

No: 236/2006/QĐ-TTg

Hanoi, October 23rd, 2006

DECISION
APPROVAL OF THE 5 YEAR SME DEVELOPMENT PLAN 2006-2010

The Prime Minister

Based on the Law of the Government Organization dated December 25, 2001;

Based on Decree No 90/2001/ND-CP dated November 23, 2001 of the Government on the support to SMEs;

Considering the proposal of the Minister of Planning and Investment;

Decides:

Article 1.

To approve the 5 year SME Development Plan 2006-2010 with the following main contents:

I. SME Development viewpoints

1. Realize consistently the policy of building a multi-sectoral economy. Economic sectors that do business in compliance with legal regulations are all important constituent parts of a socialist oriented market economy with a vision of long term development, cooperation and healthy competition;
2. The State creates a sound policy, legal and institutional environment that ensures fair and healthy competition for SMEs and service providers of all economic sectors so as to mobilize all internal and external resources for development investment;
3. Develop SMEs in an active but sustainable way, enhancing the quality, increasing the quantity to have economic efficiency and realize the goal of contribution to employment generation, poverty reduction, ensuring social safety and security; SME development objectives are also to be integrated into national goals, and specific socio-economic goals of every region and locality, encouraging agricultural industries, traditional trade villages with a focus on SME development in mountainous areas and regions having socio-economic difficulties; SMEs owned by people of ethnic minority groups, women and the disabled...should be prioritized and supported, priorities should also be given to SMEs having production and investment in sectors that can be competitive;
4. State support will gradually shift from direct support to indirect support to enhance the capacity of SMEs;

5. The State will link business activities with environmental protection and assurance of social security and safety;
6. Raise awareness of governments of all levels about the role played by SMEs in socio-economic development.

II. Goals of SME development

1. Overall Objective:

Boost the progress rate of SME development, creating environment for healthy competition, strengthening the national competitiveness, SMEs are to contribute more and more to the growth of the national economy.

2. Specific objectives:

- a) The number of newly established SMEs will be 320,000 (annual growth rate of 22%);
- b) The number of newly established SMEs in disadvantaged provinces will have increased by 15% by 2010;
- c) The ratio of SMEs having direct export is 3-6%;
- d) SMEs will create about 2.7 million new jobs in the period 2006-2010;
- e) There will be additionally 165,000 technical workers in SMEs.

III. Main Tasks

1. The stability of the legal framework and the reform of the administrative procedures will be continued to be improved to create a transparent, stable, and equal business and investment environment for SME development;
2. Assess new policies' impacts on SMEs, organize periodical dialogues between public authorities and SMEs to give instructions and answers to pressing demands for business development;
3. The tax system is to be adapted to encourage start-ups, conduct the reform of the accounting system, and reporting requirements to simplify them and encourage the tax self assessment system that is both convenient to the enterprises and against the tax losses;
4. Improve the lack of work premises, and enhance the environment protection by formulating and publicizing the land master planning and land use plan; facilitate the development of industrial zones, industrial clusters of appropriate size with suitable land lease price for SMEs; support the relocation of polluting SMEs from residential and urban areas to industrial zones and industrial clusters;
5. Revise regulations to boost the establishment of SME credit guarantee funds at the local level; Take steps to restructure the state-owned banking sector, encourage the emergence of different forms of banking services, joint stock commercial banks for SMEs, including the development of the leasing service and the extension of non-collateralized finance for SMEs that have feasible business plans in order to satisfy the need of finance for investment and business;
6. Boost the implementation of support programs disseminating and applying modern technologies and advanced techniques for SMEs, enhancing technology management capacity; encourage the cooperation and sharing in technology among enterprises of different sizes; develop effectively

research program that can be developed in reality; study, revise and issue the system of technical standards, quality assurance system and quality certification system in conformity with international standards. Encourage SMEs to participate in programs for industry linkages, regional linkages and developing supporting industry;

7. Accelerate the development of the business information system to have the background for the assessment of this sector's state, for the process of policy making and at the same time to provide business information to enterprises;
8. Conduct general information and awareness raising activities to disseminate entrepreneur spirit and the awareness of legal wealth creation to all. Carry out pilot projects of integrating specific enterprise-related training modules into education schemes at high schools, colleges and universities, technical high schools, vocational schools in order to foster entrepreneurial spirit and entrepreneur culture and create supporting social attitude towards legal business activities;
9. Develop market (both supply and demand) for business development services; improve the legal environment of business development services, with the focus on the management of service quality. Encourage associations to have business development services; implement actively SME support programs; participate in the policy making process of SME support policies and support programs in order to strengthen the supporting role of these associations and to make them really become the legal representative for SMEs' interests;
10. Improve the effectiveness in coordinating SME development support activities, enhance the role played by the SME Promotion Council; enhancing capacity at the local level in the management, promotion and development of SMEs.

