**Improving Business Regulations to Support Productivity Growth in Viet Nam**

Draft

# Contents

[Contents 2](#_Toc175228074)

[Acknowledgements 3](#_Toc175228075)

[Acronyms 4](#_Toc175228076)

[Executive Summary 5](#_Toc175228077)

[I. Motivation 9](#_Toc175228078)

[II. Methodology 12](#_Toc175228079)

[III. Prioritizing regulatory reforms based on firm dynamics 13](#_Toc175228080)

[A. Productivity analysis and the role of regulatory reform 13](#_Toc175228081)

[B. Identifying business regulations for reforms 18](#_Toc175228082)

[IV. Assessing Viet Nam’s Regulatory Reform Program 2020-2025 at mid-term 23](#_Toc175228083)

[A. Results at mid-term: noticeable progress in simplification but difficulty in estimating compliance costs 25](#_Toc175228084)

[B. Qualitative assessment: solid foundations, but some implementation gaps and opportunities for greater prioritization 29](#_Toc175228085)

[V. Conclusion and policy recommendations: toward next generation regulatory reforms 41](#_Toc175228086)

[A. Short-term (2024-2025) – mid-course adjustments to maximize impact of Resolution 68 42](#_Toc175228087)

[B. Medium-term (2026-2030) – evolve to a new paradigm in business regulations 44](#_Toc175228088)

[References 56](#_Toc175228089)

[Annex I: ICA 2.0 Methodology 59](#_Toc175228090)

[Annex II: Data Sources Used in the Diagnostic Analysis 61](#_Toc175228091)

[Annex III: Business Licensing and Inspections Maturity Assessment (BLIMS) methodology 65](#_Toc175228092)

[Annex IV: A Case Study of the Impact of Regulations: Wind Turbine Manufacturing in Viet Nam 66](#_Toc175228093)

[Annex V: Lessons from Viet Nam’s recent reform of business regulations relevant to other countries 68](#_Toc175228094)

# Acknowledgements

This report was prepared by a team led by Marcin Piatkowski and Anwar Aridi under the general supervision of Zafer Mustafaoglu and Asya Akhlaque. The team comprised Zenaida Hernandez Uriz, Vinh Quang Dang, Aris Molfetas-Lygkiaris, James Brown, Silvia Muzi, Mauricio Pinzon Latorre, Lucio Castro, Peter Kusek, Nguyen Hung Quang (consultant), and Phung Thanh Xuan (consultant). The team is grateful for the technical inputs and contributions provided by Toni Eliasz and Huong Thi Lan Tran. Hoa Chau Nguyen provided excellent administrative support.

The team gratefully acknowledges the guidance of Mariam Sherman, Carolyn Turk, and Andrea Coppola in the preparation of this report.

The team is grateful to the peer reviewers for their comments: Lien Anh Pham (IFC, Senior Operations Officer), Alejandro Espinosa-Wang (Senior Economist, EAEF1) and Leo Iacovone (Lead Economist, EECF1).

The team would like to express gratitude to the many officials of the government of the Viet Nam and private sector representatives who generously shared their knowledge and insights with the team.

Last but not least, the team would like to express its gratitude to the Korean Trust Fund provided by the Korean Ministry of Economy and Finance for financing this work.

# Acronyms

|  |  |
| --- | --- |
| ACAPR | Advisory Council for Administrative Procedure Reform |
| AI | Artificial Intelligence |
| APCA | Administrative Procedure Control Agency |
| EAP | East Asia and the Pacific |
| eGIF | government interoperability framework |
| FDI | foreign direct investment |
| G2B | government to business |
| GDP  GOV | gross domestic product  Government of Viet Nam |
| GVC | Global value chains |
| KPIs | Key Performance Indicators |
| MARD | Ministry of Agriculture and Rural Development |
| MoIT | Ministry of Industry and Trade |
| NDAP | National Database of Administrative Procedures |
| NPSP | National Public Service Portal |
| OECD | Organization for Economic Cooperation and Development |
| OOG | Office of Government |
| OSS | One-stop shop |
| PCI | Provincial Competitiveness Index |
| R&D | Research and development |
| SOE | State-owned enterprise |
| TFP | Total factor productivity |
| VCCI | Viet Nam Chamber of Commerce and Industry |
| WBES | World Bank Enterprise Survey |

# Executive Summary

**To achieve high-income status by 2045, Viet Nam must accelerate regulatory reforms to boost productivity.** Viet Nam’s stellar economic success story over the last 30 years relied on export-oriented foreign direct investment (FDI), but reaching high-income status requires accelerating productivity growth.Firm level analysis points tomisallocation as a critical constraint to productivity growth in Viet Nam. Regulatory reforms can create favorable conditions for reallocation of resources from less productive firms to more productive ones. They can also reduce costs and lower risks for businesses and promote firms’ investment and productivity growth. Finally, they can promote entry of new domestic and foreign firms, especially innovative, tech-based, green, and high-productivity firms, and exit of low-productivity ones as part of a “creative destruction” process. [[1]](#footnote-2)

**Viet Nam’s regulatory reform efforts have achieved noticeable progress in streamlining business regulations and improving regulatory quality.** According to the World Bank Governance Indicators, Viet Nam's Regulatory Quality has made a remarkable improvement over the last two decades.[[2]](#footnote-3) The percentage of firms spending more than 10 percent of their time on understanding and completing administrative procedures has been declining continuously in recent years.[[3]](#footnote-4)

**However, firm-level analysis and international benchmarking suggest that there’s still room to improve regulatory quality and that improvement in regulatory quality and delivery can promote productivity growth in Viet Nam.** Almost two thirds of startups cite business regulations as a challenge.[[4]](#footnote-5) Despite improvement, Viet Nam's Regulatory Quality score is still lower than some regional peers.[[5]](#footnote-6) Data analysis suggests that licensing regulations and inconsistent public services delivery are barriers to market entry and innovation, affecting competition and firm growth. For instance, obtaining construction permits and import licenses in Viet Nam is more time-consuming and is characterized by more uncertainty than in Cambodia, and restrictive FDI regulations can limit investment in key service sectors. To accelerate progress, regulatory reform is a critical part of Viet Nam's broader institutional reform agenda for 2021-2030.

**The objective of this report is to assess the implementation progress at mid-term of Viet Nam’s program to reform business regulations between 2020-2025—**governed by Resolution 68/NQ-CP of May 12, 2020**.** The report identifies areas for improvement to achieve its objectives in the short term and share policy recommendations on how to continue developing the regulatory environment conducive to business dynamism and productivity growth in Viet Nam in the medium term.

**The regulatory reform program under Resolution 68 builds on successful regulatory simplification initiatives** **over the last three decades.** The approach outlined in Resolution 68 is inspired by the most effective of these programs, Project 30 (2007-2010), which reviewed over 6,000 administrative procedures and streamlined them. The Administrative Procedure Control Agency (APCA) in the Office of Government (OOG) was also set up in the context of Project 30 as the main entity overseeing regulatory reform in Viet Nam. Resolution 68 sets targets to simplify or reduce business regulations and cut compliance costs by 20 percent during 2020-2025.

**Resolution 68 led to noticeable mid-term achievements in streamlining business regulations, with 2,789 regulations simplified or reduced by December 2023.** However, paucity of data complicates the precise evaluation of this progress. COVID-19 could have hindered the establishment of a baseline of the total number of regulations as of May 31, 2020, which prevents an accurate assessment of the target to simplify regulations by 20 percent. Estimates based on a proxy baseline—the number of existing regulations in the Business Regulation Consultation and Query portal as of January 2024—suggest that around 22 percent of regulations have been simplified, surpassing Resolution 68's goal. Nonetheless, without comprehensive data, it is not possible to confirm if there has been a 20 percent reduction in compliance costs, and there are no other measures of the impact of the simplification.

**Resolution 68 adopts a government-wide approach, with ministries proposing regulations for simplification.** Having a comprehensive approach in ex-post reviews of regulation can help reduce administrative burden across sectors and mainstream better regulatory practices in the government.[[6]](#footnote-7) In the case of Viet Nam, the identification of regulations for simplification is largely 'bottom up', with ministries making proposals based on their review, in combination with the Prime Minister’s direction. However, without clear criteria for prioritization, such as focusing on specific sectors or regulatory domains, this can lead to a potentially scattered impact. Instead, reform efforts could concentrate on more binding regulations and more strategic industries that are important for Viet Nam’s growth strategies such as electronics or renewable energy.

**Despite the simplification efforts, a high number of ex-ante authorizations, limited use of risk-based licensing and inspections, and inconsistent terminology across ministries hinder regulatory coherence.** While some risk-based differentiation exists, such as self-declarations for packaged foods, it is often narrow and not up to international standards.The preliminary assessment of licensing regulations identified multiple ex-ante authorizations (1,584) and renewals (649)—a practice that should be limited to a small number of specific cases. This suggests there is further room for streamlining. There is no standardized terminology for regulatory instruments and ministries use different terms (e.g. license, certificate, approval, etc.) to refer to these ex-ante authorizations.

**Private sector representatives consulted for this report acknowledged the importance of Resolution 68’s objectives and reform measures, while suggesting that the regulatory improvements could be more ambitious.** There is a general view that the government’s efforts to streamline regulations, digitalize procedures and engage with the private sector have reduced the burden of regulations. However, private sector representatives highlighted that many changes focused on reducing the number of documents required or time to wait for results. Many online administrative procedures still require paper documents and in-person visits to government offices, including going back to obtain the hard-copy of the output document.

**Despite clearly defined roles for government agencies, with APCA/OOG in charge of coordination, gaps in the implementation of Resolution 68 persist due to limited resources and weak accountability mechanisms.** Moreover, Resolution 68 lacks specific technical-level institutional mechanisms for coordinating multi-agency regulation reviews in complex sectors, such as construction, with APCA/OOG often initiating the coordination. The Resolution also encourages firm and individual feedback to pinpoint problematic regulations, facilitated by mechanisms like the Prime Minister’s Advisory Council for Administrative Procedures Reform (ACAPR). While ACAPR plays a key role in gathering private sector input and overseeing the reform's execution, it could further enhance its impact by conducting more independent regulation reviews and offering reform suggestions as envisioned in the Resolution. Viet Nam's government, via the APCA/OOG, has significantly invested in regulatory reform and good practices over the past twenty years, aided by development partners and global insights. Despite these efforts and dedicated tools for tasks under Resolution 68, there are signs of overextended capacity, with uneven compliance and variable quality in calculating compliance costs across ministries. Reporting requirements on implementation are laid out in Resolution 68, including an obligation for ministries to produce semi-annual progress reports, but the resolution does not mention consequences for lack of implementation by ministries.

**Resolution 68 encourages digital solutions for regulatory delivery, with important achievements and significant potential for enhancement.** APCA/OOG has developed the National Public Services Portal (NPSP) since 2019, which provides a government-wide platform with information on administrative procedures and transactional services from various ministries and provinces. There is good progress in eGovernment initiatives which include an online payment platform, and gradual but accelerating deployment of end-to-end online services. But improvements are hindered by the manually updated, and sometimes outdated, National Database of Administrative Procedures (NDAP), which lacks full legal authority in the sense that APs not uploaded to the database can still be legally valid and enforceable.[[7]](#footnote-8) Advancements such as adopting the "once only" principle and improving government-wide data sharing (interoperability) could substantially improve online services. Furthermore, the current legal framework, while supportive of digitalization, does not fully embrace a digital-first approach.

**In sum, Resolution 68 has made progress and builds on good regulatory practices, but Viet Nam could benefit from a more effective strategy to significantly improve regulatory formulation and delivery.** Resolution 68 emphasizes quantitative goals like reducing regulations and compliance costs, but a broader vision that includes economic impact, digital transformation, and regulatory delivery reform would strengthen it. The Resolution focuses on simplifying existing regulations and controlling new ones, rather than a comprehensive approach that emphasizes streamlining, digitalization, and service integration from the business standpoint, and sets priorities to reform regulations to unlock productivity growth. The current formalistic approach leads agencies to prioritize isolated improvements based on quantitative goals. Additionally, uneven implementation across ministries and information gaps impedes evaluation of the Resolution's effectiveness. These findings inform a set of policy recommendations for improving the results of Resolution 68 in the short term and creating a better regulatory system in the mid-term and long-term to support Viet Nam’s economic growth towards its high-come objective (a detailed discussion is in the *Conclusions and Policy Recommendations* section):

**1. Prioritize resources in areas with the highest likelihood of results in the short term (2024**-**2025**): Given the resource and time constraint, the government, via APCA/OOG, could set criteria to prioritize specific sectors or business activities identified as offering opportunities to reduce the regulatory burden, engage with a more proactive and committed ministries, and make sure the legal instruments already approved by the Prime Minister for amendment are revised and issued in due course. Redoubling efforts to measure results against Resolution 68 targets, and communicating results in terms of benefits to businesses, would also contribute to more positive outcomes of Resolution 68.

**2. In the medium term, adopt a comprehensive approach to regulatory reform anchored on the digital transformation of service delivery as part of the next reform program (2026-2030).** This requires the development of an advanced government interoperability framework (eGIF) to enable sharing and re-using data through unified web-based application forms and strengthening the “digital first” principle in the legal framework. It would also involveadopting of a risk-based approach to licensing and inspections, backed by the introduction of a horizontal legal framework for business licensing (both for legal entities and professionals), and a review of ex-ante authorizations by economic activity. Priorities for the review could be based on (i) sectoral relevance (for productivity, employment, etc.); (ii) burden of regulations (based on survey and private sector consultations); and (iii) level of institutional coordination and capacity necessary for reform. More impactful reforms can be achieved in the future if more private sector resources and expertise can be mobilized for reviewing and recommending reform measures, especially under the ACAPR framework.

# Motivation

**Viet Nam has been a global economic star over the last 30 years, during which it has experienced one of the fastest Gross Domestic Product (GDP) growth rates in the world**. From 1990 to 2022, Viet Nam’s GDP per capita grew at an average annual rate of 5.4 percent, faster than any other economy in the region except China and Myanmar.[[8]](#footnote-9) This remarkable performance has been driven by three engines of growth: fast capital accumulation, plentiful labor supply, and high productivity growth, which were underpinned by improvements in the business environment, increases in the quality of human capital, and large inflows of foreign direct investment (FDI).

**Private investment has played a crucial role in Viet Nam's economic success story.** Driven by its trade openness and an export-oriented growth model, Viet Nam has attracted large amounts of FDI in labor-intensive segments of manufacturing global value chains (GVCs), especially electronics and textiles. Overall, investment of existing firms (within firm productivity growth) was a main component of total factor productivity (TFP) growth in the past years. The private sector’s fast growth has also driven rapid structural transformation, reflected in the rapidly declining share of agriculture employment and a corresponding increase of employment in industry and services. Yet, despite rapid growth in labor productivity in Viet Nam, its levels are still low relative to regional peers.

**Achieving Viet Nam’s objective to reach high-income status by 2045 requires accelerating productivity growth.** The upcoming World Bank report *Vietnam 2045: Trading Up in a Changing World* finds that achieving high-income status will require labor productivity growth of 6.3 percent per year, significantly above the 5.0 percent average from the past decade.[[9]](#footnote-10) Viet Nam needs to shift from unskilled, labor-intensive manufacturing, with limited domestic-value addition, to higher value-added manufacturing and services, using improved technology, skills, and innovation. The domestic private sector will need to accelerate its productivity growth to achieve the ambitious high-income objective.[[10]](#footnote-11) Yet, most domestic private firms are micro and small enterprises that operate in relatively low productivity services (such as small retail and restaurants) and simple manufacturing activities targeting the domestic market, rather than export markets. [[11]](#footnote-12) There are also few knowledge- or innovation-based startups that have the potential to disrupt incumbent firms and transform industries. As a result, the productivity of the domestic private sector amounts to only about 1/5 of the level of productivity among the foreign-owned enterprises.

**Government policies and regulations provide the environment in which private firms operate, and therefore play a critical role in boosting firm performance and supporting productivity growth. [[12]](#footnote-13)** While starting and running a successful business requires talent and capital, regulations shape incentives and behaviors that affect firm entry, growth and upgrading, and the exit of less successful firms. Therefore, a clear and predictable regulatory framework that promotes business dynamism and the efficient functioning of markets, plus efficient administrative procedures, and quality government services, are important to accelerate productivity growth. As technological progress advances, e.g., the proliferation of Artificial Intelligence (AI), governments need to adapt the regulatory framework to new business activities. Finally, the global climate crisis and the need for greening industries also require policies and regulations that motivate firm decision-making in line with these objectives.[[13]](#footnote-14)

**Viet Nam has undertaken several waves of regulatory reform, but regulatory quality is still one of the top concerns of the business communities**. The current five-year regulatory reform program is governed by Resolution 68 and aims to simplify or reduce business regulations and cut compliance costs by 20 percent by 2025. This is important as the percentage of firms in Viet Nam that consider business licenses and permits as a constraint to their operations is higher that the regional average.[[14]](#footnote-15) Sixty-five percent of participants in a startup survey report that business regulations are a challenge for them.[[15]](#footnote-16) According to the World Bank Governance Indicators, Vietnamese score for Regulatory Quality is still lower than some regional peers such as Indonesia, Malaysia, Thailand, and Singapore[[16]](#footnote-17) Therefore, regulatory reform, as part of a broader institutional reform agenda, is considered one of three priority reform areas in the Socio-Economic Development Strategy for the ten years 2021-2030.

**This report assesses the implementation progress of Resolution 68 at mid-term (2020-2023) and identifies strengths and areas of improvement to achieve its objectives in the short term, and to continue developing the regulatory environment conducive to business dynamism and productivity growth in Viet Nam in the medium term.** It aims to inform Viet Nam’s approach towards mitigating the existing challenges and improving the business regulatory environment.It provides analytical insights to identify opportunities to improve the approach to regulatory reform to reduce the cost and risk for businesses and promote productive investments. Improved regulations enable investments in new firms and scale up investments in existing firms, with an overarching objective to contribute to more efficient allocation of resources to more productive firms, a key condition for achieving the ambitious Viet Nam 2045 high income objective. By focusing on business regulations, it complements other studies, including by the World Bank, that have looked at private sector contribution and opportunities, entrepreneurship, and technology adoption.[[17]](#footnote-18)

**This report is organized in five sections.** Section II describes the methodology and data sources used in the report. Section III provides the analytical underpinnings to identify priorities for regulatory reforms. It sets the stage by providing evidence on the Viet Nam’s productivity performance and its relationship with productivity growth. It then identifies the key priority areas for policy interventions, focusing on the role of regulations, by analyzing firm level data. Section IV assesses regulatory reform policy in Viet Nam, and specifically Resolution 68 of 2020. The assessment reviews the objectives of Resolution 68 and its approach vis-à-vis the priorities identified in section II. It also reviews implementation progress and results achieved in the first three years of implementation. Section V concludes and provides pathways for improving business regulations moving forward. Based on the firm-data analysis of productivity, business dynamics and constraints, and the review of regulatory policy, it provides short- and medium-term recommendations for strengthening the results of Resolution 68 and recommends an evolution of Viet Nam’s approach to reform business regulations in the next cycle (2026-2030).

# Methodology

**The report combines quantitative and qualitative analysis, including country consultations and the international experience on regulatory reforms.** The report uses the World Bank Investment Climate Assessment 2.0 (ICA 2.0) methodology combining the latest firm-level diagnostics with an in-depth policy assessment.[[18]](#footnote-19)

* The prioritization diagnostic based on ICA 2.0 in section II provides a data-driven diagnostic of the micro-foundations of investment and productivity growth to prioritize structural reforms and identify specific policy actions enabling productive investment and competitiveness to support private sector-led, inclusive, and sustainable growth. It identifies business regulations as a priority reform areas (See Annex I and II).
* The assessment at mid-term of the regulatory reform program in Resolution 68 is based on legal texts and administrative data shared by government counterparts and follows principles of good regulatory practices on the formulation of new regulations, stakeholder engagement, and the review of the relevance, effectiveness and efficiency of existing regulations.[[19]](#footnote-20) This was complemented by in country meetings with government officials and private sector representatives in October and December 2023, and January 2024.
* The analysis of Resolution 68 also benefits from an assessment of Viet Nam’s licensing system, including the use of digital technologies, following the World Bank’s Business Licensing and Inspections Maturity Assessment (BLIMS) methodology.[[20]](#footnote-21) The assessment focuses on the review of legal texts and interviews with public officials and private sector representatives (See Annex III). A separate technical note summarizing the findings of the initial BLIMS assessment and a report piloting the methodology in three areas of licensing have been prepared in collaboration with APCA/OOG. The three areas of licensing are: 1. Procedures to issue operating licenses for specialized clinics; 2. Procedure to issue certificates of competence for trading plant protection products; and 3. Procedures to issue certificates of food safety eligibility for food production and trading establishments. Key findings of the licensing assessment based on the BLIMS inform the analysis and the recommendations of this report.

