

THE GOVERNMENT

No.:19/NQ-CP

THE SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness

Hanoi, March 18, 2014

**RESOLUTION
ON KEY DUTIES AND SOLUTIONS TO IMPROVE
BUSINESS ENVIRONMENT AND NATIONAL COMPETITIVENESS**

THE GOVERNMENT

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

Pursuant to Resolution 10/2011/QH13 dated November 08, 2011 of the National Assembly on the 5-year socio-economic development plan for the 2011 – 2015 period;

Pursuant to Resolution 10/NQ-CP dated April 10, 2012 issuing the Government's Action Plan to implement the Socio-economic Development Strategy for the 2011 - 2020 period and the 5-year direction and duties of the national development in the 2011 – 2015 period;

Per discussion among members of the Government and pursuant to the Conclusions of the Prime Minister in the Government regular meeting in February 2014,

RESOLVES:

Our country, for the past years, has gone through significant reforms to improve its business environment and started bearing fruits with rather good economic growth rate. The economy, however, has revealed many shortcomings and weaknesses as it comes to expose to more difficulties and challenges with productivity, quality, efficiency and competitiveness remaining low. According to the assessment of international organizations, Vietnam's national competitiveness is rated lower than other regional countries and ranked below the average among ASEAN countries, with delayed improvements in the institutional framework, infrastructures and business environment. This is highlighted by the problems with starting businesses, protection mechanism for investors, property rights, intellectual property rights (IPRs), efficiency of the State apparatus, tax payments, access to electricity and dealing with business insolvency etc.

The above shortcomings and weaknesses can be attributed to many reasons both subjective and objective. The former include lack of awareness among ministries, agencies and businesses on the role and importance of the boosted competitiveness in the context of deeper and more extensive international integration with competition getting tougher, a failure to have in place national strategies/programs and systemic approaches to improving competitiveness, and lack of adequate participation of socio-political organizations, professional associations, business community and the public in improving national competitiveness.

To improve business environment and national competitiveness, the Government has instructed ministries, agencies and local authorities to focus their leadership on implementing the consistent solutions already set out in the Resolutions of the Party, National Assembly and Government giving priority to the following:

I. TARGETS AND DUTIES OF IMPROVING BUSINESS ENVIRONMENT AND COMPETITIVENESS

To focus on effectively taking 3 strategic break-through that link with economic restructuring and transformation of the growth model.

To continuously strengthen institutional arrangements of a market-based and socialism-oriented economy where the central task is to develop, modify and supplement provisions of law and policy mechanisms to create a favorable and fair business environment for all organizations, businesses and public to do their business. To focus on developing mechanisms and policies on property rights, IPR protection, protection of investors and minority shareholders, and rules of bankruptcy, dissolution, competition etc. To develop a mechanism to consistently and smoothly operate various markets of commodity, labor, securities, real estate, science and technology and others and to ensure that sources are efficiently allocated and used for the development purpose.

To develop consistent infrastructure with modern facilities focusing on those of the transport system and major urban areas to cater the needs of industrialization, modernization and international integration. To have in place more preferential mechanisms and policies to leverage other sources of non-State capital into infrastructure development. To promote application of information technology (IT) in various sectors/fields as a new tool of development, to renovate management, production and service delivery processes and to invigorate national competitiveness.

To implement various solutions, in a consistent manner, to improve education and training quality, particularly higher education and vocational training. To pursue rapid development of human resources, especially high-quality workforce, to improve management skills in light of the international integration requirements; to focus on radical and comprehensive renovation of education and training towards promoting socialization and international integration with an appropriate roadmap; to continue renewing the management and financing mechanisms and to better the quality of education, training and vocational training to meet the requirements of socio-economic development, labor market and enhanced national competitiveness.

To keep up improving mechanisms and policies to encourage enterprises to make investments in scientific research, technological innovation and human resources training. To strengthen IPR protection and support the development of science and technology businesses.