IV. Main Actions

1. Group of Measures 1: Simplifying regulations to facilitate business registration; market entry and business activities of enterprises;
2. Group of Measures 2: Creating access to land and work premises for SMEs;
3. Group of Measures 3: Facilitating access of SMEs to finance, with priorities for enterprises having products for exports, high value added products;
4. Group of Measures 4: Support programs for increasing capacity and improving competitiveness of SMEs;
5. Group of Measures 5: Developing skilled labor force to meet the requirements of SME development for the period 2006-2010;
6. Group of Measures 6: Creating a social attitude towards the SME sector;
7. Group of Measures 7: Management of the implementation of the SME Development Plan 2006-2010;

See the Annex attached to this Decision for details of measures and responsible organizations.

V. Guidelines for the Plan Implementation

In order to implement of the 5 year SME Development Plan 2006-2010, ministries, agencies, and localities need to integrate coming SME support programs into other national key programs, projects, target programs of involved ministries, agencies and localities so as to optimize the use of resources.

At the central level:

1. The SME Promotion Council will provide overall co-ordination of the Plan implementation, monitoring and evaluation of the implementation of the Plan and SME Development Action Plan in different ministries, agencies and localities. Tasks of the SME Council are as follows:
 - a) Monitoring the agency coordinator and report on incurring problems during the implementation of the Plan;
 - b) Making recommendations to the Prime Minister on remedial action when necessary to action plan, groups of measures where the implementation of the Plan has failed to meet its defined targets or where such failure seems likely in the future;
 - c) Appointing sub Working Groups for the implementation of the SME Development Plan chaired by the agency Coordinator. The sub Working Groups will comprise the responsible bodies for each measure and action under the priority;
2. MOF is responsible for coordinating with MPI to consolidate and develop the budget plan under the State budget to ensure the implementation of groups of measures identified in the Action Plan of the SME Development Plan in accordance with regulations.
3. Ministries and agencies are responsible for preparing and carry out specific tasks as per the assignment and schedule for each measure.

At the local level:

1. Provincial People's Committees are responsible for the formulating of their own provincial SME Development Plans and detailed Action Plan and the implementation roadmaps; cooperate with relevant ministries and agencies to reach the local SME development targets; allocate sufficient human resource and annual budget to ensure the implementation of the SME development plan at the locality;
2. Establishing provincial/municipal "Coordination Unit of SME Development Plan implementation" directly under the People's Committees and headed by a Deputy Chairman of the provincial/municipal People's Committee in provinces/cities directly under the Central Government with members from relevant provincial departments and local business associations and the DPI Director General being the Standing Secretariat;
3. Tasks of the Coordination Unit of SME Development Plan implementation and its Standing Secretariat are defined by the provincial/municipal People's Committee;
4. Annually, preparing and sending implementation reports of provincial/municipal SME development plans MPI for the consolidation of these reports to submit to the Prime Minister.

Article 2. This Decision takes effect 15 days after being published in the Official Gazette

Article 3. Chairman of the SME Promotion Council, Ministers, Heads of ministerial level agencies, Heads of the Government's agencies, Chairmen of People's Committees of provinces and cities directly under the Central Government are responsible for the implementation of this Decision

Recipients

- Secretariat of the Central Committee of the communist party
- Prime Minister and deputy prime ministers
- Ministries, ministerial level agencies, and Government agencies
- People's Councils, people's committees of provinces and cities directly under the Central Government
- Office of the Central Committee of the Communist Party and other offices of the party's Committees
- Office of the President
- Ethnic Council and different Committees of the National Assembly
- Office of the National Assembly
- People's Supreme Procures
- People's Supreme Court
- Centrally based offices of mass organizations
- National Institute of Administration
- Office of the Government: Minister-Head of the Government's Office, Head of PMRC, Divisions, PMRC
- Steering committee 112
- Spokesperson for the Prime Minister, relevant departments and Official Gazette

