PUBLIC PRIVATE DIALOGUE
AN EFFECTIVE INSTRUMENT TO FOSTER PRIVATE SECTOR DEVELOPMENT
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As an international cooperation enterprise for sustainable development with worldwide operations, the federally owned Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH supports the German Government in achieving its development-policy objectives. It provides viable, forward looking solutions for political, economic, ecological and social development in a globalised world. Working under difficult conditions, GTZ promotes complex reforms and change processes. Its corporate objective is to improve people’s living conditions on a sustainable basis.

The German Federal Ministry for Economic Cooperation and Development (BMZ) is its major client. The company also operates on behalf of other German ministries, the governments of other countries and international clients, such as the European Commission, the United Nations and the World Bank, as well as on behalf of private enterprises. GTZ works on a public-benefit basis. All surpluses generated are channeled back into its own international cooperation projects for sustainable development.

GTZ has been working with its partners in Viet Nam since 1993 and promotes sustainable development in the three priority areas of Sustainable Economic Development, Management of Natural Resources including Water Supply, Wastewater and Solid Waste Management and Health. Additional projects are situated within the cross-cutting sector Poverty Reduction, implemented on behalf of other German ministries or realised by GTZ International Services. The Centre for International Migration and Development (CIM), a joint operation of GTZ and the International Placement Services (ZAV) of the German Federal Employment Agency (BA) currently has 20 integrated experts working as professionals for partner institutions in Viet Nam.
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ABBREVIATIONS

ASMED Agency for Small and Medium Enterprise Development
CIEM Central Institute of Economic Management
DPI Department of Planning and Investment (at provincial level)
GTZ German Technical Cooperation
LED Local Economic Development
MPI Ministry of Planning and Investment (national level)
OSS One-stop-shop
RIA Regulatory Impact Assessment
PCI Provincial Competitiveness Index
PPC Provincial People’s Committee
PPD Public Private Dialogue
SME Small and Medium Enterprises
SMEDP Small and Medium Enterprise Development programme
VCCI Vietnam Chamber of Commerce and Industry
VNCCI Vietnam Competitiveness Initiative
The objective of the Small and Medium Enterprise Development Programme (SMEDP), funded by the German Federal Ministry for Economic Cooperation and Development and implemented by GTZ and the Ministry of Planning and Investment, is to improve the competitiveness of small and medium enterprises in Vietnam.

In order to achieve this objective, SMEDP is working with a multi-stakeholder approach including public and private institutions at national level and in four selected provinces: An Giang, Dak Lak, Hung Yen and Quang Nam. The Programme consists of four closely interrelated components: 1. SME Policy, 2. Local Economic Development, 3. Competitiveness of Selected Sub-Sectors and Value Chains and 4. Advanced Technical Services/ Material Testing.

While the programme was originally designed for 12 years, a decision by the German government to concentrate the technical cooperation in a reduced number of areas, resulted in an early phase out of the programme after only four years, thereby posing a considerable challenge for partners and GTZ alike to assure impacts and sustainability within a limited time frame. In the light of this development, SMEDP decided to focus its work over the last year on the most successful products and instruments developed and introduced as far as demand, ownership by partners and potential for sustainability are concerned.

As knowledge management has been an integral part of the programme and was therefore embedded in the programme concept, the idea was born to “systematize” and document the experiences and lessons learnt during the intervention process for the most successful instruments and products of SMEDP. These product systematizations include the following instruments and approaches: Regulatory Impact Assessment, Business Portal, Local Economic Development Process, Local Coordination Board, Public Private Dialogue, the Value Chain approach with a focus on avocado and pangasius and Corporate Social Responsibility as a cross-cutting topic of the programme.

These systematizations were developed by GTZ SMEDP staff and were partially structured by applying the logic of the GTZ management tool Capacity Works, which is based on five success factors, namely strategy, cooperation, steering structure, processes and learning and innovation. The documents also drew on inputs from partners and other stakeholders and were shared for comments with them before final editing took place.

