

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

Monthly Report for March 2012

Simplifying Administrative Procedures

- **Prime Minister approves Focused Review Plan in 2012 through Decision No.263/QD-TTg:** to reform APs and related regulations in 24 areas, including investment, market entry, tax, custom, etc. The Plan was developed by APCA/OOG in consultation with relevant ministries, 6 cities/provinces and private sector (through the Advisory Council for AP reform, including IFC, Amcham, Eurocham, Kotra, VCCI, LEFASO, VASEP, YBA, etc.). Priorities were set by both private sector and government. The Plan--which is modeled after the South Korean “bundle review approach” which OOG learned about during USAID/VNCI sponsored study missions in 2007--is aiming at addressing issues at both policy and procedural levels. For example, the review of tax related APs will aim at setting thresholds for VAT declaration, tax management policies regarding household businesses, personal income tax; the review of business registration APs will aim at abolishing company seals; the review of APs related to issuing investment license will cutting across investment, land and construction policies and regulations. PM sets a very clear target of cutting at least 30% compliance cost to ensure real reform happens, and provides OOG the role to guide and supervise the work of line ministries and provinces, including the power to reject and return proposals from ministries or provinces that are superficial and do not cut costs. USAID/VNCI is supporting the design and implementation of this Plan through regulatory reform and USAID/VNCI-APCA team, and making connections between APCA and other donors/reform programs to support this initiative.
- **Capacity building for APCA system:** USAID/VNCI supports APCA’s network of 87 control units across ministries and provinces with 12,000 personnel that supervise and manage APs across the unitary government system, with training and capacity building:
 - **Training courses on AP bundle review:** USAID/VNCI’s advisory team provided support to APCA, in co-ordination with IFC, to organize 3 two-day training courses on AP bundle review, two courses for 150 staff from 15 ministries from March 21-24, 2012 and one course for 70 staff from 4 provinces (Ho Chi Minh, Can Tho, Da Nang and Long An) from March 26-27, 2012. Purpose of the training is to introduce a new tool (process mapping) to be applied to AP bundle review and improve review forms. USAID/VNCI advisory team is providing inputs in training materials and one of the key speakers during the courses.
 - **Training course on handover of National Database:** USAID/VNCI international consultants trained 20 staff from APCA and OOG from March 19-24, 2012 in a four-day training course on hand-over of the National Database. The purpose of the training course was to equip APCA and OOG with knowledge and skills in maintaining the National Database and managing the system in an effective manner after transfer of the system to OOG/APCA and USAID/VNCI advisory team exits.
 - **Introduction of e-government in public service delivery:** Vedran Antoljak, USAID/VNCI international consultant, in co-ordination with USAID/VNCI management team, introduced e-government in public service delivery to APCA

management team of 16 people. The introduction aims to raise awareness of importance of e-services and APCA's role in promoting and enhancing quality of public services delivery in Vietnam. APCA will submit a proposal to the Prime Minister for approval for this public e-services initiative to support administrative reform, and USAID/VNCI will support APCA to develop pilot projects and a strategy for implementation.

- **Donor Coordination on regulatory reform:**

- **M&E for AP reform with IFC:** USAID/VNCI is facilitating a discussion between APCA and IFC on the development of an M&E system for AP reform. IFC team is led by Sanda Liepina, Regional Director of IFC's Investment Climate, and other team members from IFC offices in Washington, D.C. and Hong Kong. At the request of APCA, USAID/VNCI presented some initial thoughts on a M&E system, priority areas, difficulties and challenges. IFC has proposed to Minister Dam to support APCA to develop this system, which will be led by the private sector through the Advisory Council, as one milestone in their cooperation with APCA/OOG in 2012. Through the Advisory Council Secretariat and Advisory team, USAID/VNCI is supporting this initiative to ensure the M&E is relevant and meaningful to the public, and could be used to strengthen reform in the future.
- **OOG Accepts OECD Invitation to Ministerial Policy Committee Meetings:** Minister Dam approved APCA's participation in the OECD's meetings on April 11 – 13 in Paris, to present the administrative reform experience of Vietnam and meet with other country representatives to learn more about regulatory reform. OECD will host the OOG delegation of a Deputy Director and Expert of OOG/APCA and USAID/VNCI's Deputy Director who is requested to attend the meetings to support APCA. USAID/VNCI has been coordinating this event and OOG's participation since October 2011.
- **World Bank:** USAID/VNCI facilitated a meeting and discussion between APCA and WB team aiming at linking Economic Management Competitiveness Credit (EMCC) with the future regulatory reform plan. WB team was impressed with APCA/Project 30 performance and is working through their internal and external system (WB and SBV) trying to introduce the lessons learned of institutional and policy reform from the success of Project 30. USAID/VNCI shared with WB team the Review Plan for focused APs, and explained to WB about common themes between the review plan and the EMCC program. WB team has identified 5 groups of APs of interest, including: business registration, customs and trade facilitation, taxation, exports, public expenditure. WB will discuss with APCA to see how best to engage to support APCA's initiative through EMCC program.

