

# Independent Evaluation

## Technical Assistance to Business Registration Reform in Viet Nam 2008-2013

### UNIDO Projects

TF/VIE/08/001, XP/VIE/08/002 and FB/VIE/09/006, US/VIE/10/002



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



# **UNIDO EVALUATION GROUP**

## **Independent Evaluation**

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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

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# Abbreviations

ABR	Agency for Business Registration
ADB	Asian Development Bank
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASMED	Agency for SME Development
BER	Business Environment Reform
BRC	Brønnøys und Register Centre
BRD	Business Registration Department
BRO	Business Registration Offices
BRR	Business Registration Reform
BRSC	Business Registration Supporting Center
CRF	Corporate Registers Forum
CTA	Chief Technical Adviser
DAC	Development Assistance Committee (of OECD)
DB	Doing Business (World Bank/IFC)
DPI	Department of Planning and Investment
FIE	Foreign Invested Enterprises
GDP	Gross Domestic Product
GDT	General Department of Taxation
GIZ	German International Cooperation (Former GTZ)
GSO	General Statistics Office (of Viet Nam)
HCMC	Ho Chi Minh City
ICT	Information and Communication Technology
IFC	International Finance Corporation
IT	Information Technology
MDG	Millennium Development Goal
MPI	Ministry of Planning and Investment
MPS	Ministry of Public Security
NBRS	National Business Registration System
NPD	National Project Director
NORAD	Norwegian Agency for Development Cooperation
NRD	Norway Register Development
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PCI	Provincial Competitiveness Index
SECO	State Secretariat for Economic Affairs (of Swiss Confederation)
SMART	Specific, Measurable, Attainable, Relevant, Time-bound (criteria)
SME	Small and Medium Enterprise
SOE	State-Owned Enterprises

ToR	Terms of Reference
UN	United Nations
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
USD	United States Dollars
VCCI	Viet Nam Chamber of Commerce and Industry
VND	Viet Nam Dong
WTO	World Trade Organization

## Glossary of evaluation related terms

Term	Definition
Baseline	The situation, prior to an intervention, against which progress can be measured.
Effect	Conclusions point out the factors of success and failure of the evaluated intervention, with special attention paid to the intended and unintended results and impacts, and more generally to any other strength or weakness. A conclusion draws on data collection and analyses undertaken, through a transparent chain of arguments.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically inputs (through activities) are converted into outputs.
Impact	Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
Indicator	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.
Lessons learned	Generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.
Outcomes	The likely or achieved short-term and medium-term effects of an intervention's outputs. Related terms: result, outputs, impacts, effect.
Outputs	The products, capital goods and services that result from a development intervention; may also include changes resulting from the intervention that is relevant to the achievement of outcomes.
Recommendations	Proposals aimed at enhancing the effectiveness, quality, or efficiency of a development intervention; at redesigning the objectives; and/or at the reallocation of resources. Recommendations are linked to conclusions.
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partner and donors' policies. Note: Retrospectively, the question of relevance often becomes a question as to whether the objectives of an intervention or its design are still appropriate given changed circumstances.
Results	The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention. Related terms: outcome, effect, impacts.
Sustainability	The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.

## Executive summary

This report is the outcome of an independent evaluation of the Ministry of Planning and Investment (MPI) – UNIDO *Technical Assistance Business Registration Reform Project in Viet Nam* (BRR), which has been implemented from 2008 to 2013. The Project's aim is to provide policy and technical advice towards the achievement of nationwide business registration reform. As a result, enterprises would be able to register for business, tax code, statistics and seals through a single-point, using a consolidated form and obtain a unique enterprise ID. National capacities would be developed to simplify the legal framework, processes and procedures and to set up and operate a computerized National Business Registration System (NBRIS).

The Project has been funded by Switzerland (SECO), Norway (NORAD), UNIDO and the One UN Fund with a total external budget of USD 12.7 million. SECO has provided USD 6,7 million, NORAD USD 4,5 million, the One UN Plan USD 0,5 million and UNIDO from its own resources USD 1 million. In addition, the Government of Viet Nam has contributed about USD 2 million in-kind. The host of the Project is the Agency for Business Registration (ABR) in MPI since ABR was established in 2010 and prior to that it was the Agency for Small and Medium Enterprise Development (ASMED). The Project is coming to an end in December 2013, and MPI and UNIDO is planning for a new phase.

## Purpose and methodology

According to the Terms of Reference, the Evaluation has assessed the relevance, efficiency, effectiveness, sustainability and impact of the Project. Furthermore, the Evaluation has assessed management, gender and environmental sustainability, the Project design, the level of national ownership, relevance to various stakeholders and synergies with other UNIDO projects as well as with initiatives of the Government and donors. The Evaluation has also produced recommendations for the potential third phase.

The Evaluation has been undertaken by a team of independent evaluators. The work included two visits to UNIDO headquarters in Vienna by the international consultants and a two weeks field mission to Viet Nam during which Business Registration Offices (BRO) and other organizations were visited in Ha Noi, Ho Chi Minh City (HCMC), Da Nang, Hai Duong and Quang Ninh. As an element of the Evaluation, two specific studies have been conducted by the Vietnamese consultants:

- An on-line survey targeting the management of Viet Nam's 65 provincial BROs.
- An enterprise case study conducted in person with selected enterprises which have registered with BROs and consultancy firms which provide registration services to enterprises.

## Project background

The Business Registration Reform project in Viet Nam has a background in the UNIDO project *Assistance to Industrial SMEs in Viet Nam 1996-2000* funded by Germany. Under this project UNIDO promoted that the existing Enterprise Law from 1990 should be updated, and that the legal documents needed to create an open centralized database of registered enterprise should be promulgated. In 2004, UNIDO began implementing the 5- year project *Assistance to Establish the National and Provincial SME Support Infrastructure* with funding from Finland and Italy. ASMED, with assistance from UNIDO, designed a nationwide business registration reform program that would create a computerized single-point business, tax and statistics registration system to lower the cost of market entry and doing business in the country. The SME Infrastructure project also exposed government officials to the experience in business registration in a number of countries through study tours. The project *Implementation Planning and Mobilization for Viet Nam Business Registration Reform-Phase I* was approved in April 2006 with financing from Norway of USD 0,6 million for a nine month period. During implementation a number of steps were taken to reform the business registration such as assisting the Government in formulating required Government decrees for business registration. These steps were formalized by the Government in a Resolution November 2007 which stated the goals in the coming period as:

- Abolishing the granting of seal-carving permit;
- Business- and tax code registration effectuated within 5 days;
- Unification of the business- and tax registration files;
- Assignment of the tax code as the unique ID of enterprises;
- Establishing of a national business registration database accessible for the BROs.

The extensive cooperation between the Government and UNIDO, and the Government's resolution 2007 laid the ground for the BRR Project.

## Project objectives

The BRR Project was designed for two phases. Phase A concerned the *establishment of the National Business Registration System* and Phase B the *establishment of the Financial Statements Filing System*. The original Project document (2008) defined the development objective as "*The business environment for enterprise start-up and operations is improved*" with the two immediate objectives:

- *Computerized National Business Registration System containing registration information on enterprises nationwide is operational in 63 provinces by October 2009.*

- *The National Business Registration System is complemented with a computerized financial statements filing and dissemination system operational in 63 provinces by November 2009.*

Norway, UNIDO and the One UN Plan funded (part of) phase A with a total external budget of USD 6 million (2008-2010). In 2010 the Swiss Secretariat for Economic Affairs (SECO) joined the Project. With SECO's participation MPI-UNIDO prepared a new Project document (October 2010). While the objectives and expected delivery of the 'new' Project was the same as the 'old', the time frame and the budget were expanded until April 2013 and the Project budget was expanded to USD 12.7 million. In late 2012, it was agreed between SECO, UNIDO and MPI that the time frame would be prolonged for eight months without additional funding. The current final date is December 2013.

## **Inputs**

The inputs financed by the Project budget comprises of Information and Communication Technology (ICT) hardware and software, technical assistance provided by long-term and short term advisers, including a Chief Technical Adviser (CTA) working full-time with the Project for about 4 years from November 2008, and national consultants and project staff of in total 45 persons providing ICT services, legal services, administration, etc. ICT hardware accounts for about USD 2.5 million, or 20% of the total cost, and international long-term and short-term experts and advisers about USD 5 million or 40% of total cost.

## **Outputs**

The main output of the Project has been the establishment and implementation of the computerized National Business Registration System in operation since 2010. This system has harmonized and integrated business registration, which in the past was carried out independently by the BROs in Vietnam's 63 provinces, in most manually. The basis for the system is the implementation of a single ID for the enterprises used by the business registration, the taxation system and the statistics office, and delivered at a single-point geographically. The NBRS not only has simplified the business registration procedure for the enterprises, but also provides nation-wide legally valid data for the enterprises to the business community, government and the public at large. The formal selling of such data began in April 2013. The reform of the business registration system has been accompanied by a series of changes in regulations to which the Project provided advisory support. The Project has trained in total some 500 staff in ABR and 65 provincial BROs, trained trainers, organized study tours, developed manuals, and carried out promotional and awareness building activities with the business community and for the public at large (web-site, media, etc.). An output of the Project was also the establishment of ABR.

## Relevance

The UNIDO BRR project 2008-2013 is a relevant technical assistance project for the Vietnamese government, the business community in Viet Nam and the main donors of the project, Switzerland and Norway, and also for UNIDO as the technical assistance organization. The ownership by government is strong, not least grounded in the long gestation period and long-term close partnership between UNIDO and the Ministry of Planning and Investment since the 1990s. The Project, which is a product of a deep participatory process, fits well into the Government's reform agenda concerning the business environment specifically and the administrative procedures in general. Of particular relevance to the Government has been the advisory support provided on legislation related to the business registration reform.

The Project is relevant also to the business sector as it has simplified the registration procedure, reduced the cost of registration, shortened the length of the registration process as well as reduced the discretionary power of individual staff of the BROs, thereby reducing the possibilities for rent-seeking. It is of relevance also as it lays the foundation for legal business information in the whole country which over time is likely to reduce transaction costs in the economy. In a long-term perspective, the business registration reform which the Project has supported is a much needed improvement and modernization of the business environment in Viet Nam.

The Project is relevant to the main donors, Norway and Switzerland, and in line with their strategies for private sector development. The Project fits well into SECO's broad agenda for support to Business Environment Reform. From the Norwegian point of view, the Project is of special interest as it to a large extent has used Norwegian models and resources as the Government of Vietnam opted for a Norwegian model for business registration based on institutional collaboration. Also the main share of the technical assistance has been provided by a Norwegian company and a Chief Technical Adviser (CTA) of Norwegian nationality.

The relevance of the Project in the context of the One UN Plan is difficult to assess, especially in the new 2012-2016 Plan. Similar to many other UN projects, it is a single-agency project. While the Project is not along UNIDO's core competencies, it is a relevant undertaking, especially if UNIDO wants to expand its services into a new technical field for the organization. It is the largest UNIDO project in Viet Nam with a high profile and also overall an unusually large UNDO technical assistance project.

## Effectiveness

The Project document formulated the development objectives related to the business environment for enterprise start-up and operations, using key indicators for performance such as *reduction in the time to register an enterprise; reduction*

*in the cost of registering an enterprise, and availability of financial statements of shareholding enterprises.* The Project document provided measurable targets for these indicators also time-wise. As compared to the original targets, the Project has been quite effective in producing the outputs in line with the ambitious time schedule, and reasonably effective in achieving the outcome in terms of reducing time and costs for registration. It should, nevertheless, be noted, that the objectives provided in the Project documents in 2008 and 2010 (and expressed in the detailed log-frames) only partially reflect what the Project is all about. Thus, the Project has more to do with a major reform of the Vietnamese administration in respect of cooperation between ministries, in development of a culture of service-orientation to the business community, in introducing e-government and in creating efficient management, than reducing registration time and costs for business registration (which mainly took place prior to the Project).

## **Efficiency**

The Project inputs seem to have been delivered in an efficient manner. There has been a tight project management structure established with a high level of direct involvement by the project manager at UNIDO, Vienna. Also, there has been, overall, a well-functioning management structure between the National Project Director, the CTA and the UNIDO project manager, which likely contributed to efficient project implementation. The Project has had an unusually detailed planning as a technical assistance intervention, facilitated by the 'pre-project' in 2006-07. The key Project inputs such as the technical assistance, the CTA, etc., have been of high quality. A comparison to a major business registration reform in Malaysia undertaken about the same time as the BRR project and financed by the country itself, indicates a similar level of reform costs, hence, there is nothing to indicate that donor funding has resulted in a more expensive reform, than one driven by own funding. The ambitious timetable with clearly spelled out performance benchmarks has probably contributed to the efficiency.

## **Impact**

One main impact of the Project is an improved business environment for some 700,000 domestic formal enterprises through the establishment of a new business registration system, simplifying the registration process. Note should also be taken of the likely reduction of transaction costs over time through a modern, well-functioning business registration system with legally valid, accurate and readily available legal business information covering the whole country. Such reduction in transaction costs at the market place through reduction of the risks of doing business for domestic and foreign enterprises is likely to have profound long-term impact on the Vietnamese economy.

The BRR project has been in the forefront of shifting the Viet Nam government administration from a legalistic one to a more client-oriented mode, applying modern computer-based registration and filing systems with options for on-line registration. A major accomplishment has been the inter-ministerial cooperation between the Ministry of Finance, Ministry of Public Security and the Ministry of

Planning and Investment including close cooperation with the General Statistics Office, the General Department of Taxation and the Agency for Business Registration in MPI. As one of the first national e-government projects in Viet Nam, the Project is likely to have a broader administrative impact. Especially the reform to have a single unique ID code for enterprises will pave the way for other reforms, also reducing transaction costs for the Government.

The Evaluation has not been in a position to assess – as requested by the ToR for the Evaluation -whether or to what extent the BRR project so far has impacted on general development objectives such as employment creation, economic growth or poverty reduction or whether any such effects are likely in the longer run. The Project period has coincided with a break of a positive trend of increases in newly registered enterprises in Viet Nam since 2000. This break is most likely due to the downturn of the global economy after 2008, thereby masking the potential impact on the willingness of Vietnamese entrepreneurs to engage in formal business by the simplified registration procedures.

## **Sustainability**

The sustainability of the reform process supported by the Project appears to be good. Sustainability is dependent on the central government's willingness to finance the maintenance and administration of the NBRS, its willingness to use high quality (but expensive) external services for maintenance, as well as the ability of the ABR to generate revenues from the NBRS database from registration fees and sale of information. The Government is committed to the business registration reform manifested, for example, in various legislative measures. A number of steps have been taken to generate revenues for maintaining the NBRS and the BROs in order to make the system self-sustaining, including the ability to pay higher than government salaries to key technical staff through the establishment of the semi-autonomous Business Registration Supporting Centre at ABR. The expectation, however, at the outset of the Project of rapidly achieving self-financing of the NBRS has so far not materialized, mainly due to the fact that the revenues from registration fees and sale of data are much lower than anticipated. As the Government funds the NBRS and the BROs, the shortfall of revenues will most likely be covered. Furthermore, the demand and expectation from the business community is such that a policy reversal and poor maintenance of the NBRS likely would be met by serious critique.

## **An unfinished reform agenda**

In spite of all the achievements over the 5-year period the Project has been going on, the business registration reform is unfinished in several respects. Partly the outstanding issues are of a nature that they can be taken care of under existing Laws and by ABR, partly, the issues require reform of the Laws and might need to involve other agencies. Such an unfinished agenda should not come as a surprise, as reforms of this nature run over many years, and in certain ways are never fully finished. However, our recommendations below are a number of steps that can be taken in the short-term and medium-term to improve on the reform agenda.

## Recommendations

- **Increase the coverage of enterprises**  
The NBRS covers only a segment of the Viet Nam business community. For example, foreign enterprises operating in Viet Nam are to a large extent not registered under the NBRS due to the existence of two parallel registration and licensing legal frameworks for domestic and foreign enterprises. Unifying these frameworks is essential and as a result of this, also incorporating all the foreign enterprises under the NBRS. The State Owned Enterprises is another group of enterprises partly outside the NBRS. **ABR and MPI should take the required steps, including initiate changes in the Laws, to fully incorporate the foreign enterprises and state owned enterprises into the NBRS.**
- **Promote greater coverage of household enterprise**  
There are some 3 million semi-formal household businesses which are not part of the NBRS, but registered at the district level with the People's Committee. There is a demand from government to have a better knowledge of this business segment, which plays a critical role for employment generation in Viet Nam. **The larger of household enterprises should be encouraged to be incorporated into the NBRS through means of information and continuous simplification of the registration procedures. MPI and ABR should prepare and implement a strategy for how a larger share of the household enterprises can be formalized and thereby be included in the NBRS.**
- **Increase the accuracy of the NBRS**  
The value of the NBRS from users point of view (whether the government, the public or the business community) lies in the accuracy of data. Hence, NBRS requires to be both legally valid and accurate, for example clearly showing which companies are active, that the information on legal representation, contact details, etc., is correct, and so on. The issue of accuracy of the NBRS might require changes in the Enterprise Law (such as the penalty associated with maintaining incorrect data in NBRS and the means by the government to supervise the enterprises' adherence to the Law). **MPI should address the issues of accuracy of the NBRS in the updating of the Enterprise Law.**
- **Improve the technical capacity**  
The BROs have identified a number of technical issues to be addressed in making the NBRS function optimally. For example, there is in some provinces a considerable back-log of (paper) dossiers not digitalized for enterprises registered before NRBS was launched in 2010. A number of issues are also reported by the BROs preventing a rapid up-take of on-line registration, such as lack of familiarity of e-payments in the business community; needs for technical assistance to the companies for on-line registration, etc.. **ABR should review the technical problems identified by the BROs in the context of this evaluation listed in annex 8 of the report and make these subject for considerations.**

- **Address the information needs by provinces**  
 The NBRS as a planning tool for government, especially at the provincial level, has problems as perceived by some of the provinces. Thus, some of the Departments of Planning (DPI) in the provinces complain of a reduced usefulness of the business registration information as compared to their own previous systems. There are no inherent constraints in the NBRS in providing tailor-made information to provincial government, but the reporting system has not yet been fined-tuned to do so. **The demand for legitimate tailor made reports by the provinces should be met by ABR. This should also include efforts to encourage the BROs to formulate their local needs to be met by the reporting from the NBRS.**
- **Intensify awareness raising and marketing**  
 There is a need for awareness raising and marketing of the NBRS towards the business community with the purpose of raising the knowledge in business of the importance to provide accurate data, especially through amendments, the opportunities for on-line registration and for buying data from the NBRS. Activities of such nature are planned for the last months of the Project. **Awareness raising and marketing of the NBRS needs to be continued over a longer period of time by ABR.**
- **Develop a system to assess development impact**  
 The impact of the Project and the business registration reform on ultimate development objectives such as creation of employment and economic growth, and reduction of transaction costs in the business community and government, are unknown. There is no Monitoring & Evaluation system set up in MPI or ABR to provide evidence of such impact. **MPI/ABR should take the initiative for setting up of a Monitoring and Evaluation system to assess development impact of the BRR. This system might be outsourced to a suitable institution.**
- **Continuous long-term development**  
 The NBRS, while a major improvement over the past, is still a fairly rudimentary registration system from a modern business environment perspective, with its de facto requirement of personal appearance at the BROs, the use of seals, etc.. **The NBRS should be further simplified, preferably fully centralized in a similar fashion as the taxation system is in Viet Nam. Such a long-term reform should be the mandate of MPI and ABR.**
- **Undertake a phase C**  
 ABR and UNIDO have already started a process of planning for a Phase C of the Project. **SECO and NORAD should consider finance a Phase C and assure that such a Phase is designed along the following themes:**

- **Unifying** the legislation for domestic, foreign and state enterprises and incorporate them all into NBRIS. This is already planned by UNIDO and the Government for phase C.
  - **Consolidating** the existing NBRIS towards higher accuracy of the data base, providing better value for money for potential buyers of information, and providing better services to government users at center and provincial levels.
  - Focus on the **sustainability** of the system post-project with a clear **exit plan** for UNIDO in Phase C. It is essential that sustainability is not achieved by repeated new projects. Viet Nam has already today to a large extent the technical capacity and the financial means for carrying out the long-term further development of the business registration system.
  - Promotion of the NBRIS towards the **household businesses**, encouraging them through simplification of registration and incentives to transform to enterprises under the Enterprise Law and thereby registering in order to make the NBRIS more comprehensive than it is today.
  - Developing the NBRIS as a more useful **planning tool** for the government, especially assuring that the data requirements of the provinces for their planning and monitoring purposes can be met.
  - Focus on **awareness raising and marketing** of the NBRIS towards the business community.
  - Initiate a process by which **monitoring and evaluating** the impact of the business registration reform on higher developmental objectives can be done, such as impact on creation of new enterprises and employment generation.
- **Take an initiative for a broader business environment reform**  
In view of the fact that the BRR project and its predecessors have developed considerable knowledge on Business Environment, **UNIDO in cooperation with MPI and relevant donor organizations should take the initiative for a broader look at the Business Environment in Viet Nam with the long term perspective of reducing the most critical bottlenecks for the country to become internationally more competitive both for domestic and foreign enterprises.**
  - **Develop BRR as core technical assistance by UNIDO**  
UNIDO has mastered the process in Viet Nam well through a 'learning while doing' process through a dedicated project management, and utilizing skilled professionals as short- and long term consultants with broad international experience. This UNIDO's institutional learning could be exploited in other contexts by the organization. UNIDO has also developed a cadre of trainers and experts in Viet Nam who could be drawn upon in other projects. **UNIDO should make BRR as one of its core services. For this UNIDO needs to systematize its learning,**

**build a reference system, and actively participate in the development of best practices internationally. UNIDO needs also to broaden its staff knowledge to a larger in-house team.**

# 1.

## Introduction

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### 1.1. Preamble

This report is the outcome of an independent evaluation of the Ministry of Planning and Investment (MPI) – UNIDO Technical Assistance to Business Registration Reform Project<sup>1</sup> in Viet Nam (BRR), which has been implemented from 2008 to 2013 following preparatory technical assistance delivered by UNIDO in 2006-07. The Project has a background in UNIDO’s Small and Medium Enterprise (SME) technical assistance to Viet Nam since the mid-1990s. The Project’s aim is to provide policy and technical advice towards the achievement of nationwide business registration reform. As a result, enterprises would be able to register for business, tax code, statistics and seals through a single-point, using a consolidated form and obtain a unique enterprise ID. National capacities would be developed to simplify the legal framework, processes and procedures and to set up and operate the computerized National Business Registration System (NBRS). The Project has been funded by Switzerland (SECO), Norway (NORAD), UNIDO and the One UN Plan Fund with a total external budget of USD 12.7 million.<sup>2</sup> SECO and NORAD have jointly provided about 90% of this budget. In addition, the Government of Viet Nam has contributed about USD 2 million in-kind. The host of the Project is the Agency for Business Registration (ABR) in MPI since ABR was established in 2010 and prior to that it was the Agency for Small and Medium Enterprise Development (ASMED).<sup>3</sup>

### 1.2. Purpose of the Evaluation

According to the Terms of Reference (ToR), the Evaluation shall assess the relevance, efficiency, effectiveness, sustainability and impact. Furthermore, the Evaluation should assess management, gender and environmental sustainability, the Project design, the level of national ownership, relevance to various stakeholders and synergies with other UNIDO projects as well as with initiatives of the Government and donors. The Terms of Reference list 53 specific evaluation questions. While the responses to these questions permeate the report, annex 6 provides a summary for the answers to each of them.

The Evaluation should also, according to the ToR, produce recommendations for a potential third phase, responding to questions such as what has worked and what

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<sup>1</sup> Technically the project comprises of several projects with different funding arrangements, phases and modules, but we use Project as the common name for them.

<sup>2</sup> Under TF VIE 08 001 Norway provided USD 4,503,054 and Swiss SECO, respectively, USD 6,556,000 under US VIE 10 002 and US VIE 10 A02.

<sup>3</sup> In 2010 the Business Registration Division (BRD) in ASMED was made into an independent agency in MPI.

has not, what are the lessons from implementation to date, which issues needs to be addressed in a possible next phase, and what conditions should be in place. For details of the ToR, see annex 1.

### **1.3. Methodology**

The Evaluation has been undertaken by a team of independent evaluators consisting of two international consultants and three national consultants from the Viet Nam Institute of Economics.<sup>4</sup> The consultants are Claes Lindahl (team leader), Emanuela Balestreri, Nguyen Chien Thang, Tran Thanh Phuong and Phi Vinh Tuong. The work began with a start-up visit to UNIDO Vienna by the two international consultants, followed by preparation of an inception report. The work included a two weeks field mission to Viet Nam (May 11-26) during which Business Registration Offices (BRO) and other organizations were visited in Ha Noi, Ho Chi Minh City (HCMC), Da Nang, Hai Duong and Quang Ninh. At the end of the mission, the team presented its preliminary findings to the Project staff, UNIDO's Project manager, staff of the ABR, and donors in order to get feedback on its early findings. The list of persons met is provided in annex 2.

UNIDO has provided the evaluation team with some 200 documents pertinent to the Project. The most important of these documents, as well as other relevant material consulted by the team, are listed in annex 3. Upon requests by the team, the ABR-UNIDO Project office and the UNIDO project manager have during the course of the Evaluation provided extensive material, including data from the National Business Registration System (NBRS). One element of the requested information was an update of the Project's log frame. The log frame has played an important role in the assessment of the results of the Project, especially in terms of effectiveness (i.e. delivering the planned outputs and achieving its outcomes).

As an element of the Evaluation, two specific studies have been conducted by the Vietnamese members of the evaluation team:

1. An on-line survey targeting the management of Viet Nam's 65 provincial BROs. It was carried out in early June aimed at 224 persons of which 197, or 88%, responded. The full report of the survey and the questionnaire are provided in annex 4. The key findings are included in the main report.
2. An enterprise case study conducted in person with selected enterprises which have registered with BROs and consultancy firms which provide registration services to enterprises. These case study was undertaken in Ha Noi, HCMC, Quang Ninh, Lang Son and Nghe An provinces. The report from the study is provided in annex 5, and the key findings are included in the main report.

The BROs visited by the team (outside Ha Noi) prepared notes on the experience of the Project and recommendations for improvements to facilitate the work of the

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<sup>4</sup>The Institute belongs to the Viet Nam Academy of Social Sciences.

evaluators. These notes, translated to English by the Project office, have been valuable to the Evaluation, especially in identifying outstanding issues in the business registration reform as seen by the BROs and the provinces. A summary of the recommendations in these notes on how to improve on the business registration and the NBRIS is included in annex 8.

The Evaluation is based on the Project status in May-June 2013, i.e. half a year prior to the end. A number of features of the NBRIS were recently introduced (April 15<sup>th</sup> 2013), for example, on-line registration and on-line sale of information from the NBRIS data base. The performances and impact of these features are yet in an early stage and difficult to assess. The NBRIS Portal<sup>5</sup> will, furthermore, not be officially launched until October 2013. We have generally refrained from making a projection of the situation at the end of the Project in December 2013, basing most of our conclusions on the observed and validated situation at the time of the Evaluation.

The Evaluation has focused on the broad picture of the Project's support of business registration reform and has refrained from providing too many details of the outputs produced (such as training events conducted, software installed, etc.). This is in line with a conclusion of a recent country evaluation in Viet Nam by UNIDO's Evaluation Group in which the authors concluded that there had been a tendency of UNIDO of focusing *"on technical solutions and outputs, where the technical solution tends to be viewed as the goal rather than as a means for development outcomes."*<sup>6</sup>

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<sup>5</sup>I.e. the on-line, end-user, customer services for enterprises, individuals and institutions.

<sup>6</sup>UNIDO (2012): *UNIDO activities in the Socialist Republic of Viet Nam. Independent Evaluation Report*, page xi.

## 2.

### Background

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#### 2.1. The Government's business environment reform agenda since 1999

Since the 1990s, Viet Nam is one of the success stories in South East Asia in terms of economic growth and development and the country is expected to have achieved almost all the Millennium Development Goals by 2015. The economic reform *Doi Moi* of 1986 was the beginning of a dramatic transformation of the then planned economy to a market-based one with a strong role for the private business sector, both with foreign and domestic ownership. Business environment reform has been on the Government's agenda throughout most of the 1990s and 2000s, reflected in changes in enterprise laws and decrees, as well as administrative reforms. For example, in 2003, the Government of Viet Nam announced that the existing legal framework for business would be revised, combining four laws regulating all types of businesses into two comprehensive laws. The aim was to harmonize the overall framework for investment and business, eliminate many distinctions between domestic and foreign investment, and ensure that Viet Nam complies with relevant international agreements as the Government was seeking to join the World Trade Organization (WTO). The two laws – the Enterprise Law and the Investment Law – were adopted in December 2005, and came into effect following the issuance of implementing decrees.

In its Socio-economic Development Plan 2006-2010, the Vietnamese Government announced that it wanted to raise the number of 'efficiently operated enterprises' to 500,000 by year 2010, including 320,000 new establishments. The Government expected that these new enterprises would create 2.7 million new jobs and increase the quantity and quality of exports by the SME sector. The Government also specified in the Plan that it would use a single code for the three purposes of registration, taxation and customs for all types of enterprises, a decision central for the justification of the BRR project.

An example of Viet Nam's broader efforts to reduce the administrative burden for business and society at large is the *Master Plan of Administrative Procedure Simplification* often called *Project 30*, which was initiated by the Prime Minister in 2007. Its target is to reduce compliance costs for businesses and citizens by 30 percent through a simpler, more efficient, and more transparent administrative system. The project aims at far-reaching efforts to overhaul a large number of procedures and legal documents at all four levels of government (commune, district, province and central) in a participative manner. The purpose of the reforms would be increased productivity, greater foreign direct investment and a higher rate of growth. Administrative simplification efforts, once fully implemented, would enhance regulatory quality and stimulate competitiveness and equitable growth.

Cost savings to individuals and businesses resulting from *Project 30* has been estimated at USD1.4 billion per year after full implementation of the simplified rules.

In summary, the UNIDO BRR project can be seen as an integral part of a major thrust by the Vietnamese Government and its commitment to reform the business environment and its administrative apparatus at large.

## **2.2. Viet Nam’s ‘business sector’**

Albeit now graduated to a middle-income country, Viet Nam is still a rural economy in terms of employment, with agriculture, including fisheries and forestry, employing 48% of the labor force. Furthermore, it is an economy in which small-scale operations play an essential role with nearly two thirds of the labor force working as self-employed or in small household economic units. The agriculture sector is dominated by what might be called farm units. There are an estimated 10 million of these, employing jointly about 20 million persons. These farm units are neither formally registered as businesses, nor subject to tax related to their production or income.<sup>7</sup>

A second important layer of the ‘business sector’ is ‘non-agricultural household businesses’ defined as having less than 10 employees. There are about 3 million such businesses, employing nearly 6 million persons. These units are registered by the District People’s Committee where they are located and are subject to taxation by the District Tax Offices. These ‘household businesses’ might be seen as semi-formal in the sense that they are subject to certain basic registration, but are exempt from some taxes such as VAT and only required to undertake basic bookkeeping instead of accounting.

The domestic formal business sector, which according to the Enterprise Law of 2005 should be registered by the Provincial Business Registration Offices, is the target group of the BRR project. The National Business Registration System today contains about 750 000 enterprises,<sup>8</sup> employing about 6 million persons. They are divided in terms of legal form as follows:

- Sole proprietorship (“private enterprises”);
- Partnerships;
- Limited liability companies; and
- Shareholding companies.

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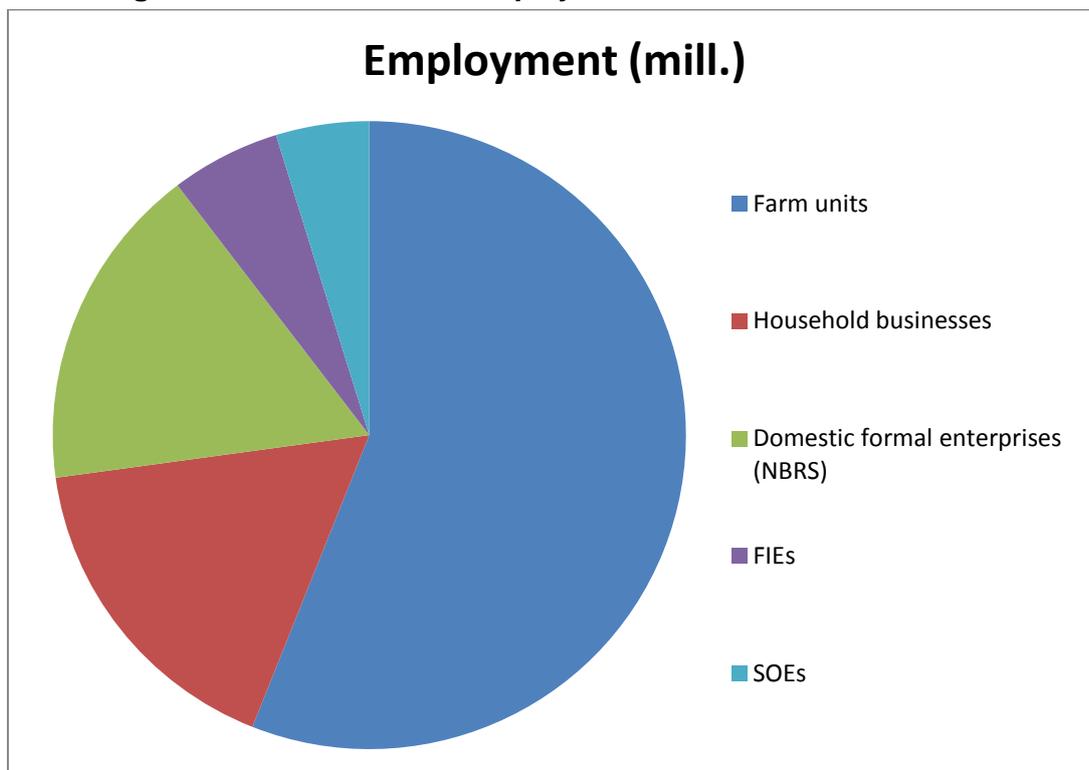
<sup>7</sup>The data of the business structure as described in this section is from General Statistics Office of Viet Nam and Matheson, T (2013): *Vietnam: Retaining Stability, Regaining Competitive Edge, Reaping Growth Potential*. IMF seminar.

<sup>8</sup>Data from BRR project office as of May 2013. There is a discrepancy between the number of enterprises in the NBRIS and recent statistical data issued by the General Statistics Office (GSO), partly explained by the fact that many registered enterprises have ceased operations, but have not been formally deregistered.

In the formal sector, there are also some 14,000 foreign-invested enterprises (FIE) employing about 2 million persons. These enterprises are not included in the NBRIS, but are subject to registration procedures pertinent for the FIEs. There are also about 3,000 central and provincial state-owned enterprises (SOE), jointly employing about 1.7 million persons. A large share of the SOEs is not registered in NBRIS. As discussed below, a potential phase C of the Project is intended to fully integrate these two forms of enterprises into the NBRIS.

A tentative picture of the employment in Viet Nam’s informal, semi-formal and formal enterprises is given in the figure below:

**Figure 1: The structure of employment in business in Viet Nam**

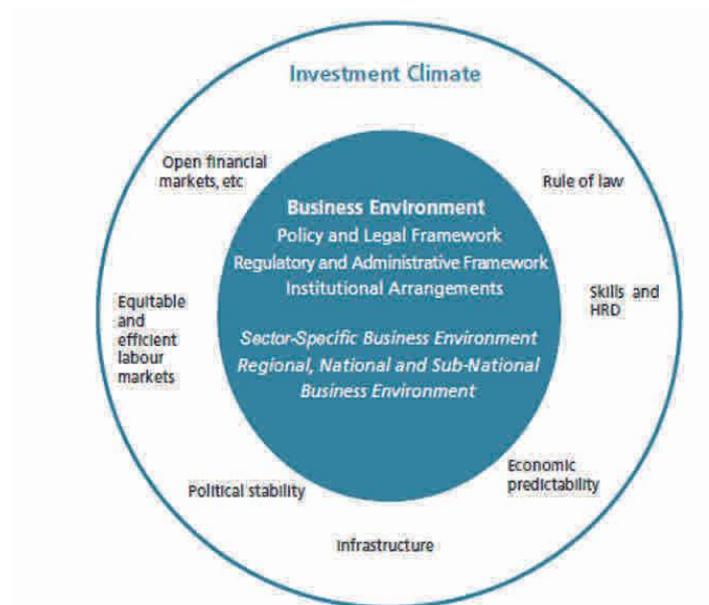


Source: GSO and IMF

### 2.3. The developmental rationale for Business Registration Reform

Business Registration Reform is an element of broader Business Environment Reform (BER), the latter having been subject to considerable development efforts both by governments and donors since the late 1980s. BER, in its turn, can be seen as a sub-set in the Investment Climate of a nation as schematically described in the figure below.

**Figure 2: A model of business environment and investment climate<sup>9</sup>**



Analytical work has shown a strong correlation between Investment Climate, BER and economic growth, the latter in its turn closely associated with sustained poverty alleviation.<sup>10</sup> Hence, BER reforms are a means of addressing the key Millennium Development Goal (MDG) of reducing poverty. BER as such impacts on the entrepreneurs' willingness to start a formal business and, overall, on the entry barriers for entrepreneurship. It is also a means of providing more accurate information on the private sector and thereby reducing transaction costs in the economy.

## **2.4. Other donors' involvement in Business Registration Reform**

Several donor organizations have been involved in providing support to Business Environment Reform in general and Business Registration Reform in particular in Viet Nam in the 2000s besides UNIDO. The most important are the International Finance Corporation (IFC), German GIZ, USAID and Asian Development Bank (ADB). GIZ (former GTZ) has, as part of a larger SME project focusing on selected provinces, developed computer-based business registration systems in these provinces. For details of some of the donors' involvement in BER, see annex 7.

<sup>9</sup>Figure from Donor Committee for Enterprise Development, 2008.

<sup>10</sup> See, for example, Djankov S. et al (2006) *Regulation and Growth*, World Bank.

## 3.

# The project

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### 3.1. Project background

The Business Registration Reform project in Viet Nam has a background in the UNIDO project *Assistance to Industrial SMEs in Viet Nam 1996-2000* funded by Germany. Under this project UNIDO promoted that the existing Company Law from 1990 should be updated, and that the legal documents needed to create an open centralized database of registered enterprise should be promulgated.<sup>11</sup>

In 2004, UNIDO began implementing the 5 year project *Assistance to Establish the National and Provincial SME Support Infrastructure* with funding from Finland and Italy. The project supported the preparation of the SME Development Action Plan 2006-2010 with ASMED as the main counterpart. The SME Development Plan's targets and actions were incorporated into the Viet Nam Socio-Economic Development Plan 2006-2010. ASMED, with assistance from UNIDO, designed a nationwide business registration reform program that would create a computerized single-point business, tax and statistics registration system to lower the cost of market entry and doing business in the country. The SME Infrastructure project also exposed government officials to the experience in business registration in a number of countries through study tours including to Australia, Hong Kong, Malaysia, Norway, Singapore and United Kingdom.

Based on the results of these study tours, the Government selected the Norwegian model for business registration with a view to transfer and adapt the model and system to the Vietnamese legal and administrative environment. The project *Implementation Planning and Mobilization for Viet Nam Business Registration Reform-Phase I* (TF/VIE/06/002) was approved in April 2006 with financing from Norway of USD 0,6 million for a nine months period, providing international and national technical assistance inputs. This project was linked to the above mentioned SME infrastructure project. During implementation a number of steps were taken to reform the business registration system such as assisting the Government in formulating required Government decrees for business registration and establishing a single point registration for business registration, taxation and statistics. An agreement was reached to use the tax code as the unique Identity code (ID) for enterprises. These steps were formalized by the Government in its Resolution No. 59/2007 dated November 2007. The resolution included the following decisions:

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<sup>11</sup>UNIDO (2006) *Integrated Program of Technical Cooperation with the Socialist Republic of Vietnam. Implementation Planning and Mobilization for Vietnam business registration reform phase.*

- Abolishing the granting of seal-carving permit;
- Business- and tax code registration effectuated within 5 days;
- Unification of the business- and tax registration files;
- Assignment of the tax code as the unique ID of enterprises;
- Establishing of a national business registration database accessible for the BROs<sup>12</sup>.

## 3.2. The Project

### The original Project

A more extensive intervention was designed as a part of the above mentioned project and in line with the Government Resolution 59/2007 mentioned above, leading to the *Technical Assistance to Business Registration Reform in Viet Nam* project (TFVIE08001, XPVIE08002). According to the Project document,<sup>13</sup> the Project would have a budget of in total USD 9.0 million. The Project was agreed between the Governments of Viet Nam and Norway, and UNIDO in August 2008 and planned for a period of 2.5 years. Norway eventually provided USD 4.5 million to the Project while UNIDO and the One UN Fund jointly contributed USD 1.5 million, thus in total USD 6.0 million, or USD 3 million less than the original plan.<sup>14</sup>

The Project originally comprised two phases, Phase A and Phase B. Phase A concerned the *establishment of the National Business Registration System* and Phase B the *establishment of the Financial Statements Filing System*. Phase A was, furthermore, divided in two partly overlapping implementation modules. Following the suggestion by an appraisal of the Project in 2007 (Mallon et al), the Project was decided to be implemented in stages.<sup>15</sup> Thus, a major part of phase A, Module II, covering *web-enabled information services* and phase B were postponed. (The Project Document of 2008 was neither adjusted for the more limited funding that became available, nor to the stages to be carried out from 2008.) The Project document 2008 defined the development objective as “*The business environment for enterprise start-up and operations is improved*” with the two immediate objectives:

- *Computerized National Business Registration System containing registration information on enterprises nationwide is operational in 63 provinces by October 2009.*

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<sup>12</sup>Quoted from UNIDO BRR Project Document 2010.

<sup>13</sup>MPI/NORAD/UNIDO (2008): *Technical assistance to Business Registration Reform in Viet Nam*. Final Project Document, August 2008.

<sup>14</sup>SECO was invited to consider joining the project from the start. When the MPI-UNIDO decided that the Project would be implemented in a phased pattern, SECO decided to consider joining at a later stage.

<sup>15</sup>Mallon, R. et al. (2007): *Technical Assistance to Viet Nam Business Registration Reform*. Appraisal Report.

- *The National Business Registration System is complemented with a computerized financial statements filing and dissemination system operational in 63 provinces by November 2009.*

The Project document has an elaborate log frame based on these objectives and selected outputs with in total some 40 indicators for these objectives and outputs. We have, as mentioned earlier, used this log frame as a benchmark of what the Project set out to deliver in terms of outcome and outputs.

## Expansion of the Project

In October 2010, the Swiss Secretariat for Economic Affairs (SECO) joined the Project. Its support consisted in providing additional financing to Phase A, Module II: “web enabled information services” and for Phase B: *financial statements filing*. With SECO’s participation MPI-UNIDO prepared a new Project document (October 2010).<sup>16</sup> While the objectives and expected delivery of the ‘new’ Project was the same as the ‘old’, the time frame and the budget were expanded. Thus, the end was shifted from March 2011 to 30 April 2013 and the Project budget was expanded to USD 12.7 million. In late 2012, it was agreed between SECO, UNIDO and MPI that the time frame would be prolonged for eight months without additional funding, and the current final date is December 2013.

## Budget

The total budget for the Project, the donors and their funding periods are as follows (in order of funding allocations).

**Table 1: The BRR Project final budget**

Donor	USD million	Period	Project no.
SECO	6,7	Oct 2010 – April 2013, delayed to Dec 2013	US VIE 10 002 and US VIE 10 A02
Norway	4,5	Aug 2008 – Dec 2011	TF VIE 08 001
UNIDO	1,0	Aug 2008 – March 2010	XP VIE 08 002
UN One Fund	0,5	Aug 2008 – Dec 2010	FB VIE 09 006
<b>Total</b>	<b>12,7</b>	<b>Aug 2008 – Dec 2013</b>	

Source: UNIDO May 2013

## The Project inputs

The inputs financed by the Project budget comprises of Information and Communication Technology (ICT) hardware and software, technical assistance provided by long-term and short term advisers, including a Chief Technical Adviser (CTA) working full-time with the Project for about 4 years from November 2008, and national consultants and project staff of in total 45 persons providing IT services, legal services, administration, etc.. Long-term IT service support to the

<sup>16</sup>MPI/NORAD/SECO/UNIDO (2012): Technical assistance to Business Registration Reform in Viet Nam.