While these documents might not be perfect, as they can only partially reflect the complex process of interventions within a technical cooperation project and its outcomes, it is our hope that they will be of help to our partners in the future to pursue the further development of the products and can be a guide for other institutions and donors to replicate them wherever they deem them suitable for application.

In supporting the PPD process in Vietnam, the SMED programme has received special contributions from Dr. Dinh Van An (President of CIEM), Mr. Nguyen Dinh Cung (CIEM), Mr. Tran Huu Huynh (VCCI), Ms. Pham Chi Lan, Mr. Vu Quoc Tuan (economists), Dr. Duong Dang Hue and Mr. Nguyen Thanh Tinh (Ministry of Justice), many business association and public sector institutions at both national and sub-national levels. We are also very grateful for the support and contribution by Mr. Doan Anh Quan (Director of Hung Yen DPI), Mr. Dang Dinh Quan (Chairman of Hung Yen Business Association), Ms. Tran Thi Dep (Deputy Director, An Giang DPI), Mr. Tran Van Tri (Director of Quang Nam DPI), Mr. Ho Vinh Chu (Director of Dak Lak DPI), Dr. Vo Hung Dung (Director of VCCI Can Tho) and many other institutions and individuals who have made this endeavour an exciting, meaningful and effective process.
“Changes cannot be ‘ordered’ or forced from the outside. Change has to come from within. Open and extensive discussions are the most effective way of ensuring that the change in mindset reaches deep into society.”

“A government that engages in secrecy, making it impossible for citizens to have informed opinions about policies that are critical to their lives and the well-being of their country, weakens accountability and the quality of decision-making.”¹

State policies benefit some groups and disadvantage others. To ensure the selection of sound policies the State must possess enough information to accurately assess the impacts of policy. Citizens, enterprises and society interest groups are best placed to assist the Government in this process.

¹ J. Stiglitz (2002)
In Vietnam, the role of associations in society and the economy has undergone profound change. In the subsidized centralized economy, the State played a significant role in every area of society and associations were effectively an extension of the State, charged with fulfilling state objectives and carrying out State plans. However, due to their small number and bureaucratic organizational structure, associations were unable to participate in the top-down policy-making process.

In the transition to a market economy a wide range of complex socio-economic relations are emerging, making it impossible for the State to retain its former role. The State should therefore allow a variety of social groups and associations to participate in and control the policy-making process. At the same time, interest groups in society also wish to have their rights and interests protected.

2002 marked a milestone in recognizing associations’ role in the policy advocacy process when the Prime Minister issued Decision 22/2002/QD-TTG, which permitted the Vietnam Union of Science and Technology Associations (VUSTA) to criticize and examine government policies. According to the Decision, VUSTA is entitled to advise, criticize and examine policies, programs and projects related to socio-economic development, education and training, science, technology and the environment.

The Government has also adopted regulations encouraging business associations’ participation in the policy-making process, specifically recognizing the role of VCCI, a national organization “assembling and representing the business community, employers and business associations in Vietnam”.

The roles of VCCI and other business associations are asserted in important Party documents. The Resolution of the 5th Plenum of the 9th Party Central Committee in 2002 in relation to continually renovating mechanisms and policy, and encouraging and promoting the development of the private economic sector (the 5th Central Resolution, for short) states the need to promote “the role of the Vietnam Chamber of Commerce and Industry and other business associations.”

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3. Article 1 of the VCCI Statute was approved by the fourth VCCI General Assembly on 27 April 2003 and ratified by Decision 123/2003/TTg of the Prime Minister (dated 12 June 2003).

4. The full texts of this resolution and other resolutions are available at the website: www.cpv.org.vn.
1. Public consultation is mandatory in lawmaking, but inadequately and inconsistently applied

In Vietnam, public consultation on draft laws and regulations is regarded as an important aspect of public and private dialogue. In the area of public consultation, Vietnam has made important strides, increasingly recognizing that public consultation gives citizens and businesses the opportunity to provide active input in regulatory decisions and thus contribute to increasing the quality of laws and regulations.

