



Báo cáo thực hiện Nghị quyết 19 và 35 về cải cách môi trường kinh doanh và phát triển doanh nghiệp

— Góc nhìn từ doanh nghiệp

Report on The implementation of Resolution No.19 and No.35
on business environment reform and business development

— A View from Business



Hà Nội, 20/11/2018



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GENERAL ISSUES OF RESOLUTION 19 AND
RESOLUTION 35

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Introduction

Introduction

Context

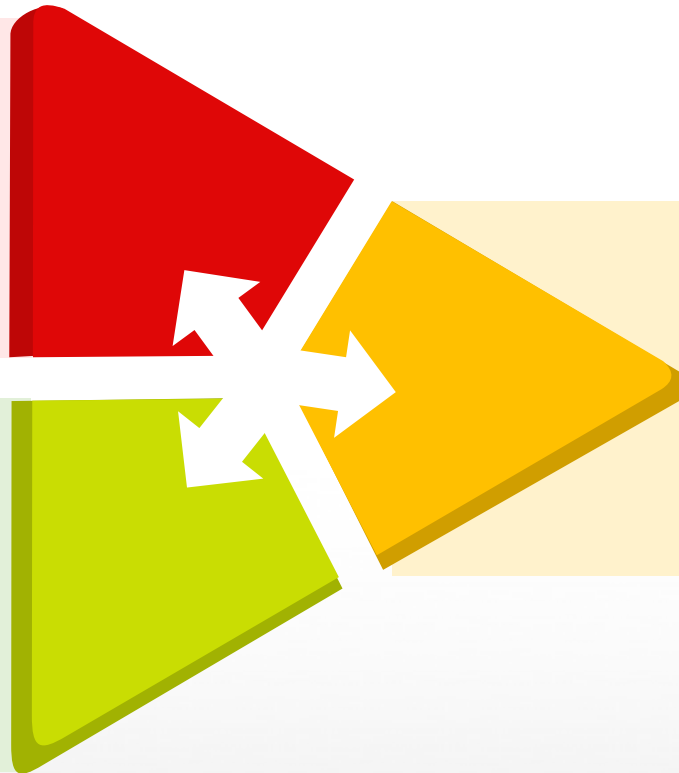
- 5 years after first Re.19 and 2 years after Re.35
- Some Improvement but not as expected

Purposes

- Comments from direct beneficiary objects
- Perspective on the implementation of the Resolutions
- Good practices for sharing

Methodology

- PCI Data statistics
- in-dept Interviews
- Group Discussion

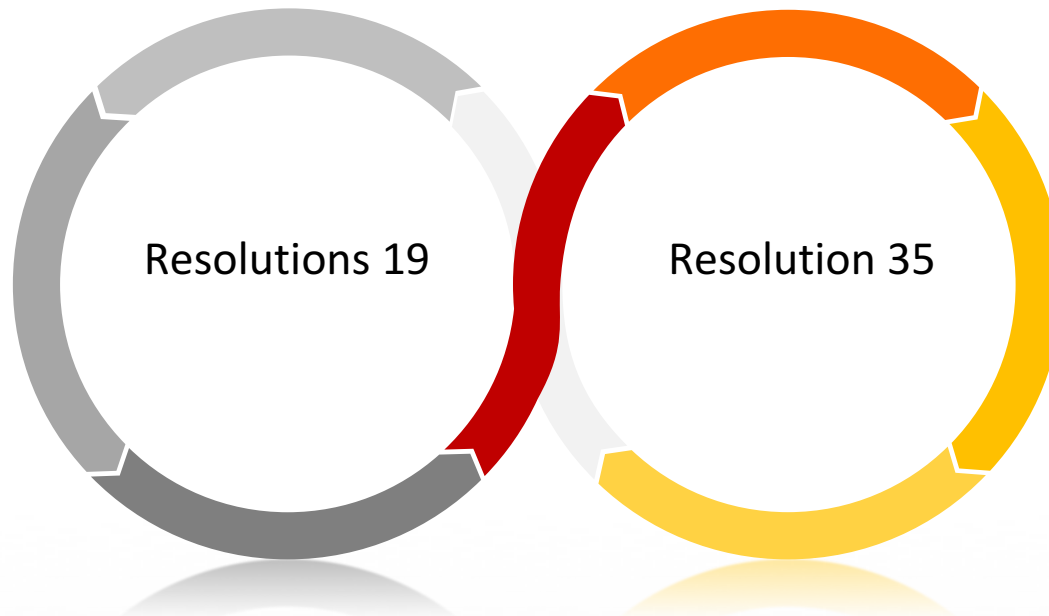




General issues
Resolutions 19 and Resolution 35

The role of Tectonic State for private sector





International Standard
Compare with other countries
Quantitative, objective
Target: ASEAN-4
Tasks: 10 + 2

10 Principles of economic institution

Tasks:

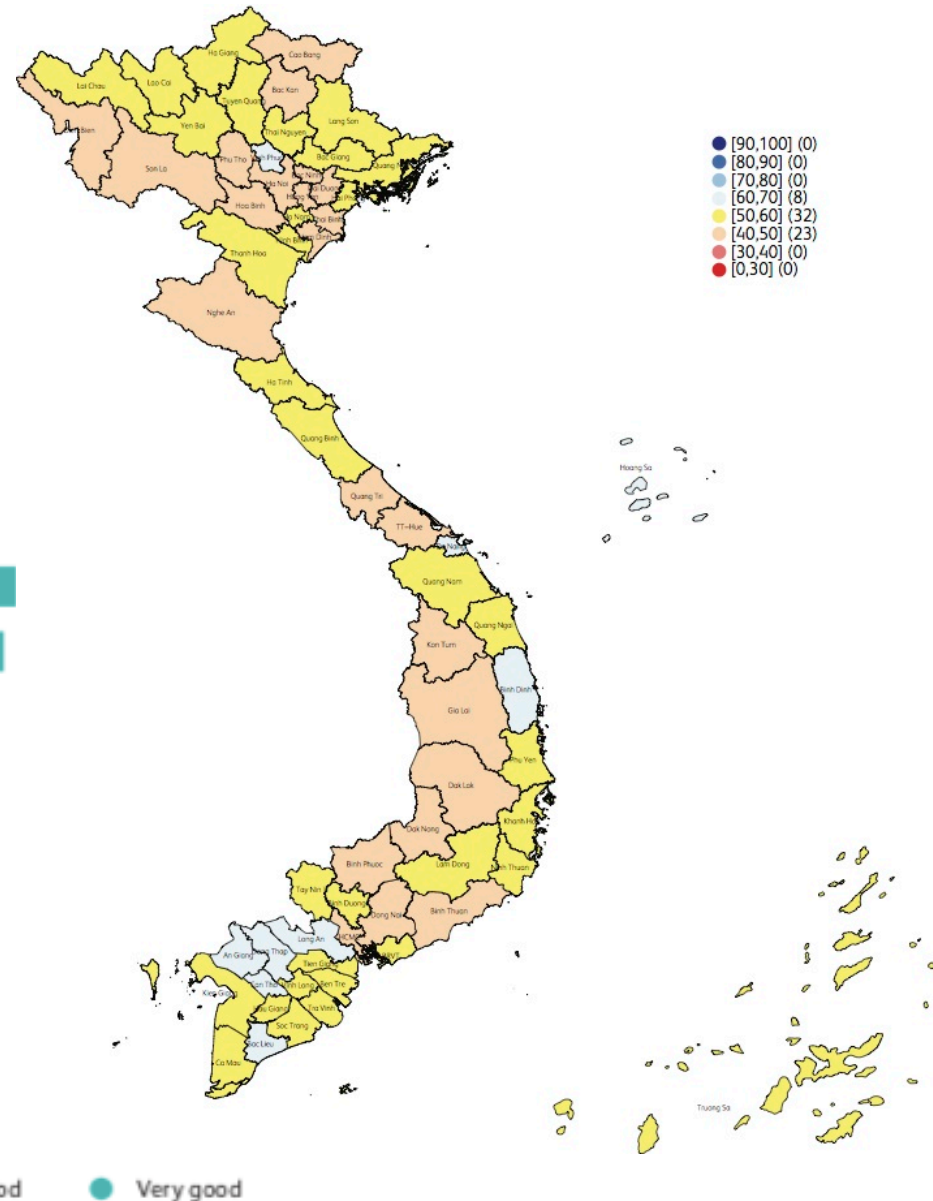
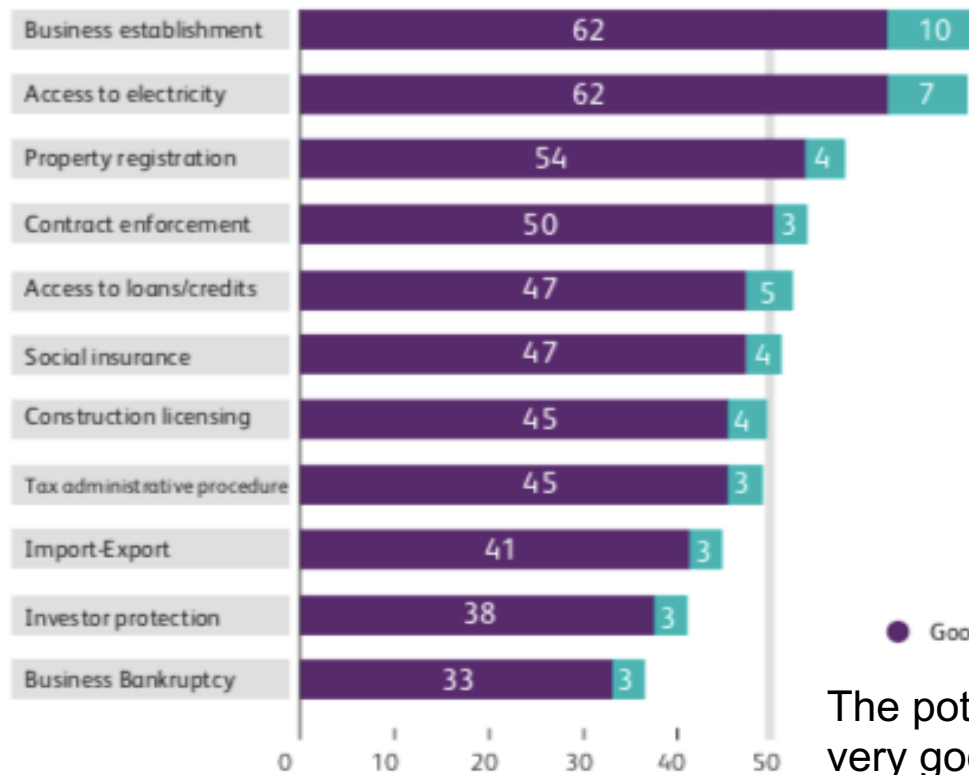
- Administrative procedures
- Public Information
- Supporting Services
- Reduction of business expenses
- Inspection