Project has – based on international competitive bidding - been provided by Norway Registers Development (NRD). The Project has trained in total some 500 staff in ABR and 65 provincial BROs, trained trainers, organized study tours, developed manuals, and carried out promotional and awareness building activities with the business community and for the public at large (web-site, media, etc.). Below is a breakdown of the Project expenditures in categories:

**Table 2: The BRR Project's expenditures**

<b>Project costs categories</b>	<b>USD'000</b>
ICT hardware (computers, servers, etc.)	2 512
International advisers – CTA	1 109
International advisers short term	551
Service providers (NRD) <sup>17</sup>	3 407
National experts & consultants	1 074
National administrative staff	97
Travel	253
Training	1 031
Office supplies etc.	247
Other (=Premises), up to December 2012	92
UNIDO Service charge on funds received	1 298
<b>Total</b>	<b>11 671</b>
Funds available (as of May 2013)	881

Source: UNIDO May 2013

As noted above, ICT hardware accounts for about USD 2.5 million, or 20% of the total cost, and international long-term and short-term experts and advisers about USD 5 million or 40% of total cost.

### **The Norwegian model**

Since its preparatory phase the BRR project has relied strongly on the Norwegian experience and model in business registration and more specifically through:

- 'Modeling' of the Project on the Brønnøysund Register Centre (BRC) in Norway, a public agency under the Norwegian Ministry of Trade and Industry, sole responsible for handling the Norwegian business registration;<sup>18</sup>
- The CTA throughout the Project duration is a Norwegian citizen;

<sup>17</sup> This item also include some small service contracts for promotion, e.g. to Viet Nam Investment Review.

<sup>18</sup> The *Brønnøysund Register Centre* has a longstanding tradition of international cooperation: bilateral cooperation with around fifteen emerging and developing countries as well as a cooperation agreement with the World Bank/IFC to provide support to the IFC Global Business Entry Reform Program.

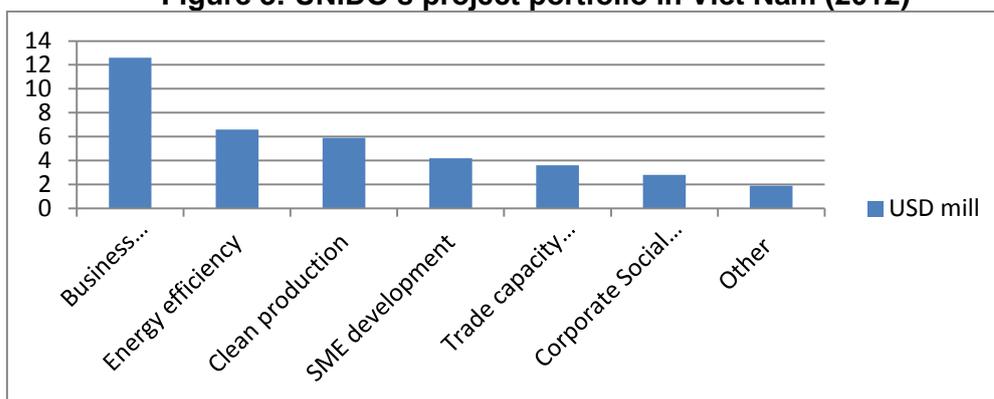
- The company that has provided the technical solutions and other technical assistance, NRD, is a Norwegian based company.

While the Brønnøys und Register Centre is a modern, well-functioning business registration center applying best international practices and from this perspective is a good model for Viet Nam, there is a major difference in administrative structure: Norway has a centralized system (operating from one location) where applications, amendments, and information service are entirely provided on-line or through postal services. Viet Nam, on the other hand, has a decentralized structure with Business Registration Offices in 63 provinces, which are paid for and reporting to the Department of Planning and Investment (DPI) under the People’s Committee of the province, (although having a reporting relationship with the Ministry of Planning and Investment, at the central level). Furthermore, registration is generally done by physical visits to these offices. The Government of Viet Nam was fully aware of these differences, and a major task of the BRR Project has been adapting the Norwegian model to the Vietnamese conditions.

### 3.3. The BRR project in the context of UNIDO’s portfolio in Viet Nam

The BRR project is by far the largest UNIDO project in Viet Nam in terms of budget and staff. In a UNIDO review carried out in 2012 of 16 on-going national and regional projects involving Viet Nam and with a total combined budget of about USD 38 million<sup>19</sup>, the BRR project was double that of the second largest project (concerning energy efficiency), and about 7 times the size of the average of the other 15 projects.<sup>20</sup> UNIDO’s portfolio in Viet Nam as of 2011 is indicated below:

**Figure 3: UNIDO’s project portfolio in Viet Nam (2012)**



Source: UNIDO (2012) UNIDO activities in the Socialist Republic of Viet Nam. Independent Evaluation Report

<sup>19</sup> The allocation for Viet Nam.

<sup>20</sup> UNIDO (2012) UNIDO activities in the Socialist Republic of Viet Nam. Independent Evaluation Report.

Not only is the BRR project the largest in Viet Nam (and overall a large technical assistance project globally), but also one for which UNIDO had limited prior experience and which is not along UNIDO's core competencies.<sup>21</sup>

### **3.4. Conclusions from previous Project reviews**

The BRR project has been subject to several reviews over the years, summarized below:

#### **The Mallon appraisal**

The first assessment was an independent appraisal of the Project document and done at the request of the donor Norway. It was carried out in 2007 by Mallon et al.<sup>22</sup> The appraisal confirmed that the Viet Nam business registration reform was both a high government priority and an important reform from the business perspective, thus economically justified, especially as Viet Nam the same year had joined WTO. The appraisal saw risks, however. First, it considered the time table as highly ambitious given the institutional complexity of the reform. Second, unclear institutional responsibilities were indicated as a weakness. As noted earlier, the Mallon report suggested a phasing of the Project to first establish the registration system (Phase A), which was further divided into two modules, and second, if feasible, the inclusion of the financial records (phase B). This recommendation was accepted by UNIDO, the Government and the donors, and impacted on the way the Project was implemented.

#### **The Jacobs & Phan review**

An independent review was undertaken in late 2009 by Jacobs and Phan when the Project had been implemented a little over one year. The review was a joint SECO-NORAD appraisal.<sup>23</sup> Also this review confirmed the relevance of the Project and concluded it had a successful start. The review considered the Project to be:

- Well designed and in line with best international practices;
- Of sound quality in terms of hardware and software;
- Well managed in terms of schedule and resources;
- Consistent with capacities and realities of administrative reform in Viet Nam;
- Likely to produce benefits well beyond the cost of the reform.

The review recommended adding another phase (Phase C). This phase should integrate the foreign invested enterprises that currently are registered under the Investment Law into the NBRS. The Jacobs review noted that Viet Nam does not follow common international practices as it maintains two business registries for

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<sup>21</sup>UNIDO (2012) op cit. and personal communication.

<sup>22</sup>Mallon, R. et al (2007): op cit.

<sup>23</sup>Jacobs, S. & Phan Duc Hieu (2010): Evaluation of the Business Registration Reform in Vietnam.

domestic and foreign invested enterprises, leading to confusion, reduced value of the NBRIS and less transparency. This recommendation was well received by UNIDO and MPI and preparation of a phase C was put on the agenda.

## **UNIDO internal review**

The Project itself – with additional financial support of SECO - summarized the rationale, achievements and outstanding issues in a report published in 2011.<sup>24</sup> An objective of the report was to provide wider knowledge internationally of the BRR project and UNIDO's work in this field. The report described in detail the progress, in Viet Nam, of business registration reform both in relation to the legal framework and administratively. The report provided detailed information on the Project and its achievements. It noted that work still needed to be done in terms of:

- Strengthening the capacity of the (understaffed) ABR for the organization to be able to carry out its task once the Project is over in order to assure sustainability;
- Improving the quality, reliability and availability of the business information generated by the NBRIS to be provided to the business community and the government. (This would for example require scanning of a large number of historical documents issued before 2010; upgrading of the IT system, improving the accuracy of the database in the NBRIS<sup>25</sup>, etc.); and
- Promoting e-based applications and payments in general which were at an early stage of development in Viet Nam.

The report also reiterated the Jacobs & Phan recommendations of a phase C to include the foreign owned enterprises in the NBRIS. The review, moreover, considered that all the state-owned enterprises should be included in the NBRIS, and suggested that promotional efforts for the conversion of an increasing number of the 'household businesses' to enterprises as per the Enterprise Law and their incorporation in the NBRIS should be undertaken. Its vision was that that the system would "*progressively expand to a comprehensive registry encompassing Viet Nam's private sector at large.*" The report brought up the concept of UNIDO's involvement in "South-South" learning in business registration reform with the experience of Viet Nam as a model.<sup>26</sup>

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<sup>24</sup> UNIDO (2011): Business Registration Reform in Viet Nam: A situation analysis of the reform and of UNIDO support.

<sup>25</sup> From a legal perspective, the enterprise is the sole responsible for the completeness and accuracy of the information. This notwithstanding, ABR, BROs and GDT agree that inactive enterprises need to be struck off the registry as soon as possible and the Decree 43 has given this task to BROs, which have begun the process.

<sup>26</sup> Requests for support by UNIDO had been received from Cambodia and Tanzania, and the head of the ABR, as an international UNIDO short-term consultant, will visit Tanzania in this context.

## The UNIDO Viet Nam country evaluation

In 2011-2012, UNIDO's Evaluation Group conducted a country evaluation encompassing a review of all the ongoing 16 UNIDO projects in Viet Nam.<sup>27</sup> The review concluded that the BRR project was highly relevant, had been carefully designed with strong participation of key national stakeholders, that the outputs and outcome were being achieved, and the sustainability prospects were good. The evaluation found that only a few of the reviewed UNIDO projects could be considered efficient, and that the BRR project was one of these. Thus, the Project was described as *"very efficient due to good communication channels and close coordination between the National Project Director (NPD) and the CTA."* It further concluded that the Vienna based Project manager *"had streamlined the implementation by decentralizing a lot of decision making and empowering the CTA and the NPD for technical and day-to-day management decisions."* Overall, the BRR project was rated at top in terms of results of the 16 on-going UNIDO projects in Viet Nam.

### Summary

From the reviews revisited above, we conclude the following:

- The ownership of the BRR project is seen as strong and the relevance of the Project and the underlying reform rated high in all the previous reviews.
- The Project has overall been considered successful by all the reviews undertaken from 2010 and onwards; the UNIDO evaluation 2012 claiming it to be one of the very best UNIDO projects in Viet Nam.
- Sustainability was raised as a potential problem by some of the reviews, mainly due to limited manpower in the ABR and the BROs.
- Two of the reviews suggested an expansion of the Project into a new phase.

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<sup>27</sup>UNIDO (2012) op cit.

## 4.

# Assessment against the evaluation criteria

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In this chapter we assess the BRR project versus OECD/DAC's standard evaluation criteria, i.e. *relevance, effectiveness, efficiency, impact* and *sustainability*. In addition, the Project is assessed against the added evaluation criteria in the ToR, i.e. ownership, gender, project design (identification and formulation), coordination and management.

### 4.1. Relevance and ownership

In line with the OECD/DAC definitions, we assess the relevance of the Project from the perspective of different stakeholders including the central and provincial governments, the business community in Viet Nam, and the founders of the Project, i.e. SECO, NORAD, UNIDO and the One UN Fund.

#### Government priorities

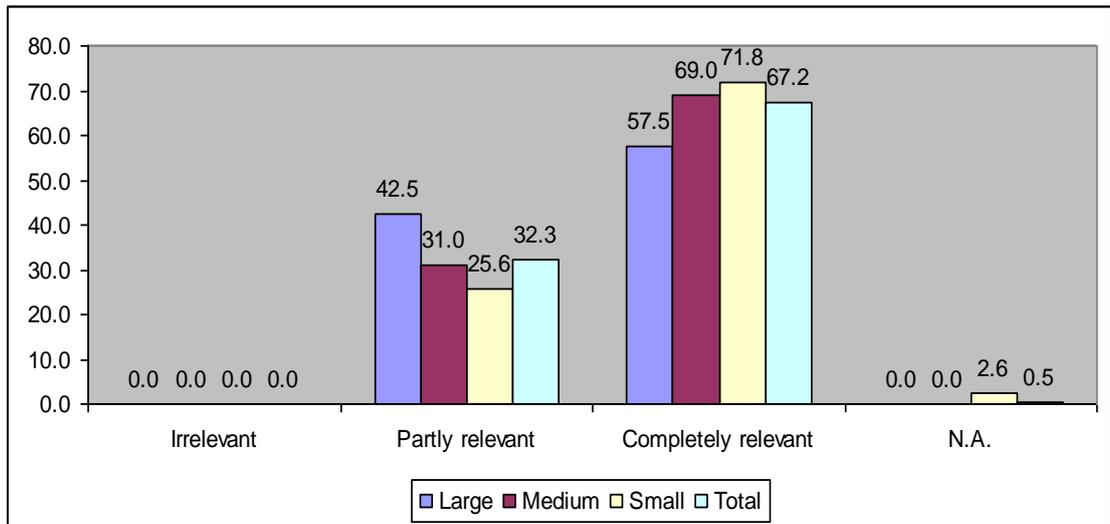
There is no doubt that the BRR Project fits very well into the Vietnamese government's overall reform agenda and its business environment reform. The Project has had a strong backing from the top of the Government from its inception, and high-level Government officials have at many occasions confirmed their commitment to the reform and to the Project. The Project, furthermore, evolved in an unusually intensive participatory manner facilitated by the long pre-project cooperation between UNIDO and MPI. The commitment to the reform is also expressed in a number of development policies and legal documents, such as the SME Development Plan 2006-2010, Vietnam Socio-Economic Development Plan 2006-2010, Decrees, Circulars and Resolutions. (For example, Decree 43/2010/NĐ-CP, Circular 14/2010/TT-BKH, Circular 01/2013/TT-BKHĐT replacing Circular 14 and Decree 05/2013/NĐ-CP amending some provisions of Decree 43). Advisory and assistance by the Project on legal and institutional changes is one of the most important aspects of UNIDO's technical assistance in the view of the Government.<sup>28</sup> In summary, the Project was clearly driven by the Government and its priorities rather than being donor-driven.

The Project is complex as it involves BROs in all of Viet Nam's 63 provinces. The BRO survey conducted as part of the Evaluation confirmed that the managers of the provincial BROs consider the Project as relevant to their needs as indicated in the graph below:

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<sup>28</sup> Comment made by ABR on the draft report, July 2013.

**Figure 4: Relevance of the Project to the needs and priorities of the BRO (%)<sup>29</sup>**



Source: On-line BRO survey June 2013, annex 4

None of the BROs consider the Project as irrelevant to their needs. It is noteworthy, nevertheless, that the relevance is perceived as stronger by the smaller BROs than the larger. A reason for this might be that the larger BROs in cities such as Ha Noi, Da Nang and HCMC already had established computer-based business registration systems adapted to the provincial needs, hence had to adjust or abandon these to conform to the BRR project. In some cases this meant reduced information for provincial needs, at least in the short run.<sup>30</sup>

We conclude that the Project has a commendable integration with the Government's reform agenda which has permeated the whole provincial system, and, furthermore, that the Project has had an equally commendable participatory design and planning.

### **Business priorities**

Starting a formal business in Viet Nam in the 1990s was a major undertaking and a process that could take months, if not years.<sup>31</sup> The registration process was complex, time consuming, expensive, and often arbitrary and open for rent-seeking by officials in the system, hence constituted a serious constraint in the business environment. Major changes have taken place since then of which the BRR project and its predecessor is one important element. Today, business registration of domestic enterprises is not considered a problem anymore in the business

<sup>29</sup>The size of BRO concerns the number of enterprises the BRO register on an annual basis. See further annex 4.

<sup>30</sup>The issue is being dealt with by the ABR and the Project with the aim that the NBRS should be able to deliver tailor-made information to provinces on their requests.

<sup>31</sup>Le, Q.M, et al (2006) *Lessons Learned in Sustaining Business Registration Reform in Vietnam*, Asia Regional Consultative Conference: Creating Better Business Environments for Enterprise Development, Regional and Global Lessons for More Effective Donor Practices, Donor Committee for Enterprise Development (DCED), Bangkok, 2006.

community according to the Viet Nam Chamber of Commerce and Industry (VCCI). The system is transparent, rule-based, and efficiently done by the BROs, especially since the NBRS came into operation.

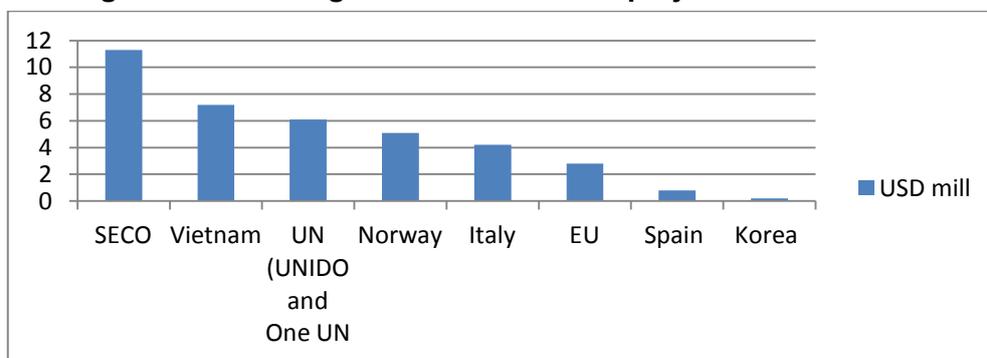
The enterprise case study conducted as part of the Evaluation also confirms the major change that has taken place over the years in terms of business registration. The case study further confirms that the option for online registration under the NBRS which became available in mid-April 2013, while yet to be used to any significant degree, is welcomed by the business community in order to further reduce the burden of registration. To judge from the study, it appears that the relevance of the Project might be greater for small and medium enterprises, which to a lesser extent rely on consultants or staff to undertake the registration. See further annex 5.

We conclude that a business registration reform in the early 2000s was of high relevance to the business community. There is, nevertheless, still considerable scope for development, for example expansion of the use on on-line registration through active promotion, expansion of the NBRS to also include foreign enterprises and all state-owned enterprises, and improving the accuracy of the data in the NBRS to fully reflect the situation in the business sector as further discussed later in this report.

### Switzerland’s development priorities

SECO is the single most important donor for UNIDO projects in Viet Nam as shown in figure below, and the BRR is the largest of these projects.

**Figure 5: Financing of UNIDO’s current projects in Viet Nam<sup>32</sup>**



Source: UNIDO (2012) UNIDO activities in the Socialist Republic of Viet Nam. Independent Evaluation Report.

BRR pertains to the *Promoting Private Sector Development in Viet Nam* component of SECO’s overall economic development cooperation that is geared towards establishing enabling institutional, regulatory and legal frameworks conducive to entrepreneurship growth and prosperity. Core SECO targets include *good corporate governance* and *sustainable business practices*, including

<sup>32</sup> The funding by Viet Nam concerns the Global Environment Facility.

environmental and corporate social responsibility aspects. Through the multi-donor initiative *IFC Advisory Service Facility*, SECO complements its action on the business enabling environment with aspects related to competitiveness through enterprise participation in global value chains for increased local value addition within international supply chains. The coherent block of SECO projects is reflected in the BRR project's critical positioning between the *narrow* business registration act and the *broad* BER in the context of the administrative reform process undergone by the country where the NBRIS can be the *driver* of further progress and, ultimately, contribute to leveling the playing field for all entrepreneurs -whether domestic or foreigner investors.

We conclude that the BRR project is clearly relevant in SECO's overall portfolio in Viet Nam, and for SECO's work in business environment reform specifically. From a strategic SECO point of view, the UNIDO project is also a broadening of partners to SECO in BER, thus providing implementation options for SECO's work.<sup>33</sup>

### **Norway's development priorities**

The relevance of the BRR project for Norway can be assessed from several perspectives:

- Cooperation with the business sector is among the three pillars of NORAD's action in Viet Nam, and *good governance* is the cross-cutting area of intervention where NORAD is supporting the modernization of the public administration providing people better access to public services as well as strengthening the government's anti-corruption work.
- UNIDO is a close partner to Norway and Norway is one of UNIDO's most important extra budgetary donors.<sup>34</sup>

The selection of the Norwegian business registration model and the use of mostly Norwegian technical resources, should make the Project of special interest to Norway, for example as a means of developing long-term cooperation between professional bodies of mutual interest, and pave the way for commercial and institutional cooperation when traditional Official Development Assistance (ODA) will be phased out as Viet Nam is graduating from ODA.

Norway is a strong supporter of the One UN reform globally and Viet Nam is one of the eight pilot countries in this UN reform. The relevance of the UNIDO BRR project to Norwegian development assistance in Viet Nam should therefore also be considered in the context of how it fits into and contributes to this UN agenda as discussed below.

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<sup>33</sup>Lindahl, C. et al (2011): The Role and Effectiveness of SECO Cooperation in Business Environment Reform.

<sup>34</sup> In contrast to the cooperation with many other multilateral organizations, this support is channeled through NORAD, rather than the Norwegian Ministry of Finance.

## The BRR Project and the One UN Plan priorities

While initial efforts in Viet Nam go back to the mid 2000's, the second One UN Plan, including the fourteen UN agencies in Viet Nam, was formally issued in 2008 for the 2006-2010 period and later extended to also cover 2011.<sup>35</sup> Project document (2008) for the Business Registration Reform mentions the One UN Plan only once, but at an important place, namely in the Summary sheet of the Project signed by the Viet Nam government, Norway and UNIDO. This Summary says that the project will contribute to Expected Result 1.12.5 of One UN Plan, which is formulated as *Policy advice and capacity building provided for consolidated registration reform at national and provincial level.*<sup>36</sup> This falls under the Plan's *Output 1.12* under the heading *Employment and Enterprise Development*. Output 1.12 is defined as:

*More coherent and conducive regulatory framework and policies for private sector development and practices that promote investments, trade, wealth and employment creation, especially among youth and national and local levels.*

Output 1.12 in its turn should contribute to Outcome 1 in the One UN plan, which is defined as:

*Social economic development policies, plans and laws support equitable and inclusive growth and conform to the valued and goals of the Millennium Declaration and other relevant international agreements and conventions.*

In terms of design, the Project is clearly coherent with the *Expected Result 1.12.5*. In terms of *Output 1.12* there is a contribution to a *more conducive regulatory framework* in the sense of a more transparent, unified and efficient business registration system. However, the Project does not have an explicit design specifically on trade, wealth, and employment creation *among youth* as such.<sup>37</sup> In terms of the contribution to the *Outcome 1* in the One UN Plan, the Project can be said to attempt to contribute to *economic development policies, plans and laws*, but in its design it does not have *equitable and inclusive growth* as an explicit focus.

The BRR project was designed more or less in parallel with the 2006-2011 One UN Plan, and the Project could therefore be incorporated into the Plan with a specific expected result as elaborated above. In 2011, a new One UN Plan was initiated for the period 2012-2016. It includes UNIDO as one of the 17 partners. Contrary to the previous Plan, there is no specific expected result of the One Plan which refers to business registration reform or for that matter to the broader

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<sup>35</sup> United Nations (2008) One UN Plan 2006-2010 for Viet Nam.

<sup>36</sup> MPI/NORAD/UNIDO (2008) op cit.

<sup>37</sup> However, as observed by the UNIDO Field Office Manager, "this is a problem of One Plan formulation in trying to cover all the aspects of participating agencies at Output level. Therefore, any project could be hardly found that could contribute to the whole Output.

business environment reform. The One UN Plan has as one of its focus areas *Inclusive, equitable and sustainable growth* and as two outputs under this area.

*Strengthened capacities of data producers, providers and users for green, people-centered, evidence-based socio-economic development planning and decision-making* (Output 1.1.1) and

*Inclusive policies and support programs for sustainable enterprise development are formulated and implemented with particular focus on micro and small enterprises, for decent job creation and progressive formalization of the informal sector* (Output 1.2.1).<sup>38</sup>

As a data producer, the ABR, with the NBRS, is expected to contribute to evidence-based socio-economic development planning and decision-making, albeit the system does not provide *green or people-centered* information as such. The BRR also could be considered a step towards encouraging *household businesses* to convert into enterprises under the Enterprise Law, thus assist in the “*progressive formalization of the informal sector*”, albeit there is no focus of the Project on “*micro and small enterprises.*” Overall, the coherence between the Project and the One UN Plan is not easy to establish, especially as the Project, similar to many other UN projects under the One UN Plan in Viet Nam, is a single-agency one.

## **UNIDO priorities and core competencies**

As noted earlier, the BRR project is by far the largest on-going UNIDO project in Viet Nam and also a project of a kind which UNIDO has limited experience of and which is not considered one of UNIDO’s core competencies.<sup>39</sup> The issue whether Business Registration Reform is a theme that UNIDO should be covering in view of the organization’s technical competence, overall portfolio structure, comparative advantage or disadvantage versus other organizations and its mandate within the UN system, was raised by a member of the management in UNIDO headquarters in Vienna as well as by the UNIDO country office in Ha Noi. While not part of the ToR, the evaluation team was asked (unofficially) to provide its assessment on this issue.

As further elaborated in the report, UNIDO has performed well in this for-the-organization new technical field, and has *de facto* established a niche in the donor architecture. Given that BER is an essential element of Private Sector Development (PSD), and that UNIDO is well recognized in the UN family and in the donor community as having PSD as part of its mandate,<sup>40</sup> there is little to argue that UNIDO should refrain from similar activities elsewhere. Rather, the BRR

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<sup>38</sup>United Nations (2012): One UN Plan for 2012-2016 for Viet Nam.

<sup>39</sup>See UNIDO 2012 op cit.

<sup>40</sup>For example, UNIDO has been one of the founding members of the Donor Committee for Enterprise Development from its start in 1979. Business environment reform has also for many years been part of UNIDO’s work.

Project in Viet Nam adds to the organization's competence. Hence, the Project must also be considered clearly relevant for UNIDO.

## 4.2. Effectiveness

Effectiveness in the OECD/DAC terminology refers to the degree a project or intervention achieves its stated objectives. As mentioned earlier, the Project document of 2008 has thoroughly formulated its outcomes and outputs in a log frame. Each of the intended outcome/outputs is complemented by measurable indicators, expressed in quantitative terms whenever possible and including the time frame for achievement.<sup>41</sup> With the expansion of the Project in 2010 when SECO became a partner, the objectives and indicators remained the same except there was a shift in time when the targets were expected to be reached.<sup>42</sup> Overall, the log frame is well laid out, and most indicators easily measurable. The SMART concept<sup>43</sup> has been effectively conceptualized by UNIDO in the BRR project.

### The development objective

The Project has as the following development objective:: *“The business environment for enterprise start-up and operations is improved.”*

The project document(s) suggests three indicators for judging achievements:

- Reduction in the time to register an enterprise;
- Reduction in the cost of registering an enterprise;
- Availability of financial statements of shareholding enterprises.

Below, we assess the Project performance versus these three key indicators.

### Time for registration

The number of days it takes for a business to be registered has become a powerful indicator for Business Environment Reforms in general and, for example, used in the World Bank/IFC's *Doing Business* reports (DB) as one indicator in its index on the *ease of doing business*. It is also used in the Viet Nam *Provincial Competitiveness Index* (PCI), which has been issued annually by VCCI and USAID since 2005. The maximum number of days of registration (from the date of submission of a faultless application to issuing a business certificate) is also stipulated in the Viet Nam Enterprise Law of 2005 as 10 days, further decreased to

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<sup>41</sup>As noted earlier, these indicators were not accurately reflecting the *de facto* project operating 2008-2010 until SECO joined the BRR project in 2010.

<sup>42</sup>Some additional activities were added, including advice on fee schemes, client orientation training for BROs and ABR, starting a performance management system as a part of the “information related” modules being developed, all converging towards the achievement of the existing objectives.

<sup>43</sup>Specific, Measurable, Attainable, Relevant, Time-bound.

5 days by the Government Resolution No. 59 in 2007. The Project has set its own target as 1-2 days of processing time at the BROs.

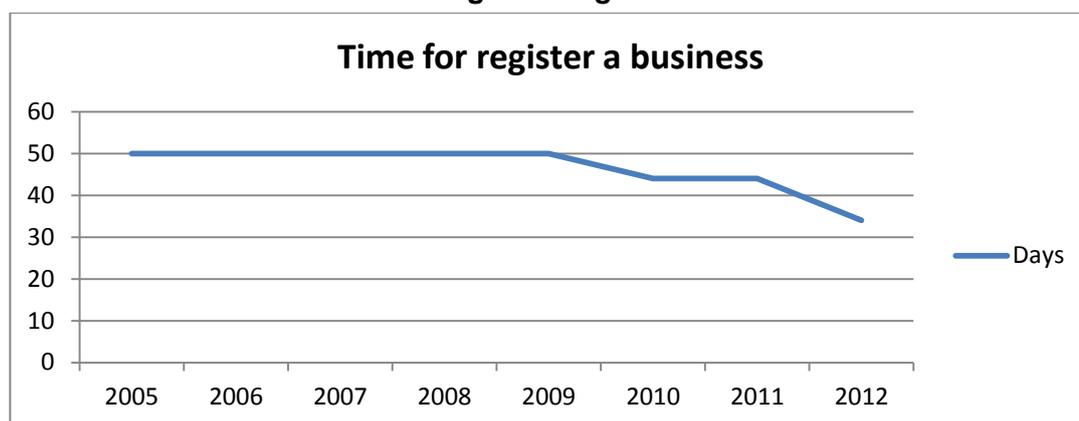
In the Project document 2008 the target is expressed as:

*“Time to register an enterprise decreases by at least 75 % in all provinces from its 2007 median level by Dec 2009.”*

In the Project document 2010, the time period is extended to September 2010. The Project document(s) suggests that the World Bank *Doing Business* report and/or the PCI index for 2008 might be used as the ‘baseline’ data (reflecting the conditions in 2007). We use these two benchmarks below.

The *Doing Business* for Viet Nam in terms of time for “Starting a business” shows the following trend:

**Figure 6: Time to register a business in Viet Nam 2005 – 2012 according to *Doing Business***



Source: World Bank/IFC Doing Business reports 2006-2013

As noted in the figure, there has been a steady decline in the length of time needed to register a business in Viet Nam since 2009 from 50 days to 34 days in 2012. However, the decline is neither of a magnitude that was targeted in the Project document, nor has it any similarity in length stipulated by the Law. If the *Starting a Business* is used as a performance measure as suggested in the project document(s), there was a reduction by 6 days from the ‘baseline’ 2007 until 2010, and a further 10 days by 2012 or in total 32% from 2007 to 2012. While quite positive, this is below the target set by the Project of 75%.

The much longer time reflected in the *Doing Business* of *Starting a Business* in Viet Nam is due to three main reasons:

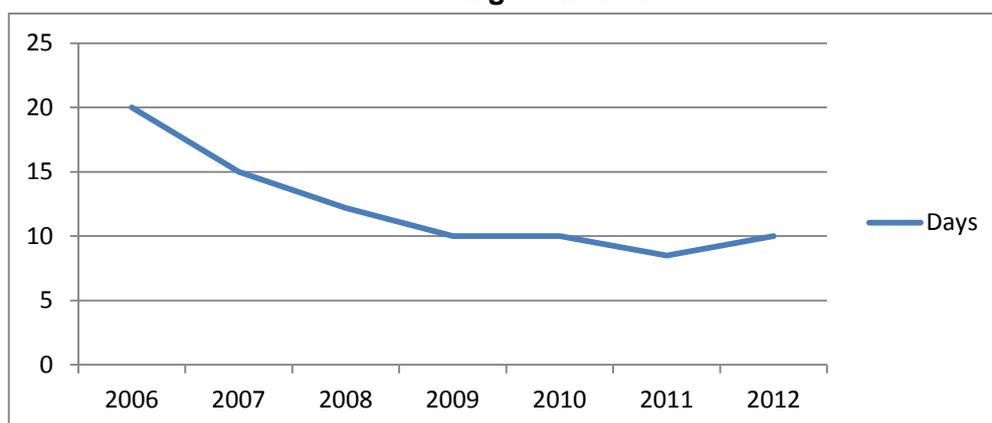
- The registration procedures captured by the *Doing Business* index include 10 procedures, (also including steps such as *Opening a bank account*, *Making a seal*; *Buy pre-printed VAT invoices from the Municipal Taxation*

*Department or obtain and print self-printed VAT invoices; Publish announcement in a daily newspaper, etc.*), while the registration time established by Law and measured by NBRIS only reflects the registration procedure at the BRO, i.e. one of the ten listed procedures in the Doing Business. For details of the procedures and the Doing Business assessment for Viet Nam, see annex 9.

- The Doing Business is based on an estimate for a standard SME company in the largest city of the country - in the case of Viet Nam this is HCMC - and includes also the time when an applicant enterprise might have to update its dossier if it was rejected as not complete by the BRO. The Project data – and the Law – concerns the processing time from the submission of a complete and accepted application to the provision of a business certificate.
- The accuracy of data provided in Doing Business is increasingly questioned, for example lately by the Independent Doing Business Review Panel appointed by the World Bank in 2012. The Review was critical, for example, of DB's reliance of lawyers in different countries to provide the data at country level.<sup>44</sup> A number of inaccuracies in the Doing Business 2013 in Viet Nam in terms of starting a business were – at the request of the evaluation team - identified by VCCI and the BRR project office. (See further annex 9). Overall this indicates weaknesses of the Doing Business methodology.

The Provincial Competitiveness Index published by VCCI assesses the length of business registration as one of its parameters. The median value for this parameter from the reports 2006 – 2012 is given in figure below:

**Figure 7: Time to register a business in Viet Nam 2005 – 2012 according to the PCI**



Source: VCCI & USAID Provincial Competitiveness Index reports 2006-2013

As seen from the figure above, there is a substantial drop from 20 days as a median value in the first PCI report 2006 (reflecting conditions in 2005), to 12.3 days in the report 2009 (reflecting the conditions of 2008), i.e. the time when the

<sup>44</sup>Manuel, Trevor et al (2013): Independent Panel Review of the Doing Business report.

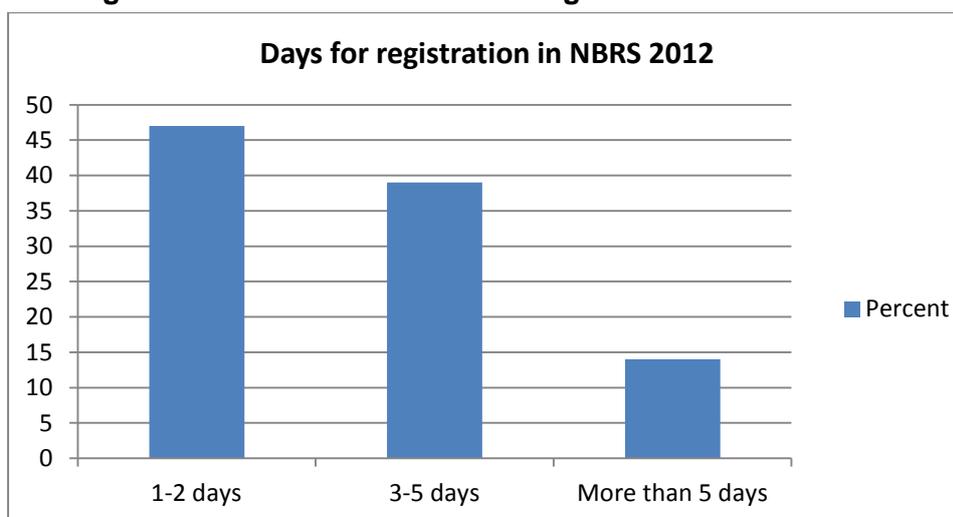
BRR project started. Using the PCI data, there has been a marginal drop from the median 12.3 days to the most recent value of 10 days, or 19%.

Also the PCI survey results are much higher than the stipulated 5 days by law and even more so than the 1-2 days targeted by the Project. There are two reasons for this difference: firstly, the PCI surveys also include the time it takes for the enterprise to have a seal made and registered (minimum one day, but usually a few days), which are not included in the NBRIS data, nor subject for the time limit in the Law. Secondly, the PCI index is based on enterprise survey results and includes also the time enterprises have to update incomplete dossiers. As evident from the enterprise case studies carried out by the evaluation team, the preparation of a complete and acceptable dossier tend to be the main bottleneck and time-consuming element for the applying enterprises, rather than the time used by the BRO. See further annex 5.

### Actual BRO performance

The NBRIS keeps record of the length of time for registration on a monthly basis. For 2012, a breakdown shows the following pattern:

**Figure 8: Distribution of time for registration in NBRIS 2012**



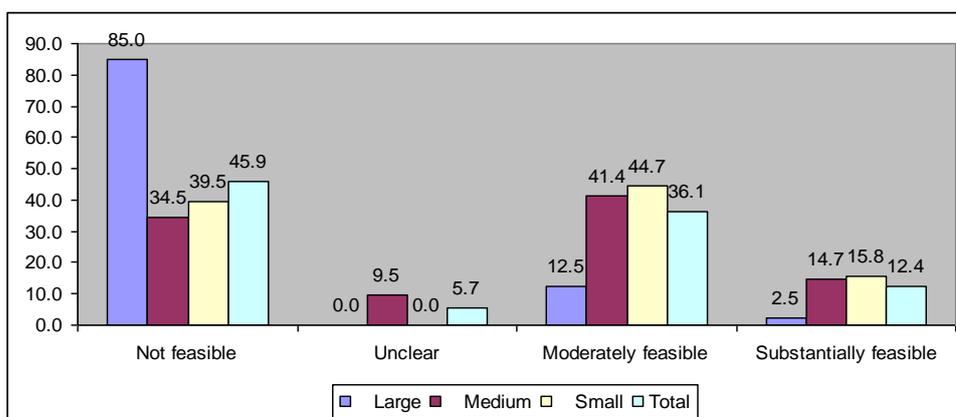
Source: Data provided by the ABR in late May 2013

NBRIS has, according to data generated from the system, achieved the ambitious target of processing of applications within 1 – 2 days for nearly half of all applications, and performs within the stipulated timeframe of the Enterprise Law in 86% of the cases. This is a major achievement by the BROs. However, 1 out of 7 applications takes beyond the stipulated time of 5 days in the Law. Data for recent months indicates that the latter share continues to be between 10-20% of the registrations.

The average processing time varies between the 65 BROs. Some provinces had an average of less than 1.5 days in 2012 (Kien Giang and Tien Giang), while others were even slightly above the 5 days limit of the Law as an average (e.g. Ha Noi 1, Bien Duong, and Gia Lia). Ho Chi Minh City, which accounts for nearly half of all registrations, had a record of about 3 days as average.

The BRO survey undertaken by the evaluation team asked the management of the 65 BROs how feasible they considered the 1-2 day target of the Project is, by the end of this Phase of the Project. The results are provided in the figure below:

**Figure 9: Feasibility of the target to reduce time of registration to 1-2 days by the December 2013 (%)**



Source: On-line BRO survey June 2013, annex 5

As indicated in the figure, nearly half of the BROs believe the target of 1-2 days is not feasible to achieve prior to the end of the project in December 2013. It is notable that 85% for the larger BROs (such as HCMC, Ha Noi, Da Nang, etc.) do not consider the 1-2 day target as feasible. These larger BROs account for over 80% of all registrations in Viet Nam.

If the data in the *Doing Business* for Viet Nam is used, indicating 34 days in 2012 for registering a business in HCMC, the actual processing time at the BRO in HCMC of a complete dossier is 3 days, or just 10% of that time. From a business perspective, the burden of starting a business in Viet Nam today seems to be in other elements of the procedure, than the time an application is processed by the BRO. The targeting of 1-2 days for registration by the BRO might be essential as a benchmark for administrative efficiency by the BROs, but is of limited relevance as a means of reducing the burden of starting a business in Viet Nam from the business perspective.

## Cost of registration

The BRR project document sets the target in terms of costs as:

*Cost of registering an enterprise decreases by at least 50% in all provinces from its 2007 median level as of December 2009.*

This target was in the 2010 project document the same, but assumed to be achieved by September 2010.

The project document is not explicit on what 'cost of registration' includes. In general, cost of registration might comprise several elements:<sup>45</sup>

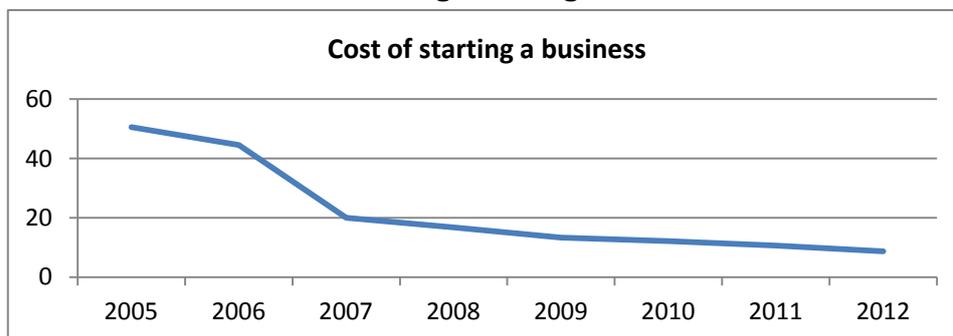
1. Official fees for registration:
  - The official fee charged by the BRO for registration.
  - The cost of (mandatory) seal making and for registration of a seal with the Police.
  - The cost of required publishing in media of an announcement of a new company.
  - Cost related to registration with tax authorities (VAT, license, etc.).
  
2. Administrative costs for the enterprise:
  - The cost for the enterprise to prepare all necessary documentation required for applications for business registration and tax registration separately, including of the cost of obtaining a copy of a business registration certificate for tax registration.
  - Cost due to time spent by company staff visiting and waiting at the BRO office.
  - The cost related to deal with rejected applications, i.e. in making the dossier complete and acceptable to the BRO.
  - External support costs for the registration process, e.g. fees to legal firms or consultants which the company might employ to facilitate the process.
  
3. Potential 'informal costs' in order to obtain a certificate or by the enterprises paying officials informally for speeding up the process.

The *Doing Business* reports for Viet Nam give the following graph in terms of *Starting a Business*. It should be stressed that it covers only the cost items under 1 above:

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<sup>45</sup>As further discussed below, several of these cost elements are beyond the control of the BRR project.

**Figure10: The cost of starting a business in Viet Nam 2006-2013 according to Doing Business**



Source: World Bank/IFC Doing Business reports 2006-2013

Relative to Viet Nam’s GNI per capita, there is dramatic drop in the cost of registration from 2005 to 2012, largely due to the growth of Viet Nam’s GNI per capita. As seen from the figure above, most of this drop took place in 2005-2007 (reflected in the DB reports 2006-2008), hence prior to the BRR project.<sup>46</sup> There is, nevertheless, a steady downward trend throughout the period.

Comparing the cost before the project (2007) and most recent data (2012) using the *Doing Business* data, the following picture emerges:

**Table 3: Cost of starting a business in Viet Nam according to Doing Business 2007 and 2012**

Sub indicators	2007	2012
Cost (% of GNI per capita)	20%	8,7%
Viet Nam GNI per capita	790	1400
Cost in USD	158	122

Source World Bank Doing Business 2008 and 2013

If we use these figures, the cost reduction by 23% in absolute terms over the period is below the target of “at least 50%” set in the Project document. If we use relative cost (to GNI/capita) on the other hand, the reduction has been 61%. As noted earlier, the Project documents 2008 and 2010 do not contain a clear definition of what cost they refer to.

The registration cost (concerning the official fees above) amounted in 2012 to VND 2.3 million, or USD 110 according to DB. These costs include the following items:

<sup>46</sup> The indicated period is when the former SME project of UNIDO was already advising MPI/ASMED on reducing the burdens related business registration, anticipating somehow, the BRR project.

**Table 4: Costs of register a business in Viet Nam 2007 and 2012 (VND)**

Costs	2012	Comment
The business registration fee	200,000	
Making of seal	165,000	
Registration of seal with the Police	20,000	
Publish announcement	700,000	Can be made at the NBRIS Portal for VND 300,000 <sup>47</sup>
Business license for tax	1,000,000	
VAT Invoices	200,000	
<b>Total</b>	<b>2,285,000</b>	

Source: World Bank/IFC Doing Business (Viet Nam) 2013 with comments by VCCI

As noted above, the cost item related to the Project is the business registration fee which constitutes 10% of the total official cost in 2012. However, there is now also an option for the announcement of a new company in media at the NBRIS Portal, which would cut this standard cost by VND 400,000. IFC in a recent report claims that:

*“Effective since June 1, 2010, the simplified business registration procedure has abolished many unnecessary procedures and adjusted the licensing steps, shortening the registration time from 15 working days to 5. These reforms helped save much time and cost for businesses, about USD 4 million in one year for about 80,000 businesses nationwide.”<sup>48</sup>*

The figure represents USD 50 per registering enterprise or a cut of 36% from the Doing Business baseline 2007.

Anecdotal evidence indicates that the increasingly transparent and simplified procedures for registration, which have been introduced during the last 7-8 years, are likely to have reduced the overall costs for the enterprise beyond those related to the official fees. From the enterprise perspective, reductions of such costs are likely to be more important than the official fees. The enterprise case study undertaken by the evaluation team indicates that the total cost of registration has declined over the years, but the compilation of the required dossiers is still a major task.

## Financial statements

The third indicator suggested in the Project document in terms of determining the achievements towards the development objective is formulated as:

*Financial statements of shareholding enterprises start becoming available to the public within 2011.*

<sup>47</sup> Even lower cost options exist that reduces this further, see annex 9.

