

Chapter 8

Regulatory Coherence: The Case of Viet Nam

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August 2016

This chapter should be cited as

Vo Tri Thanh and Cuong Van Nguyen (2016), 'Regulatory Coherence: The Case of Viet Nam', in Gill, D. and P. Intal, Jr. (eds.), *The Development of Regulatory Management Systems in East Asia: Country Studies*. ERIA Research Project Report 2015-4, Jakarta: ERIA, pp.259-391.

Chapter VIII

Regulatory Coherence: The Case of Viet Nam

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1. Introduction

Viet Nam has embarked on comprehensive reforms since 1986. Among them, market-oriented reforms covered the wide range of institutional changes, seeking to enhance the freedom of doing business and to strengthen market competition, among others. Regulatory reforms accordingly played a crucial role. The functions of the government and public administration agencies at all levels shifted progressively from direct interventions into indirect management, using legal and economic instruments. Alongside efforts for macroeconomic stabilisation and economic integration, these reforms enhanced the microeconomic foundations for more rapid economic growth in different periods. Meanwhile, only in 1997–1999 and 2009–2011 was the momentum for reforms weakened due to difficulties in the external and domestic macroeconomic environment (**Table 8.1**).¹

Since 2011, the room for manipulating macroeconomic policies (including monetary and fiscal policies) to achieve high economic growth deteriorated as Viet Nam suffered from prolonged budget deficits and high inflation. Focusing on reforms of microeconomic foundations then emerged as an increasingly important priority to promote aggregate economic activity. Among such reforms was the enhancement of regulatory instruments, including public administrative procedures. In light of this, however, one should recall that the enhancement was not new in 2011–2015; in fact, the work resembled continuity from Viet Nam's

¹ For further details, see Dinh et al. (2009); Central Institute for Economic Management (2010, 2013).

master plan for public administrative reforms since 2007 (i.e. under Project 30). The different outcomes from those reforms during 2007–2010 and 2011–2015 still indicate room for learning from the related experiences and issues for further improvement.

Table 8.1. Major Contextual Changes in Viet Nam, 1986–2014

Period	Major Events and Changes
1986–1988	<ul style="list-style-type: none"> - Abolition of central planning regime - Reforms towards multi-sector economy, with more participation of private and foreign enterprises - Set up legal frameworks for foreign trade, foreign direct investment in Viet Nam
1989–1996	<ul style="list-style-type: none"> - Amendment of the Constitution in 1992 - No more aid from the Soviet Union since 1992 - Reforms on agriculture, trade, exchange rate, financial system, state-owned enterprises (SOEs), etc. - Expansion of trade relations with all countries and territories - Joined ASEAN in 1995
1997–1999	<ul style="list-style-type: none"> - Asian financial crisis - Reforms and international economic integration were slowed down
2000–2008	<ul style="list-style-type: none"> - Comprehensive reforms of SOEs, budget, competition, markets for factors of production, etc. - Regulatory changes for more equal treatment between domestic and foreign entities - Accession to World Trade Organization in 2007 - Deeper economic integration under ASEAN-plus framework - Public administrative reforms
2009–2014	<ul style="list-style-type: none"> - Slower growth due to impacts of global financial crisis and macroeconomic stabilisation policies - Amendment of the Constitution in 2013 - Regulatory changes for further trade and investment liberalisation, reforms of business environment (including public administrative procedures), etc.

ASEAN = Association of Southeast Asian Nations.

Source: Authors' compilation.

This chapter reviews the experiences of Viet Nam in improving its approach to regulatory management. The remainder of the chapter is structured in four sections. Section 2 summarises the major changes in Viet Nam's regulatory management system (RMS). Section 3 then assesses the current state of the RMS. Section 4 presents some case studies in improving regulatory management in Viet Nam. Section 5 draws out some conclusions from the chapter.

2. Evolution of Viet Nam's Regulatory Management System

2.1. Overview of Regulatory Reforms

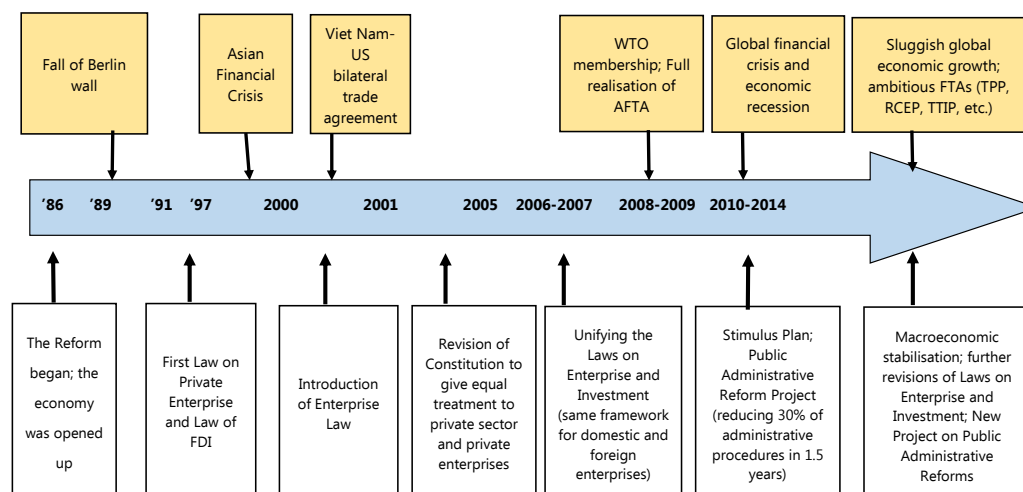
Since 1986, as previously mentioned, Viet Nam has promulgated a number of laws and regulations to regulate economic activities in line with market-oriented reforms. However, it was only in 1994 that the government, in Resolution No. 38/CP, officially recognised the need to simplify administrative procedures in granting various licences to citizens and private enterprises.

In 1996, the National Assembly issued the first Law on Legal Normative Documents (also known as the Law on Laws). This law specifies the authorities of different bodies in promulgating different types of regulations, including laws, ordinances, decisions, and circulars. Importantly, the law also sets out the official procedures for public consultation, though the wording was still mild. The second Law on Legal Normative Documents in 2008 then elaborated further on the principles and procedures for drafting regulations, which includes detailed requirement on public consultation and regulatory impact analysis (RIA).

Besides, Viet Nam also embarked on simplifying administrative procedures. This direction of work has been initiated since the 1990s. Nonetheless, substance of the work only materialised during the 2000s, especially since 2007, with Project 30 (this project will be discussed in Section 4). When the momentum of work under Project 30 appeared to deteriorate in 2010–2013, the government then issued Resolution No. 19 in 2014 with a new and broader framework to simplifying administrative procedures, acknowledging this as a core priority to support the business community and enhance competitiveness.

As another direction of work, Viet Nam has made numerous efforts to better harmonise the domestic laws in line with international norms and practices. Such efforts already became evident since the early 2000s, as Viet Nam prepared to join the World Trade Organization (WTO, **Figure 8.1**). Various legal documents (such as Enterprise Law, Investment Law, and guiding documents) were issued and amended, with a view to create a more level playing field for enterprises of all ownership forms.

Figure 8.1. Important Milestones and Implications for Regulatory Reforms in Viet Nam, 1986–2014



AFTA = ASEAN Free Trade Area; FDI = foreign direct investment; FTA = free trade agreement; RCEP = Regional Comprehensive Economic Partnership; TPP = Trans-Pacific Partnership; TTIP = Transatlantic Trade and Investment Partnership; US = United States; WTO = World Trade Organization.

Source: Updated and extracted from Le, 2009.

To facilitate the movement of goods and labour, Viet Nam also worked with partner countries (especially in the Association of Southeast Asian Nations [ASEAN]) to enhance mutual recognition of standards and skill qualifications.