Performance results
In some Agencies and Provinces

Areas under Resolutions 19

- Significant improvement
- Uneven improvement across areas and localities
- Lower than business's expectations

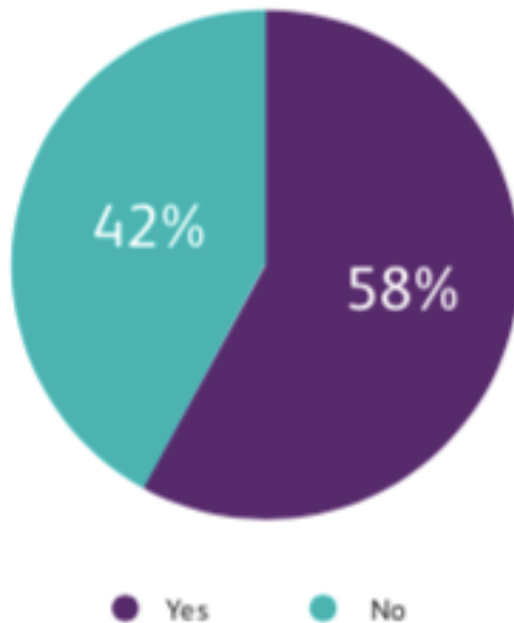


The portion of enterprise think that there are good and very good improvement in sectors of the Resolutions 19

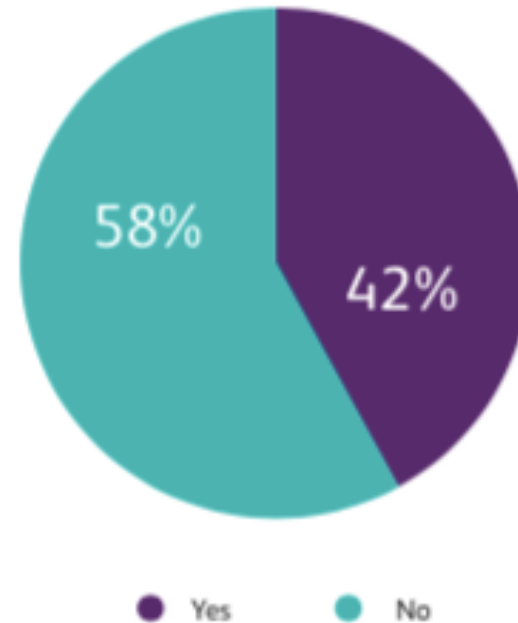
Reduction of business conditions

- Until the end of October 2018, there were 15 degrees on reduction of business conditions

Percentage of businesses having to apply for conditional business licenses

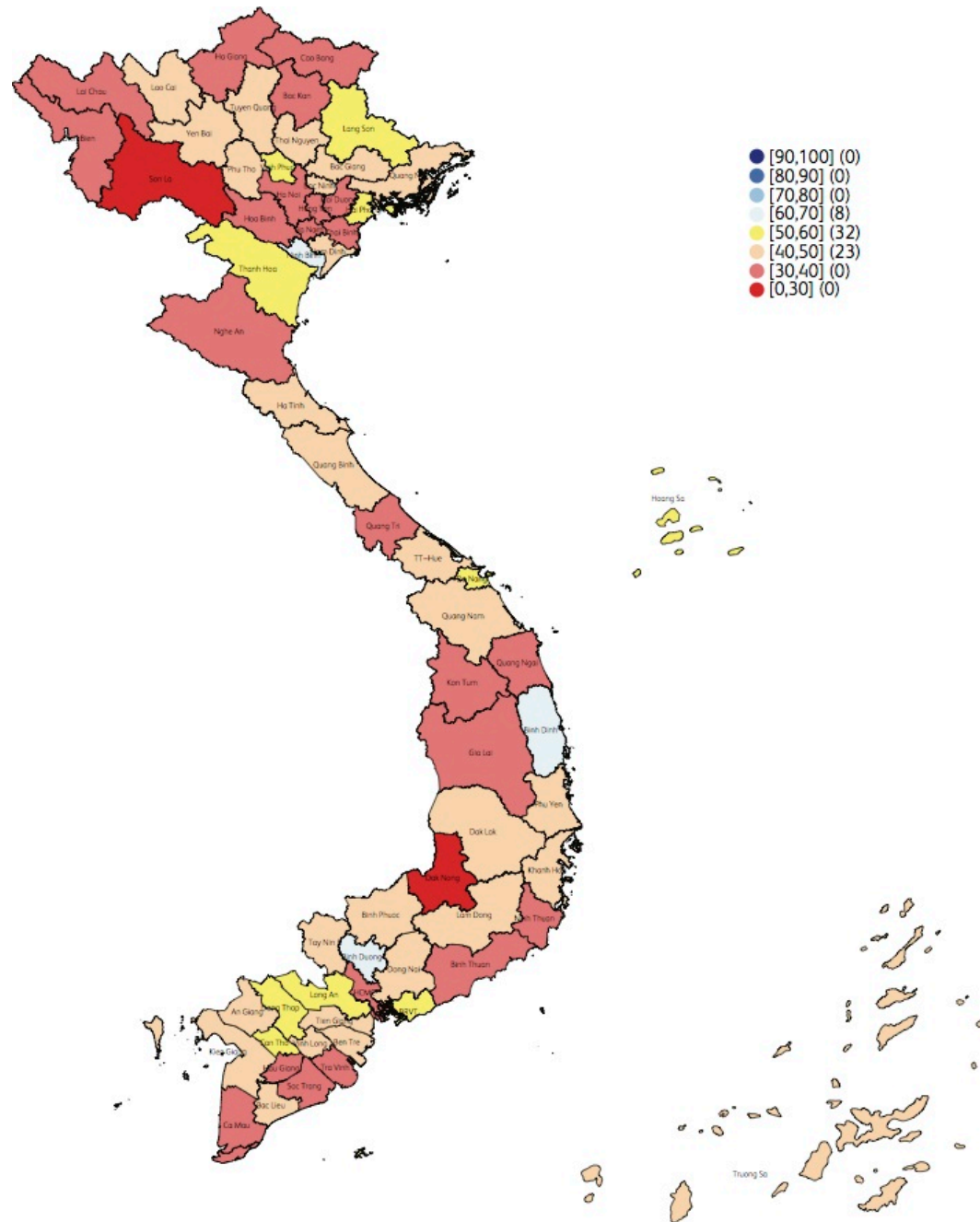


Percentage of businesses having difficulties applying for conditional business licenses



Import and Export Specialized Inspection

- Only 43% of enterprises have a positive comment on change in import and export.
- Enterprises from major port, border gate and industrialized provinces have better comment.



