

Executive summary

Administrative simplification in the Socialist Republic of Viet Nam is currently reaching a defining moment. As in many countries, administrative simplification has already done much to improve public governance and regulatory quality and stimulated competitiveness and equitable growth. It has received much attention and significant resources since 2007, principally by way of the Master Plan to Simplify Administrative Procedures in the fields of the State Governance (“Project 30”) and other initiatives. Project 30 has, between 2007 and 2010, delivered a comprehensive inventory of administrative procedures (APs) published in an online database, a review of the necessity, legality and user friendliness of the APs and two sets of simplification measures.

The reform has reached a crucial stage, where the first results are beginning to materialise and a new agency is being established to guarantee the sustainability of the changes. But it is also a time where the strategy could be questioned, with the party congress in January 2011 potentially revising high-level strategic decisions and orientations. To take stock and plan future moves, the Government of Viet Nam invited OECD to evaluate Project 30 and suggest further steps including options for a ten-year programme for regulatory reform on the basis of international best practice. Improving the regulatory framework is expected to foster a better environment for foreign direct investment, including public-private partnerships for financing infrastructure projects, and stimulate employment in domestic private firms, particularly in SMEs. The country needs such reforms to improve infrastructure, increase productivity, continue to attract investment, and maintain a high rate of growth.

Factors of success

The factors of success that have been manifest in Project 30, and that provide a basis for further progress, are:

- *Political support:* The project enjoyed sustained strong political support from the top level including the Prime Minister. This was a key factor in overcoming potential reluctance among officials and building confidence among stakeholders. The support is reflected in

the fact that the Prime Minister officially took charge of the project and announced key achievements personally and daily operations were supervised by the Minister, Chairman of the Office of Government;

- *A comprehensive approach:* For the first time, all administrative procedures (APs) in Viet Nam have been inventoried in a national database and made known to interested parties via the Internet. This entailed defining a specific national method for inventorying APs, and for assessing them against the three criteria of necessity, user-friendliness and legality. Project 30 has proved very efficient to take stock of complexity and define the content of simplification measures. A method to measure the corresponding administrative burdens has also been developed to fit specifics of the national programme and monitor the effects of the reforms.
- *A quantitative target:* By establishing a quantitative, ambitious and time-bound target (30% reduction of APs), and communicating on it widely, the Government accepted to be held accountable on a highly prioritised policy goal. The target is being monitored at ministry and province level, thus providing a strong instrument for steering and monitoring simplification efforts across the administration.
- *Strong co-ordinating unit at the centre of government:* The establishment of a co-ordinating body at the centre of government is in line with OECD good practices and recommendations. The status of the Special Task Force (STF) gives it enough power to deal with and directly instruct other ministries, agencies and provinces. This is also underlined by high professional skills and active day-to-day communications with involved institutions. The creation of dedicated task forces in each ministry/agency/province is also important for efficient co-operation and co-ordination between the centre and the participating institutions.
- *Capacities in participating bodies:* The STF had highly educated, experienced and motivated staff among its members, including civil servants from the Office of Government and line ministries, as well as private sector experts. Since inception, the project has drawn on international experience that was examined in detail by members of the STF and adapted to the Vietnamese context. The number of training sessions as well as day-to-day guidance provided by STF to other task forces is extremely helpful to assure unified application of simplification methodology.

- *Transparency and active involvement of stakeholders:* All the project forms used to collect feedback were under the scrutiny of the public through the Project 30 website and any citizen and business can comment on APs in the database with no restriction. Furthermore, business, academics and national assembly representatives could provide feedback through the Advisory Committee for Administrative Procedure Reform (ACAPR). This high level of transparency and active involvement of stakeholders was instrumental in building confidence of businesses and citizens to ensure that the effort is taken seriously. And involving the end-users of regulation was a key step towards a more user-centered regulatory environment. The business community judged the ACAPR to be “historic” in establishing a regular dialogue between the Government and business.

Beyond Project 30, the evaluation has noted the development of other instruments that have set in motion further indispensable components of an efficient and quality oriented regulatory management system, which have also been evaluated in this report:

- The introduction in the Law on Laws (2008) of the obligation to present an impact assessment during the preparation of new legislation, specifically laws, ordinances and decrees;
- The principle and modalities of mandatory consultation of stakeholders;
- The pilot projects to test new regulatory methods, such as codification for improved access to legal texts, and public-private partnerships (PPPs) to facilitate financing of infrastructure projects;
- The development of one-stop shops.

Recommendations

The Socialist Republic of Viet Nam has made impressive progress in recent years in administrative and legal reform, by introducing policies, building capacities and training civil servants to improve the quality of regulation. But “good” is not “good enough”. Though much progress has been achieved, much work remains to actually implement the simplified APs and that change cannot intervene overnight. Viet Nam should take advantage of the current momentum and the broad political support for public administration reform to complete implementation of the current programme for administrative simplification, strengthen the link to other related government programmes such as the legal development programme, and engage in a medium-term programme of regulatory reform.

