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# USAID/Vietnam: Vietnam Governance for Inclusive Growth Program

Final Report: December 12, 2013 – December 11, 2018

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**Vietnam Governance for Inclusive Growth (GIG) Program**

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U.S. Ambassador to Vietnam Daniel J. Kritenbrink (seventh from right), USAID/Vietnam Mission Director Michael Greene (sixth from right), and Vice Minister of Justice Nguyen Khanh Ngoc (seventh from left) presenting awards to key counterparts at the USAID Governance for Inclusive Growth Program's Closing Conference. Photo by: GIG Program

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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## ACRONYMS AND ABBREVIATIONS

|        |   |
|--------|---|
| AHTN   | ASEAN Harmonized Tariff Nomenclature                                  |
| AmCham | American Chamber of Commerce  |
| ASEAN  | Association of Southeast Asian Nations                                |
| CBP    | Customs and Border Protection (U.S.)                                  |
| CCLPHH | Center for Counseling on Laws and Policies on Health and HIV/AIDS     |
| CDI    | Center for Development and Integration                                |
| CFBA   | Committee on Finance and Budgetary Affairs (NA)                       |
| CGE    | Computable general equilibrium  |
| CIEM   | Central Institute for Economic Management (MPI)                       |
| CPTPP  | Comprehensive and Progressive Agreement for Trans-Pacific Partnership |
| CSDS   | Center for Sustainable Development Studies                            |
| DTA    | Direct technical assistance (agreement)                               |
| e-GP   | e-Government Procurement  |
| ERs    | Expected results  |
| GDT    | General Department of Taxation  |
| GDVC   | General Department of Vietnam Customs                                 |
| GIG    | Governance for Inclusive Growth                                       |
| HLU    | Hanoi Law University  |
| ISS    | Instant Support System  |
| MARD   | Ministry of Agriculture and Rural Development                         |
| MDRI   | Mekong Development Research Institute                                 |
| MOF    | Ministry of Finance   |
| MOIT   | Ministry of Industry and Trade  |
| MOJ    | Ministry of Justice   |
| MOST   | Ministry of Science and Technology                                    |
| MPI    | Ministry of Planning and Investment                                   |
| NA     | National Assembly   |
| NIIS   | National Investment Information System                                |
| PMU    | Program Management Unit   |
| SAV    | State Audit Office of Vietnam   |
| SMEs   | Small and medium enterprises  |
| SPC    | Supreme People's Court  |
| SPP    | Supreme People's Procuracy  |
| TFA    | Trade Facilitation Agreement  |
| TPP    | Trans Pacific Partnership   |
| USAID  | United States Agency for International Development                    |
| U.S.   | United States   |
| VAWE   | Vietnam Association for Women Entrepreneurs                           |
| VCCI   | Vietnam Chamber of Commerce and Industry                              |
| VLA    | Vietnam Lawyers' Association  |
| VND    | Vietnamese Dong   |
| VTFA   | Vietnam Trade Facilitation Alliance                                   |
| WTO    | World Trade Organization  |

## EXECUTIVE SUMMARY

The Governance for Inclusive Growth (GIG) Program, a \$42 million, five-year project, implemented from December 12, 2013 to December 11, 2018, was part of the United States Agency for International Development's (USAID) Country Development Cooperation Strategy for Vietnam 2014-2019, to strengthen governance, expand access to quality higher education, address threats to health and the environment, and help improve opportunities for vulnerable groups. The GIG Program was designed to enhance governance with an emphasis on improving trade, the legal and regulatory environment, accountability, and the expansion of inclusive social and economic opportunities for vulnerable populations.

Under the leadership of the Ministry of Justice (MOJ), the GIG Program supported the Government of Vietnam's reform priorities in collaboration with five other primary counterparts: the National Assembly (NA), Ministry of Finance (MOF), Ministry of Industry and Trade (MOIT), Ministry of Planning and Investment (MPI), and State Audit Office of Vietnam (SAV); and eight *ad hoc* counterparts.<sup>1</sup> These government counterparts coordinated together to further the Government of Vietnam's priority reforms, such as trade facilitation, increased competitiveness, public financial

management, and justice sector coordination to combat wildlife trafficking. In addition to primary and *ad hoc* counterparts, the GIG Program cooperated with social organizations, the business community, universities, and the media in support of public participation and inclusive growth. Such collaboration played a vital role in the GIG Program's achievements. The GIG Program's emphasis on working across sectors and with the



**USAID** are very happy with the results of the Governance for Inclusive Growth Project. Over the last four years we worked very collaboratively across a number of Vietnamese agencies and ministries and in the process have improved governance by improving the collaboration and the consultations of those government agencies with a wide number of private sector and public sector and civil society actors to improve public policymaking in Vietnam. It has been a great pleasure to work with all of our partners during the USAID GIG Program for the last four years. ”

Mr. Michael Greene, Mission Director, USAID/Vietnam.  
November 6, 2018.

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<sup>1</sup> The GIG Program has also worked with several *ad hoc* counterparts, including: Central Economic Committee of the Party; Central Committee on Internal Affairs of the Party; Ministry of Science and Technology (MOST); Ministry of Labor, Invalids and Social Affairs (MOLISA); Ministry of Agriculture and Rural Development (MARD); Supreme People's Procuracy (SPP); Supreme People's Court (SPC); and Vietnam Lawyers Association (VLA).

private sector, including through a grants program,<sup>2</sup> facilitated public participation, collaboration, learning, and partnerships.

During the GIG Program, Vietnam took bolder steps to strengthen the competitiveness of its economy; public financial management; and development of the private sector, including support to vulnerable groups and small and medium enterprises (SMEs). The GIG Program and its counterparts also prioritized cooperation through technical assistance to strengthen specific governance processes, thereby establishing a strong foundation undergirding the economic growth reforms, thereby making an important, direct contribution to the sustainability of the Government of Vietnam's reforms. The technical assistance – in consultation with the Government of Vietnam – coherently integrated the Program's good governance and inclusive growth objectives with the best opportunities for advancing reforms in the Vietnamese context.

Key international trade agreements supported through the GIG Program have included the World Trade Organization (WTO) Trade Facilitation Agreement (TFA), the Trans-Pacific Partnership (TPP),<sup>3</sup> and integration with the Association of Southeast Asian Nations (ASEAN) Economic Community.<sup>4</sup> Cooperation with the government has included reforms aimed at improving rule-making by ministries affecting trade, resolution of commercial disputes, customs-to-business consultations, and government-to-government cooperation. The Program also supported five successive, annual versions of Resolution 19 by the Government. These resolutions have contributed to improving Vietnam's ranking in the World Bank's Doing Business Report by 24 places overall since 2015.

Support for improving the accountability of public institutions included a large portfolio of legal, regulatory and justice sector reforms within the MOJ. The Program and the MOJ collaborated on implementation of policy impact assessments (PIA) for all new laws per the Law on the Promulgation of Legal Normative Documents, which was passed during the GIG Program, thereby ensuring a clear and concise definition of PIA: reflecting international standards; supporting a stronger public consultation phase; and marking the first time in Vietnam that economic, social, legal, procedural, and gender impacts are assessed, at the same time effectively mainstreaming gender issues into legal normative documents and policies, and thereby enhancing enforceability of legal normative documents.

Cooperation with the MOF resulted in improved policies and capacities to assess the impact of changes in trade and tax policies. Cooperation with the MPI included improvements in its procurement systems and policies, upgrades to the National Investor Information System (NIIS), increasing Vietnam's competitiveness, and development of

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<sup>2</sup> The MOJ Program Management Unit (PMU) approved the following grants: Center for Sustainable Development Studies (CSDS); Vietnam Association for Women Entrepreneurs (VAWE); Vietnam Chamber of Commerce and Industry (VCCI); Center for Counseling on Laws and Policies on Health and HIV/AIDS (CCLPHH); and the Mekong Development Research Institute (MDRI).

<sup>3</sup> The GIG Program supported implementation of 20 chapters of the Trans Pacific Partnership (TPP). The TPP was withdrawn by the U.S. President on January 23, 2017, but the remaining 11 member-countries of the TPP, including Vietnam, announced in November 2017 that they were renegotiating the agreement under a new name, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Those chapters supported by the GIG Program during TPP preparations remained intact in the new CPTPP, which was ratified by Vietnam prior to the end of the GIG Program on November 12, 2018.

<sup>4</sup> Such as the ASEAN single window and ASEAN Harmonized Tariff Nomenclature (AHTN) system.

SMEs and cooperatives. Cooperation with the SAV strengthened information technology auditing and environmental performance auditing. And the GIG Program cooperated with the National Assembly (NA) on increased oversight, citizen engagement, research, and a training program for new Deputies.

Other institutional reforms the Program has supported substantially have included collaboration with: the Supreme People's Court (SPC) on improving resolution of commercial disputes, issuing guidance to judges such as on criminal cases relating to wildlife trafficking, and applying precedent; the Supreme People's Procuracy (SPP) on combatting wildlife trafficking; and the Ministry of Labor, Invalids, and Social Affairs (MOLISA) on labor reforms; among others.

The GIG Program's efforts in support of inclusive growth have been implemented with the goal of ensuring that all citizens benefit from Vietnam's economic growth. These reforms have included technical assistance on development of laws and implementing decrees, such as for the Law on Legal Aid and Law on Support of SMEs, as well as the revised Civil Code, Penal Code, and the State Budget Law, among others. Other reforms have included a master-level training program for law professionals in cooperation with a local law school, a program to improve the legal aid system and enhance legal counselors' skills to work with vulnerable groups in cooperation with the Vietnam Lawyers' Association (VLA), and a new legal handbook in cooperation with the MOJ for vulnerable groups and local governments on the personal and property rights of vulnerable groups.

Chemonics is grateful to have been entrusted to be USAID's partner in implementing USAID's vision for this comprehensive, challenging, yet highly rewarding Program, which targeted the critical reform challenges at the convergence of governance and economic growth. Chemonics hopes that this final report is helpful to USAID, the Government of Vietnam, and other projects in future collaboration to enhance governance to facilitate broad-based inclusive and sustainable growth.

## KEY RESULTS



# 90

departments

The GIG Program partnered with approximately **90** departments within **14** state agencies and institutions, and with five organizations as grantees



# 63

cities and provinces

Participants from **63** cities and provinces participated in the GIG Program technical assistance and field visits



# 74

social organizations

**74** social organizations engaged in policy advocacy activities with the National Assembly, its committees, and government institutions



# 11

public-private partnerships

**11** public-private partnerships were formed



# 560

training courses and workshops

The GIG Program conducted **560** training courses and workshops for more than **37,000** participants, **43** percent of whom are women

# 25 | 61

laws other legal documents

The GIG Program has provided technical assistance to the development of **25** laws, **2** international agreements, and **61** decrees, circulars, decisions and resolutions



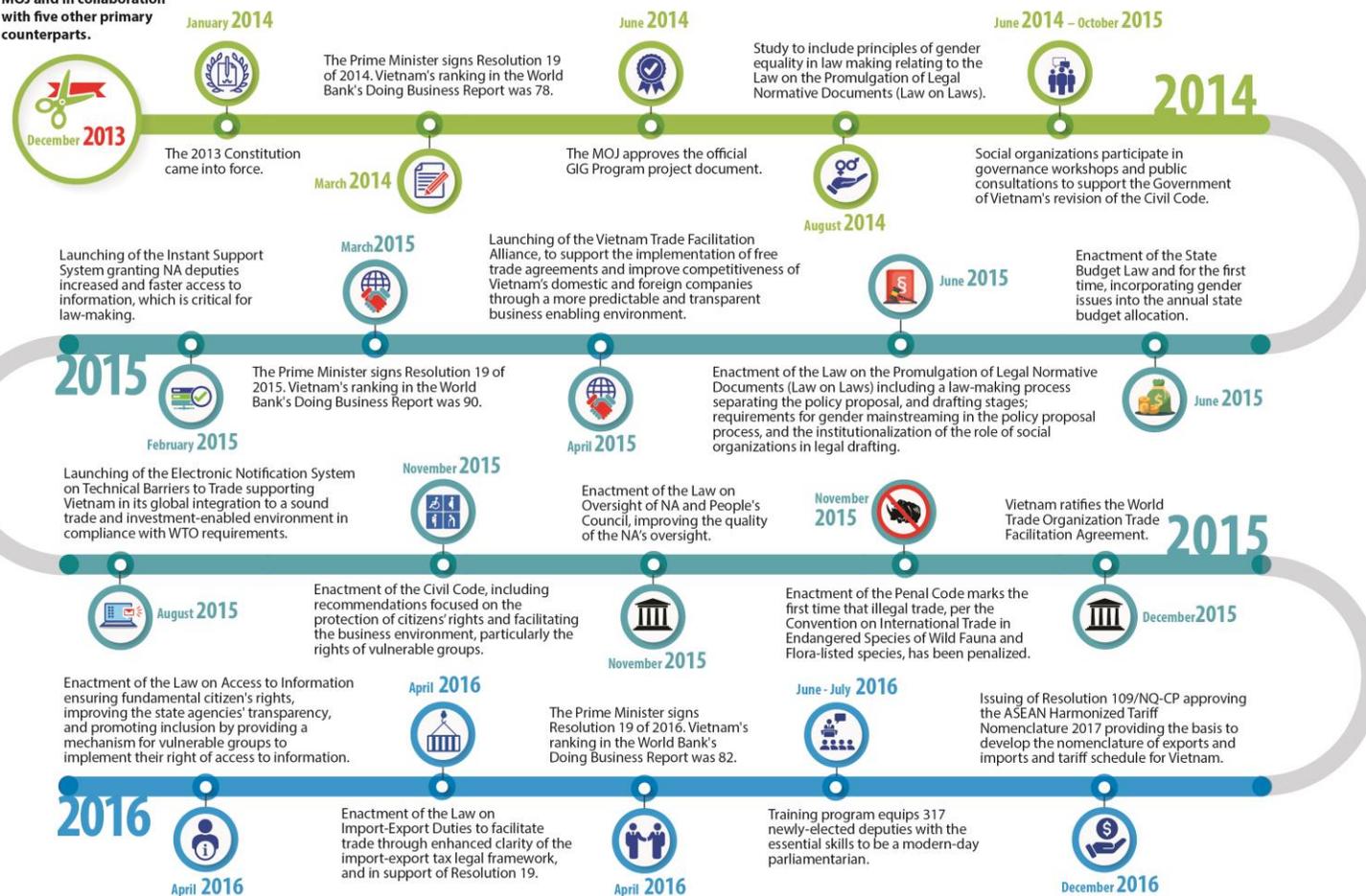
Vietnam's World Bank Doing Business ranking improved **24** places – from **93** in 2015 to **69** in 2018 (Source: World Bank's

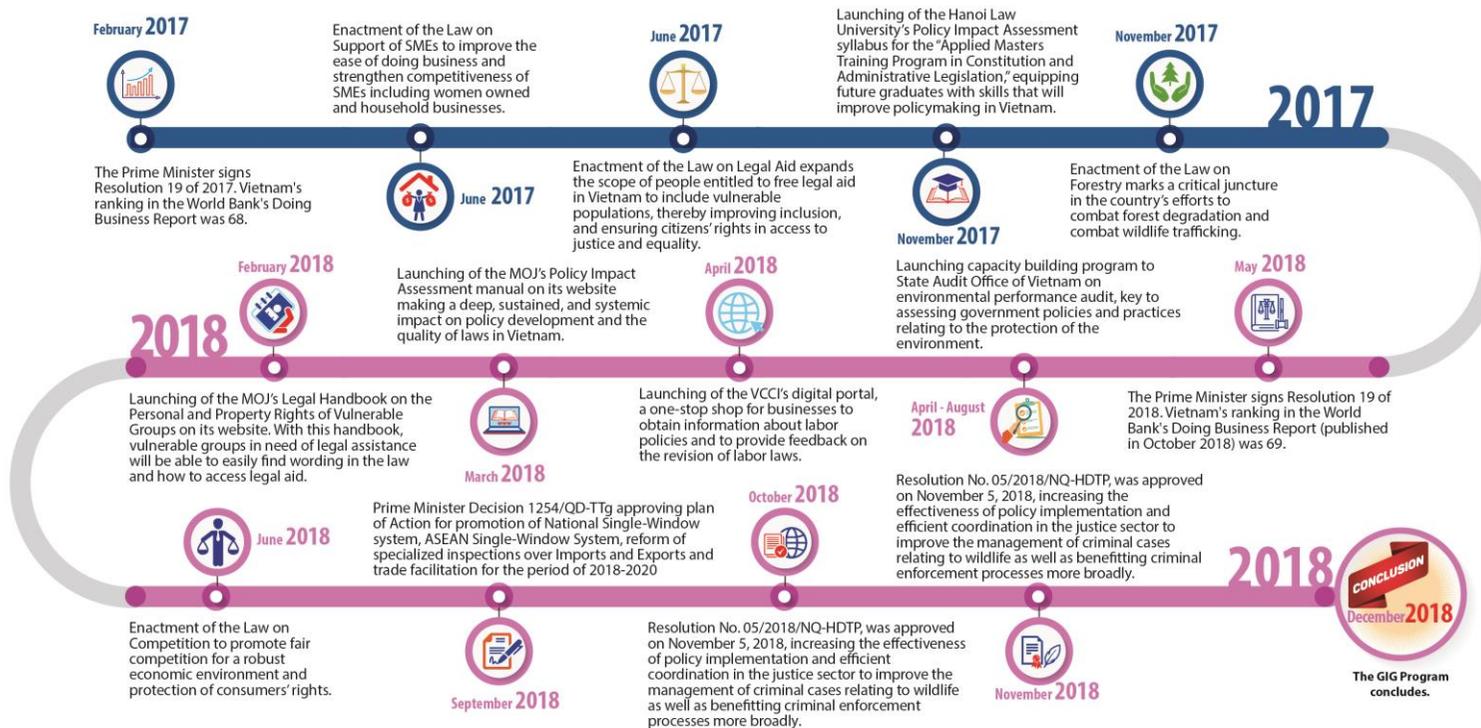
Doing Business Reports: 2016 to 2019)  
Mr. Nguyễn Hữu Huyền, Acting Director, Department of International Cooperation, MOJ, November 6, 2018.

Regional public-private partnership events attracted more than **1,000** participants comprising policy makers, women-owned SMEs, business associations, local firms, investors, and the media

## SELECTED HIGHLIGHTS IN THE GIG PROGRAM TIMELINE

The GIG Program is launched under the leadership of the MOJ and in collaboration with five other primary counterparts.





Note: This timeline is hardly exhaustive and only includes selected highlights and events. It does not reflect all laws, regulations, and technical assistance from the GIG Program.

## LEGACIES

Significant legacies of the GIG Program include:

- The new policy impact assessment (PIA) process, under the leadership of the MOJ, has been developed and institutionalized through a technical manual and several training-of-trainers events. The new PIA process is a significant reform because the National Assembly now requires policy assessments as part of its review of new laws. Through intensive technical assistance over the entire project, detailed guidance is now provided on how assessments must be conducted, including public consultations and thorough studies of various social and financial impacts. As described in this report, because of the inclusive approach to developing the PIA process, it will continue to improve the quality and transparency of policy- and law-making into the future.
- An enhanced policy development process through research using leading economic growth diagnostic tools and economic complexity techniques conducted under the leadership of the Central Economic Committee of the Party. These efforts demonstrate effective development of recommendations and decision-making based on sufficient and appropriate data.
- Strengthened National Assembly oversight and citizen engagement, training for Deputies and support staff, and improved research capacity by its library through an online Instant Support System (ISS). As a result of these activities, Deputies have access to more information during law-making, including access to technical research, public consultations, and more comprehensive data. Secondly, Deputies may assume a stronger role in assessing and improving the implementation of laws enacted.
- Five annual versions of Resolution 19 of the Government, in cooperation with MPI's Central Institute for Economic Management (CIEM), have improved Vietnam's business environment, including reduced administrative procedures and business conditions. Resolution 19 is significant because it has targeted serious impediments to Vietnam's economic growth and governance year by year, prescribed solutions, and engaged with the Office of the Government to keep a focus on addressing priority reform challenges from the perspective of the highest levels of government, provinces, and the public.
- A new automated National Investor Information System (NIIS), in cooperation with MPI's Foreign Investment Agency, will allow investors, policy makers, and researchers to more easily identify investment trends at different levels of aggregation and disaggregation across the country. This reform is an excellent model for improved data collection at the provincial level, data sharing, and aggregating and disaggregating all data at the central level in support of improved transparency of information and decision-making.
- A new e-procurement action plan, including development of an e-marketplace, in cooperation with MPI's Public Procurement Agency, is an important reform because it represents the first step in implementation of the national plan for electronic government procurement.
- Annual national public finance forums, the first two of which were supported by the GIG Program in cooperation with the MOF, have created an annual venue for the MOF, donor community, and the public to meet to discuss Vietnam's priority financial reforms. The forums will be sustained by other donors in future years.
- A core group of the MOF's National Institute for Finance (NIF) analysts were trained on increasingly advanced application of computable general equilibrium

modeling to analyze the impact of changes in fiscal and trade policies. The knowledge and skills developed will help Vietnam achieve its objective of guiding policy and decision-making based on improved data collection and analysis.

- Customs modernization through new regulations, customs surveys, ASEAN Harmonized Tariff Nomenclature (AHTN), and trade facilitation through development of the legal and regulatory framework for implementing WTO TFA commitments, specialized inspection reforms, and customs-to-business partnerships. The WTO TFA was ratified and entered into force during the GIG Program, in cooperation with the MOF's General Department of Vietnam Customs (GDVC). These reforms are facilitating Vietnam's progress toward improved trade facilitation and competitiveness through more transparent and expeditious customs clearance processes.
- Combating wildlife trafficking (CWT) through new Penal Code provisions, a new manual for prosecutors under the SPP, a resolution guiding judges on the adjudication of crimes relating to wildlife under the SPC, strengthened oversight by the National Assembly, and inter-agency coordination through the Vietnam Wildlife Enforcement Network. The CWT efforts have provided a valuable context for demonstrating more effective coordination among justice sector institutions and more effective implementation of the Penal Code.
- Strengthened information technology auditing and environmental performance auditing by the SAV. The SAV's reforms have strengthened the skills of its staff and accountability within the government through enhancement of the SAV's role.
- Improved collaboration among state agencies and the public, including businesses, social organizations, universities, and the media, with an emphasis on meeting the development needs of vulnerable groups. As noted in USAID's five-year Country Development Cooperation Strategy, the deeper issues of governance and inclusive growth undergird economic growth. Thus, strengthening the participation of, and services to, vulnerable groups is crucial to sustaining Vietnam's economic growth.
- Facilitated annual national legal forums to address priority issues in regulatory reform and implementation of laws in cooperation with the MOJ. These forums have been an important means of publicizing law and justice reforms, defining the MOJ's reform priorities, and incrementally including the public more.
- Created a vast resource of training materials, technical reports, and manuals for future use. Specifically, a total of 10 manuals<sup>5</sup> were completed to increase quality standards, predictability, and to contribute to the institutionalization of processes and procedures by multiple Program counterparts, thereby supporting transparency, accountability, and the sustainability of reforms.

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<sup>5</sup> See the section of this report on [Lessons for Program Design and Legacy Outputs](#).

## BACKGROUND AND STRATEGIC APPROACH

### OVERVIEW AND RATIONALE

The GIG Program supported USAID’s Country Development Cooperation Strategy (CDCS) for Vietnam 2014-2019. The GIG Program built on the portfolio of previous USAID/Vietnam Economic Growth and Governance programs, including accomplishments and relationships made under STAR Plus, Vietnam Competitiveness Initiative Phase II, the Legislative Research Program, the Industrial Relations Promotion Program, and the Sustainable Cocoa for Farmers Program. However, GIG reflected USAID’s shifting focus on economic governance as discussed in the CDCS: “with an economy that is now quite open and integrated into global markets, the quality of economic governance is currently viewed by many to be a significant constraint to Vietnam’s long-term competitiveness and sustainable economic growth.”<sup>6</sup>

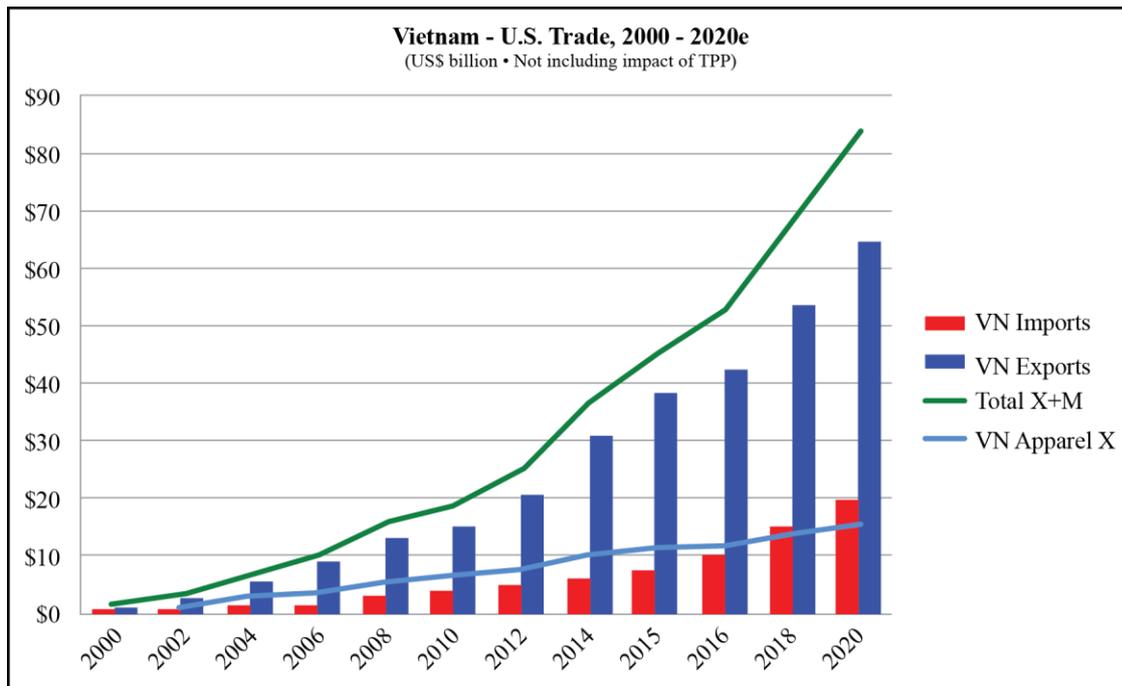
The GIG Program was based on the development hypothesis that, for Vietnam to continue its transformation into a responsible, more inclusive partner, it needs to enhance governance to facilitate broad-based, sustainable growth.<sup>7</sup> Therefore, the Program was designed to support the Government of Vietnam’s development of a clear legal and regulatory framework, one that establishes a system based on the rule of law through which citizens and the private sector are provided with a high-quality, predictable, and transparent set of rules by which they may make their own independent, innovative contributions to growth and development. Equally important, the Program was designed to contribute towards a dynamic and inclusive policymaking process so that all members of society can participate and benefit. Also, because an improved legal framework will not guarantee that policies will be implemented effectively, the Program was designed to improve the accountability of public institutions on policy implementation through improved oversight, citizen participation and increased transparency. Finally, while an improved legal framework and increased public accountability will both contribute to a wide range of development objectives that will enhance inclusion, the Program was designed to promote additional targeted efforts to more directly address the unique challenges of groups that have historically not had equality of rights or opportunity improved.

The Program was designed to support the Government of Vietnam efforts to reform its legal framework in line with changes in the 2013 Constitution, and within the unique development context of Vietnam, as one of the world’s fastest growing middle-income economies in the world. The GIG Program and its counterparts addressed urgent, cross-sectoral reforms needed to support the government’s ambitious drive to continue to improve national competitiveness and to prepare for implementation of new generation trade agreements; as well as to sustain increased trade between Vietnam and the United States (U.S.), which is projected to exceed \$80 billion by 2020.

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<sup>6</sup> See page 5 of the CDCS, on Governance.

<sup>7</sup> See page 25 of the CDCS, on Description of the Development Objective: “[Development Objective 1] identifies broader-based, sustainable growth as the economic engine of Vietnam’s progress towards the goal of becoming a responsible, more inclusive partner, and focuses on the governance constraints to that growth identified above as the principal development problem that USAID will address during this five-year strategy period... Without such enhanced governance, Vietnam will underperform and will suffer increasing inequality and risk of instability.”



(M = Vietnam imports from U.S.; X = VN exports to U.S.; X+M = total trade; VN Apparel X = Vietnam's apparel exports to U.S.)

Source: Chart - American Chamber of Commerce Vietnam, Ho Chi Minh City Chapter, presentation during the “Conference of Vietnamese Enterprises Domestic Trade and Export Market Strategy Joining Domestic and Global Supply Chains,” December 16, 2016. Data - <https://www.census.gov/foreign-trade/balance/c5520.html#2010>.

The GIG Program provided a central, cross-sector mechanism to address broad national policies and processes that have a direct and specific impact on challenges relating to inclusiveness, sustainability and growth, as well as support a wide range of shared priority policy issues of the U.S. Government and the Government of Vietnam based on five key objectives:

- Enhancing trade and investment
- Improving competitiveness
- Developing the rule of law and improving judicial effectiveness
- Supporting more effective public administration and financial management
- Promoting social and economic inclusion for all citizens

During the five-year GIG Program, a new Constitution took effect and the National Assembly enacted changes to the Civil Code, Civil Procedure Code, and Penal Code, among many other legal reforms. These are dramatic legal changes within a short period of time.

Furthermore, the GIG Program's design grouped activities under three expected results (ERs) representing the specific governance processes important to one or more of the abovementioned key objectives. The three ERs of the GIG Program were:

- ER 1: Legal and regulatory framework improved through a dynamic, inclusive, policymaking process.
- ER 2: Accountability of public institutions improved.

- ER 3: Inclusion of groups that have historically not had equality of rights or opportunity improved.

While set up to be implemented by three teams under three distinct ERs, the GIG Program transitioned to a horizontal, one-team approach to foster collaboration, sharing, and learning that identified common interests and approaches across the ERs and objectives, as opposed to dividing work by vertical hierarchies or merely counterpart-by-counterpart. In other words, each work plan activity included elements of each of the three ERs. Developing a team with diverse skill-sets required a common vision that unified the work of all staff, facilitated effective project communication and collaboration, and encouraged patience to listen to counterparts and to observe the progress of activities over time instead of seeking quick wins. This approach also required a routine strategic assessment of which activities were gaining traction, effective allocation of resources among multiple counterparts, and determining how to best support reforms that would most likely reinforce others to contribute to the most optimal, sustainable solutions.

## STRATEGIC APPROACH

### Multi-stakeholder Management Approach

The GIG Program was a highly-complex, cross-sectoral project that united economic growth, governance, and inclusive growth. In addition, an activity to combat wildlife trafficking was added in the third year of the Program,<sup>8</sup> which also combined and promoted elements of each of the three ERs. USAID’s local systems design for the GIG Program enabled the Program to work with “those interconnected sets of actors – government, justice sector, civil society, private sector, universities, individual citizens and others – that combine to produce a critical mass of support and convergence toward a particular development outcome.”<sup>9</sup>

The GIG Program is one of a growing number of USAID projects worldwide that have integrated more than one sector. Some of these projects were designed as cross-sectoral projects; others found it necessary to adapt by applying cross-sectoral approaches to address urgent reform needs.<sup>10</sup>

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<sup>8</sup> Although, the GIG Program focused on effective governance approaches to achieve sustainable legal, prosecutorial and court reforms in support of combatting wildlife trafficking.

<sup>9</sup> Local Systems: A Framework for Supporting Sustained Development, U.S. Agency for International Development, April 2014, p.4.  
<https://www.usaid.gov/sites/default/files/documents/1870/LocalSystemsFramework.pdf>

<sup>10</sup> A paper describing a few recent USAID-funded projects using cross-sectoral approaches and implemented by Chemonics International includes: a justice sector reform program in Indonesia that was expanded to support efforts to combat wildlife trafficking and illegal logging - the USAID Indonesia Changes for Justice Project; another project in Indonesia that strengthened the development of civil society organizations while supporting policy reforms in governance, environment, health, and education - the USAID Indonesia’s Program Representasi; a climate adaptation project in Mozambique that unites the work of municipal government leaders, central government ministries, and the community to improve climate resilience - the USAID Mozambique Coastal City Adaptation Project; and an agriculture project in Uganda to boost agricultural production and remove policy, legal, regulatory, and institutional constraints impeding agricultural development - the USAID Feed the Future Uganda Enabling Environment for Agriculture Activity. Dr. John K. Johnson, Implementing Program Representasi in Indonesia: Building Policy Communities (2017).

A cross-sectoral approach is built on the assumption that many development challenges cannot be solved if they are focused narrowly on a single or small sector or too few government counterparts. Therefore, utilizing USAID’s systems design, the GIG Program implemented a multi-stakeholder management model to achieve systemic reform, including:

- Cross-ministry and cross-sectoral activities, with the participation of government officials, social organizations, businesses and others at both the central and provincial levels.
- Greater collaboration, accountability, transparency, and learning among counterparts and other stakeholders such as the public, social organizations, and the business community.
- Flexibility to respond to emerging needs (i.e., despite challenges responding to the needs of multiple counterparts, the GIG Program was highly adaptable to changing or evolving circumstances).

While this approach proved challenging to coordinate and manage at times, particularly at the outset, it yielded reforms and pressure from multiple perspectives that otherwise would not have been possible if limited to a narrowed approach working with fewer counterparts.

 *The GIG Program is one of the best examples of international cooperation projects and should be a model to demonstrate how flexibility is a condition for good implementation.* 

Ms. Nguyen Minh Thao, Head of Business Environment and Competitiveness Department, CIEM, MPI. November 6, 2018.

As an example, the Ministry of Science and Technology (MOST), an *ad hoc* counterpart, and the GIG Program leveraged the multi-stakeholder management model to comply with requirements under Resolution 19, to improve Vietnam’s competitiveness. MOST was tasked with developing a list of imports and exports included in the category of “Group-2 commodities,” (i.e., goods and products possibly unsafe for consumers and/or that could affect the health of consumers, such as: electric goods, milk-made products, some types of medical equipment, and pesticides). MOST and the GIG Program created a space for dialogue through intensive discussions for representatives from 14 ministries, the Office of the Government, the MPI, CIEM, and business associations to discuss and agree on the list. With feedback from the workshop, MOST was able to accelerate the task of providing concrete guidance and to reach agreement among ministries to complete a single, full list of “Group-2 commodities.”

The GIG Program’s cross-sectoral approach also yielded reforms beyond even what had been envisioned. In one remarkable example, between 2014 and 2018, Vietnam improved its ranking from 135 to 27 in the World Bank’s Doing Business Indicators on the time required to get electricity.<sup>11</sup> Unreliable electrical supply and high fees had been a barrier to access. Due to the efforts of Resolution 19 of the Government over a period of four years, by 2018 Vietnam improved its ranking to 27, and the time required for getting electricity was reduced by more than three days. Achieving these improvements required cross-sectoral collaboration, with technical assistance through the GIG Program, among

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<sup>11</sup> World Bank Doing Business Reports for 2015 and 2019.

the Ministry of Industry and Trade, Ministry of Planning and Investment, and the Vietnam Electricity Corporation to simplify Vietnam's administrative procedures.

In another example, MPI's CIEM, the GIG Program, and the Vietnam Trade Facilitation Alliance (VTFA) led by the American Chamber of Commerce (AmCham) of Ho Chi Minh City, facilitated cross-ministerial and business sector collaboration to simplify food safety specialized inspection procedures. Decree 38/2012/ND-CP on food safety had been regularly cited by the U.S. Trade Representative's annual National Trade Estimates report of foreign trade barriers as a major hindrance to U.S. agricultural exports to Vietnam. CIEM and the GIG Program gathered representatives from the Ministry of Health, MOST, businesses (including SMEs), and customs authorities to recommend improvements to the decree. On February 2, 2018 the Government of Vietnam issued Decree 15/2018/ND-CP to replace Decree 38, to support a more efficient implementation of the Law on Food Safety, and dramatically reduce the number and complexity of food safety specialized inspection procedures. The new decree enables businesses to conduct self-certification of food safety compliance for up to 90 percent of food products, rather than having to pay and wait for a certification process to be conducted by the Ministry of Health. According to an estimate by the CIEM, the implementation of Decree 15/2018/ND-CP will save at least 8 million working days and \$140 million annually for the business community.

