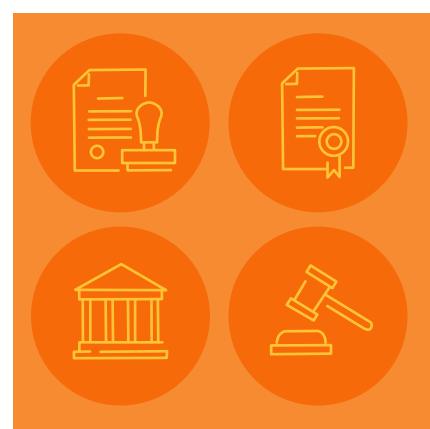




# THE SME LAW

AND ITS IMPACT ON  
WOMEN ENTREPRENEURS  
IN VIET NAM





The shaded areas of the map indicate ESCAP members and associate members.\*

The Economic and Social Commission for Asia and the Pacific (ESCAP) serves as the United Nations' regional hub promoting cooperation among countries to achieve inclusive and sustainable development. The largest regional intergovernmental platform with 53 Member States and 9 Associate Members, ESCAP has emerged as a strong regional think-tank offering countries sound analytical products that shed insight into the evolving economic, social and environmental dynamics of the region. The Commission's strategic focus is to deliver on the 2030 Agenda for Sustainable Development, which it does by reinforcing and deepening regional cooperation and integration to advance connectivity, financial cooperation and market integration. ESCAP's research and analysis coupled with its policy advisory services, capacity building and technical assistance to governments aims to support countries' sustainable and inclusive development ambitions.

\* The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

# ASSESSMENT REPORT

# THE SME LAW AND ITS IMPACT ON WOMEN ENTREPRENEURS IN VIET NAM

CATALYZING WOMEN'S ENTREPRENEURSHIP PROGRAMME

[HTTPS://WWW.UNESCAP.ORG/PROJECTS/CWE](https://www.unescap.org/projects/cwe)



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# ACRONYMS

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ADB	Asian Development Bank
AED	Agency of Enterprise Development
AgriBank	Agricultural Bank
APCI	Administrative Procedures Compliance Cost Index
BIDV	Bank of Investment and Development Vietnam
CFSCD	Center for Family Support and Community Development
CIC	National Credit Information Center
CIT	Corporate Income Tax
ESCAP	Economic and Social Commission for Asia and the Pacific
EVFTA	European Union-Vietnam Free Trade Agreement
FNF	Friedrich Naumann Foundation
HAWASM	Hanoi Women's Association of Small and Medium Enterprises
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organization
MDB	Multilateral Development Bank
MoF	Ministry of Finance
MOIT	Ministry of Industry and Trade
MOJ	Ministry of Justice
MONRE	Ministry of Natural Resources and Environment
MOST	Ministry of Science and Technology
MPI	Ministry of Planning and Investment
NASC	National Assembly Standing Committee
PIT	Personal Income Tax
PMU	Project Management Unit
R&D	Research and Development
SBV	State Bank of Vietnam
SHB	Sia Gon – Hanoi Bank
SME	Small and Medium Enterprises
SMEDF	Small and Medium Enterprise Development Fund
STEM	Science, Technology, Engineering and Mathematics
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
UN-WOMEN	United Nations Entity for Gender Equality and Empowerment of Women
VAT	Value Added Tax
VAWE	Vietnam Association of Women Entrepreneurs
VCCI	Vietnam Chamber of Commerce and Industry
VND	Viet Nam Dong (Viet Nam Currency)

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# EXECUTIVE SUMMARY

With the aim to strengthen the policy and legal environment for women-owned enterprises, the report uses multiple assessment methods to evaluate the extent of impact of the SME law on women-owned enterprises and provides policy and programmatic recommendations.

Small and medium enterprises (SMEs) play a crucial role in most economies of the world and particularly in developing countries. Noting their contribution to national income, in terms of creating employment opportunities and boosting economic development, most governments support SMEs by providing financial incentives, digital and technological support, and other capacity-building initiatives.

In Viet Nam, the Law 04/2017/QH14 on Support for SMEs (referred to as the SME Law) was officially promulgated and took effect on 1 January 2018. The SME Law established various support measures for SMEs, stating general provisions, criteria, and support measures, and outlining responsibilities of the ministries, agencies and organizations for providing assistance to SMEs.

Within the SME sector in Viet Nam, women own 285,689 enterprises (as of September 2019), which account for 24 per cent of the total active enterprises, making up a significant part of the overall SME contribution to the national economy. However, women face several barriers to start-up and/or to expand their businesses. These range from limited access to finance and technology, additional limitation of collateral requirements and high interest rates, low levels of financial and digital literacy, lack of opportunities for capacity development, and sociocultural norms, all of which prevent women from achieving their full economic potential, and present an overall opportunity cost for the economy.

Within the SME sector in Viet Nam,  
**women own  
 285,689  
 enterprises  
 and account  
 for 24%  
 of all active  
 enterprises**

(as of September 2019)



# EXECUTIVE SUMMARY

- Limited access to credit and loans
- Lack of information about the SME Law and its provisions
- Lack of specific targeted support across all the 8 areas
- Inability to access all the provisions of the SME Law



Gaps and barriers remain for women SMEs

This report assesses the provisions and the implementing regulations in the SME Law in Viet Nam, in terms of the gaps and opportunities it presents, particularly for women entrepreneurs. With the aim to strengthen the policy and legal environment for women-owned enterprises, the report uses multiple assessment methods, such as surveys, group discussions, detailed interviews, to evaluate the extent of impact of the SME law on women-owned enterprises. It also provides policy and programmatic recommendations to enhance support for women-owned SMEs.

## The SME Law: A robust business ecosystem for SME development

Through its 4 chapters and 35 articles, the SME Law aims to build a robust environment to encourage and support SMEs. In particular, 8 articles provide specific support for SMEs in:

1. Access to credit loans and guarantee
2. Tax and accounting support
3. Production space
4. Technology, start-up incubation, technical facilities, and co-working space
5. Market expansion
6. Information and legal advice
7. Human resource development
8. Transforming household businesses to enterprises



# EXECUTIVE SUMMARY

Furthermore, the Law facilitates and encourages private investors to invest in SMEs through contribution of capital and buying into shares of innovative start-ups. It has established the Small and Medium Enterprise Development Fund (SMEDF) to provide lending and finance options for innovative start-ups and encourages professional associations and social organizations to provide business development services to SMEs. Finally, it also connects SMEs with larger enterprises to scale up and expand market access.

At the national level, Government support regulations include decrees that provide access to credit, legal assistance and specifically guide the implementation of the SME Law. At the provincial level, fifty provinces have developed and issued resolutions, and initiated plans and schemes to support SMEs locally. Specific policies include support for newly established enterprises by providing free registration, tax consultation services, and tax-free provisions or production space.

To promote inclusiveness and encourage the ratio of women-owned SMEs, The SME Law provides a clear definition of women-owned enterprises, as having one or more women owning at least 51 per cent of its charter capital and at least one woman serving as the executive director. Within the SME Law, a number of decrees outline clauses that specifically support women SMEs. For example, having specific policies to support women-owned businesses, providing consultation support, vocational training for human resource development, and direct training in the field of production and processing.

However, despite progress, support for SMEs at the provincial level is slow and uneven across the country. Disparities exist across localities and regions, resulting from a lack of awareness about the SME Law and its provisions, inadequate allocation of resources at the local level, as well as lack of clarity on roles and responsibilities for developing concrete solutions to support SMEs, and women-owned SMEs, in particular.

The report evaluates the 8 articles of the SME Law in terms of its implementation at the national and provincial levels. It analyses the SME Law with regard to its impact on women-owned SMEs and then delves deeper into assessing the challenges that women-owned SMEs face and provides recommendations to address the gaps.

# EXECUTIVE SUMMARY

## The 8 articles of the SME Law on women-owned enterprises: Impacts, challenges and recommendations



### CREDIT LOANS AND CREDIT GUARANTEE FUNDS

Women-owned SMEs consider the demand for secured assets to be one of the most difficult constraint for accessing bank capital, followed by the need for proper business and financial plans, the procedures for loan appraisals, and other strict conditions for borrowing based on the financial performance or age of the firm - all of which are limiting especially for micro- and small-sized enterprises. Furthermore, women-owned SMEs, in particular, find it challenging to access the information, and/or lack skills to prepare the required documents. With regard to the Credit Guarantee Fund mechanism, many women-owned SMEs find that it has not helped to facilitate their access to credit due to their lack of capacity to prepare documentations required by banks and credit insurance funds.

It is recommended that

- a** legal documents be supplemented to create a more comprehensive framework for the operation of the Credit Guarantee Fund;
- b** the human resource capacity for the Credit Guarantee Funds be strengthened to meet the requirements of performing credit guarantee tasks for SMEs;
- c** different models be piloted to improve the efficiency and coordination between commercial banks and local Credit Guarantee Funds;
- d** financial resources should be diversified and risk sharing improved;
- e** the process for claims should be simplified with clear and consistent rules on payments;
- f** capacity, financial knowledge and financial plans of women-owned SMEs must be strengthened and;
- g** an in-depth assessment of the SMEDF and Credit Guarantee Fund must be undertaken.

# EXECUTIVE SUMMARY



## TAX AND ACCOUNTING SUPPORT

The SME Law makes no distinction or specific provisions for women-owned enterprises in the area of taxation, fees and accounting support. It has been found that **female businesses continue to lag behind in the adoption of digital technology**, owing to lower capacity in areas related to technology and digital transformation. This impacts their ability to leverage digital applications for business registrations and/or tax and accounting purposes, and potentially even deters female household businesses from transforming into enterprises. **One of the major challenges that SMEs, including women-owned SMEs, face is the differences in taxes related to revenue of SMEs and that of household businesses.**

In this regard, it is recommended that

- a** tailor-made support for women-owned SMEs and household businesses be provided, to bridge the gender digital divide;
- b** guidance should be provided and information must be disseminated for online business registration and electronic tax declaration and payment;
- c** newly established women-owned SMEs or those transforming from household businesses to SMEs should be sponsored to apply digital tax and corporate accounting regime;
- d** business entry regulations must be eased to support the transformation of household businesses to SMEs and;
- e** free advisory support should be ensured, and guidance on tax administrative procedures and accounting regime, for household and newly-established SMEs, could be locally operationalized.