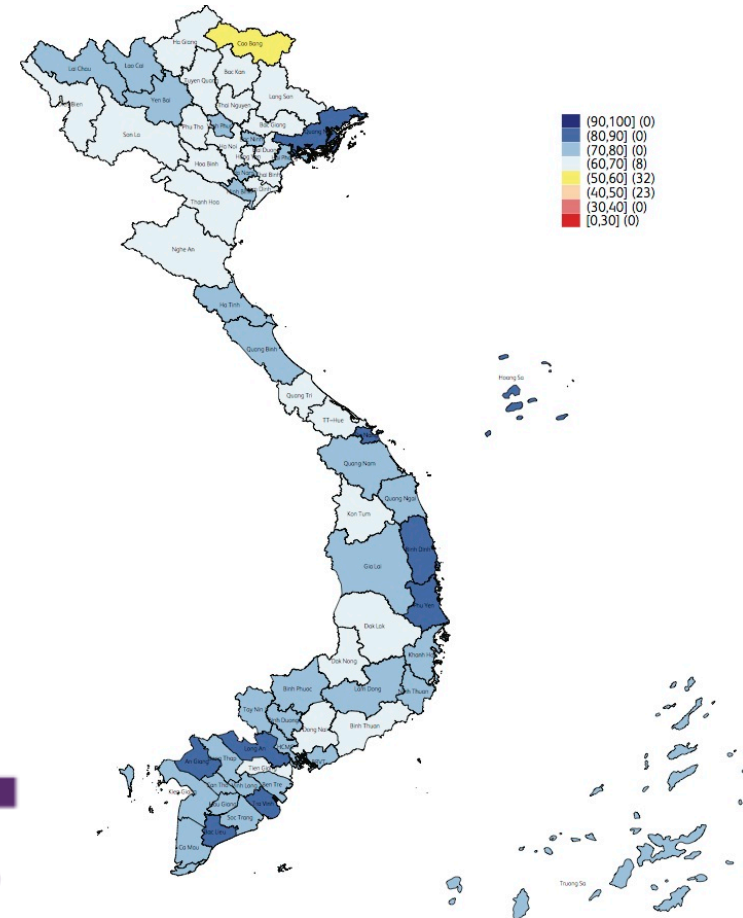
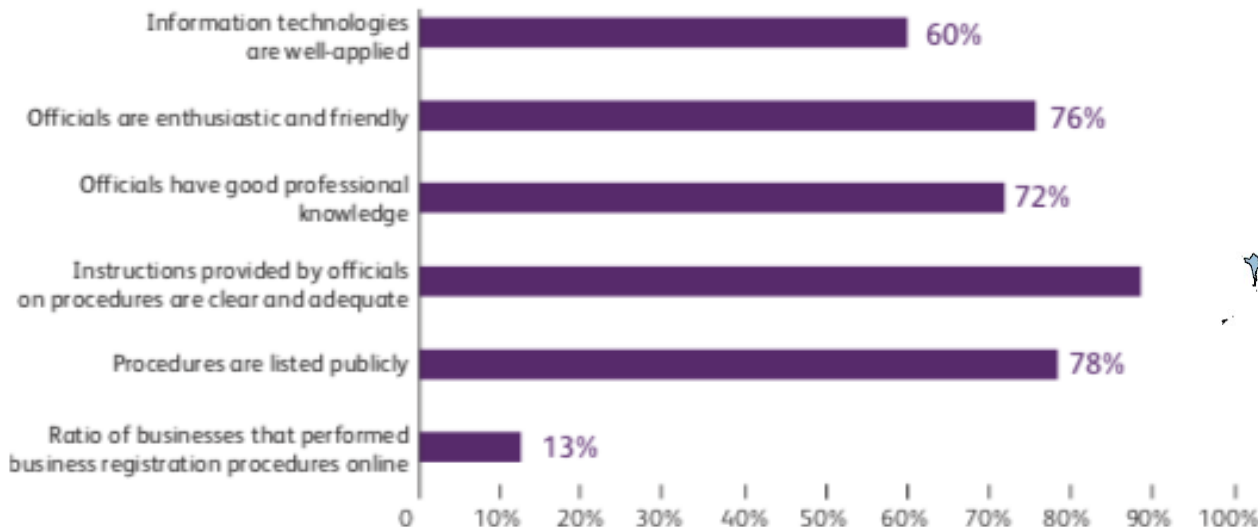
Good practice – Decree 15 on Food safety

Save 90% of administrative costs,
10 million working days and 3700 billion VND per year for enterprises



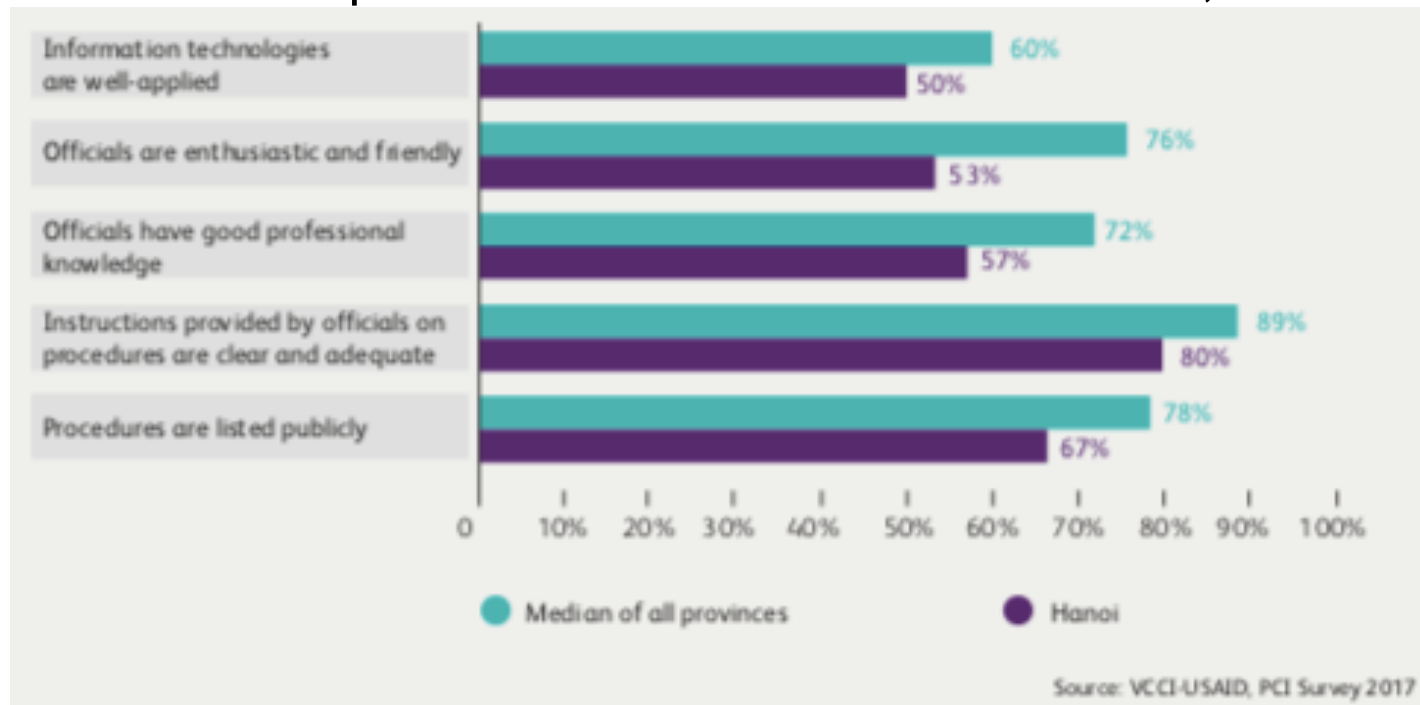
Starting a business

- Business Registration Procedure is highly rated
- Only 13% businesses use online services



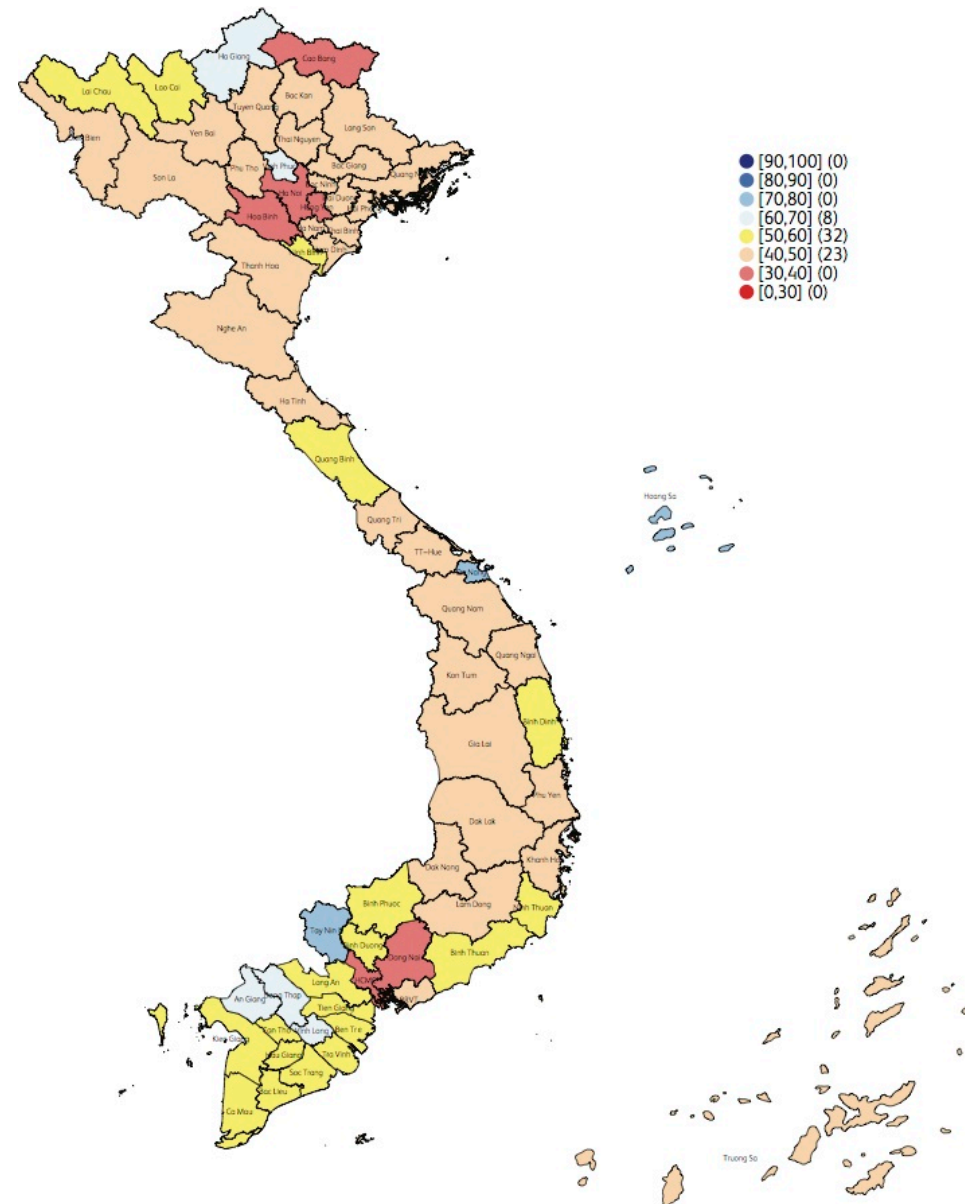
Good practice – Plan to improve the index of the market entry in Hanoi

- Hanoi often ranks worst in terms of entry market index
- Hanoi begins a improvement plan in 2017 and 2018
 - Reduce time, step procedures, support costs...
- Businesses complaint about attitude rather than time, cost.