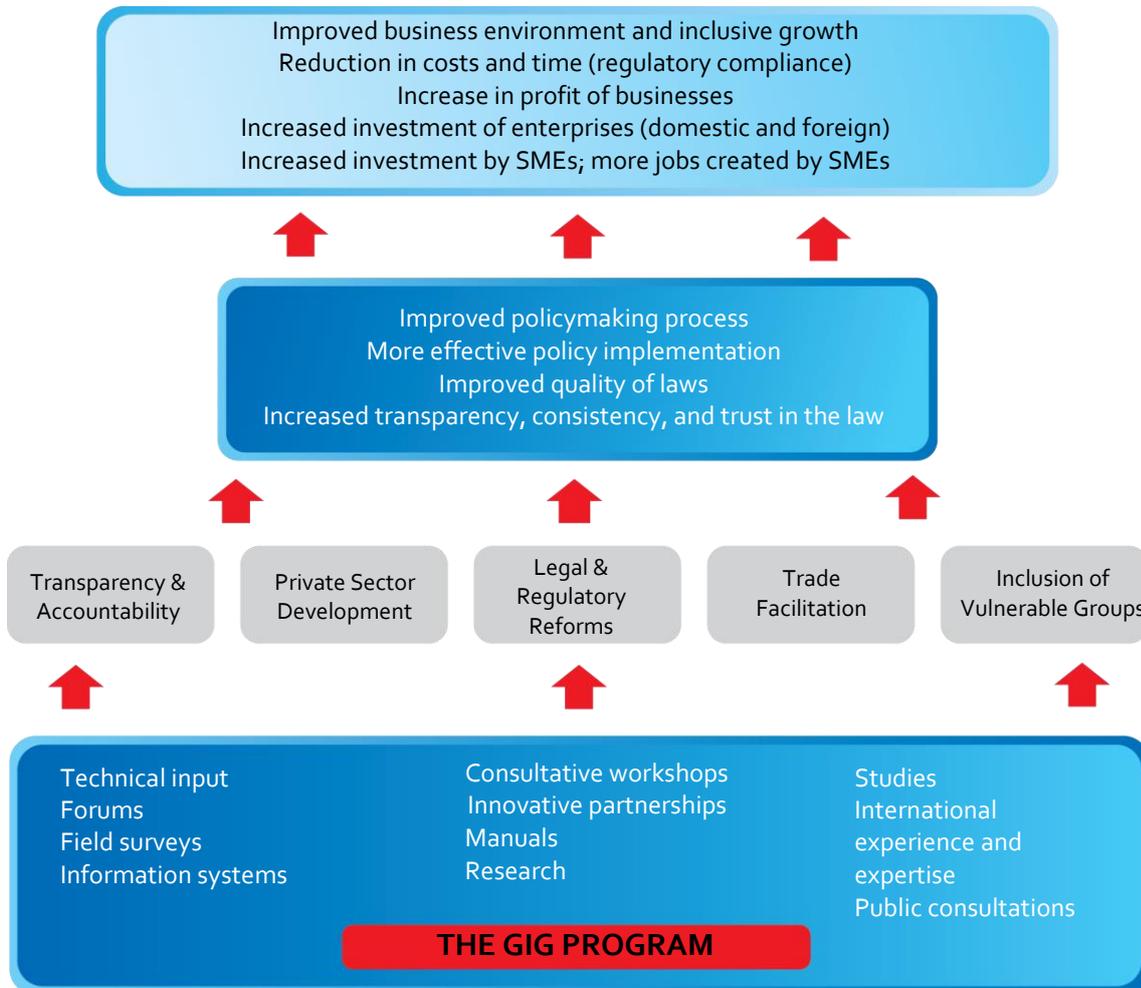
Through cross-sectoral and multi-stakeholder facilitation that considered economic, governance, and inclusive growth challenges together, all relevant stakeholders collaborated to ground-truth each reform, introduce effective checks and balances, and bring balance among the interests of the government, public, and private sector. This collaboration occurred through a combination of workshops, field visits, media engagement, and public consultations, among other interactions.

## Governance Catalyzes Economic Growth

Meaningful and sustainable economic growth requires good governance; governance provides the framework undergirding sustainable economic reform. Governance in turn benefits from the context of economic growth as the engine that motivates the drive toward reforms. For example, the desire for increased international trade has led businesses and government to become more collaborative in support of revised customs procedures to facilitate trade and increase transparency; and customs modernization has required improved rule-making to reduce burdensome requirements of many ministries causing delays in customs clearance times.

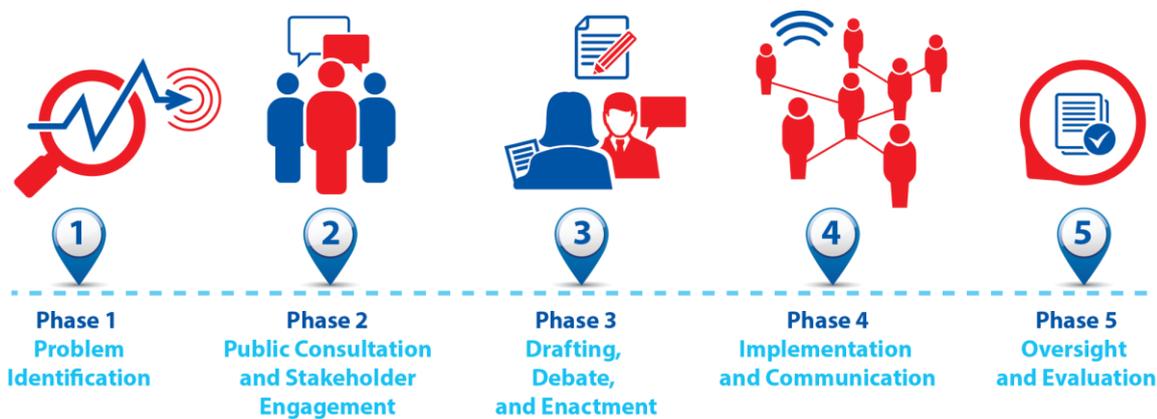
Over a period of five years, the GIG Program focused on those areas where economic growth and governance converge, and it prioritized project interventions with a high probability of success and potential of scale that would benefit larger numbers of beneficiaries. Therefore, implementing governance alongside economic growth was the appropriate approach for strengthening effective coordination and reinforcing accountability among ministries, lawmakers, and justice institutions; facilitating effective participation by citizens and businesses; building in systems for assessing and adapting; and improving systems of transparency and accountability among all stakeholders.

## Governance Catalyzes Inclusive Economic Growth



## Interventions at Each Stage of the Policy Life Cycle

The GIG Program provided continuous, adaptive technical assistance throughout the policy life cycle, from development of policy impact assessments and laws, through development of regulations, to assessment of remaining gaps and improved implementation.



## KEY SUCCESSES

This section describes specific governance processes that the GIG Program and its counterparts strengthened to make an important, direct contribution to the Program’s objectives. They reflect both a coherent integration of the Program’s good governance and sustainable, inclusive growth objectives, while clearly identifying — in consultation with the Government of Vietnam — the best opportunities for advancing reforms within the Vietnamese context.

## CUSTOMS MODERNIZATION, TRADE, AND COMPETITIVENESS

### Resolution 19: Improving the Business Environment

Resolution 19 of the Government on Improving the Business Environment and Enhancing National Competitiveness is one of the top priorities of the Government of Vietnam to promote trade, investment, and economic growth, and to accelerate economic integration with the global market. It sets targets to improve the business environment and enhance national competitiveness by reducing the cost, time and risks of doing business in Vietnam. Through technical assistance to support the government’s drafting



*Dr. Nguyen Dinh Cung, President of CIEM, MPI at a workshop for the six-month implementation of Resolution 19 on improving Vietnam’s business environment and enhancing national competitiveness. Photo credit: GIG Program*

and implementation of five successive, annual versions of Resolution 19, the GIG Program facilitated government oversight and pressure from within the government and the business community to improve Vietnam's business environment. One of the most substantial contributions of the GIG Program was the evidence-based process for setting goals and monitoring implementation, such as through surveys and direct observation during field visits. These surveys and visits helped make high-level decision makers aware of challenges facing businesses at the local level. Deputy Prime Minister Vu Duc Dam joined field visits on at least two occasions, and he encouraged public feedback. Meeting the goals of Resolution 19 was facilitated by the GIG Program's direct engagement with multiple government counterparts and private sector to sustain pressure for specific, detailed reforms.

The GIG Program completed reports gathering various implementation assessments of regulations and procedures related to the World Bank Doing Business indicators and Resolution 19. These assessments stimulated reform momentum and accountability among ministries, helped counterparts to diagnose and respond to reform challenges faced by the business community, simplify regulations and procedures, identify and learn from good international and local practices, and facilitate stakeholder engagement. These stimulated innovative thinking on broader regulatory reforms, which were influential in setting new higher standards in subsequent versions of Resolution 19. For example, CIEM and the GIG Program collaborated with Vietnam Social Security to continue to reduce the time required for businesses to comply with administrative procedures concerning social security contributions. Decisions 1133/QĐ-BHXH and 1300/QĐ-BHXH, issued in 2015, addressed these issues by simplifying procedures, significantly reducing the time and costs for businesses.

*“In recent years, thousands of companies have benefited from changes in customs policies that have come about as a result of consultations between businesses and customs authorities.”*

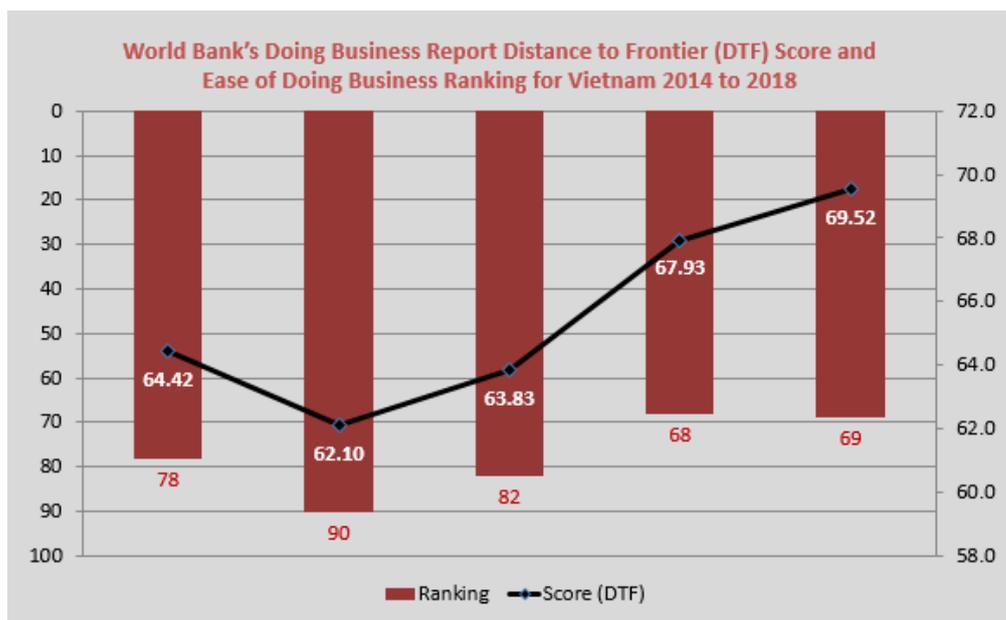
Mrs. Nguyen Tuyet, Import-Export Manager at Ford Vietnam.

The GIG Program's technical assistance contributed to the Government of Vietnam's work under four circulars and two decrees (see text box below) that streamlined administrative procedures for businesses in the areas of specialized inspection of imports and exports; getting electricity; energy testing and labelling requirements for imported equipment; tax compliance procedures; and obtaining construction permits. Specifically, this technical assistance contributed to: estimated savings of \$134 million per year on costs related to specialized inspections of imports; a reduction in working days to complete processes (such as customs inspections, tax processing, and getting electricity); savings in government costs; reduced time and cost in complying with value-added tax, corporate income tax, and social security contributions; and a dramatic reduction in energy-efficiency labeling requirements.

The GIG Program has supported five successive annual versions of Resolution 19 issued by the Prime Minister; these resolutions have contributed to improving Vietnam's ranking in the World Bank's Doing Business Report overall since 2015.

The GIG Program's technical assistance contributed to the Government of Vietnam's work under four circulars and two decrees that streamlined administrative procedures for businesses:

- Circular 23/2016/TT-BCT of November 2, 2016
- Circular 24/2016/TT-BCT of November 30, 2016
- Circular 173/2016/TT-BTC of October, 28 2016
- Circular 36/2016/TT-BCT of December 28, 2016
- Decree 53/2017/NĐ-CP of May 8, 2017
- Decree 42/2017/NĐ-CP of April 5, 2017



Source: Chart - Central Institute for Economic Management presentation during the “Closing Conference: USAID’s Governance for Inclusive Growth Program,” November 6, 2018. Data – World Bank Doing Business Reports: 2015 to 2019.

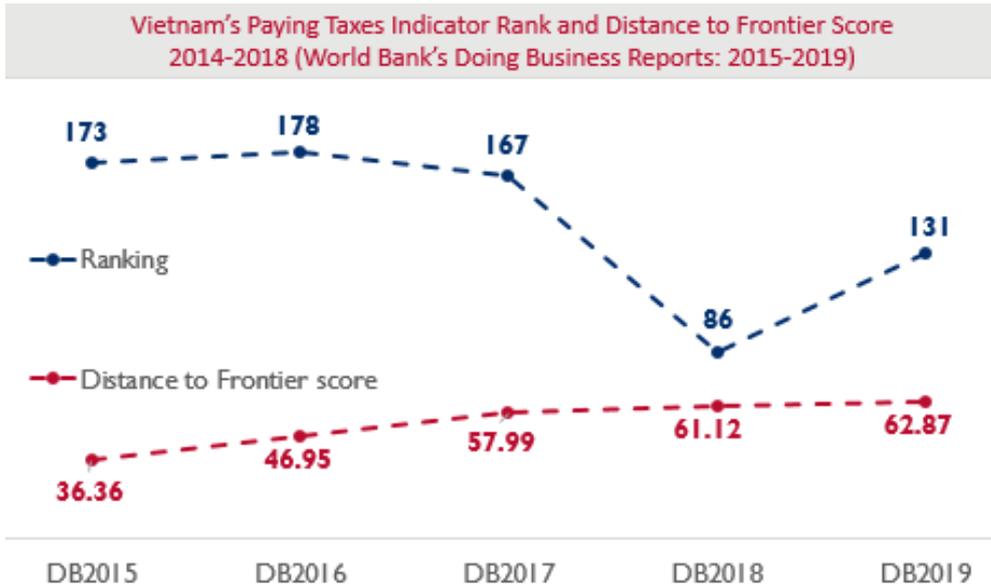
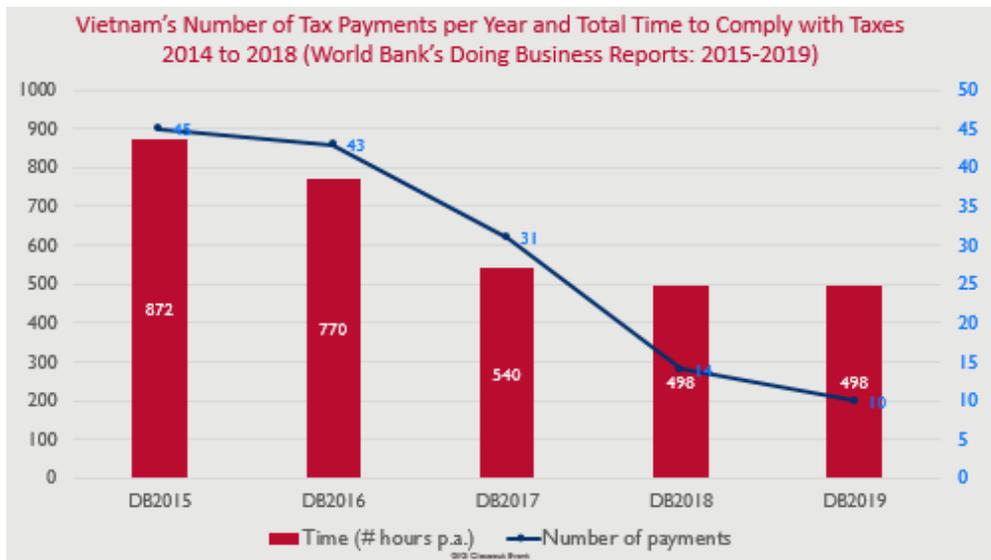
While Resolution 19 has achieved significant quantifiable results, greater accountability and transparency in the policymaking process have also been key outcomes. Thus, Resolution 19 stands as a model for good governance and inclusive policymaking, providing momentum for increased coordination and public participation in Vietnam’s economic reforms.

### Tax Payment Reform

The MOF General Department of Taxation (GDT) and the GIG Program began cooperating on tax payment reforms following the launch of the first Resolution 19 in 2014. According to the World Bank’s Doing Business Report, businesses in Vietnam were required to make 45 separate tax payments in 2014, consuming up to 872 person-hours per year. Therefore, Resolution 19 identified tax payments, including social security contributions, as a key reform priority and, over five years, Vietnam’s Doing Business ranking for the Paying Taxes indicator jumped 42 places from 173 in 2014 to 131 in 2018 (see charts below). The GDT, MPI CIEM, Vietnam Social Security and other government counterparts received technical assistance from the GIG Program to revise administrative procedures on paying taxes, including employee social security contributions. In addition to the government, stakeholders from the business community, including the Vietnam Tax Consultants Association, have been key partners.

Studies included field research and assessments in various provinces to better understand the difficulties faced by taxpayers at the local level. This evidence-based approach has further strengthened the impetus for tax reforms.

Applying a holistic approach to tax reforms to improve Vietnam’s business environment, and as part of the GIG Program’s technical assistance with the Ministry of Finance, the Program facilitated consultations between Vietnam Social Security and the business community on difficulties faced by businesses managing social security contributions. The consultations contributed to implementation of [Decision 528](#), which eased the compliance burden of employers paying social security contributions and enhanced the transparency of information accessible by employees.



Source for both charts above: Charts - General Department of Taxation presentation during the “Closing Conference: USAID’s Governance for Inclusive Growth Program,” November 6, 2018. Data – World Bank Doing Business Reports: 2015 to 2019. The change in ranking between DB2018 and DB2019 reflects a change in the DB methodology, but the distance to frontier score reflects sustained progress since 2014.

## Trade Facilitation and Customs Modernization

The MOF's GDVC and the GIG Program worked together on a number of key reforms, including the: development and revision of the legal and regulatory framework for customs administration and specialized inspections for imports and exports, defining Category A, B, and C commitments for implementation of the WTO TFA; transitioning to the 2017 ASEAN Harmonized Tariffs Nomenclature (AHTN); developing and implementing customs surveys in 2015, and again at the request of the GDVC in 2018; and improved customs-to-business consultations in cooperation with local business associations.

The GIG Program supported the GDVC to complete the gap analysis of the WTO TFA in comparison with current Vietnamese legislation for submission to the National Assembly to ratify the agreement in November 2015. The GIG Program also helped various, relevant agencies to prepare themselves institutionally for implementation of the WTO TFA, particularly reforms to reduce regulations on specialized inspections by other ministries that impede customs clearance times.

In 2016, the GDVC, GIG Program, and the World Bank collaborated to develop an action plan for the implementation of Category B and C commitments under the WTO TFA, which came into effect soon thereafter on February 22, 2017. These commitments set out the implementation timeline of the WTO TFA for Vietnam and are required for Vietnam to benefit from the agreement's special and differential treatment provisions. In 2018, Vietnam's Intersectoral Steering Committee for International Economic Integration submitted the 14 Category B and nine Category C commitments, along with an implementation timeline, to the Vietnam Permanent Mission to the United Nations in Geneva, which then notified the WTO Secretariat. The WTO TFA's special and differential treatment provisions will facilitate trade for businesses by improving the business environment and contributing to increased trade and investment in Vietnam.

In September 2018, the Prime Minister issued Decision 1254/QD/TTG approving the plan of action for promotion of a national single window system, ASEAN single window, reform of specialized inspection over imports and exports, and trade facilitation for the period of 2018-2020.

The GIG Program provided technical assistance in support of implementation of the Law on Customs, enacted during the Program in 2014, and revision and implementation of the Law on Import and Export Duties, enacted also during the Program in 2016, plus their implementing decrees.

The GIG Program and GDVC collaborated on a number of public consultations with businesses to discuss customs procedures and specialized inspection to help enhance effective customs-business partnerships.

*“Just because there are changes at the central level does not mean that the local level will change. In addition to other formal channels, the GIG Program has helped the GDVC understand the value of public consultations with central and local level customs authorities as well as businesses.”*

Mr. Kim Long Bien, Director, Deputy Head of Customs Reform and Modernization Board, GDVC.  
November 6, 2018.

In collaboration with the U.S. Customs and Border Protection (CBP), the GIG Program provided technical assistance to develop the capacity of GDVC's staff, facilitated the

transition to risk-based management approaches, and assisted the GDVC to measure trade compliance. This contributed to customs reform and modernization and helped improve the GDVC's capacities to combat commercial fraud as well as other crimes such as wildlife trafficking.

The GIG Program collaborated with the GDVC to assess the impact of the shift from the 2012 customs AHTN to the 2017 AHTN for Vietnam's imports and exports, including development of a high-quality translation and explanation of the revised AHTN for 2017. This technical assistance was a key contributor to the approval of the Prime Minister's Resolution 109/NQ-CP, ratifying AHTN as the basis for enacting Vietnam's Nomenclature of Imports and Exports from 2017 through 2020.



*A visiting U.S. CBP delegation on Compliance Measurement Mission with the GDVC at the Lao Cai border port. Photo credit: GIG Program*

The VTFA, led by AmCham of Ho Chi Minh City and Vietnam Chamber of Commerce and Industry (VCCI)<sup>12</sup> promoted meaningful customs-to-business consultations in the South and prepared local Vietnamese enterprises to join global supply chains with a focus on customs and compliance. Also, the VTFA held workshops for women-owned businesses interested in becoming suppliers to Walmart worldwide and to join global supply chains. These events attracted 232 participants, comprised of approximately 75 percent women, and representing 120 companies. The VTFA, AmCham, VCCI, business associations such as the Vietnam Association of Seafood Exporters and Processors, and the GIG Program, held consultations and meetings over a period of six months in support of revisions to Decree 38 on food safety to reduce unreasonable administrative burdens on food industries.

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<sup>12</sup> The Vietnam Trade Facilitation Alliance (VTFA) was established upon the signing of a Memorandum of Understanding between AmCham of Ho Chi Minh City, VCCI, and USAID/Washington on December 12, 2014.

## Improved Information Systems

The WTO requires its members to share information on technical barriers to trade (i.e., regulations, standards, testing and certification procedures affecting manufacturing and exports) in a clear and convenient way to avoid unnecessary obstacles to trade. In cooperation with MOST's Directorate for Standards, Metrology and Quality, the GIG Program developed an Electronic Notification System on Technical Barriers to Trade. The system, developed since 2014 and launched in December 2015, allows Vietnam to more efficiently inform businesses about technical standards and regulations applied to imported products, while helping exporters to access information on technical barriers applied in WTO's markets for different products, thereby supporting Vietnam in its global integration to a sound trade and investment-enabled environment in compliance with WTO requirements.

Several other information systems were improved during the GIG Program. Those are addressed in the Governance section of this report, including: the National Assembly Library's Instant Support System (ISS); the MPI Public Procurement Agency's e-Marketplace; and the MPI Foreign Investment Agency's National Investor Information System (NIIS).

## Trade Facilitation and Customs Modernization: Lessons Learned

**Adaptability:** Following the withdrawal of the United States from the TPP, the Program successfully refocused on sustaining the reforms initiated by preparations for the TPP within the context of supporting other new generation trade agreements which, like the TPP, also require improved public services and governance alongside trade reforms, namely the WTO TFA, which came into force in 2017. The GIG Program also supported domestic reforms in support of new generation trade commitments such as through annual versions of Resolution 19. With Vietnam's ratification of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) on November 12, 2018, which utilized the support provided by the GIG Program on the earlier TPP, the Program's earlier technical assistance is clearly being sustained. However, the governance lessons of the GIG Program show that sustained customs reforms must be holistic, in cooperation with the Office of the Government, other ministries, and the private sector to continue adapting to future challenges.

**Multi-stakeholder approach:** The GIG Program's work with the GDVC has been a positive example of how continuous support on a specific technical issue is more effective, but also of how reforms must engage with all stakeholders touching the reform. For example, without a broad, adaptable governance approach focused on reducing specialized inspections of goods by line ministries and partnering with the private sector, efforts to reduce customs' delays will not be sufficient.

## POLICY AND LAWMAKING

The GIG Program and its counterparts provided technical assistance on key legislation and regulations impacting inclusiveness, sustainability and growth; and aligned technical assistance with Vietnam's policy priorities. Targeted technical assistance to laws was delivered throughout the policy cycle, simultaneously supporting policies for inclusive growth and strengthening underlying capacity and systems at each phase.

Between 2014 and 2018, the GIG Program’s technical assistance supported the Government of Vietnam’s drafting, revision, and/or implementation, of the following 45 laws, to enhance trade and governance, and to facilitate private sector participation, competition, and economic and inclusive growth:<sup>13</sup>

| Legal and regulatory framework improved                      |   |
|--|---|
| Civil Code   | Law on Forestry   |
| Civil Procedure Code   | Law on Legal Aid  |
| Commercial Law   | Law on Legal Education and Dissemination                                  |
| Corporate Income Tax Law                                     | Law on Local Governments  |
| Customs Law  | Law on Marriage and Family  |
| Enterprise Law   | Law on Oversight of National Assembly and People's Council                |
| Gender Equality Law  | Law on the Promulgation of Administrative Decisions (pending)             |
| Investment Law   | Law on Promulgation of Legal Normative Documents                          |
| Labor Code   | Law on Property Auctions  |
| Law on Access to Information                                 | Law on Quality of Goods and Products                                      |
| Law on Amending and Supplementing Articles of the Penal Code | Law on Special Consumption Tax  |
| Law on Animal Husbandry                                      | Law on Standards and Technical Regulations                                |
| Law on Anti-Corruption                                       | Law on State Budget   |
| Law on Competition   | Law on State Compensation Liability                                       |
| Law on Cooperatives  | Law on Support of Small and Medium Enterprises                            |
| Law on Criminal Records                                      | Law on Tax Administration   |
| Law on Denunciations   | Law on Value Added Tax  |
| Law on Education (pending)                                   | Law to Amend and Supplement the Laws on Investment and Business (pending) |
| Law on Enforcement of Civil Judgments                        | Personal Income Tax Law   |
| Law on Export and Import Duties                              | Penal Code  |
| Law on Food Safety   | Resource Tax Law  |
| Law on Foreign Trade Administration                          | State Audit Law   |
|  | Transgender Law (pending)   |

<sup>13</sup> For additional information, see Annex III: List Of Laws and Agreements Supported by the GIG Program.

*“In July-August, the National Center for Criminal Records has received active and effective support from the GIG Program and USAID in reviewing the implementation of the Law on Criminal Records. Through those activities, we have gained information, especially direct opinions from people, criminal record officers at Departments of Justice, coordinating agencies, and experts in this area. The results of those activities are seriously acquired, studied and used as bases for amendment of the Law on Criminal Records. On behalf of the MOJ National Center for Criminal Records, I would like to thank the GIG Program and USAID. I hope that in the coming time, the GIG Program will continue to work with the Government of Vietnam, with the MOJ in general, and with the National Center for Criminal Records in particular, in legal development in Vietnam, thus contributing to the development of the Vietnam-U.S.A. friendship.”*

Mr. Hoang Quoc Hung

Director of the National Center for Criminal Records, MOJ, September 12, 2016.

The GIG Program’s technical assistance supported the Government of Vietnam’s preparation for the implementation of the WTO TFA and the TPP; drafting and implementation of five annual versions of Resolution 19 of the Government; and numerous regulations such as decrees, circulars, and decisions. The following are a few key highlights of technical assistance on development of quality laws and regulations, and supporting their implementation:

**Implementation of the Constitution.** While citizens’ rights have been somewhat incorporated into some laws (e.g., Law on Access to Information and the Law on Referendum), new provisions in the 2013 Constitution, which took effect in January 2014, have not yet been fully institutionalized. The GIG Program facilitated the government’s assessment of the degree to which the 2013 constitutional provisions detailing human and citizen’s rights have been reflected in new or revised laws. In addition, at the request of the MOJ, the GIG Program provided technical assistance to the Government’s Advisory Board to develop a set of criteria for reviewing draft bills’ constitutionality<sup>14</sup> (i.e., to assess the compatibility of draft laws with the Constitution).

**Law on Access to Information:** The Government of Vietnam began drafting a comprehensive Law on Access to Information in 2007. The process was suspended in 2009, and the law was back on the NA’s agenda following the inclusion of language in the 2013 Constitution on the right of citizens to “have access to information.” The MOJ and the GIG Program collaborated during technical assistance on the law’s development, to: (i) share international experience and practices; (ii) update the law’s regulatory impact assessment; (iii) review the provisions related to access to information in existing Vietnamese laws and legal documents; and (iv) convene forums and roundtables to discuss the law, and offer policy recommendations to the draft law. The enactment of this law was a positive move for Vietnam in implementing the 2013 Constitution, ensuring fundamental citizen's rights, and improving state agencies' transparency. Most importantly, the law promotes inclusion by providing a mechanism for vulnerable groups to exercise their right of access to information.

**Decision on the renovation and improvement of the effectiveness of law implementation:** Vietnam has made good progress in developing higher-quality laws,

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<sup>14</sup> The advisory board was established under Decision 508/2014 of the Prime Minister, and its full name is: “The Advisory Board for reviewing draft laws and ordinances directly implementing the enforcement of the Constitution of the Socialist Republic of Vietnam.” The Advisory Board is composed by ministers/vice ministers from several government agencies and is chaired by the MOJ’s Minister.

but law implementation still faces many challenges. The GIG Program leveraged its multi-stakeholder management model to convene legal experts, researchers, law practitioners, and law enforcement officers, to provide recommendations for the overall improvement of law enforcement in Vietnam and facilitate the finalization of the Government-led project entitled: “Renovation and improvement of the effectiveness of law implementation.” This far-reaching project (i.e., per Decision No. 242/QD-TTg) was approved by the Prime Minister on February 26, 2018, to improve law enforcement and implementation in all agencies at the central and provincial levels, and to strengthen the rule of law.

**Law on Legal Aid:** In cooperation with the MOJ National Legal Aid Agency, and with support from the VLA, the GIG Program provided technical assistance during development of the Law on Legal Aid. Compared with the previous version of the law, the new version expands the range of vulnerable persons entitled to legal aid, thereby improving inclusion and helping ensure citizens’ rights to justice and equality. The GIG Program provided technical assistance on the law’s policy impact assessment, public consultations, training courses, and the development of implementing guidelines. The Program also supported public discussions for the revision of Decree 77 on Legal Counseling, and training courses for legal counselors from various social organizations working at the local level to support development toward a more holistic legal aid system, with the goal of reaching citizens in all communities in Vietnam with needed legal services.

**Civil Procedure Code:** The revised Civil Procedure Code was enacted by the National Assembly in 2015, and came into force in 2016. MPI’s CIEM and the GIG Program submitted recommendations to improve the business environment, many of which were accepted by the National Assembly. The recommendations were categorized into eight groups (see text box below), focusing on improving the transparency and accessibility of legal proceedings; simplifying legal proceedings requirements for citizens and businesses; and improving the consistency of legal proceedings with other laws. These improvements, which were subsequently implemented in cooperation with other government counterparts as well, increased transparency and reduced the costs of legal proceedings related to commercial disputes among citizens and businesses. Moreover, the GIG Program developed recommendations on eight articles on the recognition of foreign arbitral awards. Based on the recommendations, the new code details the role of the courts in recognizing arbitration awards, and references “international agreements containing provisions on judicial assistance on civil matters that Vietnam and these countries are members” to clarify which judgments and decisions are recognized, the basis of recognition, and the timeframe for recognition. The law’s language also clarifies that civil judgments and decisions of foreign courts are recognized and have legal effect in Vietnam. Finally, the new language recognizes the role of mediation in resolving civil matters, a reform supported during the final year of the GIG Program. These provisions have created important footholds for leveraging new reforms envisioned in the GIG Program’s design to improve justice sector effectiveness.

The GIG Program's recommendations to the Civil Procedure Code were grouped in eight topics:

1. Eliminate of the prerequisite condition for evidence to be submitted in association with a statement of claim or petition.
2. Stipulate the process of receiving a statement of claim, accepting cases, and assigning cases towards a more public, transparent, and independent resolution process.
3. Issue a statement of claim receipt certification letter when the plaintiff files a statement of claim.
4. Amend regulations relating to judicial administrative procedures to shorten implementation time.
5. Automate procedures such as: receiving petitions, granting judgments, servicing, listing, and notifying judgments.
6. Expand the rights of lawyers in procedural operations.
7. Clearly specify the conditions to apply summary procedures in resolving cases, especially cases involving foreign elements.
8. Address the consistency of the Civil Procedure Code with other laws.

## Policy Impact Assessment

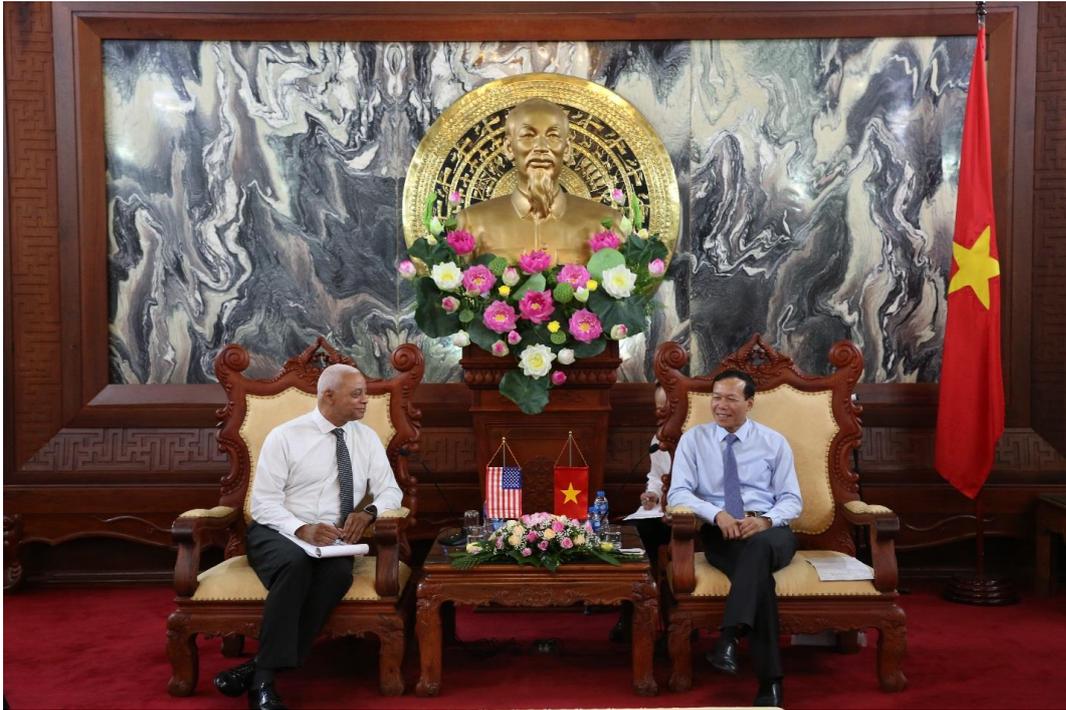
Vietnam's Law on the Promulgation of Legal Normative Documents (also referred to as the Law on Laws) specifies a process for improved, well-informed lawmaking. In 2008, the Law on Promulgation of Legal Documents had introduced a Regulatory Impact Assessment (RIA) to improve the quality of the regulatory environment by studying the impact of laws to ensure that the most relevant or effective policy solutions are adopted. Unfortunately, due to a lack of adequate guidance on RIA implementation and a lack of institutional capacity, the RIA process was not successfully implemented. In June 2015, the revised Law on Laws was enacted, defining the policy formulation phase and referring to that process as the Policy Impact Assessment (PIA). The GIG Program thereafter supported implementation of the Law on Laws over the period of five years, as it presented an opportunity to maximize impact in the areas of sustainability and inclusiveness and increase the effectiveness of the rule of law.

To strengthen the implementation of the 2015 Law of Laws, the GIG Program and the MOJ's Department of General Affairs on Legislative Development made key contributions to the development of four articles that are part of Decree No.34/2016/ND-CP (issued in May 2016) guiding implementation of PIA regulations. This technical assistance increased the quality of the policy formulation phase by ensuring a clear and concise definition of PIA that reflects international standards, supporting stronger public consultations, and marking the first time in Vietnam that the PIA process assesses economic, social, legal, procedural, and gender impacts. As a result, the new law successfully mandates the effective mainstreaming of cross-cutting issues, including gender considerations, into the legal normative document and policy development process.

*Commenting on the sustainability of the GIG Program's technical assistance, on November 6, 2018, the Director of the Department of General Affairs on Legislation Development of the MOJ Mr. Nguyen Hong Tuyen, said: "Training materials may change over time, but the GIG Program helped change the mindset of the way that we make laws and regulations. The PIA manual and its key principles will be used for the Labor Code and the Law on Immigration, among other legislative efforts."*

Furthermore, using a cross-ministerial approach, the GIG Program successfully convened representatives from the National Assembly, MOJ, other ministries, and provincial agencies in a series of activities to develop the PIA Manual. The GIG

Program leveraged this collaborative platform to gain consensus on the manual’s assessment methodology across government agencies and ministries, thereby supporting the law’s implementation.



*Deputy Chief of Justice Nguyen Tri Tue, and U.S. Federal District Court Senior Judge, the Honorable John A. Houston discuss policy impact assessment and the application of precedent in Vietnam. Photo credit: SPC*

The GIG Program improved the manual by piloting its methodology to assess the impact of several proposed policies during revision of the Labor Code and drafting of the Law on Access to Information and the Law on Support of SMEs. According to Mr. Thien, Deputy Director General of the Legal Department of MOLISA, the PIA Report, conducted with technical assistance from the GIG Program, contributed significantly to the quality of the Labor Code (which is still under revision) and should be a model for other PIAs implemented by MOLISA.<sup>15</sup> In this way, the MOJ has disseminated an important reference tool to legal officials at all levels, across government agencies and ministries.

