



REPORT ON THE IMPLEMENTATION OF RESOLUTION 02 AND RESOLUTION 35

A view from business



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Introduction

Purpose of the report

- A mission in Resolution 02 assigned to VCCI
- Comments from direct beneficiary objects
- Perspective on the implementation of the Resolutions

Methodology

- PCI survey data statistics
- In-depth Interviews
- Group Discussion



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Resolution 02/NQ-CP in 2019

Context

- After 5 Resolution 19 from 2014 to 2018
- Target ASEAN-4 was not achieved
- Issued on the first working day of the Government in 2019

Content

- Improve indexes
- Business conditions
- Inspection of goods
- E-payment and E-Government
- Support startups



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Resolution 35/NQ-CP in 2016

Context

- New term of Government
- Private sector development

Content

- Target of 1 million enterprises in 2020
- 10 principles of business environment
- 5 solutions



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Performance results



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Overview

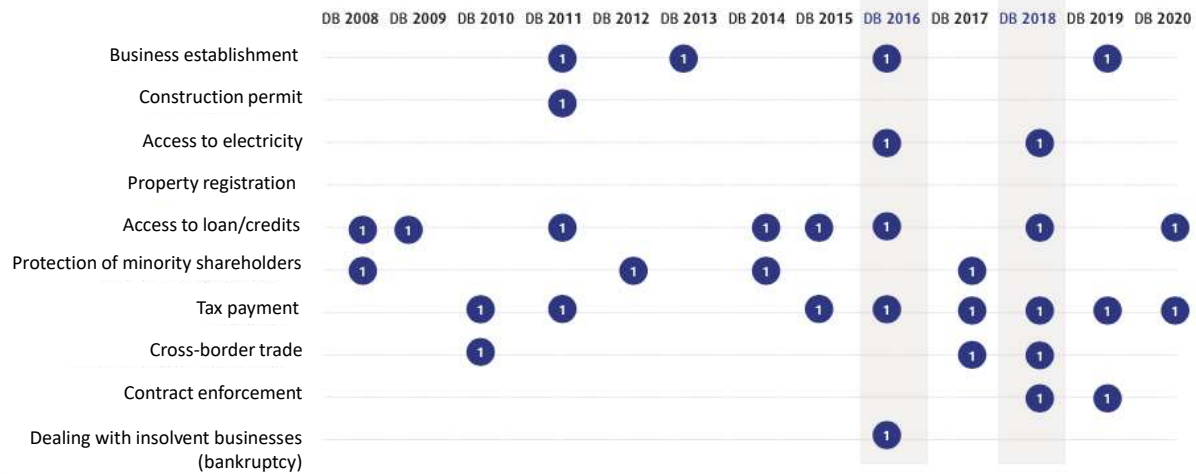
- Vietnamese business environment is improved
- The improvements are uneven
 - Some sections improved very well
 - Some sections did not change



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Figure 1. Vietnam's amount of reforms recorded by Doing Business over the past 13 years

Vietnam has 33 reforms recorded by Doing Business 2008 - 2020

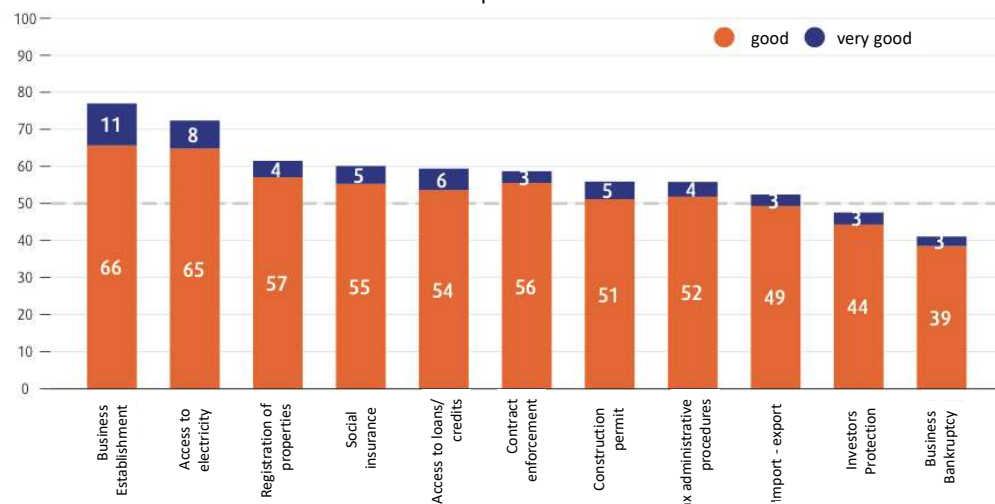


Source: World Bank - Doing Business

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Figure 2. Assessment of changes in some areas under Resolution 19 and Resolution 02 across the country in 2019

Percentage of businesses evaluated as having good and very good improvement



Source: VCCI - USAID, PCI survey

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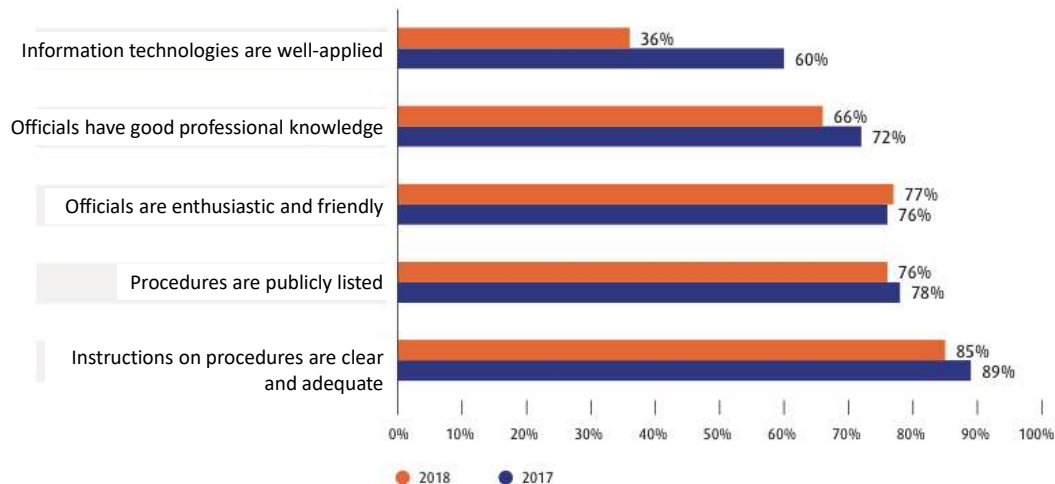
Starting a business