## PRODUCTION SPACE

In some provinces, though women-owned SMEs do not have any targeted provisions for production space, they have been able to avail benefits of common centralized infrastructure if they are a part of industrial zones or clusters. However, it was found, from the surveys of women-owned SMEs, that it was **hard to rent land**, and the **lack of clear information about policies and processes** disincentivized many SMEs to avail the benefits of the provisions. Some of the key challenges that women-owned SMEs face is that

# EXECUTIVE SUMMARY

they still lack information on policies to support production space, especially those SMEs that do not participate in women's associations. Also, **women-owned SMEs, that are outside of industrial clusters have few opportunities to engage directly with leaders, agencies and departments in charge of implementing this policy.**

To address these challenges, it is recommended that

- a** access to information on support measures for production space be improved;
- b** women-owned SMEs could be supported in order to benefit from policies on land allocation measures in local industrial clusters and;
- c** engagement and coordination between local leaders and women-owned SMEs must be improved.



## TECHNOLOGY STARTUP INCUBATION, TECHNICAL FACILITIES AND COWORKING SPACE

At the policy level, there are no specific provisions in this area for women-owned SMEs. However, in a number of provinces, women enterprises have reported benefits from the support offered in co-working spaces or incubators. Key challenges for women-owned SMEs are firstly that the **overall funding for the operation of incubators, technical facilities and co-working space is limited** with state and local budgets being quite small. Secondly, **SMEs also lack access to network of experts and professional services that can support SMEs and start-ups**. Thirdly, **co-working spaces have faced challenges in terms of finding large enough spaces** and finally, that **centrally located co-working spaces tend to have high rental costs** for private suppliers, which ultimately leads to higher fees for SMEs and start-ups, limiting many women-owned SMEs.

It is recommended that

- a** incentives for incubators, technical facilities and co-working spaces to support women-owned SMEs be provided;
- b** mechanisms to improve coordination between the Credit Guarantee Fund and the SMEDF should be developed, and the incubators, technical facilities and co-working space providers could improve financing options for SMEs in general, and women-owned SMEs, in particular;

# EXECUTIVE SUMMARY

- c) service providers of incubators, technical facilities, and co-working spaces can be equipped with information on SMEs support policies for better cooperation among relevant stakeholders that can benefit women-owned SMEs and start-ups and;
- d) innovative ways to reduce production costs for women-led SMEs and start-ups must be developed.



## MARKET EXPANSION

Support activities related to trade promotion and market expansion, by the MOIT, are diverse and spread across many sectors and industries, helping SMEs to increase the competitiveness of products and services, as well as to promote trade in domestic and international markets. While few targeted provisions are in place in for women-owned SMEs, female entrepreneurs have been able to benefit from support on trade promotion and market expansion at both central and local levels. However, some challenges remain. Firstly, **trade promotion and market expansion policies have not been implemented in a targeted manner to benefit women-owned SMEs**. Secondly, the **human resource capacity of MOIT and its relevant departments is limited**, often posing a challenge to implement trade promotion, market expansion and online trade promotion opportunities for women-led enterprises. Thirdly, **though there are models of cooperation between international organizations implementing trade and market expansion policies, the lessons learnt have not been systematically documented**, thus being a missed opportunity to inform future regulations and policies of MOIT. Finally, the level of awareness and capacity of women-owned SMEs still remains nascent with respect to accessing expanded markets and trade promotion.

In this regard, it is recommended that

- a) the success of the Hanoi Women's Association of Small and Medium Enterprises (HAWASM) in submitting proposals and receiving support from Department of Trade Promotion, MOIT, be scaled up;
- b) the presence and role of the VAWE, Women's Business Associations, and organizations providing support services for women-owned SMEs in the field of trade promotion and export can be strengthened;

# EXECUTIVE SUMMARY

- c) good practice models of cooperation to support women-owned for market expansion and trade promotion should be documented and scaled up and;
- d) targeted interventions to increase the capacity and knowledge of women-owned SMEs into plans and programs for market expansion and trade promotion must be developed.



## INFORMATION, CONSULTANCY AND LEGAL ADVICE

Broadly, there are no specific provisions or regulations in this area that target women-owned SMEs. There is currently no data on how women-owned SMEs access and register into the consultant network of MPI, MOIT, MOST or MOJ. And legal support programs for SMEs issued by local governments for the 2021-2025 period are gender neutral, with no articles or provisions specified for women-owned SMEs. Some of the challenges that women-owned SMEs face are that the **implementation guidelines and regulations for information, consultancy and legal advice do not include specific activities to ensure benefits for women-owned SMEs** in this area. Also, there is **no mechanism to mobilize the networks of women entrepreneurs**, such as the Viet Nam Women's Union.

It is recommended that

- a) the guiding documents and related Decrees for information, consultancy and legal advice be aligned with the priority principle as per the SME Law, Decree No. 39 /2018/NĐ-CP;
- b) coordination with and engagement of women's associations and organizations be improved and;
- c) legal and policy information about the SME Law should be made more accessible for women-owned SMEs.



## HUMAN RESOURCE DEVELOPMENT

At the central level, women-owned SMEs receive exemption from training fees and those that employ a large share of female employees are prioritized in terms of human resource development support, as long as they meet eligibility requirements. At the provincial level, numerous trainings have been organized to benefit SMEs in general, and women-owned SMEs, in particular. Women entrepreneurs reported that the reduction of

# EXECUTIVE SUMMARY

50 per cent tuition fee had been successful in equipping them with good knowledge to manage and run their businesses more effectively. However, many women-led SMEs also felt that policies of human resource development were not beneficial for them to attract quality human resources, since most workers were attracted to work in bigger enterprises and in cities. Some of the other key challenges are that the terms for providing free tuition for workers of SMEs needing to have six-month employment is not considered useful for most small and micro-sized women-owned enterprises. Secondly, the trainings on entrepreneurship and business administration, implemented by the People's Committees of provinces, do not have specific percentage targets for women-owned SMEs or SMEs employing a large number of women. Finally, the content of most trainings is not targeted or specific to address the knowledge, skills and capacity gaps of women-owned SMEs.

To address these challenges, it is recommended that

- a** the terms and conditions of support for training of workers of SMEs be revised;
- b** targeted opportunities for women-owned SMEs must be created to improve their knowledge and capacities;
- c** online training content for women-owned SMEs, and SMEs employing a large share of female workers, must be enhanced and;
- d** tailor-made vocational training programs must be provided for employees of SMEs, women-owned SMEs and SMEs employing a large share of female employees, that are located in economic zones and industrial parks.



## TRANSFORMATION FROM HOUSEHOLD BUSINESS TO ENTERPRISE

Despite policy measures and implementation support to transform household businesses to enterprises, data reveals that there was also no big change during the last three years for women-owned enterprises. Some of the challenges that women entrepreneurs indicated they faced was that they are not always aware of the transition support and do not necessarily understand the benefits of converting from a household business to an enterprise. Secondly, additional costs to an SME, such as corporate tax policy, and related regulations are discouraging and disincentivize such transformations.

Thirdly, many women entrepreneurs found that the implementation of the tax procedures are complicated and inconsistent, especially, for micro enterprises that use input from households often find it difficult to obtain receipts.

- In this regard, it is recommended that the tax system, process and incentives associated with transforming household businesses into enterprises be improved.

## POLICY AND PROGRAMMATIC RECOMMENDATIONS

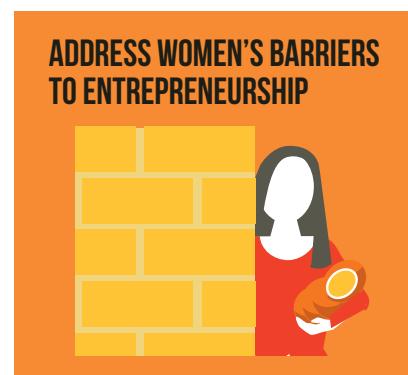
In addition to the specific recommendations provided in the eight areas of the SME Law, medium to long-term investments and other policy and programmatic interventions are also required. The report presents three sets of policy and programmatic recommendations, with specific suggestions for each.



### IMPROVE GENDER RESPONSIVENESS OF THE SME LAW



### STRENGTHEN THE BUSINESS ECOSYSTEM



### ADDRESS WOMEN'S BARRIERS TO ENTREPRENEURSHIP

Firstly, the policy and legal dimensions should be made more gender-responsive by

- a collecting sex-disaggregated data;
- b developing a robust gender-responsive monitoring and evaluation framework;
- c implementing legal reforms, including affirmative action;
- d learning from international good practices and adopting new approaches; and
- e increasing outreach and communications.

Secondly, the ecosystem to support women-owned SMEs must be supported by

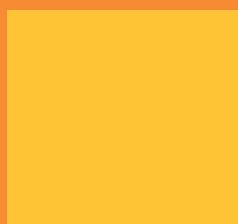
- a strengthening institutional coordination;
- b engaging the private sector;
- c addressing training needs;
- d developing capacity assessment to evaluate the strengths and gaps of the support ecosystem; and
- e engaging women-owned SMEs as users of the SME Law for active collection of feedback.

Lastly, the barriers to entry that women entrepreneurs face must be addressed by

- a building support measures to remove the burden of domestic household work and unpaid care responsibilities;
- b addressing sociocultural challenges;
- c investing in entrepreneurship education; and
- d creating opportunities for women to build a network of connections.