As part of a concerted strategy to improve policymaking in Vietnam, the GIG Program trained approximately 400 representatives from the NA; the MOJ and other ministries; provincial agencies; social organizations; and institutes and universities on the PIA and manual.

In parallel with the manual’s development, the Hanoi Law University (HLU) and GIG Program developed a training syllabus on PIA, and trained lecturers at HLU and other law universities. This led to the HLU launching a syllabus on PIA as part of its Master of Arts in Applied Constitution and Administrative Legislation, which equips students with practical knowledge and experience on legislative development. The first intake of 48

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<sup>15</sup> Concluding remarks of Mr. Mai Duc Thien during a GIG Program workshop on June 22-23, 2017.

students included legal professionals from the courts, the procuracy, and the legal departments of various ministries and provinces. Such institutionalization of PIA training materials, including the PIA Manual, promises a long-term impact on improving awareness and capacity. Indeed, as the module at HLU becomes established, the HLU expects it to become part of its other Master of Arts courses, including Civil Law and Civil Procedure Law, Criminal Law and Criminal Procedure Law, and Economic Law.

In 2017, the GIG Program collaborated closely with the HLU to develop a teaching syllabus on PIAs. The syllabus has been applied in HLU's new master's degree program on Applied Constitutional and Administrative Legislation. The first group of 48 participants studying the application of PIAs through this and other masters level programs have included legal professionals from the courts, procuracy, and legal departments of various government institutions.

In March 2018, the MOJ launched the PIA Manual,<sup>16</sup> and in October 2018 provided additional training programs on how to apply the PIA process.

As a result of this extended, concerted effort with the MOJ to develop an effective and sustainable PIA process, the manual is expected to have a deep, sustained, and systemic impact on policy and law development, and on the quality and inclusiveness of lawmaking and implementation in Vietnam.

## Media Engagement

In addition to citizens, business associations, and other stakeholders, the GIG Program, in cooperation with government counterparts, engaged the media regularly, particularly at public events and training courses to: inform the public about reforms underway; leverage improvements to the legal and regulatory framework; and strengthen the implementation, monitoring, and evaluation of policies, laws, and regulations. Media engagement was an effective mechanism that counterparts supported and encouraged to bring different views and angles into discussions and consultations among different stakeholders during the law and policymaking process. Other activities included special media-focused training courses.

**Training for Journalists:** The GIG Program trained journalists on impact assessment skills to improve media reporting on the public policy process. This helped establish an expanded network of journalists to engage in future policy dialogues and consultations on public policy development, monitoring, and reporting back to the government and public on the development of public policy.

**Improved Quality of the Media's Reporting on Policy Implementation:** To increase transparency on information sharing between the National Assembly and the media, and to increase the quality of media reporting on policy implementation, in 2018 the GIG Program facilitated a training program to enhance the skills of the National Assembly

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<sup>16</sup> The PIA Manual is published on the MOJ website at: <http://moj.gov.vn/qt/tintuc/Pages/thong-tin-khac.aspx?ItemID=2639>.

Information Department to engage with the media and to manage media-related crises, thereby ensuring that the media is correctly informed about laws and accurately reports on laws and implementation to the general public.

## Public Participation

As in many nations, the policy and lawmaking processes in Vietnam tends to be compartmentalized (e.g., one ministry has primary responsibility for development of a law, which risks limiting the number of groups engaged in the law's consultation process). Over the past five years the GIG Program helped break down those silos through a dynamic and inclusive policy and lawmaking process by providing technical assistance to: implement the role of National Assembly committees during the review process; bringing ministries together when a new or revised law impacted overlapping interests; and engaging with the public, (e.g., industry and business associations, social organizations, and vulnerable groups) to provide more multi-sector voices during the policymaking process. For example, the GIG Program supported the National Assembly and customs to review comments and recommendations of businesses, which were reflected in the revised Law on Export and Import Duties in 2016. The National Assembly has actively improved its policymaking process through public consultations during law development, particularly for the Law on Laws, the Law on Oversight of the National Assembly and People's Council, and a Law on State Budget, which introduced gender-responsive budgeting. Social organizations were engaged in consultations about wildlife provisions in the Penal Code, Law on Forestry, and Law on Animal Husbandry to combat wildlife trafficking. The business community and experts were actively engaged in consultations for the Law on Competition, the Law on Foreign Trade Management, and the Law on Support of SMEs.

In 2017, the Vietnam Lawyers' Association (VLA) and the GIG Program cooperated on dialogues to inform the development of the 2017 Law on Legal Aid, the 2018 Law on Denunciations, the 2018 Law on Anti-Corruption, and the 2018 Law on Education, among others. VLA facilitated public participation and inputs among its members at the provincial level, thereby strengthening the public consultation process.

## Improved Evidence-based Analysis

Evidence-based policy analysis has set new standards for development of laws and regulations. To provide evidence, the GIG Program supported the collection of both primary data through surveys and field studies, and secondary data from multiple sources.

Among the key evidence-based policy analyses to support economic reforms in Vietnam are:

- The Economic Complexity of Vietnam
- Vietnam Economic Growth Diagnostics
- Making it Easy to Comply: Simplifying the Tax Processes Associated with Registration, Filing, Invoices, and Refunds; Business Friendly and Effective Audit and Dispute Resolution Processes
- Book on TPP Commitments by the NA
- Survey of Business Satisfaction with Customs Administrative Procedures



*Prime Minister Mr. Nguyen Xuan Phuc and Professor Ricardo Hausmann, Director of the Center for International Development of Harvard University's John F. Kennedy School of Government, government officials and GIG Program representatives, during a meeting to strategize on the development of Vietnam's economic and growth models for the next 10 to 15 years. Photo credit: Nguyen Quang Hieu, Vietnam Government Portal*

- Financial mechanisms to promote green economic activities toward sustainable development in Vietnam
- Survey of 500 enterprises on the draft Law on Support of SMEs

As an example of the application of evidence-based policy analyses, the GIG Program trained the MOF National Institute for Finance's Core Analysts Group over a period of three years on computable general equilibrium (CGE) modelling techniques for analyzing the impact of changes in fiscal policies, such as taxes and free trade agreement tariffs. The Core Analysts Group launched its first study during the first MOF Finance Forum, presenting simulations to assess the impact of domestic value-added tax reform on state revenue. This contributed to open discussions on a proposed increase in the rate of the value added tax during the National Assembly session in May 2018 – including on the CGE analysis by the MOF's Core Analysts Group showing that GDP growth would slow down – and subsequent ongoing discussions.

In another example, to understand tax compliance issues the MOF GDT and the GIG Program consulted with businesses and local tax officers through multiple field studies. The studies revealed that buyers and sellers are required by Article 15.3 of Circular 219/2013/TT-BTC to register their bank accounts with the tax authorities as a condition for value-added tax credits and corporate income tax deductibility. The recommendation

*“The Seminar on “Theories and Models of Growth Diagnostics and Product Complexity” organized by the Central Economic Commission on June 30, 2016 with the support from USAID GIG Program was fruitful. This is a good opportunity for Vietnam to get access to new theories of the world-leading professors on the theories and models analyzing productivity and competitiveness of the economy for study and application in Vietnam. We really expect that in the upcoming time, you will continue collaborating with the Department of General Economy - Central Economic Commission to study and apply the foregoing theories into practice of Vietnam through the support in formulation of the Report “Improving the total factor productivity to serve the process of restructuring the economy and renovating the growth models” as well as the Vietnam’s Competitiveness Map.”*

Mr. Hoang Xuan Hoa, Director of the Department of General Economy, Central Economic Commission, July 7, 2016.

to remove this condition was accepted and made effective by Circular 173/2016/TT-BTC (amending Circular 219).

## Policy and Lawmaking: Lessons Learned

**A sustainability strategy was prioritized from the beginning:** The GIG Program's stakeholders included academics, trainers, business associations, social organizations, and journalists when laying the foundation for the new PIA process. To ensure a sustainable approach to integrating PIA into Vietnam's policy development and monitoring, the GIG Program implemented a training-of-trainers' program for university lecturers from the Academy for Policy and Development, HLU, Law Faculty of the Hanoi National University, and the Thai Nguyen University, to build their capacity to develop them as trainers and to institutionalize understanding of the PIA process through university courses. As an example of a sustainable outcome, selected lecturers from the program trained journalists on how to interpret PIA reports and utilize them as tools for analyzing laws and regulations throughout the policy life cycle, thereby spreading knowledge and accountability.

**Engaging highly regarded experts to build trust in the GIG Program's work:** The local consultants engaged by the program brought a level of understanding and expertise that helped achieve high levels of trust and commitment from counterparts by bringing a deep knowledge of PIA in the international and Vietnamese context.

**Collaborative planning:** Following the initial training courses in 2015, teams from the MOJ and GIG Program began to plan collaboratively on how to implement activities to sustain PIA as a key requirement under the Law on Laws and Decree 34. For example, the MOJ assigned a core team to work closely and regularly with the GIG Program to analyze the impact assessment requirements under the 2008 and the 2015 versions of the Law on Laws and determine the approach to finalize development of the PIA Manual to effectively implement the 2015 Law on Laws.

**Engagement of social organizations and vulnerable persons:** For the laws on which the GIG Program provided technical assistance, there was an increased role and participation of social organizations and citizens from vulnerable groups in the law and policymaking process. Some examples include: the leadership of the Vietnam Lawyers Association during the revision of the Laws on Legal Aid, Denunciations, State Compensation, Anti-Corruption, and Education; the participation of organizations dedicated to wildlife protection, such as the Wildlife Conservation Society, during review of the legal framework and revision of the Laws on Forestry and Animal Husbandry; the leadership of the Vietnam Association of Women Entrepreneurs during development of the Laws on Support of SMEs and Competition; and the participation of universities, like Hanoi Law University, in the development and dissemination of knowledge on the policy impact assessment process and application of precedent in the courts. Other important reforms to improve public engagement included field visits and technical assistance to increase transparency, accountability, and public services.

**Applying the multi-stakeholder management model through the five phases of the policy life cycle:** Effective support on lawmaking had to include coordination with the individual ministries that draft the law; other ministries and members of the public impacted by the law; the National Assembly that reviews and passes the law; and finally, the ministry that implements the law in collaboration with others. Therefore, the GIG

Program offers lessons on the value of a multi-stakeholder model of law development, from inception through implementation.

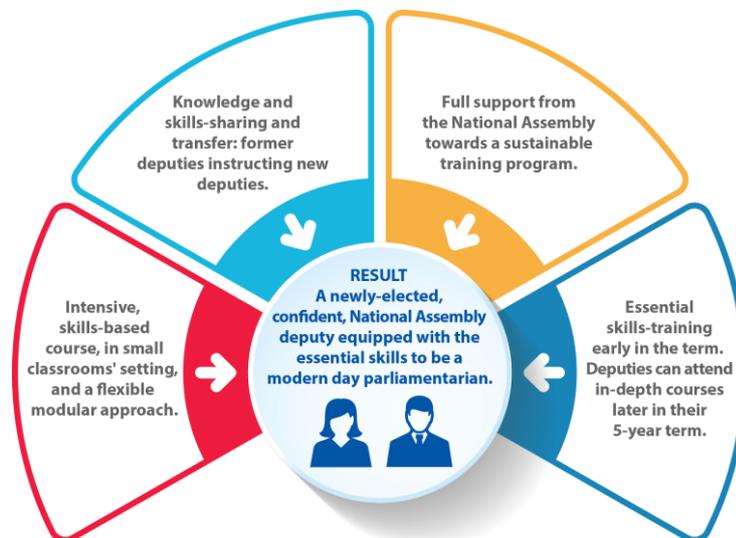
**Strengthened capacity:** The GIG Program provided direct technical assistance to enhance the capacity of the MOJ in its role as reviewer of laws, including for improved policy analysis, inclusion of vulnerable groups, and the final drafts of laws.

## GOVERNANCE AND ACCOUNTABILITY

### Oversight

The GIG Program supported the National Assembly’s objectives to improve oversight of laws, including improved engagement with citizens, new training programs for National Assembly Deputies, and access to resources for Deputies through the National Assembly library and improved information technology resources.

The GIG Program has strengthened the skills of National Assembly Deputies through a series of courses on evidence-based policy analysis, debating techniques, and PIAs. The courses have benefitted hundreds of National Assembly Deputies and members of People’s Councils, increasing the capacity of key policy makers to effectively evaluate the relevance and feasibility of new and revised laws.



In addition to training activities, oversight was strengthened through the GIG Program’s support to:

**Law on Oversight of the National Assembly and People’s Councils:** The Law on Oversight was enacted in 2016. The GIG Program provided technical assistance in support of the NA’s review of the law by providing recommendations to increase the transparency and clarity of the NA’s oversight responsibilities. To gather recommendations, the GIG Program facilitated several consultations with the law drafting board, National Assembly committees, government agencies and departments, provincial deputy delegations, and members of Peoples’ Councils. The National Assembly approved 17 recommendations including a more accurate definition of

“supreme oversight,” and additional details on the mandate and authority of the NA’s Oversight Support Department.

**In focus: National Assembly training for newly-elected Deputies:** In June 2016, when Ms. Dao Tu Hoa was elected to the National Assembly of Vietnam, she was aware of the great responsibility that came with her new role as a People’s Deputy. Although Ms. Hoa had previously experienced the demands of working as a judge, she knew that an even greater challenge lay ahead; raising the opinions and concerns of her constituents to the highest levels of government.

This is a challenge common to all new National Assembly Deputies. Ms. Hoa was eager to repay the voters’ trust, but concerned that she lacked the skills to do so. However, these concerns proved unfounded.

At the beginning of the 14<sup>th</sup> Legislature Ms. Hoa, together with more than 300 new National Assembly Deputies, participated in a skills-based orientation training program organized by the NA’s Training Center for Elected Representatives, with technical support from the GIG Program. The training program included sessions on voter engagement, media interaction, and oversight skills. The training equipped newly elected deputies with the knowledge and skills essential for modern-day parliamentarians, and was conducted using methods that gave the new Deputies hands-on experience. “I had the opportunity to interact with the trainers and other deputies, as well as participate in role plays to practice new skills,” said Ms. Hoa. As well as giving Deputies the opportunity to experience the dynamics of voter engagement first hand, the interactive training methods also revealed how it felt to be in their constituents’ shoes.

According to Mr. Phuc, the impact of the training was significant: “The 14<sup>th</sup> Legislature Deputies are very confident and adapt quickly to National Assembly activities because they received timely training.” This view was echoed by Ms. Hoa as she reflected on her first voter meeting: “After the training, I felt confident talking to voters about their concerns, and even received compliments from my more experienced colleagues for the way I handled the meeting.”

As Vietnam accelerates its legal and trade reforms to ensure sustainable and inclusive growth for all citizens, effective representation by Deputies has become vital. For the more than 300 Deputies participating, the orientation training has helped them improve their service as representatives of the people and better ensure that the voice of the people is heard.

**Resolution to improve the implementation of the Law on Oversight of the National Assembly and People’s Councils:** Once the Law on Oversight of the National Assembly and People’s Councils was enacted, in 2016 and 2017 the GIG Program provided technical assistance to support the NA’s drafting of Resolution 334/2017/UBTVQH14. The resolution guides the implementation of the Law on Oversight of the National Assembly and People’s Councils through clear oversight procedural rules. It also enhances the coordination of oversight activities among the National Assembly, National Assembly Standing Committees, Deputies’ Delegations, and Deputies.

**Improved Information Systems:** In the past, the National Assembly library responded to cumbersome information requests from its 500 Deputies in writing and conducted research manually. This process was time-consuming and counterproductive considering the Deputies’ needs for immediate information to make informed decisions. Furthermore, the manual system impeded the organization’s accumulation of knowledge, as written research got lost. Therefore, the National Assembly Library improved its policy and legal transparency by adopting the ISS, an information system supported by the GIG Program that enables the library to provide necessary documents and information to deputies electronically upon request. The June 2015 National Assembly session was the first session to use the ISS, thereby granting deputies increased and faster access to information. Thereafter, the ISS was made even more accessible to Deputies in 2018 via mobile devices.

The GIG Program improved the functionality of the “Connecting Voters” webpage,<sup>17</sup> an important section of the NA’s Internet Portal to connect Deputies and the public, and to answer questions from voters. This webpage is an affordable and sustainable tool to improve communications between citizens and the National Assembly, thereby enhancing transparency, improving access to the government, encouraging citizen participation, and strengthening the rule of law.

Similarly, to improve the search for information on administrative procedures and regulations, the GIG Program upgraded the online national database on administrative procedures.<sup>18</sup>

Through a grant with the GIG Program, the VCCI developed an online portal for accessing all information on labor laws, policies and regulations to improve the public’s access to information and to collect public feedback for sharing with the government. The digital portal, completed in 2018, is a single source of information on laws and regulations by sector, across all government agencies, increase transparency, accountability, and public participation.<sup>19</sup>

## Justice Sector Development

The GIG Program addressed Vietnam’s request for technical assistance for judges, lawyers, and other law practitioners to develop their skills in the application of precedent and legal writing, in cooperation with the Hanoi Law University’s 2018 Masters Degree Program. Through this technical assistance, a U.S. federal judge and law professor shared their expertise and international experiences interpreting and applying precedent and supporting the development of the new program. As a result, the use of precedence is now being taught as part of the HLU curriculum.

To strengthen the government of Vietnam’s capacity in policymaking, the GIG Program delivered a training program to lecturers at the MOJ’s Judicial Academy to increase managerial, analytical, and negotiation skills in handling international trade transactions, cases, and disputes. The Judicial Academy applied the training course and materials as a model for rolling out a nationwide training program in 2017.

From 2016 to 2018, the GIG Program also cooperated with the Vietnam Lawyers Association (VLA), a national organization with approximately 32,000 members and direct access to decision-making on judicial and legal reform issues. Cooperation with VLA focused on informing the development of five laws: Law on Legal Aid; Law on State Compensation; Law on Anti-Corruption; Law on Denunciations; and the Law on Education. For the revised Law on Legal Aid, members of VLA were instrumental in increasing the scope of people receiving legal assistance from seven groups in the earlier law to 14 groups, thus expanding rights to legal assistance for vulnerable persons living in disadvantaged areas. The revised Law on State Compensation stipulates the state’s liability to compensate individuals and organizations who suffer damage caused by officials in the performance of administrative management, procedures and execution of

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<sup>17</sup> The “Connecting Voters” webpage can be accessed at: <http://knct.mine.vn/>.

<sup>18</sup> The government and the public may access the national database on administrative procedures at: <http://csdl.thutuchanhchinh.vn/Pages/trang-chu.aspx>.

<sup>19</sup> VCCI’s portal can be accessed at: <http://beavccivietnam.com.vn/en/#beaslide/1>.

judgements, among others. Both the revised Law on Legal Aid and revised Law on State Compensation were passed by the National Assembly in June 2017. The revised Law on Anti-Corruption was thoroughly debated and passed in November 2018. The revised Law on Denunciations was passed in June 2018, to encourage people to inform authorities of corruption and legal violations, and to protect those who provide such information. And the draft Law on Education, which received considerable input from the VLA, was discussed by the National Assembly in November 2018, including a review of public feedback.

The GIG Program also provided assistance in response to requests from the Vietnam Bar Federation to help support future engagement with the American Bar Association.

Additional justice sector development activities are described below under Combating Wildlife Trafficking.

## Public Financial Management

**Improved Effectiveness of Financial Management and Inclusion Through Support to the Revision and Implementation of the State Budget Law:** The GIG Program provided technical assistance in support of efforts to inform the development of a revised State Budget Law and also support the law's implementation through a combination of research, field visits, training programs, workshops, and roundtables. As part of this technical assistance, the GIG Program reviewed the State Budget Law's relationship with other laws and produced a law harmonization report, noting areas where amendments would be required, and recommended the inclusion of gender-responsive budgeting principles. Through this technical assistance, for the first time the National Assembly added the obligation of the government to promote gender equality in annual budget plans.

The revised State Budget Law provides for an enhanced role of the National Assembly Committee on Finance and Budgetary Affairs to review and approve annual budget resolutions. Therefore, the GIG Program provided technical assistance to support the government's review and revision of the National Assembly Standing Committee's Resolution 387, to update the budgeting process as detailed in the new law. The GIG Program also provided technical assistance to Provincial People's Council Deputies on state budget oversight skills, with a focus on gender-responsive budgeting.

**Improved Audits:** Over three years, the GIG Program and State Audit Office of Vietnam (SAV) cooperated to train auditors to develop quality audit reports and effectively assess quality control systems, thereby ensuring that audit reports in Vietnam are consistent with international standards. Through this work, the SAV has developed its capacities to conduct information technology audits, environmental performance audits, and audits of state budgets. While these reforms successfully got off the ground during the GIG Program, longer-term support is necessary to sustain their legacy. Vietnam's hosting of the Asian Association of Supreme Audit Institutions (ASOSAI) for 2018-2021, has presented a valuable opportunity for the SAV to demonstrate its achievements, particularly environmental performance auditing, and to accelerate new reforms.

The SAV audits the management and use of public finance and property. Through the GIG Program's technical assistance, a comprehensive series of capacity-building programs were organized over a period of three years, including for central and provincial-level officials on effective annual audit reporting, audit quality control

systems, auditing the state budget's annual estimates, and sharing of international best practices with the SAV. Through these, the SAV improved how the state budget is monitored, and how public investment is controlled through performance audits, quality of audit reports, and audit quality control. Higher quality audits and audit reports have thereby contributed to strengthening government oversight, transparency and governance over public funds.

In 2016, the GIG Program supported an SAV auditor to successfully complete the U.S. Government Accountability Officer International Auditor Fellowship Program, working with colleagues from the United States and other countries around the world on auditing techniques, including performance auditing. The SAV auditor then returned to Vietnam to lead the newly established Environmental Audit Division and the first environmental audit in Vietnam, which the GIG Program organized with the Audit Board (BPK) of the Republic of Indonesia to support additional government-to-government technical assistance. This collaboration through the GIG Program resulted in development of an environmental audit manual for the SAV detailing steps in audit planning, implementation and reporting.

In Vietnam, environmental performance auditing is a relatively new field, owing to its emergence to the Government of Vietnam's increased focus on environmental protection. Such performance audits are vital to providing data to the government for the development of evidence-based environmental policies and legislation. In 2018, a team from the Indonesian Audit Board (BPK) began working with the SAV to design a support program on environmental auditing, and to mentor the SAV on conducting an audit of environmental management at industrial parks in Bac Ninh Province. Following the audit, environmental experts from BPK returned to Vietnam to support finalization of the SAV's new Manual on Environmental Performance Auditing.

In cooperation with the GIG Program and a subcontractor, KPMG, the SAV developed an information technology manual and trained key SAV officials, to conduct the first information technology audit in Vietnam. Information technology audits are important to assess if the government's investments in information technology are aligned with the organization's overall goals, protect its assets, and ensure integrity of data. The success of the cooperation on information technology audits complements SAV's other reform efforts on compliance, financial, and performance audits.

**Strengthening public investment management:** To support MPI's and MOF's systems for public investment management, the GIG Program provided technical assistance to support the government's development of Circular No. 07/2016/TT-BKHĐT on standard e-bidding documents to address inconsistencies in the Law on Public Procurement and Vietnam's e-procurement database.

To improve the management and transparency of the bidding process for government contracts, the Prime Minister issued Decision 1402 in 2016, thereby approving a roadmap for the development of an online government procurement (e-GP) system. The roadmap requires that, by 2025, all bidding information be announced on the MPI's Public Procurement Agency electronic procurement system. The Public Procurement Agency and the GIG Program cooperated on the development of an e-marketplace, as a key first step toward development of the e-GP system, including an e-catalogue, which will continue to be supported by other donors in future years. The e-marketplace will provide

information on commonly procured goods and services and facilitate the transition to online procurement, thereby increasing transparency, accountability, fairness, and efficiency of public procurements.

Vietnam's National Investor Information System (NIIS) at the MPI Foreign Investment Agency enables foreign and national investors to apply for investment certificates and to submit their required reports online. The GIG Program supported improvements in the NIIS's input (i.e., sections used by investors and local authorities to enter information) and output reporting systems. These upgrades improved the efficiency and transparency of the investment registration process in Vietnam, as well as the monitoring conducted by authorities and investors, thereby enhancing the business environment. The new system allows users to conduct queries at highly aggregated levels (e.g., investment trends from the United States to Vietnam) to very disaggregated levels (e.g., investments in the electronics sector at a specific district/province), including detailed mapping capabilities.

**Improved Quality of Information for Evaluation of Policy Implementation:** The GIG Program supported the MOF to host Vietnam's first and second annual MOF Finance Forums in 2017 and 2018. The first forum: "Public Finance Reform Towards Sustainable Development," led to recommendations, proposals and specific policy recommendations contributing to the effectiveness of public administration and financial management. The second finance forum: "Restructuring national finance toward rapid, inclusive, and sustainable development," and implemented in cooperation with the European Union Delegation, provided a platform for sharing international and national experience on public finance reform for inclusive, sustainable development. These forums were highly successful and were attended by the Minister of Finance and other major donors and institutions such as the World Bank, Asian Development Bank, and International Monetary Fund. This forum will be continued by MOF and other donors in future years.

The MOF's NIF is tasked with conducting research and providing advice to policymakers on fiscal policy, and with the development of Vietnam's Financial Development Strategy through 2020. Over a period of three years, the GIG Program trained the NIF Core Analysts Group on CGE modelling techniques for analyzing the impact of changes in fiscal policies, such as taxes and free trade agreement tariffs. The Core Analysts Group launched its first study during the first MOF Finance Forum, presenting simulations to assess the impact of domestic value-added tax reform on state revenue.

*“With the formation of the National Institute of Finance's Core Analyst Group, we expect that our researchers will be able to contribute more and more to assess policy adjustment's impacts by using quantitative modeling techniques that have been trained with support of USAID's GIG Program over the past three years. The quality of the pilot study on the value-added tax reform has been well recognized by our Ministry's leaders and their recommendations have been utilized for the Ministry's policy development.”*

Mr. Nguyen Viet Loi, President, National Institute for Finance, MOF, October 4, 2017.

The state of the art capacity-building training, coaching, and joint-research program, will have a long-lasting effect on law and policymaking in Vietnam, as the Core Analysts Group can now assess the impacts of policy reform on the economy and the state budget, and it has the capacity to: (i) understand the theory of economic behavior of economic agents and the inter-linkages between them; (ii) understand the theory of value-added tax and other government revenue and expenditure items; (iii) conduct policy analysis with the CGE model; and (iv) interpret simulation results and communicate them in a manner understandable to policymakers and other economists.



*Current and future Members of MOF's National Institute of Finance Core Analyst Group during a coaching session to finalize a pilot assessment to determine the impact of domestic value-added tax reform on state revenue. Photo credit: Giang Tran, GIG Program*

### **Enhancing Budget Transparency and Citizen's Participation in the Budget Process:**

Vietnam has had a poor track record on fiscal transparency as noted by the U.S. State Department and the International Budget Partnership's Open Budget Index – the world's only independent, comparative measure of central government budget transparency. In cooperation with the National Assembly Committee on Finance and Budget Affairs, the GIG Program supported greater transparency in the budgeting process with a strengthened State Budget Law, which now requires the Government to post the state budget for citizens' comments. Also in cooperation with a location organization, the Center for Development and Integration (CDI), the GIG Program supported a report to strengthen the budget process by making information more accessible to the general public with a citizen's budget. This new citizen budget being utilized by the National Assembly presents key public finance information in a simple way to a general audience. Although there remains room for improvement, this new citizen budget template being utilized by the National Assembly presents key public finance information in a simple way to a general audience.<sup>20</sup>

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<sup>20</sup> The MOF has published its user-friendly citizen budget template at: [http://www.mof.gov.vn/webcenter/portal/btc/r/lvtc/slnsm/bcnsndccd/bcnsndccd\\_chitiet?dDocName=MOFUCM139731&\\_afLoop=53637889061608364#!%40%40%3F\\_afLoop%3D53637889061608364%26dDocName%3DMOFUCM139731%26\\_adf.ctrl-state%3Dzn5ryluki\\_197](http://www.mof.gov.vn/webcenter/portal/btc/r/lvtc/slnsm/bcnsndccd/bcnsndccd_chitiet?dDocName=MOFUCM139731&_afLoop=53637889061608364#!%40%40%3F_afLoop%3D53637889061608364%26dDocName%3DMOFUCM139731%26_adf.ctrl-state%3Dzn5ryluki_197).

## Combating Wildlife Trafficking

Vietnam is renowned for its biodiversity, with numerous unique species and an ecosystem unlike any other. However, the country's wildlife is facing tremendous pressure from illegal harvesting and trafficking. Vietnam has also emerged as a major transit route for illegal wildlife products, which threatens the rich biodiversity and culture of other countries. Wildlife trafficking poses a significant threat to national security due to linkages to other international crimes and organized criminal enterprises. Thus, in response, the Government of Vietnam has made combating wildlife trafficking an urgent priority along with other crimes such as smuggling and money laundering.

The GIG Program brought together government and social organizations to work together toward the single goal of combating wildlife trafficking. The GIG Program and SPP jointly assessed criminal cases relating to wildlife to identify challenges in the prosecution of such cases and delivered a series of training courses to improve prosecutions based on what was learned from the study.

*“When a colleague asked me for help in handling evidence for a wildlife trafficking case, I was able to share examples from the training course and advise on the procedural steps involved.”*

*Ms. Hoang Thi Ngoc Diep, Prosecutor, Khanh Hoa Province.*



**700**

prosecutors



**130**

officers



**100**

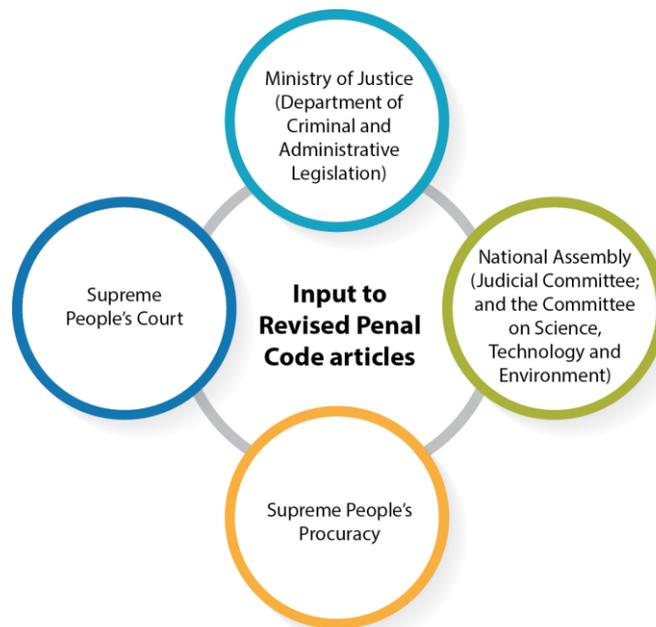
judges

The GIG Program has supported training courses for more than **700** prosecutors, **130** law enforcement officers, and more than **100** judges

Technical assistance with the SPP and National Assembly Science, Technology and Environment Committee (STEC) informed revisions to the Penal Code's Articles 234, 242, 243, and 244 on combating wildlife trafficking, as well as to the revised Law on Forestry. Through these revisions, the voices of experts and non-government representatives broadened the categories of species included in the laws' articles and clarified the valuation process and penalties for seized wildlife products. The GIG Program, customs, and the National Assembly also cooperated on a review of the government's implementation of commitments to strengthen the NA's oversight role. For example, the National Assembly Judicial Committee and GIG Program worked with provincial level prosecutorial, judicial, and enforcement bodies, to gather feedback to ensure the proper interpretation, coordination, and effective implementation of new articles in the Penal Code. The feedback informed a study on the implementation of the Penal Code's articles on crimes relating to wildlife.

The GIG Program noted significant interest and support for justice sector reforms in Vietnam in the context of combating wildlife trafficking. In response, and in accordance with the GIG Program's work plan and special focus on combatting wildlife trafficking, the Program supported: the first study of prosecutors' criminal case files (focusing on crimes relating to wildlife); improved training programs through the prosecutors' and courts' training academies; development and enactment of the new Law on Legal Aid; activities to develop the capacity of individuals or organizations providing legal counseling; and efforts by the courts to implement precedent and guidance to judges through Judges' Council resolutions. Support through the GIG Program, in response to interest by the SPC to improve the resolution of commercial disputes, included

enforcement of foreign arbitral awards, management of civil cases (relating to vulnerable groups) and management of criminal cases (relating to wildlife).



In addition to other technical assistance with the SPC described in other sections of this report, the GIG Program provided significant technical assistance in support of development of a new Judges' Council resolution guiding the adjudication of crimes relating to wildlife under the 2015 Penal Code. As a result, Resolution No. 05/2018/NQ-HDTP was approved on November 5, 2018, increasing the effectiveness of policy



*SPP prosecutors and trainers during a training program to enhance knowledge and skills which are vital to conduct effective prosecutions of crimes related to wildlife trafficking, therefore helping to save endangered and endemic species in the country, while ensuring the application of the rule of law. Photo credit: Nguyen Manh Ha, GIG Program*

implementation and efficient coordination in the justice sector to improve the management of criminal cases relating to wildlife as well as benefitting criminal enforcement processes more broadly.

Efforts within Vietnam's justice sector have also included strengthening the effectiveness of Vietnam's inter-agency coordination on combatting wildlife trafficking via the Vietnam Wildlife Enforcement Network. The Ministry for Agriculture and Rural Development (MARD) and GIG Program, in collaboration with the USAID Saving Species Project, held a national consultative workshop on the draft decree on the management of endangered, rare, and precious forest fauna and flora; captive breeding of regular forest fauna; and the implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, to collect feedback from agencies, local authorities, and social organizations to finalize the draft decree. The GIG Program presented its achievements in combatting wildlife trafficking during a special training program in May and June 2018, funded by the Ministry of Natural Resources and Environment on wildlife on the identification techniques for environmental crimes according to the Penal Code.

- The 2015 Penal Code, Law on Forestry, and Law on Animal Husbandry all received technical assistance through the GIG Program, and all include new provisions to combat wildlife trafficking.
- The Supreme People's Procuracy Hanoi Procuratorate University cooperated with the GIG Program on the development of training courses and a Manual on the Prosecution of Wildlife Crimes. The manual standardizes prosecution protocols, including steps for handling evidence and supervising investigations.
- The Supreme People's Court Judges' Council cooperated with the GIG Program during development of a new resolution in 2018, to guide judicial decision-making relating to new provisions in the 2015 Penal Code on wildlife crimes.

## Governance and Accountability: Lessons Learned

**Building long-term capacity:** Identifying and implementing strategic interventions in a timely manner can help ensure the quality of oversight. The National Assembly and the GIG Program identified capacity building needs among Deputies and the appropriate time to address those needs by training 317 newly-elected Deputies just ahead of the October 2016 National Assembly session. The knowledge, experience, and skills provided by the training resulted in more confident participation in National Assembly plenary sessions.

**Governance capacity and transparency:** The government's decision-making and policy analyses are improved by having ready access to current, accurate data from multiple sources. Data-driven decision-making has been encouraged through multiple activities, such as development of information technology applications, policy analyses, field visits to review implementation of laws and impact of regulations on businesses, as well as efforts to encourage data-sharing among ministries.

**Multi-sector coordination:** Multi-sectoral reforms are essential in addressing complex reform issues such as policy and law-making that regulate the roles of multiple ministries, reducing specialized inspections requirements on imports and exports, implementing new international trade agreements, and combating wildlife trafficking. The GIG Program provided a platform for all stakeholders to cooperate and quickly mobilize to address

multiple interests focused on a common development challenge. For example, the GIG Program facilitated and enhanced coordination among all government and non-government stakeholders sharing in efforts to increase trade and competitiveness and supported efforts to combat wildlife trafficking, including the National Assembly, MARD, customs authorities under the MOF, law enforcement, prosecutors, judges, and local organizations.

## **INCLUSIVE GROWTH**

The GIG Program supported a wide range of inclusive growth activities and advocated for an inclusive approach whenever possible within all aspects of program implementation with the objective of helping all citizens to benefit from Vietnam's economic growth. The Program prioritized the needs of women, the poor, ethnic minorities, LGBT, and persons with disabilities, including creating opportunities for these groups to participate in dialogues and field trips on such issues as legal and regulatory reforms, improved government services, and exercise of their rights as citizens.

Activities supported by the GIG Program involving vulnerable groups included, but were not limited to, discussions on: development of the new policy impact assessment process; improved implementation of existing laws such legal counseling, cooperatives, legal education and dissemination; and law revisions such as the civil code and laws on legal aid, claims for state compensation, denunciations, state budgeting, SMEs, education, and access to information. Activities in support of improved government accountability that will benefit inclusive growth included reforms in tax payments, access to information, competition, procurement, customs processes, labor, and support to SMEs.

This section focuses on some of the significant achievements in support of inclusive growth. As all activities were implemented with an orientation toward the social and economic development of all citizens, other sections of this report demonstrate how reforms of the GIG Program benefited inclusive growth.

### **Small and Medium Enterprises**

SMEs play an important role in the Vietnamese economy. They account for over 97 percent of enterprises, contribute more than 40 percent of the gross domestic product, and employ half of the country's workforce. Around a quarter of SMEs are owned or led by women, who face significant challenges as they attempt to compete in Vietnam's increasingly open economy.

