

THE SUCCESS STORY OF THE BUSINESS REGISTRATION REFORM UNIDO – VIET NAM



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



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Federal Department of Economic Affairs,
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State Secretariat for Economic Affairs SECO



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INTRODUCTION

To address the economic crisis in which the country found itself in the course of the 1980s, the Communist Party and the Government of Viet Nam engaged in comprehensive economic reforms known as Doi Moi ("renovation"), implying a shift to a market economy with a socialist orientation.

As part of reforms, the Government of Viet Nam undertook in the years 1990s remarkable efforts to reform its business environment. The country is today among the world's fastest-growing economies and Small and Medium Enterprises (SMEs) are considered key actors in Viet Nam's socio-economic development.

Business Registration Reforms (BRR) are among the priorities of the Government of Viet Nam to further improve the country's business environment. Correspondingly, UNIDO assistance covered various complementary and consecutive large-scale projects operating both at the central and provincial levels to improve the processes and procedures involved in starting a business in Viet Nam, including business, tax, statistics and seal registration

For more than 20 years, UNIDO has been the privileged partner of Viet Nam Government in the field of business registration reform as part of its long historic support in the field of SME and private sector development for the country.

Business Registration Reform delivers competitiveness and transparency for Vietnamese businesses.

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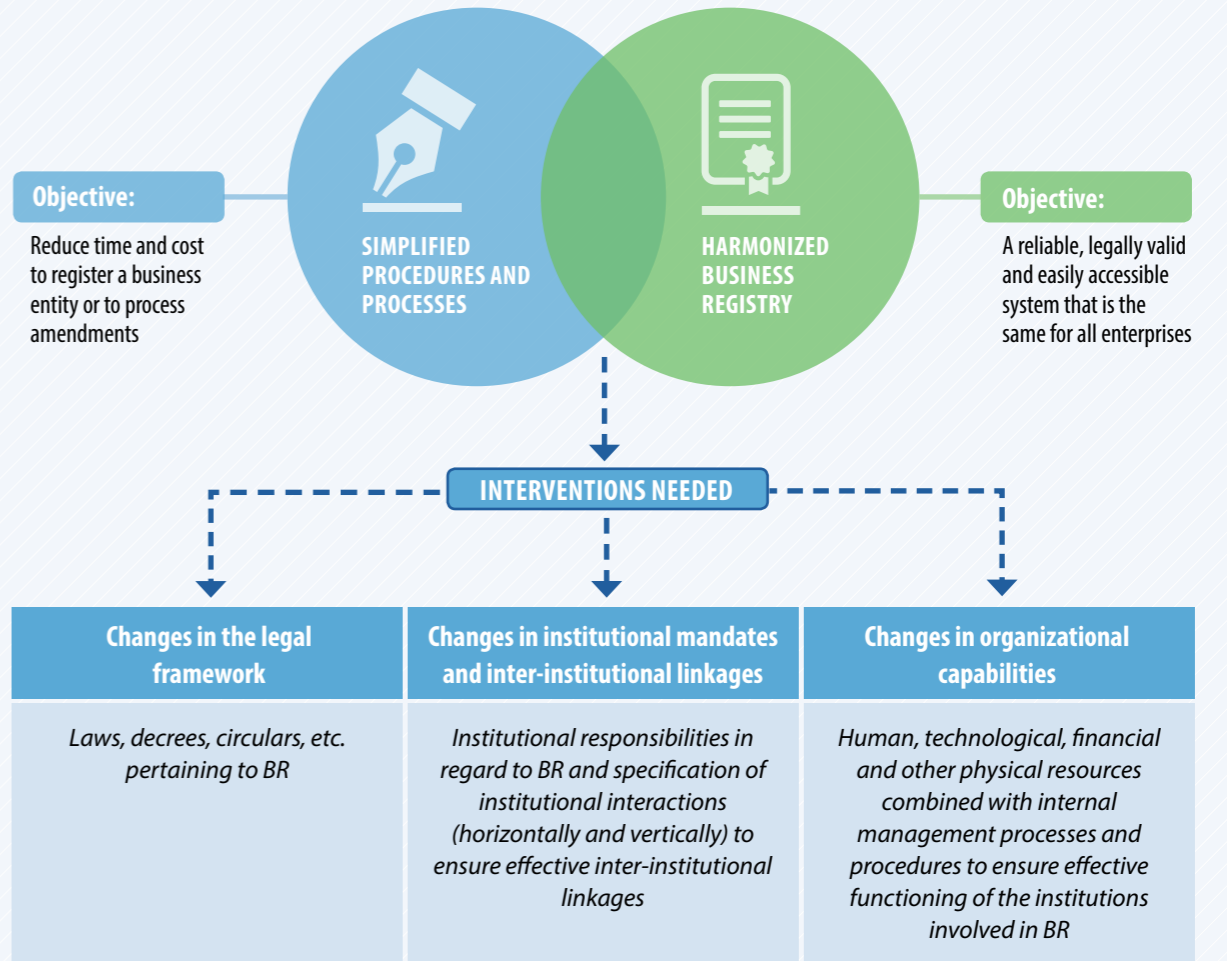
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Donors