In the 2014 - 2015 period, priority will be given to improving business environment and enhancing administrative reforms by shortening time for processing and completion of administrative procedures, reducing administrative costs, and strengthening transparency and accountability of state administrative agencies. The goal is to reach, by 2015, the average of the ASEAN-6 group with some specific targets as follows:

- To streamline procedures and shorten the time required to start new businesses to no more than 6 days; to improve other steps involved to abridge the time from registration to the commencement of business;
- To further reform file processing practices and tax payment procedures and reduce the time required of businesses to complete tax payment procedures to the average of the ASEAN-6 group^[1] (being 171 hours/year);
- To reduce the time required of businesses and investment projects to get access to electricity to no more than 70 days (compared to the average of 50.3 days of the ASEAN-6 group);
- To improve rules of protection of IPRs and investors in the Investment Law and the Enterprise Law towards protecting property rights, investors and minority shareholders in line with international standards;
- To facilitate and ensure equality, openness and transparency in market-based access to credit among enterprises, organizations and individuals of all economic sectors;
- To streamline processes, to simplify record-related requirements, export and import procedures and customs formalities, and to reduce the time for import and export clearance to the average of the ASEAN-6 group^[2] (being 14 days to export and 13 days to import);
- To reduce the time to deal with business insolvency to less than 30 months;
- To engage in publicizing, with greater transparency, information about business performance and financial standing in accordance with law and in line international best practices.

II. SOLUTIONS TO IMPROVING BUSINESS ENVIRONMENT AND COMPETITIVENESS

1. Ministries, agencies and local authorities shall carry out, in a consistent and effective manner, all the plans developed by the Government to implement the 2013 Constitution and Resolution 67/2013/QH13 of the National Assembly (NA) on enhancing the enforcement of laws, ordinances and resolutions of NA and its Standing Committee and promulgation of detailed implementing documents.

2. Ministries, agencies and local authorities, within the scope of their respective duties and functions, shall:

- Review administrative procedures particularly those pertaining to indicators of competitiveness ratings in order to revise or propose revisions thereof to the Ministry of Justice (MoJ) and the Office of the Government (OoG) for their monitoring and reporting to the Government.

- Publish administrative procedures on the Internet and display them at head offices of the agencies/units where administrative procedures are directly processed. Take initiative in assigning and arranging qualified and responsible officers to provide guidelines on preparation of documents, reception and processing administrative procedures in accordance with the prescribed timelines. Enhance coordination, examination and inspection of completion of administrative procedures during the implementation of investment projects at the local level;

detect and strictly deal with those officers and public employees whose acts hinder or trouble the fulfillment of public duties by other organizations and individuals.

- Boost up technology innovation and IT application in the management, exploitation and operation of the socio-economic infrastructure systems in each sector and the economy as a whole, where the top priority is to promote IT development and applications in the industrialization and modernization roadmap of each sector and field creating a foundation for rapid and sustainable development and for elevating national competitiveness. Accelerate the development of IT industry and software industry. Enhance the technology mastering capacity and effectively and efficiently manage the information infrastructure system and its content to service the leadership, direction and execution; satisfy the demand for and social needs of exchange of information, promote socio-economic development, defend national defense and security, and protect information safety/security, and national sovereignty in cyber-environment.

- Adopt various incentive mechanisms and policies and instruct agencies and businesses of all fields and all economic sectors to be engaged in technology innovation and IT application during their business and production activities, development and registration of their product branding and improvement of competitiveness.

- Enhance restructuring of public investments, credit institutions and State owned enterprises and equitization in accordance with the approved scheme.

3. The Ministry of Planning and Investment (**MPI**) shall take lead and, in coordination with other ministries, agencies and local authorities, shall:

- Review and enhance legal framework to improve business environment and national competitiveness. The emphasis will be to further strengthen the (revised) Investment Law including streamlining its rules of examination and licensing, the (revised) Enterprises Law towards better protecting property rights, investors and minority shareholders in line with international standards. Detailed provisions will also be framed to effectively implement the Law on Bankruptcy and minimize the time required to deal with insolvent businesses. Regulations on investment activities that involve land use and construction shall be reviewed thoroughly in order to identify shortcomings and problems and to come up with appropriate options for improvement.

- Take necessary measures to better protect rights and interests of investors, shareholders particularly minority shareholders of joint stock companies, and members of limited liability companies.

