

## USAID/Vietnam Competitiveness Initiative, Phase II (USAID/VNCI)

### Monthly Report for December 2011

#### **Simplifying Administrative Procedures**

- **Prime Minister commits to further AP reform in 2012:** as donor partners emphasized at the CG 2011 meeting that Vietnam put more effort on economic restructuring, macroeconomic stability and regulatory reform, Prime Minister Nguyen Tan Dung said that GoV will reasonably take action on these issues, and will focus on AP reform in coming time.
- **AP Reform Competition:** Competition for AP reform was launched on Monday, December 5, 2011 with attendance from nearly 100 media organizations, representatives from ministries, government agencies and business sector (200 attendees in total). Speaking at the launch, OOG's Vice Chairman Kieu Dinh Thu said that the competition aims to expand the lessons learned from Project 30 in mobilization of the public to support the reform. The ultimate goal of the competition is raising awareness among the public and engage them deeper in the reform process. The competition is open from Dec 5, 2011 to April 30, 2012. With support from USAID/VNCI team, APCA is working with VUSTA, Central Women Association, Central Farmers Association and Trade Union on communications, and poster and leaflet's distribution to provinces. Vietnam Business Forum, a VCCI media outlet, has printed the competition rules in its bimonthly magazines.
- **Linkage between PCI and AP reform:** recognizing the power of PCI ranking at provincial level, APCA has requested USAID/VNCI to incorporate AP reform performance at provincial level into PCI survey next year. USAID/VNCI will work with VCCI and APCA to make full potential of this, through hard data, perception survey and appearance of OOG leaders at the PCI launch.
- **Greater access for citizens and businesses to the national database of AP:** Minister Dam approved APCA's proposal for development of a project on providing AP information to the public. This project aims at applying multi telecommunication solutions (such as via mobile phone and telephone networks) in providing information of administrative procedures from the National AP Database to citizens and businesses. Some solutions are being considered such as Content Subscription service, Voice Mail Box service, seeking AP information via messages, etc. APCA will be discussing with telecommunication companies such as Viettel to identify a partner for the project.
- **Training for private sector to develop AP reform proposals:** Training workshop on AP Impact Assessment for Advisory Council working groups was held in Ha Noi on December 26 – 27, 201, with over 50 participants from 16 associations and academies, and in HCMC on December 29 – 30, 2011, with 20 participants from 8 associations and academies. The training was funded by IFC in Hanoi and by OOG in HCMC; USAID/VNCI has been providing support for the organization and training materials of the workshop and technical facilitation of the workshops.

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

- **RIA training courses:**

- **RIA for Journalists in HCMC:** Delivered a RIA training course for economic journalists in HCMC on December 1. The participants found the course to be very helpful and interesting. After the course, some journalists said they will use the RIA approach to bring more value added content to the readers by providing more analysis and opinions in policy related articles, instead of just quoting or reporting what the government says. The organizer requested to duplicate this course in Hanoi.
- **Ministry Training:** Delivered basic RIA training course for ministry officials in December 6 - 7 in Hanoi.
- **Bac Ninh Province:** Delivered training course on RIA and regulatory reform on Dec 22, 2011 for the People's Council of Bac Giang Province funded by Budgetary and Finance Committee of National Assembly, to improve their understanding of economic analysis and reform.
- **Civil Law:** Delivered RIA training course for the drafting team of the Civil Law funded by JICA on Dec 28, 2011 to provide knowledge and analytical skills on doing RIA for the drafting team members. The training course will use a case study on ownership of apartments developed by us. The case is one of the hot topics related to the Civil Law, which will help the participants absorb the RIA tool and find solutions for the law draft
- **Support development of better regulations:**
  - **RIA for Mediation and Conciliation Law:** USAID/VNCI continued to support editing of RIA report and submission of paper for the main contents of the Law. We attended the internal first meeting on direction of the law development, chaired by the Minister Cuong and Vice Minister Hien of MOJ. The Minister agrees with all proposed options in the submission paper which supported by RIA. This has been considered as great success by the drafting team.
  - **RIA on Law on Drafting Master Plans:** Continued to support MPI on RIA for this Law. Attended experts' discussion about Law on Drafting Master Plans on Dec 27, 2011 to obtain information from the experts, so we can help MPI's drafting team more efficiently. This Law is very difficult to discuss, probably the drafting committee believes that the government's planning process does not seem suitable in the market economy. USAID/VNCI team spent 3 days with the drafting team just to try to understand their definition of "making a master plan", for example. Drafting a master plan is an abstract activity for the government. Progress has been slow, since it's hard to find reasons for the necessity of making master plans (i.e. development planning) in a market economy and the officials in charge have a vague idea about development planning. Per the drafting committee's request, USAID/VNCI will help drafting team with an aim to limit the intervention of government to businesses through poor master planning.

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

- **PCI diagnostic workshops:** presented at the PCI 2010 diagnostic workshop in Quang Ngai on December 26, 2011, and in Ha Nam on December 12, 2011 to identify the strengths and areas for improvement in each province.
- **PCI report:** preparation of the PCI 2011 report is underway; we are collecting background information on local governance in a few provinces with major changes in PCI 2011 ranking; analyzed impact of leadership changes on local governance based on

PCI 2011 data; developing tables and charts for inclusion in the PCI 2011 report. First draft of PCI report should be completed before Lunar New Year (January 23, 2012) to meet the deadline of the PCI launch on February 23, 2012.

- **Dealing with survey manipulation:** initial analysis shows several surprises in PCI rankings among some historically low ranking provinces. The PCI team has been working on many fronts to understand the issues, find back-up justifications, as well as identify strategies to deal with evidence of survey manipulation by some provinces.

