

# One-Stop-Shop in Business Registration



## Background

The simplification of business registration procedures is a priority in Public Administration Reform and in the 5-Year-Plan for SME Development. The Plan suggests a number of measures to accelerate the simplification process, such as:

- Application of a single and unique enterprise code for business registration, statistics and tax;
- Reviewing and streamlining business registration, seal encryption and tax code registration procedures;
- Development of a national business registration system by the Ministry of Planning and Investment.



An inter-ministerial circular, jointly issued by the Ministry of Planning and Investment, the Ministry of Finance and the Ministry of Public Security, is the foundation for a coordination mechanism linking the provincial Planning and Investment Department, the Tax Agency and the Public Security Department, to provide one-stop-shop services to enterprises. The inter-ministerial circular particularly encourages provinces to use information technology to shorten the three administrative procedures.

However the circular only provides a legal framework with minimal requirements to be followed, leaving the provinces enough room to manoeuvre. Thus it depends largely on the efforts, creativity, and commitment of local authorities to put the circular's stipulations into practice. Many provinces have indeed taken the initiative to provide one-stop-shop market entry services to enterprises.

## GTZ Intervention

GTZ-SMEDP adopted a two-pronged approach towards simplifying business registration procedures. First, partner provinces are given technical assistance to develop a regulation which determines the operation of the coordination mechanism in the province, taking unique local characteristics into account. Second, a computerized system is installed and used as a tool by the DPI, Tax Agency and Public Security Department for the three procedures related to market entry for enterprises.

To develop the regulation, the People's Committee set up a taskforce, coordinating the DPI, Tax Agency and the Public Security Department. SMEDP provided technical expertise by conducting a diagnosis, introducing best practices from other provinces, providing advice and facilitating a consultation process. Previously local stakeholders, especially the business community, rarely participated in the provincial level regulation-making process.

The regulation provides instruction and guidelines, with detailed steps for each department to follow. It also specifies their tasks and responsibilities. This transparency makes local authorities more accountable in performing their roles since below-par performance can be easily traced by the public

and the People's Committee. The regulation has been adopted by the People's Committee and is thus obligatory for all provincial departments.

To supplement this mechanism, an information technology solution - a "Business Portal" - was also developed. It is provided by a local software company with assistance from GTZ-SMEDP. Via the Business Portal, the three agencies dealing with business registration, tax code registration and seal making, can process documents, papers and share information through the Internet without sharing office space.

In the individual agencies, documents are now processed electronically instead of manually like before. The Business Portal also allows on-line business and tax code registration, and seal making. This is a big step forward in introducing modern technology to public administrative reform in the provinces. Moreover, it provides the public with a database of registered enterprises in the province. It gives detailed guidelines and instructions on the administrative procedures to be followed when doing business.



So far, the Business Portal has been implemented in Hung Yen, Quang Nam, Dak Lak, Nam Dinh and Quang Binh. Hai Phong, Vinh Phuc and Bac Giang plan to adopt it in September 2007.

### Expected Impacts

The most significant impact has been the change in the mindset of the local authorities towards OSS. In some provinces, this is the first time that various departments are cooperating to find a solution in providing OSS-based public services to enterprises.

Business registration time is reduced, e.g. from 20 to 8 days in Quang Nam province. Costs for both enterprises and the public agencies are considerably reduced.

### Lessons Learnt

By combining the regulation and the IT solution, GTZ-SMEDP has created a unique approach to public administration reform in the area of market entry for enterprises. Reality shows that the regulation alone will not achieve remarkable improvement in administrative reforms without IT solutions. Conversely, an IT structure cannot be effectively applied without the support of documented regulation, human resources and the commitment of the local stakeholders. SMEDP's two-pronged approach tries to address this constraint which is common in most OSS programmes at both national and provincial levels.

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