Additional details on the methodology and data sources used are provided in each chapter and in the referred annexes.

# Prioritizing regulatory reforms based on firm dynamics

## Productivity analysis and the role of regulatory reform

**In recent decades, overall productivity in Viet Nam has experienced rapid growth, although from a low level.** Viet Nam reported high productivity growth between 2000 and 2019, whichplaced the economy above structural peer countries and in line with aspirational peers in term of annual growth rates (Figure 1). However, the country still shows lower productivity levels (as measured by the value added per worker) compared to almost all its peers, a fact that highlights the need for reforms that can support fast productivity growth in the future.

**Figure 1. Growth of value added per worker vis-à-vis value added per worker (2019 USD)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | |  |
|  | | |
| *Source: WB World Development Indicators (WDI) using the ICA 2.0 Tool.*  *Note: Raw data are in constant 2015 prices, expressed in U.S. dollars. Aspirational countries are green. Structural countries are blue. The horizontal dotted line shows the average value added per worker growth for the sample of countries between 2000-2019. The vertical dotted line indicates the average value added per worker for the sample of countries in 2019. In the database, 2019 is the latest available year with information on value-added per worker.* | | |

**The productivity performance of the nonagricultural sector has been more muted. A**lthough there has been some increase since 2010, productivity in the nonagricultural sector, i.e., industry and services, underperformed compared with the aggregate economy and rose less than in most of the country’s peers over the two pre-COVID-19 decades (Figure 2). Value added per worker—a measure of labor productivity—in the agricultural sector increased by an average yearly rate of 4.3 percent between 2000 and 2019 compared to 1.5 percent in the nonagricultural sector.

**Figure 2: Average yearly growth of value added per worker, 2000-2019 period (%)**

|  |
| --- |
|  |
|  |
| *Source: WB World Development Indicators (WDI) using the ICA 2.0 Tool.*  *Note: Raw data are in constant 2015 prices, expressed in U.S. dollars.* *In the database, 2019 is the latest available year with information on value-added per worker. Non-agriculture includes industry and services.* |

**The reallocation of labor away from agriculture played a dominant role in driving aggregate productivity growth***.* Structural transformation—the transition of an economy from low productivity, low-skilled and labor-intensive economic activities to higher productivity and skill intensive activities—is a key driver of productivity growth in low- and middle-income economies*.*[[21]](#footnote-22)This process of structural transformation significantly contributed to aggregate productivity growth in Viet Nam. Between 2000 and 2019, the share of employment in agriculture declined from 65 percent to 35 percent (Figure 3a). This reallocation of employment accounted for almost half of the total cumulative aggregate growth in the country over the period (orange bar in Figure 3b).

**Figure 3. Viet Nam’s structural changes have shifted workers from low-productivity agriculture to the nonagricultural sector.**

|  |  |  |
| --- | --- | --- |
| a. Employment share in agriculture and non-agriculture sectors (percent) |  | b. Contribution of sector reallocation to value added per worker growth |
|  |  |  |
| *Source: WB World Development Indicators (WDI) using the ICA 2.0 Tool.*  *Note: Raw data are in constant 2015 prices, expressed in U.S. dollars. Contribution of sector reallocation is computed as the difference between actual productivity growth and the counterfactual productivity growth obtained by holding sector productivity fixed at its 2019 level and multiplying it by the 2000 sector employment shares.* | | |

**The contribution of capital accumulation to productivity growth has been limited and capital intensity of the Vietnamese business sector remains low**.Physical capital accumulation has increased over the years in Viet Nam mainly due to an increase of capital in the service sector and a very mild upward trend in the manufacturing sector (Figure 4a). However, the contribution of capital accumulation to productivity growth has been limited. Besides structural transformation, total factor productivity (TFP) has led to productivity enhancements in the country (Figure 4b). The average capital stock in the country is quite low compared to other countries (Figure 4 c). In Viet Nam, the average private capital stock between 2000 and 2019 is lower than structural and aspirational countries, even slightly below countries with lower GDP per capita levels, such as Bangladesh and the Philippines.

**Figure 4. Capital accumulation has increased in the last few years, but productivity upgrades come from other sources such as structural transformation or improvements in total factor productivity (TFP).**

|  |  |  |
| --- | --- | --- |
| a. Average physical capital to worker ratio (constant million Vietnamese dong) |  | b. Contribution of capital accumulation and TFP to aggregate labor productivity growth |
|  |  |  |
| *Source: Economic Census – General Statistics Office (GSO) using the ICA 2.0 Tool.*  *Note: weighted average by firm’s number of employees.* |  | *Source: Economic Census – General Statistics Office (GSO) using the ICA 2.0 Tool.*  *Note: LP stands for labor productivity.* |

|  |  |
| --- | --- |
| c. Average private capital stock and GDP per capita – 2000-2019 |  |
| *Source: IMF Investment and Capital Stock Dataset and WB World Development Indicators (WDI). Note: Raw data are in constant 2017 international USD prices. Aspirational countries are green. Structural countries are blue. In the IMF database, 2019 is the latest available year with information on private capital stock.* | |

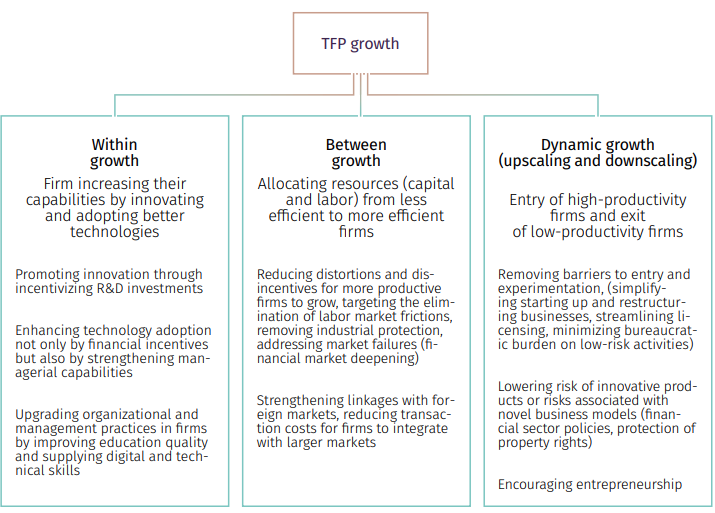
**Aggregate productivity growth in Viet Nam is also constrained by factor misallocation.** This means that more productive firms grow more slowly than the less productive ones. The decomposition analysis for Viet Nam shows that total factor productivity in the country has grown due to firms’ upgrading investments**.** Figure 5 shows that misallocation of resources (between growth) is contributing negatively to the TFP growth while entry of new firms and additional investment in existing firm (within growth) are boosting TFP growth.[[22]](#footnote-23)

**Figure 5. In both manufacturing and services sectors, factor misallocation (i.e., growth of less productive firms) have constrained productivity growth. Firm entry has played a secondary role in boosting productivity growth.**

|  |  |  |
| --- | --- | --- |
| a. Decomposition of aggregate productivity growth (cumulative) – Manufacturing |  | b. Decomposition of aggregate productivity growth (cumulative) – Services |
|  |  |  |
| *Source: Economic Census – General Statistics Office (GSO) using the ICA 2.0 Tool.* |  | *Source: Economic Census – General Statistics Office (GSO) using the ICA 2.0 Tool.* |
| *Note: The graphs plot the decomposition of aggregate TFP growth into the contributions of the changes in the unweighted average TFP across incumbent firms (within), the changes in the allocation of employment across incumbent firms with different TFP levels (between), the differences in TFP between incumbents and new entrants (entry) and the difference in TFP between incumbents and exiting firms (exit).* | | |

**Regulatory reform can directly promote productivity growth in Viet Nam through three channels** (Figure 6)**.** First, regulatory reform can reduce costs and risks for businesses, thus promoting firms’ investment in more advanced technologies and better management practices to make themselves more productive (within growth). Second, regulatory reform can create favorable conditions for resource allocation from less productive firms to more productive ones (between growth). Third, regulatory reform can promote entry of new domestic and foreign firms, especially innovative, tech-based and high-productivity firms, and exit of low-productivity ones (the so-called “creative destruction”). Based on this approach, Section B will provide analytical findings on the relationships between regulations and the three channel of productivity growth.

*Figure 6: Three channels of productivity growth*



Source: Marc and Malec 2022, Cirera and Maloney 2017, Cusolito and Maloney 2018.

## Identifying business regulations for reforms

**Data analysis shows regulatory reform is needed to promote firm entry and investment across the economy and in key industries.** Less restrictive regulations for FDI are expected to attract more foreign investment into important service sectors such as communications, financial services and transport which are facing high levels of restrictiveness. Reforms of licensing regulations and regulatory delivery can help promote firms’ innovation which is important for productivity growth. Quality and consistency of regulations and public services in in various regulatory areas should also be focus areas of reform. Box 2 provides an example of priority reforms targeting an important industry – wind turbine manufacturing.

**Box 2: Priority reforms to promote Viet Nam’s wind turbine industry – findings from a Green Climate Investment Diagnostic (GICD)**

|  |
| --- |
| Wind power is one of the fastest-growing renewable energies worldwide, and Viet Nam has significant untapped potential in wind energy, particularly in offshore generation, with an estimated potential of 600 GW that could contribute over $50 billion to the economy. Wind turbines are crucial for wind energy generation, and global production is expected to double by 2030, increasing from $87.6 billion in 2022 to $174.7 billion by 2030. Wind turbine industry can be an important growth-driving industry for Viet Nam in the coming years. Reforming related regulations and removing barriers to the development of the industry is very important for the country to fully realize this growth potential.  In March and April 2024, the World Bank conducted a comprehensive Green Investment Climate Diagnostic (GICD) for the wind turbine manufacturing sector in Vietnam. Preliminary findings of diagnostic point to the regulatory reforms that should be prioritized for the wind turbine manufacturing industry to develop as follows:   * **Revise Decree 111/2015/ND-CP and other business regulations** to streamline administrative procedures and inspections, reduce administrative procedures during the establishment and operation of businesses, and ensure that information technology infrastructure meets requirements. * **Amend Decree 111/2015/ND-CP to clarify the definition, scope, and guidelines to establish the incentive criteria and eligibility** of wind turbine component and sub-component industries, creating favorable conditions for businesses producing supporting industrial products. * **Amend Decree 111/2015/ND-CP and related decrees to provide specific incentives for wind turbine components, parts, and assembly**. Promote credit support and encourage investment in high value-added industrial fields, priority industries, high-tech industries, and supporting industries, including wind turbines parts, components, and final assembly. Complete credit policies for lending according to production networks and value chains in industrial production and lending based on the effectiveness of investment projects.   (See Annex IV for more details) |

**Better quality of public service delivery and fewer restrictions on FDI have encouraged the creation of firms.** The average rate of market entry for firms in Viet Nam is larger among provinces with higher quality business regulatory delivery,[[23]](#footnote-24) including lower market entry costs, more transparent procedures, fewer informal charges, and lower bureaucracy. For example, the share of new firms in the total number of firms is twice as high in Da Nang (entry rate of 12 percent), which has more streamlined and transparent entry than in the Lai Chau or Binh Thuan provinces, which have among the most cumbersome public service delivery (Figure 7a). Moreover, sectors with fewer restrictions to FDI show higher FDI stocks (Figure 7b). The association between conducive regulations and firm entry or FDI reinforce the potential benefit of removing regulatory barriers to increase both domestic and foreign investment.

Figure 7. Fewer obstacles and restrictions on FDI and domestic firms to enter markets across provinces and sectors in Viet Nam seem to encourage entry of new firms.

|  |  |  |
| --- | --- | --- |
| a. Quality of public services delivery in 63 provinces |  | b. FDI restrictiveness index across 22 sectors |
|  |  |  |
| *Source: The Provincial Competitiveness Index (PCI) and the Economic Census – General Statistics Office (GSO).*  *Note: PCI measures the quality of business regulations among 63 provinces for 10 sub-indicators: entry costs, access to land, transparency, minimal informal charges, low bureaucracy, low presence state in private sector, provincial leadership, quality of firm support services, labor training, and dispute resolution; indices vary from 0 (weak) to 100 (high quality regulations). PCI is averaged over the period 2017-2020. Entry rate is the ratio of new entrant firms by province-year over all firms operating in that province-year. The average entry rate in the period of reference is used in the analysis A firm enters the market in year t if this is its birth year.* |  | *Source: OECD FDI Regulatory Restrictiveness Index 2019 by industry and Sectoral FDI database*  *Note: FDI Regulatory Restrictiveness Score: 0 = no restrictions, 1 = most restricted. FDI Inward Stock is the average between 2014 and 2019 in constant 2018 US$ million as percentage of value added per sector.* |

**The analysis underscores the imperative of pinpointing regulatory reforms aimed at fostering private investments – both new domestic firms and FDI – as key engine of long-term growth.** Evidence shows that higher costs for business start-ups are associated with lower business entry and lower levels of employment and productivity; and that a cumbersome regulatory environment is associated with high levels of corruption and informality[[24]](#footnote-25). In the USA, for example, more-regulated industries experienced fewer new firm births and slower employment growth in the period 1998 to 2011. Moreover, regulations have been found to inhibit employment growth in small firms more than in large firms.[[25]](#footnote-26) In Japan, compliance with rules and regulations account for more than 20 percent of total labor input. If these costs were halved, overall economic productivity would increase by about 8 percent[[26]](#footnote-27). Cumbersome business environment is also detrimental for firm resilience, as shown during the COVID-19 crisis.[[27]](#footnote-28) On the other hand, empirical evidence using cross-countries analysis shows a positive impact of business regulatory reforms on economic growth rates over the 2006-2010 period.[[28]](#footnote-29)

**Improved regulatory framework is crucial for productivity growth as better business regulations are associated with higher innovation.[[29]](#footnote-30)** Well-designed regulations that provide a transparent and conducive business environment can stimulate innovation by fostering competition, protecting intellectual property rights, and ensuring fair market practices. However, overly burdensome or ambiguous regulations may stifle innovation by creating barriers to entry, increasing compliance costs, and deterring risk-taking among entrepreneurs and businesses. Striking the right balance between regulatory oversight and innovation is crucial for fostering a dynamic and competitive business landscape that drives economic growth. The positive role of streamlined regulations for innovation is shown in Figure 8 and Figure 8b which illustrate a significant negative correlation between the number of days needed to obtain an operating license and the R&D spending or the introduction of a process innovation; the lower the waiting time the higher the innovation rates.

Figure 8. The likelihood of innovation decreases as firms wait longer to obtain an operating license.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| a. Correlations between process innovation and business regulations | |  | b. Correlations between research and development and business regulations | |
|  | |  |  | |
| *Source: WBES. The analysis leverages the WBES DECIG-ETIIC tool developed by the ICA 2.0 project.*  *Note: Each bar represents the coefficient of the variable of interest on a linear regression model with a binary dependent variable equals 1 if the firm introduced a process innovation, 0, otherwise. All regressions account for firm size, sector, location fixed effects, and firm age.* | |  | *Source: WBES. The analysis leverages the WBES DECIG-ETIIC tool developed by the ICA 2.0 project.*  *Note: Each bar represents the coefficient of the variable of interest on a linear regression model with a binary dependent variable equals 1 if the firm spent on R&D, 0, otherwise. All regressions account for firm size, sector, location fixed effects, and firm age.* | |
|  |  | | |  |

**Firm-level analysis shows that regulatory quality and efficiency in some business areas are lower than among peers.** On average, Viet Nam has relatively high level of delivery efficiency (less time to get paperwork done) but it also has a high level of discretion[[30]](#footnote-31) compared to peers (Figure 9a). In specific areas, such as import licenses, Viet Nam has a higher level of discretion compared to other countries, even higher than Cambodia. Viet Nam has made significant reform in construction permit but the number of days to get the construction permit in Viet Nam is still higher than that in Cambodia (Figure 9b). Policy implementation uncertainty has been shown to be associated with lower competition, innovation and firm growth by granting privileges to selected firms.[[31]](#footnote-32) Streamlined regulations and improved service delivery in specific areas may reduce discretion in the implementation of regulation, removing a potential barrier to firms’ investment and productivity growth.

Figure 9. Vietnam’s regulatory system increase compliance costs for businesses due to its inefficiency and discretion.

|  |  |  |
| --- | --- | --- |
| a. Efficiency and discretion, by countries |  | b. Efficiency and discretion, by country-regulatory process |
|  |  |  |
| *Source: WBES.*  *Note: Regulatory processes are time taken to obtaining electrical connection, obtaining water connection, clearing exports through customs, clearing imports through customs, obtaining construction permit, obtaining operating licenses, and obtaining import licenses.* *It is assumed that a regulatory process is reasonably efficient if the average number of days to complete the procedure is less than 8.7 and inefficient if it is more. This threshold is computed as the average regulatory process across Singapore, Indonesia, and Viet Nam (vertical dotted line). It is also assumed that a coefficient of variation of more than 1 indicates a discretionary regulatory process (horizontal dotted line).* |  | *Source: WBES.*  *Note: Each dot represents a regulatory process in one country. Time taken to: (E) obtaining electrical connection, (W) obtaining water connection, (X Cl) clearing exports through customs, (M Cl) clearing imports through customs, (CL) obtaining construction permit, (OL) obtaining operating licenses, (IL) obtaining import licenses, and (INT) obtaining internet connection. It is assumed that a regulatory process is reasonably efficient if the average number of days to complete the procedure is less than 8.7 and inefficient if it is more. This threshold is computed as the average regulatory process across Singapore, Indonesia, and Viet Nam (vertical dotted line). It is also assumed that a coefficient of variation of more than 1 indicates a discretionary regulatory process (horizontal dotted line).* |

**Going forward, it would be useful to complement the firm-level data on firm performance with robust data on the quality of the regulatory environment**. The lack of granular data on the quantity and quality of regulations makes it challenging to make a causal connection between the firm-level performance and specific regulatory constraints and between the three channels of productivity growth and the regulatory constraints for each channel. The lack of comprehensive data is also a constraint for focusing on the interaction between regulations and the performance of the most economically important sectors in the country, such as electronics. Building a more robust dataset on the regulatory environment would be key to increasing the impact of the firm-level analysis and better guiding the policymakers in the reform efforts.[[32]](#footnote-33)

# Assessing Viet Nam’s Regulatory Reform Program 2020-2025 at mid-term

**The previous section described the importance of good business regulations for productivity growth; this section assesses achievements and challenges of Viet Nam’s efforts to improve regulations in recent years.** The Government of Viet Nam has undertaken several reform initiatives to improve regulations over the last two decades. The most recent is the regulatory reform program 2020-2025, governed by Resolution 68/NQ-CP, issued on May 12, 2020 (hereinafter Resolution 68).Resolution 68 set targets to simplify or reduce business regulations[[33]](#footnote-34) and reduce compliance costs by 20 percent during its five-year implementation period. Box 1 summarizes the main provisions of Resolution 68. This section assesses the implementation progress of Resolution 68 at mid-term (2020-2023) and identifies strengths and areas of improvement to achieve its objectives in the short term, and to continue developing the regulatory environment conducive to business dynamism and productivity growth in Viet Nam in the medium term.