Archive: Office, Cn (5 copies), Ha 315

For the Prime Minister
Deputy Prime Minister

Nguyen Sinh Hung

Annex

5 YEAR SME DEVELOPMENT ACTION PLAN 2006_2010

(Attached with the Decision No 236/2006/QD-TTg of the Prime Minister dated 23 October, 2006)

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| Group of measures 1: Simplification of administrative procedures to facilitate business registration, market entry and business activities of enterprises | | | |
| Action | Agency coordinator | Indicator of success | Timetable for completion |
| Measure 1: Improve business registration | | | |
| 1.1: Formulate the project of establishing a new National Business Registration System having three vertically integrated levels (central, provincial and district) in terms of both activities, budgets and organization, human resource | MPI in cooperation with Ministry of Home Affairs and MOJ | The designation of the National Business Registration System | 2008 |
| 1.2: Use a single registration number for business registration, statistics, tax and customs | MPI, in cooperation with MOF, GSO | Single business registration code system fully operational nationally | 2008 |
| 1.3: Boost the computerization of business registration | MPI in cooperation with other ministries, | National business registration information network completed | 2008 |

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| | agencies and provincial People's Committee | | |
| 1.4: Review and assess all dossiers, procedures, process related to business registration, stamp carving, tax code registration | MPI, in cooperation with MOHA, MoF, MOJ and MOP | Establishment of "one stop shops" mechanism in every provinces/cities | 2006-2008 |
| Measure 2: Regulations on business conditions in fields where specific instructions not yet available | | | |
| Boost the process of issuance or submit to the Government for approval and promulgation of the policies and legal texts relating conditional businesses and business conditions of business lines where specific instructions are not yet available. In particular: - Regulation on business condition (disregarding the economic sector) for debt recovery service, property valuation, credibility assessment, etc - Regulation on the issuance and management of the issuance of unlisted securities | MoF MoF | Decree promulgated Decree promulgated | 2007 2007 |
| Measure 3: Amend regulations on post registration management | | | |
| 3.1: Amend the Decree No. 58/2001/ND-CP on the management and use of seals which are related to business seal of enterprises | MOP | Decree No. 58/2001/ND-CP amended | 2007 |
| 3.2: Amend the Decree No. 89/2002/ND-CP in the direction that encourages the enterprise to do their own invoice printing and register with the tax administration office for the enterprises' self-reliance and responsibility for their own transaction and cost reduction of the State for invoice printing | MoF | Decree No. 89/2002/ND-CP amended | 2007 |

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| and issuance. | | | |
| 3.3: Develop documents instructing ministries and provincial People's Committees to provide legal support to enterprises | MOJ | Decree and guiding documents promulgated | 2007 |
| Measure 4: Improvement of commercial transaction legislation | | | |
| 4.1: Improve the implementation of the ordinance on Commercial Arbitration issued in 2003 | MOJ | 2 more arbitration centers established, that add up the total number to 7 | 2007-2008 |
| 4.2: Research, drafting and promulgation of the Ordinance on Notaries Public to make notarized document legally valid in transactions, dispute settlements, etc | MOJ | The Law on notaries public promulgated | 2007-2008 |
| 4.3: Formulate the Ordinance on the registration of registered transactions in order to unify the existing regulations on registered transactions without discriminating movables and property with the purpose to develop a unified national database on the registered transaction, increase the transparency and identify the order for payment and to extend the validity to the third party; converge the registration activity to a national office network for facilitating the registration and having single access to information on the registered transaction ; clearly state the validity of the registration of registered transactions. | MOJ | Draft Ordinance on the registration of registered transactions submitted to the Standing Committee of the National Assembly | 2007-2008 |
| 4.4: Formulate legal texts on distinctive contract for particular sectors such as: Law on Credit Institutions, Maritime Code, Aviation, Code, Law on Petrol and Gas, Law on Insurance, Construction Code... to stipulate regulations for specific field | MOJ in cooperation with other concerned Ministries | Implementing guidelines of specific contracts promulgated | 2006-2010 |
| 4.5: Amend regulation on loan security mechanism so as to comply with the new Civil Code's regulations on collateral and mortgage | MOJ in cooperation with SBV | New regulation on loan security mechanism issued | 2007 |

