

ANSSR: Economy Priorities and Progress Assessment Measures

Viet Nam

The year 2011 witnesses a series of important changes for Viet Nam. The economy starts to implement the Socio-Economic Development Strategy for 2011-2020 and Socio-Economic Development Plan for 2011-2015. The Strategy and Plan are aimed at making major breakthroughs in institutional reform, infrastructure development, and improvement of human resources, and shifting the growth paradigm for growth recovery and for more sustainable development. Also, Viet Nam has to implement economic integration commitments under the framework of the World Trade Organization, regional and bilateral free trade agreements. Simultaneously, Viet Nam is negotiating, signing and implementing new economic integration agreements with a wider scope and higher commitments.

For the period of 2011-2015, Viet Nam has set out some key socio-economic targets as follows:

- Economic growth of 6.5-7.0% per annum;
- Economic structure: Agriculture-forestry-fishery: 18.0-18.5%; Industry-construction: 41.7-42.0%; and Services: 39.8-40.0%;
- Contribution of total factor productivity to economic growth by 2015: 28-30%;
- Aggregate investment: 35-36% of GDP during 2011-2015;
- Labour productivity in 2015 increases by about 29-32% from that in 2010;
- Inflation: below 10% per annum;
- Budget deficit: below 5% of GDP;
- The poverty rate decreases by 1.5-2 percentage points per annum.

The comprehensive long-term growth strategy in APEC, of which structural reform constitutes a critical component, embodies high relevance to Viet Nam's policy priorities in the years 2011-2015, i.e. to make major breakthroughs and to shift the growth paradigm for realizing the above targets. The Government of the Socialist Republic of Viet Nam therefore commits itself to implement four groups of policy priorities in structural reforms. These priorities are listed below, with associated indicators to measure the progress.

ANSSR Priorities

| Improving functioning of markets, shifting growth paradigm to attain rapid and sustainable growth | |
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| Priority 1 | Restructuring the economy |
| Progress assessed based on: | <ul style="list-style-type: none"> • Mechanisms and measures to significantly improve efficiency of investment, particularly public investment; • Medium-term framework at the economy level to direct allocation, management and utilization of State investment capital; • Mechanisms and policies to mobilise resources from entities of all ownership types; • Specific and flexible preferential treatment and supports to attract investment of transnational corporations (TNCs) into high-technology industries, with high value added content; and simultaneously to develop the domestic production network and supply chain linked with business activities of these TNCs. |
| Priority 2 | Improving efficiency of State-owned enterprises (SOEs), creating a competitive environment for enterprise development and restructuring enterprises of all ownership types |
| Progress assessed based on: | <p>Policies:</p> <ul style="list-style-type: none"> • To equitise SOEs and to diversify SOE ownership; • To reform, develop, and improve effectiveness of corporate governance within the SOEs themselves (accounting standards; information disclosure; identification and implementation of targets); • To develop small- and medium-sized enterprises. <p>Quantitative indicators:</p> <ul style="list-style-type: none"> • Number of supporting programs and measures for enterprise development in terms of technology capacity, management capacity and effectiveness, and product quality; • Number of newly registered enterprises: 462,000 during 2011-2015; • Investment of enterprises in research and development; • The proportion of small- and medium-sized enterprises participating in the Government supporting programs. |
| Priority 3 | Furthering public administrative reforms |
| Progress assessed based on: | <p>Policies:</p> <p>Measures and policies to significantly simplify and rationalize the system of administrative procedures in some targeted areas, namely: (i) customs; (ii) land, investment and construction; (iii) taxes; (iv) advertisement; and (v) food safety and sanitation.</p> <p>Qualitative indicators reflecting the transparency of regulations and administrative procedures; efforts to facilitate fulfilment of administrative procedures by the people and enterprises.</p> <p>Quantitative indicators:</p> <ul style="list-style-type: none"> • Ratio of administrative procedures being implemented online; • (Time) costs to fulfil administrative procedures (business registration, tax, customs, etc.). |
| Priority 4 | Developing socio-economic infrastructure |
| Progress assessed based on: | <p>Policies:</p> <ul style="list-style-type: none"> • To identify the list and priorities of domestic infrastructure projects; • Mechanisms to encourage private and foreign enterprises to invest in infrastructure development; <p>Quantitative indicators:</p> <ul style="list-style-type: none"> • Share of infrastructure services (electricity, telecommunication, logistics, etc.) costs in business-production costs; • Growth of non-infrastructure sectors; • Capital contribution of the private sector in infrastructure development. |