- Percentage of businesses registering via new method (online, by post) grows from 12.5% to 17.4%
- Room for improvement: connect, link or remove procedures
 - Business register
 - Public information
 - Make a seal and submit seal sample
 - Open bank account
 - VAT invoices
 - Business license tax
 - Register use of labor
 - Register Social Insurance

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Figure 5. Assessment of businesses on business registration procedures

Percentage of businesses evaluated as having good and very good improvement



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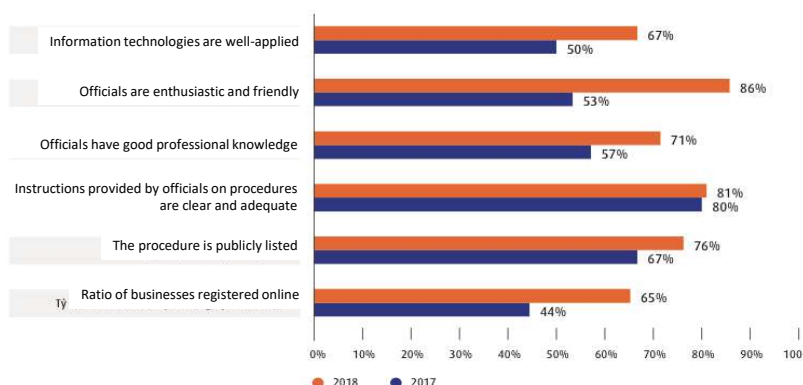
Good practice – Business register in Hanoi

- Before 2018, Hanoi is one of the worst provinces in business register. In 2017, Hanoi ranked 62/63 provinces.

- In 2017, solutions:

- Reduce from 3 days to 2 days
- Public information for business
- Cooperate with banks to open bank account for business
- Make seal, upload seal sample and sent the seal to business
- No fee
- Online register

Figure 7. Percentage of businesses with a good assessment of business registration procedures in Hanoi



Source: VCCI - USAID, PCI survey

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Paying Tax

- The most improved sections in Doing Business
- Paying tax time (hours per year)
 - Reduce from 498 hours to 384 hours
 - Still higher than Pacific Asian countries (173 hours)

Result of the "tax payment" component index in Doing Business 2020

Targets	DB 2019	DB 2020
Times (times/year)	10	6
Duration (hours/year)	498	384
Total tax rate (% of profit)	37,8	37,6
Taxes (including business income and income from land transfer)	13,2	13,2
Social insurance (social insurance, health insurance, unemployment insurance)	24,5	24,3
Other taxes (including excise tax, non-agricultural land tax)	0,1	0,1
Post-tax index	49,08	49,1

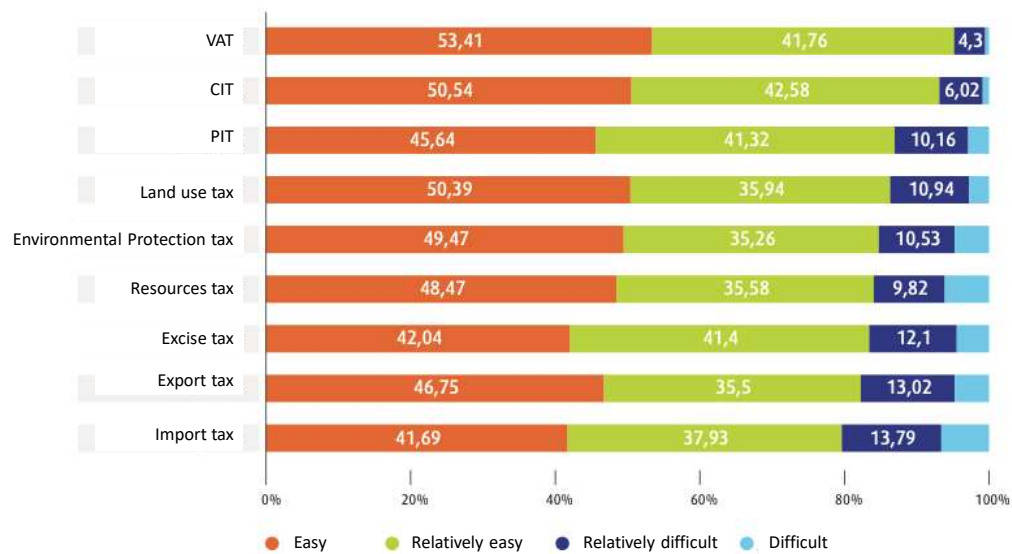
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E-tax

- 98.4% of businesses declare tax online
- 77% of businesses want to use e-invoice
- Businesses satisfied with e-tax:
 - 98% of businesses satisfied due to saving time
 - 97% of businesses satisfied due to ease
 - 3% of businesses unsatisfied due to lags and cost of digital service
- 70% of businesses are ready to use e-invoice