More laws and regulations, nonetheless, somehow led to increasing compliance costs with regulations. The provincial minimum of firms having to spend over 10 percent of their time dealing with bureaucratic procedures rose from 3.6 percent in 2005 to 8.1 percent in 2010. The maximum figure went up even faster, from 30.4 percent to 44.4 percent in the same period (**Table 8.2**). In particular, the correlation with the previous year climbed in 2007 and 2008, implying that the change in each province of Viet Nam seemed to become less significant over time. The time burden only eased during 2011–2013 as institutional improvement, including regulatory reforms, was targeted more specifically to support business activities. The minimum percentage of firms spending over 10 percent of their time for bureaucracy reached 2.7 percent in 2011 and 7.9 percent in 2013, though these figures were well below the level in 2005–2010. Still, 2014 then saw the time costs increase again, with higher minimum, median, and maximum figures across all provinces. In addition, the improvement was almost non-evident in the group of poor performers (provinces), as the maximum figure fluctuated widely in 2005–2014.

Table 8.2. Time Costs of Regulatory Compliance Across Viet Nam's Provinces, 2005–2014

Indicator	Measure	2005	2006	2007	2008	2010	2011	2013	2014
Percentage of firms spending over 10 percent of their time dealing with bureaucracy or bureaucratic regulations	Minimum	3.64	6.52	10.94	13.83	8.14	2.74	7.88	18.56
	Median	13.67	21.24	21.87	22.99	19.00	11.27	20.95	35.62
	Maximum	30.43	39.39	43.75	42.55	35.37	31.58	44.44	51.09
	Correlation with previous year	NA	0.44	0.62	0.67	NA	NA	NA	NA

NA = not available.

Note: Correlation figures are calculated based on data at the provincial levels.

Source: Viet Nam Competitiveness Initiative Project, 2015.

Another problem lies in the use of province-specific regulations, which caused unofficial costs for enterprises. As depicted in **Table 8.3**, both minimum and median percentages of firms, noting that the local officials promulgate specific regulations for own benefits, increased in 2007–2010, before falling in 2011. The improvement was again negligible in the group of worst performers: the maximum figure only declined from 79.4 percent in 2007 to over 73.1 percent in both 2010 and 2011.

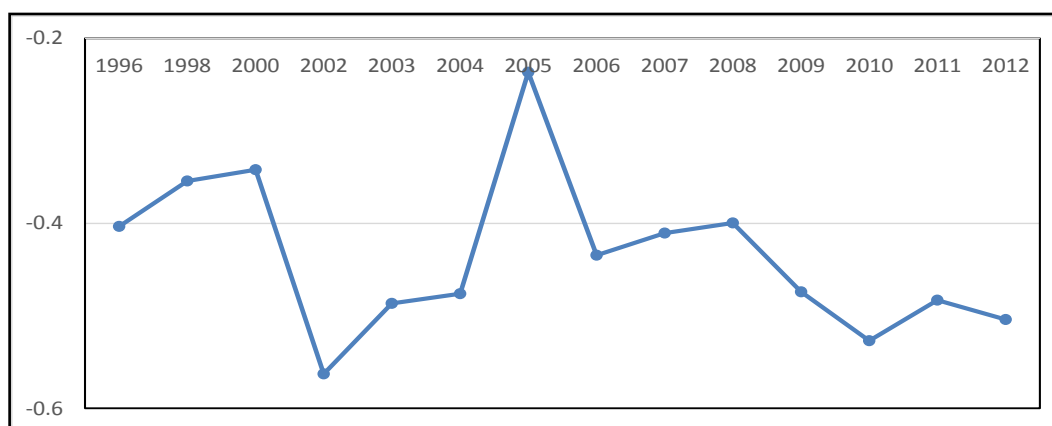
Table 8.3. Unofficial Costs Induced by Province-Specific Regulations 2007–2011

Indicator	Measure	2007	2010	2011
Percentage of firms arguing that the local governments issue new regulations for own benefits (unofficial costs for firms)	Minimum	17.44	22.00	18.06
	Median	38.21	50.00	40.28
	Maximum	79.41	73.11	73.13

Source: Viet Nam Competitiveness Initiative Project, 2014.

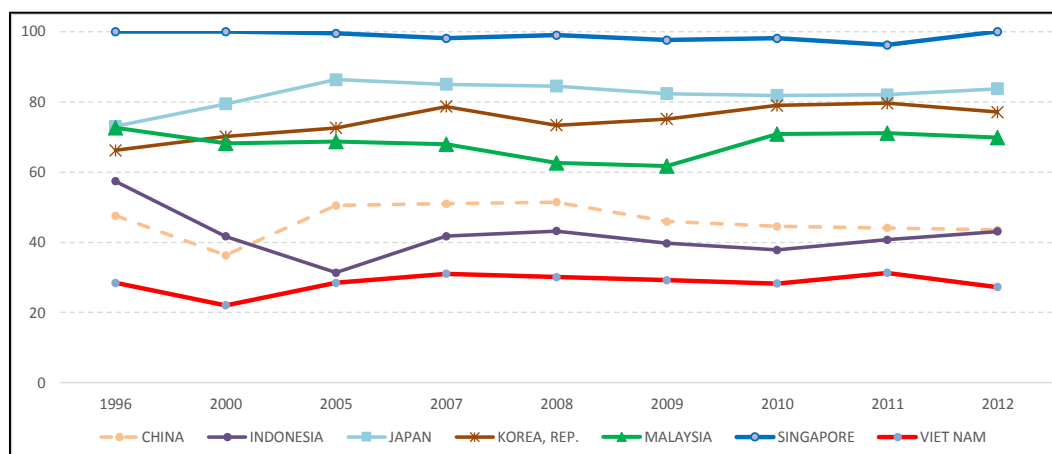
Furthermore, Viet Nam has to do a lot to improve its regulatory system as per international standards. The rule of law index generally fell in 2005–2012 despite some modest improvement in 2011–2012 (**Figure 8.2**). According to the *Worldwide Governance Indicators* (2014) on regulatory quality, in Southeast Asia, Viet Nam only outperformed Lao PDR and Myanmar (**Figure 8.3**). Meanwhile, the country ranked far below others, such as Singapore, Malaysia, and Thailand. Compared with other 'extended' East Asian partners, Viet Nam's governance indicator was only closer to that of China, while lagging far behind Japan, Korea, Australia, and New Zealand.

Figure 8.2. Rule of Law Index for Viet Nam, 1996–2012



Source: World Bank, 2014a.

Figure 8.3. Worldwide Governance Indicators on Regulatory Quality, 1996–2012 (percentile ranking)



Source: World Bank, 2014b.

2.2. Strategy and Programme for Improving Regulatory Practices

On 18 March 2014, the government adopted Resolution 19/ND-CP on main tasks and key measures to improve the business environment and competitiveness of the nation. This was initiated based on an analysis of the actual weaknesses and shortcomings of the economy in the context of deeper integration. The resolution points out five general objectives and obligations: (i) to pursue economic restructuring and shift economic growth model; (ii) to continue to formulate, revise, amend legal regulations and policies aimed at creating a level and favourable playing field for all entities, protecting investors, ensuring effective allocation of resources for development; (iii) to develop adequate infrastructure to serve modernisation, industrialisation, and international integration; (iv) to implement

comprehensive measures towards human resource development; and (v) to improve institutions and policies to encourage investment on science and technology.

In the short run of 2014–2015, the main focus of the resolution include (i) improving competitiveness, (ii) promoting administrative reform, and (iii) enhancing transparency and accountability. Specifically, measures under the resolution are expected to (i) simplify business registration procedures and shorten the process to 6 days or less; (ii) reform the tax payment procedures, in which the target is to reduce the time needed to pay tax to the average level of the ASEAN-6 countries² (171 hours each year); (iii) improve regulations on ownership and protect investors in compliance with international standards; (iv) increase the ease, equality, and transparency in accessing capital; (v) simplify import–export and customs requirements and procedures, trying to reach the average level of ASEAN-6 (14 days to export, 13 days to import); (vi) speed up bankruptcy process to the maximum of 30 days; and (vii) implement information on operations and financial situation of enterprises in compliance with legal regulations and international practices as well as promote transparency.