Key Pillars of Business Registration Reforms



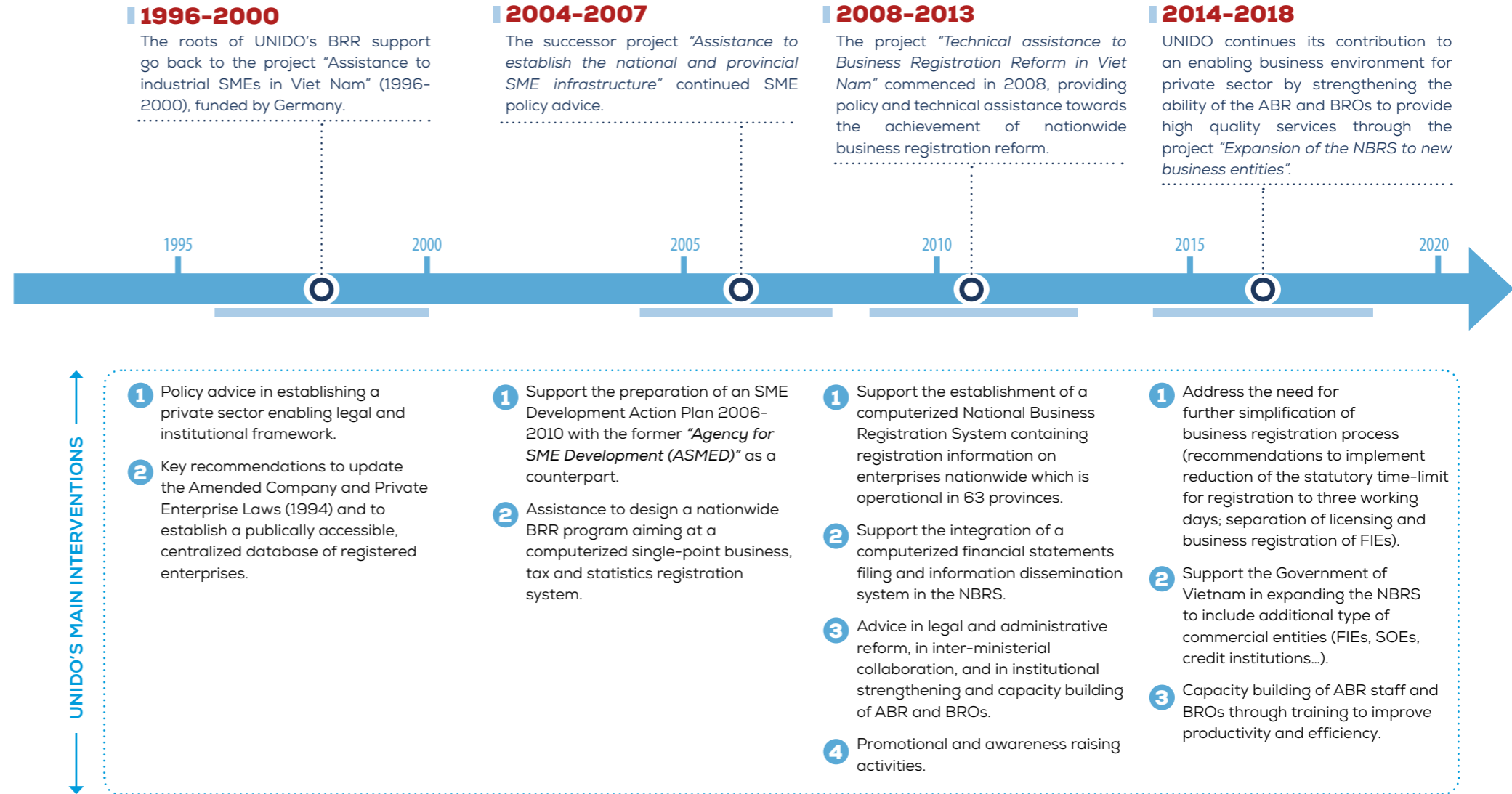
In Viet Nam, the National Business Registration System (NBRS) was launched in 2010.