During development of the new Law on Support to SMEs and guiding decrees, the GIG Program provided technical assistance on consultations among MPI's Agency for Enterprise Development, the National Assembly, other government agencies such as the MOJ, and more than 500 SMEs to ensure responsiveness to the needs of a broad of range of SMEs and sectors.

**Law on Support of SMEs:** This new law was proposed against the backdrop of planned downsizing of state-owned enterprises and the need to broaden the economy beyond dependence on foreign direct investment. To inform the law's development, the GIG Program: facilitated the PIA for the Law on Support of SMEs based on the GIG Program's experience developing the PIA Manual; reviewed the implementation of earlier laws and regulations, including Decree 56/2009/NĐ-CP on supporting SMEs, tax

policies, policies promoting innovation in SMEs, policies regulating firms' access to land, and industrial zones; developed a report on international best practices in SME development; organized consultative workshops with National Assembly and MOF representatives, provincial government representatives, business associations and the media; and surveyed 500 SMEs. The new Law on Support of SMEs focuses on issues that are unique to SMEs and not covered by the regulatory scope of other laws and legal regulations, such as: provisions facilitating SMEs and innovative startups, access to venture capital, innovation, participation in global value chains, and supporting the conversion of household businesses into the formal business sector. To facilitate the law's implementation, the GIG Program and MPI conducted an in-depth study on the electronics and medicinal plants value chains due to their strong potential for SME integration. The MPI will use the study results to develop a "model program" on promoting SMEs' integration into global value chains. In addition, the GIG Program collaborated with MOJ's Department on Civil and Economic Legislation to conduct a field study to provide inputs for the revision of Decree 66 on legal support to SMEs as stipulated in the Law on Support of SMEs.

The definition of women-owned SMEs was stipulated for the first time in the Law on Support to SMEs, paving the way for official support to women-owned SMEs and for firms employing a majority of female workers.

Through a grant with the GIG Program, the Mekong Development Research Institute (MDRI) developed capacities and linked 50 SMEs with Kiu Global, a business-to-business e-commerce platform to expand market opportunities for SMEs, increase trade, and promote economic inclusion. Similarly, through a GIG Program grant, the Vietnam Association for Women Entrepreneurs (VAWE) mentored 127 women-owned SMEs on the most recent policies and regulations relating to SME support and start-up support programs, and established a network of female mentors for start-ups and leadership consultation.

## Civil Code

The Civil Code has wide-reaching social and economic impacts. The GIG Program supported the revision of the 2015 Civil Code by facilitating consultations between MOJ and the Vietnamese legal community, social organizations, academia, and researchers on policy issues. The GIG Program and the MOJ consulted on eight primary issues of the Civil Code: responsibility of competent agencies for protecting civil rights, particularly of vulnerable groups; subjects of civil-legal relations; legal consequences of a civil transaction non-compliant with formalities; protecting bona fide (good faith) third parties in case of a null and void civil transaction; contract amendments due to changes in circumstance; statute of limitation period for inheritance; mortgage of property; and loan payment interest rates. As part of its efforts to strengthen governance and balanced economic growth, the GIG Program targeted technical assistance toward enhancing the rights of vulnerable groups such as women, the poor, ethnic minorities, and transgender individuals.

In November 2015, Jessica was among thousands of transgender people across Vietnam who welcomed the NA's revised Civil Code which, among other reforms, legalizes sex reassignment surgery and gender recognition for transgender people undergoing such surgery. *"I was so happy and moved when this law was passed by the National Assembly. Recognizing this right to gender re-assignment helps me and other transgender people feel acknowledged by society and more confident to pursue better positions at work. I hope that gradually this will help reduce discrimination, and people will treat us as normal people,"* said Jessica.

The revised Civil Code marks a turning point in the country's movement to improve individual rights, including personal identity, equality in marriage, and employment. Other vulnerable groups whose participation was strengthened through the GIG Program included ethnic minorities, women, the poor, and disabled.

## Handbook on Personal and Property Rights of Vulnerable Groups

In 2017, the MOJ Department of Civil and Economic Laws and the GIG Program finalized a handbook on basic personal and property rights for vulnerable groups; the state's obligations; and processes for the exercise and protection of the rights of vulnerable groups. The handbook was posted on the MOJ's website in 2018.<sup>21</sup> With this handbook, a member of a vulnerable group in need of legal assistance – or a community-based or social organizations working with vulnerable groups – can better understand the law in relation to: residential registration; marriage and family; participation in civil transactions; ownership and inheritance; etc., and also the locations of legal aid centers that can provide assistance.



*Ms. Nguyen Hong Oanh, Director of Inclusive Development Action, a Vietnamese civil society organization, relating its experience in engaging people with disabilities in the policy-making process. Photo credit: Nguyen Thi Van Anh, GIG Program*

## Gender Integration in Policymaking

The GIG Program has supported the MOJ in the development and implementation of its action plan to promote gender equality. Training programs were organized to improve awareness and skills of MOJ staff on mainstreaming gender issues into development and implementation of legal documents. The GIG Program also strengthened gender integration in the law development process, such as gender analysis as part of the PIA process, and the inclusion of gender inclusion in recent laws like the State Budget Law, Civil Code, Law on Legal Aid, and Law on Support of SMEs.

The GIG Program's grant with the Center for Counseling on Laws and Policies on Health and HIV (CCLPHH) resulted in a study to inform the new Law on Transgender's PIA currently under development by the Ministry of Health and provided a model for the government and other social organizations on how the public should contribute to the lawmaking process, including the policy impact assessment. More information about this grant is highlighted later in this report.

### Inclusion: Lessons Learned

**Engaging social organizations, vulnerable groups, and SMEs contributes to better policies and laws:** Engaging vulnerable groups, including people with disabilities, during the development and testing of the Handbook on Personal and Property Rights of Vulnerable Groups was key to improving the quality and ease of use of the handbook. The VLA and GIG Program engaged with social organizations representing vulnerable groups as part of technical assistance to the government's drafting of the Law on Legal Aid and the Law on Denunciations, among other laws. Engaging SMEs and business associations during the development of the law can strengthen the law's inclusiveness. During the development of the Law on Support of SMEs, SMEs and business associations voiced their opinions during consultative field visits and workshops facilitated by the GIG Program and its counterparts. Feedback from these activities was then presented to the government for its consideration during the law and policymaking processes. Through the active participation of VAWE in these consultations, the Law on Support of SMEs included policies specifically supporting women-owned enterprises.

## GRANTS

### Center for Sustainable Development Studies

The GIG Program awarded a grant to the CSDS to increase civic education and engagement in Vietnam's schools, grades seven through twelve to increase civic education and engagement in Vietnam's high schools, educate youth on the country's political system, enhance the legitimacy of public policy, and support accountability. CSDS reviewed the current civic education curriculum, as well as the new curriculum under development by the Ministry of Education, and piloted experiential learning methods through visits to the National Assembly for students to understand its history, role, and mandates. CSDS conducted surveys with more than 1,500 students and teachers, organized a seminar with more than 40 teachers to discuss the survey results. The proposed changes to the curriculum were discussed at a workshop and a pilot new curriculum on civic education tested in four high schools.

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<sup>21</sup> The handbook can be accessed at: <http://hdnv.moj.gov.vn/Pages/chi-tiet-tai-lieu.aspx?itemid=1872>.



*High school students during the final event with CSDS on August 31, 2018, to disseminate the results of a pilot civic education curriculum for youth in Vietnam. Their project focused on the structure and function of the National Assembly. Photo credit: CSDS*

## Vietnam Chamber of Commerce and Industry

Through a grant with the GIG Program, the VCCI advanced the GIG Program’s inclusive growth strategy by creating a single online portal for accessing all information on labor laws, policies and regulations to improve the public’s access to information and to collect public feedback for sharing with the government. Employers and employees will be able to access information through the portal’s comprehensive, one-stop source of information, including on the Labor Code and regulations on salary and insurance, instead of visiting various digital portals of individual ministries. The digital portal is available in English and Vietnamese, and in desktop and mobile versions.<sup>22</sup> Single sources of information on laws and regulations by sector, across all government agencies, increase transparency, accountability and public participation.

## Center for Counseling on Laws and Policies on Health and HIV

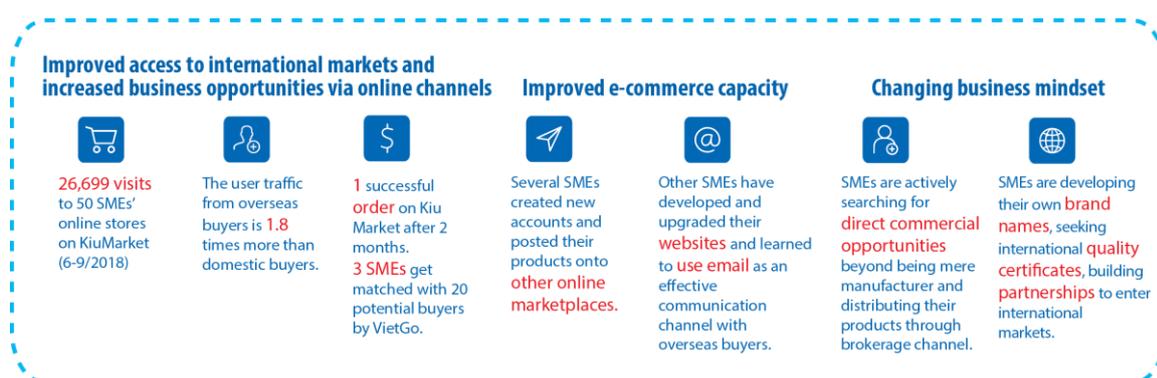
The GIG Program’s grant with the Center for Counseling on Laws and Policies on Health and HIV (CCLPHH) resulted in a study entitled: “Evidence-based Study on Issues of Lesbian, Gay, Bisexual, and Transgender Groups, to Provide Information and Recommendations to the Development of the New Proposed Law on Transgender.” The study will inform the PIA and drafting of the law by the Ministry of Health. CCLPHH conducted surveys with transgender individuals assessing their needs and the ability of health services to respond to those needs. It is a model for collecting evidence for development of new laws. The new Law on Transgender is expected to be reviewed by the National Assembly in 2019. This evidence-based data and analysis will promote access to medical interventions for transgender individuals in Vietnam and will help ensure their legal rights. Through this process, CCLPHH provided a model for the government and other social organizations on how the public should contribute to the lawmaking process, including the policy impact assessment.

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<sup>22</sup> The portal can be accessed at <http://beavccvietnam.com.vn/en/#beaslide/1>.

## Mekong Development Research Institute

Business-to-business linkages expand market opportunities for SMEs, increase trade, and promote economic inclusion. Through a grant with the GIG Program, entitled: “Assist SMEs to access International Markets through enhanced B2B Connectivity and improved Capacity,” MDRI developed capacities and linked 50 SMEs with Kiu Global, a business-to-business e-commerce platform developed by the Asian Development Bank, Mekong Business Initiative, and International Finance Corporation. Kiu Global provides three key services: Kiu Market, an e-commerce trading platform; Kiu Enterprise Resource Planning, a cloud-based integrated management of core business processes for SMEs; and Kiu Pay, an access to capital solution for SMEs. Also, Vietgo, a reputable e-commerce marketplace with 13 years of experience in trade promotion, consulting, and business matching, provided technical assistance for three SMEs.



## Vietnam Association for Women Entrepreneurs

Consistent with the GIG Program’s inclusive growth strategy, VAWE developed a network of women entrepreneurs to foster mentoring and startups among women entrepreneurs, thereby expanding market opportunities for SMEs, increasing trade, and promoting inclusion. VAWE conducted three combined annual fora and training events where newly-established SMEs and business mentors networked and discussed issues, such as: the development of business ideas and business plans; and managing issues in the areas of marketing, client management, product quality, and financial management. Through its network of successful women business leaders, VAWE mentored 127 women-owned SMEs on the most recent policies and regulations relating to SME support and start-up support programs, and established a network of female mentors for start-ups and leadership consultation. Through this grant, women-owned SMEs had access to mentors providing guidance on issues relating to start-up and leadership.

*Through meetings at the VAWE forum, I've learned a lot from other businesswomen and I've become more confident. I understand that if we want to go far, we have to go together.*

Ms. Tran Thi Thu Hong, owner of a rambutan jam production business, Ben Tre Province.



The Vietnam Association of Women Entrepreneurs (VAWE) created a network of 127 women-owned start-ups from 63 cities and provinces to enhance women’s leadership and business development skills



*Through a grant with the GIG Program, VAWE convened newly-established SMEs and mentors to discuss the development of business ideas and business plans; as well as business management issues in the areas of marketing, client management, product quality, and financial management. The grant spurred a network of women entrepreneurs and promote business startups among women entrepreneurs. Photo credit: Le Thi Thu Hien, GIG Program*

## LESSONS FOR PROGRAM DESIGN AND LEGACY OUTPUTS

### LESSONS LEARNED

Many of the GIG Program’s most important lessons are drawn from implementing USAID’s comprehensive systems approach. This approach is demand-driven and designed to “produce outcomes that are far greater than the sum of their parts and is more sustainable than *ad hoc* improvements in individual sectors.”<sup>23</sup> Cognizant of the complexity inherent in achieving the GIG Program’s diverse objectives, the program was created to be “opportunity-driven, flexible... [and] supports ... [a] broad set of technical goals.”<sup>24</sup> The approach recognizes that development is “not necessarily linear,”<sup>25</sup> that plans laid at the outset will change, and that the GIG Program and partners would need to develop new activities to achieve agreed-upon program goals. While more difficult to manage than narrower, sector-driven approaches, the GIG Program was designed to support the process through which change actually occurs in complex societies. Policy and implementation reform are only partly technical; they are fundamentally political, and take place through a complex, dynamic interplay of social, economic, and government interests. Therefore, the USAID GIG Program sought to work with and support a systems approach — not just sector actors — as it leveraged its resources and position to help facilitate interactions and relations among multiple interests intersecting with a common development challenge per program objectives.

The program design began with the premise that broad-based economic growth in Vietnam, as in the United States and all other countries, is unalterably linked with and dependent upon effective governance. As noted in contract section C.1.2 Program Goal: Governance enhanced to facilitate broad-based, sustainable growth: “The Program is based on the development hypothesis that in order for Vietnam to continue its transformation into a responsible, more inclusive partner, it needs enhanced governance to facilitate broad-based, sustainable growth.”

Chemonics International, Inc. is grateful to have been entrusted to be USAID’s partner in implementing USAID’s vision for this comprehensive, challenging, yet realistically designed program, and hope that the following is helpful to USAID and the Government of Vietnam in their ongoing collaboration to enhance governance to facilitate broad-based, sustainable growth in Vietnam.

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<sup>23</sup> *Comprehensive approach to maximize USAID’s return on investment.* The Program approach is grounded in the five phases of the policy life cycle, elaborated below, through which the Contractor will help the Program counterparts operate more effectively at each phase with demand-driven capacity building activities, tools, and systems. The aim is to achieve multiple results across different phases of the policy cycle for priority laws, regulations, and target populations. By doing so, the Program will produce outcomes that are far greater than the sum of their parts and more sustainable than *ad hoc* improvements in individual sectors. In turn, The Contractor will maximize USAID’s return on investment by integrating the 5 program objectives and 3 expected results (ERs) into one comprehensive approach. Contract Section C.3.3.

<sup>24</sup> Section C.1.2

<sup>25</sup> Section C.3.6

## **1. USAID’s comprehensive, systems design was an effective approach to attaining the GIG Program’s objectives**

While there is a limit to how many government counterparts can be engaged effectively under one technical assistance project, the layered approach to promoting economic growth, governance, and inclusion offers a model for how to address reform challenges that are not limited to the purview of a single sector or ministry. Sustainable change requires partnering with multiple sectors and organizations. For example, 76 percent of Vietnam’s import/export delays are due to specialized inspections required by other ministries, not merely customs procedures. Therefore, assisting Vietnam to reduce delays at customs requires coordination with multiple ministries. Policies and pressure to implement economic and trade reforms must come from the top, but they must be informed by the experiences, ideas, and advocacy of businesses and citizens’ groups impacted by them. The combination of pressure from businesses, ministries, local governments, and top-level government leaders has helped drive reforms and implementation of the progressive standards of Resolution 19 of the Government. The GIG Program facilitated reforms through cooperation and outreach with business associations, field visits for high-level officials to provinces, research and studies, and regulatory reforms – working locally, nationally, and across sectors.

Similarly, the GIG Program facilitated the development by the MOJ of the policy impact assessment methodology, which is now being applied to the development of all laws in Vietnam, through a collaborative approach across the government – National Assembly, MOJ and other ministries, provincial agencies, and consultative workshops and training courses. These, and dozens of other achievements, would not have been possible within such a timeframe through a single sector approach. Such comprehensive, multi-stakeholder programs put USAID/Vietnam at the forefront of USAID’s efforts to expand cross-sectoral programming worldwide.<sup>26</sup>

## **2. Supporting reforms that change the “rules of the game”**

Rachel Kleinfeld, in *Improving Development Aid and Evaluation*, advises implementers that the most effective political reforms are those that alter the rules of the game and increase transparency, and that they should be their focus.

*“The deepest, most effective reforms are those that alter the rules of the game. In designing programs for change, reformers should look for bottlenecks and other rules that shape the behavior of many, and work to change them. . . Rules of the game often have to do with who decides — who gets to have a voice in the debate. . . . Who is invited to meetings also matters.”<sup>27</sup>*

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<sup>26</sup> To support such comprehensive, integrated programming, USAID created a new division in 2012 to support the development of cross-sectoral projects. The Cross Sectoral Program Division within the Bureau for Democracy, Conflict and Humanitarian Assistance of the Center of Excellence on Democracy, Human Rights, and Governance was established “to develop guidance, tools, and training to build USAID’s capacity to integrate DRG principles, practices, and analytical tools across the Agency’s portfolio.” User’s Guide to Democracy, Human Rights and Governance Programming, November 2015, p. 5.

<sup>27</sup> Rachel Kleinfeld, “Improving Development Aid and Implementation: Plan for Sailboats, Not Trains,” Carnegie Endowment for International Peace. Washington, D.C., 2015, pp. 30-31.

The USAID GIG Program worked closely with the Government of Vietnam to help facilitate the formulation and/or implementation of several reforms that fundamentally changed Vietnam's "rules of the game." These included, among others, facilitating the development, yearly revisions, and oversight of implementation of Resolution 19; support for the WTO TFA and other new generation free trade agreements (thereby making trade systems more transparent); support for development of the Law on Access to Information (promoting inclusion by providing a mechanism for vulnerable groups to implement their right of access to information), Law on Legal Aid (which expands the range of vulnerable persons entitled to legal aid, thereby fostering inclusion), the Civil Procedure Code (which helps improve transparency and accessibility at legal proceedings), and the Law on Laws (which requires policy impact assessments on new legislation).

During the development and implementation of new agreements, laws, and resolutions the GIG Program encouraged engagement with the public at the local level to learn from their experiences. This included invited leaders from the central level of government in Hanoi to join field visits and discussions in locations where important experiences could be gathered. When the program could not visit remote areas, it invited representatives from those areas to training courses and workshops in central locations to share experiences. Lessons gathered from such interactions were then transmitted up to central level leaders.

### **3. Importance of flexibility and adaptability**

The GIG Program strived to be a flexible, responsive, and adaptable partner to the Government of Vietnam as it implemented annual work plans approved by the MOJ Program Management Unit (PMU). The Program's design allowed for flexibility, responsiveness to new ideas and experimentation, fostered government buy-in, and facilitated innovative reforms in governance and inclusion.

To implement each activity in the annual work plans, the Program and respective counterparts cooperated to develop detailed direct technical assistance (DTA) agreements, which defined implementation plans and budgets. This process was among the most valuable contributions of the Program, because it demonstrated how effective governance requires the sharing of resources, avoiding overlaps, and collaboration on reforms of common interest, such as trade facilitation, lawmaking, and justice sector coordination. Negotiations on workplan implementation among the Program's counterparts enabled consistent and complementary activities that facilitated the promotion of economic growth, governance and inclusive growth.

When activities were not gaining traction due to lack of buy-in, or activities were identified that should be added in response to new unforeseen opportunities, the Program successfully coordinated with the MOJ PMU to learn and apply those experiences.

As a result of these collaborative, interactive partnerships and processes, the GIG Program, over time, helped open avenues for new approaches and innovative reforms that could not have been anticipated or planned at the beginning of the project. Many important reforms, particularly in the area of governance, were facilitated by the GIG Program's collaborative processes.

Examples of effective collaboration included: developing new policy impact assessment processes; adapting and responding to emerging needs such as the Law on Support of SMEs and the Law on Legal Aid; facilitating the ratification, preparation and

implementation of new generation free trade agreements; addressing reforms in support of trade and competitiveness among multiple ministries and business associations; and facilitating the implementation of activities that, most likely, would have received less government support if implemented separately, such as engagement with social organizations and inclusion of vulnerable groups.

#### **4. Dealing with resistance**

All nations implementing reforms encounter resistance from entrenched interests. At the very least, bureaucratic inertia can hinder implementation. Resistance and delays should be anticipated and should not be dismissed outright as a negative. Reform will inevitably meet with opposition or pushback, and development programs must plan for this and build local coalitions to take on the mission as their own.<sup>28</sup> The GIG Program methodology, designed to work on both the demand (business, civil society, etc.) and the supply (government) side of reform, was able to bring together all interests to advocate for, build consensus, and demonstrate effective approaches for overcoming resistance to reforms.

#### **5. Linking economic growth, governance, and inclusion for vulnerable groups in one project helped increase the impact of vulnerable groups on policy**

Grouping the Program's three expected results of legal and regulatory reforms, accountability, and inclusive growth in one project helped ensure that the perspectives of the public — including vulnerable groups, SMEs, household businesses, cooperatives and collaborative groups — were considered in the development of laws and policies. The GIG Program helped facilitate the participation of social organizations, business community, research institutes, think tanks and universities at the central and local levels in public consultations such as for: customs reforms; assessing the reform needs and impact of Resolution 19 of the Government; development of implementing decrees; and policy impact assessments for each law, as required under the new Law on Laws. This outreach to multiple stakeholders, including vulnerable groups, ensured that all perspectives would be considered to improve the legal and regulatory framework, and that all would feel empowered to make a difference.

With GIG Program technical assistance, multiple ministries introduced inclusive principles in new laws, such as in the: Law on Laws, which requires gender impact assessments; State Budget Law, which requires gender-responsive budgeting; Law on Legal Aid, which increases the list of groups entitled to legal aid; and Law on Support of SMEs, which specifies support to women-owned SMEs and addresses challenges of access to finance.

#### **6. Facilitating a more cohesive law and policymaking environment**

Applying the comprehensive multi-stakeholder management model to address broad thematic issues facilitated the development of a more cohesive law and policymaking environment among multiple counterparts, which often have overlapping mandates and interests. The Program facilitated scores of policy and implementation discussions and events among ministries, the National Assembly, social organizations and business

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<sup>28</sup> Kleinfeld, "Improving Development."

associations. Comments from government stakeholders during the November 2018 GIG Program Closeout Conference indicated that institutional support for more transparent, inclusive, policymaking has in fact increased.<sup>29</sup>

## **7. Implementation challenges and solutions**

**Managing complexity.** Supporting a high volume of activities among numerous government counterparts has the potential to overwhelm a project if not well anticipated and managed from the beginning. A process of learning and adapting is also essential to implement reforms that are responsive to the unique reform needs and the local legal and cultural context of the country. Over time the GIG Program became adept at listening and responding to reform priorities, as well as advocating for new reform opportunities. To effectively implement ambitious reforms within a complex development project, the GIG Program had to become highly adaptable. Technical staff developed specializations to support common needs across multiple counterparts, and the work of all technical staff was integrated to give equal attention to all three expected results areas as layers of necessary reform (i.e., legal and regulatory reforms, accountability, and inclusive growth) within each activity of each counterpart.

**Program direction and oversight.** The Government of Vietnam, through the MOJ PMU, defined the GIG Program's annual work plans. This required regular and thorough consultations with the MOJ PMU and all counterparts. While there were challenges, Vietnam's approach to work planning had strengths that future projects should consider. First, activities requested and approved by the government had stronger buy-in and enforcement from the government than if they had they been initiated from outside of government. Second, the work planning process emboldened and empowered counterparts to request and attempt some reforms they may not have taken the risk of trying otherwise on their own. Though these requests were sometimes surprising, such as the request to provide technical assistance to the Law on Support of SMEs or Law on Legal Aid, it was beneficial to the Program to be open to such requests, as it furthered the governance and inclusive growth strategy. A third reason is that the government was not unduly rigid; once clear operating guidelines were established, the MOJ PMU supported canceling or delaying activities when counterparts could not reach agreement on the activities or complete them on time. Fourth, the approved Guidelines, once negotiated, set enforceable terms of implementation, which the government itself monitored. Finally, once the work plan was agreed, and with the DTA process was defined in the operating guidelines, the Program was able to implement activities expeditiously.

## **8. The GIG Program's comprehensive systems methodology enabled it to quickly and effectively add an anti-wildlife trafficking focus**

The flexibility USAID built into the program design (e.g., its methodology of facilitating interactions among different sectors, working across the policy cycle, working locally and nationally, and bringing outside experts and social organizations into the policy-development process) and the wide spectrum of organizations and institutions with which it had established relations (e.g., within the justice sector, with social organizations, the private sector, the National Assembly, ministries, etc.) ideally situated the GIG Program

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<sup>29</sup> See, quotes from Ms. Nguyen Minh Thao, Head of Business Environment and Competitiveness Department, CIEM, MPI. (p. 15.); and Mr. Nguyen Hong Tuyen, Director of the Department of General Affairs on Legislation Development, MOJ (p. 28).

to implement new, complex initiatives such as to provide technical assistance on new laws and policies, Resolution 19, to add new activities such as to combat wildlife trafficking. It would have been much more difficult for a single-sector project to respond to such urgent opportunities, and to bring together the necessary new and existing counterparts for work on such activities.

## **9. Working nationally and locally**

*“Just because there are changes at the central level that does not mean that the local level will change too. In addition to other formal channels, the GIG Program has helped the GDVC understand the value of public consultations with central and local level customs authorities as well as businesses.”*

Mr. Kim Long Bien, Director, Deputy Head of Customs Reform and Modernization Board, GDVC.  
November 6, 2018.

Laws, regulations, decrees and circulars are made at the national level, but they must be implemented locally. Effective reforms are crafted based on a clear understanding of the local-level problems they are designed to address and understanding those who will be impacted by them. The GIG Program conducted or facilitated scores of consultations and outreach activities, bringing together government officials, businesses and business associations, vulnerable groups, and others to better understand needs and implementation issues. In addition, these activities provided ideas and recommendations for specific, workable policy and improved implementation.

## **10. Progress toward the Program’s key objectives occur at different rates individually, but all are strengthened if implemented jointly**

Progress toward key objectives was easier when built upon reforms that the Government of Vietnam had been working on for several years (i.e., enhancing trade and investment, and improving competitiveness). Reforms in the areas of governance and inclusive growth were challenging, but by unifying them within the context of economic growth, significant progress was achieved that benefitted all Program priorities. The Program demonstrated how economic growth, governance, and inclusive growth principles reinforce each other.

## **11. Learning across sectors**

The GIG Program’s role as a facilitator across sectors and between the public and private sectors provided a great opportunity to promote learning among them. The MOJ PMU, USAID, and the GIG Program conducted learning events to review program achievements and agree on future steps. One of the most significant lessons identified through such learning events was that, “. . . cross-sectoral coordination and collective voice . . . is the key to effective policy implementation and success.”<sup>30</sup>

Additionally, as the Program matured, it increasingly focused on integration of Program activities. Team leaders were challenged to consider the other components, their partners and their activities as they developed their own programs, and to look for synergies. As an example, all three technical teams adopted the inclusion checklist for DTAs developed

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<sup>30</sup> GIG Program Event Report, “Sharing and Reviewing Achievements of the USAID GIG Program – Component on Improving Trade, Legal and Regulatory Reform,” October 2018.

by the Program’s staff focusing on inclusion to ensure that all activities thought through how best to incorporate the needs of vulnerable groups. Reforms in governance and inclusive growth included examples of how economic growth would benefit, such as through improved resolution of disputes in the courts or inclusive growth principles in development of SMEs.

Some further examples of cross-sector coordination promoted by the Government of Vietnam during the GIG Program included: MOJ’s request for coordination with other ministries during development of the Policy Impact Assessment Manual and its dissemination; the National Assembly demand that the MOF and MPI coordinate on development of the Law on Support of SMEs; Resolution 19’s bringing together ministries with the Office of the Government (OOG) to review annual progress; MOF Customs’ reforms, in cooperation with MPI and the OOG, focusing heavily on reductions in business conditions imposed by other ministries, namely MOIT, MARD, and MOH; and creation of the National Trade Facilitation Committee by the OOG, as required by the WTO Trade Facilitation Agreement. Finally, to combat wildlife trafficking, MARD requested support on developing the Vietnam Wildlife Enforcement Network (WEN) to improve coordination among CITES, National Assembly committees, customs, the courts, prosecutors, and local police.

## **12. Measuring progress in complex programs**

The USAID Learning Lab has been working to develop performance monitoring methodologies to better inform decision-making in complex, comprehensive, diverse-stakeholder, non-linear, and opportunity-driven programs. The GIG Program is one such program. The standard approach to performance monitoring assumes a high-level of predictability and control by implementers. However, complexity-aware monitoring acknowledges a different reality:

*“Stakeholders bring diverse perspectives to the situation, making consensus elusive or impractical. Cause and effect relationships are poorly understood, thereby making it difficult to identify solutions and draft detailed implementation plans in advance. In addition, changing conditions may make it necessary to revise or refine expected results to take advantage of new opportunities or to respond to emerging needs.”*

This has been validated through the GIG Program, i.e., that complexity-aware monitoring needs to focus on the interrelationships among stakeholders and effective cross-sectoral coordination as “. . . the key to effective policy implementation and success.”

Complexity-Aware Monitoring  
USAID Learning Lab

“Complexity-aware monitoring is intended to complement and enhance performance monitoring, USAID’s standard monitoring approach. . . . performance monitoring, as currently practiced in the Agency, is well-suited to simple aspects of projects where certainty and agreement are relatively high and to the complicated aspects once additional expertise has been brought to bear to understand cause-effect relationships and therefore be able to measure them — in effect, to make the complicated aspects simple.

In contrast, complexity-aware monitoring informs decision making for aspects of projects where agreement on the development problem and certainty about how to solve it are both low. Stakeholders bring diverse perspectives to the situation, making consensus elusive or impractical. Cause and effect relationships are poorly understood, thereby making it difficult to identify solutions and draft detailed implementation plans in advance. In addition, changing conditions may make it necessary to revise or refine expected results to take advantage of new opportunities or to respond to emerging needs. Adaptive management is the soundest approach in such circumstances. Complexity-aware monitoring supports adaptive management by supplementing the information provided by performance monitoring.”

Source: USAID Learning Lab Discussion Note: Synchronizing Monitoring with the Pace of Change in Complexity, Version 1, September 2014.

[https://usaidlearninglab.org/sites/default/files/resource/files/pace\\_of\\_change\\_in\\_complexity\\_2014-09-25\\_final.pdf](https://usaidlearninglab.org/sites/default/files/resource/files/pace_of_change_in_complexity_2014-09-25_final.pdf)

### 13. Program start-up

The GIG Program’s mid-term evaluation pointed out that the requirements that a project be ready immediately after award to start-up activities was unrealistic given the project’s complexity in terms of political context, management model, breadth of thematic coverage, and undefined outcomes and results, and that such a requirement to start-up rapidly may have undermined the project’s ability to implement reforms more strategically and sustainably. The performance evaluation rightfully argued that the most important reasons for a longer start-up period would have been to provide time to develop project operating guidelines, conduct baseline analyses to fully prepare for the development environment within which the GIG Program was working, to work with the donor to define the performance and monitoring plan, and to reach agreement with the government on the strategy for achieving the envisioned outcomes. However, project registration and negotiation of operating guidelines are critical preconditions to effective implementation, and need to be completed as expeditiously as possible. In some instances, the technical implementation process itself was instructive on the most effective implementation approaches appropriate to the local context.

## LEGACY OUTPUTS

### Manuals and Handbooks

The GIG Program’s legacy includes demand-driven tools to increase the capacity of the government of Vietnam to improve policymaking, policy implementation, and oversight. These resources, in the form of manuals, increased quality standards and predictability, and contributed to the institutionalization of processes and procedures by the Program’s counterparts, thereby supporting transparency, accountability, and the sustainability of reforms:

1. **PIA manual:** This manual provides technical assistance to the Vietnamese government in conducting policy impact assessments for proposed legislation. It includes technical instructions on the assessment process and materials on possible economic, social, procedural, legal, and gender impacts for new laws. By encouraging the consideration of long-term effects of legislation, the manual assists policymakers in developing laws that minimize negative impacts for all Vietnamese citizens, including those who have been historically vulnerable.<sup>31</sup>
  
2. **Bill drafting manual for legal normative documents:** This manual focuses on the skills required to draft effective laws, including general information on the promulgation process, criteria for drafting good law, and text editing skills that facilitate more effective and coherent writing. By establishing dynamic standards with which to properly train drafters, this manual helps officials avoid overlap, inconsistency, and confusion, which has plagued the legislative process in the past. The bill drafting manual for legal normative documents awaits official approval by the MOJ before being released publicly.
 

Commenting on the Bill drafting manual for legal normative documents, Mr. Hoang The Lien, Former Vice Minister of Justice, said: *“It is important for Vietnamese law drafters to learn from U.S. experience on how to draft using plain language. Plain language in laws and regulations contributes substantially to the effectiveness of law enforcement, as it is easier for implementers to understand.”* May 12, 2016.

*“The improvement and perfecting of law-drafting skills, together with the issue of 2015 Law on the Promulgation of Legal Normative Documents will help enhance the effectiveness of the legal system.”* Mr. Tran Duc Long, Former Director of the MOJ’s National Registration Agency for Secured Transactions. September 7, 2016.
  
3. **Manual on the prevention and settlement of international investment disputes:** This manual equips government officials with fundamental information to understand, prevent, and settle international investment disputes. It helps to improve the comprehension of legal disputes, increase awareness of the negative impacts of disputes on socio-economic development and the foreign investment environment, emphasize the importance of dispute prevention, and apply procedures that help prevent and resolve international investment disputes. These materials are beneficial to establishing Vietnam as a nation conducive to foreign investment as well as local inclusive economic development.<sup>32</sup>
  
4. **Manual to guide businesses on environmental regulations and free trade agreements:** This manual presents environmental issues in international trade, including sections on the relationship between trade and the environment, agreement commitments and the framework of economic cooperation, environmental regulation standards, and international experiences and recommendations for Vietnam. The manual is helpful in ensuring compliance with the ever-growing environmental requirements regarding international economic integration, especially for small and medium sized enterprises.

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<sup>31</sup> The PIA manual can be accessed via the MOJ website: <http://moj.gov.vn/qt/tintuc/Pages/thong-tin-khac.aspx?ItemID=2639>.

<sup>32</sup> The manual on the prevention and settlement of international investment disputes can be accessed via USAID’s Development Experience Clearinghouse: [https://pdf.usaid.gov/pdf\\_docs/PA00SWNC.pdf](https://pdf.usaid.gov/pdf_docs/PA00SWNC.pdf).

Furthermore, it aids businesses in avoiding disputes and protecting the health and safety of the Vietnamese people.<sup>33</sup>

5. **Information technology audit manual:** This manual provides important strategic information for information technology audits for the State Audit Office of Vietnam, including general information technology audit principles and detailed instructions on each type of audit, with sample plans and questionnaires. The manual helps to standardize effective procedures regarding information technology systems, which is essential for establishing successful audits that transparently review government actions and adhere to international standards in the increasingly digitally integrated world. Although already being used within the SAV, it is awaiting official approval before being released publicly.
6. **Environmental audits manual:** This manual provides important guidance for SAV auditors to conduct audit of environmental perspective in Vietnam. The guidance includes detailed steps in audit planning, implementation, and reporting. The manual also provides necessary information on the audit of specific environmental perspective such as audit of environmental-related projects, audit of environmental impact assessment, audit of inter-sector environmental issues. In addition, the manual sets aside a chapter to guide the audit of waste management, air pollution, water pollution and climate change. Although already being used within the SAV, it is awaiting official approval before being released publicly.
7. **Technical manual on the 2015 Penal Code and the Law on Handling Administrative Violations for enforcement bodies and the justice sector:** This manual increases the capacity of enforcement bodies and the justice sector to implement new provisions on wildlife crime included in the 2015 Penal Code, as well as explain how to adhere with the 2012 Law on Handling Administrative Violations and its supporting decrees. The GIG Program developed the manual with the MOJ, and applied it to train frontline custom officers, enforcement bodies, and the justice sector. The GIG Program also shared the manual with MARD and the GDVC, to support future training programs. Although already being used within the MOJ, it is awaiting official approval before being released publicly.
8. **Prosecutor manual on prosecution practices and supervision of justice process for cases relating to wildlife:** This manual guides prosecutors through each step in the prosecution process of crimes relating to wildlife, especially the protocols of the procuracy and court systems, which had been identified as areas prone to mistakes during a review of prosecuted cases on crimes relating to wildlife conducted by the GIG Program. The manual provides updated information on laws and regulations relating to wildlife protection and handling violations relating to wildlife, including compliance with international treaties. Although already being used within the SPP, it is awaiting official approval before being released publicly.
9. **Legal handbook on the basic personal and property rights of vulnerable groups:** This handbook facilitates the exercise of personal and property rights as

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<sup>33</sup> The manual to guide businesses on environmental regulations and free trade agreements can be accessed via USAID's Development Experience Clearinghouse:

laid out in the 2015 Civil Code. The MOJ and civil society organizations will use the handbook as a tool to explain personal and property rights to members of vulnerable groups and government officials at all levels. These include rights on residential registration; marriage and family; participation in civil transactions; ownership and inheritance; etc., as well as how to receive legal aid through Legal Aid Centers. The MOJ disseminated the handbook via its website supporting it as a sustainable means of reducing legal barriers for vulnerable groups.<sup>34</sup>

- 10. Manual for the improvement of teaching and learning methods for civic education of youth in Vietnam:** This manual guides teachers through the basic steps to design a civic education syllabus either by theme or by project-based lectures. Through this manual, teachers can: help students to better understand the political and legislative systems, and their rights in accordance with the law; build students' critical thinking and problem solving skills in a well-informed and logical manner; equip students with knowledge via research, and through practical and evidence-based experiences, and help them develop a personal assessment based on the knowledge acquired, and help students apply the acquired knowledge and principles in the real world and nurture their spirit of pursuit of study and creativity.<sup>35</sup>

The GIG Program's key progress reports, manuals, and consultant reports have been widely disseminated via USAID's Development Experience Clearinghouse, and also shared with the counterparts for their future reference.