The Law Making Law makes public consultation mandatory. Furthermore, a 1999 Prime Minister Decree stressed the obligation to consult with the international business communities.\[5\]

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\[5\] Decree No.28/CT-TTg dated 28 November 2001 concerning the creation of an enabling business environment, and Decision No.310/TTg by the Prime Minister on the Relations between Administrative Bodies with the Vietnam Chamber of Commerce and Industry. Commentators have indicated that this decree may provide a better than national treatment to foreign firms.
The drafting committees of laws or decrees are in charge of organizing public consultation. For instance, a wide consultation process was organized for the preparation of the Enterprise Law. This was considered an important contribution to its success, and drafters are now building a broader and growing pool of experience using, for instance, the internet and the media.

More often, consultation has involved the circulation of a version of the legal text to an association or chamber of commerce and asking for written comments under a tight deadline. There have been few attempts at ‘active’ and highly ‘interactive’ consultation mechanisms such as setting up expert consultative, focus and target groups. ‘Notice and Comment’ mechanisms - an international best practice - are rarely used.

Despite some good examples, the drafting committees still ignore and distort the consultation obligation for many laws. In some cases, only very narrow and unrepresentative interests are consulted (for instance, only public officials or corporatist interests). In other cases, consultation is organized too late in the drafting process when structural changes are costly and impractical. Often the consultation is too formalistic and brief (two days to assess hundreds of pages of text) and most subordinate regulations in important circulars, guidelines and forms, are not examined before being enacted. Very exceptionally, the drafting committee reports on the results of the consultation process. As a result, the quality of the consultation varies enormously in Vietnam, but generally falls short of international good practice.

2. In Vietnam, PPD suffers both methodological and institutional constraints

There are various forms of national and provincial dialogue between the business community and the Government. They vary between celebrations (New Year business meetings), information events, public consultation on new laws and regulations, and dialogues on specific business related problems (such as public administration, land access for SMEs, access to finance, quality and availability of labour force and implementation of laws).

National level business dialogues that include stakeholders from the foreign investor community have become increasingly professional over the years. In the provinces however business dialogues often have a traditional structure and do not encourage the local business community to share their views and problems with the local authorities. They are often “monologue sessions” with lengthy speeches by provincial Government leaders and local enterprises lose interest in the process once they recognise they have little opportunity to contribute to the discussion. Quality is also affected by inadequate responses from government representatives to issues raised, the absence of skilled moderation and few follow-up activities.

Thus, business dialogues suffer from both methodological and institutional weaknesses. As a result enterprises are reluctant to actively participate in further dialogues and the lack of action.

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6. For example the Vietnam Business Forum (www.vbf.org.vn)
plans and follow-up activities organised by local government inspire a general mistrust of the effectiveness of public and private dialogue.

3. Business associations - the main policy dialogue partner - face critical institutional weaknesses

In 1957, though still at war, the Government issued Decree No. 102-SL-L-005 dated 20 May 1957 stipulating the rights to set up associations of the people. The decree was signed by President Ho Chi Minh and contained important statements such as: "the right to set up association of the people is respected and protected by law"; "nobody can violate the right to set up associations or the freedom to join or to exit an association of a person". However, it took more than 30 year for the Council of Ministers to issue Decree No. 202 which provided stipulations on the establishment of associations (in 1990). The 1992 Constitution, revised in 2000, also reaffirmed the right to set up associations. On 30 July 2003, more than four decades after Decree No.102, Decree No.88/2000/ND-CP was issued to provide more specific procedures, regulations on the establishment of associations. Decree No. 88 governs all political, social and economic associations. Religious organizations and six major social and political associations are not subject to the decree7.

With Decree No.88, the regulatory barriers for the establishment of business associations were significantly lowered. Prior to 2003 it was estimated that there were only 50 business associations in the country. To date the number is nearly 300.

Previously, associations were organised by the Government and their members were primarily State-owned enterprises. Now many private enterprises come together to establish business associations to meet the needs of their business activities.