**Box 1. Main features of Resolution 68**

|  |
| --- |
| Resolution 68/NQ-CP, promulgated by the Prime Minister on May 12, 2020, sets out the Program to reduce or simplify regulations related to business activities in the period 2020-2025. It aims at creating a more favorable environment for businesses and people to participate in business activities, reducing time and costs of compliance with regulations, and ensuring openness, transparency, and compliance with international treaties.   * Its objectives are to i) reduce and simplify at least 20 percent of regulations and compliance costs related to business activities in the period 2020-2025, and ii) control the issuance of legal documents containing regulations pertaining to business activities to prevent the emergence of unnecessary, unreasonable, and illegal regulations. * The scope of regulations covered by Resolution 68 are administrative procedures, investment conditions, reporting requirements, technical regulations and standards, and technical requirements for imports and exports. * Resolution 68 defines roles and responsibilities for implementation:   + The Office of the Government (OOG), represented by Administrative Procedure Control Agency (APCA), coordinates implementation and is responsible, among others, for reviewing plans proposed by ministries and other administrative agencies and making proposals to the Prime Minister on what regulations should be simplified or reduced, developing software to monitor business regulations, providing training to ministries and administrative agencies, gathering feedback from business organizations, and reporting on implementation and communicating results.   + Ministries and administrative agencies propose business regulations for simplification or elimination in action plans and are expected to calculate compliance costs (including a baseline by October 2020). Ministries and agencies are also responsible for preparing and implementing annual plans to reduce and simplify business regulations, updating information on regulations and compliance costs, and for reporting progress to APCA on a semi-annual basis.   + The Advisory Council for Administrative Procedure Reform (ACAPR), which comprises 21 business representatives,[[34]](#footnote-35) is tasked with mobilizing private sector and citizens’ feedback and proposals for simplification to the Prime Minister.   + Specific ministries have responsibilities based on their mandates, in coordination with other government entities: i) the Ministry of Justice with regards of appraising legal documents introducing or amending business regulations; and ii) the Ministry of Finance with regards to simplification and digitalization of customs-related procedures. * Resolution 68 promotes the implementation of the single window for administrative procedures (Decree 61/2018/ND-CP) and the processing of administrative procedures by electronic means (Decree 45/2020/ND-CP).   Source: Authors’ compilation based on Resolution 68/NQ-CP. |

**The regulatory reform program in Resolution 68 builds on regulatory simplification initiatives** **over the last three decades.** As part of its economic reforms, Viet Nam has undertaken several waves of regulatory reform programs which streamlined the stock of regulations and put in place quality control measures. The approach outlined in Resolution 68 is inspired by the most successful of these programs, Project 30 (2007-2010), which reviewed over 6,000 administrative procedures and streamlined them, following a so-called guillotine approach to reviewing the stock of regulation, which is estimated to have reduced administrative procedure costs by about USD 1.6 billion per year.[[35]](#footnote-36) APCA was also set up in the context of Project 30. A second wave of simplification led to the reduction and simplification of 3,893 business conditions and 6,776 import-export related regulations, and savings of USD 260 million per year.[[36]](#footnote-37)

**A mid-term assessment of Resolution 68 needs to consider broader elements of regulatory governance.** Viet Nam has adopted good regulatory practices in the formulation of laws and regulations, including Regulatory Impact Assessments (RIAs)[[37]](#footnote-38), Standard Cost Model (SCM), and stakeholder engagement.[[38]](#footnote-39) These are enshrined in the Law on the Promulgation and Legal Normative Documents, also called ‘Law on Laws’[[39]](#footnote-40) and the Decree on Controlling Administrative Procedures (Decree 63),[[40]](#footnote-41) and other legal documents. When it comes to regulatory delivery, Viet Nam has promoted the establishment of one-stop shops (OSS) at the national and subnational (provincial, district and commune) levels where administrative procedures can be completed under one roof, and inter-related procedures are integrated. There are more than 12,000 OSS across the country, reaching to all communes in all 63 provinces. Increasingly, government services are being digitized. The National Public Service Portal (NPSP),[[41]](#footnote-42) launched in December 2019, aims to offer an online single point of contact for receiving government services for businesses and citizens. The NPSP and initiatives for digital government to business (G2B) service delivery are discussed further below.

**The assessment of the regulatory reform program 2020-2025 at mid-term is presented below.** The first part describes the results achieved up to December 2023 against the program’s stated quantitative targets based on data shared by APCA/OOG. The second part provides a qualitative assessment of the program’s objectives, including their relevance, and key aspects of the program implementation: institutional oversight, stakeholder management, technical capacity and resources, monitoring and reporting, and the use of technology for regulatory delivery. Based on APCA/OOG’s request the review focuses more specifically on administrative procedures related to licensing of business activities, based on the BLIMS assessment, which are used to illustrate with examples some of the results achieved and identify areas for improvement.

## Results at mid-term: noticeable progress in simplification but difficulty in estimating compliance costs

|  |
| --- |
| **Key findings on the mid-term achievements of Resolution 68[[42]](#footnote-43)**  During 2020-23, Resolution 68 has achieved the following results:   * 2789 specific business regulations were simplified or eliminated. * 244 legal documents were revised to introduce the reforms. * There is evidence to suggest that the Resolution’s target of simplifying or cutting 20% of business regulations will be achieved. * A set of key performance indicators was adopted to monitor the progress in regulatory reform, transparency, and improvement of public service delivery (Prime Minister’s Decision 766). |

**Information shared by APCA points to noticeable progress in the simplification or reduction of regulations, although the absence of a clear baseline prevents an accurate assessment of progress against the target.** According to data shared by APCA, 2,789 business regulations were simplified or reduced as of December 2023. Yet, a clear baseline of the total number of regulations was not established by May 31, 2020, as envisioned by Resolution 68, due to the onset of the COVID-19 pandemic. In the absence of a pre-reform baseline, one option is to use a proxy, for example the total number of business regulations currently included in Business Regulations Consultation and Query Portal:[[43]](#footnote-44) 12,708 as of January 2024.[[44]](#footnote-45) Based on this measure the share of business regulations simplified and reduced is approximately 22% of the total existing stock of regulations, above the target of Resolution 68. However, this is an imperfect measure as it does not consider how many new regulations may have been issued since 2020. Moreover, data available as of December 2023 does not distinguish between regulations simplified or reduced, nor the degree of simplification or reduction. Therefore, it is not possible to determine to what extent the total burden of regulations has been reduced. To achieve improvements in economic outcomes, the simplification and reduction of regulations would need to address binding constraints for businesses.

**During 2020-23, simplification of business regulations was introduced through amendments to 244 legal documents.** An additional107 legal instruments were approved for amendment by the Prime Minister and pending issuance. Regarding the type of legal instrument used, circulars and decrees are the most used instruments, representing 31 and 66 percent of the total (Figure 10). This is expected as most of the changes are related to implementing regulations of existing legislation. Important regulations were adopted during the period: i) Decree 54/2022/ND-CP revising the Decree 96 on security and social order conditions for business lines subject to conditions; Decree 64/2022/ND-CP on business activities in civil aviation; Decree 23/2021/ND-CP on job services businesses, and Decree 46/2022/ND-CP on animal husbandry.

|  |
| --- |
| **Examples of successful reforms under Resolution 68**  Under Resolution 68, many reform measures have been adopted in various regulatory domains. Among many meaningful reforms, two impactful reform efforts are:  1. On 8 November 2021, the government issued the Decree 98/2021/ND-CP on management of medical devices which adopted a more business friendly and risk-based approach to regulation of medical devices. The regulatory approach changed from ex-ante authorization to ex-post market supervision which allows enterprises to market category-B devices by notification to local healthcare departments instead of applying for marketization approval. This means 12,000 authorization procedures per year are replaced by much less burdensome notification procedures. In addition, the Decree 98 removed the requirement to renew the authorization period every five years for those devices requiring authorization.  2. In 2022, the Ministry of Agriculture and Rural Development (MARD) issued circulars 06/2022/TT-BNNPTNT and 09/2022/TT-BNNPTNT to change some regulations on quarantine of aquatic animals and animal products. The circulars removed goods of 17 HS codes (5,5%) from the quarantine list, required only 5% sampling for testing instead of 100%, and removed quarantine requirements for processed products such as canned food, smoked food, or salted food. The animal products imported as materials for processing and exporting are also exempted from quarantine. Estimation provided by APCA shows that these reform measures can reduce compliance costs for firms by VND 100 billion (about USD 4 million) per year. |

**Over half of the 244 legal documents issued until the end of 2023 were under the jurisdiction of five of the 17 ministries and ministry-level agencies targeted by the program, which suggests an uneven level of participation across the government**.[[45]](#footnote-46) The Ministry of Transport (39), Ministry of Agriculture and Rural Development (24), Ministry of Health (24), Ministry of Information and Communications (22), and Ministry of Finance (22) were responsible for 54 percent of the documents issued to simplify or reduce business regulations (Figure 11). The first four ministries were also responsible for almost 30 percent of the 107 legal documents pending amendment as of December 2024.

|  |  |
| --- | --- |
| **Figure 10. Type of legal instruments simplifying or reducing business regulations** | **Figure 11. Number of legal documents issued and not yet amended by Ministry** |
|  |  |
| *Source: Authors’ calculations based on APCA/OOG data.* | |

**Most regulatory simplification focused on administrative procedures.** In 2023, two-thirds of the business regulations simplified or eliminated were administrative procedures, followed by technical regulations and standards (23 percent), reporting requirements (6 percent) and technical requirements for import and export (4 percent), while only 2 of the 628 business regulations affected were related to investment conditions. Due to limited data and time, it is not possible to evaluate the real impacts of these reforms. However, business representatives expressed their desire to see reforms focusing more on more binding constraints, such as technical regulations or investment conditions. This is in line with the limited number of simplified investment conditions (see discussion on scope and relevance below).

**Data limitations make it difficult to assess progress towards the target reduction of compliance costs by 20 percent.** For regulations introducing or making changes to administrative procedures,the government entity responsible for drafting a regulation is required to assess the impact of such regulation on administrative procedures, including the cost of complying with regulation.[[46]](#footnote-47) APCA/OOG has developed guidance on how to calculate compliance costs of administrative procedures,[[47]](#footnote-48) based on the Standard Cost Model.[[48]](#footnote-49) Resolution 68 requested ministries to update the calculation of compliance costs of business regulations under their jurisdiction in an online database, under the oversight of APCA/OOG, with a deadline of October 31st, 2020. In practice, not all the ministries provided information by the deadline, although most ministries have provided information on compliance costs. Analysis of 4,632 administrative procedures and reporting requirements found that 95 percent have some compliance cost data (Figure 12). However, the analysis identified potential quality issues. For example, there are administrative procedures with reported compliance costs and zero transactions (figure 13);[[49]](#footnote-50) these amount to 11 percent of administrative procedures in the database. Because the data available does not include the calculation pre- and post-simplification, estimating the total compliance cost reduction is not possible. There are no other measures of the impact of the regulations simplified.

|  |  |
| --- | --- |
| **Figure 12. Percent of Administrative Procedures and Reporting Requirements with compliance cost data** | **Figure 13. Number of Administrative Procedures with zero transactions** |
|  |  |
| *Source: Authors based on APCA’s data.* |  |

## Qualitative assessment: solid foundations, but some implementation gaps and opportunities for greater prioritization

**The section below provides a qualitative assessment of the implementation of Resolution 68 at the end of December 2023.** The review focuses on the scope and relevance of the regulatory reform program laid out in Resolution 68, and on the implementation in practice of its provisions, grouped in five areas that are critical to the success of regulatory reform initiatives: institutional oversight and coordination, stakeholder engagement, technical capacity and resources, monitoring and reporting, and the use of digital technology for regulatory delivery.

### Scope and relevance

|  |
| --- |
| Highlights of the analysis of scope and relevance include:   * Resolution 68 takes a government-wide approach, and all business-regulating ministries have made proposals for simplification, with different reform speed and coverage. However, it lacks prioritization and does not apply a risk-based approach to reforms. * The future reforms should have clear priorities and apply a risk-based approach to make reforms more substantial and impactful. |

**Resolution 68 follows a government-wide approach in which ministries present proposals for simplification, but this creates challenges in practice.** A comprehensive approach in ex-post reviews of regulation can contribute to reduce administrative burden across sectors and mainstream better regulatory practices in the government.[[50]](#footnote-51) In Viet Nam, the identification of priorities follows primarily a ‘bottom up’ approach in which ministries propose business regulations for streamlining (based on their own review) in combination with Prime Minister’s directions. [[51]](#footnote-52) These reform plans are then assessed by APCA/OOG, with input from the ACAPR, which makes a recommendation to the Prime Minister, who decides on the final set of regulations to be reduced or simplified. Having the ministries propose the regulations was expected to increase their buy-in and the likelihood of implementation. However, challenges include i) reform proposals not substantive enough to address key constraints to businesses; and ii) difficulty achieving an even participation across government entities in practice, due to limited ownership or capacity issues.

**The absence of clear prioritization criteria to select regulations for reform in Resolution 68 may lead to scattered impact.** The criteria for identifying what regulations are unnecessary, unreasonable, and illegal are not specified, leaving room for interpretation by government agencies. No sector of area of regulation are prioritized; the only exception being technical requirements for import and export in the first year of implementation.[[52]](#footnote-53)In practice, the areas of regulation simplified are heterogeneous, reflecting the range of mandates of the ministries involved, which can potentially lead to scattered impact if the changes do not tackle key constraints for business activity.

**Setting clear reform priorities could help direct government reform efforts to areas of regulation that are critical to increase investment and productivity growth.** The productivity analysis in section III identified opportunities for reallocation to more productive sectors and firms, and to increase entry of innovative firms. Identifying the regulations constraining these investments would require more granular information on regulations by sector (classified by industry code—see discussion below on investment conditions). In the absence of that database, a pragmatic approach suggests setting priorities based on sectors more strategic for Viet Nam’s growth strategy and productivity growth such as information technology or renewable energy, and where the regulatory burden is high. Setting priorities would not mean abandoning the objective of mainstreaming continuous regulatory improvement across the government.

**The implementation of Resolution 68 has relied on information technology, with initial important outputs such as the development of a database of business regulations and online reporting and monitoring tools, but gaps remain**. However, increasing the use of digital technologies for regulatory delivery could be emphasized to improve transparency, and reduce the discretion in the application of regulations (see section III). In addition, a data-driven approach could have been adopted for simplifying and integrating administrative procedures to reduce compliance costs and improve service quality.

**The assessment of licensing regulations[[53]](#footnote-54) identified a high number of licenses and ex-ante approvals, which reflect the numerous conditional business lines in the Investment Law**. The Investment law stipulates the main principles for the investment regime, the economic activities which are prohibited, negative lists for foreign investors and the economic activities that are subject to conditions.[[54]](#footnote-55) In particular, Article 7 of the Investment Law refers to appendix IV which introduces a list of 227 “conditional business lines” subject to restrictions and ex-ante authorizations. The conditional business lines include professional services (e.g., lawyers, doctors etc.), and business activities (e.g., casino business, rice exports etc.). The list of the conditional business lines is not based on a standard classification of economic activities and the conditions cover different levels of economic activity.[[55]](#footnote-56) The lack of a standardized sector classification (for example, based on Viet Nam’s standard industrial classification of economic activities) puts the onus on the investors to identify the specific activities subject to additional licensing requirements. These are aspects that deserve attention to improve the regulatory environment for firms.

**The number of ex-ante administrative procedures required to comply with such conditions is high.** A preliminary analysis of APCA’s database of administrative procedures as part of the BLIMS assessment identified 1,584 ex-ante authorizations[[56]](#footnote-57) (out of a total of 3,115 administrative procedures related to business activities).[[57]](#footnote-58) This included different types of ex-ante controls such as announcements, approvals, assessments, certifications, declarations, licenses, permits, registrations, ex-ante inspections, and evaluations. Although this number may include some ex-post administrative procedures, such as re-registrations, it suggests there may be room for further streamlining. For example, the total number of licenses and permits in Moldova is 152, following a comprehensive reform that was supported by the World Bank.[[58]](#footnote-59)

**Lack of standardized terminology with regards to licenses and other ex-ante approvals also undermines regulatory coherence.** Decree 63 on the control of Administrative Procedures does not stipulate a standardized terminology and classification of administrative procedures and does not define each regulatory instrument that can be delivered through an administrative procedure. Therefore, there is no uniform taxonomy of administrative procedures across all government authorities. As a result, it is in each Ministry’s discretion to determine the terminology and type of procedures for each administrative procedure. The World Bank’s analysis identified several types of administrative procedures for ex-ante business licensing procedures, and the terminology is not always consistent. Different terms are being used such as “licenses”, “approvals”, “assessments/approvals”, “certifications”, “declarations”, “registrations”, and “permits”, without a standardized typology about what each term stands for.

**Risk-based approaches in licensing and inspections exist in limited cases, but they are often underdeveloped, limited in scope and not systematically applied.** According to Article 7, paragraph 1 of the Investment Law, the selection of conditional business lines is based on the grounds of safeguarding national defense and security, social order and security, social ethics, or public health. This is in the direction of a risk-based approach, whereby the regulators impose ex ante authorizations and technical requirements to safeguard against risks to health, safety, and the environment. At the same time, the list of conditional business lines includes several economic activities that are considered to be low risk in jurisdictions that apply a risk-based approach to regulation, such as in several EU and OECD countries.[[59]](#footnote-60) Risk-based approaches to regulation have also been introduced in areas such as food safety, but are not systematically applied.[[60]](#footnote-61) For example, in the food safety domain, the Agency for Food Safety in the Ministry of Health (MoH) maintains a regime of self-declarations that applies in the case of packaged products and beverages. This is a lighter regime compared to approvals and licenses that apply to more risk-sensitive activities. Nevertheless, food establishments (e.g., restaurants and other businesses providing retail food services) are typically subject to ex-ante controls, including on-site inspections. This indicates that even when there is a differentiation in terms of treatment, this is limited in scope and not aligned with international good practices.[[61]](#footnote-62)

**Resolution 68 does not include a risk-based approach to reviewing existing regulations either.** In reality, business activities that pose low risks to public safety are sometimes subject to licensing, and many activities are subject to frequent licensing renewal requirements and ex-ante inspections. For example, the preliminary assessment of licensing regulations identified 649 renewals, a practice that should be limited to a small number of specific cases. APCA/OOG has plans to strengthen risk-based approaches to reviewing licenses and is introducing an assessment of risk as part of the guidance for the review of key licensing procedures.[[62]](#footnote-63)

**Resolution 68 aims at improving the consistency of the regulatory framework by consolidating legal texts and minimizing the number of detailed regulations pertaining to the same topic.** It also introduces the principle of issuing one single legal document to amend multiple legal documents (except for documents regulating complex and sensitive issues related to national security, social order, and safety). Improving regulatory consistency and consolidating amendments can help address difficulties in dealing with regulatory changes; almost 10 percent of firms reported dealing with changes in policies and regulations as a challenge, according to the PCI 2022.[[63]](#footnote-64) In practice, based on the list of legal documents reviewed, it is not clear the level of consolidation that took place.

**Private sector representatives consulted for this note acknowledged the importance of Resolution 68’s objectives, while suggesting the regulatory improvements could be more ambitious.** There is a general view that the efforts to streamline regulations, digitalize procedures and engage with the private sector have reduced the burden of regulations. Yet, private sector representatives highlighted that many changes focused on reducing the number of documents required or time to wait for results.. Businesses often need to obtain approvals from several agencies, and many administrative procedures for businesses still require paper documents and in-person visits to government offices. Businesses also often need to return to government offices to pick up the hard-copy version of the license.

### Institutional oversight and coordination

|  |
| --- |
| The key findings from the analysis of oversight and coordination include:   * An institutional structure for regulatory oversight has been established and anchored at the center of the government (APCA/OOG), under Prime Minister’s oversight. * Resolution 68 calls for coordination among ministries as a key solution, and APCA/OOG has played a strong coordinator role. However, inter-ministerial coordination at technical level needs to be strengthened for better results. |

**Viet Nam has an established an institutional structure for regulatory reform, anchored at the center of the government (APCA/OOG) as the main regulatory oversight body.[[64]](#footnote-65)** Resolution 68 clearly lays out the roles and responsibilities of government agencies and APCA/OOG, as oversight and coordinating entity. The program is under the Prime Minister’s oversight, who provides directives on regulations for review, approves the reduction and simplification plans, and monitors implementation. The ACAPR provides advice that incorporates private sector views and makes recommendations to the Prime Minister on ways to streamline business regulations (see point 3 below). In practice, however, there are gaps in implementation (discussed above), which can be attributed to a combination of insufficient resources and accountability mechanisms.