<sup>48</sup> IFC's web page

It must be stressed that of the registered enterprises in the NBRIS, only *shareholding companies* are required to disclose their financial data. The provision of annual financial information is –according to the existing Enterprise Law - not mandatory for sole proprietorships (private enterprises), partnerships and limited liability companies. All enterprises must deliver the financial statements to the tax authorities, but only the shareholding companies are obliged to make the data publicly available.

The NBRIS receives the financial statements from the tax authorities following the information sharing practice, which has been established. Since Phase B of the project was initiated, some 150,000 transfers of financial records have occurred.<sup>49</sup> The transfer was initiated in early 2013 and has so far covered about a third of the 135,000 registered shareholding companies.

### **Achieving the development objective**

Using the indicators suggested in the Project documents, we conclude that the Project has contributed to reductions in time and cost of starting a business, as well as increased the transparency through making financial statements publicly available. While it is taking place at a slower pace than expected both in 2008 and 2010, and somewhat below the targets, these are nevertheless good achievements, taking into account that the Project had a highly ambitious time table.

While the Project has chosen the time and cost for registration as two of its key performance indicators, its importance for the ‘cost of doing business’ in Viet Nam should not be exaggerated. At least in the main cities in Viet Nam the process of registration is a well-established procedure carried out to a large extent by consultants specializing in providing ‘registration’ services to client companies for what appears to be a reasonable fee and under competitive market conditions. Viet Nam is not different in this respect from industrialized countries with overall rather simple procedures. Outsourcing the formality of business registration, including preparing all the required documentation, is normal business practice. The cost for such services and the trend in such costs is probably a better indicator of ‘cost of starting a business’. Firm data on this is not available to us, but the enterprise case studies carried out by the evaluation team indicate that these consultancy firms charge in the order of USD 50 – 500 for the registration procedure (including the registration fee), the difference in fees depending on the complexity of the dossier and other services provided.

The enterprise case study further indicates that in the larger cities using consultants is common practice, while such services are uncommon in the provinces with smaller number of businesses. In the latter, on the other hand, informal contacts and service minded BROs with less workload than the BROs in

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<sup>49</sup> Data provided by the project office in late May 2013.

the main cities, seem to alleviate the burden of the registration. For details, see annex 5.

Also important in the longer run is that the NBRS – as any modern business registration system - will increase the transparency in the business sector, thereby decreasing the risks for the benefit of businesses and the Vietnamese society at large by providing easy, uniform and national access of business data such as company names, legal information, ownership, etc.<sup>50</sup> These benefits can, in economic language, be expressed as reduced *transaction costs* in the economy, and be a powerful factor for economic growth. Furthermore, the NBRS will provide a better database for (central) government planning than what was available when business registration was a solely provincial task. While part of the rationale for the support of the reform in the Project Documents 2008 and 2010, this is not expressed as a specific objective in the log frames, nor manifested in measurable indicators, hence the focus above on the more narrow cost and time dimension of registration.

### **The immediate objectives**

The project document identifies two immediate objectives of the project, called purposes.<sup>51</sup> These are:

- *Computerized National Business Registration System containing registration information on enterprises nationwide, is operational in 63 provinces by October 2009.*
- *The National Business Registration System is complemented with a computerized financial statements filing and dissemination system operational in 63 provinces by November 2009.*

For these objectives, the log frames 2008 and 2010 suggest specific indicators, provided in the in Table 5 below. Upon our request, the Project office updated the log frame including with information on when the result was achieved, see below.

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<sup>50</sup>Prior to a centralized system, there could, for example, be many companies with the same name in Viet Nam.

<sup>51</sup> These correspond in the OECD/DAC terminology to Outcome.

**Table 5: BRR project indicators for immediate objectives – target and results**

<b>Indicators for Immediate Objectives 2008<sup>52</sup></b>	<b>ProDoc 2010<sup>53</sup></b>	<b>Achievements (as of May 2013)</b>
Single point registration, using one consolidated form, is sufficient to register for business, tax code, statistics and seal permit purposes in 63 provinces by December 2009	Sept. 2010	The required legal framework was established by Decree 43/2010 and is effective since June 2010, implemented by the nationwide roll-out of NBR
Every registered enterprise is given a unique ID recognized by NBR, General Department of Taxes, General Statistics Office and Ministry of Public Security systems by December 2009 <sup>54</sup>	Sept 2010	This was started in May 2010 and became nationwide in September 2010, implemented by the nationwide roll-out of NBR
On-line applications for registration reach at least 20% of total number of new registrations completed in 2007 by the end of 2009	End of 2010	Online registration is available through the National Business Registration Portal from April 2013. The number of on-line registrations are small so far, however, or a few percent of total registrations.
Enterprise information services generate revenues that are at least equivalent in amount to 75% of revenues generated by registration service by mid-2010	End of 2011	Information service is available for sales from April 2013 through the National Business Registration Portal. The revenues so far limited. Estimated sales for 2013 are USD 10,000.
BRD <sup>55</sup> concludes at least one fee earning information service contract based on NBR with an external institution by mid 2011	End of 2011	Several contracts have been signed with banks and other organizations in Viet Nam.
Information services provided by various means from BROs increase by 50% from its average national level in 2007 by the end of 2011	Mid. 2012	Data not yet available

Source: Project log frame 2008 and 2010, achievements were updated by project office in May and July 2013

The Project has clearly achieved its first and second stated immediate objectives (*Computerized National Business Registration System*) and (*National Business*

<sup>52</sup> There was a delay in the start of the Project by about 6 months as use of funds had to await in-country approvals. The Project document and the log frame were not adjusted taking this delay into account in order not to delay the start of the Project further of administrative reasons.

<sup>53</sup> Phase A, Module II and Phase B could only be started after SECO joining the project late 2010 and release of funds in January 2011. As a result, completion of the implementation of web-enabled information services (Phase A, Module II), including on-line registration and financial statements filing (Phase B) were postponed first to April 2013 and then to December 2013 through a no-cost extension. Information on this is contained in Minutes from Annual Review Meetings, etc.

<sup>54</sup> For acronyms see list in the early part of the report.

<sup>55</sup> BRD = Business Registration Division of ASMED, as of 2010 ABR was established.

*Registration System complemented with a computerized financial statements filing and dissemination system<sup>56</sup>)* also within the time frame established in 2010

Reviewing the Project against the indicators given above, the achievements provide a mixed picture. The basics of the systems development (i.e. single point registration, unique ID number, etc.) have been well achieved and also on the (revised) targets in terms of time. Online registration is on its way, but at a quite early stage and has not reached the original target. The future scope is yet to be seen. The revenue making mechanisms of the NBRIS from sales of information is considerably delayed.

## Delivering the outputs

The Project document also specified five distinct outputs that it would deliver provided in the table below (dates are omitted). For these outputs, the Project document listed thirty specific indicators. The Project office was requested to update the log-frame for most recent status, including when the result was achieved. The outcome of this is given below.

**Table 6: Expected outputs of the BRR project and results so far**

Expected Project outputs	Achievements (as of May 2013)
Institutional and organizational capacity of BRD (later ABR) and BROs are strengthened to establish and operate the National Business Registration System	This has been achieved through major training activities and absorption of project staff in the ABR
Computerized business processes and operation system are completely rolled out to and are operational in 63 BROs	Accomplished in 2010
NBRIS is populated with enterprise information, including, and as appropriate, with those resident in the pre-reform business registration systems	Achieved during 2011
Capacity building assistance is delivered to BRD and 63 BROs to establish and operate a computerized annual financial statements filing and financial statement information dissemination system by November 2009	Was initiated 2010 and is on-going
Computerized business processes and operation system for financial statement filing is completely rolled out to and operational in 63 BROs	Undertaken in 2011-12

Source: Project log frame 2008 and 2010, updated by the Project office in May 2013

We conclude that the Project has been efficient in delivering its planned outputs, albeit with a certain delay against the original timing.

<sup>56</sup> Dissemination system here means “enterprise information” dissemination system as per the ProDoc 2010, Section D.2.

### 4.3. Efficiency

Efficiency is defined by OECD/DAC as the ratio between *outputs* and *inputs*. Efficiency assessment in development cooperation is difficult as projects are complex and take place in different institutional contexts, thereby rarely allowing assessment of results and costs versus benchmarks or international best practices. The BRR project has a total price tag of over USD 15 million, if the preliminary project and the government inputs in-kind are included. Are the outputs of the Project as described above 'worth' USD 15 million, or could the same outputs have been achieved to a (significantly) lower cost? Below, we use four proxies to make an efficiency assessment of the BRR project.

#### Reality versus plan

One indicator of the degree of efficiency is whether the Project has delivered what it was supposed to do in terms of *outputs* at the overall cost originally envisaged and at the time planned. Increase in costs and/or delays in implementation might be indications of low efficiency.

The final external cost of the Project compared to the original Plan in 2008, shows an increase by USD 3.7 million or about 40%. The delays in delivering outputs have in some cases been several years versus the original Plan as noted above. The USD 2.8 million of the increase in budget was decided by MPI, UNIDO and SECO in 2010 and associated with additional capacity building at BROs in the form of training; additional equipment to ABR, additional awareness raising, in addition to extra time for capacity building in client orientation of one year. The delays in time in delivering (some of the) outputs have, according to UNIDO, also several explanations: First, there was a delay in time when funds became available and the Project could start implementation by about half a year delay in 2008. Second, the time schedule was deliberately kept tight from the beginning – and thereby over-optimistic - in order to put pressure on delivery on all parties concerned. Third, the expanded scope of the Project with additional activities also meant certain delays. Given these explanations, and that the BRR Project deals with a complex administrative reform process which is difficult to plan in detail in advance, our conclusion is that the increase in budget and the delays in delivery as compared to the original Plan of 2008 and the revised Plan 2010 should probably rather be seen as an optimistic and ambitious planning process, than inefficiencies in delivery.

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in 2008. Also, there were similar delays when SECO joined the Project. Second, the time schedule was deliberately kept tight from the beginning – and thereby perhaps over-optimistic - in order to put pressure on delivery on all parties concerned. Third, the expanded scope of the Project with additional activities also meant certain delays. Given these explanations, and that the BRR Project deals with a complex administrative reform process which is difficult to plan in detail in advance, our conclusion is that the increase in budget and the delays in delivery as compared to the original Plan of 2008 and the revised Plan 2010 should probably rather be seen as an optimistic and ambitious planning process, than inefficiencies in delivery.

### **Perception of stakeholders**

Another indicator of the degree of efficiency that might be used is the perception of the counterpart organization(s) and other stakeholders in Viet Nam on how efficient or inefficient inputs were delivered and outputs created. Such a proxy is obviously based on subjective value judgments, yet these are essential especially to identify poor performance. Viet Nam is a demanding 'client' of ODA and poor performing advisers would soon be noticed. It is unlikely that dissatisfaction would have been disguised. During the evaluation, we heard without exceptions praise of the project's technical assistance, including the CTA's performance. The views on the training conducted by BRO staff interviewed also spoke of good value for money. Previous reviews carried out by technically specialized reviewers (Jacobs et al) also pointed to the soundness of technical solutions aligned to best international practice. Thus, also this indicator points at good efficiency.

### **BRO management survey**

The BRO survey conducted by the evaluation team asked the BRO management about their perception of the efficiency of the delivery of technical assistance and training (To what extent were the components/activities that you were involved in designed and delivered efficiently?) The response was overwhelmingly positive. Thus, in terms of the technical systems, 99% of the respondents consider these partly or (fully) efficient, and equally 99% considered the staff training provided as partly or (fully) efficient.

### **Management efficiency**

Another indicator might be the quality of project management (based on the assumption that a well-managed project is likely to deliver better outputs for given (or less) resources, than a project poorly managed.) As noted above, the UNIDO evaluation of all on-going projects in Viet Nam in 2012 considered the BRR project as "very efficient" not least due to the intensive and hands-on supervision by UNIDO, Vienna, and weekly progress reports, but also decentralized decision making to the field.

## Compared to other reforms

The Investment Climate Advisory Services of the World Bank undertook a review of a number of business registration reforms in the late 2000s through a series of case studies. The reform of Malaysia carried out in 2001-2008 is of particular interest as it had an explicit cost-analysis and also some similarities to the reform in Viet Nam. Thus, Malaysia's reform corresponds to that of Viet Nam in the sense that it was carried out over a similar time period; it included required legal reforms; it was based on the creation of a new business registration agency with offices in each state (but within a centralized system), its focus was on making business registration a service towards the enterprises and the public, etc.. The reform cost in Malaysia, including software and hardware, training of staff and a public awareness campaign, was about USD 14 million during the period 2002-2007.<sup>57</sup> The Malaysian reform was financed entirely by the registration organization from its fees and other revenues, with no funding by donors or the Government. In certain ways, the reform process in Viet Nam appears more complex (in the sense of the starting point and the administrative complexity in Viet Nam with 63 provinces). With all the caveats of difficulties in comparing the reforms, the cost for the reform in Viet Nam compares, nevertheless, well to Malaysia.

## 4.4. Impact

The Project documents of 2008 and 2010 do not specify the expected longer-term impact of the BRR project above the outcome discussed in the section above on effectiveness. Nor are the log frames showing any assumed linkages between the stated development objective *the business environment for enterprise start-up and operations is improved* to any higher level development objective. The ToR for the Evaluation, on the other hand, include two criteria for assessing the impact of the Project, namely:

- Which long-term developmental changes (formal sector expansion, employment generation, a more conducive business environment, growth of the commercial or industrial sector, domestic and foreign investment, poverty reduction) have occurred or are likely to occur as a result of the intervention and are these sustainable?
- Impact on policies and other actual or possible future usage of information generated by the BR system and possible impact on public programs.

Below, we assess the Project against these two impact criteria. In addition, we discuss to what extent the Project has contributed to improving Viet Nam's *competitiveness*, a common assumed and desired result of improvements in the business environment.

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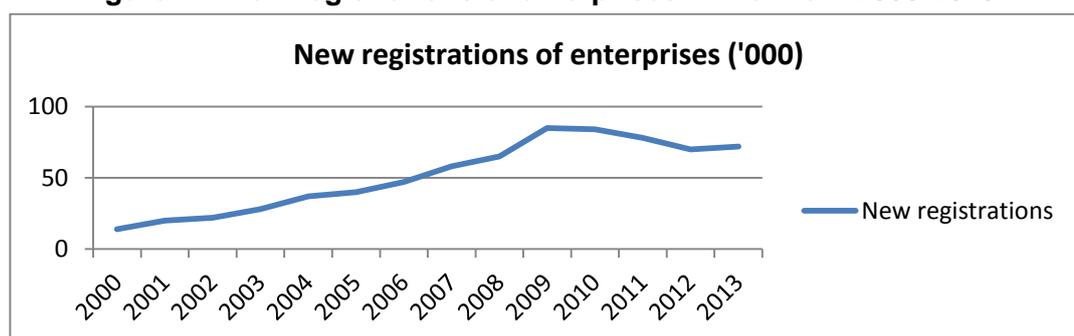
<sup>57</sup>Olaisen, J. (2009): Business registration reform. Case study Malaysia.

## Impact on business growth, employment, investments and poverty

There is a common hypothesis behind business registration reforms that these will facilitate entrepreneurs to start (formal) businesses and thereby contribute to increase in economic activities, employment creation and economic growth.

The figure below provides data on the registration of enterprises since 2000 in Viet Nam.

**Figure 11: New registrations of enterprises in Viet Nam 2000-2013<sup>58</sup>**



Source: BRR Project office June 2013

As noted the number of enterprises which are registering has shown a steady increase from the early 2000s from about 15,000 per annum until registration peaked in 2009 with about 85,000 new registrations after which new registrations declined to a level of about 70,000 per annum. To what extent has the BRR project impacted on this trend? On the one hand, there is a growth of new registrations from the Project 'baseline' of 55,000 new registrations in 2007 to the level 2012 of about 70,000. On the other hand there was a steady increase throughout the 2000s until 2010, the same year as the NBRIS was launched. Hence the Project has rather coincided with a decline in new registrations, rather than an assumed increase. However, the turmoil of the global economy since 2009 impacted on Viet Nam and is likely to account for the decline in new registrations after 2010.

The burden and cost to register a business is only one of many factors determining entrepreneurship and the willingness to start a business, and in the case of Viet Nam after 2007, probably a quite minor factor. World Bank research indicates that there is a need of rather significant business registration reform impacting considerably on the cost to manifest itself in an uptake of new registrations. Thus, minor reforms, which cut cost of less than 50% tend to have marginal impact.<sup>59</sup> Simplification of registering a business might have incited some household businesses to register with the NBRIS, i.e. shift from a semi-formal to a formal status, but the employment effect of this, if any, is impossible to judge. In summary, without rigorous research no robust evidence can be provided on the impact of the BRR project on employment, investments, industrial growth, or

<sup>58</sup> 2013 is a projection from the first 5 months.

<sup>59</sup> See Klapper, L. and Love, I. (2012) *The Impact on Business Environment Reform on new Firm Registration* World Bank.

poverty. Such research has not been part of this evaluation, nor undertaken by the BRR project.

It must be noted that not all registered enterprises are active in spite of being registered. Combining the database of the NBRS with the tax authorities records for 2012 until May 2013, there were new registrations of about 100,000 enterprises (including branches, etc.) over the period, but during the same period about 65,000 enterprises either were dissolved or had stopped doing business.<sup>60</sup> The added stock of active enterprises for the period was thus 35,000, or on a yearly basis about 25,000 enterprises.

A high 'death rate' of enterprises is a common feature in most economies. The birth rates and death rates of companies tend to be close to one another with a slightly higher birth rate during good economic times – when the overall business community expands, and often the reverse in recession – when the business community contracts. In Viet Nam, the birth rate of enterprises in 2012 was about 10% of the stock at the beginning of the year, while the death rate was about 6% of the stock, hence a net growth of 4%. This must be considered a good figure given the state of the world economy of the period.<sup>61</sup>

### **Impact on Viet Nam's international competitiveness**

The World Bank and IFC publish yearly since 2004 the Doing Business report, which assesses ten different criteria making up the *Ease of Doing Business* index.<sup>62</sup> The report ranks about 185 countries along these criteria, a benchmarking concerning business environment in different countries which is taken seriously by most governments and which influences many business environment reforms involving governments and donors.

The ten criteria in Doing Business include *Starting a business*. The latter criterion is composed of four indicators concerning the formal process of starting a business:

- 1) Length of time for registering a business with the authorities;
- 2) Number of procedures required for registering a business;
- 3) The cost of register a business as percent of the country's GNI per capital; and
- 4) Paid in minimum capital for registering a business.

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<sup>60</sup>Data provided by the ABR May 2013.

<sup>61</sup> Based on the following calculation: Stock of enterprises in the NBRS at beginning 2012: 720,000; newly registered 2012: 70,000; 'new' not active enterprises or dissolved enterprises in 2012: 45,000.

<sup>62</sup>The methodology is explicit in the Doing Business reports and is based on a standard case for a limited liability company in the largest city in the country. Data are produced after a study of laws, regulations and publicly available information on business entry, a detailed list of procedures is developed, along with the time and cost of complying with each procedure under normal circumstances and the paid-in minimum capital requirement. Subsequently, local incorporation lawyers, notaries and government officials complete and verify the data. Equal weights are given to the four indicators. Only official costs are included, excluding possible bribes and the internal cost and time in the enterprise of preparing required documents.

The four specific indicators, which make up *Starting a Business* for Viet Nam, gives the following results for the period DB 2007 to DB 2013.

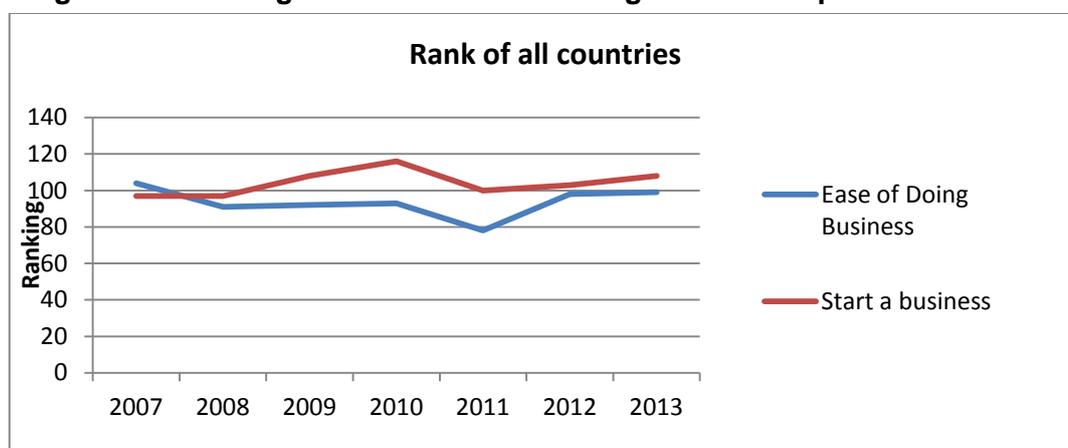
**Table 7: Doing Business indicators for Starting a Business 2007 – 2013**

Indicators	Doing Business 2007-2013
Number of procedures for registering a business	Average 10 for the period DB 2007-2013
Length of time to register a business (days)	Decline from 50 days in DB 2007-2010 to 34 days in DB 2013
Cost of registering a business (% of GNI/capita)	Decline from 44,5% in DB 2007 to 8,7% in DB 2013
Minimum paid in capital	None for the period

Source: World Bank/IFC Doing Business reports 2007 to 2013

The reduction in time and cost, combined with no required paid in capital, would suggest that Viet Nam has rather significantly improved *Starting a Business* specifically and the *Business Environment* in general since the mid-2000s to now, i.e. the period, which the BRR project has taken place. However, this is not reflected in the ranking of Viet Nam concerning *Ease of Doing Business* and *Starting a business* from the DB report 2007 (reflecting conditions in 2006) to the most recent report 2013 (reflecting conditions 2012) as shown in the figure below:

**Figure 12: Ranking of Viet Nam in the Doing Business reports 2007 – 2013**



Source: World Bank/IFC Doing Business reports 2007-2013

As seen from the figure above, Viet Nam has not improved its ranking neither for *Ease of Doing Business*, nor for *Starting a Business* over the period, albeit there are some variations between the years, not easily explainable. Rather, for *Start of a Business*, there is a slight reverse trend. Viet Nam is today closer to the global bottom in performance than 5-6 years ago. The reasons for this appear to be a combination of factors:

- Globally, there have been significant improvements in the Business Environment as measured by the DB, in fact to a large extent triggered by

the existence of this yearly index allowing benchmarking and country comparisons. Viet Nam has seemingly not performed better than other countries and remains on the bottom half of 185 countries, more or less at the same relative level as in the mid-2000s.<sup>63</sup>

- The BRR project deals with a fairly narrow dimension of the Business Environment as measured by the Doing Business; hence its impact in isolation is bound to be limited even if the Project has been successful. Furthermore, the major achievements in terms of business registration reform - as seen from the business perspective - took place prior to the Project.
- There are methodological problems with the Doing Business index, and the data for Viet Nam in DB 2013 is not fully accurate as elaborated earlier.

Our conclusion is that in order for Viet Nam to increase its international competitiveness, further broader reforms need to be carried out.

### **Impact on rent-seeking**

Viet Nam is a country where corruption is considerable as reflected, for example, in annual assessments by Transparency International. This index showed that Viet Nam improved its ranking from 123 in 2007 to 112 among some 175 countries, but reverted back to position 123 in 2012. Corruption is also measured by the UNDP supported Viet Nam Provincial Governance and Public Administration Index (PAPI), and the 2012 report provided ample evidence on how 'informal payments' for various government services, are common throughout the country.<sup>64</sup>

Weeding out corruption is a stated major policy by the Government as reflected, for example, in statements by high-level officials in donor-government meetings on anti-corruption.<sup>65</sup> The BRR project has a strong bearing on reducing petty corruption in the business registration process by providing a streamlined, transparent process, and especially once the online registration expands. However, as evident from the enterprise case study carried out, petty corruption still seems to be a feature of the business registration (see annex 5).

The BRO survey asked the management whether *the IT component reduce level of discretion of staff BRO when making decision*. It gave the following results, showing that the underlying conditions for rent seeking significantly have declined:

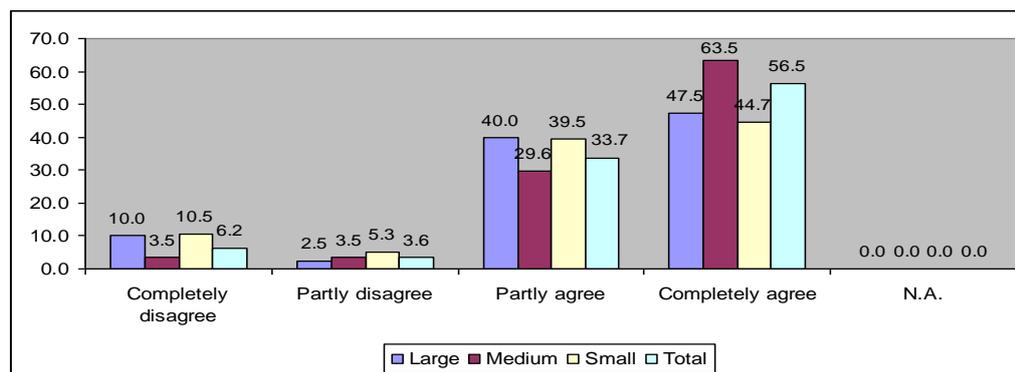
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<sup>63</sup>The World Bank reports that 75% of all countries have undertaken business registration reforms over the last decade, and that reforms tend to cut cost by at least 50%.

<sup>64</sup> UNDP et al (2013) *Viet Nam Provincial Governance and Public Administration Index (PAPI 2012), Measuring citizens' experiences*.

<sup>65</sup>Such as the Anti-Corruption Dialogue between the Government of Viet Nam and international development partners, December 2012.

**Figure 13: IT application reduced discretion of staff in approvals (%)**



Source: On-line BRO survey June 2013, annex 4

In the longer-run when on-line registration is a common feature, the opportunities for rent-seeking will largely have been eliminated. As a model, the BRR might therefore impact on overall rent-seeking behavior in government.

### Impact on administrative reform

The Business Registration Reform project has in its stated objectives a technical focus reflected in the expected outcome in terms of shorter time and lower costs for business registration as well as greater transparency of business information. However, the Project has broader implications. It is a major effort in institutional reform in Viet Nam with several forms of potential impacts:

- Increase the cooperation between different departments and ministries for the sake of simplified public management, in the case of BRR mainly the MPI, the Ministry of Finance (the tax authorities) and the Ministry of Security (police), but also within MPI between ABR and the Statistics Office. The use of single registration point, a common identification number and the sharing of information on a routine basis between several administrative systems is a major achievement in this respect.
- Addressing the complicated issue of the needs and role of the central government versus the role and needs of provincial governments. It is an achievement that the business registration today is unified for the whole country. There is today a strong movement at provincial level to contribute to refining the existing system as seen from their perspective.
- Changing the government approach from a legalistic culture towards the business sector towards one of service management, seeing businesses as clients rather than subjects to be controlled. This is a long-term process in which the project is a contributor. It was striking to experience the 'competitive mode' in visited BROs in terms of their expressed desire to cut the processing time even shorter, and the many ideas which were put forward on how to improve the system.
- Introducing e-government, i.e. making it possible for clients of government services to provide information and receive information on-line, including using e-legitimizing. This reform requires cultural changes (the official

stamp on a paper is a deep rooted culture in Viet Nam) both at government and in civil society, including the business sector. The BRR is one of the pioneers in this.

In the longer-term the impact of the project on these administrative processes – besides increased transparency in the business community - will be the main developmental benefits of the Project, rather than that the time to register a company being reduced by a limited number of days. The time element is a powerful indicator as it is easily measurable and – partly because of that – is used in various performance measuring systems such as World Bank/IFC Doing Business and Viet Nam’s Provincial Competitiveness Index. From a business perspective, on the other hand, the time the authorities use for going through the documents required for registration once these are duly filled in is of rather low importance. Start-up companies have so many more critical issues to deal with as compared to the time it takes to get the business certificate approved (if it is within reasonable time limits).

## **4.5. Sustainability**

There are a number of factors impacting on the sustainability, i.e. to what extent the benefits of an intervention are likely to continue after donor funding has been withdrawn. The sustainability risks of the BRR project are elaborated below.

### **Risk for political reversal**

As already noted, the business registration reform is a complex undertaking, and political reversals or change of priorities making the reform wither away are possible in theory. We consider the risk of such policy reversal to be very small given the proven determination of the Vietnamese authorities to pursue the reform path and the number of legal statements issued in support of the reform. The reform process has shown its solid foundation since the early 90s, making a political reversal most unlikely. Furthermore, the business community is used to a simplified registration system and surely would react negatively to a policy reversal.

The decentralized form of the Viet Nam business registration system in which the provincial Business Registration Offices continue to play a central role, creates its own risk. Even with a unified system, there is a risk of varying performance at the provincial level, and not least varying willingness or ability to maintain staff, equipment and systems as the BROs depend on funding from the provincial Departments of Planning and Investment (DPI). In spite of the fact that the provincial BROs in some cases have had to abandon established provincial registration systems and adopt the centralized NBRS, our assessment is that the commitment to the new system overall is high, reinforcing the high chance for a sustainable system. Furthermore, the NBRS is designed in a way that the IT skills requirement at the BRO is small, so called “thin client architecture”, further lowering the risk of an unsustainable system.

The BRR, with its focus on single point registration for business registration dependent on the cooperation between different government entities, ABR, the Statistics Office, the Tax Authority and the Police, has an inherent theoretical risk of a break-down or major problems of such cooperation. The sustainability of the cooperation is likely to be dependent on the benefits (and costs) perceived by the collaborating entities. Our interviews indicated that the cooperating partners mainly experience and foresee clear benefits of the NBRIS, hence the risk for institutional reversal seems small also in this respect.

## **Financial risks**

There is a sustainability risk in respect of the financial resources required to maintain and operate the system once the BRR project is over. This is related to the central and provincial governments' ability and willingness to maintain sufficient staff at the BROs and ABR and/or to outsource key technical tasks to specialized IT companies. There are complaints at least in some BROs that their work burden is disproportionately larger than in other parts of the provincial government, hence there is an implicit demand for more staff. There are also complaints of shortage of hardware (computers and scanners) given the workload.

The NBRIS also depends on a certain number of qualified IT specialists to maintain the system at the center. A large number of these have been paid for by the Project, and have to be absorbed by the Government, which is on-going. IT skills are in high demand on the private market with salary levels often many times above official government levels. The Government has developed several administrative solutions to be able to retain key staff with remuneration above the official government scale through a revenue sharing mechanism (see below) and the establishment of a semi-autonomous Business Registration Supporting Center (BRSC) under ABR. This center is not bound by official government salary scales, but can, if the Center can generate sufficient financial resources, better match the private market.<sup>66</sup>

## **Revenue generation**

The business registration in Viet Nam generates revenues from the fees for registration and amendments of registrations. In 2012, the system generated such revenues corresponding to about USD 840,000. In 2013, the fee for amending registration was raised from VND 20,000 to VND 200,000. As a result, the total registration fee is expected to increase this year to about USD 2 million, i.e. a substantial financial boost to the system. According to current practice, the revenues are retained as follows:

- 70% are kept by the province for covering the cost of BROs;
- 15% are transferred to ABR for maintenance of the NBRIS and support of ABR costs;
- 15% are transferred to the local (provincial) government budget.

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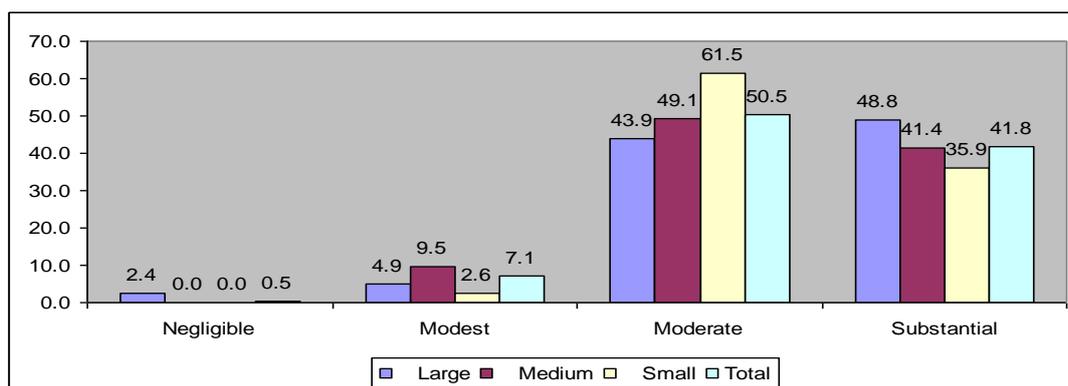
<sup>66</sup> The financial system is laid down in Article 4 of the Circular 176 on Fees and Charges.

A second source of revenue from the NBRIS is the fees registering enterprises pay to the NBRIS Portal for announcing the new companies. As noted earlier, NBRIS charges currently VND 300,000 for this service, a substantial revenue source to ABR. Note should be taken, however, that cheaper alternatives exist.<sup>67</sup> (see annex 9).

A third revenue source is sales of information from NBRIS's database to various clients such as companies, banks, etc. BROs have been selling such information independently until 2013. In 2012, the sales per BRO were at a level of USD 25-75 as indicated in the BRO survey (see annex 4). Sales from the NBRIS proper started very recently (April 15, 2013) and are still small, or about USD 1,100 up to early June. ABR's projection is that the revenues from sales of information for 2013 will be about USD 10,000. However, ABR's expectation is that such sales will increase substantially over time when this service has been marketed and is better known.<sup>68</sup>

The BRO survey asked the management of the BROs about their expectations concerning sales of services. The figure below gives the results divided on sizes of the BROs:

**Figure 14: Expected demand growth for enterprise information services (%)**



Source: On-line BRO survey June 2013, annex 4

As noted, at the provincial level, the majority of the BRO managers expect that there will be a moderate increase in demand of information from the NBRIS. In summary, the revenue sharing system, laid down in Article 4 of the Circular 176 on Fees and Charges, should increase the opportunities for self-financing of the NBRIS, hence the sustainability of the system. There is also a clear shift in legislation which allows BROs to have the possibility to retain revenue which they previously did not have. This new source of income will cover office operation, maintenance, upgrade of computers and IT equipment, etc.

<sup>67</sup> Revenues from the online E-Gazette (announcement of new/amendment registration) are shared as follows: If performed by ABR: ABR retains 90%, 10% goes to the State Budget; If performed by BRO: BRO retains 30%, 70% goes to ABR in which ABR retains 60%, 10% goes to the State Budget.

<sup>68</sup> Also revenues from information sales are shared according to a set formula. Revenues from information service provided by ABR: ABR retains 85%, 15% goes to the State Budget. Revenues from information service provided by BRO: BRO retains 70%, 15% goes to ABR, 15% goes to State Budget.

## Projected and real costs and revenues for the NBRIS

The Project Documents of 2008 and 2010 do not contain an explicit discussion of how the Project will avoid dependency on continuous support *except that the sustainability and maintenance of the NBRIS technical system is the responsibility of the MPI/BRD and efficiently ensured by the system thin client architecture.*<sup>69</sup> However, the Project preparation included a detailed analysis of projected costs and revenues, showing that the NBRIS would be self-financing with revenues from registration fees, sale of information etc., would exceed costs of operation already from 2009.<sup>70</sup>

In the table below the cost and revenue projections for 2012 in the Project documents is compared to the current estimate for 2013.<sup>71</sup>

**Table 8: Projected and real NBRIS revenues and costs 2012-2013 (USD '000)**

Revenues and costs	2012 as of Pro Doc	2013
<b>Revenues</b>		
Registration and amendments	4,523	2,061
Sale of information	813	10
<i>Total revenues</i>	<i>5,336</i>	<i>2,071</i>
<b>Costs</b>		
Staff cost (BROs and center)	2,063	1,185
IT maintenance	590	452 <sup>72</sup>
Office operations	437	165
Communication costs	514	57
<i>Total costs</i>	<i>3,604</i>	<i>1,859</i>
<b>Net revenue</b>	<b>1,732</b>	<b>212</b>
Cost of future development	642	353
<b>Surplus/deficit</b>	<b>1,090</b>	<b>-141</b>

Source: Annex 7 of the Project documents 2008 and 2010; and for 2013 information provided by ABR and the UNIDO Project manager, August 2013.

As noted above, both revenues and costs will be considerably lower in 2013 than anticipated in the project documents (the projects were made in 2007). The currently expected revenues for 2013 are less than 40% of those originally anticipated for 2012. In fact, the revenues in 2013 are even less than those anticipated in the project document 2008 for 2009 in its conservative scenario. There are several reasons for this: first, the expected revenues for 2012 were based on a registration fee of VND 440,000, but the current fee is VND 200,000. (On the other hand, the fee for amendments was anticipated to be VND 110,000, but was raised in 2013 from VND 20,000 to VND 200,000). Second, the expected number of new registrations and amendments were much higher than the reality,

<sup>69</sup> UNIDO BRR Project document 2010, page 28.

<sup>70</sup> Project document 2008, Annex 7.

<sup>71</sup> The different years are applied to allow for the delays in implementation.

<sup>72</sup> Including new equipment USD 99,000.

and third, so far low revenues from sale of information as compared to the anticipated is to a large extent due to the fact that sales only started a few months ago and has so far not been actively promoted by ABR.

In terms of costs, the Project documents anticipated that the staff of the BROs would increase moderately from about 325 persons in 2008 to 350-400 over the coming years. The number of staff of the BROs in 2013 is about 550 – i.e. nearly 50% above the anticipation. In addition, there are about 40 persons working at the ABR and the BRSC. On the other hand, salary levels expressed in USD have not at all increased as anticipated. Also the communication costs are considerably lower than in the projection due to more favorable contracts.

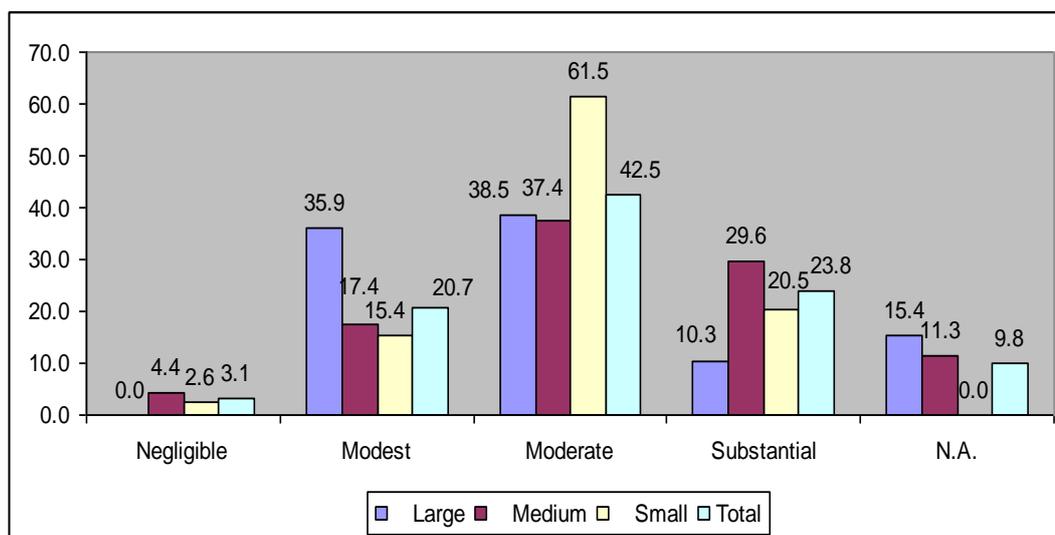
In the financial analysis in 2008 (2010), an annual allowance for future development of the system was included (USD 642,000 in 2012), still providing a considerable surplus to the government. In reality, NBRS is still not breaking even.

While the financial situation of the NBRS as compared to the projections made at the beginning of the Project are considerably less positive, the risk for an unsustainable system should not be exaggerated. First, the Government (central and provinces) covers the staff cost and also office costs, hence there is no requirement as such that NBRS should be self-financing. Second, the NBRS is delayed as compared to the plan 2008 (and 2010), hence, revenues from sales are likely to increase, once the NBRS is well marketed. Nevertheless, business registration should be able to carry its own costs, including also the required costs for future development and upgrading. The Government might therefore review the revenue stream and the fees for different services and registrations, while, at the same time, take into account that increases in fees will provide a disincentive to register and to amend information in the NBRS. Especially amendment fees might rather require a downward revision to encourage companies to keep their data in the NBRS up-to-date and correct in order to make the NBRS as accurate as possible.

### **Perceptions on sustainability**

The BRO survey conducted in the Evaluation included a question of how the BRO management considered the sustainability post-project support. (*Are the current operations self-sustainable in the next 3 – 5 years without international support?*). The response to this question is as shown in figure below.

**Figure 15: Capacity to be self-sustained without international support in 3-5 years (%)**



Source: On-line BRO survey June 2013, annex 4

While tactical responses cannot be dismissed,<sup>73</sup> it is noteworthy that only a minority of the BRO management (24%) clearly believes that the current business registration system is self-sustaining from donor assistance in a 3-5 years perspective.

## 4.6. Gender

Viet Nam has gained the reputation of being a leading country in terms of the ratio of women's participation in economic activities and among the fastest in East Asia to decrease the gender gap in the last 20 years. However, disparities still exist namely in formal labor force participation rates and the share of leading positions. In this scenario, the Project states that:

*“Easy and inexpensive start up procedures appear to benefit women entrepreneurs at least as much and even more that their male counterparts, as the proportion of time and out-of-pocket cost saving of starting up a business would be higher, considering time available to women is more scarce than men and own-capital tend to be lower.”<sup>74</sup>*

Given the significance of household businesses where women predominate in Viet Nam, the gender consideration is currently hampered by the exemption of this type of businesses from the mandatory registration under the Enterprise Law. While time and cost savings do matter for female entrepreneurs as noted above, the

<sup>73</sup> Respondents may respond negatively to the question in order to argue for future external support.

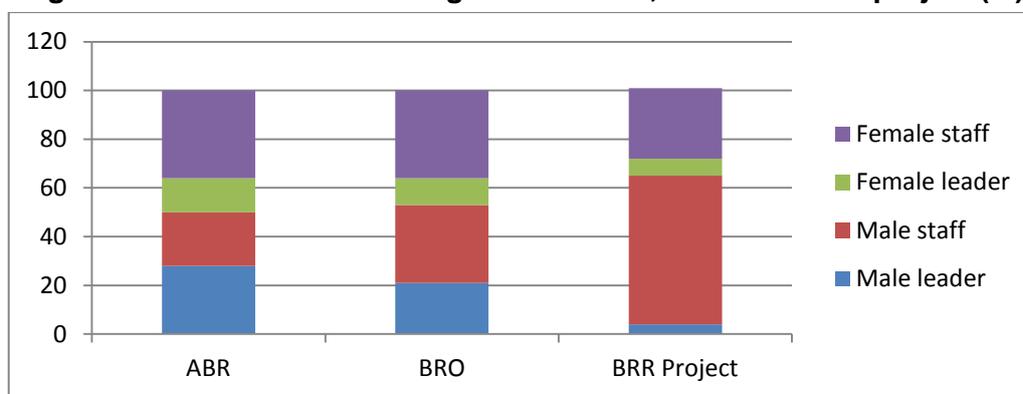
<sup>74</sup> See: NORAD/UNIDO “TA to BRR in Viet Nam” Project document TFFVIE08001, XPVIE08002, Phase I Module I under Special considerations, para. 166-167, page 39 August 2009.

present situation may prevent them from graduating into the formal economy, thus confining their business activities into the shade or informal areas of the economy.

Concerning the capacity for the NBRIS to collect, process and analyze gender disaggregated information on, e.g., ownership and size patterns, legal form of enterprise chosen by women and managerial trends throughout the enterprise lifecycle, this is now part of the NBRIS graduation towards the policy-making and planning instrument it is intended to become.

The gender balance in the ABR, BROs and the BRR project staff is indicated in figure below:

**Figure 16: The distribution on gender in ABR, BRO and BRR project (%)**



Source: Data provided by the UNIDO project manager June 2013

As noted, the division on male and female staff is equal in ABR and almost equal in the 65 BROs, while there is a dominance of males in leading positions in both structures. The BRR project, on the other hand, has a dominance of males, but more females in leading positions. Overall, the gender balance in the BRR project and its counterpart organizations is well monitored yielding the potential to showcasing women's role in IT-based operations of modern type.

## 4.7. Environmental sustainability

The Project document states that:

*“The project would have indirect, but positive benefits on the environment, as the availability of reliable, up-to-date, legally valid information about enterprises in every sector would provide stakeholders with improved opportunities to monitor the impacts of entrepreneurial activities in environmentally sensitive sectors nationwide and at provincial levels.”*

As it is the case for gender, time shall validate and confirm the likelihood of this statement. At this stage, the statement fits within the purpose of the on-going investment regime review process, where the Vietnamese authorities intend to

introduce close monitoring of environmental aspects of newly-invested enterprises, including foreign-invested enterprises.

