

DINH MANH REPORTS



MR. ALAIN CANY - CHAIRMAN OF THE EUROPEAN CHAMBER OF COMMERCE IN VIETNAM (EUROCHAM):

More to come



With Resolution No. 25/ND-CP dated June 2, 2010, the government has approved the first simplification package, including 258 administrative procedures in a variety of business sectors. Following on from that the government adopted Decree No. 63/2010/ND-CP, which took effect from October 14, 2010 and aims to build a mechanism for the post-Project 30 period. This move looks to assess the effectiveness of the new administrative procedures, and to set up a new agency in charge of administrative procedures.

EuroCham believes that the results from the Project 30 are meaningful but that challenges remain. To effectively streamline these 258 procedures, ministries and agencies need to implement reform more concretely and comprehensively. More than 15 laws and ordinances and over 100 decrees, circulars, and ministry-level decisions need revision, amendment, and addition. This is a huge task and the project's success depends largely on its radical implementation.

EuroCham is committed to continuing its strong support for Project 30 and European and Vietnamese enterprises' efforts to improve their competitiveness.

On October 12, 2010, EuroCham and the Vietnam Chamber of Commerce and Industry (VCCI) announced

an important co-operation initiative, entitled the "Corporate Alliance for Administrative Procedures Reforms and Competitiveness". Both organizations have a common interest in promoting an improved business environment in Vietnam that both benefits businesses and stimulates growth.

The launch of the Corporate Alliance is a key step in providing a platform to engage the private sector in building a strong network of partners, mobilizing resources to improve advocacy and support for Government-led administrative procedures reform, and improving Vietnam's competitiveness at large.

With this program EuroCham is committed to continuing to co-operate with local government-run agencies and the business community during the life of this initiative.

VCCI and EuroCham will manage this alliance. Together with other partners, we will provide business knowledge and financial and media resources. EuroCham will also closely co-operate with multinational corporations and local companies to determine, design, and deploy the alliance's activities in order to create a driver for the business community and improve Vietnam's business environment and competitiveness.

To date, many EuroCham members have committed to support the alliance. It is EuroCham's role in the alliance to contribute human resources, relationships, and partnerships.

With its activities to support the Vietnamese Government, EuroCham will play an increasingly important role as a member of the Advisory Council. EuroCham hopes to boost co-operation between the alliance and EuroCham's member enterprises and partners, as well as European government-level organizations. ■

TUONG THUY REPORTS

The review of administrative procedures in the banking sector has shown that the number of procedures to be amended is not significant, at just over 10. All banks understand that this is a conditional sector, so they must have strict procedures. Anything the reform identified and proposed should be accepted by the State Bank of Vietnam.

Nevertheless, the biggest difficulty here is external administrative procedures, such as procedures for pledges, mortgages of land, secured transactions, and the liquidation of assets for bad debt disposal. Those procedures are under the realm of other ministries and agencies, but relate to the daily activities of banks. The procedures for secured transactions and the liquidation of assets involve various government agencies.

We have conducted a considerable amount of research and have proposed solutions for reform. Generally, all proposals have been ap-

Project 30 has resulted in a truly profound reformation of the country's administration. Methods of implementation have been systematic, using modern tools and with an efficient organizational structure, in addition to being well-implemented from the central to local level.

I believe that Project 30 has brought with it three advantages. First, the Project has adopted a new attitude towards implementing the reform project, improving capacity and analytical skills, and researching and defining the issues concerning administrative reform in Vietnam. Thus we can expect that administrative reform will be conducted in a more rational way - addressing the root of the problem - and will therefore be more sustainable.

Second, this is the first time we have fully and systematically collated all the various types of administrative procedures and their related

MS. DUONG THU HUONG - GENERAL SECRETARY OF VIETNAM BANKERS' ASSOCIATION (VNBA):

New agency must have power

proved or certain significant changes have been made, which demonstrates the positive attitude in dealing with administrative procedures by various management agencies.

So far, however, although the amendment proposals have been submitted to relevant bodies there has not been any response or public notice.

Project 30 has had a major effect on enterprises and society as a whole, having a positive influence on business, production, and the attraction of investment. The reduction of administrative procedures will help to considerably reduce costs and time for individuals and enterprises, particularly capital-related procedures, which are very cumbersome and which include pre-existing documentation such as residency documents, identity cards, constructions licenses, etc.

In order to make administrative procedures reform more efficient in the coming period, apart from resolutions and decrees from the government on administrative reform as a legal basis for the task, I think there should be a formal agency through which all administrative procedures are ratified. I also believe that at each ministry and each provincial people's committee there should be a unit with this function.

At the governmental level there should be a separate unit for final control in terms of the procedure, and units in ministries and provincial people's committees should be components of the central body. Since the central body cannot cover all matters, the subordinate units can function as support units for the more efficient operation of the central unit.

This unit should review and verify



administrative procedures before they are issued. It must employ qualified and experienced officers in order to avoid a situation where ministries and agencies simply issue administrative procedures, which is all too easy for them and is simply for their own benefit. ■

LE PHONG REPORTS



MR. NGUYEN DINH CUNG - VICE DIRECTOR OF THE CENTRAL INSTITUTE FOR ECONOMIC MANAGEMENT (CIEM):

Three advantages

dures thanks to the national database.

Third, it has, as part of its methodology, enhanced the participation of third parties (the private sector as well as social and professional organizations) in implementing the project. The community consultation process was more practical and consensus was achieved.

However, the Project faces two challenges. The first is that the final results - withdrawing or amending many administrative procedures - remain as only proposals. Since the 24 resolutions relating to the issue were referred to the government there has yet to be a final decision made, which the public and the business community are very much looking forward to. I am afraid that we may lose some of the momentum if it takes too long.

Second, it is true that the Prime

Minister and the government have shown a very high commitment to the Project. But many ministries and provinces are not particularly interested or committed. In my opinion this problem is due to the thinking of public servants, who do not fully understand that the gains from administrative reform will be much greater than the losses, and who are concerned only about how the change will affect the administration apparatus. The fact remains that the spirit of service for the sake of the country's development has not been instilled in some parts of the civil service, resulting in reforms getting bogged down during implementation.

Improving the quality of the civil service is therefore a very urgent requirement for reform to proceed. ■

HONG HA REPORTS

documents and forms and made them available to all. People are able to print them out from a national database on the internet and file them at the relevant office to complete the procedure. This is a very important step in the administrative reform process, reducing time, cost, and trouble. The public and the business community as well as Government agencies will have the benefit of being able to consider the cost of related administrative proce-



MR. TRAN DU LICH - DEPUTY HEAD OF HO CHI MINH CITY'S NATIONAL ASSEMBLY DELEGATES:

Striking at the root



With the execution of Project 30, for the first time Vietnam has managed to total up and classify all administrative procedures, from the central to the local level, relating to both individuals and enterprises. Among the web of procedures, from legislative documents to regulatory documents, we have gradually formed the basis for considering the legality of each type, clearly identifying and creating an administrative procedures database system, which functions as an important step towards reform.

Directed by the Prime Minister, the target of cutting procedures and compliance costs by at least 30 percent has been extended to the local level. Indeed, many local governments recognize that they can exceed this target. This means that before there was statistical data and reductions had not yet been proposed, administrative agencies believed that existing provisions were reasonable, appropriate, and necessary. Only when reduction became an issue, and reduction and review became a requirement, did

they see that many procedures were unnecessary and inappropriate.

Another success of Project 30 is that administrative procedures have been made publicly available on the internet, which will create the conditions to fight harassment. After checking some districts in Ho Chi Minh City, it can be seen that this has been satisfactorily implemented. As required by Project 30, all documents and procedures have been made entirely public. All procedures and applications for land use rights and house ownership certificates are posted. Upon full receipt, the officers in charge are not allowed to seek additional documents, and if they do then applicants can file a complaint. Cases where officers receiving documents harass an applicant and seek unnecessary extras have been cut remarkably.

Recently, as National Assembly delegates in the administrative procedures supervision program, we discovered further problems relating to procedures, including contradictions and conflicts stemming from provisions in laws. This results from the fact that most laws in Vietnam follow the principle of establishing master laws that are then implemented through decrees. These decrees often overlap one another or contain inadequacies, creating difficulties in completing administrative procedures.

For that reason, as a next step, Project 30 should be given a higher mission: to review each group of relevant laws, preventing conflict, striking at the root and taking it to the next level, creating an open legal system so that we can perform real administrative reform. ■

VAN THANH REPORTS

It is still too early to make a final assessment on Project 30, since most of the administrative procedures targeted for reform are still on the books, but certain notable steps in the right direction have been made.

First, the inventory of administrative procedures compiled by the relevant ministries and people's committees, and made accessible on the internet, was a significant boost for transparency and the rule of law. The first step in improving the legal environment is to know what the laws are.

Second, through the process of studying administrative procedures, the capacity of those who participated in working groups to approach the subject of administrative reform constructively and productively improved noticeably. Hundreds of people became involved who are now more aware of how difficult it is to balance the needs of the regulators and the regulated, while remaining mindful of the need for an efficient administrative apparatus for the benefit of not only of the country's overall competitiveness in world markets but also for the benefit



The first phase of Project 30 was a major success. We have seen the determination of government officials at all levels and their dynamism in the reform process. Within a short timeframe, Project 30 has been able to attract the participation of people at all levels

MR. FRED BURKE - MANAGING PARTNER, BAKER & MCKENZIE, AMCHAM REPRESENTATIVE:



Further effort required

round in early 2010.

While the final round has not been completed yet, there were a relatively small number of complete successes, a larger number of partial successes, and unfortunately some backsliding in a few cases out of the priority round. Nevertheless, we are still hopeful that the foundation that has been established, and the consciousness that has been created, will pave the way for more substantial progress in the near future.

Part of the challenge of Project 30 is that administrative procedures are spread over virtually every area of the economy and even the daily life of ordinary citizens. If one takes the World Bank's annual "Ease of Doing Business" review as a guide, then clearly much can be done in terms of the numbers and types of approvals needed to start a business. As we learned with the "baby permits" campaign in 2002-2004, an easy way to create jobs and stimulate the economy is to make it

easier to start a business.

Clearly, it has not proven as easy as some people predicted to achieve a sweeping reduction in the number of administrative procedures. Each relevant authority seems to have its own strong arguments for why it should be allowed to keep its existing rules, or to change to new rules that are no more efficient. The original idea of Project 30, namely that thousands of administrative procedures would be swept away if there was no good reason to keep them, has been put aside. It turns out in most cases that there are legitimate regulatory drivers for the original procedure and the question is how to satisfy those necessities in the most efficient and transparent manner possible.

Therefore, Vietnam will indeed require a huge effort to get the ball over the goal line and achieve the aim of Project 30. ■

TUONG THUY REPORTS

MR. KIM WON HO - FORMER DIRECTOR OF THE KOREA TRADE-INVESTMENT PROMOTION AGENCY (KOTRA) IN VIETNAM (ADVISORY COUNCIL MEMBER FROM 6/2008 - 7/2010):

Continuing support

and many administrative procedures have been reviewed.

The "Doing Business 2011" report from the World Bank shows the considerable progress made in Vietnam in improving the business regulatory environment. This result is due to improvements in administrative procedures for business in Vietnam.

However, to turn the objectives of reforming administrative procedures into reality and to improve the business environment further requires extra efforts from the Government. We hope that the Government will soon act on the recommendations on reforming procedures and bring benefits to

businesses and the people.

KOTRA would like to make a proposal on three points. They are the organization of the administrative procedures control agency, the involvement of the private sector in the process of administrative procedures reform, and the process of reviewing administrative procedures.

To be specific, the administrative procedures control agency should be fully competent to examine, review, and intervene in the process of drafting laws and law enforcement. The private sector should also have a role in the reform process. As such, the Advisory Council model continues

to be necessary and it should participate in and provide comments and suggestions to the administrative procedures control agency.

KOTRA is committed to continuing to support Vietnam's administrative procedures reform. We will bring our knowledge and experience in to support the Government. Other areas KOTRA can help with are human resources training, particularly in building up the capacity of the administrative procedures control agency, and in continuing to urge greater participation by South Korean investors in Vietnam in this project. ■

THANH TRUNG REPORTS



MR. NGUYEN DUC THUAN - CHAIRMAN OF THE VIETNAM LEATHER & FOOTWEAR ASSOCIATION (LEFASO):

Reaching the ASEAN level



This is the first time in the history of Vietnam's administration that a cross-cutting and comprehensive picture of administrative procedures in the entire country's public institutions has been compiled and made available on the internet. Project 30 is a timely measure with direct guidance from the Govern-

ment. Implementation has been assigned specifically to each sector and each industry, vertically from central ministries to local governments, and has received participatory review from local and foreign consultants.

Taking part in the Advisory Council working group, LEFASO was assigned to research and analyze administrative procedures in the field of importing and exporting. It organized a number of workshops, working directly with enterprises in the northern, central and southern regions to obtain direct feedback from the business community and experts in each domain. LEFASO also appointed an in-depth research fellow in each field, then aggregated all of the ideas generated in order to have official analysis and recommendations to the Advisory Council.

The initial successes of Project 30 have created many real benefits for

the business community, contributing to savings in time and money while gradually creating a better business environment for enterprises. This has had positive effects on both domestic and foreign enterprises operating in Vietnam. Many members of LEFASO have expressed their enthusiastic agreement and desire to see even more improvements.

However, when compared to many neighboring countries, the reform of administrative procedures in Vietnam has been fairly basic and what we have achieved is still quite far from the situation in more experienced countries. Our goal is to achieve parity with other ASEAN countries within two years. To do so we must continue to review and eliminate unnecessary administrative procedures and apply information technology to the maximum extent possible in simplification.

MR. VO QUOC THANG - CHAIRMAN OF VIETNAM YOUNG ENTREPRENEURS ASSOCIATION (YEA):

Serving the public

Project 30 has had a positive impact not only on businesses but on all of society. Looking to the future, the efficiency of the project should be strengthened and it should be more drastically implemented, in whichever form it takes, to make the business and legal environment more transparent. In order to develop the achieved results, however, we must have specific action plans for the following period. I propose that government continue implementing such solutions as:

- Reviewing and amending legal documents; issuing consistent provisions on forms and fees for administrative procedures, creating a mechanism whereby civil servants must accept ap-

plication files pursuant to Administrative procedures when individuals or businesses have complied with all the provisions promulgated on the national information portals. It must be strictly prohibited to seek additional documents or forms other than those promulgated.

- Re-training all civil servants in processes relating to Administrative procedures, creating a specific, uniform way of construing, interpreting, and implementing Administrative procedures nationwide, in connection with which more attention should be paid to educating and training civil servants in ethics and their awareness of and role in serving people.

- Establishing a hotline and arranging for diligent officers to be



in charge of receiving feedback from individuals and businesses, delegating to these officers the authority to make decisions to quickly resolve issues raised by any person or business,

2011 will be the first in which Vietnam will conduct a five-year economic development strategy with improvements in quality and depth. Global competition will be fierce, which means Vietnam needs a more straightforward administrative system, helping businesses increase their competitiveness in the marketplace. It requires strong and committed participation by ministries, agencies, and local governments, as well as active participation by businesses.

Project 30 has only just begun to bear fruit. We must think about establishing an organization under the direct leadership of the government. This organization would need the participation of businesses and citizens and must be strong enough to continue to review and eliminate inappropriate procedures while preventing unreasonable new procedures from arising, in a professional and regular manner. The process of reforming administrative procedures is genuinely bringing large and long-term benefits to Vietnam's economy and society. ■

DINH MANH REPORTS

thus contributing to the settlement of queries involved in the execution of Administrative procedures.

The Advisory Council, especially the working groups, should be assigned to intensively continue their review work and, recognizing any inappropriateness in Administrative procedures, come up with legal solutions and submit them to the government for decision. The composition of the Advisory Council should be further expanded, increasing the number of representatives from professional associations, because they are the links reflecting the most accurate information possible to the government with regard to Administrative procedures relating to their industries. At the same time, with practical experience, they will propose highly feasible solutions for Administrative procedures reform. ■

DINH MANH REPORTS

MR. NGUYEN HUU DUNG - DEPUTY CHAIRMAN OF THE VIETNAM ASSOCIATION OF SEAFOOD EXPORTERS AND PRODUCERS (VASEP):

Supervision through civil organizations



Realizing Project 30 will bring about major benefits to individuals and businesses, right from the beginning VASEP established a specialized working group in charge of administrative procedures reform (the VASEP Working Group), whose responsibilities were to review administrative procedures relating to customs, exports, and imports.

The Working Group focused on “pressing” issues in three main aspects: increases in costs and decreases in competitiveness; problems caused and the hindrance to the operations of enterprises; and the impact on the rights, interests, and obligations of workers and employers. VASEP has also coordinated closely with other associations when carrying out the project. Many problems have been accepted by concerned agencies and have been dealt with in amendments to relevant documents.

Project 30 has had an initially positive impact on the creation of

a better business environment for enterprises, thanks to the strong devolution of government management, an organizational restructuring, adjustment to the functions and duties of relevant bodies and the removal of any overlaps and “passing the buck”, an increase in responsibility, and the speeding up of case resolution. In many government management agencies, relationships with individuals and businesses have been, as a first step, improved, with positive changes in the thinking of the leadership. This is a good sign for the task of long-term reform.

However, in the import-export sector, and in aquaculture management in particular, there are still many unnecessary administrative procedures. Indeed, there are even new and more complicated procedures. The government should take action to restrain, then eliminate, a situation where legal documents are issued in the manner of “framework laws”, with unspecific and unclear content, leading to a situation in which some newly issued administrative procedures are contrary to legal documents. In short, inconsistent and random implementation of laws must come to an end.

Therefore, in addition to the establishment of a government apparatus that controls and supervises newly issued administrative procedures, it is necessary to build a legal avenue to form a truly civil society, where social organizations (representing communities or the people as a whole) are entitled to an opinion on the approval of administrative procedures. ■

NHAT ANH REPORTS



PROJECT 30'S MILESTONES



- **June 17, 2008:** Launch of the Advisory Council for Administrative Procedures Reform and the Special Task Force of the government in charge of administrative procedures reform, in Hanoi.

- **October 25 - 31, 2008:** Holding dialogue with young entrepreneurs in Ho Chi Minh City, seafood enterprises, and enterprises under the management of the Korea Trade-Investment Promotion Agency (KOTRA), to introduce Project 30 and the Advisory Council and garner opinions from enterprises regarding administrative procedures.

- **December 2008 - February 2009:** Making an inventory of administrative procedures, with the Advisory Council contributing opinions and proposing additions or adjustments to the list of administrative procedures at different levels and agencies.

- **April 2009:** Conducting a survey and collecting the opinions of enterprises, identifying administrative procedures that hinder business and production at enterprises.

- **November 20, 2009:** Seminar held to check the priority

administrative procedures set by the Advisory Council.

- **March 11 - 20, 2010:** Research and study in Egypt and France on their experience in administrative reform, with the Organization for Economic Cooperation and Development (OECD).

- **July 6, 2010:** Meeting convened by the Advisory Council to assess the performance of the Council, working groups and the Secretariat, preparing action plans for the period to December 2010 and directing its operations in subsequent years.

- **July 6, 2010:** The Advisory Council holds a press conference regarding the role of the business community in Project 30.

- **September to December 2010:** Preparing a summary report on the activities of the Advisory Council, surveying domestic and foreign enterprise associations, studying international experience, consolidating the Advisory Council's activities from 2008 to 2010, assessing performance efficiency and recommending an operational model for the Advisory Council from 2011 onwards. ■

LIST OF RECENTLY PASSED RESOLUTIONS FROM THE GOVERNMENT

At the end of Project 30, the Prime Minister, on behalf of the Government, signed 24 resolutions in December approving the simplification of more than 5,000 administrative procedures proposed by the Prime Minister's Special Task Force and including feedback and comments from hundreds of Vietnamese and foreign companies and experts participating in the 15 Working Groups of the Advisory Council for Administrative Procedures Reform. The simplification package will help save VND30,000 billion each year upon full implementation. The 24 resolutions for each Ministry and State agency are listed below.