Construction license and related licenses

- 49% of enterprises rated good change
- Businesses often use consultation service
- Some officials directly or via backyard company to provide consultation service
- There have been an interconnection between the construction licensing and the fire licensing, but the connection level is low.

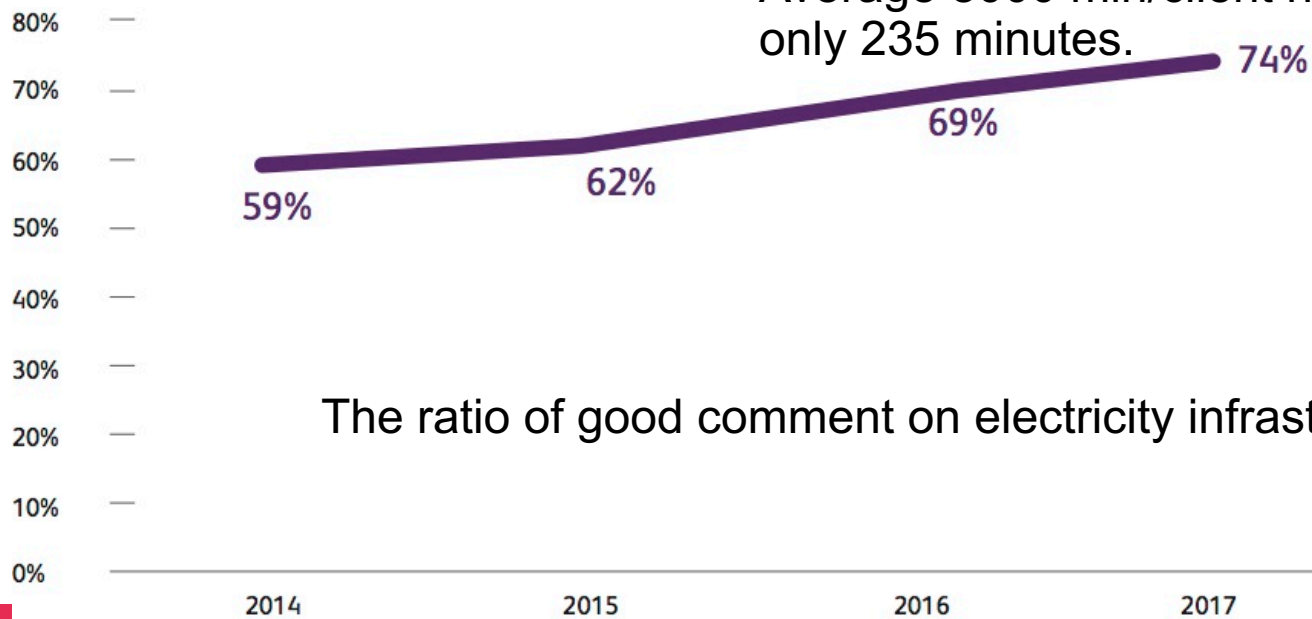


Good practice – One-stop unit of the Ministry of Construction

- First ministry to have a set of one-stop division
- The administrative procedures are supervised, standardized and more transparent
- In particular, in the one-stop section of the BXD, any official may also handle all administrative procedures in ministry, not dividing each official some types of procedures.
- However, there are some challenges to successfully operate this model.

Getting electricity

- One of the 2 areas in Resolution 19 highest rated by enterprise
- The procedure and time of electrical connection have significantly reduced, from 6 steps 115 days to 4 steps, 31 days.
- Second best infrastructure in Vietnam, only after telephone (78%)
- Power stability increases significantly: power loss decreases both the number and times. Year 2012: Lost power Average 8000 min/client now has only 235 minutes.



The ratio of good comment on electricity infrastructure

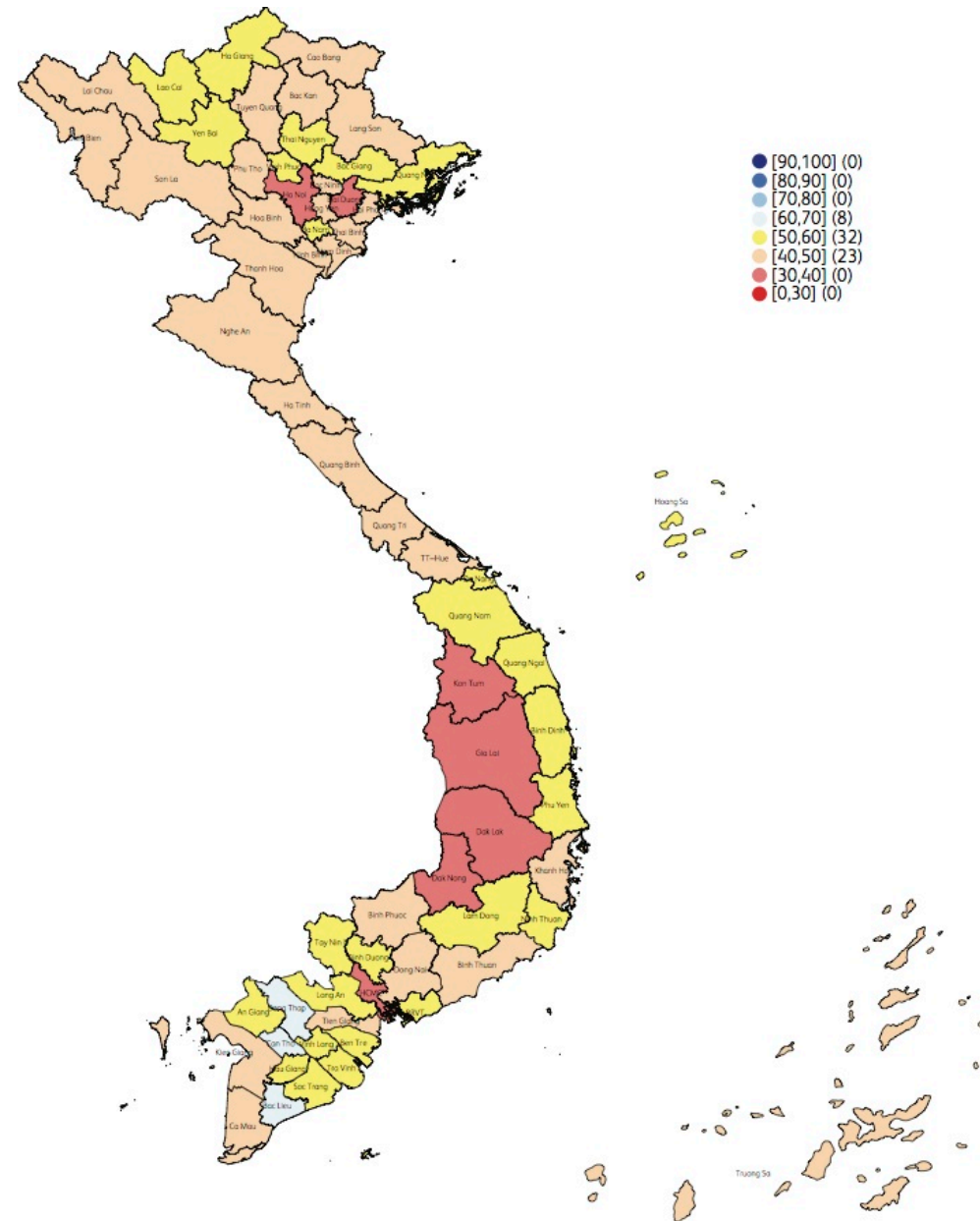
Good practice Resolutions 19 at EVN

- EVN self-learn Doing Business from 2013, Vietnam ranks 156.
- EVN works with the World Bank to learn about the method
- Improved approach
 - MOIT recommendations for the regulations on power connection (2 times)
 - Self-redesign of EVN's power-connect process (3 times)
 - Investment in machinery and equipment to reduce electrical breakdown
 - Change the operation process to reduce power planned cutting
 - Coordinate with other agencies to interconncted administrative procedures



Tax payment

- The southern region and the south Central Coast have a more aggressive improvement. Hanoi and HCMC in the less improvement group
- Changes recorded:
 - Decrease frequency of tax declaration
 - Electronic Systems
 - Simplify form, declaration, invoice
 - No filing a invoice list
 - Transparency specified revenue identification
 - Expand the reasonable cost of enterprise
- Resolutions 19 helps to overcome barriers, accelerate the pace of reform
- There are many conflict in understanding tax law between tax agency and business.