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| 4.6: Carry out research on amending Bankruptcy Law in order to surmount the limitation of the 2004 Bankruptcy Law by make the bankruptcy procedure applicable to all business sectors including private business, household or enterprise; the debtor is entitled to lay the request for bankruptcy; diminish the State intervention in the process of bankruptcy; enhance the activeness and self-determination of the concerned parties during the process of bankruptcy | MoJ | Specific recommendations on the amendment of Bankruptcy Law | 2007 |
| Measure 5: Improve the accounting regime and financial reporting requirements | | | |
| 5.1: Improve the accounting system for the SMEs by expanding the range of sectors falling under the SME accounting regime; simplify the bookkeeping system by establishing a single-entry bookkeeping system for the enterprises which are small in scale with low management skills; simplify the chart of accounts | MoF | Amended regulation issued | 2007 |
| 5.2: Amend the Decision No. 1177/TC/QD/CDKT dated December 23, 1996 and the Decision No. 144/2001/QD-BTC by simplifying the financial report form for enterprises | MoF | Amended regulation issued | 2007 |
| 5.3: Simplify the requirement for the filing of accounting vouchers by formulating a filing system of vouchers for the SMEs including the system for obligatory voucher and the system for non-obligatory one | MoF | Amended regulation issued | 2007 |
| Measure 6: Improve tax related regulations | | | |
| 6.1: Amend the Corporate Income Tax (CIT) regime by extending the range of subjects to whom CIT applies; simplify the method and the basis of tax calculation; reduce the number of tax incentives to simplify the preferential policy for the SME's easy access and application | MoF | Amended regulation issued | 2008 |
| 6.2: Reduce the number of taxpayers subject to lump sum tax | MoF | Amended regulation issued | 2008 |

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| in order to encourage these lump sum tax payers to make the registration in compliant with the Enterprise Law enterprise | | | |
| 6.3: Extend the tax self-assessment regime, including issuance of clear regulations on rights and responsibilities of tax agencies, tax payers and related parties in the implementation of the tax assessment procedures | MoF | Amended regulation issued | 2007 |
| 6.4: Revise regulations on the regime of fixed assets depreciation to permit accelerated depreciation and thus facilitate enterprises including SMEs to renew equipment | MoF | Amended regulation issued | 2008 |
| 6.5: Amend the Decree, Circular instructing the implementation of the Customs Law by simplifying the customs procedure, posting the import and export tariff, facilitating the declaration and self classification of the SMEs | MoF | Amended regulation issued | 2006 -2010 |
| Measure 7: Improving technology related regulations | | | |
| 7.1: Study the draft Law on, Product Quality and the Decree instructing its implementation | MOST | Draft Law on Product Quality and draft Decree instructing its implementation | 2007 |
| 7.2: Separate the service activities from the State management function of the Directorate for Standards, Measurement and Quality | MOST | Necessary regulation promulgated | 2009 |
| <i>Group of measures 2: Facilitating access to land and production premises for SMEs</i> | | | |
| Action | Agency coordinator | Indicator of Success | Timetable for completion |
| Measure 8: Improving land related policies | | | |
| 8.1: Establish a national land registration office network throughout the country to push up the issuance process of the land use right certificate and encourage to register the land transaction | MONRE | Land registration office established in all provinces | 2008 |

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| 8.2: Develop in details the master plan of land and land use plan at the wards level and publicly announce the plans to make firm ground for land allotting and renting | MONRE, with MoF, provincial People's Committees | Land master plan completed | 2010 |
| 8.3: Provide support to the relocation of polluting SMEs from urban areas by permitting to convert the land use right from industrial to residential/commercial for sale to recover relocation costs | MONRE | Amended regulation issued | 2006 - 2007 |
| 8.4: Make the listing and reclaiming of the fallow or improper used land to allocate to enterprises | MONRE and the People's Committee | Implementation and evaluation | 2008 |
| <i>Group of measures 3: Facilitating access to finance for SMEs</i> | | | |
| Action | Agency Coordinator | Indicator of Success | Timetable for completion |
| Measure 9: Strengthen SMEs' access to finance | | | |
| 9.1: Submit Resolutions to the Government for promulgation some credit mechanism for the region II, III, mountainous area, islands, mass inhabitant area of the Khmer ethnic minority, the trade men in the mountainous region and the commune under programme 135 (disadvantaged regions) by separating clearly policy credit and commercial credits: the Viet Nam Social Policy Bank and Development Bank offer preferential loans in disadvantaged regions; commercial banks offer loan by the commercial credit regulations in disadvantaged regions . | SBV | Regulation relating to assistance credit, social policy bank, commercial bank amended | 2006 |
| 9.2 Amend the regulation on the establishment and operation of the Credit Guarantee Fund for SMEs | MOF | Amended relevant documents | 2007 |
| 9.3: Issue the regulation on the establishment and operation of the Risky Investment Fund (which is mentioned in the Decree | MOSTE in cooperation with | Instruction document issued | 2006 |