1. **Ministry of Information and Communications:** Resolution No.71/NQ-CP dated 27 Dec 2010;
2. **Ministry of Planning and Investment:** Resolution No.70/NQ-CP dated 27 Dec 2010;
3. **Ministry of Culture, Sports and Tourism:** Resolution No.69/NQ-CP dated 27 Dec 2010;
4. **Ministry of Finance:** Resolution No.68/NQ-CP dated 27 Dec 2010;
5. **Ministry of Science and Technology:** Resolution No.67/NQ-CP dated 27 Dec 2010;
6. **Ministry of Education and Training:** Resolution No.66/NQ-CP dated 23 Dec 2010;
7. **Vietnam Bank for Social Policies:** Resolution No.64/NQ-CP dated 21 Dec 2010;
8. **Vietnam Development Bank:** Resolution No.63/NQ-CP dated 21 Dec 2010;
9. **Ministry of Health:** Resolution No.62/NQ-CP dated 17 Dec 2010;
10. **Ministry of Public Security:** Resolution No.61/NQ-CP dated 17 Dec 2010;
11. **State Bank of Vietnam:** Resolution No.60/NQ-CP dated 17 Dec 2010;
12. **Ministry of Industry and Trade:** Resolution No.59/NQ-CP dated 17 Dec 2010;
13. **Government Inspector:** Resolution No.58/NQ-CP dated 17 Dec 2010;
14. **Ministry of Agriculture and Rural Development:** Resolution No.57/NQ-CP dated 15 Dec 2010;
15. **Ministry of Natural Resources and Environment:** Resolution No.56/NQ-CP dated 15 Dec 2010;
16. **Ministry of Construction:** Resolution No.55/NQ-CP dated 14 Dec 2010;
17. **Ministry of Home Affairs:** Resolution No.54/NQ-CP dated 10 Dec 2010;
18. **Committee for Ethnic Minorities:** Resolution No.53/NQ-CP dated 10 Dec 2010;
19. **Ministry of Justice:** Resolution No.52/NQ-CP dated 10 Dec 2010;
20. **Ministry of National Defense:** Resolution No.51/NQ-CP dated 10 Dec 2010;
21. **Ministry of Foreign Affairs:** Resolution No.50/NQ-CP dated 10 Dec 2010;
22. **Social Insurance of Vietnam:** Resolution No.49/NQ-CP dated 9 Dec 2010;
23. **Ministry of Labor, Invalids and Social Affairs:** Resolution No.48/NQ-CP dated 9 Dec 2010;
24. **Ministry of Transport:** Resolution No.45/NQ-CP dated 16 Nov 2010.

For further details, see the website: <http://thutuchanhchinh.vn/index.php/document/departement/0>



Treating the cause

“The reform of administrative procedures has brought about satisfactory changes, moving towards building up a professional and modern civil service and meeting the requirements of Government management, which have been recognized by the people and the international community.”

VAN THANH

The above was the judgment of the Chairman of the National Assembly’s Legal Committee, Mr. Nguyen Van Thuan, when expressing his opinion on the reform of administrative procedures over the last ten years and especially since the establishment of Project 30 in July 2008. This is also the assessment of many National Assembly delegates after supervising administrative procedures reform in certain sectors in 2010 as part of Project 30.

“People know, people act, people supervise”

National Assembly delegate Mr. Tran Du Lich, deputy head of the Ho Chi Minh City National Assembly delegates and member of the oversight committee for administrative procedures at the National Assembly, said that Project 30 has fulfilled its remit, having been successful in identifying procedures in need of reform and resolving the various problems at their source, thereby helping to create a clear legal environment.

Through its survey of administrative procedures reform in the areas of land, housing, construction, tax, and customs, in Hanoi, Lang Son, Binh Duong, Tien Giang, and Ho Chi Minh City, and from working directly with certain local government units that implement administrative procedures, the oversight committee has come to the conclusion that many administrative procedures have been simplified, requirements relating to applications, processes of settlement, fees, and working schedules have been made available to the public, and turnaround times have been shortened.



National Assembly delegates get together in Hanoi. Photo: VN News Agency

Excessively wordy, overlapping, inadequate, arbitrary, unnecessary, and out-dated documents that cause difficulties for the public and business have been amended, supplemented, or withdrawn. Of special note, agencies and local governments have listed, examined, and issued all of the administrative procedures within their purview so that the public can be informed of their provisions and oversee their performance.

The deputy head of the oversight committee of the National Assembly’s Standing Committee, Mr. Nguyen Van Thuan, is of the view that the results of administrative procedures reform have proved the soundness of guidelines and implementation, creating the impetus for further reform in the coming years. At the 35th session of the National Assembly’s Standing Committee (September 2010) and the 8th session of the 12th National Assembly (November 2010), all

delegates indicated their appreciation of the results of Project 30, which had revised 5,421 administrative procedures belonging to 24 ministries and agencies and proposed to amend or supplement 4,146, withdraw 480, and replace 192. The simplification of these administrative procedures will help reduce compliance costs by 30 percent, equivalent to nearly VND30,000 billion (\$1.4 billion) each year in the country as a whole. The average simplification rate stands at 88 percent.

As a simple example, land assignment, land lease, land acquisition, compensation, and resettlement support have undergone important reforms. Regulations on these matters have been clearly articulated, creating an appropriate legal basis for localities to organize their implementation. Related orders, substantive content, and application and declaration forms have been made publicly

It is vital to clearly determine that the objective of administrative procedures reform is to create a favorable environment for people and businesses while ensuring Government management.”

Deputy Chairman of the National Assembly, Nguyen Duc Kien

available and are consistently applied throughout the whole country. Turn-around times for these administrative procedures have been reduced to a third or a half of those previously experienced. At the same time, new regulations have resolved difficulties in the mechanisms, including the policy on compensation and resettlement support, which was resolved by separating the compensation mechanism from the support mechanism. A flexible compensation mechanism has been set up, improving support for retraining and creating jobs for the people whose farming land has been acquired.

In another example, in the customs sector, the reforms to administrative procedures have fundamentally removed the “ask-give” mechanism between customs and businesses and replaced them with a mechanism providing for self-compliance and observance of the laws by all parties. The need for direct contact between businesses and customs has been cut, while the clearance period has been shortened by more than 50 percent compared with the base period. Unnecessary documents have been reduced for customs applications from eight types for exports to four, and from 14 types for imports to ten.

Of particular note, the performance of electronic customs procedures and off-site customs declarations via the internet are helping to considerably reduce the number of documents required for customs applications. Some regions have launched a “one-stop shop” for the tax office, State treasury, and customs matters

cedures.

Through the revision of administrative procedures, many inadequacies have been detected in provisions on the functions, duties, and organizational structure of administrative agencies. This is an important basis for restructuring and reorganizing the Government apparatuses and adjusting their functions and duties along more decentralized and streamlined lines, trimming down head units and rationalizing overlapping jurisdictions. The resolution of administrative procedures by specific processes with clearly determined allocation of responsibility and turnaround times has enabled better control over the processing of each procedure.

The oversight committee believes that these efforts spring from the firm direction of the Prime Minister, the determined support of ministries, agencies, and local governments, and the active participation of the public and the business community.

The Chairman of the Financial and Budgetary Committee of the National Assembly, Mr. Phung Quoc Hien, said that determining what is a sound administrative procedure is a difficult task, requiring improvements in efficiency while ensuring the population is served as well as possible.

Advances in issuance

However, the oversight committee also frankly admits that administrative procedures reform faces considerable obstacles in actual implementation, especially from those organizations and civil servants who benefited under the old “ask-give” re-

involving payment.

These kinds of results also derive from the application of information technology in the work of relevant agencies, which is being strengthened to enable the faster and easier settlement of pro-

cedure. This problem must therefore be resolved in tandem with the rationalization of procedures.

From its experience in supervising this process, the committee proposes that it is necessary to improve the legal system with regard to issuing standards and making plans in all socio-economic fields, creating an open, transparent legal framework so that individuals and organizations can make their own decisions and take responsibility.

In addition, work that must be managed by the Government should be clearly delineated and should be required to be implemented through a general procedure so that Administrative procedures are consistently laid out in legal documents issued by the appropriate Government agencies. Agencies under the direct management of ministries and people’s committees should not be authorized to issue legal documents that stipulate administrative procedures. Procedures in each branch or sector must be fundamentally similar and must be consistently applied throughout the country, with the abolition of management through local administrative procedures or management for the benefit of agencies and sectors.

The Government, ministries and people’s committees at all levels need to continue reviewing, amending, or withdrawing inappropriate regulations to improve the legal system, so that it is consistent from the central to the local levels, removing procedures that are issued without proper jurisdiction, minimizing turnaround times for settling issues, and effectively maintaining the administrative procedures control mechanism.

The committee proposes that the National Assembly amend, supplement, or withdraw certain articles of the Law on Land, the Law on Tax Management, the Law on Value Added Tax, the Law on Import-export Tax, and the Law on Customs, and issue a Law on Fees to replace the Ordinance on Fees. ■



Conflict and resolution

MINH DUNG



Enterprises sign cooperative contracts at a technology fair. Pic: Quoc Tuan

Difficulties for investors have been many in the six years the Law on Investment and the Law on Enterprises have been in effect. “Many new policies have been issued to address any overlapping or shortcomings [in the two laws], but they remain unsolved,” said Mr. Phan Duc Hieu, Deputy Head of Macro-economic Department at the Central Institute for Economic Management (CIEM). “Administrative procedures have actually become even more complicated.” As the following examples show, becoming licensed is no straightforward task.

Two investors agreed to cooperate in setting up a new enterprise and invest more than VND300 billion (\$15.38 million). In seeking an investment license they were asked to add several documents: a joint venture agreement, a financial capacity report and supporting



Key reforms in creating a more favorable business environment are still waiting for amendments to the Enterprise Law and Investment Law.



evidence of their capacity to participate in the market. These additional documents cost a lot of time and money. While the latter two had no official format to follow, the first was completely unnecessary as their joint venture charter contained greater detail. Local authorities sought even more papers, such as agreements regarding office and warehouse rentals.

In another case, the owner of a one-member limited liability company wished to sell part of the company to another investor and convert into a two-member limited company. The Government office for business registration required them to include a document certifying that the capital transfer had been completed, so that a new business registration certificate could be issued. The second investor, however, did not want to hand over any money until he saw his name on the new certificate. The deal was at an impasse.

Only when Project 30 began digging at the problems did real solutions begin to appear. The Project 30 Working Group reviewed 22 administrative procedures with the most overlaps and shortcomings between the two laws. They concluded that the primary factor was confusion in defining who should be subject to the two laws, leading to differences in implementation at different Government bodies. Moreover, officials had not yet changed their management mindset towards enterprises and investors. As a consequence, when confused they simply introduced unnecessary or even illegal procedures.

The Working Group suggested that regulations for the two laws be clarified and unified to differentiate enterprises and investment projects. Unnecessary procedures, like joint venture agreements or supporting evidence of an investor's capacity to

participate in market should be abolished. The types of financial capacity reports should also be unified.

Most significantly, the Working Group suggested that management bodies reply to applications for investment licenses within a certain timeframe. If no decision has been made when this time elapses, it is considered that management bodies have green-lighted the application.

As a result, Resolution No. 25/NQ-CP issued on June 2, 2010 by the Government abolished, simplified or adjusted many procedures in the field. Moreover, the Government also asked the Ministry of Planning and Investment to cooperate with other ministries to consider amendments to several interconnected laws, including the Law on Investment, the Law on Enterprises, the Law on Auctions and the Law on Infrastructure. Four important Decrees - No. 88/2006/ND-CP, No. 101/2006/ND-CP, No. 108/2006/ND-CP and No. 139/2007/ND-CP - and several other decrees regarding enterprise establishment and investment were also amended.

Prior to that, the Government issued Decree No. 43/2010/ND-CP on April 15, 2010, providing clarifications on granting business licenses and investment licenses. It also abolished many unnecessary procedures and adjusted the licensing steps, shortening the licensing time from 15 working days to five.

"This review of administrative procedures in the investment sector has removed a range of obstacles long faced by enterprises and costing time and money," the director of one large enterprise in Ho Chi Minh City said. He added, though, that the business community is still awaiting key amendments to the Law on Enterprises and the Law on Investment. ■



Greater autonomy

Enterprises are very pleased with new regulations permitting them to print their own invoices.

ANH MINH



“This policy change really expresses the determination of authorities in introducing reform,” said Ms. Vu Thi An, Director of C&A Tax Consultancy, in talking about the new policy permitting enterprises to print value-added tax (VAT) invoices. This is just one of a range of reform measures being designed and implemented under Project 30.

On May 14, 2010 the Government

issued Decree No. 51/2010/ND-CP. The Ministry of Finance then issued Circular No. 153/2010/TT-BTC on September 28 to guide the Decree’s implementation. The documents permit enterprises to print VAT invoices from 2011. Enterprises are also allowed to design their own invoices with their own logo and pictures. The General Department of Taxation and local tax offices have organized hundreds of conferences and workshops on the topic nationwide.



Before these legal document were issued, enterprises had to buy pre-printed blank VAT invoices from local tax offices, which were only printed and issued by the Ministry of Finance.

“The Decree and the Circular mark a change in authorities’ mindset about invoices,” Ms. An said. “For small enterprises, purchasing VAT invoice books is not a big deal. But

for large enterprises, which have to issue tens of thousands of invoices each year, depending on supply from the Government is problematic. Accountants at all enterprises, large and small, are tired of this task.”

Ms. An, who was formerly Deputy Head of the Foreign Invested Enterprises Tax Management Department at the General Department of Taxation, said that enterprises have been irritated for years by having to purchase blank invoices. These invoices were only sold by tax offices, with rigid regulations and controls. In many cases, enterprises had to bribe officers to be able to buy them.

“Invoice management in our country has been a complicated matter, with various complex procedures that have caused difficulties and cost time and money for enterprises,” said Mr. Vu Xuan Tien, Member of the Executive Board of the Hanoi Lawyers Association and Chairman of the VFAM Vietnam Consultancy Company. “Staff numbers at tax offices also increase as a result. Yet fraud relating to invoice use and purchase has not fallen.”

The original idea of giving tax offices control over supplying blank invoices to enterprises was to oversee VAT payments by enterprises by controlling their sales and purchases. The invoices were expected to provide tax authorities with evidence of the amount of VAT due and the basis for any VAT refunds. They were thought to contribute to preventing VAT fraud.

But, in fact, enterprises have a number of ways of avoiding VAT payments. They can sell goods or

provide services without issuing a VAT invoice. They can write different figures on different copies of the one invoice. They can fake invoices. They can erase small a figure on an original invoice and replace it with a larger figure in order to receive a bigger VAT refund.

According to analysis by the Project 30 Working Group, making enterprises buy blank invoices from tax offices was ineffective in preventing tax fraud and only delayed access to invoices. A person wishing to engage in tax fraud could establish an enterprise just to be able to buy blank invoices. As one book of 50 invoices sold for less than VND500,000, it only cost enterprises VND10,000 for one; a very small sum when conducting fraud. It has been estimated that VAT fraud is in the tens of trillions of Vietnam dong.

The key weakness in the old scheme as well as in the current scheme of allowing enterprises to print invoices is the lack of measures for tax offices to be able to actually control the true input and output of enterprises. Tax offices can only control one end of invoice information through declarations by enterprises. They do not have the tools to immediately check all information, and if they chose to do so it would take a long time to uncover any evidence of fraud.

Mr. Tien said that the change may also lead to several problems, in that transparency in economic management is not high and cash is commonly used in transactions. “Those problems can be solved with a reasonable for both tax offices and enterprises,” he said. ■



A better way to pay tax

Tax administrative reform has been one of the key goals in the tax field for many years, and Project 30 has given significant support to its implementation.

ANH MINH



Meeting taxation requirements at the Ho Chi Minh City Department of Taxation. Pic: Nguyen Dinh

Good for SMEs

According to Ms Hoang Lan Anh, Deputy Director General of Tax Reform at the General Department of Taxation, a series of reforms of administrative procedures regarding tax have been prepared and will be applied starting early next year, significantly benefiting small- and medium-sized enterprises (SMEs). For instance, the implementation of procedures for declaring tax online and the simplification of tax declaration forms will be promoted. Meanwhile, administrative procedures for calculating and declaring value added tax each month will be reclassified to reduce the frequency of tax declarations to only every three or six months for SMEs. According to Ms Lan Anh, after defining the turnover threshold liable to tax, turnover below the threshold will be exempt from value added tax. For the remainder, value added tax and excise tax will be calculated and paid quarterly instead of monthly.

For businesses, if turnover is below the value added threshold but

above the taxable income threshold, there will be two ways of calculating the tax payable: (i) calculating value added tax and personal income as a percentage of turnover; or (ii) paying withholding tax with the level fixed for the whole year and not incorporating deductions based on family circumstances or corporate income tax.

The reforms will be submitted to the government and the Ministry of Finance (MoF) by the General Department of Taxation by 2011, as one part of a general program on tax administration reform. If approved, the new policy will directly affect 290,000 enterprises, 1.8 million household and sole trader businesses, and tens of millions of employees paying personal income tax.

Meanwhile, for tax refunds, the General Department of Taxation has proposed distinguishing two kinds of tax refund documents. First, in cases of a tax refund arising from tax calculations and settlement, the tax refund will be associated with tax registration documents. Taxpayers to

be refunded tax as per the regulations need to fill in the tax refund request part on the tax registration form. If the tax declaration is correct, the tax refund will be completed correctly. This method is proposed to be applied to cases of value added tax and personal income tax refunds. Second, tax refunds requiring a tax refund request form as a specific administrative procedure are applied to cases relating to historical figures or proven documents, in which the taxpayer submits missing information to tax authorities to check and collate at the tax office.

Tax exemption and deduction procedures will also be simplified for cases such as those where double taxation treaties apply or in clarifying cases of consular legalization and unifying a common form for tax exemption and deduction. This will create favorable conditions for complying individuals and organizations.

Waiting for new reforms

According to the General Department of Taxation, besides specific reforms for tax procedures in the coming period, the government will assign ministries and agencies to study and set up a project on mechanisms to co-ordinate the collection of personal income tax, social insurance, health insurance, and unemployment insurance, as well as to exchange information between tax and social insurance authorities. This will improve the effectiveness of collecting and managing revenues from the various forms of insurance, protect the rights of employees, and cut the total cost of compliance with administrative procedures for individuals and organizations by 10 percent.

Mr. Richard Stern, a tax expert from the World Bank, has a positive assessment of the reforms and emphasizes that this is the common trend throughout the world. Measures simplifying tax registration and payment, he said, are part of the common reform program. "The government should combine this with other reform measures in other fields, specifically offering standards simplifying tax accounting for SMEs, introducing forms of withholding tax for small and micro-enterprises, and setting up mechanisms to make it easy for taxpayers," he said.

Reports from Working Group on Taxation Administrative Procedures show that in the review period the Ministry of Finance (MoF)

proposed simplifying 271 out of 330 administrative procedures, of which 261 were proposed for amendment and supplementation, six for replacement and repeal, and four for abolition. The simplifications represented 82 percent of all procedures, exceeding the target set by the Prime Minister. In the priority review period, the MoF proposed to simplify 35 procedures in order to promptly remove various obstacles for enterprises. With simplification, individuals and organizations will save VND1,921 billion each year when complying with administrative procedures, accounting for 43 percent of the estimated total reduced costs. In particular, simplifying 35 procedures will help save VND1,582

billion each year, accounting for 50 percent of the total cost.

In terms of time, the measures will save 1,039 hours for individuals and organizations, being an average saving of three hours per procedure.

For the 38 tax refund and 23 tax exemption and deduction procedures being simplified, which are under the supervision of the National Assembly, MoF will change one law, one decree, and six circulars. As scheduled, there will VND125 billion each year in savings and 187 hours saved for implementing administrative procedures, for an average saving of 3.8 hours for one tax refund procedure and 1.3 hours for one tax exemption and deduction procedure for both individuals and organizations. ■

Tax and social insurance links

DINH MANH

The creation of a mechanism for exchanging information and merging the databases of tax and social insurance agencies has been proposed, in order to help cut procedures and expenses and also limit losses to the Government budget. The proposal was made at a forum on coordinating the collection of personal income tax, social insurance, health insurance, and employment insurance held in October in Ho Chi Minh City by Project 30's Taxation Working Group.