- **ACAPR activities:**

- ACAPR work plan 2012 is approved, with 29 Working Groups doing review in 29 fields. This work plan is in line with the Prime Minister's Decision No.263/QD-TTg dated March 5, 2012. Key issues to be reviewed are APs relating to investment, land and construction; individual identification (combination of ID, SI and HI identification, which could be a pilot e-service); business chop. USAID/VNCI advisory team is providing support to APCA to develop this work-plan.

- ACAPR was re-enforced with 29 members. OOG Vice Chairman Kieu Dinh Thu is appointed to be ACAPR Vice Chair. VNBA, Young Entrepreneur Association, Tourism Association, AUSCHAM replaced representatives in the ACAPR due to changes of heads of associations. Mr Vo Quoc Thang, former Young Entrepreneur Association Chairman, remains an ACAPR member, representing Dong Tam Group.
- Working groups on investment, land and construction are discussing the recommendations on process mapping of investment, land and construction.
- **Communications:** USAID/VNCI's Advisors assist APCA on media relations, including:
 - **Media Briefing on Decision 263:** In combination with training courses on AP bundle review, APCA's director delivered messages on the kick-off meeting to review 24 key issues in 2012 in accordance with Prime Minister's Decision No.263/QD-TTg dated March 5, 2012. Dozens of reporters joined to provide news and messages for the public. Purpose of the messages is to raise awareness of the public in key issues to be reviewed in 2012 and to mobilize resources to participate in reviewing these key issues. USAID/VNCI advisory team supports APCA in organizing and providing information to reporters. A new target of reducing 30% compliance cost for 24 groups of APs were announced, as per PM's decision.
 - **Media Reports:** Series of report on VOVTV, VTC, VTV1 on air during March. The press organizations involved are showing deeper analyses of reform's progress and its issues (lack of service oriented attitude among government officials, the need to educate end-users to take advantage of hi tech public service utilities in cities (print out/download of forms, etc.) in their recent reports.
 - **Joint Work with Private Sector:** Worked with Dong Tam's communications team (member of ACAPR) to standardize branding applications for AP reform brand while maintaining the consistent "Join hands" logo templates. This task is expected to be completed within 2 months.
 - **More support for Secretariat and Communication:** APCA management has reassigned Hoai Vo, USAID/VNCI advisor to work full-time on communications to support the increased demand of communication work for AP reform. Hoai's role in the Secretariat will be taken over by two APCA members who have excellent command of English, and will spend 50% of their time on Secretariat work. APCA is also working on recruitment of a full-time staff for communications, at the request of USAID/VNCI. This is in-line with USAID/VNCI exist strategy to ensure sustainability for APCA and AP reform.

Regulatory Reform and Regulatory Impact Assessment (RIA)

- **RIA training courses:** conducted two back-to-back RIA training workshops for staff of the Ministry of Transport under PERQ with focus on current transport policy issues such as motor vehicle fees and fines for violation of transport provisions (the transport sector is a priority focus of the PPP infrastructure initiative, also supported by USAID/VNCI). First training from March 13-14 was packed with 50 MOT officials coming from various departments, and the second training from March 15-16 had full attendance. Participants

showed appreciation of the importance of doing proper impact assessment for policies and regulations.

- **Support development of better regulations:**
 - **MOJ and Law on Civil Status:** USAID/VNCI's provided MOJ with technical assistance for the drafting team to study and develop RIA report for the law which has extensive impact on citizen's life.
 - **MPI and Law on Spatial Planning:** continued support for the drafting team of Law on Spatial Planning at MPI to discuss RIA for the Law. This Law is important for urban infrastructure and regional development.
 - **MOJ and Criminal Code:** starting the discussion with MOJ on possibility to facilitate RIA report for Criminal Code Amendment
 - **National Assembly:** Gave comments on a draft version of Advertisement Law at the request of National Assembly's Cultural Affairs Committee
- **Master Plan for Regulatory Reform:** the long-awaited Draft outline of the Master Plan was submitted by MPI's Minister to Prime Minister, keeping all core inputs from APCA/OOG, which were developed with USAID/VNCI team support. APCA has requested USAID/VNCI technical support to review the draft outline and develop recommendations to Prime Minister.
- **PERQ Network sustainability:** to date, the PERQ ambassadors (6 currently) delivered part of the regular RIA training for government officials, with tailor made case studies to suit targeted ministries/agencies. The plan is to build capacity for the network to deliver training without USAID/VNCI team support in the next 6 months to ensure sustainability at the end of USAID/VNCI project.