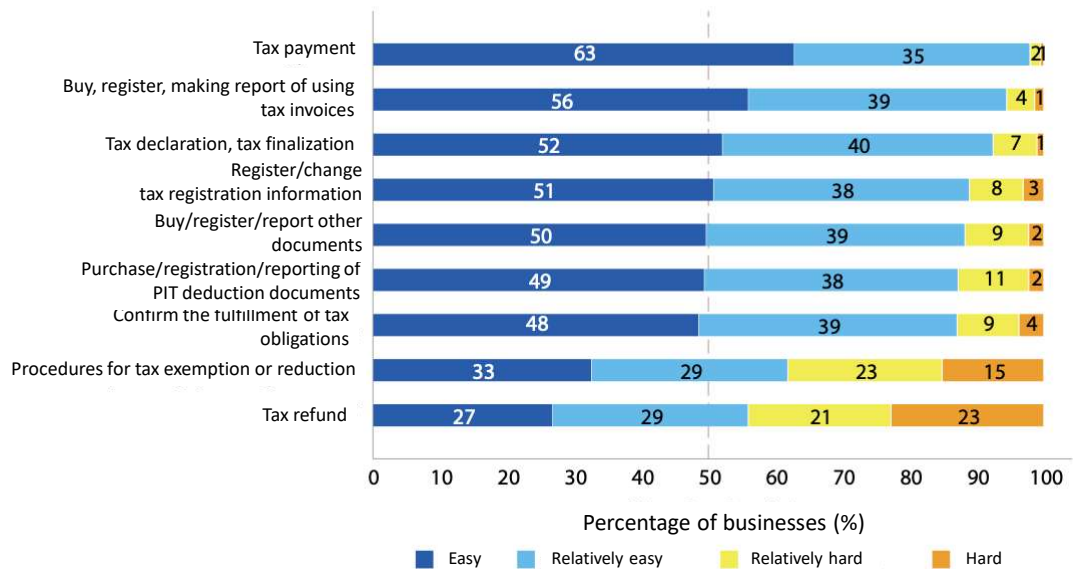
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Figure 8. Enterprises assessing the fulfillment of a number of tax obligations



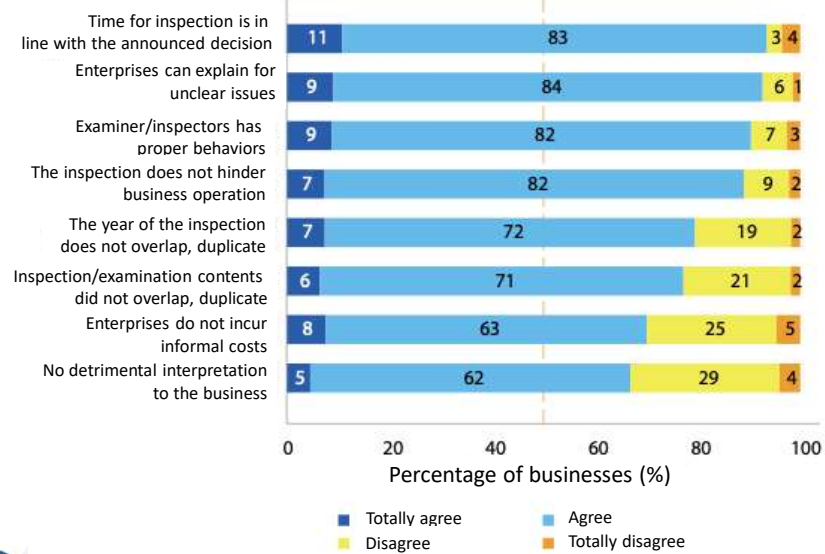
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The level of ease when implementing tax administrative procedure



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Assess tax examination and inspection

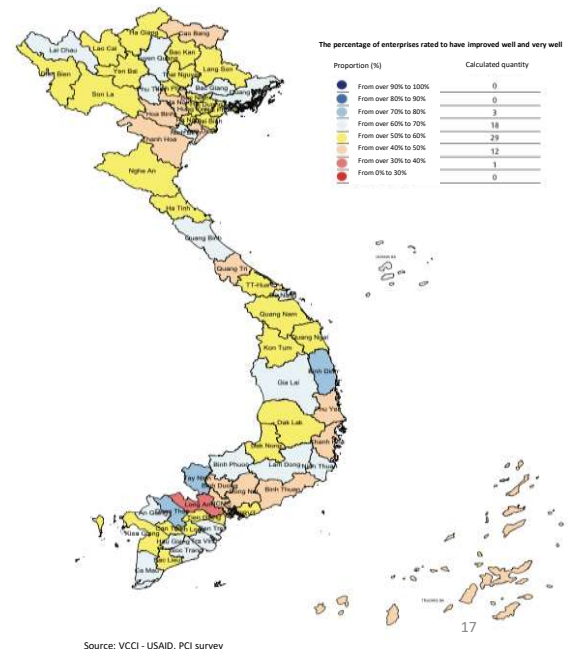


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Construction permits

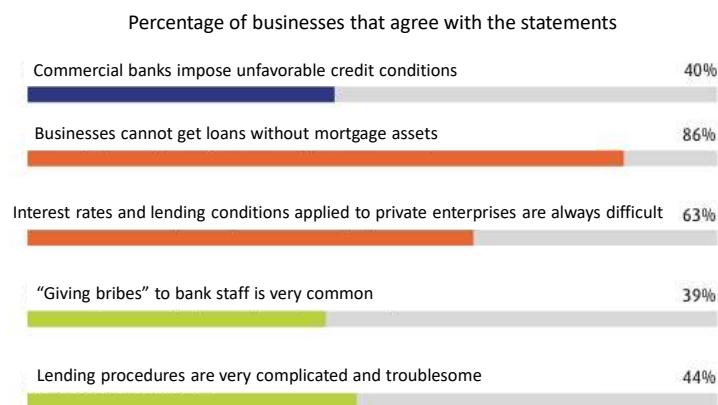
- Hanoi and HCMC are in the most difficult provinces to get construction permits
- Average times to submit documents: 3 times for each procedure
- 63% of businesses have to get fire fighting certification
- 30% of businesses having trouble to get fire fighting certification
- Cannot connect between construction and fire fighting procedures