According to Ms. Nguyen Thi Cuc, President of the Vietnam Taxation Consultancy Association, social insurance and taxation agencies will still retain their independence with regard to human resources and databases. Experience has indicated that both agencies have overlapping jurisdictions. Ms Cuc said that the two agencies should change to a "pipeline" model, comparing information on their databases in a clearer and more transparent manner. A common code system for social insurance and personal income tax needs to be developed, providing greater convenience for taxpayers and management.

Agreeing with this view, Mr. Doan Van Ngoan, head of the Taxation Consultancy Department at Grant Thornton, said that the merging of taxation and social insurance agencies would help reduce excessive workloads at social insurance offices. He added that it was also necessary to strengthen the filing of taxation and social insurance returns online.

A representative of the International Financial Corporation (IFC) said that there were similarities in some core processes and procedures at both agencies, in registrations, claims, payments, inspections, and tax arrears. However, the comprehensive and immediate merging of both systems contains some risks in the implementation process, and thorough planning is therefore required, with a clear roadmap. For the present, there needs to be only a focus on strengthening coordination, exchanging information, and harmonizing both systems.

All opinions given at the forum emphasized the situation where many enterprises had found loopholes in

the laws that enable them to reduce or avoid their social insurance obligations. This has not only caused losses for the Government budget from social insurance payments but has also resulted in workers not being entitled to healthcare and provisions for convalescence and retirement.

Ms. Dinh Thi Hang Nga, deputy head of the Social Insurance Collection Board under the Vietnam Social Insurance Agency, recommended the one-stop shop model to link taxation with social insurance. Specifically, taxpayers would need to file just one claim form at the taxation agency and the agency would then calculate and deduct the appropriate social and health insurance premiums. The whole process would be very convenient if deployed via the internet.

The social insurance agency manages the files of around 55 million social insurance participants, of which 4 million have health insurance on a voluntary basis. Total collections from social insurance premiums are estimated to stand at VND79,000 billion in 2010. ■



Convenient and professional

Vietnam has a developing economy and robust import-export activities, with annual turnover 1.5 times GDP. The sector works under various ministries and departments and as such has developed a very complex system of administrative procedures, including a number that are no longer compatible with Vietnam's international economic integration process.

HOAI NGAN

Becoming simpler

The Import-Export and Customs Sector Working Group has worked closely with relevant business associations such as the Vietnam Fishery Import-Export Processing Association, the Vietnam Apparel Association, and the Vietnam Shoe and Leather Association, and conducted surveys in major cities and provinces such as Hanoi, Ho Chi Minh City, Hai Phong, Da Nang, Ba Ria Vung Tau and Dong Nai to gather data on the difficulties facing enterprises when dealing with administrative procedures.

Proposals and recommendations were collated and discussed among involved parties, along with suggested solutions. Many seminars have taken place, attended by enterprises, experts from associations, relevant working groups, ministries, and departments. A series of administrative procedures in tough sectors have been amended or withdrawn, under Resolution 25 from the Government.

Proposals by enterprises on the reform of administrative procedures that are highly practical and appropriate have been recognized as such. Specifically, enterprises have proposed simplifying measures for the import and export of publications. As a result, the six original conditions have been reduced to three. In addition, Decree No. 110/2010/ND-CP has simplified dossiers for granting licenses on the import and export of publications, so that they require only four kinds of documents instead of the previous eight.



The Customs Working Group gathers together for the first time

The efforts of enterprises that have used their human resources and financial sources in reviewing administrative procedures are worthy of special mention. Typical is the US-based FedEx. FedEx proposed a coordination mechanism with the General Department of Customs to establish a quick customs clearance service for aviation freight that is consistent with ASEAN's "one-stop shop" policy. According to this proposal, before the goods' arrival, the entrance gates for customs clearance are divided. FedEx provides information about the goods for categorization. FedEx and the SBS Seaborne firm provide the human resources to support the settlement of goods at "Red", "Yellow", and "Green" entrance gates. Customs has trained its staff to work under the new process.

The system has been in operation since September 1, 2009 and very quickly helped reduce the time for customs clearance for aviation freight from two to three days down to just 30 to 60 minutes for items at the Green entrance gate and one day for those at the Red entrance gate. The system has not only helped reduce time and costs for FedEx and its customers but also saved administrative expenses for the Customs Department.

Efforts of both sides have not only brought benefits to enterprises in their business activities but have also made sense for the activities of Government agencies. Mr. Le Quoc An, former President of the Vietnam Apparel Association and a Member of the Advisory Council, said that with the contributions of enterprises, administrative procedures have been

thoroughly reviewed with the close cooperation of representatives from relevant ministries and departments. Since then, all parties have together developed modes and methods of adjustment and simplification to submit to the government for approval. This manner of working has helped Government management agencies become aware of obstacles within the implementation process and understand whether the procedures are appropriate and necessary.

Mr. An said that the results of Project 30, if brought into play, would help to significantly improve quality in the Government management system and in Vietnam's investment environment.

Untying the right knot

One of notable successes in administrative procedures reform in the import-export and customs sector, which has cleared many bottlenecks, has been the proposal to register customs agents and allow them to grant certificates for customs declarations.

Mr. Le Duy Binh, advisory expert for macro-economic matters at the Economica Consultancy Company and member of the Working Group, said that these were procedures in need of simplification in order to stimulate import-export activities and make customs more professional, increasing service quality and speeding up customs procedures for enterprises. This has helped

customs agents to support import-export activities.

But applying to do so remains difficult for customs agents due to the accompanying procedures. As of 2008 there were only 52 agents with 170 staff. Therefore, the contribution of this initiative to supporting enterprises in the import-export sector has remained modest. Meanwhile, customs clearance service agents have had their capacity limited, having not filled the rising demand from enterprises.

The Working Group has made proposals on adjusting the registration of customs agents to better benefit enterprises. Customs declaration certificates will be removed while procedures for granting authorization cards to staff of customs agents will be made simpler.

It is welcome news that the majority of the proposals of the Working Group have been included in the list of procedures to be simplified under Resolution 25 and the draft decree amending Decree No. 79/2005/ND-CP submitted by the Ministry of Finance to the government for approval. The provisions for simplification are basically the same as the proposals of the Working Group.

The General Department of Customs said that in the past year, through cooperation with enterprises and advisory experts plus the efforts of the Department, it has thoroughly carried out the task of reforming administrative proce-

dures, in particular pushing ahead with modernization in management matters. Diverse information from the experience of enterprises and consultants for administrative procedures reforms under the General Department and other agencies have been thoroughly considered in order to find optimal solutions.

As a result, according to Decision No. 1904/QĐ-BTC from the Minister of Finance dated August 10, 2009, out of 239 customs procedures, including 15 at the General Department, 27 at the departmental, and 197 at the sub-departmental level, the General Department has announced 44 prioritized procedures, of which 20 will be retained, 22 amended, and two replaced. According to the General Department's calculations, simplification in the first stage will save costs of around VND6,000 billion per year with regard to procedure compliance. In the second stage, customs will continue simplifying and pruning back procedures, and also pushing onwards with the application of information technology and transparency, making the procedures easier for businesses to understand and implement. Customs will concentrate on handling those procedures relevant to the production and outsourcing of goods for export, as they relate to one-third of the total number of import-export declaration forms nationwide. ■

Increasing Satisfaction

MINH HANH

Ms. Nguyen Thanh Tam, head of the Import-Export Department at the Saigon Garment Joint Stock Company No. 3, said that each month her company exports and imports around 50 containers of

apparel, all via the Ho Chi Minh City Customs Department. On August 1, 2010, Document No. 9269 from the Ministry of Finance came into effect, specifying certain points regarding customs declarations for goods transported in containers.

Information on the volume and code of containers - information previously not required - were to be filled out in customs declarations prior to import or export. This created problems and costs for enterprises when exporting. For



imported goods, such information was readily available, but for exported goods, apparel firms such as Saigon No. 3 had to recall their containers and collect this recently necessary information. In these cases, enterprises had to pay the cost of containers held in storage, of US\$20 per day. Fortunately, implementation of the regulation lasted just two months after a welter of negative feedback was received from enterprises and the Ho Chi Minh City Customs Office subsequently determining it to be unnecessary.

In recent times the Saigon Garment No. 3 Company and other enterprises producing goods on sub-contract for export, which account for one-third of all import-export declaration forms, have had their time and expenses considerably reduced after other unreasonable regulations concerning subcontracted goods for export were removed or amended, such as the presentation of receipts for payment, or examination by customs of material that enterprises supplied by themselves. For companies producing goods for overseas customers, it is only necessary to register a quota for the first

consignment of goods exported.

These are important outcomes brought about by the program of review for the purpose of amending or withdrawing unnecessary and inappropriate administrative procedures for Ho Chi Minh City Customs, and they have been conscientiously implemented.

Several commodity import-export enterprises who operate through Ho Chi Minh City Customs have remarked that the department has made adjustments immediately upon learning of the implications of ill-conceived requirements.

Emphasis on important border gates

Administrative procedures reform and the modernization process have been given top priority at Ho Chi Minh City Customs. With the development of a network of seaports and international airports, it becomes crucial to adopt suitable procedures for processing the huge number of passengers arriving in-country and goods being imported and exported. In the first nine months of 2010, Ho Chi Minh City Customs performed customs clearance on goods with total turnover of \$43.2

billion, collecting VND45,461 billion for the Government budget, or 96.5 percent of the target. It is estimated that customs revenue will exceed VND55,000 billion in 2010.

In implementing Project 30, Ho Chi Minh City Customs listen to their customers and make recommendations on the reform of procedures based on their own research. A series of measures in administrative procedures reform have been deployed, such as applying ISO 9001:2000 quality standards at eight units; implementing e-customs at all 13 customs sub-departments since November 1, 2010; setting up a group specializing in executing procedures for the express delivery of goods at Tan Son Nhat International Airport and a group for the customs clearance of goods for import and export using container scanners at Cat Lai Port; regularly organizing corporate conferences to canvass difficulties experienced by enterprises; publishing customs-related administrative procedures for easy access by enterprises and individuals; and monitoring the activities of customs officers.



Completing customs procedures at a border gate in the north



The increased satisfaction of customers with the performance of Ho Chi Minh City Customs is clear evidence of the effectiveness of administrative procedures reform in the field.

The customs office at Tan Son Nhat International Airport deals with around 15,000 passengers on over 120 flights every day, and handles over 1,000 declaration forms for imported and exported goods with turnover totaling US\$20 million. Mr Tony Tran, a Vietnamese resident in the United States, said: "This time when I arrived in Vietnam it was clear that all staff have adopted a new working style and behavior. Such attitudes will attract many foreign entrepreneurs and visitors to Vietnam."

The Ho Chi Minh City Customs Department has reviewed and proposed the withdrawal of 27 procedures and amendments to 20 others, aiming to minimize procedural steps and paperwork. The Department continues to review procedures in order to meet the target of reducing its 239 administrative procedures by 30 percent, as per the Prime Minister's instruction.

The Head of the General Department of Customs, Mr. Nguyen Ngoc Tuc, during a recent working visit to Ho Chi Minh City Customs, said: "Ho Chi Minh City Customs has carried out its tasks well, recording impressive achievements with a range of findings and recommendations on the reform of mechanisms and policies, aimed at effective management and creating favorable conditions for import-export activities and passenger processing. In the future, the Ho Chi Minh City Customs Department must continue the reform of administrative procedures and modernize customs at seaports and airports, which are important border gates." ■

Negotiable salaries needed

THANH TRUNG

The Human Resources and Labor Working Group has proposed the abolition of regulations on payroll and salary scales, as it has learned how much waste these regulations cause for small- and medium-sized enterprises (SMEs). The regulations have also failed to reduce breaches of the Law on Labor, and do not benefit either employees or businesses.

SMEs now make up 90-95 percent of the total number of enterprises in Vietnam, with each having a dozen to 100 employees, with certain enterprises, often representative offices or branches, having ten employees or less.

With a limited number of employees, SMEs find it very difficult to comply with regulations on salary scales.

The head of the Industrial Relations Department at the Vietnam Chamber of Commerce and Industry (VCCI), Ms. Vi Hong Minh, said that without these regulations enterprises would be able to set up their own salary scales based on supply and demand.

Salary agreements between employees and employers would help to avoid violations of the law and workplace strikes or other industrial conflicts, she said.

Mr. Vu Huu Tuyen, deputy head of SIIR, a USAID project to support the labor law and promote labor harmony, said that it was necessary to abolish the regulations on salary scales as they have not assisted enterprises.

But the role of unions as moderator between managers and employers in pay and other work matters should be promoted, in order to shield com-

panies from strikes seen recently, which caused unexpected losses for both workers and managers.

Administrative procedures relating to labor are an important area of reform for Project 30. The Working Group conducted surveys on certain procedures earmarked by enterprises for reform by viewing them from the perspective of an enterprise, in order to better understand their situation and determine how the process be reformed.

Ms. Minh listed a range of challenges identified during the surveys, including the fact that enterprises were reluctant to raise ideas about reform.

The surveys, though, were persuasive enough to gain Government approval for withdrawing regulations on salaries for non-government-owned enterprises, procedures for providing work permits, and the registration of collective agreements.

The Working Group recommended completing the procedures on the provision of social security documentation to those participating compulsorily or voluntarily in the insurance scheme, as well the provision of work permits for foreigners.

It suggested withdrawing procedures relating to the registration of overtime and the provision of certificates on workplace safety and industrial hygiene.

An enterprise at an industrial park in Hung Yen said that the withdrawal of these procedures played an important role in promoting SMEs, especially the smaller ones, saving them time and money. ■



Straightforward and safe

LE PHONG



Customers conducting transactions at a bank in Hanoi

A number of measures reducing the burden administrative procedures place on the banking sector are expected to be realized soon as a result of Project 30 activities. Some 25 administrative procedures have been recommended for simplification. The State Bank of Vietnam (SBV) has accepted simplifying 19 to date and its offices have recommended the simplification of a further 70 in the second phase of Project 30.

Major simplifications include those relating to guaranteed transaction and the SBV's control over small changes in the operations of commercial banks and credit organizations. They are included in Resolution No. 25/NQ-CP on simplifying 258 administrative procedures as a result of the first phase of Project 30.

In guaranteed transactions, small changes in documents such as one character in the name or address, without changes

to content and assets within the transaction, will no longer require re-registration. This move is very much appreciated by the commercial banks.

Previously, banks were forced to deal with a huge amount of paperwork relating to changes in documents for guaranteed transactions. With tens of thousands of transactions, banks have been struggling to fulfill requirements of re-registering documents whenever small changes such as those listed above had to be made. The Vietnam Banks Association (VBA) believed that such regulations were unnecessary, unfeasible and costly, according to Mr. Truong Dinh Song, Head of the VBA Professional Department.

Now, with simplifications in place, banks need only inform guaranteed transaction agencies about revisions and supplements.

Regarding SBV's control over the operations of commercial banks and credit organizations, the first simplification grants more autonomy to banks in dealing with small activities rather than having to seek written approval from the central bank. Small activities include procedures for opening, changing name and location and closing operations of transaction offices. The VBA suggested the SBV develop standards and conditions for those activities, which commercial banks must consider if they have met and inform the SBV before conducting such activities.

The second simplification is in controlling forex services. The SBV has previously asked credit organizations to provide evidence of their capacity to provide such services, which the SBV would consider within 30 days. The Banking Sector Working Group suggested replacing this requirement with conditions to be met by credit organizations before beginning to provide such services.

They only need inform the SBV of their new services, and the central bank will then determine if they meet the conditions.

The third relates to procedures in changing charter capital. Banks must submit documents on changing charter capital to both the SBV and the State Securities Commission. The two offices consider and make decisions independently, which lengthens the waiting time and adds to the cost. The Working Group suggested that banks need only submit one set of documents and that the two offices accept the decisions of each other to cut down on time and cost.

According to Mr. Song, owing to the collaborative efforts of VBA and banks, the review and amendment proposal and the removal of unnecessary administrative procedures in the banking sector have achieved significant results. The Working Group, comprising members of the Association and its member banks, was

established to conduct a review of procedures and create a survey. Members were assigned to write reports for each proposed procedure arising from the survey.

Further, VBA organized a seminar attended by representatives of banks together with professionals and managers to discuss and clarify questions such as the legality of procedures, the necessity of procedures, and inadequate amendments, etc.

However, according to Mr. Song, as yet there is no information about changes to certain procedures listed in Resolution No. 25. The business community is waiting for an early response from management agencies to the proposed amendments, supplementation, and repeal of procedures. "It is necessary to have a mutual feedback mechanism to not only learn about results but also to follow up the progress and quality of reforms," said Mr. Song. ■

Within Project 30, the SBV is the first State body to complete an inventory of administrative procedures in its sector. They include 221 administrative procedures, 170 forms and 127 legal documents. In the second phase of Project 30, the SBV is conducting a preliminary collection and classification of the review results of administrative procedures (221 procedures). SBV offices have proposed the simplification of more than 70 administrative procedures.



Advertising made simple

In order to be granted a license for outdoor advertising an advertiser needs to negotiate a web of complicated administrative procedures. Project 30 has examined many of these procedures with a view to streamlining and simplification.

NGHE NHAN



Behind the flashy faces

Big and small, with letters or images, on walls and buses, in LED lights or on paper; advertising comes in all shapes and sizes. Few would know, though, about the web of complicated administrative procedures needed for advertisements to be licensed. From the efforts of Project 30, however, the web is about to be swept away.

There are as many as 11 administrative procedures regarding licensing of advertisements, regulated in 10 different legal documents. They are among the most complicated

procedures in Vietnam. For example, to obtain a license for an advertisement on buses in Hanoi, the advertiser must submit a range of papers to a range of different offices, including a permit request, the business registration certificate, an official submission to the Department of Transport and Public Works (DTPW) seeking approval for advertising on buses, written approval from the DTPW, a list of buses to feature the advertisement, copyright registration certificates for brands appearing in advertisements, brand use confirmation, and a certificate of goods quality.

After interviewing 12 enterprises in the field, the Project 30 Advertising Working Group concluded that the licensing procedures are cumbersome and inefficient.

Firstly, the procedures directly limit the chance of success for enterprises. Factors relating to timing and commercial secrets in advertising new products or services will be affected by the long time it takes for a license to be granted.

Secondly, the aim of such procedures is to prevent outdoor advertising becoming an eyesore in the urban environment, yet they fail to do so. Worse still, up to 90 per cent of outdoor advertisements are unlicensed, according to industry insiders.

Completing all procedures is a very costly exercise. The working group found that advertisers must spend between VND8.4 million (\$430) and VND35 million (\$1,794) to obtain a license for an advertisement, depending on the size and advertising type.

The Working Group has suggested the abolition of five groups of administrative procedures in the field. Licenses for advertisements on billboards and panels for normal goods and services, as well as for specific sectors such as health, agriculture, and rural development, should be replaced by advertising standards with specific requirements regarding content, form and size. Licenses for advertisements on banners, vehicles, illuminated objects, aerial objects, and objects in rivers or lakes should also be replaced by standards, with enterprises only needing to register prior to advertising the products or services.

It is also recommended that procedures for granting

permits for advertising supplements and procedures for the extension of permits for advertising on billboards, panels, and means of transport for normal products and services be replaced by an “inspection”, to ensure that provisions relating to advertising standards are met.

More expected

Advertising companies, meanwhile, expect more to be done in the process of simplifying administrative procedures in the industry.

“A comprehensive change of thinking is required,” said Mr. Ha Dinh Thai, Chairman of the Board of Management at the Ha Thai Advertising Company in Hanoi. “Advertising has not been recognized as a genuine industry. In provisions on sanctions, advertising is sometimes treated in the same manner as social ills. With such a view, advertising procedures have become too complicated. Advertising companies have tried to avoid them and do not recognize many of their advertisements as assets.”

A situation seen recently in Hanoi is typical of what can happen when local rules rather than national rules apply. When Ha Tay province merged with Hanoi, regulations on advertising were issued and applied to all of the expanded Hanoi. Billboards were to be no larger than 120 square meters each, meaning that some 200 billboards of 200 square meters each, previously permitted by the Ha Tay Provincial People’s Committee, became “illegal”.