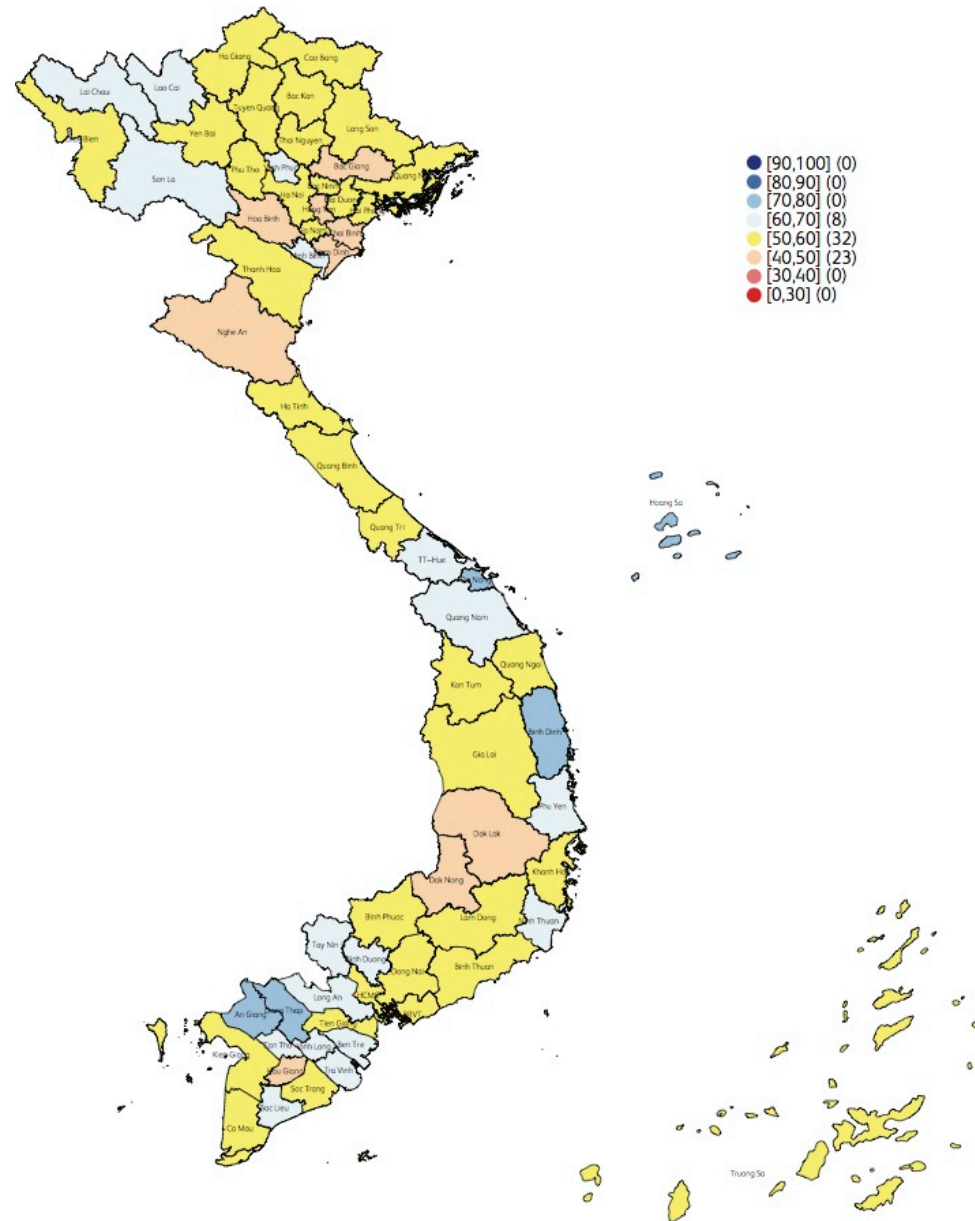


Good practice – Applying information technology in taxation

- Many benefits in reality
 - Build a nationwide centralized database
 - General declaration software, online, auto-update, low-capacity
 - Internal work management software: Helping leaders monitor officials
 - Automatically link data with Customs and Treasury; Providing data (not automatic) for land management, transportation regulators
 - Basis for applying risk management
- In the future
 - E-invoice
 - Data extract to monitor the economic performance and policymakers.

Property Registration

- The rank fell from 33 in 2015 to 60 in 2019.
- MONRE reform procedure alone, not coordinate with the public notary, tax, construction
- The MONRE did not comprehend the Doing Business methodology.
- The implementing plan is vague

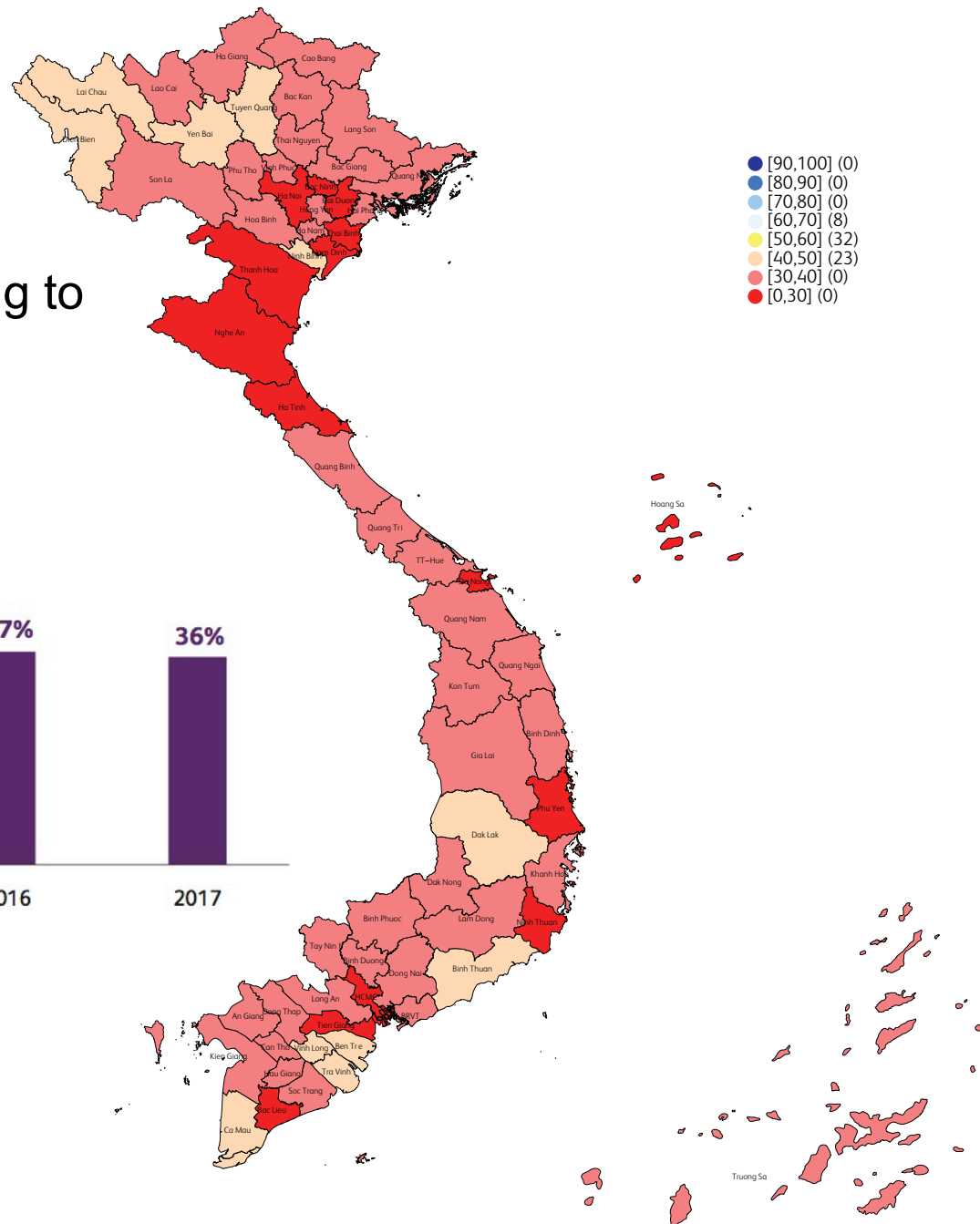
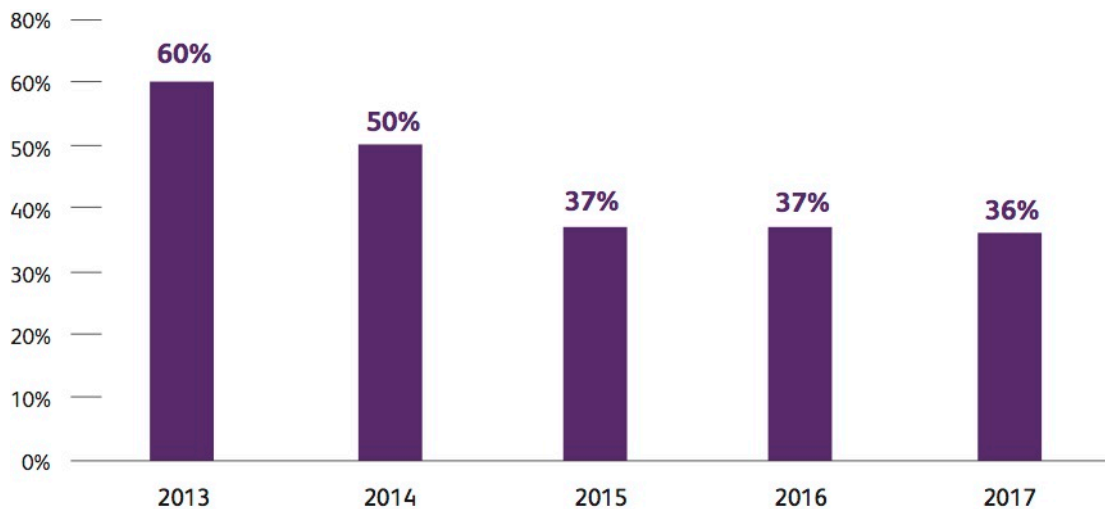


Justice reform

- Judicial reforms in resolving commercial business disputes and bankruptcy are very slowly.
- Court:
 - 2 changes is noted: precedents and disclosure of judgment
 - 3 changes is only on paper: the shortened procedure, the electronic court and the improvement on receipt of petitions
- Enforcing judgement:
 - Prolonged and low success rate.