UNIDO'S TECHNICAL ASSISTANCE

For more than 20 years, UNIDO has been the privileged partner of Viet Nam Government in the field of Business Registration Reform (BRR) as part of its long historic support in the field of SME and private sector development for the country.

The support package provided by UNIDO is comprehensive, including policy advice, institutional reform and technical assistance to support Viet Nam in BRR. It addresses obstacles faced by entrepreneurs in completing business, tax, statistics and seal registration requirements. The main focus is on simplifying and standardizing business registration procedures, thus making the registration of businesses less cumbersome, less costly and more efficient.

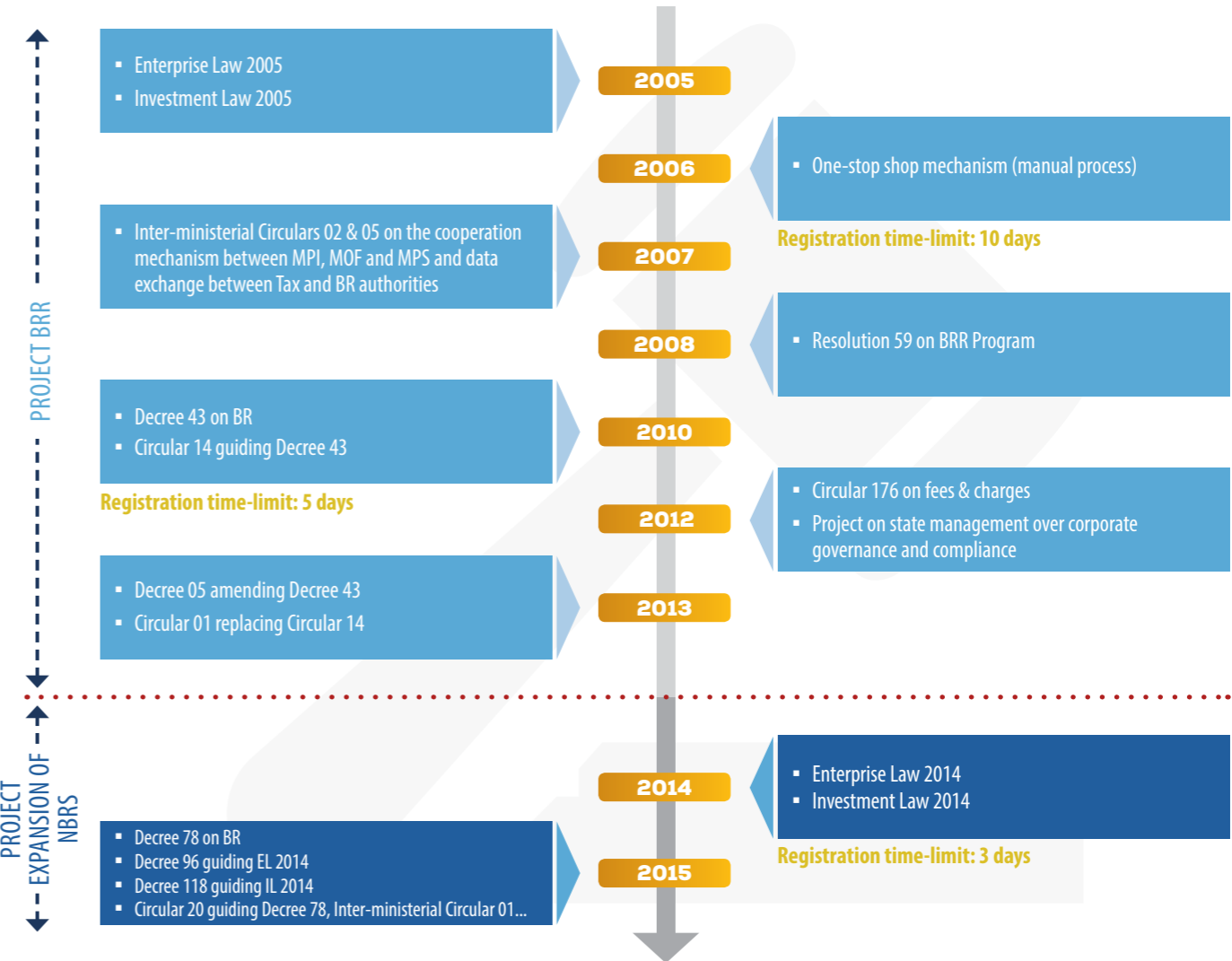
UNIDO's achievements are well respected in the donor community and highly appreciated by the Government of Viet Nam.