### Training-of-trainers

Over a period of five years, the GIG Program's training-of-trainers programs progressively built capacities within individual institutions, while applying the Program's manuals, thereby increasing the likelihood of sustaining the momentum of reforms in a manageable way for counterparts:

**Supporting the SPP to strengthen capacity of its trainers:** Addressing the findings of the GIG Program's comprehensive review of criminal cases relating to wildlife trafficking that have been prosecuted from 2012 to 2016, the GIG Program conducted a series of training-of-trainers programs for SPP's trainers. The first one showed SPP's trainers how to apply objective-based evaluation (i.e., an approach centered on the specification of objectives and the measurement of outcomes) to teach prosecutors how to effectively manage criminal cases relating to wildlife and conduct effective prosecutions. A second and third programs allowed SPP's trainers to apply the skills learned during the first training program and share their expertise with current and future prosecutors. Skilled prosecutors will help save endangered and endemic species in the country, while ensuring the application of the rule of law.

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<sup>34</sup> The legal handbook on the basic personal and property rights of vulnerable groups can be accessed at: <http://hdnv.moj.gov.vn/Pages/chi-tiet-tai-lieu.aspx?itemid=1872>.

<sup>35</sup> The manual for the improvement of teaching and learning methods for civic education of youth in Vietnam can be accessed via USAID's Development Experience Clearinghouse:

**Promoting best practice in legal drafting skills:** The GIG Program conducted training-of-trainers' programs with experienced drafters from provincial Justice Departments, university lecturers, and training institutes to build the capacity to learn and teach how to produce higher quality laws and regulations, thereby contributing to enhancing legal clarity and consistency in Vietnam. These experts' input also contributed to the development of a bill drafting manual for legal normative documents, supported by the GIG Program, which offers guidance on how to draft clear and precise regulations and laws.

**Strengthen the capacity of lecturers to teach PIA:** To ensure a sustainable approach to integrating RIA into Vietnam's policy development and monitoring, the GIG Program implemented a training-of-trainers' program for university lecturers from the Academy for Policy and Development, HLU, Law Faculty of the Hanoi National University, and the Thai Nguyen University, to build their capacity to become trainers and institutionalize understanding of the RIA process in universities. Selected lecturers from this program then trained journalists on how to interpret PIA reports and utilize them as tools for analyzing laws and regulations throughout the policy life cycle.

**Institutionalizing PIA training materials at the HLU:** The HLU launched the PIA syllabus as part of its MA in Applied Constitution and Administrative Legislation, which equips students with the practical knowledge and experience to work in legislative development. The first intake of 48 students included legal professionals from the courts, procuracy, and legal departments of various ministries. The institutionalization of PIA training materials, including the policy impact assessment manual, promises a long-term impact on improving awareness and capacity. As the module becomes established, HLU expects it to form part of its other MA courses, including Civil Law and Civil Procedure Law, Criminal Law and Criminal Procedure Law, and Economic Law. Institutionalizing the outcomes of technical projects into formal academic training represents a sustainable and systemic impact on policy development and the quality of laws in Vietnam.

**Support the Academy of Policy and Development to strengthen the skills of its lecturers:** Following the enactment of the 2015 Law on the Promulgation of Legal Normative Documents (also referred to as the "Law on Laws"), the demand at both central and provincial levels for public policy analysis skills and PIA increased. A local governance program – in cooperation with MPI's Academy of Policy and Development (APD) – targeted government officials at the provincial level focusing on local development policy, leadership skills, and human resource development in the public sector. The GIG Program, to meet this demand, delivered a training-of-trainers' program with lecturers at MPI's Academy of Policy and Development to equip them with tools to improve their teaching of policy analysis skills, and to inform the development of a long-term "Executive Program on Policy Analysis and Leadership." During a time of increased autonomy of provinces, this support to APD has sown the seeds for improved government support on policy development, leadership, and continuity of policy implementation at the provincial level.

**Disseminating best practices in policymaking at the provincial level:** The GIG Program trained a core group of experts from MOJ's Department of General Affairs of Legal Development and representatives from provincial Departments of Justice to apply the PIA Manual. The manual was still in draft form when this training program was delivered and was enriched by the experience from officials at the central and provincial level, who informed its development. The core group of experts have been equipped with

the skills to train other provincial Departments of Justice in the future, and the experts will have the completed PIA Manual as a training resource.

*“We would like to thank USAID and Indiana University for their support to organize this training course. This course is very useful in providing expert knowledge and effective tools for government officials at management level of different ministries and authorities, to assess and evaluate cost and benefit in the formulation of a policy, as well as improving leadership skills. This course is also helpful for lecturers at the Academy of Policy and Development, so that we can consider incorporating policy analysis and leadership skills in our training curricula in the future. We hope that we can create a network of learners after this course so that we can exchange information and share experiences in our work in the field of policy analysis and leadership in the future.”*

Mr. Tran Trong Nguyen, Academy of Policy and Development Deputy Director, July 22, 2017.

### **Contribute to training-of-trainers’ materials for the registration of cooperatives:**

The GIG Program gathered government officers from the Department of Planning and Investment, the Department of Agriculture and Rural Development, as well as representatives from the Cooperatives’ Alliance, and the School of Politics at the provincial level, to join a training-of-trainers’ program on how to establish new cooperatives and re-register existing cooperatives. The MPI applied the training-of-trainers’ materials at the national level to increase the number of cooperatives which become registered, thereby expanding access to economic growth.

**Build the capacity of trainers to educate policymakers on environmental regulations and technical standards required by free trade agreements:** The GIG Program trained MOIT’s Vietnam Institute for Trade as well as the Institute of Policy and Strategy for Agriculture and Rural Development, and the Industrial Policy and Strategy Institute, among other participants, on how to address and meet environmental regulations and technical standards for Vietnamese exports under free trade agreements during the policy development process. These institutes then disseminated the learning and materials from these training-of-trainers’ program with policymakers as a tool to enhance competitiveness of Vietnamese products in international markets.

### **Learning Seminars**

The GIG Program encouraged reflection with key internal and external stakeholders to analyze successes and challenges, identify lessons, and recognize practices that should be continued, revised, or initiated towards sustainability. Through a series of thematic learning sessions with counterparts, donors, civil society organizations, and other stakeholders, participants shared information and knowledge, and candidly discussed lessons learned and upcoming challenges and opportunities for future programming. The Program conducted the following learning seminars:

**Policy impact assessment:** Participants learned about the collaboration between the MOJ and the GIG Program between 2014-2017 to support the development and implementation of the 2015 Law on Promulgation of Legal Normative Documents (also referred to as the Law on Laws); and discussed how to improve the role and quality of non-government stakeholder engagement in the policymaking process.

**Gender budgeting: Awareness and implementation in Vietnam:** This seminar disseminated the GIG Program’s experience supporting gender-related issues in law development and implementation, including the 2015 State Budget Law, and increased

awareness about gender-based budgeting. It focused on the legal framework and budget-related policies for gender equality and implementation in Vietnam, international experience in gender budgeting, and improving gender-responsive budgeting at the central and provincial levels.

**Tax payments:** Stakeholders learned about the GIG Program's work with the GDT in tax and social insurance reform to improve the business environment and Vietnam's remarkable improvements in its ranking in the World Bank's Doing Business report. The session highlighted future reform priorities and challenges, the role of public consultation to inform government decision-making, and stakeholder engagement to facilitate information sharing and mobilize public support for reform initiatives.

Lessons learned from the above-mentioned seminars, as well as on the topics of Law on Support of SMEs, combatting wildlife trafficking, and Resolution 19 have been captured in learning papers, which are included as annexes to this report.

## ANNEX I: CUMULATIVE INDICATOR RESULTS FY 2014 – FY 2019

| Indicator   | Cumulative Targets<br>FY 2014 – FY 2019 | Cumulative Results<br>FY 2014 – FY 2019 | Explanations for Underachieved and Overachieved Indicators  |
|---|---|---|---|
| ID1: Number of policies/laws/regulations/ procedures drafted, revised and/or adopted to enhance governance and/or facilitate private sector participation and competitive markets as a result of the GIG Program’s assistance | 48                                      | 65                                      | Target overachieved. Counterparts had a higher demand than expected for technical assistance to support their revision of laws and regulations in line with the 2013 Constitution, the implementation of free trade agreements and Resolution 19.   |
| ID2: CPIA public sector management and institutions cluster average   | 3.5                                     | 3.5                                     | Target met.   |
| ID3: Ease of Doing Business Rank  | 65                                      | 69                                      | Target underachieved. The ID3 result does not reach the target because of the lower Ease of Doing Business Rank. Therefore, ID3 underachieved. It is important to note that there was a significant change in the World Bank’s methodology in 2018, which resulted in several Southeast Asian countries going down in rank, including some dramatic changes within some categories, and a few countries making dramatic jumps in rank. These changes in methodology changed the assumptions underlying our projection. Notwithstanding a lower ranking than expected, the numerical (“business to frontier”) scores underlying Vietnam’s rankings have steadily improved. The GIG Program has supported five successive annual versions of Resolution 19 issued by the Prime Minister; these resolutions have contributed to improving Vietnam’s ranking in the World Bank’s Doing Business Report by 24 places overall since 2015. |

| Indicator   | Cumulative Targets<br>FY 2014 – FY 2019 | Cumulative Results<br>FY 2014 – FY 2019 | Explanations for Underachieved and Overachieved Indicators  |
|---|---|---|---|
| ID4: Number of evidence-based policy analyses conducted with USG support  | 74                                      | 97                                      | Target overachieved. The GIG Program exceeded expectations for this indicator due to counterparts' higher demand for evidence-based analysis and assessments to: inform the government's drafting and revision of laws and policies, improve government effectiveness, and comply with free trade agreements. This is largely due to the highly successful implementation of the new PIA process and PIA Manual published by the MOJ.   |
| ID5: Number of activities to support executive oversight process receiving USG assistance                         | 19                                      | 23                                      | Target overachieved. At the beginning of FY 2015, the National Assembly Oversight Department was relatively new, and there was uncertainty about the level of engagement with the GIG Program. As the relationship with the National Assembly continued to develop, this counterpart requested more activities to strengthen the collaboration between its departments and the capacity of new deputies.  |
| ID6: Person hours completed in capacity building events supported by the GIG Program                              | 205,000                                 | 331,970                                 | Target overachieved. The annual target for person hours is set based on the "List of Annual Work Plan Activities by Counterpart and GANTT Chart" submitted to USAID. The list of Annual Work Plan activities is issued by the government, instead of being drafted by the project. Each fiscal year, changes in event scheduling and number of participants occurred as DTAs are developed with counterparts.   |
| ID7: Number of public-private partnerships formed and/or strengthened as a result of the GIG Program's assistance | 15                                      | 11                                      | Target underachieved. This underachievement is due to the length of time, and the level of resources and commitment needed from counterparts and partners to form a formal public-private partnership. In consultation with USAID, the GIG Program prioritized efforts to support public-private partnerships through its grants program. After substantial advocacy, the MOJ PMU authorized the GIG Program to implement grants only from FY 2017 onwards (Year 4 of the project), thereby affecting meeting ID7's target in earlier fiscal years. |

| Indicator  | Cumulative Targets<br>FY 2014 – FY 2019 | Cumulative Results<br>FY 2014 – FY 2019 | Explanations for Underachieved and Overachieved Indicators  |
|--|---|---|---|
| ID8: Number of vulnerable people reached by USAID-supported programs that promote health, social and economic opportunities  | 4,700                                   | 3,819                                   | Target underachieved. The MOJ PMU authorized the GIG Program to implement grants from FY 2017 onwards, thereby affecting meeting ID8's target in earlier fiscal years.  |
| ID9: Number of laws, policies or procedures drafted, revised and/or issued to support inclusion of vulnerable population.  | 16                                      | 23                                      | Target overachieved. As the GIG Program's technical staff members focusing on inclusion were challenged to look for synergies across the Program's components, they identified opportunities to carry out technical assistance to strengthen the inclusion of vulnerable populations through the government's work on laws such as the Civil Code, Law on State Budget, Law on Access to Information, Law on Laws (implementing the policy impact assessment), and the Law on Legal Aid). |
| ID10: Number of GIG Program-supported activities to increase transparency on policy implementation in Vietnam  | 31                                      | 52                                      | Target overachieved. As the revised Law on Laws began its implementation it brought momentum to improve the role and quality of non-government stakeholder engagement in the law and policymaking process. Higher quality public consultations required transparency of information about implementation. This triggered demand from counterparts for additional activities under this indicator.   |
| ID11: Number of training sessions on audits for staff from relevant GIG Program partners   | 7                                       | 6                                       | Target underachieved. This slight underachievement is due to the delay of audit training programs in the first few fiscal years as the GIG Program continued discussing and planning technical assistance with the SAV.   |
| ID12: Number of USG assisted civil society organizations that participate in legislative proceedings and/or engage in advocacy with national legislature and its committees. | 55                                      | 74                                      | Target overachieved. The GIG Program proactively and efficiently engaged social organizations in activities with government agencies and the National Assembly to improve their participation in legislative proceedings. The number of social organizations increased as relationships based on trust between the Program and its counterparts continued to develop over the years.  |

| Indicator   | Cumulative Targets<br>FY 2014 – FY 2019 | Cumulative Results<br>FY 2014 – FY 2019 | Explanations for Underachieved and Overachieved Indicators  |
|---|---|---|---|
| ID13: Time to export/import (days)  | 10/12                                   | 13/16                                   | Target underachieved. Although the ID13 result is higher than the target, in this case a higher result represents a higher Time to export/import, therefore ID13 underachieved. Notwithstanding, the Time to export/import has decreased from 168/168 hours to 105/132 hours. This is a significant achievement considering: a) the clearance time managed by MOF’s GDVC accounts for only 28% of the total clearance time, while other ministries are accountable for the remaining 72%; b) the Ease of Doing Business Distance to Frontier Score has improved steadily from 65.61 in the 2015 Doing Business Report to 70.83 in the 2019 Doing Business Report. |
| ID14: Number of people trained in sustainable natural resources management and/or biodiversity conservation as a result of USG assistance   | 400                                     | 778                                     | Target overachieved. The annual target for people trained in sustainable natural resources management and/or biodiversity conservation is set based on the “List of Annual Work Plan 5 Activities by Counterpart and GANTT Chart” submitted to USAID. Each fiscal year, changes in event scheduling and number of participants occur as DTAs are developed with counterparts. This technical assistance became highly demanded beyond expectations in Year 5 of the project.  |
| ID15: Number of legal instruments drafted, proposed or adopted with USG assistance designed to promote gender equality or non-discrimination against women or girls at the national or sub-national level | 3                                       | 3                                       | Target met.   |

| Indicator  | Cumulative Targets<br>FY 2014 – FY 2019 | Cumulative Results<br>FY 2014 – FY 2019 | Explanations for Underachieved and Overachieved Indicators  |
|--|---|---|---|
| ID16: Number of GIG Program-supported public consultation events to improve Vietnam's legal and regulatory framework | 96                                      | 106                                     | Target overachieved. The GIG Program engaged the public, media, and businesses to leverage improvements to the legal and regulatory framework; and the implementation, monitoring, and evaluation of policies, laws, and regulations. It was an effective mechanism that counterparts supported and encouraged to bring different views and angles into discussions and consultations among different stakeholders during the law and policymaking process.   |
| ID17: Number of information systems established or substantially upgraded with the GIG Program's support             | 11                                      | 9                                       | Target underachieved. It normally takes more than a year to develop an information technology system: a needs assessment conducted; the system developed, tested, and fine-tuned; and training courses for users delivered, before the system can be put into use. The GIG Program can only support activities approved by the Government of Vietnam. Ultimately, the demand was lower than the program had aspired to achieve. The GIG Program successfully completed all the information technology systems it had planned with its government counterparts.  |
| ID18: Number of GIG Program-assisted activities to enhance policy development process                                | 40                                      | 65                                      | Target overachieved. At the request of the counterparts, the GIG Program delivered technical assistance to further build the capacity of policymakers in policy analysis and policy impact assessment to: facilitate the ratification and implementation of the TPP, comply with commitments in free trade agreements, enhance participatory policymaking on the TPP and new free trade agreements, and guide the process of public consultation in developing legal normative documents. Furthermore, customs modernization as well as trade and investment facilitation triggered many activities relating to enhancing the policymaking process. |
| ID19: Number of GIG Program-supported activities designed to strengthen the budget process                           | 16                                      | 19                                      | Target overachieved: Given the significant role of the GIG Program's counterparts in the budget process and the priority placed on the revision of the State Budget Law, the GIG Program and its counterparts determined that additional activities under this indicator were an appropriate programmatic adjustment.   |

| Indicator  | Cumulative Targets<br>FY 2014 – FY 2019 | Cumulative Results<br>FY 2014 – FY 2019 | Explanations for Underachieved and Overachieved Indicators  |
|--|---|---|---|
| ID20: Number of GIG Program-supported activities designed to increase access by target groups to productive economic resources (assets, credit, income or employment) and legal facilities | 17                                      | 18                                      | Target overachieved: The slight overachievement is due to the increased need to strengthen the capacity of officers and counsellors to provide legal counselling and legal aid to vulnerable groups at the request of the government counterpart. |

## **ANNEX II: SUMMARY OF ACTIVITIES DURING THE FIRST QUARTER OF FY 2019 (OCTOBER 1, 2018 – DECEMBER 11, 2018)**

Below, the GIG Program describes progress during the first quarter of FY 2019 (October 1, 2018 – December 11, 2018) against the planned activities included in the Year 5/FY 2018 Annual Work Plan. This technical assistance supported the Government of Vietnam's efforts to develop a clear and transparent legal and regulatory framework, improve the accountability of public institutions, and improve inclusion and expand opportunity for vulnerable populations.

### **World Trade Organization Trade Facilitation Agreement and Resolution 19**

**Supporting the implementation of Resolution 19.** The MPI CIEM and the GIG Program have collaborated since the issuance of the first version of Resolution 19 in 2014, and three subsequent versions in 2015, 2016, and 2017, thereby supporting reforms to increase Vietnam's competitiveness and reduce barriers to trade. To continue to support the implementation of Resolution 19, CIEM and the GIG Program held a workshop on November 2, 2018, entitled, "Vietnam's Business Environment: Five years of Implementing Resolution 19." Representatives from the government agencies tasked to implement reforms to improve Vietnam's ranking in the World Bank's Doing Business Report reported their progress to date and discussed the results of the 2019 Doing Business Report, which was published in October 2018. Input from the workshop supports the Government of Vietnam to continue to improve its business environment.

CIEM and the GIG Program organized field visits in June, July, and August 2018, to gather feedback on issues facing business within the logistics sector (i.e., domestic transportation services, seaport services, airport services, warehousing services, customs declaration, specialized inspection and testing of cargo, loading and unloading of goods), such as inefficiencies in the clearance process, quality of infrastructure, and capacity to track and trace consignments. Also, and based on a formal request from the MPI, USAID supported a study mission to Thailand in September 2018, led by the vice president of CIEM learn about Thailand's experience in improving the efficiency of the logistics sector. Input from the field visits and the study mission informed a study entitled: "Logistics sector: challenges and recommendations to facilitate trade in Vietnam." To gather additional feedback on the day-to-day challenges in the logistics sector, CIEM and the GIG Program conducted a consultative workshop in Ho Chi Minh City on October 12, 2018, with more than 50 businesses, including both logistics companies and companies that use logistics to engage in supply chains (e.g. export companies). The consultative workshop contributed to the efficiency and quality of the logistics sector in Vietnam and the successful implementation of Resolution 19 to increase Vietnam's trade competitiveness. (*MPI039; KRAs 1.1, 1.3, 1.5*)

**Supporting the implementation of the 2018 Law on Competition.** The MOIT, the National Assembly, and the GIG Program have collaborated since 2016 to gather feedback from various stakeholders on competition-related issues and recommendations for revising the 2004 Law on Competition, approved by the National Assembly on June 12, 2018. In September 2018, the MOIT, the U.S. Federal Trade Commission, and the GIG Program held a consultative workshop to provide technical inputs to the development of a guiding decree, which is required for the Law on Competition to take effect on July 1, 2019. This was followed on October 25-26, 2018, with a consultative

workshop for businesses, experts, and researchers to discuss the draft decree, focusing on the investigation and detection of anti-competitive agreements through a leniency program and punitive damages for anti-competitive acts. A final decree will be submitted to the government in January 2019. A high-quality decree will improve the regulatory framework relating to the activities of state-owned enterprises in conformity with the World Trade Organization and international trade agreements. (*MOIT032; KRA 1.1*)

## **Business Environment and Private Sector Competitiveness**

**Supporting customs-to-business dialogue:** The GDVC and the GIG Program conducted workshops to enhance dialogue between customs and businesses on October 26, and November 15, 2018, in Danang and Ho Chi Minh City. Representatives from provincial customs departments and businesses discussed recent customs reform initiatives, such as the Vietnam Automated System for Seaport Customs Management, specialized inspections for import and export goods, and coordination among border agencies through the National Single Window and the ASEAN Single Window. Participants also discussed a number of difficulties facing businesses, including testing procedures, accounting for imports for inward processing, reporting on manufacturing waste, and businesses' training needs. Enhancing the partnership between customs and businesses facilitates trade and improves the business environment. (*TFA014 + TFA019; KRAs 1.1, 1.3, 1.5*)

**Increasing businesses' knowledge on international standards to enter global distribution networks.** The MOIT and the GIG Program developed a study on international standards and technical requirements for Vietnam's key exports to enter global distribution networks. The study focused on selected key exports including agricultural products, seafood, aquaculture, furniture and handicrafts. The study's results were shared at two workshops on September 28, and October 19, 2018 where businesses also had an opportunity to voice their concerns regarding compliance with requirements and standards to enter global networks. Conducting evidence-based studies such as these enhance the capacity of the MOIT to analyze appropriate policy interventions, while helping businesses improve their competitiveness and access to global distribution networks. (*MOIT027; KRA 1.3*)

**Institutionalizing international commitments in the financial sector.** International free trade agreement commitments under the management of the MOF are broad and complex, and financial provisions in free trade agreements need to be integrated into existing legislation through revisions or drafting of new legal documents. To support the MOF, the GIG Program conducted a training program with MOF officials in July 2018, to provide them with the skills and knowledge to integrate international free trade agreement commitments into existing legislation in the financial sector. Inputs from the training program informed the development of a handbook, and on October 30-31, the MOF and the GIG Program held a workshop to discuss the handbook and continue to enhance the capacity, practical knowledge, and skills of MOF staff to institutionalize international commitments in the finance sector. (*MOF017; KRA 1.2*)

**Improving the tax regulatory environment and taxpayers' compliance.** The GIG Program continued working with the Reform and Modernization Department of the General Department of Taxation to improve taxpayer compliance by developing a Tax Compliance Program based on a segmentation strategy. On October 30, 2018, the General Department of Taxation and the GIG Program organized a workshop on the legal foundation and conditions for developing and implementing the Tax Compliance

Program. The workshop was attended by researchers and representatives from functional and provincial departments of the General Department of Taxation; and focused on the legal foundation for the Tax Compliance Program, taxpayer services through the online single window, assessment and collection of feedback on tax compliance and difficulties, and a proposed roadmap for implementation. The outcomes of the workshop will provide input into the General Department of Taxation's development of an effective Tax Compliance Program and the development of a Tax Reform Strategy for 2021-2030. Facilitating tax compliance will increase the quality and sustainability of tax policies and the tax compliance rate, improving Vietnam's ranking for the World Bank's Doing Business Paying Taxes indicator. (MOF020; KRAs 1.3; 1.5)

## Improved Policymaking

### **Increasing the quality of laws through the Policy Impact Assessment Manual:**

Following the development of the Policy Impact Assessment Manual, which was finalized in 2017 and published on the MOJ's website in early 2018, the MOJ and the GIG Program organized a two-day training course for ministries and provincial Departments of Justice in the Central and Southern regions on October 9-10, and 15-16, 2018 in Danang and Hanoi. The training course focused on case practice to assess economic, social, legal, procedural, and gender impacts as part of the policy impact assessment process. Increasing policy impact assessment skills enhances enforcement of the 2015 Law on Laws and Decree 34 on policy impact assessment. (MOJ061 – Year 4 Annual Work Plan follow-on activity requested by the MOJ PMU in FY 2018; KRA 1.2)

**Improving the investment registration process.** In 2016, MPI and the GIG Program assessed the functionality of the NIIS, which enables foreign and national investors to apply for investment certificates and to submit their investment-related reports online. The assessment revealed upgrades needed to the NIIS's input and output systems. In FY 2018, through a subcontract with Synergy, and with national consultants, the GIG Program finalized improvements to the NIIS's input system (i.e., forms and data collected from investors and local authorities), and trained MPI staff on how to use the output reporting system as part of the upgraded NIIS. MPI launched the NIIS on October 4, 2018, during its conference: "30 Years of Foreign Direct Investment Mobilization in Vietnam," and MPI and the GIG Program delivered an additional training program on October 25, 2018, for MPI staff on the use of the upgraded NIIS. The upgraded NIIS will help improve the efficiency and transparency of the investment registration process in Vietnam, as well as support monitoring by authorities and investors, thereby enhancing the business environment and the availability of data for policymaking. The Synergy subcontract period ended on December 11, 2018. (MPI018; KRA 1.3)

**Expanding access to information for National Assembly Deputies to strengthen legislative oversight.** Under current law in Vietnam, approximately one-third of National Assembly Deputies can work full-time in other positions, creating challenges for most lawmakers in accessing information they need when the National Assembly is not in session. With support from the GIG Program, the National Assembly deployed the ISS in 2015, to radically change the way that lawmakers access and research information to improve the quality of debates on new laws and oversight activities. In 2017, the Tri Nam company, a GIG Program subcontractor, updated the operational function of the ISS and developed an application to make the system available on mobile devices. The mobile application was officially launched on October 22, 2018. The ISS strengthens the capacity of lawmakers to more effectively research and oversee policymaking and policy implementation processes. (NA038; KRA 1.3)

**Institutionalizing policy impact assessment in tertiary education.** As part of the GIG Program’s support to the Hanoi Law University in developing a *curriculum* on applying precedent within the university’s masters degree program, on October 22, Washington and Lee University law Professor Speedy Rice conducted the last in a series of video conference lectures with university faculty on two thematic issues: the role of judges and juries; and precedents that explain legislation. The lecture provides a sound reference for the Hanoi Law University faculty members in their teaching and discussions. Training on the application of precedent to Vietnam’s law schools strengthens the rule of law, judicial effectiveness, and transparency in Vietnam. (*MOJ098; KRA 1.2*)

### **Improved oversight by the SAV**

#### **Increasing the capacity of SAV auditors to conduct environmental audits.**

Environmental audits are new to Vietnam and key to assessing government policies and practices relating to the protection of the environment and the country’s citizens. Earlier in 2018, the GIG Program supported visits by the Audit Board of the Republic of Indonesia — Indonesia’s supreme audit institution — to plan, conduct, and report on, a performance audit at five industrial parks in the Bac Ninh Province focusing on the environment (i.e., surface, ground, and waste water). This work was initiated by the SAV staff who were trained in 2016 by the U.S. Government Accountability Office with funds through the GIG Program. On October 16-18, 2018, the Audit Board of the Republic of Indonesia returned to Vietnam to review the SAV’s draft environmental audit manual. The performance audit, report, and environmental audit manual will strengthen the role of the SAV in managing performance audits and government oversight, as well as increase transparency, governance, and environmental protection in Vietnam. It is envisioned that the performance audit methodology will be extended to other performance audits beyond environment in the future. (*SAV012; KRA 2.1*)

### **Improved transparency of policy implementation**

**Reviewing the 5-year implementation of the 2013 Constitution.** The MOJ and the GIG Program conducted two workshops on August 6, and October 26, 2018, in Binh Dinh and Hanoi, to review the implementation of the 2013 Constitution. National Assembly deputies, government officials, lawyers, and university lecturers focused on issues concerning the development of laws that directly implement constitutional provisions, including challenges in implementing laws related to central and local government, the separation of powers and decentralization, and economic, education, and health policies. The results of the discussions will provide input for the government’s and the NA’s review reports on the five-year implementation of the 2013 Constitution, which are due for release in 2019. Effective and transparent implementation of the Constitution helps to ensure and protect the fundamental principles that govern the state and protect citizens’ rights in Vietnam. (*MOJ103; KRA 2.3*)

**Supporting stronger law implementation in Vietnam.** To continue supporting the Government of Vietnam in its efforts to improve the effectiveness of policy implementation, the MOJ and the GIG Program conducted two training courses on November 13-14, and 15-16, 2018, in Vin Phuc and Ho Chi Minh City. The training courses improved the capacity of provincial state agencies in handling administrative violations — acts committed intentionally or unintentionally by individuals or organizations, which infringe upon the state management rules but are not crimes and, according to law, must be administratively sanctioned. Participants reviewed actual cases

and identified lessons learned. Improving the effectiveness of policy implementation will help increase the transparency and accountability of state agencies, and strengthen legal and judicial reforms, including those promoting inclusive growth. (*MOJ097; KRA 2.3*)

### **Combatting wildlife trafficking**

**Improving the prosecution of crimes relating to wildlife and coordination in the justice sector.** In 2017, a case review by the SPP and GIG Program identified the lack of coordination within the justice sector and vague provisions for wildlife crimes in the 2015 Penal Code as key challenges for the effective prosecution of criminal cases relating to wildlife. Technical meetings conducted by the SPC and the GIG Program in May, July, and August 2018, documented challenges and gaps in the prosecution and adjudication of criminal cases relating to wildlife at the provincial level; and, in collaboration with the United Nations Office on Drugs and Crime, SPC and the GIG Program held two training courses on the adjudication of cases relating to crimes against protected wildlife in July and August 2018. The information and recommendations from the technical meetings and the training courses were submitted to the government for its development of a Judges' Council resolution to guide the adjudication of crimes relating to wildlife under the 2015 Penal Code. Resolution No. 05/2018/NQ-HDTP guiding the implementation of Penal Code Articles 234 and 244 on crimes against protected wildlife and endangered, precious, and rare species, was issued on November 5, 2018. Effective policy implementation and efficient coordination in the justice sector will improve the prosecution of crimes relating to wildlife as well as benefitting prosecutorial processes more broadly. (*CWT016; KRAs 2.4, 1.5*)

### **Development of inclusive business approaches**

**Supporting an enabling environment for SMEs.** The 2017 Law on Support of SMEs provides the legal framework to allow ministries and provincial authorities to formulate programs on value chain promotion. To support an enabling environment for SMEs and enhance the competitiveness of the domestic sector, the MPI's Agency for Enterprise Development and the GIG Program conducted field visits in August 2018 to study the medicinal plants and the electronics value chains. The resulting report explains existing linkages in these value chains and key challenges in developing new linkages; and identifies private enterprise solutions and effective areas for policy intervention. The MPI and GIG Program conducted two consultative workshops on September 26, and October 4, 2018, to gather additional feedback to finalize a report on SME linkages in the medicinal plants and electronics value chains. Enhancing linkages between SMEs and other players in value chains is crucial to develop a comparative advantage, furthering economic growth and job creation. (*MPI044; KRA 3.4*)

### **Policy and legal barriers for marginalized groups**

**Evaluating policy implementation in support of access to justice.** In August and September 2018, the MOJ and the GIG Program organized field visits to identify factors affecting citizens' satisfaction with public services provided specifically by the justice sector. Results from the field visits were shared during a consultative workshop on October 12, 2018, in Quang Ninh. Participants from the MOJ, the Office of the Government, the Ministry of Home Affairs, and provincial Departments of Justice discussed factors affecting citizen satisfaction, and the challenges and best practices in responding to the diverse needs of citizens. The workshop provided inputs for the MOJ to develop a project on measuring public satisfaction, which is to be submitted to the Prime

Minister for approval in 2019. Gathering quality information and conducting analyses to evaluate the implementation of judicial services supports equal access to justice in Vietnam. (MOJ102; KRA 3.3)

**Protecting the legal rights and interests of disadvantaged parties in civil contracts.**

The MOJ and the GIG Program organized two workshops on May 11, and October 12, 2018, to strengthen the implementation of provisions in the 2015 Civil Code that protect the legal rights and interests of disadvantaged parties in civil contracts, such as the protection of the rights of a person with hearing or visual impairments to open a bank account or the rights of a disabled person to enroll in a university. To promote inclusion and reduce legal barriers, the MOJ is developing an action plan to address the issues raised during the workshops, and it is working with the SPC to develop guidelines to support implementation of the 2015 Civil Code relating to civil contracts in which one party is a vulnerable person. (MOJ091; KRA 3.1)

**Legal Handbook on the Personal and Property Rights of Vulnerable Groups.** In 2017, the Department of Civil and Economic Laws of the MOJ and the GIG Program finalized a handbook explaining basic human rights of vulnerable groups; the state's obligations and current policies concerning the rights of vulnerable groups; and proceedings and legal services for the exercise and protection of rights of vulnerable groups. On October 19, 2018, the MOJ and GIG Program conducted a training course in Can Tho for provincial Departments of Justice, and Legal Aid and Legal Counselling Centers, on the Legal Handbook on the Personal and Property Rights of Vulnerable Groups. Participants discussed the current legal framework to support and protect the rights of vulnerable groups, including ethnic minorities; persons with disabilities; lesbian, gay, bisexual, and transgender individuals; drug users; and persons with HIV/AIDS. With this handbook, a member of a vulnerable group in need of legal assistance — or community-based or civil society organizations working with vulnerable groups — will be able to easily find wording in the law to help with issues related to: residential registration; marriage and family; participation in civil transactions; ownership and inheritance; etc., and the location of Legal Aid Centers that can provide assistance. (MOJ052 – Year 4 Annual Work Plan follow-on activity requested by the MOJ PMU in FY 2018; KRA 3.4)

## ANNEX III: LIST OF LAWS AND AGREEMENTS SUPPORTED BY THE GIG PROGRAM

| Laws and Agreements Supported* by the GIG Program FY 2014 – FY 2018 |   |                        |   |                                       |
|---|---|------------------------|---|---------------------------------------|
| No  | Laws and Agreements                                   | Counterpart or Partner | GIG Program Support   | Status                                |
| 1.  | World Trade Organization Trade Facilitation Agreement | MOF                    | <p>FY 2014, FY 2015<br/>Existing agreement: preparation for implementation</p> <p>The MOF and the GIG Program provided technical assistance to the GDVC and to other government ministries to further understand and categorize WTO TFA's A, B, and C commitments. Assistance in drafting 12 regulations with input from businesses to implement the agreement and to ease customs clearance. Legal gap analysis of current regulations compared to WTO TFA commitments. The agreement came into force on February 22, 2017, after two-thirds of the WTO membership completed their domestic ratification process.</p>  | Ratified (Vietnam): December 15, 2015 |
| 2.  | State Budget Law                                      | NA, MOF, MPI           | <p>FY 2014, FY 2015, FY 2016<br/>Existing law: revision and implementation</p> <p>This law prescribes the preparation, execution, audit, and preparation of the state's budget final accounts and oversight; and the duties and authority of agencies, organizations, units, and individuals related to the state budget. The GIG Program provided technical assistance which helped, for the first time, incorporate gender issues into the annual state budget allocation. This helps ensure the implementation of gender equality (Article 8.5); and including gender equality as part of the annual state budget's planning.</p>  | Enacted: June 25, 2015                |
| 3.  | Civil Code  | MOJ                    | <p>FY 2014, FY 2015, FY 2018<br/>Existing law: revision and implementation</p> <p>Recommendations to more than 100 articles of the Civil Code focused on the protection of citizens' rights and facilitating the business environment, particularly the rights of vulnerable groups. The approval of Article 37 is a major step in the recognition and institutionalization of transgender rights in Vietnam. The MOJ and the GIG Program provided technical inputs on governing scope, contracting, ownership, heritage, and finalization of legal texts. Key recommendations were integrated and reflected, but not limited to, articles: 14, 37, 129, 420, 468. The GIG Program facilitated the engagement of civil society organizations and businesses, and their policy papers in the revision. In 2018, the MOJ and the GIG Program collaborated on technical assistance focusing on the implementation of the Civil Code, focusing on the legal rights and interests of disadvantaged parties in civil contracts.</p> | Enacted: November 24, 2015            |