1

## BACKGROUND



## 1.1 Introduction

Small and medium enterprises (SMEs) are a critical component and growth engine for the economy of Viet Nam. Within the SME sector in Viet Nam, women-owned enterprises account for 24 per cent of the total active enterprises, making up a significant part of the overall SME contribution to the economy. Most of these women-owned enterprises are micro-sized (93.2 per cent), operate largely in the services sector (79.2 per cent) and are able to generate similar average annual revenues as their male counterparts.<sup>1</sup> Despite this, women face several additional barriers to start-up and/or to expand their businesses. These range from limited access to finance and technology, low levels of financial and digital literacy, lack of opportunities for capacity development, and sociocultural norms, all of which prevent women from achieving their full economic potential, and present an overall opportunity cost for the economy.

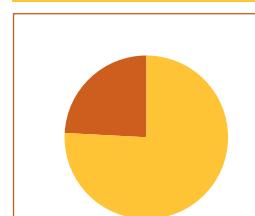
The Law 04/2017/QH14 on Support for SMEs (referred to hereafter as the SME Law) was officially promulgated and took effect on 1 January 2018. The SME Law established various support measures for SMEs. It states the general provisions, criteria, and assistance for support measures, and outlines responsibilities of the ministries, agencies and organizations responsible to provide assistance for SMEs.

The SME Law includes several new aspects compared to the Decree No.56/2009/NĐ-CP, which it replaced, including a specific definition of women SMEs. However, there are still gaps in guidelines or decrees that are related to support for women-owned SMEs, and a lack of clarity on how and by whom these will be implemented.

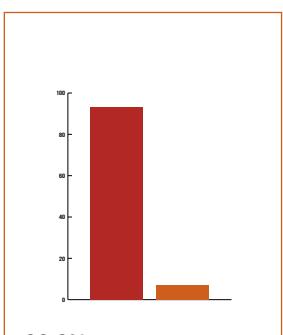
<sup>1</sup> General Statistics Office (GSO) of Viet Nam, Enterprise Census Data, Enterprise Survey, 2017.

# SMES ARE A GROWTH ENGINE FOR VIET NAM'S ECONOMY

**Women-owned enterprises are significant contributors to the economy**



Accounts for 24% of the total active enterprises



93.2% of women-owned enterprises are micro-sized

During the course of undertaking this assessment of the SME Law, a new Decree 80/2021/NĐ-CP replaced the Decree 39/2018./NĐ-CP. The new decree details and guides the implementation of a number of articles of the SME Law, such as the criteria for identifying SMEs, and supporting technology, information and consultations; human resource development; the transformation from business household to enterprise; and the opportunity for SMEs to join industry clusters and value chains. It also outlines the responsibilities of agencies and organizations in supporting SMEs. While the implementation and impact of this new decree, which was recently adopted on August 2021 and came into effect in October 2021, is not assessed here, several of the recommendations offered in this report are aligned with changes in the new decree.



## KEY CHALLENGES FACED BY WOMEN



**Lack of business networks and social capital**



**Lack of access to finance and credit**



**Capacity constraints: business and financial acumen, digital and ICT skills**



**Cross-cutting factor social gender norms requiring women to balance family and work life**

### 1.2 Purpose of the assessment

The purpose of this study is to assess the opportunities and gaps in the scope and implementation of the SME Law, especially for women entrepreneurs. The findings from the assessment aims to further the robustness of the policy and legal environment for women SMEs in Viet Nam, and identify areas to strengthen support for implementation.

This assessment is a collaboration between the Agency of Enterprise Development, Ministry of Planning and Investment, Government of Viet Nam (AED-MPI) and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) as part of a five year (2018-2023) regional programme on “Catalyzing Women’s Entrepreneurship - Creating a Gender-Responsive Entrepreneurial Ecosystem”.

In examining the implementation of SME support legislation and its impact on women entrepreneurs in Viet Nam, the assessment has the following specific objectives:

- Evaluate the extent of impact of the SME Law on women-owned enterprises;
- Evaluate the implementation of related agencies in supporting women-owned SMEs; and
- Provide policy and programmatic recommendations to enhance the support system for women-owned SMEs.

### 1.3 Research methodology

In achieving its intended purpose, the assessment has utilized multiple methods, engaged 122 participants (through surveys, group discussions, and in-depth interviews), and adapted different approaches to examining key research questions.

The first part of the assessment included a **desk review** to analyse relevant legal and policy documents, and available data in order to understand the context, policies, trends, and main stakeholders in relation to women-owned SMEs. The review of these documents also helped to outline the process of the law that has been put into practice, and its impact on women-owned businesses. A business ecosystem approach was applied to map actors in the ecosystem and their roles, especially in supporting women-owned enterprises.

The desk review was complemented with quantitative analysis from an **online survey** using the KoBoToolbox platform, which records the location and geographical information of respondents. The survey was sent out in seven provinces; Hanoi, Hue, Ben Tre, Vinh Long, Ba Ria Vung Tau, Quang Ninh, and Yen Bai, based on consultations with AED-MPI and local clubs for women entrepreneurs. The selected provinces and cities represent diversity from a regional and socioeconomic development perspective. The online data included 33 participants: Yen Bai (30 per cent), Ben Tre (24 per cent), Hue (18.2 per cent), Quang Ninh (15 per cent), and the remaining 12 per cent from Hanoi, Da Nang, Vinh Long and Vung Tau. The female to male ratio of respondents was 88:12, and the overall age ranged from 31 to 74 years. Directors of SMEs accounted for 72.73 per cent of the respondents, while 18.18 per cent were members of Board of Directors, and the remaining respondents held other positions.

Simultaneously, two **focus group discussions** were held across each of the provinces of Hue, Ben Tre, Quang Ninh and Yen Bai.<sup>2</sup> The first group consisted of local state management agencies, commercial banks and funds who form the local business ecosystem, including the Center for Investment & Trade Promotion; Department of Planning and Investment; Department of Industry and Trade; Department of Science and Technology; Department of Labor, Invalids and Social

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<sup>2</sup> Total participants engaged were 16 people in Hue, 15 people in Yen Bai, 17 people in Quang Ninh, and 13 people in Ben Tre.

**Table 1. Summary of stakeholders engaged in evaluating the SME Law**

Province	Number of government officers joined research	Number of male-owned SMEs that joined the research (in-person)	Number of female-owned SMEs that joined the research (in person)	Number of male-owned SMEs that joined the research (online)	Number of female-owned SMEs that joined the research (online)	Number of Business Support Organizations that joined the research
Hue	9	0	12	0	6	7
Quang Nam		0		0	2	
Ben Tre	11	0	7	0	7	6
Quang Ninh	10	0	11	0	5	8
Yen Bai	7	0	9	0	10	2
Ba Ria Vung Tau		0		0	1	
Vinh Long		0		0	1	
Ha Noi		0		0	1	
<b>Total</b>	<b>27</b>	<b>0</b>	<b>39</b>	<b>0</b>	<b>33</b>	<b>23</b>

Affairs; State Bank of Vietnam (SBV); SHB, BIDV, AgriBank, Lien Viet Post Bank. The other group comprised of local women-owned enterprises.

Based on the trends from the group discussions, further **in-depth interviews** were conducted with both local state staff working in the business registration offices (Hue, Ben Tre, Quang Ninh, Yen Bai), the centres for start-up and investment promotion (Quang Ninh, Ben Tre, Yen Bai), and Trade Promotion Center (Ben Tre) and 10 women-led enterprises in Hue, Ben Tre, Quang Ninh, and Yen Bai.

For the purpose of this assessment, both small- and micro-sized enterprises have been included. These also include women-led business households that are yet to convert to SMEs. While the assessment does not go into differentiated details of how the SME Law impacts sub-groups of female entrepreneurs, the report recognizes the need for a more nuanced approach to account for the heterogenous experiences of female entrepreneurs.

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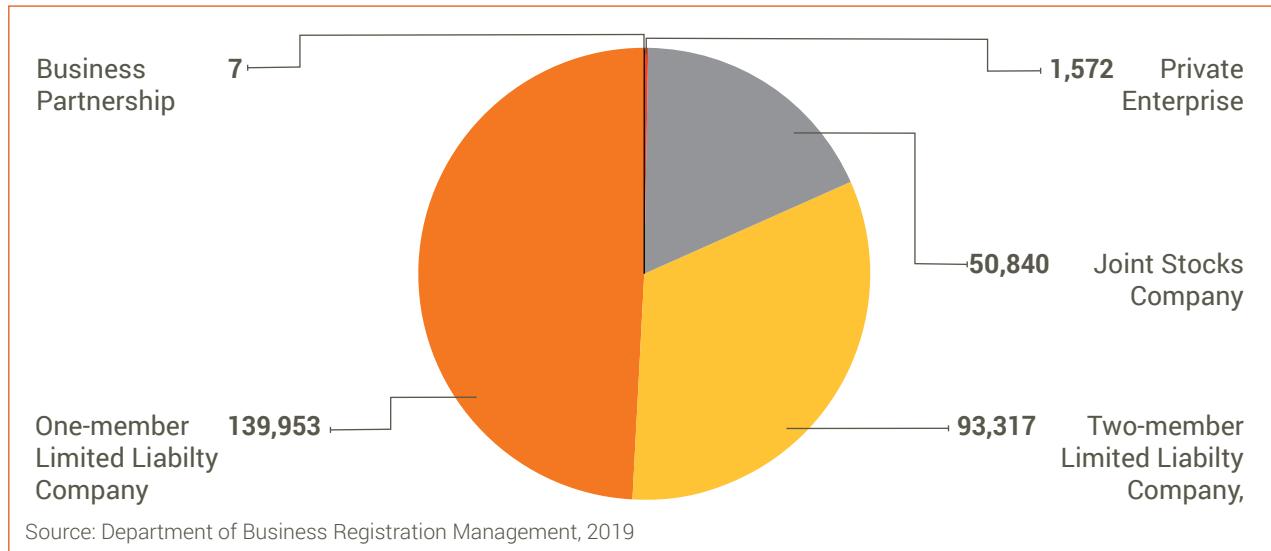
## OVERVIEW OF WOMEN-OWNED ENTERPRISES IN VIET NAM