MAIN ACHIEVEMENTS

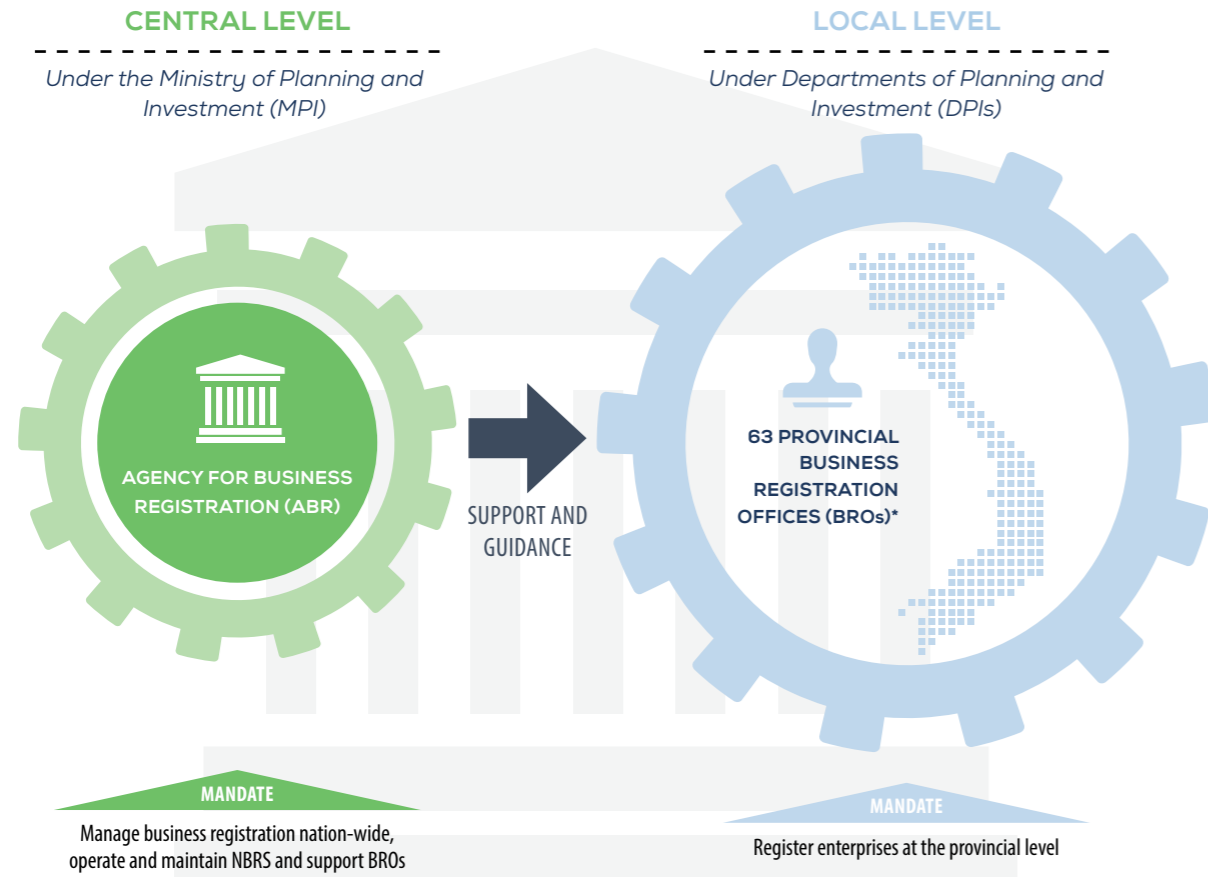
1 Legal Framework

UNIDO has been assisting policy makers in the implementation and revision of the Enterprise and Investments Laws, as well as in the preparation of subsequent legislation to simplify and standardize business registration procedures. The spirit of reform of these Laws has strongly promoted the business environment and encouraged entrepreneurship of the business community.