### Laws and Agreements Supported\* by the GIG Program FY 2014 – FY 2018

| No | Laws and Agreements  | Counterpart or Partner | GIG Program Support   | Status                                 |
|----|--|------------------------|---|--|
| 4. | Law on the Promulgation of Legal Normative Documents (also referred to as the Law on Laws) | MOJ                    | <p>FY2014, FY 2015, FY 2016, FY 2018<br/>Existing law: revision and implementation</p> <p>The MOJ and the GIG Program contributed to including a law-making process that clearly separates the policy proposal, and drafting stages. Also, the MOJ and the GIG Program developed the Policy Impact Assessment Manual, published on the MOJ website, to assess economic, social, administrative procedures, gender impact, and legal system impact. The Program also contributed to requirements for gender mainstreaming in the law-drafting process, and on gender-balanced drafting committees. The MOJ and the GIG Program assessed progress to date in the enforcement of regulations on the review, systemization, and examination of legal normative documents governed by the 2015 Law on Laws and its guiding decree (Decree 34/2016).</p>  | Enacted: June 22, 2015                 |
| 5. | Law on Administrative Decisions  | MOJ                    | <p>FY 2015<br/>New law: drafting</p> <p>With the GIG Program's technical input, the MOJ completed the first draft of the Law on Administrative Decisions, an RIA, and a report on international experiences. Previously, no legal requirements governed issuance of administrative decisions, resulting in a lack of transparency and opportunities for abuse, with serious consequences for citizens, businesses, and especially vulnerable populations. The GIG Program supported the engagement of civil society organizations in the consultation process to share their views on human rights' protection, citizen participation in administrative decision-making, and monitoring the issuance of administrative procedures. The draft law was made available on the MOJ website for public comment. The draft law was submitted to the NA in October 2015, but the NA requested the MOJ to delay the debates until October 2016 or May 2017 to allow for additional research and consultation. As of September 30, 2018, there was no clear plan to improve the draft law.</p> | Not yet scheduled for the NA's review. |
| 6. | Law on State Audit   | SAV                    | <p>FY 2015<br/>Existing law: revision</p> <p>This law prescribes the functions, tasks, powers, organizational structure and operations of the State Audit Office in Vietnam; tasks and powers of the State Auditor General; tasks and powers of state auditors; powers and responsibilities of agencies, organizations and individuals involved in state audit activities. The SAV and the GIG Program delivered an international comparative report on laws governing State Audit Institutions to the SAV and the NA CFBA. It provided recommendations for amending the State Budget Law and the State Audit Law to improve budgetary and financial management, and the role of SAV in public finance management; and to assist the MPI in enhancing accountability and transparency of state budget.</p>  | Enacted: June 24, 2015                 |

### Laws and Agreements Supported\* by the GIG Program FY 2014 – FY 2018

| No  | Laws and Agreements          | Counterpart or Partner | GIG Program Support  | Status                     |
|-----|------------------------------|------------------------|--|----------------------------|
| 7.  | Law on Local Government      | NA                     | <p>FY 2015<br/>New law: drafting</p> <p>This law determines the competence between central and local government, and between all levels of local governments. It creates a legal basis for decentralization and stipulates the principles for determining the competence, and the cases of decentralization, decentralization and authorization. The GIG Program encouraged the NA to focus on specific issues — the recommended structure for local governments, and the mechanism of devolving power from the national to local governments — to allow for meaningful, in-depth discussions. The Program also ensured representation from civil society, reviewed the current policy-development process, and provided a model of local governance from other countries. The GIG Program also supported the introduction of French Government structure and participation of citizens in local governance.</p> | Enacted: June 19, 2015     |
| 8.  | Law on Access to Information | MOJ                    | <p>FY 2015<br/>New law: drafting</p> <p>The MOJ and the GIG Program collaborated with regular, in-country support to the law's development to: (i) share international experience and practices; (ii) update the law's regulatory impact assessment; (iii) review the provisions related to access to information in existing Vietnamese laws and legal documents; and (iv) convene forums and roundtables to discuss law, and offer policy recommendations to the draft law. The enactment of this law is a positive move for Vietnam in implementing the 2013 Constitution, and in ensuring fundamental citizen's rights, as well as to improve the state agencies' transparency. Most importantly, the law promotes inclusion by providing a mechanism for vulnerable groups to implement their right of access to information.</p>   | Enacted: April 6, 2016     |
| 9.  | Civil Procedure Code         | CIEM and MOJ           | <p>FY 2015, FY 2016<br/>Existing law: revision</p> <p>The amended Civil Procedure Code recognizes arbitrary awards, simplifies judicial administrative procedures for commercial disputes; and improves the transparency of, and accessibility to, legal proceedings. CIEM, MOJ and the GIG Program provided technical inputs to the contents on improving contract enforcement related regulations, reflected in the following articles 30, 31, 39, 173, 176, 180, 189, 190, 191, 193, 195, 200, 201, 269, 285, 315, 317, 350, 370, 375, 474; and civil cases with foreign elements, reflected in the following articles 423, 424, 427, 432, 436, 444, 472, 473, 474, 476, 477.</p>   | Enacted: November 25, 2015 |
| 10. | Law on Marriage and Family   | MOJ                    | <p>FY 2015, FY 2016<br/>Existing law: implementation</p> <p>The MOJ and the GIG Program helped develop guidelines on the use of tradition and customs in handling ethnic minority family and marriage disputes. The guidelines are a tool for provincial authorities to implement Articles 2 through 6 of Decree 126/2014 (on the revised Law on Marriage and Family) and to follow the principles of equality,</p>  | Enacted: June 19, 2014     |

### Laws and Agreements Supported\* by the GIG Program FY 2014 – FY 2018

| No  | Laws and Agreements       | Counterpart or Partner | GIG Program Support  | Status  |
|-----|---------------------------|------------------------|--|---|
|     |                           |                        | non-discrimination, and consensus as set forth in the Civil Code.  |   |
| 11. | Customs Law               | MOF                    | <p>FY 2015, FY 2016, FY 2017<br/>Existing law: implementation</p> <p>In collaboration with the MOF, the GIG Program supported the implementation of the Customs Law to help meet requirements under Resolution 19. It gathered feedback from businesses, central and local government agencies and relevant stakeholders and applied it to improve and/or draft a number of decrees, circulars, and official letters associated to the implementation of the Customs Law, specifically: customs procedures; customs inspection and supervision; customs control; customs duties management; specialized inspection of import-export goods; and classification, customs valuation, and promulgation of Vietnam's imports-exports (i.e., Decree 08/2015/ND-CP, Circular 38/2015/TT-BTC, among others).</p>   | Enacted: June 23, 2014  |
| 12. | Law on Oversight          | NA                     | <p>FY 2015; FY 2017; FY 2018<br/>Existing law: revision and implementation</p> <p>The GIG Program helped assess the effectiveness of oversight actions focusing on the authority granted to the NA under the 2013 Constitution. The NA approved 17 recommendations to the law, including a more accurate definition of "supreme oversight"; additional details on the mandate and authority of the NA's Oversight Support Department; and others which improve the quality of the NA's oversight. In 2017, the GIG Program supported the NA's Standing Committee to develop a regulation to guide the law's implementation. In 2018, the NA and GIG Program held a workshop to assess the implementation of the regulations to date and provide recommendations.</p>   | Enacted: November 20, 2015  |
| 13. | Commercial Law            | MOIT                   | <p>FY 2016<br/>Existing law: implementation</p> <p>The 2005 Commercial Law regulates a wide range of business issues, including international trade and domestic commercial transactions, trade in services, and the establishment of corporate branches and representative offices. The MOIT and the GIG Program organized a series of six field visits in October 2015 to assess the 10-year implementation of the 2005 Commercial Law, as mandated by the government in its Law Development Plan for 2014-2020. This was followed by stakeholder consultations where participants discussed the results from the field visits and challenges in the application of the 2005 Commercial Law in Vietnam. The MOIT submitted a proposal to the government in late November 2015 including significant amendments to the 2005 Commercial Law.</p> | Enacted: June 14, 2005  |
| 14. | Trans-Pacific Partnership | NA                     | <p>FY 2016<br/>Existing trade agreement: preparation for implementation</p> <p>The NA and the GIG Program collaborated with an inter-ministerial working group to identify gaps in the country's</p>   | Signed by the U.S. and ten other countries in February 2016. U.S. withdrew on January 23, 2017. |

### Laws and Agreements Supported\* by the GIG Program FY 2014 – FY 2018

| No  | Laws and Agreements   | Counterpart or Partner | GIG Program Support   | Status                                 |
|-----|---|------------------------|---|--|
|     |   |                        | legal framework and implementing agency capacity from the perspective of the TPP's requirements. Also, in preparation for the TPP's implementation, the GIG Program launched two significant initiatives: combatting wildlife trafficking and assessing the impact of selected proposed revisions of the 2012 Labor Code and selected conventions of the International Labor Organization in response to TPP's requirements. Following President Trump's January 23, 2017 presidential memorandum to withdraw from the TPP, the GIG Program worked with counterparts to reorient TPP-related AWP4 activities. As Vietnam had developed significant commitment to, and understanding of, the importance of the TPP's environment and labor reforms, the GIG Program capitalized on this momentum to help sustain the reform process in Vietnam consistent with other international agreements, such as the WTO TFA, and the ASEAN Economic Community.  |  |
| 15. | Law on Foreign Trade Administration   | MOIT                   | <p>FY 2016<br/>New law: drafting</p> <p>The Law on Foreign Trade Administration provides a set of foreign trade management tools that help create a transparent, stable, and predictable legal environment for businesses, and contribute to effective monitoring of import-export activities and meeting requirements for a new phase of economic integration and newly-signed FTAs. Through a consultative workshop and other technical assistance, the MOIT and the GIG Program canvassed key issues of the draft law including: TPP commitments; export and import administrative procedures; licensing; rules of origin; export and import administration in free trade zones; technical barriers to trade; sanitary and phytosanitary measures; antidumping; subsidy and countervailing measures; safeguard measures; and specialized management of import-export goods.</p>  | Enacted: June 12, 2017                 |
| 16. | Law to amend and supplement the laws on investment and business (temporary title) | MPI                    | <p>FY 2016<br/>New law: drafting</p> <p>Investment certificate issuance procedures are currently distributed across a number of laws regulating investment, construction, land, environmental protection, housing, and real estate business. The process is confusing to government agencies and to businesses; it hinders progress and compliance with regulations. The initiative of making an "umbrella" law to amend all provisions that exist across these other various laws was requested by the government in 2016. MPI was assigned to lead the coordination and consolidation of proposed amendments from the ministries in charge. The GIG Program supported the draft law by giving businesses an opportunity to voice their opinion and by validating and proposing a simplified process for obtaining investment certificates. The program systematically identified overlaps and gaps in all the relevant laws. As of September 30, 2018, the NA requested relevant agencies to propose revisions to relevant laws but not an umbrella law as initially planned. Yet, during the revision process, all related laws must ensure a consistent process of issuing investment certificates.</p> | Not yet scheduled for the NA's review. |

### Laws and Agreements Supported\* by the GIG Program FY 2014 – FY 2018

| No  | Laws and Agreements   | Counterpart or Partner | GIG Program Support   | Status                     |
|-----|---|------------------------|---|----------------------------|
| 17. | Law on Judicial Records (also referred to as Law on Criminal Records) | MOJ                    | <p>FY 2016<br/>Existing law: implementation</p> <p>The 2009 Law on Criminal Records shows inconsistencies in the process of granting certificates of automatic expungement of criminal records, compared to the same process as described in the newly amended Penal Code and in the Criminal Procedure Code. To address this discrepancy and to review the implementation of the current law, the MOJ and the GIG Program proposed major topics to be addressed in a future, revised law, including mechanisms to formalize a pilot. A second draft law dated April 4, 2017, was posted on the MOJ's website for public comments by June 21, 2017.</p>   | Enacted: June 17, 2009     |
| 18. | Law on Cooperatives   | MPI                    | <p>FY 2016; FY 2017<br/>Existing law: implementation</p> <p>The 2012 Law on Cooperatives specifies the establishment, organization and operation of cooperatives and unions of cooperatives in sectors of the economy. USAID's GIG Program and the MPI conducted field surveys and drafted a report reviewing the 5-year implementation of the law and to inform the drafting of a decree to guide the law's implementation. A decree clarifying the implementation of the 2012 Law on Cooperatives supports the government's development of cooperatives to further grow its economy and to promote the inclusion of the poor.</p>   | Enacted: November 20, 2012 |
| 19. | Labor Code  | MOLISA                 | <p>FY 2016, FY 2017<br/>Existing law: implementation</p> <p>At MOLISA's request, in FY 2016 the GIG Program supported a review of the implementation of the 2012 Labor Code over the previous three years (i.e., 2013-2016), including results achieved and gaps in implementation. MOLISA also requested the GIG Program's assistance in reviewing the implementation and supporting the ratification of some selected ILO Conventions. The findings are assisting MOLISA to improve implementation of labor laws in Vietnam and serving as a foundation for review and revisions to the 2012 Labor Code by the NA previously set for 2017 but recently changed to 2019. Upon MOLISA's request, in FY 2017, the GIG Program's gathered additional comments on the implementation of the Labor Code to contribute to the revision of code by the NA in 2019; and assess the impact of selected new proposed labor policies.</p> | Enacted: June 18, 2012     |
| 20. | Law on State Compensation Liability                                   | MOJ                    | <p>FY 2016, FY 2017, FY 2018<br/>Existing law: revision and implementation</p> <p>This law governs the rights of citizens to make claims for compensation for any material damage and/or emotional abuse by a governmental representative working in his or her official capacity. The law was revised in response to the 2013 Constitution, along with a host of new laws that have been enacted and revised since the original Law on State Compensation Liability was enacted on June 18, 2009. The 2017 Law on State Compensation Liability strengthens citizen's rights, promotes inclusion, and improves the accountability of public institutions.</p>   | Enacted: June 20, 2017     |

### Laws and Agreements Supported\* by the GIG Program FY 2014 – FY 2018

| No  | Laws and Agreements    | Counterpart or Partner | GIG Program Support   | Status                 |
|-----|------------------------|------------------------|---|------------------------|
|     |                        |                        | Recommendations from the GIG Program helped the MOJ to expand the scope of the law and revise the provisions regarding the compensation settlement agency, the negotiation process, and compensation settlement rule. The MOJ and the GIG Program conducted four consultative workshops; commented on the regulatory impact assessment study of the draft, revised law; developed a report on legal aid to disadvantaged groups in State Compensation Liability; and developed a policy paper with recommendations for the draft law. In 2018, the MOJ and GIG Program supported the implementation of this law through technical assistance to enhance sectoral collaboration and build the capacity of government officials and practitioners at the central and provincial levels to implement the law and its guiding decree.   |                        |
| 21. | Law on Support of SMEs | MPI                    | <p>FY 2016, FY 2017; FY 2018<br/>New law: drafting and implementation</p> <p>The new Law on Support of SMEs stipulates policies and measures to improve the ease of doing business and strengthen the capacity and efficiency of a system for agencies and organizations to support SMEs. It also focuses on issues that are unique to SMEs and not covered by the regulatory scope of other laws and legal regulations. The MPI and the GIG Program conducted a Regulatory Impact Assessment; reviewed the implementation of preceding laws and regulations, including Decree 56/2009/NĐ-CP of June 30, 2009 on supporting SMEs, tax policies, policies promoting innovation in SMEs, and policies regulating firms' access to land and industrial zones; developed a report on international best practices in SME development; and organized consultative workshops with NA representatives, provincial government representatives, business associations, media, and more than 500 SMEs, to gather feedback on the draft law. To support the implementation of the new law, and to help SMEs get the legal support and advice they need to thrive, together with the MOJ, the GIG Program conducted a series of field visits in FY 2018, to assess the current government legal support to SMEs and strengthen the implementation of the 2017 Law on Support of SMEs.</p> | Enacted: June 12, 2017 |
| 22. | Legal Aid Law          | MOJ                    | <p>FY 2016, FY 2017, FY 2018<br/>Existing law: revision and implementation</p> <p>The GIG Program informed revisions to the 2006 Law on Legal Aid, as the law excluded some of the most vulnerable groups of the population and prevented others from accessing legal aid due to lack of evidence of financial eligibility. The revised Law of Legal Aid expands the scope of people entitled to free legal aid in Vietnam to include vulnerable populations, thereby improving inclusion, and ensuring citizens' rights in access to justice and equality. The GIG Program provided recommendations to the draft law based on the results of five consultations with various stakeholders, and a survey and study of the legal-aid needs of vulnerable groups. The Program also developed a position paper on the revised law, and a report on the compatibility between the Law on Legal Aid in Vietnam and the laws and policies on legal aid of other countries. The revised 2017 Law on Legal Aid was enacted on June 20, 2017. In 2018, the MOJ's National Legal Aid Agency and the GIG Program conducted consultative workshops on the development of a circular to guide the law's implementation, focusing on measures to address</p>  | Enacted: June 20, 2017 |

### Laws and Agreements Supported\* by the GIG Program FY 2014 – FY 2018

| No  | Laws and Agreements         | Counterpart or Partner | GIG Program Support  | Status                     |
|-----|-----------------------------|------------------------|--|----------------------------|
|     |                             |                        | implementation challenges. Also, the MOJ and the GIG program conducted two training programs to equip legal aid providers with skills to manage services relating to administrative, civil, and criminal cases.  |                            |
| 23. | Law on Competition          | MOIT                   | <p>FY 2016; FY 2017; FY 2018<br/>Existing law: revision and implementation</p> <p>The law governs anti-competitive practices in Vietnam, including those by state-owned enterprises and government agencies — has not been revised since it was enacted in 2004. In 2017, USAID's Governance for Inclusive Growth Program held a technical discussion with the MOIT's Vietnam Competition Council (VCC), to review two reports of field surveys conducted in 2017 with businesses (non-state owned) and relevant stakeholders on the law and its implementation, which informed the law's revision. In 2018, to provide a forum for NA Deputies and other relevant stakeholders to discuss technical issues and recommendations on key issues in the revised law, the NA and the GIG Program organized a consultation, to discuss the technical content of the draft law and best international legal practices for regulating fair competition, thereby enhancing the final debate and improvements in the quality of the law. On June 12, 2018, 95.28% of NA delegates approved the revised 2018 Law on Competition; the law will take effect on July 1, 2019. For the law to take effect on July 1, 2019, and according the provisions of the 2015 Law on Laws, the guiding decree for the 2018 Law on Competition must be finalized. To this end, the MOIT and the GIG Program held a seminar to provide technical inputs to the development of guiding decree, focusing on the investigation and detection of anti-competitive agreements by adopting leniency programs and punitive damages for anti-competitive acts.</p> | Enacted: June 12, 2018     |
| 24. | Penal Code                  | NA                     | <p>FY 2016, FY 2018<br/>Existing law: revision and implementation</p> <p>The NA and the GIG Program provided technical inputs on combatting wildlife trafficking issues in articles 234 and 244. While the law was enacted in November 2015, implementation was delayed until January 1, 2018 after some provisions were amended by the "2017 Law on Amending and Supplementing Articles of the 2015 Penal Code." In 2018, the NA Institute for Legislative Studies and the GIG Program's developed a series of reference papers for NA Deputies, as well as law practitioners, researchers, judges, and procurators to better understand the amendments in the code, and their enforcement.</p>   | Enacted: November 27, 2015 |
| 25. | Law on Import-Export Duties | MOF, GDVC              | <p>FY 2016; FY 2018<br/>Existing law: revision and implementation</p> <p>After gathering feedback and recommendations to the draft law from the business community, local customs officials, relevant ministries, and provincial people's committees, several recommendations from the MOF and the GIG Program, especially provisions facilitating trade for businesses, have been reflected in the final version of the law. Changes in the Law on Import-Export Duties are in line with the Government of Vietnam's Resolution 19, 2014</p>  | Enacted: April 6, 2016     |

### Laws and Agreements Supported\* by the GIG Program FY 2014 – FY 2018

| No  | Laws and Agreements   | Counterpart or Partner | GIG Program Support   | Status                     |
|-----|---|------------------------|---|----------------------------|
|     |   |                        | Customs Law, and with international best practice to facilitate trade to support stability of customs duties legal framework. The GIG Program also provided technical assistance to review decree 134/2016/ND-CP to guide the implementation of the 2016 Law on Import and Export Duties, specifically, provisions relating to the specialized inspection of imports and exports.   |                            |
| 26. | Law on Anti-Corruption  | NA                     | <p>FY 2016, FY 2018<br/>Existing law: revision</p> <p>The Government of Vietnam revised the 2012 Law on Anti-Corruption to address issues such as lack of protection for whistleblowers, and weak accountability of state agencies, as well as to align policy with the United Nations Convention on Anti-Corruption. The GIG Program collaborated with the NA to develop a study on anti-corruption, and major issues related to the revision of law with NA committees, deputies, and relevant stakeholders. The Program also supported the VLA to organize two consultative workshops to discuss the draft law and developed a policy paper with recommendations for the draft law. Moreover, the Internal Affairs Committee of the Party and the GIG Program collaborated to develop a comparative review of international best practices in policies and law development regarding anti-corruption in the non-state sector, to provide recommendations to the 2012 Law on Anti-Corruption.</p> | Enacted: November 20, 2018 |
| 27. | Law on Amending and Supplementing Articles of the 2015 Penal Code | NA                     | <p>FY 2017<br/>Existing law: revision</p> <p>The revised Penal Code was approved in 2015, but implementation was suspended for further correction and revision of selected articles. The revision of the articles was mandated by the “Law on Amending and Supplementing Articles of the 2015 Penal Code.” The NA and the GIG Program held a technical discussion and a workshop to further clarify Articles 234 and 244, including the definition of animal parts, and the defined valuation for criminal cases; and also raised challenges for implementation.</p>  | Enacted: June 20, 2017     |
| 28. | Law on Standards and Technical Regulations                        | MOST                   | <p>FY 2017<br/>Existing law: implementation</p> <p>MOST and the GIG Program conducted field visits to review the implementation of two key laws in the regulation of imports and exports: the 2006 Law on Standards and Technical Regulations and the 2007 Law on Quality of Goods and Products. Stakeholders shared practical insights regarding the laws’ implementation over the past ten years, which will help simplify import and export regulations in Vietnam.</p>  | Enacted: June 29, 2006     |
| 29. | Law on Quality of Goods and Products                              | MOST                   | <p>FY 2017<br/>Existing law: implementation</p>   | Enacted: November 21, 2007 |

### Laws and Agreements Supported\* by the GIG Program FY 2014 – FY 2018

| No  | Laws and Agreements   | Counterpart or Partner | GIG Program Support   | Status                     |
|-----|---|------------------------|---|----------------------------|
|     |   |                        | As above (no. 28)   |                            |
| 30. | Law on Food Safety  | MPI                    | <p>FY 2017<br/>Existing law: implementation</p> <p>MPI and the GIG Program facilitated a field survey and dialogue on the simplification of specialized inspection procedures and improvement of food safety mechanisms in preparation for the revision of Decree 38/2012/ND-CP on food safety. On February 2, the Government of Vietnam issued Decree 15/2018/ND-CP to replace Decree 38, to support a more efficient implementation of the 2010 Law on Food Safety, and dramatically reduce the number and complexity of food safety specialized inspection procedures.</p>   | Enacted: June 17, 2010     |
| 31. | Law on Forestry (Formerly titled: Law on Forest Protection and Development) | NA                     | <p>FY 2017<br/>Existing law: revision</p> <p>The Law on Forest Protection and Development is among the few laws that regulate wildlife protection in Vietnam, but it had not been revised since it was issued in 2004. As part of an effort to improve the government's oversight and legislation to combat wildlife trafficking, USAID's Governance for Inclusive Growth Program and the National Assembly organized field visits and a consultative workshop to gather feedback from provincial forestry and environmental agencies and ministries about the effectiveness of the implementation to date of the 2004 Law on Forest Protection and Development and recommendations for its appropriate amendment in time for review by the National Assembly in October 2017. On November 15, 2017, Vietnam's NA passed the revised Law on Forestry — formerly known as the 2004 Law on Forest Protection and Development and among the few laws that regulate wildlife protection in Vietnam — marking a critical juncture in the country's efforts to combat forest degradation and combat wildlife trafficking. The law will be effective on January 1, 2019.</p> | Enacted: November 15, 2017 |
| 32. | Law on Gender Equality  | MOJ                    | <p>FY 2017, FY 2018<br/>Existing law: implementation</p> <p>The 2006 Gender Equality Law defines key aspects of gender equality in all areas of social and family life, measures to promote gender equality, responsibilities of all public and private agencies, and oversight of violations. The MOJ and the GIG Program are working with the MOJ's Division of Women's Advancement to review the 10-year implementation of the Gender Equality Law in the justice sector. The MOJ and the Program conducted a consultative workshop and developed a report to provide inputs for the national review of the law's implementation. In 2018, the MOJ and the GIG Program held a workshop to exchange experience and update skills related to promoting gender equality and the advancement of women in the justice sector.</p>   | Enacted: November 29, 2006 |

### Laws and Agreements Supported\* by the GIG Program FY 2014 – FY 2018

| No  | Laws and Agreements  | Counterpart or Partner | GIG Program Support  | Status   |
|-----|----------------------|------------------------|--|--|
| 33. | Law on Denunciations | VLA                    | <p>FY 2017; FY 2018<br/>Existing law: revision</p> <p>The 2011 Law on Denunciations provides for the rights of the public to make denunciations about violations by civil servants or public employees in the performance of their official duties, and the settlement thereof. USAID's GIG Program and the Vietnam Lawyers' Association (VLA) collaborated in the development of a policy paper to inform the revision of the law by conducting an analysis of denunciation cases to date; and gathering input and recommendations to the policy paper provided during field visits and a consultative workshop. The policy report made recommendations regarding the constitutional right of citizens to make denunciations (accusations), the protection of denunciators; and reorganization of government bodies in charge of settling denunciations. After a second reading of the revised law, 96% of NA delegates approved it on June 12, 2018.</p> | Enacted: June 12, 2018   |
| 34. | Law on Education     | VLA                    | <p>FY 2018<br/>Existing law: revision</p> <p>The VLA and GIG Program conducted workshops to gather feedback from civil society organizations, including law associations, as well as government institutions to confer on, among other topics, government proposals for the revision of the 2005 Law on Education. By empowering civil society organizations to participate in the policymaking process, including feedback to inform the revision of the Law on Education, law-making and implementation is improved, and regulatory barriers are reduced, particularly for vulnerable groups.</p>  | Enacted: June 14, 2005<br>The NA reviewed the revised law in November 2018 (first reading) |
| 35. | Enterprise Law       | MPI                    | <p>FY 2018<br/>Existing law: implementation</p> <p>The 2014 Enterprise Law and the 2014 Investment Law have contributed to abolish many barriers to entry relating to investment and business requirements in Vietnam, however, businesses and investors still face challenges to comply with business conditions due to their overcomplexity. The MPI and the GIG Program organized consultative workshops and field visits to discuss business and investment regulations in the 2014 Enterprise Law and the 2014 Investment Law, and the problems enforcing the two laws. The findings and recommendations were submitted to the government to streamline business conditions, thereby improving the business environment, and in support of more efficient implementation of the two laws.</p>   | Enacted: November 26, 2014   |
| 36. | Investment Law       | MPI                    | <p>FY 2018<br/>Existing law: implementation</p> <p>As above (no. 35)</p>   | Enacted: November 26, 2014   |

### Laws and Agreements Supported\* by the GIG Program FY 2014 – FY 2018

| No  | Laws and Agreements                   | Counterpart or Partner    | GIG Program Support   | Status   |
|-----|---------------------------------------|---------------------------|---|--|
| 37. | Law on Transgender                    | Grant to the CCLPHH       | <p>FY 2018<br/>New law: drafting</p> <p>The GIG Program's grant with the CCLPHH resulted in a study entitled: "Evidence-based study on issues of lesbian, gay, bisexual, and transgender groups, to provide information and recommendations to the development of the new proposed Law on Transgender." The study will inform the law's Policy Impact Assessment under development by the Ministry of Health.</p>   | The NA will review in 2019 (first reading)   |
| 38. | Law on Enforcement of Civil Judgments | MOJ                       | <p>FY 2018<br/>Existing law: revision</p> <p>The MOJ and the GIG Program cooperated to reform the process of enforcement of civil judgements in favor of a more transparent legal framework and administrative procedures, and to improve the business environment. Field visits and consultative workshops recommended revisions to the 2008 Law on Enforcement of Civil Judgments (including select provisions revised in 2014) and the 2016 Law on Property Auctions.</p>  | Enacted: November 14, 2008   |
| 39. | Law on Property Auctions              | MOJ                       | <p>FY 2018<br/>Existing law: revision</p> <p>As above (no. 38)</p>  | Enacted: November 17, 2016   |
| 40. | Law on Tax Administration             | Subcontract with the VTCA | <p>FY 2018<br/>Existing law: revision</p> <p>The VTCA dialogued with businesses and representatives from the General Department of Taxation, and the Hanoi and Ho Chi Minh City Tax Departments, to identify concerns and problems in taxpayer compliance; and inform the revision of the Law on Tax Administration, and five other tax-related laws, thereby improving businesses' compliance with the tax system. Facilitating compliance with taxes will increase the quality and sustainability of tax policies and tax compliance rates.</p> | <p>Enacted: November 29, 2006</p> <p>The NA will review the revised law in October/November 2018 (first reading)</p> |
| 41. | Corporate Income Tax Law              | Subcontract with the VTCA | <p>FY 2018<br/>Existing law: revision</p> <p>As above (no. 40)</p>  | Enacted: June 3, 2008  |
| 42. | Personal Income Tax Law               | Subcontract with the VTCA | <p>FY 2018<br/>Existing law: revision</p>   | Enacted: November 21, 2007   |

### Laws and Agreements Supported\* by the GIG Program FY 2014 – FY 2018

| No  | Laws and Agreements                      | Counterpart or Partner    | GIG Program Support  | Status                     |
|-----|--|---------------------------|--|----------------------------|
|     |  |                           | As above (no. 40)  |                            |
| 43. | Law on Value Added Tax                   | Subcontract with the VTCA | FY 2018<br>Existing law: revision<br>As above (no. 40)   | Enacted: June 3, 2008      |
| 44. | Law on Special Consumption Tax           | Subcontract with the VTCA | FY 2018<br>Existing law: revision<br>As above (no. 40)   | Enacted: November 14, 2008 |
| 45. | Resource Tax Law                         | Subcontract with the VTCA | FY 2018<br>Existing law: revision<br>As above (no. 40)   | Enacted: N/A               |
| 46. | Law on Animal Husbandry                  | NA                        | FY 2018<br>New law: drafting<br><br>A research on gaps, challenges, and recommendations on how wildlife protection, rescuing, rehabilitation and combatting wildlife trafficking issues should be regulated and implemented was developed, combined with consultative workshops on wildlife rescue and rehabilitation, to inform the draft law on animal husbandry with a focus on wildlife articles.  | Enacted: November 19, 2018 |
| 47. | Law on Legal Education and Dissemination | MOJ                       | FY 2018<br>Existing law: implementation<br><br>The MOJ is assessing the five-year implementation of the 2012 Law on Legal Education and Dissemination to revise the law and its implementing decree and ensure consistency with the 2016 Law on Access to Information. To support this assessment, the MOJ and the GIG Program conducted field studies and a consultative workshop to identify measures to help ensure the rights of vulnerable groups, such as ethnic minorities in disadvantaged areas, to access legal information. | Enacted: June 20, 2012     |

## **ANNEX IV: SUCCESS STORIES AND LEARNING BRIEFS**



## SUCCESS STORY

### Vietnam Recognizes Transgender Identity Rights

**Through the cooperative work of the Ministry of Justice, National Assembly, other state agencies, social organizations, and research institutes, the revised Civil Code brings reforms toward respecting and assuring the rights of all citizens, especially the most vulnerable.**



Jessica Nguyen at her workplace. (Photo credit: Nguyen Hoang Thien)

Jessica Nguyen had gender reassignment surgery, but for years her passport and identification did not reflect this important change in her gender identity. Potential employers would not hire her because they did not know how to classify her, as male or female. Her employment search became an experience in stigma and discrimination.

In November 2015, Jessica was among thousands of transgender people across Vietnam who welcomed the National Assembly's revised Civil Code which, among other reforms, legalizes sex reassignment surgery and gender recognition for transgender people undergoing such surgery. *"I was so happy and moved when this law was passed by the National Assembly. Recognizing this right to gender re-assignment helps me and other transgender people feel acknowledged by society and more confident to pursue better positions at work. I hope that gradually this will help reduce discrimination, and people will treat us as normal people,"* said Jessica.

The revised Civil Code marks a turning point in the country's movement to improve individual rights, including personal identity, equality in marriage, and employment. Jessica will now be able to show official documents matching her gender identity, and expanding her employment opportunities and access to health services.

USAID, through its Governance for Inclusive Growth (GIG) Program, has worked with the Ministry of Justice, National Assembly, and a number of local civil society organizations representing vulnerable groups to consult on the revisions of the Civil Code.

Dr. Vu Cong Giao, from the Institute of Public Policy and Law, describes the Civil Code as Vietnam's legal foundation for promoting democracy and ensuring social equality and human rights. The drafting process benefited *"by bringing representation of transgender individuals into [public] consultations on revisions to the Civil Code... to hear and consider the real voices, and cases of the transgender community."*

The revised Civil Code was drafted by the Ministry of Justice, and enacted by the National Assembly on 24 November 2015. It will come into force on 1 January 2017.

*This work was supported by the USAID Governance for Inclusive Growth (GIG) Program, a five-year project funded by USAID and implemented by Chemonics International. The GIG Program works with the Government of Vietnam in support of trade, legal and regulatory reforms, governance, and inclusive growth.*

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## SUCCESS STORY

### Online Research Brings Vietnam's National Assembly up to Speed

**The Instant Support System (ISS) was deployed by the National Assembly to support the research needs of its Deputies to improve the quality of debates on new laws and their oversight activities.**



Mr. Trinh Ngoc Cuong works on the Instant Support System (ISS) to manage and respond to queries from National Assembly Deputies. (Photo credit: Nguyen Van Kien, GIG Program)

The work of Vietnam's National Assembly (NA) is most effective when its deputies are well informed and prepared to participate in active debate. To support its Deputies' needs, research is conducted by the NA's library. In the past, the library responded to cumbersome information requests from its 500 Deputies in writing and conducted the research manually. This process was time-consuming and counterproductive considering the Deputies' needs for immediate information to make informed decisions. Furthermore, the manual system impeded the organization's accumulation of knowledge, as written research got lost.

In October 2015, in cooperation with the U.S. Agency for International Development (USAID), the NA Library officially adopted an online Instant Support System (ISS) to replace the old written process, thereby ensuring a quick, simple, and cost-effective process for relating information requests and research from and to NA Deputies. According to Mr. Trinh Ngoc Cuong, Chief of the NA Library's Reader Services and Information Division, the new innovation "put information promptly at the fingertips of Deputies and NA staff, and helped us make the management of requests for information more effective and efficient than ever before."

The ISS customizes information. NA staff now search the database quickly in response to requests from Deputies to support legislative debates and oversight, even when Deputies are working in their remote provinces. "The ISS has radically changed the way that Deputies get access to information in support of their mandate. It saves time, money, and other resources for both the library and Deputies, and is in line with the development of e-Parliament in Vietnam," said Ms. Dinh Thi Hanh Mai, Vice Director of the NA Library. By integrating several databases for laws, regulations, law dictionary, and earlier research, and by improving administrative support tools, the ISS has significantly increased the library's capacity to meet the information and research needs of NA Deputies. "The ISS helped me to effectively implement legislative and oversight activities," said Mr. Nguyen Van Tuyet, Vice Chairman of the NA Committee on Culture, Education, Adolescents, and Children.

The NA library continues to explore ways to make the ISS more efficient. Among planned improvements include creating the functionality to access the ISS via mobile devices.

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## SUCCESS STORY

### Repealed Regulation Saves Vietnam's Textile Industry Time and Money

**Repeal of a testing requirement on textiles by the Ministry of Industry and Trade marks a turning point in eliminating unnecessary, burdensome specialized inspection procedures that impede trade and economic growth in Vietnam.**



Mrs. Nguyen Minh Thao, Head of the Business Environment and Competitiveness Department at MPI/CIEM, addressed a consultative workshop facilitated by USAID and CIEM to propose amendments and supplements to some laws on specialized inspection in Ho Chi Minh City in 2016. (Photo credit: Van Anh – GIG Program)

“Crying tears of joy” was how Mrs. Pham Kieu Oanh, Deputy General Director of the Nha Be Garment Corporation Joint Stock Company (NBC), described her feelings upon news that Circular 37/2015/TT-BCT of the Ministry of Industry and Trade had been repealed. Circular 37, a regulation of Vietnam’s Ministry of Industry and Trade (MOIT), went into effect on December 15, 2015, and mandated specialized inspections and tests for formaldehyde and aromatic amines, chemicals used in textile products. A review of practices over the last seven years found only a very small proportion of imported textiles failed to meet formaldehyde limits (of around 0.0125%), yet tests were required for each importing company. The requirements cost a mid-sized company \$45,000 USD per year for testing fees and customs clearance delays of 3-7 days per shipment. In total, with about 6,000 textile companies in Vietnam, textile industries paid an estimated \$134,460,000 USD per year on specialized inspections of imports. Other imports affected by this testing requirement included leather, footwear, bags, car interiors, carpets, floor coverings and apparel.