In the immediate, the NBRIS may induce paper saving as it evolves from the electronic processing of paper-based information input towards total digitalization. However, this may be counterbalanced by electric power consumption rates.

In terms of environmental impact, our judgment is that the project is *neutral*, with potential to generate effects in *greening* the Public Administration once the NBRIS's digitalization becomes fully compatible with energy saving standards and other environmental standards. In the immediate, the *Euro Cham's Green Biz* initiative<sup>75</sup> is a viable channel for public-private partnership where entrepreneurial commitments to *ecological footprint* can match the *greening* of the Public Administration. This could start with the recognition by public and private actors of respective actions' convergence towards the common goal of environmental soundness. Once the shared intent is clearly spelled out, avenues of collaboration could be explored, leveraging on the pioneering role of provinces like Da Nang, which are putting environmentally sustainable IT-based innovation at the core of local developmental vision and planning.

#### **4.8. Project design, coordination and management**

The BRR project has, in the experience of the Evaluation team, an unusually high degree of detailed planning as a technical assistance project, reflected *inter alia* in the 'pre-project' activities (in which the feasibility of the Project was investigated), and the details of the Project document(s) comprising 300 pages single space in a main document with 10 annexes. The Project design and its adoption to Vietnamese circumstances were also facilitated by the familiarity of the UNIDO Project manager with Viet Nam, having previously been the UNIDO's Country Representative. The details in the design, and the close involvement throughout the planning process by the Vietnamese counterparts, have clearly facilitated the seemingly problem-free implementation of the administratively highly complex Project dealing with and requiring the cooperation of a large number of government entities at the central and provincial levels.

The management structure established by the Project encompassing a Project Management Unit fully integrated with the counterpart organization ASMED and later ABR in the MPI, has also been conducive for an efficient implementation. As noted above, the CTA has performed well and been appreciated by the counterpart. He and the UNIDO Project manager have had a well-functioning cooperation with apparent strong mutual trust. Having the head of the ABR to also function as the National Project Director has facilitated ownership and close cooperation. As mentioned earlier, the BRR project has had an unusually large number of national staff. These have been organized in different 'working groups'

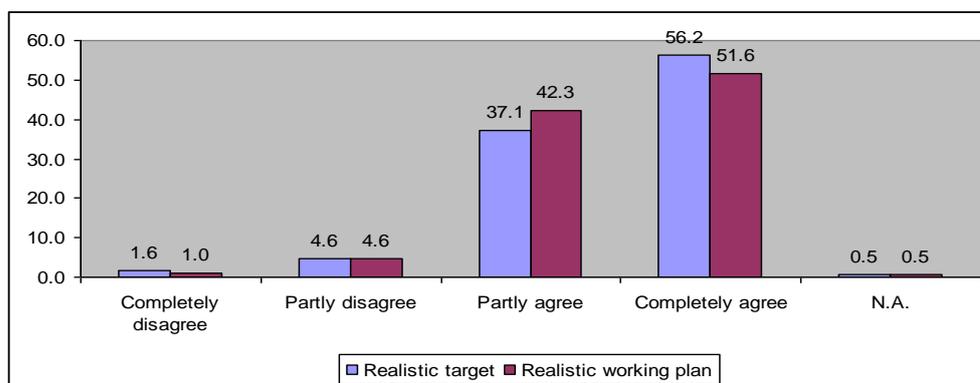
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<sup>75</sup> Launched on 24<sup>th</sup> May and running until September 2013, the Green Biz focuses on *real challenges and outcomes, along with network sharing events*.

for training, software, legal issues, public relations, interpretation, etc., which seemingly has functioned well.

There are well established procedures for cooperation between ABR/Project office and the BROs with regular consultations. The responses to the request by ABR for the visited BROs by the Evaluation team to provide in writing their experience of the reform and the Project are an example: all the BROs provided frank and constructive statements. The survey of the BROs also confirms that the Project was well designed as to the requirements of the provincial BROs as indicated below:

**Figure 17: Setting realistic targets and working plans (%)**



Source: On-line BRO survey June 2013, Annex 4

Furthermore, the forms for cooperation between the Government (MPI), UNIDO and the donors was established from the beginning in the Tripartite Review facility, the highest steering body of the BRR project, which has functioned as envisaged. A Project Steering Committee chaired by Vice Minister of MPI was also set up with members representing ASMED, (later ABR), the General Department of Tax, Ministry of Public Security, General Statistics Office, the four largest provinces (Hanoi, Ho Chi Minh City, Da Nang and Hai Phong), the private sector represented by VCCI and the Vietnam SME Association, and UNIDO, represented by the UNIDO Country Representative and the CTA.

## 5.

# Conclusions and Recommendations

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### 5.1. A successful project

The UNIDO BRR project 2008-2013 scores high as a **relevant** technical assistance project for the Vietnamese government, the business community in Viet Nam and the main donors of the project, Switzerland and Norway, and also for UNIDO. The ownership by government is strong, not least grounded in a long gestation period and a long-term close partnership between UNIDO and the Ministry of Planning and Investment since the 1990s. The Project fits well into the Government's reform agenda both concerning the business environment and administrative procedures in general. Of particular relevance to the Government, according to officials of MPI, has been the advisory support provided on legislation related to the business registration reform.

The Project has been **effective** in delivering the planned key outputs, and reasonably effective in achieving its stated objectives in terms of reducing time and cost for registration, and make public financial statements of shareholding companies, albeit the targets tended to be over-optimistic in respect of the original time frame established, i.e. what could be achieved by when. All the targets set by the Government in its resolution 59 in 2007 have been achieved, i.e.: business- and tax code registration effectuated within 5 days; unification of the business- and tax registration files; assignment of the tax code as the unique identification number of enterprises, and establishing of a national business register database accessible for the BROs.

The Project inputs seem to have been delivered in an **efficient** manner to judge from all the proxies we have applied. There has been a tight project management structure established with a high level of direct involvement by the project manager at UNIDO, Vienna. Also, there has been an overall a well-functioning management structure between the National Project Director, the CTA and the UNIDO project manager, which likely contributed to efficient project implementation. The Project has had an unusually detailed planning as a technical assistance intervention, facilitated by the 'pre-project' in 2006-07. The key Project inputs such as the technical assistance, the CTA, etc., have been of high quality.

One main **impact** of the Project is an improved business environment for some 700,000 domestic formal enterprises through the establishment of a new business registration system which has reduced the cost of starting a business in Viet Nam for domestic firms and increased the transparency in the process, thereby reduced the possibilities for rent-seeking. The reform change has been ongoing since the late 1990s, but the Project has contributed to set up a uniform computer-based

system in a country where registration previously was a separate task for the 63 provinces and often carried out by hand.

Note should also be taken of the likely reduction of transaction costs through a modern, well-functioning business registration system with legally valid, accurate and readily available legal business information. Such reduction in transaction costs at the market place through reduction of the risks of doing business for domestic and foreign enterprises is likely to have profound long-term impact on the Vietnamese economy.

The BRR project has been in the forefront of shifting the Viet Nam government administration from a legalistic one to a more client-oriented mode, applying modern computer-based registration and filing systems with options for on-line registration. A major accomplishment has been the inter-ministerial cooperation between the Ministry of Finance, Ministry of Public Security and the Ministry of Planning and Investments including close cooperation with the General Statistics Office, the General Department of Taxation and the Agency for Business Registration in MPI. As the first national e-government project in Viet Nam, the Project is likely to have a broader administrative impact.

Especially the reform to have a single unique ID code for enterprises will pave the way for other reforms, also reducing transaction costs for the Government. The Project has been in line with the government's *Project 30* on administrative reform and can be seen as a concrete example of a reform actually carried out under Project 30, which otherwise so far mainly has been devoted to identifying problems.

The Evaluation has not been in a position to assess – as requested by the ToR for the evaluation -whether or to what extent the BRR project so far has impacted on general development objectives such as employment creation, economic growth or poverty reduction or whether any such effects are likely in the longer run.

The **sustainability** of the reform process supported by the Project appears to be good. Sustainability is dependent on the central government's willingness to finance the maintenance and administration of the NBRS, its willingness to use high quality (but expensive) external services for maintenance, as well as the ability of the ABR to generate revenues from the NBRS database. The Government is committed to the business registration reform manifested, for example, in various legislative measures. A number of steps have been taken to generate revenues for maintaining the NBRS and the BROs in order to make the system self-sustaining, including the ability to pay higher than government salaries to key technical staff through the establishment of the semi-autonomous Business Registration Supporting Centre. Furthermore, the demand and expectation from the business community is such that a policy reversal and poor maintenance of the NBRS likely would be met by serious critique. The expectation at the outset of the Project of rapidly achieving self-financing of the NBRS from registration revenues and sale of data has so far not materialized, but as the Government (central and province) is funding the NBRS, this will likely not impact on the sustainability.

## **5.2. A broad reform framed in a narrowly defined Project**

The Project objectives and the indicators to assess achievements against these objectives suggested in the Project Documents 2008 and 2010 are not providing a good picture of the Project and its impact. On the one hand, the Project is narrower in its potential impact than what its official objectives indicate. As discussed above, the BRR Project deals with a narrow set of parameters in the business environment, hence major achievements under the Project would not result in a significant impact on the business environment as, for example, measured by World Bank-IFC's Doing Business. On the other hand, some key achievements of the Project are not reflected in the official objectives or indicators. Thus, the BRR Project is, as discussed above, a major administrative reform in Viet Nam with far-reaching consequences already manifested. Furthermore, the NBRS has a broad potential impact on the transaction costs in the Vietnamese economy through better transparency within the sector. Should UNIDO undertake similar projects in other countries and/or embark on potential phase C of the BRR Project, a more accurate formulation of objectives (and indicators) would facilitate both the decision making by donors and the evaluation of results.

## **5.3. An unfinished reform agenda**

In spite of all the achievements over the 5-year period the Project has been going on, the business registration reform is unfinished in several respects. Partly the outstanding issues are of a nature that they can be taken care of under existing Laws and by ABR, partly, the issues require reform of the Laws and might involve other agencies. Such an unfinished agenda should not come as a surprise, as reforms of this nature run over many years, and in certain ways are never fully finished. Details of what we consider unfinished are provided below. Reference should also be made to the written suggestions provided by the BROs met by the evaluation team on how the business registration system can be further improved as seen from their perspective. See annex 8.

## **5.4. Recommendations**

### **Increase the coverage of enterprises**

In line with the Project plan, the NBRS covers only a segment of the Viet Nam business community. For example, foreign enterprises operating in Viet Nam are to a large extent not registered under the NBRS due to the existence of two parallel legal frameworks for registration and licensing for domestic and foreign enterprises. Unifying these frameworks is essential and as a result of this, also incorporating all the foreign enterprises under the NBRS. This is less a technical issue – the foreign enterprises are, according the statistics office in the order of 14,000, or corresponding to 2% of the current stock in NBRS. The issue is a legal/administrative one, requiring changes in legislation and – possibly – to

overcome some political resistance from the foreign business community. The State Owned Enterprises is another group of enterprises partly outside the NBRS. Also in this case, the issue is not mainly technical, but political/ administrative.<sup>76</sup> ABR and MPI should take the required steps, including initiate changes in the Laws, to fully incorporate the foreign enterprises and state owned enterprises into the NBRS.

### **Promote greater coverage of the household enterprises**

As mentioned at the outset of this report, some 3 million semi-formal household businesses are not part of the NBRS, but registered at the district level with the People's Committee. There is a demand from government to have a better knowledge of this business segment, which plays a critical role for employment generation in Viet Nam. For example, tax authorities are keen to have a better grip of these businesses. Currently, the taxation of these units is arbitrary and up for negotiations between district level tax officials and the entrepreneurs.<sup>77</sup> Furthermore, these semi-formal businesses are not subject to the same legal framework concerning protection and working conditions for their employees or environmental standards. The technical issue of integrating the household businesses in the NBRS is formidable given their numbers, and not considered by the Government, nor recommended in this evaluation. There is, on the other hand, options to provide incentives (and dis-incentives) for at least the larger of the household businesses to voluntarily register with NBRS, for example, to be able to bid for public contracts, etc.. The larger of household enterprises should be encouraged to be incorporated into the NBRS through means of information and continuous simplification of the registration procedures. MPI and ABR should prepare and implement a strategy for how a larger share of the household enterprises can be formalized and thereby be included in the NBRS.

### **Increase the accuracy of the NBRS**

ABR stresses that its main concern is the legal validity of the NBRS (i.e. that the data base fully reflects what the enterprises report to the BRO), rather than the accuracy of the data base (that it reflects the 'facts on the ground'). In a comment on the draft report, ABR concluded that:

"Accuracy is important but in the case of the NBRS, validity of information is the essence. Enterprises by law are obliged to keep their information up-to-date in the register therefore in any legal dispute, the information stored in the NBRS is deemed as the only source of legally valid information and final (as stipulated in Decree 43). Enterprises can in real life change their head office address for numerous times, but if they fail to inform BRO about this change by performing an amendment registration then to the business community, competent agencies and business partners, they have never changed the head office address legally which makes them unlawful."<sup>78</sup>

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<sup>76</sup> Already now about 1800 SOEs are registered in NBRS according to ABR.

<sup>77</sup> This was a view expressed to the evaluation team both by the Tax authority and VCCI.

<sup>78</sup> Comments on the draft evaluation report by ABR, July 2013.

While the importance of legal validity cannot be disputed, the value of the NBRS from users point of view (whether the government, the public or the business community) lies also in the accuracy of data. A 100% legally valid NBRS which is inaccurate due to the fault of the enterprises of not reporting changes to the NBRS, is of limited value to the users. Hence, NBRS requires to be both legally valid and accurate, for example clearly showing which companies are active, that the information on legal representation, contact details, etc., is correct, and so on. The issue of accuracy might partly be beyond the mandate of the ABR administration and also require changes in the Enterprise Law (such as the penalty associated with maintaining incorrect data in NBRS and the means by the government to supervise the enterprises adherence to the Law). MPI should address the issues of accuracy of the NBRS in the updating of the Enterprise Law.

### **Improve the technical capacity**

The BROs identified in the BRO survey and in their reporting to the Evaluation, different capacity issues. For example, there is in some provinces a considerable back-log of (paper) dossiers not digitalized for enterprises registered before NBRS was launched in 2010. Although the work on updating these enterprise dossiers with scanned attachments is underway, it is far from accomplished. Some BROs also claim that the equipment to undertake the work is not sufficient (scanners and computers).

On-line registration, which should be the ultimate goal of the system, is yet in a very early stage. A number of issues are reported by the BROs and enterprises preventing a rapid up-take, such as lack of familiarity of e-payments; needs for technical assistance to the companies, and even a 'cultural change' in using on-line registration. ABR should review the technical problems identified by the BROs in the context of this evaluation listed in annex 8 of the report and make these subject for considerations.

### **Address the information needs by provinces**

The NBRS as a planning tool for government, especially at the provincial level, has problems as perceived by some of the provinces. Thus, some of the DPIs in the provinces complain of a reduced usefulness of the business registration information as compared to their own previous systems. There are no inherent constraints in the NBRS in providing tailor-made information to provincial government, but the reporting system has not yet been fined-tuned to do so. This might have to do with the ability of the DPIs/BROs to formulate their requests to ABR, for example through the NBRS on-line query function. The demand for legitimate tailor made reports by the provinces should be met by ABR. This should also include efforts to encourage the BROs to formulate their local needs to be met by the reporting from the NBRS.

## **Intensify awareness raising and marketing**

There is a need for awareness raising and marketing of the NBRS towards the business community with the purpose of raising the knowledge in business of the importance to provide accurate data, especially through amendments, the opportunities for on-line registration and for buying data from the NBRS. Activities of such nature are planned for the last months of the Project. Awareness raising and marketing of the NBRS needs to be continued over a longer period of time by ABR.

## **Develop a system to assess development impact**

The impact of the Project and the business registration reform on ultimate development objectives such as creation of employment and economic growth, and reduction of transaction costs in the business community and government, are unknown. There is no Monitoring & Evaluation system set up in MPI or ABR to provide evidence of such impact. MPI/ABR should take the initiative for setting up of a Monitoring and Evaluation system to assess development impact of the BRR. This system might be outsourced to a suitable institution.

## **Continuous long-term development**

The NBRS, while a major improvement over the past, is still a fairly rudimentary registration system from a modern business environment perspective, with its de facto requirement of personal appearance at the BROs, the use of seals, etc.. The NBRS should be further simplified, preferably fully centralized in a similar fashion as the taxation system is in Viet Nam. Such a long-term reform should be the mandate of MPI and ABR.

## **Undertake a phase C**

ABR and UNIDO have already started a process of planning for a Phase C of the Project.<sup>79</sup> SECO and NORAD should consider finance a Phase C and assure that such a Phase is designed along the following themes:

- **Unifying** the legislation for domestic, foreign and state enterprises and incorporate them all into NBRS. This is already planned by UNIDO and the Government for phase C.
- **Consolidating** the existing NBRS towards higher accuracy of the data base, providing better value for money for potential buyers of information, and providing better services to government users at center and provincial levels.
- Focus on the **sustainability** of the system post-project with a clear **exit plan** for UNIDO in Phase C. It is essential that sustainability is not

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<sup>79</sup>UNIDO received a letter of request from MPI Vice Minister to start the planning process for Phase C in September 2011. A consultant has been recruited to initiate this work in June 2013 and the former CTA will participate in the process in July 2013.

achieved by repeated new projects. Viet Nam has already today to a large extent the technical capacity and the financial means for carrying out the long-term further development of the business registration system.

- Promotion of the NBRS towards the **household businesses**, encouraging them through simplification of registration and incentives to transform to enterprises under the Enterprise Law and thereby registering in order to make the NBRS more comprehensive than it is today.
- Developing the NBRS as a more useful **planning tool** for the government, especially assuring that the data requirements of the provinces for their planning and monitoring purposes can be met.
- Focus on **awareness raising and marketing** of the NBRS towards the business community.
- Initiate a process by which **monitoring and evaluating** the impact of the business registration reform on higher developmental objectives can be done, such as impact on creation of new enterprises and employment generation.

### **Take an initiative for a broader business environment reform**

In view of the fact that the BRR project and its predecessors have developed considerable knowledge on Business Environment, UNIDO in cooperation with MPI and relevant donor organizations should take the initiative for a broader look at the Business Environment in Viet Nam with the long term perspective of reducing the most critical bottlenecks for the country to become internationally more competitive both for domestic and foreign enterprises.

### **Develop BRR as core technical assistance by UNIDO**

UNIDO has mastered the process in Viet Nam well through a 'learning while doing' process through a dedicated project management, and utilizing skilled professionals as short- and long term consultants with broad international experience. This UNIDO's institutional learning could be exploited in other contexts by the organization. UNIDO has also developed a cadre of trainers and experts in Viet Nam who could be drawn upon in other projects. UNIDO should make BRR as one of its core services. For this UNIDO needs to systematize its learning, build a reference system, and actively participate in the development of best practices internationally. UNIDO needs also to broaden its staff knowledge to a larger in-house team.



# Annex 1: Terms of Reference

## Terms of Reference Independent Evaluation of “Technical Assistance to Business Registration Reform in Viet Nam-Phases A and B” (TF/VIE/08/001, XP/VIE/08/002, FB/VIE/09/006, US/VIE/10/002) Time period: 2008-Present

### 1. Background and context

Business registration reform in Vietnam has been planned for almost a decade within the scope of broader business environment reforms. UNIDO had assisted the Government (MPI) to design the first ever 5 year SME Development Plan 2006-2010<sup>80</sup> through a highly participatory and consultative process in 2005. Business registration reform was one of the priorities decided on in this Plan. The Government of Viet Nam, through the Ministry of Planning and Investment (MPI) requested UNIDO's assistance in undertaking preparatory work for launching the reforms in 2006, when design of the present project was launched through multi-stakeholder consultations under the MPI-UNIDO project TF/VIE/06/002<sup>81</sup> entitled “Output 7: Implementation Planning and Mobilization for Viet Nam Business Registration Reform-Phase 1” with funding from Norway.

A number of significant achievements were made in the 2006-2007 period, including the adoption of new legal authorities, and Government decisions for the use of the tax code as the unique ID of enterprises, abolishment of the permission to engrave an enterprise seal<sup>82</sup>, a number of interim/temporary measures<sup>83</sup> to expedite the registration of enterprises and the establishment of a national database of provincial business registers. Having laid the foundation with these Government decisions and with the availability of external financing from Norad through UNIDO (TF/VIE/08/001) and UNIDO's own financing (XP/VIE/08/002), the MPI/UNIDO project “Technical Assistance to Business Registration Reform in Viet Nam” started implementation in September 2008. In 2010, the Swiss Secretariat

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<sup>80</sup> SME Development Plan 2006-2010, Prime Minister's Decision No. 236/2006/QD-TTg, dated October 23, 2006.

<sup>81</sup> Please refer to background documents provided on project document and results of TFWIE06002.

<sup>82</sup> The process of seal engraving used to require 2 steps: a permit to engrave a seal and a registration process for the seal. The first step; i.e. the requirement to get a permit to engrave a seal was abolished.

<sup>83</sup> The interim measures consisted of lowering the statutory time limit to issue a business registration certificate within 5 workdays, upon satisfactory completion of the application dossier, including a tax code, and a manual documents transfer (by hand carrying) from the provincial business registration office to the provincial tax office. A statutory limit for the tax office to issue the tax code within 5 workdays was also set.

for Economic Affairs (SECO) joined the partnership to support and finance Phase A, Module I: web enabled information services and Phase B: financial statements filing.

The primary counterpart for the project was the Business Registration Department (BRD) Enterprise Development Agency (EDA) at MPI until 2010, when the Ministry established the Agency for Business Registration (ABR). Together with BRD/MPI, and later with ABR, the project reached out to 65 BROs in 63 provinces, and to the General Department of Taxation (GDT), under the Ministry of Finance.

## Present status

Financial status, in USD, and operational completion dates of the project as of 31 December 2012 is shown in the table below:

Project no	Donor	Allotments incl. sc	Net Allotments	Expenditures	Funds Available	Project Completion Dates
XP VIE 08 002	UNIDO	1,013,261	1,013,261	1,009,707	Project closed	31-Mar-10
FB VIE 09 006	OP Fund	500,000	467,290	467,290	Project closed	31-Dec-10
TF VIE 08 001	Norway	4,503,054	3,985,004	3,980,956	Project closed	31-Dec-11
US VIE 10 002	SECO	6,500,000	5,752,212	4,596,470	1,155,742	31-Dec-13
US VIE 10 A02 <sup>84</sup>	SECO	195,000	172,566	47,710	124,856	31-Dec-13
TOTAL		12,711,315	11,390,333	10,102,133	1,280,598	

The baseline situation is explained in detail in the project document dated August 2008 in detail in Section B.1. In brief, prior to the project, enterprises had to register their business at one of the 63 provincial business registration offices; had to obtain a tax code from one of the 63 provincial tax offices; and engrave a company seal before they could start operations. Processes involved were cumbersome and at times discretionary; enterprises had to submit the same information to business, tax and seal registration authorities multiple times; access to legally valid registered enterprise information was extremely difficult in the absence of a central, consolidated registry; a significant number of Enterprise Law provisions such as elimination of duplication of enterprise names or public provision of annual audited financial statements of shareholding companies were almost impossible to implement.

<sup>84</sup> As agreed with SECO, 3% of the total 13% UNIDO support costs were provided to the use of the project manager for enhanced project management. Amount of funds available is approximate due to limited access to the UNIDO ERP.

## **Target groups**

The beneficiaries of the project consist of:

- Registered enterprises/entities (over 752,000 as of January 2013) that might need to make amendments to their registered records;
- Newly registering enterprises (new registrations per year amount to about 100,000 and over 200,000 of the presently registered 752,000 entities have been registered by provincial Business Registration Office (BRO) staff using the on-line facilities set up with assistance from the project;
- Agency for Business Registration (ABR), which is the central level registration authority mandated to govern how registration is conducted under the Enterprise Law and is responsible for the implementation of a significant number of articles in the Enterprise Law; design and ensure that policies are implemented; support and train BRO staff and operate the National Business Registration System (NBRS) for the benefit of all registration agencies (BROs);
- Provincial (65 BROs in 63 provinces) level registration authorities;
- Provincial tax offices in 63 localities that were registering a tax code separately once enterprise registration was completed—this also meant a separate step and application for businesses;
- Public and private sector users of enterprise information.

## **Geographic coverage**

Geographically, the project is implemented nationwide, in all of the 63 provinces in Viet Nam. The project has been implemented in phases: Phase A, Module I; Phase A, Module II; and Phase B.

## **Project Duration**

Estimated duration of Phase A, Module I had been 18 months and it was completed in 22 months. Estimated duration of Phase A, Module II and Phase B, to be implemented concurrently, had been set at 28 months, starting from January 2011. A no-cost extension of Phase A, Module II and Phase B was agreed with the donors until 31 December 2013.

## **Expected Outcomes**

The project aims to achieve the following outcomes in:

### **Phase A. Module I**

- Nationally harmonized single-point-registration services performed by the 65 BROs at provincial level, securing the same service regardless of business location;

- Single-point-registration by submission of a consolidated application form covering the requirements for Tax registration, notification to General Statistics Office (GSO) and Ministry of Public Security (MPS), should it be required;
- Unique ID of enterprises (by use of the Tax-code);
- Web-enabled services for optional submission of registration applications;
- National Business Registry comprising of legally valid enterprise data from the BROs, which will be technically operated at the national level;
- Improved efficiency and quality of registration procedures and reduced risks for duplication of the use of business names;
- Time for the completion of the registration procedures reduced to 1-2 days.

#### **Phase A. Module II**

- Web-enabled nationwide information service with access to legally valid information on the legal representation of enterprises;

#### **Phase B**

- Web-enabled nationwide financial statement filing and dissemination services (only for shareholding companies as per the Enterprise Law provisions).

The overall result expected is an improvement of the business environment for enterprise start-up and operations. In the case of this intervention such impact is expected to be evidenced by lower costs and shorter time in completion of registration procedures at start up and during operations when enterprises change their legally required particulars; e.g. amendments to the ownership structure, change in head office address, change of legal representative, addition of new business activities, etc. as per Enterprise Law provisions. These outcomes will all have lowered the cost of doing business in Viet Nam. Furthermore, an important outcome of the project is to improve transparency of the business environment, and thereby decrease the risks of doing business in in the country by enabling unfettered access to enterprise information, including on annual financial statements of shareholding companies. A longer-term benefit envisaged of access to legally valid information of business entities in Viet Nam would be an increase in the number of business partnerships, which may be observed in a few years. The LogFrame of the project summarizing the intervention logic is in annex 1.

As of March 2013, the outcomes planned, except the reduction of time to register to 1-2 days will have been achieved. Remaining work until the end of the project, planned for 31 December 2013, will consist of continued capacity development of central and provincial authorities in information provision and service quality improvements, awareness-raising on the availability of data and information services from the registry (NBRIS), and quality improvements in the registered enterprise data. Furthermore, policy advice will be delivered for the next phases of the reform, particularly regarding policy decisions and actions that should result in bringing new business types into the fold of the National Business Registration System (NBRIS). Direct policy advice will be delivered on legislative amendments

related to these reforms, particularly of the Enterprise and Investment Laws and subsidiary regulations (e.g. Government decrees and ministerial and inter-ministerial circulars). Finally, additional technical assistance requirements for the implementation of new reforms will be identified and formulated as a new MPI/UNIDO project proposal.

The project design and implementation progress has previously been assessed by donors and has been the subject of a rapid review during the Vietnam Country Programme Evaluation, as shown below:

- Norad - UNIDO joint appraisal in 2007 (project design);
- Seco - Norad joint appraisal in 2009 (implementation progress);
- Viet Nam Country Programme Evaluation in 2011 (implementation progress).

## **2. Rationale and purpose**

The Evaluation will be undertaken as per UNIDO Evaluation Policy, the Guidelines for Technical Cooperation Programmes and Projects and the project document. The Project Manager, in collaboration with the Evaluation Group (ODG/EVA) will commission the in-depth, independent evaluation.

The evaluation will be a terminal evaluation for Phases A (Modules I and II) and B of the project; however, it is also expected to provide recommendations on a new Phase C, for which the Government of Viet Nam has already requested UNIDO's policy advice and technical assistance. In Phase C, new business entities not covered by the Enterprise Law (e.g. foreign invested enterprises-FIE, financial institutions, law firms, training and health institutions and some State Owned Enterprises-SOEs) will be incorporated into the NBRS.

The Government has set up an Enterprise and Investment Law Review and Drafting Team to identify and recommend changes in these two Laws, including the necessary amendments to incorporate new business entities. ABR has requested UNIDO, under the present project, to provide policy advice on the legislative changes needed and to facilitate the production of a new technical assistance proposal to be implemented by UNIDO. Donors of the project have indicated their support to the on-going work and their willingness to consider new proposals, subject to an assessment. It is thus expected that the findings of this independent evaluation will feed into the described process and planned phase.

The evaluation will thus be a forward-looking exercise and seek to identify best practices and areas for improvement in order to draw lessons (e.g. what has worked and what has not and what are the lessons from implementation to date, which issues needs to be addressed in a possible next phase and what conditions should be in place) that can be used in the implementation of the next phase and for similar projects to be implemented by UNIDO in other countries.

The findings of the evaluation will feed into the Phase C formulation activities that will be undertaken and used to identify potential risks and potential mitigation measures. The evaluation will also attempt to assess, in a systematic and objective manner, the relevance, efficiency, effectiveness (achievement of outputs and outcomes), impact and sustainability of the project.

The intended main users of the evaluation are the Government of Vietnam, UNIDO and the donors.

### **3. Scope and focus**

The evaluation will:

- Span the entire project cycle from the beginning to the present;
- Consider all the activities that are part of the project;
- Cover the entire results chain from inputs and activities to impact and sustainability and review processes as well as results;
- Address all the standing evaluation criteria singled out in UNIDO's evaluation policy (relevance, effectiveness, impact, efficiency, sustainability, management, gender and environmental sustainability, etc.);
- Produce recommendations for the planned Phase C (e.g. what has worked and what has not and what are the lessons from implementation to date, which issues needs to be addressed in a possible next phase and what conditions should be in place);
- Have a national coverage, but with field visits to up to three locations, to be identified by the evaluation team.

The evaluation will assess the achievement of results, as stated in the project document and, moreover assess its design, level of national ownership, relevance to various stakeholders and the exploration of synergies with other UNIDO projects and with initiatives of the Government and donors. The progress in implementing project-specific recommendations of the UNIDO country evaluation conducted in 2011 will be reviewed. It will follow a consultative process and seek inputs from a broad range of stakeholders, including policy makers and enterprises using the system. The exact scope and approach of the evaluation will be decided during the inception phase.

### **4. Evaluation issues and key evaluation questions**

Key evaluation issues and questions are provided below.

#### **Project identification and formulation**

The extent to which:

- i. A participatory project identification process including all main stakeholder groups was instrumental in selecting problem areas and counterparts requiring technical cooperation support;
- ii. The project had a clear thematically focused development objective and immediate objective and/or outcomes, the attainment of which can be determined by a set of verifiable indicators;
- iii. The project/ programme was formulated based on the logical framework approach and included appropriate output and outcome indicators within a realistic timeframe;
- iv. A logically valid means-end relationship has been established between the project objective(s) and outcomes and the higher-level programme-wide or country level objectives;
- v. Lessons from earlier UNIDO projects were taken on board in the formulation process including lessons and recommendations given on existing evaluation reports at the time.

### **Ownership and relevance**

The extent to which:

- i. The project design was based on a needs assessment, and current international best practice;
- ii. The project was formulated with participation of the national counterpart and/or target beneficiaries;
- iii. The project takes account of and aligned to national and local priorities and strategies as well as the Viet Nam One UN Plan, UNIDO's thematic priorities, donors' policies and priorities;
- iv. There was relevance to the enterprise sector, including for individual businesses;
- v. The counterparts have been appropriately involved and were participating in the identification of their critical problem areas and in the development of technical cooperation strategies and are actively supporting the implementation of the project approach including through in-kind and cash contributions;
- vi. The outputs as formulated in the project document are relevant and sufficient to achieve the expected outcomes and objectives.

### **Efficiency of implementation**

The extent to which:

- i. UNIDO and counterpart inputs have been provided as planned and were adequate to meet requirements.
- ii. The quality of UNIDO inputs and services was as planned and led to the production of outputs with respect to:
  - a. Expertise
  - b. Training

- c. Methodologies
- d. Equipment.
- iii. The enterprise system selected is appropriate.
- iv. The project was cost-effective.

## **Effectiveness**

Assessment of:

- i. Outputs produced and how the target beneficiaries use the outputs;
- ii. Achievement of outcomes or are these likely to be realized through utilization of outputs;
- iii. The extent it has become less costly (in money and time) to register and operate (with respect to administrative procedures addressed by the project) a formal business;
- iv. To what extent the project has contributed to a more conducive business environment and reduced barriers to entry;
- v. To what extent it has been less costly for the government to register businesses (in time and money);
- vi. To what extent the project has contributed /has the potential to contribute to increased transparency and better governance measured in terms of the indicators provided and baseline information;
- vii. To what extent the tax office is or will be able to benefit from the BR system.
- viii. Whether or not Vietnam is climbing or is expected to climb up in the ranks of ease of doing business.

## **Impact and sustainability**

- i. Which long-term developmental changes (formal sector expansion, employment generation, a more conducive business environment, growth of the commercial or industrial sector, domestic and foreign investment, poverty reduction) have occurred or are likely to occur as a result of the intervention and are these sustainable?
- ii. Impact on policies and other actual or possible future usage of information generated by the BR system and possible impact on public programmes.
- iii. Was any sustainability strategy formulated?
- iv. Will structures established by the project be sustainable and supported by the government or able to cover costs?
- v. Will there be enough technical capacities to manage and run the business registration system?
- vi. What is the expected income from the business registration system and from making business information generated by the system available?
- vii. How has the new systems and work procedures affected the delivery of services by BRO staff? How has the new ways of working affected customers using registration services at the BROs?

- viii. What are the prospects for technical, organizational and financial sustainability?
- ix. If adequate baselines and monitoring data exists for future assessments of impact. This concerns in particular business registration costs, coverage of registered businesses, depth of enterprise information available, availability of financial statements, employment and industry sector data, investment, access to finance and export data.

### **Project coordination and management**

The extent to which:

- i. The national management and overall field coordination mechanisms of the project have been efficient and effective;
- ii. The UNIDO management, coordination, quality control and technical inputs have been efficient and effective;
- iii. Monitoring and self-evaluation was carried, were based on indicators for outputs, outcomes and objectives and using that information for project steering and adaptive management;
- iv. Changes in planning documents during implementation have been approved and documented;
- v. Synergy benefits can be found in relation to other UNIDO activities in the country or elsewhere;
- vi. The project implementation modalities and management structures were appropriate;
- vii. There was a good level of cooperation between UNIDO and the national counterpart and clear definition of roles and division of functions between the project manager, the Project Office and the national project management team;
- viii. Coordination mechanisms (horizontal and vertical and internal and external) were efficient and adequate.

### **Private sector development specific evaluation questions**

The evaluation will also address the following private sector development related questions:

- i. How has private sector development (PSD) been promoted through technical assistance to business registration reform? Did this modality fit the project purpose and objectives?
- ii. Did the project work at the macro, meso and/or micro level? Were the choices made appropriate?
- iii. Have private sector institutions/associations been involved in the project design and implementation? If yes, in what way? If no, should they have been?
- iv. Did the approach adopted have the potential to address the problems identified/achieve the project objective?

- v. Did the project contribute to creating or exacerbating market distortions? Has the project contributed or is expected to contribute to elimination of market distortions?
- vi. Have linkages to financial institutions been established? If yes, what were the results? Are there/will there be effects in relation to credit scoring and credit information management /sharing by banks. If no, was there a need for this at this stage?
- vii. Can enterprise effects be expected to lead to socio-economic impact such as employment or income generation, gender equality and poverty reduction?

## **Gender**

- i. To what extent has men and women benefited from the project/can be expected to benefit?
- ii. Has gender been mainstreamed in the implementation of the project?
- iii. Have gender analyses been included in baseline studies, monitoring and reporting?
- iv. Has there been gender balance in the contracting of experts and consultants?
- v. Further guidance on the incorporation of gender issues is provided in annex 4.

## **Environment**

- i. Has the project promoted environmental sustainability?
- ii. Are any positive environmental benefits likely, even if they may be indirect?

## **5. Evaluation approach and methodology**

While the evaluation team shall fine-tune the methodology for the evaluation in the inception report, a mixed approach of qualitative and quantitative methods is proposed, which could include the following:

Desk review, briefing by project manager and staff at Headquarters and in the field may be complemented by:

- An on-line survey targeting BRO officers, where the survey instrument is developed using an appropriate on-line survey facility (e.g. Survey Monkey, etc.) The instrument will be tested in English with ABR staff in Hanoi and translated into Vietnamese. Upon a language review by a national consultant, the survey will be launched. ABR will inform and encourage BRO staff in 63 provinces to take part in the survey.

- An end-user survey of enterprise registration applicants, which may consist of a mail questionnaire to companies, an exit survey at BROs and/or an on-line survey for those registrants that use the on-line registration facilities. The team will decide the instruments to be used and enumerators (about 3 persons) will be separately contracted by the Project and form part of the evaluation team. The questionnaires/survey instruments will be designed in English by the evaluation team, translated into Vietnamese and tested in the field during the field mission, prior to its implementation.
- Field visits to Ho Chi Minh City and two other provinces (to be selected by the team) to interview relevant stakeholders—see next bullet, including beneficiaries at BR offices. Provincial visits will take place during the field mission.
- Interviews with Government officials at central (MPI, ABR, General Department of Tax (GDT) of the Ministry of Finance, General Statistics Office (GSO), Ministry of Public Security (MPS)—relevant Department, Government Office (GO), Central Institute for Economic Management (CIEM), Ministry of Justice (MOJ) and other government offices as the team deems appropriate) and provincial levels (Business Registration Offices, Departments of Planning and Investment, Tax Offices) as well as private/business sector stakeholders such as the Vietnam Chamber of Commerce and Industry (VCCI), law firm(s), a bank, the Credit Information Center (CIC) and representatives of donors and collaborating development agencies (Norway, SECO, One Plan Fund—UNRC), and the UNIDO Representative in Hanoi.
- Analysis of statistical data generated by the NBRS. The team will assess the type and amount of data that can be gleaned from the NBRS and request ABR/UNIDO project teams to generate this from the system.

The team will make a presentation of its preliminary observations to core counterparts at a workshop in Hanoi prior to the end of the field mission. The counterparts will consist of ABR, other direct project partners (e.g. GDT, GSO, MPS, etc.) and Project Teams.

The team will look into the possibility of using regression analysis, extrapolation of data and to making a comparison with the hypothetical situation in the absence of reform. The methodology proposed by the evaluation team will be assessed against the criteria provided in the UNIDO Standard Evaluation Inception template. The team will make its final presentation of the evaluation at UNIDO Headquarters, where national stakeholders and donor representatives will participate through teleconferencing.

## **6. Time schedule and deliverables/outputs**

Tentative deadlines for key events, tasks, deliverables and milestones for the evaluation process are shown in the table below.

## Annex 1: Terms of Reference

Task	Description / Deliverables	Timeframe (2013)
1. Contract signed with evaluators		April
2. Desk review and development of interview guidelines	Background materials provided by Project Manager	April
3. Briefing of evaluators at HQ		2-3 May
4. Delivery of inception report (using the EVA format) by evaluators. The report to contain work plan, key findings of desk review, methodology, sampling technique, and evaluation tools such as questionnaires and interview guidelines. The report will be shared with main stakeholders, including donors	Inception report	12 May
5. Evaluation mission to Hanoi, Ho Chi Minh City and two other provinces to be selected by the evaluators (briefing of evaluators in the field, possible testing of evaluation tools, field visits, field research, interviews with key informants, observation, end user interviews or survey, BRO survey, etc.)	On-line survey of BRO survey launched; end-user survey questionnaire(s) tested and launched	12 May-25 May
6. Presentation of preliminary findings and next steps in Hanoi	Presentation in English to ABR and UNIDO UR and project teams	22 or 23 May
7. Additional data collection and analyses of information collected and survey data (BROs and end-users), preparation of the draft evaluation report and circulation, within UNIDO for comments	Draft report	21 June
8. Incorporation of comments and preparation of final draft report	Final draft report	25 June
9. Sharing of draft report with main stakeholders. Collection of comments and finalization of report	Final report	15 July
10. Presentation and submission to UNIDO, Government of Vietnam and donors	Final Report and Management Response Sheet	19 July

The TOR, the inception reports and the draft report will be shared with the national counterpart, donors, the UNIDO Representative, the Project Manager for comments and factual validation and the evaluators will take comments into consideration when preparing the final report. The consultation process will also seek agreement on the findings and recommendations. Main deliverables of the evaluation team will be the inception report, survey instruments, draft report and final report. The report language will be English.

## 7. Evaluation team composition

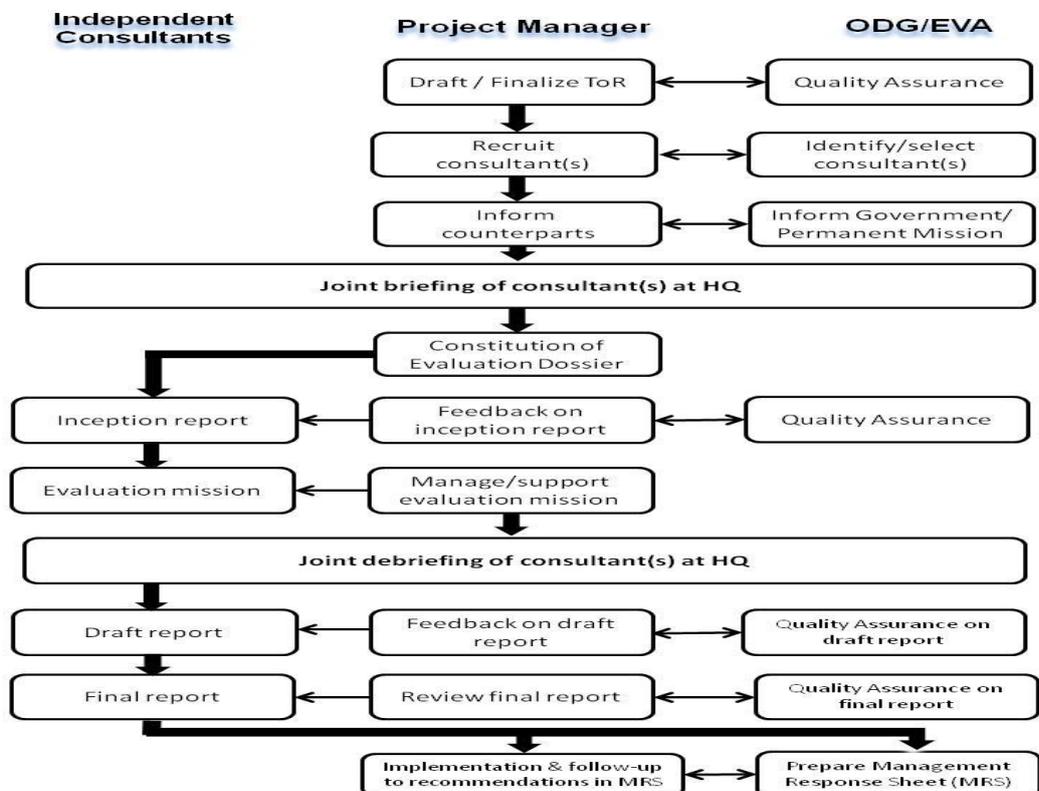
The evaluation team will consist of two international consultants and one national institutional partner providing a senior consultant and 3 junior consultants as enumerators, if required. An outmost effort will be made to establish a gender-balanced team.

Between them, the team will be endowed with competencies in evaluation approaches and methodologies as relevant to development programmes and international technical cooperation, knowledge of business registration, administrative reform processes for the development of private sector in developing countries, economies in transition and of Viet Nam, and survey methodologies and data analysis techniques. Ability to address relevant cross-cutting thematic issues, including gender, an adequate understanding of local social and cultural issues, appropriate language skills, process management skills, including facilitation skills, writing and communications skills and good interpersonal skills will be required. Job Descriptions (JDs) for evaluation team members are provided in annex 2.

The members of the team must not have been involved in the design and/or implementation, supervision, and coordination of the project and/or have benefited from the project. A member of the UNIDO Evaluation Group will manage the evaluation and do the quality assurance. The UNIDO Country Office in Vietnam will support the evaluation team and assist in coordinating the fieldwork.

## 8. Governance and management of the evaluation process

The evaluation process will be conducted and managed according to the following schematic.



## **9. Quality assurance**

All UNIDO evaluations are subject to quality assessments by the UNIDO Evaluation Group. Quality control is exercised throughout the evaluation process as the above chart depicts. The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality, attached as annex 3.