This change in regulations created many difficulties for advertising companies. They had to renegotiate contracts with customers and incur the cost of reducing the size of or rebuilding the billboards. Most companies deliberately ignored the new regulations and simply allowed the billboards to become “illegal”. In the “old” Hanoi, meanwhile, are many unlicensed billboards, some in excess of 200 square meters.

“It is commendable that many unnecessary advertising licensing procedures have been removed,” said Mr. Thai. “But if provincial people’s committees still have the authority to issue local regulations then any streamlining will not have the desired effect. We need management agencies to consider advertising as a normal industry that is also encouraged and assisted to develop.” ■



Easier installation

Vietnamobile (VNM) is a new player in Vietnam's telecommunications market and has installed thousands of base transceiver stations (BTS) nationwide, obtaining a quality certificate for each. Other major players like Viettel, Vinaphone and MobiFone, who have tens of thousands of BTS throughout the country, must also deal with this administrative procedure each time a new BTS is installed.



Customer services at a telecom office in Hanoi

HOANG ANH

This issue was brought to the attention of the Project 30 Working Group on Telecommunications and Intellectual Property by telecommunications companies. The thrust of the issue is why companies must obtain a quality certificate for each and every BTS. Do all BTS, they ask, especially those in mountainous areas and offshore islands, pose a radiation threat to the population?

Companies wonder whether Government authorities verify BTS quality seriously or whether it is simply a bureaucratic step. Furthermore, companies ask that a technical examination of BTS be part of the process of granting a verifying certificate. Regardless, it is essential to clearly define the responsibilities of organizations verifying BTS quality.

It is necessary to reduce the number of BTS being directly examined and verified and have clear stipula-

tions on examination and verification fees to ensure they do not go beyond those currently applied by the Ministry of Finance.

When reviewing the procedure the Working Group discovered it had bothered enterprises for many years, and has proposed it be simplified. In June the Government issued Resolution No. 25/NQ-CP requiring the Ministry of Information and Communication to adjust the procedure before December 31, 2010.

Mr. Tran Manh Hung, Partner at the Baker & Mackenzie Vietnam law firm, a member of the American Chamber of Commerce in Vietnam (Amcham), said that simplification would reduce the effort expended by telecommunications companies in following the procedure, especially those that have recently joined the market.

According to the Working Group's proposal, BTS in mountain-

ous areas and on offshore islands, together with those far from residential areas or with low capacity, will not require verification. Telecommunications companies need only announce installation and be responsible for the quality of their BTS. Government agencies will examine the BTS after installation. Experts say the simplification will help telecommunications companies save between VND30 billion and VND75 billion each year, equal to 60 per cent of total administrative procedure costs.

Another issue for the telecommunications sector is the requirement to report on internet service provision to Departments of Information and Communications and the Ministry of Information and Communication. Enterprises complain they have spent billions of VND on this monthly report. Many are tired of doing so and have even sent identical reports for a number of months.

To simplify the procedure, the Working Group suggested that reporting frequency be reduced. Companies with a large market share will have to report every three months and others every six months. The report is to be submitted online rather than a paper copy being lodged with departments or the Ministry. The government also asked the Ministry to simplify this procedure prior to December 31, 2010.

Mr. Hung said that during the review process the Working Group, led by AmCham representatives, cooperated with domestic and foreign organizations on reviewing and proposing simplification measures that ensure suitable management by the Government.

The group also joined the Project 30 Special Task Force in working with the Ministry of Information and Communications and the Ministry of Science and Technology to propose final simplifications to the government. ■

SIMPLIFYING PROCEDURES FOR RECORDING INTELLECTUAL PROPERTY REPRESENTATIVE SERVICE ORGANIZATIONS

Recording intellectual property representative service organizations is one procedure that the Working Group proposed for simplification. Under the proposal, the Ministry of Science and Technology, on July 30, 2010, issued Circular No. 13/2010/TT-BKHCN to simplify the procedure. The new Circular removes the requirement for organizations to report on charges for intellectual property services. It also shortens the time for completing the procedure from one month to 15 days from when all necessary documents are received.

Experts predict savings of VND18 billion, or 31 percent, each year for enterprises after the simplification.



Telecommunication companies seek greater convenience when installing base transceiver stations



Testing transparency

NGHE NHAN

Metro Cash & Carry has been successful in expanding their distribution network in Vietnam, with 12 outlets opened nationwide so far. But few people may know that the German distributor faced many difficulties in completing the necessary administrative procedures to open new outlets. The issue is not just the volume of administrative procedures but also the lack of transparency in the process.

"Although Decision No. 10/2007/QĐ-BTM opened the door for foreign service providers to access the domestic distribution market from January 1, 2009, the establishment of a wholly foreign-owned distribution company continues to face obstacles in the form of administrative procedures at both local and central levels," said Mr. Alain Cany, Chairman of the European Chamber of Commerce in Vietnam.

The Economic Need Test (ENT) is the biggest obstacle. Under Vietnam's commitments in joining the World Trade Organization (WTO), it has the right to apply an ENT, which includes identifying the actual needs of the local market, to permit or reject an application from foreign invested enterprises (FIEs) to open subsequent distribution outlets. This is a technical barrier to protect domestic distributors from competition from FIEs, who are stronger in capital, trademark and experience. Though not really liking the measure, FIEs accept it as a part of the game, as it is also implemented elsewhere around the world.

However, what concerns FIEs most is the power of local authorities in implementing the ENT. As central regulations only vaguely explain what an ENT is, local authorities are the main bodies specifically considering the criteria to be met. Understanding and



Customers have a wide choice at the Metro supermarket

implementation of the ENT are different from place to place and in general have no sound basis.

"Existing legal documents contain only minimal explanations about the ENT," said Mr. Cany. He suggested the Vietnamese government make administrative procedures relating to licensing new distribution outlets more transparent. He added that an ENT must be based on objective measures and not on arbitrary decisions.

The Vietnam Retail Association (VRA) also shares this concern. VRA President Dinh My Loan said that transparent and detailed regulations [on establishing new distribution outlets] were essential for creating a fair business environment. "We want consistent regulations as a basis for enterprises to conduct business," she said.

The ENT was not listed among procedures to be simplified in the first stage of Project 30. However, FIEs continue to include it in their suggestions for improving the investment

environment.

The Ministry of Industry and Trade is dealing with the suggestions. The latest draft of a new decree on retail operations provides more details on the ENT. They include the number of existing outlets, market stability and population density. Each city or province will develop a retail master plan as a basis for local ENT examination committees to decide on the licensing of new outlets. Although it is only in the draft stage, it is considered a positive sign for the future transparency of the ENT.

Another issue that foreign distributors are concerned about is obtaining a business license. Under the Law on Investment, when receiving an investment license investors must also seek a business license. Many foreign investors have pointed out that under Decree No. 23/2007/ND-CP, the contents of the two licenses are basically the same, making the latter unnecessary.

Amendment of this regulation

is being discussed in the process of amending Decree No. 108/2006/ND-CP, guiding the implementation of the Law on Investment.

Many other administrative procedures relating to the distribution sector are also in need of simplification.

But as Ms. Loan pointed out, administrative reform will take time and should be undertaken on an ongoing basis. The most important thing is that Project 30 is improving awareness of administrative reform among regulatory authorities and the business

community. The Project was proving its effectiveness, she said, adding that it shows that more positive changes will come in the future. The participation of enterprises in the Project's activities is essential and needs to be encouraged. ■

Clearing up construction

NGUYEN LONG

While the Law on Construction stipulates that businesses must submit three types of documents in order to gain permission to begin construction (the permit application, a copy of the land use rights certificate, and project design documents) there are, for example, a total of seven procedures required by Hanoi's Cau Giay District. The Deputy Director of the Hanoi Department of Construction, Mr. Nguyen Khac Tho, said that the Department only stipulates the three abovementioned documents, while others, such as demolition contracts, transport contracts, and the agreement of neighbors, etc., can be deemed necessary by districts.

Although the Department does not direct that residents actually carry out these procedures, the reality is that they must nevertheless comply with what district agencies require. If they fail to do so their construction work cannot be carried out, and then a variety of costs will arise as a consequence. This is a small but relevant example of what happens at many agencies in land and construction management in cities and provinces. Solutions regarding excessive administrative procedures in the housing and construction sector have become particularly pressing.

The Director of the Hanoi Department of Natural Resources and Environment, Mr. Vu Van Hau, said that procedures in the field are quite complex so investors often do not have sufficient documents the first time

around, which prolongs the process. There are also so many new rules, circulars, and decrees, which are continuously being amended and issued and which many officials fail to keep abreast of or have a poor understanding of. This causes confusion in the handling of many cases.

Simplifying procedures while ensuring management effectiveness is the principle the Land and Construction Working Group keeps in mind when addressing existing issues in the field. The review report of the Working Group pointed out that "the composition of procedures for building permits have not been fully specified and are unclear, potentially leading to different localities having different requirements, inflicting difficulties and costs on investors and residents when completing administrative procedures."

The working group's recommendations are focused on improving clarity and transparency when individuals or investors seek information on what administrative procedures are necessary. With clear and transparent rules, investors will have certainty when preparing their applications.

The working group also made a proposal on methods for handling administrative procedures, such as continuity between competent agencies and improving Government management and construction planning. If there is sound coordination between Government agencies and clear information about planning activities, investors will face less of a burden thanks to

the elimination of duplicated documents and licensing agencies will be better able to identify whether projects meet the conditions for a construction license. The situation of investors having to go through "many doors" to gain approval from relevant agencies - such as those in charge of planning and architecture, the environment, water supply, dykes, etc. - when applying for a building permit, will cease. Time limits on Government agencies settling administrative procedure will be reduced by half compared to existing regulations.

Regulations on "validity period" or "commencement of construction" under existing provisions for construction permits are also under discussion for amendment by the Working Group. Unified regulations on fees for licensing processes throughout Vietnam are also being proposed to the government, to end the situation whereby each local government has its own rules.

Under Resolution No. 25, the Government decided to abolish regulations on time limits on the validity period for the commencement of construction in building permits because, in accordance with the current legislation, if an investment project is inefficient or slow in progress, its license will be revoked, or if the use of the land is ineffective, the land will be reclaimed. The resolution also abolished construction fees because the Government actually collects taxes when investors begin construction and otherwise do business. ■



Changing lives

QUOC TRUNG - LUU QUANG



Vietnam has great potential for the development of afforestation projects under the Clean Development Mechanism. Pic: HH

In early 2008 the family of Ms. Bui Thi Nham, a 57-year-old woman from the Muong ethnic minority residing in Cao Phong district's Xuan Phong commune in northern Hoa Binh province, was allocated 6,000 square meters of land for planting acacia under the afforestation and reforestation clean development mechanism (AR-CDM) project. Each year for the past three years her family was given fertilizer and technical instructions and received partial reimbursement of expenses incurred while nurturing the acacia forest from the project.

Ms. Nham recalled that many years ago the region was uncultivable wasteland and local people struggled to survive. After the commencement of the AR-CDM project in February 2008, which was jointly carried out by the Ministry of Agriculture and Rural Development's Forestry Agency and the Japan International Cooperation Agency (JICA), with capital sup-

plied by Honda Vietnam, the region witnessed a complete turnaround.

The acacia trees are now in a fair state of growth and local people have acquired stable employment. Ms. Nham said she was happy that her family has a stable source of income from forestry products and will have earned substantial profits when the AR-CDM project wraps up.

The project's land is now fully covered with acacia trees and has been recognized by the International CDM Projects Steering Committee as a model CDM project and by the United Nations as the first successful CDM project in Vietnam and the second in the world behind a similar endeavor in China.

Untapped potential

According to the project developer, after 17 years the project will be able to generate more than VND25.5 billion (over \$1.2 million) in total revenue, of which more than VND22 billion will come from forestry products

and the remainder from selling carbon emission credits, not to mention the many other benefits in the form of stable job creation, environmental protection, and diverse forestry-related resources.

Industry specialists say that with more than 5 million hectares of wasteland and bare hills Vietnam has great potential for developing similar projects throughout the country and all share equal potential.

Ministry of Natural Resources and the Environment (MoNRE) assessments say that Vietnam has tremendous potential for CDM development, particularly in the fields of energy (wind power and hydropower) and forestry (afforestation). The Ministry's estimates show that, if things go smoothly, CDM projects could bring in a net income of \$250 million during 2008-2012.

According to the Vietnam Energy and Environmental Consultancy Joint Stock Company (VNEEC), the consul-

tant to one CDM project, the net value hydropower CDM projects gained from selling carbon emission credit rights was approximately 20-25 per cent of the net value from selling power.

Putting capital into CDM projects is a promising investment opportunity, as Vietnam possesses great potential in renewable energy and afforestation projects. However, the country is currently home to just 26 recognized CDM projects, nearly half of which are hydropower projects.

Simplifying procedures

After a careful survey, the Working Group, which is in charge of reviewing the progress in administrative procedures simplification in the CDM field, came to the conclusion that Vietnamese businesses were facing myriad difficulties in accessing CDM projects' foreign loan packages earmarked for combating climate change. This has made Vietnam-based CDM projects less attractive in the eyes of investors compared to similar projects in other countries.

VNEEC's Deputy Director Dang Hong Hanh said it took a great deal of time for investors to obtain a license for a CDM project. Furthermore, under current laws CDM projects benefit from many investment incentives such as corporate income tax reductions or exemptions, lower land rentals, and easier access to Government credit, but it is often quite difficult for businesses to ac-

cess these incentives.

The Working Group's survey results show that, to have a Vietnam-based CDM project registered abroad, businesses must prepare procedures asking for a Project Idea Note (PIN) and a Project Design Document (PDD).

It currently takes 75 days to get through these two procedures, of which the latter takes 50 days. Meanwhile, the time required is much shorter in other countries, such as in Australia, where it takes only ten days to obtain a PDD, or in India, where it takes at most 60 days to complete both procedures.

Apart from this, the mechanism to have a CDM project approved in Vietnam is quite complicated and is handled by a steering committee consisting of 18 members from 14 different Government agencies, mainly from MoNRE. The committee's appraisal meetings are held infrequently and there is yet to be any regulation on timeframes for issuing the results of appraisals, thus prolonging projects' evaluation process. It therefore takes at least six months or even several years for a CDM project to complete the legal setup stage, with total costs exceeding VND500 million (\$25,000), according to the Working Group.

After completing the survey and receiving feedback from relevant agencies, the Working Group proposed simplifications to the steering committee's approval process. Accordingly, when an administrative

procedure is scrutinized, the approval committee may only consist of members from Government agencies relevant to CDM projects' investment fields. The steering committee is also required to hold meetings on a periodic basis with clear processes.

The Working Group also recommended using evaluation results of projects to issue investment licenses, as technical standards were already checked during the licensing process.

The Working Group expressed the view that, since under the Kyoto Protocol the host country has the right to decide on the criteria applied in project approval, Vietnam should introduce simple approval criteria for CDM projects to woo foreign investment and to enhance Vietnam's competitiveness over other countries in the region and the world.

These proposals have not yet received the go-ahead from MoNRE and the Government's Resolution 25 does not include any amendments to CDM-related administrative procedures.

However, lawyer Nguyen Hung Quang, the head of the CDM working group, said that MoNRE, after discussions with the working group and relevant parties, had agreed to further simplify administrative procedures to facilitate the implementation of CDM projects. The Ministry is preparing a fresh circular on CDM projects, which the business community expects will help remove obstacles that delay the licensing. ■

“ The Kyoto Protocol on greenhouse gas emissions reduction (ratified by Vietnam in 2002) has presented diverse cooperative mechanisms with the aim of lowering greenhouse gas emissions in developed countries while in the meantime supporting sustainable development in developing countries. The Protocol set out three cooperative mechanisms, including CDM, which helps developed countries realize part of their obligations through investing in reducing greenhouse gas emissions in developing countries.

According to the United Nations Framework Convention on Climate Change Secretariat, as at May 25, 2010 there were 2,211 CDM projects registered worldwide. China has taken the lead, with 851 projects, accounting for 38.5 percent, followed by India with 507 projects, or 22.9 percent. Brazil is in third position with 172 projects, or 7.9 percent, followed by Mexico with 121 projects, or 5.5 percent, and Malaysia with 81 projects, or 3.7 percent. Vietnam has reported 26 projects, around 1 percent of the total.

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Streamlined mining

HONG HA - LE CONG

Vietnam boasts great potential in natural minerals, with about 500 mineral deposits already discovered and mines home to about 60 assorted minerals, of which many have a high economic value, such as petroleum, coal, apatite, iron, titanium, bronze, bauxite, lead, zinc and some others used to produce construction materials, ceramics and glass. Only 56.7 percent of the country's mainland has been explored for minerals, and then only to a depth of less than 100 meters.

Over the past few years mineral exploitation has been a burning issue in many localities nationwide. Despite complicated investment procedures, Vietnam is currently home to 1,700 mining enterprises with over 3,500 mining licenses granted and over 6,000 operational mines.

Under the government's decision on mining development to 2020, the mining industry remains prioritized for development, with a focus on continuing exploration of the country's mineral reserves with effective mining plans and quality processing to ensure the industry's sustainable development. Foreign investors have shown a great deal of interest in Vietnam's mining

industry, with investor numbers still on the rise.

Because of the industry's complicated administrative procedures, the Working Group on Mining has focused on revising six important procedures that must be completed by any mining business. The revision aims to create transparency and convenience in licensing procedures, ensuring that the Government and the community benefit from mineral exploitation.

The procedures include: licensing mineral surveys, licensing mineral exploration, applications for mineral reserve approval, licensing mineral processing, and licensing minerals collection.

The Working Group has identified some specific problems.

Firstly, mineral surveying mainly focuses on researching documents on geological information and conducting on-site surveys at zones that are thought to be potentially mineral-bearing. This activity is mainly undertaken by geological groups backed financially by the Government, which collect fees from its provision of surveyed information.



Stone exploitation in Dak Lak province. Pic: Hoang Long

Most organizations use such information in their subsequent mineral exploration and exploitation. Thus, there is almost no participation by the private sector in such surveys. In fact, organizations and individuals often apply for a mineral exploration license along with the mineral surveying procedure to apply for a mineral exploration license.

Second, under the law, the basis for an investor to be granted a mineral exploitation license includes “a mineral reserves report, a feasibility study report, an environmental impact study or the registered form for environmental standards verified or confirmed under the law and applied to an application for an exploitation license.” The Government management body has information about mineral reserves, so this administrative procedure is considered unnecessary.

Additionally, when any investor makes a decision on the exploitation of minerals, they must have sufficient information about reserves, which they either ascertain themselves when they conduct the exploration and survey, or by using exploration results previously obtained by relevant bodies. An investor cannot make proper investment decisions without accurate information on mineral reserves.

International experience shows that the mineral laws in many countries around the world prescribe no regulations about granting a mineral survey license, but rather a combined mineral survey and exploration license.

Third, mineral processing is a post-mining activity, so it should abide by general regulations applied to processing and production activities.

In order to protect and effectively utilize the country’s mineral resources, the Government needs to strictly manage the exploitation of minerals. As for processing, the Government needs to issue regulations on processing and technology, the types of minerals allowed to be imported for processing, minerals to be extracted for processing, and other technical standards. This procedure (mineral processing) aims to limit illegal exploitation activities. However, the procedure is controlled by inspectorate agencies and another administrative procedure.

Government regulation of mineral processing activities can also be seen in the management of the business registration, investment applications, and the appraisal of environmental impact studies for mineral processing projects. Therefore, the administrative procedure for licensing mineral processing fails to meet the abovementioned target.

With this analysis, the Working Group has tabled three proposals: 1) the removal of the mineral survey license, with it only being necessary to apply for a mineral exploration license to conduct both a survey on and exploration for minerals; 2) the removal of the procedure approving mineral reserves and replacing it with another procedure that will involve submitting mineral reserve documents and dossiers when applying for a mineral

“ The transfer of mineral exploration licenses is permissible when an entity has been granted an exploitation license via a tender for exploitation rights. This new regulation aims to curb speculation in mines and minerals. ”

exploitation license, so that licensing agencies can consider and appraise the application before issuing the license; and 3) the replacement of the existing procedure on granting mineral processing licenses with a licensing procedure under the investment and enterprise laws, so as to reduce administrative procedures while still ensuring the aims of the mineral processing license.