For two years, USAID worked with the Central Institute for Economic Management (CIEM) of the Ministry of Planning and Investment (MPI), the General Department of Vietnam Customs of the Ministry of Finance, other ministries, and the private sector to rationalize challenges to business from this inspection requirement. With USAID’s support to target impediments to Vietnam’s business environment, trade and competitiveness, CIEM conducted a series of field surveys, consultative workshops and intense media outreach to solicit public input. As a result, per the request of the government and pressure from the public, the MOIT repealed Circular 37 entirely, abolishing the formaldehyde and aromatic amines testing requirements.

According to Mrs. Nguyen Minh Thao, Head of the Business Environment and Competitiveness Department at CIEM, “The decision of the MOIT to repeal Circular 37 was a present for Vietnam’s entrepreneurs.” The decision was announced on the same date as National Entrepreneurs Day, October 12, 2016. “From now on,” said Mrs. Oanh, “NBC will not have to spend \$4,500 every month on specialized inspection procedures for formaldehyde testing.”

USAID is continuing its cooperation with CIEM, other government agencies and the business sector to target other unnecessarily burdensome specialized inspection procedures in Vietnam. Such improvements increase the competitiveness of Vietnam’s business environment, facilitate its trading across borders, and spur its inclusive economic growth.

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## SUCCESS STORY

### Vietnam Advances in Business Competitiveness

**Vietnam's significant progress in improving its business environment has been affirmed in the 2017 World Bank's *Doing Business Report*. Vietnam jumped 9 places from 91 in 2016, to 82 in 2017. The lower the ranking, the greater a country's ease of doing business.**



Mr. Nguyen Dinh Cung, Director of the Central Institute for Economic Management (CIEM) of the Ministry of Planning and Investment's (MPI) sharing with the media the importance of improving the business environment and enhancing national competitiveness to facilitate trade and meet international commitments: "Vietnam has shown strong commitment to international standards in doing business through its ambitious reform efforts over the past few years." (Photo credit: GIG Program)

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"Two years ago, our company struggled with many challenges; it took us at least one week to prepare tax documents, we had to wait many days for our imports to be cleared, and this added high labor costs to our business," said Mrs. Vu Kim Giang, an import and export specialist at Garment 10 Corporation. For many years, Vietnam ranked behind most other ASEAN countries in the World Bank's annual *Doing Business Report*, which compares the ease of complying with policies and administrative procedures for local businesses across 189 economies. While Vietnam's development in some sectors has been notable, its ranking has not encouraged foreign investment and trade.

Recognizing the importance of creating an enabling business environment and enhancing competitiveness, Vietnam has undertaken a series of reforms in recent years to improve its business environment and competitiveness. Since 2014, with USAID's support, Vietnam has implemented 3 versions of Resolution 19, its business regulatory policy which sets incrementally higher targets of reform each year, and requirements on ministries to revise their internal procedures and relevant legal documents to spur business.

To implement Resolution 19, USAID has cooperated with MPI/CIEM and other relevant agencies, focusing on such issues as simplifying procedures on taxes, social insurance, construction permits, strengthening land and property rights, and judicial administrative procedures. Especially, USAID has focused its cooperation on streamlining Vietnam's import-export procedures to expedite trade. To study the challenges in improving Vietnam's business environment and to better understand the problems of the business community, MPI/CIEM and USAID provided experts and made a series of field visits to survey obstacles and needs of businesses and local governments; conducted policy assessments; organized technical discussions with experts; and held consultative workshops.

Through Resolution 19, the recently released *Doing Business Report* for 2017 acknowledged Vietnam's significant progress over the past year, jumping 9 rankings, from 91<sup>st</sup> in 2016, to 82<sup>nd</sup> in 2017. Vietnam made great strides in the *Doing Business* indicators on: protecting minority investors (up 31 places); trading across borders (up 15 places); paying taxes (up 11 places); and getting electricity (up 5 places, combined with a jump of 27 places last year). From 2016 to 2017, businesses in Vietnam reduced time for paying taxes from 872 to 540 hours, and clearance times from 147 to 115 hours for exports, and from 177 to 145 hours for imports.

"We have seen a big change in the business environment in Vietnam", said Mrs. Giang. "Our company has saved time as a result of streamlined tax and customs procedures; we have reduced the time preparing tax documents from one week to a maximum of 2 days, and reduced the clearance time for our imports by 1-1½ days. Our company's labor costs were reduced around \$45,000 per year; materials are being put in production earlier, and our clients are receiving orders on time. Our business has improved a lot."

*USAID's Governance for Inclusive Growth (GIG) Program, a five-year project funded by USAID and implemented by Chemonics International. The GIG Program works with the Government of Vietnam in support of trade, legal and regulatory reforms, governance, and inclusive economic growth.*



## SUCCESS STORY

### Vietnamese Lawmakers Learn to Better Engage with Voters

**For the very first time, newly elected National Assembly Deputies have received comprehensive orientation training before their first session. Their newly acquired skills have given them the confidence to hit the ground running.**



*Ms. Dao Tu Hoa answers media questions during her first NA session (Still image taken from Vietnam Television)*

In June 2016, when Ms. Dao Tu Hoa was elected to the National Assembly (NA) of Vietnam, she was aware of the great responsibility that came with her new role as a People's Deputy. Although Ms. Hoa had previously experienced the demands of working as a judge, she knew that an even greater challenge lay ahead; raising the opinions and concerns of her constituents to the highest levels of government.

This is the challenge common to all new NA Deputies. According to Mr. Nguyen Hanh Phuc, Secretary General of the NA, "normally, newly elected Deputies are like fish out of water in their first NA sessions." And this is how Ms. Hoa felt as she prepared to fulfill her mandate. She was eager to repay the voters' trust, but concerned that she lacked the skills to do so. However, these concerns proved unfounded.

At the beginning of the 14<sup>th</sup> Legislature Ms. Hoa, together with more than 300 new NA Deputies, participated in a skills-based orientation training program organized by the NA's Training Center for Elected Representatives, with technical support from USAID. The training included sessions on voter engagement, media interaction, and oversight skills.

The training equipped newly elected deputies with the knowledge and skills essential for modern-day parliamentarians, and was conducted using methods that gave the new Deputies hands-on experience. "I had the opportunity to interact with the trainers and other deputies, as well as participate in role plays to practice new skills," said Ms. Hoa. As well as giving Deputies the opportunity to experience the dynamics of voter engagement first hand, the interactive training methods also revealed how it felt to be in their constituents' shoes.

According to Mr. Phuc, the impact of the training was significant: "The 14<sup>th</sup> Legislature Deputies are very confident and adapt quickly to NA activities because they received timely training." This view was echoed by Ms. Hoa as she reflected on her first voter meeting: "After the training, I felt confident talking to voters about their concerns, and even received compliments from my more experienced colleagues for the way I handled the meeting."

As Vietnam accelerates its legal and trade reforms to ensure sustainable and inclusive growth for all citizens, effective representation by Deputies has become vital. For the more than 300 Deputies participating, the orientation training has helped them improve their service as representatives of the people and better ensure that the voice of the people is heard.

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**VIETNAM**

## SUCCESS STORY

# Vietnam Eases Customs Regulations to Enhance Trade

**With participation from the business community, trade reforms have seen Vietnam's World Bank ranking for ease of trading across borders jump by 15 places.**



Photo: Ms. Nguyen Anh Tuyet sharing her opinions during a consultation session. (Photo credit: GIG Program)

Leading the Customs and Logistics Department at Ford-Vietnam can be a demanding job. Along with the usual pressures that come with such a challenging role, Ms. Nguyen Anh Tuyet had to face frustrating inconsistencies in customs procedures, and excessive amounts of red tape.

"We had to process customs declaration forms at 11 separate ports, which resulted in multiple address and payment mistakes as well as significant delays," said Ms. Tuyet, describing a typical example.

These issues were not just affecting Ford-Vietnam, but were increasing costs for thousands of businesses across the country. The situation was borne out by the World Bank's *Doing Business* Indicators, which ranked Vietnam 108 out of 190 countries for *trading across borders* in 2016. Because of these issues, determined efforts have been made to simplify procedures.

USAID has been working with Vietnam Customs to strengthen consultations between the government and the business community. The consultations give businesses the chance to share their experiences and contribute ideas to strengthen customs policy and revise burdensome regulations.

According to Mr. Au Anh Tuan, Deputy Director of the Customs Control and Supervision Department of the General Department of Vietnam Customs, the consultation process has begun to bear fruit: "With USAID support, we have worked closely with businesses to simplify customs procedures and reduce clearance times." Ms. Tuyet agrees: "Not only my company, but thousands of others have benefitted from the growing transparency of the customs sector."

These improvements have been confirmed by the World Bank's latest *Doing Business* Report, which saw Vietnam jump 15 places from 108 in 2016, to 93 in 2017. Vietnam now ranks fourth of the ASEAN countries for trading across borders, behind Singapore, Thailand, and Malaysia. According to Mr. Tuan, "The Vietnamese business environment in 2017 has improved the most since 2007 as a result of our collective and tireless efforts. Yet, Vietnam still plans to go further."

With the World Trade Organization's Trade Facilitation Agreement coming into force on 22 February 2017, consultations with the business community have become more important than ever. Indeed, the Government's commitment to stakeholder engagement will be vital as Vietnam continues its integration into the global economy.

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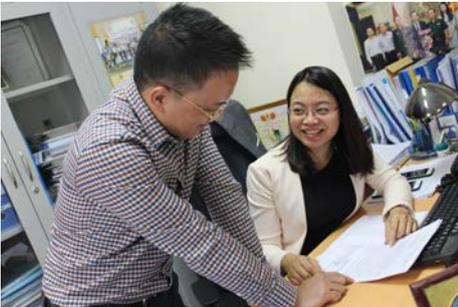
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## SUCCESS STORY

### Vietnam Applies International Standards to Environmental Auditing

**Sharing experiences with colleagues from around the world has enabled adaptation of international best practices to the Vietnamese context.**



*Ms. Nga coaching a colleague on best practices for reporting audit findings.*  
(Photo Credit: Van Anh Nguyen, GIG Program)

With over 13 years' experience at the State Audit Office of Vietnam (SAV), Nguyen Thi Quynh Nga understands the key role auditing institutions play in evaluating policy.

"Effective auditing makes policy makers aware about the gaps between policy and practice," explained Nga. "SAV often advises government ministries on how policies should be developed to support good governance."

With the aim of improving their ability to fulfil this key role, SAV nominated Nga to participate in the U.S. Government Accountability Office (GAO) International Auditor Fellowship Program. In 2016, with support from USAID, Nga became the first Vietnamese fellow accepted into the program since it began in 1979.

With a challenging leadership position at SAV's newly established Environmental Audit Division waiting on her return, Nga set off for Washington D.C. determined to make the most of the 4-month program. Although Nga found the weather surprisingly cold, the atmosphere among the fellows was anything but. Connected by their motivation to learn and share experiences, the fellows – from Asia, Europe and South America – soon found common ground despite their diverse backgrounds.

Apart from highlighting international best practices, the program develops leadership skills by providing insights into the auditing process from an institutional, big picture perspective. Most memorably for Nga, she was able to attend a number of congressional hearings. "We observed how GAO auditors present their findings to policy makers at the highest levels of the U.S. Government," she recalled.

Since her return, Nga has been applying what she learned, and the Environmental Audit Division has already begun to make an impact: SAV adopted international standards and best practices for audits on industrial waste water management in Vinh Phuc and Ninh Binh provinces.

Additionally, Nga's position as Vice Head of the division gives her the opportunity to share what she learned with her colleagues.

"Ms. Nga spends a lot of time training us, especially on reporting methods, making sure our findings are reported clearly and accurately," said Mr. To Tuan Anh, an assistant auditor at SAV.

For Nga, what she learned at the program, from detailed techniques for data analysis to broad strategies for organizational planning and coordination, has had an impact on her division. "I've been able to apply best practices to a lot of our day-to-day work; it's made a real difference," she said.

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Enhancing the work of SAV builds on USAID's support to strengthen governance and accountability in Vietnam. Through its Governance for Inclusive Growth Program, USAID has implemented more than 40 activities to enhance policy development and has cooperated with more than 50 social organizations to support legal and regulatory reform.

*This work has been supported by the USAID's Governance for Inclusive Growth (GIG) Program, a five-year project funded by USAID and implemented by Chemonics International and runs from December 2013 to December 2018. The GIG Program works with the Government of Vietnam in support of trade, legal and regulatory reforms, governance, and inclusive economic growth.*



## SUCCESS STORY

### Vietnamese Businesses and Workers Benefit from Tax Reform

**Field studies provide evidence to drive reforms: “They were real stories; to make good policy, we need to understand the reality.”**



*Photo: Ms. Nguyen Thi Cuc speaks to the mass media at the conference on the implementation of Resolution 19/2017 to improve the business environment and enhance national competitiveness. (Photo Credit: GIG Program)*

When Mr. Do Xuan Hung, Finance Director of the Regent Garment Company, looks back paying social security contributions for the company’s 17,500 employees, it brings back some painful memories.

“Before 2015, procedures were both complicated and inconsistent; it was an extremely time-consuming process,” he said.

Such burdensome procedures were not limited to social security; they were ingrained into the entire Tax payment system.

“I remember when tax departments would be crowded with accountants clutching forms,” recalled Mrs. Nguyen Minh Thao, Head of the Business Environment and Competitiveness Department of the Central Institute for Economic Management (CIEM) at the Ministry of Planning and Investment.

Those were the days when businesses had to stand in line for hours to file their taxes. Complying with complicated procedures, which required businesses to make 32 separate payments, could consume up to 872 person-hours per year. According to the World Bank’s Doing Business Report 2017, Vietnam ranked a lowly 172<sup>nd</sup> of 189 countries for ease of paying taxes.

USAID began working in collaboration with CIEM in 2014 to reform administrative procedures for paying taxes, including employee social security contributions. USAID has been pivotal in driving the reforms that saw Vietnam’s ranking jump by an astonishing 82 places in the 2018 Doing Business Report, from 168<sup>nd</sup> up to 86<sup>th</sup>. In Thao’s view, USAID’s main contribution was twofold; its expertise in international best practices and its support for field studies.

USAID worked closely with CIEM and Social Security Vietnam, engaging renowned experts to share knowledge and raise awareness on tax reform, and conducting field studies in different regions to improve understanding of the difficulties businesses faced on the ground. This knowledge and evidence-based approach was a driving force for reform.

“These activities provided evidence on which to base reforms and convince policy makers,” said Ms. Thao. “They were real stories; to make good policy, we need to understand the reality.”

Nowadays, tax departments across the country are mostly deserted—online platforms for filing tax and social security payments have put a stop to the long lines. Reforms to tax laws and procedures have led to the number of separate payments being reduced from 32 to 14, saving businesses up to 374 person-hours each year.

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It's not only businesses that have benefitted. The online platform for social security payments has also provided much needed transparency for workers. For the first time, workers can track the status of their social security payments.

“Even a taxi driver or a manual worker can track their social security status online in just a few clicks,” said Ms. Nguyen Thi Cuc, Chairwoman of the Vietnam Tax Consultants' Association. “They can easily check that their employer has fulfilled their obligation to pay employee social security contributions.”

For Mr. Hung at the Regent Garment Company, the reforms have begun to pay dividends: “Submitting social security contributions online has become much simpler – the number of staff needed to complete the process has been cut by half.”

The reforms have benefitted both employers and workers, enhancing the competitiveness of businesses while ensuring that workers have access to essential social services.

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## SUCCESS STORY

### Handbook Promotes the Rights of Vulnerable Groups in Vietnam

**“It reminds State officials and the public at large that vulnerable groups have the same rights, needs, and aspirations as everyone else.”**



*Representatives from civil society, research institutes, and government agencies discuss the first draft of the Handbook during a consultation meeting in February 2017. (Photo Credit: Ms. Van Anh Nguyen, GIG Program)*

In Vietnam, the exercise of one’s basic rights can still be a challenge for members of society’s most vulnerable groups. Although public perceptions are changing, persons with disabilities, members of the LGBT community, and women and girls continue to face discriminatory treatment.

Ms. Nguyen Hong Ha, Director of the Independent Living Center – a Vietnamese Civil Society Organization (CSO) based in Hanoi – believes a lack of awareness is preventing vulnerable groups from exercising their basic rights.

“Even if your rights are guaranteed under the law, if you aren’t aware they exist then how can you exercise them?” she said.

The lack of awareness is even more of an obstacle when it concerns local officials. Although responsible for ensuring that the rights of vulnerable groups are respected, officials often lack an understanding of how to exercise them in practice.

To address these challenges, the Ministry of Justice (MOJ) with support from the USAID Governance for Inclusive Growth (GIG) Program, began collaborating to develop a Handbook to raise awareness and provide guidance on how to exercise the basic rights – for example, the right to education, the right to work, and the right to own property – for vulnerable groups.

In late 2016, the first in a series of consultation sessions brought together representatives from civil society, government agencies, and vulnerable groups to discuss the scope and content of the Handbook. The Handbook was published in February 2018 and is being used by the MOJ and CSOs to raise awareness among vulnerable groups as well as officials at all levels.

For Ms. Ha, the Handbook is another step in the right direction:

“It’s not that local authorities don’t take our needs into account, it’s just that we are often seen as people to be taken care of rather than as valuable members of society. The Handbook has helped our organization to address this misconception.”

As a person with a disability, Mr. Tinh Tran, Communications Manager at the GIG Program, believes the Handbook is helping to change the way society views people from vulnerable groups.

“The Handbook isn’t just about raising awareness. It reminds State officials and the public at large that vulnerable groups have the same rights, needs and aspirations as everyone else,” said Tinh.

Ensuring the basic rights of society’s most vulnerable groups signifies Vietnam’s commitment to achieving a model of development

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that is inclusive and that benefits all of its citizens.

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## SUCCESS STORY

# Vietnam strengthens law enforcement to combat wildlife trafficking

**“The program’s support is beginning to have an impact as trainees pass on their newly acquired knowledge and skills to colleagues in the field.”**



*Participants exchange ideas at a workshop held by the SPP Training Academy in September 2017. (Photo Credit: GIG Program)*

The illegal wildlife trade in Vietnam is a major threat to endangered species worldwide. In the last decade, the country has seen a dramatic increase in the illegal trade and consumption of wildlife, particularly rhino horn and ivory from Africa. In response, the Vietnamese Government has made law enforcement an urgent priority.

Although environmental laws have been strengthened, a lack of coordination between enforcement agencies has undermined prosecutions.

“The procedures for dealing with wildlife crime – the valuation of wildlife products and protocols for handling evidence – are inconsistent from one province to the next,” said Ms. Pham Thu Trang, Deputy Director of the Department of International Law at the Supreme People’s Procuracy (SPP) Training Academy.

The lack of coordination has meant that efforts to enforce the law have been inconsistent, preventing the development of a long-term, country-wide strategy. These challenges have been compounded by a general lack of public awareness.

“[Even] prosecutors and government officials lack knowledge [about illegal poaching and trafficking of certain animals],” said Ms. Hoang Thi Ngoc Diep, a state prosecutor.

In 2015, the USAID Governance for Inclusive Growth (GIG) Program began supporting Vietnam’s efforts to combat wildlife trafficking with the aims of improving the legal and regulatory framework and strengthening justice sector coordination and law enforcement capacity.

The program has worked with government partners to train more than 700 prosecutors from the Supreme People’s Procuracy, as well as 130 law enforcement officers and more than 100 judges.

The impact made by the training activities was followed up by the development of a training manual on the prosecution of wildlife crime. The manual is used by the SPP Training Academy and standardizes procedures, including steps for handling evidence and conducting investigations.

The program’s support is beginning to have an impact as trainees pass on their newly acquired knowledge and skills to colleagues in the field.

“A colleague asked me for help in handling evidence for a wildlife trafficking case and I was able to share examples from the training and advise on the procedural steps involved. This led to a successful prosecution,” said Ms. Diep.

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The USAID GIG Program's support to the Justice sector is beginning to make a real contribution to biodiversity conservation efforts in Vietnam; efforts that are essential for the country's sustainable development and the wellbeing of its people.

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# Vietnam Governance for Inclusive Growth Program



## LEARNING BRIEF

### Policy Impact Assessment

## **I. BACKGROUND**

This paper was developed to accompany the learning seminar on Policy Impact Assessment – the first in a series of seminars conducted as part of the GIG Program’s learning strategy – which was organized by the Program on January 26, 2018. The aim of the seminar was to share the work of the Program and counterparts to a wider audience from related agencies and localities.

In recent years, Vietnam has made significant efforts to improve the quality of its regulatory environment, introducing a workable legal framework and more efficient, transparent regulatory practices. However, the quality of laws and regulations suffer when drafted with inadequate attention to their potential impact, and if the most relevant or effective policy solution is not adopted.

The 2008 Law on Promulgation of Legal Documents (Law on Laws) sought to improve the quality of the regulatory environment. Unfortunately, there was inadequate guidance on conducting policy impacts in the lawmaking process. In 2015, the Law on Laws was revised, requiring a policy formulation phase. To signify this change, the revised law adopted the terminology “Policy Impact Assessment” (PIA).

In this context, the USAID Governance for Inclusive Growth (GIG) Program began cooperating with the Ministry of Justice and CIEM – key players in regulatory reform – and other stakeholders to provide technical assistance on the application of PIA methodology and improve the quality of PIA reports prepared by government agencies. In mid-2015, the Program began supporting PIA, focusing on technical assistance to build capacity for journalists and lecturers, developing a PIA chapter in draft guiding Decree 34 for the 2015 Law on Laws, and drafting a manual outlining practical, hands-on guidance for PIA implementation in Vietnam.

The Program continued its support through 2016 and 2017, organizing further cross-sectoral training workshops, conducting PIA for the Law on Access to Information, Law on SME Support and the Revised Labor Code, and working with Hanoi Law University to introduce PIA into its recently launched MA in Applied Constitution and Administrative Legislation.

## **II. A SYSTEMIC AND SUSTAINABLE APPROACH**

### **LAYING THE FOUNDATIONS**

The GIG Program began conducting training programs on PIA in mid-2015. The first training courses, conducted in northern, southern and central regions, informed law academics and the mass media.

The first of these courses, conducted in May and June 2015, focused on the development of a training syllabus and materials for PIA. The main objective of the course was to facilitate the adoption of the training syllabus by institutions and universities offering courses on public policy and bill drafting. Over 120 trainees, including lecturers and staff from a total of 13 institutions, participated in the courses, including the Academy for Policy and Development (APD), Hanoi Law University, and the Law and Economic School at Ho Chi Minh City National University. The response to the courses was positive, with participants expressing a commitment to mainstreaming PIA into their public policy programs.



Sharing ideas at the 'Training Skills for Implementing a Regulatory Impact Assessment' course held in May 2015

Following these initial training courses for academics and trainers, from September to November 2015, the Program continued its collaboration with CIEM to deliver training courses on PIA for journalists. The training brought together 106 participants from 25 media outlets. Journalists were trained on how to apply PIA in reporting, critiquing and commenting on draft or existing regulations. The training courses raised awareness of the importance of implementing PIA effectively to increase the quality of reporting on legal topics. Participants were equipped with skills and techniques to conduct policy analysis using PIA.

The training courses held in 2015 served as an effective entry point for the GIG Program to provide technical assistance for PIA and laid the foundations for its sustainable approach.

## FACILITATING CROSS-SECTORAL COLLABORATION

In October 2015, the Program followed up on the training courses through technical assistance with the MOJ on a 'Consultative Workshop on Policy Impact Assessment to Implement the 2015 Law on Laws'. The objective of the workshop was to collect comments from stakeholders on the chapter on PIA in the draft guiding Decree 34, and on the draft outline of the PIA training manual.



A participant poses a question at the consultative workshop on Policy Impact Assessment in October 2015

This initial workshop brought together over 50 participants from various agencies responsible for drafting laws and regulations, such as the National Assembly, ministries, and local authorities. The outcomes of the workshop enabled the GIG Program to further its technical assistance in support of the manual and the draft guiding Decree, including further cross-sectoral consultative workshops and training courses held in 2016 and 2017.

### III. SYSTEMIC AND SUSTAINABLE OUTCOMES

**Decree No.34/2016/ND-CP guiding implementation of the Law on Laws 2015** was issued in May 2016. The GIG Program's technical assistance made key contributions to the Article on implementation of PIA in the policy-formulation phase. Following the GIG Program's facilitation of cross-sectoral collaboration, the issuance of Decree 34 represents a consensus on the methodology of PIA across government agencies and ministries.

Following further consultative workshops in June 2017, the **first draft of the Manual on Policy Impact Assessment was completed**. The workshops were attended by 109 participants in total, from the MOJ as well as legal departments from several government agencies and ministries. The manual was finalized in 2018 and uploaded to the MOJ website for dissemination. The manual marks the first time in Vietnam that PIA guidelines assess economic, social, administrative procedures, the legal system as well as gender impact at the same time and from the policy formulation phase.

**Capacity building of stakeholders**, especially for staff at the MOJ and multiple ministries, has led to improved knowledge and skills on PIA. More than 200 legal officials and regulators from the National Assembly, MOJ, multiple ministries, and provincial agencies have received training on PIA. The training courses incorporated content from the PIA manual and provided trainees with hands-on experience of PIA implementation using practical case studies.



*Trainees at the consultative workshop held in Hanoi in June 2017*

**Institutionalizing the outcomes of technical projects into formal academic training** is rare in Vietnam. However, it has been made possible through the cooperation between the GIG Program and the Hanoi Law University (HLU), which began with the first GIG-supported PIA training courses in early 2015 (see *Laying the Foundations*). This initial support was followed in early 2017 when HLU, with support from the Program, began developing a detailed training syllabus on PIA. In August 2017, a training workshop was held for over 40 trainees (mostly lecturers at HLU and other law universities) on the use of the new course.

In November 2017, HLU launched the PIA syllabus as part of its MA in Applied Constitution and Administrative Legislation, which aims at equipping students with the practical knowledge and experience to work in legislative development. The first intake of 46 students included legal professionals from the courts, the procuracy, and the legal departments of various ministries. The institutionalization of PIA training materials promises a long-term impact on improving awareness and capacity. Indeed, as the module becomes established, HLU expects it to form part of its other MA courses. This represents a sustainable and systemic impact on policy development in Vietnam.



*Participants study the PIA report at the 'Consultation of Impact Assessment of Selected Labor policies' workshop held by MOLISA with the support of the GIG program in June 2017*

An important outcome of the GIG Program's support to PIA is its immediate **impact on the development of the Law on Access to Information (LAI), the Law on SME Support and the Revised Labor Code**. In the case of the LAI and the SME Support Law, the PIA process was implemented in parallel with the drafting of the law. Comparing the first draft and the one ultimately adopted by the National Assembly, it is clear that the PIA process contributed to improving the quality of the law. Many of the findings and recommendations from the PIA reports were used in debates and discussions at MOJ, the Office of the Government and the National Assembly. They were also used by the mass media to bring the debate to the wider public<sup>1</sup>. The Law on SME Support was formally adopted on June 12, 2017.

A similar process is underway for the Labor Code. According to Mr. Thien, Deputy Director General of the Legal Department of the Ministry of Labor - Invalids and Social Affairs (MOLISA), the PIA Report, conducted with technical assistance from the GIG Program, will

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<sup>1</sup> Examples can be seen at *The Vietnam Investment Review*: <http://www.vir.com.vn/policy-makers-place-high-hopes-on-new-sme-supporting-law.html> and *The Đầu tư*: <http://baodautu.vn/hon-300000-doanh-nghiep-se-duoc-giam-hon-1900-ty-dong-thue-thu-nhap-doanh-nghiep-d63993.html>

contribute significantly to the quality of the revised Labor Code and should be a model for other PIAs implemented by MOLISA<sup>2</sup>.

## IV. ISSUES AND CHALLENGES

The seminar discussions identified a number of challenges to the effective implementation of PIA.

1. **Stakeholders (in general) lack the capacity and knowledge to form arguments to participate in the different stages of policymaking.**
  - Social organizations lack the capacity to form arguments based on evidence (versus values).
2. **The law does not require policymakers to consider the opinions of the public.**
  - Legislation requiring the participation of stakeholders in the policymaking process should be promoted.
  - Decree 34's provision to ensure better participation should be strengthened.
3. **The level of awareness and skills at provincial and local levels to conduct policy impact assessments needs to be improved.**
4. **Regarding businesses, many do not know that they have the right to contribute to the policy-making process.**
  - There is a lack of funds to develop a network to keep businesses informed of policymaking developments that may affect them.
  - When businesses raise their voice, there is no clear mechanism through which their messages are acknowledged, or to obtain a formal response from policymakers.

## V. LESSONS LEARNED

**Sustainability strategy prioritized from the beginning:** The program intentionally targeted academics, trainers, and journalists when laying the foundations for its support for PIA. As the trainees began to apply principles of PIA to their work – both at training institutions and in media reporting – they began to influence the approaches of current and former policy makers independently of the Program. This provided momentum for the program's subsequent support.

**Building on the momentum of previous projects to secure trust:** The MOJ viewed the USAID GIG Program as proven experts in the field. This meant that the MOJ had real trust in the knowledge and ability of the GIG Program from the beginning, which led to high levels of cooperation and collaboration.

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<sup>2</sup> Concluding Remarks of Mr. Mai Duc Thien, at the Workshop MOLISA and GIG on 22-23 June 2017.

**Engaging highly regarded expert consultants built trust in the Program's work:** The consultants engaged by the Program brought a level of understanding and expertise that resulted in high levels of trust and commitment from counterparts. The experts brought a deep knowledge of PIA in the international context, and perhaps more importantly, a thorough knowledge of PIA in the Vietnamese context.

**Collaborative planning:** Because of the high levels of trust between the program and its key counterpart, the MOJ, the strategy for the Program's support was developed collaboratively. Following the initial training courses in 2015, teams from the GIG Program and the MOJ began to plan how to implement activities to ensure PIA was fully implemented per the 2015 Law on Laws. The MOJ had ownership of the activities and a say in the overall direction of the GIG Program's support.

**The right time:** The program's support for PIA came at exactly the right time; the 2015 Law on Laws was coming into effect, and there was a real need for technical assistance to develop the guiding Decree and guidance and training for PIA implementation on the ground. This real and pressing need meant that counterparts were committed and motivated to engage with the Program.



# Vietnam Governance for Inclusive Growth Program



## LEARNING BRIEF

### Gender Budgeting – Awareness and Implementation in Vietnam

## I. BACKGROUND

This paper was developed to accompany the learning seminar on gender responsive budgeting – the second in a series of seminars conducted as part of the GIG Program’s learning strategy – which was organized by the Program on March 26, 2018. The aim of the seminar was to share the work of the Program and counterparts to a wider audience from related agencies and localities.

Discussions highlighted existing challenges in implementing gender responsive budgeting and gave participants a platform to suggest solutions. This paper provides a brief background on gender responsive budgeting and the work of the GIG Program and its main counterpart, the National Assembly’s Committee for Finance and Budgetary Affairs (CFBA), and concludes with lessons learned that were highlighted during the seminar.

Although Vietnam has made progress on gender equality in recent years, women have continued to face entrenched cultural barriers and discrimination. They continue to be under-represented in political decision-making processes and significant disparities remain a fact of life in the workplace, with women still facing challenges in accessing employment opportunities, equal incomes and career promotion.

One of the GIG Program’s key objectives has been greater social and economic inclusion for all the citizens of Vietnam. To achieve this objective, the Program has worked to improve inclusion and expand opportunities for vulnerable populations, including women. To this end, the Program has supported efforts to reduce gender inequality through activities that aim to reduce legal and regulatory barriers to inclusion, increase the voice of women in the policy-making process, and improve women’s access to economic opportunities.

While Vietnam has built a solid legal foundation for gender equality, significant gaps remain. Therefore, to reduce legal barriers to women’s inclusion, the Program has supported the integration of gender into several key legal documents, including the 2012 Labor Code, 2017 Legal Aid Law, 2017 Law on Support for Small and Medium Enterprises (SME), and Article 37 of the 2015 Civil Code on the rights of Lesbian Gay Bisexual and Transgender (LGBT) individuals. These achievements are examples of the GIG Program’s wider, systemic impact on gender mainstreaming into the law-making process.

One of the Program’s most noteworthy contributions has been its support in mainstreaming gender into the government budget process through revisions to the 2002 State Budget Law. The development of gender responsive budgeting is in accordance with Vietnam’s 2013 Constitution and the 2006 Law on Gender Equality, which specifies that *“financial resources for gender equality activities shall include gender equality in the State Budget.”*

To promote equality for women and girls in Vietnam, it is vital that necessary resources are allocated to gender equality measures across various levels of government through gender-responsive budgeting. According to UN Women, “Gender-responsive budgeting is not about creating separate budgets for women, or solely increasing spending on women’s programs. Rather, gender-responsive budgeting seeks to ensure that the collection and allocation of public resources is carried out in ways that are effective and contribute to advancing gender equality and women’s empowerment.”<sup>1</sup> The 2015 State Budget Law, which now requires a gender-responsive budgeting rationale to guide annual budget plans, formally establishes gender as a key principle in state budgeting and spending.

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<sup>1</sup> UN Women (2018) *Gender Responsive Budgeting*. Retrieved from <https://unwomen.org.au/our-work/focus-areas/what-is-gender-responsive-budgeting/>

## II. PLACING INCLUSION AT THE CENTRE OF THE LAW-MAKING PROCESS

In 2014, the USAID GIG Program began supporting the National Assembly (NA) to revise the 2002 State Budget Law, focusing on integrating gender issues and transparency into the budget process. As noted above, the Program's main counterpart was the NA's CFBA, which is the leading committee for budget review and oversight.

At the beginning of 2015, the Program began implementing a series of technical assistance activities to obtain input and feedback from relevant agencies and organizations on the draft of the Revised State Budget Law. A key aspect of these activities was the inclusion of social organizations and gender activists throughout the process. Following an initial survey on the implementation of the existing law, which included a series of field visits, the Program and the CFBA organized a technical working session on January 15, 2015. The session brought together leading gender activists and experts to discuss the results of the survey and make recommendations on integrating gender-responsive budgeting into the draft of the Revised State Budget Law.



*Gender activists and representatives from social organizations at the technical working session organized at the GIG Program office on January 15, 2015*

Following the technical working session, the Program organized a consultative forum on January 27, 2015, to obtain further inputs on the draft of the Revised State Budget Law. Over 50 representatives from government ministries and institutes, international agencies, social organizations, and gender activists and experts participated in the forum thereby enhancing stakeholder engagement in the law-making process. This initial series of activities resulted in a policy paper on the draft of the Revised State Budget Law, which was submitted to the NA in February 2015.



*Media reporters interview the Chair of the Forum, Assoc. Prof. Dinh Van Nha, Vice-Chairman of the CFBA*

The Revised State Budget Law was passed by the National Assembly in November 2015. In the following year, the Program continued its technical assistance with the Finance and Budget Department under the Office of the National Assembly during the NA's development of Resolution No.387/2003 to bring implementing regulations and guidelines into line with the revised Law. The Program's approach to technical assistance followed its approach in 2015, conducting a review and collecting recommendations for amendments to the resolution. The review was followed by a consultative workshop with members from the Legal Task Team responsible for amending the resolution, representatives from the NA CBFA and Finance and Budget Department, and relevant ministries to obtain further inputs. The revised resolution was submitted to the NA at the end of April 2016.

### **III. INCREASING AWARENESS AND SKILLS FOR IMPLEMENTATION**

Once the Revised State Budget Law and the guiding resolution had been approved, the Program turned its attention to technical assistance with legislative and government officials from central to local levels and from relevant ministries and agencies to enhance awareness and skills to conduct effective oversight and implementation of the new law with a particular focus on gender budgeting.

The Program and the NA CFBA organized two, 2-day regional workshops in the second half of 2016; the first in July in Da Nang, and the second in September in Hanoi. The workshops supported the dissemination of the 2015 State Budget Law with a focus on gender budgeting, sharing international experience and gender budgeting models. Over 230 participants attended the two workshops, and included deputies from the NA CFBA, Provincial People's Councils, and representatives from related government agencies, including the Ministry of Finance and the Ministry of Planning and Investment.



*A participant shares her views at the 2015 State Budget Law dissemination workshop held in Da Nang on July 4-5, 2016*

The GIG Program continued its capacity building efforts by supporting a workshop to improve the capacity of local elected representatives and their support staff focusing on gender responsiveness in budget decision and oversight. The workshop, held in Dak Lak on January 26, 2018, was attended by 38 participants from Provincial People's Councils, Deputies' Delegation Offices, and specialized departments of the Office of the National Assembly.