Depending on mandates and functions, line ministries, local governments and authorities, relevant government ministries, provincial people’s committees, the Vietnam Chamber of Commerce and Industry and associations should consider, initiate, and implement appropriate actions to fulfil the stated objectives of the resolution.

2.3. Single Online Locations for Regulatory Information

Viet Nam already has a single website for draft legal documents and related information. The website (<http://duthaonline.quochoi.vn>) is maintained by the National Assembly, the highest people-represented law-making body in Viet Nam. The website covers a wide range of information on regulations, including proposals for new regulations, executive summaries, and relevant justifying reports of the drafting agencies. Under the authority of the National Assembly, the types of published regulations only comprise laws, ordinances, and resolutions.

² ASEAN-6 countries are Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, and Thailand.

**Box 1. Application of Good Regulatory Practices
During the Enterprise Law Process, 2005**

The drafting, implementing, and reviewing processes of the unified Enterprise Law 2005 present one of the key successes of good regulatory practices in Viet Nam. The law was promulgated in 2005 but the drafting process before that involved a series of consultations with the business community, experts, and government agencies. In particular, since the law was aimed towards establishing a more level playing field for enterprises of all ownership forms, the consultation with the business community played a pivotal role. Via this consultation process, the drafting team got to know the practical needs and difficulties for the enterprises in the anticipated implementation process. Comments and feedbacks on the draft law were carefully considered so as to subsequently incorporate relevant changes. Notably, this consultation process was adopted even before the Law on Laws, which formalised the need for consultation since 2008.

Even after the Enterprise Law came into effect, the Task Force for Implementing Enterprise Law still maintained an active role in reviewing the actual issues. For instance, government noted and intervened, if possible, on issues related to governance of big state business groups, transformation of state-owned enterprises, conditional business areas, among others. Administrative reforms over business registration were also accelerated, thereby saving time for new businesses in making registrations and acquiring seals and tax numbers. The public consultation process was still promoted, helping identify practical issues in reviewing implementation of the Enterprise Law. On this basis, the National Assembly decided to amend the Enterprise Law; the revised draft version was finalised in the Plenary Meeting of the National Assembly in May 2014. The revised Enterprise Law was issued in November 2014.

The development process of the Enterprise Law in Viet Nam showcased some important lessons: (i) continuous consultation generally played a crucial role not only in the drafting process but also during implementation of the law to reduce compliance costs for the business community and; (ii) responsible bodies need to be established to facilitate the monitoring and review of actual implementation process, at least for important laws.

Source: Authors' compilation from various sources.

Specifically, the website also lists the agenda for promulgating laws and regulations of the National Assembly in its 5-year term. Also, the relevant Commission of the National Assembly may publish reports of its official review on draft laws and other regulations, focusing on the rationale, scope, and contents, as well as procedures and enforcement. In particular, the website is interactive, as the public can access full text of the draft regulations and upload comments on the text, after which the drafting agencies provide comments and feedback, including acceptance of changes.

Other types of regulations, such as circulars and decisions, appear to be less accessible. The Viet Nam Chamber of Commerce and Industry has its own online platform for regulations of these types that are relevant to the business community

(<http://www.vibonline.com.vn/>). At the local levels, however, the documents are mostly unavailable online due to limited costs to develop local regulatory databases, notwithstanding the high level of Internet popularisation. Thus, the only way to access contents of these documents is via hard copies publicly available at the relevant offices of local agencies.

2.4. Regulatory Planning

Depending on the needs and available proposals, the National Assembly may decide at its plenary session whether an adjustment of the agenda is necessary.

Based on the promulgated laws, ordinances, and resolutions, government agencies may be required to develop relevant sub-law documents to guide the legal implementation process. The government work agenda is then modified to incorporate relevant responsibilities to develop sub-law documents, especially on the name of documents, leading agencies, cooperating agencies, and deadlines for completion. Depending on the actual progress and remaining issues to be addressed under each document, the leading government agency may propose to the government an extension of the deadline, or other necessary adjustments. During preparation, the leading government agency has to undertake relevant consultation with other agencies, business associations, and the people. Depending on their levels, the regulations may need to be published online for a certain period. For instance, the draft circulars have to be published online for consultation for at least 60 days before submission. The agendas for developing sub-law documents are generally accessible to all government agencies. However, public stakeholders can access parts of the agenda that are incorporated in various government resolutions.

2.5. Review of Existing Regulations

In principle, the relevant commissions of the National Assembly are responsible for reviewing regulations. For important laws (such as the Enterprise Law), the dedicated task forces will have to monitor the actual implementation and produce (both periodic and ad hoc) review reports. For sub-law documents, government agencies have to assume the role of producing reviews. The framework for such reviews has been established with the Law on Laws in 2008 and with the follow-up Decrees No. 2009/ND-CP in 2009 and No. 16/2013/ND-CP in 2013.

Viet Nam is still in a process of continuous institutional and legal reforms. Accordingly, government agencies have been involved in various dialogues and consultations among themselves as well as with business associations and the people about practical issues in implementing regulations. The most notable attempt has been the periodic dialogues between customs and tax authorities with the business communities, which usually focused on the current policy choke points. On that basis, the need for adapting regulations or promulgating new ones is then identified.

3. Current State of the Regulatory System

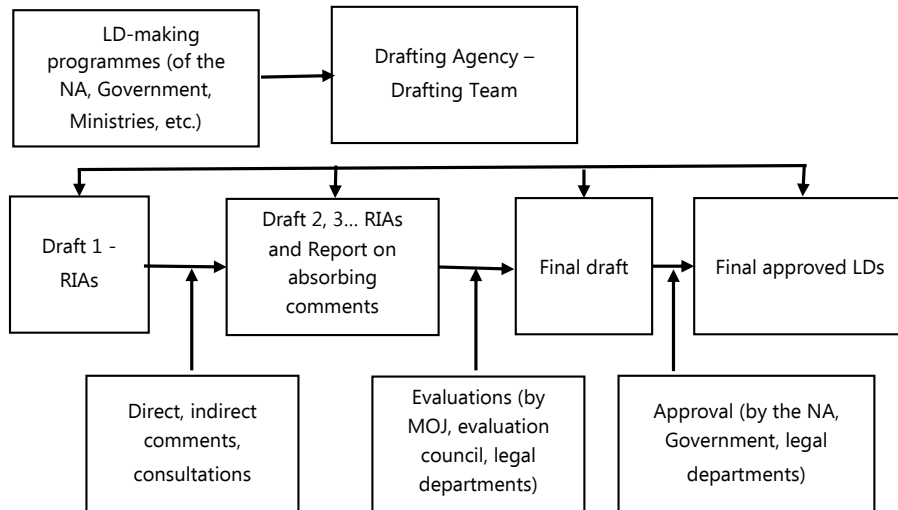
3.1. Existence of 'Flow' Policy Tools

The current Law on Laws of 2008 and its guiding decree (Decree 24/2009/ND-CP, dated 5 March 2009) require that all draft laws (adopted by the National Assembly) and decrees (adopted by the government) have to go through a RIA procedure before being officially submitted to the final decision makers. As for drafting a law, the RIA report has to focus on the following aspects: (i) policy problems to be solved; (ii) goals of proposed policy; (iii) alternatives to solve policy problems, a cost–benefit analysis of each alternative, and good or bad impacts of each alternative; and (iv) the best option to solve policy problems.