## 2.1 Overview of type, sector and size of women-owned enterprises

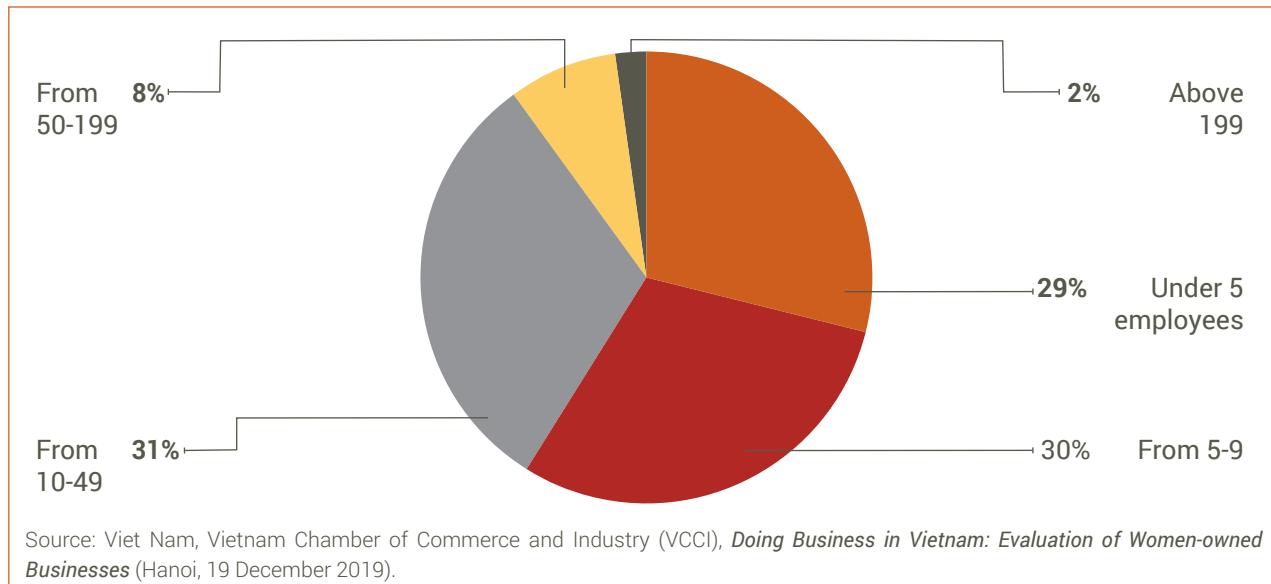
According to the Department of Business Registration Management (MPI), as of September 2019, there were 285,689 women-owned enterprises, accounting for 24 per cent of the total number of enterprises nationwide. Of this number, the largest belonged in the typology of a one-member limited liability company as seen in Figure 1.

**Figure 1. Typology of women-owned enterprises**



The majority of women-owned enterprises have 10 or less employees, accounting for 59 per cent of all women SMEs. The number of women-owned enterprises with more than 50 employees is only 8 per cent, and as low as 2 per cent of women-owned enterprises have more than 199 employees.<sup>3</sup>

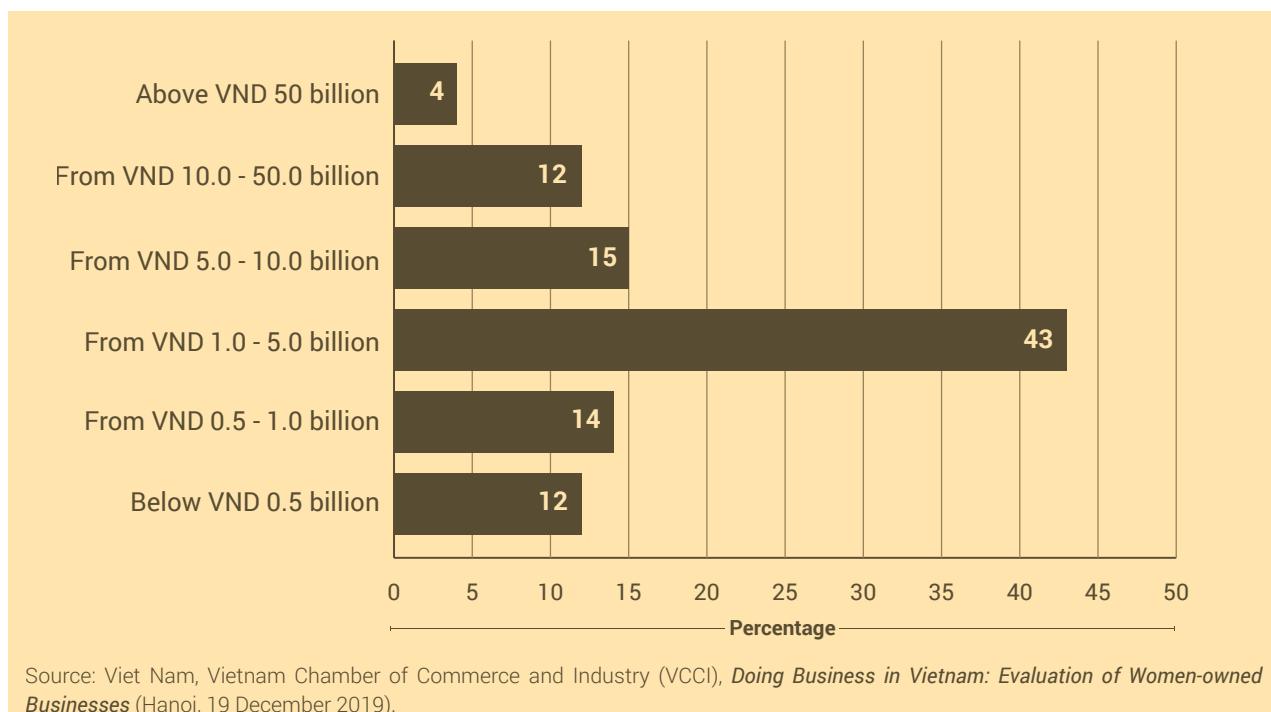
**Figure 2. Number of employees in women-owned enterprises**



<sup>3</sup> Viet Nam, Vietnam Chamber of Commerce and Industry (VCCI), *Doing Business in Vietnam: Evaluation of Women-owned Businesses* (Hanoi, 19 December 2019).

Forty three per cent of women-owned enterprises own business capital between the range of VND 1-5 billion (Viet Nam Dong), while the number of enterprises with capital under VND 1 billion is found to be around 26 per cent across all women-owned enterprises. These trends indicate that women-owned enterprises continue to dominate among the micro- and small-sized enterprises.

**Figure 3. Business capital of women-owned enterprises**



According to the study, “Doing business in Vietnam: an assessment from women-owned enterprises’ perspective”,<sup>4</sup> conducted in 2019 by the Vietnam Chamber of Commerce and Industry (VCCI), the rate of women-owned enterprises operating in the trade and service sector is the largest, accounting for 75 per cent of all women-owned enterprises. This is followed by 11 per cent in the construction sector; and 7 per cent in the farming, forestry and aquaculture; and manufacturing sectors.

In terms of geographical diversity, the top 10 cities and provinces with the largest proportion of women-owned enterprises is led by Ho Chi Minh City at 28.26 per cent, and followed by Hanoi at 26.92 per cent. While provinces like Dong Nai, Quang Binh and Soc Trang, have some of the lowest numbers of women-led enterprises.

Several studies have been carried out in Viet Nam on the challenges faced by women entrepreneurs. Some common elements include: policy and procedural challenges, instability of the market, high costs to entry, as well as lack of infrastructure, information, skills and support networks for women entrepreneurs to expand their business.

<sup>4</sup> Data from 10,000 enterprises which participated in the Provincial Competitiveness Index survey (PCI) was collected and analysed for the study.

**Figure 4. Percentage of top 10 cities and provinces with highest number of women-owned enterprises**



Source: Viet Nam, Vietnam Chamber of Commerce and Industry (VCCI), *Doing Business in Vietnam: Evaluation of Women-owned Businesses* (Hanoi, 19 December 2019).

In terms of the policy dimensions, the changes in policies and the lack of information about the legal processes continue to be reported as major obstacles by women entrepreneurs.

The International Finance Corporation (IFC) estimated, in 2017, the financing gap of women-owned enterprises in Viet Nam to be \$1.12 billion, highlighting the significant shortfall of capital. Women-owned SMEs, largely being micro- and small-sized enterprises, face additional limitations of collateral requirements and high interest rates, while having lower capacity to develop viable financial and business plans. A recent study from the United Nations Entity for Gender Equality and Empowerment of Women (UN-Women),<sup>5</sup> also highlighted similar challenges for women-owned SMEs in Viet Nam, identifying several capacity constraints from lack of knowledge and skills to grow their business, to difficulties in recruiting and retaining high-quality labour, to limited business networks and opportunities to build their social capital. A cross-cutting factor across several of these challenges are the social gender norms that require women in particular to balance family and work life. Such gender stereotypes also shape work and education choices, wherein women who graduate from STEM majors (Science, Technology, Engineering, and Mathematics) is pegged at 32.8 per cent, which is much lower than other academic fields.<sup>6</sup> In the long run, this hinders women-owned SMEs in their participation in technology-driven innovations and industries, digital transformation, as well as in the use of ICT applications for business.

While women-owned SMEs face more difficulties and fewer incentives, the SME Law and support regulations hold immense promise for moving towards a more gender-responsive ecosystem for women

<sup>5</sup> A review of the implementation of SMEs support legislation and the capacity-building needs and training services for women-owned SMEs and women entrepreneurs in Viet Nam, 2020, UN-Women's WeEmpowerAsia programme funded by the European Union.