These proposals have already been discussed in detail with the Ministry of Natural Resources and the Environment (MoNRE). According to the Working Group, if these procedures were simplified, a sum of at least \$900,000 could be saved on each investor application.

Lawyer Nguyen Hung Quang, Director of the law firm NH Quang and Associates, which is a member of the Working Group, said that MoNRE had recognized the Working Group’s recommendations after discussions.

Under the Government’s Resolution 25 promulgated in June 2010, the mineral surveying and processing licenses were officially withdrawn. Moreover, three other procedures, dealing with exploration, exploitation, and the extraction of minerals, were also revised to make them more appropriate.

The authors of the draft Minerals Law have also received and incorporated into the draft the views on Government management in the sector, which have been recommended by the Working Group.

According to Minister of Natural Resources and Environment Pham Khoi Nguyen, in the draft Minerals Law (approved by the National Assembly on November 17, 2010) the regulation on granting a mineral survey license has been withdrawn. Instead, in order to conduct on-site surveys and select areas on which to apply for an exploration license, prospectors need only seek approval from the relevant provincial people’s committee.

The draft law has also added a regulation that the transfer of mineral exploration licenses is permissible when an entity has been granted an exploitation license via a tender for exploitation rights. This new regulation aims to curb speculation in mines and minerals.

The right of individuals to inherit mineral exploration rights has also been removed. Instead, enterprises are allowed to inherit this right when they change company type or restructure under the Enterprise Law’s regulations. ■



A bumpy road

After the Government enacted Resolution No. 25 in June, in July the Ministry of Transport (MoT) issued decisions on the amendment and removal of a raft of administrative procedures in the transport sector. While the move expresses MoT's determination to facilitate the process of reforming transport procedures, more work needs to be done.

HOANG ANH

Time and cost effectiveness

Inland transport is a conditional business sector, in which any operator is required to keep records and seek business licenses. Transport businesses, cooperatives and individual operators must also satisfy myriad technical requirements relating to their transport vehicles, emissions, environmental protection issues, driver and business owner qualifications, driving licenses, and numerous other sub-licenses.

There are also specific requirements in place for each type of transport business, such as passenger transport vehicles running fixed routes, which need to have daily travel records and license stickers granted by local transport departments.

Despite the presence of administrative procedures, Vietnam's transport sector still grapples with numerous problems. Legislation specialist Mr. Dau Anh Tuan from the Vietnam Chamber of Commerce and Industry (VCCI) said that transport administrative procedures had failed to ensure safety, improve transport quality or reduce road accidents. Although part of the procedures were recently simplified, transport businesses complained of having to wade through many difficulties to complete them.

Transport businesses say they



Traffic on Saigon Bridge

would therefore be very happy with procedures either being simplified or removed, to make doing business more straightforward.

Chairman of the Vietnam Automobile Transportation Association (VATA) Nguyen Manh Hung said the implementation of Project 30 was welcomed by the business community, particularly in the transport sector. For instance, merging procedures on road registration and enumeration into only a single step had helped transport business

save time and money.

The Project 30 Transport Working Group has selected six procedures for prioritized simplification. It estimated that over VND80 billion (\$400,000) is spent each year by transport companies on these procedures, and that simplification would save around 93 per cent of spending, or around VND75 billion (\$375,000), annually.

Mr. Hung added the benefits would be even greater if reforms to

these six and other procedures in the transport sector were carried out quickly and concurrently.

Long haul

In the view of businesses, simplification of transport administrative procedures will take longer than in other sectors due to its specific nature.

The process is not being helped, though, by new procedures being introduced that simply add to the difficulties. Despite its strong commitment to accelerating administrative reforms throughout the transport sector, the MoT has recently enacted Circular No. 14/2010/TT-BGTVT on the operation and management of bus transport. An example of the difficulties it places on businesses is in regard to route maps. In the past, businesses negotiated with each other over route maps and were then required to submit reports to local transport departments. Under the new Circular, however, local transport departments will decide on route maps before making them known to the public. As a result, Mr. Hung said, transport businesses have no voice at all over the maps.

In another example, the MoT made public some 500 bus stops throughout the country a decade ago. However, under the new regulation, buses are only allowed to pick up and set down passengers at bus stations. What's more, questions have been raised as to what MoT will do with the existing 500 bus stops.

VATA is now seeking opinions from transport businesses before submitting proposals to MoT. "Project 30 is definitely thought of highly, but it will not work if it's not applied in practice," said Mr. Hung. ■

Key reforms for business

1/ Reforms in investment: Investors can apply online for business registration. An enterprise code will be granted to each enterprise, which they shall retain for the life of their operations and which is used for all tax declarations and payments. Fees for business registration will be standardized throughout the country. Investors will only be required to submit a set of documents to the head competent body: the business registration agency of the Department of Planning and Investment.

2/ Reforms in taxation: (1) procedures relating to invoices have been reformed, allowing enterprises to print their own and, instead of having them registered, are only to notify the Ministry of Finance upon issuance. The use of self-printed invoices will help save nearly VND400 billion per annum; (2) for procedures relating to tax declarations and tax payments: classifying taxpayers will reduce the frequency of tax declarations and tax payments and help save businesses some VND1,068 billion per annum.

3/ Reforms in customs: customs procedures for imports and exports have seen reforms, including modernization by expanding the electronic customs system, the deployment of a national "one-stop shop" mechanism linking ministries and agencies, and replacing registration with notification for certain procedures, such as "registration of processing contract", "registration, adjustment, and inspection of norms", and "registration for operation of customs agents". These will help save businesses VND565 billion per annum.

4/ Reforms in construction: regulations on the collection of construction fees and on the "effective time of construction commencement" in construction licenses have been withdrawn, as has the requirement to renew construction licenses, helping save VND1,400 billion per annum for individuals and businesses.

5/ Reform in banking: There are 15 types of procedures to be simplified, reduced, supplemented, or clarified to ensure clarity and greater convenience while maintaining security in this sensitive business sector. In particular, the requirement of "other applicable documents upon request by the State Bank of Vietnam" in procedures relating to the activities of foreign banks in Vietnam, which was extremely vague and at times made it difficult for banks, has been abolished. This was very much appreciated by foreign banks.

6/ Reforms in judicial affairs: it is proposed to withdraw the requirement for public notarization and the certification of copies of contracts and transactions relating to real e-government, which may help save VND2,708 billion per annum and shorten the time required for real e-government transactions.

7/ Reforms relating to labor, invalids and social affairs: intervention by administrative agencies will be gradually cut in respect of enterprises, such as the procedure for the registration of pay scales and payroll of non-government enterprises and the procedure for the registration of collective labor agreements, helping to save about VND163 billion per annum.

8/ Reforms in social insurance: the settlement procedure has been changed, with a proposal that the 2 percent of social insurance expenses for sicknesses and maternity shall no longer be paid by employers and instead be assigned to a social insurance agency for payment, in order to ease the burden on employers, helping to save more than VND319 billion per annum.

9/ Reforms in advertising: procedures for issuing licenses for advertising on billboards and the like for normal services and goods, healthcare and agricultural goods and services, have been replaced by a requirement that a notice be submitted by enterprises prior to releasing an advertisement together with a commitment to comply with the law as regards planning, content, and form of advertised products. This will help reduce procedures, cut costs, and facilitate product success in the market, while still ensuring Government control. Business should save some VND272 billion per annum.

10/ Reforms in transport: intervention by administrative agencies in the operation of transport enterprises has been cut in inter-provincial bus transport. Government control will be maintained but not directly in the activities of each transport enterprise. This will help save about VND120 billion per annum.

(Source: Contents of Resolution No. 25/NQ-CP from the Government dated June 2, 2010, on the simplification of 258 administrative procedures within the management of ministries and agencies, and Resolution No. 45/ND-CP from the government dated November 16, 2010.)



Strengthening dialogue

When Project 30 entered its final phase, the Advisory Council, the Vietnam Chamber of Commerce and Industry, and the Central Institute for Economic Management conducted a survey among business associations nationwide that found that Project 30 has attracted a great deal of attention from the business community.

Awareness of Project 30

According to the survey, more than 65 percent of business associations reported they heard about Project 30 regularly. None said they had never heard about the administrative procedures reform project. There were no significant differences among associations in regard to awareness of the project.

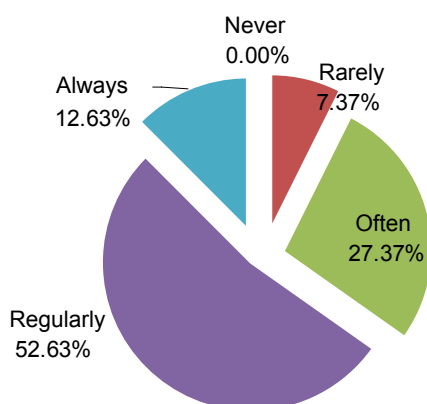
Most associations said they learned about Project 30 through the media, accounting for 76 percent. The second source was local authorities, with 46 percent of associations saying they received information on the project through this channel. About 42 percent learned of Project 30 from meetings and conferences, and nearly 24 percent by working directly with Government employees.

The results of the survey show that business

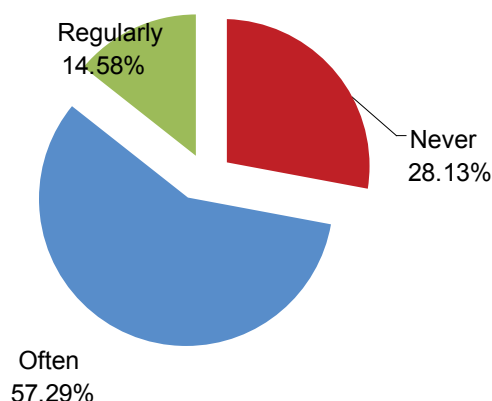
associations are not only hearing about Project 30 but also taking part in the implementation of the reform project. According to the survey, 14.6 percent of associations said they became involved regularly in implementation and more than 57 percent said they were involved occasionally, while 28.1 percent said they had never taken part. Most associations involved were national or provincial in scope, accounting for 61.5 percent, while 46 percent of associations that had never taken part in the project were those in specific sectors.

The survey found that associations mostly took part in the project by raising the issue of difficulties and obstacles they faced in going through administrative procedures, accounting for 65.2 percent, while 46.4 percent participated in meetings and conferences on administrative reform. About 33 percent commented on complicated and unnecessary procedures and 24.6

Awareness of Project 30



Involvement of business associations in Project 30 activities



percent attended conferences on the launch of the national administrative procedures database.

More than 50 percent of associations have not yet been directly involved in the implementation of project, instead being passive observers.

Nearly 48 percent of associations thought reviewing and rationalizing administrative procedures were the most significant activities. More than 35 percent believed the most significant thing was that people had the opportunity to become involved in administrative reform.

This indicates that the business community appreciates the process of reviewing and proposing reforms to administrative procedures and that they are also waiting for movement in the reduction of existing administrative procedures.

Role of Advisory Council

But while associations know about Project 30, awareness of the Advisory Council was very modest. Only 29.5 percent of associations heard about the Council regularly, while 44.2 percent said they heard about it occasionally and 10.53 percent said they did not know about the Council.

However, associations that have heard about the Advisory Council appreciate its role, such as: 1) recognizing difficulties and obstacles in business development as well

as reviewing and proposing reform of administrative procedures; 2) strengthening the role of the business community in the administrative reform process; 3) encouraging all sectors to take part in the implementation of Project 30; and 4) strengthening the efficiency of Project 30's Special Task Force.

Based on the survey results, the Advisory Council is widely considered to be very helpful in the business operations of enterprises. But associations proposed to improve the role further by allowing representatives from associations and industries to join the Council. More than 80 percent of associations said they were ready to join the Council.

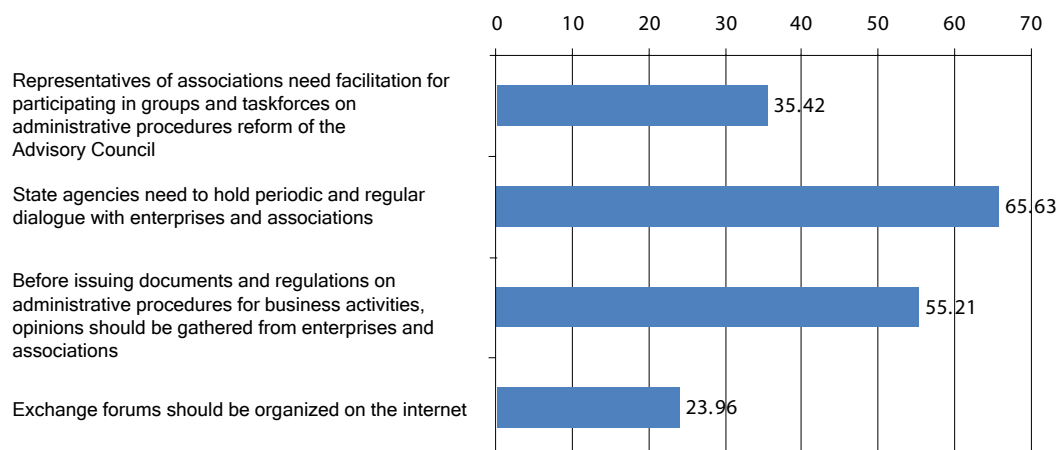
Future expectations

According to the associations, there are four important factors in the success of administrative reform. First, enterprises must have more opportunity to become involved in the process. Second, regulations on implementing the reforms need to be strengthened. Third, the capacity of public servants needs to be improved. Finally, there needs to be a system to effectively control the reform process.

The associations also proposed the holding of more dialogue with Government agencies and they also wish to comment on legal regulations when they are issued in the future. Furthermore, representatives of associations want to join the Working Groups implementing the reforms of the Advisory Council. ■

Effective modes for associations to participate in activities for administrative procedures reform in the future

Unit: Ratio %





PROJECT 30 IN HANOI

Efficient methods

In implementing Project 30 the capital Hanoi tackled many overlaps in procedures caused by its recent expansion.

HIEN CHI



Hanoi officials announce results in streamlining administrative procedures

Although Project 30 began at the same time Hanoi was extended to triple its original size, the capital nonetheless successfully completed its review of administrative procedures. Up to 71.2 percent of the 1,816 administrative in the city have been simplified to date, or more than double the Project's target.

The most efficient method used in the process was piloting. In the first phase, which tallied procedures, the city's Project 30 working group select-

ed five out of 29 districts and five out of 577 communes and wards to conduct pilot counting of local administrative procedures. An initial set of administrative procedures collected from the pilot was then sent to other districts, wards and communes for comparison as well as to the city's departments for review. It was then submitted to the city's Chairman for implementation approval.

Before being implemented in all offices, the eight-member Working

Group trained leaders and officials at all departments, districts, wards and communes on tallying their administrative procedures. It also supervised offices to quickly correct any mistakes. "This helped offices to improve their awareness of administrative procedures reform and their contribution to its success," said Mr. Mai Thien Thanh, Deputy Head of the Internal Administrative Affairs Department under the Hanoi People's Committee, who is also a member of the working group.

By the end of the first phase, 1,811 administrative procedures were announced and implemented in the city. They included 1,360 procedures at departments, 296 at the district level and 155 at wards and communes.

In the second phase, conducting simplification, three districts and three wards and communes were involved in a pilot project. The Working Group organized 33 workshops in certain sections of 23 offices in the piloted departments, districts, wards and communes. After each workshop the offices continued to review and simplify their procedures. In particular, the city People's Committee selected two officials from each office together with invited experts to review the procedures.

"During these workshops the most reasonable simplifications were identified by discussion and debate," said Mr. Phung Van Thiep, Deputy Head of the city's Department of Home Affairs and Deputy Head of the Working Group. "When examining offices, the Working Group asked leaders to participate, pointing out any mistakes and requesting the process be redone where necessary. Many offices that had been ignorant in the beginning became more aware and made significant progress."

Results improved as a result. For instance, the ratio of procedures to be simplified increased from 30.3

percent in initial suggestions from the Department of Transport to 43.3 percent, and from 30 percent to 40 percent at the Department of External Affairs.

By the end of the second phase, some 146 procedures were recommended for abolition, 1,101 for amendment and 45 for replacement. Some departments and districts saw simplification ratios exceed 80 percent.

This was a very impressive result given that Hanoi had just been extended to include neighboring Ha Tay province. Many regulations and procedures between the two were found to overlap, particularly as regards investment, resource management, the environment, construction and urban management. Information technology systems in use were also different among departments and offices, presenting problems in data tracking.

The determination and effort of city authorities contributed greatly to the results. In addition to allocating sufficient material resources to the Working

Group, the city also spent over VND2 billion (\$102,564) on training courses and workshops. The project's activities were published on the city's official website, with links to the websites of departments. The Working Group also received ongoing support from the government's Special Task Force on Administrative Procedures Reform.

Hanoi is beginning with the third phase of Project 30, with the main activity being to issue a full set of regulations. City authorities have asked key officials and experts from offices to cooperate with the Working Group to draft the set, as a basis for departments to advise city authorities on further reforms.

Mr. Nguyen Thinh Thanh, Head of the Hanoi People's Committee Office and Head of the Working Group, said that the city will continue to examine activities in dealing with administrative procedures in offices and focus on further simplifying procedures in investment, land management and economic development. ■

The implementation of administrative reform in Hanoi from 2001 to 2010 in the field of investment has helped to reduce the time required by enterprises in the process of preparing for investment. It previously took enterprises two years to prepare for their investment, while now it takes from five to six months under the "one-stop shop" mechanism, in which the time needed for resolution by the Government agency is four months. This timeframe can also be shortened (by three-quarters) if investors commit to implementing procedures according to due process and regulations. The number of agencies involved has been reduced from 15 to 4.

The application approval rate has increased. Ninety-five percent of State budget projects and 85 percent of private projects were completed on time or ahead of schedule.

Source: Hanoi Department of Planning and Investment



PROJECT 30 IN HO CHI MINH CITY

Real change seen

HOAI NAM



Customers wait patiently at a government office in Ho Chi Minh City

Leading the country in economic and business activities, Ho Chi Minh City also set the pace in administrative reform under Project 30. Local authorities at all levels reviewed 2,504 administrative procedures and recommended the simplification of 1,827, or 72.96 per cent of the total; more than double the target for Project 30

“Project 30 has brought about many benefits to the people of Ho Chi Minh City,” said Mr. Le Hoai Trung, Deputy Director of the Department of Internal Affairs and Deputy Head of the Project 30 Working Group. “The most visible benefit is improvements in transparency and understanding of administrative procedures. In particular, attitudes and responsibility among officials at local administrative offices have improved significantly.”

Most offices in districts, townships, wards and com-

“ According to the Chairman of the Ho Chi Minh City People’s Committee, Mr. Le Hoang Quan, “The results of the review and the simplification of administrative procedures set the requirements for administrative offices and civil servants in the system at all levels in order to best strengthen institutional competition and improve knowledge and professional ability, contributing to building public administration in a modern, efficient, and effective manner and best meeting the requirements of individuals and enterprises.” ”

munes in the City have implemented the “one-stop shop” scheme for completing administrative procedures. Nineteen out of 24 districts are implementing an integrated one-stop shop in land, construction, business registration and tax code registration, with many working under ISO 9001:2000 and ISO 9001:2008 standards.

The best example is the success of authorities in Binh Chanh district in completing 99.46 per cent of procedures on time; a major improvement on its previous tardiness. In other districts such as 3, 11, 12, Go Vap and Cu Chi, the time for completing procedures relating to land, housing and construction licensing has been reduced by 10 to 15 days. The City’s Department of Planning and Investment, meanwhile, has cut the time needed for licensing new enterprises from 15 days to 5.

Ho Chi Minh City first began administrative reforms in 2000, under the National Administrative Reform Program. It was the first locality in the country to trial the one-stop shop scheme, in various offices. In particular, in late 2006 it implemented a one-stop shop scheme for procedures relating to residential housing construction, land, permanent residential registration and legal certification.