Business associations in Vietnam are of various kinds. They can be classified into two categories of business activities: (i) Multi-sectoral associations such as VCCI, the Vietnam Cooperative Alliance, the Union of Association of Industry and Commerce and the Vietnam Young Business Council; and (ii) Single-sectoral associations such as the Vietnam Coffee and Cocoa Association, the Vietnam Food Association and the Banking Association.

In terms of the scope of operations, business associations may be grouped into two categories: (i) National business associations such as the Vietnam Automobile Transport Association, the Vietnam Textiles Association and the Vietnam Plastics Association; and (ii) Provincial business associations such as the Hai Phong Road Transport Association, the Ho Chi Minh City Association of Garments, Textile, Embroidery and Knitting and the Ho Chi Minh City Plastics Association.

Business associations can also be categorized according to scale (for example, the Vietnam Small and Medium Enterprise Association (VINASME), the Hanoi Small and Medium Enterprise

7. The six political and social associations are the Vietnam National Frontier??, Vietnam Confederation of Trade Union, Ho Chi Minh Communist Youth Union, Vietnam Farmer Union, Vietnam War Veteran Association and the Vietnam Women Union.
Association (HASMEA), the Vietnam Rural Small and Medium Enterprise Association), gender (the Businesswomen’s Council and the Hanoi Businesswomen’s Club, age (the Young People’s Business Association) and entrepreneurs’ characteristics (for example, entrepreneurs who have studied or worked in Germany established the Vietnam-Germany Small and Medium Enterprise Association).

According to a survey by VCCI, nearly 30 percent of Vietnamese enterprises are members of a business association. More state-owned and foreign-invested companies are association members than private enterprises and more large companies are members than small enterprises. An enterprise may join several business associations at once.

Despite the rise in the number of business associations since 2003, the performance of business associations is very weak. When it comes to public and private dialogue and policy advocacy, business associations face critical constraints in terms of methodology, implementation capacity, and political will. A culture of dialogue and an enabling legal framework for dialogue between the public sector and the private sector is still being nurtured in Vietnam.

Because of these factors GTZ SMEDP is endeavouring to strengthen business associations and promote public and private dialogue in Vietnam.

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8. A survey of 6,379 private enterprises within the Study of Provincial Competitiveness Index 2006 carried out by VCCI and VNCl indicates that, of enterprises not joining any association, 13.05 percent employ 50 staff or more. Of enterprises who are members of an association, 27.75 percent employ 50 staff or more.
1. Support to PPD at the national level

At the beginning of the SMEDP programme, GTZ’s efforts to improve the business environment in Vietnam were centred on supporting the drafting and ratification of the Enterprise Law and the Investment Law. GTZ worked with key national institutions involved in drafting the laws and subordinate regulations that guide the implementation of the laws - the Central Institute of Economic Management (CIEM), the Prime Minister’s Research Commission (PMRC), the Vietnam Chamber of Commerce and Industry (VCCI), and the Ministry of Finance.

The demand for true dialogue with the business community is high from CIEM, PMRC and VCCI. However, they require knowledge and skills for a well-structured and result-based PPD process. GTZ agreed to facilitate the PPD process for important
Interventions to improve PPD include:

- Direct support to the organization of policy dialogue meetings between government agencies, the drafting committee of the Enterprise Law, and the private sector - for instance with foreign business associations such as Eurocham and with local business associations under the umbrella of VCCI. In reality, neither the business community nor the Government took a systematic and continuous approach to take advantage of the meetings as a tool to monitor and evaluate particular issues raised throughout the country. GTZ’s intervention was aimed at improving dialogue in terms of methodology, content, structure and follow-up.

- Technical advice on how to implement policy dialogue - exposing local business associations, government agencies and government advisory bodies to techniques in moderation, group discussion and use of the internet for policy dialogue.

- Help with the Regulatory Impact Assessment (RIA) process. The major benefits of RIA derive from the systematic processes of stakeholder consultations and analysis of all regulatory impacts. RIA helps increase the transparency of policy making processes and so the quality of the laws and regulations.