Figure 10. Level of change in the field of construction licensing



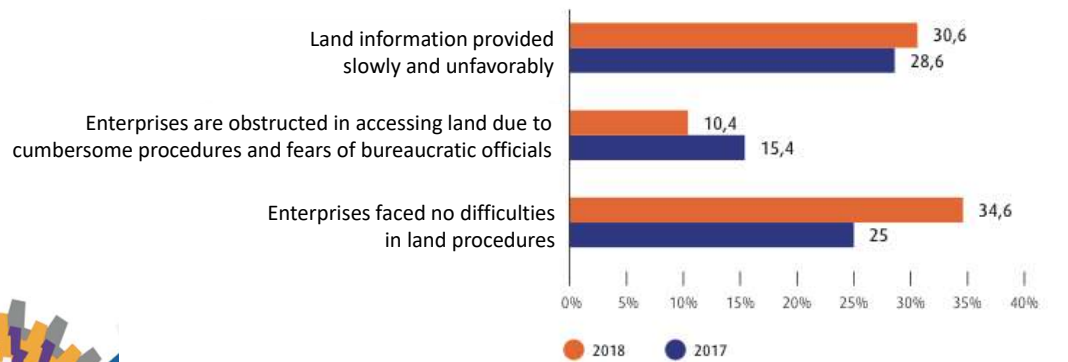
Accessing credit

Figure 13. The difficulties faced by businesses when accessing credit



Registering property and land management

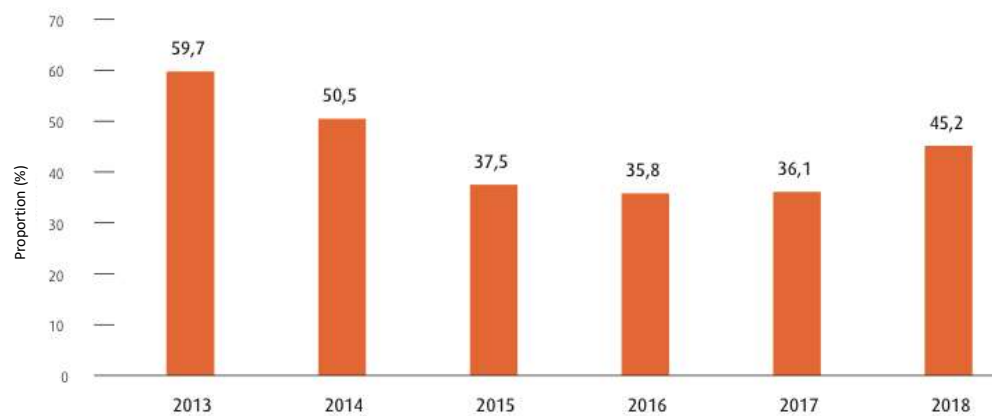
Figure 15. Enterprise evaluates information transparency and land administrative procedures



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Judicial reform, enforcing contract and resolving insolvency

Figure 16. Percentage of firms willing to take legal actions when in a dispute with their partner (by year)

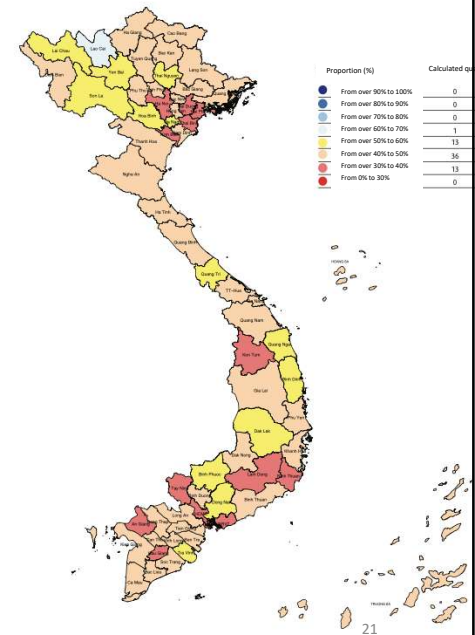


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Judicial reform

- Percentage of businesses ready to take legal action when being in a dispute
 - Highest: Lào Cai (60%), Trà Vinh (55%), Đắk Lắk (55%), Đồng Nai (54%), Quảng Trị (53%), Sơn La (52%)
 - Lowest: Kon Tum (35%), HCMC (36%), Thái Bình (36%), An Giang (38%), Hải Phòng (38%), Hà Nội (38%)

Figure 17. Proportion of businesses ready to take legal action when being in a dispute (by province/city)

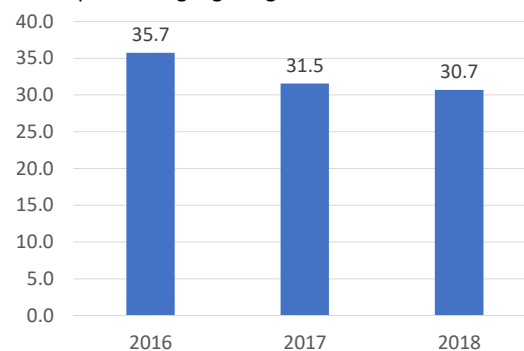


Source: VCCI - USAID, PCI survey

Compliance costs

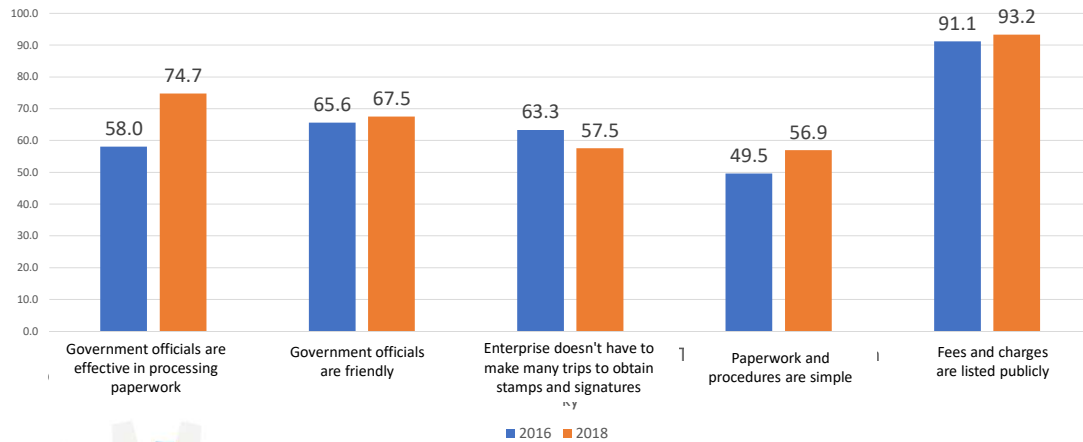
- Compliance cost of businesses is decreasing
 - Percentage of businesses spending over 10% of time to understand and comply with regulations decreases
 - Paper work is considered more simple
 - Officials are more effective and friendly
- Businesses still have to submit documents many times