But before Project 30 no office in the city could have

provided an exact figure on the number of administrative procedures being implemented or the number being introduced every year. Many procedures and forms were issued without management oversight. Others were unnecessary or impossible to resolve. Procedures in investment, construction, housing and land and enterprise establishment created major inconvenience and cost for individuals and enterprises.

Project 30 was a major push forward for the City in reforming its public administration. “The results of reviewing and simplifying administrative procedures demanded administrative offices and officials at all levels of local government to increase their efforts to improve methods and abilities, to contribute to building a modern and efficient public administration to better serve individuals and enterprises,” said City Chairman Mr. Le Hoang Quan.

Mr. Trung said that the success of Project 30 has brought about practical economic and political efficiencies, helping the City attract more investment. It has contributed to developing a more professional public administration, preventing corruption and waste within administrative offices and creating confidence in local government. This is an important turning point for the City in continuing with administrative reform in the future. ■

RESULTS OF ADMINISTRATIVE PROCEDURES REFORM IN HCM CITY

Total simplified administrative procedures: 1,827 (73 percent), of which:

- Proposed for amendment or supplementation: 915 (36.5 percent)
- Proposed for replacement: 184 (7.4 percent)
- Proposal for elimination: 728 (29 percent)

(Source: Project 30 Group, HCM City)



Bac Ninh: Early reformer

Since the beginning of 2010 Project 30 has been a key item on the working agenda of the Bac Ninh Provincial People's Committee. With this acceptance of its importance, administrative reform in the province has recorded a number of encouraging results.

HOAI NGAN

Early start

The province's efforts in administrative reform began long before the launch of Project 30. In 2007 it conducted a project entitled "To promote administrative reform, increase management capacity, and build a clean and strong organizational structure for Government administrative agencies among local governments", with the goal of building a transparent, professional, and efficient administrative system.

According to the Bac Ninh Department of Home Affairs, the project was an extremely important foundation for the active implementation of the administrative reform plan in 2007 and subsequent years. Earlier on, with technical support from the International Financial Corporation (IFC), Bac Ninh successfully undertook a program to improve the provincial business environment, conducting research and surveys since 2005 to build a "one-stop shop" model for procedures on establishing enterprises. This model helps to save on the time required to complete procedures on establishing an enterprise, contributes to reducing the cost of entering the market and removes barriers for enterprises to do business and invest in Bac Ninh province.

Following on from these successes, at the beginning of 2008 the province continued to work with the IFC to reform administrative procedures in investment, land and construction, focusing on improving procedures and strengthening coordination between relevant Government agencies in resolving issues, which shortened timeframes, reduced any duplication of documents and travel for investors, and contributed to creating a connected process for investors in term of transparency, standardization and convenience.

The efforts of the province have been shown to be in the right direction with these positive changes in the business environment, in particular boosting its position in the provincial competitiveness index (PCI) ratings. From 23rd out of 42 cities and provinces in 2005, Bac Ninh moved up to 20th out of 64 cities and prov-

inces in 2007, ranking among the most competitive in the country and overtaking many provinces that had outperformed it in 2005. In 2008 Bac Ninh then ranked 16th out of 64 cities and provinces, becoming one of the top three northern provinces in improving its business environment. In 2009 it continued to rise in the rankings, coming in at 10th out of 63 cities and provinces.

Reform still the focus

With its experience in earlier reforms, Bac Ninh responded quickly and actively to Project 30. Mr. Vu Ba Rong, Deputy Director of the Department of Home Affairs, said that as at August 17, 2009, the total num-



ber of administrative procedures currently in force at all levels was 1,355. In the review phase of Project 30, Bac Ninh conducted an exhaustive review and recommended retaining 535 procedures and simplifying 43 procedures under the provincial people's committee, including the withdrawal of two procedures. The province also proposed a plan to simplify 585 administrative procedures under the authority of the National Assembly, the Government, and the Prime Minister, including the withdrawal of 190.

Overall, the simplification of regulations for administrative procedures reform in the province reached an average rate of 60.5 percent, exceeding the Prime Minister's target by 30.5 percent.

In addition, the modern "one-stop shop" model has been implemented at the district people's committee level throughout the province, except in two districts: Gia Binh and Yen Phong, which will complete the process in November 2010. In October the provincial

Department of Home Affairs prepared a draft decision for comment on the application of the "one-stop shop" model to commune people's committees, with a pilot in eight selected communes, under the supervision of the provincial people's committee.

At the provincial level, this mechanism is being studied, developed, and applied at the Office of the Provincial People's Committee. Bac Ninh has also introduced cooperative measures in handling procedures regarding investment, land and construction among the Departments of Planning and Investment, Construction, and Natural Resources and the Environment, and the Office of the Provincial People's Committee. The province has also worked with the IFC to conduct training courses in communications and problem solving skills at relevant departments in accordance with the "one-stop shop" policy in several districts, towns and departments, raising awareness among the business community via workshops, and publishing guidebooks for investors to implement administrative procedures in construction investment.

Another important objective is the province's plan to modernize its administration. The Department of Home Affairs is now developing a website to provide information relating to administrative procedures and to keep the public updated on activities under the department's jurisdiction.

The province has so far had 28 offices and units implement quality management systems under ISO 9001:2000 standards. Most departments of the provincial people's committees and all people's committees at the city, town and district level have introduced the ISO standards, with 24 agencies suggesting the amendment of nearly 500 procedures, to ensure that business is conducted rationally and scientifically and in accordance with the provisions of the law while meeting ISO 9001:2000 standards.

Commenting on Bac Ninh's implementation of Project 30, Mr. Ngo Hai Phan, Deputy Executive Director of the Prime Minister's Special Task Force for Administrative Procedures Reform, said that the province has conducted the reform thoroughly and conscientiously, selecting the right targets and using the right methods. Communication activities have contributed to a major shift in the perceptions and methods of officials and public servants as well as of individuals and businesses. ■

Investors hear of investment opportunities in Bac Ninh province. Pic: Anh Minh





Mr. Michael Foster - Acting Mission Director of USAID in Vietnam, talks about Project 30's achievements.

Political commitment crucial

• *How do you assess the current phase of administrative procedures reforms in Vietnam, specifically in relation to Project 30?*

To adopt a market-oriented approach, Vietnam determined that it needed a new wave of reform, with due attention given to the impact of administrative procedures on the investment environment, economic competitiveness, and growth, and Project 30 provides a timely opportunity to do so. Project 30 is considered a priority of the Government of Vietnam and is an effective deterrent to corruption through increased transparency in administrative procedures.

Based on international experience, the Prime Minister's goal of simplifying 30 percent of procedures is a realistic and aggressive target. Equally important, the Prime Minister also set a target of cutting costs by 30 percent, to ensure real improvements for businesses and individuals. We have learned from the Office of the Government that in the first package of 258 administrative procedures, a much higher target of over 70 percent was realized and costs were reduced by an estimated \$300 million. But the private sector will not see the benefits of the reforms until the simplification packages are fully implemented.

• *What do you think about these achievements?*

Such achievements, as well as practical experience, show that political commitment is crucial to the success of this kind of reform. Apart from the massive involvement of thousands of civil servants at different levels, it is worth noting that over 250 Vietnamese and foreign companies have

actively participated with time, money, and other resources in the Advisory Council's 15 working groups. This demonstrates the high level of interest and commitment from the private sector in working together with the Government in the reform process.

A broader communications strategy is very important to build awareness and support for this reform, and we believe that the Office of the Government is making efforts to communicate the progress and results of Project 30 via television, print, and radio to reach civil servants, business, the media, as well as the general public.

• *Can you highlight a couple of areas where USAID has contributed to the development of Project 30?*

Through our USAID/VNCI program we have been pleased to work in partnership with the Office of the Government and provide technical assistance to the Special Task Force, 87 ministerial and provincial task forces, and the Advisory Council. This has helped create a policy co-ordination capacity across ministries and provinces to support administrative procedures reform. Another important goal of our technical work is to support the Office of the Government in the development of a Decree on Controlling Administrative Procedures, which will establish a permanent central agency by the end of 2010 to improve the quality and management of regulations. We also assist the Office in developing Regulatory Impact Assessments on the Decree to demonstrate the costs and benefits of various intervention options and adopt best practice and e-government capabilities from other countries that have simplified their regulatory systems.



• *Can you comment on the main benefits for the business community, in particular foreign investors, from this reform?*

Simpler rules will increase compliance rates by individuals and enterprises and reduce opportunities for corruption. The Government provides services to individuals and enterprises through these rules, and simplified rules make it easier for civil servants to provide better quality services. These are based on full implementation of the simplification recommendations. This will improve Vietnam's competitiveness and increase investment and jobs and support more economic growth.

• *What suggestions would you make on pending matters of Project 30 that the Government should pursue and enforce?*

Project 30's real benefits for enterprises may only be known by the end of 2010 or even in 2011 after the legislation has been fully implemented and taken full effect. Long-term success will largely depend on the current momentum being maintained and the full implementation by Government agencies, guided by the recently approved Administrative Procedures Control Agency under Decree 63.

International experience shows that a high level of political commitment by the Government leadership as well as a central agency with appropriate authority and resources for controlling regulations are critical to sustaining and delivering reform results. ■

NGUYEN LONG REPORTS

Key to success

Project 30 has completed its second phase and recorded very encouraging results. Some 5,421 administrative procedures have been reviewed, with up to 480 being proposed for elimination, 4,146 for amendment, and 192 for replacement. The proposals submitted to the Prime Minister estimate cost savings to business and citizens of \$1.4 billion per year after the simplified administrative procedures are fully implemented through changes in legislation. Individuals and businesses can now view the simplification proposals online and are invited to provide any feedback.

“It is a huge undertaking,” said Dr. Jim Winkler, project director of the United States Agency for International Development’s Vietnam Competitiveness Initiative (USAID/VNCI), which has provided technical support to Project 30. “It is a very ambitious and complex reform because it operates at all four levels of government at the same time.”

It is not only the figures that are impressive. Project 30 has certain characteristics that not only are critical for its success but also signal the Government’s determination to pursue reform into the future.

The biggest change is that the Government has shown a clear commitment through real action. Prime Minister Nguyen Tan Dung has set up an independent unit, the Special Task Force on Administrative Procedures Reform (STF), specifically to implement the process.

The PM also publicly announced that the concrete target of the project was a reduction of 30 percent of administrative procedures and the cost burden on citizens and enterprises.

“The target is consistent with the experience of other countries that we studied, such as South Korea, Mexico, Egypt, the United States, and other OECD member governments,” said Dr. Winkler.

Commitment from the top

Behind the numbers are three key factors for success: political commitment at the top level, a powerful independent centralized agency to coordinate the reform, and transparency.

Foremost is the political commitment by Prime Minister Dung and the heads of ministries and of cities and provinces. Credit is also being given to the Party and the National Assembly (NA). One example of commitment being translated into action is that the Office of the Government updates Cabinet and informs the public on a monthly basis on progress made.

The STF was commissioned directly by the PM to independently review all of the input from regulators and the private sector and make its recommendations for reform to the PM and Cabinet. It provides guidelines and training to all ministries and provinces and provides standardized

forms for them to submit their input to the national database. It also reviews every single administrative procedure independently, taking into consideration the inputs from the private sector and government agencies, and makes a recommendation to the PM. It has worked closely with ministries to make sure there are real - not merely nominal - reductions in costs and difficulties for enterprises.

Change going ahead

While the number of procedures simplified under Project 30 are impressive, it is still too soon to see the effects. It will take some time for the reforms to be implemented and for improvements, if any, to make themselves measurably felt. Feedback from businesses and the public also takes some time to come in.

Also, some reforms require changes to laws and ordinances, which are within the jurisdiction of the National Assembly. To speed up these amendments, USAID/VNCI has assisted the Ministry of Justice to develop an Omnibus Law - altering many laws with a single amending piece of legislation.

“Project 30 is the beginning of the process, not the end,” continued Dr. Winkler. “We have learned that in every country and economy, it is an ongoing challenge to improve productivity by really looking at the costs and the risks of doing business.”

Taking the next step in this direction, the government issued Decree No. 63/2010/ND-CP on June 8, 2010, establishing the Administrative Procedures Control Agency, which will review and simplify procedures on an ongoing basis. Further, every government agency must demonstrate that they are not creating unnecessary burdens and costs for the public with each new procedure.

However, international experts such as the Organization for International Cooperation and Development, which reviewed Project 30, suggest more needs to be done. First, the government can improve its public consultation by enabling a more dynamic discussion of Project 30’s results. Such a mechanism can also help identify and discuss new regulations being developed to ensure they are not problematic for businesses.

Second, regulation can be better integrated across the government. The new agency could take on that role, ensuring Regulatory Impact Assessments are carried out not only in relation to administrative procedures but also at the higher level of laws, ordinances, and decrees. It should have real responsibility and the ability to co-ordinate across the government at all levels. That means the government needs to empower the agency with legal authority, a competent director, and the budget and people necessary to get the job done properly. ■

KIM THAI REPORTS



On the right track

Since June 2010 the Organization for Economic Cooperation and Development (OECD) has worked with Vietnam's Office of the Government in studying and assessing the results of the Government's Project 30 for the 2007-2010 period. Mr. Josef Konvitz, head of the OECD's Regulatory Policy Division, discusses the results.

HIEN CHI



The important thing is that Vietnam has embarked upon a task yet to begin in many other countries. Procedures that are unsuitable can be identified and steps taken to deal with them, and we can confirm that Vietnam is on the right track. Its administrative reform process is being implemented effectively and has received major participation from various agencies at the national and local levels, as well as from different social organizations, individuals, and businesses that can expect to benefit from the project.

I also appreciate the strict guidance from government leaders - Prime Minister Nguyen Tan Dung and the Minister of the Office of the Government Nguyen Xuan Phuc. Political determination makes a difference and lays a firm foundation for success.

Given the results in Project 30 to date, the public has high hopes

for the further simplification of administrative procedures. Such hope also means great challenges. Administrative simplification must therefore be undertaken frequently, or else public confidence will wane. At the same time, the Government needs to promulgate more suitable regulations to solve outstanding problems in its civil services.

The important thing is that we must sustain the results of reform and ensure that problems that have already been solved once do not reoccur. There is also a need for political commitment and implementation frameworks in order to mobilize the participation of all stakeholders and apply the experience learned in other countries.

Key mechanisms to this end have already been established by other countries and have clearly proved to be effective. For instance, thanks to

such mechanisms in reform and collaboration from many different agencies, the Netherlands has successfully reduced its administrative procedures by 25 percent. Mexico has effectively applied information technology in building an online data system, which any interested party can access free-of-charge to find and exchange information.

When leaders and the public share the same vision, reform will achieve results more effectively. During the three years of implementing Project 30 with OECD, Vietnam has shown a progress-oriented attitude and OECD is keen to boost co-operation with the country.

Based on the experience gained from the implementation of similar projects in other countries, the OECD will have a clearer, more objective view and together with the Vietnamese government will draw on its experience and build a strategic framework for the future that is suited to Vietnam's actual circumstances.

Another factor of great importance for effective reform is boosting communication. The public needs to know what the project is and how it is going to benefit society. So it is mandatory for all information to be publicized and for the government to take responsibility for project progress.

However, communication is not always easy. Each project has its own features, so communication must be experimented with from program to program and experience needs to be built up in the different circumstances of each country. For this, the media is an effective communication tool. ■

Lessons from elsewhere

The process of administrative procedures reform in Vietnam, within the framework of Project 30, has drawn international best practice from other countries.

THANH TRUNG

According to Mr. Scott Jacobs, an international regulatory reform consultant, the study of administrative reform processes in many countries around the world reveals the extent that red tape slows down an economy. Excessive regulations lead to mistakes in macroeconomic management and they impact negatively on the economy as a whole.

Mr. Jacobs said that in many countries the cost of red tape is estimated to be 15 percent of its GDP. Meanwhile, although the specific figure is not yet available, he estimated this cost could be up to 25 percent of Vietnam's GDP. Therefore, if Vietnam does not quickly reform its regulations its economy may be faced with a range of difficulties in the future. Vietnam can look to the case of South Korea in the past for lessons.

In 1997 South Korea experienced a financial crisis and the damage was about 13 percent of GDP. The South Korean government saw this crisis as an opportunity to carry out reform and a chance to revitalize its economic development. Thanks to the reforms, including a review of business-related regulations, the South Korean economy grew faster after the crisis. Statistics show that, in just over a year, South Korea abolished 6,000 of its 12,000 business-related regulations.

Mr. Vedran Antoljak, an expert in public administration reform from Croatia, has shared his country's experience in building an electronic registration system for the national administrative procedures database.

In late 2006, the Croatian government implemented the Hitrorez project, to reduce red tape. The target was to eliminate 40 percent of regulations. The electronic registration system was designed as a communication platform between people, businesses, and government authorities. It provides brief and simple explanations about the process for establishing a company, with clear and specific steps. It was reported that the system has helped Croatia save more than \$300 million per year by eliminating red tape.

Vietnam should introduce an electronic registration system and an extensive survey on the satisfaction of users of the system should be carried out after a certain period of time, Mr Antoljak recommended. Although Croatia is a smaller country than Vietnam, he said, it has a lot of experience in administrative procedures reform that Project 30 could learn from.

There are two important lessons to learn from the success of Croatia's reform. The first is the Government's determination in building an e-government model. Croatia was the first developing country to apply an e-government model in a process of comprehensive reform, helping to improve effectiveness. The second is the full transparency and openness of the Hitrorez project. Mr Antoljak said that if all the recommendations from the Hitrorez project were implemented, the total administrative costs saved would be about \$106.7 million, equivalent to 0.22 percent of Croatia's GDP in 2006.

The quality of Croatia's reform has been acknowledged by the European Union (EU). According to the EU, this is the only successful reform project to date carried out in a non-EU member government with support from the EU. In April 2010 the United Nations Development Program (UNDP) awarded the prize for best institutional reform to Croatia's Hitrorez project. ■

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To bring it to life

LAWYER PHAM DUC CUONG

Head of Phu Cuong Law Office

Lawyer Pham Duc Cuong, head of Phu Cuong Law Office, discusses additional activities that are crucial for the successful implementation of administrative procedures reform.

An efficient communications strategy and a strict supervisory and punishment scheme are key elements in the simplification of administrative procedures at the three governmental levels and 24 ministries and agencies.

An efficient communications strategy should have two main parts: promoting information on simplification in the mass media and delivering booklets to individuals.

Besides the national database for Administrative Procedures Reform being published on the internet, it is also necessary to bolster information and communications on radio and TV and print and online media. The main content should be about the rights of individuals and enterprises and the responsibilities of Government administrative officials when completing administrative procedures. As a result, unofficial supervision will gradually proliferate by individuals and enterprises on the performance of officials and Government offices.

A set of 100 to 300 administrative procedures that affect most people or have the highest compliance cost should also be compiled and printed in a booklet. Steps, necessary documents, timeframes, fees, forms and conditions for each of these should be clearly stated. The booklets should be delivered free of charge to individuals and enterprises, especially to people in remote areas with little access to public information or the internet.

A strict supervisory and punishment scheme aimed at Government administrative officials is necessary to prevent and address harassment of individuals and enterprises. This is the key to success in administrative reform because procedure simplifications will be meaningless if Government officials continue to make them

difficult to complete. Such a scheme should include publicizing documents for Administrative Procedures Reform, descriptions of what constitutes harassment, punishment for officials, and building a law on administrative procedures.

Notices with details of steps, necessary documents, timeframes, fees, forms and conditions for completion of administrative procedures should be placed in public areas at Government administrative offices and published on the internet. This will help individuals and enterprises to supervise the performance of Government officials.

Descriptions of what constitutes harassment by Government administrative officials of individuals and enterprises and the related punishment for doing so should also be published in notices placed in public areas at Government administrative offices. Such notices should also include information on the offices in charge of dealing with harassment.

To make reform truly efficient it is necessary to have an independent office supervising the completion of administrative procedures. It should be empowered to cooperate and coordinate with Government offices or courts in dealing with any wrongdoings by administrative officials. An office such as this is necessary because people can now only send complaints to the same office or a higher-level office in the same sector. This makes it very easy for senior officials to cover up any wrongdoings by their subordinates.