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| <ul style="list-style-type: none"> - Carry out capacity building activities for consultants, and training service providers and business development providers - Support the development of industry linkages and inter-firm linkages - Support exportation in selected priorities | | <ul style="list-style-type: none"> - 100 consultancy/ training institutions developed in each priority -10 clusters developed for each priority -1000 SMEs in each priority having export support | |
| Measure 11: Assistance to develop SMEs in the disadvantaged and ethnic minority areas to create jobs in these areas | | | |
| 11.1: Carry out dissemination campaigns on legal information related to enterprise matters | MOJ | The most difficult provinces | 2007 |
| 11.2 Carry out training in “business start-up”, business administration | MPI | 5,000 persons in the most difficult provinces trained | 2006-2010 |
| 11.3 Assist the increase of competitiveness of the enterprises operating at the disadvantage and ethnic minority areas | MOT | 1,000 SMEs in the most difficult provinces assisted | 2007-2010 |
| 11.4 Assist the increase in quantity and quality of the experts and consultants, the training organizations and business operating at the disadvantage and ethnic minority areas | MPI | 10 training and consulting organizations developed in the most difficult provinces assisted | 2007-2010 |
| <i>Group of Measures 5: Develop a skilful labor force for the development of SMEs</i> | | | |
| Action | Agency Coordinator | Indicator of Success | Timetable for completion |
| Measure 12: Develop the labor market | | | |
| 12.1: Study the renovation of the content, programme and method of education at the universities, colleges and vocational schools by linking with the requirement of the production, business activity and service to provide the | MOET, MOLISA | Implementation scheme provided | 2008 |

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| learners with professional knowledge, practical skills and responsibility; introducing IT into the agenda of training and education management; encourage the association among the universities, colleges and vocational schools and the enterprises to improve the practice skills of the students upon the graduation | | | |
| 12.2: Review, adjust and amend the plan of vocational schools networks in line with the socialization trend | MOLISA | Amend the plan of vocational schools | 2007 |
| 12.3: Decentralize the granting of licenses for the establishment of training centre | MOLISA | Amended regulation issued | 2007 |
| 12.4: Assess existing vocational training methods with a view to improving their effectiveness | MOLISA in collaboration with MOET | Review existing vocational training methods | 2008 |
| <i>Group of Measures 6: Creating favorable social attitude towards SME sector</i> | | | |
| Action | Agency Coordinator | Indicator of Success | Timetable for completion |
| Measure 13: Creating favorable social attitude towards SME sector | | | |
| Strengthen the information dissemination and awareness raising on SMEs for local authorities and the community | Ministry of Culture and Information | Dissemination programs broadcasted, materials printed | 2006-2010 |
| Measure 14: Disseminating enterprise culture in universities, colleges and vocational schools | | | |
| Introduce some elective courses on enterprise into the national curriculum in both universities and vocational training schools | MOET, MOLISA | Course on enterprise introduced into the curriculum | 2007 |
| <i>Group of measures 7: Management of the implementation of the SME Development Plan</i> | | | |

| Action | Responsible organizations | Indicator of Success | Timetable for completion |
|---|--|---|--------------------------|
| Measure 15: Management of the implementation of the SME Development Plan | | | |
| 15.1: Amend the Decree 90/2001/ND-CP dated 23 November, 2001, | MPI in cooperation with relevant ministries and agencies | Amended Decree 90/2001/ND-CP promulgated | 2007 |
| 15.2: Complete the SME data collection and statistics system, have unified SMEs statistics | GSO, MPI, MOF | Implementing guidelines promulgated | 2007 |
| 15.3: Coordinate the assistance from international community and facilitate the concerned agencies' access to the selected industry | MPI | Increase the total of ODA capital for the SMEs support activities | 2006-2010 |