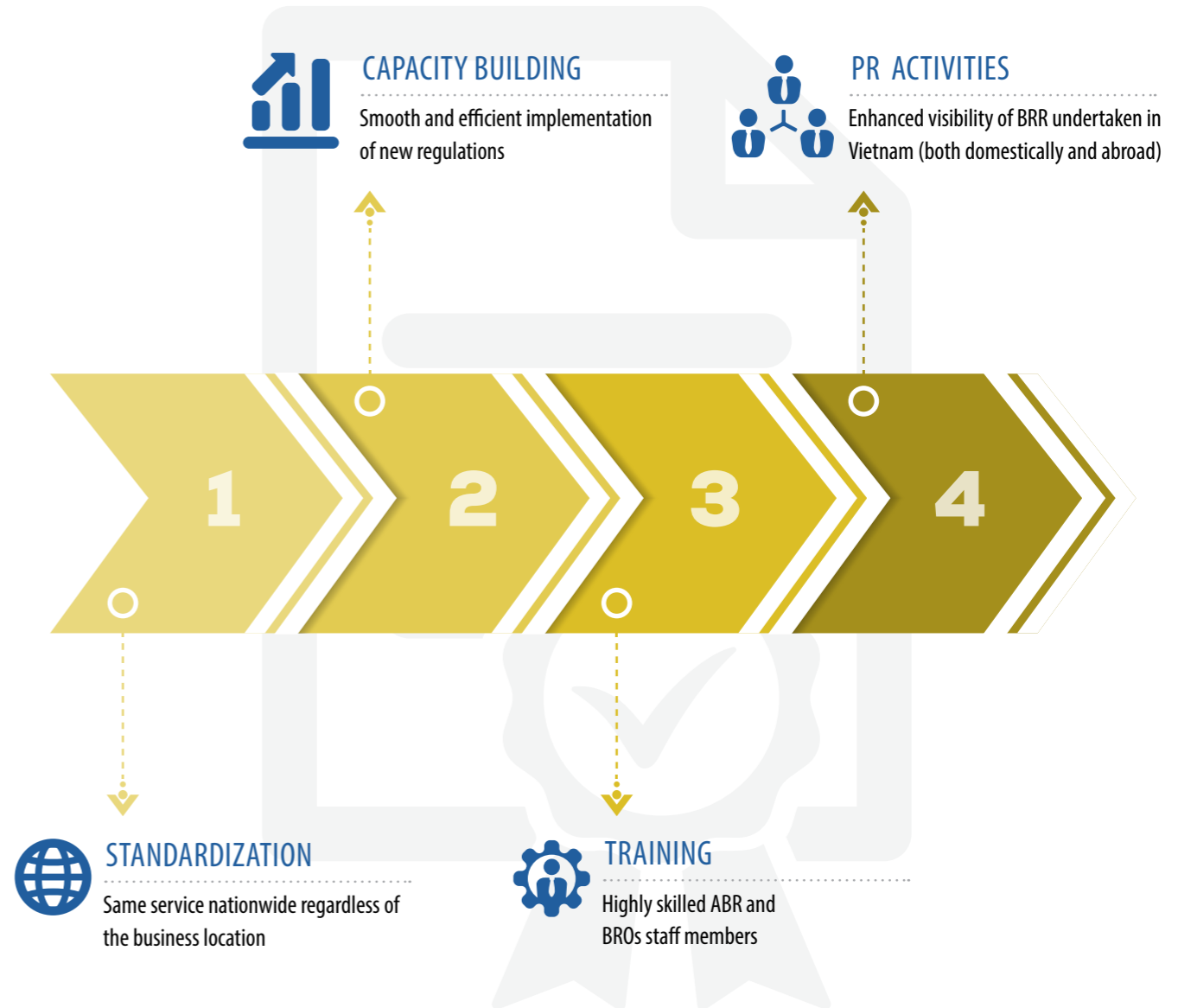
2 Institutional Reform

UNIDO has been supporting institutional arrangements to support the establishment of an efficient NBRS.



By 2018, the ABR and BROs will be able to provide accurate, legally binding information on commercial entities to the business community, government agencies and the general public without further international donor support, which will in turn contribute to an enabling business environment for the private sector of Viet Nam.

3 Streamlining & Standardisation



4 Computerisation

From the 1999 study recommending the need of a computerized enterprise register at the national level, until the implementation of the NBRS in 2010, UNIDO assisted the government of Viet Nam in developing a less cumbersome, less costly and thus more efficient business registration system.

- ▶ DATA EXCHANGED IN REAL-TIME WITH TAX SYSTEM FOR UNIQUE ENTERPRISE CODE GENERATION
- ▶ STREAMLINED AND COMPUTERISED REGISTRATION WORKFLOW
- ▶ SINGLE-POINT REGISTRATION

Nearly **600,000** records of legacy data were converted and transferred to the national database

Over **500,000** new enterprises registered through the NBRS from launch to Dec. 2016

Over **1.2 million** business entities recorded in the National Database on Business Registration as of Dec. 2016