- A technique called business impact test panels (BIT) was introduced. Using consultation workshops, BIT was conducted in all major cities in Vietnam, involving nearly two hundred participants and the press for the purpose of engaging business in discussions on the potential impacts of the Enterprise Law and Investment Law. The technique encourages the drafting committee for the two laws to proactively approach businessmen in different economic sectors to comment on the laws. Results of the consultation workshops were not only used for the purpose of the RIA report but also for the making of the laws by members of the drafting committee. Consultation workshops make the RIA process more meaningful - it’s not just about producing the RIA report, it helps to increase the transparency of the drafting process. This has partially helped to address the challenge of bringing people together. Many businessmen are reluctant to make comments in public for fear of antagonizing governments or because they are unaware of the benefits of getting involved in policy dialogue.

- Together with national partners, GTZ strongly emphasizes the participation of the press and media in the PPD process. Press participation helps to bring the issues discussed in policy dialogue forums to a broader public. Of the thousands of articles about the Enterprise Law and Investment Law published in the two years prior to the laws being passed, more than 100 were supported directly or indirectly by GTZ. The participation of the mass media in this PPD process has strengthened the “public ownership” of the laws.

- With the cooperation of VCCI, GTZ implemented a study and developed a strategy to improve the role of business
associations in legal consultation and policy dialogue.

- Support to VCCI to set up a strategic alliance with local business associations in order to have a stronger voice in policy dialogue with the Government, particularly on issues related to the business community.

Similar support was extended to the Ministry of Justice, VCCI and CIEM in the context of other reform initiatives, particularly those deemed to be of great importance to reforming the business environment for private SMEs in Vietnam, for example, the bankruptcy law, reform of business licenses, implementation issues related to the Enterprise and Investment Law and framework conditions for business associations.

2. On the basis of quick gains at the national level, PPD are rolled down to provinces where GTZ is providing support

The intervention in the field of PPD by GTZ was gradually extended to the provincial level in the pilot provinces where SMEDP was working. The transfer of best practices from the central to the local level is unusual. In most GTZ activities the process is reversed, or bottom-up rather than top-down. In this case however partners at the national level had greater capacity and were more prepared for public private dialogues than their provincial counterparts.

At the provincial level, GTZ also adopts a comprehensive approach when supporting public private dialogue. Local stakeholders, especially the Department of Planning and Investment and provincial business associations, authorities and business community are supported in the preparation and organization as well as follow-ups and the monitoring and evaluation of impacts of dialogue events. External technical expertise and facilitation are introduced to improve the quality of the public private dialogue.

Direct support to implementations of PPD events was organized in Hung Yen, An Giang and Quang Nam on a number of difficult topics, including tax, land, administrative procedures applicable to enterprises and investors. At this level, the support by GTZ is not only focused on the methodology but also on the content of the PPD.

The objectives of public and private dialogue at the provincial level are the following:

- Local governments/ line departments consult the business community on regulations, imminent Decisions or the effective implementation of Central Government policy.

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Interactive discussions between the business community and the government on constraints and problems facing the provincial business community, such as tax procedures, customs procedures, accessibility to land and credit and labour issues.

Local governments/line departments communicate or explain central and local government policies that affect the local business community.

Depending on the objective of the dialogue, the initiative comes from the provincial business associations or from the local government. However, in all cases business associations are regarded as the institutions that facilitate the PPD process.

The Dialogue Process at Provincial Level

a. At the preparation stage, the following activities are implemented:

- A quick survey on the issues to be discussed at the PPD is carried out by the provincial business associations. In some cases, the survey is implemented by an external consultant.
- Quick research on the topic is conducted. However, this is not done in all cases due to the limited research capacities of provincial business associations.
- Preliminary discussions with the core group of enterprises that propose the discussion topic and with relevant line department. In some cases, some persuasion is required to engage local governments to be well-prepared content wise and to proactively engage in the dialogue with the business community.

b. The implementation stage of the dialogue consists of the following:

