

**MAPPING OF SUPPORT FOR THE ECONOMIC MANAGEMENT COMPETITIVENESS CREDIT**

No	Policy Actions under EMCC	ADB's Intervention
1.	<p><b>Enhanced Banking Sector Stability</b></p> <p>1.1 Government formally adopted a comprehensive credit institutions restructuring plan and direction on related policy actions including enhancing role of foreign participation in domestic commercial banks, incentives for consolidation of banks and a plan to deal with NPL – Decision 254/QD-TTg dated 1 March 2012</p> <p>1.2 SBV improved banking supervision through strengthened regulations on asset classification, internal credit rating, and loan loss provisioning to better address credit risks – SBV issued Circular 02/2013/TT-NHNN dated 21 January 2013.</p> <p>1.3 Allow increased foreign investor participation in domestic commercial banks – Decree 01/2014/ND-CP dated 3 January 2014</p> <p>1.4 Provide a comprehensive policy framework to address the problem of non-performing loans across the banking sector – Prime Minister Decision 843/QD-TTg dated 31 May 2013, and Decree 53/2013/ND-CP dated 18 May 2013.</p> <p>1.5 Public reporting on the ratio of NPLs across the banking system based on implementation of Circular 02 on loan loss classification and provisioning. The SBV has reported to EMCC partners the level of provisioning in commercial banks in accordance with Circular 02 based on audited financial statements for the year ending 31 December 2014.</p> <p>1.6 Instituted special portfolio and operational audit of at least one systemically important financial institution.</p>	<p>1.2 Supported MOF/SBV to conduct gap assessment between Viet Nam Accounting Standard and International Accounting Standard (FSDP, SP1).</p> <p>1.2 VAS more than 50% aligned to IAS by 2015 (FSDP, SP2).</p> <p>1.5 At least 50% of the ISA supervision staff trained on examination and inspection by 2015 (FSDP, SP2).</p> <p><b>Cross-cutting</b></p> <ul style="list-style-type: none"> <li>• Support liquidity management and the monetary transmission mechanism through development of a well-functioning money market (FSDP)</li> <li>• Conducted commercial bank survey to assess effectiveness of recent policy changes to safeguard money market (FSDP, SP1)</li> <li>• Reduce reliance on state-owned commercial bank dominated banking sector by supporting the development of a deeper and more liquid capital market (FSDP).</li> <li>• Capacity building of public and private nonbank financial institutions (FSDP).</li> <li>• Provide capacity building technical assistance on macroprudential policy for staff of new financial stability department.</li> </ul>
2.	<p><b>Maintenance of Fiscal Discipline</b></p> <p>2.1 Strengthened institutional framework for debt management and establish prudential debt thresholds for medium-term fiscal sustainability – Decision 958/QD-TTg dated 27</p>	<p>2.1 Institutional capacity for debt management (FSDP, SP1)</p> <p>2.2 ADB providing joint training with World Bank to Ministry of Finance on debt</p>

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	<p>July 2012.</p> <p>2.2 Approved medium-term debt management program 2013-3015 – Prime Minister Decision 689/QD-TTg dated 4 May 2013</p> <p>2.3 Government implemented the treasury single account (TSA) procedures in at least two commercial banks and provided reports on the implementation.</p>	<p>sustainability analysis. This included several seminars and workshops. Capacity building is on-going and target is for debt management unit to conduct their own debt sustainability analysis in 2014</p>
3.	<p><b>Improved Public Administration and Accountability</b></p> <p>3.1 Government issued amended Law on Anti-Corruption and stricter transparency guidelines in areas and sectors most vulnerable to corruption – Law 27/2012/QH13 dated 23 November 2012.</p> <p>3.2 Government has issued amended Law on Tax Administration to streamline procedures; introduce Advance Pricing Arrangements; increase risk-based management; and improve transparency – Law 21/2012 dated 20 November 2012.</p> <p>3.3 Government has issued Decrees to regulate and guide the implementation of the Amended Law on Anti-Corruption, including increased transparency, income and asset declaration of public officials, and accountability of public agencies and officials – Decree 59/2013/ND-CP dated 17 June 2013, Decree 78/2013/ND-CP dated 17 July 2013, and Decree 90/2013/ND-CP dated 8 August 2013.</p>	<p>3.2 Requiring full implementation of the e-customs system for commercial imports and exports through Decree 87/2012/ND-CP (SME development program loan, SP2)</p> <p>3.2 Implementing a simplified payment system through Decision 85/2011 that facilitates speedy release of goods from customs (SME development program loan, SP2)</p> <p>3.2 Reducing the submission of VAT declarations from monthly to quarterly based under the amended Law on Tax Administration (SME development program loan, SP2)</p>
4.	<p><b>Strengthened State Enterprise Management</b></p>	