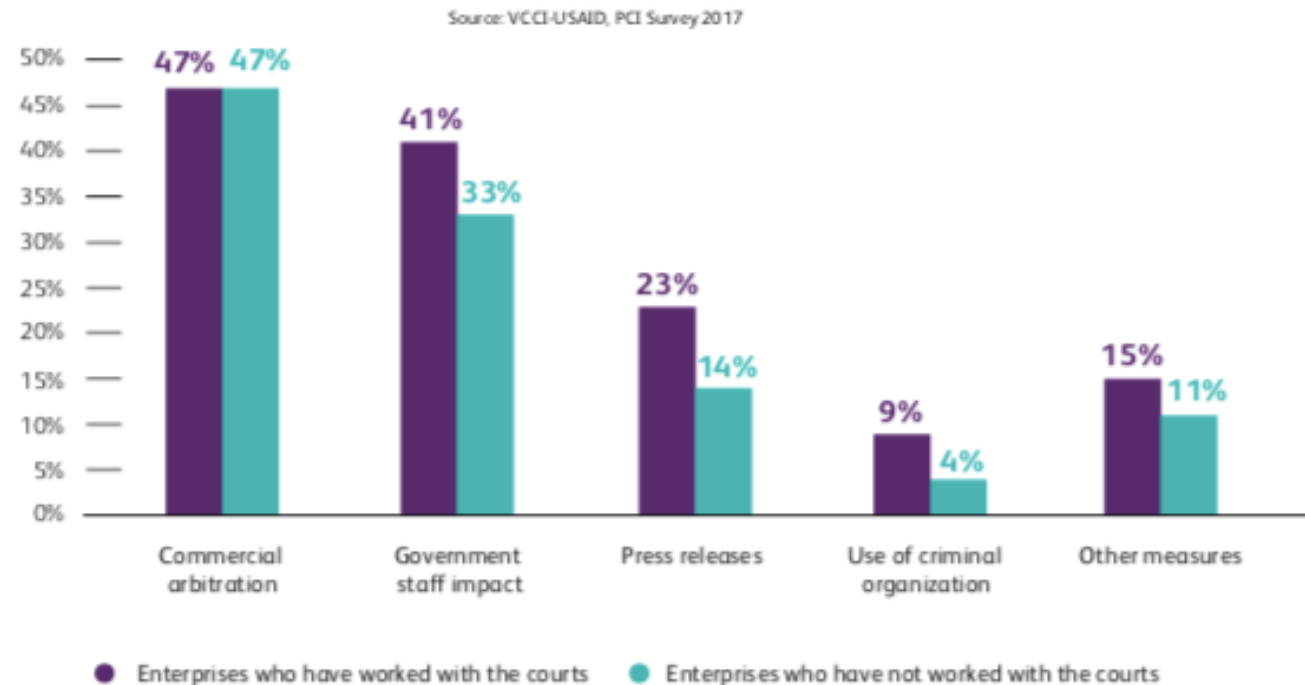
Rate of business who are willing to file a complain is low and decreasing over time.





Prolonged procedures and corruption are the main causes

Ineffective judicial system makes businesses tend to use informal measures



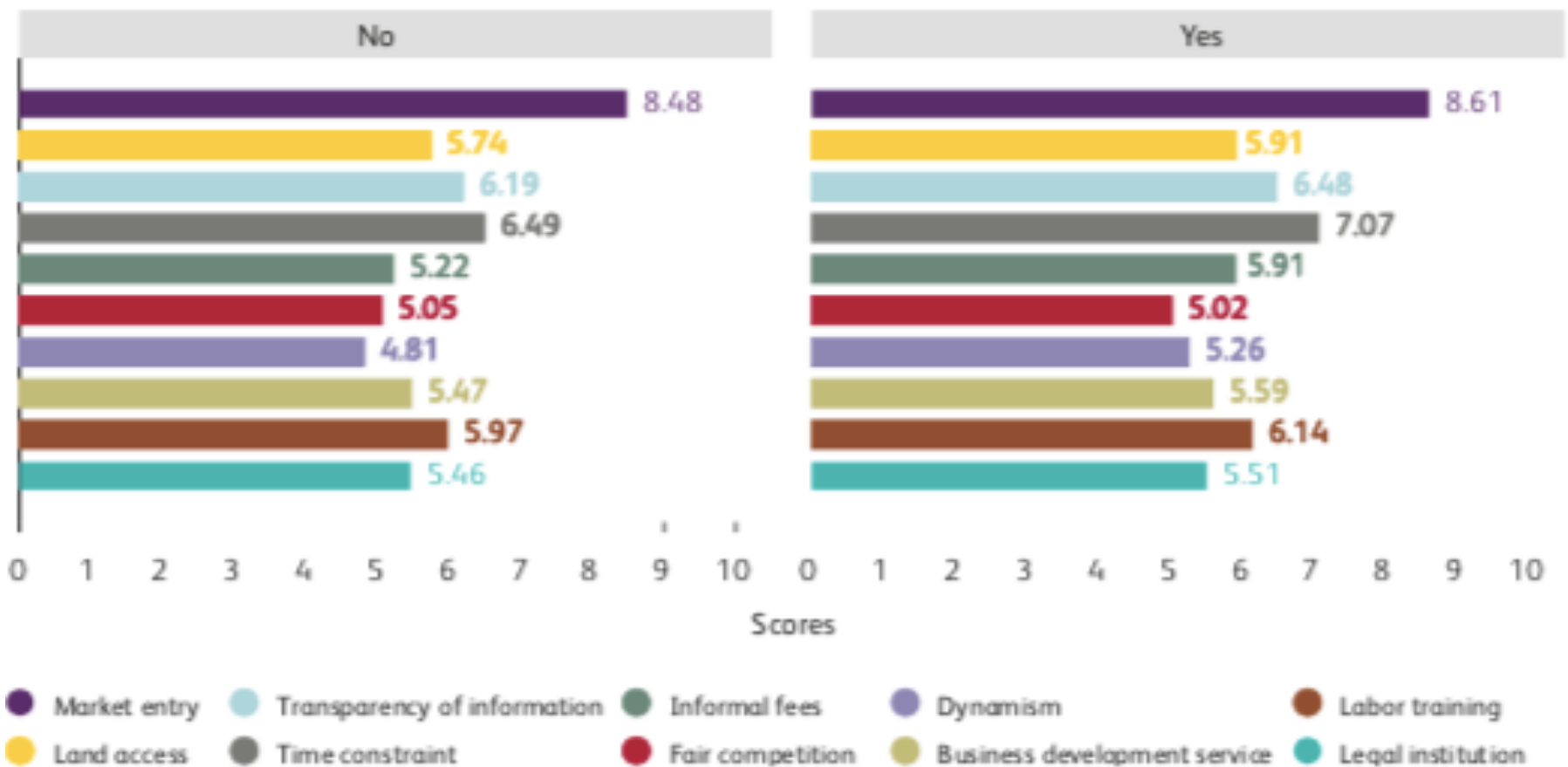
Administrative procedure Reform

- Distinct improvement in many localities
- One-stop mechanism works
- Online procedure has not reached expectations:
 - Many localities reports ability to serve online service at Level 3 and Level 4
 - Tax procedures, customs and social insurance are online
 - The other procedures are still inconvenient
 - The payment method is not well solved
 - The business must return to use hard copy

One stop mechanism

- Some localities apply the one stop mechanism (public administration center)
- The majority of businesses welcome this model
- Success cause is better supervision
- Some center have scanned profiles, handled on the electronic version, but many still use paper.
- Some businesses still reflect that they have to work directly with the departments to complete the procedure.

Compare the PCI score of provinces have/ have not Public Administration Center



Source: VCCI-USAID, PCI Survey 2016

Good practice – Thua Thien Hue Administrative Center

- It is new, yet has specific results.
- The design has several potential points:
 - The queueing system is connected to the work management system to enhance monitoring capabilities
 - Scan all profile submission, online files handling
 - Each business has a set of online documents and does not have to resubmit existing files on the system
 - Each officer has a separate access ID and pass, and every action on the system is logged.
- Shared databases allow to do many other things in the future

Satisfaction Assessment

- Some localities assessm the satisfaction of businesses
 - Via paper questionnaire
 - Assessment buttons
 - Via email (prefered by businesses)
- A few localities publicize this result and use to assess staff
- Some start to write apologies letter to business and people when prolonged procedures

Good practice – DDCI of Tuyen Quang

- In 2013, Tuyen Quang was in the bottom position of the PCI ranking charts.
- Tuyen Quang DDCI is done 3 years from 2015-2017.
- Surveyed 500 enterprises, assessment 36 Departments and Districts
- Three successful factors:
 - Objective: done by the Business Association
 - Public: result on the website
 - Accountability: PPC used to assess staff