- With provincial business associations leading the process, and taking full responsibility of preparation works, the dialogue is then implemented. It should be noted that, at the initial stage, the dialogue is facilitated by an external consultant to ensure that the dialogue is professional, interactive and result-oriented.
- The dialogue is implemented using different techniques to encourage an interactive session. Methods such as ‘fish-bowl’ and ‘talk show’ are used to make the dialogue livelier.
- Involvement of the mass media.
Attending provincial business dialogues are entrepreneurs and representatives from line departments of the province. For important topics, senior leaders of the province also attend.

c. Follow-up phase includes the following activities:

Follow-up plays an important role in all PPD exercises implemented at the provincial level. Often the follow up activities take the following forms:

- The Provincial Business Association, often together with the Department of Planning and Investment, prepare the minutes of the dialogue.
- The business association involved then sends the minutes to the People’s Committee and line departments and then posts the minutes on the business association’s website and on the province’s BusinessPortal.
- For important PPD events an action plan to address the issues raised in the dialogue is developed by the business association in cooperation with the relevant provincial government authorities. The business association then agrees the content of the plan and the implementation process with relevant line departments. In such cases the support of the provincial People’s Committee is often required.

d. Monitoring and evaluation:

Monitoring and evaluations is implemented on the basis of the minutes made by business associations. As the minutes are posted on the internet, the business community can easily monitor the implementation of actions and promises of the line departments involved (for example, the removal of some unnecessary administrative procedures at the Department of Environment and Natural Resources). Business associations often make reports on the results of the PPD process. However, this is not a normal practice for all business associations.

3. Facilitating the transfer of ownership of the PPD process from the public sector to the private sector

Interestingly, the demand for public and private dialogue was strong in some provinces. This is can be attributed both to the improved perception of local government of the importance and benefits of PPD and also to the observation that provinces that conduct PPD appear to perform better economically. However, in some cases, the business sector is not strong enough or competent enough to conduct a meaningful dialogue with government.

It is not enough to simply wait for business associations to develop sufficient capacity before beginning a dialogue. Appropriate actions are required to build them up as competent and reliable
policy dialogue partners. The Departments of Planning and Investment have been very proactive in this endeavour.

In the first PPD events, together with GTZ, DPIs were extremely proactive and were involved directly in the preparations for the dialogues. They assumed most of the functions of the business associations. DPI sought funding for the events, prepared the content and discussed the application of interactive dialogue and follow-up activities with GTZ. DPI did this in such a way that the functions could be gradually transferred to the provincial business association.

DPI’s direct involvement was limited to the first one or two PPDs. Ownership of the process was gradually transferred to the provincial business association with the facilitation of GTZ. The transfer process had the strong support of DPIs, other line departments in the public sector and the provincial People’s Committee.

The transfer process began with the understanding that DPI would not be directly involved in the preparations for the PPD and that the DPI would respect the independence of business associations organizing the PPD. To ensure the limited capacity of the business associations did not compromise the early PPDs national consultants were recruited by GTZ to support business associations in the implementation of the PPD. Support from external consultants declined over time and many business associations including Hung Yen Business Association and An Giang Business Association have taken ownership of the process.

4. Strengthening the capacity of business associations to become effective policy advocators

To effectively play the role of policy advocator the capacity of business associations needs to be strengthened. This has become an important area of intervention under SMEDP.

The approach adopted by GTZ is to work with existing business associations. In provinces where business associations did not exist GTZ extended support to establish new ones. Capacity building activities often took the following format:

- Training business association staff on strategic planning, operational management, policy dialogue, public relations, membership development and business association governance10;
- Support the process of learning by doing and trial and error. This is often by direct support to the implementation of PPD or to the improvement of services offered to members by business associations. GTZ sent consultants to support business associations to implement a four stage and well structured PPD process. Business associations gradually took over from the external consultant and, in the case of provincial business associations in Hung Yen and An Giang, now manage the whole PPD process.

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10 The Training Course Manual on Strategic Planning, Management, Operation and Development of Business Associations developed by SMEDP can be downloaded from www.sme-gtz.org.vn
• Improve the credibility and image of business associations as a true representative of provincial private enterprises and capable of a reliable policy dialogue with local government. For example, professional preparations for policy dialogues, well-prepared minutes of policy dialogues, publication of business flyers and website development.