**Effectiveness and accountability could be improved by having reform plans in place and ensuring their implementation; however, it seems that while reform plans are prepared and approved, a process for periodically revising them does not exist in all ministries and agencies.** Resolution 68 requires that government agencies prepare implementation plans to simplify and reduce business regulations. In practice, an assessment of three groups of licenses (prepared as background for this study) found that the relevant ministries had a general reform strategy and plans for revising licensing activities, but a clear process for revising these plans was not in place.

**Resolution 68 also identifies the need to improve coordination among government agencies, which is important as the BLIMS assessment found limited information sharing among licensing agencies in the same field.** There is not specific mention in Resolution 68 to institutional mechanisms at the technical level to coordinate the review of regulations in sectors or policy areas that require the involvement of multiple agencies (e.g. construction regulations) and, in practice, coordination is promoted by APCA/OOG, rather than at the initiative of individual agencies. Although the institutional mandates of the line Ministries have been broadly defined, there are still instances where there are overlaps, mainly at the level of sectoral regulations, which would require interagency coordination to be addressed.[[65]](#footnote-66) Information sharing among regulatory agencies is mainly through meetings or reporting mechanisms. There are some positive examples of ongoing initiatives to strengthen coordination in specific areas**.** For example, the Ministry of Industry and Trade has built a national food safety database that connects local government and government agencies, with customized access levels based on the agency’s role. However, there is currently no funding to operate it. The Ha Noi Department of Industry and Trade also reported plans to build an inter-level and inter-sectoral database, but it has not been implemented yet. Overall, there is room to improve coordination and information sharing.

### Stakeholder management

|  |
| --- |
| The key findings from the analysis of stakeholder management include:   * Resolution 68 emphasizes the role of dialogue and feedback from firms and individuals with a strengthened structure and role of ACAPR. * Good practice principles on public consultations are adopted, and a central online consultation portal has been developed, but application presents some challenges. |

**Resolution 68 emphasizes the role of dialogue and feedback from firms and individuals to identify regulations that pose difficulties to businesses and there are mechanisms to enable it.** The private sector is mainly involved in the regulatory reform process through the ACAPR, which coordinates private sector inputs on the business regulations proposed for reform and the overall implementation of the program under Resolution 68. The ACAPR, is a public-private body set up in the context of Project 30 and reinforced in 2023, and its members meet monthly to share opinion and feedback on regulations.[[66]](#footnote-67) The role of the ACAPR was further strengthened by the Prime Minister Directive No. 27/CT-TTg of 2023, which directed the ACAPR to “*to closely follow reality, listen to and receive sufficient information, grasp the difficulties and problems of people and enterprises, send the Prime Minister's Working Group for Administrative Procedure Reform for advice, urge, inspect and direct to promote the removal of obstacles and correction of timely and effective handling of violations.*” The Director of APCA is Permanent Vice-Chairman and Secretary General, and the Heads of the Viet Nam Chamber of Commerce and Industry (VCCI) and Association of Small and Medium Enterprises are other two Vice-Chairmen of ACAPR. The private sector was consulted on the content of Resolution 68 and supported its objectives.[[67]](#footnote-68) To make a more meaningful contribution to the implementation of Resolution 68, ACAPR could conduct more independent reviews of regulations and provide feedback and proposals for reforms as mentioned in the Resolution.

**Viet Nam’s legal framework integrates good practice principles on public consultations, although its application presents some challenges.[[68]](#footnote-69)** The Law on Laws establishes the obligation by the drafting agency to collect opinions from other government agencies, organizations, and individuals and to hold consultations with parties affected by the proposed legal document. It also requires a public consultation period of 60 days on draft legal documents and gives the VCCI 20 days to comment on draft business regulations. With regards to administrative procedures, APCA has 20 days to collect feedback from stakeholders and submit it to the drafting agency.[[69]](#footnote-70) While consultations do take place in practice, private sector representatives consulted for this study reported that the timeframes for the private sector to provide feedback on regulatory changes are sometimes not respected, and there is often no response to the feedback provided or explanation on how the draft regulation was adjusted to reflect that feedback.

**In the context of Resolution 68, APCA developed the Business Regulations Consultation and Query Portal,[[70]](#footnote-71) which centralizes information on existing, proposed, and amended business regulations.** The portal was launched in 2021 as a platform to allow interaction between government agencies, businesses, and the public. It allows searching for existing business regulations, providing comments on existing or proposed business regulations and reform plans, and sending questions and suggestions related to business regulations. As of January 2024, there were about 15,000 business regulations in the consultation portal, including existing and proposed. The information depends on the inputs of government agencies, but not all ministries have provided the full set of business regulations under their jurisdiction.

**Government agencies at the central and local level use additional channels to share information and gather inputs from stakeholders on business regulations.** These include business fora, also at a high level,[[71]](#footnote-72) as well as the agencies’ own websites, email, and hotlines. Resources and capacity to respond to the feedback vary across agencies. However, business representatives report that feedback mechanisms, both online and offline, are not always effective since they have little time to give feedback and they do not know if their feedback and proposals are accepted or not. The use of a centrally managed consultation portal like the Business Regulations Consultation and Query Portal can be seen as a response to these weaknesses.

### Technical Capacity and Resources

|  |
| --- |
| The key findings from the analysis of technical capacity and resources include:   * There are dedicated resources and tools for implementing regulatory reform tasks under Resolution 68 and other reform initiatives, but there are some indications of stretched implementation capacity. |

**Successful implementation of the regulatory reform program laid out in Resolution 68 requires substantial technical capacity and resources.** Globally, capacity constraints undermine the implementation of regulatory practices and the adoption of risk-based approaches to regulation.[[72]](#footnote-73) Reviewing regulations, calculating compliance costs, preparing regulatory impact assessments (RIAs), and developing digital G2B services are technically demanding and time-consuming. Over the last two decades, the government of Viet Nam through the APCA/OOG, has invested substantial resources in developing its capacity, and that of government agencies on good regulatory practices, including with support from development partners and learning from international experience.[[73]](#footnote-74)

**There are some indications of stretched implementation capacity.** The technical units implementing the program, both at the center of government and at the ministries and provinces, have small teams considering their scope of work: reviewing draft legal documents, calculations on compliance costs, publication of new administrative procedures, digitalizing public services, reporting and other related tasks. APCA/OOG offers regular training to these officials on all regulatory aspects and provided technical guidelines. However, not all agencies have been able to comply with the requirements of Resolution 68 and the quality of compliance costs calculations is uneven. Moreover, there are opportunities to improve the quality of RIAs, a common challenge across emerging economies.[[74]](#footnote-75)[[75]](#footnote-76) Previous reform experience suggests that more achievements can be made if APCA/OOG receives more technical support from development partners and the business community.[[76]](#footnote-77) Project 30 experience suggests that participation of private sector experts in regulatory review taskforce is also an important success factor.[[77]](#footnote-78)

**On the positive side, the legal framework contains rules to ensure the technical competency and qualifications of officials involved in authorizing and overseeing business activities.[[78]](#footnote-79)** Ministries are responsible for regulating codes, professional standards and salary classification for civil servant ranks in their assigned sectors after obtaining the consent of the Ministry of Home Affairs.[[79]](#footnote-80) Based on the findings of the pilot maturity assessment of three licensing areas prepared as background for this report, licensing authorities are aware of the importance of the professional competence of civil servants, especially during field assessments. Yet, technical expertise in the regulated area needs to be complemented by client-centric approaches to regulation and the capacity to identify opportunities for streamlining or eliminating unnecessary regulations and procedures.

**The pilot licensing maturity assessment also assessed compensation and incentives**[[80]](#footnote-81) **of government officials and found them to be relatively adequate.** Compensation for civil servants is regulated by Decree 204/2004/ND-CP and Decree 24/2023/ND-CP (and supplementing legal documents). The incentive mechanisms applied to civil servants carrying out licensing are the same general mechanisms applied to all civil servants in state agencies; they consist of the emulation and commendation mechanism, and the ability to ascend in the civil service ranks.

### Monitoring and reporting

|  |
| --- |
| The key findings from the analysis of monitoring and reporting include:   * Resolution 68 requires ministries to prepare semi-annual progress reports but does not specify corrective measures for non-compliance. * Monitoring framework is strengthened by APCA/OOG’s assessments and reports with a set of KPIs approved by the Prime Minister (Decision 766) and Administrative Procedure Compliance Cost Index. |

**Reporting requirements on implementation are laid out in Resolution 68, including an obligation for ministries to produce semi-annual progress reports, but the resolution does deal with non-compliance.** APCA/OOG consolidates the reports submitted by ministries and submits them to the Prime Minister twice per year. APCA/OOG’s bi-annual reports provide a candid assessment of the progress achieved towards the targets of Resolution 68, identify compliant and non-compliant ministries, and describe implementation gaps.[[81]](#footnote-82) These reports are not public. Despite the detailed progress reporting requirements, Resolution 68 does not mention any implications for non-compliance by ministries.

**APCA/OOG also tracks implementation using its own databases and specifically developed tools in excel, although information is not always systematically collected**. The main platforms for information on business regulations are the National Database of Administrative Procedures, maintained by APCA/OOG, which is linked to the NPSP, and the Business Regulations Consultation and Query Portal. However, updating the information in these databases relies on manual procedures. In addition, APCA/OOG has developed internal tools, in excel, to consolidate information and report on the program progress, such as a database of legal documents issued or pending amendment.

**The maintenance of the NDAP is regulated by Decree No. 63/2010 and relies on inputs from government agencies.** The decree includes clear roles, responsibilities, and timelines for updating the database. Government agencies that manage administrative procedures must inform APCA/OOG and update the National Database within five working days from signing a decision to introduce or amend an administrative procedure. The decree stipulates that “*administrative procedures that are posted on the National Database of administrative procedures are valid for enforcement and have their enforcement guaranteed*.” This does not mean, however, that if information on administrative procedures is not up to date in the National Database, it is considered unenforceable. Lastly, APCA/OOG is responsible for publishing the information received from the ministries in the National Database.

**To promote the use of digital tools for regulatory reform and engaging the public, APCA/OOG has been developing the Business Regulations Consultation and Query Portal. M**inistries are also requested to use the Portal for posting draft business regulations for public consultation purposes.[[82]](#footnote-83) Ministries’ officials are given accounts to access the Portal (back-end) for uploading the stock of business regulations (and supposedly accompanying compliance costs) for public query, preparing, approving posting draft regulations for public consultation. The Portal also allows viewers to search for specific regulations and give comments and feedback on specific ones.

**Implementation of electronic administrative procedures is measured by well-defined Key Performance Indicators.[[83]](#footnote-84)** The Decision 766 stipulates five indices, namely i) transparency; ii) handling progress and results; iii) online services; iv) document digitization; and v) satisfaction levels. Each of these indices includes several sub-indicators. The KPIs aim to measure progress on the availability of information on APs, operational efficiency in service delivery, digitalization of services, and the end users’ satisfaction level. The indices and sub-indicators are in the right direction, and some marginal improvements could be considered. While assessing the full implementation of the KPIs is beyond the scope of this assessment, it could provide important information on the quality of regulatory delivery, especially by local agencies.[[84]](#footnote-85)

**The Administrative Procedure Compliance Cost Index (APCI) developed by ACAPR is also used to monitor business regulations.** Introduced in 2018, it quantifies the time and cost to comply with selected administrative procedures. Supported by international donors like USAID, the APCI reports on compliance costs of nine groups of administrative procedures covering the life-cycle of a firm,[[85]](#footnote-86) based on a business survey covering over 3,000 firms with recent experience dealing with APs across Viet Nam’s regions. In the 2022 edition, procedures related to tax administration obtained the highest scores in terms of efficiency, followed by construction and investment-related procedures. While licensing procedures have seen some improvements since 2018, the report identified opportunities to increase the quality of service delivery and information exchange across agencies. Procedures related to land administration were identified as needing more improvement.

### Use of digital technology for regulatory delivery

|  |
| --- |
| The key findings from the analysis of the use of technology for regulatory delivery include:   * Digital solutions have been adopted to different degrees to implement Resolution 68 and to improve regulatory delivery, with an increasing number of end-to-end online services and a shared digital payment platform. * The current legal framework is not fully supportive of a digital-first approach; regulatory delivery still relies heavily on unstructured data. * Inter-agency data sharing framework (interoperability) should be strengthened to allow for better implementation of “Once-Only Principle”, reducing information obligation for businesses, and improving online service quality. |

**Resolution 68 also promotes digital solutions in regulatory delivery, which is an area with potential for improvement.** Since 2019, APCA/OOG has implemented and continues to evolve the NPSP, which offers an information portal on administrative procedures that also connects users to transactional services provided by ministries and provinces. However, while APCA/OOG has improved searchability based on user feedback, there are still opportunities to make the information on administrative procedures in the NPSPS more user-friendly – use plain language and improved formatting – as the information appears to come directly from legal documents, and it may not be accessible to all.[[86]](#footnote-87) Most administrative procedures are neither fully digitalized nor integrated, and data submission involves primarily unstructured documents[[87]](#footnote-88).

**The current legal framework provides a good basis for digitalization but does not fully support a digital-first approach.** There are important laws and regulations on the foundational public digital infrastructure and the digitalization of regulatory delivery. These include the Decree on Online Administrative Procedures (Decree 45/2020/ND-CP), the Decree on Management, Connection, and Sharing of Digital Data of Regulatory Agencies, the Decree on the Electronic Identification (eID) and Authentication, the Decision on the Use of Data from the Population Registry for eID and Authentication Services and the Law on Electronic Transactions.[[88]](#footnote-89) However, both the Decree 45/2020/ND-CP and the Electronic Transactions Law could be improved by clarifying that the online version of input documents provided by applicants is considered the original version.[[89]](#footnote-90) This would minimize the incentives of government authorities to request paper documents in regulatory delivery.

**In practice, the assessment of licensing regulations found that applications for business licenses rely heavily on unstructured data.** Although some application processes are online, the majority of digital submissions include an online form with minimal structured data and scanned documents or PDFs (unstructured data).[[90]](#footnote-91) Thus, opportunities exist to streamline and improve application processes and data collection by strict implementation of the Once-Only Principle[[91]](#footnote-92) through the introduction of easy-to-use online forms with input data validation rules and pre-population from authoritative sources (i.e., by reusing existing data).

**The Once-Only Principle can be implemented more effectively by improving the interoperability (data sharing) framework.** Both the Decree on Online Administrative Procedures and the Decree on Management, Connection, and Sharing of Digital Data of Regulatory Agencies contain provisions prescribing the Once-Only Principle. Although this is a step in the right direction, implementing the Once-Only Principle in regulatory delivery requires the development of a government interoperability framework (eGIF). Two interoperability platforms have been introduced at the national level, but a well-defined interoperability framework is still missing. The Decree on the Management, Connection, and Sharing of Digital data of Regulatory Agencies introduces the concept of data sharing; however, it does not include all the key elements required for a legal framework on the eGIF.Some of the most notable weaknesses include the lack of a specific policy that all government authorities must adhere to when sharing official data (e.g., through a government interoperability platform), the lack of mandatory standards and protocols such as data formats, and communication protocols, and the lack of mandatory policies for the governance, creation, and maintenance of semantic models. As a result, data exchange remains a key challenge in the public administration.

**The lack of a centralized database for licenses represents a challenge for the implementation of risk-based approaches to licensing and inspections.** Databases of issued business licenses may exist at various levels of government, but the ministries interviewed do not seem to maintain central registries of issued licenses. Therefore, there are no consolidated registries in each ministry (or a data warehouse) that identify all the licenses issued to businesses – with potential data exchange from implementing agencies up to line ministries. While APCA/OOG may be informed of these licenses and inspections through its monitoring of service standards and KPIs, it is unclear if the information exchanged with APCA/OOG could be utilized to create a data warehouse and implement data analytics or even AI to inform cross-sectoral risk management or planning of shared inspections.

**Viet Nam has achieved significant progress in other horizontal eGovernment developments to enable digital government to business services (G2B).** Viet Nam has accomplished penetration of digital certificates for all (formal) businesses, and digital identity for individuals (VNeID per Decree 59/2022/ND-CP). Interviewed stakeholders mention that all businesses can carry out tax procedures online. The Ministry of Planning and Investment’s Agency for Business Registration (ABR) is currently revising the legal provisions to share legal entity information between ABR and other authorities, which will enable the Once-Only Principle for legal entities when applying for business licenses and accessing G2B services. The digital payment infrastructure is developed and supports several digital payment options for users to pay taxes and service fees.

# Conclusion and policy recommendations: toward next generation regulatory reforms

**Viet Nam’s authorities have taken steps to improve its business environment, promote private investment and accelerate productivity growth.** Resolution 68, which aims to simplify the regulatory environment, has been one of the government’s priority measures to improve the business environment. However, firm-levelanalysis, review of business regulations and benchmarking with international best practices suggest that further reforms are needed, especially those targeted at removing barriers to investment, innovation, and firm growth. Reforms are also necessary to improve the efficiency and quality of government-to-business G2B services and reduce the discretion in the provision of public services.

**This section discusses opportunities to strengthen Viet Nam’s current regulatory reform program in the short term and to evolve in the medium term to deliver greater impact, in line with the changing country and global context.**

**Resolution 68 achieved noticeable results and follows principles of good regulatory practice; however, its approach and implementation could evolve to deliver a substantive improvement in regulatory formulation and delivery.** Resolution 68 focuses on quantitative targets, i.e. the number of regulations reduced and simplified and compliance cost reduction. This approach follows previous waves of simplification of the regulatory stock in Viet Nam and proved effective as the country evolved from a command and control to an export-oriented, private sector-led economy. To reach its development objective of becoming a high-income country by 2045, Viet Nam needs to shift to high-value manufacturing and services, and boost the productivity of its domestic private sector by fostering entry and growth of innovative firms. This calls for a different approach to regulatory reform, one that offers a comprehensive vision of economic impact, digital transformation and regulatory delivery reform. Resolution 68 prioritizes simplification of the regulatory stock (i.e., of existing regulations) and control of the regulatory flow (i.e., of new regulations), instead of an integrated approach towards streamlining, digitalization, and service integration centered on the experience of the firm.[[92]](#footnote-93) The current approach may be formalistic and incentivize government agencies to design improvements in silos along the lines of quantitative targets (i.e., number of regulations and compliance cost reduction), instead of a substantive and qualitative review of regulations from the perspective of the business. Finally, implementation is uneven across ministries, and despite well-defined institutional arrangements and monitoring mechanisms, gaps in information provision by ministries prevent an accurate assessment of progress towards its targets.

**Several global trends, relevant to Viet Nam, are shaping how countries approach regulatory policy.** Accelerating technological change and availability of data, the need to quickly adapt to respond to crisis like the COVID-19 pandemic, climate change, changing trade and investment patterns, require governments to develop agile and user-centric regulations, maximize the use of digital tools, and deploy flexible and coordinated approaches to regulatory reform (Figure 14). The following paragraphs discuss recommendations in the short and medium term for Viet Nam. The experience so far in Viet Nam with the implementation of Resolution 68 can help other countries undertaking regulatory reform programs of business regulations (see Annex V).

**Figure 14. Global trends shaping approaches to regulatory policy**

*Source: Authors, adapted from OECD (2021) and Molfetas and Grava (2020).*

## Short-term (2024-2025) – mid-course adjustments to maximize impact of Resolution 68

**The following recommendations aim to strengthen the implementation of Resolution 68 in the remaining months of implementation.** They assume that the regulatory program continues to be implemented with no major changes in resource availability for implementation and propose improvements to increase results and strengthen monitoring.

### Prioritize resources in areas with the highest likelihood of results.

**To maximize results, setting priorities to simplify and reduce regulations could help deliver substantive improvements for businesses**. The government, via APCA/OOG could define criteria to prioritize specific sectors or business activities offering opportunities to reduce the regulatory burden. In the short term, the prioritization of regulations for reform could follow simple criteria, such as: i)focus on export-oriented and strategic sectors for productivity growth; ii) focus on burdensome regulations based on available data and private sector feedback on regulatory burdens (e.g. from business surveys such as APCI and consultations with business associations);[[93]](#footnote-94) and iii) focus APCA/OOG involvement in areas that requite facilitating inter-agency coordination (e.g. to clarify mandates and reduce regulatory overlap). A sectoral focus would allow easier coordination and synergies, compared to selecting individual regulations for reform.