<sup>6</sup> Nguyen Van Thang and others, *Employment and Enterprise of the Labour Market of Youth: Theoretical and Practice in Vietnam* (Vietnam: Erasmus and Programme of the European Union, 2020).

businesses. In this regard, the focus of this assessment is to evaluate the provisions in the SME Law and its implementing regulations, together with its impact on women-owned SMEs, and to provide clear and actionable recommendations to strengthen the impact of SME Law. The assessment and emanating recommendations thus focus on the eight articles of the Law which relate specifically to supporting SME capacities in the area of: (i) credit loans, access and guarantee; (ii) tax and accounting; (iii) production space; (iv) technology; start-up incubation, technical facilities, and co-working space; (v) market expansion; (vi) information and legal advice; (vii) human resource development; and (viii) transforming household businesses to enterprises. The study also highlights gaps and opportunities for broader programmatic interventions geared towards the needs of women entrepreneurs and women-owned SMEs in Viet Nam.

## **2.2 Stakeholders in the business ecosystem for women entrepreneurs**

As part of the assessment, key stakeholders within the business ecosystem in Viet Nam have been mapped into two main groups (i) enabling actors; and (ii) supporting actors.

### **2.2.1 Enabling actors**

Enabling actors are stakeholders responsible for creating the institutional policies and enabling environment for enterprises. One of the most important stakeholders in this regard is the Provincial or Municipal People's Committee, and the relevant departments, such as Department of Planning and Investment, Department of Industry and Trade, Department of Science and Technology, Department of Finance, Department of Natural Resources and Environment, among others. In addition, there is a corresponding department for state management of each sector in which an enterprise operates. These departments issue regulations, guidelines, and even specific permits for enterprises to set up and operate their business smoothly.

For the implementation of the SME Law at the local level, enterprises need to engage with the following key stakeholders, which have their own functional domain area:

- SME/Enterprise Support Center, under the Department of Planning and Investment, or the Provincial People's Committee serves as the focal point for consulting and supporting SMEs and businesses.
- Business Registration Office of the province/city, under the Department of Planning and Investment, serves as the focal point for consulting and supporting business establishment and business registration.
- Provincial/City Investment Promotion Center, also under the

Department of Planning and Investment, plays an important role in supporting enterprises in the development and implementation of various investment projects, connects businesses with investors and organizes Entrepreneurial Coffee sessions which serve as a regular dialogue forum between government agencies and the business sector.

- Industry Promotion Center, under the Department of Industry and Trade, handles trade promotion activities for enterprises.
- Center for Application of Science and Technology, under the Department of Science and Technology, provides support for equipment and technology needs of enterprises, and in particular supports innovative start-ups.
- Office of Natural Resources and Environment, under the Department of Natural Resources and Environment, is in charge of issues related to environmental protection and the responsibility of enterprises towards it.
- Tax Department, under the Provincial/City Tax Department, leads on issues related to tax monitoring and audit for enterprises.
- There are also Centers for SME Assistance established in the northern, central and southern regions of Viet Nam.

While there is a plethora of enabling actors, results and analysis from the survey and group discussions highlight the importance of local leadership and proactive actions of provincial leaders in promoting women-owned SMEs. For instance, the Party Secretary in the Ben Tre province has played a key role in the promotion of SMEs and start-ups. Similarly, in the Quang Ninh province, the provincial leaders also pay specific attention to and create enabling conditions for start-ups and women SMEs to operate. In Hue, the Department of Industry and Trade has developed a market bulletin with relevant and timely information for businesses, evolving it into a market insights report with a variety of information on the agricultural sector. This has helped local enterprises to grasp market information and make more informed decisions for their business. Another interesting development in Hue is the regulation to establish an inter-sectoral coordination mechanism to support local women-owned enterprises.

In Hue, the officers of the Business Registration Office have supported SMEs, including women-owned enterprises, with easing and simplifying the process of registration. In fact, in the second quarter of 2021, a total of 1,454 enterprises (no sex-disaggregated data is available) had been supported through a 'one-stop shop' approach,<sup>7</sup> to process and solve any issues with the administrative procedures, including to:

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<sup>7</sup> Department of Planning and Investment, Thua Thien-Hue province. Available at <https://skhdt.thuathienhue.gov.vn/?gd=52&cn=1&id=62&tc=6996>

- Guide, receive, accept and return the application for the certificate of enterprise registration; registration of temporary cessation of business operations; issuing new, supplementing, changing, re-granting and withdrawing the Certificate of Business registration or operation in coordination with representative offices in the locality under the authority of the Department.
- Provide online public services to guide and support enterprises to complete online business registration documents; operate the national business registration information system at the local level; and serve as the focal point for monitoring and synthesizing the situation of enterprises after registration of establishment.
- Coordinate with the enterprise, and other departments in appraising the application for the decision on investment policies and the application for the Investment Registration Certificate for specialized fields that are classified as domestic investment projects.
- Build, update and manage information on business registration within the province; and provide information to state agencies and organizations as required.
- Assume the prime responsibility for summarizing and reporting on the implementation of business registration in the province; and provide professional guidance on business registration for district-level business registration officials.
- Assume the prime responsibility for, and coordinate with specialized departments or branches by inspecting, monitoring, summarizing the situation and handling issues according to their competence violations after registration of establishment of local enterprises.



## 2.2.2 Supporting actors

Supporting actors are the stakeholders that provide financial, non-financial and technical assistance for businesses.

Financial supporting actors include state-owned commercial banks and joint stock commercial banks, located both within cities as well as at the provincial level. There are also other financial actors, such as private investment funds, people's credit funds, business development funds of mass organizations (for example, women's union or farmer's associations), and other microfinance schemes and saving and credit funds operated by local and international NGOs.

Stakeholders that provide non-financial/technical assistance include:

- Firms, including private agencies that advise and provide businesses with legal services.
- Companies which offer specialized technical services according to the field/sector in which the business operates.
- Companies that provide accounting and tax services for businesses.
- Business associations, such as the Women's Business Association and the Women's Entrepreneurs Association, which are important stakeholders for maintaining a network of women-owned businesses, and helping them connect with government agencies.
- Mass organizations, such as women's union, youth union, and farmer's associations.
- Universities and research institutes.
- Incubators and other technical supporting entities for innovative start-ups.



The survey respondents highlighted the importance of women's business associations and coalitions as a bridge between enterprises and state agencies. Such associations can also serve as a strong collective force for supporting individual enterprises. Legal consulting firms also play an important role for women in helping them understand and complete the necessary legal procedures. The Quang Ninh province has a number of consulting firms that offer such legal services in parallel with legal consulting activities of the Business Registration Office, which has helped the province's businesses to grasp and comply with the provisions of the law, and have greater access to state support policies.

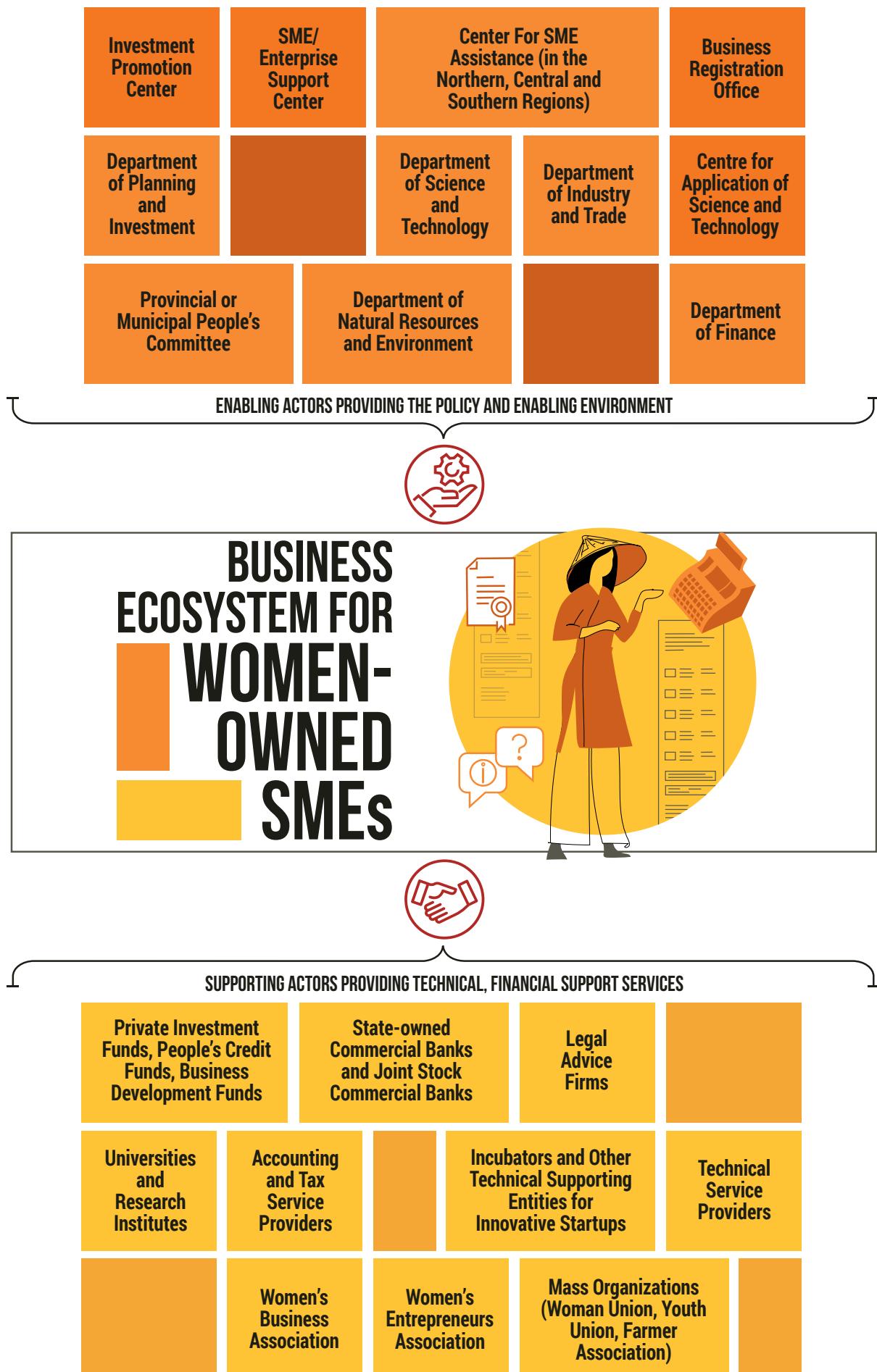
Other stakeholders include international development organizations, often working in partnership with the private sector, and international non-profit ODA funded programs that support SMEs (including women-owned SMEs) for green growth, or connecting to global value chains. In Quang Ninh, a JICA funded project (2020-2023) supports SME promotion and industrial development by improving the connection between local SMEs and the global industrial value chains, with the support mechanism stipulated by the SME Support Law and supporting industry policies.

