

**USAID/Vietnam Competitiveness Initiative, Phase II (USAID/VNCI)**  
**Monthly Report for October 2011**

**Simplifying Administrative Procedures**

**Agency on Controlling Administrative Procedures (APCA):**

- **Project 30 Implementation Monitoring:** After the successful pilot reviews of 5 centrally-managed cities ordered by the Prime Minister in August, Minister Dam approved the proposal from APCA for a series of monitoring visits to 58 provinces on the implementation of APs at local levels, expanding the monitoring of AP implementation in 58 provinces and 24 central ministries and agencies. The exercise proves helpful to raise awareness in the system at all levels of the need for improving AP quality from drafting stage to actual implementation. This plan will be carried out from Oct – Dec 2011 by APCA with USAID/VNCI support.
- **Policy Impact Assessment:** Mr. Scott Jacobs, Senior Regulatory Advisor, worked from October 3 – 17, 2011 with the USAID/VNCI and APCA team with workshops on October 6 and 11 to design an analytical tool for policy formulation which will be used under the new Master Plan for regulatory reform and policy coordination. This tool and guidance will be required for all state agencies to document and make more transparent the policy making process that guides legal normative documents.
- **Advisory Council on Administrative Procedures Reform (ACAPR) Meeting:** First ACAPR meeting was chaired by new OOG Minister on October 20 with 27 members plus twenty eight press agencies, including 12 press organizations from ACAPR membership. Minister Dam showed a different way of chairing the Council which is more business friendly and welcomed by both the Council members and the press. The media was allowed to witness the meeting until the end, which never happened in the past. Next steps for the Council is to provide specific suggestions on priorities for AP reform in the coming months, focusing on concrete issues that will bring about change to impact society and economy. USAID and USAID/VNCI were invited and spoke in the meeting, even though we are not members of the Council.
  - **Tax Working Group:** was launched on Friday, October 14. IFC, member of this WG, proposed to support APCA to carry out in-depth review of enumeration and settlement of Personal Income Tax including all cases; simplifying tax calculation measures for each type of income; for individual and household businesses by providing international experience to speed up tax reform. The support from IFC is critical in this area, as other ACAPR members are not very interested in reforming procedures related to small and household businesses.
  - **Member Survey:** assisted ACAPR and APCA to finalize the member survey on administrative procedures that will aim to gather 2,000 responses among ACAPR members.
  - **Newsletter:** provided editorial and technical support for drafting of the first-ever newsletter that will be released electronically after approval from Minister Dam.

**Regulatory Reform and Regulatory Impact Assessment (RIA)**

- **Assisted MOJ on Legal Normative Documents post-implementation method.** MOJ is now reviewing the impact of the Law on Laws and will revise it in 2012. Mr. Scott Jacobs advised MOJ that post implementation review is a very difficult task and

should be done by an independent agency. In the Law on Laws, the self-evaluation will be conducted by drafting agencies, which is not an independent evaluation.

- **Supported MOJ on post-RIA report.** Two regulations, Circular 20/2011/TT-BTC on Additional Procedures for under 9-seat Car Import and RIA requirement of Law on Law were used to illustrate the effectiveness of the regulations issued. The exercise assisted the ministry to understand much better the process and methodology to implement a post RIA evaluation. This also changes their working method, which focuses more on theoretical side of the tool instead of practical application.
- **OECD Delegation Visit:** Mr. Nick Malyshev, Director, Regulatory Policy Division, and Ms. Celine Kauffman, Infrastructure Expert, OECD, hosted by USAID/VNCI and CIEM on October 13 – 14, 2011 to follow up on administrative and regulatory reform activities between OECD and Vietnam during the past 12 months in San Francisco, Paris and Hanoi.
  - **Assisted PERQ and VietnamNet which hosted an online roundtable** with Dr. Cung, CIEM, Nick Malyshev, OECD and Scott Jacobs, USAID/VNCI's consultant on Oct 13, with over 250,000 hits to date. The focus of the discussion was the relationship between government and private sector to address hot issues such as inflation and regulation of markets. Conclusion of the discussion is that Vietnam needs to embark on another reform, looking at the policy level to change government role toward enabler of development and growth.
  - **Organized PERQ-OECD workshop in October 14, 2011** for 157 people, including government, academic, and private sector participants and journalists. The OECD focused on international experience and redefining the role of government and private sector in the transitioning of the market economy in product and labor markets and infrastructure and public services. Speakers included U.S. Ambassador David Shear, Victoria Kwakwa, Country Director, World Bank, Vice Minister Dong, MPI, and representatives from OOG/APCA, MOJ, MOC, National Assembly, CIEM, OECD, World Bank, ADB, Vietnam Economic Institute, the Grattan Institute (Australia via OECD), EuroCham, InvestConsult Group and USAID/VNCI.
- **PERQ Training:**
  - **National Assembly Training:**
    - Prepared on-line RIA training materials for the National Assembly's Training Center for Elected Representatives (TCER). Filming was completed to deliver training to more deputies.
    - Discussed with the National Assembly's Budgetary and Finance Committee a RIA training course for ONA officials on November 7-8, 2011, hosted by the Committee in a place near Hanoi.
  - **Training for Khanh Hoa Province:** Prepared materials for a VCCI hosted training course on PCI, RIA and AP for provincial officials of Khanh Hoa Province on November 1-3, 2011 in Nha Trang.