- Further fine-tune procedures to start a business; streamline procedures for registration of changes or supplements to business registration as well as reduce costs thereof; set up uniform investment procedures for general application throughout the country; adopt the one-stop shop (OSS) and transparent information model accessible to both domestic and foreign investors; reduce the time required to start a business to no more than 6 days.

- Review, supplement and improve mechanisms and policies to encourage IT application in investment projects and during business and production activities of enterprises of all economic sectors.

4. The Ministry of Finance shall take lead and, in coordination with other ministries, agencies and local authorities, shall:

- Review and assess the level of openness and transparency in the State budget allocation process to find out room for improvement; streamline administrative procedures concerning expenditures for investment and development and regular spending on non-profit activities.

- Review and evaluate the applicable process, dossiers and procedures for imports and exports; reduce the time to clear imports and exports for businesses targeting at the average of the ASEAN-6 group (i.e. it takes an average of 14 days to export and 13 days to import in the ASEAN-6 countries).

- Review, evaluate and improve the existing process, dossiers and procedures for tax payments; reduce the time to complete tax payment procedures for businesses targeting at the average of the ASEAN-6 group (the average of 171 hours per year in the ASEAN-6 countries).

- Further pursue comprehensive and modern reforms of administrative procedures for tax, customs and treasury activities; effectively adopt the OSS model, enhance the coordination of relevant agencies in completion of administrative procedures in these sectors to result in significant changes from early 2014. Applicable administrative procedures in tax and customs sectors should be published in a transparent manner to make it easier for businesses and public to get access and monitor the implementation; businesses will be given enhanced opportunities to enter into dialogues with tax and customs authorities to promptly deal with their problems.

- Review, supplement and improve mechanisms and policies on tax incentives and State budget funding aimed at encouraging reform initiatives, application of IT and other technologies in investment projects, and during business and production activities of enterprises of all economic sectors.

5. The Ministry of Education and Training shall take lead and, in coordination with other ministries, agencies and local authorities, shall:

- Review and improve applicable procedures and conditions to start and operate education and training facilities; adopt policies to encourage and facilitate top international universities to open their training facilities particularly non-profit facilities in Vietnam; abolish, under its authority, or recommend abolitions of, the procedures and conditions that are unreasonable or no longer necessary; as a result of such review, supplement, revise and streamline the remaining procedures and conditions and also reduce the cost of compliance thereof towards encouraging and facilitating domestic and foreign private members and social organizations to engage in supply of education and training services.

- Expand the discretion of education and training institutions to make decisions on enrolments, financial issues, training programs and examinations; facilitate education and training service supplies under the market-based mechanism with strict control of quality and outcomes.

6. The Ministry of Labor, War Invalids and Social Affairs shall take lead and, in coordination with other ministries, agencies and local authorities, shall:

- Review, assess and take necessary actions to facilitate employment and recruitment practices taking into account the assurance of the consistency and flexibility of the labor market.

- Review and improve procedures and conditions to set up and operate non-public vocational training establishments; abolish, under its authority, or recommend abolitions of, the

procedures and conditions that are unreasonable or no longer necessary; as a result of such review, supplement, revise and streamline the remaining procedures and conditions and also reduce the cost of compliance thereof towards encouraging and facilitating domestic and foreign private members and social organizations to engage in vocational training activities.

- Strictly control planning-based development activities; and adopt appropriate mechanisms and policies to encourage and improve training and vocational training activities.

- Expand the discretion of non-public vocational training facilities to decide enrolments, financial issues, training programs, their contents and service products; facilitate supplies of education and training services under the market-based mechanism.

7. MoJ shall take lead and, in coordination with other ministries, agencies and local authorities, shall:

- Review and systematize, in light of the 2013 Constitution, the general legal framework and specific rules relating to improving business environment and national competitiveness. Provide guidelines for, monitor, accelerate and summarize results of implementation of the 2013 Constitution by other ministries, sectors and local authorities.

- Develop, for submission to the competent level, the (revised) Civil Code and (revised) Penal Code following the direction of protecting and enhancing the development of a market-based and socialism-oriented economy, including intensifying rules of property right and IPR protection; consider a Law on Access to Information and a Law on Making Administrative Decision as a step to implement Vietnam's international commitments on transparency of State operations and to enable access of domestic and foreign investors to open and transparent information.