Figure 8.4 illustrates the general process for legal documents in Viet Nam. Transparency is one of the most important aspects of effective regulation. To increase consultation, legislative proposals (programmes), including their pre-RIA are required to be posted on government websites to get comments from the public for 30 days and will be posted on the Internet as soon as the legislative agenda is finalised and submitted to the National Assembly for consideration. A draft legal document is to be posted for comments online by the drafting agency for at least 60 days in parallel with the consultation with relevant entities (both from the private and the government sectors). Any changes to that draft as well as related comments and reports on incorporating comments will also be posted. The final draft then will be under the appraisal by the Ministry of Justice or legal departments in charge, depending on the levels of the legal documents. At the drafting stage, the agency in charge is required to prepare a RIA, which examines likely impacts of proposed legal documents, as well as any proposals for compliance. The lead agency may utilise research institutes, academics,

professionals, scientists, and other experts to conduct research and assist its preparation process.

Figure 8.4. General Process for Legal Documents in Viet Nam



LD = legal document; MOJ = Ministry of Justice; NA = National Assembly; RIA = regulatory impact analysis.

Source: APEC, 2014.

The implementation of a RIA, however, still poses a challenge in Viet Nam. The quality of a RIA normally fails to meet expectations, while the capacity to review and access RIAs is also limited. In particular, the lack of data and rigorous approach are often the major weaknesses in RIAs. In this context, Viet Nam has exerted various efforts to promote regulatory reform with support from international donors (namely, the United Nations Development Programme, German Technical Cooperation Agency (GTZ), and United States Agency for International Development/Viet Nam Competitiveness Initiative (USAID/VNCI), as well as domestic agencies (the Ministry of Justice, the Viet Nam Chamber of Commerce and Industry, and the Central Institute for Economic Management). A RIA task force was established in the Ministry of Justice to act as a central body to coordinate the implementation of Decree 24/2009/ND-CP at the beginning stage. Many capacity building workshops for ministries and non-government stakeholders had been conducted, the majority of which were held regularly, in order to improve the quality of, and the capacity to, review RIAs.

In addition, the Law on Laws of 2008 and its guiding decree (i.e. Decree 24/2009/ND-CP) require the sponsoring ministry of laws and decrees to prepare a

RIA report after 3 years of implementation of laws and decrees. This report has to cover: (i) actual cost/benefit and other impacts of the law or decree; (ii) observers' level of compliance; and (iii) recommendations for amending, supplementing, or repealing the law or decree. The draft of this report also has to be published on the government's website and the sponsoring ministry's website for at least 30 days to solicit public comments. The final report has to be sent to the Ministry of Justice to report to the government.

In Viet Nam, the preparation of a law or a decree does not require a separation between the phases of policy development and of detailed legal design. Therefore, the RIA is applied for draft laws and draft decrees before these drafts are sent to the Ministry of Justice for evaluation of their legitimacy and enforceability. The RIA is not applied for the phase of deliberation or debate in the National Assembly.

3.2. Adoption of 'Stock' Tools

From 2007, with Project 30 (under Decision 30/QĐ-TTg, dated 10 January 2007), the regulatory guillotine was introduced into Viet Nam's current RMS. This project set out several key goals for 2007–2010: (i) to simplify at least 30 percent of administrative procedures and reduce administrative costs by at least 30 percent; (ii) to reduce the implementation gaps in the domestic regulatory system with international commitments (especially the WTO); (iii) to set up the first unified national database for administrative procedures; and (iv) to improve Viet Nam's competitiveness, boosting investment and increasing productivity.

Project 30³ also conducted a comprehensive review of all administrative procedures. Accordingly, all administrative procedures including forms and related dossiers had to be inventoried and reviewed in terms of (i) necessity, (ii) legality, and (iii) user friendliness (three-question test). Based on this review, the competent authorities made proposals for simplification (for administrative procedures failing the three-question test). Reasonable administrative procedures were then standardised and published through the National Database for administrative procedures. The review was undertaken in four phases:

³ More details in Section 4.

1. Inventory: All ministries and provincial local governments prepared lists of administrative procedures under their authority and published these for public comments.
2. Self-review based on the three-question test.
3. Follow-up review by Special Task Force and the Advisory Council.
4. Recommendations.

To sustain the results of Project 30, the government adopted Decree 63/2010/ND-CP (dated 8 June 2010) on the control of administrative procedures, which was later amended by Decree 48/2013/ND-CP (dated 14 May 2013). The decree sets up the agency for administrative procedure control at the central level, and offices for administrative procedure control in ministries and provincial offices. The decree also requires that (i) district and communal local governments do not have authority to issue administrative procedures; and (ii) an administrative procedure must have all necessary details, including name, order to proceed, manner to proceed, dossiers, time limit for handling, parties to proceed, authorities, and outcomes. The decree also requires the sponsoring bodies of draft laws, decrees, or circulars to conduct impact analysis of administrative procedures stipulated in these laws, decrees, or circulars. The impact analysis focuses on the necessity, reasonableness, legality, and compliance costs of administrative procedures.

In addition, on 6 February 2013, the government issued Decree No. 16/2013/ND-CP on reviewing and systematising legal normative documents. The review system is applied to find out and remove illegal, conflicting, or overlapping legal provisions to ensure the legitimacy and coherence of legal normative documents. The systematisation is undertaken to improve the transparency and accessibility of legal normative documents. The review and systematisation firstly targeted all legal normative documents issued before 31 December 2013. According to the Ministry of Justice, by 30 July 2014, of all legal normative documents issued by the central government, 7,981 documents were still in effect, 5,996 documents already expired, and 1,313 others needed amendment or supplements.⁴ Regarding other 'stock' tools, the current RMS in Viet Nam has no 'sunset provisions'.

⁴ For further details, see <http://ktvb.moj.gov.vn/qt/tintuc/Pages/phap-dien.aspx?ItemID=5>

3.3. Key Stakeholders

All laws in Viet Nam are under the authority of the National Assembly, whereas ordinances are issued by the National Assembly Standing Committee. However, the implementation and guidance of laws rely heavily on government agencies (**Table 8.4**). In Viet Nam, about 90 percent of draft laws originated from the government (executive branch). Other types of sub-law documents such as decisions, decrees, and circulars are mostly issued by the government or members of the government.

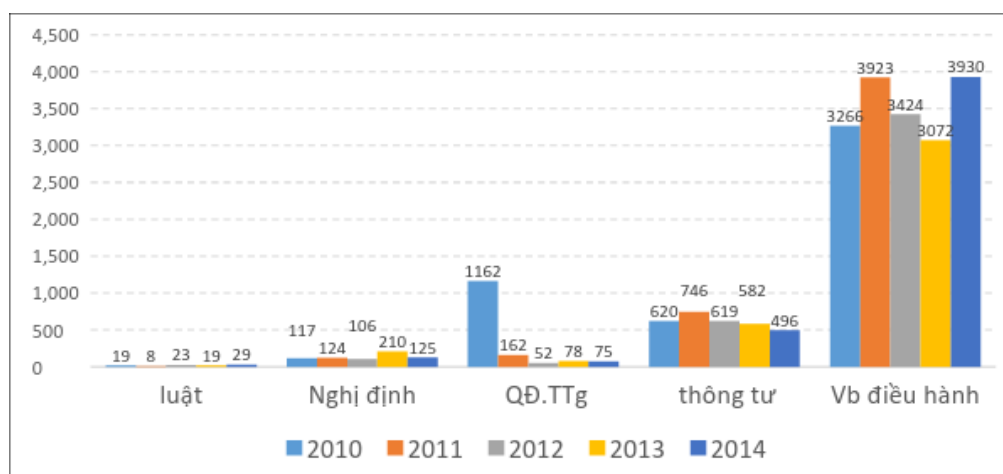
Table 8.4. Components of Viet Nam’s National Legal Framework

Priority	English Title	Description	Issued by
1	Constitution	Supreme law of the land	National Assembly
2	Law	Rules established in line with the Constitution	National Assembly
	Ordinance	Issues implemented under the National Assembly’s assignment (after some time will be approved into law)	National Assembly Standing Committee
3	Resolution	Orders established by the National Assembly that set out activities to implement the laws and policies	National Assembly, National Assembly Standing Committee
4	Order	An order to fulfil a certain task	President
5	Decision	A decision which sets out the objectives, tasks, activities, and implementation mechanisms for certain activities	President, Prime Minister
6	Decree	A document with detailed instructions for implementation of certain laws, resolutions of the National Assembly and its Standing Committee	Government
7	Circular	A document with detailed instructions for implementation of certain laws, decrees	Minister

Source: Authors’ compilation.