• On-line policy dialogue is introduced on the province Business Information Portal (BusinessPortal) and Provincial Business Association website. On the provincial BusinessPortal, Hung Yen Business Association is tasked with administering the online policy dialogue. To date, hundreds of questions have been answered using this facility. GTZ provides support to develop the on-line policy dialogue and training on how to administer and use it effectively.

• Support to business associations to provide value-added services to their members. These include affordable website development services, free product and company advertisements, business to business platforms, news, association bulletins to their members11.

In some provinces there are many business associations and no umbrella business association (provincial business associations). Some business associations have ten to 20 active members and no work agenda, clear mission or activities that can benefit their members. Business associations are also known to compete against each other for resources and members. As a result the status of business associations as a collective and strong policy dialogue partner of the local government is weakened. In order to ally all business associations in the provinces and to enable them to use the resources more effectively for the benefit of association members, GTZ SMEDP has encouraged the provinces to set up provincial business associations to act as an umbrella association in the province. This approach has been widely accepted in the provinces.

5. Development of tools and guidelines

Aiming at the sustainability of its intervention in this area, the programme is cooperating with the Vietnam Chamber of Commerce and Industry - one of the official policy dialogue partners of the Government in the making and implementation of business laws - to produce a Guideline on Public and Private Dialogue. The Guideline will be a practical tool to provide business associations and other institutions involved in PPD at provincial level with knowledge of how to prepare, implement and follow up on public and private dialogue12.

The Guideline is intended to become a reference guide for VCCI and business associations (particularly sectoral and provincial business associations) on how to conduct an effective PPD. VCCI

11 These services are now being provided on some business association websites: www.doanhnghiephungyen.org.vn (Hung Yen Business Association), www.dakla.vn, (Dak Lak Tourism Business Association), www.abavn.com (An Giang Business Association).

intends to use the Guideline for training programs that it designs for member business associations.

6. Rather than introducing PPD as a stand-alone instrument, it is included as one in a mix of instruments selected by GTZ SMEDP

SMEDP introduced PPD as one of a number of instruments for the purpose of improving the business environment for SMEs in Vietnam and local economic development in selected provinces. Below is an explanation of how SMPD introduces PPD in combination or as part of other instruments and interventions:

- PPD is introduced in parallel with Regulatory Impact Assessment. RIA was also successfully introduced by SMEDP. RIA actually requires a well-structured consultation process and public and private dialogues to make it successful.

- On-line PPD is now possible with the introduction of BusinessPortal which was introduced by SMEDP for the purpose of improving business registration procedures and information transparency in the provinces. The online PPD platform has become an integral part of BusinessPortal and is managed by the business association (in Hung Yen).

- PPP has become integrated in the Local Coordination Board structure - a steering process for local economic development initiatives introduced by GTZ SMEDP. Business associations have proactively joined this dialogue platform to discuss the formulation and implementation of LED strategy, plans and activities.

- PPD was used as a tool to promote reform of the provincial business environment and to help provincial governments engage with the business community to improve the Provincial Competitiveness Index.

The combination of instruments has enabled PPD to be more effectively implemented and accepted. It also demonstrates the synergy and consistency of GTZ’s overall approach in the framework of the SMED programme.

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13 See more on the other systematizations on Regulatory Impact Assessment, BusinessPortal, Local Coordination Board. These systematizations can be downloaded from: www.sme-gtz.org.vn
1. Concrete results

In the field of public and private dialogue, important and measurable results have been achieved by SMEDP:

- Awareness of the tangible and intangible benefits of PPD has been improved among national and provincial leaders. As a result leaders in the public sector at all levels have become more proactive in engaging in dialogue with the business community. They are becoming increasingly adept at interacting with the private sector and more responsive to their problems and needs.

- Domestic business associations have become bolder and more professional when raising their concerns and in organizing policy dialogues with the Governments on business laws and regulations.
Business associations are more active in diversifying the topics and format of PPD events and also diversifying the funding sources for the activities. Many associations have been able to rely on membership fees or funding from private enterprises to fund PPD events.