**Due to limited resources, another prioritization criteria could be the level of engagement of specific ministries.** Section III explained how a few ministries accounted for over half of the legal instruments to simplify or reduce business regulations. This suggests a more proactive and committed attitude in these ministries. This may offer opportunities to identify additional business regulations under their authority in need for simplification or elimination, and deeper collaboration between these ministries and APCA/OOG for updating information on business regulations and compliance costs. Showcasing progress in a specific sector under the leadership of the most engaged ministries may create momentum for other ministries to engage more actively.

**Finally, attention from APCA/OOG in 2024-2025 could focus on the legal instruments already approved by the Prime Minister for amendment**. This could involve identifying any bottlenecks or delays, facilitating stakeholder consultations, and accelerating processing of the necessary approvals and issuance of the revised legal texts.

### Improve measurement towards the two targets of Resolution 68.

**Reporting results on the implementation of Resolution 68 against its two quantitative targets requires strengthening the approach to collect data and measure progress**. In the absence of a baseline as of March 2020 for the first target (simplification or reduction of regulations by 20 percent), an approach could be established to determine the total number of regulations to calculate the share of reduced/simplified regulations. APCA/OOG could propose objective criteria to establish that baseline, for example based on the number of regulations in the Business Regulations Consultation and Query Portal. The second target (reduction in compliance costs by 20 percent) is missing post-simplification data. To report results, APCA/OOG could take the following steps. *First*, identify those business regulations that have been simplified or reduced. For example, initial analysis for this study identified a total of 282 administrative procedures which were simplified.[[94]](#footnote-95) *Second*, for those administrative procedures, APCA/OOG could work with the relevant ministries to confirm the baseline and estimate reductions in compliance costs.[[95]](#footnote-96) Critically, a transparent and clear approach can be established now to assess results at the end of the program.

**Countries often struggle to quantify the costs of regulations comprehensively**. Establishing a baseline with quality data for all existing business regulations may not be cost-effective or feasible. In fact, several European countries experimented with establishing comprehensive baselines on compliance costs, only to realize that focusing on the flow of regulation may be a more efficient way to track cost reductions.[[96]](#footnote-97) Moving forward, APCA/OOG could also consider targets based on the flow of new regulations.

**Small improvements in existing tools could also facilitate results tracking and reporting**. For example, the report on compliance cost could include the date when the information was last updated, and whether the calculation was based on an existing or draft regulation.[[97]](#footnote-98) Similarly, APCA/OOG keeps a database of legal texts amended and to be amended which includes information on business regulations simplified or reduced. However, the format could be improved to facilitate data collection and analysis, for example by adding categories on the type of regulation amended, year, compliance cost calculation, among others. Once the legal text is published in the official gazette, the information could be validated by APCA/OOG, and the line tagged as ‘completed.’ Gathering better information would also help with communicating results. In the medium term, there are opportunities to further systematize and automate the updating of databases on business regulations (see section IV.B).

### Communicate the impact.

**There is room to improve communications on the results achieved by Resolution 68**. Communications could cover two areas. First, the authorities could provide regular updates (annual or semi-annual) on the overall progress with the implementation of Resolution 68 should and disseminate to the public. Second, specific improvements in business regulations achieved as part of the reform should be shared widely and highlight the benefits that the simplification or reduction in regulations brings to businesses. Specific reform case studies on the changes with the highest impact in terms of reducing the cost of doing business or enabling new business activity could be developed in collaboration between APCA/OOG and the relevant ministries and include the private sector perspective. In the medium term, greater effort could be placed in measuring the impact of new/amended regulations, including cuts in compliance costs and economic benefits.

## Medium-term (2026-2030) – evolve to a new paradigm in business regulations

The following recommendations seek to inform the design of the next cycle of regulatory reform (2026-30). The approach could build on the progress achieved by Resolution 68 and evolve towards a new paradigm that leverages digital technology to strengthen risk-based approaches to business regulations and client-centric digital services based on reusable data. One necessary condition to improve digital services is developing further the eGIF, including the necessary improvements in the legal framework.[[98]](#footnote-99)

### Adopt a more comprehensive approach in future regulatory reform strategies anchored on the digital transformation of service delivery.

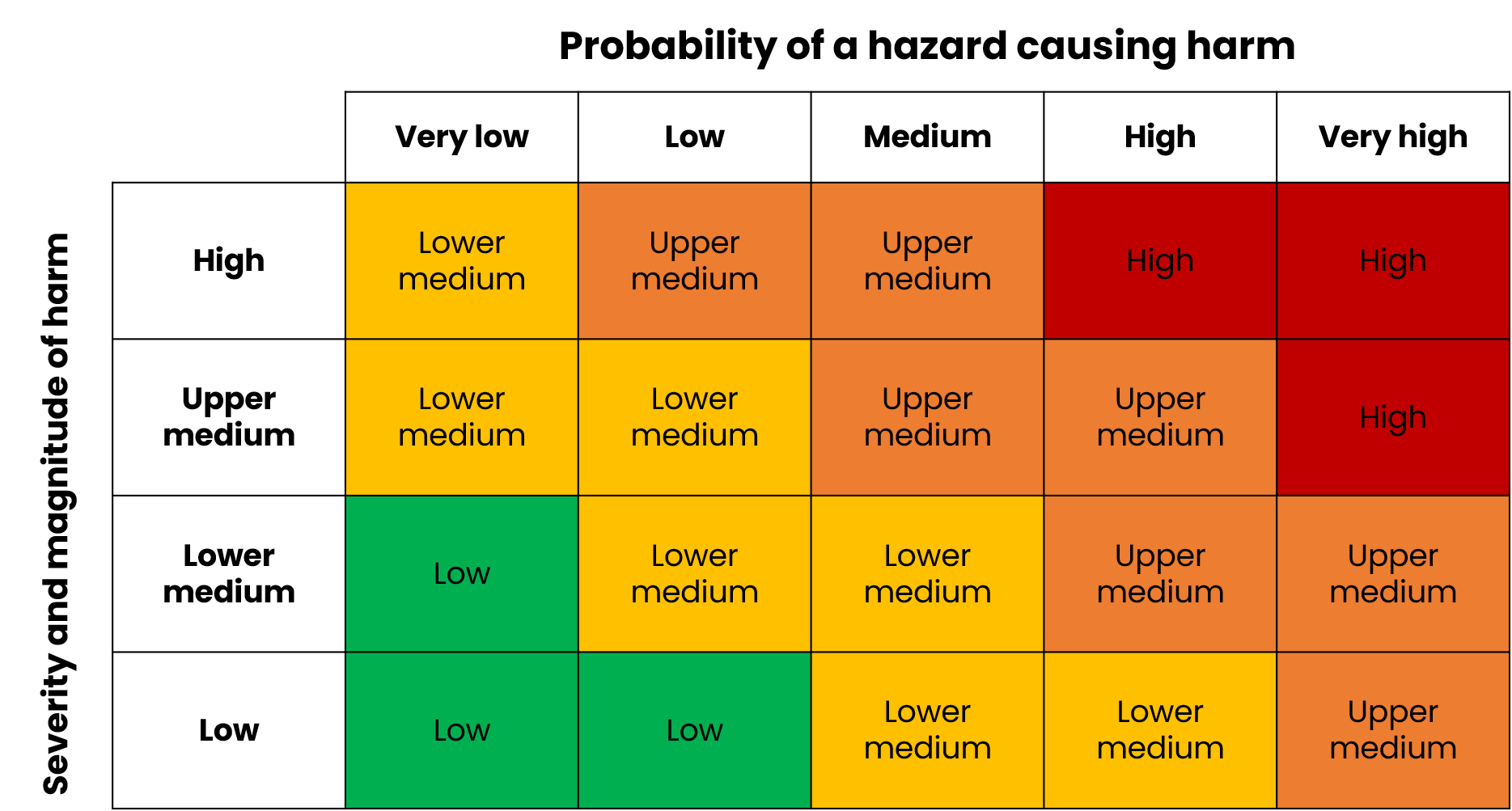
**The next cycle of regulatory reform could leverage developments in the foundational public digital infrastructure to develop fully online, paperless, contactless, and integrated G2B services.** Integrating and fully digitalizing G2B services will depend on the development of an eGIF. This would enable sharing and re-using data through unified web-based application forms. Using web-based forms through an interoperability platform (e.g., a Government Service Bus) can prepopulate the inputs, remove or reduce duplicated data entries, and enhance the quality of data through data validation. For example, two-thirds of the online forms in Europe are pre-filled with information from authentic sources. In Lithuania and the Netherlands, more than nine out of ten online forms contain prepopulated data. This reduces the time to complete forms and minimizes typing errors.[[99]](#footnote-100) Future strategies for regulatory delivery should aim to eliminate submission of paper documents, and gradually minimize the submission of unstructured texts (e.g., PDF).

**The reform strategy could articulate a high-level vision on regulatory delivery and develop a roadmap on the specific transformative activities that need to take place across each dimension** (e.g., legal framework, institutional framework, capacity building, operating framework, and regulatory technology). Lastly, the roadmap should be further clarified by developing an action plan with clear roles and responsibilities for each stakeholder, and a timeline. The action plan should be continuously monitored and updated annually to capture actual progress and allow for adjustments.

### Implement a risk-based approach to business licensing and inspection reform.

**In mature licensing systems, the main function of licensing is the management of risk that products and services may pose (e.g. to consumers, workers, and the environment).** Risk is the combination of: i) the likelihood/probability of an adverse event (like a hazard or a harm) occurring, and ii) the potential severity and magnitude of the harm caused (e.g., number of people affected, and severity of the damage for each). A risk-based approach to regulation acknowledges that licensing is not the only way to manage risks to society and the economy. Thus, ex-ante controls are aimed at managing risks, for example to health, safety, and the environment, without undermining competition, and without regulating the quality of products and services (Figure 15).

Figure 15. How to regulate based on risk

Source: Molfetas and Grava, 2020.

General Op. conditions, Registration, ex-post controls, possibly 3rd party certification

No specific requirement or “light” General Op. Conditions

Prior approval (licensing), ex-post controls

Ex-ante inspection, prior approval (licensing), ex-post controls

**Future simplification efforts could follow a risk-based methodology to calibrate the type of ex-ante controls (e.g., notification, approval, ex-ante inspection, etc.), and the documentation requirements (e.g., studies, permits, certificates, etc.), based on the risks posed by each economic activity.** This would require taking stock of all the ex-ante controls, fees, and documentation requirements that apply to an economic activity. Hence, the review should not focus on the individual procedure/license level but on the “end-to-end” business life event (e.g., starting a business in a specific sector). Priorities for the review could be set based on (i) sectoral relevance (for productivity, employment, etc.); (ii) burden of regulations (based on survey and private sector consultations); and (iii) level of institutional coordination and capacity necessary to reform. Moreover, it would require conducting desk research to benchmark Viet Nam’s current regulatory approaches against those of other countries (e.g., selected countries in the European Union, other OECD members, and other good practices[[100]](#footnote-101)) and apply the strategic risk assessment methodology while reviewing economic activities in each sector.

**Over time, licensing reforms should be supported by reforms in inspection management**. Licensing and inspections are interrelated activities, and therefore it is important to develop regulatory strategies that consider ex-ante and ex-post controls (inspection) in parallel. This would ensure a coherent approach to business regulation whereby economic activities are treated consistently based on the risks they pose to the regulators’ objectives. Mainstreaming risk management in inspections would also help ensure that low-risk economic activities that are subject to lighter ex-ante controls, do not go undetected.

**For example, Greece introduced a streamlined risk-based licensing and inspections regime over the last decade that protects the public interest but reduces unnecessary burdens on businesses. Starting with a horizontal law that introduced risk-based principles to licensing, the reforms simplified licensing for over 300 economic activities, reducing the time to comply by several weeks up to several months depending on the activity. Complex licensing requirements for low-risk activities were replaced by a simple notification. A new Integrated Licensing and Inspection Management system is currently under implementation.**

### Clarify the list of conditional business activities in the Investment Law.

**The list of the 227 conditional business lines in the Appendix IV of the Investment Law could be clarified by using a standardized classification of economic activities as a basis, and by ensuring that the business lines refer to the same level of the classification** (e.g., VSIC four-digit level) since the current list refers to uneven levels of economic classification. A standardized classification would facilitate the process for a business manager to check the ex-ante requirements that apply to these economic activities, the operating conditions, and obtain all necessary approvals before commencing operations. Moreover, the list of conditional business lines may need to be refined if the government decides to implement a risk-based approach to business licensing since some of the activities currently subject to ex-ante controls may be deemed of low risk and be deregulated.[[101]](#footnote-102) Similarly, some activities not currently subject to ex-ante controls may be deemed of higher risk and be included in the list.

### Introduce a horizontal legal framework for business licensing.

**While there is no established international best practice on the legislative design for licensing regimes, some countries have introduced a horizontal legal framework on licensing (also known as an “umbrella law”)**. These countries include China,[[102]](#footnote-103) Georgia,[[103]](#footnote-104) Greece,[[104]](#footnote-105) Kazakhstan,[[105]](#footnote-106) Mongolia,[[106]](#footnote-107) Ukraine,[[107]](#footnote-108) and Russia.[[108]](#footnote-109) In these countries, licensing was nearly universal, and service delivery was unpredictable, corruption-prone, and with complex procedures before the adoption of an integrated legal framework. Such umbrella law unified previously fragmented and scattered licensing laws and regulations and introduced a common framework of principles, vocabularies, classification, and licensing-related procedures. The umbrella law in some cases enabled scalability in the deployment of regulatory technologies. Not all countries have an umbrella law, however. Instead, a majority of countries, including many high-income countries rely on multiple sector-specific laws that govern an overall licensing regime. The advantages and disadvantages of both approaches are summarized in table 2.

**Table 4: Comparison of approaches on the legislative design for business licensing**

| **Single Framework Law on Operational Licenses and Notifications** | **Multiple Sector-Specific Laws** |
| --- | --- |
| Advantages:   * Uniformity and clarity of the overall licensing regime * Ease in monitoring licensing proliferation, and maintaining stability and predictability of the overall licensing regime * Possibly speed of the overall reform | Advantages:   * Familiar legislative framework – no additional new legislation needed, * Not required to have consensus and/or make decisions at the highest level * Possibility to implement reforms gradually, with some regulatory domains maturing faster than others |
| Disadvantages:   * Necessity to build consensus – often high-level political support is needed | Disadvantages:   * Difficult to achieve uniformity * Difficult to limit and monitor licensing proliferation * Low speed of overall reform |

*Source: Authors.*

**The government could consider either making amendments to the existing decree on the Control of Administrative Procedures (Decree No. 63/2010) or enacting a new standalone horizontal framework (e.g., a Law or a Decree) that would be binding to all regulators.** The horizontal legal framework should at a minimum set the principles and define a typology of instruments based on the risk level of each economic activity, the high-level processes, the funding model for licensing, sanctions, time limits, and grounds for rejection, grounds for revoking a license, and appeals procedures. Given the lack of a common terminology in Viet Nam, it could streamline, and standardize the terminology and definitions of each instrument.

**An umbrella framework could also be used to introduce service standards for regulatory delivery.** The horizontal legal framework on licensing could also strengthen the foundation for digital services by making the National Database of Administrative Procedures and the National Public Service Portal the single source of legal validity. It could also require defining which data types would be made publicly available, and which data types would be protected and therefore only accessible by government authorities (e.g., “official use only”), and which data would be confidential. The minimum data requirements that should be collected and maintained in the context of a business licensing process could be defined in the horizontal legal framework to ensure a consistent approach across all regulatory domains. For example, these could include the name of licensee (e.g., business name), the licensee’s registration number, the licensee’s legal address, the address of the establishment operated by the licensee, the status of the license (e.g., active suspended, revoked, renewed), the date when the license was issued, the date of validity of the license (if the license has limited duration), any conditions issued by the licensor as par to the license (e.g., to monitor and report emissions), the list of sanctions imposed on the licensee with relevant dates and conditions, the dates of all conducted Inspections to check compliance with the license, with information about the types of inspections (planned, follow-up, unplanned).

### Ensure the legal framework on Online Administrative Procedures and other laws and regulations on Administrative Procedures promote a digital-first and data-driven approach.

**The legal framework, including the Decree on Online Administrative Procedures and the Electronic Transactions Law, should promote a digital-first approach.** This could be achieved by eliminating any provisions that explicitly or implicitly treat paper documents as having higher legal validity than online documents and data, and by clarifying that online documents and data are treated as the original version. Similarly, the government could also consider reviewing the relevant legal framework at the sectoral level to ensure that it adheres to a digital-first approach.

### Consider designating the NDAP as the single source of legal validity.

**Information on the administrative procedures on NDAP should be always current and complete.** This is a common challenge when it comes to the sustainability of digital solutions that provide information and navigational services by centralizing data on the requirements and procedures of the various ministries. One option the government could consider is to provide a stronger legal basis for the NPSP. Specifically, this would entail mandating that in the case of a conflict between the sectoral legal framework and the information on administrative procedures included in the NPSP, the latter would prevail in terms of legal validity. Recommendation #7 provides options on how to improve NPSP’s sustainability through technology solutions.

**Mexico provides an example of a country where the registry of procedures is the source of legal validity.** Mexico’s Law of Administrative Procedure established the Registry of Procedures and Services, requiring government agencies to provide detailed information about each procedure under their authority. The Law includes provisions stating that government agencies are not allowed to i) request procedures not included in the Registry, and ii) administrate the procedure in a way that differs from the Registry. This creates incentives for government agencies to keep the Registry updated for the procedures under their authority.

**Developing a stronger legal basis for NPSP requires consulting with administrative lawyers to explore how such a policy could best be implemented in Viet Nam’s legal framework**. Moreover, such a legal measure would need to be supported by other measures, such as an information campaign to raise awareness in the private sector about the fact that the information in the NPSP is the “single source of truth” and sufficient time before effectiveness to allow for upgrading the NDAP. It would also require providing guidance to all staff on the frontlines of regulatory delivery, such as the officers working in the licensing departments in the various OSS locations at the subnational level. This guidance should include instructions on how to handle different scenarios, such as cases where information about an AP is missing entirely from the NPSP, where information is incomplete, where information is outdated and conflicting with a recently issued law or regulation, etc.

### Improve the accuracy and currency of the information on the regulations and procedures of the NDAP.

**Ensuring the accuracy and currency of the NDAP would be beneficial for firms.** It would provide a single source for businesses to view administrative procedures in a business-friendly manner. The key challenge, however, is keeping the database up-to-date following regulatory changes, and presenting the information in plain language and a well-designed consumable format. Addressing these challenges will improve the long-term sustainability of the database and build further trust in the business community regarding the currency and completeness of the information available. To address these challenges, there are three recommendations that APCA/OOG could consider:

#### Implement a notification-based mechanism to monitor for updates to administrative procedures.

**Updates of administrative procedures should be notified automatically with the application of advanced IT tools.** In the medium term, AI could enable near real-time updates to the database, following the publication of new or updated legal texts. However, there are some pre-conditions in terms of data standardization and interoperability that will take time to implement.[[109]](#footnote-110) As an interim step, and while foundational components of a full solution are implemented, Viet Nam could consider implementing a notification-based mechanism to monitor for updates to administrative procedure legislation, decrees, or decisions, and send reminder notifications to the implementing agency to update the information in NDAP, and notify APCA/OOG when the task is complete to review content before updating in the NDAP.[[110]](#footnote-111)

#### Upgrade the data of administrative procedures to a structured format.

**Application of a better structured format to the NDAP can help improve data-driven management and service provision**. Having legal texts in a structured and standardized data format, such as *LegalDocML,*[[111]](#footnote-112) which is machine-readable and uses XML, would provide the basis for advanced automation options for the NDAP. The use of structured data allows for an AI-facilitated updating mechanism that recognizes specific data items of the administrative procedure requiring updates following regulatory amendments (e.g., changes in fees or processing deadlines). Instead of a manual update, an official in the implementing agency would have to only have to validate automatically suggested changes in the administrative procedure data.

