

GOVERNMENT

No.: 90/2001/CP-ND

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness

Hanoi, November 23, 2001

DECREE OF THE GOVERNMENT

On Supporting for Development of Small and Medium Enterprises

THE GOVERNMENT

- Pursuant to the Law on Governmental Organization of September 30, 1992;
- In order to encourage and further facilitate the development of small and medium enterprises;
- Upon the request made by the Minister of Planning and Investment.

DECREES:

CHAPTER I

GENERAL PROVISIONS

Article 1: Objective

Development of small and medium enterprises is an important task in the Socio-Economic Development Strategy, accelerates the industrialization and modernization of the country.

The State shall encourage and facilitate small and medium enterprises release their initiatives and creativity, improve their managerial capacities, develop their science, technology and human resources, expand their linkages with other types of enterprises, increase their business efficiency and competitiveness in the market; develop the production and business, create more jobs and improve the living standards for labours.

Article 2: Scope of Governance

Small and medium enterprises shall be eligible to enjoy encouragement policies under the current legislation. This Decree shall further stipulate support policies and institutions on small and medium enterprise promotion to meet the requirements of the socio-economic development and accelerate the industrialization and modernization of the country.

Article 3: *Definition of Small and Medium Enterprises*

Small and medium enterprises are those independent business and production establishments that have resisted their business under the current legislation, have the registered capital of less than VND 10 billion or the average number of annual employees of less than 300.

Based on the specific socio-economic situations of sector and locality, during the implementation process of the support measures and programs, it is able to apply flexibly either the two criteria of capital and number of employees or one of the two to identify small and medium enterprises.

Article 4: *Objectives for Application*

This Decree shall be subject to small and medium enterprises including:

- Enterprises established and operated under the Law on Enterprises;
- Enterprises established and operated under the Law on State Owned Enterprises;
- Co-operatives established and operated under the Law on Co-operatives;
- Household businesses registered under the Decree No. 02/2000/ND-CP of the Government of March 2, 2000 on Business Registration.

Article 5: *Support Programs*

Small and Medium Enterprise Support Programs of the State (hereinafter referred to as the Support Programs) are target programs for small and medium enterprises. Based on the priority directions of socio-economic development, development of industries and encouraged localities, the Support Programs shall be allocated in the annual plan and the five year plan decided by the Prime Minister or Chairmen of People's Committees of the provinces and cities under the authority of the Central Government.

The Support Programs include: objectives; specific eligible small and medium enterprises by industries, fields and geographical areas; contents of support; resources; plans and measures on policies, mechanism and implementation arrangement. The Support Programs for small and medium enterprises managed by woman entrepreneurs shall be given priorities.

CHAPTER II
SUPPORT POLICIES

Article 6: *Investment Promotion*

- (1) The Government shall support for the investment through financial and credit measures applied for a certain period for small and medium enterprises investing in a number of industries including traditional ones and in the encouraged localities.
- (2) The Government shall encourage financial institutions, enterprises and legal persons contribute their investment capital into small and medium enterprises.

Article 7: *Establishment of Credit Guarantee Fund for Small and medium enterprises*

The Credit Guarantee Fund for Small and Medium Enterprises shall be established in order to provide guarantee to those small and medium enterprises that do not have sufficient collateral, mortgage to get loans from credit institutions.

Ministry of Finance shall chair and collaborate with relevant agencies develop the proposal of organization and operational regulations of the Credit Guarantee Fund for Small and Medium Enterprises to submit to the Prime Minister for decision.

Article 8: *Production Premises*

Based on the socio-economic development planning and land use planning and plan in provinces and cities approved by the Prime Minister, Chairmen of People's Committees of provinces and cities under the authority of the Central Government shall facilitate small and medium enterprises get appropriate production premises; guide to spend land fund and implement encouragement policies develop industrial zones and sites for small and medium enterprises, so that they could have premises for constructing their business and production establishments or moving out of urban areas and assuring the environment hygiene.

Small and medium enterprises shall be eligible to enjoy encouragement policies in terms of the land lease, re-sell, collateral and other rights on land use under the legal regulations.