## **10. Annexes**

1. Project's logical framework
2. Job Description for team members
3. Checklist on evaluation report quality
4. Gender guidance (generic questions)
5. Standard format for UNIDO evaluation inception report
6. List of main reference documents

## Annex 1 of Terms of Reference

## Project's Logical Framework

Logical framework	Technical Assistance to Business Registration Reform in Viet Nam (Project No: 102098)		Total External Budget USD 12,533,147
Development Objective	Indicators of Achievement*	Sources of Information	
The business environment for enterprise start-up and operations is improved.	<ol style="list-style-type: none"> <li>1. Time to register an enterprise decreases by at least 75 % in all provinces from its 2007 median level as of September 2010.</li> <li>2. Cost of registering an enterprise decreases by at least 50% in all provinces from its 2007 median level as of September 2010.</li> <li>3. Financial statements of shareholding enterprises start becoming available to the public within 2011.</li> </ol>	<ol style="list-style-type: none"> <li>1. Business registration statistics.</li> <li>2. GSO statistics.</li> <li>3. GDT statistics.</li> <li>4. Baseline statistics.</li> </ol>	
Immediate Objective (Purpose)	Indicators of Achievement*	Sources of Information	Assumptions and Risks "Immediate Objective to Development Objective"
<p><b>Phase 1 &amp; 2 (Phase A, Modules I &amp; II):</b> Computerized National Business Registration System (NBRS), containing registration information on enterprises nationwide, is operational in 63 provinces by October 2009.</p> <p><b>Phase 3 (Phase B):</b> The National Business Registration System (NBRS) is complemented with a</p>	<p><b>Phase 1 (Phase A, Module I):</b></p> <ol style="list-style-type: none"> <li>1. Single point registration, using one consolidated form, is sufficient to register for business, tax code, statistics and seal permit purposes in 63 provinces by September 2010.</li> <li>2. Every registered enterprise is given a unique ID recognized by NBRS, GDT, GSO and MPS systems by September 2010.</li> <li>3. On-line applications for registration reach at least 20% of total number of new registrations completed in 2007 by the end of 2010.</li> </ol> <p><b>Phase 2 (Phase A, Module II):</b></p> <ol style="list-style-type: none"> <li>4. Enterprise information services generate revenues that are at least equivalent in amount to 75% of revenues generated by registration service by end 2011.</li> </ol> <p><b>Phase 3 (Phase B):</b></p>	<ol style="list-style-type: none"> <li>1. BRO statistics.</li> <li>2. BRD statistics.</li> <li>3. BRD annual reports.</li> <li>4. Project annual review reports.</li> <li>5. Baseline statistics.</li> </ol>	<ol style="list-style-type: none"> <li>1. A positive climate for private sector investments in Viet Nam is maintained.</li> <li>2. Vietnamese economy continues to grow around an average annual rate that is has maintained between 2000-2006, subject to the continuation of global and regional economic stability.</li> </ol>

computerized financial statements filing and dissemination system operational in 63 provinces by November 2009.	<p>5. BRD concludes at least one fee earning information service contract based on NBRS with an external institution by end 2011.</p> <p>6. Information services provided by various means from BROs increase by 50% from its average national level in 2007 by mid 2012.</p>		
<b>Project Outputs (Results)</b>	<b>Indicators of Achievement*</b>	<b>Sources of Information</b>	<b>Assumptions and Risks "Outputs to Immediate Objective"</b>
<p><b>Phase A:</b></p> <p>1. Institutional and organizational capacity of BRD and BROs are strengthened to establish and operate the National Business Registration System (NBRS).</p>	<p><b>Phase 1 (Phase A, Module I):</b></p> <p>1.1. Revised/new Decree on consolidated registration is issued as a result of institutional cooperation between collaborating Government agencies for the realization of single-point-registration services and implementation of unique enterprise ID within March 2010.</p> <p>1.2. BRD has about 30 officially appointed and appropriately qualified staff that have been trained to maintain its regulatory and technical tasks by end 2010.</p> <p>1.3. BRD staff, selected BRO staff and external trainers are fully functional by June 2010.</p> <p>1.4. Initial BRD hardware is installed within March 2010 and requisite BRD technical infrastructure is fully operational as of March 2010.</p> <p>1.5. BRO hardware for business registration is operational within March to June 2010.</p> <p>1.6. About 450-500 BRO staff are trained to operate NBRS by April 2010.</p> <p><b>Phase 2 (Phase A, Module II):</b></p> <p>1.1. Additional HW is at the NBRS by March 2011.</p> <p>1.2. Training programs are launched by April 2011.</p> <p>1.3. BRD and BRO staff are fully trained and functional in enterprise information provision by August 2011.</p> <p>1.4. Roll out the fully functioning services is completed by</p>	<p>1. Official gazette.</p> <p>2. Project annual review reports.</p> <p>3. Office of ASMED- appointment decisions and/or contracts for BRD staff.</p> <p>4. Training plan and training completion reports for training courses.</p> <p>5. Subcontract with PR service supplier in respect of elements of the awareness campaign.</p> <p>6. Subcontracts with 63 BROs in relation to workshops and seminars conducted in provinces.</p> <p>7. Media reports.</p> <p>8. Project financial statements and recruitment records.</p> <p>1. Operation procedure documents and manuals.</p> <p>2. Tender and acceptance</p>	<p>1. Please refer to Section F for a discussion of risks, mitigating factors, likelihood of occurrence and impact, if risks occur.</p>

<p>2. Computerized business processes and operation system are completely rolled out to and are operational in 63 BROs.</p>	<p>August 2011.</p> <p><b>Phase 1 (Phase A, Module I):</b></p> <p>2.1. Registration operation system “beta version” is operating on BRD hardware within May 2009.</p> <p>2.2. Operation procedures and manuals supporting the execution of single-point-registration at the BROs are completed according to the governing legal framework by March 2010.</p> <p>2.3. Customization of registration operation system is completed by February 2010.</p> <p>2.4. Registration operation system national roll out starts within April 2010 and is completed in 63 provinces in September 2010.</p> <p>2.5. BRD and BRO IT staff have been trained to operate and maintain the NBRS technical systems by April 2010.</p> <p><b>Phase 2 (Phase A, Module II):</b></p> <p>2.1. Operation system “beta version” for provision of web-enabled enterprise information services is functional as of March 2011.</p> <p>2.2. Operation procedures and manuals are complete as of April 2011.</p> <p>2.3. Systems and staff are fully enabled to support enterprise information services by December 2011.</p> <p><b>Phase 1 (Phase A, Module I):</b></p> <p>3.1. Legal document(s) governing the procedures and outcome of the transfer of registered enterprise information from NBIN, HCMC systems and other computerized and manual BRO systems to the NBRS is issued by the relevant level Government agency (ies) by April 2010.</p> <p>3.2. Data uploading starts in April 2010 and cross-checking of uploaded information with the GDT database is completed</p>	<p>documents for NBRS hardware.</p> <p>3. Test/pilot reports for NBRS software.</p> <p>4. System operation statistics.</p> <p>5. System troubleshooting requests raised by BRD and BROs.</p> <p>6. Acceptance test report as per prescribed procedures for all NBRS software.</p> <p>1. Official Gazette.</p> <p>2. NBRS statistics.</p> <p>3. Subcontracts to 63 provinces for uploading, notifications, etc.</p> <p>1. Official gazette.</p> <p>2. Inter-ministerial circular, if necessary.</p> <p>3. Project annual review reports.</p> <p>4. Training plan and training completion reports for training courses.</p> <p>5. Media reports.</p> <p>6. Project financial statements showing investment in scanners.</p> <p>1. Operation procedure documents and manuals.</p> <p>2. Tender and acceptance</p>	
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<p>3. NBRIS is populated with enterprise information, including, and as appropriate, with those resident in the pre-reform business registration systems.</p> <p><b>Phase B:</b></p> <p>1. Capacity building assistance is delivered to BRD and 63 BROs to establish and operate a computerized annual financial statements filing and financial statement information dissemination system by November 2009.</p> <p>2. Computerized business processes and operation system for financial</p>	<p>by June 2010.</p> <p>3.3. Enterprises receive updated business registration certificates issued through the NBRIS, starting in July 2010.</p> <p><b>Phase 3 (Phase B):</b></p> <p>1.1. Legal framework for filing of financial statements clarified between MPI and MOF to ensure single reporting requirement from enterprises, if necessary by issuance of an inter-ministerial circular, and is in place within January 2011.</p> <p>1.2. Additional BRD hardware is operational within March 2011 and additional BRO hardware is operational within June 2011.</p> <p>1.3. Stakeholder awareness campaign on filing of financial statements and use of information on financial statements is completed by December 2012.</p> <p>1.4. BRD and BRO staff training on financial statements handling is completed by December 2012.</p> <p>1.5. Recommendations on pricing schemes developed and submitted for consideration by October 2011..</p> <p>1.6. BRO communities are operational, performance management system established, client orientation training completed by December 2012.</p> <p>2.1. Financial statement filing operation system “beta version” is operating on BRD hardware within April 2011.</p> <p>2.2. Operation procedures and manuals supporting the execution of financial statement filing at the BROs are complete according to the governing legal framework by June 2011.</p> <p>2.3. Customization of financial statements operation system is completed by June 2011.</p> <p>2.4. Financial statements operation system national roll out starts within November 2010 and is completed in 63</p>	<p>documents for financial statements handling module.</p> <p>3. Test/pilot reports for software.</p> <p>4. System operation statistics.</p>	
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statement filing is completely rolled out to and operational in 63 BROs.	provinces in August 2011. 2.5. BRD and BRO staff are fully capable of operating and maintaining the financial statement systems by June 2012, and supported with refresher training until December 2012.		
<b>Activities</b>	<b>Means</b>	<b>Costs</b>	
Please refer to Section D.2 in the project document for detailed activities under each Phase and output and to Section D.3. for the overall work plan of the Project.	Human Resources (ASMED, collaborating institutions, BRD, BRO staff time, international and national, project monitoring and management).  Financial resources (investments for NBRS, capacity building, training, promotion).  Office running (49 months).	External Resources: USD 12,533,147  In-kind: USD 2,200,000	
<b>Pre-conditions</b>			
1. Issuance of a Government/Prime Minister's decision/instruction containing the directions on single-point-registration, instructing MPI, GDT, GSO, MPS and 63 BROs of their tasks to achieve this goal and defining the time for the submission of the new/amended Decree 88 to the Government.			

## Annex 2 of Terms of Reference

### Job Descriptions for team members

#### 1.1.1. Terms of Reference for personnel Under Individual Service Agreement (ISA)

Title	Senior Evaluation Consultant-Team Leader (International)
Main Duty Station and Location	Home base
Mission/s to	Vienna, Austria and Vietnam
Start of Contract (EOD)	29 April 2013
End of Contract (COB)	31 July 2013
Number of Work-Days (1 week is 5 w-days)	46

#### Organizational context

UNIDO is a specialized agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability. Private sector development through improvement of business environments is among the core services of the Competitiveness, Upgrading and Partnerships Unit (CUP), which under the Business, Investment and Technology Services Branch (BIT). The project to be evaluated is being implemented by the Agency for Business Registration, the Ministry of Planning and Investment in Viet Nam with technical assistance delivered by BIT/CUP.

#### Project context

The project to be evaluated aims to provide policy and technical advice towards the achievement of nationwide business registration reform in Viet Nam. As a result, enterprises will be able to register for business, tax code, statistics and seals through a single-point, using a consolidated form and obtain a unique enterprise ID. National capacities will be developed to simplify the legal framework, processes and procedures and to set up and operate the computerized National Business Registry System (NBRS) at the central level as well as in all of the 63 provinces in the country. The project is in its second and third phases, consisting of upgrading of NBRS built in the first phase with new modules on e-signature, e-payments, on-line registration, information services and financial statement filing for companies.

## Duties

The Senior Evaluation Consultant will act as the team leader of the evaluation and ensure adherence to the ToR of the evaluation. She/he will be responsible for managing the evaluation, assigning tasks to and supervise team members and for the preparation of the evaluation report, including the coordination of inputs from other team members. The senior evaluation consultant-Team Leader will perform the following tasks:

Main Tasks	Outputs to be achieved	Expected Duration (Work-Days)	Location
1. Conduct desk review of project documents, reports, articles and other background materials provided by the project manager	<ul style="list-style-type: none"> <li>Evaluation framework</li> </ul>	5	Home base
2. Participate at briefing at UNIDO HQ and prepare, in collaboration and with inputs from the registration expert, the draft inception report containing key findings of desk review, work plan as well as field mission plans, methodology, sampling techniques, evaluation tools such as questionnaires and interview guidelines, and submit draft inception report to UNIDO	<ul style="list-style-type: none"> <li>Inception report</li> <li>Work plan</li> <li>Field mission plan (provinces to be visited are selected)</li> <li>Interview guidelines</li> <li>Survey questionnaires</li> </ul>	2 + 5	Vienna + Home base
3. Conduct field mission to Hanoi, Ho Chi Minh City and two other provinces to conduct interviews with project counterparts and stakeholders, to test and finalize the evaluation tools, evaluation matrix, questionnaires, to provide guidance to national evaluation consultant and enumerators—if enumerated survey is chosen, and to make observations	<ul style="list-style-type: none"> <li>Report chapters</li> </ul>	10 (i.e. 2 work-weeks on field mission consecutively)	Hanoi HCMC 2 other provinces for BRO visits
4. Present preliminary findings to a workshop of core counterparts	<ul style="list-style-type: none"> <li>Presentation</li> </ul>	Included in Task 4	Hanoi
5. Supervise and participate in BRO staff and end-user survey result analyses	<ul style="list-style-type: none"> <li>Survey results (qualitative and quantitative)</li> </ul>	2	Home base
6. Prepare draft evaluation report in collaboration with registration expert and the national evaluation consultant, share with stakeholders for comments, EVA for quality assurance, incorporate comments	<ul style="list-style-type: none"> <li>Draft evaluation report</li> <li>Final evaluation report</li> </ul>	14	Home base
7. Present final evaluation report to UNIDO, the Government and donors (at UNIDO HQ with teleconference participation by remote stakeholders)	<ul style="list-style-type: none"> <li>Presentation</li> </ul>	2	Vienna

## **Required competencies**

### **Core values**

1. Integrity
2. Professionalism
3. Respect for diversity

### **Core competencies**

1. Results orientation and accountability
2. Planning and organizing
3. Communication and trust
4. Team orientation
5. Client orientation

### **Managerial competencies (as applicable)**

1. Strategy and direction
2. Managing people and performance
3. Judgment and decision making
4. Conflict resolution

## **Minimum organizational requirements**

### **Education**

Advanced university degree in economics, business administration, engineering or other relevant discipline with a specialization in evaluation.

### **Technical and Functional Experience**

A minimum of 15 years practical experience in the field of evaluation, including experience at the international level involving technical cooperation in developing countries and in leading evaluation exercises. Exposure to the needs, conditions and problems in developing countries.

### **Languages**

Fluency in written and spoken English is required. Working knowledge of Vietnamese desirable.

### 1.1.2. Terms of Reference for Personnel under Individual Service Agreement (ISA)

Title	Business Registration Consultant (International)
Main Duty Station and Location	Home base (TBD)
Mission/s to	Vienna, Austria and Vietnam
Start of Contract (EOD)	29 April 2013
End of Contract (COB)	31 July 2013
Number of Working Days	40

#### Organizational context

UNIDO is a specialized agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability. Private sector development through improvement of business environments is among the core services of the Competitiveness, Upgrading and Partnerships Unit (CUP), which under the Business, Investment and Technology Services Branch (BIT). The project to be evaluated is being implemented by the Agency for Business Registration, the Ministry of Planning and Investment in Viet Nam with technical assistance delivered by BIT/CUP.

#### Project context

The project to be evaluated aims to provide policy and technical advice towards the achievement of nationwide business registration reform in Viet Nam. As a result, enterprises will be able to register for business, tax code, statistics and seals through a single-point, using a consolidated form and obtain a unique enterprise ID. National capacities will be developed to simplify the legal framework, processes and procedures and to set up and operate the computerized National Business Registry System (NBRS) at the central level as well as in all of the 63 provinces in the country. The project is in its second and third phases, consisting of upgrading of NBRS built in the first phase with new modules on e-signature, e-payments, on-line registration, information services and financial statement filing for companies.

#### Duties

The Business Registration Consultant will carry out the evaluation in accordance with the ToR. She/he will be a member of the evaluation team and responsible for covering business registration aspects. The business registration expert will perform the following tasks:

## Annex 1: Terms of Reference

Main Tasks	Outputs to be achieved	Expected Duration (Work-Days)	Location
1. Conduct desk review of project documents, reports, articles and other background materials provided by the project manager, in collaboration with evaluation expert	<ul style="list-style-type: none"> <li>• Evaluation framework</li> </ul>	5	Home base
2. Participate at briefing at UNIDO HQ and provide registration specific inputs to the draft inception report containing key findings of desk review, work plan as well as field mission plans, methodology, sampling techniques, evaluation tools such as questionnaires and interview guidelines	<ul style="list-style-type: none"> <li>• Inception report</li> <li>• Work plan</li> <li>• Field mission plan (provinces to be visited are selected)</li> <li>• Interview guidelines</li> <li>• Survey questionnaires</li> </ul>	2 + 5	Vienna + Home base
3. Conduct field mission to Hanoi, Ho Chi Minh City and two other provinces to conduct interviews with project counterparts and stakeholders, to test and finalize the evaluation tools, questionnaires, to provide guidance to national evaluation consultant and enumerators—if enumerated survey is chosen, and to make observations	<ul style="list-style-type: none"> <li>• Report chapters</li> </ul>	10 (i.e. 2 work-weeks on field mission consecutively)	Hanoi HCMC 2 other provinces for BRO visits
4. Prepare preliminary findings and contribute to a workshop of core counterparts	<ul style="list-style-type: none"> <li>• Presentation</li> </ul>	Included in Task 4	Hanoi
5. Lead data analyses from the BRO and end-user surveys and prepare them for incorporation into the draft evaluation report	<ul style="list-style-type: none"> <li>• Survey results (qualitative and quantitative)</li> </ul>	<b>1.1.1.</b>	<b>1.</b>
6. Provide inputs towards the preparation of the draft evaluation report in collaboration with the national evaluation consultant; respond to and incorporate comments received from the stakeholders, and EVA on quality assurance	<ul style="list-style-type: none"> <li>• Draft evaluation report</li> <li>• Final evaluation report</li> </ul>	10	Home base
7. Participate in the presentation of the final evaluation report to UNIDO, the Government and donors (at UNIDO HQ with teleconference participation by remote stakeholders)	<ul style="list-style-type: none"> <li>• Presentation</li> </ul>	2	Vienna

### Required competencies

#### Core values

1. Integrity
2. Professionalism
3. Respect for diversity

**Core competencies**

1. Results orientation and accountability
2. Planning and organizing
3. Communication and trust
4. Team orientation
5. Client orientation

**Managerial competencies (as applicable)**

1. Strategy and direction
2. Managing people and performance
3. Judgment and decision-making

**Minimum organizational requirements**

**Education**

Advanced university degree in economics, business administration, engineering or other relevant discipline with a specialization in computerized business registration systems and services.

**Technical and Functional Experience**

A minimum of 10 years practical experience in the field of business registration, including experience at the international level involving technical cooperation in developing countries. Experience in evaluation approaches and methodologies. Exposure to the needs, conditions and problems in developing countries.

**Languages**

Fluency in written and spoken English is required. Working knowledge of Vietnamese is desirable.

### 1.1.3. Terms of Reference for Personnel under Individual Service Agreement (ISA)

Title:	National Evaluation Consultant
Main Duty Station and Location:	Hanoi, Vietnam
Mission/s to:	Within the country
Start of Contract (EOD):	29 April 2013
End of Contract (COB):	31 July 2013
Number of Working Days:	45

#### Organizational context

UNIDO is a specialized agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability. Private sector development through improvement of business environments is among the core services of the Competitiveness, Upgrading and Partnerships Unit (CUP), which under the Business, Investment and Technology Services Branch (BIT). The project to be evaluated is being implemented by the Agency for Business Registration, the Ministry of Planning and Investment in Viet Nam with technical assistance delivered by BIT/CUP.

The project to be evaluated aims to provide policy and technical advice towards the achievement of nationwide business registration reform in Viet Nam. As a result, enterprises will be able to register for business, tax code, statistics and seals through a single-point, using a consolidated form and obtain a unique enterprise ID. National capacities will be developed to simplify the legal framework, processes and procedures and to set up and operate the computerized National Business Registry System (NBRS) at the central level as well as in all of the 63 provinces in the country. The project is in its second and third phases, consisting of upgrading of NBRS built in the first phase with new modules on e-signature, e-payments, on-line registration, information services and financial statement filing for companies.

#### Duties

The National Evaluation Consultant will participate in the evaluation of the Vietnamese Business registration programme in accordance with the ToR of the evaluation. He/she will be expected to:

## Annex 1: Terms of Reference

Main Tasks	Outputs to be achieved	Expected duration (work-days)	Location
1. Conduct desk review of project documents, reports, articles and other background materials provided by the project manager	<ul style="list-style-type: none"> <li>• Desk review</li> </ul>	5	Home base
2. Provide comments on the draft BRO staff questionnaire and end-user survey instruments and on the interview questionnaires and guidelines, advice in the formulation of the mission plan, and inputs to the inception report; secure appointments with relevant stakeholders as per the mission plan (with relevant letters of introduction provided by UNIDO Hanoi and ABR) prior to the arrival of other evaluation team members	<ul style="list-style-type: none"> <li>• Inception report</li> <li>• Work plan</li> <li>• Field mission plan (provinces to be visited are selected)</li> <li>• Mission appointments organized</li> </ul>	5	Home base
3. Review and edit Vietnamese translations of survey and interview questionnaires—translations to be provided by Project staff in Hanoi	<ul style="list-style-type: none"> <li>• Vietnamese survey instruments</li> </ul>	2	Home base
4. As evaluation team member, participate, full time, in field mission to Hanoi, Ho Chi Minh City and two other provinces to conduct interviews with project counterparts and stakeholders, to test and finalize the evaluation tools, questionnaires, to provide guidance to enumerators—if enumerated survey is chosen, and to make observations	<ul style="list-style-type: none"> <li>• Interviews conducted</li> <li>• Questionnaires tested, finalized and launched</li> </ul>	10	Hanoi HCMC 2 other provinces for BRO visits
5. Contribute to the preparation of the presentation of preliminary findings to a workshop of core counterparts and participate in the presentation and discussions	<ul style="list-style-type: none"> <li>• Presentation</li> </ul>	Included in Task 4	Hanoi
6. Organize, supervise and lead a team enumerators in the conduct of the BRO and end-user survey/interviews, ensuring reliability and timely completion of the survey; coding of the results and preparation of a summary report of the survey and timely transmission of the coded data and report to other team members	<ul style="list-style-type: none"> <li>• Survey results</li> </ul>	16	Home base
7. Contribute to the preparation of the final evaluation report, providing advice to the international team members and identifying additional information in the field as required and in assessment and incorporation of comments received from stakeholders on the draft evaluation report	<ul style="list-style-type: none"> <li>• Final evaluation report</li> </ul>	7	Home base

### Required competencies

#### Core values

1. Integrity
2. Professionalism
3. Respect for diversity

**Core competencies**

1. Results orientation and accountability
2. Planning and organizing
3. Communication and trust
4. Team orientation
5. Client orientation

**Managerial competencies (as applicable)**

1. Strategy and direction
2. Managing people and performance
3. Judgment and decision making

**Minimum organizational requirements**

**Education**

Advanced university degree in economics, business administration, engineering or other relevant discipline with a specialization in public administration and/or evaluation.

**Technical and Functional Experience**

A minimum of 10 years practical experience in the field of public administration, in-depth knowledge and experience in Vietnamese administrative reforms, particularly those related to private sector development.

**Languages**

Fluency in written and spoken English is required. Mother tongue Vietnamese.

#### 1.1.4. Terms of Reference for Personnel under Individual Service Agreement (ISA)<sup>85</sup>

Title	Evaluation Consultant/Enumerator
Main Duty Station and Location	Hanoi, Vietnam
Mission/s to	Within the country
Start of Contract (EOD)	1 May 2013
End of Contract (COB)	31 July 2013
Number of Working Days	30

#### Organizational context

UNIDO is a specialized agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability. Private sector development through improvement of business environments is among the core services of the Competitiveness, Upgrading and Partnerships Unit (CUP), which under the Business, Investment and Technology Services Branch (BIT). The project to be evaluated is being implemented by the Agency for Business Registration, the Ministry of Planning and Investment in Viet Nam with technical assistance delivered by BIT/CUP.

#### Project context

The project to be evaluated aims to provide policy and technical advice towards the achievement of nationwide business registration reform in Viet Nam. As a result, enterprises will be able to register for business, tax code, statistics and seals through a single-point, using a consolidated form and obtain a unique enterprise ID. National capacities will be developed to simplify the legal framework, processes and procedures and to set up and operate the computerized National Business Registry System (NBRS) at the central level as well as in all of the 63 provinces in the country. The project is in its second and third phases, consisting of upgrading of NBRS built in the first phase with new modules on e-signature, e-payments, on-line registration, information services and financial statement filing for companies.

#### Duties

The Evaluation Consultant/Enumerator will participate in the evaluation of the Vietnamese Business registration programme in accordance with the ToR of the evaluation. He/she will be expected to:

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<sup>85</sup> There will be up to 3 junior consultants/enumerators.

## Annex 1: Terms of Reference

Main Tasks	Outputs to be achieved	Expected duration (work-days)	Location
1. As part of a team of enumerators, participate in the evaluation team and the testing of BRO, end-user surveys/interviews in localities and offices identified by the evaluation team	<ul style="list-style-type: none"> <li>Questionnaires tested, finalized and launched</li> </ul>	3	Hanoi HCMC 2 other provinces
2. Under the supervision of the team leader and national evaluation consultant, conduct the BRO and end-user survey/one-to-one interviews based on approved questionnaires, ensuring reliability and timely completion of the survey; code the results and participate in preparation of a summary report of the survey and timely transmission of the coded data and report to other team members	<ul style="list-style-type: none"> <li>Survey results</li> </ul>	24	Home base
3. Collect any other relevant information and undertake tasks, as requested by the team leader	<ul style="list-style-type: none"> <li>Information</li> </ul>	3	Home

### Required competencies

#### Core values

1. Integrity
2. Professionalism
3. Respect for diversity

#### Core competencies

1. Results orientation and accountability
2. Communication and trust
3. Team orientation

### Minimum organizational requirements

#### Education

University degree in economics, business administration, engineering or other relevant discipline with a specialization in public administration and/or evaluation.

#### Technical and Functional Experience

A minimum of 3 years of professional work experience and practical experience in conducting surveys and/or research, skills in using Excel and/or statistics and/or survey software packages.

#### Languages

Fluency in written and spoken English is required. Mother tongue Vietnamese.

## Annex 3 of Terms of Reference

### Checklist on evaluation report quality: Independent Terminal Evaluation of the UNIDO Project “TECHNICAL ASSISTANCE TO BUSINESS REGISTRATION REFORM IN VIET NAM” (Project Number: 102098)

Evaluation team leader:

Quality review done by:

Date:

Report quality criteria	UNIDO Evaluation Group assessment notes	Rating
<b>Report Structure and quality of writing</b>		
The report is written in clear language, correct grammar and use of evaluation terminology. The report is logically structured with clarity and coherence. It contains a concise executive summary and all other necessary elements as per TOR.		
<b>Evaluation objective, scope and methodology</b>		
The evaluation objective is explained and the scope defined. The methods employed are explained and appropriate for answering the evaluation questions. The evaluation report gives a complete description of stakeholder’s consultation process in the evaluation. The report describes the data sources and collection methods and their limitations. The evaluation report was delivered in a timely manner so that the evaluation objective (e.g. important deadlines for presentations) was not affected.		
<b>Evaluation object</b>		
The logic model and/or the expected results chain (inputs, outputs and outcomes) of the object is clearly described. The key social, political, economic, demographic, and institutional factors that have a direct bearing on the object are described. The key stakeholders involved in the object implementation, including the implementing agency(s) and partners, other key stakeholders and their roles are described. The report identifies the implementation status of the object, including its phase of implementation and any significant changes (e.g. plans, strategies, logical frameworks) that have occurred over time and explains the implications of those		

changes for the evaluation.		
<b>Findings and conclusions</b>		
<p>The report is consistent and the evidence is complete (covering all aspects defined in the TOR) and convincing.</p> <p>The report presents an assessment of relevant outcomes and achievement of project objectives.</p> <p>The report presents an assessment of relevant external factors (assumptions, risks, impact drivers) and how they influenced the evaluation object and the achievement of results.</p> <p>The report presents a sound assessment of sustainability of outcomes or it explains why this is not (yet) possible.</p> <p>The report analyses the budget and actual project costs.</p> <p>Findings respond directly to the evaluation criteria and questions detailed in the scope and objectives section of the report and are based on evidence derived from data collection and analysis methods described in the methodology section of the report.</p> <p>Reasons for accomplishments and failures, especially continuing constraints, are identified as much as possible.</p> <p>Conclusions are well substantiated by the evidence presented and are logically connected to evaluation findings.</p> <p>Relevant cross-cutting issues, such as gender, human rights, environment are appropriately covered.</p>		
<b>Recommendations and lessons learned</b>		
<p>The lessons and recommendations are based on the findings and conclusions presented in the report.</p> <p>The recommendations specify the actions necessary to correct existing conditions or improve operations ('who?' 'what?' 'where?' 'when?').</p> <p>Recommendations are implementable and take resource implications into account.</p> <p>Lessons are readily applicable in other contexts and suggest prescriptive action.</p>		

Rating system for quality of evaluation reports

A number rating 1-6 is used for each criterion: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, Highly Unsatisfactory = 1, and unable to assess = 0.

## Annex 4 of Terms of Reference

### Guidance on integrating gender in evaluations of UNIDO projects and programmes

#### I. INTRODUCTION

Gender equality is internationally recognized as a goal of development and is fundamental to sustainable growth and poverty reduction. The UNIDO Policy on gender equality and the empowerment of women and its addendum, issued respectively in April 2009 and May 2010 (UNIDO/DGB(M).110 and UNIDO/DGB(M).110/Add.1), provides the overall guidelines for establishing a gender mainstreaming strategy and action plans to guide the process of addressing gender issues in the Organization's industrial development interventions.

According to the UNIDO Policy on gender equality and the empowerment of women:

**Gender equality:** refers to the equal rights, responsibilities and opportunities of women and men and girls and boys. Equality does not suggest that women and men become 'the same' but that women's and men's rights, responsibilities and opportunities do not depend on whether they are born male or female. Gender equality implies that the interests, needs and priorities of both women and men are taken into consideration, recognizing the diversity of different groups of women and men. It is therefore not a 'women's issues'. On the contrary, it concerns and should fully engage both men and women and is a precondition for, and an indicator of sustainable people-centered development.

**Empowerment of women:** signifies women gaining power and control over their own lives. It involves awareness raising, building of self-confidence, expansion of choices, increased access to and control over resources and actions to transform the structures and institutions, which reinforce and perpetuate gender discriminations and inequality.

**Gender parity:** signifies equal numbers of men and women at all levels of an institution or organization, particularly at senior and decision-making levels. The UNIDO projects/ programmes can be divided into two categories: 1) those where promotion of gender equality is one of the key aspects of the project/ programme; and 2) those where there is limited or no attempted integration of gender. Evaluation managers/evaluators should select relevant questions depending on the type of interventions.

## II. GENDER RESPONSIVE EVALUATION QUESTIONS

The questions below will help evaluation managers/evaluators to mainstream gender issues in their evaluations.

### Design

- ✓ Is the project/ programme in line with the UNIDO<sup>86</sup> and national policies on gender equality and the empowerment of women?
- ✓ Were gender issues identified at the design stage?
- ✓ Did the project/ programme design adequately consider the gender dimensions in its interventions? If so, how?
- ✓ Were adequate resources (e.g., funds, staff time, methodology, experts) allocated to address gender concerns?
- ✓ To what extent were the needs and priorities of women, girls, boys and men reflected in the design?
- ✓ Was a gender analysis included in a baseline study or needs assessment (if any)?
- ✓ If the project/ programme is people-centered, were target beneficiaries clearly identified and disaggregated by sex, age, race, ethnicity and socio-economic group?
- ✓ If the project/ programme promotes gender equality and/or women's empowerment, was gender equality reflected in its objective/s? To what extent are output/outcome indicators gender disaggregated?

### Implementation management

- ✓ Did project monitoring and self-evaluation collect and analyze gender disaggregated data? Were decisions and recommendations based on the analyses? If so, how?
- ✓ Were gender concerns reflected in the criteria to select beneficiaries? If so, how?
- ✓ How gender-balanced was the composition of the project management team, the Steering Committee, experts and consultants and the beneficiaries?
- ✓ If the project/ programme promotes gender equality and/or women's empowerment, did the project/ programme monitor, assess and report on its gender related objective/s?

### Results

- ✓ Have women and men benefited equally from the project's interventions? Do the results affect women and men differently? If so, why and how? How are the results likely to affect gender relations (e.g., division of labor, decision making authority)?

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<sup>86</sup> Once the gender mainstreaming strategy and action plans to guide the process of addressing gender issues in industrial development interventions are developed, the project/programme should align to the strategy or action plans.

## Annex 1: Terms of Reference

- ✓ In the case of a project/ programme with gender related objective/s, to what extent has the project/ programme achieved the objective/s? To what extent has the project/ programme reduced gender disparities and enhanced women's empowerment?

## **Annex 5 of Terms of Reference**

### **UNIDO Evaluation Inception Report: Standard format Introduction**

The signing of the contract between UNIDO and the evaluation consultant is followed by an inception phase where the evaluation team reviews project/ programme documents, analyses the TOR, and develops a detailed proposal for the conduct of the evaluation. The results are laid down in an inception report that is submitted to UNIDO for review and approval. The continuation of the evaluation process is conditional on UNIDO's approval of the inception report.

Through discussions about the inception report, UNIDO and the evaluation team get an early opportunity to reach a closer understanding of the purpose of evaluation and of what the evaluation can realistically be expected to achieve in terms of information. It is important that basic questions about the why, the what, and the how of the evaluation are clarified between the parties as early as possible. The inception report may be presented and discussed in an inception meeting with UNIDO and partner stakeholders. It is quite normal for an inception report to be revised in response to comments. Finalized and approved, the inception report becomes a key reference document.

The scope and design of the inception report depend to some extent on what has already been decided through the evaluation TOR. Indications about this are given in the TOR. Normally, however, the inception report should cover the items included in the standard format below.

The terminology of the inception report should be that of the OECD/DAC Glossary of Key Terms in Evaluation and Results-Based Management ([www.oecd.org](http://www.oecd.org)). Any deviation from this terminology should be signaled in the text and explained.

## **UNIDO Evaluation Inception Report:**

### **Standard Format**

#### **Title page**

#### **Table of Contents**

1. Summary introduction
2. Work completed
3. Project/ programme description
4. Previous evaluations and reviews
5. Assessment of evaluation issues and questions
6. Evaluation methodology
7. Work plan
8. Logistics
9. Annexes

#### **1. Summary introduction**

Summary of the following elements of the TOR for the evaluation:

- Evaluation rationale and purpose. Question: Why an evaluation of this project/ programme at this point in time?
- Intended use and users. Question: Who are the intended users and what are their information needs?
- Key evaluation issues. Question: What are the key issues and questions identified in the TOR?

#### **2. Work completed**

- Summary of work completed by the evaluation team since beginning of the assignment, with lists of documents reviewed and persons interviewed in annexes.
- Summary of key findings and conclusions from the desk review and interviews, including recommendations regarding possible modifications of the evaluation issues outlined in the TOR.
- Comment on accessibility and availability of sources of information (persons and documents) during the inception phase.

#### **3. Project/ programme description**

A description of the project/ programme with an attached intervention logic model or result chain is a basic component of the inception report. The following are standard elements of a project/ programme description:

- Needs addressed by the project/ programme.
- Project/ programme beneficiaries.
- Expected outputs, outcomes, and impact.
- Indicators for the above.

- Project/ programme activities and resources.
- Influencing contextual factors, risks and assumptions.
- Links to other projects/ programmes.
- Project/ programme maturity.
- Project/ programme M&E.

With a logic model at hand, misunderstandings about project/ programme design and objectives are easily identified and corrected. The logic model also greatly facilitates the identification and analysis of key evaluation issues. If a logic model is already available in the TOR or the project documents, the evaluators should assess its validity. If there is no logic model in the documents, they should construct one and also validate it. The method applied in the validation of the logic model should be described (e.g. stakeholder interviews or surveys). The following table is a suitable logic model format:

**Table 1: Project / Programme log frame**

Results hierarchy	Performance indicators	Baseline	Target	Assumptions and risks
MDG or UNDAF-level goal to which the project/ programme is intended to contribute				
Intended impact: The higher order objective to which the project/ programme is intended to contribute	Measures of intended impact on behavior, systems, and development conditions	Impact indicator values at project/ programme inception	Expected impact indicator values at project/ programme completion	Assumptions that must be valid in order for project/ programme impact. Risks regarding those assumptions
Outcome: Direct benefits for the target group brought about through the delivery of outputs	Measures of achievement of intended outcomes	Outcome indicator values at project/ programme inception	Expected indicator values at project/ programme completion	Assumptions that must be valid in order for outcomes to contribute to realization of impact as expected. Risks that those assumptions do not hold true
Output: Products and services for which the project/ programme is held accountable	Measures of outputs in terms of quantity, quality, and time	Output indicator values at project/ programme inception	Planned indicator values at project/ programme completion	Assumptions that must be valid in order for outputs to bring about outcomes as expected. Risks that those assumptions do not hold true.
Activities. Necessary and sufficient for producing the project/ programme outputs	Measures of activities	Activity measures at project/ programme inception	Compliance with established performance standards	Assumption about project/ programme implementation processes that must hold true in order for the outputs to be delivered as planned. Risks that those assumptions do not hold true.
Input. Financial, human, and material resources used to produce outputs	Measures of input	Resources at outset	Provisioning according to plan	Assumptions about the provisioning of the project/ programme that must be valid in order for the project/ programme to be able to produce planned outputs. Risk that assumptions are false.

#### **4. Previous evaluations and reviews**

Previous evaluations and reviews should be scanned for inputs to the assessment and possible revision of the evaluation issues. Evaluation issues have already been defined in the TOR, but these issues are often tentative to some extent, and can be modified during the inception phase in any case. The following are standard questions to be answered by the inception report:

- What were the main findings, conclusions and recommendations of past evaluations and reviews?
- How did UNIDO and partners respond to those studies?
- What do we know about changes in the project/ programme in response to previous evaluations and reviews?
- Should the present evaluation revisit any of the issues addressed in earlier studies?

#### **5. Assessment of evaluation issues and questions**

As noted, one of the important tasks of the evaluation team is to review, and, if necessary, suggest revisions or elaborations of the evaluation issues and questions set down in the TOR. The following are the main reasons why the TOR might have to be modified:

- Issues and questions are not formulated clearly enough.
- Issues and questions do not seem to fully match the stated purpose of the evaluation and the information needs of stakeholders. Some of the issues in the TOR might not be essential to the purpose. Relevant issues might have been overlooked.
- Issues and questions cannot be evaluated with sufficient rigor or depth given the budget constraints, time constraints, and data constraints of the evaluation. This is an extremely important point.
- Issues and questions are too general and must be further elaborated or subdivided before they can be subject to research.

The inception report should assess the TOR against these points, and, if required, suggest elaborations and revisions. If the evaluation agenda in the TOR is considered too ambitious given the limitations of time, money, and data, the inception report should suggest a priority ordering of the issues. It must not give the impression that more can be achieved than is likely to be the case.

#### **6. Evaluation methodology**

Developing a methodology for the evaluation is one of the main tasks of the evaluation team during the inception phase. In some cases the TOR may contain specific methodology requirements. For example, the TOR may insist that the evaluation should employ methods that are sensitive to gender differences or methods that are appropriate for eliciting opinions from marginalized or vulnerable groups. In most cases, however, there is only a general prescription that the methods used in the evaluation should be effective, efficient, and well suited to the task. In the

inception report the methodology developed in response to this requirement should be carefully described and justified.

The following are questions that the report should be able to answer:

- What are the main sources of data for the evaluation?
- What data collection methods will be used? How will they be employed, issue by issue?
- How important is baseline information to the evaluation? How will necessary baseline information be collected?
- How will the quality of the data be assessed? Methods for triangulation?
- How will the validity of the logic model (existing or re-constructed) be assessed?
- What sampling methods will be used by the evaluation? What are the units to be sampled, e.g. project sites to be visited, categories of interviewees and key informants? What is the logic behind the sampling?
- Total number of people included in interviews and surveys?
- How will the evaluation team ensure that the views and experiences of all relevant stakeholder categories (men and women, project/ programme staff and project/ programme participants, beneficiaries and non-beneficiaries, implementing agencies, funders, etc.) are appropriately included?
- What is the approach to gender mainstreaming and other cross-cutting issues adopted by the team? How have UNIDO's guidance for integrating gender into evaluations been used in the development of the methodology?
- How will data be processed and analyzed?
- How do we know that indicators used in the evaluation are relevant and valid?
- How does the team propose to deal with issues of attribution and contribution? What designs for impact assessment are possible and feasible in the present case? How trustworthy will be the conclusions from the assessment?
- How will findings and interpretations be fed back to the appropriate stakeholders during the evaluation process, and how will the responses of those same stakeholders be incorporated in the analysis?
- What, if any, are the ethical issues likely to be encountered during the evaluation? How will they be addressed?
- What are the main risks that the evaluation will not produce outputs of expected quality?

## **7. Summary Evaluation Framework**

The contents of the previous sections should be summed up in the evaluation framework below. The matrix should include all the main issues covered by the evaluation, questions relating to the issues, indicators and sources of information expected to be used in answering the questions, and all the methods intended to be applied in data collection and analysis. It is important that the questions included in the matrix have been subjected to a preliminary assessment of evaluability. Questions that cannot be answered with sufficient depth or rigor within the constraints of the evaluation should not be included in the matrix. Issues and questions that are not essential for achieving the practical purpose of the evaluation should also be excluded.

The issues and questions in the table below are merely illustrative. Questions concerning relevance, effectiveness, efficiency, etc. are addressed in almost every UNIDO evaluation. Still, each UNIDO evaluation should have its own framework tailored to the information needs of its stakeholders. Thus, in the following table issues and questions should be deleted or added as required.

### **8. Work plan**

The timetable included in the TOR should be updated with activities and milestones planned and managed by the evaluation team. Team member responsibilities should be indicated for each major activity or event.

### **9. Logistics**

Please specify all assistance needed in addition to the assistance arrangements already listed in the TOR.

### **10. Annexes**

- Evaluation TOR
- Draft data collection instruments: questionnaires, interview guides, etc.
- Lists of documents reviewed and persons interviewed during the inception phase.

**Table 2: Evaluation Framework**

Criteria/ Issues	Questions	Indicators	Sources of Information	Data Collection/ Analysis Methods
Relevance of objectives	Are the objectives of the project/ programme consistent with UNIDO policies and strategies?			
	Are the objectives of the project/ programme consistent with partner policies and priorities?			
	Are the objectives of the project/ programme consistent with target group needs and priorities?			
	How can a possible lack of relevance be explained?			
Effectiveness	What have been the positive and negative outcomes in the target area since the beginning of the project/ programme?			
	To what extent can these outcomes be attributed to the project/ programme?			
	How should failure in bringing about intended outcomes be explained? Were the assumptions underpinning the project/ programme not correct?			
Effectiveness: Outcome to Impact	What are the positive developments to which the project/ programme is likely to have contributed?			
	What are the actual or possible negative consequences of the project/ programme?			
Sustainability of benefits	What is the expected duration of the different project/ programme benefits after project/ programme completion?			
	How realistic are the assumptions underpinning expectations regarding sustainability?			
	What are the main risks to the expected sustainability of the benefits?			
Efficiency				
Cost-effectiveness (inputs assessed in relation to outcomes)				
UNIDO integration				
Other issues				
Lessons learned				

Note that the indicators registered in the matrix may or may not be the indicators used for the monitoring of project/ programme implementation.

## **Annex 6 of Terms of Reference**

### **List of main reference documents**

1. Project Documents, including Annexes:
  - a. Preparatory Phase, financed by Government of Norway.
  - b. Phase A, Module I, financed by Norad, UNIDO and Viet Nam One Plan Fund.
  - c. Phase A, Module II and Phase B, financed by Seco.
2. Appraisal Report:
  - a. Norad-UNIDO joint appraisal, December, 2007.
  - b. Seco-Norad joint appraisal, February 2009.
3. Viet Nam Country Evaluation, 2011.
4. Project Progress Reports (2009-2012) and Minutes of Annual Review Meetings.
5. Viet Nam SME Development Plan 2006-2010.
6. Legal documents of the Government, particularly those related to Registration Process and Procedures.
7. Business Registration Reform in Viet Nam: A situation analysis of the reform and of UNIDO support, UNIDO, 2011.
8. Lessons learned in sustaining business registration reform in Viet Nam, DCED Bangkok Conference, MPI-UNIDO, 2006.