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

- **Screening of potential projects:** continue working on Initial Screening Report on Financial Feasibility assessment for proposed \$500 million Hai Phong-Ha Long expressway
- **Advocacy for Stronger Commitment on PPP Initiatives:**
  - USAID/VNCI prepared a concept notes to be submitted to PM and DPMs through TC Capital's channel to the leadership to advise top leadership on critical success factors of PPP programs, and how Vietnam could use PPP model to leverage private sector investment up to 5 times of state investment and still retain credit rating of A to AAA compared to Vietnam's BB- country credit rating).
  - USAID/VNCI prepared and submitted a letter to Minister Vinh of MPI at his request after Jim Winkler's participation at the Eurocham reception on December 12, 2011 to advise him on critical success factors and international experience in PPP programs, and update him on USAID/VNCI support to GoV on this initiative.
- **Donor Coordination:**
  - Hosted joint donor's meeting on December 7 on SC policy, chaired by Todd Hamner, USAID's EG Director. Presentation was made by Roy Torkelson, USAID/VNCI's consultant on key concepts of state contribution policy.
  - Joined IFC field trip to Nghe An Province on December 28, 2011 to understand more about commitments of the proposed projects for PPP initiatives, and the commitments of provincial leadership.
  - Provided inputs for JICA-USAID/DCA meetings in Washington D.C. on December 12 and 16 to discuss establishment of equity and debt financing funds in Vietnam.
- **Development of Tools for PPP initiatives:** Reviewed and revised Financial Analytical Model to assess financial feasibility of PPP candidates, applied specifically to the Ha Long-Hai Phong Expressway project and others.
- **State Contribution Policy:** supported MOF to organize a consultative workshop on December 1 with MOF, MPI, VCBF, SCIC, and HANIF on the State Contribution policy for PPP project implementation. USAID/VNCI team has successfully facilitated a public – public dialog between two key ministries to move forward the PPP initiative. USAID/VNCI's international consultants Roy Torkelson, Bill Streeter of Hastings Fund Management and Peter Goldman, former Executive Director of the Port Authority of New York and New Jersey, delivered presentations at the workshop.
- **Development of Financial Market:** Technical meeting with MOF on Innovative Financial Models to develop local capital market for infrastructure financing on December 5. Roy Torkelson presented Innovative Financial Models for infrastructure

development. The engagement of MOF in this initiative was really a breakthrough, given the past effort USAID/VNCI and DCA trying to work with MOF in 2007 without success.

- **GVN Review of Decision 71 and PPP Infrastructure:** we were informed of an internal government meeting on December 20 chaired by DPM Hai with Minister Vinh and MPI personnel to review progress on Decision 71. During the meeting, DPM Hai agreed to three important decisions that will be formalized by government decision:
  - An initial \$15 million will be allocated to the Project Development Facility Fund from state budget to begin project preparation of PPP pilot projects to hire consultants for evaluating important projects, including: Bien Hoa - Vung Tau, Ninh Binh - Thanh Hoa, Nghi Son - Bai Vot, Halong - Hai phong expressways; Song Hau water No. 1 ; Hanoi Hospital.
  - MPI will strengthen the PPP TF, converting into a permanent unit within MPI;
  - All ASA have to receive the donors support through PPP TF.
- **Capacity building for PPP Task Force:**
  - Held technical discussions in early December with MPI leaders and PPP TF about the PPP Piloting Program, Development of Project Pipeline including screening potential projects such as Ha Long-Hai Phong expressway, institutional organization and coordination mechanism.
  - Supported MPI-APEC workshop on PPP in Infrastructure sector on December 1 with Bill Streeter presentation on “Sustainable Infrastructure Finance”.

### **Project Management:**

- **Recruitment of Senior Infrastructure Financial Advisor:** finalizing top candidate for this expatriate position to advise MPI, MOF and state agencies in the development of PPP pilot projects and development of infrastructure finance fund and regulatory changes; anticipated early 2012 start date.
- **Recruitment of new local Senior Infrastructure Financial Advisor for PPP:** with LiuBa Nguyen’s departure, USAID/VNCI has been recruiting a qualified professional, with focus on stronger financial/investment skills. Ms. Nguyen Ngoc Lan Anh, formerly Head of Client Services for Standard and Chartered Bank, and VP of HSBC Securities Services and manager of Indochina Capital has been selected by USAID/VNCI team for this position. Lan Anh brings financial and investment skills with well known financial institutions to strengthen the team capacity. Lan Anh will join USAID/VNCI after the Lunar New Year upon final approval from USAID’s RCO on salary request.
- **Vinh Ngo, Regulatory/Economic Advisory, officially starts working** with USAID/VNCI regulatory reform team on Jan 3, 2012. Bringing over 10 years of experience in teaching and research in economic and businesses topics, including two years as Research Associate at Lee Kuan Yew School, National University of Singapore, Vinh Ngo is expected to provide further economic analysis capacity for the USAID/VNCI team.
- **Ms. Phuong Vo, Senior Regulatory Advisor, submitted her resignation** in late December to accept an offer as Managing Partner of an international public relations firm

that lobbies the government on regulatory and policy issues. DAI is recruiting a replacement candidate for Ms. Phuong.

### **International Visitors**

- Dr. Edmund Malesky, PCI Lead Researcher, December 9 – 21, 2011 to work on final preparation of PCI rankings, report and PCI 2012
- Mr. Roy Torkelson, Senior Infrastructure Financial Advisor, end February 2012, to follow up with MOF and MPI on state contribution policy and revolving funds to finance infrastructure.
- Mr. Vedran Antoljak, Senior Regulatory Systems Advisor, Sense Consulting, end February-early March 2012, to train OOG/APCA on IT system of National Database and advise on PPP models for administrative reform and services delivery.