



INTERNATIONAL FINANCE CORPORATION  
WORLD BANK GROUP



# Provincial Simplification in Vietnam

Feeding local experience into national policy

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## Why work at the provincial level in Vietnam?

- Though growth in Vietnam has been strong, it has been uneven between provinces
- Provinces compete to attract investment, but local authorities lack tools to reform
- Decentralization magnifies governance reform challenges for sub-national governments
- There are inconsistencies between national policy and implementation at the sub-national level
- Provinces need and have requested technical support on reforms
- IFC has extensive and relevant international experience in simplification of business procedures
  - LAC (Bolivia, Brazil, Colombia, Honduras, Nicaragua, Peru) – business registration, licenses, inspections, and construction permits
  - PEP-MENA (Egypt, Lebanon, Yemen) – business registration and licenses
  - PENZA (Indonesia) – business registration and licenses



## Our approach to provincial simplification

### Use existing research tools as a starting point

- *Doing Business* indicators
  - Ranks Vietnam 104 out of 175 on overall ease of doing business (97 on starting a business)
- The *Provincial Competitiveness Index (PCI)*
  - Ranks the business environments of all 64 provinces
  - 10 sub-indices, including entry costs, time and costs for regulatory compliance, informal charges

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## Our approach to provincial simplification (cont'd)

### Pilot and scale up

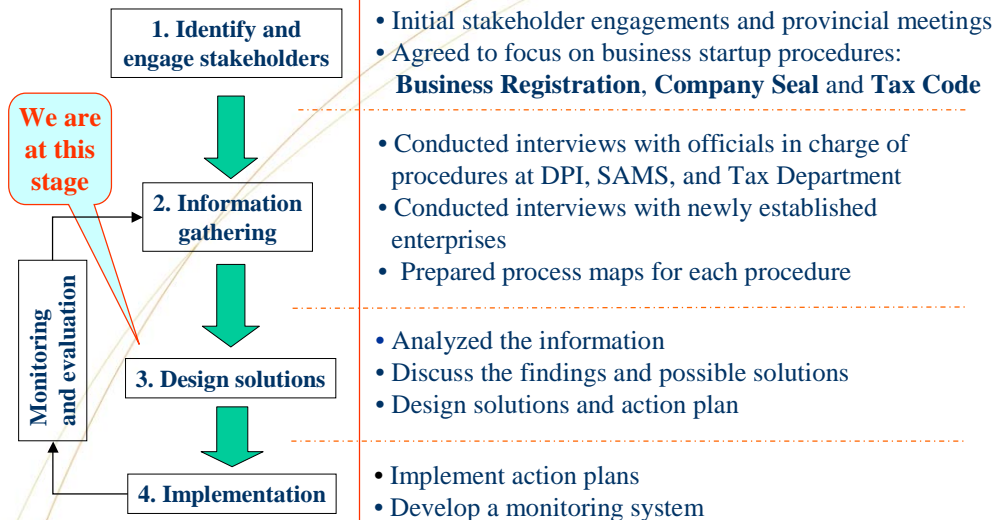
- Pilot in 2 provinces: Bac Ninh, Binh Dinh
- Requested by EC to cooperate to replicate in Hai Phong

### Select areas for reform

- Aim for highest impact in the pilot phase
- Identify a good starting point that will enable the process of *mindset change*
- Show early successes and build momentum to move on to more complex reforms

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## Project activities



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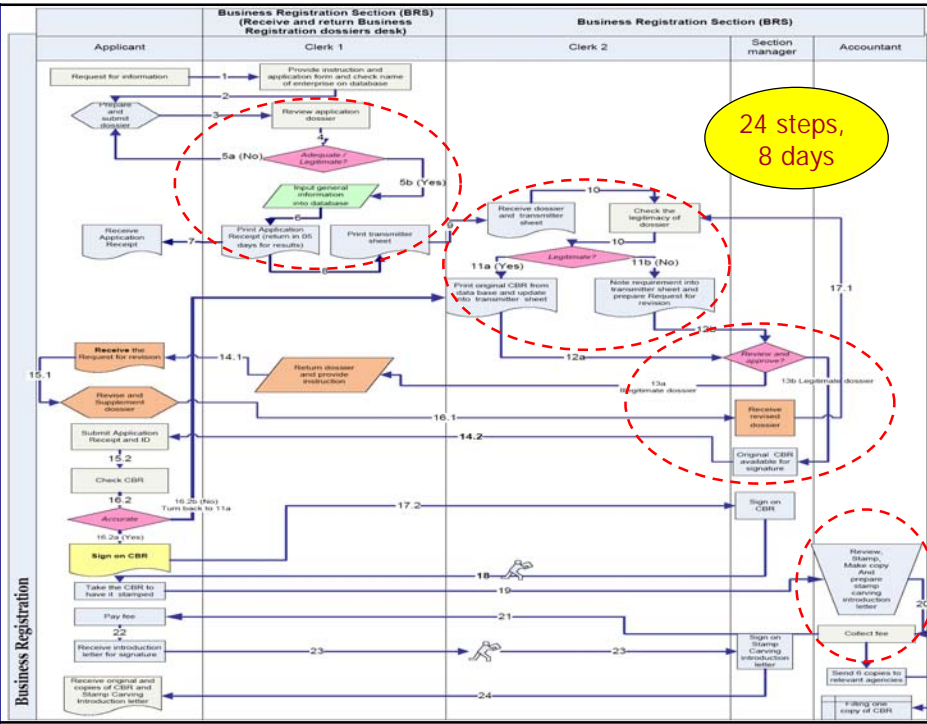
## Findings