## **The Provincial Competitiveness Initiative (PCI)**

- **Supply Chain Conference:** presented PCI 2010 FDI survey results and recommendations for increasing outsourcing to local businesses and increasing efficiency in supply chains with over 150 representatives of the logistics and supply chain industry group on October 19 in HCMC.
- **PCI 2011:** Finalized data and construction of index based on surveys completed by 7,086 domestic and 1,944 foreign invested firms for PCI 2011. The PCI team is working with VCCI to meet the deadline of a December 15 launch in Hanoi.
- **PCI 2010:** in cooperation with VCCI, sent VCCI educational materials on business and economics to all 7,500 PCI2010 survey respondents as incentives for completing the surveys.
- **Ho Chi Minh Academy Presentation:** presented PCI2010 FDI survey findings and diagnostic analysis of Da Nang to 40 provincial officials participating in an economics training course sponsored by USAID STAR Plus. The provincial officers were familiar with PCI and wanted to learn how to use it to improve the business environment in their provinces.

## **Infrastructure Financing/Development via Revenue Bonds & Public-Private Partnerships**

- **JICA-USAID Coordination on Infrastructure Fund:** Prepared comments and inputs for USAID and JICA for technical terms of reference for the feasibility study of the Fund. Recommended that JICA and USAID engage key investors, including Vietcombank Fund Management, State Capital Investment Corporation, Goldman Sachs and TC Capital in a consultative process for designing the Fund and develop a MOU among the prospective investors for the design of the Fund.
- **Infrastructure Finance Fund:** Met with Pham Quang Dzung, Chairman, Dam Hai Giang, Deputy CEO, and Gregory Kok, CEO of Vietcombank Fund Management to discuss their interest in investing and managing the Infrastructure Finance Fund. Hosted a meeting on October 25 with Vietcombank Fund Management, TC Capital and USAID to discuss the IFF, experience in recent infrastructure funds and private sector's role in the IFF.
- **Ministry of Finance Briefing:** Met Ngo Van Tuan, Director, Banking and Financial Institutions Department, MOF to discuss USAID/VNCI, USAID, JICA and other donor efforts to support public investment efficiency through PPP infrastructure and a new Infrastructure Finance Fund. Discussed a conference on December 1 to focus on sustainable infrastructure finance and improving public investment efficiency; agreed to draft and submitted a draft conference agenda to MOF. Mr. Tuan will accompany Minister MOF and Prime Minister to Tokyo on October 31 to meet with Head of JICA and Prime Minister of Japan and they will include the infrastructure fund as a top priority issue.
- **Pilot Project Screening:** USAID/VNCI and Ben Darche, Senior Financial Advisor met with Vice Minister Dong and PPP Task Force members on October 27 to review the status of pilot projects screened and new projects proposed to date. Coordinated with the PPP Task Force and donor partners to visit various provinces and cities as

part of an outreach effort for consultation and identification of pilot projects, including:

- **Da Nang:** traveled with IFC to Da Nang to meet with the DPI to discuss PPP pilot projects and IFC advisory assistance under Decision 71.
- **Hai Phong:** met on October 21 with Department of Planning and Investment and IFC on PPP investment model and potential projects including bridges, tunnel underpass, and toll roads in Hai Phong city. USAID/VNCI is working closely with IFC on follow-up.
- **Ministry of Construction:** Met MOC on Song Hau Water Plant No. 1 in Can Tho City. Although MOC is very active to work on this project, the complications of the project indicate that the complexity and risks make this a medium term project and not an ideal first pilot project in the water sector.
- **HCMC:** Reviewed available information about the Elevated Toll Road No. 1 in HCMC and analyzed data on the financial model, prepared preliminary analysis and assessment of its financial viability at different scenarios; visited HCMC on October 26 to review analysis and risk assessment.
- **Nghe An Province:** Attended the Investment Promotion Conference in Vinh City on Oct. 17 and 18 and met Nghe An Department of Planning and Investment and IFC about potential PPP projects including a waste water treatment plant in Dong Nam Enterprise Zone, a water supply system in Hoang Mai, and the thermoelectricity complex 2 in Quynh Lap.
- **Hanoi:** visited DPI to discuss ring road No. 4 and the data and analysis for this complex toll road project that would have to be redefined for a viable PPP project including tolling the entire ring road and construction for a new road section to make it viable for private investment and PPP.
- **Donor Coordination on Infrastructure:**
  - **DfID, UKTI:** Updated DfID and UKTI on October 28 about the status of the Hong Sau Water Project in Can Tho City and the elevated toll road in HCMC. Recommended that DfID and UKTI invest their resources in screening other water and toll road projects rather than invest additional resources in these specific projects due to the risks and complexity issues identified by USAID/VNCI's Ben Darche, Senior Financial Advisor and team that does not make these ideal pilot projects in the near term.

### **Communications:**

- **USAID's 50<sup>th</sup> Anniversary:** in preparation for this important event on 3 November 2011, USAID/VNCI is supporting the Mission to:
  - **Organized a series of media interviews** to highlight USAID's role in supporting Vietnam to achieve the country's development objectives. The 1st program with the international channel of VTC took place on 18 October at VTC studio where USAID's Frank Donovan was interviewed. Other interviews with Vietnam News, Saigon Times, Radio Voice of Vietnam, etc. are being lined up for USAID in October.
  - **Prepared posters and communications materials** for widespread media dissemination about USAID/VNCI programs in administrative reform, infrastructure, economic governance and competitiveness.

### International Visitors

- Mr. Ben Darche, International Finance Advisor, October 19 – November 4, 2011 at request of MPI to work with MPI PPP TF and MOT and MOC to review shortlisted pilot projects and apply new guidelines and financial model, assess the ADB design for the project development facility, and draft policy guidance on state contributions for PPP projects.
- Mr. Roy Torkelson, Senior Infrastructure Advisor, November 28 – December 9, 2011 to participate in a sustainable finance conference planned with MOF on December 1, 2011 and assist USAID, JICA and private investors in the design of the TOR for the Infrastructure Finance Fund.
- Mr. Peter Goldmark, former Head of the Port Authority of New York and New Jersey, November 29 – December 3, 2011, sponsored by U.S. Vietnam Trade Council, to participate in a sustainable finance conference and consultations with USAID/VNCI and counterparts.
- Mr. William Streeter, Infrastructure Debt Manager, Hastings Fund Management, November 30 – December 3, 2011, to participate in the sustainable finance conference on December 1 as a key note speaker and consultations with MOF, MPI and other infrastructure stakeholders.

### Upcoming Events

Activities/Events	Date	Place	Objective	Media/PR
Train Provincial Officials on economic issues	November 1 - 3	Nha Trang	VCCI will sponsor a training course on PCI, RIA and Administrative Procedures for provincial officials of Khanh Hoa Province; USAID/VNCI will provide technical expertise on RIA, PCI and AP.	VCCI arranging
RIA Training for National Assembly Deputies	November 7 - 8	Outside Hanoi	Provide training course on RIA and regulatory reform for deputies sponsored by the Budgetary and Financial Committee of the National Assembly.	N/A
Project management retreat	Mid November	TBD	Review work plan and program priorities and new staff assignments with transition of outgoing Chief Regulatory Advisor and new Deputy Project Director	N/A
Sustainable Infrastructure Finance Conference	December 1	Hanoi	USAID/VNCI supporting a conference on Sustainable Infrastructure Finance, focusing on public investment efficiency	TBD

			and private investment with MOF, MPI and other state agencies, in cooperation with US-Vietnam Trade Council, Nike and financial institutions.	
PCI2011 Launch Event	December 15	Hanoi	Annual launch event of PCI 2011 with VCCI; major media event	Yes, with US Ambassador presenting and interviews
PCI2011 Launch Event	TBD	HCMC	Presentation of PCI2011 to provincial leaders and the business community for dialogue in the southern region.	Yes, TBD