The enforcement of laws and policies depends heavily on circulars and guiding policy documents issued by ministries and other authorities. However, the number of circulars and other policy documents is large relative to the numbers of laws and decrees each year (**Figure 8.5**). The large number of guiding documents may imply (i) lack of details in the laws, (ii) uncertainty in implementation of the laws and impacts on the stakeholders, and (iii) material compliance costs.

Figure 8.5. Number of Issued Documents, 2010–2014



PM = Prime Minister.

Source: Socialist Republic of Viet Nam. Government Portal. <http://chinhphu.vn>

The involvement of the business sector and social organisations in law-making is also made compulsory. Article 27 of Decree 24/2009/ND-CP (dated 5 March 2009) stipulates that:

As for draft laws, decrees or Prime Minister's decisions which have provisions relevant to rights and obligations of enterprises, the sponsor ministry has to send these drafts to Viet Nam Chamber of Commerce and Industry to solicit comments from business community. Within 20 working days from the day of receiving the drafts, Viet Nam Chamber of Commerce and Industry has to organize the forum to solicit opinions or comments from enterprises and reports these opinions or comments to the Ministry of Justice, the Government's Office and the sponsor ministry.

In fact, the online database of the Vietnam Chamber of Commerce and Industry⁵ also include all draft laws, draft decrees, and draft circulars. At the same time, this database allows for direct submission of comments on the related documents.

⁵ <http://vibonline.com.vn/Home/default.aspx>

3.4. Coordination in Regulatory Management

Since the end of 2012 when the Agency for Administrative Procedure Control was transferred from the Government Office to the Ministry of Justice, the burden of ensuring the quality of the regulatory system is further placed on the Ministry of Justice.

As of 2015, the Ministry of Justice is responsible for checking the quality of draft laws, draft decrees, and drafts of the Prime Minister's decisions in terms of their necessity, legality, and enforceability. It is also responsible for checking the necessity, legitimacy, reasonability, and compliance costs of administrative procedures in draft laws, draft decrees, and drafts of the Prime Minister's decisions. In addition, it is in charge of checking the legitimacy of circulars issued by other ministries and legal normative documents issued by provincial local governments. Finally, the Ministry of Justice guides ministerial and provincial departments on legal affairs regarding the skills and capacity of formulating and drafting legal normative documents as well as administrative procedures.

4. Case Studies on Regulatory Management in Viet Nam

4.1. Project 30

The first Master Plan for Administrative Reform for 2001–2010 (issued by Decision No. 136/2001/QĐ-TTg, dated 17/9/2001) noted that in 2001, administrative procedures in many sectors 'are cumbersome and complicate[d]'. Yet the master plan lacked momentum for implementation and, thus, the progress of simplification was not comprehensive. Even after Viet Nam joined the WTO, administrative procedures remained cumbersome and complicated. In 2007, Prime Minister Nguyen Tan Dung declared that 'if administrative procedures remain complex, incomprehensible and difficult to implement, they will become barriers to economic and social development' (Schwarz 2010). Accordingly, the four critical obstacles to a democratic, clean, strong, professional, effective, and efficient administration were outlined: (i) administrative procedures 'remain cumbersome, overlapping, contradictory and unreasonable'; (ii) the business environment contains several 'hindrances and obstacles to production'; (iii) administrative forms and application dossiers 'lack consistency' and contain 'many irrational provisions, causing trouble to individuals, organisations and enterprises'; and (iv) the central

government lacks a mechanism to monitor and control new administrative procedures, and to ensure their consistency with existing regulations (Schwarz 2010).

With technical assistance from a number of foreign experts (especially from the United State Agency for International Development/Vietnam Competitiveness Initiative and drawing from international experience on best methods and institutional reforms (especially the experiences of Organisation for Economic Co-operation and Development [OECD] countries), the Prime Minister decided to issue Decision 30/QĐ-TTg, dated 10 January 2007, to approve the project to 'Simplify Administrative Procedures in all Sectors of State Management for the Period of 2007–2010', with the target to reduce compliance costs for businesses and citizens by 30 percent (known as Project 30).

Project 30 aspires to create a simpler, more efficient, and more transparent administrative system. Concretely, the project aims to (i) simplify at least 30 percent of administrative procedures and reduce administrative costs by at least 30 percent; (ii) reduce the implementation gap in the domestic regulatory system with WTO and international trade agreements through the establishment of a modern and better regulatory system; (iii) enhance systematic transparency in compliance with WTO principles; (iv) create the first unified database of all regulations at the central level in Viet Nam with quality control and consultation mechanisms for simplifying administrative procedures; (v) stimulate investment and productivity gains across the economy by reducing costs and risks for large and small businesses; (vi) improve Viet Nam's competitive position among WTO economies; (vii) and help fulfil the economic commitments of job creation under the 5-year plan (for 2006–2010) (see OECD 2011).

Given its popular use in a number of countries to produce rapid results by cutting and simplifying unneeded regulations, the regulatory guillotine method was then adopted in Project 30. This method consisted of four steps. First, in the 'Inventory' step, all ministries and provincial governments were obliged to prepare lists of administrative procedures in their competence, including their description based on a standardised form. This standardised form included information on the name and nature of the procedure and on whether the procedure involves a licence or forms to be attached, or requires fees. The form also included information on the contact person or the position name of the person in charge of settling the procedure and the time period for settling the procedure. This inventory was

published for soliciting public comments. After that, the inventory was revised based on such comments. The inventory was then turned into a central electronic register of administrative procedures accessible via the Internet.

During the first phase (which took place between January 2008 and June 2009), hundreds of civil servants representing every level of the government created the first-ever comprehensive inventory of administrative procedures, which was made into a searchable electronic database and posted on the government website. More than 5,000 administrative procedures (stipulated in 9,000 legal normative documents) were added to the database, which allowed users to locate every administrative procedure and to download printable versions of every administrative form.

Second, in 'self-review', ministries and provincial governments had to review and assess each administrative procedure inventoried by answering three questions: (i) Is the administrative procedure legitimate? (ii) Is the administrative procedure necessary? (iii) Is it suitable or reasonable from the perspective of citizens and businesses? This self-review was conducted by trained task forces set up by ministers and provincial governments.⁶

Third, the Special Task Force, in consultation with its Advisory Council (a group of independent experts, business community, etc.), reviewed and assessed again problematic administrative procedures.

During the second phase (which took place between June 2009 and May 2010), the Special Task Force, consisting of government officials appointed by the Prime Minister, engaged government officials, citizens, non-government organisations, and business associations in a sweeping review of the entire administrative procedure database. The Special Task Force welcomed the assistance from the business community and civil society to identify problematic administrative procedures. To this end, the government created dossiers designed to enable business associations, citizens, and individual enterprises to (i) identify problematic administrative procedures; (ii) explain why those procedures were unnecessary, unreasonable, overly expensive, or inconsistent with existing regulations; and (iii)

⁶ All 63 provincial governments and 21 ministries and set up their own task forces for simplification of administrative procedures.

recommend solutions – typically, abolition, or revision – which would make the process simpler and more efficient.

In fact, though some business leaders were sceptical of the government's commitment to the reform process, most harnessed the opportunity to voice their criticisms. The American Chamber of Commerce, the European Chamber of Commerce, the Korea Trade Investment Promotion Agency, the International Finance Corporation, and 13 domestic Vietnamese business associations participated in the review process, gathering and synthesising perspectives on the business environment, developing recommendations to simplify troublesome administrative procedures, and discussing solutions with their government counterparts. They divided themselves into 11 working groups (one for each sector of the domestic economy), and organised weekly meetings to develop satisfactory solutions to the administrative challenges that companies in their sector faced.

