

# Australia- Vietnam Economic Reform (Aus4reform) Program

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## Activity Terms of Reference

### National consultants conduct the study on "Strengthening the capacity of Vietnam's private sector"

#### 1. Background to Aus4Reform

The Australia-Viet Nam Economic Reform (Aus4Reform) Program works with the Vietnamese Government to boost productivity and competitiveness in Vietnam. The program supports the development of quality policies, laws, and institutions through advocacy, consultation, and by strengthening the evidence base for economic policies - drawing on international experience and expertise, especially from Australia.

Specific outcomes that the Program will contribute to by the end of 2020 include:

- a. An improved and more equitable business enabling environment resulting in the formal registration of at least one million private enterprises by 2020.
- b. More competitive and transparent product and factor markets
- c. Stronger competition law institutions, including an amended competition law, and restructured competition agency and enforcement mechanisms.
- d. Improved evidence base on impact of efforts to accelerate rural restructuring
- e. Increased evidence base and awareness of the links between Women's Economic Empowerment (WEE).

The Program will help the GoV achieve these objectives via four targeted components

- Building more Competitive and Transparent Markets and Business Enabling Environment
- Ensuring Markets Operate Competitively in Consumer and National Economic Interests
- Facilitating the Restructuring of the Rural Economy
- Greater Business and Women's Voice in Investment Climate and Economic Restructuring Issues.

and a Flexible Fund to Respond to Emerging Bottlenecks to Productivity Growth and Innovation.

#### 2. Activity Objectives and Approach

##### 2.1. Context

The private sector increasingly asserted its role and position in Vietnam by making an important contribution in investment, economic development, job creation and income, etc. over 20 years. The private sector contributes around 43 percent of GDP and attracts about 85 percent of working force. A number of larger economic groups have emerged and been competing strongly in region and world.

Unfortunately, development of private sector is facing a number of issues and challenges in order to make it become important driving force of the economy as set forth by Resolution No. 10-NQ/TW dated June 3, 2017 of the 5<sup>th</sup> Plenum of the 12<sup>th</sup> Party Central

Committee and recently by the 13rd Party Congress Documents, especially the Socio-Economic Development Strategy for the 2021-2030 period and the Socio-Economic Development Plan for the 2021-2025 period. The private sector's contribution to GDP has remained virtually unchanged over the past 10 years. Registered companies accounted only about 9% of total GDP. Small and medium size enterprises are prevalent and witnessed by low labor productivity, inefficiency, weak financial and technology capacity which make it less competitive and low value added in regional and global value chains and production networks. The COVID-19 pandemic is creating more difficulties and negative impacts on private sector's development. Economic integration and Industrial Revolution 4.0 are seen as both opportunity and challenge for Vietnam's private sector which may be forced to compete hardily in its home market.

Recently, the Government of Vietnam has implemented many reform programs which aims at developing the private sector. The reforms include institutional reform, awareness raising on the importance of private sector, and elimination of stereotypes about the private sector<sup>1</sup>. These reforms have stimulated the development of private sector. However, the private sector has developed mainly in terms of quantity while the quality of private sector development remains limited with low capacity, illustrated by low efficiency and competitiveness. There remain many limitations in policy and its enforcements and still lack policy on stimulating the private sector's efficiency and competitiveness.

Up to now, there are reports and studies related to private sector development in Vietnam made by different institutes, agencies, for example Economica (2018), Central Economic Committee (April, 2019), etc. Economica (2018) with the report titled "Vietnam Private Sector: Productivity and Prosperity" provide the overview of private sector in Vietnam in the period of 2011-2015; analyze the quality of growth of the private sector, business environment and propose some policy recommendations. Central Economic Committee (April, 2019) focus on evaluating two-year implementation of Resolution No. 10-NQ/TW (of the 12<sup>th</sup> Party Central Committee), on the private sector development. Over the past two years, there are many changes in socio-economic context both domestic and global scale, in international integration, global uncertainties, etc. all affecting the private sector.

Moreover, the year 2021 has important implications for socio-economic development and reform in Vietnam as it is the first year of implementing the Socio-Economic Development Strategy 2021-2030 and the Socio-Economic Development Plan 2021-2025. The success of 2021 in socio-economic development and reform will create a strong foundation and encouragement for the coming years. The private sector development toward to more efficient and competitive or higher capacity is one of focal objective of the strategy and plan. Therefore, within the framework of the Australia supports Economic Reform in Vietnam (Aus4Reform) Program, the CIEM proposes a study "***Strengthening the capacity of Vietnam private sector***". The study is conducted with the following objectives.

## 2.2. Objectives

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<sup>1</sup> Seven continuous annual decrees on business environment reform (Decree No. 19 and 02); Decree No. 35/NQ-CP on supporting and developing enterprises by 2020; and Decree No. 139/NQ-CP on issuing Action Plan on cutting costs for enterprises.

**Overall objective:** Developing a set of policy recommendations and solutions for strengthening the capacity of competitive private sector in Vietnam in the new stage (specifically in the implementation of the 13<sup>th</sup> Party Congress Documents, of new generation FTAs, and post-COVID-19, etc.).