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	<p>4.1 Government issued a Decision to restructure SEGs and GCs,<sup>1</sup> which includes a classification of these groups and corporations by level of ownership, and time bound actions with responsibilities across government agencies – Decision 929/QD-TTg dated 17 July 2012.</p> <p>4.2 Government issued Decisions on restructuring SEGs that commit all SEGs to divest 5 high-risk non-core activities (banking, insurance, real estate, securities trading, and investment funds) by 2015</p> <p>4.3 Government issued Decree to regulate financial supervision, performance assessment, and disclosure of financial information of state owned enterprises – Decree 61/2013/ND-CP dated 25 June 2013.</p> <p>4.4 Government has submitted a draft Law to NA setting out rules, regulations and oversight for investment of state capital in State Enterprises including consolidation of state accountabilities.</p> <p>4.5 Government completed divestment of five high-risk non-core businesses from at least five SEGs.</p> <p>4.6 Government implemented Decree 61 with publication of key financial and operational performance of all SEGs.</p>	<p>4.1 ADB provide policy advisory support to Government on drafting of Decision 929 based on lessons from pilot restructuring of SEGs (SRCGFP).</p> <p>4.2 Building capacity of pilot SOE to prepare and implement restructuring plans during due diligence process (SRCGFP).</p> <p>4.4 Input on drafting and review of legal framework for management of state capital at SOEs (SRCGFP).</p> <p>4.5 Restructuring plans under ADB pilot SOE restructuring program include divestment triggers (SRCGFP).</p> <p>4.6 Developing monitoring and evaluation indicators to track SOE reform progress under SOE program loan (SRCGFP).</p> <p><b>Cross-cutting</b></p> <ul style="list-style-type: none"> <li>• Feeding lessons from ADB pilot SOE restructuring into policy dialogue.</li> <li>• Prepared an analytical paper and policy note on the labor market impact of SOE restructuring in Vietnam. This work was done jointly with the World Bank and International Labor Organization.</li> <li>• Support for Government in developing a long-term SOE reform roadmap with activities and milestones under SOE program loan</li> </ul>
	<p><b>Enhanced Public Investment Management</b></p> <p>5.1 Government submitted to the National Assembly a report on the development investment status of 2012 and Medium-Term Investment Plan 2013-2015 to set medium-term capital expenditure priorities in the State</p>	

<sup>1</sup> During early 1990s and early 2000s, the Government concurrently consolidated some SOEs into larger entities, called GCs, and established SEGs—a loose alliance of several SOEs with similar business interests—with the intention of creating globally competitive SOEs. By end 2013, there were around 100 GCs and SEGs.

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	<p>Budget and including off-budget bond financing for 2013 –Submission of Report 283/BC-CP dated 19 October 2012.</p> <p>5.2 Government issued Directive to accelerate clearance of capital expenditure arrears and report to the NA the current status and solutions going forward – Directive 14/CT-TTg dated 28 June 2013.</p> <p>5.3 Government has issued a Public Investment Law, establishing a comprehensive legal framework to improve efficiency of capital spending; reduce fragmentation in public investments; align public investments to national development plans; address leakage and waste; and improve public disclosure and transparency.</p>	
6.	<p><b>More Enabling Business Environment</b></p> <p>6.1 Government has adopted a Decision for ministries and provincial authorities to review the impact of administrative procedures on the business environment and recommend actions to streamline procedures, avoid duplication, and reduce regulatory burden on the private sector – Decision 263/QD-TTg dated 5 March 2012)</p> <p>6.2 MPI has issued a Circular to enable adoption of e-signature and e-payment procedures to allow the roll out of e-business registration, and the public disclosure of business registration information – Circular 01/2013/TT-BKHDT dated 21 January 2013.</p> <p>6.3 Government through the National Assembly has adopted the Amended Law on Procurement to strengthen transparency and competition in public procurement – Law 27/2012/QH13 dated 23 November 2013.</p> <p>6.4 Adopted the Amended Law on Corporate</p>	<p>6.1 OOG published in the website all existing administrative procedures affecting businesses at both the national and provincial levels (SME development program loan, SP1).</p> <p>6.1 The government issued Decree 63/ND-CP on Administrative Procedure Control to institutionalize the control mechanisms for administrative procedures from drafting to implementation phase (SME development program loan, SP1).</p> <p>6.1 Government issued Resolution 25/NQ-CP on the simplification of 258 prioritized administrative procedures including those in tax, custom, land, building and real estate sectors (SME development program loan, SP1).</p> <p>6.1 Prime Minister ratifying 25 ministerial resolutions that allow simplification of around 4,800 administrative procedures. Of these administrative procedures, around 3,800 have already been simplified (SME development program loan, SP2).</p>