After several months of working group meetings, the Special Task Force collected all the review dossiers and began meeting with officials from ministries and other state agencies to transform the feedback into a package of administrative reforms. The idea was to take the practical problems identified by citizens, business leaders, and individual companies, consider the solutions proposed by the working groups, and see whether the resultant reforms were consistent with the underlying principles that Vietnamese regulators wanted to protect. Reviewers were frequently summoned to meetings with government counterparts to defend their recommendations and discuss potential solutions. Based on these discussions and its own independent analysis, the Special Task Force created a package of administrative reforms, which it presented to the Prime Minister for approval.

Fourth, based on the output of the third step, the Special Task Force developed recommendations for each reviewed administrative procedure by suggesting either to keep it intact, or simplify it, or even abolish it. These recommendations were discussed with the responsible ministries in charge of the procedures before officially submitted to the government for final decision.

The regulatory guillotine method used in Project 30 specially attached the importance of the Special Task Force. This task force reported directly to the Prime Minister and was assigned necessary competence. To start with, the task force had to make an inventory of administrative procedures, including (i) compiling an

inventory of all administrative procedures currently applied by state authorities (ministerial and provincial, district, and commune levels) to deal with citizens and businesses, including accompanying forms, requirements, or conditions for implementing administrative procedures; (ii) preparing and creating a comprehensive electronic database of administrative procedures; (iii) entering and managing data in the e-guillotine software; and (iv) publishing regulations and information on the Internet. Besides, the task force conducted reviews of administrative procedures, including (i) making an independent review of administrative procedures and their accompanying forms, requirements, or conditions for implementing administrative procedures based on the review of ministries and provincial governments; (ii) recommending to the government administrative procedures which ministries and provincial governments in charge of these administrative procedures failed to prove their legality, necessity, or reasonableness to be amended, annulled, or simplified. Apart from those mandates, the task force (i) coordinated and cooperated with ministries and provincial governments to simplify administrative procedures, including instructing ministries and provincial governments on methods to reform administrative procedures; and (ii) consulted and cooperated with stakeholders, especially professional associations, business communities, citizens, businesses, and foreign experts.

Implementation of the final phase of Project 30 began on 2 June 2010, when the Prime Minister approved a pilot package consisting of the reform of 258 administrative procedures under Resolution No. 25/NQ-CP. These administrative procedures were mainly relevant to business matters on activities such as taxes, customs, construction, and real estate. To implement the simplification of these 258 administrative procedures, 14 laws, 3 ordinances, 44 decrees, 8 Prime Minister's decisions, 67 ministerial circulars, and 33 ministerial decisions have to be amended.

In addition, under the instruction of the Special Task Force and with the active cooperation of relevant ministries, in late 2010, the government issued 25 special resolutions to request all ministries to simplify 4,723 existing administrative procedures. Each special resolution clearly indicated the direction of simplification and the relevant legal normative documents to be amended or nullified. As reported by the Ministry of Justice, by December 2014, among 4,723 existing

administrative procedures to be simplified, 4,383 procedures had been simplified, equal to 92.8 percent.⁷

Project 30 brought about remarkable results. First, for the first time in Viet Nam's governance history, an electronic database consisting of more than 5,000 existing administrative procedures was created and made available to all interested parties. This result alone sufficed to make the project a huge accomplishment. The availability of this searchable electronic database of all 5,000 administrative procedures on the Internet⁸ itself made the regulatory environment in Viet Nam much more transparent and more favourable for entrepreneurship. The existence of said database helped prevent the proliferation of administrative regulations.

Second, Project 30 contributed to the reduction of administrative burdens on businesses and citizens. For example, on invoicing procedures, businesses in Viet Nam are allowed to print and circulate their own invoices from 1 January 2011; they are required to merely notify the Ministry of Finance of their invoice forms. This move is expected to save businesses around 400 billion dong (D) (US\$20 million) a year. Similarly, regarding tax declarations and collections, a smarter classification of tax declarers also helps businesses cut costs by D1 trillion (US\$50 million) a year. As far as customs procedures are concerned, a raft of administrative procedure simplification moves, such as widespread introduction of e-customs and implementation of a one-stop customs shop, among others, have seen businesses cut costs by D600 billion (US\$30 million) a year. In the construction sector, as a result of the removal of construction fees and removal of construction permit extensions, individuals and businesses can save D1.4 trillion (US\$70 million) in the construction permit application process. In a related success, an estimated amount of D1 trillion (US\$50 million) could be saved by the business community a year after absurd procedures were pared off in such sectors as labour, social insurance, and public security' (Viet Nam Investment Review, 2011). The United State Agency for International Development/Vietnam Competitiveness Initiative also claimed that the savings in compliance costs for business and citizens could amount to as much as US\$1.5 billion per year if all of the recommended measures are implemented by the Government of Viet Nam.⁹

⁷ Report No. 5/BC-BTP dated 12 January 2015.

⁸ This database is currently available at <http://csdl.thutuchanhchinh.vn/>

⁹ Vietnam Competitiveness Initiative, <http://dai.com/stories/project-helps-vietnam-cut-red-tape-hone-competitiveness-and-boost-economic-growth>

Third, the implementation of Project 30 enhanced investors' confidence in the reform process. In 2007–2010, the government consulted the business community, including both domestic and foreign enterprises, to solicit their suggestions for improving the regulatory environment. The voices from the business community fed important inputs to the government's decision to simplify existing administrative procedures. According to the OECD, stakeholders, including domestic and foreign businesses, welcomed Project 30 as a first step in the right direction. It could be considered as the pilot for future governance of regulatory reform in Viet Nam (OECD, 2011).

The experience of Viet Nam with Project 30 can bring about several important lessons for regulatory reforms. First, even developing countries with limited resources can carry out regulatory reforms. As a note, when Project 30 was launched, Viet Nam was still a low-income country with a gross domestic product (GDP) per capita of less than US\$1,000 per year. Second, political commitment is essential to the success of an administrative procedure reform project. In the case of Project 30, the Prime Minister showed clear and strong commitment to administrative reform. The Special Task Force could directly report to the Prime Minister. Ultimately, the high political determination had been a key factor to overcome potential reluctance among ministerial and local officials, while strengthening confidence among stakeholders. Third, the reform needs a sound institutional structure with sufficient capacity. For Project 30, a coordinating body, the Special Task Force, with competent staff was set up at the centre of government. This Special Task Force was assigned sufficient power to deal with and directly instruct other ministries and local governments. Fourth, active involvement of stakeholders, especially the business community and citizens, is a must for the success of the reform project. These stakeholders provided valuable information on problematic administrative procedures and suggestions for their simplification. Finally, effective administrative reforms need an appropriate communication strategy, which helped to timely inform stakeholders of the successes and obstacles, and to gather greater public consensus on the reforms themselves.

4.2. Resolution 19

Resolution 19 aims to make the domestic business environment more enabling and to strengthen national competitiveness. Accordingly, the resolution sets out a number of tasks. Many of the tasks are not new; tasks – such as the improvement of institutions for a market economy, development of infrastructure, upgrading of

education and training, among others – were already emphasised in previous documents such as the Socio-Economic Development Strategy for 2011–2020 and the Socio-Economic Development Plan for 2011–2015. The new features of Resolution 19 is that it also incorporates the specific tasks related to improving the business environment in 2014–2015:

1. Simplify procedures and reduce the time required to start a business to 6 days or shorter; make necessary improvements to shorten the time from business registration to actual business activity by enterprises.
2. Improve the routines, documents, and procedures related to paying taxes, so that the time for enterprises to pay taxes is equivalent to or below the average level of ASEAN-6 (i.e. 171 hours per annum).
3. Reduce the time for enterprises and investment projects to get electricity to 70 days or shorter (the average figure of ASEAN-6 is 50.3 days).
4. Improve the regulations on property rights and investor protection under the Investment Law and Enterprise Law in line with international standards.
5. Simplify the routines, documents, and procedures for import and export activities, customs clearance, and reduce the time for customs clearance to the average level of ASEAN-6 (i.e. 14 days for export and 13 days for imports).
6. Reduce the time for resolving insolvency to 30 months at the maximum.
7. Publicise and make transparent the business and financial situation of enterprises under the current regulations and in line with international standards.