Article 9: *Markets and Competitiveness Improvement*

- (1) Ministries, agencies, People's Committees of the provinces and cities under the authority of the Central Government shall guide, facilitate small and medium enterprises to access to information on markets and prices of goods, and assist small and medium enterprises in expanding their markets and consuming their products.
- (2) Localities shall provide support to small and medium enterprises for displaying, introducing, advertising and marketing their potential products so as to facilitate the expansion of their markets.
- (3) The Government shall facilitate small and medium enterprises to take part in supplying goods and services according to the plan of procurement using the state budget source. Ministries, agencies and localities shall have plan with priority to make orders under quota allocated for small and medium enterprises producing goods and services that have good quality and meet their requirements.
- (4) The Government shall facilitate industrial subcontracting arrangements, strengthen linkages between small and medium enterprises and other enterprises in terms of production cooperation of products, spare-parts, components, construction contracting, in order to promote the technology transfer, expand consumption markets and improve competitiveness of small and medium enterprises.
- (5) Through the support programs, the Government shall facilitate small and medium enterprises to upgrade technology, equipment and machines, develop new products, and modernize management so as to improve their product quality and competitiveness in markets.

Article 10: *Export Promotion*

- (1) The State shall encourage small and medium enterprises to increase their export, create favorable conditions for small and medium enterprises to develop their cooperation, linkages with foreign enterprises and expand export markets of goods and services. Through the export promotion support program, the State shall subsidy a partial costs for those small and medium enterprises involved in study tour, research, cooperation exchange, participation of trade fairs, product exhibition and introduction, and market research abroad. The subsidized cost shall be allocated in the Export Support Fund.
- (2) Ministries and agencies shall create favorable conditions for small and medium enterprises to participate in export programs of the State.

Article 11: Information, Consultancy and Human Resource Training

- (1) The Government, Ministries, agencies, local People's Committees shall provide necessary information via publications and Internet to small and medium enterprises through the Ministry of Planning and Investment (the Small and Medium Enterprise Development Department) in collaboration with relevant agencies and professional social organizations supporting for small and medium enterprises.
- (2) The Government shall provide financial support to consult and train human resources for small and medium enterprises through the training support program. The budget for the training support shall be allocated from state budget for training and education purposes.
- (3) The Government shall encourage international and national organizations to assist small and medium enterprises in terms of providing information, consultancy and human resource training.
- (4) The Government shall encourage the establishment of “incubators for small and medium enterprises” to guide, train entrepreneurs in the initial step of business startup.

CHAPTER III

SMALL AND MEDIUM ENTERPRISE PROMOTION ORGANIZATION

Article 12: Establishment of Small and Medium Enterprise Development Department

Small and Medium Enterprise Development Department shall be established under the authority of the Ministry of Planning and Investment to assist Minister of Planning and Investment in performing the function of the state management on small and medium enterprise promotion.

Article 13: The Small and Medium Enterprise Development Department has the main following responsibilities and powers:

1. Assisting Minister of Planning and Investment in directing small and medium enterprise promotion activities: developing or participating in developing policies, legal documents on small and medium enterprise promotion, submitting to the authorized level for promulgation; synthesizing the development of small and medium enterprise support programs, making the list of specific eligible small and medium enterprises by industries, fields and geographical areas, contents of support; coordinating, providing guidelines and overseeing the implementation of support programs after approval.
2. Organizing the training courses to increase capacity for staff of small and medium enterprise support organizations and improve operational skills in terms of small and medium enterprise promotion.

3. Implementing international cooperation in terms of small and medium enterprise promotion through allocating and balancing resources and calling for external funds for small and medium enterprise assistance.
4. Collaborating with relevant agencies and organizations to provide necessary information for small and medium enterprises.
5. Collaborating with relevant agencies and organizations to promote small and medium enterprise assistance in terms of consultancy of technique and accessing to new technology and equipment, providing guidelines and training on technical management operation and business management.
6. Every six-month preparing reports on small and medium enterprise development and their problems for the Minister of Planning and Investment to submit to the Government.
7. Acting as the permanent secretariat for the Small and Medium Enterprise Development Encouragement Council.
8. Performing other state management functions in terms of small and medium enterprise promotion assigned by the Minister of Planning and Investment.

Article 14: *Organizational Structure and Operational Regulations of the Small and Medium Enterprise Development Department*

- (1) The Minister of Planning and Investment shall stipulate in details the responsibilities, powers and organizational structure of the Small and Medium Enterprise Development Department. The permanent staff and operational costs of the Small and Medium Enterprise Development Department shall be decided by the Minister of Planning and Investment after the consultation with the Minister - Chief of Governmental Department of Organization and Personnel and the Minister of Finance on the basis of using staff in the process of organizational restructure of the Ministry of Planning and Investment so as to allocate the staff of the Department compactness, effectiveness and meeting the requirements of pushing up small and medium enterprise promotion activities in the new context.
- (2) Operational costs of the Small and Medium Enterprise Development Department shall be allocated from the state budget and be included in annual budget plan of the Ministry of Planning and Investment.