#### Develop business-friendly content standards for information published on the NPSP.

**To ensure that administrative procedure information published to the NPSP is business friendly, APCA/OOG could develop guidelines for content and formatting standards to ensure that the information is concise, transparent, easily accessible, and communicated in clear and plain language.** Copying and pasting legal text from legal documents is not sufficient to make information accessible. For example, the UK’s Government Digital Service has published their Content design guidelines[[112]](#footnote-113) that provide practical advice and insights on writing technical or legal content. Further, APCA/OOG could assess compliance of the NPSP with the W3C’s Web Content Accessibility Guidelines (WCAG).[[113]](#footnote-114) As Viet Nam continues its digital transformation journey, more information and application forms could be migrated from Word documents and PDFs to more accessible formats (i.e., well-structured HTML).

### Transform the current one-roof OSS service delivery model to an integrated single window model.

**The current one-roof OSS service delivery model should be transformed to an integrated single-window model**. The current local OSS model is based on co-located services, but they are not integrated with each other, except for a limited number of services such as birth certificate and infant insurance. For the most part, the services are being delivered by different officials working for different departments. As efforts towards process integration and data sharing in the online environment advance, the OSS can evolve towards a single-window model. That way, business operators who cannot access online services and require assistance to file their applications could do so by visiting one location and interacting with one representative to access government services across a wide variety of agencies. The service integration could follow a gradual approach since these developments require long-term efforts and continuous optimizations such as redesigning back-end and front-end workflows and developing integrated input data forms (with input data validation rules) that are based on structured and semi-structured data.

### Strengthen and expand APCA’s mandate to provide adequate oversight and coordination in regulatory delivery.

**APCA/OOG’s mandate should be strengthened and expanded to improve oversight and coordination in regulatory reform and delivery**. APCA/OOG is located at the center of the government and its role is institutionalized, which is a good basis for continuous improvement in business regulations in a whole-of-government manner. At the same time, APCA/OOG’s mandate focuses on administrative and regulatory reforms, while its legal authority and political clout may not be sufficient to push and coordinate reforms on regulatory delivery with the relevant regulators/line Ministries. Other countries have institutionalized similar reform mechanisms with a broader reform mandate either on regulatory delivery or even more broadly on economic development and diversification. Such examples include the United Kingdom’s Office of Product Safety and Standards,[[114]](#footnote-115) and Greece’s Better Regulatory Delivery Directorate, among others.

**Implementing a risk-based approach to business licensing and inspections will require high-level political support and coordination.** Experience from other countries shows that sometimes regulators can be reluctant in terms of making drastic changes in how they regulate a sector or pivoting away from legacy command-and-control regulatory strategies and towards risk-based strategies. Also, in some cases, a regulatory review may reveal overlaps and duplications between the roles, regulations, and processes of two or more regulators. Addressing these situations requires a structured process to manage cases where the regulators will resist change, or where there will be disagreements between regulators on how to resolve overlaps and duplications. To that end, it will be important to establish clear roles and responsibilities in terms of conducting the regulatory review, and in terms of making the final decision on how to reform ex-ante controls for an economic activity.

### Strengthen Key Performance Indicators for regulatory delivery.

**The KPI framework can be improved to make it more effective**. This can be done in several ways. For example, the definition of “digitalized APs”, and the definition of “digitalized information/data” could be clarified. The indicators should ideally measure the number of (integrated) end-to-end and contactless services – not general online procedures that have been digitalized. Similarly, the KPIs can include the quality of data generated in the process of AP handling as measured by ability to share and reuse in other services of the same ministries or other ministries. In addition, the KPIs can include the number of authorizations converted into registrations/notifications and the number of documentation requirements eliminated or simplified.

**Table 1: Summary of recommendations**

|  |  |  |  |
| --- | --- | --- | --- |
| **Challenge** | **Recommendation** | **Implementation** | **Counterpart institutions** |
| 1. **Short-term (2024-2025) – mid-course adjustments to maximize impact of Resolution 68** | | | |
| Resolution 68 does not define criteria to prioritize regulations for simplification | A.1 Prioritize resources in areas with the highest likelihood of results. | APCA/OOG could set criteria for prioritization, such as: i) based on public consultation, select specific sectors or business activities with high potential impact of reducing the regulatory burden; ii) assess level of engagement of specific ministries; iii) focus on the legal instruments already approved by the Prime Minister for amendment. | APCA/OOG, Ministries, ACAPR members |
| Incomplete data to measures progress towards targets of reducing the number of regulations and compliance costs by 20 percent by 2025 | A2. Improve measurement towards the two targets of Resolution 68 | APCA/OOG works with ministries to: i) agree on a baseline number of regulations, with the establish that baseline based on a selected date; ii) calculate cost saving of reformed regulations, prioritizing administrative procedures; iii) revise data collection tools to include information (e.g. date of compliance cost calculation, details on amended regulations, etc.) | APCA/OOG, Ministries, ACAPR members |
| Results of reform not well-communicated to the public; perceptions of limited reform ambition | A3. Communicate and celebrate impact | APCA/OOG to provide regular updates (annual or semi-annual) on the overall progress; sharing widely specific improvements in business regulations and their benefits | APCA/OOG, Ministries, ACAPR members |
| **B. Medium-term (2025-2030) – evolve to a new paradigm in business regulations** | | | |
| Resolution 68 targets focused on the simplification/reduction of existing regulations, instead of an integrated approach towards streamlining, digitalization, and service integration centered on the experience of the firm. | B1. Consider a more comprehensive approach in future regulatory reform strategies anchored on the digital transformation of service delivery. | APCA/OOG to work with ministries to develop a detailed program and action plan to improve the quality of the data sharing framework (government interoperability) with unified web-based application forms; eliminate paper documents, and gradually minimize the submission of unstructured data. | APCA/OOG, Ministries, IT solution providers |
| Risk-based approaches not yet adopted widely across the government; proliferation of ex-ante approvals and renewal requirements. | B2. Consider implementing a risk-based approach to business licensing and inspection reform. | GOV adopts a methodology to review and calibrate ex-ante approvals to conduct business activities, documentation requirements, and inspections based on the risks posed by the activity. | APCA/OOG and line ministries |
| The list of business sectors and activities subject to conditions in the Investment Law does not follow standard industry classification. | B3. Consider clarifying the list of conditional business activities in the Investment Law. | GOV review and revise the Annex IV of the Investment Law; reviewing, refining and classifying the list of business sectors and activities subject to conditions using a standard industry classification; in the medium term consider revising the list as risk-based approaches are implemented. | MPI, OOG and relevant ministries with a mandate from the GOV |
| Lack of a common framework of principles, vocabularies, classification of regulatory instruments, and licensing-related procedures and services. | B4. Consider introducing a horizontal legal framework for business licensing. | GOV develops and adopts a legal instrument (decree or law) to have a common framework for licensing activities, either by amending the existing decree on the Control of Administrative Procedures (Decree No. 63/2010) or enacting a new standalone horizontal framework (e.g., a Law or a Decree) that would be binding to all regulators. | OOG as a reform coordinator requests for a mandate from GOV and develops such a legal instrument |
| Legal framework does not yet fully support “digital-first” approach to incentivize the elimination of paper copies. | B5. Ensure the legal framework on Online Administrative Procedures and other laws and regulations on Administrative Procedures promote a digital-first and data-driven approach. | OOG reviews relevant legal instruments, such as Decree 45 on online administrative procedures and the Law on Electronic Transaction and proposes to the GOV for revision to adopt “digital first” approach, i.e. removing provisions that explicitly or implicitly treat paper documents as having higher legal validity than online documents and data. | OOG, MIC and relevant ministries |
| National Database of Administrative Procedures (NDAP) not yet the single source of legal validity, making it difficult ensure its legality and accuracy for users and to develop advanced IT tools for service delivery | B6. Consider designating the National Database of Administrative Procedures (NDAP) as the single source of legal validity. | Conduct a legal study on revising the Law on Laws and Decree 63 on Control of Administrative Procedures the create the legal foundation to ensure that only administrative procedures are only legally binding after they are listed in the NDSP. The measure would require a transition period and proper guidance to ministries and provincial authorities. | OOG, MOJ and relevant ministries |
| NDAP not always accurate as it depends on manual updates by the government agencies owning the specific procedure. | B7. Improve the accuracy and currency of the information on the regulations and procedures of the NDAP by: i) implementing a notification-based mechanism to monitor for updates to administrative procedures; ii) upgrade the data of administrative procedures to a structured format; iii) develop business-friendly content standards for information published on the NPSP. | APCA/OOG to Develop IT tools to keep track of new legal instruments issuing APs and send notification to relevant authorities to require updates to NDAP; Revise Decrees 63 and 45 to apply structured and standardized data format, such as *LegalDocML* format to the APs listed in NDAP; provide guidelines for content and formatting standards to ensure that the information is concise, transparent, easily accessible, and communicated in clear and plain language. | APCA/OOG and line ministries |
| OSS model is based on co-located services, but they are not integrated. | B8. Transform the current one-roof OSS service delivery model to an integrated single window model. | Revise the Decree 61 on OSS and integrated OSS services to strengthen service integration; provide guidance for delivery of integrated services with single point of contact for many, if not all, services. Gradual implementation as it requires improvements in data sharing and use of structured documents, and reorganization of front- and back-offices. | OOG, line ministries and provincial authorities |
| Improving regulatory delivery by expanding integrated digital services requires strong oversight and coordination beyond APCA’s existing mandate and capacity. | B9. Consider strengthening and expanding APCA’s mandate to provide adequate oversight and coordination in regulatory delivery. | Revise the Law on Laws, Decree 63, Decree 61, and other relevant legal documents to give APCA a stronger authority and resources to push and coordinate reforms. | GOV, OOG and line ministries |
| Key Performance Indicators do not cover important performance areas such as the extent of end-to-end services; unclear definitions such as “digitalized APs.” | B10. Consider strengthening the Key Performance Indicators for regulatory delivery. | Revise the Decision 766, Decree 45 on online APs and related legal documents on the KPIs to measure the extent of end-to-end, contactless services, ability to share and reuse structured data provided by citizens and businesses. | APCA/OOG and line ministries |

# References

ASEAN. 2022. *ASEAN Handbook on Good Regulatory Practice*. Jakarta.

Aghion, P., Bergeaud, A., & Van Reenen, J. 2023. The Impact of Regulation on Innovation. *American Economic Review,* 113(11), 2894-2936.

Bailey, J. B., & Thomas, D. W. 2017. Regulating away competition: The effect of regulation on entrepreneurship and employment. *Journal of Regulatory Economics*, 52(3), 237–254.

Bruhn, Miriam. 2012. “A Tale of Two Species: Revisiting the Effect of Registration Reform on Informal Business Owners in Mexico.” Journal of Development Economics 103-1.

Cirera, Xavier, Diego Comin, Marcio Cruz, Kyun Ming Lee, and Antonio Soares Martins-Neto. “Firm Level Technology Adoption in Vietnam.” World Bank Policy Research Working Paper 9567. Washington D.C.

Cirera, X., Cruz, M., Davies, E., Grover, A., Iacovone, L., Cordova, J.E.L., Medvedev, D., Maduko, F.O., Nayyar, G., Reyes Ortega, S. and Torres, J., 2021. Policies to support businesses through the COVID-19 shock: A firm level perspective. *The World Bank Research Observer*, *36*(1), pp.41-66.

European Commission - Directorate-General for Communications Networks. 2022. Content and Technology, eGovernment Benchmark, Synchronizing digital governments: Insight Report, Publications Office of the European Union.

Foster, L., J. C. Haltiwanger, and C. J. Krizan. 2001. “Aggregate Productivity Growth: Lessons from Microeconomic Evidence.” In *New Developments in Productivity Analysis*, edited by C. R. Hulten, E. R. Dean, and M. J. Harper, 303–72. Chicago, IL: University of Chicago Press.

Graham, Russell and Christopher Hodges. 2019. *Regulatory Delivery (Civil Justice Systems)*. Hart/Beck, London.

Haidar, J.I., 2012. The impact of business regulatory reforms on economic growth. *Journal of the Japanese and international economies*, *26*(3), pp.285-307.

Hallward-Driemeier, M. and Pritchett, L., 2015. How business is done in the developing world: Deals versus rules. *Journal of economic perspectives*, 29(3), pp.121-140.

IFC. 2021. *Creating Markets in Viet Nam. Bolstering the Private Sector during COVID-19 and Beyond: Relief, Restructuring, and Resilient Recovery*. Washington, D.C.

Klapper, Leora, Anat Lewin and Juan Manuel Quesada Delgado. 2009. "The Impact of the Business Environment on the Business Creation Process." Policy Research Working Paper 4937, World Bank, Washington, D.C.

Klapper, L. and Love, I. 2011. “The Impact of Business Environment Reforms on New Firm Registration.” Policy Research Working Paper 5493, World Bank, Washington, D.C.

Ladegaard, P., Lundkvist, P. and Kamkhadji, J. 2018. “Giving Sisyphus a Helping Hand: Pathways for Sustainable RIA Systems in Developing Countries.” World Bank Policy Research Working Paper 8367.

Loayza, N., and L. Servén. 2010. Business Regulation and Economic Performance. Washington, D.C.

Melitz, M. J., and S. Polanec. 2015. “Dynamic Olley‐Pakes Productivity Decomposition with Entry and Exit.” *Rand Journal of Economics* 46 (2): 362–75.

Molfetas, Aris, and Lars Grava. 2020. *Risk-Based Approaches to Business Regulation. A Note for Reformers.* In Focus. Finance Competitiveness and Innovation – Investment Climate. World Bank: Washington, D.C.

Morikawa, M., 2023. Compliance costs and productivity: an approach from working hours. *Journal of Regulatory Economics*, *63*(3), pp.117-137.

Muzi, S., Jolevski, F., Ueda, K. and Viganola, D., 2023. Productivity and firm exit during the COVID-19 crisis: Cross-country evidence. *Small Business Economics*, *60*(4), pp.1719-1760.

OECD. 2011. *Administrative Simplification in Viet Nam: Supporting the Competitiveness of the*

*Vietnamese Economy*, Cutting Red Tape, OECD Publishing. [http://dx.doi.org/10.1787/9789264096646-en.](http://dx.doi.org/10.1787/9789264096646-en)

OECD. 2021. *OECD Regulatory Policy Outlook 2021*. OECD Publishing. Paris.

OECD. 2021. Recommendations of the Council for Agile Regulatory Governance to Harness Innovation. Adopted by the Council at Ministerial level on 6 October 2021.

OECD. 2022. *Supporting Regulatory Reforms in Southeast Asia.* OECD Publishing. Paris.

Renda, Andrea. 2017. *Introducing EU Reduction Targets on Regulatory Costs: A Feasibility Study.* CEPS Research Report No. 2017/10. Brussels.

Saurav, A. and V. Steenbergen. 2023. The Effect of Multinational Enterprises on Climate Change. World Bank: Washington, D.C.

Schiffbauer, Marc; Hussain, Sahar; Sahnoun, Hania. 2015. Jobs or Privileges: Unleashing the Employment Potential of the Middle East and North Africa. MENA Development Report. World Bank.

Solf, Sylvia, and Trang Thu Tran. 2019. “Implementing Vision 2035: Priorities for business regulatory reforms”, Background paper for the Viet Nam 2035 Report.

Syverson, C. 2011. “What Determines Productivity?” *Journal of Economic Literature* 49 (2): 326–65.

Olley, S. and A. Pakes. 1995. “A Limit Theorem for a Smooth Class of Semiparametric Estimators.” *Journal of Econometrics* 65 (1): 295–332.

Vranic, Goran. 2021. Assessment of Digital Government to Business Services Business Environment Reform II Croatia (English). Washington, D.C.: World Bank Group.

Vranic, G. and A. Molfetas. 2022. Business Licensing and Inspections Maturity Model. Washington D.C.

VCCI and USAID. 2022. *Provincial Competitiveness Index 2022*.

World Bank. Forthcoming. *Vietnam 2045. Trading Up in a Changing World: Upgrading Viet Nam’s Participation in Global Value Chains*. Washington, D.C.

World Bank. 2023. *Promoting Innovative Entrepreneurship in Viet Nam 2023*. Washington, D.C.

World Bank Group. 2022. *Viet Nam – Country Climate and Development Report (English).*Washington, D.C.

World Bank Group. 2021. *Vietnam: Science, Technology and Innovation Report: Policy Brief 2020*. Washington, D.C.

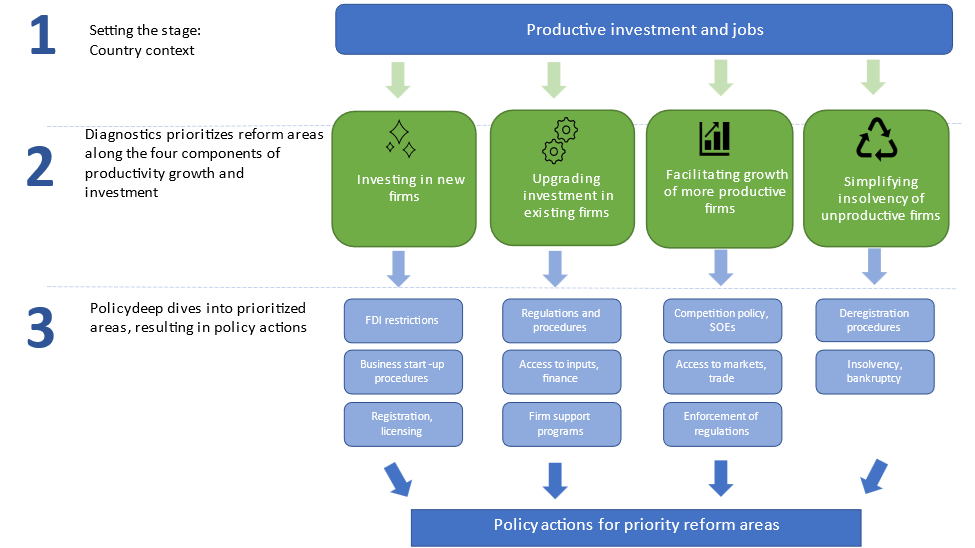
World Bank Group. 2010. *Here is Your Money: Using the Standard Cost Model to Measure Regulatory Compliance Costs in Developing Countries*. Washington, D.C.

## Annex I: ICA 2.0 Methodology

The diagnostic of business sector dynamism presented in this report leverages the Investment Climate Assessment (ICA) 2.0 methodology which blends the latest diagnostics with policy assessment.

**The ICA 2.0 integrates the diagnostics and policy assessment around the four channels through which private sector investments contribute to productivity growth and job creation.**The four channels are identified by extensive analysis of the micro drivers of growth. They distinguish between the main policies driving the within growth (internal growth of existing firms through upgrading investments), the reallocation of resources across firms to facilitate growth of more productive firms (between growth), firm entry (investment in new firms), and exit of unproductive firms (figure 1.1).

**Figure I.1. Conceptual framework: the four policy channels enabling productivity growth and investment**



*Source*: World Bank staff.

*Note*: The ICA 2.0 builds on existing frameworks of the micro foundations of growth, which are organized around a decomposition of aggregate productivity growth resulting in four channels that comply with the four policy areas facilitating firms’ investment (Syverson 2011; Olley and Pakes 1995; Foster, Haltiwanger, and Krizan 2001; Melitz and Polanec 2015). FDI = foreign direct investment; SOEs = state-owned enterprises.

**The ICA 2.0 diagnostics provide guiding principles on the most important policy areas driving the four channels for boosting productive investment**:

* *Firm entry (investing in new firms)*. This channel underscores that productive investments can be enabled by investing in new firms―either new domestic companies or greenfield foreign direct investment (FDI). Relevant policies to remove barriers to investing in new firms include simplifying or removing restrictions to foreign ownership, promoting an enabling legal framework for company establishment, facilitating effective and efficient registration, licensing, and supervision, and improving FDI attraction, expansion, and international investment agreements.
* *Within growth (Upgrading investment in existing firms)*. This channel covers productivity gains from incumbent firms’ efficiency improvements, for example, from adopting new technology or promoting better access to inputs. Policies facilitating the upgrading of existing firms reduce risks that government policies may pose to firm operations, including political and regulatory risks for FDI, tax procedures, and business inspections, but also ensure that firms have the resources to scale up by adequate access to inputs such as skilled labor, land, utilities, and finance. It includes innovation or small and medium enterprise (SME) policies that can include programs to support entrepreneurship, technology adoption, or FDI linkages with domestic firms, encouraging firms to adapt better technology or practices.
* *Between growth (Facilitating the growth of more productive firms)*. This channel enhances aggregate productivity growth by facilitating the market conditions enabling more productive firms to expand, implying a more efficient allocation of resources in the economy. Relevant policies in this channel include policies that safeguard access to competitive product markets through trade policy, quality infrastructure, competition policy, the removal of regulatory barriers, contract enforcement, and the consistent implementation of regulations and procedures, including public procurement across firms competing in the same sector.
* *Firm exit (Simplifying insolvency of unproductive firms)*. This channel focuses on the aggregate productivity and investment benefits of freeing up capital and labor for more productive enterprises. Relevant policies include simplifying firm restructuring, deregistration, and insolvency.