### Our work across the 3 provinces thus far shows

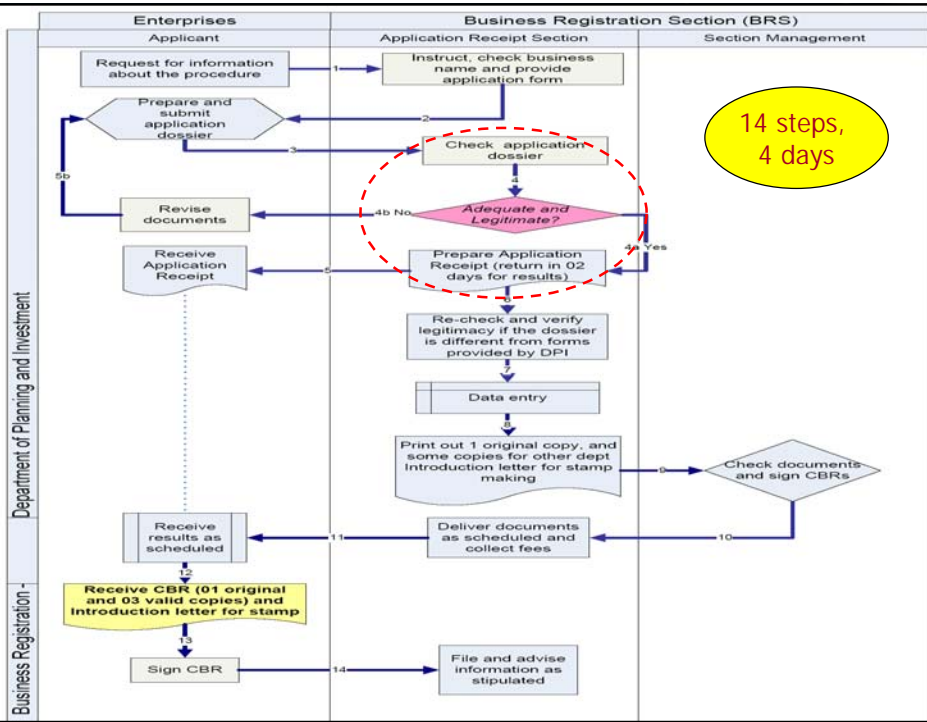
- Actual implementation of business registration process varies significantly among provinces
- Coordination between the offices responsible for business registration, company seal registration and tax code registration is still quite weak
- Databases and filing systems among the departments are inconsistent, which limits information-sharing
- Use of computers and information technology is low
- Customer service-orientation of government officials is lacking

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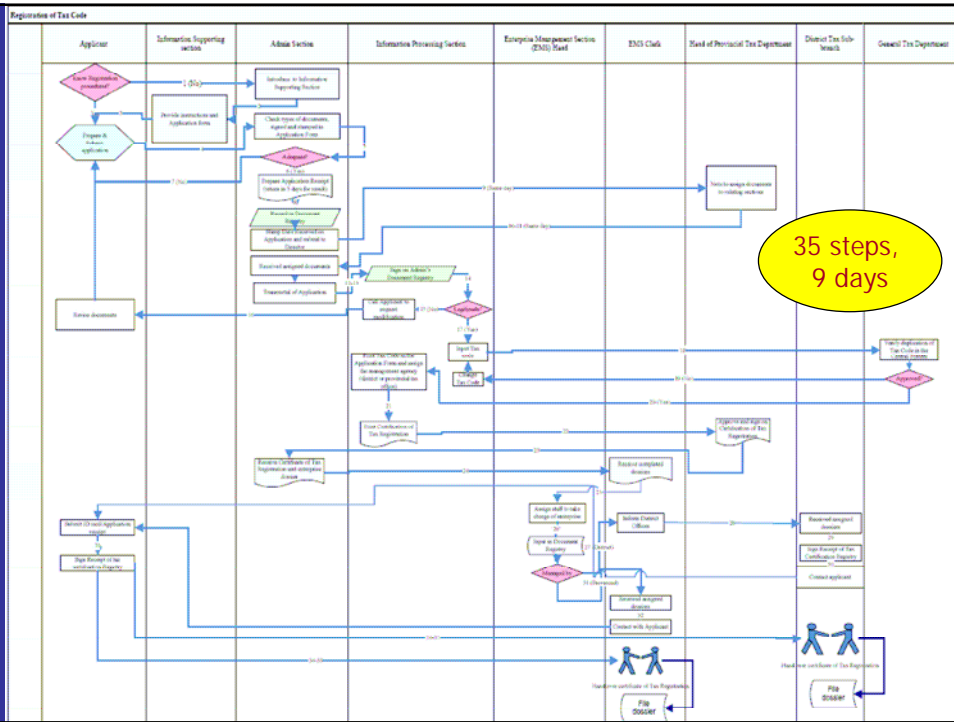
# Business Registration in Hai Phong