Achieve the full potential of Project 30

Complete implementation of Project 30, which has reached a critical stage where the findings (in terms of proposed simplifications of administrative procedures) must be translated into realities in the field, either by the enactment of revised legislation, or the implementation of the proposed streamlined procedures. The Administrative Procedures Control Agency (APCA) set up by Decree 63/2010/ND-CP will need to guarantee the implementation of announced changes. It will need ongoing, top-level support to ensure that it can drive change across the Government.

Enhance Consultation. The role of the Advisory Council of Administrative Procedures Reform (ACAPR) needs to be more dynamic, effective and efficient, as well as empowered with a clear set of roles and remit. It should be established as a permanent advocacy body and its membership should be extended to representatives of civil society such as consumer organisations or trade unions. The user-friendliness of consultation mechanisms needs to be improved. More direct consultations between ACAPR and ministries will improve understanding of the problems associated with existing APs and related legislation and policies. It is recommended that new draft regulations for consultation are published on one central website. Finally, the ACAPR needs to be supported by a highly skilled secretariat.

Next step: To strengthen the legal basis of Project 30 results, the full cataloguing of APs now needs to be completed with a similar exercise aimed at inventorying and streamlining all the legal normative documents (not only those giving rise to APs). This exercise should, following recognised good practice, concentrate on Legal Normative Documents (LNDs) creating “information obligations” for business and citizens, as these can hinder economic performance. The measurement of administrative costs, understood as time spent by business responding to the administrations requests for information, should help focus simplification efforts on issues most relevant to sustaining the competitiveness of Vietnamese companies.

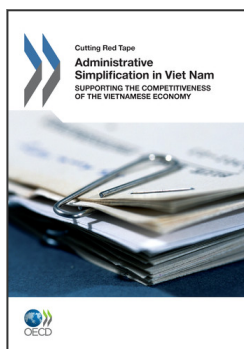
Finally, the programme should be expanded by aiming for additional reductions. Further use of ICT in administrations holds promise of delivering substantial burden reductions.

Options for regulatory reform

Regulatory reform is needed to help Viet Nam improve infrastructure, increase productivity, continue to attract investment, and maintain a high rate of growth. At this stage, on the basis of achievements of Project 30, but also avenues opened by the Legal Development Strategy, and on the basis of best practice in other countries, the review team has been able to formulate a few recommendations for further discussion:

- *Adopt an overall regulatory reform strategy:* further economic and social progress could be helped by the adoption of a single explicit published (if possible) policy promoting a government-wide regulatory policy, consolidating the policy elements and instruments already existing in Viet Nam. Support to this policy should be centrally managed by a permanent, government-wide structure, such as the new Agency for the Control of Administrative Procedures.
- *Build the appropriate capacities for Impact Assessment (IA) to become a major tool for evidence-based policy making:* in Viet Nam, IA is becoming part of the regulatory management cycle since the Law on Laws made it mandatory for all new laws, ordinances and decrees. It is now necessary to set up the appropriate capacities as an integrated process, on the foundation of the experience acquired with Project 30, rather than a separate and additional activity.
- *Continue streamlining the stock of legislation:* mechanisms to review existing regulation have recently been adapted in Chapter XI of the *Law on Laws* (2008), which prescribes a series of measures for the review, revision, and consolidation or ‘codification’ of LNDs. But these general prescriptions need to be given appropriate implementing procedures, and suitable capacities set up and empowered to deliver up-to-date and comprehensive depictions of the legal order in selected, economically relevant, sectors. A special effort needs to be made to facilitate private sector participation in infrastructure projects, through a suitable legislative framework for Public Private Partnerships (PPPs), and to upgrade the regulatory environment for higher education.

- *Develop monitoring and evaluation of results:* quantitative assessments may support continuous evaluation of the relevance, effectiveness and efficiency of the Vietnamese administrative simplification programme. Viet Nam has relied so far on the measurement of compliance costs to evaluate the success of Project 30. The advantage of this measurement is that it quantifies in a systematic way cuts in administrative burdens and compliance costs. Its limitations are that it does not assess implementation of AP reforms on the ground. It will therefore be important to complement it with a set of indicators that focuses on implementation, in order to obtain a comprehensive evaluation system.
- *Enhance dialogue with citizens and business:* the principle of consultation has recently been introduced in Vietnamese legislation and subjects on which “feedback” can be sought from citizens have been listed. More detailed guidance needs to be issued for regulators on the different types of consultation and media supports to be used for specific types of projected new legislation. This could be incorporated into a broader consultation strategy which outlines the objectives of consultation, the mechanisms available to consult with stakeholders and how the information collected is to be used. Focus of the communication strategy needs to be less on procedural aspects of the project and more on real life achievements and changing culture.
- *Improve access to the law for all citizens and businesses:* Project 30 brought the publication on line of the full list of APs and their contents, with practical indications for citizens on how to comply, and as such is an important step in the right direction. It is now necessary to envisage the posting of all legislation, in connection with the consolidation and codification efforts. But access to the raw texts is not enough, as they may be difficult to understand for the non specialist. That is why many countries have set up civic information centres, and other media such as hotlines, information websites, where regulation is explained in a client oriented way, with less emphasis on the legal implications, and more on practical help towards compliance.



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