| Maintaining macroeconomic stability and developing financial markets | |
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| Priority 1 | Maintaining macroeconomic stability |
| Progress assessed based on: | <p>Policies:</p> <ul style="list-style-type: none"> To ensure major balances of the economy; To reduce government budget deficit; To effectively coordinate macroeconomic policies, particularly fiscal policy, monetary policy, credit policy, and trade policy; To reduce trade deficit via measures to encourage exports and control imports. |
| Priority 2 | Improving efficiency and governance of financial intermediaries |
| Progress assessed based on: | <p>Qualitative indicator:</p> <ul style="list-style-type: none"> Number of banking and financial products. <p>Quantitative indicators:</p> <ul style="list-style-type: none"> Those indicators reflecting degree of financial stability and profitability of commercial banks in line with international standards, such as: classification of debts by riskiness level; classification of debts and financial reserves by international practice (Basel 2); financial reporting in line with International Financial Reporting Standards; By 2014, all commercial banks have to meet standards for risk management; Ratio of non-performing loans of commercial banks. |
| Priority 3 | Establishing and enforcing effective system of financial supervision |
| Progress assessed based on: | <p>Quantitative indicators:</p> <ul style="list-style-type: none"> Indicators reflecting financial risks and providing early warning signals of financial risks; Time for information disclosure by listed companies; Ratio of credit institutions with liquidity shortage. |

| Improving the quality of human resources, promoting opportunities in the labour market, giving priority to women and vulnerable groups | |
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| Priority 1 | Improving and promoting the quality of Viet Nam's human resources |
| Progress assessed based on: | <p>Qualitative indicators:</p> <ul style="list-style-type: none"> Proportion of trained labourers; Proportion of labourers with bachelor degree and above; Budget spending for education and training. |
| Priority 2 | Supporting labour market development |
| Progress assessed based on: | <p>Policy:</p> <ul style="list-style-type: none"> Investment on improving the capacity of employment centres; To improve the information system on labour market; To facilitate development of employment transaction offices. <p>Quantitative indicators:</p> <ul style="list-style-type: none"> Number of labourers who have been consulted on vocational training and got a job via employment centres and transaction offices, disaggregated by gender and vulnerable group. |
| Priority 3 | Supporting provision of training for vulnerable labourers, enhancing job opportunities and increasing income |
| Progress assessed based on: | <p>Quantitative indicators:</p> <ul style="list-style-type: none"> Vocational training for 1.8 million people a year (including 1 million people in rural areas); To support 1.3 million people getting credit for production, business, and job creation; 1 million young people getting credit for vocational training, studying at colleges, universities and others each year; 20% of people getting credit from subsidized loan for employment are from vulnerable groups each year. |

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| Priority 4 | Promoting women participation |
| Progress assessed based on: | <p>Quantitative indicators:</p> <ul style="list-style-type: none"> • Gender Development Index (GDI); • Gender Empowerment Measures (GEM); • Enterprises headed by women attain 30% in 2015. |

| Promoting effective and sustainable social security programs | |
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| Priority 1 | Developing the flexible, multi-layer and effective social safety net; integrating social support program with services for the poor |
| Progress assessed based on: | <ul style="list-style-type: none"> • To enhance regular and contingent support for the poor/vulnerable people; • To integrate social support programs with services for the poor. |
| Priority 2 | Developing a modern unified broad-based social support system, with timely mitigation of shocks and risk |
| Progress assessed based on: | <p>Qualitative indicators:</p> <ul style="list-style-type: none"> • To expand the coverage of social support policies; • Equal and equitable treatment in policy for all beneficiaries; • To support those in chronic poverty; vulnerable groups (the disabled, the elderly, orphans, and refugees), people adversely affected by economic reforms and restructuring, and people affected by natural disasters. <p>Quantitative indicators:</p> <ul style="list-style-type: none"> • The benchmark of social support is equal to 50% of minimum living standards. |
| Priority 3 | Developing advanced, sustainable and broad-based social insurance system, improving the benefit level |
| Progress assessed based on: | <ul style="list-style-type: none"> • Participation in compulsory social insurance attains 80.0% of the total intended in 2015; • The voluntary rate increases by 22-25% on average during 2011-2015. By 2015, the voluntary rate attains 10.2% of the total intended; • Total social insurance payment. |