- Develop and submit to the Government for promulgation of a Resolution on key duties to reform administrative procedures in implementation of investment projects for the purpose of improving business environment and attracting investments; develop a project for integrated procedures for public notarization, registration of land use rights and assets attached to land, and tax. Monitor and instruct other ministries, agencies and local authorities to comply with rules of administrative procedure control; conduct impact assessments of administrative procedures right at the stage of drafting and promulgation of legal normative documents and in the implementation phase; this should be translated into specific clauses and incorporated in the Law on Promulgation of LNDs to be revised soon.

- Review, assess and provide comments on the procedures for resolution of contractual disputes, in particular, and civil disputes, in general, in order to simplify those procedures and reduce both time and costs of dispute resolution particularly in simple cases.

8. The Ministry of Home Affairs (**MoHA**) shall take lead and coordinate with other ministries, sectors and local authorities in effectively implementing the Overall Administrative Reform Program up to 2020; shall review and improve the current regulatory framework and seriously organize the implementation of the Regulations on OSS and integrated OSS at the State administrative agencies to enable local authorities to consistently apply this model during the completion of administrative procedures in the investment, land and construction sectors.

9. The Ministry of Natural Resources and Environment (**MoNRE**) shall take lead and, in coordination with other ministries, agencies and local authorities, shall:

- Provide guidelines for, and organize effective implementation of, the (revised) Land Law.

- Review and improve mechanisms, policies as well as legal framework for efficient management, exploitation and use of land and natural resources; adopt appropriate mechanisms and policies to create clean land funds and provide favorable conditions for business, production and development of the socio-economic infrastructures.

- Review and improve the legal framework for the environmental protection and sustainable development; adopt appropriate mechanisms to encourage businesses engage in environmental protection and efficiency use of natural resources and energy.

10. The Ministry of Agriculture and Rural Development shall take lead and, in coordination with other ministries, agencies and local authorities, shall:

- Develop regulations and standards; revise mechanisms and policies; and make appropriate arrangements to strengthen its structure.

- Effectively carry out agricultural restructuring in parallel with development of new rural communities in accordance with the approved scheme; assess major production models in the agricultural sector following the product value chain for further multiplication in other localities.

- Adopt consistent solutions for IT planning and application in the agricultural sector particularly in the development of plant varieties, breeders and farming techniques; adjust the production scale to make it easier for businesses to collect agricultural products and provide agricultural supplies to farmers whereby reducing the costs of brokerage and increasing income of farmers.

- Further enhance development of the processing industry of agricultural products and technological applications, reducing post-harvest losses.

11. The Ministry of Industry and Trade shall take lead and, in coordination with other ministries, agencies and local authorities, shall:

- Implement and instruct the Electricity of Vietnam (EVN) to promptly take necessary measures to streamline procedures for businesses of all economic sectors to get access to electricity for their projects and reduce the time and costs thereof targeting at no more than 70 days (the average of ASEAN-6 countries is 50.3 days).

- Develop supporting industries with focus on agro-mechanical engineering and textile and garment industry.

- Enhance examination and lawfully deal with illegal business activities; fight against smuggling, trade frauds, market manipulation and unfair competition practices in parallel with providing favorable conditions for business and production activities of organizations and individuals.

- Promote consistent and effective implementation of international trade commitments, firstly towards establishment of the ASEAN Economic Community by 2015 and entry into free trade agreements with key trade partners.

12. The Ministry of Transportation shall take lead and coordinate with other ministries, agencies and local authorities in taking prompt measures to improve infrastructures and services

of seaports, road transport, inland waterway, railway, seaway and aviation; enhance logistic service system and reduce costs of transportation services to the average of the ASEAN-6 group.

13. The Ministry of Science and Technology shall take lead and, in coordination with other ministries, agencies and local authorities, shall:

- Develop appropriate mechanisms and policies to accelerate and encourage renovation and creativity initiatives, application of scientific and technological advance in business and production, enhance business competitiveness during the product development process, support for establishment of a network of science-technological enterprises and a technology market to enable purchases, sales and transfers of technologies including patents and IPRs.