**This integrated framework allows us to identify priority policy areas and subsequently determine the specific reform measures within those areas that promote productive investment.** The ICA 2.0 first applies the diagnostic toolkit to prioritize the broader policy reform areas by uncovering the firm dynamics that undermine stronger aggregate productivity growth and investment. The toolkit then assesses how different policies within the prioritized policy area(s) are potential binding constraints by exploiting variations in policy indicators across sectors or regions within the focus country when available. Finally, the policy assessment leverages available policy indicators and tools, legal reviews, and consultations for a deep dive into the identified priority reform area(s) to pinpoint specific reform measures. It provides guiding principles that, combined with deep dives into the resulting priority areas, detect binding policy actions.

**The ICA 2.0. highlights how firm-level dynamics contribute to the evolution of aggregate productivity by decomposing aggregate TFP using standard decomposition techniques used in the literature (e.g., Figure 5).** The Melitz-Polanec (2015) decomposition explains how the growth of aggregate productivity is driven by individual firms becoming more productive (called “within-firm” growth), increasing their size (called “between-firm” growth), and the entry and exit of firms. The “entry” component is positive if the entry of firms leads to an aggregate productivity increase (that is if the group of entering firms is more productive than the weighted average of surviving firms). The “exit” component is positive if the exit of firms leads to an aggregate productivity increase (that is if the group of exiting firms is less productive than the weighted average of surviving firms.

## Annex II: Data Sources Used in the Diagnostic Analysis

#### 1. The analysis employes the following databases:1. World Development Indicators (WDI)

It is a compilation of relevant, high-quality, and internationally comparable statistics about global development and the fight against poverty. The database contains 1,400 time series indicators for 217 economies and more than 40 country groups, with data for many indicators going back more than 50 years. For access, visit <https://datatopics.worldbank.org/world-development-indicators/>

#### 2. Economic Census and Surveys- General Statistics Office (GSO)

Firm-level unbalanced panel dataset merging the Viet Nam Economic Census implemented by the General Statistics Office (GSO) and Tax Administrative data (2015-19). For further information, <https://www.gso.gov.vn/en/economic-census/>

#### 3. Private Sector Dynamics Database (PSDD) – ICA 2.0

The new global Private Sector Dynamics Database (PSDD) benchmarks the firm and market dynamics driving productive investment across countries and over time. It provides a comprehensive set of standardized firm and market structure indicators from harmonized administrative data. The PSDD currently covers large firm panel data for more than 20 developing countries, including Vietnam. The coverage will grow organically with new ICA 2.0 pilots.

The PSDD offers a menu of comparable aggregate indicators on private sector dynamics covering several economies worldwide. Indicators computed by the PSDD include:

• Aggregate private sector trends, including aggregate/average labor productivity, TFP, capital intensity, wages, energy intensity, etc.

• Decomposition of aggregate productivity growth contributions from firm entry and exit, upgrading existing firms, growth of more productive firms (i.e., the extent of factor misallocation), and growth of more productive sectors (i.e., structural change).

• Business dynamism, including firm density, firm entry and exit rates, jobs and productivity by firm age or size, job creation over firms’ lifecycle, distribution of firms’ markups, job reallocation rates, persistency of market leader status, etc.

#### 4. World Bank Enterprise Survey (WBES)

The World Bank Enterprise Surveys (WBES) are firm-level surveys covering a representative sample of an economy’s private sector. The universe of inference includes all formal private sector businesses (with >1% private ownership) with more than five employees. WBES collects data on firm characteristics and firm performance, and on a broad range of business environment topics. Data are collected through a standardized global methodology [methodology](https://www.worldbank.org/content/dam/enterprisesurveys/documents/methodology/Enterprise%20Surveys_Manual%20and%20Guide.pdf) that allows us to compare data over time and across countries. across the world. More information on WBES methodology coverage is available on the WBES website <https://www.enterprisesurveys.org/en/enterprisesurveys> where indicators and firm-level data are also available.

**Figures II.1 sample composition by size and sector for Viet Nam WBES 2023.**

|  |  |  |  |
| --- | --- | --- | --- |
| a. Sample composition, by size |  |  | b Sample composition, by sector |
|  |  |  |  |
| *Source: World Bank Enterprise Survey.*  *Note: Sample size: 1,028 observations.* |  |  | *Source: World Bank Enterprise Survey.*  *Note: Sample size: 1,028 observations.* |

The survey implementation in Viet Nam 2023 is as follows:

* Fieldwork duration: April 2023 and October 2023.
* Sample frame source: General Statistics Office of Vietnam
* Stratification sectors: Manufacturing of: Food, Garments, Fabricated Metal Products, Other manufacturing; Construction, Retail, Hotels, and Other Services.
* Stratification sizes: Small (5 to 19 employees), Medium (20 to 99 employees), and Large (100 and more employees).
* Stratification regions: Northern Central region, the Central Coast, Central Highlands; Red River Delta; Northern Midlands and Mountains; Southeast; Mekong River Delta.
* Survey implementation agency: Mekong Economics LTD
* Sample size: 1,028. Fresh: 772. Panel: 256.
* Survey response rates: Yield: 23.6%, Response rate: 31.7%, Frame quality: 74.3%.
* Some item response rates:
  + Total annual sales in fiscal year: 99.7% response.
  + Total annual cost of labor including wages, salaries, bonuses, social security payments: 100% response.
  + Permanent, full-time workers at the end of last fiscal year: 98.6% response.
  + all TFP vars: 70%.
* Sampling weights are used throughout the analysis (wmedian): All indicators and analysis conducted by the Enterprise Surveys team use the sampling weights based on the median assumption.

**Figure II.2 Sample Composition of WBES in comparator countries**

|  |  |  |  |
| --- | --- | --- | --- |
| **Country** | **Year of survey** | **Sample size** | **Category** |
| Bangladesh | 2022 | 998 | Structural |
| Cambodia | 2023 | 519 | Structural |
| Indonesia | 2023 | 2,955 | Structural |
| Malaysia | 2019 | 1,221 | Structural |
| Mexico | 2023 | 1,322 | Aspirational |
| Singapore | 2023 | 623 | Aspirational |
| Türkiye | 2019 | 1,663 | Aspirational |

#### 5. Entrepreneurship database

The Entrepreneurship Database project collects data on registered firms from 2006 to 2022 in 180 economies, focusing on the following three variables: the number of new firms, the total number of firms, and the number of closed firms. For access, visit <https://www.worldbank.org/en/programs/entrepreneurship>

#### 6. The Provincial Competitiveness Index (PCI) – Vietnam

It is an annual business survey in Viet Nam about the economic governance quality of provincial authorities in creating a favorable business environment for the private sector's development. Firms are selected using random sampling to mirror provincial populations. Stratification is used to ensure that firm age, legal type, and sector are accurately represented.

The overall PCI comprises ten sub-indices, reflecting economic governance areas that affect private sector development. A province that is considered to perform well on the PCI is the one that has:

1) low entry costs for business start-ups.

2) easy access to land and security of business premises.

3) a transparent business environment and equitable business information.

4) minimal informal charges.

5) has limited time requirements for bureaucratic procedures and inspections.

6) limit crowding out of private activity from policy biases toward state, foreign, or connected firms.

7) proactive and creative provincial leadership in solving problems for enterprises.

8) developed high-quality business support services.

9) sound labor training policies.

10) fair and effective legal procedures for dispute resolution.

The composite PCI has a maximum score of 100 points. For further information and access, <https://pcivietnam.vn/en>

#### 7. FDI Regulatory Restrictiveness Index - The Organization for Economic Co-operation and Development (OECD)

The FDI Regulatory Restrictiveness Index (FDI Index) measures statutory restrictions on foreign direct investment in 22 economic sectors across 69 countries, including all OECD and G20 countries. The FDI Index gauges the restrictiveness of a country’s FDI rules by looking at the four main types of restrictions on FDI: foreign equity limitations, screening or approval mechanisms, restrictions on the employment of foreigners as key personnel, and operational restrictions, e.g., restrictions on branching and on capital repatriation or land ownership. For further information and access, visit <https://www.oecd.org/investment/fdiindex.htm>

#### 8. World Bank Sectoral bilateral FDI database

It is a sectoral bilateral FDI stocks compiled by the World Bank. This makes use of a regional dataset from EUROSTAT, including 36 European countries, and accompanies this with bilateral FDI from six countries with significant outward investment (in order of the FDI magnitude): the United States, Japan, Korea, Canada, Singapore, and Brazil. These 42 countries jointly made up over 80 percent of global FDI stocks between 2007 and 2018. The mirrored data provides detailed information on sectoral FDI stocks for 22 developing countries.

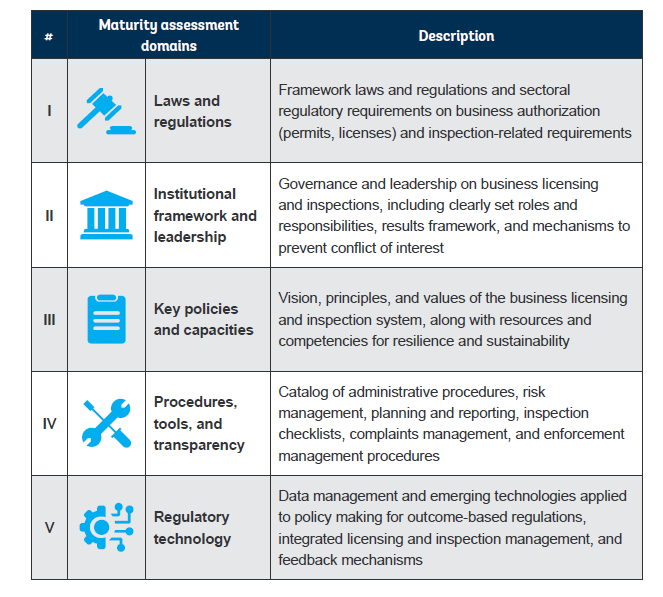
## Annex III: Business Licensing and Inspections Maturity Assessment (BLIMS) methodology

The BLIMS is a methodology developed by the World Bank Investment Climate Unit to carry out a quick diagnostic of licensing and inspections systems at national, sub-national or sectoral levels. Licensing and inspections are often seen as separate components of service delivery; however, they are two sides of the same coin when it comes to business regulation design and implementation. Business licensing encompasses all ex-ante authorizations and procedures relevant for businesses entering the market and commencing operations after incorporating and registering with the tax authorities. Business inspections refer to supervision activities relevant after the business enters the market.

BLIMS is structured around five domains (table III.1), and there are five questions per domain, with three possible responses to each question. Each response is assigned a score (0, 1, or 2); therefore, by completing the BLIMS, the user can quantify and visualize how the country performs across the five domains.

The output of the BLIMS is twofold. Initially, it includes an assessment of the country’s maturity level across five maturity domains and three maturity levels (Starting, Developing, and Maturing). Subsequently, the assessment identifies specific transformational activities and produces a high-level roadmap. The roadmap can be used as an important input to the policy dialogue with the client and to the project design.

**Table III.1 BLIMS domains**



Source: Vranic and Molfetas (2022).

# Annex IV: A Case Study of the Impact of Regulations: Wind Turbine Manufacturing in Viet Nam

**In March and April 2024, the World Bank conducted a comprehensive Green Investment Climate Diagnostic (GICD) for the wind turbine manufacturing sector in Vietnam.** The GICD reviewed over 25 critical policies, laws, and regulations for investment attraction, entry, and establishment, and included interviews with more than 20 senior private and public stakeholders. Based on the findings, the World Bank proposes reforms to enable investments in wind turbine manufacturing.

**Despite its potential, the wind turbine manufacturing sector remains nascent in Vietnam**. Thecountry could benefit from existing manufacturing capabilities, low labor costs, and proximity to Southeast Asia and China. Vietnam's manufacturing exports as a share of GDP are the highest in the region, and labor costs in industrial activities are about are approximately 54 percent lower than those in China[[115]](#endnote-2). Global wind turbine manufacturers operate assembly facilities geared towards export markets, such as GE Vernova Vietnam, mainly due to the lack of domestic generation demand. Vestas and Siemens Gamesa (SGRE) have been contracted to provide turbine EPCI to most wind farms. However, components and subcomponents are primarily imported, and local production remains minimal.

**Vietnam's competitive edge in wind turbine value chains may lie in exporting components such as blades and electrical parts**. Vietnam's expertise in composite materials, precision manufacturing, and electronics, combined with a skilled labor force from related industries, suggests this potential. However, lagging local demand for wind energy and export-oriented assembly facilities may indicate a need to support export-focused investments the medium term. Further analysis is required to confirm this assessment definitively.

**However, the growth potential seems to be restricted by several regulatory barriers. These include the following:**

1. **Lack of a comprehensive law for industrial investments.** Vietnam's legal framework, primarily Decree 111, lacks clarity on conditions, criteria, and procedures for industrial investments, particularly in the wind turbine sector. The absence of a law on industrial development and cumbersome administrative procedures for wind turbine components and parts are major concerns for private sector firms operating in the sector.
2. **Incomplete regulations on green credit, environmental protection, inspections, and greenhouse gas (GHG) inventories.** The Ministry of Natural Resources and Environment (MONRE) drafted a Primer Minister’s (PM) Decision on green finance-compliant projects in 2022, but it remains unfinalized. The Law on Environmental Protection No. 72/2020/QH14 and Decree 08/2022/ND-CP for GHG inventories (MRV) are also incomplete, and Viet Nam lacks the necessary infrastructure, human resources, and technical capabilities for effective MRV. Environmental inspections and monitoring are fragmented across multiple government agencies and lack adequate coverage.
3. **Unclear and cumbersome administrative procedures, which often conflict with other regulations.** Appraising, granting, auditing, and verification procedures for green projects’ incentives are lengthy and fragmented across several government agencies. Consultations with private stakeholders suggests, for instance, that approvals can take up to one year. Eligibility criteria for specific manufacturing goods are unclear, with wind turbines considered as final products and parts and components excluded. There is also a lack of a well-defined eligibility criteria and scope for tax incentives.

Policy recommendations include the need to (i) enact a new Law on Key Industrial Development to provide a legal basis for foundation industries, (ii) issue the PM's Decision on environmental criteria for green finance and tax incentives, (iii) strengthen the Law on Environmental Protection and Decree 08/2022/ND-CP framework for Greenhouse Gas (GHG) inventories (MRV), and (iv) revise Decree 111/2015/ND-CP and other business regulations to streamline administrative procedures and inspections, reduce administrative procedures during the establishment and operation of businesses, and ensure that information technology infrastructure meets requirements.

# Annex V: Lessons from Viet Nam’s recent reform of business regulations relevant to other countries

The experience of Viet Nam in the implementation of Resolution 68 provides important lessons that can be useful to other economies seeking to launch a reform program to improve the regulatory environment for businesses. The main lessons are summarized below:

1. *A big, government-wide reform program needs a strong coordination mechanism at the center of the government and political support of top leaders*. The Resolution 68 gives OOG/APCA a strong coordinating role and the tasks to conduct independent reviews which makes it possible for OOG/APCA to push ministries and agencies to implement the Resolution and also gives APCA tools to argue for stronger reform measures when needed. APCA is also the secretariat of the ACAPR, which helps APCA to collect comments and feedback from the business community about what regulations should be reformed the most in important sectors. At the center of the government, OOG/APCA has a better access to government leaders and the regulatory and administrative reform is also high in the government’s agenda. In 2023, the Prime Minister established an Administrative Reform Task Force with a Deputy Prime Minister as the Leader and ministers/deputy ministers as members of the Task Force. This is key driver of the progress in the implementation of Resolution 68 so far.
2. *Target setting needs to consider a balanced approach to regulatory reform in line with the country priorities.* Resolution 68 covered several objectives to reduce the burden of regulations on businesses, control the flow of new regulations, consolidate legal documents, and develop digital tools for regulatory development, among others. Yet, the quantitative targets of the program prioritized reviewing the stock of existing regulations—simplifying or reducing regulations and cutting compliance costs by 20 percent over 5 years, across all ministries. Implementation and reporting follow primarily these targets, while other important aspects, such as the relevance, quality, and impact of new or amended regulations received less attention. In addition, having clear criteria to identify the regulations that need streamlining may be more conducive to substantive improvements than letting government agencies propose specific regulations for simplification.
3. *Establishing a comprehensive baseline of compliance costs may not be feasible or cost-effective.* Resolution 68 results indicators relied on setting baselines on the total stock of business regulations and compliance costs in the first year of implementation. However, this requires significant effort and technical knowledge, especially to calculate compliance costs based on the Standard Cost Model. In practice, this approach proved unfeasible, complicating measurement of progress against Resolution 68 targets. Instead of calculating compliance costs for the entire stock of regulations, more cost-effective approaches could be considered to reduce regulatory burden. These may include: i) using other data sources, such as administrative burden instead of a comprehensive compliance cost calculation, complemented with firm surveys and other data to identify burdensome regulations; ii) invest in improving the quality of assessment on the benefits and costs of critical regulations proposed for amendment; and iii) consider other type of targets to control the stock and flow of regulations (such as ‘one in, X out’). Identifying the most adequate approach requires a detailed assessment and consideration to the government objectives and the technical capacity and resources available for regulatory reform.
4. *Data is critical to reform success but requires building fundamentals for collecting and sharing it.* Granular data on regulations is necessary to allow for evidence-based design and implementation of regulatory reform programs. Data on regulated entities is also essential for the effectiveness of risk-based approaches to regulations (including efficient inspections). Viet Nam has made important efforts to improve the transparency of information on existing regulations, but certain foundational aspects to enable better data collection and sharing on business regulations still need improvement. Other countries could consider improving aspects such as: i) having a standardized terminology, defined in a legal instrument, to refer to regulatory instruments (such as ex-ante approvals); ii) classification of licensing requirements and operating conditions by economic activity (using standard industry classification); iii) define and apply clear standards on data format (promoting the use of structured data), data collection, data sharing, and data privacy, as part of a government-wide interoperability framework that enables efficient data exchange.
5. *Ensuring implementation of regulatory reforms across government agencies requires strong incentives and private sector participation.* Viet Nam has a strong institutional mechanism for regulatory reform with, APCA/OOG, at the center of government, and an advisory council including private participation. However, this arrangement has not ensured full engagement of all government entities, and private sector feedback points at opportunities for greater involvement from business representatives. Other countries pursuing regulatory reform programs could learn from this experience and consider other mechanisms to build incentives for government agencies and private sector engagement, such as success recognition and rewards (financial and non-financial), external reviews (from independent think-tanks, academia, or international partners), and publicity of implementation progress updates, among others.
6. *Reform ambition needs to be calibrated to the capacity of the agency leading the process.* A comprehensive regulatory reform program like Resolution 68 is demanding for the regulatory oversight agency and the implementing agencies, and their capacity has been overstretched. For APCA/OOG this implied difficulty in supporting other government agencies with implementation, and in monitoring and evaluating progress. Defining a realistic scope for the reform program, aligned with available resources, increases chances of successful implementation. A phased approach, with clear criteria for prioritizing initial reforms and sequencing implementation, as opposed of a government-wide program from the outset, can be considered.