PPD tools and methodologies have been documented and developed. A training manual to improve the capacity of business associations has been developed and used for training. VCCI is further developing such tools and manuals for future use. They are also shared with other institutions and donor projects.

2. Institutionalization of PPD

In recent years, there have been increased efforts to institutionalize PPD. In this respect, GTZ has been working in strong cooperation with Vietnam Chamber of Commerce and Industry and the Ministry of Justice to strengthen PPD. This, together with the Guideline on PPD, will provide important inputs for the formal institutionalization of PPD in the future.

However, the official integration of PPD in a legal regulation as in the case of RIA which has been integrated into the Law on Laws remains a long way off. To institutionalize an instrument like PPD in an official legal document will take longer than the timeframe of the SMEDP. GTZ has been working with national partners such as
CIEM, MOJ, CIEM, VCCI and other donors to work out how this process will be sustained in the future.

Though there is still much to do to further improve the quality of PPD in provinces covered by SMEDP, PPD has become a standard criteria in An Giang, Dak Lak, Quang Nam and particularly Hung Yen. Provincial leaders have included PPD as part of their working agenda and consult with the business community through the provincial business association about central Government policy.

3. Major challenge - there remains missing link between PPD at the provincial level and PPD at the national level

To date, the PPD process at the national level and the provincial level have been not converged. It is desirable that outputs of the PPD at the provincial level are documented on a selective basis and fed back to the PPD process at the national level. This helps to improve the legal framework and policy for enterprises that are often discussed at the central level.

In reality, the link between PPD at the provincial and national level is weak. One reason is the limited scope of the operation of provincial business associations. If they are not members of a national umbrella business association there is no vertical institutional link.

The nation-wide institutional structure of business associations also makes the link impossible. Other than VCCI and to some extent the newly established Vietnam SME Association, national business associations are not strong enough to capture provincial business associations under the same umbrella. Provincial business associations only focus on their own territory or their own sector and so tend to downplay or ignore their role in the national PPD process. If they do recognise such a role they mostly lack the capacity to contribute effectively.

This missing link should be an important area for future interventions.
It is important to emphasize the ownership of national stakeholders, which have been the main drivers of the process.

It is also important that both the public and private sectors are fully aware of the benefits from effectively engaging in constructive and earnest dialogues with the business community. As facilitator, donor projects should help to make this happen.

Keep the participants informed about how their proposals and requests are being addressed by the Government. Make sure that the Government and local authorities not only listen to the public sector but also take concrete actions to address the constraints faced by the private sector.

In policy dialogues, it is important that the private sector does not just complain but also suggests solutions to particular problems. This is an area where agencies such as GTZ and other institutions can give support.

Collective voices are important.

PUBLIC PRIVATE DIALOGUE

AN EFFECTIVE INSTRUMENT TO FOSTER PRIVATE SECTOR DEVELOPMENT
associations are ideally the institutions to channel the concerns and suggestions of the private enterprises to the government. However, in Vietnam they are often unable to organise the collective voice of the private sector and convey their messages in an adequate manner. It is important to strengthen them in order to show the government that they can be a competent partner and lead the PPD process.

- Capacity building and technical advice to the whole process is important in order for the private sector to actively participate.

- Identify the right dialogue partners from both the public and the private sector. Government representatives should be knowledgeable on the subject, able to listen to the private sector and leaders rather than subordinate public officials. Private sector representatives should represent the interests of the business community and not their own interests and should be able to convey them appropriately.

- The media is an indispensable partner in any public and private initiative in the field of policy dialogue. The media can help to create an atmosphere that is favourable to the dialogue and the implementation of the resulting action plan. In the case of Vietnam, the mass media plays an important role in (i) raising public awareness of the topic under discussion and (ii) promoting the importance of PPD as an effective tool of cooperation between the public and private sector.

- Build trust between the private and the public sector. There is a higher chance of success if the dialogue is carried out in an atmosphere of trust.