Resolution 19 reflects important changes in regulatory reform in Viet Nam. In fact, the target of improving the business environment is not new; yet Resolution 19 marks the first time that specific targets are designated to ensure the improvement of the business environment. Such specific targets include the areas that need improvement and the minimum requirement of improvement. Besides, Resolution 19 officially internalises the specific areas of the business environment that are consistent with the World Bank's Doing Business surveys in 2014 and 2015. This internalisation rests on a fundamental change in perception, as the survey results on Doing Business were not considered seriously before 2014. This is also the difference between Resolution 19 and Project 30 (as per the first case study), since the latter did not rely on specific indicators for monitoring compliance. Finally, Resolution 19 sets out various reference targets in line with the average level of ASEAN-6, which may also imply bolder and more serious attempts by Viet Nam to

get itself closer to the standard of ASEAN before the regional economic community comes into play.

Unlike Project 30, Resolution 19 is not a stand-alone process, despite the same approach. In fact, the first stage saw a mixture of own 'inventory' and building on the 'inventory' progress of Project 30; that is, since Project 30 had its own efforts to take stock of burdensome administrative procedures, such procedures would also be considered for elimination or simplification under Resolution 19. At the same time, Resolution 19 explicitly requires the line ministries to review administrative procedures, especially those related to the indicators of business competitiveness under the Doing Business surveys. In this aspect, Resolution 19 is more targeted to facilitate production and business activities by enterprises.

Based on the above review, Resolution 19 also incorporated a substance of 'self-assessment' of the legitimacy of administrative procedures. Nonetheless, the self-assessment here focused more on how the administrative procedures affected Viet Nam's performance in terms of various competitiveness indicators. In doing so, Viet Nam dedicated intensive efforts to understand the methodology of computing the Doing Business indicators, and sought potential areas where changes could be done that could quickly improve the indicators. The self-assessment then became more objective as it relied on the predetermined measure of improvement and the calculation of indicators by an international organisation (i.e. with more independence). In other words, if the changes were deemed insufficient, they would be reflected in the subsequent publication of Doing Business indicators.

Finally, Resolution 19 focuses explicitly on inducing changes of the regulations and/or administrative procedures related to doing business in Viet Nam. The ministries are requested to simplify regulations and administrative procedures, which may even require proposals to amend the law. In this regard, therefore, Resolution 19 is more action-oriented than Project 30. In total, Resolution 19 sets out seven broad measures and 49 specific measures for different ministries, agencies, and localities. Specifically, some notable measures are:

1. The Ministry of Planning and Investment has to incorporate changes in the draft (amended) Investment Law and Enterprise Law that help simplify investment licensing, and increase protection of investors and minority shareholders. The ministry has to make more efforts to simplify procedures for starting a business, simplify and reduce the costs of registering changes

or additions to business licences, and aim to reduce the time to start up a business to 6 days at the maximum.

2. The Ministry of Finance has to review routines, documents, and procedures of exports and imports, so that the time for export and time for imports can be reduced to the ASEAN-6 average level (of 14 days and 13 days, respectively). Similarly, the documents and procedures related to paying taxes must also be simplified so that the enterprises only need to spend 171 hours per year (i.e. average level for ASEAN-6) for such payment.
3. The Ministry of Justice has to review and make proposals on improving Viet Nam's performance in terms of contract enforcement and registering property. The targets for these indicators are, however, more ambiguous than the previous ones. This implies less priority given to these indicators, which might be explained by the involvement of other non-government agencies (such as the People's Court).
4. The Ministry of Industry and Trade has to instruct the Electricity Corporation of Viet Nam to reduce procedures, time, and related costs for enterprises and projects to get electricity. The specific target for time to get electricity is 70 days or shorter (while the average level for ASEAN-6 is 50.3 days).
5. The Ministry of Construction has to publicise and make transparent the procedures related to construction permits. Resolution 19 stipulates no specific target for this indicator.

By mid-December 2014, the number of specific measures that had been implemented with outcomes were modest. Among the 49 specific measures set out in Resolution 19, only 8 were implemented with outcomes (accounting for a share of 16.3 percent), 16 had been implemented without clear outcomes yet (32.7 percent), while 25 measures were not yet implemented (32.7 percent). By the end of 2014, line ministries and agencies had implemented 30 of these measures, of which 10 had produced significant improvements (**Table 8.5**).

**Table 8.5. Implementation Status of Different Ministries
(as of mid-December 2014)**

No.	Ministry/Agency/ Locality	Number of Measures	Implemented with Outcomes	Implemented, But No Clear Outcomes	Not Yet Implemented
1	Ministry of Planning and Investment	4	3		1
2	Ministry of Finance	4	1	1	2
3	Ministry of Education and Training	2			2
4	Ministry of Labour, the Invalids and Social Affairs	4	1	1	2
5	Ministry of Justice	4	1	2	1
6	Ministry of Home Affairs	1		1	
7	Ministry of Natural Resources and Environment	3			3
8	Ministry of Agriculture and Rural Development	4		2	2
9	Ministry of Industry and Trade	4	1	3	
10	Ministry of Transport	1			1
11	Ministry of Science and Technology	3			3
12	Ministry of Construction	2		1	1
13	Ministry of Information and Communication	4			4
14	State Bank of Vietnam	1		1	
15	People's committees of provinces, cities	1			1
16	Vietnam Chamber of Commerce and Industry, business associations	4		3	1
17	Other ministries and agencies	3	1	1	1
Total		49	8	16	25
Share (%)		100	16.3	32.7	51.0

Source: Ministry of Planning and Investment, 2014.

There are some gaps in implementing Resolution 19. In particular, regarding the review of administrative measures, especially those related to indicators of competitiveness, only four agencies – Ministry of Planning and Investment, Ministry of Finance, Ministry of Industry and Trade, and Vietnam Social Insurance – made efforts for such reviews. Meanwhile, almost all action plans of line ministries, agencies, and localities failed to closely follow international standards. Many action

plans did not specify the timing and methodology of implementing the assigned tasks.

Notwithstanding the failure to accomplish all assigned tasks, the early results of Resolution 19 were remarkable. According to the World Bank's Doing Business ranking, the amended Enterprise Law in November 2014 abolished five procedures (compared with 10 procedures before) and business registration was shortened from 34 days to 6 days. These improvements may be equivalent to an increase of 60 ranks in terms of starting-a-business indicator compared to 2013 (ranking 109th). Together with abolishing the need to list all business activities in business licences, all previous requirements, procedures, and costs for supplementing or adjusting business activities would be nullified. This should reduce the workload of business registration agencies in Ha Noi and Ho Chi Minh City by up to two thirds (Central Institute for Economic Management, 2015).

Besides, the amended Investment Law in November 2014 abolishes requirements for investment certificates for all domestic investment projects irrespective of the scale and area of business. It also narrows the scope of foreign-invested projects that require investment certificates. Foreign-invested projects and foreign direct investment (FDI) enterprises are required to apply for investment certificates if the foreign invested share in chartered capital is at least 51 percent, or if the total share of foreign investor(s) and FDI enterprise in chartered capital reaches 51 percent or more. The maximum time for granting an investment certificate is shortened to 15 days, instead of 45 days.