In Ben Tre, in June 2021, the United Nations Industrial Development Organization (UNIDO) and the International Fund for Agricultural Development (IFAD) jointly launched a new project funded by United Nations COVID-19 Response and Recovery Multi-Partner Trust Fund to build back better and promote digitally enhanced fruit value chain in Ben Tre and Dong Thap provinces, targeting women and youth-run businesses.

In Yen Bai, in 2020, the Friedrich Naumann Foundation for Freedom coordinated with the Center for Family Support and Community Development (CFSCD) to support business management skills for the women entrepreneur's association of the province. In 2021, Niinuma Co., Ltd (Japan) received funds from the JICA funded project "SMEs and SDGs Business Support" to provide electrified power supply by using solar power and power storage equipment, and concurrently leverage cloud-based IoT monitoring system to analyse power usage and needs in the mountainous region of Yen Bai Province.

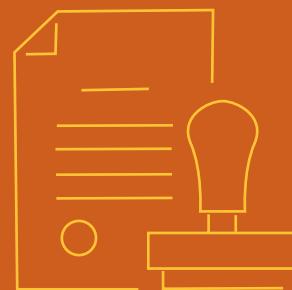
Other related programs and projects are listed in Annex 3.

Figure 5. Business Ecosystem for women-owned SMEs



# 3

## THE SME LAW AND RELATED LEGAL PROVISIONS



### 3.1 Overview of the SME law

The SME Law was officially promulgated and took effect on 1 January 2018. It consists of 4 chapters with 35 articles. Of these, 8 articles provide specific support for SMEs in the following areas:

1. Access to credit, loans and guarantee
2. Tax and accounting support
3. Production space
4. Technology, start-up incubation, technical facilities, and co-working space
5. Market expansion
6. Information and legal advice
7. Human resource development
8. Transforming household businesses to enterprises

The Law also focuses on developing a robust business ecosystem for SME development. It facilitates and encourages private investors to invest in SMEs through contribution of capital and buying into shares of innovative start-ups. It has established the Small and Medium Enterprise Development Fund (SMEDF) to provide lending and finance options for innovative start-ups and encourages professional associations and social organizations to provide business development services to SMEs. Finally, it also connects SMEs with larger enterprises to scale up and expand market access.

**Table 2. SME Classification in the SME Law**

Size classification of enterprises	Sector	
	Agriculture, forestry and fishing and Industry and construction	Trade and services
<b>Micro</b>	Total revenue < VND 3 billion or total capital < VND 3 billion	Total revenue < VND 10 billion total capital < VND 3 billion
	Employees ≤ 10	Employees ≤ 10
<b>Small</b>	Total revenue < VND 50 billion or total capital < VND 20 billion	Total revenue < VND 100 billion or total capital < VND 50 billion
	Employees 11-100	Employees 11-50
<b>Medium</b>	Total revenue < VND 300 billion or total capital < VND 100 billion	Total revenue < VND 300 billion or total capital < VND 100 billion
	Employees 101-200	Employees 51-100

On 11 March 2018, the Government of Viet Nam issued Decree No. 39/2018/ND-CP providing guidance for the SME Law, replacing Decree No. 56/2009/ND-CP, dated 30 June 2009. The decree has the following new elements:

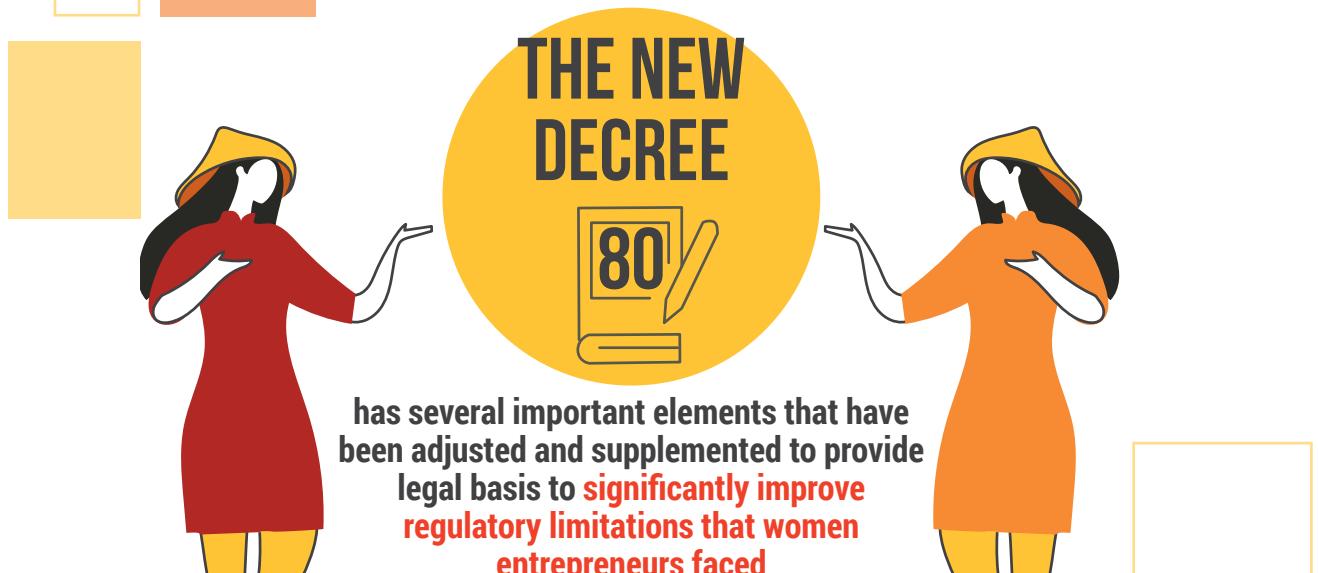
- Modified detailed criteria for determining SMEs in each specific sector. In particular, SMEs are classified based on one of the three criteria; number of workers contributing to social insurance, total revenue (new criterion) and total capital.
- The Decree also stipulates the detailed responsibilities of agencies and organizations in the implementation of the SME Law.
- Regulations in the Decree 39/2018 ND-CP include specific provisions related to women-owned SMEs. For instance, Article 4 rules regulates that women applicants who own SMEs or SMEs that employ a large share of female workers are given priority over other SMEs, when support is limited.

The SME Law, for the first time provides a clear definition of women-owned enterprises. Under Article 3, a woman-owned SME is defined as an SME having one or more women owning at least 51 per cent of its charter capital, and at least one woman serving as the executive director of the enterprise. As women-owned enterprises face additional challenges in accessing finance and other resources, Article 5 under the principles for provision of assistance for SMEs, sets out the principle of giving priority to women-led SMEs or SMEs with a large share of female employees.

A number of decrees specifically outline clauses that support women SMEs. The Decree 39/2018/ND-CP on Guidelines for the SME Law, outlines in Article 4 the rules that SMEs, which are considered as creative start-ups and participate in industrial clusters and value chains and funded by the state budget, shall be provided support according to the Scheme prescribed in Article 5, which provides priority to women-owned SMEs and SMEs employing a large share of female workers. Similarly, on providing legal assistance for SMEs, Decree 55/2019/ND-CP, under Article 4, outlines that SMEs will receive legal assistance in the following order of priority: (i) SMEs owned by women, or employing a bigger share of female workers, and providing satisfactory dossiers; (ii) SMEs employing at least 30 per cent of the total female labourers as persons with disabilities as prescribed by the Law on People with Disabilities; (iii) SMEs providing satisfactory dossiers.

However, Decree 34/2018/ND-CP on the Establishment and Operation of Credit Guarantee Funds for SMEs, and Decree 39/2019/ND-CP on the organization and operation of the SMEDF, do not have any specific regulations or provisions that target women SMEs.

The MPI advised and submitted to the Government, Decree No. 80/2021/ND-CP, which was approved and issued in August 2021, replacing Decree No. 39/2018/ND-CP.



The new Decree, which comes into effect on 15 October 2021 has several important elements that have been adjusted and supplemented to provide the legal basis to significantly improve the previous regulatory limitations that women entrepreneurs and women-owned SMEs faced. Detailed additions and changes in the new decree are outlined in Annex 5. Some of these include:

- **Policies to support women-owned businesses:** In Articles 13 and 14, there are separate policies to support the use of consulting services on human resources, finance, production, sales, markets, and internal management.
- **Consulting support for SMEs:** The regulation is higher than the old regulation in Decree 39/2018/ND-CP. Enterprises (micro, small, medium) owned by women, enterprises employing a large share of female workers, and enterprises that are social enterprises will enjoy higher support than SMEs of the same size. Specifically, this would include:
  - Micro-enterprises owned by women, micro-enterprises employing a large share of female workers and, micro-enterprises that are social enterprises will receive 100 per cent support of consulting contract value, but not more than VND 70 million/year/enterprise (higher than the previous Decree where 100 per cent support of consulting contract value was provided, but not more than VND 50 million/year/enterprise).
  - Small businesses owned by women, small businesses employing a large share of female workers and, small businesses that are social enterprises will receive support up to 50 per cent of the consulting contract value, but not more than VND 150 million/year/enterprise (higher than the previous Decree where maximum support 50 per cent of consulting contract value was provided, but not more than VND 100 million/year/enterprise).