And finally, a law on administrative procedures should be created. It must regulate the required steps, the bodies in charge, and examination and supervision over the issuance and implementation of administrative procedures as well as punishment for any wrongdoings. ■

Improving further

MR. DAU ANH TUAN

*Deputy Head of the Legal Department, Vietnam
Chamber of Commerce and Industry (VCCI)*

Although the process of administrative reform in Vietnam has been underway for over 10 years, it has only been in the last three years that real breakthroughs have been made, thanks to the government's implementation of Project 30. From the perspective of a person outside the Government's administrative apparatus, together with experience in participating in several activities of Project 30, I think that the implementation of the project in recent years has had a number of notable features.



Completing procedures for house and land transfers is one of the more difficult tasks people face. Pic: Quoc Tuan

Successes

One highlight of Project 30 is its way of organizing and conducting its business systematically, using appropriate methods. Administrative reform has been conducted extensively at all levels with the involvement of not only govern-

mental authorities at all tiers, but also the political system, with the participation of many businesses, citizens, associations, and experts. This way has delegated specific responsibilities to local and ministry leaders with close guidance from the Prime Minister.

The implementation of Project 30 has applied best practice in reforming regulations from countries around the world. The "Doing Business 2008" report from the World Bank gives two good lessons from the practical experience of different countries. The first is to



delegate the reform task to a governmental agency that is truly independent and powerful vis-a-vis all ministries and agencies. The agency primarily taking responsibility for implementing Project 30 is the Office of the Government, which is different from previous administrative reform programs that were led by the Ministry of Home Affairs. The Office of the Government, with its specific position, and having direct and close guidances from the Prime Minister, should be able to influence all ministries and departments and help expedite this process.

This model has been extended to the provincial level to promote the above strategies, establishing Project 30 working groups at the local people's committee office. Many localities have succeeded with this model of organization. However, according to a survey in a number of provinces and cities, it appears that this model also contains certain limitations, as normally the leadership (the Head of the Provincial People's Committee Secretariat) is a very busy position with a great deal of daily tasks, making it difficult to undertake such a highly specialized task like reforming administrative procedures.

Specific goals on reforming administrative procedures have been set out for the whole system by the Prime Minister, namely "to simplify at least 30 percent of the current regulations on administrative procedures". Although this goal was not as high as that of South Korea in its process of institutional reform, where the President set a target of cutting 50 percent of all regulations currently in effect, this is nevertheless an appropriate and strong approach, conveying a message of dramatic administrative reform to the administrative system at all levels.

The special attention from the Prime Minister is one factor

that ensures the successful implementation of Project 30. There are probably not many programs that receive as regular and as close direction from the Prime Minister as this project. According to figures, during the implementation process the Prime Minister signed and expressed an opinion on 30 different documents. On average, one written instruction from the Prime Minister was issued every month. He also decided to ask ministries, sectors, and localities to prepare monthly reports on the results of implementation. With such active participation by the PM, the administrative and political system becomes positively involved.

One of the most innovative points in the implementation process for Project 30 is the link between implementation results and incentives: rewards, promotions, or appointments of officials as well as disciplinary warnings. This is shown clearly in the guidelines and directions from the Prime Minister. A number of ministries, sectors, and localities that have not been serious or have delayed implementing Project 30 have been named publicly in the media. For example, the Chairmen of Cao Bang, Tuyen Quang, Lang Son, Dak Nong, and Dong Thap provinces were all criticized by the Prime Minister for delays in publishing the administrative procedures under the jurisdiction of departments and sectors in their localities. This was one of the driving forces in expeditiously implementing the process of administrative procedures reform.

Highlights from the implementation of Project 30 over this period include creating a genuine administrative procedures reform "movement", not merely unspecific and unfeasible slogans but helpful targets for businesses towards the important aim of identifying and cutting back procedures and the associated costs for businesses.

Project 30 has adopted a preferred approach to institutional reform: the "guillotine" approach. Some tools such as measures of compliance costs for administrative procedures, "Standard Cost Model" or "Standard Cost Measurement", referred to as SCM, have been commonly applied in many countries around the world, particularly in OECD countries. This is a method of quantitative assessment that measures the costs that businesses, individuals, and society have to bear when implementing administrative procedures, then calculates how many specific costs would be saved and what economic benefits would arise if given administrative procedures were abolished or simplified. Thus, the reform process does not follow qualitative and unspecific objectives but particular economic interests have been defined, measured, and considered.

The administrative procedures reform process under Project 30 has been approached with the attitude that it is not only the Government's task. It is the first time representatives from the business community, VCCI, and a number of leaders from domestic and foreign business associations have been invited to participate directly in the process of administrative procedures reform, in the form of an Advisory Council. Since then the associations have made important contributions, helping in the process of implementation. Some associations have actively established teams and working groups on the reform of those administrative procedures relevant to them.

The Advisory Council model of Project 30 is rated as excellent, since it involved large numbers of individuals and businesses in the process of reforming administrative procedures and at the same time ensured openness, transparency, and community supervision of the



Residential procedures with the Police can be very time consuming

government.

The implementation of Project 30 also focused on the sustainability of the reform process. After collating statistics and conducting a review, the Government issued Decree No. 63/2010/ND-CP dated August 6, 2010 on the control of administrative procedures, in order to detect in a timely fashion and remove or edit inappropriate procedures which may cause complications at a later stage. Under this decree, the Government decided to establish control agencies for administrative procedures at the central and provincial levels, which are responsible for controlling administrative procedures and managing the national database on this field.

Initial achievements

Although the project is currently in the implementation phase, more time should be allocated to assess the positive effects the process is

delivering. Some initial influences can be seen.

The statistics and publication of a set of national administrative procedures at all levels is an important result of this project after the first stage. This has also contributed to standardizing and unifying administrative procedures at all levels and is also the first time that all administrative procedures have been available to the public on the internet.

Although the implementation of Project 30 is in its first stage, it has had a major impact on the capacity and quality of the State apparatus at all levels. Project 30's implementation process has also created opportunities for many staff to attend training and professional guidance courses, so that the capacity and qualifications of government officials at all levels has been raised considerably.

Collecting and publishing a set of administrative procedures

for the first time in history has brought benefits to businesses and individuals, sending the right signal about the Government's efforts in building a public, transparent, and gradually professionalized administration regime.

Upon finishing Stage 2, the phase reviewing administrative procedures, more than 5,500 were reviewed, 453 were proposed for annulment, 3,749 were to be amended or supplemented, and 288 were proposed for replacement. This was an important springboard for the actual implementation the reform proposals in the next stages.

Challenges ahead

Project 30 is a major effort by the Government, contributing to solving one of the "bottlenecks" hindering economic development, creating an open business and investment environment. Therefore it has received the interest and support of numerous people,



businesses, and media agencies. The communications activities of the project have recently been executed particularly well, so there are many related articles and news. For example, a Google search on the phrase “Project 30” (on November 6) resulted in nearly 1 million hits (four times higher than for a search on “one-door model”, an important achievement of the previous administrative reform!). This demonstrates the popularity of the project.

But popularity is synonymous with great expectations from the community concerning its effects. This really is a “burden” for the project, particularly in putting the benefits of the reform into practice for the sake of businesses and individuals. Speaking very frankly at the Vietnam Business Forum in December 2009, the representative of the American Chamber of Commerce in Vietnam (AmCham) said, “AmCham’s member companies will closely monitor the actions of the Government following the recommendations of Project 30. If the Prime Minister carries out his promised measures, the world will know that Vietnam is serious about reforming and building a better business environment. If this project does not progress, the business community will doubt the reform process and the commitment of Vietnam to improving its business environment.” Indeed, it will be difficult for the business community and the people to believe in and support other programs if Project 30 fails to meet its targets.

The public and the business community expect that Project 30 will bring actual effects in handling their daily administrative procedures. Except for a number of ministries, sectors, and localities, who themselves have repealed and amended several administrative procedures within their jurisdiction in the statistics analysis and review stage, Project 30 has so far (as at the beginning

of November 2010) only proceeded as far as the formation of “proposal packages”. The implementation of these packages will require more time and more effort from the National Assembly, the Government, and the ministries.

The workload for implementing the proposed reforms is particularly large. Just putting together the first package is calculated to require the modification of at least 14 laws, three ordinances, 44 decrees, eight Prime Ministerial decisions, 67 circulars, 33 ministerial decisions, and various other documents in order to simplify just 258 procedures. Given that the National Assembly meets twice a year, the system for the promulgation of legal documents by the body as well as by the government is clearly

If civil institutions remain underdeveloped, Vietnam’s ability to succeed in the administrative reform process in the future will be limited.

overloaded.

One of the important plans of Project 30 is to mobilize the broad participation of the business community and the public. The co-operation of civil servants and the private sector in administrative procedures reform looks like con-



tinuing to be an important principle in agencies controlling procedures into the future. However, during the implementation process, the participation of businesses and individuals has only been modest, falling short of expectations. Despite major efforts, the Advisory Council on the reform of administrative procedures has reviewed and made proposals in relation to 366 procedures (compared with a total of more than 5,500). An assessment by the representative of the Project 30 Task Force also highlights this. “Although Vietnamese enterprises pay much attention to the issue of administrative procedures reform, they do not truly participate actively in this process.” Survey results in ten provinces on the implementation of Project 30

as part of a study on the provincial business environment by VCCI also show that the process of implementing Stage 2 (administrative procedures review) has almost no involvement from businesses and the public.

There are many reasons behind this situation, which may stem from State agencies, such as the way they mobilize the participation of businesses and local people or leaving the outside community unaware of the activity because the way they go about calling for involvement is inappropriate. This results from a low level of professionalism among enterprises, business associations, and individuals. Many business associations and Vietnamese enterprises and organizations often solve problems solely on a case-by-case

basis (only reacting when specific issues that effect them directly arise). Organizations and associations may not appreciate the role of a policy campaign or may be simply insufficiently skilled to do so.

This is clearly a major obstacle for a State-private collaborative model in the subsequent reform of administrative procedures. If civil institutions remain underdeveloped, Vietnam’s ability to succeed in the administrative reform process in the future will be limited.

The implementation of Project 30 over the last over two years has occurred at a particularly favorable time, at the confluence of several important factors: 1) a public and business sector who look forward to the reform of administrative procedures; 2) the political will of the leaders of the government and the Office of the Government; 3) the end of a governmental term of office; 4) the timing of the Party Congress at all levels and also of the personnel activities of local government as well as other ministries and sectors to prepare human resources and managerial staff (actively promoting the reform of administrative procedures, aggressively directing the implementation of this important work, etc., is an important quality for promotion); 5) the expectations of the international community (in the context of Vietnam this has come about through strong integration with the global economy, joining the WTO, and the drive to attract foreign investment); and 6) financial and technical support from projects and international organizations (such as USAID, IFC, etc.).

However, these and other factors and dynamics cannot be relied upon in the coming years. In order to sustain the project, the reform of administrative procedures needs to be an continuous, ongoing process, not a fad. In any case, it is clearly a major challenge for the future. ■





Leading the way

PetroVietnam has been extremely active in the implementation of reform under Project 30, writes Mr Dinh La Thang, Member of the Party Central Committee and Party Secretary and Chairman of the Vietnam Oil and Gas Group (PetroVietnam).



The Dung Quat Oil Refinery. Photo: PVN

In conducting Project 30, PetroVietnam has focused on reviewing and removing procedures that are bureaucratic, cumbersome and troublesome, maximizing decentralization and delegation in business management, investment and construction and strengthening supervision and monitoring. It also regularly adjusts, completes and adds regulations and management rules based on greater transparency, in order to enhance its competitiveness and capacity for adaptation in the process of regional and global integration. Such activities are conducted in accordance with PetroVietnam's development stages in specific periods.

Positive impact

The conduct of Project 30 has had a positive impact on PetroVietnam's overall investments. For example, previously delayed projects have now been kick-started and key national projects in oil and gas and the group's key projects are guaranteed to comply with strategy and planning. In particular, during the 2006 - 2010 period the group put into operation more than 50 key projects belonging to the country and the group, including the Ca Mau 1 and Ca Mau 2 power plants, the Nhon Trach 1 power plant, the Dung Quat Oil Refinery, a polypropylene plastic resin factory, a project collecting associated gas in the Dragon - Tortoise Shell oil field,

a project exploring the 05-2 and 05-3 lots, developing the exploitation of oil at the Nhenheski mine in Russia and the Junin mine in Venezuela, constructing infrastructure at the Thai Binh power center, the Quang Trach - Quang Binh power center, the Long Phu - Soc Trang power center, and the Hau River - Hau Giang power center, building infrastructure for the No.3 oil refinery in Ba Ria Vung Tau, and implementing an EPC contract at the Vung Ang 1 - Ha Tinh thermal power project and pipelines at Lot B-Mon, etc.

The results of the group's administrative reforms in recent years have significantly contributed to promoting investment, business

and production growth and preventing corruption and waste. Specifically, the group's total turnover has increased 28 percent per year, equivalent to 18-20 percent of Vietnam's GDP, contributions to the State budget have increased 18.3 percent per year, accounting for 28-30 percent all State budget revenue, export turnover increased 5 percent per year and represented 15 percent of Vietnam's export turnover, labor productivity increased 1.8 times against the 2001 - 2005 period, and debt over total assets was 0.36, ensuring safety in production, business and investment.

In 2010 PetroVietnam exceeded all targets in its yearly plan. Total turnover was VND478 billion, equal to 145 percent of the plan, up 59 percent year-on-year and equivalent to 24 percent of Vietnam's GDP. It contributed VND129 billion to the State budget, equal to 134 percent of the year's plan, up 41 percent year-on-year and accounting for 30 percent of all State budget revenue. It gained \$9.22 billion equivalent in foreign currencies, reaching 130 percent the year's plan, up 18 percent against 2009 and equivalent to 13 percent of Vietnam's export turnover. Pre-tax profit was VND66.9 billion, equal to 124 percent of the year's plan and up 13 percent over 2009. Average labor productivity reached VND10.5 billion per person, accounting for 121 percent of the year's plan and up 30 percent over 2009.

Continuing reform

2011 has special significance for Vietnam and its oil and gas industry. The year will see the holding of National Party Congress XI and is also the first year Vietnam will implement its socio-economic development strategy in the 2011 - 2020 period. The oil and gas industry will also celebrate its 50th anniversary and begin its five year plan for the 2011 - 2015 period, including a strategy for developing Vietnam's oil and gas industry to 2015 and orientation to 2025. It will also continue to implement Project 30.

The group will implement the resolution of the National Party Congress XI, continue to restructure enterprises and the business focus of its affiliates, and adjust and add regulations and rules along with new developments in its size and conditions. It will also implement solutions comprehensively to ensure it exceeds the tasks set for 2011 - the first year of its second five-year plan for development to 2015 and orientation to 2025, adjust structures and improve investment efficiency, promote and expand cooperation, attract investment domestically and internationally, be actively involved in the protection of national sovereignty on the sea and social security, and implement the group's development strategy to 2015 and orientation to 2025, focusing on the conduct of three innovative solutions in management, human resources development, and technology.

In the coming years, based on the draft political report to National Party Congress XI, the draft of Vietnam's socio-economic development strategy in the 2011 - 2020 period, the national energy development strategy, and the strategy developing Vietnam's oil and gas industry to 2015 and orientation to 2025, which has been approved, together with planning and developing Vietnam's oil and gas to 2015 and orientation to 2025, the group has built and made efforts to complete key tasks successfully in five year plan for 2011 - 2015 "to develop PetroVietnam into a strong economic group in the region with growth averaging 18-20 percent per year, having a suitable development structure among fields, in which the leading fields will be exploring, exploiting, and processing oil and gas."

Specific tasks include promoting surveys, basic investigation, and exploration in order to increase deposits and output of oil and gas production, reaching oil and gas production of 23-34 million tons per year, building a complete and uniform gas industry by 2015, ensuring the provision

of sufficient gas for industrial and personal consumption domestically, striving to achieve total capacity at power plants of over 9000MW by 2015 and total capacity at the group's oil refineries of nearly 16-17 million tons, meeting 60-70 percent of demand for petroleum in the domestic market and exporting products to regional markets, developing the petrochemical industry to meet 60-70 percent of domestic urea fertilizer needs and 40-50 percent of demand for materials for petrochemical products, primarily focusing on the fields of producing plastics, polyester fiber and aromatics derivation, and developing production and distribution systems for bio-fuels so it begins to distribute biofuel products, and by 2015 have output of petrol mixed with biofuels of at least 20-30 percent of total petroleum consumption in the whole country, lifting the original mixture rate to over 5 percent.

The corporation will also continue to invest in science and technology, improve the quality and efficiency of scientific and technological research, establish the University of Petroleum in 2011, work closely on relations among research institutes, universities and production and business enterprises of the corporation, enhance the implementation of intensive training programs in all aspects, organize training courses for workers in key projects and new projects with more than 15,000 staff, and create 15,000 new jobs.

In the future the corporation plans to continuously review completed processes and regulations relating to investment and development activities in the entire group in order to shorten project duration (from the draft stage, audit, evaluation and project approval, to project implementation, financial accounting and coming into operation). It aims to ensure the timely completion of project at the most reasonable cost possible and with optimal socio-economic efficiency. PetroVietnam will always strive to maintain its leading position in Vietnam's economy. ■



Quality advances

BAO TRAN



The Vietnam Dairy Products Joint Stock Company (Vinamilk) has applied electronic customs (e-customs) since 2005 and identified clear benefits after just a short period of time. As a major import and export business, Vinamilk established an in-house customs department with professional staff specializing in customs procedures.

Mr. Nguyen Ha Phuong, Head of Vinamilk's customs department, said that e-customs provides major benefits to businesses because whenever there are shipments in need of clearance its staff can submit all necessary documents online to the Customs Office, which can quickly clear the shipment if the documents meet requirements. Staff need only print out the decision, have it certificated and sealed by the Customs Office, then go to the port and collect the goods. Thanks to e-customs, Vinamilk's import and export staff do not need to print or photocopy any documents to present to the Customs Office, as was needed in the past. All procedures are completed online, which is not only

more convenient but takes less time and is cheaper.

Although items may be in many different ports, companies need only complete procedures in one place. Clearance times have been cut considerably as result, possibly on the same day instead of one or two days later as previously. The application of e-customs cuts time and cost by half.

Implemented since mid-2005 by the Customs Offices of Ho Chi Minh City and Hai Phong, according to the Customs Office modernization program (under the General Department of Customs), as at the end of May 2010, 1,139 participating enterprises had made 22,163 online declarations, with import-export turnover via e-customs reaching nearly \$118 billion.

Meanwhile, according to the results from the implementation of e-customs procedures at the Customs Office in southern Binh Duong province, there is no longer any person-to-person contact between enterprises and the Office (for declaration documents of blue and yellow flow), which

reduces time from one and a half hours previously to 30 minutes, and cuts the cost incurred by enterprises. There are less documents being returned for resubmission and less additional documents being requested. For yellow flow (documents must be checked) and red flow (documents and goods must be checked) companies also face less waiting time as they are issued with a registered number, a flow classification, and necessary documents, and are aware of the level of inspection in advance.

According to the evaluation of companies undertaking e-customs, the process covers all stages before, during and after customs clearance and covers processed goods, imported raw materials for export production, and imported goods for re-export. The number of documents to be submitted and presented has been cut considerably compared to previously. The average time and cost for customs clearance has been reduced, particularly for import and export goods for trading.

E-customs procedures show that enterprises and customs authorities are able to control the process of document flow as well as the implementation of customs procedures by staff. Customs declaration information becomes consistent and standardized in Customs Offices and at enterprises, facilitating management at the customs clearance stage and later on.

In September 2010, the Customs Office at the Bac Thang Long Industrial Park concurrently opened e-customs procedures for four businesses: the Machimo Auto-Parts Company, the Volex Vietnam Company, the Zamil Steel Buildings Vietnam Company and the Plastics Daiwa Vietnam Corporation, all of which have large and frequent import and export cargo and clearance activities. Ms. Bui Thi Thanh Thuy, Deputy Director of

Machimo Auto-Parts, said that because of its large volume of customs declarations the company hopes that e-customs will help to reduce the amount of paperwork, shorten the time required for customs clearance, minimize expenditure and save time.