The freedom to do business has been widened and better secured. The amended Investment Law stipulates six areas and sectors where business activities are prohibited. As a result, enterprises have secured rights to undertake all business activities that are not prohibited by laws, instead of doing the registered business activities. All legal risks related to 'doing unregistered business activities', 'doing business activities which are unlisted in business registration certificate', among others, have now been eliminated. The trap of 'doing illegal business' has been basically removed for enterprises, their owners, and managers.

The amended Investment Law stipulates a list of 267 conditional business activities. The new law considers conditional business and respective business conditions as forms of restraining people's rights in doing business. The regulations on conditional business and appropriate business conditions must be compliant with

Clause 2, Article 14 of Constitution 2013: 'Human rights and citizens' rights may not be limited unless prescribed by a law solely in case of necessity for reasons of national defence, national security, social order and safety, social morality and community well-being'. The policy implications of the aforementioned changes of thought should pave the way for a breakthrough to reform current regulations on business conditions.

The new regulations aim at better and more effectively protecting investors' rights in line with the core features of a modern market economy. Specific changes include (i) facilitating small shareholders to sue managers by reducing the costs of such actions; (ii) broadening the definition of stakeholders in a company in accordance with international practices, increasing the authority of general meetings of shareholders in considering and approving transactions between the company and its stakeholders, publishing information widely and transparently and increasing supervision over transactions between the company and its related people; and (iii) enhancing and disciplining responsibilities of managers and stakeholders in publishing information widely and transparently, and in compensating for the losses from the transactions mentioned in point (ii).

More achievements are also observed in the prescribed indicators of competitiveness. By the end of 2014, the time required to pay taxes and insurance was reduced from 872 hours per year to 170 hours per year. Enterprises now be able to pay taxes quarterly rather than monthly per earlier practice. Tax declaration documents have been simplified considerably to reduce compliance costs and to limit the risk of errors. The maximum time for accessing electricity from medium voltage stations is to be reduced to only 18 days, from 42 days.

Time and customs procedures for export and import have been reduced sharply. The remaining issues related to the 'Trading Across Border' indicator lie mainly in the stages before, or after, customs clearance. In fact, about 200 types of licences and specialised certificates are currently regulated in various legal documents. Some shortcomings still prevail in terms of capacity; division of function and time in testing and checking quality of imported goods, sanitary and phytosanitary measures; and food safety and sanitation, among others. Therefore, further reductions in the time and procedures for customs clearance across borders will require cooperation among ministries and agencies to improve specific technical regulations and their enforcement.

The practical implementation of Resolution 19 in 2014, with key early progress, has showcased important lessons. First, adherence to international standards is critical. For a long time, Viet Nam failed to officially recognise the results and rankings of the *Doing Business* survey. Instead, it focuses more on self-assessment by the line ministries rather than the perceptions of the business community, which implies a certain lack of independence. Besides, the international standards and indicators, such as those under the *Doing Business* survey, are measurable and comparable across countries. In this regard, they can show how Viet Nam has moved forward or backward compared with other countries (for example, ASEAN-6), so that areas for improvement can be identified.

Second, reducing excessive administrative procedures that are burdensome to business activities requires strong political will. There always will be some available justification for the presence of administrative procedures. In some cases, such presence tends to prioritise the convenience of line ministries and agencies in management tasks, rather than enabling business activities. As such, reducing excessive administrative procedures may support business activities, but at the management costs for line ministries and agencies. In another aspect, since the administrative procedures are often cross-cutting, coordination of involved ministries plays a significant role. To ensure effective regulatory measures in facilitating business and production activities, strong political will emerges as an essential requirement.

Another key lesson is to ensure effective sharing of information across ministries on the implementation of Resolution 19. This is critical since many of the measures are cross-cutting and often involve more than one measure. On the one hand, this may help align progress among the ministries. On the other hand, sharing information serves as a source of external pressure for the line ministries and agencies to simplify the regulations.

In addition, building awareness of officials responsible for handling administrative procedures remains critical. For instance, Viet Nam should still deepen training for staffs in customs departments and relevant departments and/or bodies of the Ministry of Industry and Trade, Ministry of Agriculture and Rural Development, and Ministry of Health on using modern facilities to support trade activities. Meanwhile, staffs of government agencies must acknowledge and engage in effective coordination among themselves to minimise delay in settling procedures and requests of enterprises. The model of the public administrative centre in Quang

Ninh province serves as a good example, since it extends beyond a single window; it locates all local agencies in the same place, thus, reducing the time of circulating documents across these agencies.

Finally, reducing administrative procedures in particular and regulatory management in general requires effective supporting infrastructure. On the one hand, there needs to be enforcement of substantial consultation between management agencies (responsible for developing regulations and administrative procedures) and the community (being adjusted by the regulations). This will ensure timely identification of regulations and/or administrative procedures that should be amended or nullified. On the other hand, technical infrastructure, such as information and communications technology, and risk assessment are essential to help coordinate government agencies during the regulatory management process.

Conclusions

To conclude, Viet Nam has paid attention to improving its RMS in recent years. The country introduced the regulatory guillotine in 2007, the RIA in 2008, and some other tools. These developments have contributed to the enhancement of the quality of laws, decrees, and circulars and the simplification of administrative procedures.

Among thousands of laws, decrees, circulars, and local governments' legal normative documents, the policy coherence is basically ensured in Viet Nam. However, Viet Nam still witnessed scattered evidence of conflicts among laws or the deviation of provisions in sub-laws from the provisions in laws. Some conflicts of provisions regarding the authority of ministries or between different levels of local governments were also reported. The most notable examples are perhaps the conflicts over authority of ministries in charge of environmental protection, food safety, advertising, and consumer protection.

In another aspect, numerous efforts have sought to internalise international commitments into domestic laws: to create a business environment with fair competition and transparency; develop various markets; reduce government intervention in markets through price control, resource allocation, ownership, protection measures, subsidies and monopoly; and create a socio-economic environment satisfying relevant criteria for Viet Nam to be recognised as a market

economy (Central Institute for Economic Management, 2013). Viet Nam is also embarking on international regulatory cooperation, particularly in the areas of mutual recognition of standards and quality for product and services flows. A number of mutual recognition agreements have been signed, for example, for selected professional services, and electrical and electronic equipment. The responsible government ministries also worked to provide justification for Viet Nam's products once required by foreign counterparts. Viet Nam is considering international conventions to further facilitate flows of trade and investment. For instance, it acceded to the Inter-country Adoption Convention in 2011 and became a member of the Hague Conference in 2013. The Prime Minister also approved the plan of accession to the Hague Service Convention with an official letter (No. 1606/VPCP-QHQT, dated 12 March 2014). This was driven by both external requirements (specifically the promotion of international economic integration in terms of mutual legal assistance in civil and commercial matters) and internal requirements (the facilitation of trade and investment activities for the local community).

Regulatory coherence presents another area with important progress. The RIA is applied in the preparation of laws and decrees. The regulatory guillotine applicable to control and reduce administrative procedures has been in place. At present, all ministries and provinces have their own bodies to control administrative procedures. Yet the quality of RIA reports remains a problem, possibly due to the lack of resources, lack of data, and insufficient skills of the regulating agencies.

The room for improving the regulatory system further prevails in the presence of overlapping and conflicts among laws, as well as of the material compliance costs to the business community. The motivation for improving the regulatory system is also justified, as Viet Nam has been diverting more attention to reforms of microeconomic foundations and the space for manipulating macroeconomic policies to achieve high growth becomes scarcer. The progress with regulatory management so far has been hard earned, and can readily be leveraged. Being a low-middle-income country, Viet Nam can seek technical assistance in terms of improving good regulatory practices, simplifying administrative procedures, assessment methods, among others. The gist lies in whether the country can build up sufficient confidence of stakeholders in its administrative reforms. As the key lessons from the case studies of Project 30 and Resolution 19, further improvement of regulatory management requires strong political will, involvement of relevant stakeholders, and enactment of separate bodies with a clear mandate and sufficient capacity.

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