The ratio of business that spent more than 10% of their time studying and implementing legal regulations of the State



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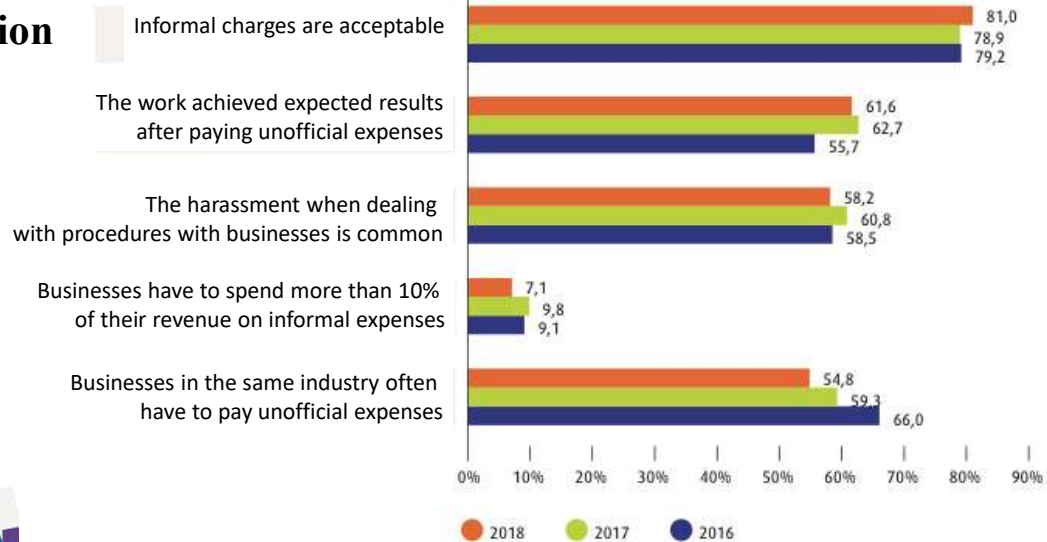
Business view on cost of administrative procedures



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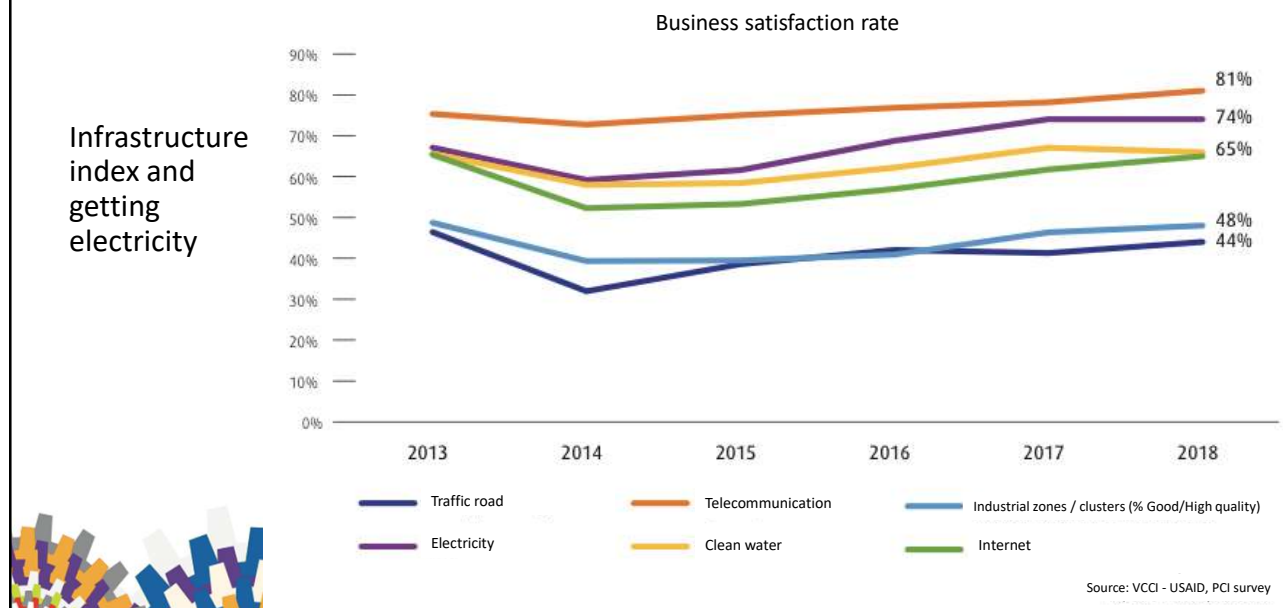
Figure 21. Enterprise assesses informal costs over years

Anti-corruption



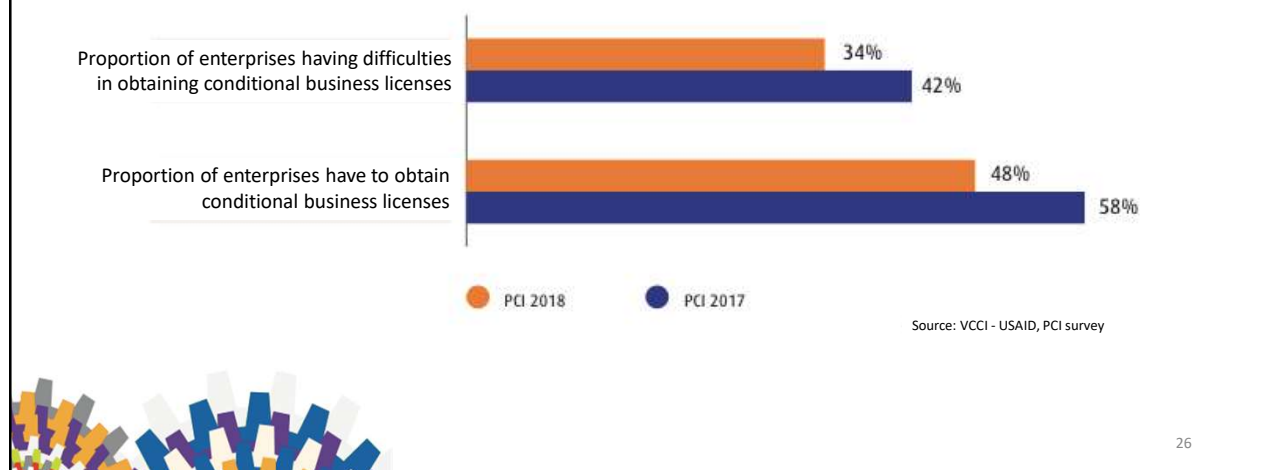
Source: VCCI - USAID, PCI survey

Figure 22. Enterprise evaluating the quality of infrastructure in Vietnam



Business licenses

Figure 24. Actual situation of enterprise applying for a conditional business license