In particular, two major manufacturers - Samsung and Intel - were given priority in implementing e-customs procedures. From November 1, 2010, Intel Vietnam is conducting e-customs procedures using the CDS software from the GOL company. Electronic data is sent from Intel Vietnam via the CDS software to a special reception system of the General Department of Customs. Earlier in the year, all of Samsung's import-export declarations in Yen Phong, Bac Ninh province, began to be conducted by e-customs. Both companies made positive initial feedback regarding implementation.

The Customs Office of Ho Chi Minh City organized a training course on e-customs for 100 customs officers and 1,500 import and export trading companies in the City in late October 2010. Since early November, the Customs Office continued to expand implementation at six more agencies. They will deploy it in all 13 agencies and increase the number of companies conducting e-customs, in order to have 50-70 percent of imported and exported goods being cleared using e-customs.

As at October 2010, 12 city and provincial Customs Offices were implementing e-customs procedures: Hanoi, Ho Chi Minh City, Hai Phong, Quang Ninh, Lang Son, Lao Cai, Da Nang, Quang Ngai, Binh Duong, Dong Nai, Ba Ria Vung Tau, and Can Tho. Some offices were implementing e-customs in all of their agencies, such as Binh Duong, Quang Ngai, Da Nang, Ba Ria Vung Tau and Dong Nai.

The General Department of Customs said the target in 2010 was to select 70 percent of Customs Offices in 13 localities to apply electronic clearance on three main types of imported and exported goods: import-export goods for trading, import-export goods for manufacturing, and import-export goods for outsourcing, with it subsequently being applied to export processing. In 2011 the sector is to fully implement e-customs on 11 types of import and export goods, including goods for export, imports under purchasing contracts, import-export items to perform processing contracts with foreign traders or orders to process overseas, imported raw materials for manufacturing export goods, input and output goods of export processing enterprises, goods for export, imported goods for investment projects, and temporarily imported goods for re-export. ■

SAIGON NEW PORT:

Faster and better

DINH MANH

Outside the Trade Affairs Department at Cat Lai New Port, Mr. Vu Ngoc Minh, who specializes in commodity import-export at the port, is searching a container location. "Before 2005 it took quite a long time to complete procedures," he said. "Now, though, they can all be completed in just two hours through a very quick and convenient process, thanks to the internet."

The shortening of all administrative procedures has helped the Saigon New Port Holding Company reach a volume of cleared commodities equal to 80 percent of the market share of the import-export container volume in the Ho Chi Minh City area and nearly 50 percent nationwide. As at November 2010, Saigon New Port

had cleared over 2.5 million TEUs of commodities. After five years the volume has increased 150 percent, from 14 million tons in 2005 to over 35 million tons in 2010.

This success is due to determination to simplify administrative procedures, from the highest leadership level to every production department and section over the last few years. Mr. Tran Dinh Thao, Deputy General Director of Saigon New Port Holding Company said: "The port uses the 'one-stop shop' mechanism and all relevant sections are concentrated in one area. Enterprises need only go to one location to complete procedures and pay any fees."

Saigon New Port has upgraded its infrastructure, arranged one-way traffic lanes at the port, and ensured

smooth handling of cargo. Capacity in ship clearance has increased by





16 to 18 percent against the previous period. Notably, the port has invested in installing the modern TOPX port management system belonging to the Australian firm Realtime Business Solutions (RBS) at Cat Lai New Port, at a cost of around \$3 million. The software system has greatly assisted operations and management functions and fully provided information serving management. After one year, ship clearance capacity increased 1.7-fold and the time for delivery and reception by 3.3-fold, raising capacity for customs clearance at Cat Lai from 1.8 million to 3 million TEUs per year.

According to Mr. Nguyen Nang Toan, Director of the Control Center at Cat Lai New Port, since 2008, when the port brought the TOPX system online, all procedures in trade affairs, money payments, and transactions between the port and customers have been conducted via the internet, thereby minimizing inconvenience to customers.

Cat Lai New Port also applies the information technology system in assisting clients to search for information about commodities and containers using SMS messages via mobile phones and the internet. On average, each day there are around 300 customers searching for information via SMS messages and over 1,000 clients who search for information on ships and cleared commodities at www.saigonnewport.com.vn.

The port has introduced an automatic queuing machine system for customers when undertaking procedures relating to the delivery and receipt of commodities. As a result, it has reduced by over 80 percent the waiting time for customers at peak time, down to 10 minutes from 60 minutes. Mr. Dinh Van Tai, a staff member specializing in import-export procedures at the Saigon Trade and Production Development Joint Stock Company (SADACO), said that with all the documents it took just 10 minutes to complete all procedures using the high-tech system. In addition, most shipping firms lease offices at the



Cat Lai New Port building, allowing port officers and representatives of shipping firms to better co-ordinate in directly handling related matters.

The Saigon New Port has built up and successfully applied its quality management system in line with ISO 9001:2008 at two of its locations: Song Than ICD (Inland Clearance Depot) and Long Binh ICD. The port has also allotted a certain salary range to every individual in the production chain, with a reward mechanism based upon the volume of cleared ships. The facts show that although conditions at the terminals and storage facilities are unchanged, the volume of customs clearance, ship clearance capacity, and service quality are regularly increasing.

According to Mr. Thao, in general the above results at the port mainly have to do with the effect of the implementation of Project 30 over the last three years and the process of simplification of administrative procedures overall, in particular in relation to customs matters. Customs has continuously increased the speed of the customs clearance process. Saigon New Port Holding Company said that it needs strong co-operation with the Customs Department at the

port to make customs clearance even faster. For this reason the leaders of both parties meet regularly, in order to handle all related matters. Indeed, Saigon New Port has provided for the accommodation of Customs staff, even giving awards to Customs when each container of commodities is cleared quickly.

After five years, total revenues at Saigon New Port increased by 240 percent, from VND1,000 billion in 2005 to VND3,400 billion in 2009, while pre-tax profits increased by 180 per cent, from VND238 billion in 2005 to VND664 billion in 2009. It is expected that by the end of 2010, Saigon New Port will earn pre-tax profits of VND800 billion. According to the plan for 2011, it is to grow by a minimum of 15 percent.

Regarding future directions, Mr. Thao said, "The port will focus on three main tasks so as to minimize procedures by the greatest possible extent. These are developing its infrastructure system, applying information technology and updating the TOPX-VN new port management software system at Cai Mep New Port, and training high quality personnel to be more autonomous in the ongoing integration period." ■

Easier to do business

As far as Mr. Binh Nguyen, Senior Country Manager Indochina and Chief Vietnam Representative of FedEx Express is concerned, Project 30 is the best thing to come along for quite some time and will make a historic contribution to Vietnam's development. The Project is about creating a simpler, more efficient and more transparent regulatory system. It provides an excellent opportunity to ask what problems are to trying to be resolved, what are the costs and benefits, and what is to be regulated. Perhaps the most valuable thing that may evolve out of Project 30 is an agency that evaluates regulations on an ongoing basis

"I think that the targets announced publicly by the Prime Minister of simplifying 30 percent of the 5,000 or so existing administrative procedures and also reducing the cost burden by 30 percent are excellent moves," said Mr. Binh.

The establishment of the National Database of Administrative Procedures, he continued, is important in the reducing risks for businesses as it puts online all necessary administrative procedures and related forms to be complied with. The Government has estimated huge cost savings of about \$1.4 billion per year if the proposed procedures approved by the Government are indeed simplified. Consequently, the cost of doing business in Vietnam will be cut and businesses will be more competitive. Major improvements in efficiency, productivity and cost savings will also be felt both by the Government and the enterprise community.

FedEx is involved in Project 30 as a member of the Customs Working Group, which reviews and provides recommendations for adjustment or elimination of administrative procedures in customs clearance and processing. In the first phase, the Working Group reviewed and provided recom-

mendations on 34 customs administrative procedures and 9 other procedures relating to import-export activities. As per an update from the Project secretary, the recommendations from the Customs Working Group have been accepted by the Government. In Phase 2, which starts in February, the Working Group will target the review of 24 administrative procedures. FedEx is very pleased to see the progress being made in Project 30. The initial results are particularly encouraging and signal optimism for the future. FedEx has seen faster clearance of shipments and its customers are experiencing earlier delivery and improved service.

"We have seen a high level of cooperation and commitment from the representatives of Ministry of Finance and the General Customs Department during our meetings," said Mr. Binh. "We also believe that Vietnam Customs can be a world-class organization by further promoting transparency and using technology in order to implement more efficient and business-oriented rules. In addition, as a leader of ASEAN, Vietnam is setting an example for the region by implementing its National Single Window by 2011. This is expected to provide an electronic platform for importers and exporters to interface with regulatory agencies and banks for import licensing, and payment of duties and taxes for customs clearance purposes. These steps, taken collectively, will improve trade significantly."

FedEx is also pleased to see that there are further plans to modernize customs' operations to meet business requirements. It hopes that these plans and changes will be implemented shortly so that all stakeholders can reap the benefits of more efficient procedures.

In talking about the next steps for Project 30, Mr. Binh said that although significant progress has already been made it is too early to assess the actual outcomes at this point because simplifications have not yet been fully



implemented by Government agencies. It will take a few months for full implementation due to the large number of laws, ordinances, decrees, circulars and other legal documents that must be revised before true benefits are experienced by businesses.

As a transition economy, Vietnam suffers from many of the same problems found in other regional countries, with old and outdated regulations. Thus, Project 30 should help to create an environment that is attractive to foreign investors. The Government should continue to simplify and eliminate administrative procedures that create unnecessary delays and costs for businesses. The private sector should be actively engaged in this effort because it knows where the problems are and can guide the Government on practical solutions to reduce costs and irritations.

"FedEx is strongly committed to Vietnam," Mr. Binh confirmed. "We have shown that commitment through our investments and our active participation with the Government in an effort to help improve the business climate. It is our pleasure to take part in Project 30 and in future projects to simplify administrative procedures. We are very interested in supporting the Customs Working Group as we believe that this type of cooperation will bring about positive results in trade and further drive economic development in Vietnam." ■

TUNG LAM REPORTS



MR. PETER SMIDT - NIELSEN
GENERAL DIRECTOR OF MAERSK LINE
IN VIETNAM:

Private sector can contribute positively



Project 30's achievements to date are very impressive and reflect the decisiveness of the Vietnamese government in simplifying administrative procedures to create a convenient working environment for all enterprises. They are also the result of strong cooperation and support from the business community and are a good example of government and business working together to achieve common goals.

In order to realize the benefits of Project 30 in daily operations, we are looking forward to seeing the final approval list of simplified procedures and relevant guidance in implementation and also the activation of the national online database of all administrative procedures as a united, public source for reference. Clear benefits to the business community are the cost and time saved in complying with the procedural regulations of the investment, customs and taxation laws. Besides these benefits, all administrative procedures have a clear timeframe for implementation, which enables enterprises to forecast benefits in their business plan.

We highly appreciate the issuance of Decree No. 51/ND-CP and Circular No. 153/2010/TT-BTC for VAT invoices management, which enables enterprises to print invoices from their own system. This results in the simplification of the entire invoicing regulations in Vietnam. We are also looking forward to the new circular stipulating the use of e-invoices, which is expected to be released in March

2011 and improve invoice tasks further.

In the post-Project 30 period, the private sector can contribute positively by providing examples of the difficulties they experience in dealing with authorities and making proposals for improvement. We very much encourage active dialogue and are committed to investing the required time and resources.

The Government should continue to modernize computer systems and data sharing between various departments (for example, customs and taxation) to improve e-governance in the country. This, together with the commitment on implementation of the decisions made under Project 30 by various ministerial departments and provincial offices, will be one of the key factors in determining the success of administrative procedures reform.

The Government is very much committed to making Vietnam an attractive destination for foreign investors and much effort has been made with this objective in mind. Project 30 is a good example of this commitment by the Government.

We are more than willing to take part in projects during the next phase of administrative procedures reform and to be involved in reviewing and recommending alternatives to simplify administrative procedures at the national and provincial levels. ■

HOANG HA REPORTS

MR. THOMAS GRUNZKE - VICE PRESIDENT - FINANCE, UNILEVER VIETNAM INTERNATIONAL LIMITED:

To serve enterprise needs



The business community welcomes Project 30 as it is an important move for Vietnam's economy. Many good outcomes have been achieved as a result of the efforts of various ministries and agencies of the Government. There have already been 258 administrative procedures simplified as a first result of the Project, evidence of the close cooperation between ministries, government agencies and enterprises.

The main benefit for the business community is the simplifying of the way of doing business, handling customs procedures, and synchronizing and completing taxation documents. In short, administrative procedures are simpler than in the past and these offer the business community clear incentives for their respective business sectors.

In reading the World Bank's "Doing Business" report, everyone acknowledges positive moves forward such as less paperwork, lower costs, less time and less duplication of application forms and procedures at various Government agencies.

Vietnam is ranked at 78 in regard to the business environment. All of these encourage the business commu-

nity in their operations in Vietnam and also those who may be considering Vietnam as a destination for their investment.

On the simplification package of 258 administrative procedures, many relate to tax and customs. Unilever Vietnam expects specific improvements in time reduction for handling our daily business, such as matters relating to tax and invoices.

There remain a large number of procedures in need of simplification. Unilever delivers products every day to large customers nationwide such as Metro, Saigon Coop, and Big C, which then distribute to retailers. We must therefore deal with a large number of invoices and signatures. We hope for the implementation of electronic invoices, which will help us to minimize the paperwork on daily transactions. Another point relates to our Lifebuoy soap, for example. We must comply with many rules from ministries and agencies, especially the Ministry of Health. This product is distributed to many remote areas every day and we expect a minimization of the many rules we must comply with.

In the next stage of administrative procedure reform, the biggest challenge will be ensuring that all administrative procedures that have been approved for simplification are indeed implemented at ministries and in cities and provinces throughout the country.

In this regard, the role of the private sector will be to work closely with government agencies at central and provincial levels, and both sides need to have regular feedback with each other.

On the other hand, Vietnam still has to work towards an administration with less paperwork. For instance, having to register the same business at 63 cities and provinces takes a lot of time and requires the completion of many procedures.

On our side, I am ready and willing to take part and share lessons of other countries I know in dealing with this matter, such as issues relating to electronic invoices and administrative procedures simplification regarding business operations, from the perspective of a corporate enterprise doing business in Vietnam.

Finally, I would like to stress that Resolution 25 and Decree 63 need to be implemented in all cities and provinces. There should be no new procedures introduced that may conflict with existing ones or create complications for enterprises. ■

HONG LONG REPORTS



MR. RANDALL GUTTERY - CHIEF EXECUTIVE OFFICER OF METRO CASH AND CARRY VIETNAM:

For efficient business



Project 30, which has been implemented in 24 ministries (central government level) and 63 cities and provinces (local government level), expresses the strong commitment

of the Vietnamese government to improve the country's administrative systems and the dedication of the Vietnamese people to making their lives and their country much better.

The greatest and clearest benefits for the business community from the simplification of administrative procedures are time savings and more efficient operational costs. Working within a simplified and efficient administrative system, we can better focus our time on developing our business. Not only the business community but also the Government welcome the Project because it makes us all work better.

There are 258 administrative procedures to be changed and most indirectly relate to METRO Cash & Carry's business. There have been many improvements, for example shortening the review process of relevant authorities and minimizing the amount of paperwork submitted for reviewing, among others.

We hope that in the second phase the reform will be even more comprehensive and directly relate to our business, such as the electronic invoicing and EDI (electronic database interchange), and revision of the advertising and promotion tax cap, regulations on promotional campaigns, regulations on advertising, and the overall licensing processes.

It is our honor to support the Project and the Government because helping the Government means making our business easier.

I would like to say that to make the Project a full success, the Government should continue to cooperate with the private sector and exploit our expertise, continue to adopt best practice and also invite feedback. It is also very important that, as new laws are created and put into effect, that they be written consistent with the goals and the spirit of Project 30 in mind. ■

HONG HA REPORTS

MR. ERDAL ELVER - PRESIDENT AND CHIEF EXECUTIVE OFFICER OF SIEMENS VIETNAM:

Understand the necessity

Efforts made by the Vietnamese government to improve the business environment in general and to implement Project 30 in particular are laudable. Foreign investors like Siemens are benefiting from a simpler, more efficient, and more transparent administrative system. But there is still a lot to be done to make this ambitious project achieve its targets to the greatest extent and to ensure its sustainability.

In addition to streamlining processes and reducing paperwork, it is vital to make those who work in the public sector, especially in public administration, fully understand the necessity and importance of administrative reform to the country's economic development, and become willing contributors in their respective areas of responsibility. ■

HOANG LONG REPORTS



ABOUT EUROCHAM

Since its establishment with only 60 members in 1998, the European Chamber of Commerce in Vietnam (EuroCham) has grown to represent more than 750 European businesses, counting among its supporters many of the world's leading enterprises. With offices in both Hanoi and Ho Chi Minh City, EuroCham's mission is to represent the business interests of our European members in Vietnam, and to improve the business environment in Vietnam for the benefit of all players. EuroCham also aims at helping Vietnamese enterprises to successfully meet the many challenges posed by the nation's ongoing global economic integration.

As the lead organization representing European business interests in Vietnam, EuroCham now works in partnership with the German Business Association in Vietnam (GBA), the French Chamber of Commerce and Industry in Vietnam (CCIFV), the Dutch Business Association Vietnam (DBAV), the Belgium Luxembourg Chamber of Commerce in Vietnam (BeluxCham), the Italian Chamber of Commerce in Vietnam (ICham), the Spanish Business Group in Vietnam (SBG) and the Hanoi chapter of the Nordic Chamber of Commerce Vietnam (NordCham). EuroCham is also a member of the European Business Organizations (EBO) Network, which works to represent the interests of European businesses in more than 30 countries across the globe.

For more information on EuroCham, visit the chamber's website at: www.eurochamvn.org



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**Cơ sở dữ liệu quốc gia
về Thủ tục hành chính**

Trên 5.700 TTHC

Trên 9.000 văn bản quy định

Trên 100.000 biểu mẫu thống kê TTHC



CHUNG TAY CẢI CÁCH THỦ TỤC HÀNH CHÍNH



CƠ SỞ DỮ LIỆU QUỐC GIA VỀ THỦ TỤC HÀNH CHÍNH

THÔNG TIN

Lưu ý quan trọng

Cơ sở dữ liệu quốc gia về thủ tục hành chính là hệ thống thông tin điện tử về thủ tục hành chính, bao gồm các quy định, quy trình, biểu mẫu, tài liệu liên quan đến thủ tục hành chính, được cập nhật thường xuyên và công khai trên cổng thông tin quốc gia.

Cơ sở dữ liệu quốc gia về thủ tục hành chính được xây dựng và quản lý theo quy định của pháp luật về thủ tục hành chính, nhằm nâng cao hiệu quả, minh bạch và công khai trong việc thực hiện thủ tục hành chính.



MỘT

cơ sở dữ liệu điện tử về thủ tục hành chính tại **04** cấp chính quyền tại Việt Nam liên quan đến cá nhân và tổ chức

MỘT

công cụ hữu hiệu nâng cao tính minh bạch của hệ thống thể chế thông qua việc tăng cường khả năng tiếp cận của công chúng, giảm thiểu thời gian và chi phí cho cơ quan quản lý nhà nước và doanh nghiệp

MỘT

địa chỉ chính thống và duy nhất để tìm kiếm thủ tục hành chính nhanh nhất

<http://csdl.thutuchanhchinh.vn>

Công cụ tìm kiếm NHANH CHÓNG, ĐƠN GIẢN, CHÍNH XÁC

- Tìm kiếm toàn văn
- Tìm kiếm bằng cụm từ chính xác hoặc tất cả các từ
- Tìm kiếm nâng cao (cơ quan hành chính, lĩnh vực, ngành/ngành, đối tượng thực hiện ...)

Nhiều CHỨC NĂNG TIỆN ÍCH

- In một phần hoặc toàn bộ các thông tin về thủ tục hành chính
- Tải mẫu đơn, tờ khai, văn bản pháp lý
- Đa liên kết của từng thủ tục hành chính với các thủ tục hành chính liên quan khác
- Gửi ý kiến đóng góp và tham gia rà soát thủ tục hành chính