- For medium-sized enterprises owned by women, enterprises employing a large share of female workers, and medium-sized enterprises that are social enterprises will receive support up to 50 per cent of the consulting contract value, but not more than VND 200 million/year/enterprise (higher than the previous Decree where maximum support up to 30 per cent of the consulting contract value was provided, but not more than VND 150 million/year/enterprise).
- **Support vocational training to develop human resources for SMEs:** Free tuition for employees participating in corporate governance training courses, if they belong to SMEs from difficult socioeconomic areas, women-owned enterprises, SMEs employing a large share of female workers, and SMEs that are social enterprises.
- **Support direct training for SMEs in the field of production and processing:** Support 100 per cent of the total cost of a training course for women-owned SMEs, SMEs with large share of female workers and social enterprises, but not more than one course/year/enterprise.

As per Decision No. 2531/2010/QD-TTg of the Prime Minister on the Strategy on Gender Equality (2011-2020), one of the objectives of the Government has been to increase the ratio of women-owned SMEs to 30 per cent by 2015, and to over 35 per cent by 2020. In June 2017, the Viet Nam Women's Union, through the Prime Minister's Decision, initiated 939/QD-TTg on supporting women to start a business in the period 2017-2025, by supporting 20,000 women's start-ups and establishing 1,200 women-led or women-managed co-operatives across the country. This initiative provided comprehensive support, including entrepreneurship skills training courses, organized business fairs for women to be part of trade promotion exchanges, and provided incentives for women to develop new business ideas. The funding for the project comes from the state budget, and is complemented with funding from local governments. By August 2019, the project had received more than 35,670 business ideas from women entrepreneurs and, women's unions, at all levels, were engaged in providing trainings for women-led businesses. Since then, a renewed National Strategy on Gender Equality (2021-2030) was approved in March 2021.

Outside of the SME Law, the Law on Bidding, 2013 under Article 14 also outlines preferential provisions on contractor selection, with two aspects related to women's SMEs. Firstly, for bidders employing female laborers constituting 25 per cent or more of their labour force; and secondly bidders from SMEs (including women-owned SMEs) will be entitled to preference when bidding for the supply of advisory services, non-advisory services, construction, and instalment services.

Thus, overall the SME Law provides a definition to identify women-owned SMEs; and the supporting regulations and the new Decree No. 80/2021ND-CP provide specificity of support to them through various implementing guidelines and provisions that help address some of their challenges. As the implementation progresses, it will be important to bridge the information gap so that SMEs, and women-owned SMEs in particular, are aware of the new policies and can maximize benefits from the support provisions.

Additional details on the SME Law and regulations can be found in Annexures 4, 5 and 6.

### **3.2 Overview of support regulations and implementing guidelines of the SME law**

Since the SME Law came into effect in 2018, several related provisions, regulations and guidelines have been put into place to support its implementation at the national and provincial level.

#### **3.2.1 Support regulations at the national level**

The Government of Viet Nam and various ministries have issued decrees and circulars aimed at guiding and furthering the implementation of the SME Law. At the national level, these include decrees issued by the Government to support SME's access to credit, provide legal assistance and to specifically guide the implementation of the SME Law. The Prime Minister issued Directive No. 15/CT-TTg, dated 15 June 2018, on organizing the implementation of the SME Law to direct ministries and localities to support implementation effectively. Accordingly, several ministries, such as the MPI, Ministry of Finance (MoF), and Ministry of Industry and Trade (MOIT), have issued various circulars across their domain areas in support of the SME Law.

A more complete list of decrees and circulars can be found in Annex 7.

#### **3.2.2 Support regulations at the provincial level**

To support the implementation of the SME Law at the local level, 50 provinces have developed and issued resolutions, and initiated plans and schemes to support SMEs locally. Provinces like Bac Giang, Ha Tinh, Hanoi, Quang Ninh, Thanh Hoa, and Dong Thap, have been proactive and creative in issuing specific policies to meet the practical requirements of SMEs. Specific policies have included support for newly established enterprises by providing free registration, tax consultation services, and tax-free provisions in Long An and Ben Tre; and production space in Bac Kan, Vinh Phuc, Thanh Hoa, Thua Thien Hue, among others.

As the assessment has focused on four key provinces, which are dynamic hubs where many women-led SMEs are located, the

implementing support for the SME Law are further examined in these four provinces.

**Ben Tre** is a province in the Mekong Delta, with an area of more than 2300 km and more than 1.2 million people living across one city and eight districts. Ben Tre has been known to promote the start-up movement. In 2016, the Ben Tre Provincial Party Committee issued Program No. 10-Ctr/TU on Start-up Movement and Business Development, with the motto “dynamism-innovation-creation”, with efforts to activate participation from the grassroots. This has helped provide a strong foundation to the spirit of the start-up movement. To concretize the SME Law, the People's Council of Ben Tre province issued Resolution No. 23/2019/NQ-HDND on 6 December 2019 on promulgating the regulations to support SMEs in Ben Tre in the period of 2020-2025; and Resolution No. 55/NQ-HDND, dated 6 December 2019, on approving the policy of promulgating the scheme to support SMEs in the period 2020-2025. The Department of Planning and Investment is in charge of coordinating activities related to the implementation of the SME Law.

**Hue** is a coastal province in North Central Viet Nam, with a population of over 1.2 million people. Hue is considered as one of the bright spots for SME development in the central region with many specific policies and programs. Shortly after the SME Law took effect, Decree 39/2018/ ND-CP was promulgated and the Thua Thien Hue Provincial People's Council also issued Resolution 04/ 2018/NQ-HDND on regulations to support SMEs in the province. Accordingly, on 28 June 2018, No. 39/2018/QD-UBND on “regulating a number of policies to support



small businesses and enterprises in Thua Thien Hue province" was issued. Annually, the Provincial People's Committee issues a number of implementation plans, related to developing enterprises, private economy, supporting SMEs transitioning from household business, and supporting the innovation start-up ecosystem of Thua Thien Hue province.

**Yen Bai** is a northern mountainous province, with a population of a little over 800,000 people, concentrated largely in rural areas. Compared to other provinces, Yen Bai has fewer initiatives to support the implementation of the SME Law. In March 2019, the Provincial People's Council of Yen Bai issued Resolution No. 08/2019/NQ-HDND (Resolution 08) stipulating policies to support SMEs in the province for the period 2019-2025. After Resolution 08 was issued, the Provincial People's Committee issued instructions providing implementation guidelines for Decision No. 745/QD-UBND promulgating the list of sectors, industries and trades encouraging investment in industrial parks and clusters in the province; and Plan No. 230/KH-UBND, dated 19 September 2019, to encourage business households to transform into formal enterprises.

**Quang Ninh** is a coastal province in the north-east region of Viet Nam, with a population of 1.3 million people, of which urban residents account for 63 per cent of the total population. Quang Ninh is known as a leading province in implementing the reformation of administrative procedures and attracting investment. The province has issued resolutions, including the Action Program No. 3766/Ctr-UBND, 29, dated June 2016, of the Provincial People's Committee on the implementation Resolution 35/NQ-CP; the Action Plan No. 2614/KH-UBND, dated 24 February 2017, implementing Resolution No. 19-2017/NQ-CP and Plan No. 261/KH-UBND, dated 17 April 2018; and Action Plan No. 61/KH-UBND.v

Despite the efforts in the four provinces, the support for SMEs at the provincial level remains slow and uneven across the country. The results from regulations and implementing guidelines are not uniform and disparities exist between localities and regions, resulting from lack of awareness about the SME Law and its provisions, inadequate allocation of resources at the local level, as well as lack of clarity on roles and responsibilities for developing concrete solutions to support SMEs, and women-owned SMEs in particular. The specific support measures have been further assessed, in terms of their access to, and impact on women-owned SMEs in Chapter 4.

# 4

## ASSESSMENT OF IMPLEMENTATION OF THE SME LAW, AND ITS IMPACT ON WOMEN-OWNED ENTERPRISES



This section examines the implementation of the eight articles of the SME Law, the associated roles and responsibilities, and the provisions that are in place at the national and provincial level to support SMEs. These eight areas are: i) Access to credit loans and guarantees; ii) Tax and accounting support; iii) Production space; iv) Technology, start-up incubation, technical facilities, and co-working space; v) Market expansion; vi) Information and legal advice; vii) Human resource development; viii) Transforming household businesses to enterprises. The section also explores the impact on women-owned SMEs, gaps and recommendations for improvements by different agencies, in each of these eight areas.

## 4.1 Credit loans, access and guarantee

### 4.1.1. National level:

#### Credit access

The State Bank of Vietnam (SBV) has issued three directives in 2019 for credit institutions to deploy multiple solutions to remove difficulties for SMEs in accessing bank credit. These include prioritizing capital to support loans for production fields and innovation processes, simplifying loan procedures, and developing credit programs and packages with reasonable interest rates for SMEs. Based on these directives, many commercial banks have developed preferential loan packages for SMEs in general, and women-owned SMEs, in particular. They have also focused on credit capital for production and business fields of SMEs, and have proactively developed priority programs and product packages, with even lower interest rates than regulations of the SBV. Consultations with some commercial banks highlight an increasing flexibility and improvement of processes in appraising and lending to SMEs.

#### Credit guarantee

To implement the SME Law, the MoF submitted, to the Government for promulgation, Decree No. 34/2018/NĐ-CP, on 8 March 2018 on establishing, organizing and operating the Credit Guarantee Fund for SMEs. To this end, MoF has issued Circular No. 15/2019/TT-BTC, on 18 March 2019, guiding the financial management mechanism and performance evaluation of the Credit Guarantee Fund for SMEs; Circular No. 57/2019/ TT-BTC, on 26 August 2019 guiding the risk handling mechanism of Credit Guarantee Fund for SMEs; and Circular No. 209/2015/TT-BTC, on 28 December 2015, guiding the accounting applicable to the Local Development Investment Fund and Credit Guarantee Fund following the accounting regime in this Circular.