The Provincial Competitiveness Index (PCI)

- **PCI influence:** In response to the latest announcement of PCI ranking, Long An Province, which made a great leap to 3th position from 12th place, and Thai Nguyen Province, which dropped 15 places, down to 57th position, sent official documents to VCCI to report on their PCI action plan. Long An Province analyzed its governance areas of improvement and decline in ranking compared to PCI 2010, suggested actions, and shall assign competent line departments to implement and report to its Provincial People's Committee on a monthly basis. The Director of Thai Nguyen DPI was grilled for not fulfilling tasks of collecting and reporting information in response to a request of VCCI for its PCI report preparation. Supplemental documents on Thai Nguyen's socio-economic report and PCI related information were sent to VCCI on March 2 at the request of its PPC Chairman. Thai Nguyen's PCI diagnostic workshop is planned for early April but the date has not been confirmed.
- **PCI dissemination:**
 - **HCMC Regional Presentation:** PCI research member, Dau Anh Tuan together with Madame Pham Chi Lan, presented the PCI 2011 results of the North South East region and recommendations to improve its competitiveness in a round table workshop hosted by the Leading Business Club in HCMC (<http://www.lbc.vn/index.php?lang=en>) on March 9 2012. (<http://www.bsa.org.vn/?p=viewcontent&id=9425&menufid=11>)

- **Da Nang Leadership Highlights PCI Issues:** Latest results of PCI 2011 for Da Nang were highlighted by Nguyen Ba Thanh, the Party Secretary cum Chairman of the People's Council of Da Nang City in his talk to over 4,000 government officials at all administration levels on March 2, 2012. After six consecutive years in top 2 in PCI annual rankings, for the first time Da Nang has slipped to 5th position in PCI 2011. Mr. Thanh pointed out Da Nang's governance areas of decline, including Business Support Services and Labor training and attributed part of the downgrade to transition in leadership position of the city's People's Committee and said the ranking results could have been worse. (<http://www.baodanang.vn/channel/5399/201203/Hay-xung-dang-voi-thanh-pho-anh-hung-2155295/>)
- **Deputy Prime Minister Nguyen Xuan Phuc on Lao Cai Province:** cited Lao Cai topped of PCI 2011 rankings, attributing its great achievement to concerted efforts made by Lao Cai's government and people. DPM Phuc also asked Lao Cai's leaders to realize its competitive advantages for fostering economic growth. (<http://laodong.com.vn/Tin-Tuc/Lao-Cai-can-phat-huy-loi-the-nang-luc-canh-tranh-trong-phat-trien-KTXH/77638>)
- **VTV1 Interview:** Conducted a televised interview with VTC1 about insights of FDI sector in Vietnam, results are taken from the 2011 PCI - FDI survey
- **EuroCham Newsletter:** At EuroCham's request, drafted a brief article on findings and insights of Foreign Direct investors from the 2011 PCI - FDI survey to be featured in the Eurocham Newsletter for its second quarter issue.
- **PCI cooperation:** met with Vietnam Invest Network to discuss opportunity to produce a series of in-depth articles featuring provincial business environment based on PCI results to be published on Vietnam Investment Review
- **Survey preparation for PCI 2012:** met with PCI team to discuss sampling strategy to increase response rate, revise questionnaires for foreign and domestic surveys
- **PCI diagnostic workshops:**
 - **Mekong Regional Workshop:** Prepared and presented at the workshop to Mekong Delta region on March 13 and to Can Tho on March 14, 2012. The regional workshop included 13 provinces in the region, with great interest from participants. Also, a group of media agencies were in Can Tho to promote the AP competition, organized by APCA and facilitated by USAID/VNCI, and took the opportunity to cover the event, which resulted in great media coverage at both national and regional levels.
 - **Long An Province:** Prepared and presented at the PCI 2011 diagnostic workshop to Long An Province on March 21 2012. The workshop was well attended by over 250 participants including government officials and local enterprises and chaired by Long An People's Committee Vice Chairman. USAID/VNCI team also provided comments to the draft PCI action plan prepared by Long An DPI for improving its business environment
- **EuroCham Luncheon on PCI-FDI Survey:** Jim Winkler presented the PCI-FDI survey 2011 to 40 CEOs and business representatives at the Sofitel Plaza hosted by EuroCham and AmCham, which are partners whose members participate in the survey. Data on American and European firms was highlighted, along with FDI impacts on economic growth, employment, and investment share.