**Specific objectives:**

- Assessing the current status of the capacity of Vietnam’s private sector (having comparisons with other sectors and international practices);
- Reviewing and assessing current policy on private sector development; identifying main policy problems and barriers those affect the private sector’s capacity, specifically, its efficiency and competitiveness;
- Proposing policy recommendations and solutions to improve the private sector’s capacity towards more efficiency and competitiveness, especially in implementing the 13<sup>th</sup> Party Congress Documents, of new generation FTAs, and in promoting socio-economic recovery after the COVID-19 pandemic, etc.).

**2.3. Scope and approach**

The scope of research are, as follows:

- Current status of private sector’s capacity, focusing on efficiency and competitiveness during the period of 2015-2020.
- Policy for private sector’s efficiency and competitiveness; identify main problems
- Propose policy recommendations and solutions for the period of 2021-2025, vision to 2030
- Focus on policy, regulations and their enforcements related to private sector’s capacity, focusing on efficiency and competitiveness.

The research approach is considering the role of the state in the economy and how to design and implement policy for a more efficient and competitive private sector.

**2.4. Deliverables**

- 01 final report on “Strengthening the capacity of Vietnam’s private sector”
- 02 thematic reports on related contents
- 04 field visits and 01 workshop;
- At least 01 related reports submitted to the Government, ministries, etc.

All reports must be submitted to Aus4Reform Program Office in both hard copy and soft-copy in PDF or WORD format.

**2.5. Specific requirements from consultants**

Recruitment of three (03) national consultants: 02 junior consultants and 01 senior consultant (team leader)

**(i) Junior consultant (Consultant No.1):**

*Consultant No. 1 implements the following tasks:*

- Provide updated overview of the private sector development
- Analyze the current status of the private sector’s capacity, focusing on efficiency and competitiveness

- Identifying barriers and constraints to the private sector's efficiency and competitiveness.
- Provide research materials and other documents and data for senior consultant.

*Requirement for consultant No. 1:*

- Graduated from university with a major in law, economics, development economics or other related fields (with a Master's or Doctorate degree is an advantage).
- Have at least 10 years of research and analysis experience in the areas related to economic policy, enterprise development and business investment activities;
- Understand Vietnam laws and legislation
- Ability to use at least one common language to look up, refer to foreign documents.

**(ii) Junior consultant (Consultant No. 2):**

*Consultant No. 2 implements the following tasks:*

- Provide updated overview of policies on the private sector development in Vietnam and assess their enforcements.
- Evaluate and access the problems of policies on the private sector's capacity, focusing on efficiency and competitiveness
- Propose recommendations and solutions.
- Provide research materials and other documents and data for senior consultant.

*Requirement for consultant No. 2:*

- Graduated from university with a major in law, economics, development economics or other related fields (with a Master's or Doctorate degree is an advantage).
- Have at least 10 years of research and analysis experience in the areas related to economic policy, enterprise development and business investment activities;
- Understand Vietnam laws and legislation
- Ability to use at least one common language to look up, refer to foreign documents.

**(iii) Senior consultant (Consultant No. 3):**

*Consultant No. 3 implements the following tasks:*

- Using research results of the first, second and third consultants to conduct in-depth assessments of the policy for private sector's efficiency and competitiveness.
- Proposing policy recommendations and solutions to have a more efficient and competitive private sector. Clarifying conditions and route for implementation of solutions for the period of 2021-2025 and the period of 2021-2030
- Conduct a draft report on new policy for a more efficient and competitive private sector in Vietnam (about 90 pages) which cover the main contents in Appendix.
- Recommendations for supporting women and ensuring gender equality in private sector development.

- Consult with CIEM on some related issues.
- Refer to CIEM, relevant agencies and experts (if necessary).
- Request junior consultants No.1, 2 to provide necessary documents, data and reports to develop research reports.

*Requirement for consultant No. 3:*

- Graduated from a university with a major in economics, development economics or other relevant fields (with a Master's or Doctorate degree is an advantage).
- Have at least 15 years of research and analysis experience in the areas related to economic policy, enterprise development and business investment activities;
- Deeply understand Vietnam laws and legislation
- Ability to use at least one common language to look up, refer to foreign documents

### **3. Timing**

- ***For 02 junior consultants:***

- Submitting 02 thematic reports: by July 15<sup>th</sup>, 2021

- ***For senior consultant:***

- Submit the draft report before August 15<sup>th</sup>, 2021
- Submit the final report before August 30<sup>th</sup>, 2021

### **5. Direction**

- Consultants will take responsible before Aus4Reform Program Director. The Project Management Board will assist the consultant.

- Place of implementation: Hanoi

- In case the consultants are required to participate in activities within the Program outside Hanoi, travel and accommodation costs will be paid separately.

- The utilization of research materials and results for other purposes beyond the scope of activities should be approved in writing by the Project.

### **6. Resources needed**

- Curriculum Vitae of consultants;
- Contact details of consultants.