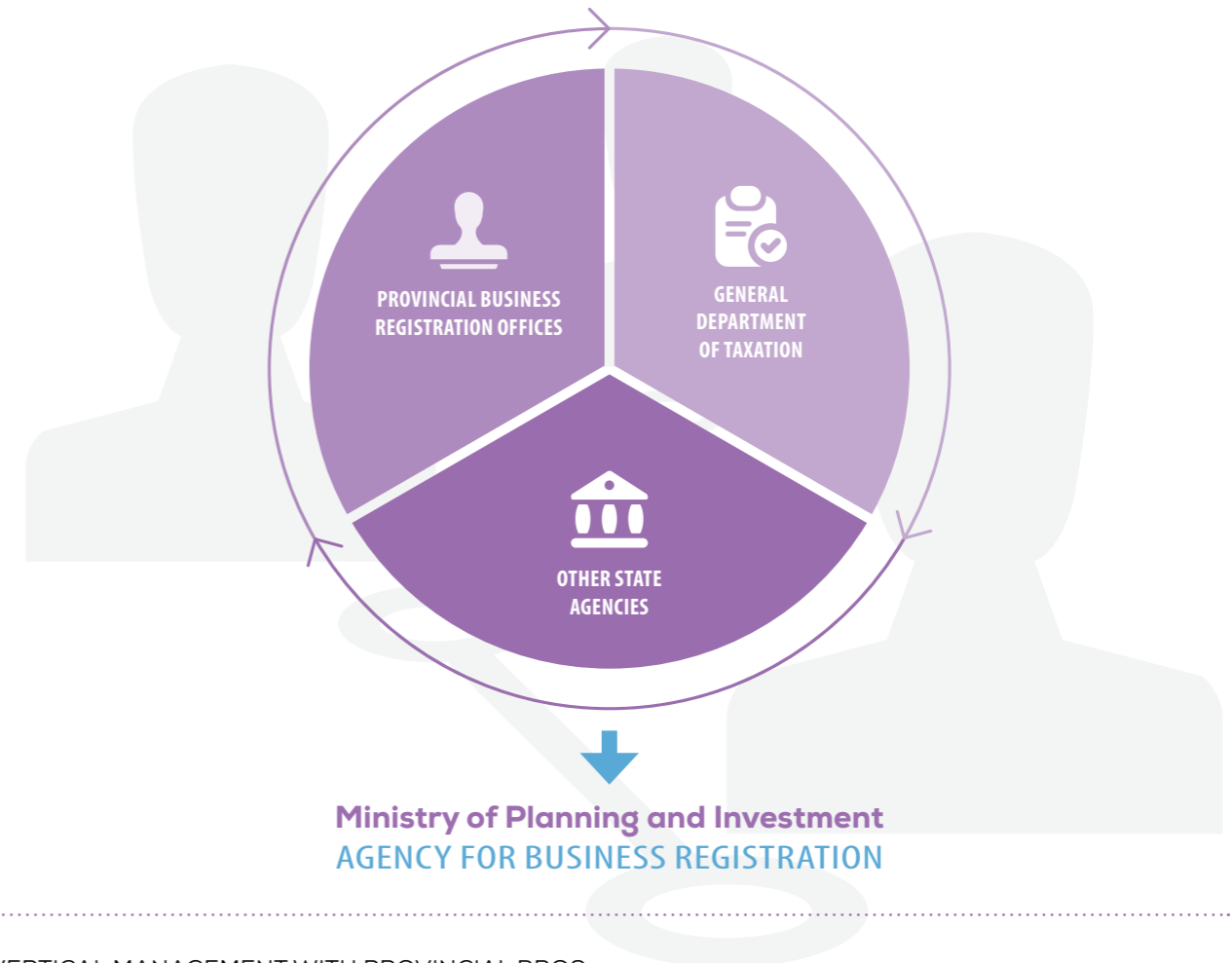
In 2016, Viet Nam reached a record-breaking number of more than **110,000** newly incorporated enterprises (+16.2% vs 2015)

▶ The NBRS provides full public access to legally valid and binding information on Vietnamese domestic and foreign-invested enterprises via the National Portal on Business Registration at <https://dangkykinhdoanh.gov.vn>.

▶ Gender information about enterprise owners and legal representatives is also available in the NBRS. As of September 2016, there are nearly 200,000 legal representatives and more than 170,000 enterprise owners are women.

5 Multi Co-operation

Effective inter-institutional linkages have been a key factor for putting in place a common process.



- ▶ VERTICAL MANAGEMENT WITH PROVINCIAL BROS
- ▶ UNIQUE ENTERPRISE CODE & EXCHANGING DATA WITH TAX AUTHORITY
- ▶ EXCHANGING/SHARING DATA WITH OTHER STATE AGENCIES (PUBLIC SECURITY, STATISTICS OFFICE)

FUTURE CHALLENGES



Currently, all enterprise types regulated in the Enterprise Law 2014 are included in the National Database on Business Registration, including banks and credit institutions. Further inter-ministerial cooperation with other line ministries is needed for further integration of other types including law firms, insurance companies... For the long term, a business entity should be able to register for business registration to establish a legal entity separately prior to obtaining the necessary operating certificate from the relevant ministry.



The NBRS shares and exchanges data in real-time with the General Department of Taxation for issuing tax code (which is also unique enterprise code). In the future, linkages with other State agencies, organizations and third parties could be made, possibly by developing a common platform for sharing data (such as Enterprise Service Bus), supported by a sound legal framework on sharing data between government agencies.



It is estimated that in Vietnam, there are about 5 million semi-formal businesses (household businesses), established by an individual or a group of individuals, but no more than ten employees. These entities contribute significantly to the economic development as they create jobs, increase income and GDP and also create a wide business network to remote areas where enterprises are not developed. Despite their significant role, state management for household businesses has been unfocused and lacks policies that properly promote and support household businesses. Therefore, it is necessary to have sound policies and solutions that promote their contributions and make it easier for these businesses to register and transform into enterprises.

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