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	<p>Income Tax to establish competitive corporate income tax rates, clarify rules and regulations on transfer pricing, and introduce provisions on deductible expenses – Law 27/2012/QH13 dated 23 November 2013.</p> <p>6.5 Adopted the Amended Law on Value Added Tax to adjust the group of goods and services exempt from value added tax, clearly specify the goods and services subject to 0% value added tax rate, and apply thresholds as appropriate – Law 27/2012/QH13 dated 23 November 2013</p> <p>6.6 The APCA has adopted a Monitoring and Evaluation system for administrative procedures control.</p> <p>6.7 Government has adopted circulars for implementation the amended Procurement Law.</p> <p>6.8 Government has adopted a Decision to increase the percentage of foreign investors' participation in selected areas in the stock market.</p>	<p>6.2 MPI implement the new national web-based business registration which simplifies and unifies the process across 63 provinces and consolidates the information nationally (SME development program loan, SP1).</p> <p>6.2 Capacity building of the provincial registrar offices to implement the new national business registration system (SME development program loan, SP2).</p> <p>6.2 Acknowledging pursuant to Decree 43/2010 validity of web-based registrations and streamlining and coordinating the issuance of tax and enterprise codes through the national business registration system (SME development program loan, SP2).</p> <p>6.3 Policy advisory services to key stakeholder on drafting of the revised Procurement Law</p> <p>6.6 Establishment of APCA to regularly review consistency and simplify administrative procedures of all government agencies (SME development program loan, SP2).</p> <p>6.6 Enabling APCA to coordinate with the relevant ministries, government agencies and business associations to ensure simplification of administrative procedures affecting businesses at both the national and provincial levels (SME development program loan, SP2).</p> <p>6.6 APCA conducting RIAs of around 2,700 of the administrative procedures (SME development program loan, SP2).</p> <p>6.7 Policy advisory services to key stakeholder on drafting of circulars for implementation of amended Procurement Law</p> <p><b>Cross-cutting</b></p> <ul style="list-style-type: none"> <li>National Assembly amended Law on Laws to strengthen provisions on consultations and RIAs (SME development program loan, SP1).</li> </ul>

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		<ul style="list-style-type: none"> <li>• Issuing guidelines to conduct RIAs across government agencies (SME development program loan, SP2).</li> <li>• VCA published a report reviewing the status, and providing perspectives on economic concentration in Viet Nam (SME development program loan, SP1).</li> <li>• VCA completing 5-year enforcement review of the Competition Law to guide the amendment of the law and implementing regulations (SME development program loan, SP2).</li> <li>• CIEM preparing the first draft of the amended Enterprise Law 2005 (SME development program loan, SP2).</li> <li>• Preparing updated private sector assessment for Viet Nam as basis for policy dialogue on improving business enabling environment.</li> <li>• Corporate governance benchmarking of publically listed companies in Viet Nam, against those of other ASEAN countries under RETA on corporate governance.</li> </ul>

ADB=Asian Development Bank, APCA = Administrative Procedures Control Agency, ASEAN= Association of Southeast Asian Nations, CIEM = Central Institute of Economic Management, EMCC = Economic Management and Competitiveness Credit, FSDP=financial sector development program, GC= General Corporation, IAS = International Accounting Standards, MTIP = Medium-Term Investment Plan, NA=national assembly, NPL = nonperforming loan, OOG = Office of Government, RETA=regional technical assistance, RIA=regulatory impact assessment, SEG=State Economic Group, SME=small-medium size enterprise, SOE=state-owned enterprise, SP=sub-program, SBV=State Bank of Viet Nam, SRCGFP = State-owned Enterprise Restructuring and Corporate Governance Financing Program, VAS = Viet Nam Accounting Standards, VCA = Viet Nam Competition Agency.