## Annex 2: Resource people

Name	Job title/Position in company/organization	Name of company/organization
Pratibha Mehta	UN Resident Coordinator and UNDP Resident Representative	UN, Hanoi
Lamine Dhaoui	Director, Business, Investment & Technology Services Branch	UNIDO, Vienna
Margareta De Goys	Director, Evaluation Group	UNIDO, Vienna
NilguenTas	Chief, Competitiveness, Upgrading & Partnerships Unit and Project Manager	UNIDO, Vienna
Stefan Kratzsch	Industrial Development Officer	UNIDO, Vienna
Brian Portelli	Officer, Investment & Technology Unit	UNIDO, Vienna
Patrick Gilabert	Representative	UNIDO Country Office, Vietnam
Le Thi Thanh Thao	National Program Officer	UNIDO Country Office, Vietnam
Nguyen Van Trung	Vice Minister of MPI, the former Director of Enterprise Development Agency	Ministry of Planning and Investment (MPI)
Do Van Su	Head of Foreign Investment Division	Foreign Investment Agency
Le Quang Manh	Director General	Agency for Business Registration (ABR) and BRR Project
Bui Anh Tuan	Deputy Director General	Agency for Business Registration (ABR) and BRR Project
Le Ngoc Thang	Deputy Manager, Head of Hardware Group	Agency for Business Registration (ABR) and BRR Project
Nguyen Viet Anh	Head of Policy Synthesis & Int'l Relation Division	Agency for Business Registration (ABR) and BRR Project
Bui Thuy Nga	Project Coordinator	Agency for Business Registration (ABR) and BRR Project
Le Xuan Hue	Policy Synthesis & Int'l Relation Division	Agency for Business Registration (ABR) and BRR Project

## Annex 2: Resource people

<b>Name</b>	<b>Job title/Position in company/organization</b>	<b>Name of company/organization</b>
Đo Thu Huyen		Agency for Business Registration (ABR) and BRR Project
Gunnar Koren	Chief Technical Adviser	Agency for Business Registration (ABR) and BRR Project
Tran Tuan Hung	Director of Statistical Standard, Methodology and IT department	General Statistics Office
Truong Hai Duong	General Director, Information Technology Department	General Department of Taxation
Nguyen Viet Anh	Head of Database management Department	General Department of Taxation
Dau Anh Tuan	Acting General Director of Legal Department	VCCI
Pham Ngoc Thach	Deputy Manager, Legal Department	VCCI
Nguyen Thanh Binh	Deputy Director, Business Information Center	VCCI HCM City
Ho Van Tai	Staff, Business Information Center	VCCI HCM City
Nguyen Duc Binh	Director, SMEs Promotion Center	VCCI HCM City
Ragnhild Dybdahl	Deputy Head of Mission, Counselor	NORWEGIAN EMBASSY
Dag Larsson		NORAD
Brigitte Bruhin	Deputy Country Director	SECO
Nguyen Hong Giang	Senior Program Officer	SECO
Eva Maria Tschannen	SECO Headquarters	SECO
Phan Duc Hieu	Vice Head, Department of Business Environment & Competitiveness	CIEM
Nguyen Van Toan	Vice president	VAFIE (Vietnam Association of Foreign Invested Enterprises)
Nguyen Van Lan	Operations Officer, Investment Climate	IFC
Huynh Mai Huong	Operations Officer, Access to Finance, Vietnam	IFC
Hoang Anh	Former Deputy Manager, senior consultant of VNCI/ Project 30 USAID	VNCI (USAID)

## Annex 2: Resource people

<b>Name</b>	<b>Job title/Position in company/organization</b>	<b>Name of company/organization</b>
Tu Danh Trung	Head of BRO No.3	BRO Hanoi
Tran Ha Thanh	Vice Head of BRO No.2	BRO Hanoi
Hoang Thi Nguyet	Vice Head of BRO No.1	BRO Hanoi
Nguyen Huu Luong	Vice Chief Clerk, DPI	BRO Hanoi
Nguyen Duc Xa	Head	BRO Danang
Tran Thi Ai Thu	Vice Head	BRO Danang
Tran Anh Dung	Vice Head	BRO Hochiminh City
Ho Hoanh Son	Vice Head	BRO Hochiminh City
Cu Thanh Duc		BRO Hochiminh City
Truong Minh Kieu		BRO Hochiminh City
Le Hong Giang		BRO QuangNinh
Bui Minh Tu		BRO QuangNinh
Nguyen Duc Hung		BRO QuangNinh
Le Xuan Hien	Head	BRO Hai Duong
Nguyen Van Lanh	Deputy Head	BRO Hai Duong
Pham Thanh Tung	Deputy Head	BRO Hai Duong
Pham Van Thuan		BRO Hai Duong
Nguyen Thi Phuong Thao		BRO Hai Duong
Tran Thi Na		BRO Hai Duong
Nguyen Ho Hai		BRO Hai Duong
Le Duy Binh	Director	Economica Ltd
Daniel P. Keller	President	Swiss Consulting, Co. Ltd

## Annex 3: Bibliography

### **BUSINESS REGISTRATION REFORM, BRR.**

The Investment Climate Studies, in particular:

- IFC in partnership with NORAD. 2013 Investment Climate "Reforming business registration: a toolkit for the practitioners". (2013).

Includes exhaustive and updated coverage of websites and knowledge management resources:

<https://www.wbginvestmentclimate.org/publications/loader.cfm?csModule=security/getfile&pageid=34841>

- IFC Case Study, Norway. (2011).  
<https://www.wbginvestmentclimate.org/uploads/Business%20Registration%20Case%20Study%20Norway.pdf>
- The Donor Committee for Enterprise Development, DCED.  
<http://www.enterprise-development.org/page/ber>
- Corporate Registers Forum: <http://www.corporateregistersforum.org>
- Lindahl, C. et al. The Role and Effectiveness of SECO Cooperation in Business Environment Reform. (2011).
- Manuel, Trevor et al: Independent Panel Review of the Doing Business report. (2013).
- Olaisen, J. Business registration reform. Case study Malaysia. (2009).

### **ECONOMIC PROFILE AND OUTLOOK**

- Economist Intelligence Unit, quarterly reviews, Viet Nam [www.eiu.com/un](http://www.eiu.com/un)
- [Economy Profile, Viet Nam: "Smarter regulations for SMEs", IFC 2013](#)
- Matheson, T Vietnam: Retaining Stability, Regaining Competitive Edge, Reaping Growth Potential. IMF seminar. (2013).
- UNDP et al Viet Nam Provincial Governance and Public Administration Index (PAPI 2012), Measuring citizens' experiences. (2013)

- UNIDO Integrated Program of Technical Cooperation with the Socialist Republic of Vietnam. Implementation Planning and Mobilization for Vietnam business registration reform phase. (2006).

## **ENVIRONMENT**

Global Environment Facility and UNIDO Green Industrial Growth Initiative contributing to the GEF focus areas:

[http://www.unido.org/what-we-do/environment/capacity-building-for-the-implementation-of-multilateral-environmental-agreements/global-environment-facility/unido-and-gef.html#pp1\[q1\]/0/](http://www.unido.org/what-we-do/environment/capacity-building-for-the-implementation-of-multilateral-environmental-agreements/global-environment-facility/unido-and-gef.html#pp1[q1]/0/)

- ADB/UNESCAP/UNEP: Green Growth, Resources & Resilience - Environmental Sustainability in Asian and the Pacific. (2012).

## **GENDER**

- ILO/SIDA Integrating gender Equality in Monitoring and Evaluation of Projects, and the handbook on Integrating Human rights and gender Equality in Evaluation- Towards UNEG Guidance, in collaboration with UN WOMEN, ILO Geneva. (2012).
- UNDP. Gender Inequality Index, GII, International Human Development Indicators. <http://hdrstats.undp.org/en/indicators/68606.html>

## **INVESTMENT POLICY**

- UNCTAD. Investment Policy Review. (2008).
- UNIDO. Industrial Investment Report. (2011).

## **IT SOLUTION**

- Investment Climate, Leveraging Technology to Support Business Registration Reform. (July 2011).

## **ONE-PLAN AND THE MDGS**

- DCED, Business Environment Reform and the achievement of the MDGs, see above.
- Independent Evaluation Division, ADB Support for achieving the MDGs, at <http://www.adb.org/documents/thematic-evaluation-study-adb-s-support-achieving-millennium-development-goals>
- United Nations Viet Nam - One Plan 2006-2010 and One Plan 2011-2016.

## **REGIONAL DIMENSION ON BUSINESS ENVIRONMENT HARMONIZATION**

- Asia-Pacific Economic Cooperation, APEC: Sharing goals and experience, a history of collective goal setting.

## **UNIDO PROJECT-RELATED**

In addition to the official Project Document MPI/NORAD/UNIDO (2008):

- Technical assistance to Business Registration Reform in Viet Nam. Final Project Document. (August 2008).

with its relevant amendments:

- NORAD/UNIDO. TA to BRR in Viet Nam: Project document TFVIE08001, XPVIE08002, Phase I Module I, (August 2009) and
- MPI/NORAD/SECO/UNIDO (2012): Technical assistance to Business Registration Reform in Viet Nam.

and the 2008-2013 progress and 2009-2013 weekly implementation/monitoring reports, selected literature of particular significance in the course the Evaluation exercise includes:

- BRR in Viet Nam: Situation Analysis of the reform and UNIDO support, Vienna. (2011).
- IFC, Simplification of the Business start-up process and procedures: a handbook to Provinces. (2007).
- Independent country Evaluation. UNIDO Activities in the Socialist Republic of Viet Nam. Vienna. (2012).
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- Le, Q.M, Bui, A.T, Tas, N.F. "Lessons learned in sustaining business registration reform in Viet Nam", Asia Regional Consultative Conference: Creating Better Business Environments for Enterprise Development; Regional and Global Lessons for More Effective

### Annex 3: Bibliography

Donor Practices, Donor Committee for Enterprise Development (DCED), Bangkok. (2006).

- Viet Nam Economic Management Review - BR in Viet Nam: burden or opportunity? Economic Policy Debate. (2007).
- GTZ/CIEM Business Issues n.05 – Six years of implementing the Enterprise Law: Issues and lessons learnt. (2006).

Key legal material besides the Enterprise Law 2005, Investment Decree 2006 and Investment Law 2006 texts includes:

- Approval of the 5 Year SME Development Plan 2006-2010, Prime Minister Decision No: 236/2006/QĐ-TTg. (2006).
- Government Decree on BR, 2010 - Decree No: 43/2010/NĐ-CP.
- Ministerial Circular Guiding the cooperation mechanism between organizations handling business registration, tax registration and seal registration to enterprises establishing and operating under Enterprise Law, No: 05/2008/TTLT/BKH-BTC-BCA. (2008).
- Ministry of Planning & Investment, Circular - Instructing on selected issues in regard of business registration documentation, procedure, and formality in accordance with Government's Decree No. 88/2006/NĐ-CP as of 29 August. (2006).

## **Annex 4: Online survey of business registration offices<sup>87</sup>**

### **I. Methodology**

#### **Purpose of the survey**

This survey aims to assess the perceptions of staff members of the 65 provincial BROs in the 63 provinces of Viet Nam on the Project activities with regard to the four evaluation criteria:

- Relevance of the Project to the reality of Viet Nam's BROs
- Impact of the Project (ante/ex-post approach) on performance and institutional issues of BROs
- Sustainability of the NBRs once the Project phases out
- The way forward for improving the NBRs (based on strength/weakness analysis) in the near future

#### **Design of the questionnaire**

The questionnaire designed by the Evaluation Team is based on a general framework for project impact evaluation and is attached in appendix to this Annex.. To shape the questionnaire, the Evaluation Team took into account inputs from various stakeholders' interviews in Ha Noi and Ho Chi Minh City, including opinions of BROs staff expressed in the course of in-depth surveys in Ha Noi, Quang Ninh, Hai Duong, Da Nang and Ho Chi Minh City. The questionnaire was finalized after testing with Ha Noi BRO staff members.

The Evaluation Team opted for an easily manageable on-line survey modality, including mainly "closed" questions, with a limited number of "open" questions due to language issues and the need for translation.

#### **Target respondents**

The on-line survey targets the BROs staff at its managerial level (heads, deputy-heads and focal points with coordinating tasks) in view of the need to collect evidence on the overall system operation and functionalities. The list of eligible respondents matching the above criteria was provided by ABR in cooperation with the 65 BROs.

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<sup>87</sup> The on-line survey has been conducted by Nguyen Chien Thang

## Coverage

The survey has a nationwide coverage, including all the 65 provincial BROs operational under the NBRS.

## Online survey software

The online survey software used the web-based *SurveyMonkey*. The questionnaire was sent to the email address of all eligible respondents provided by ABR. All statistics in this report, if not otherwise specified, are derived or calculated from the outcome of the online survey.

## II. Sample description

Out of the 224 eligible respondents from 65 BROs, a total of 197 replies were received within the given timeframe from June 3-7, 2013. The final sample of 197 respondents is distributed representatively in terms of geographical location (all 65 BROs), working experience (started working for BRO before/after the UNIDO Project started in 2008), and working position (head, deputy head, and focal point of BRO).

### By geographical location

For each province at least one representative of the BRO is included in the survey sample. Out of 63 provinces, 3 have only one respondent (Bac Giang, Bac Ninh, Ha Giang), most have 2 to 6 (57 provinces), with Ha Noi having the largest number of respondents (16) due to the existence of three independent BROs in the capital city in charge of different groups of districts.

**Table 1: Number of respondents by province**

Province	Number of respondents	Province	Number of respondents	Province	Number of respondents
Bac Giang	1	Binh Thuan	3	Quang Ninh	3
Bac Ninh	1	Ca Mau	3	Soc Trang	3
Ha Nam	1	Cao Bang	3	Son La	3
Baria-Vungtau	2	Dak Lak	3	Tay Ninh	3
Binh Duong	2	Da Nang	3	Thai Binh	3
Dak Nong	2	Dien Bien	3	Thai Nguyen	3
Hoa Binh	2	Dong Nai	3	Thanh Hoa	3
Kien Giang	2	Dong Thap	3	Thua Thien-Hue	3
Kon Tum	2	Gia Lai	3	Tien Giang	3
Lang Son	2	Ha Giang	3	Tuyen Quang	3
Nghe An	2	Hai Duong	3	Can Tho	4

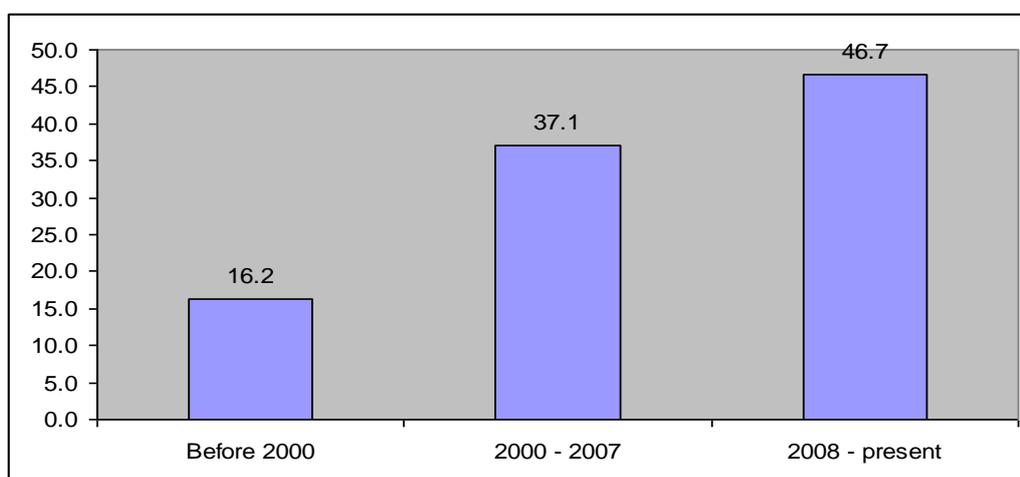
## Annex 4: Online survey of business registration offices

Province	Number of respondents	Province	Number of respondents	Province	Number of respondents
Phu Tho	2	Ha Tinh	3	Hai Phong	4
Quang Nam	2	Hau Giang	3	Hochiminh	4
Quang Tri	2	Hung Yen	3	Ninh Binh	4
Yen Bai	2	Khanh Hoa	3	Ninh Thuan	4
An Giang	3	Lai Chau	3	Tra Vinh	4
Bac Kan	3	Lam Dong	3	Vinh Long	4
Bac Lieu	3	Lao Cai	3	Vinh Phuc	4
Ben Tre	3	Phu Yen	3	Long An	5
Binh Dinh	3	Quang Binh	3	Nam Dinh	6
Binh Phuoc	3	Quang Ngai	3	Ha Noi	16
<b>TOTAL</b>	<b>197</b>				

### By working experience

The survey sample covers three kinds of staff members based on starting year of working for a BRO: before year 2000 (when the Law of Enterprise was effective), from 2000 to 2007 (just before the UNIDO Project was launched), and from 2008 to present. The starting year of working for a BRO is useful for ante/ex post impact analysis of the UNIDO Project (or NBRIS in general) on the performance of the BROs compared to the previous periods.

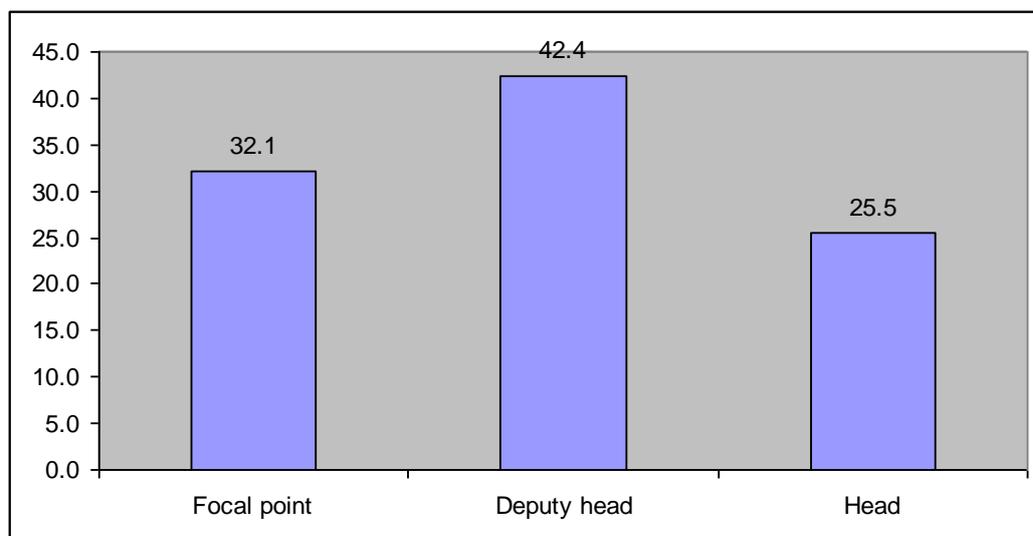
**Figure 1: Sample distribution by working experience (%)**



### By working position

Three types of respondents are purposely selected for sampling: managers (head and deputy head of BRO) and focal points who are coordinating BROs activities in line with UNIDO Project implementation. They are the most knowledgeable about the Project itself and hence about its impact on BROs.

**Figure 2: Sample distribution by working position (%)**



For the purposes of the analysis,, the 63 provinces are grouped into three categories in terms of size according to the number of enterprises registered in 2007: “Large” for those which have a number of enterprises registered over 1000; “Medium” – between 200 to 1000; and “Small” – less than 200. The “large” category covers 10 provinces (Ho Chi Minh City, Ha Noi, Hai Phong, Dong Nai, Da Nang, Can Tho, Binh Duong, Ba Ria-Vung Tau, An Giang), the “small” – 13 provinces (Bac Kan, Bac Lieu, Cao Bang, Ha Giang, Hau Giang, Lai Chau, Lang Son, Lao Cai, Ninh Thuan, Son La, Thua Thien-Hue, Tra Vinh, Yen Bai), and the “medium” - 40 remaining provinces.

The reason why the number of enterprises registered in 2007 was selected for benchmarking rather than 2012 is that during the latter year the Vietnamese economy experienced macro-economic instability and, as such, the number of enterprises registered in 2012 does not genuinely reflect the registration picture for the provinces under “normal” circumstances.

### III. Analysis results

#### 1. Relevance of the Project

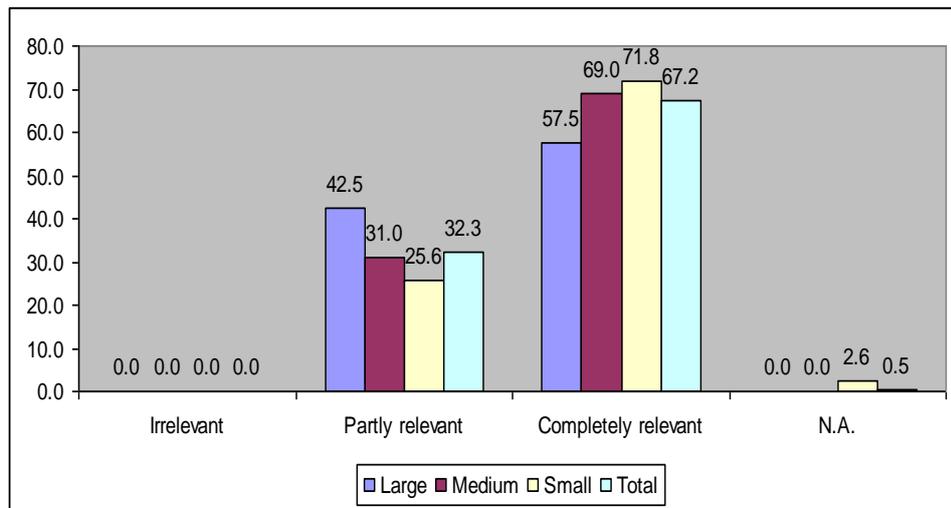
##### ***Relevance to the needs and priorities of the BRO***

With regard to relevance of the Project, BROs’ staff was asked to what extent the Project’s activities were relevant to the needs and priorities of the BRO.

Most of the respondents (99.5%) consider that the Project activities are relevant to needs and priority of BRO, of which 67.2% found the Project completely relevant and 32.3% partly relevant. Breaking down answers by size of province (large, medium, small), similar findings are shown across the types of provinces (see figure 3 below).

Going back to the period before the Project started in 2008, there was a serious “bottleneck” with business environment in general and market entry in particular. It took a lot of time and efforts for businesses to do registration procedures. The Project meant consolidating three different procedures -business, tax, seal- into a single point system; providing identical enterprise ID; and a computerized workflows through the NBR. This was relevant to BROS needs and priorities as shown in the below statistics.

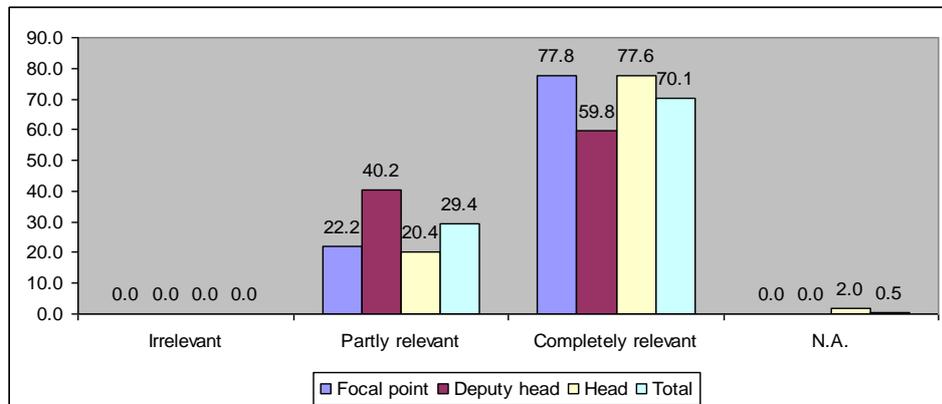
**Figure 3: Relevance to the needs and priorities of the BRO – Distribution by province (large, medium, small) (%)**



**Relevance to the current work of BROS’ staff**

Almost all of the respondents (99.5%) replied that the Project activities are relevant for their work, of which 70.1% replied completely relevant and 29.4% partly relevant. In terms of different types of staff (head, deputy head and focal point) a similar picture emerges (see figure 4 below).

**Figure 4: Relevance to the current works of BROS’staff – Distribution by type of staff (%)**

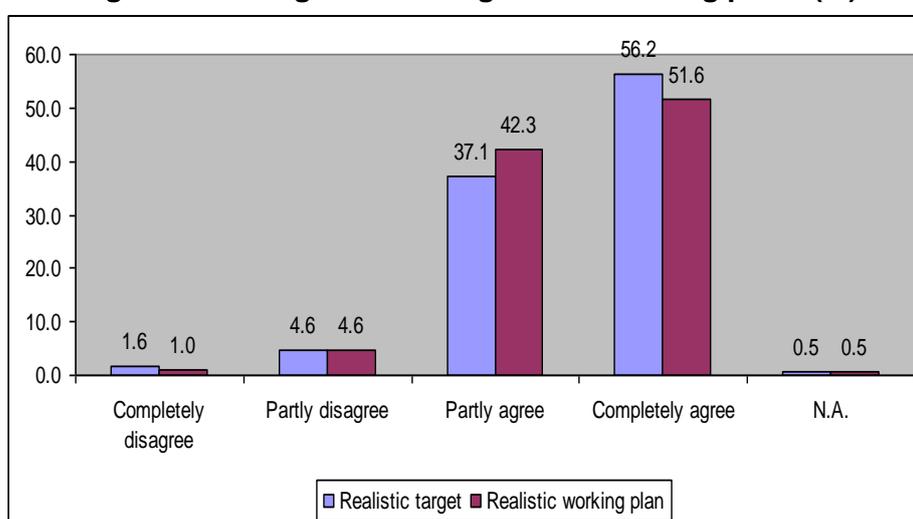


**Setting realistic targets and working plan**

A project is adequately designed if it succeeds to set up realistic targets and concretize these targets into realistic working plans. With that logic, the respondents were asked to what extent they agree that the Project activities set realistic targets and associated with those realistic working plans for concretizing those targets.

Most of them (93.3%) agree that the Project activities set realistic targets of which 56.2% completely agree and 37.1% partly agree. Very few (6.3%) disagree with the statement. Similarly, the majority of respondents (93.9%) agree that the Project set realistic working plans in the process of implementation, of which 51.6% completely agree and 42.3% partly agree (see figure 5 below).

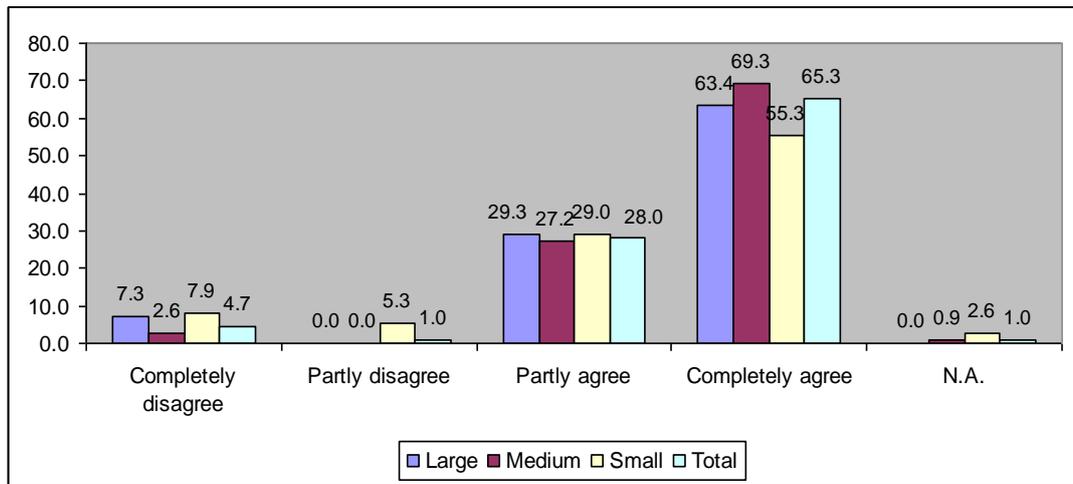
**Figure 5: Setting realistic targets and working plans (%)**



**Necessary adjustments to changing needs and priorities of BRO**

To the question whether the Project has made necessary adjustments to changing needs and priorities of BROs over its duration to date (2008-2013), the majority of respondents (93.3%) agree of which 65.3% completely agree and 28.0% partly agree. A similar situation is also observed across different types of provinces (large, medium and small) (see figure 6 below).

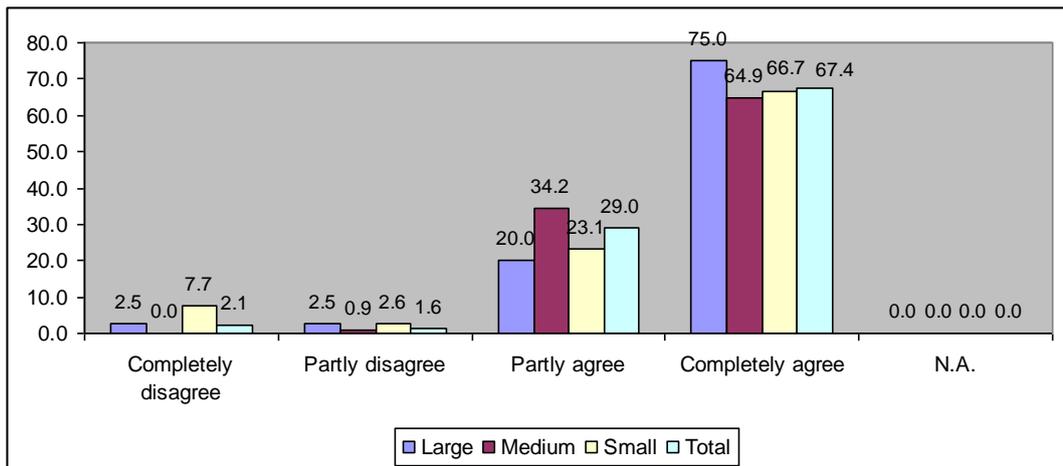
**Figure 6: Made necessary adjustments to changing needs and priorities of BRO -Distribution by province (Large, medium, small) (%)**



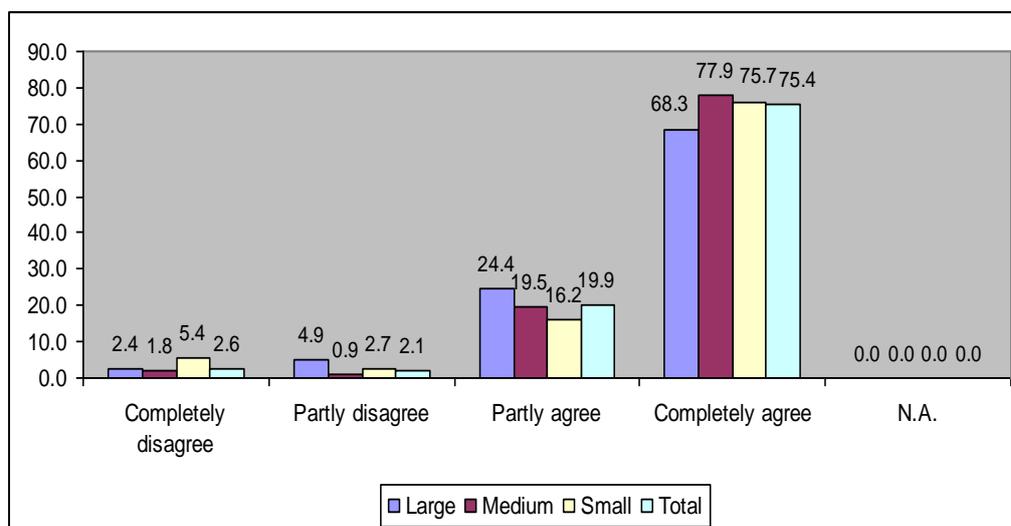
***Coherent with other initiatives on business environment improvement and e-government***

In recent years both central and local government have been making efforts in improving the business environment and fostering e-government along the objectives of the national administrative reform effort. In this regard, the BRO staff was asked whether they find the Project activities coherent and complementary to other government initiatives on business environment improvement and e-government. Most agree completely (67.4%) while 29.0% partly agreeing. When looking at different types of provinces, similar findings emerge (see figures 7 and 8 below).

**Figure 7: Coherent with other initiatives on business environment improvement – Distribution by type of provinces (large, medium, small) (%)**



**Figure 8: Coherent with other initiatives on e-government – Distribution by type of provinces (large, medium, small) (%)**

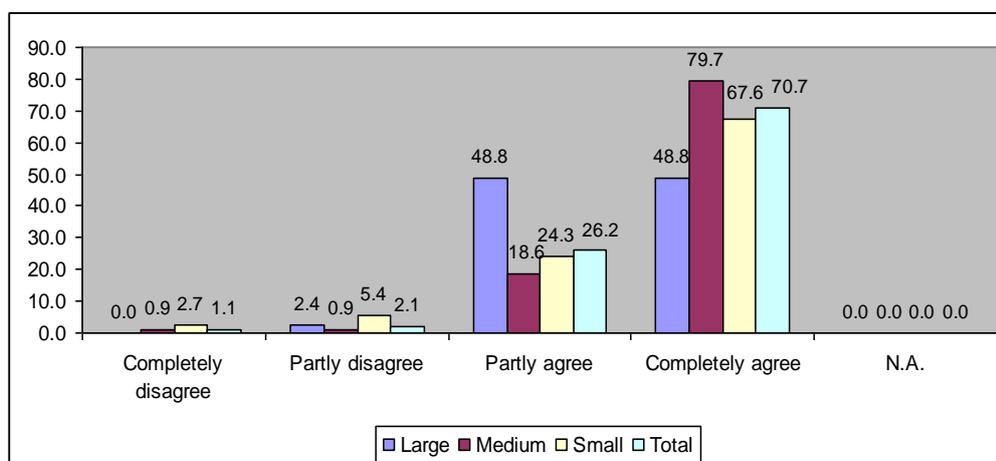


### **Information technology used in NBRIS**

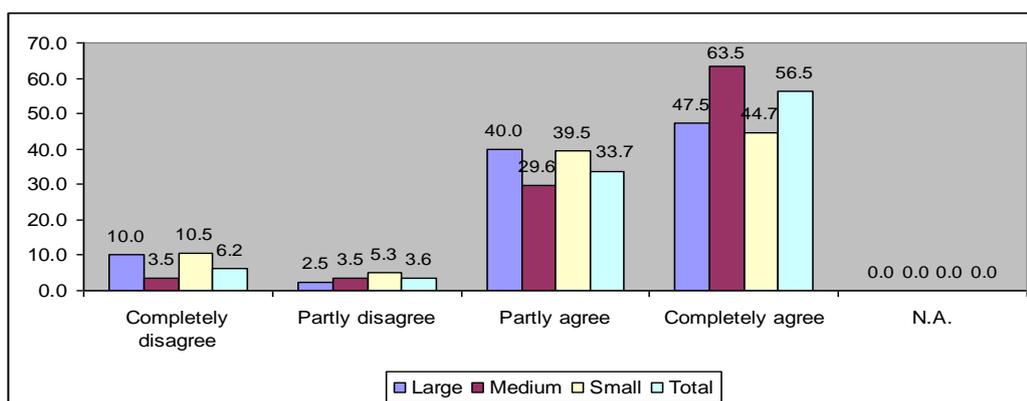
Information technology is considered a key tool to modernize administrative governance. To this end, computerizing the business registration system was a core part of the Project. The survey intended to investigate the user-friendliness of the computerized NBRIS for BRO staff, taking into account the reality in Viet Nam. Most agree (70.7%) that IT solution used in the registration system is user-friendly, while 26.2% partly agree and only a minor part of respondents disagree, (see figure 9 below). Even BROs from the “small” provinces, which mostly have poor IT infrastructure, are also giving high marks for the IT application used. Going into more details, those who disagree are located in remote mountain areas.

Application of IT is also expected to reduce the intervention of the human factor into the processing of dossiers, thus reducing the extent of discretionary actions of BROs staff in the dossier approval process. The majority of respondents agree with the expected impact of IT in reducing discretion (56.5% completely, 33.7% partly agree) and only a minor part of respondents (9.8%) disagree (see figure 10 below). Looking across three types of provinces, it is worth noting that a much higher proportion of respondents from “large” provinces indicate that they **partly agree** compared to the medium and small provinces.

**Figure 9: User-friendly IT application –Distribution by type of provinces (large, medium, small) (%)**



**Figure 10: IT application reduced discretion of staff in approvals – Distribution by type of provinces (large, medium, small) (%)**

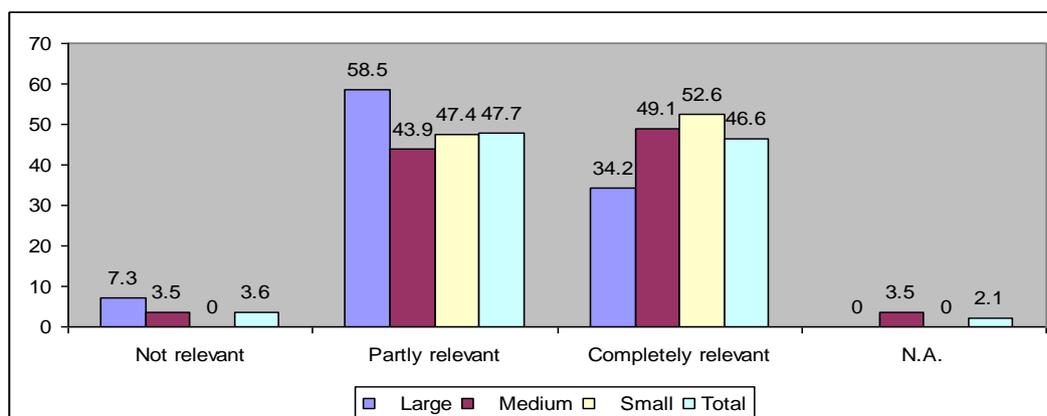


**Online business registration**

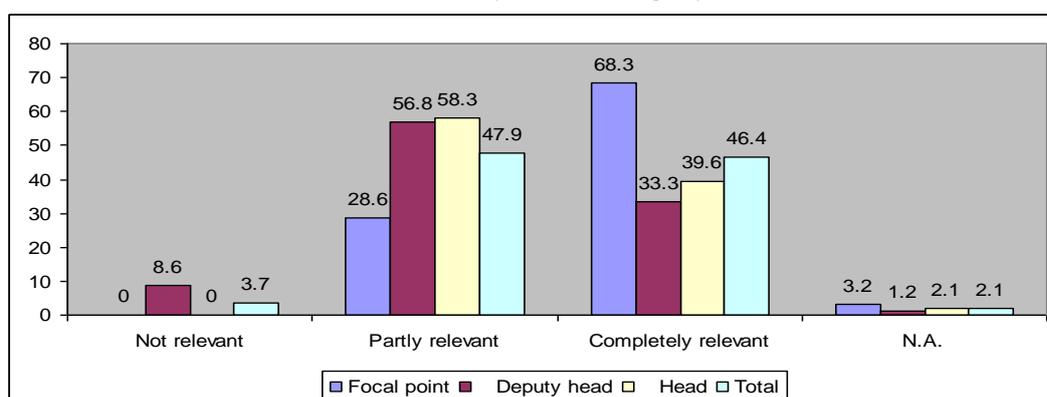
Online business registration (by the applying enterprise) is one of the important objectives of the Project and has been operational since mid-April 2013. BROs staff were asked whether the online registration is relevant to their current work. The majority (47.9%) considers online registration partly relevant, followed by 46.4% of the respondents considering it completely relevant. A higher share of the “large” provinces is finding online registration only partly relevant (see figure 11 below).

It is interesting to note that the much higher share of respondents which considers online registration completely relevant among the different staff categories are the Project focal points (68.3%) as compared to the BRO managers (below 40%) (See figure 12 below). One explanation might be that focal points tend to be younger than the managers, hence they probably tend to be more familiar with IT applications.

**Figure 11: Relevance of online registration to current works of BRO staff - Distribution by type of provinces (large, medium, small) (%)**



**Figure 12: Relevance of online registration to current works of BRO staff – Distribution by staff category (%)**



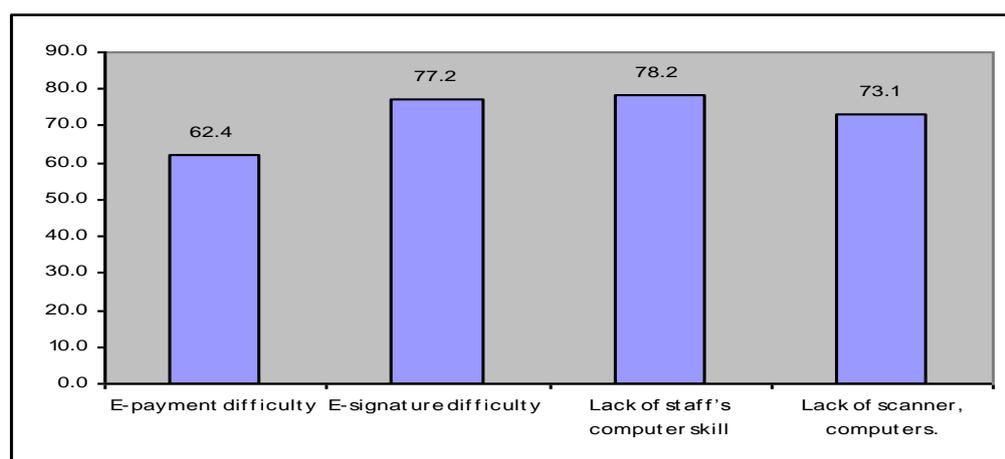
Asked about the advantages of online registration, about 90% BROS respondents indicated that *not spending much time for visiting BROS as an advantage*. In addition, some other advantages are listed as follows:

- Transparent procedures;
- Easier to be managed, checked, and monitored.

However, online registration not only brings benefits to enterprises, but it may also have some disadvantages. Below are some challenges that enterprises may face when using on-line registration facilities according to BRO staff. The largest share of respondents (78.2%) indicates lack of IT skills among the enterprise staff, followed by obtaining an e-signature (77.2%), lack of a scanner or computer (73.1%) and to a lesser extent difficulties in making e-payments (62.4%). See figure 13 below.

Due to the above challenges, *online registration costs a lot of time and effort by BROs staff and enterprises as well* according to the perceptions of several BROs' staff. In some provinces, such as Da Nang, a number of enterprises had to come to the BROs to complete the on-site online registration under direct guidance of the BROs staff since the enterprises were still not familiar to this web-based procedure. According to the Ha Noi BROs experience, some enterprises had to hire consulting companies to do online registration.

**Figure 13: Potential difficulties with online registration according to BRO staff perceptions - distribution (%)**



## 2. Impact of the Project

The survey included the perceptions of the BRO staff of the impact of the Project on work performance (speed and accuracy of dossier processing) and institutional issues (simplification and transparency of NBRS, collaboration between BROs, and the BROs with ABR, and collaboration between ABR/BRO with taxation and public security agencies).

### ***Impact of the Project on work performance***

Changes in the speed and accuracy of BR processing are the most important indicators for assessing the impact of the Project on the performance of BROs. The introduction of a single interface -consolidating three procedures (business, tax, and seal) into a single point registration, with unique enterprise ID, a nationally computerized work processing and the national business registry and e-based registration- is expected to substantially improve the speed of work processing.