- Study and implement, within the scope of its authority, or recommend competent agencies to take, necessary measures to enhance IPR protection and readiness for ownership and renovation of technologies; accelerate national science and technology programs.

- Design international cooperation programs in science and technology sector, human resource training; together with the Ministry of Foreign Affairs, incorporate this issue in regional and international agendas and bilateral and multilateral dialogues.

14. The Ministry of Construction shall take lead and, in coordination with other ministries, agencies and local authorities, shall:

- Further study and provide public and transparent guidelines for construction licensing procedures to make it accessible to businesses, organizations and individuals; examine and deal with violations in the construction licensing sector in accordance with Decree 64/2012/NĐ-CP; at the same time, recommend additional provisions on fees towards reducing the cost of construction licensing.

- Together with MPI and MoNRE, develop and promulgate a joint Circular on a reasonable and integrated process for completion of administrative procedures in the investment, land and construction sectors.

15. The Ministry of Information and Communication (**MoIC**) shall take lead and, in coordination with other ministries, agencies and local authorities, shall:

- Review and improve mechanisms and State management policies to provide favorable conditions to promote IT development and application in the State management and the economy as the whole.

- Enhance the capacity of mastering IT skills and effectively and efficiently administering the information infrastructure and information content in service of the Party's and State leadership, instruction and execution; satisfy the social needs of exchange of information, promote socio-economic development, defend national defense and security, and protect information safety/security, and national sovereignty in cyber-environment.

- Accelerate the IT industry with emphasis on the software industry and digital content.

- Design international cooperation programs and activities in the sector of IT development; together with the Ministry of Foreign Affairs incorporate this issue in regional and international agendas and bilateral and multilateral dialogues.

16. The State Bank of Vietnam shall regulate policy tools in a reasonable manner appropriate to the macro-economic developments to ensure stability of the monetary market; take measures to improve and maintain transparency of credit information, provide businesses, organizations and individuals of all economic sectors with equal and more favorable access to credit under the market-based mechanism.

17. Ministries and agencies, within the scope of their assigned duties and functions, shall gather information, review and assess performance of public service delivery, develop options to reform the way in which public services are provided towards diversification and elimination of the monopoly held by one or some of their subsidiary units or by the supplier designated in advance; study and recommend the services which might potentially be open for private participation with appropriate level of openness before the rules of market open are developed, ensure equal and fair access to business opportunity in this kind of services and freedom to choose service provider under the market-based mechanism.

18. People's committees of provinces and cities under central authority shall review their own regulations and implementation thereof, and set a target and a roadmap from now up to 2015 to achieve the level of high-ranking provinces and cities under the 2013 PCI.

19. The Vietnam Chamber of Commerce and Industry, business associations and professional associations shall:

- Conduct surveys, independent researches and regular assessment of the implementation of administrative procedures, propose recommendations to the Government [on improvements]. Together with MoHA and MoJ, develop criteria on which reforms of administrative procedures of ministries, agencies and local authorities shall be assessed, provide regular reports thereon to the Prime Minister and make them public to the business community and people. Study credit ratings by the business community of ministries, sectors and localities.

- Proactively and closely coordinate with the investors' community to understand their problems, difficulties and shortcomings with the administrative procedures applicable in the investment, land and construction sectors and refer them to the competent agency for prompt interference.

- Coordinate with ministries, sectors and business associations and launch initiatives/programs to assist businesses in effectively designing their competitiveness strategies, application of scientific and technological advance, branding development and proper performance of social obligations in order to gradually improve their business-doing capacity and competitiveness and thereby contribute to boosting up national competitiveness.

- Collect comments from businesses on the policies of ministries, sectors and local authorities and report them to the National Council for Sustainable Development and Competitiveness Improvement (via the Department of Sustainable Development of MPI) and OoG for a consolidated report to the Government and publication on the mass media.