Reduction of business licenses

- It is not easy to reduce business licenses in Appendix IV of the Investment Law
- Vague provisions in law lead to difficulty when detailing in decree
- Business licenses in law are not reduced as much as in decree



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Inspection of goods

- Till 6/2019, there are 20 lists of inspected goods published (with HS code) over 53 lists
- Number of inspected goods reduced from 82.698 to 70.087
- Difficulties
 - MOH's procedures are considered most difficult
- Risk management
 - Drafting Circular on risk management in custom service
 - Few goods are applied risk management principle at very simple level
- Inspection at the market instead of at the border
 - Very few goods
 - Goods in labor safety



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Inspection of goods (next)

- Nomination of certifying organizations
 - There are more certifying organizations nominated
 - Still monopoly
 - Certifications are not recognized
 - No certifying organizations for some new technical standard
- Technical standards
 - Still inspecting without technical standards
- Decree 85/2019/NĐ-CP
 - No more inspecting without technical standard since 30/6/2020
- Overwhelming new technical standards?



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Connect to Vietnam Single Window (VNSW)

- 15/10/2019
 - 184 procedures connected
 - 2.56 million applications
 - 33.200 businesses
- 26 more connected procedures in 2019, target 61 procedures
- Most businesses still have to submit hard copies, not fully digital
- 40% of businesses complain that the VNSW often lag, deny access, be slow, not widely compatible



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E-payment





- Drafting Decree on non-cash payment
- Issues QR code for e-payment
- MOF did not guide how to pay fee to e-payment service

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Online service

- 17 ministries have online service gates

No.	Ministry				
1	Ministry of Information and Communication	55	34	201	https://dvc.mic.gov.vn
2	Ministry of Industry and Trade	116	38	293	https://dichvucong.moit.gov.vn
3	Ministry of Construction	53	0	53	http://dichvucong.xaydung.gov.vn
4	Ministry of Labor, War Invalids and Social Affairs	11	1	52	http://dvc.molisa.gov.vn
5	Ministry of Transport	56	2	177	https://dichvucong.mt.gov.vn/
6	Ministry of Education and Training	9	1	80	https://moet.gov.vn/dvctt/
7	Ministry of Health	14	59	310	https://dichvucong.moh.gov.vn
8	Ministry of Agriculture and Rural Development	10	20	253	https://dvc.mard.gov.vn
9	Ministry of Science and Technology	52	28	316	https://dichvucong.most.gov.vn
10	Ministry of Natural Resources and Environment	92	22	138	https://dvctt.monre.gov.vn
11	Ministry of Culture, Sports and Tourism	0	67	150	http://dichvucong.bvhttdl.gov.vn
12	Ministry of Finance	51	9	271	https://dvctt.mof.gov.vn
13	Ministry of Foreign Affairs	8	0	25	https://dichvucong.mofa.gov.vn
14	Ministry of Public Security	6	0	298	http://bocongan.gov.vn/thu-tuc-hanh-chinh.html
15	State Bank of Vietnam	0	37	308	https://www.sbv.gov.vn
16	Ministry of Justice	33	0	103	https://dichvucong.moj.gov.vn
17	Ministry of Planning and Investment	14	2	229	https://dichvucong.mpi.gov.vn

 Service number 3
  Service number 4
  Total procedure
  Link

Note: No. 6 does not include administrative procedures at the General Departments of the Ministry of Finance such as the General Department of Taxation, the General Department of Customs, and the State Securities Commission.

Online applications

- 8/17 ministries publish the numbers of online applications
 - MoC and MoST have most online applications
 - A few online applications in other ministries: MoC (0 application), MoJ (0 application), MoFA (1 application), MoH (2 applications), MPI (9 applications), MoT (14 applications)
- A third of provinces publish the numbers of online applications
 - Quảng Ninh has the most online applications, 31.65%
 - Very few online applications: Phú Thọ (5 applications), Hưng Yên (0.21%), Lâm Đồng (0.28%), Trà Vinh (0.59%), Hải Dương (0.61%), Hoà Bình (0.74%), Bình Định (0.91%), Tiền Giang (0.95%).



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Online applications

- Questions:
 - The systems are not good enough for businesses?
 - Why did not assess people's needs before design the systems?
- E-government is necessary, however:
 - Must assess people's needs before investment
 - Make it friendly, easy to use
- Force businesses apply online



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Support startups

- Vietnam Nations Innovation Center NIC
 - Approved by the Prime Minister
 - Under paper work for construction
- Sandbox regulation for Fintech
 - Submitted to the Prime Minister
 - Draft a new Decree
- Startups Center and Network
 - Submitted to the Prime Minister



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Target 1 million enterprises in 2020

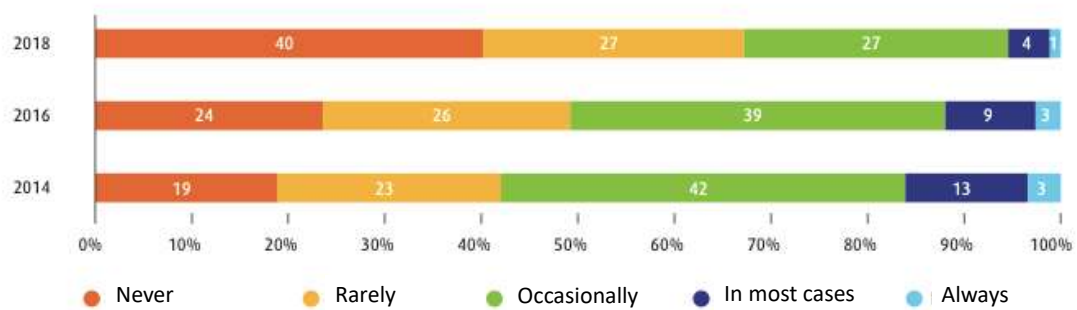
- Growth rate 2015 – 2018: 17.3% each year
- At this rate, there are 984,000 enterprises on 31/12/2020
- Provinces' commitments:
 - 40/63 provinces committed with VCCI
 - At this rate, 27/40 provinces will fulfill their commitments, 13/40 will not.
 - Highest growth rate: Bắc Giang (39%), Đồng Nai (32%), Vĩnh Phúc (30%), Bắc Ninh (30%), Hải Phòng (30%)
 - Lowest growth rate: Điện Biên (6%), Quảng Trị (8%), Phú Yên (8%), Kon Tum (9%)