### ***Impact on speed of work process***

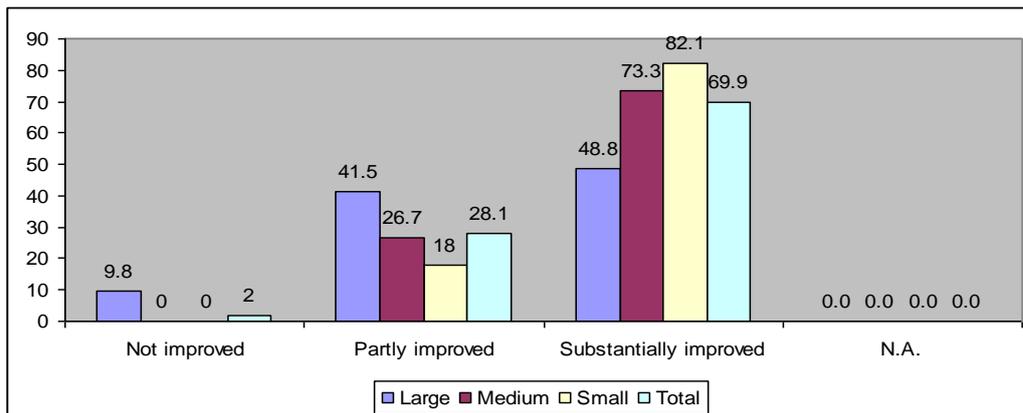
Respondents were asked whether their work can be performed faster than before through the changes introduced by the Project. The majority (about 70%) sees a substantial improvement, followed by 28.1% which considers the work partly improved, with only 2% seeing no improvement. This picture differs slightly for

Annex 4: Online survey of business registration offices

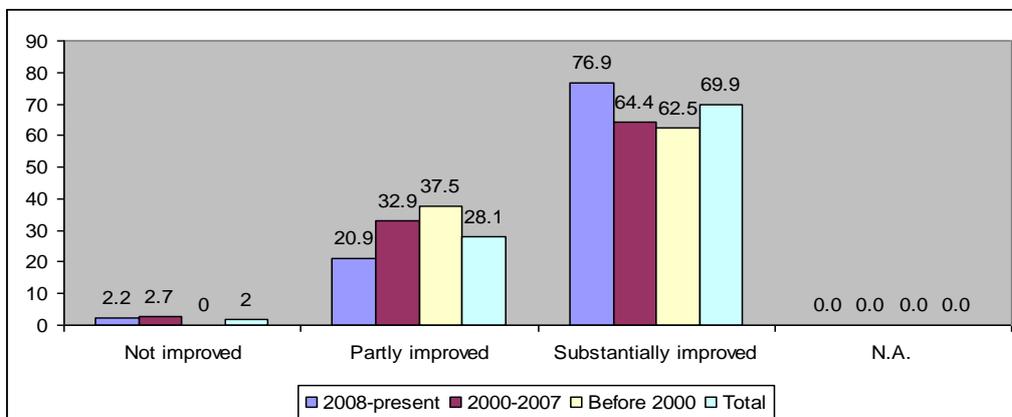
respondents from “large” provinces group where 9.8% sees no improvement and a considerable share (48%) sees partial improvement (see figure 14 below). This might be explained by the fact that due to the introduction of the Law of Enterprise 2000 and Vietnam’s accession to WTO in 2007 the number of registered enterprise soared up in the “large” provinces and as such increased the workload for their BROs significantly. As such the NBRS may not have improved substantially the speed of registration compared to other provinces with less workload. If one takes workload ratio (the number of enterprises registered in 2007 to the number of staff members in 2007) as an indicator of workload level, it is clear from the survey data that the “larger” provinces group has much higher workload levels than the two remaining groups (average workload ratios are 421.3, 88.5 and 30.6 respectively for the large, medium and small groups).

It is of interest to note that in a comparison of when the staff started to work for the BRO, a higher share of those who started after the Project commenced in 2008 considers the impact on speed as substantially improved in comparison to those who started before the Project started).

**Figure 14: Impact on speed of work process-  
Distribution by province type (%)**



**Figure 15: Impact on speed of work process -  
Distribution by working experience of BRO staff (%)**

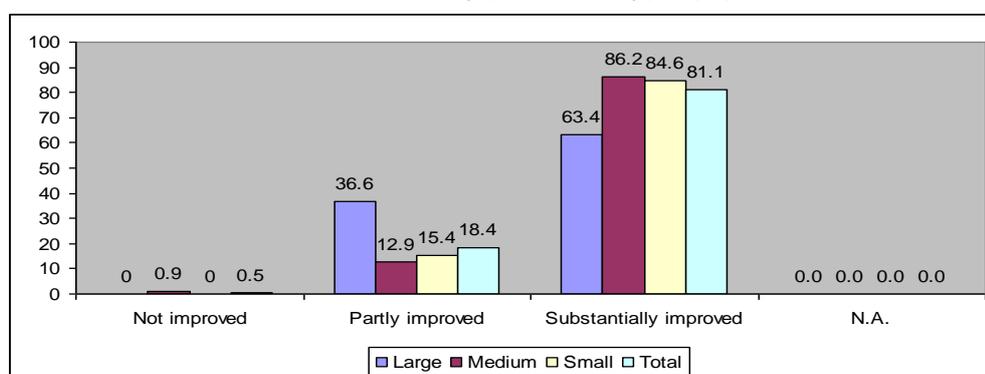


**Impact on accuracy of work process**

Impact on accuracy of work process was explored as respondents were asked whether they see any improvement. Overall, responses are very positive. Most (81.1%) see accuracy substantially improved, followed by 18.4% - partly improved. Only one respondent found no improvement at all, see figure 16 below.

Breaking down distribution of answers by province type, the similarity emerges with the above distribution on improvement of work process speed observed at the “large” group: considerable part (36.6%) sees partial improvement compared to a similar observation by the other two groups (12.9% and 15.4%, respectively for medium and small BROS). A much higher workload of the “large” provinces group might be the cause of this observation, since accuracy of work processing mainly depends on how heavy the workload for BRO staff is.

**Figure 16: Impact on accuracy of work process – Distribution by province type (%)**



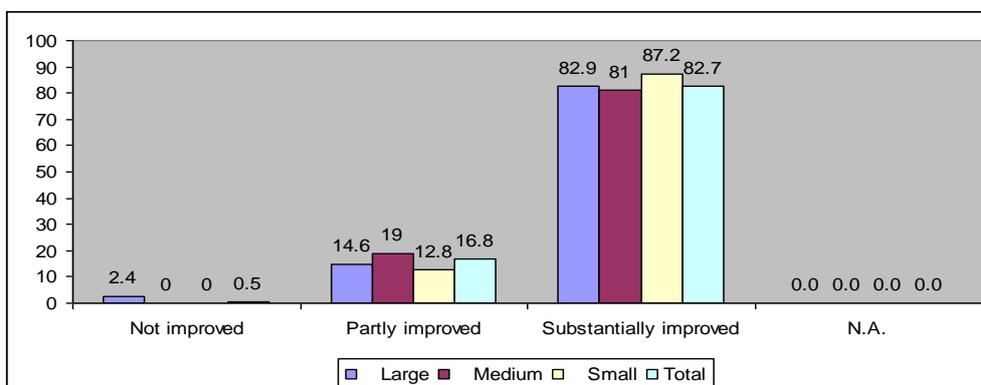
**Impact on institutional issues**

- **Collaboration between BROS and ABR**

Before the Project started in 2008, each provincial BRO was processing information only for those enterprises active in its own territory. There was no interaction or collaboration between BROS in enterprise information management.

With the implementation of the NBRIS as the national computerized business registry offering a standardized system nationwide, all BROS - and ABR as a central managing agency - are expected to be interacting and better control enterprise information across administrative borders. To verify this assumption, respondents were asked whether they find collaboration between BROS and between BROS and ABR improved over the Project period. The survey reveals that a high percentage of respondents (above 80%) considers the collaboration substantially improved. Only one respondent reports no improvement, see figure 17 below.

**Figure 17: Collaboration between BROs, and between BROs - ABR  
Distribution by province type (%)**

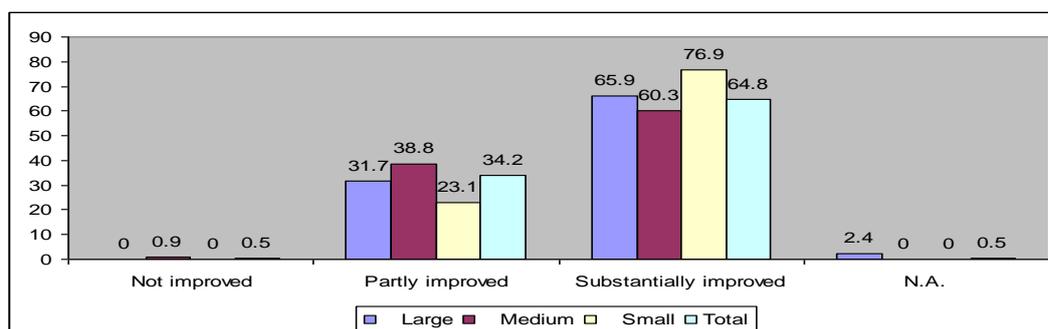


• **Collaboration between ABR/BROs, taxation and public security agencies**

Coordination between government agencies in Vietnam is not always efficient. However, from various stakeholder interviews at central level conducted by the Evaluation Team in May 2013, it emerged that collaboration between three related “super” ministries, i.e. Ministry of Planning and Investment (which ABR belongs to), Ministry of Finance (which GDT belongs to) and Ministry of Public Security under the aegis of the Project proved quite successful, thus making it “an example” of successful inter-ministerial collaboration in Vietnam. Is this perception confirmed at local level?

The survey found that almost all respondents consider the collaboration between the different authorities improved, out of which 64.8% - substantially improved and 34.2% - partly improved, see figure 18 below.

**Figure 18: Collaboration between ABR/BROs, taxation and public security agencies. Distribution by province type (%)**



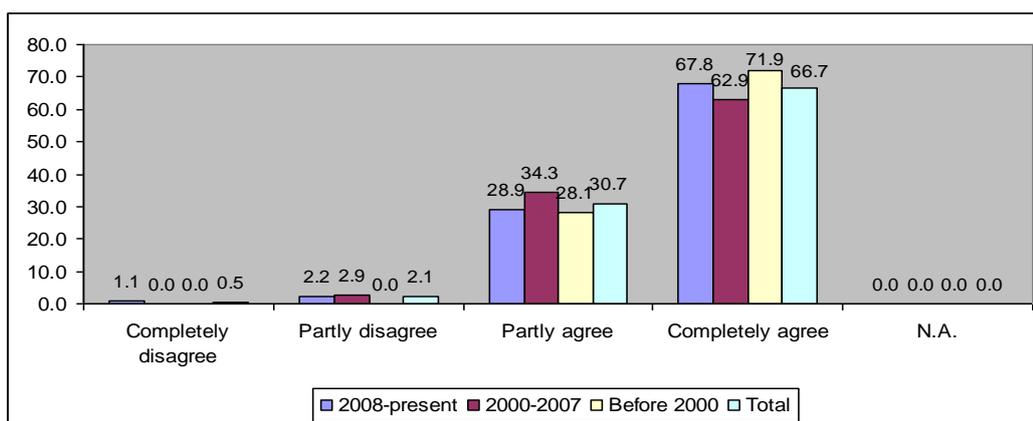
**Simplification and transparency of the registration system**

Simplification and transparency are two crucial institutional attributes that make a system efficient. Introduction of single point service, consolidating three sets of procedures (business, tax and seal permits) and the formation of a nationally

computerized system with standardized form of registration across 63 provinces are important steps towards achieving simplification and transparency..

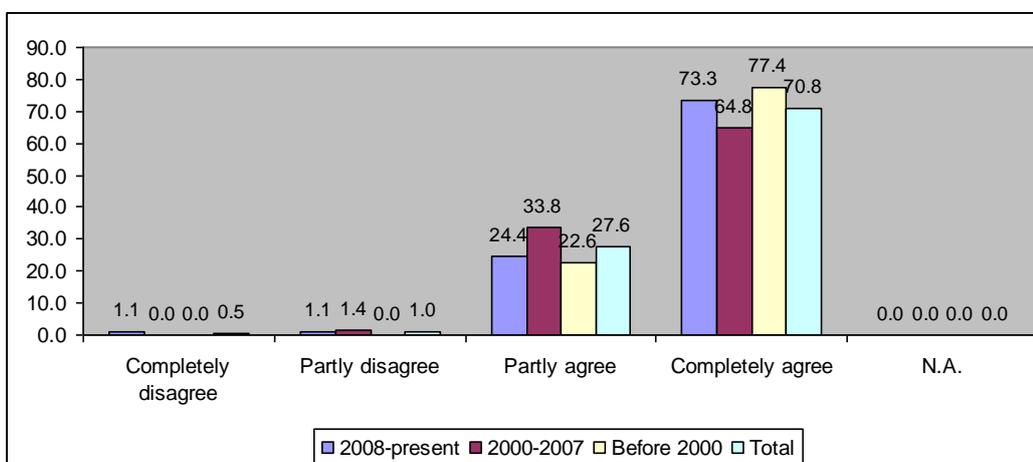
It emerges from the survey that 66.7% of respondents completely agree that the system is simplified thanks to the Project while 30.7% partly agree. Only very few (2.6%) disagree. Response distributions across different types of working experience are consistent with this finding, see figure 19 below.

**Figure 19: Simplification of the registration system – Distribution by working experience (%)**



BROs staff were also asked if they agree that the NBR makes enterprise registration process more transparent. Similar to the picture of simplification, a high percentage of respondents (70.8%) completely agree, followed by 27.6% partly agreeing, while only three respondents out of 192 disagree. Thus, there is a high consensus on transparency of the system. Results are almost identical across respondents of after- and before-the Project groups (by working experience), see figure 20 below.

**Figure 20: Transparency of the registration system – Distribution by working experience (%)**



### 3. Sustainability of the Project

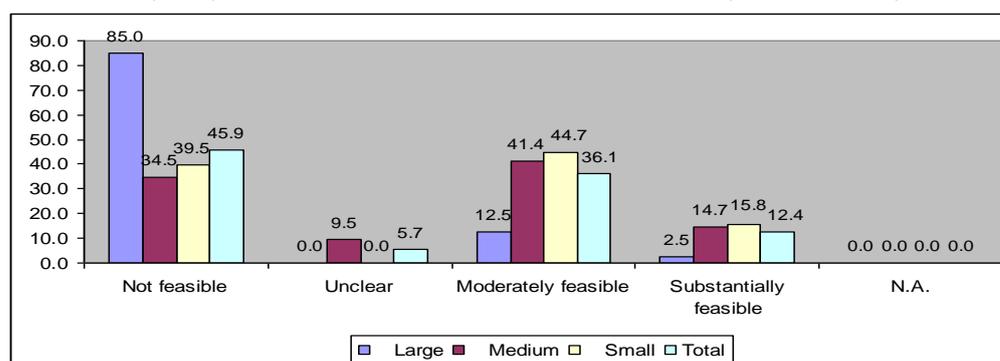
In addition to analysis on relevance of the Project to BROs, its impact on performance and institutional issues of BROs, the survey addressed some issues related to the sustainability of the results achieved during the Project. For instance, the feasibility of the target to reduce time of registration to 1-2 days by the December 2013; to what extent the NBRs can be able to solve emerging or unforeseen issues when operating; if the NBRs can be sustained once the international support phases out; and to what extent the demand for enterprise information service is expected to increase over a 3-5 years period. These questions are explored in details below.

#### **Feasibility of the target to reduce time of registration**

The Project has established the very ambitious target to reduce the business registration time to 1-2 days by December 2013. With regard to the feasibility of this target, 45.9% of respondents find it not feasible, while only 12.4% considering it substantially feasible and 36.1% moderately feasible. See figure 21 below.

Taking a deeper look at the picture across three types of provinces, it is interesting to note that while the two groups of “medium” and “small” closely match the overall ratio, in the case of the “large” provinces, the proportion of respondents which finds find the target infeasible is as high as 85%. An explanation for this might be that due to the higher workload of registration in “large” provinces, respondents believe further reduction of enterprise dossier processing time is much more difficult than in provinces with a lesser workload.

**Figure 21: Feasibility of the target to reduce time of registration to 1-2 days by the December 2013 – Distribution by province type (%)**

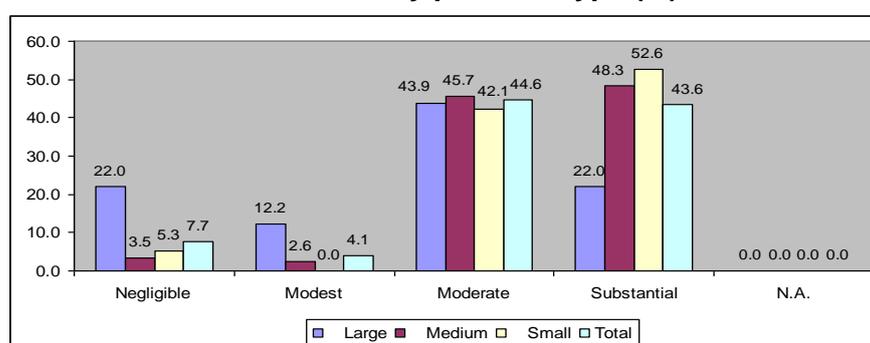


#### **Capacity to solve emerging or unforeseen issues of the NBRs system**

Sustainability of a system depends partly on whether its users believe it is capable of solving emerging or unforeseen issues during its operation. BROs staff were asked to what extent the NBRs is capable to address and respond to emerging or unforeseen events, e.g. continued support to local BROs, IT infrastructure and BR system maintenance.

The answers of BROs staff show that 43.6% consider the capacity substantial, followed by 44.6% - moderate, and 4.1% - modest. Only a minor part finds the capacity negligible (7.7%). It is worth to note that for “large” group of provinces, the proportion of respondents considering substantial is much lower (only 22%), while proportions with answers “negligible” and “modest” are much lower than the two remaining groups (22% and 12.2%). It seems that “large” province BROs, when operating under higher pressure, are more likely to incur into emerging or unforeseen events due to increasing number of enterprises to be registered when market entrance improves, see figure 22 below.

**Figure 22: Capacity to solve emerging or unforeseen issues.  
Distribution by province type (%)**

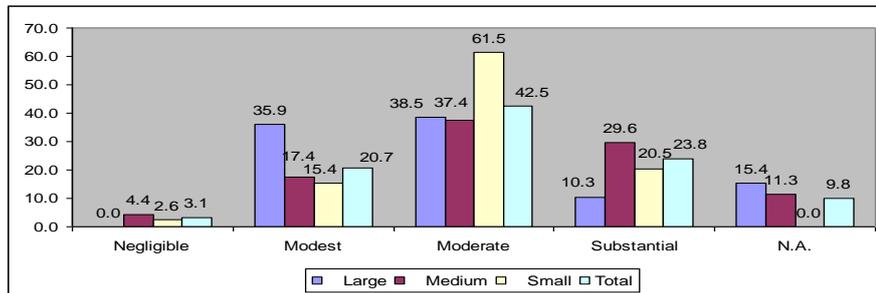


**Capacity to be self-sustainable once international support phases out**

One crucial issue emerging from various stakeholder interviews in Ha Noi and during face-to-face surveys at BROs of Ha Noi, Quang Ninh, Hai Duong, Da Nang and Ho Chi Minh City was how the NBRS can become self-sustainable once international support phases out in the coming years? To this question, the online BROs survey shows that in general respondents are not optimistic with only 23.8% considering self-sustaining capacity of NBRS substantial, while higher percentage as 42.5% - moderate, followed by 20.7% - modest and 3.1% - negligible. See figure 23 below.

Compared to the “medium” and “small” provinces, it seems that respondents from the “large” provinces are even more pessimistic about the NBRS self-sustaining capacity as only 10.3% consider the capacity substantial, while much higher shares, 35.9% consider it modest and 38.5% - moderate.

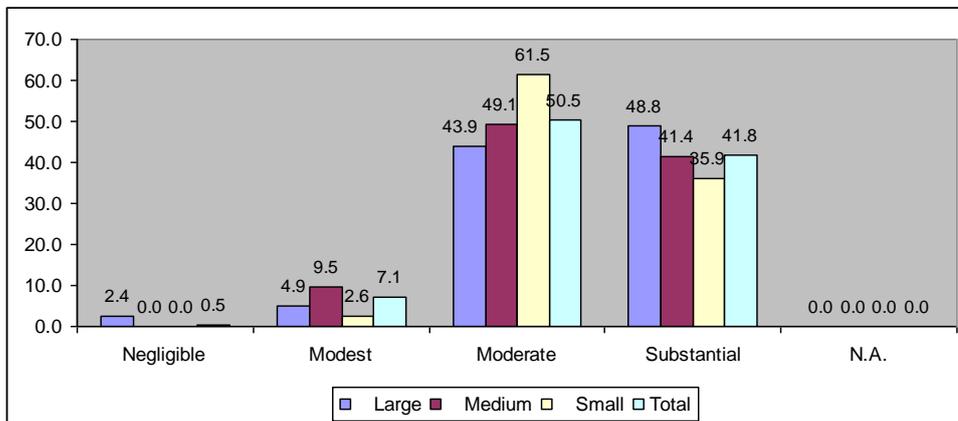
**Figure 23: Capacity to be self-sustained without international supports in 3-5 years -Distribution by province type (%)**



***Demand for enterprise information services***

In the online survey respondents of BROs were questioned about to what extent the demand by the business sector for enterprise information service is expected to increase over a 3-5 years period. Overall, responses are mainly optimistic about the demand increase in the coming years. Thus, 41.8% consider it substantial and 50.5% - moderate. Only a minor proportion of respondents finds this potential to be modest (7.1%), see figure 24 below. The “large” province BROs are most optimistic with the highest share (48.8%) seeing a substantial increase of this demand, followed by the “medium” (41.4%) and “small” provinces (35.9%). The business proliferation in “large” provinces is likely a key reason for their BROs staff to believe in a substantial demand increase for enterprise information service.

**Figure 24: Demand growth for enterprise information services – Distribution by province type (%)**



However, more remains to be done to turn the above expectations into a sales’ reality for the BROs. Through various interviews of government agencies and with the business circles, it is widely agreed that, although domestic SMEs indeed have a demand for information services in general and enterprise information services in particular (e.g. information about potential partner companies or customers, etc.), they are not always willing to pay for those services, yet. This may be due to either financial constraints or business culture/habits not favoring payments for information

#### Annex 4: Online survey of business registration offices

services. It is quite different with foreign enterprises that are willing to pay for those kinds of services to support business activities.

This perception is consistent with our finding from the online survey that in 2012 most provinces (46 out of 56 provinces we have received data from) did not receive any fees for enterprise information service, only four had received 500,000 VND (equivalent 25 USD) or more, and the largest sum of fee received is only 1,500,000 VND (equivalent 75 USD).

**Table 2: Fee for enterprise information service in 2012, by province**

No. of provinces	Total fee for enterprise information services (VND)
46	0
1	10,000.0
1	25,000.0
1	61,200.0
1	100,000.0
2	240,000.0
1	500,000.0
1	700,000.0
1	1,200,000.0
1	1,500,000.0
<b>Total: 56</b> (data available)	

These statistics are very modest compared to compulsory enterprise registration fee (15% given to ABR, 15% to local budget, and 70% retained for BROs needs) that is shown statistically below. Therefore, at this stage of the NBRS operation it is premature to forecast enterprise information services as a key income source for the NBRS to become financially sustainable.

**Table 3: Summary of statistics on compulsory enterprise registration fee, by province**

Provinces (Data Available)	Mean (Million Vnd)	Standard Deviation (Million Vnd)	Minimum (Million Vnd)	Maximum (Million Vnd)
44	370.0	1,270.0	11.6	7,560.0

#### IV. Overall assessment and the way forward

The questionnaire included three open questions about advantages and disadvantages of the NBRS and action priorities to improve the current NBRS.

Findings are summarized in the table below.

**Table 4: Advantages and disadvantages of the NBRS and the way forward**

ADVANTAGES	DISADVANTAGES
<p><b>Relevance</b></p> <ul style="list-style-type: none"> <li>- Highly relevant to needs and priorities of BROs and to current work of staff.</li> <li>- Realistic targets and work plans were set</li> <li>- Necessary adjustments were made to respond to changing priorities and needs of BROs</li> <li>- Highly coherent and connected to other initiatives on business environment improvement and e-government.</li> <li>- Application of IT is mostly user-friendly and reduces discretion by BRO staff.</li> <li>- Online registration: transparent procedures; avoid burdensome procedures; easier to be managed, checked, and monitored.</li> </ul> <p><b>Impact</b></p> <ul style="list-style-type: none"> <li>- Substantial improvement of speed and accuracy of work process; reduction of dossier processing time</li> <li>- Simplification of BR process: consolidating three different procedures (business, tax, seal permits); use of tax ID as unique enterprise ID</li> <li>- Standardization of all BRO work processes into computerized NBRS; Transparency of the system</li> <li>- Improvement of collaboration between BROs, ABR:               <ul style="list-style-type: none"> <li>+ Connection of information nationwide;</li> <li>+ Easy check of name duplication nationwide;</li> <li>+ Check of information of subsidiary, branches, representative offices nationwide;</li> <li>+ Check of information of enterprises violating regulations nationwide;</li> <li>+ Retrieval of certain domains of information for reports.</li> </ul> </li> </ul>	<p><b>Technical issues</b></p> <ul style="list-style-type: none"> <li>- Not stable quality of data transmission lines of NBRS, with resulting low speed of work process in some cases</li> <li>- Online registration: procedure (steps) are not user-friendly, especially for SMEs and remote areas, so enterprises have to spend a lot of time to complete dossier for filing. This also costs a lot of time and efforts of BROs staff providing distant or onsite assistance to enterprises.</li> <li>- Lack of equipment (computer, scanner) and human resource for digitalization of enterprises legal documents required to be attached online.</li> <li>- Errors and delay in information exchange between BROs and tax agency.</li> </ul> <p><b>Institutional issues</b></p> <ul style="list-style-type: none"> <li>- Not covering foreign-invested enterprises, household business, and financial institutions.</li> <li>- Low decentralization of information management for local BROs: BROs cannot retrieve local enterprise information at some detailed level of economic activities (more detailed than 21 broad economic activities) to serve needs of local government agencies or business circle. They have to submit request to ABR for some detailed information.</li> <li>- Not applied yet an automatic enterprise ID due to IDs being produced in the GDT system (human factor intervention into work process can be further reduced)</li> <li>- There are some inconsistency (mismatch) between the NBRS and current regulations (Degrees, guiding circulars).</li> </ul>

## Annex 4: Online survey of business registration offices

<b>ADVANTAGES</b>	<b>DISADVANTAGES</b>
<ul style="list-style-type: none"> <li>- Improvement of business enterprise information management by ABR: control over nationwide business registration system information.</li> <li>- Improvement of collaboration between BROs/ABR and taxation and public security agencies at local and central levels: regular exchange of information between them for regular work flow</li> </ul> <p><b><u>Sustainability</u></b></p> <ul style="list-style-type: none"> <li>- Substantial capacity to address and handle emerging or unforeseen issues in the process of implementation</li> <li>- Optimistic forecasts about demand growth for enterprise information service in 3-5 years</li> </ul>	<p><b><u>Sustainability</u></b></p> <ul style="list-style-type: none"> <li>+ BROs are not highly optimistic about self-sustainability of the NBRS if solely relying on government budget and without international support;</li> <li>+ Negligible fee received for enterprise information service and this is not expected to grow considerably in 3-5 years due to unwillingness of SMEs to pay for that kind of information service, at least at this stage.</li> </ul>
<p><b><u>THE WAY FORWARD</u></b></p> <p><b><u>Technical issues</u></b></p> <ul style="list-style-type: none"> <li>- Upgrade the NBRS technically:               <ul style="list-style-type: none"> <li>+ Improve transmission speed</li> <li>+ Provide more equipment (computer, scanner)</li> <li>+ Upgrade software</li> <li>+ Better maintain the system</li> <li>+ Provide more technical support for SMEs and remote areas on the use of online business registration.</li> </ul> </li> <li>- Organize training workshops to exchange experience for BROs</li> </ul> <p><b><u>Institutional issues</u></b></p> <ul style="list-style-type: none"> <li>- Provide more information management level of decentralization to local BROs so that they can be more proactive in retrieving necessary enterprise information to serve local government agencies and business circle</li> <li>- Update elements of the NBRS to be in line with current legal regulations</li> <li>- Include other types of business entities in the NBRS:               <ul style="list-style-type: none"> <li>+ Foreign-invested enterprises.</li> <li>+ Financial institutions.</li> <li>+ Household business: However, this subject needs to be discussed carefully whether to be covered in the NBRS since its scope is too large to be integrated with the NBRS. Opinions of BROs are still controversial in this regard.</li> </ul> </li> <li>- Introduction of an automatic enterprise ID to avoid waiting for granting of the unique ID by tax agency (sometimes it takes time).</li> <li>- Awareness raising about potential enterprise information services to organizations, business circle and individuals in order to foster income received from these services to contribute to self-sustainability of the NBRS.</li> </ul>	

## Appendix to Annex 4

### Independent Evaluation of “Technical Assistance to Business Registration Reform in Viet Nam-Phases A and B”

(TF/VIE/08/001, XP/VIE/08/002, FB/VIE/09/006,  
US/VIE/10/002)

Time period: 2008-Present

ON-LINE SURVEY  
of  
BROs Officers

This questionnaire survey is being deployed in the context of the *Independent Evaluation of the UNIDO “Technical Assistance to Business Registration Reform in Viet Nam-Phases A and B”* [hereinafter referred to as “the Project”].

Responses to the questionnaire will assist the Evaluation Team in assessing the achievement of results in terms of the Project’s design, level of national ownership, relevance to its intended target, impact and sustainability, synergy with other e-Government solutions, particularly those to improve government-to-business service delivery.

Your answers and valuable opinion on both success and shortcoming[s] -at technical and/or managerial level-s will contribute to the identification of lessons learnt and best practices, thus making this evaluation a forward-looking exercise for the programming of action ahead in the context of Viet Nam’s Business Registration Reform, BRR process.

**Confidentiality:** *Your responses to the questionnaire are anonymous and information provided is confidential. The completed questionnaire will be managed by the evaluators and its content used to compile aggregate survey results only. No attributions will be made to the responses of individuals and the responses will not be shared with others, including the UNIDO officials.*

**The questionnaire will take 15 minutes approximately.**

**Please complete the questionnaire before 12am, 5 June 2013**

## Questionnaire

---

### I. Individual Information

Q1. Gender: \_\_\_\_\_

Q2. Location: \_\_\_\_\_  
\_\_\_\_\_

Q3. When did you begin working for BRO?

Year.....

Q4. Title/ Position in BRO:

1	Head
2	Vice head
3	Focal point

### II. General information of BRO

If you are not Head of BRO, go to Q.8

If you are Head of BRO (or Vice Head is in charge in case Head of BRO is absent), please provide the following information:

Q5. Labor:

Total number of staff of BRO in 2007	
Total number of staff of BRO currently	
<i>In which:</i>	
- Female	
- Male	

Q6. Number of registered enterprises:

Number of registered enterprises 2007	
Number of registered enterprises 2012	

Q7. Revenue:

Total fee from BR in 2012	
Total fee from selling information services about business registration to business at BRO in 2012	

**I. Project Design and Relevance**

Q8.To what extent were the Project's activities in which you were involved relevant to the needs and priorities of BRO?

<b>Irrelevant</b>	<b>Partly relevant</b>	<b>Completely relevant</b>	<b>Do not know or not applicable</b>
1	2	3	NA

Q9.To what extent were the Project's activities in which you were involved relevant to the work you perform?

<b>Irrelevant</b>	<b>Partly relevant</b>	<b>Completely relevant</b>	<b>Do not know or not applicable</b>
1	2	3	NA

Q10. Do you agree that the Project activities in which you were involved set up realistic targets?

<b>Disagree completely</b>	<b>Somewhat disagree</b>	<b>Somewhat agree</b>	<b>Completely agree</b>	<b>Do not know or not applicable</b>
1	2	3	4	NA

Q11. Do you agree that the Project activities in which you were involved set up realistic work plans?

<b>Disagree completely</b>	<b>Somewhat disagree</b>	<b>Somewhat agree</b>	<b>Completely agree</b>	<b>Do not know or not applicable</b>
1	2	3	4	NA

Q12. Do you agree that the Project management made the necessary adjustments in order to reflect the changing needs and priorities in the course of implementation as the BRR process progressed?

<b>Disagree completely</b>	<b>Somewhat disagree</b>	<b>Somewhat agree</b>	<b>Completely agree</b>	<b>Do not know or not applicable</b>
1	2	3	4	NA

Annex 4: Online survey of business registration offices

Q13. Do you agree that such activities were coherent with and complementary to other corporate governance?

Disagree completely	Somewhat disagree	Somewhat agree	Completely agree	Do not know or not applicable
1	2	3	4	NA

Q14. Do you agree that such activities were coherent with and complementary to other e-Government solutions?

Disagree completely	Somewhat disagree	Somewhat agree	Completely agree	Do not know or not applicable
1	2	3	4	NA

Q15. Is the IT component user-friendly for staffs of BRO?

Disagree completely	Somewhat disagree	Somewhat agree	Completely agree	Do not know or not applicable
1	2	3	4	NA

Q16. Does the IT component reduce level of discretion of staff BRO when making decision?

Disagree completely	Somewhat disagree	Somewhat agree	Completely agree	Do not know or not applicable
1	2	3	4	NA

Q17. Is online registration applied currently in your BRO relevant to your work?

Irrelevant	Partly relevant	Completely relevant	Do not know or not applicable
1	2	3	NA

Annex 4: Online survey of business registration offices

Q18. What facilities does online registration applied currently in your BRO create to enterprises?

	Saving time used for visiting BRO
	Other (specify)

Q19. What difficulties does online registration applied currently in your BRO create to enterprises?

	Difficulty with e-payment
	Difficulty with e-signature
	Difficulty with staff IT skills when making online registration
	Difficulty with lack of scanner, PC, etc.
	Others (specify)

**I. Pre-Project versus post-Project situation**

Q20. As a result of the Project's intervention, has the speed of BR processing of your work improved?

Not improved	Partly improved	Considerably improved	Do not know or not applicable
1	2	3	NA

Q21. As a result of the Project's intervention, has the accuracy of BR processing of your work improved?

Not improved	Partly improved	Considerably improved	Do not know or not applicable
1	2	3	NA

Q2. As a result of the Project's intervention, has dialogue between BROs and BROs with ABR improved?

Not improved	Partly improved	Considerably improved	Do not know or not applicable
1	2	3	NA

Annex 4: Online survey of business registration offices

Q23. As a result of the Project's intervention, has dialogue between relevant agencies (BR agency, Tax, Public Security) improved at central and provincial level?

Not improved	Partly improved	Considerably improved	Do not know or not applicable
1	2	3	NA

Q24. Do you agree that the NBRS simplified BR process?

Completely disagree	Partly disagree	Partly agree	Completely agree	Do not know / not applicable
1	2	3	4	NA

Q25. Do you agree that the NBRS made more transparency in BR process?

Completely disagree	Partly disagree	Partly agree	Completely agree	Do not know / not applicable
1	2	3	4	NA

## II. Efficiency

Q26. To what extent were the components/activities that you were involved in designed and delivered efficiently?

1. Construction and development, technical system upgrade activities

Inefficient	Partly efficient	Efficient	Do not know or not applicable
1	2	3	NA

2. Staff training

Inefficient	Partly efficient	Efficient	Do not know or not applicable
1	2	3	NA

### III. Impact and Sustainability

Q27. What is the likelihood for the completion of the registration procedures within 1-2 days to occur by December 2013 as the Project targeted?

Unlikely	Uncertain	Somewhat Likely	Very Likely	Do not know / not applicable
1	2	3	4	NA

Q28. What is the system capacity to address and respond to emerging or unforeseen events, e.g. supporting local BROs, IT infrastructure, BR system maintenance?

Negligible	Modest	Moderate	Substantial	Do not know or not applicable
1	2	3	4	NA

Q29. Are the current operations self-sustainable in the next 3 – 5 years without international supports?

Negligible	Modest	Moderate	Substantial	Do not know or not applicable
1	2	3	4	NA

Q30. How does the demand for information services from business sector increase in the next 3 – 5 years according to your assessment?

Negligible	Modest	Moderate	Substantial	Do not know or not applicable
1	2	3	4	NA

### IV. The way forward

Q31: What is the major strength of the Project? Please indicate below.

.....  
 .....

Q32: What is the major weakness of the Project? Please indicate below.

.....

Q33: *What is your suggestion on the way forward?* Please comment here on any particular aspect that you want to further elaborate.

.....  
 .....

## Annex 5: Enterprise case studies<sup>88</sup>

### BACKGROUND INFORMATION

The field trips to Hanoi, Ho Chi Minh City and Da Nang and two other provinces pointed out that a number of entrepreneurs do not engage in the registration process directly. Rather, they rely on consulting firms, who specialize in this field, to start their companies. The need for use of services provided by consulting firms in large cities or provinces such as Ho Chi Minh City or Binh Duong province are often higher than that in smaller provinces. Therefore, instead of conducting interviews with entrepreneurs, who got the business registration certificate from the BRO directly, the team switched to a new strategy interviewing both entrepreneurs and consulting firms in large cities/provinces. Given the time constraints, we decided to interview representatives of some companies and consulting firms who are running their business and service in several locations:

- Large cities: Hanoi and Quang Ninh (in the North) and Ho Chi Minh City (in the South): We chose these locations based on the hypothesis that consulting firms will be more active in large provinces/cities than in small ones.
- Small provinces: Lang Son (in the North mountainous area), and Nghe An (in the Central): where consulting firms were assumed to be less active.

### SURVEY RESULTS

#### Interview # 1

*Location: Quang Ninh province (Large city)*

*Date of Interview: 22 May 2013*

Ms X is working for a branch of a bank in Quang Ninh. Administratively, Uong Bi and Cam Pha have been recently upgraded from towns to cities. Therefore, the bank's branches in these two locations had to apply for an amendment of their business certification. Ms X is an administrative staff of her bank and authorized to undertake all necessary procedures to have the business certification of the bank amended.

The EVA team met her on the day she came to collect the result.

*"This is my first time conducting such kind of procedure at the BRO. I think that the procedure is completed quite quickly".* She added after explaining to the team how she had prepared for the paper work. She came to the BRO to get the consultation

<sup>88</sup> The enterprise case studies have been conducted by Tran Thanh and Phuong Phi Vinh Tuong.

from BRO's staffs and it took her 1 day to prepare the dossier. Then, she was given an appointment to come back after 7 days<sup>89</sup> to collect the result. When she got there on the day, the amendment had already been prepared.

When we asked about online service provided, she showed surprise in hearing about it. *"I have never heard of online registration service before. But I think it would be much quicker and easier to come to and hand in the dossier directly"*.

## Interview # 2

*Location: Lang Son province (small province)*

*Date of Interview: 26 May 2013*

The company was first established in 2010; since then it has needed no change or amendment in its registered information. Ms X was the person who directly experienced the registration procedure. *"I spent several months in advance to ask and collect information on how to register my business. At that time, I had no information about how BRO support the registration procedure"*. When asked about hiring a consulting company for registration service, she expressed her doubts on the existence of this service: *"I don't think that we have consultation company here in Lang Son to help us on this matter"*, she said.

*"In 2010, the procedure was not too complicated. This may be thanks to my good preparation, I think. It took me 15 days to get the certificate and the tax code issued and the seal made"*. Ms X stated that she is satisfied with the service provided by BRO while opening her business. When being asked about online registration service and the possibility of using the service for both opening new business and to amend the existing registration, Ms X showed her interest and surprise, *"Oh, is it? Thank you for giving me the information, I am planning to amend my registered information, but I am busy and a bit worried about preparation time. I will visit the website to learn about the new service"*.

Her company is currently exporting anise products to India, Malaysia, Thailand and the UK. She is expecting to enter new markets. She admitted that she was distant from information and technology; thus, she knew nothing about competitors and partners. When we asked about her need of using a database on companies, Ms X has confirmed that this indeed is a very promising market. She would be willing to pay a certain amount to learn about market shares of anise production, and names of potential partners and competitors.

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<sup>89</sup> The 7 days mentioned included a weekend. Thus, the procedure was done within the allowed time (5 working days).

### Interview # 3

*Location: Lang Son province (Small province)*

*Date of Interview: 26 May 2013*

*Interviewee: Mr Toan, Vice Chairman of LangSon's SMEs Association*

We were introduced to Mr Toan to learn about general reaction of business community in Lang Son in regard of business registration aspect. He commented that the registration procedure has been gradually simplified and reformed over the last 6 years. Since Lang Son is a relatively small province in terms of business population, the business community had no major difficulty in business registration even before. This was also thanks to the consultation and advisory role of the Association.

*"We hardly find a consulting company here to provide registration service to local companies",* he inserted. He said Lang Son people often start business with support of retired officials or well-established companies, who already have a network to support their business.

*"Propaganda campaigns for online service and the accuracy of information in the NBRS do matter",* Mr Toan stated in respect of E-government and commercialization of information in the NBRS. He insisted that the accuracy of information provided by NBRS is crucial to the survival of the system in the future. Until now, the online registration service has not yet been popular in Lang Son as a result of habits.

### Interview # 4

*Location: Lang Son province (Small province)*

*Date of Interview: 26 May 2013*

Mr X company was state-owned from its establishment in 1973 until its privatization in 2004. Since 2005, the company has changed its registered information 4 times. The Director said that it normally took 15 to 20 days each time to complete the amendment procedure. He remembered of a complicated procedure in 2004 when one-stop shop had not yet been adopted.

More recently, the procedure was much simpler and less time consuming. He said *"I did all the procedure on my own and with supportive assistance from the help desk at BRO. I did not feel any hesitation or difficulty doing this"*. While being asked about 'data-for-sale', Mr X was skeptical about the feasibility of the idea, *"I don't see any need of purchasing information about other companies as I can get it for free if I have good relationship with the BRO staff"*..

Ms Y also added that it is an advantage of a small province where almost all businessmen know each other and they also know all the faces of BRO's staff. They come and talk to each other very frequently. *"A local consulting company will find it difficult to deliver business registration service in Lang Son as the BRO is no longer an unapproachable and distant public organization in Lang Son"* she said.

*"I must admit that online registration service is not well used in Lang Son. The reason is that Lang Son has a small number of companies doing registration or amendments within a year. BRO's staff can handle this, so people do not have to rely on other forms of support"*, Ms Y said.

#### Interview # 5

*Location: Hanoi (Large city)*

*Date of Interview: 31 May 2013*

*Interviewee: CEO of the corporation*

Before 1996, the entrepreneur had tried to enter the retail sector, selling luxury goods but in vain due to low market demand at that time. The current corporation was started in 1996, specializing in agriculture processing. After 17 years of development, her small manufacturing company developed into a large corporation of 7 companies in the field of manufacturing and exporting. The headquarter office of the corporation is located in Hanoi. The manufacturing factories are located in the northern provinces and in the highland provinces. The field of business is not limited to processing of agriculture products, but also include freight forwarding, trading of agriculture processing machines, manufacturing and trading package products (packaging activities), trading of materials for agriculture products and real estate.

When the entrepreneur started the business, the registered capital of the company was 300 million VND (27,000 USD). Today, after five times of increases, the registered capital of the corporation is 50 billion VND (2,377,000 USD). The corporation is now negotiating with a foreign investor to form a joint venture, which is planned to begin operations next year.

The business registration procedure, in her experiences, *"was too complicated for a citizen who wanted to start business like she did at that time"* (1996).

The problem for her was that before the dossier was accepted by the BRO, it took a lot of time to prepare required documents. She remembered that she had to investigate a number of legal ordinances and decrees in order to complete the required documents. In general, the dossier often lacked some required documents and in her experience, *"it has never been accepted at the first*

*submission*". The BRO officer provided some advice to her, but it was so vague that later she had to ask for his support against a small fee.

After 2008, she confirmed that the business registration system to some extent has been improved. Because the corporation increased its registered capital and diversified to other fields of business, the business registration certificate had to be amended. At first she continued to do it herself, but later relied on a consulting company to save her time. She commented that, "*recent changes in the document which is asking the entrepreneur to include the code of business in accordance with Viet Nam Standard Industrial Code, VSIC, meant a waste of time*".

She did not know about online registration and therefore have never tried it. She believed that she could use online registration system without difficulties, but her business demands a lot of her time so that she would rely on the services of a consulting company from now on.

#### **Interview # 6**

*Location: Ho Chi Minh City (Large city)*

*Date of Interview: 7 June 2013*

Mr. X said that the company relied on the services of a consulting company right from the beginning. The total fee for completed business registration, including fee for certificate and registration of seal-sample was 1.8 million VND. He said that the level of the fee charged by the consulting company varied according to the number of documents to be completed. He explained that he has other business to take care of so that he did not have time to complete required documents in accordance to the law and that the consulting firm could help him save time and resources. The time to receive the business registration certificate was 5 days. Nevertheless, in the certificate, the name of one of the founders was spelt incorrectly. Because this mistake was discovered some days after the certificate was delivered, the company had to pay for the amendment. Mr. X also said that he did not know about online registration and if it is available, he is willing to try it and did not consider it difficult.

#### **Interview # 7**

*Location: Hanoi (Large province)*

*Date of Interview: 14 June 2013*

Ms X has just had her company registered in April 2013. Based on her first experience of having a company registered in 2004, she chose a consulting company to conduct the registration service. "*I relied completely on the service provided by the consulting company. Just make a comparison of the time that I may have to spend to the time saved, I could not make a different decision.*"

*Another matter is that, in the hands of a consulting company, things will go smoothly and outcome will be positive”, she said. She also mentioned that consultancy companies could not increase their prices because the competition among them is quite intense. “The consultant is often recruited in order to save the time and opportunity cost. I even use consultants to complete my custom forms”, she added.*

The cost for registration service conducted by consulting companies has gradually increased from several hundred thousand dong when she first registered her business to a couple of million dong at present due to the more complex dossier she had to submit; costs may be doubled or tripled depending on how difficult the request is (i.e. express service allows her to receive the result within one day). *“I actually have no choice. I’d rather pay some amount of money and get the things done than try to do it by myself without any guarantee”, she explained.*

She was skeptical about integrating data that used to be managed and coordinated by different agencies such as BRO, tax office, the judicial department and custom office because of the implicit conflicts of interest.