1. Based on the firm-level prioritization analysis and desk review, the report focuses on the quality of the regulatory framework as one driver of productivity growth. Other important factors, such as competition, access to finance, skills or technology, contribute to productivity growth, however, will not be covered by the report. [↑](#footnote-ref-2)
2. Viet Nam’s score improved from – 0.77 in 2002 to – 0.43 in 2022, leading to an improvement of almost 14 percent points in Viet Nam’s percentile rank which reached 36.3 in 2022, compared to 22.7 in 2002. [↑](#footnote-ref-3)
3. PCI Report 2023. [↑](#footnote-ref-4)
4. World Bank 2024. [↑](#footnote-ref-5)
5. In 2022, the score for Viet Nam is -0.43 on a scale of -2.5-+2.5, compared to 0.2, 0.66, 0.16, and 2.21 for Indonesia, Malaysia, Thailand, and Singapore respectively. [↑](#footnote-ref-6)
6. OECD, 2022. [↑](#footnote-ref-7)
7. The Decree 63 stipulates that “APs that are posted on the National Database of APs are valid for enforcement and have their enforcement guaranteed”. However, this does not mean that if information on APs is not up to date in the National Database, it is considered unenforceable. [↑](#footnote-ref-8)
8. World Development Indicators (https://databank.worldbank.org/source/world-development-indicators). [↑](#footnote-ref-9)
9. World Bank, forthcoming. [↑](#footnote-ref-10)
10. GSO Statistical Yearbook 2022 shows that the domestic private sector accounts for 50.5 percent and the foreign-invested sector accounts for 20.5 percent of GDP. [↑](#footnote-ref-11)
11. World Bank 2023. [↑](#footnote-ref-12)
12. Loayza, N., and L. Serven 2010. [↑](#footnote-ref-13)
13. Saurav, A. and V. Steenbergen 2023. [↑](#footnote-ref-14)
14. World Bank staff calculation using World Bank Enterprise Survey data. [↑](#footnote-ref-15)
15. World Bank 2023. [↑](#footnote-ref-16)
16. In 2022, the score for Viet Nam is -0.43 on a scale of -2.5-+2.5, compared to 0.2, 0.66, 0.16, and 2.21 for Indonesia, Malaysia, Thailand, and Singapore respectively. [↑](#footnote-ref-17)
17. World Bank forthcoming; World Bank 2023; World Bank 2022; IFC 2021; Cirera et al. 2021; World Bank 2021. [↑](#footnote-ref-18)
18. More details are provided in Annex B. [↑](#footnote-ref-19)
19. ASEAN 2022. [↑](#footnote-ref-20)
20. Vranic, G. and A. Molfetas 2022. [↑](#footnote-ref-21)
21. Sectoral composition matters for productivity: higher-income countries tend to have more knowledge-intensive services and manufacturing. For instance, if low-income countries were to match the sectoral composition of high-income countries, their productivity would increase by a third (Nayyar et al. 2021). [↑](#footnote-ref-22)
22. Additional evidence of misallocation is presented in Annex A. [↑](#footnote-ref-23)
23. Regulatory delivery is defined as the way that regulatory agencies operate in practice to achieve the intended outcomes of regulations (Graham Russell, Christopher Hodges. 2019. “Regulatory Delivery (Civil Justice Systems). Hart/Beck, London). [↑](#footnote-ref-24)
24. Klapper et al., 2009; Klapper and Love, 2011; Bruhn, 2012. [↑](#footnote-ref-25)
25. Bailey and Thomas, 2017. [↑](#footnote-ref-26)
26. Morikawa, 2023. [↑](#footnote-ref-27)
27. Muzi et al., 2021; Cirera et al., 2021. [↑](#footnote-ref-28)
28. Haidar, 2012 [↑](#footnote-ref-29)
29. OECD. 2021. Recommendations of the Council for Agile Regulatory Governance to Harness Innovation; Aghion et al. 2023. [↑](#footnote-ref-30)
30. This is measured by the variation in the time firms spend on paperwork, the higher the variation the higher the discretion. [↑](#footnote-ref-31)
31. Schiffbauer et al., 2022. [↑](#footnote-ref-32)
32. The RegData database developed by the Mercatus Center, George Mason University with text analytic technique can be a good model. See more at <https://www.mercatus.org/research/working-papers/regdata>. [↑](#footnote-ref-33)
33. The term “business regulations” in Viet Nam is used to cover a broad range of requirements for firms that includes administrative procedures, technical regulations and standards, investment conditions, reporting requirements, and technical requirements for imports /exports. It is different from the legal documents that introduce, amend, or eliminate such regulations. [↑](#footnote-ref-34)
34. Prime Minister Decision 1682/QD-TTg dated December 26, 2023, on reorganization of the Prime Minister’s Council on Administrative Procedure Reform. [↑](#footnote-ref-35)
35. OECD (2022), Supporting Regulatory Reforms in Southeast Asia, OECD Publishing, Paris, <https://doi.org/10.1787/aad87f86-en>. [↑](#footnote-ref-36)
36. Ibid. [↑](#footnote-ref-37)
37. RIA has recently renamed as Policy Impact Assessment (PIA) with new requirements. The Ministry of Justice has the responsibility of coordinating drafting of legal texts and Regulatory Impact Assessment reports (Law on Laws) and APCA oversees impact assessments related to administrative procedures (Decree 63/2010/ND-CP). The RIAs are prepared by the entity proposing the regulation and published online. Detailed guidance and capacity building have been provided to government entities on preparing RIAs, with support from international partners. A specific methodology for calculating costs associated with administrative procedures is provided by Circular 02/2017/TT-VPCP. [↑](#footnote-ref-38)
38. Stakeholder engagement is discussed further below. [↑](#footnote-ref-39)
39. Law No. 80/2015/QH13, amended in 2020. [↑](#footnote-ref-40)
40. Decree No. 63/2023/ND-CP [↑](#footnote-ref-41)
41. <https://dichvucong.gov.vn/p/home/dvc-trang-chu.html> [↑](#footnote-ref-42)
42. By the time this report was finalized in June 2024, new data has been released. Specifically, by the end of March 2024, 2,886 business regulations were cut or simplified (including 1,486 administrative procedures, 175 investment requirements, 92 reporting requirements, 164 technical regulations and standards, and 969 import control goods). [↑](#footnote-ref-43)
43. <https://quydinhkinhdoanh.gov.vn/p/home/tmv-trang-chu.html>. [↑](#footnote-ref-44)
44. Figure reported by APCA during consultations in January 2024. [↑](#footnote-ref-45)
45. Viet Nam has 18 Ministries (Ministry of Foreign Affairs, Ministry of Defense, Ministry of Public Security,

    Ministry of Home Affairs, Ministry of Justice, Ministry of Finance, Ministry of Industry and Trade, Ministry of Planning and Investment, Ministry of Agriculture and Rural Development, Ministry of Construction, Ministry of Transport, Ministry of Education and Training, Ministry of Science and Technology, Ministry of Natural Resources and Environment, Ministry of Information and Communications, Ministry of Health, Ministry of Labor, Invalids and Social Affairs, Ministry of Culture, Sports and Tourism); and 4 Ministry-level agencies (government office, government inspectorate, State Bank of Viet Nam, and Committee for Ethnic Minority Affairs). The data shared by APCA covers the agencies targeted by Resolution 68: 17 Ministries (excluding the Ministry of Foreign Affairs which does not have business regulations) and the State Bank of Viet Nam (other Ministry-level agencies are not included either). For ease of reference, this section refers to ‘Ministries’ when discussing the regulatory reform. [↑](#footnote-ref-46)
46. Decree No. 63/2010/ND-CP. [↑](#footnote-ref-47)
47. Circular 02/2017/TT-VPCP. [↑](#footnote-ref-48)
48. The Standard Cost Model is a methodology to assess costs originally developed in the Netherlands in the early 2000s and later adopted by many OECD countries and some developing countries to assess the cost of complying with regulations (World Bank Group 2010). [↑](#footnote-ref-49)
49. The calculation of compliance cost is based on the administrative and non-administrative costs to comply, multiplied by the number of transactions. Therefore, a procedure with zero transactions in a year would have zero compliance costs. [↑](#footnote-ref-50)
50. OECD, 2022 [↑](#footnote-ref-51)
51. The Prime Minister gives guidance on reform priorities, such as the Directive 27/CT-TTg dated October 27, 2023, and the Decision [933/QĐ-TTg](http://hscv.vpcp.vn/Authentication%21actionChooseGroup.do) dated August 06, 2023. [↑](#footnote-ref-52)
52. Resolution 68/NQ-CP of 2020, Section III, art. 1 d). Just fourteen of the 244 legal texts issued between 2020 and 2023 are related to procedures related to import and export of goods. [↑](#footnote-ref-53)
53. World Bank, “Maturity assessment of licensing and inspections in Viet Nam”, forthcoming. See Annex D for details about methodology. [↑](#footnote-ref-54)
54. Law No. 61/2020/QH14 of June 8, 2020, on Investment. [↑](#footnote-ref-55)
55. In some cases, the description is at a high level. For example, “sports business by sports enterprises and professional sports clubs”, therefore all sports-related activities are captured by the description and are subject to conditions. In other cases, the business line refers to a specific activity that is included as part of a broader class of economic activities. For example, the list refers to “massage services”, and “pawn shop” services, which are covered under classes 9609 and 4774 respectively in ISIC 4 (hence these are beyond the fourth-digit level). Lastly, in other cases, appendix IV does not refer to specific economic activities based on a standard classification. For example, it refers to “trading in foods under the management of the Ministry of Agriculture and Rural Development”, and “trading in foods under the management of the Ministry of Industry and Trade”. [↑](#footnote-ref-56)
56. Procedures required before the business can start operations. [↑](#footnote-ref-57)
57. Note that this number does not include tax-related, custom related or trade related procedures (e.g., import and export licenses). [↑](#footnote-ref-58)
58. World Bank. 2020. Implementation Completion and Results Report for the Moldova Economic Governance DPO1, July 31, 2020. [↑](#footnote-ref-59)
59. The list includes that are considered low risk in other jurisdictions such as “massage services”, “e-commerce activities”, “overseas study consultancy services”, “travel services”, “antiques assessment services”, “art performance, fashion show, beauty contest, model contest services”, “trading audios and videos of dance, music and stage performances,” to name a few examples. [↑](#footnote-ref-60)
60. BLIMS Pilot. [↑](#footnote-ref-61)
61. In the case of retail food trade establishments such as grocery stores, supermarkets, farmers’ markets, and other food establishments that sell food directly to consumers such as restaurants, and catering businesses, ex-ante inspections and onerous licensing procedures are not typically required in in several EU Member States. Exceptions apply in the case where the food is provided in the context of a high-risk. For example, in the case of prisons, kinder gardens, hospitals and nursing homes where the residents are either immunocompromised or simply less resilient than the average population some ex-ante controls may apply to assess how the business operator meets pre-requisite requirements, how the hazard analyses and HACCP plans are developed and how other HACCP principles are applied. [↑](#footnote-ref-62)
62. APCA’s guidance for reviewing some key licensing procedures under the Prime Minister’s Decision No. 104 issuing the plan to review and reform key procedures in 2024. [↑](#footnote-ref-63)
63. VCCI and USAID, 2022. [↑](#footnote-ref-64)
64. Regulatory oversight bodies are institutions responsible for promoting regulatory policy and coordinating, monitoring and reporting on regulatory reform across the government. [↑](#footnote-ref-65)
65. For example, during the WB mission in Ha Noi, the team identified a potential overlap between MARD and the Ministry of Industry and Trade in animal health management, in the context of food safety. This is due to potential overlaps in the animal health law and the food safety administration law. Therefore, a regulatory review in this area is recommended, to identify any overlaps in the sectoral regulations and clarify the mandates. [↑](#footnote-ref-66)
66. Decision 415/QD-TTg of 2017. [↑](#footnote-ref-67)
67. OECD 2022 [↑](#footnote-ref-68)
68. Ibid. [↑](#footnote-ref-69)
69. Decree No. 63/2010/ND-CP. [↑](#footnote-ref-70)
70. <https://quydinhkinhdoanh.gov.vn/p/home/tmv-trang-chu.html> [↑](#footnote-ref-71)
71. OECD 2022 [↑](#footnote-ref-72)
72. OECD 2021. [↑](#footnote-ref-73)
73. OECD 2021. [↑](#footnote-ref-74)
74. Ladegaard et al. 2018. [↑](#footnote-ref-75)
75. RIA is an important tool to improve the quality of regulations, but it also requires investment in capacity building and a strong monitoring and evaluation system. RIA has been adopted for 15 years in Viet Nam, but quality of RIA reports is still largely questionable. The World Bank is conducting a study to measure the quality of RIA reports vis-a-via Viet Nam’s laws and international good practices and recommend measures to improve RIA implementation in Viet Nam. [↑](#footnote-ref-76)
76. OECD 2021. [↑](#footnote-ref-77)
77. ibid [↑](#footnote-ref-78)
78. According to Decree 138/2020/ND-CP on recruiting, employing, and managing civil servants, Ministries and provincial People's Committees are responsible for managing the quantity, standards, recruitment, and employment of civil servants under their authority. Decree 62/2020/ND-CP on civil servant roles and payrolls stipulates that the Ministers are responsible for providing guidance on roles for civil servants working in their managed sectors from the central to local levels, while provincial People's Committees are responsible for deciding and adjusting roles in agencies and organizations under their responsibility. In fact, the requirements on the competency, qualifications, and terms of reference of civil servants are embedded in the recruitment process. [↑](#footnote-ref-79)
79. Decree 138/2020/ND-CP, Article 73, clause 6. [↑](#footnote-ref-80)
80. In some countries, licensing officers are also subject to a higher salary scale than other civil servants in the public sector. This helps reduce opportunities for corruption. It also helps attract talent and create a cadre of professionals with expertise in their regulatory domain. In mature systems, licensing agencies maintain competitive salaries for licensing officers and incentive schemes (e.g., annual awards to high performers, promotions, certificates of competence, and opportunities for continuous professional education and development) to reward high performers and continuously develop their expertise. Source: BLIMS. [↑](#footnote-ref-81)
81. For example, the report for the 1st half of 2023 identified that the Ministries of Science and Technology and Ministry of Public security had submitted their plans to reduce/simplify regulations, other Ministries (Industry and Trade, National Defense, Finance, Culture, Sports and Tourism) had not yet done so. [↑](#footnote-ref-82)
82. Government Resolution No. 01/NQ-CP on measures to achieve socio-economic development goals in 2024. [↑](#footnote-ref-83)
83. Prime Minister’s Decision No. 766/QD-TTg, of June 23, 2022. [↑](#footnote-ref-84)
84. The assessment can include how data for transactions that take place largely at the subnational level are being reported to APCA, how is the reported information is entered into APCA’s database, and whether this information is based on the subnational authorities’ own (manual) reporting, or if this data is automatically generated by the solutions IT systems at the subnational level. It could also cover the tools available to APCA in the context of its oversight role, such as if APCA’s role is limited to collecting this data, or if it is also empowered to act in the case where the KPIs indicate weaknesses in regulatory delivery. [↑](#footnote-ref-85)
85. i) Starting a business, ii) Tax, iii) Investment, iv) Licenses, practice certificates, business conditions, v) Cross- border commercial transactions, vi) Land, vii) Environment, viii) Construction, and ix) Specialized inspections, [↑](#footnote-ref-86)
86. Based on the World Bank team review and a 2022 World Bank Assessments of Users Experiencing Online Public Services. [↑](#footnote-ref-87)
87. PDF file, scanned documents [↑](#footnote-ref-88)
88. A Resolution on the National Data Center Project was approved in October 2023 and introduced the concept of a government data warehouse. In addition, Viet Nam has enacted a Cybersecurity Law, and a Decree with additional details on the framework for cybersecurity. [↑](#footnote-ref-89)
89. Although Article 4 of the Decree on Digital Administrative Procedures stipulates that “electronic administrative procedures and other forms of administrative procedures shall have the same legal value as per the law”, Article 3 implies that physical (paper) documents have a higher value in terms of legal validity compared to electronic documents, by referring to the concept of an “electronic copy” – instead of an “electronic version”. This is not supportive of a data-driven approach to regulatory delivery, whereby (structured) data should be promoted over all other forms of data, where the electronic version should be treated as the original version, and where paper is fully eliminated both from input and output documents. Similarly, the Electronic Transactions Law refers to the legal validity of data messages and treats them as equal to the “original.” [↑](#footnote-ref-90)
90. During a one-stop shop (OSS) visit, the World Bank team observed staff transcribing the unstructured data into backend solutions. [↑](#footnote-ref-91)
91. The Once-Only Principle is an e-government concept that aims to ensure that citizens, institutions, and businesses provide data to public administration only once while public bodies exchange this data when requested and in compliance with the relevant regulations. [↑](#footnote-ref-92)
92. It should be noted that outside the framework of Resolution 68, APCA has been implementing reform initiatives that focus on digitalizing and integrating services and the ratio of end-to-end online services is one of the KPIs adopted by GOV (Resolution 01/NQ-CP on solutions to achieve socio-economic development plan for 2024). [↑](#footnote-ref-93)
93. Some noticeable areas repeatedly mentioned during consultations for this note were fire safety regulation, registration for road transport business, registration for land use rights, and licenses for tourism and accommodation businesses. [↑](#footnote-ref-94)
94. It is likely that the list of legal texts amended did not include information on business regulations affected by the amendments in all cases. Information for other types of business regulations was not provided. [↑](#footnote-ref-95)
95. This could include reviewing the RIAs prepared for the legal text introducing these changes. [↑](#footnote-ref-96)
96. Renda, Andrea (2017). [↑](#footnote-ref-97)
97. It is unclear if this information is currently collected by the system. [↑](#footnote-ref-98)
98. Recommendations on developing the eGIF are beyond the scope of this report but they are covered in our BLIMS assessment. [↑](#footnote-ref-99)
99. European Commission - Directorate-General for Communications Networks. 2022. eGovernment Benchmark, Synchronizing digital governments: insight report, Publications Office of the European Union. [https://data.europa.eu/doi/10.2759/488218](https://data.europa.eu/doi/10.2759/488218" \t "_blank) [↑](#footnote-ref-100)
100. OECD. 2021. Risk-based regulation (chapter 6). In “OECD Regulatory Policy Outlook 2021”. OECD Publishing. Paris, <https://doi.org/10.1787/38b0fdb1-en>. [↑](#footnote-ref-101)
101. The list includes low risk activities in other countries, such as “e-commerce activities”, “overseas study consultancy services”, “travel services” etc. [↑](#footnote-ref-102)
102. The Administrative License Law of the People's Republic of China. Available at: https://www.cecc.gov/resources/legal-provisions/administrative-licensing-law-chinese-and-english-text [↑](#footnote-ref-103)
103. Available at: http://www.gncc.ge/files/7050\_6827\_449892\_licese%20of%20georgia.pdf [↑](#footnote-ref-104)
104. Available at: <http://www.publicrevenue.gr/elib/view?d=/gr/act/2016/4442/> [↑](#footnote-ref-105)
105. Available at: https://online.zakon.kz/Document/?doc\_id=31548200 [↑](#footnote-ref-106)
106. Available at: https://investmongolia.wordpress.com/category/law-on-licensing/ [↑](#footnote-ref-107)
107. Law of Ukraine on Licensing of Economic Activities. Available at: https://zakon.rada.gov.ua/laws/show/222-19?lang=en#Text [↑](#footnote-ref-108)
108. Russian Federal Law of May 4, 2011, N 99-FZ (as amended on December 25, 2023) “On licensing of certain types of activities”. Available at: https://legalacts.ru/doc/99\_FZ-o-licenzirovanii-otdelnyh-vidov-dejatelnosti/ [↑](#footnote-ref-109)
109. Vranic, Goran (2022) explains how to automate the catalogue of administrative procedures in Croatia using AI tools. [↑](#footnote-ref-110)
110. The BLIMS assessment provides more details and pre-requisites for this system to function. [↑](#footnote-ref-111)
111. The OASIS LegalDocML standard is the future machine-readable structured format for the exchange of legal documents that is based on XML, and more specifically on Akoma Ntoso, and should serve as the specification for all future exchanges of legal documents. More information is available at <https://groups.oasis-open.org/communities/tc-community-home2?CommunityKey=3425f20f-b704-4076-9fab-018dc7d3efbe>. [↑](#footnote-ref-112)
112. Content design: planning, writing, and managing content, available at <https://www.gov.uk/guidance/content-design/writing-for-gov-uk>. [↑](#footnote-ref-113)
113. W3C Accessibility Standards Overview, available at <https://www.w3.org/WAI/standards-guidelines/>. [↑](#footnote-ref-114)
114. Formerly known as the Better Regulation Delivery Office and the Regulatory Delivery Office. [↑](#footnote-ref-115)
115. [↑](#endnote-ref-2)