GOVERNANCE FOR SUSTAINABLE GROWTH

Vietnam has had considerable success with export-led economic growth in recent years. However, problems with governance and competitiveness represent potential challenges to continued growth and international integration. USAID supports Vietnam to strengthen the country’s legal and regulatory framework in order to promote investment, economic growth and rising incomes. Working directly with the Government of Vietnam (GVN), the private sector and other stakeholders, USAID supports Vietnam’s transition to a rules-based market economy more fully aligned to international markets and standards. This includes support for more transparent and participatory public policy processes related to economic governance and trade.

CREATING AN ENABLING BUSINESS ENVIRONMENT

Now in its fourteenth year, the Provincial Competitiveness Index (PCI) is a nationally and internationally recognized index ranking measuring the effectiveness of economic governance across Vietnam’s 63 provinces. This robust national annual survey of 130,000 domestic and foreign invested companies provides policy-makers with reliable indicators and recommendations on how to improve local regulatory and institutional quality to support private sector development. Each year, provincial diagnostic workshops are held to promote public-private dialogue.

ENHANCING GOVERNANCE FOR TRADE FACILITATION

Over the past two decades, Vietnam has become one of the most open economies in the world, but its inefficient border procedures are preventing Vietnam from improving its trade competitiveness. To help Vietnam and its trading partners reduce the time and cost to trade, the five-year USAID Trade Facilitation Program is supporting the GVN to adopt and implement a risk management approach to customs to strengthen implementation of the World Trade Organization’s Trade Facilitation Agreement. The USAID Trade Facilitation Program is working to streamline border clearance procedures, harmonize implementation of risk-based approaches between national and provincial level entities, train customs officers on risk management, and facilitate dialogue between customs officials and businesses.

STRENGTHENING LINKAGES FOR COMPETITIVENESS

USAID Linkages for Small and Medium Enterprises (LinkSME) aims to address SME competitiveness gap by strengthening the capabilities of the intermediary organizations in Vietnam, such as business associations, export development centers, and SME promotion agencies, in order to facilitate the supplier-buyer relationships between Vietnamese SMEs and lead firms located in Vietnam and expand Vietnamese SMEs’ capacity to participate in manufacturing supply chains. USAID LinkSME will enhance the business enabling environment by institutionalizing key reforms and strengthening the legal and regulatory framework for SME growth across the nation. Overall, this project will advance the Indo-Pacific vision of improved economic competitiveness and support USAID/Vietnam’s objective of expanding inclusive, market-driven, private sector-led growth.

In the photo: Workshop participants provide feedback on the implementation of a Vietnamese government resolution to improve the business environment and enhance national competitiveness. Photo: USAID/GIG