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Stabilization of policies

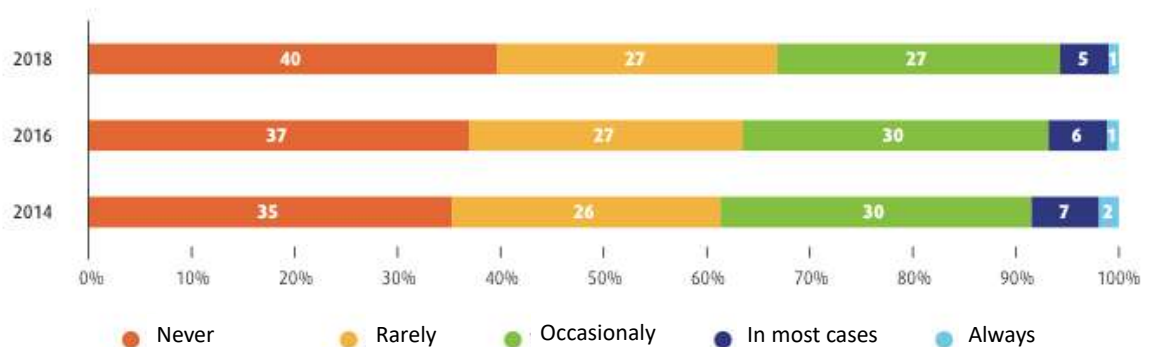
Figure 26. The ability to predict changes in policy at central level



Source: VCCI - USAID, PCI survey

Stabilization of policies

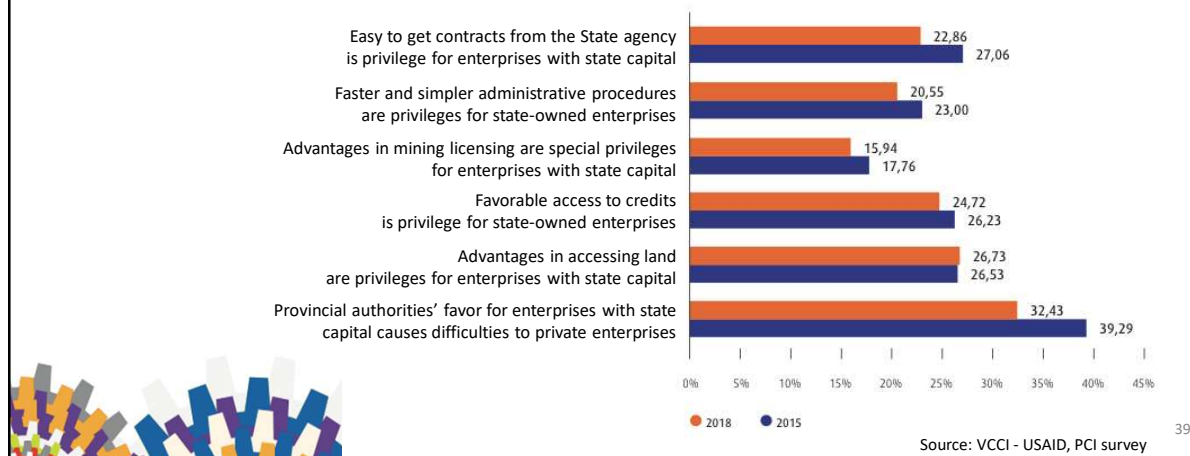
Figure 27. Predictability in the implementation of local policies for the central laws



Source: VCCI - USAID, PCI survey

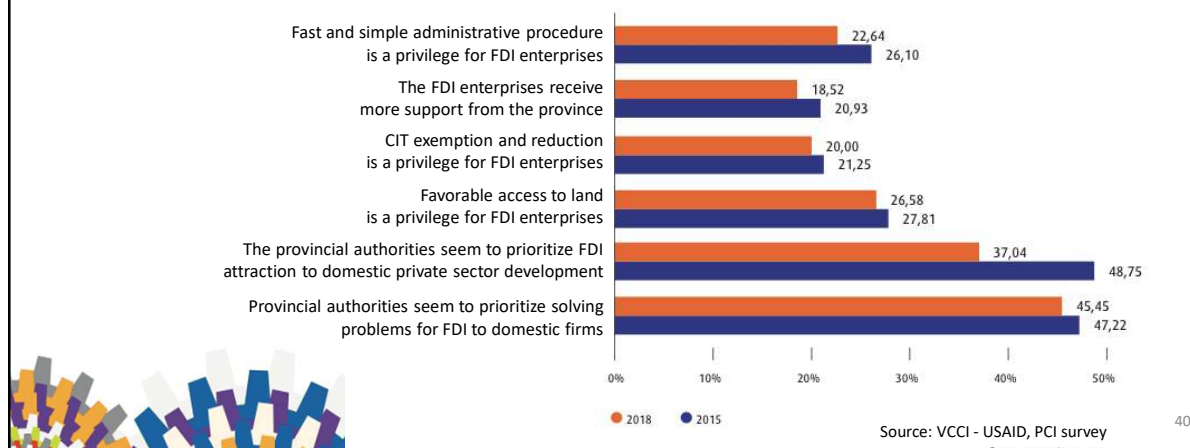
Fair competition with SOEs

Figure 28. Proportion of private enterprises saying that there is unequal competition with state-owned enterprises over the years