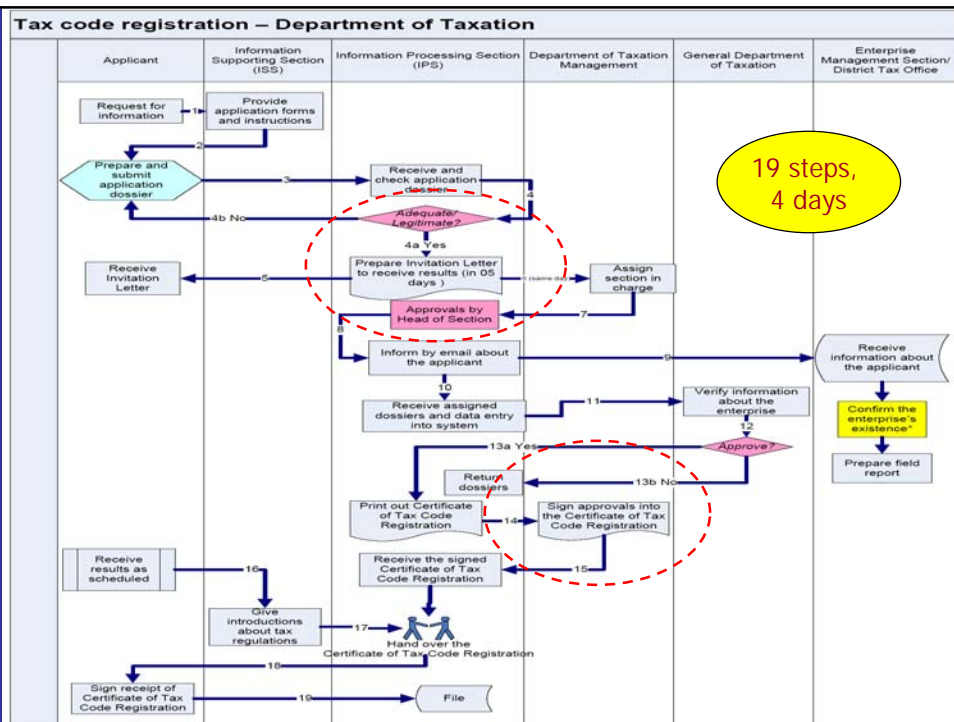
# Business Registration in Binh Dinh



# Tax Registration in Bac Ninh



# Tax Registration in Binh Dinh



## Overall comparison between 3 provinces

While the implementation of national policy varies, there is room for further simplification of business procedures in each province

	Bac Ninh	Hai Phong	Binh Dinh
Number of steps	98	70	51
Number of requirements	13	6	7
Number of days (avg. according to firm survey)	28	24	11
Number of visits needed	10	7	7

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## Input to national policy

IFC-MPDF is providing input to a government Circular on streamlining registration processes in provinces. Short-term recommendations include:

- Setting up an information helpdesk at the registration office
- Establishing a time limit (e.g., no more than 3 days) within which the registration office must contact the applicant about his/her application
- Detailing the process of getting a company chop made/registered in the Circular
- Streamlining the registration procedure so that it takes less than 10 days and requires only 2 visits by enterprises

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## Input to national policy (cont'd)

**As the government moves towards National Business Registration reform over the longer term, our recommendations include:**

- Eliminating company seal permit and working towards eliminating the company seal altogether
- Using one set of forms for the entire process
- Moving towards having just one company code (i.e., combining registration and tax codes)
- Developing consistent procedures for both domestic and foreign-invested enterprises
- Encouraging use of computers and IT solutions to improve coordination among the three offices

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## Thank you for your attention

**For more information, please contact**

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