- **New AP Indicators:** PCI team met with representative of APCA to discuss how to construct an index on administrative reform under the PCI project to improve monitoring of provincial performance, at the request of Dr. Phan, Director, APCA.
- **Customs Monitoring:** Met with representatives of the General Customs Authority to share survey experiences and discuss possible questions to be included in the PCI 2012 survey for the assessment of customs procedures in Vietnam. PCI already tracks customs performance and bribery issues.

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

- **Project screening:** Analyzed data collected for 2 projects in Thanh Hoa Province using financial model developed to screen HHE project: Nguyet Vien Bridge and the Nghi Son Waste Water Treatment Plan; identified gaps and requested additional information. A revised financial model is being developed for water sector projects.
- **Donor coordination:**
 - **Donor Dialogue with MPI Minister on March 27:** attended Minister Vinh's dialogue with donors, co-chaired by Victoria Kwakwa, Country Director, World Bank and Minister Vinh, including World Bank, DFID, ADB, AfD, JICA, Korean Export-Import Bank, USAID, and IFC to learn about the new structure and organization of Decision 71 for PPP pilot projects. The Public Procurement Agency will host the PPP Center and the Inter-ministerial Task Force will be upgraded, chaired by Vice Minister Sinh, for more effective coordination among ministries and provinces.
 - **ADB hosted donor coordination meeting** on March 2, chaired by Tomo-san, ADB country director, with Victoria Kwakwa, USAID, Afd, DFID, JICA and other representatives. IFC delivered a presentation on Nghi Son Power Plant. It has taken 5 years since the EOI was published in July 2007, and still no closure; they are evaluating bids with MOIT. ADB reported progress with MPI and MOF on reflows and revolving fund for Project Development Facility. Tomo-san and Miko Montelibano from ADB/Manila will meet with Minister Vinh this week. The ADB loan needs government decisions on structure, resources, decision-making process, etc. before ADB can present the loan to the ADB board in June.
 - **DFID Coordination:** Followed-up with DFID on how to coordinate the ADB/Afd efforts to establish PDF, with our efforts to assist MPI to develop a pipeline of pilot projects and a new structure for PPP unit. Will meet with DFID team on March 25 to learn more about Dfid grant T.A. and how to coordinate with Dfid to assist provinces in PPP pilot projects.
 - **Dialogue with Donors and MPI on PPP Organization Design:** Consulted with ADB and DFID in a series of meetings to identify and have common understanding on the organization structure of PPP Unit and PDF Management Team before providing MPI's Human Resources Department Director, who will advise MPI Minister for the meeting on PPP Unit on March 21, with a suggested model that would optimally work within the political-institutional context of MPI.
 - **Coordination with ADB, AfD and MPI on PPP Pilot Project Screening:** Following a very constructive meeting with Minister Vinh and heads of ADB and AfD, and the PPP team came back to Vietnam for a fact finding mission for 10

days. USAID/VNCI arranged the ADB visit to Quang Ninh, Thanh Hoa and Da Nang from March 23-26 through the PPP Task Force to consult with provinces on the PDF design.

- **PPP Unit:** USAID/VNCI prepared a concept note informally for the head of Human Resources of MPI who convened a meeting with departments on March 21 to discuss the setup of the PPP unit. He asked for international experience and options and recommendation to support Minister Vinh's decision on the new structure of PPP in MPI.
- **Working with MOF:** Continued support to MOF for final decision on technical support to set up a new initiative of sovereign wealth fund and pooled financing mechanism. Reviewed and studied municipal bonds and sub-national financing developed by Roy Torkelson.

Project Management

- **Recruitment of Senior Infrastructure Financial Advisor:** DAI finalized agreement with Scott Jazyanka, a highly experienced PPP transaction advisor, to begin in late April 2012, in Hanoi.
- **Vu Nguyen, IT Manager for the National Database resigned from USAID/VNCI** to join Samsung Vietnam as the Assistant Manager of SAP Information Systems, effective May 1, 2012.

International Visitors

- **Roy Torkelson, Senior Infrastructure Financial Advisor, May 2012,** to advise MOF on sovereign wealth revolving fund and state contribution policy, as well as MPI on PPP initiative.
- **Scott Jacobs, Senior Regulatory Advisor, May 14 – 25,** to advise APCA and PERQ on regulatory programs and new master plan.