Public information on website

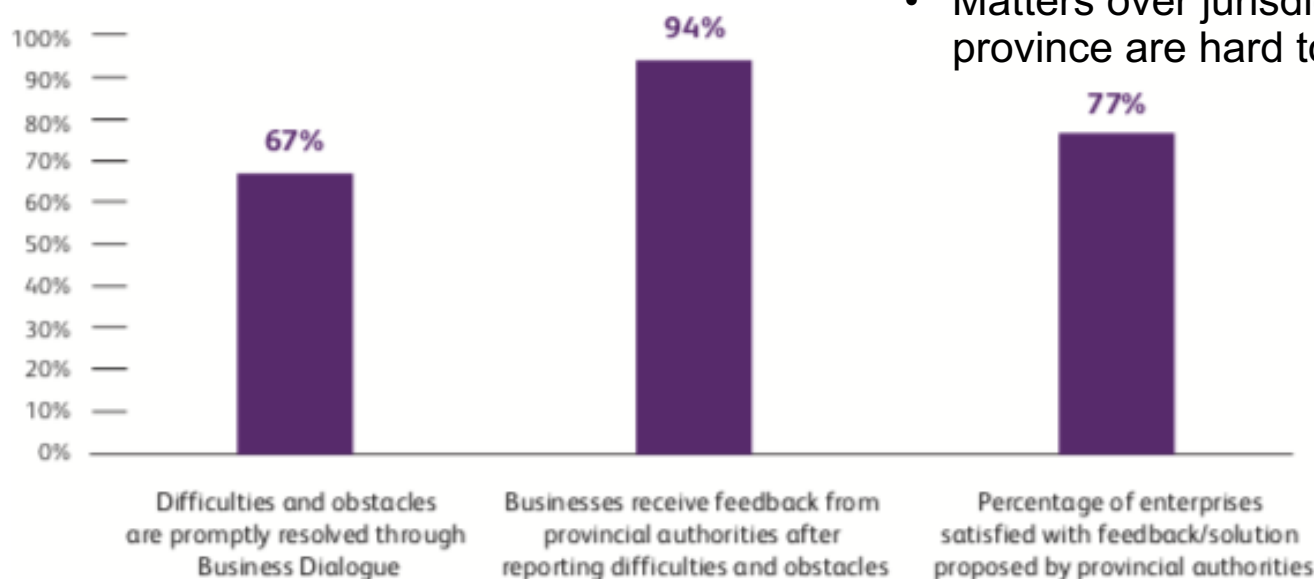
- All agencies have publicly post on administrative procedure on the website.
- Most of them just provide information prescribed by law
- Many websites do not post provincial plans
- Only Vietnamese version, the English version is quite limited.

Good practice – Binh Duong's website

- The Website of Binh Duong province is appreciated by many businesses for detailed guidance
- Information on the website:
 - Public investment project, the announcement of the tender and the tender results
 - Provincial projects call for investment
 - Provincial planning, program, and development scheme
 - Provincial statistical reports
- Detailed guidance
 - In addition to general information, the Binh Duong website also has a variety of detailed instructions, the profile forms

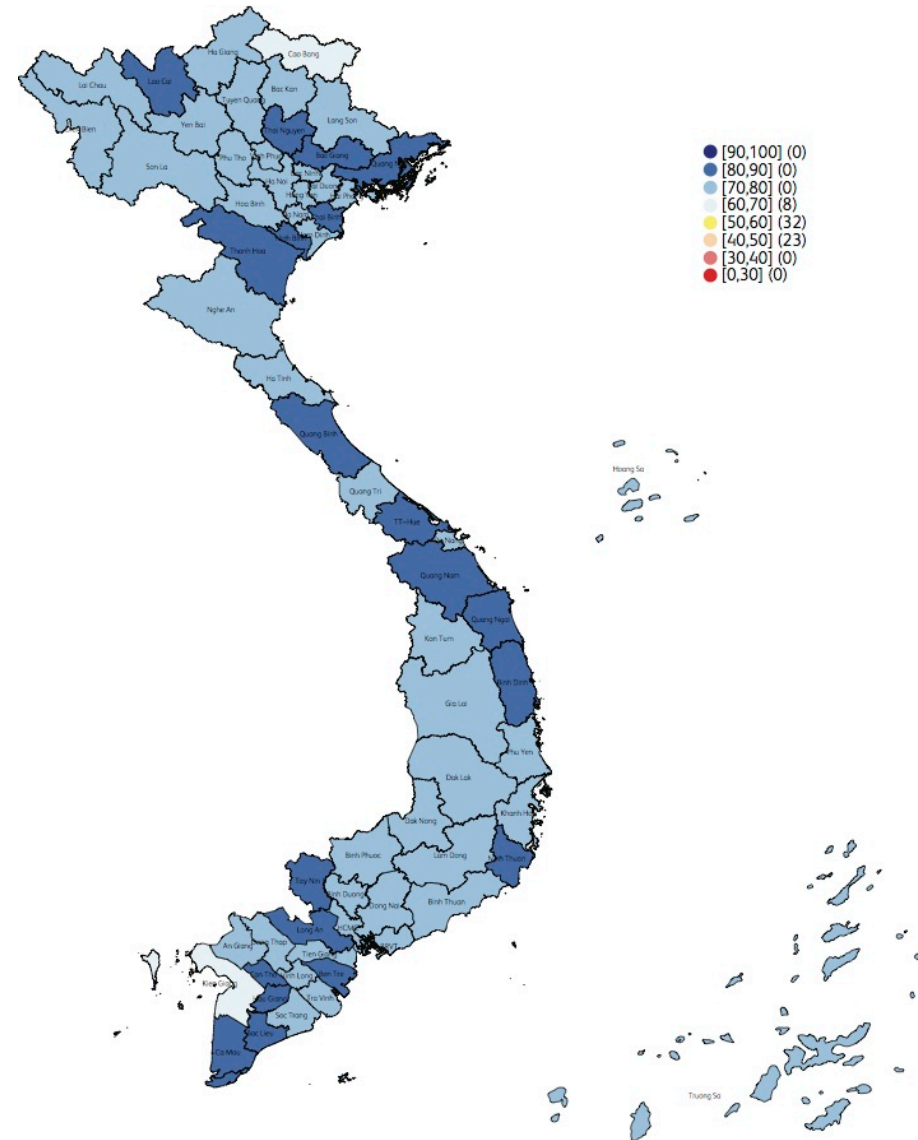
Organizing dialogue with businesses

- All provinces, tax authorities and customs organized their dialogue with the enterprises.
- Some localities divided business into groups to dialogue
- Enterprises noticed:
 - If there is a provincial president/secretarie, the problem is better resolved.
 - If the dialoghe is organized by business association, businesses is more comfortable and effective
 - Matters over jurisdiction of the province are hard to resolved



Receiving and feedback of enterprise recommendations

- All localities public phone number, email on the website
 - Large businesses do not have trouble communicating with provincial leaders
 - Some small businesses reflect that communication through the phone number and email is not really effective
- Some localities organize Business Cafe



Good practices

Answering phone and email at Long An

- Many businesses, attorneys reflect on enthusiasm when Long An provincial officials answering phone and email
- This is the rare in comparison to other localities

Business Cafe in many provinces

- Many provinces organize business cafe: Dong Thap, Quang Ninh, Quang Ngai, HCMC, Silver Liao, Tuyen Quang, Yen Bai, Vinh Phuc,...

Investment promotion

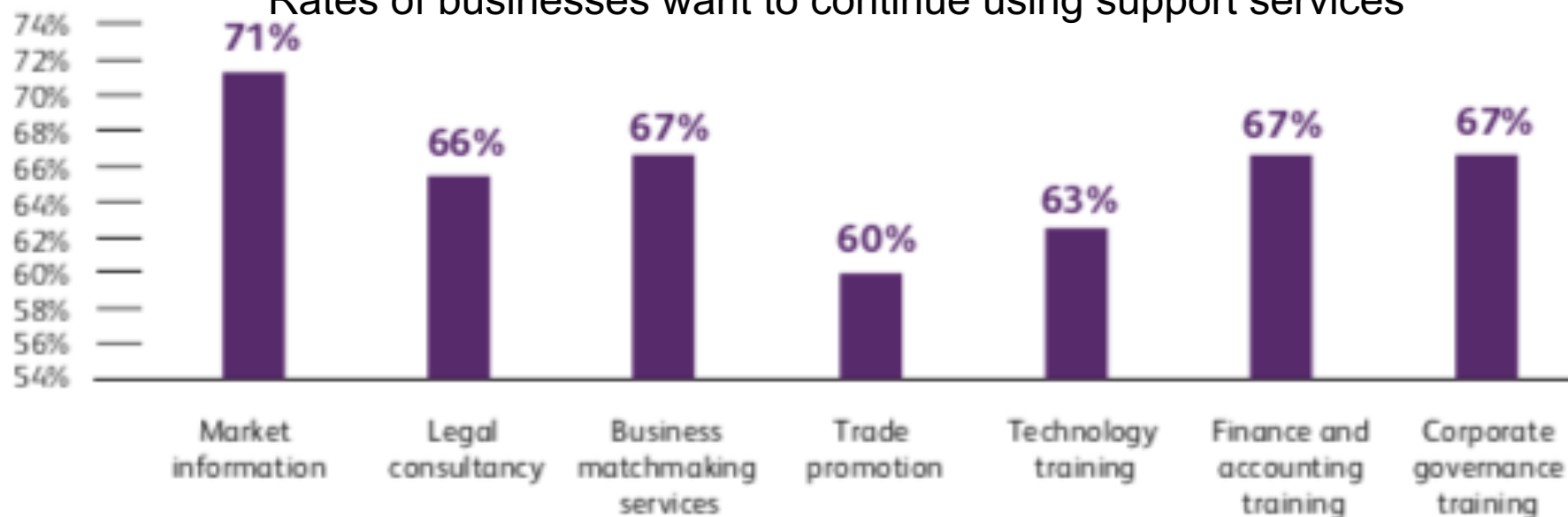
- All provinces have investment promotion activities
- Businesses said that:
 - Investment promotion activities will be more effective if held in major cities rather than in the province
 - Should be held by infrastructure enterprises