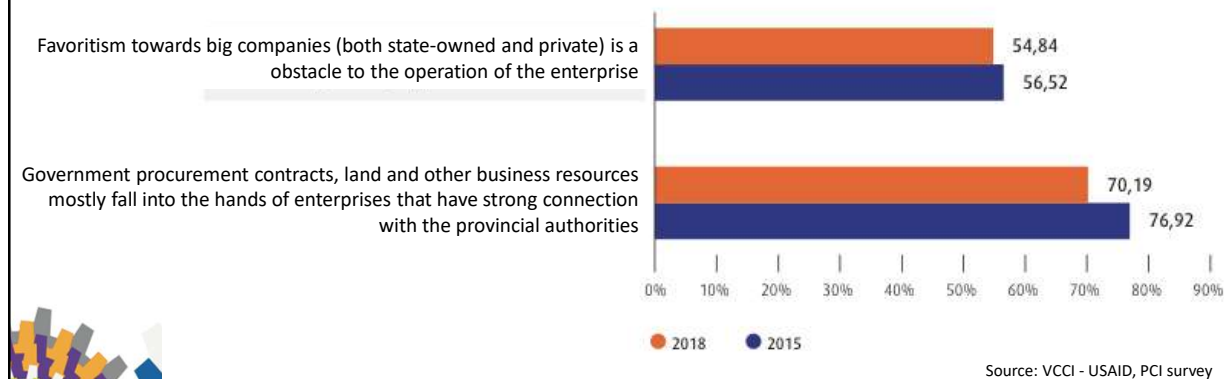
Fair competition with FDI

Figure 29. Percentage of private enterprises that perceive unequal competition with FDI enterprises over the years



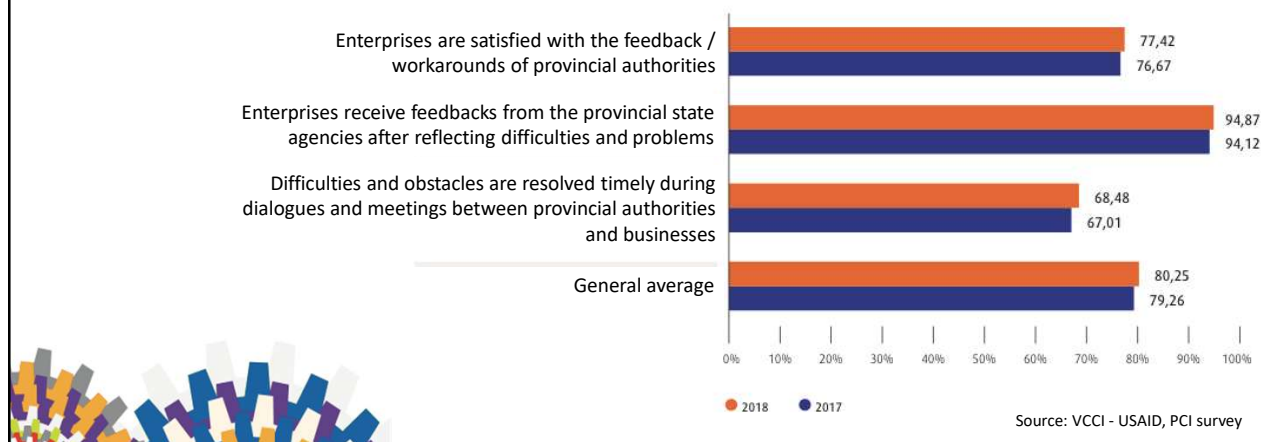
Fair competition with big companies and backyard companies

Figure 30. Proportion of private enterprises saying that there is unequal competition with large and crony enterprises over the years



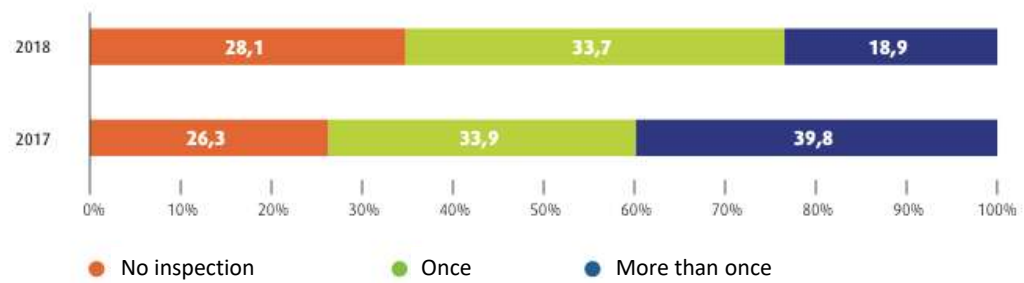
Dialog with businesses

Figure 31. Percentage of businesses satisfied with dialogues, meetings organized by provincial authorities for solving problems



Business Inspection

Figure 33. Number of times that enterprise was inspected

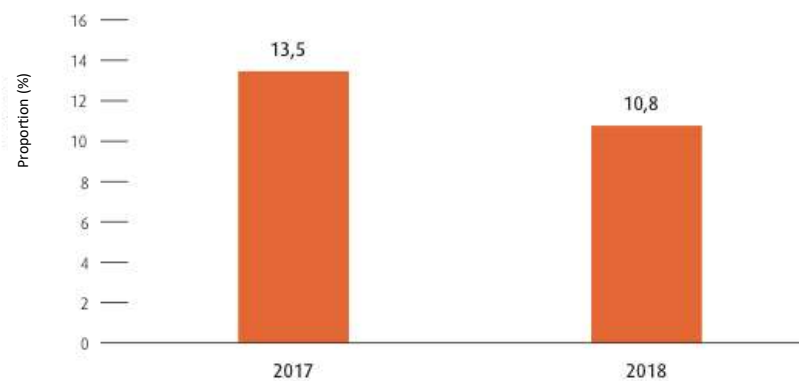


Source: VCCI - USAID, PCI survey

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Business Inspection

Figure 34. Rate of enterprises have been under duplicate and overlapped examination/inspection



Source: VCCI - USAID, PCI survey

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Thank you!

Vietnam Chamber of Commerce and Industry

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