Article 15: *Establishment of Small and Medium Enterprise Development Encouragement Council*

- (1) Small and Medium Enterprise Development Encouragement Council shall be established. The Council shall be responsible for providing advice on small and medium enterprise development encouragement policies and mechanisms to the Prime Minister. The Council members shall work on part-time basis. The Prime

Minister shall decide functions, responsibilities and members of the Council upon the request of the Chairman of the Council.

- (2) The members of the Small and Medium Enterprise Development Encouragement Council shall consist of:
- The Chairman of the Small And Medium Enterprise Development Encouragement Council who is the Minister of Planning and Investment.
 - The Permanent Secretary of the Council: Director of the Small and Medium Enterprise Development Department.
 - Representatives from Ministries: Ministry of Planning and Investment, Ministry of Industry, Ministry of Finance, Ministry of Agriculture and Rural Development, Ministry of Construction, Ministry of Transportation, Ministry of Trade, Ministry of Science, Technology and Environment, Ministry of Education and Training, Ministry of Labour, Invalids and Social Affairs, Ministry of Justice.
 - Representatives from People's Committees of Hanoi, Ho Chi Minh City, Hai Phong and Danang.
 - Representatives from Vietnam Chamber of Commerce and Industry, Vietnam Central Council of Cooperative Alliance, some business associations
 - Some experts in economic, science, technology and training fields.
- (3) The operational regulations shall be decided by the Chairman of the Council.
- (4) Operational costs of the Council shall be allocated in the operational costs of the Small and Medium Enterprise Development Department.

Article 16: *Establishment of Technical Assistance Centers for Small and Medium Enterprises*

The Ministry of Planning and Investment shall establish Technical Assistance Centers for small and medium enterprises in Hanoi, Danang and Ho Chi Minh City under the authority of the Small and Medium Enterprise Development Department.

Technical Assistance Centers for small and medium enterprises shall be public-service units with revenue and be responsible for providing consultancy for the Small and Medium Enterprise Development Department and acting as focal points of consultancy in terms of technology, technique and equipment improvement; providing guidelines on technical management and equipment maintenance; facilitating the access to new technology and equipment for small and medium enterprises.

The Ministry of Planning and Investment shall develop the proposal on organization and promulgate operational regulations of these centers after the consultation with the Governmental Department of Organization and Personnel and relevant agencies.

Article 17: *Small and Medium Enterprise Promotion in Localities*

People's Committees of provinces and cities under the authority of the Central Government shall promote small and medium enterprises in their respective localities with the following main tasks:

- directing small and medium enterprise promotion activities, developing or participating in developing the legal documents providing guidelines on the implementation of regulations of the Government, the Prime Minister and the Ministry of Planning and Investment on small and medium enterprise promotion within localities. Synthesizing the development of small and medium enterprise support programs; coordinating, providing guidelines and overseeing the implementation of support programs after approval.
- Every six-month preparing reports to the Ministry of Planning and Investment to synthesize small and medium enterprise development and their problems needed to address.
- Collaborating with relevant agencies and organizations to perform small and medium enterprise promotion activities within localities under the current regulations.

Article 18: *Small and Medium Enterprise Support Organizations*

- (1) The Government shall encourage the establishment and consolidation of small and medium enterprise support organizations under political – social organizations and agencies and professional social organizations to implement effectively and realistically the support programs.
- (2) The Government shall encourage and facilitate small and medium enterprises participate in the existing business associations and establish business associations and clubs to implement activities including attraction of external resources for providing support effectively and directly for small and medium enterprises in terms of information, marketing, training, and technology services..., so as to enhance the business and production efficiency of small and medium enterprises.
- (3) Ministries, agencies, local People's Committees shall be responsible for regularly meeting with, addressing problems occurred in the production and business for small and medium enterprises; organizing the collection of comments from the business associations during the draft of legal documents with regards to small and medium enterprises.

- (4) The business associations and clubs shall be organized and operated under the legal regulations.

CHAPTER IV

IMPLEMENTATION PROVISIONS

Article 19: *Effect of Implementation*

The Decree shall take into effect after 15 days from the date of promulgation.

Article 20: *Implementation Responsibilities.*

- (1) The Ministry of Planning and Investment shall be responsible for collaborating with relevant ministries, agencies, organizations to implement follow-up works, provide guidelines, keep track, promote the implementation of this Decree and report to the Prime Minister the implementation and new problems occurred to be addressed.
- (2) Ministers, Heads of Ministerial level agencies, Heads of Governmental agencies and Chairmen of the People's Committees of provinces and cities under the authority of the Central Government shall be responsible for implementing this Decree.

ON BEHALF OF THE GOVERNMENT

PRIME MINISTER

signed

Phan Van Khai