The accuracy of information in the NBR system is a debatable issue. She has experienced twice this inconvenience. The first time was due to the loss of data in the BRO filing system (data of 2 years were lost. The information about a new branch of her company opened during this time was lost). Due to this, she was unable to amend her registration if she did not agree that the information about her branch was omitted. *“I don’t understand why BRO could not track the hard-copy of my dossier in their filing system”, she questioned.* The second time involved a tax transaction; her company was once fined due to late tax payment. The fine was settled right after the notice was made but she kept receiving the warning every year with careful calculation on the fine and its annual interest. *“I was exhausted explaining to the tax officer every year after receiving the notice”, she complained.*

## Interview # 8

*Location: Ho Chi Minh City*

*Date of Interview: 07 June 2013*

The company was first established in 2003 in the field of accounting and consulting. In 2011, the company expanded its field of business, which includes auditing. Currently, the company has 36 employees (08 auditors, 23 accountants, 05 consultants).

In his view, the business registration system reform created both positive and negative impacts on the entrepreneurs and the consulting firms. The positive impacts include: (1) The time for issuing business registration certificate reduced from 10 days to 5 days (working day); (2) It is easy to name the company, even a

name in English is accepted. In the past, the BRO only accepted the name in English for foreign companies; (3) They can access the National Business Registration Portal (nation-wide) so that the problem of overlapping names can be avoided; (4) Since 2008, there has been few changes in the number and the content of the forms of business registration so that they found it easy to complete the dossier; (5) the list of industrial codes (VSIC) was issued making it more convenient to find the industry category; (6) Unified tax number and business registration number into firm's identification number; (7) Making the contact information (Phone and Email) mandatory fields in the form.

The limitations of the registration system include: (1) people who apply for certificate must have updated information about the procedure and finding the code for their field of business is one of the most difficult things for many people. "They want the BRO to assign the code for them", Mr. X said. (2) It is hard to find suitable industrial code when companies who established before 2007 want to amend the field of business<sup>90</sup>; (3) Sometimes, the dossier was rejected and was requested by the BRO to be corrected at home in spite of minor errors, which could have been fixed or updated at the BROs.

When we asked about the changes in registration procedures, Mr. X said, "*the number of procedures was reduced with the introduction of one-stop shops. His staff can help entrepreneurs to get tax code at the same time instead of visiting two places separately, one is DPI (BRO) for enterprise number and the other is the tax office for tax code*".

Referring to time to wait until receiving the certificate, he thought, "*five working day waiting for the certification is an average duration*". When he was asked about the quality of the certification service, he said that due to the limited capacity of BRO staff, there were a lot of typos. He remembers that in a recent case, the correct name of an entrepreneur written in the dossier was Ngoc. But when the entrepreneur came to receive the certificate, it was issued with a wrong name. And "*this type of error happened frequently*", he added.

Talking about his company's performance, he said that over the past ten years providing consulting service for business registration, his company has dealt with hundreds of orders. "Without taking into account the number of orders for certificate amendment from incumbent firms, the company helped to established 200 new enterprises annually during 2003-2006. That number increased to 1,200 enterprises during 2007-2010 but reduced to 600 enterprises during the period 2011-2012", he said. "Compared with the same period last year, the number of newly established enterprises has been reduced and the number of enterprises that closed or dissolved increased at the same time". The number of customers who want to establish new enterprises via his company's consulting service has been reduced because of (1) The overall number of newly established enterprises has been reduced; (2) more and more consulting companies are providing the same service for cheaper fees and his company lost some potential customers; (3)

<sup>90</sup> The Government of Vietnam changed the coding of business in 2007 often referred to as VSIC 2007. Before that, Vietnam applied VSIC 1993. VSIC 2007 is not compatible with VSIC 1993.

The company has increased its investment in auditing service and therefore pays less attention to business registration service.

Consulting fee for establishing new enterprises is on the average 1,600,000 VND (including 200,000 VND for registration fee; 200,000 VND for making the seal; 150,000 VND tip that the consultant pays for BRO staff (because the entrepreneur is absent) or that the dossier has higher priority and is being processed quicker; 50,000 VND tip for the same reason for making seal. The rest of the amount is the net revenue for the company. "Currently, many other consulting companies provide the service at a fee of 900,000 VND, without paying 150,000 VND tip mentioned above, with the result that the process often is delayed", he said. He also added that 95% of foreign companies ask for consulting service because foreign investment procedures are much more complicated than that of domestic investment.

### Interview # 9

*Location: Ho Chi Minh City*

*Date of Interview: 08 June 2013*

The company was first established in 2005 in the field of consulting. Currently, the company has 10 employees. The company strategy puts higher priority on trading services, so they invest less for the development of consulting service.

In his view, the business registration system reform has meant positive changes. Nevertheless, there are also minor problems in a negative direction: the task of filling in the industry code is now the obligation of the customer who wants to register for new business or to change or amend the field of business.

Referring to the waiting time for receiving the certificate, Mr. X said, "*five working days waiting for the certification is an average*".

The quality of the certification service, in his experience, is not so good. Sometimes customers may find typo mistakes in their business registration certification and this costs time or money (if the error was not found within a given period of days).

Mr. X said that this year the company has helped 45 enterprises register successfully. Normally, the company collects 1,500,000 VND from the entrepreneur, who wants to register new business, and pays 500,000 VND for completing the business registration procedure (possibly including tip for BRO staff). The fee that the company charges the customers varies and depends on the level of difficulty of the legal requirements/conditions for doing business in that field. Some businesses require special certifications to be submitted in advance (included in the dossier) Therefore the fee that the company collect from customers may range from 900,000 VND to 10,000,000 VND.

## CONCLUSIONS AND RECOMMENDATIONS

### ***General remarks on the system***

- Business registration has improved a lot over time and in general, the 5-day processing time is adhered to. There are still elements that could simplify the process.
- Business registration should be simplified further so that citizens don't have to ask consulting services to take care of this step for them. Especially, some of conditional business lines should not be included in the dossier at the time of application for business certificate. In other words, the legal framework should change that (1) having simple business registration procedure; and (2) In the case that the field of business require special conditions, before the company comes into operation, they must present related certifications.
- There has not yet been a system of alerting customers if the registration procedure is completed earlier than it is supposed to be/ by statute.

### ***Online registration***

- There is a common positive attitude towards online registration among the entrepreneurs. However, the existence of online service is not well known by the business community, neither in provinces with limited number of businesses nor in cities with large numbers, such as HCMC.
- The capacity of the BRO staff in promoting online service is still limited. Better introduction and advocacy should be considered to promote this service.
- Promote online registration system, with simple Graphic User Interface GUI so that more enterprises could approach it should be considered.

### ***The role of consultants***

- Consultants are often used in the larger cities to undertake all tasks related to registration, including preparation of the required dossiers. There are specialized consultants providing such services dealing with hundreds of clients per annum. The market is competitive.
- The fees charged by consultants for registration purposes vary a great deal due to the complexity of the registration process. (Number of documents in dossiers, etc). Figures from VND 0,9 mill to 10 million were mentioned.
- Petty corruption seems still to be a practice, particularly to expedite registration and/or to make it smooth (with no back and forth?).
- Entrepreneurs in small provinces often engage in business registration procedures themselves rather than using consulting companies. In provinces with a smaller business community, it is harder to find consulting companies involved in business registration.
- In small provinces, the assistance from BRO staff is highly appreciated. Perhaps the number of requests is so low that the staff finds it easy to provide assistance.
- Business registration should be simplified further so that citizens don't have to ask consulting services take care this step for them. The nature of

consulting service is not relate to this step, rather, it involves those companies (shareholding companies) that need consultation on the content of company's charter, rights and obligations, etc.

***Sale of information***

There is a potential to commercialize data extracted from the National Business Registration System. To make it feasible, it is necessary to enhance accuracy and to provide up-to-date data. Entrepreneurs are interested in buying information from BRO, but skeptical of the accuracy (including the updating procedures) of the data.

## Annex 6: Summary of responses to the evaluation questions in the ToR

Below are the 53 specific questions raised in the ToR and the responses by the evaluation to these in a summary form. We have used a rating system of the BRR project performance against these questions with the following categories:

- HS Highly satisfactory
- S Satisfactory
- US Unsatisfactory
- HUS Highly unsatisfactory
- NR Not relevant
- ?? Evidence lacking

### Responses to 53 specific evaluation questions

Terms of reference - questions	The evaluation's assessment	Rating
<b>Project identification and formulation</b>		
The extent to which participatory project identification process including all main stakeholder groups was instrumental in selecting problem areas and counterparts requiring technical cooperation support.	The Project grew out of a clear government priority and involvement of stakeholders in government; especially the Ministry of Planning and Investment has been involved in a participatory way. The long history of cooperation between UNIDO and MPI contributed. VCCI, representing business, was a party from the start.	HS
The extent to which the project had a clear thematically focused development objective and immediate objective and/or outcomes, the attainment of which can be determined by a set of verifiable indicators.	The Project is well defined and concrete, and the objectives and outcome well specified in the log frame with relevant and measurable indicators.	S
The extent to which a logically valid means-end relationship has been established between the project objective(s) and outcomes and the higher-level programme-wide or country level objectives.	The Project is well in line with the Government's strategy for Business Environment Reform and has established a logical means-end relationship.	S
The extent to which lessons from earlier UNIDO projects were taken on board in the formulation process including lessons and recommendations given on existing evaluation reports at the time.	The Project had an extensive background in earlier UNIDO projects in SME development, which also included business registration development, including extensive study tours to find suitable models. These lessons have well been incorporated in	HS

Annex 6: Summary of responses to the evaluation questions in the ToR

	the Project.	
The extent to which the project/programme was formulated based on the logical framework approach and included appropriate output and outcome indicators within a realistic timeframe.	As noted above, the log frame is of precise logic and operational for follow up, including concrete indicators for the expected outcome and outputs. The original time-frame and the revised time frame were, however, both overly optimistic	S
<b>Ownership and relevance</b>		
The extent to which the project design was based on a needs assessment.	The needs for reform had been subject for discussions with various stakeholders for several years and had already mobilized donors' support in the pre-Project situation	S
The extent to which the project takes account of and aligned to 1) national and local priorities and strategies as well as 2) the Viet Nam One UN Plan, 3) UNIDO's thematic priorities, 4) donors' policies and priorities.	1) The Project is well aligned to national priorities; and at the provincial level the system is well accepted today. 2) The Project is an explicit element of the One UN plan for 2006-2010 with an output reference, but is fitting less well in the One UN Plan 2012-2016 as elaborated earlier. 3) The Project is a stand-alone project in a field where UNIDO had limited earlier experience, but a field that fits UNIDO well as elaborated in the next section of the report. 4) The Project is well aligned with SECO BER policy and work and NORAD's considerable support to UNIDO as elaborated earlier.	S
The extent to which there was relevance to the enterprise sector, including for individual businesses.	Simplification of business registration is welcomed by the private sector, especially in terms of reducing arbitrary decision-making and options for rent-seeking. Nowadays, business registration is far from the most essential bottleneck for business in Viet Nam.	S
The extent to which 1)the counterparts have been appropriately involved and were participating in the identification of their critical problem areas and in the development of technical cooperation strategies and 2) are actively supporting the implementation of the project approach 3)including through in-kind and cash contributions.	The counterparts have been actively involved in project design and implementation and have provided the in-kind contributions envisaged.	S
The extent to which the outputs as formulated in the project document are relevant and sufficient to achieve the	The log frame provides evidence of logical operational links between the Project's outputs and the intended	S

Annex 6: Summary of responses to the evaluation questions in the ToR

expected outcomes and objectives.	outcomes and objectives	
The extent to which the project was formulated with participation of the national counterpart and/or target beneficiaries	Due to the long gestation period for the Project with considerable earlier linkages, there has been extensive participation with the counterpart organization MPI, ASMED and ABR. The Project was a government undertaking and the business sector has mainly been participating through the VCCI.	S
<b>Efficiency of implementation</b>		
The extent to which UNIDO and counterpart inputs have been provided as planned and were adequate to meet requirements.	There is evidence in the Project's phases and the financing of technical assistance from various sources as the BRR process progressed.	S
The extent to which the quality of UNIDO inputs and services (expertise, training, methodologies, etc.) was as planned and led to the production of outputs.	The UNIDO inputs are overall regarded as of high quality and led to the expected outputs, albeit with certain delays due to mentioned over-optimistic scenarios depicted in 2008 and afterwards.	HS
The extent to which the enterprise system (the business registration software) selected is appropriate.	According to previous review (Jacobs 2010), the software chosen is along best practices. We are not in a position to provide an independent technical assessment on this.	??
The extent to which the project was cost-effective.	Assessing cost-effectiveness in a proper way implies benchmarks for costs, which are currently unavailable for developing/emerging economies.	??
<b>Effectiveness</b>		
Outputs produced and how the target beneficiaries use the outputs.	See details in the report.	NR
Achievement of outcomes or are these likely to be realized through utilization of outputs.	See details in the report.	S
The extent it has become less costly (in money and time) to register and operate (with respect to administrative procedures addressed by the project) a formal business.	There has according to Doing Business, PCI and other sources been a sharp decline in cost for registration relative to Viet Nam GDP in terms of fees, but not in absolute USD. The other cost dimensions, such as time due to unclear procedures, etc. has likely been considerably reduced. Hard evidence on this is lacking.	S
To what extent the project has contributed to a more conducive business environment and reduced barriers to entry.	Project has had a contribution although registration reform is considered 'an easy' reform as compared to other elements of the business environment.	S
To what extent it has been less costly for the government to register	The administrative procedures have overall been simplified. Estimates in	S

Annex 6: Summary of responses to the evaluation questions in the ToR

businesses (in time and money).	Jacobs' review indicate considerable savings, well above project costs.	
To what extent the project has contributed to increased transparency and better governance.	The Project, and its predecessors, have had a strong such impact.	HS
To what extent the tax office is or will be able to benefit from the BR system.	The General Department of Tax expresses satisfaction with the reform especially in terms of using a unified ID code.	S
Whether or not Viet Nam is climbing or is expected to climb up in the ranks of ease of doing business.	Viet Nam has a slightly worse ranking in respect of Starting a business, which is the relevant element of the DB index for the Project. The reasons for this are partly reflecting an overall global improvement, partly that the project only covers one aspect of <i>Ease of doing business</i> .	US
<b>Impact and sustainability</b>		
Which long-term developmental changes (formal sector expansion, employment generation, a more conducive business environment, growth of the commercial or industrial sector, domestic and foreign investment, poverty reduction) have occurred or are likely to occur as a result of the intervention and are these sustainable?	See chapter 5.4	NR
Was any sustainability strategy formulated?	The Project document did not have an explicit <i>exit strategy</i> rather deferring to the revenue and cost projections estimates contained in the Business Plan and Budgets, Annex 7 of Pro Docs 2008 and 2010 The projections of revenues and costs show a positive balance, hence that the system would be self-financing.	S
Will structures established by the project be sustainable and supported by the government or able to cover costs?	Sustainability has been a concern from the beginning of the Project. Given the government's commitment to the business registration reform and the NBRS and the models for revenue creation and sharing between parties, the sustainability should be assured.	S
Will there be enough technical capacities to manage and run the business registration system?	The technical capacity is in place in the current set up. An issue is whether the Government can maintain sufficiently qualified IT staff with topping up of salaries from special retaining of fees from NBRS.	S
What is the expected income from the business registration system and from	The total expected income from registration fees 2013 is about USD 2	??

Annex 6: Summary of responses to the evaluation questions in the ToR

making business information generated by the system available?	million. The expected income from sales of information is not available.	
What are the prospects for technical, organizational and financial sustainability?	See above.	S
If adequate baselines and monitoring data exists for future assessments of impact. This concerns in particular 1) business registration costs, 2) coverage of registered businesses, 3) depth of enterprise information available, 4) availability of financial statements, 5) employment and industry sector data, investment, access to finance and export data.	NBRS keeps track of information relevant for the system (1-4), but does not maintain baseline and monitor data as mentioned in 5.	S
Impact on policies and other actual or possible future usage of information generated by the BR system and possible impact on public programmes.	No assessment of this is yet possible, as the information services delivered by the NBRS are not yet fully exploiting the system potential.	??
<b>Project coordination and management</b>		
The extent to which the national management and overall field coordination mechanisms of the project have been efficient and effective.	The project management is by all stakeholders considered efficient and effective.	HS
The extent to which the UNIDO management, coordination, quality control and technical inputs have been efficient and effective.	The project management from UNIDO is by all stakeholders considered efficient and effective.	HS
The extent to which monitoring and self-evaluation was carried, were based on indicators for outputs, outcomes and objectives and using that information for project steering and adaptive management.	The BRR project has an unusually high degree of tracking its outputs and outcome through progress reporting of different kind.	HS
The extent to which changes in planning documents during implementation have been approved and documented.	There has been a very close monitoring through weekly reports	HS
The extent to which synergy benefits can be found in relation to other UNIDO activities in the country or elsewhere.	The project is in UNIDO's current portfolio largely a stand-alone project in both Viet Nam and in general for UNIDO. No obvious synergies are at hand, although Potential synergy is likely with the Investment Monitoring Platform (IMP), established by MPI's Foreign Investment Department, also with UNIDO assistance. IMP monitors employment, industry sector, investment, export, access to finance data, among others, based on surveys conducted every 2-3 years.	S

Annex 6: Summary of responses to the evaluation questions in the ToR

The extent to which the project implementation modalities and management structures were appropriate.	The Project has had an elaborate and extensive support system to ABR.	S
The extent to which there was a good level of cooperation between UNIDO and the national counterpart and clear definition of roles and division of functions between the project manager, the Project Office and the national project management team.	The organizational structure set up has worked well with a strong involvement by UNIDO in an almost daily basis. Clearly laid out roles for key staff. There has been good cooperation between all the entities.	S
The extent to which coordination mechanisms (horizontal and vertical and internal and external) were efficient and adequate.	See above.	S
<b>Private sector development specific evaluation questions</b>		
How has private sector development (PSD) been promoted through technical assistance to business registration reform? Did this modality fit the project purpose and objectives?	PSD has been promoted in one specific dimension <i>only</i> . As mentioned, bottlenecks for businesses are at other stages of the enterprises lifecycle.	S
Did the project work at the macro, meso and/or micro level? Were the choices made appropriate?	The Project has worked mainly at the meso level (registration system) and to some extent at macro level (policy advice and legal advice on law/regulations). If micro is defined as work at the enterprise level, the project has rightly so not included this.	S
Have private sector institutions/associations been involved in the project design and implementation? If yes, in what way? If no, should they have been?	Since its start the project has had a close cooperation with VCCI as member of a Steering Committee and increasingly in phase B also entities such as banks.	S
Did the approach adopted have the potential to address the problems identified/achieve the project objective?	Yes, the log frame has such references.	S
Did the project contribute to creating or exacerbating market distortions? Has the project contributed or is expected to contribute to elimination of market distortions?	The Project is to a large extent aiming at reducing market distortions caused by lack of transparency <i>plus</i> discretionary/discriminatory, non-rule based behavior of officials.	HS
Have linkages to financial institutions been established? 1) If yes, what were the results? 2) Are there/will there be effects in relation to credit scoring and credit information management /sharing by banks. If no, was there a need for this at this stage?	Marketing efforts towards the financial institutions in Viet Nam have begun, and a first contract signed with a bank. This is still a new activity given that the NBRS is yet to fully exploit its potentials.	S
Can enterprise effects be expected to lead to socio-economic impact such as employment or income generation,	There are claims that improved and more transparent business environment has impact on economic	??

Annex 6: Summary of responses to the evaluation questions in the ToR

gender equality and poverty reduction?	growth, employment and poverty reduction. There is an interest in collecting such evidence for Viet Nam in view of making its BRR the reference experience for other countries.	
<b>Gender</b>		
To what extent has men and women benefited from the project/can be expected to benefit.	The Project is probably neutral from a gender perspective. However, if there is any impact, it is positive as women are expected to benefit more from an open and transparent process than men. More routine operation in registration is also likely to provide more employment opportunities for women than men.	S
Has gender been mainstreamed in the implementation of the project?	There is a striking balance of males and females in the business registration offices (ABR and BROs), while males dominate leading positions.	S
Have gender analyses been included in baseline studies, monitoring and reporting?		??
Has there been gender balance in the contracting of experts and consultants?	In the Project office there is currently a dominance of males (64%), but a higher share females in leading positions (67%).	S
<b>Environment</b>		
Has the project promoted environmental sustainability?	There is no explicit focus on environmental sustainability as such. The environmental effects by the Project are likely to be marginally positive or negative.	NR
Are any positive environmental benefits likely, even if they may be indirect?	The potential usefulness as a planning tool is yet to be manifested	??

## Annex 7: Donor involvement in business environment reform in Viet Nam

### State Secretariat for Economic Affairs SECO, Swiss Confederation

SECO's funding has been instrumental to the implementation of the current Phase II and III of the Project [phase A, and phase B as per Project document]. Adding up to NORAD's, SECO support is intended to expand the functionality of the BR database, making information on Vietnamese companies -including financial information of public companies - easily accessible to every economic actor and the public at large. Under the assumption that " the access to reliable information on potential business partners greatly contributes to enhancing the business environment, SECO addresses one the key challenges of the private Small and Medium sized Enterprises [SMEs] which have been the driving force behind Viet Nam's economic performance in this decade. As such, the NBR/BRR pertains to the *Promoting Private Sector Development in Viet Nam* component of SECO overall economic development cooperation in the Country that is geared towards enabling institutional, regulatory and legal frameworks conducive to entrepreneurship growth and prosperity. Core SECO targets include *good corporate governance and sustainable business practices*, including environmental and corporate social responsibility aspects. Through the multi-donor initiative *IFC Advisory Service Facility*, SECO complement its action on the business enabling environment with aspects related to competitiveness through enterprise participation in global value chains -namely for increased local value addition within international supply chains. The coherent block of SECO portfolio intervention is reflected in the Project's critical positioning between the *narrow* BR act and the *broad* BER in the context of the administrative reform process undergone by the Country where the NBR/BRR can be the *driver* of further progress and, ultimately, contribute to levelling the playing field for all entrepreneurs - whether domestic or foreigner investors.

### Norwegian Agency for Development Cooperation, NORAD

Cooperation with the business sector is among the three pillars of NORAD's action in Viet Nam. *The Business Match Making Programme*, BMMP was started in 2010 with the purpose of poverty alleviation *through binding economic cooperation between companies in Norway and Vietnam*. Good governance is the cross-cutting area of intervention where NORAD is supporting the modernization of the public administration *providing people better access to public services as well as strengthening the government's anti-corruption work*. In addition to funding Phase I, Module I of the Project, Norway has been the BR model for the Project that has been drawing from the Norwegian technical know-how and expertise including the IT solution retained for the NBR/BRR [See:NRD - e-solutions for government and business, at:

<http://www.nrd.lt/en/index.php/2011/09/02/vietnamo-verslo-registravimo-reformas-igyvendinimas/>. The *Brønnøysund Register Centre*, BRC has a longstanding tradition of international cooperation: bilateral cooperation with around fifteen emerging and developing countries as well as a cooperation agreement with the World Bank/IFC to provide support to the IFC Global Business Entry Reform Program for the duration of one year. BRC has a focus on international work

"because collaboration and knowledge exchange will help BRC to improve solutions at home. This involves mutual access to expertise, building international relationships, and development of cross-border solutions There is an increasing demand for business information across borders. Countries with reliable register solutions are important partners in that scenario". <https://www.wbginvestmentclimate.org/uploads/Business%20Registration%20Case%20Study%20Norway.pdf> . In spite of the fact that reform activities have been carried out for over thirty years, Norway considers it still work-in-progress: in a shift from the technical exchange of information towards a common understanding of information, there is scope to optimize the use of electronic information inputting and even for going beyond with the design of orchestrated services that relate to life events. With the Vietnamese NBRIS shaped along the Norwegian BR model, there is potential to evolve and extend the system functionality and performance drawing upon the pace of progress in Norway and its developmental partnerships.

#### United Nations

\**One Plan 2012-2020* -Viet Nam being a One-UN pilot country, the current One Plan implementation criteria and scope of action are of great significance in the UN scenario and forecasts for the Country. As compared to the previous *One Plan 2006-2011*, the current road map has a strong connotation on addressing the need for the social protection system -starting with basic health and education service delivery- that would keep Viet Nam on track to meet at least a majority of the Millennium Development Goals, MDGs by 2015. The One Plan's poverty alleviation for inclusive growth focus are encompassing two features of relevance to the reforming effort of Viet Nam: the call for the Rule-of-Law State and the of the *Socio-Economic Development Strategy SEDS 2011-2020* as the vector for strengthened participation by all citizens to accountable and transparent governance. This implies a "more supportive regulatory environment in which all people, institutions and entities are accountable to laws that are equally enforced. Mechanisms for the people to give their opinions and feedback and to oversee the work of the State in particular in relation to socio-economic policies and plans together with regulations on providing information and the accountability of State agencies [...] need to be strengthened"<sup>91</sup>. In recognition that *high skilled population* is the prerequisite for the system to perform, the One Plan emphasizes gender equality, in particular equal access for women to the labour market and decision-/policy-making rankings.

*United Nations Development Programme, UNDP* - Following its support to legal reforms such as during the formulation of the 2005 Enterprise Law, UNDP has continued its assistance in the field of legal and administrative reforms, since 2009 being associated to Viet Nam' s *Provincial Governance and Public Administration Performance Index*, PAPI initiative<sup>92</sup>.

*United Nations Conference on Trade and Development, UNCTAD* - UNCTAD's collaboration with the Foreign Investment Agency within MPI under the *E-Regulations* programme resulted in the web portal<sup>93</sup> providing on-line guidance to

<sup>91</sup> Source: *One Plan 2012-2016*, page 29.

<sup>92</sup> <http://www.papi.vn/about-papi>

<sup>93</sup> <http://vietnam.eregulations.org/>

foreign investors in the process of establishing business operations in Viet Nam. In the likelihood of foreign-invested enterprises, FIEs being equalled in treatment to domestic firms, there is scope for harmonization of public service delivery. Furthermore, the forthcoming cooperation between UNCTAD's *EMPRETEC* programme and Viet Nam Trade promotion Agency, VIETRADE provides a channel to educate the private sector, in particular to conduct business outreach campaigns customized so as to target the web-enabled registration along with the information services as well as the pre- and post-automation business processes and the set of rights and obligation for compliance by the public and private parties emerging from the nationally centralized BR.

#### **Japan International Cooperation Agency, JICA**

Featuring among the top five FDI suppliers in Viet Nam [following Taiwan, Republic of Korea, Malaysia and preceding Singapore, according to *Viet Nam Economic Times*, Issue 231, May 2013] Japan also accounts for over forty per cent of total ODA commitments in Viet Nam. In addition to financial assistance, JICA provides human resources training for administrative, legal and institutional reforming tasks in the context of Viet Nam's 10-Year Socio-Economic Development Strategy 2011-2020. Promotion of economic growth and competitiveness, capacity-building for enforcement of Competition Law and strengthening of governance are typical initiatives of JICA's cooperation in Viet Nam whose relevance is complementary to the Project's. <http://www.jica.go.jp/vietnam/english/office/others/brochure.html>

#### **The World Bank- International Finance Corporation, WB/IFC**

With the signing in May 2013 of three credit agreements [worth a total of US\$400 million] with the State Bank of Viet Nam, the World Bank is consolidating its support to the Country's economic management reforms for higher productivity and international competitiveness. The first *Economic Management & Competitiveness Credit* provides for concessional financing to support reforms in fiscal policy, the financial sector, public administration and accountability, state owned enterprises management. Efficiency of the business environment is part of the coverage with a focus on equity and transparency of the system. The second credit targets the implementation of reform policies designed to strengthen governance, financing and quality of higher education, to ultimately improve research and fiscal transparency. The third credit initiative aims to prepare the young Vietnamese generation since the early stage of childhood schooling.

Having played a major role in bringing "*SME development high on the policy agenda of Vietnamese decision makers*" through its Mekong Private Sector Development Facility, the IFC has subsequently been monitoring Viet Nam's performance in terms of *Ease of Doing Business*. Aspects of BR as part of the start-a-business process have been delegated to other development partners, namely UNIDO, while IFC focus has turned to fiscal and investment reforming.

For a detailed review of IFC involvement in BRR and PS support at large, the *Business Registration Reform in Viet Nam: a Situation Analysis of the reform and of UNIDO support*, pages 25-26, refers:

[http://www.un.org.vn/en/publications/cat\\_view/126-un-publications-by-agency/96-unido-publications.html](http://www.un.org.vn/en/publications/cat_view/126-un-publications-by-agency/96-unido-publications.html)

<p><b>Asian Development Bank, ADB</b></p> <p>The ADB's conditionality for lending to SMEs in Viet Nam was the existence of a national business registration system securing the consolidated, standardized application process for business, tax and seal engraving permits nationwide. <i>This policy condition was instrumental in firming up high level political BRR support</i><sup>94</sup>. Ranking high in ADB agenda for regional harmonization of business practices, BRR falls within the exchange and monitoring of best practices and lessons learnt in cooperation with OECD and UNESCAP.</p>
<p><b>European Union, EU</b></p> <p>The <i>EU-Viet Nam MUTRAP</i> initiative is the current channel of cooperation between the Parties on investment and trade policy issues. Reaching its Phase IV of implementation, the multi-purpose and multi-stakeholders EU-MUTRAP supports the Ministry of Industry and Trade in facilitating sustainable international trade and investment through improved capacity for policy making, policy consultation, and the negotiation and implementation of related commitments, particularly vis-à-vis the EU - given its relevance as the destination market of Vietnamese exports and the source of entrepreneurial know how.</p>
<p><b>German Development Cooperation GIZ, [formerly GTZ]</b></p> <p>The former GTZ was directly involved in stimulating reform in regulatory governance and in the BRR process, jointly with UNDP and IFC. GTZ assisted the Central Institute for Economic Management, CIEM during the formulation of the 2005 Enterprise Law, also sponsoring study on the results and lessons learned from the 1999 Enterprise Law [GTZ and CIEM, 2006]. The agency engaged in pilot work at the provincial level to streamline administrative procedures, launching the <i>Business Portal</i> that also featured computerized business registration. When the Vietnamese authorities opted for the UNIDO-supported nationwide approach, the GTZ-facilitated databases were uploaded into the NBRIS. GTZ and UNIDO collaborated in the introduction of the <i>Regulatory Impact Assessment</i>, RIA tool aimed at analysing the likely impact of a policy change and of implementation options.</p>
<p><b>United States Agency for International Development, USAID</b></p> <p>Commonly known as <i>Project 30</i> since its launching in the mid-2008, the USAID-supported initiative on regulatory simplification was established under the aegis of the Office of the Government. UNIDO's support to the BRR process came to complement the <i>Viet Nam Competitiveness Initiative</i>, VNCI. Nowadays, the focus of USAID work is on Viet Nam's market-driven economy, providing technical assistance to support commitments under the U.S.-Vietnam Bilateral Trade Agreement and World Trade Organization accession. Being Country-driven, USAID addresses requests ranging from support the business environment through legal and regulatory reform to competitiveness, consumer protection, infrastructure financing and agricultural development.</p>

<sup>94</sup> Source: *BRR in Viet Nam, Situation Analysis 2011*, page 25. According to the document, ADB delivered short-term technical advice on business registration: "A consultant's report summarized the challenges faced and offered some technical recommendations on the IT infrastructure and business registration system".

## Annex 8: Recommendations by selected BROS to improve the current business registration system

1. **Mandate to access to information** should be given to BROS so that they can be more proactive in retrieving necessary enterprise information to serve local government agencies and business community. It is proposed to improve the system's functions for BROS **to generate customized reports**, such as: number of newly-registered enterprises by specific periods (*based on initial registration dates*); number of enterprises, categorized by business activities; number of enterprises, categorized by registered capital; number of enterprises, categorized by location of head office (*at district address, or even at commune address*); number of enterprises which registered for export, etc..
2. **Develop the system's software** on the principle of automating all steps, i.e. by activities which do not require human intervention (*or having only one person to enter data*), such as: the tax code should be granted and sent directly from the GDT's central system to NBRS automatically. Currently, tax clerks at provincial tax office will review the information sent from NBRS and decide to grant the Enterprise Code, which will be forwarded to GDT's central system then sent back to the NBRS to grant for an enterprise. While these steps are undertaken electronically, it still takes time.
3. **Provision of information about financial statements:** request tax authority to provide information about financial statements of other enterprise types (*private companies, limited liability companies, partnerships*), not only shareholding companies currently as this information is necessary in many cases. If applicable, the current regulation that enterprises must submit financial statements to business registration offices shall be eliminated.
4. **Provide detailed guidelines about how to publish in the e-gazette** (*new registration, amendment registration, decision on dissolution, etc.*) in the National Business Registration Portal (about contents, fee, process, etc.), etc.
5. **Update information related to enterprise activities for state management purposes in the NBRS**, such as:
  - a. Documents, decision of the courts, law enforcement agencies, public security offices, tax offices, inspection offices and other state authority which are sent to business registration offices.
  - b. Information is sent from tax offices to business registration offices about status of enterprises which already closed their tax codes but not registered for dissolution yet, enterprises which stopped business but not completed the procedures for closing tax codes yet, etc.

Annex 8: Recommendations by selected bros to improve the current business registration system

6. **Develop a function to check if a proposed director is already a director of any registered company:** The function should be applied for all enterprise types, including private company, limited liability company and partnership, not only for shareholding company as in the NBRIS currently.
7. **Expand the project's impact to business registration at district level:** (*for household business and cooperatives*). At a district (*city, township*) level, business registration has not received enough attention; aggregated reports on business registration as well as activities of household business, cooperatives at district level are insufficient and out of date.
8. **Continue to learn experience, technology and profession** of other foreign countries to update new reform tendencies and best international practices.
9. **Study to reduce statutory registration time from 5 working days to 3 working days**, in which time for receipt of tax code reduces to 24 hours at the maximum. Remove unreasonable information written in the Business Registration Certificate, such as: legal capital, number of shares of founding shareholders in case enterprises make a lot of changes after establishment.
10. **Research to develop a legal procedure for business registration performed before meeting any requirements for conducting business activities** such as investment activity. Move requirement of practice certificate or legal capital from pre to post-condition for business registration.
11. **Research to develop a legal framework for business registration mechanism** including 03 levels: central, provincial and district level in order to build a professionally organizational structure and to unify the business registration professional task.
12. **Develop a legal framework for state management towards enterprises;** a mechanism for supervising, monitoring enterprises' production and operation situations.
13. **Study the consistent procedures for registration of enterprises and its subordinate units;** currently, registration for establishment or amendment of subordinate units leads to changes in the registration information of enterprises (*meaning the Certificate of an enterprise will be changed in case of new establishment or amendment of its subordinate units*).
14. **Develop a legal framework and procedure to link NBRIS with IT system of public security, social insurance, labor, statistics offices, etc for evaluation, forecasting of development of central and provincial management agencies.** In the long-term, a unified database between related agencies shall be established.
15. **Continue to improve the national business registration database** to provide valid and updated information for business community and society.

Annex 8: Recommendations by selected bros to improve the current business registration system

16. **Cooperatives, household business, and other business entities should be registered in NBRS** to ensure consistent national business registration database.
17. **Organize training courses** for business registration staff, particularly provincial BRO clerks to improve their professional capability.
18. **Allocate more budgets for BROs to digitalize business registration** dossiers from 2010 and backwards in BROs with backlogs.
19. **Design business registration templates** such as template for business registration, company charter, shareholder registration book to make the business registration procedure easier for enterprises.
20. **Upgrade the NBRS technically:**
  - Improve transmission speed;
  - Provide more equipment (computers, scanners);
  - Upgrade software;
  - Provide more technical support for SMEs and remote areas on the use of online business registration.
21. **Awareness raising** program about potential information services should be conducted to organizations, individuals and business community in order to foster income received from these services, ensuring the self-sustainability of the NBRS in the coming time.

## **Annex 9: Details of doing business 2013 in Viet Nam**

Below are the details of Starting a business in the World Bank/IFC's Ease of Doing Business report 2013, reflecting the conditions 2012 in Viet Nam. The table provides the 10 required procedures, the estimated length of time to fulfill each one of these, and the official cost for each procedure.

It should be noted that the table is not based on a survey, but estimates for a model company located in the largest city, in the case of Viet Nam, HCMC. We asked VCCI and the BRR project office to independently comment upon this table, and their comments are provided in the right column.

Annex 9: Details of doing business 2013 in Viet Nam

No.	Procedure	Time to complete	Cost to complete	Remarks by VCCI and BRR Project staff
1	<p>Check the proposed company name; obtain a business registration certificate as well as a tax registration certificate from the local business registration office under the Department of Planning and Investment.</p> <p>The applicant has to submit documents stipulated in article 15 of Decree 88 and also a Declaration of Tax Information in the prescribed format set out in the Joint Circular and in that case, the business registration office of the Department of Planning &amp; Investment will issue a Business and Tax Registration Certificate to the enterprise. Forms can now be downloaded, and the application can be submitted online. The Business Registry Office must verify the online application for completeness and correctness and reply via email within 5 days from the day of the received application. If the application must be revised, the Business Registry Office must reply once again within a day of application revision. The registrant must submit the original application and related documents within 10 days of submitting the correct online application and must receive the license on the same day.</p>	14 days	VND 200,000 (official fees)	<p>Time to complete this procedure now is only 5 days since the completed dossier submitted (VCCI).</p> <p>In 86% of cases the 5 day limit is kept (BRR).</p> <p>Decree 88 is not valid anymore, replaced by Decree 43 in 2010 (BRR).</p> <p>There is no separate Declaration of tax information (BRR).</p> <p>This text should read: The applicant has to submit documents stipulated in Chapter IV of Decree 43, the business registration office of the Department of Planning &amp; Investment will issue a Business Registration Certificate to the enterprise. Forms can now be downloaded from the provincial website, and the application can be submitted online through the National Business Registration Portal. The Business Registration Office must verify the online application for completeness and correctness and reply through the system within 5 days (BRR).</p>
2	Make a company seal.	6-7days	VND 165,000 - VND 370,000 for bronze seal	<p>The step 3 should be taken before the step 2. When DPI issues the business license to the registrant, DPI also issues a company seal making document. The registrant should bring this document and Identity Card to Police Department to apply for the seal's certificate of registration. The Police Department will introduce registrant to authorized units to make seal. Normally, it takes 1-3 days to make a company seal. (VCCI)</p>

## Annex 9: Details of doing business 2013 in Viet Nam

No.	Procedure	Time to complete	Cost to complete	Remarks by VCCI and BRR Project staff
3	Registration of the seal-sample at the Police Department Most business transaction documents must be signed and stamped before they are considered valid and legal. The fee for the seal's certificate of registration is VND 20,000. The seal will be registered by the police division. The representative has to lodge a copy of the Business and Tax Registration Certificate and also present his or her identity card.	1 day	VND 20,000	
4	Open a bank account. Each bank requires a different minimum deposit to open an account. For instance, whereas Vietcombank requires the fixed amount of VND 5 million for an account in VND and USD 500 for one in USD, Asian Commercial Bank requires VND 1 million for a VND account and US 100 for a USD account. To open the account, the bank requires a bank-issued application form, the company seal, the company's business registration certificate, and the resolution of the management board on the authorized signatures.	1 day	No charge	Ok (VCCI)
5	Publish announcement in a daily newspaper.	5 days	VND 700,000	Now enterprises are allowed to publish announcement of their establishment on the National Business Registration Portal ( <a href="http://www.dangkykinhdoanh.gov.vn">www.dangkykinhdoanh.gov.vn</a> ). The free is only VND 300,000. Enterprises can also publish the announcement of their establishment on online newspaper with very low cost. For example, they can publish on Tien Phong Online Newspaper, ( <a href="http://boacaodn.tienphong.vn">http://boacaodn.tienphong.vn</a> ), with only VND 15,000 per time. (VCCI) The announcement will be published immediately after online payment is successfully made. (BRR)
6	* Pay business license tax. The business license tax is paid to the tax authority where the enterprise registers its tax reports or through designated commercial banks. Such business license	*1 day, <i>simultaneous with</i>	VND 1,000,000 business license tax	Ok (VCCI) There's no more a separate tax registration

## Annex 9: Details of doing business 2013 in Viet Nam

No.	Procedure	Time to complete	Cost to complete	Remarks by VCCI and BRR Project staff
	tax is paid annually and in the first month of a year (with regards to enterprises are operating) and in the month when the newly established enterprise obtains the tax registration certificate and tax code. The new company established during the first 6 months of the year shall pay the entire annual business license tax, if established during the last 6 months, then pay 50% of annual license tax.	<i>previous procedure</i>		certificate and a separate tax code. There's only the Enterprise Code, which is also the Tax Code. (BRR)
7	*Buy pre-printed VAT invoices from the Municipal Taxation Department or obtain and print self-printed VAT invoices. All companies shall use their shelf-printed VAT invoices from 1 January 2011 according to Decree No.153/2010/ND-CP and its guidelines (if any), therefore, the Company must contact with the publisher to order the print of its VAT Invoice Books for its demand and must implement the legal procedure on registration and circulation of shelf-printed VAT Invoices with the Municipal Taxation Department. To register for self-printing of invoices, company founders must submit an application on a standard form, along with (a) a sample self-printed invoice, including all statutory details; (b) a map showing the location of the company's office or copy of the lease contract if the premises are leased, certified by the ward commune people's committee; (c) the general director's identification card; (d) a copy of the business registration certificate; and (e) and the tax registration certificate and copy. The company shall prepare an announcement of self- issuance of invoice and send it to the relevant tax authority of where the company has its head office, within 10 business days from the date of signing the announcement and 5 business days at the latest before the date on which the invoice is in use, and the announcement must immediately be listed at all establishments using such invoice to sell goods and services during the entire period of such use (Article 11 of Decree 51 and Article 9.4 of Circular 153/2010/TT-BTC guiding the implementation of Decree 51). In total, it may take about 10 days to get the printed VAT invoices and register them with the Municipal Taxation Department.	<i>*10 days, simultaneous with previous procedure</i>	About VND 200,000 per book 10 days, simultaneous with previous procedure	Ok (VCCI)

## Annex 9: Details of doing business 2013 in Viet Nam

No.	Procedure	Time to complete	Cost to complete	Remarks by VCCI and BRR Project staff
8	* Register with the local labor office to declare use of labor (Municipal Department for Labor, Invalids and Social Affairs). Within 30 days of starting operations, the employer must register all employees and their qualifications with the Labor Office (in conformity with set forms). The relationship between the employer and its employees are regulated by the Labor Code and set forth in labor contracts.	*1 day, <i>simultaneous with previous procedure</i>	No charge	Ok (VCCI)
9	* Register employees with the Social Insurance Fund for the payment of health insurance and social insurance. The company must register with the Social Insurance Fund all employees who have contracts for 3 months or longer. The employer must complete a form provided by the Social Insurance and include the following information: the employee name and date of birth, salary (as stated in the labor contract), the social insurance book serial number (for employees already issued with those books), a certified copy of the company's business registration certificate, and a copy of each labor contract. The Social Insurance Office will issue an insurance registration book for each new employee that was not issued such book by the previous employer. The employer is responsible for paying social and health insurance contributions for each employee. Since the health insurance merged with the social insurance funds, payment is made (monthly or quarterly) directly to the Social Insurance Fund. Health insurance certificates are issued during the first month of the year.	*1 day, <i>simultaneous</i>	No charge	Ok (VCCI)
10	* Register for trade union with Viet Nam General Confederation of Labor. The employer must register with the local trade union or industry trade union (as defined below) no later than 6 months from the date it starts operations. The term —trade union   includes (a) provincial or municipal-level confederations of labor under the Viet Nam General Confederation of Labor; (b) central-level industry trade unions; (c) trade unions of corporations under the Viet Nam General Confederation of Labor; (d) confederations of labor of districts, towns, and provincial cities; (e) local-level industry trade unions, (f) trade unions of	*7 days, <i>simultaneous with previous procedure</i>	No charge	Ok (VCCI)

Annex 9: Details of doing business 2013 in Viet Nam

No.	Procedure	Time to complete	Cost to complete	Remarks by VCCI and BRR Project staff
	<p>processing zones, industrial zones, and high-tech zones; (f) trade unions of corporations; and (g) superior trade unions of other establishments. These trade unions are responsible for establishing a trade union for the company, according to the provisions of the Labor Code, the Law on Trade Unions, and the Charter of the Trade Union of Viet Nam, to represent and protect the lawful and legitimate rights and interests of the employees and the labor collective. If a company trade union is not established within 6 months, the superior trade union shall appoint a provisional executive committee of the trade union to represent and protect the lawful and legitimate rights and interests of the employees and the labor collective. This mandate is provided for by the Labor Code, the Law on Trade Unions, and the Charter of the Trade Union of Viet Nam. The term of the provisional executive committee of the trade union and the extension of that term is subject to the regulations of the Viet Nam General Confederation of Labor.</p>			

Source: *Doing Business* database.

NOTE: The data in this grid are current as of June 1, 2012

Takes place simultaneously with another procedure.