III. ORGANIZATION OF IMPLEMENTATION

1. Ministries, agencies and local authorities, within the scope of their assigned duties and functions, shall:

- Promptly develop, promulgate and implement their own specific action plans for improving business environment and competitiveness. These plans should be reported, by April 30, 2014, to the National Council for Sustainable Development and Competitiveness Improvement for a submission to the Prime Minister to adopt the Government's Action Plan for improving business environment and competitiveness, which shall be later incorporated in the Work Plan of the Government, agencies and local authorities for implementation. Each of the action plans must specify the plan's objectives, duties, implementation schedule, agency in charge, proposed steps, a detailed plan for issuing new legal documents or revising existing ones, expected results from each of the milestones and analysis of its implications.

- Focus their instruction and leadership on drastic, flexible and effective implementation of the duties and solutions set out in this Resolution and assume responsibility to the Government and the Prime Minister for such implementation in the assigned area.

- Regularly examine and monitor the progress and outcome of implementation of the Action Plan and the Government Workplan by ministries, agencies and local authorities; take measures to promptly and effectively deal with problems; propose and recommend effective instruction and execution options.

- Once every six months and annually, develop an assessment report on the progress and outcome of implementation of the Action Plan and the Government Workplan for improving business environment and competitiveness by each of the ministries, agencies and local authorities and submit it to the National Council for Sustainable Development and Competitiveness Improvement (via the Department of Sustainable Development of MPI) and OoG for a consolidated report to the Prime Minister.

- By December 31, every year, develop a report on assessment of the competitiveness of each ministry, agency and local authority and send it to the National Council for Sustainable Development and Competitiveness Improvement (via the Department of Sustainable Development of MPI) and OoG for development of a consolidated report on Vietnam's competitiveness to the Government.

2. MoIC, Vietnam News Agency, the Voice of Vietnam, and Vietnam Television shall proactively coordinate with ministries, agencies, local authorities and the Central Department of Propaganda and Training in extensively and intensively communicating the Resolution and actual status of competitiveness ratings of international organizations to various sectors and levels.

MoIC shall coordinate with the Central Department of Propaganda and Training in giving instructions to the mass media to enhance dissemination, propaganda and encouragement activities to improve businesses' and people's understanding and implementation. Enhance dissemination of administrative reform, create social consensus and accelerate administrative reforms at ministries, sectors and local authorities.

The Government's E-portal shall set up a forum where businesses' and public comments on policies are received.

3. OoG shall coordinate with ministries, agencies and local authorities in examining, monitoring and summarizing the results of implementation of this Resolution and report it to the Chairman of the National Council for Sustainable Development and Competitiveness

Improvement for submission to the Government in its regular meetings held in the last month of each quarter. The results of implementation of the Resolution shall be considered during the performance evaluation of each Ministry, agency and locality to be conducted in the annual meeting of the Government in December./.

Recipients:

- Party's Central Secretariat;
- Prime Minister, Deputy Prime Ministers;
- Ministries, ministerial-level agencies, Government agencies;
- People's councils and people's committees of provinces and cities under central authority;
- Central Office and Departments of the Party;
- Office of the General Secretary;
- Office of the State President;
- Council for Ethnic Affairs and NA Committees;
- NA Office;
- Supremes' People's Court;
- Supremes' People's Procuracy;
- National Committee for Financial Supervision;
- State Audit;
- Bank for Social Policies;
- Vietnam Development Bank;
- Fatherland Front of Vietnam;
- Central agencies of associations;
- Office of the Government: Minister-Chairman, Vice Chairmen, PM Assistant, General director of E-portal, subsidiary units, agencies and divisions;
- Filing: Archives, KGVX (3b), HDC.

FOR AND ON BEHALF OF THE GOVERNMENT

PRIME MINISTER

(signed and sealed)

Nguyễn Tấn Dũng

^[1] *The average time to pay tax in ASEAN-6 countries is 171 hours per year, where it takes 259 hours in Indonesia, Thailand - 264 hours, the Philippines - 193 hours, Malaysia - 133 hours, Brunei - 96 hours, Singapore - 82 hours, Vietnam - 876 hours in 2013*

^[2] *The average time to export and import in ASEAN-6 countries is 14 days and 13 days respectively, where it takes 17 and 23 days respectively in Indonesia, Thailand - 14 and 13 days, the Philippines - 15 and 14 days, Malaysia - 11 and 8 days, Brunei - 19 and 15 days, Singapore - 5 and 4 days, and Vietnam 21 days for both import and export in 2013.*