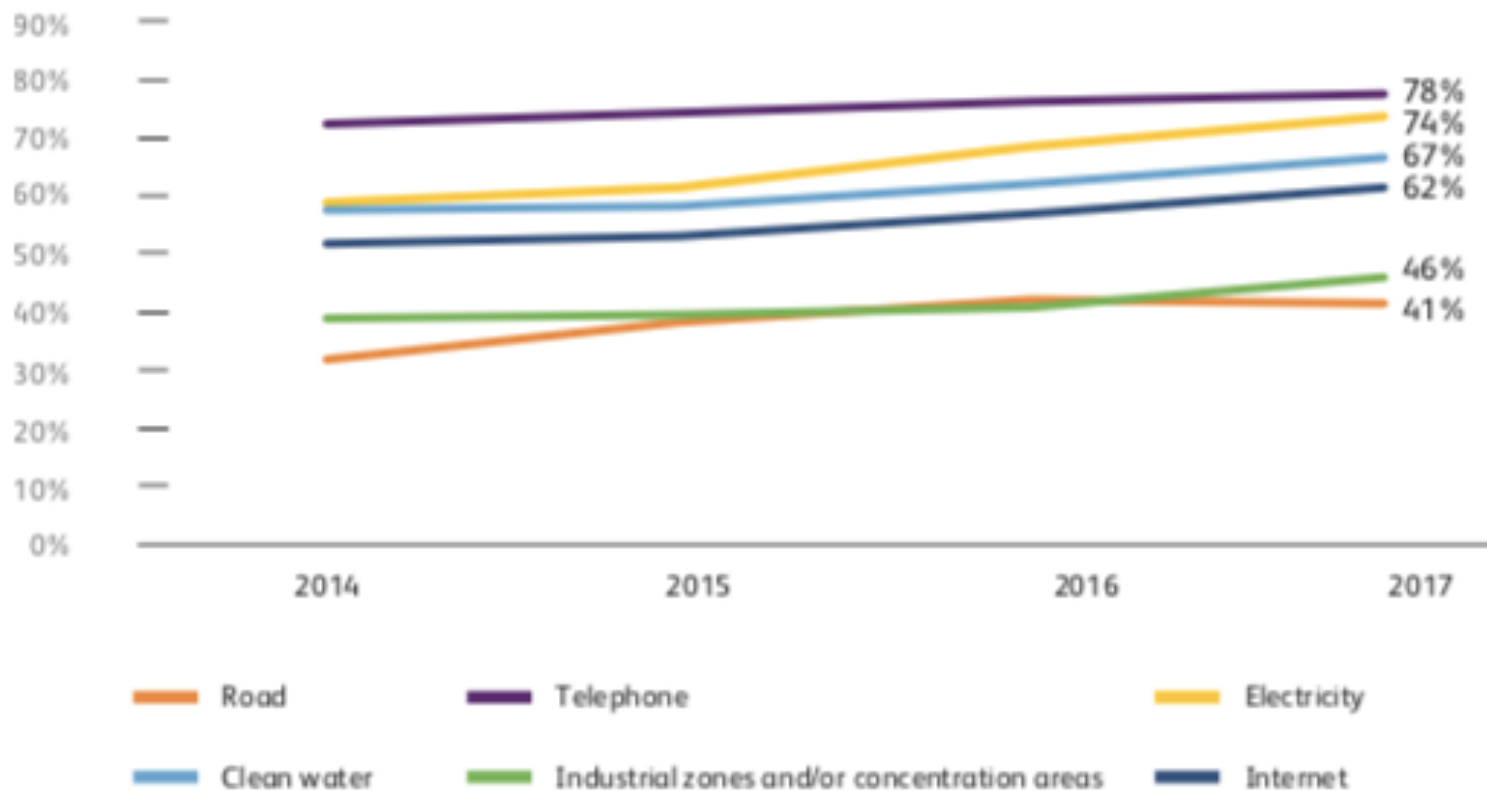
Rate of enterprise using support services



Rates of businesses want to continue using support services



Improved quality of infrastructure Reduce costs for businesses

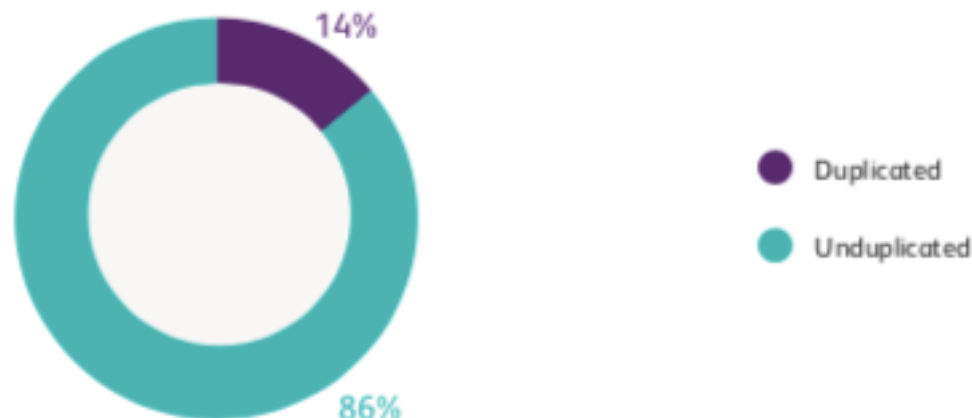
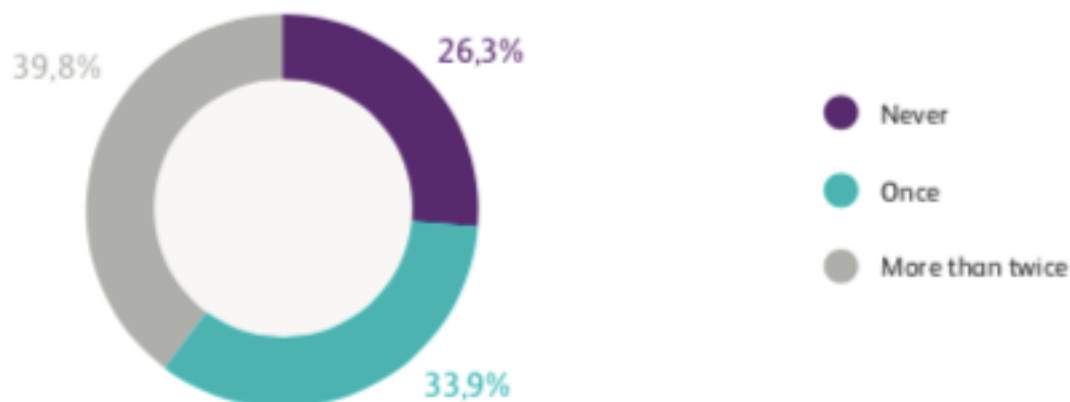


- Slow construction of traffic infrastructure projects is the biggest entanglement for businesses

Inspection

The proportion of the enterprise was inspected more than once in 2016 is 48%, in 2017 reduced to 40%.

Among these businesses, the rate of said that the repetition of the content between the inspections was 24% in 2016, reducing to 14% in 2017;



Good practice – Bac Ninh public inspection plans on provincial website

- In September 12/2017, the PPC of Bac Ninh asked:
 - Provincial Inspector coordinate with other departments to prepare inspection plan, ensure no overlap and duplication.
 - Publicly the plan with inspected business on provincial website
 - Businesses may refuse inspection not in the plan
- Some inspection plans found on the PPC website of Bac Ninh province.

Risk Management in inspection

- Currently only the tax and customs apply to the risk management in inspection
- Ministry of Industry and Trade:
 - Certificate of origin
- Ministry of Construction:
 - Supportive but think this is hard
- MONRE:
 - There have been 16 sectors of high risk of environment
 - Proposal on database for inspection, but will not be soon

Review on the results

- In general, there is a positive improvement in the business environment and supporting enterprise measures.
- The distance from the policy to the business is still quite far
- Room for improvement
- The role of Resolutions 19:
 - For some agencies, Resolutions 19 and Doing business first put VN's business environment in the context of comparison to the world
 - Resolutions 19 set **quantitative** goals, and pressure for state agencies
 - Resolutions 19 helps accelerate the reform process, reducing barriers in certain sectors
- The role of Resolution 35
 - Focus on the development of domestic private enterprises
 - Overall coordination mechanism in enterprise support



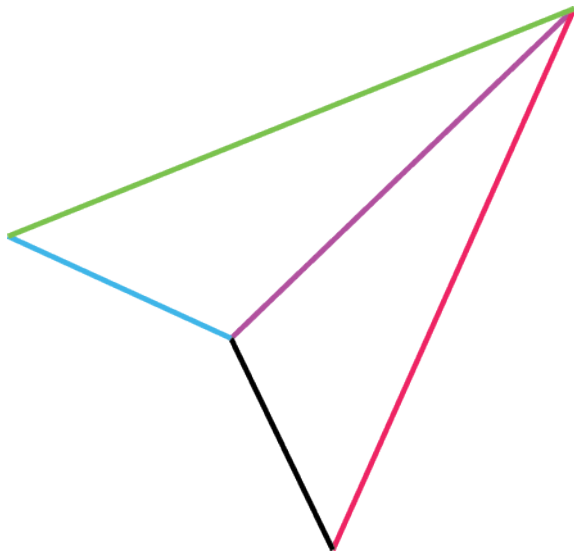
Recommendations

Solutions for better performance

- Learn methods and measures to improve the index
- Good planning, one contact point, clear task assignment
- Application of information technology
- The output must be measured and assessed by businesses
- Accountability and responsibility of officials
- The role of the leaders in decision making and coordination with other agencies
- Coordination between Ministries

Solution to improve the business environment

- Criteria for cutting down business conditions and specialized inspection
- Focus on coordination, interconnection of administrative procedures
- Role of State in investment promotion and enterprise support services
- Supervise information on the website
- Transfer enterprise's request from local level to central level
- Provincial inspectors role
- Risk management principles
- Judiciary reform to tackle trade dispute and enforce judgement must be the focus



Thank you

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