## **IV. SYSTEMIC AND SUSTAINABLE OUTCOMES**

### **Revisions to the State Budget Law**

The key outcome of the Program's work are the articles in the 2015 State Budget Law that integrate gender equality into state budgeting processes:

- Article 8 "*Principles for state budget management*" recognizes gender equality as one of the principles in the management of the state budget. Paragraph 5 requires that the Government: "*Make sure to prioritize budget allocation to implement State and Party's policy in each socio-economic phase, for hunger eradication and poverty reduction, for ethnic minority policy and to implement gender equality objectives.*"
- Article 41 "*Basis for annual budget estimation*" states that gender equality shall be one of the rationales for annual state budget estimates. Paragraph 1 requires the Government ". . . to promote socio-economic development and national security and defense, for international affairs, for gender equality."

This is the first time that gender mainstreaming has been explicitly included in the State Budget Law – a major milestone towards gender equality in Vietnam. The 2015 State Budget Law came into effect in January 2017.

## **Awareness raising and capacity building**

During 2016–2018, 269 parliamentary staff, members of Provincial People’s Councils and local government officials (38% women) were trained on gender-responsive issues during the budget review and oversight process.

## **V. ISSUES AND CHALLENGES**

During discussions at the seminar, participants identified a number of issues that continue to hinder the effective implementation of gender responsive budgeting.

### **1. Lack of awareness of gender responsive budgeting at all levels**

- Participants noted that there is still confusion as to what gender responsive budgeting actually is, why it is important for gender equality and how to apply it. This lack of understanding is a problem across all government agencies and localities, as well as the general public.

### **2. Lack of data on the impact of current and potential gender responsive budgeting**

- There is a lack of data and research on the impact of current and potential gender-responsive budgeting by sector.
- There is not one body/agency responsible for evaluating the efficiency of gender-responsive budgeting in Vietnam.

### **3. Implementation**

- Lines of responsibility and accountability need to be identified.
- Standards and criteria need to be developed for application during the implementation of gender-responsive budgeting. This would enable effective assessment of its impact and for further improvements to be made to the process.
- A gender responsive budgeting committee with representatives from different ministries should be established to coordinate and oversee implementation.

### **4. Guidelines/Training**

- Training-of-trainers should be conducted to upgrade skills across ministries and provinces.
- There is a need for gender-responsive budgeting guidelines which also assign clear responsibilities to the relevant ministries.
- A manual and tools to institutionalize gender-responsive budgeting (per ministry if necessary) should be developed and a local pool of experts to work on gender-responsive budgeting, and to conduct trainings, should be established.

## **VI. LESSONS LEARNED**

**Begin by setting realistic, achievable goals.** Because the issue was somewhat challenging, we began by setting achievable targets. This meant that we could show successes early and maintain motivation among counterparts.

**Work directly with a counterpart that has decision-making authority.** The Program supported technical assistance directly with the NA Committee on Finance and Budgetary Affairs – a government body that had the mandate to impact the goals of the Program – in technical meetings to discuss each article of the draft law. This had a direct impact on bringing gender budgeting into the law.

**Gather evidence and disseminate findings.** Because the Government is presented with many policy and reform proposals at any given time, it is essential to have a quantitative and qualitative evidence base clearly explaining why a specific policy is important. This evidence base contributed to building trust among government decision-makers. Clearly articulated evidence demonstrates the impact of the policy on stakeholders and promotes an environment for dialogue and debate.

**Build trusting relationships with champions for reform.** A key step in making gender-inclusive budgeting a success was the thoughtful approach towards identifying champions for reform and then engaging with them to broaden relationships and trust between more partners. In the Vietnam context, relationships and reputation are important elements in facilitating successful reform.

**Collaborate with stakeholders across sectors.** Collaborating across multiple sectors, ministries, and partners was a cornerstone of the GIG Program's work. Tackling the need for gender-inclusive budgeting throughout the government became an integral mandate of the State Budget Law. The GIG team took the time to build a broad group of interested champions to enable positive change.



# Vietnam Governance for Inclusive Growth Program



## LEARNING BRIEF

### Tax Payments

## **I. BACKGROUND**

This paper was developed to accompany the learning seminar on paying taxes – the third in a series of seminars conducted as part of the USAID’s Governance for Inclusive Growth (GIG) Program’s learning strategy – which was held by the program on 25 June 2018. The aim of the seminar was to share the work of the program and counterparts to a wider audience from related agencies and localities.

This paper provides a brief background on tax payment procedures and the work of the GIG Program and its main counterparts, the Central Institute for Economic Management (CIEM), the General Tax Department (GDT) under the Ministry of Finance (MOF), and Social Security Vietnam (SSV). A concluding section provides a summary of the key issues, recommendations, and lessons learned that were highlighted during the seminar.

In 2014, in response to growing evidence detailing a decline in economic competitiveness and an unfavorable business environment, the Government of Vietnam issued Resolution 19, mandating the implementation of essential business-enabling environment reforms. The resolution identified tax payment procedures as one of the key areas for reform; according to the World Bank Doing Business (DB) Report, businesses were required to make 45 separate tax payments in 2014, consuming up to 872 person-hours per year. Vietnam ranked a lowly 173<sup>nd</sup> of 189 countries for ease of paying taxes.

The GIG Program has been working closely with CIEM, the GDT, and SSV to reform administrative procedures for paying taxes, including employee social security contributions. In addition to government agencies, stakeholders from the business community, including the Vietnam Tax Consultants’ Association (VTCA), have also collaborated in the reform process. The results of this collaboration have seen Vietnam’s ranking jump by 87 places according to the 2018 Doing Business Report, from 173<sup>nd</sup> up to 86<sup>th</sup>.

The GIG Program’s contribution to the success of tax payment reforms has focused on the generation and sharing of knowledge. The Program has emphasized the importance of international best practice, engaging renowned experts to share knowledge and raise awareness on tax reform. There has also been a focus on conducting field research and assessments in different regions of the country to improve understanding of the difficulties businesses face on the ground. This knowledge and evidence-based approach has been a driving force for tax payment reforms

## **II. A KNOWLEDGE AND EVIDENCE-BASED APPROACH**

### **RESOLUTION 19**

The GIG Program began working on tax payment reform following the launch of Resolution 19 in early 2014. Paying taxes was identified as one of three key areas for reform and thus represented a major focus for the Program’s collaboration with CIEM. The focus of this early work was on learning from international experience on how to use the World Bank DB indicators as a benchmark to implement reforms effectively. In July 2014, the Program, in collaboration with CIEM, engaged an international expert to lead a series of technical workshops for participants from relevant government agencies, including representatives from the GDT, SSV, VTCA and the business community. The workshops provided participants with an understanding of the DB indicators’ methodology as well as international experience on implementing reforms.

In early 2015, the Program followed up this initial collaboration by supporting a further series of workshops and field studies, with inputs from both Vietnamese and international experts. This series of activities aimed at providing technical assistance for reviewing implementation of Resolution 19 of 2014, as well as providing data and evidence for the development of a new resolution for 2015. In total, over 330 participants from government agencies and other stakeholders learned techniques to measure DB indicators and discussed proposals for reforms.



*Experts discuss policy considerations at a workshop in Hanoi in March 2015*

The GIG Program continued to work closely with CIEM on Resolution 19 and tax payment reform through 2015 and 2016, maintaining a focus on the generation and sharing of knowledge. A continued emphasis on field research provided CIEM with the data to provide evidence-based progress reports to the Prime Minister, which in turn informed the drafting and implementation of Resolution 19 of 2016.

## **PAYING TAXES: DETAILED REFORMS**

As a result of the Program's collaboration with CIEM on the Resolution 19 reforms, considerable progress had been made in simplifying administrative procedures for paying taxes; for example, the simplification of forms and the reduction of Value Added Tax (VAT) filing and payment frequencies for businesses with a turnover of under VND 50 billion. However, despite these encouraging results, the tax system remained clogged with unnecessary procedures. A rapid review of tax policy and administrative systems had initially revealed a number of issues with pre-filing policy and administration on business taxes such as VAT, Corporate Income Tax (CIT), and Personal Income Tax (PIT), and on post-filing processes, such as tax refunds, audits and appeals.

In June 2016, the Program provided technical assistance to the GDT to conduct a thorough review of tax policy and administrative procedures to address these outstanding issues. The Program engaged international and local experts to support a range of activities, including

field studies in six provinces, technical workshops, as well as consultations with the business community in Hanoi and Ho Chi Minh City. The knowledge and evidence-based approach provided valuable information and candid feedback from the business community on the situation at provincial and local levels. As a result, the GIG Program and the GDT produced a comprehensive report covering all the key functional issues, including registration, filing, payments and refunds. Another outcome was Circular 173/2016/TT-BTC, which removed the requirement of registered accounts for VAT input credits and CIT deductibility.



*Ms. Hoang Thi Lan Anh, Deputy Director, Reform and Modernization Department of the General Department of Tax, adds her voice to the discussions at the consultative workshop on 29 June 2016*

In June 2017, the Program continued its support for detailed tax payment reforms by collaborating with CIEM and SSV to analyze the role of employee social security contributions in the DB Paying Taxes indicator. As noted above, the Program had previously worked with SSV on Resolution 19 to detail the methodology for the DB Paying Taxes indicator. The GIG program worked with GDT and SSV to further study the situation regarding paying taxes (including social security payments). Field studies were followed up with consultative workshops, which discussed issues and obstacles faced by businesses in complying with social security policy and procedures, and gathered ideas on policy proposals and recommendations for further reforms.

A key feature of the Program's work on tax payments is not only its focus on using evidence and expertise to drive reforms, but the way that knowledge is built upon on a regular basis. As a result, technical assistance has become more focused as government agencies and stakeholders gain the capacity to engage in detailed reforms. One such reform is the establishment of an online platform for filing social security contributions, which was recognized by the World Bank DB indicators.



*Workers at POONG SHIN VINA Garment factory, a site on the Thai Binh Province study trip in July 2017*

### III. SYSTEMIC AND SUSTAINABLE OUTCOMES

- **Vietnam’s DB ranking for the Paying Taxes indicator jumped by 42 places from 173<sup>rd</sup> in 2014 to 131<sup>st</sup> in 2018.** The number of separate tax payments that a business has to make in Vietnam was reduced from 45 to 10, saving businesses up to 374 person-hours each year. The reforms responsible for these achievements have been passed into laws and regulations.
- **The Program has contributed to the issuance of a number of legal documents streamlining tax procedures, including among others:**
  - Circular 78/2014/TT-BTC: made paying taxes less costly for businesses by reducing the CIT rate, 20% for businesses with turnover of less than 20 billion VND and 22% for more than 20 billion VND
  - Law 71/2014/QH13: reduced the number of procedures and documents required to file VAT
  - Decision 528/QĐ-BHXH: introduced an online platform for filing social security contributions (<https://gddt.baohiemxahoi.gov.vn/#/index>)
- The online platform for social security payments has also provided much needed **transparency for workers**. In the past, it was difficult for workers to know whether employers had made payments on time and in the correct amounts, which lead to a number of cases where employers shirked this responsibility. Workers are now able to track their social security status online in just a few clicks. They can easily check that employers are fulfilling their obligation to pay employee social security contributions, and thus ensure access to essential social services.

## IV. LESSONS LEARNED

**Trust is essential and has to be earned** to get businesses to share their experiences and provide feedback. Businesses can be engaged more effectively via small-scale events, where they feel more comfortable speaking about tax reform issues. The GIG Program made discussions more neutral (and more effective). The Program engaged multiple stakeholders during the course of implementation, strengthening their voice and giving the GDT the opportunity to understand the role that non-government stakeholders can play in reform efforts. Coordination with government counterparts was very effective, building on mutual trust and open working relationships.

**The GIG Program engaged high-caliber national and international experts** to deliver quality advice to counterparts. This meant that counterparts and stakeholders could trust the technical assistance provided by the Program. This had the effect of strengthening the commitment of counterparts towards greater collaboration.

**A more holistic program approach** that combines both demand-driven work (activities proposed by the counterparts) and supply-driven work (activities that we think would suit the Program's priorities) would enable deeper reforms over a shorter time frame. Such an approach would be planned over multiple years with a well sequenced, connected program of activities, some of which provide low hanging fruits (quick wins) to create momentum.

**Improve the capacity of the counterpart first.** This creates both incentives for counterparts to carry out reforms and provides international best practices to guide them through the process. This would provide a platform on which to build reforms and give confidence to counterparts from the beginning of the Program.



# Vietnam Governance for Inclusive Growth Program



## **LEARNING BRIEF:**

### **Law on Support to Small and Medium Enterprises (SMEs)**

## I. BACKGROUND

The development of small and medium sized enterprises (SMEs) is an important priority for many countries, including Vietnam. SMEs play a key role in the economy and society of Vietnam, contributing 97% of all registered enterprises, employing over 50% of workers and contributing over 40% of GDP. The development of SMEs and the private sector contributes to development and to a resilient and sustainable economy. The creation of a conducive legal environment to support the development of SMEs is particularly essential. In this context, the Law on Support to Small and Medium Enterprises (SME Law) was proposed to build a business environment that “drives entrepreneurial startups” and is “enterprise friendly” to build a robust Vietnamese business community.

In 2015, the Ministry of Planning and Investment (MPI) approached USAID’s Governance for Inclusive Growth (GIG) Program to assist in reviewing, drafting, and implementation of the Law on Support to SMEs. The draft SME Law was scheduled for a first hearing at the National Assembly’s October 2016 with a second hearing scheduled for June 2017. For a draft law to be reviewed and passed by the National Assembly, the submission package must include: i) a law overview paper; ii) policy impact assessment of the submitted draft law; iii) report on a review of previous policies and regulations; iv) a study of best practices; v) the draft law; vi) compilation of documented opinions and comments through consultations held by the drafting agency and survey results of impacted groups if any; vii) an appraisal report by the Ministry of Justice; viii) an appraisal report by the Office of the Government; and ix) an appraisal report by the respective committee of the National Assembly at the law’s second hearing.

To support the draft SME Law, the GIG Program collaborated closely with the Agency for Enterprise Development (AED), the agency within the MPI charged with drafting the law. Although a formal drafting committee comprising of leaders of related ministries was set up, the task of drafting, coordinating and revising the law relied on just a few core individuals within AED. These core individuals needed significant support to complete the many procedural requirements mandated by the 2015 Law on Laws before the draft law could be presented to the National Assembly. Specifically, the Program supported the Government to survey SME’s on their needs for support, assess existing policies and legal frameworks, study international best practices in SME promotion, provide technical expertise in developing the obligatory Policy Impact Assessment (PIA) report, and organize public consultation workshops to solicit public feedback on the draft law.

## II. TECHNICAL ASSISTANCE

The GIG Program implemented a variety of strategic technical assistance activities to support the SME Law. The following technical assistance activities were specific procedural requirements set out in the 2015 Law on Laws that had to be completed before the draft law could be reviewed and approved by the National Assembly. Many of these activities were carried out concurrently.

**Surveying the needs of SMEs:** To help measure potential impacts of the SME Law on the business community and to inform the drafting team on key challenges facing SMEs, the Program engaged local consultants to conduct a field survey of 488 enterprises across 13 cities and provinces to provide evidence-based analysis for AED and the drafting committee. Specifically, the survey gathered information about: (i) current performance and status of SME operations; (ii) recent requests for support made by SMEs; (iii) opinions of SMEs on the current government support policies and those proposed under the draft law; and (iv)

SME development and operational challenges. The GIG Program assisted AED and representatives from related appraisal bodies including the National Assembly, the Office of the Government, the Ministry of Justice, Ministry of Finance, and the SME Association to conduct a field study in six provinces to hold consultations with local government agencies, business associations, and SMEs including women-owned firms. This intensive consultation helped guide the drafting team and enabled the community to voice their opinions on the SME Law:



*Participants discuss the SME Law at a workshop in March 2016 held in Ho Chi Minh City*

**Assessing existing regulatory and legal policies:** In Vietnam, committees drafting laws must conduct a thorough review of existing laws and regulations to identify shortcomings in the current legal framework and make recommendations for improvement. Prior to the SME Law, the most important sub-law, Decree 56, was enacted in 2009 to support SMEs in 8 areas ranging from access to finance and land to market access and labor training. The GIG Program engaged an expert to conduct an assessment of Decree 56, who recommended that the SME Law be focused on a few key areas to maximize its impact on the private sector.

**Studying and presenting international best practices:** According to the Law on Laws, drafting committees must examine and incorporate international best practices. The Program engaged an international consultant to conduct research and produce a report on international best practices. The Program and the consultant agreed to research a number of priority questions posed by AED, focusing on the rationale for SME support across different countries, monitoring indicators for SME support, and a comparative analysis of SME support models.

**Conducting a policy impact assessment:** The PIA was conducted by Economica, a consulting firm engaged by the Program to assess the socio-economic impacts of the draft law. Together with the draft SME Law, the PIA report is a centerpiece of the review process as it quantifies required resources from the Government to fully implement its proposed support and potential financial impacts on the business sector and economy as a whole. Based on the findings of the PIA, the GIG Program developed a policy position paper which was shared with the National Assembly. The ratified SME Law is ultimately a framework law

which highlights three specific supporting programs, including promoting household business transformation to the formal sector, innovative business start-ups, and SME participation in global value chains.

**Facilitating consultative workshops:** Part of Vietnam’s law-making process is the requirement to collect written opinions on draft laws from a broad range of stakeholders. The GIG Program collaborated with AED to hold several regional in-depth consultation workshops in the northern, central and southern regions with representatives of the National Assembly, ministries, local government leaders, prominent experts, business associations and SMEs. A media workshop was organized in Hanoi shortly before the National Assembly’s first hearing of the draft law. These workshops not only raised the awareness and understanding of the public, but provided them with opportunities to inform and help improve the draft. The GIG Program helped build trust by acting as a neutral third-party arbiter, linking parties and communicating the interests of the different stakeholders.



*Field surveys were conducted to assess the practical implementation and the effectiveness of SME-support regulations and programs, and on the draft Law on Support to SMEs*

### III. ISSUES AND CHALLENGES

**Effective participation in consultative workshops:** While the Program facilitated the consultative workshops, government counterparts ultimately decided who would be invited to participate. To ensure a broad range of SMEs were able to present their ideas at the consultative workshops, the Program began mapping the appropriate participants for each workshop early and shared their recommendations and reasoning with AED. Although AED did not always agree on the complete list of invitees, they took GIG’s opinion seriously and appreciated the input.

**Competing agendas among stakeholders:** There were a variety of stakeholders from both the public and private sectors, and SMEs within Vietnam are incredibly diverse and have diverse interests and needs. The consultative workshops were crucial activities that brought together the broad contingent of stakeholders from various areas of the country, and encouraged them to publicly voice concerns and share their perspectives on the draft law.

## IV. LESSONS LEARNED

**Participatory facilitation:** Throughout its support for the SME Law, the GIG Program remained in the background and focused its assistance through providing leading sectoral experts, maximizing consultations and enhancing partnerships. Despite the GIG Program taking the lead on several technical activities, AED led the incorporated revision to the draft law and developed its capacity to develop the law and its guiding provisions more collaboratively.

**Mobilizing stakeholders:** The Program took a 360-degree approach to mobilizing stakeholder involvement in the law-drafting process. The SME Law will impact the largest subset of Vietnamese enterprises who face many challenges in the current business environment to operate and grow their businesses and, at the same time, are not often included in the policy formulation process. The Program worked to make the consultative workshops and the entire drafting process as inclusive as possible, raising the voice of the private sector, including women-owned SMEs, business associations, social organizations and relevant government ministries, to ensure the new law better reflected their collective needs.

**Collaborative planning:** At each step of the law-drafting process, the Program promoted collaboration among a broad contingent of stakeholders representing many sectors and all areas of the country to provide inputs for improving the law. The Program promoted an environment of trust and relationship-building between and among stakeholder groups. As a result of this collaborative approach, private sector, social organizations, and government representatives became more comfortable with the collaborative process and recognized the increased value associated with collecting ideas from businesses and organizations with diverse interests, and thereby strengthening the final version of the law.

**Sustainability strategy:** The GIG Program emphasizes a full circle process to foster law formulation. The Program extended its support on the SME Law to assist in the consultation and PIA clarification for the guiding decree that stipulates six out of the nine articles that required further government provision for implementation. The Program also supported AED to design and implement a study to further integrate SMEs into selected global value chains. The study findings will inform AED in developing their model program to be adopted by ministries and provincial governments in supporting SMEs through value chain promotion under the SME Law.



# Vietnam Governance for Inclusive Growth Program



## LEARNING BRIEF

### Combatting Wildlife Trafficking (CWT)

## I. BACKGROUND

Vietnam is well-known for its biodiversity with a significant number of unique species and an ecosystem unlike any other. However, wildlife in Vietnam has been facing tremendous pressure from illegal harvesting and trafficking. Despite the Government's efforts to combat wildlife trafficking, the illegal trade continues. The results have been tragic: Illegal poaching killed the last Javan rhino in Vietnam in 2010, and has led other endangered species in the country to the brink of extinction. Vietnam has also become a transit point for wildlife illegally trafficked from other countries. Illegal wildlife trafficking contributes to the loss of other countries' wildlife and is linked to other organized criminal activities.

The USAID GIG Program began supporting Vietnam's efforts to combat wildlife trafficking in 2015 with the aims of improving the legal and regulatory framework and strengthening justice sector coordination and law enforcement capacity. From the very beginning of the Program's support, an emphasis was placed on the development of a coordinated, unified CWT effort across government ministries and departments. Over the past three years, the Program has brought together the Government, and national and international NGOs to work together towards a single goal; to combat wildlife trafficking and secure biodiversity for future generations.

## II. BRINGING STAKEHOLDERS TOGETHER

The Program's commitment to coordinating CWT activities across government ministries and agencies was evident when the Program began its support in mid-2015. Following an assessment of CWT and enforcement challenges, the Program organized a national workshop in collaboration with the General Department of Vietnam Customs (GDVC) Anti-Smuggling and Investigation Department to present its findings. The workshop, held in September 2015, brought together policy makers, key law enforcement bodies and NGOs to discuss challenges and identify opportunities to reduce wildlife trafficking.

The participants at this first workshop included representatives from the Program's key counterparts: the National Assembly (NA), Ministry of Agriculture and Rural Development (MARD), Ministry of Justice (MOJ), Ministry of Industry and Trade (MOIT), Supreme People's Procuracy (SPP), NGOs and scientific institutions. In keeping with the Program's cross-sectoral approach, representatives from the Ministry of Defense, Ministry of Public Security, Ministry of Finance (MOF), and from national and international organizations were also in attendance.

In April 2016, the Program followed up its initial activities by supporting the NA Science, Technology, and Environment Committee (STEC) to organize a workshop, entitled *Review of the implementation of legislation protecting endangered wildlife in Vietnam*, and a study trip to raise awareness among NA Deputies on CWT, and to strengthen NA oversight of the Government's law-making and enforcement efforts. The workshop was attended by 79 participants from the NA, the Office of the President, the Office of the Government, Ministry of Natural Resources and Environment (MONRE), MARD, MOF General Department of Vietnam Customs (GDVC), the Central Committee of Education and Information, and national and international NGOs, such as Save Vietnam Wildlife, ENV, IUCN, and WWF.

Following the workshop, participants visited the Da Nang Customs Department, the Tien Sa Seaport Custom Unit, and the Da Nang Police Department to discuss CWT efforts and challenges encountered when implementing national laws and international commitments. The workshop and study visit were the first CWT event led by the NA which enabled NA

Delegates and staff to consult directly with stakeholders, including from both Government and civil society.



*A customs official from the GDVC at a workshop on combatting wildlife trafficking held in Can Tho in February 2018*

### **III. IMPROVING THE LEGAL AND REGULATORY FRAMEWORK**

The GIG Program supported the amendment of new articles on wildlife crime for inclusion in the Revised Penal Code. The new law was scheduled to enter into force in July 2016, but was delayed for further revisions. As a result of a GIG Program-supported technical discussion held in December 2016, the NA Judicial Committee requested the GIG Program to further support the NA to revise the Articles on combatting wildlife trafficking. This technical working session enabled the NA and MOJ to solicit recommendations from relevant stakeholders, such as ministries, enforcement bodies, justice sectors officers, social organizations and experts on the articles in question. The Revised Penal Code was finally approved on June 20, 2017, and entered into force on 1 January 2018.

In 2017, the Program began supporting the NA on revisions to the Law on Forest Protection Development (the Forestry Law) through co-organizing a series of field missions, as well as review and consultative workshops. The outcomes of this collaboration led to a number of recommendations that were incorporated into the law. In addition to the specific recommendations, the GIG Program also contributed to the revision of articles related to wildlife protection and protected area management to ensure that the revised law remained consistent with the Revised Penal Code and the biodiversity and fishery laws.

Following the support on the Law on Forestry, which comes into force on 1 January 2019, the Program worked to ensure the law's proper implementation through support for a draft Decree on endangered wildlife management and the implementation of CITES (Convention on International Trade in Endangered Species) under MARD in Vietnam. The Program worked with MARD to convene technical meetings to review the draft decree in depth and hold a consultation workshop to solicit feedback. In July 2018, the Program worked in collaboration with the USAID Saving Species Project to support MARD to organize a national consultation workshop in Hanoi. More than 120 participants from multiple

government and non-government stakeholders provided feedback and recommendation on the draft Decree.



*Mr. Phùng Đức Tiên, Vice-Chair of STEC, leading in-depth discussion on Draft Forestry Law at a technical working session held in Ba Vi in September 2017*

#### **IV. STRENGTHENING LAW ENFORCEMENT**

As part of its support to strengthen law enforcement, the Program worked with the Supreme People's Procuracy University in Hanoi and the Procuracy Professional Training Center in Ho Chi Minh City – the two SPP training facilities that conduct professional training for prosecutors – to develop training courses on the prosecution of wildlife crime.

From 2016 - 2018, the Program worked to train more than 700 prosecutors, as well as 130 law enforcement officers and more than 100 judges. In October 2017, the Program collaborated with the SPP to organize training courses in Hanoi and Ho Chi Minh City, which included a training-of-trainers course attended by 64 SPP trainers from the SPP's training institutions in both Hanoi and Ho Chi Minh City.

Based on the findings from the prosecuted wildlife cases reviewed, and feedback from the training program, the GIG program worked with the SPP from February to May 2018 to prepare a Prosecutorial Manual to guide prosecutors on prosecution practices and the supervision of the judicial process for wildlife crime cases. The manual is being used by the SPP training institutions to provide prosecutors with updated information on existing laws, and standardizes procedures, including steps for handling evidence and conducting investigations.

## IV. SYSTEMIC AND SUSTAINABLE OUTCOMES

- **Strengthened laws and regulations on CWT**, including a review of the national legal framework; CWT-related revisions to the Penal Code; and the Forestry Law. On Nov 5, 2018 the Supreme People’s Court Judge Council issued Resolution No. 05/2018/NQ-HDTP providing guidelines on applying the Penal Code’s Article 234 on crimes violating regulations on wildlife protection and Article 244 on crimes violating regulations on protection of endangered fauna.
- **Improved prosecutorial capacity and justice sector coordination on CWT.** The program has worked with the Supreme People’s Court, Supreme People’s Procuracy and Ministry of Justice to train more than 700 prosecutors as well as 130 law enforcement officers and more than 100 judges. The Program’s work included the review of 128 prosecuted criminal cases and support for justice sector to consult local judges, prosecutors and enforcement officers to gather feedback on enforcement and prosecution challenges and identify areas for improvement. A Prosecutorial Manual on prosecuting wildlife crime was developed in collaboration with the SPP, and is currently used as a training resource by the SPP Training institutions.
- **Strengthened NA oversight.** The GIG Program supported the NA to implement oversight missions focusing on CWT coordination and enforcement efforts, including an official critique of Government efforts through an oversight report submitted to the NA Standing Committee. The Program and the NA co-organized consultative workshops with central and local government and non-governmental stakeholders to review CWT efforts and to gather input for revising laws, regulations on wildlife protection.
- **New Judges Council Resolution.** The GIG Program worked with the Supreme People’s Court Judges’ Council on the development of a new resolution in 2018 to guide judicial decision-making relating to new provisions on wildlife crime in the 2015 penal Code. The resolution contributes to effective policy implementation and efficient coordination in the justice sector, improving the prosecution of crimes relating to wildlife as well as benefitting prosecutorial processes more broadly.
- **Strengthened inter-agency and partner/donor coordination on CWT.** The Program worked across the Justice sector and multiple government counterparts, including the MOF’s General Department of Vietnam Customs; the MOJ; the SPP; and the NA’s Science, Technology, and the Environment Committee. The GIG Program has focused on improving the effectiveness of the Vietnam Wildlife Enforcement Network (WEN) through the improvement of protocols and procedures to raise the organization’s profile and effectiveness.

## V. LESSONS LEARNED

**Identify key counterparts:** Previous work on CWT only focused on government management bodies and law enforcement bodies. For instance, the Vietnam CITES Management Authority under MARD, Forest Ranger Units and the police received most of the support for CWT. The Justice sector was largely neglected. As a result, Vietnam had a high number of arrests but the rate of effective prosecutions was low. The GIG Program focused on strengthening justice sector engagement, specifically to improve prosecutions by

strengthening the capacity of prosecutors and adjudication by strengthening the role of judges, and by improving the coordination between the prosecutors and the courts.

**Engage with the National Assembly on oversight:** Earlier, the NA had very little involvement in CWT and had no oversight on the issue. To address this, the GIG Program started to engage the NA in CWT efforts through supporting specific NA oversight missions on CWT to key trafficking hubs to experience the situation themselves and discuss with enforcement and local authorities to document implementation challenges as well as gaps in the existing laws and regulations.

**Bringing stakeholders together:** The Program worked with an array of counterparts and stakeholders. When the Program began working on CWT, there were already several organizations and projects conducting activities with various government counterparts. One of the objectives of the GIG Program was to bring all these stakeholders together in the pursuit of unified goals in a coordinated manner. Government agencies, national and international NGOs were included and consulted on Program efforts, many of which were carried out in collaboration with a range of government partners to improve coordination and public participation.



# Vietnam Governance for Inclusive Growth Program



## LEARNING BRIEF

### Resolution 19

## I. BACKGROUND

Although the business environment in Vietnam had improved considerably since the country opened its economy to international markets in the late 1980s, the Government had yet to employ a reliable method for benchmarking its performance against that of other countries. Without an objective method to monitor and evaluate the effectiveness of reforms, there was no reliable way for the Government to determine the objectives and areas for further improvement. The lack of specific, evidence-based reforms presented a real risk that the momentum generated by previous efforts would be lost.

In response, the Central Institute for Economic Management (CIEM) – a department under the Ministry of Planning and Investment (MPI) – began advocating for the adoption of the World Bank Doing Business Indicators as an effective evaluation tool. The indicators compare the ease of complying with policies and procedures for local businesses across 190 economies. For CIEM, the World Bank’s methodology provided an evidence-based approach to expand reforms and increase the competitiveness of the Vietnamese economy.

In 2014, the USAID Governance for Inclusive Growth (GIG) Program began working with the MPI to establish an objective methodology to benchmark the progress of trade reforms against that of other countries. Close collaboration with CIEM led to the Government issuing Resolution 19, a groundbreaking decision that enabled the objective measurement of trade reforms in Vietnam for the first time. To date, 4 versions of Resolution 19 have been issued, with each version building on the one before. In addition to the World Bank Indicators, Resolution 19 references a number of other key indices, including: the World Intellectual Property Organization’s Global Innovation Index; the World Economic Forum Global Competitiveness Index; and the e-Government United Nations e-Government Development Index.

Collaboration is at the core of the process, with the Program bringing together stakeholders from Government, the business community and the public sphere to share perspectives and foster a spirit of understanding and dialogue. The emphasis on collaboration has enabled stakeholders to see the issues from different sides, which has resulted in realistic and effective objectives for reform.

While Resolution 19 has achieved significant quantifiable results, greater accountability and transparency in the policy-making process have been key outcomes. Resolution 19 stands as a model for inclusive policy making, providing momentum for increased public participation in the work of government.

## II. BUILDING MOMENTUM

**Education and outreach:** The most pressing task at the start of the Program’s work was to convince the various government agencies that the Resolution 19 methodology, largely adapted from the World Bank Doing Business (WBDB) methodology, was the most effective tool to objectively evaluate reforms. To gain this consensus, the Program brought in the WBDB team and other highly regarded international consultants to introduce the WBDB indicators in detail and identify specific areas for reform. To build trust among senior officials and develop the buy-in necessary to move forward with reforms, the Program engaged highly-regarded international consultants who provided compelling quantitative evidence for reform.

**Mobilizing for reform:** To develop a sense of urgency, the Program collected a base of convincing technical evidence, and together with CIEM, continued to collect evidence while concurrently engaging in education and outreach activities, such as consultative workshops and seminars, to strengthen commitment and mobilize urgency for reform.

The Program also facilitated site visits, which enabled central level officials to experience the difficulties businesses were facing on the ground and observe first-hand the need for reform. These visits left a lasting impression on senior government officers and encouraged them to become champions for the reform process. To reach a wider audience, increase exposure, and maintain pressure for reform, at every opportunity the GIG Program also invited the mass media to participate in site visits and consultation events.

**Launch Event:** Once the first version of Resolution 19 was approved, CIEM and the GIG Program facilitated a launch event, which included the Deputy Prime Minister and relevant stakeholders. This high-level support from the Government was critical for mobilizing action and obtaining buy-in from other ministries.



*A member of the business community shares her opinions during a Resolution 19 consultation workshop.*

### **III. TECHNICAL ASSISTANCE**

Once the significance of Resolution 19 was recognized, government ministries and agencies willingly engaged with the Program to showcase their efforts to improve the business environment in their respective areas. The GIG Program's assistance contributed to several circulars and decrees that have streamlined administrative procedures for businesses in the areas of specialized inspection of imports and exports; getting electricity; energy testing and labelling requirements for imported equipment; and value-added tax procedures; among others.

The Program supported the research and analysis of the key issues and then identified appropriate experts to develop proposals for implementing the necessary reforms. At every opportunity, the Program encouraged stakeholders to communicate through public-private consultation workshops. These workshops provided an opportunity for private sector stakeholders to provide direct, practical feedback to the ministries on the implementation of reforms.

## IV. ISSUES AND CHALLENGES

**Initial resistance to reform:** From the beginning, CIEM and GIG met varying degrees of resistance both at central and local levels. Some ministry officials were reluctant to accept the WBDB indicators and methodology. However, by engaging highly regarded technical experts and international consultants early on, the Program became a trusted expert and further solidified relationships with potential champions for reform. By developing the right evidence base, the Program provided government stakeholders with compelling evidence about the benefits of reform. Ultimately, by building relationships with champions in senior government positions and in the business community, the GIG Program effectively facilitated reforms both from the top-down through senior government officials and from the bottom-up through the business community.

**Convincing the business community to participate:** Initially, the business community was reluctant to participate in the reform process. They tended to be apathetic to the process because they had no previous advocacy experience and, therefore, didn't trust that their input would be valued or accepted by the Government.

To overcome this initial reluctance, the Program developed cooperative relationships and encouraged participation in public consultative workshops and forums. The Program was recognized as a neutral third party capable of facilitating the consultation process. By organizing central-level consultative workshops, local businesses were more willing to propose regulatory reforms and to voice their opinions about regulatory inefficiencies at local levels.

**Maintaining long-term consistency with a revised annual focus:** Resolution 19 is a unique competitiveness tool that's updated annually. Each year, the issues related to Resolution 19 are revised based on a consultative process. Because the issues change from year to year, the Program maintained momentum for reform working to make Resolution 19 a recognizable brand. Everyone knows what Resolution 19 is used for and every year it gains popularity as it addresses important problems. This ensured that the Program didn't waste time or resources communicating with or obtaining buy-in from stakeholders each year.

## V. LESSONS LEARNED

**Work with pioneering counterparts:** Reforms need a pioneer counterpart that can take the initiative and lead the way. Partnering with a lead agency that is committed to continuously advocate for reforms is crucial, and also paves the way for engaging other government agencies as necessary. Once the key counterpart was ready to work closely, the Program started expanding its engagement with other agencies within the system, and then to other external stakeholders.

**Engage the right consultants:** This was critical for the success of Resolution 19. Specifically, the Program recognized the need for highly regarded technical experts to conduct outreach and convince stakeholders, while ultimately guiding the implementation of technical assistance. International and national experts were engaged to convince government officials of the efficacy of the Resolution 19 methodology.

**Collaborate with and mobilize stakeholders:** The Program engaged with a diverse coalition of stakeholders that included government officials, private sector actors, civil society organizations, international donors, and always, the media. The Program also worked with international development organizations, including the World Bank, the International Monetary Fund, the Asian Development Bank, the European Union, and the Japan International Cooperation Agency to coordinate activities and pool resources.

**Promote the role of counterpart(s):** Throughout the project, the Program worked as a trusted partner with their main counterpart CIEM. Program staff ensured that counterparts took ownership for the consultation workshops, trainings, and outreach activities and stayed in the background. This ensured continued buy-in from the counterpart.

**Engage with the media:** CIEM implemented annual launches and other events to publicize its objectives, progress and challenges to the public and all of government. At each event, CIEM leaders actively engaged with media to educate the public and to build public support.

**Employ a bottom-up approach:** This is necessary to ensure that government agencies can engage in the reform process from multiple perspectives and are able to understand issues at local levels. Providing forums for evidence gathering and for voices to be heard at the local levels can build understanding, momentum and the push for further reforms.