The SBV also issued Circular No. 45/2018/TT-BTC, on 28 December 2018, guiding credit institutions in lending guaranteed by the Credit Guarantee Fund; and The Ministry of Labour, Invalids and Social Affairs issued Circular No. 04/2019/TT-BLDTBXH, on 21 January 2019, guiding the management of labour, salary, remuneration and bonus for management officers and staff of Credit Guarantee Fund for SMEs. Thus, the mechanisms and policies to support access to capital have largely been regulated by the Government, through various ministries and branches in a relatively comprehensive and harmonized manner. However, while the Fund has a legal basis to implement guarantee for SMEs to access loans at commercial banks, the implementation continues to be weak.

## Access to finance via the Small and Medium Enterprise Development Fund (SMEDF)

The Government issued Decision No. 601/QD-TTg, on 17 April 2013, by the Prime Minister, establishing the SMEDF under MPI; and Circular No. 119/2015/TB-BTC, on 12 August 2015, guiding its financial management mechanism. By 2019, the Government issued Decree No. 39/2019/ND-CP on organization and operation of the SMEDF to lend and finance innovative start-ups and SMEs, and enterprises participating in industry clusters and value chains. MPI represents the State as the owner of the Fund and has been examining and developing guiding documents for Decree No. 39/2019/ND-CP. These include guidelines for handling of risks, assessment of the Fund's operation results for ranking, guidelines for receiving grants, contributions and entrustment of the Fund, and other guiding documents, such as the Fund's internal processes and regulations (through Article 57 of Decree No. 39/2019/ND-CP). For guidance on the accounting regime of the Fund (Article 58 of Decree No. 39/2019/ND-CP), the MoF issued Circular 14/2020/TT-BKHT, effective from 25 February 2021, on handling of risks in direct lending activities of the SMEDF. The Ministry also issued Circular No. 209/2015/TT-BTC, on 28 December 2015, which guides the accounting applicable to the SMEDF following the accounting regime in Viet Nam. The salary mechanism for the Fund's staff was also issued by the Ministry of Labour, Invalids and Social Affairs in Circular No. 34/2019/TT-BLDTBXH, on 30 December 2019. Thus, ministries and branches have actively issued guiding documents to ensure harmonization and full legal basis for the deployment of SMEDF's activities to support investment, production and business of SMEs.

The SMEDF provides loans to SMEs through indirect lending through commercial banks, and direct lending. As per Decree 39, the main regulations to access preferential capital from the SMEDF include lending available to SMEs that are innovative start-ups, those that join industry clusters, or participate in the value chain. Direct lending interest rate equals 80 per cent of the lowest commercial lending interest rate. The maximum loan amount for each production and business project or plan must not exceed 80 per cent of its total investment capital. The total loan amount to an SME must not exceed 15 per cent of the Fund's actual charter capital. The loan term is determined in accordance with the enterprise's ability to recover capital, its repayment capacity and specific conditions of each project, production and business plan, not exceeding seven years.

**Highlights of results from the implementation of the SMEDF (there is no sex-disaggregated data available):**

- SMEDF has launched a new version of its web portal<sup>8</sup> to receive SME applications online.
- As of 31 December 2019, the Fund's total operating capital is estimated at VND 1,006 billion.
- The Fund has signed SME loan contracts for 14 projects with a total value of VND 107.79 billion. The total value of approved disbursement is VND 106,512 billion, with the disbursed amount of VND 92.5 billion, and outstanding loans reaching VND 52,932 billion, with no past due debt.
- SMEDF has also provided indirect lending through commercial banks, with the Bank for Investment and Development of Vietnam (BIDV) being the first to implement the program, with a fixed loan interest rate of 6 per cent per annum for the entire loan term, up to seven years.
- The Fund has also announced interest rates for short-term loans at 4.16 per cent per annum, medium and long-term loans at 6.0 per cent per annum, and the option to keep fixed or reduced interest rates during the loan period of the SME. So far, BIDV has disbursed 55 per cent of the total disbursed capital of the SMEDF.

#### **4.1.2. Provincial level:**

Several initiatives have been afoot at the provincial level, with 31 localities promulgating their own programs and plans to support start-ups, nine localities promulgating separate schemes, programs and plans to support enterprises participating in industry clusters and value chains, and nine localities issuing programs and plans to support women-owned businesses.

#### **Credit access**

Site visits to Ben Tre revealed that bank branches are applying preferential policies in terms of lending interest rates for production and business enterprises in a number of sectors like agriculture, export, and technology. Over the last three years, the banks in the province have lent VND 41,078 billion to SMEs, accounting for 91.4 per cent of total business loans. Outstanding loans to SMEs by the end of 2020 was VND 6,380 billion, accounting for 64.2 per cent of outstanding loans to businesses and 15.2 per cent of the total credit balance of the whole industry in the area, with about 900 businesses still having outstanding loans. The province also introduced 112 start-up projects for banks, thus committing to lend a total amount of VND 20.3 billion to 24 start-up projects.

<sup>8</sup> Small and Medium Enterprise Development Fund, Ministry of Planning and Investment. Available at <http://phattriendnnvv.mpi.gov.vn/Pages/dangky.aspx>

In **Quang Ninh province**, according to Decision 813/QD-NHNN, dated 24 April 2017, loans were given to SMEs in the field of clean agriculture and high-tech agriculture at lower preferential interest rates of 0.5 - 1.5 per cent (for short, medium and long loan terms) compared to normal lending rates of the same term at commercial banks.

### **Credit guarantee**

According to the report of the Credit Guarantee Fund, as of 31 December 2019, 28 provinces and centrally-run cities have established Credit Guarantee Fund for SMEs under the model of independent operation or entrustment to the local government financial fund with a total capital of VND 1,450.6 billion (of which, the capital allocated from the local budget is VND 1,288.8 billion, and contributed capital by organizations and professional associations is VND 171.8 billion).

The level of impact of the Fund is small in terms of the amount of loans and the number of SMEs benefiting, nationwide. The cumulative guarantee loans of the Fund to support investment activities, production and business for SMEs are estimated at about VND 4,346 billion, outstanding guarantee commitments of the Funds are estimated at VND 228 billion, and debt repayment is estimated at VND 36 billion.

The capital size of the Credit Guarantee Fund is very small compared to the needs of SMEs. The minimum charter capital at the time of the establishment of the Credit Guarantee Fund is VND 100 billion, granted by the provincial budget. More than 10 provinces have established a local Credit Guarantee Fund to guarantee credit to SMEs. According to AED, as of 31 December 2019, **Vinh Phuc Province's Credit Guarantee Fund** had a credit guarantee operation of VND 26.42 billion; and in **Tien Giang** guarantees had been provided to seven SMEs with a total of VND 25.6 billion.

In **Thua Thien Hue**, SMEs are supported by branches of commercial banks, banks for agriculture and rural development, and development banks to develop projects, viable production and business plans so as to improve their access to credit. They are also granted credit guarantees at the SME Credit Guarantee Fund of Thua Thien Hue province based on collateral assets or feasible production and business plans or credit ratings of SMEs. The People's Committee has directed the Provincial SME Credit Guarantee Fund to popularize its offer with start-up businesses, individuals and groups of individuals (enterprises) in the area but is yet to receive any proposals. The lack of response is due to the requirements of loan assurance security measures as collateral, and the need to demonstrate credit ratings and a strong business plan, which can be difficult for many SMEs to meet.

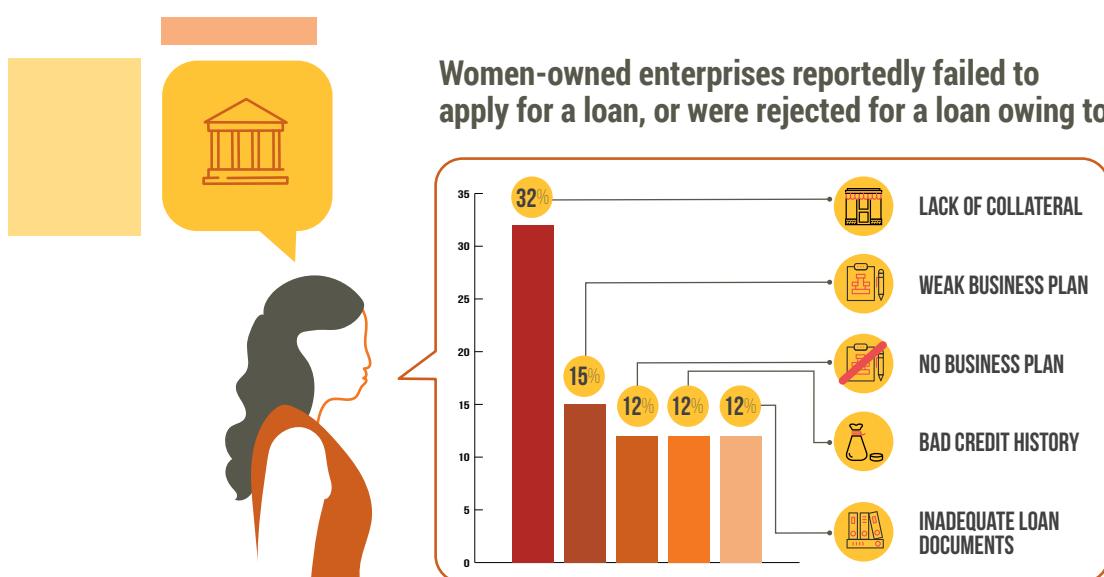
### 4.1.3. Impact on women-owned SMEs' access to credit and credit guarantee funds

Women-owned SMEs consider the demand for secured assets to be one of the most difficult constraints for accessing bank capital, followed by the need for proper business and financial plans, the procedures for loan appraisals, and other strict conditions for borrowing based on the financial performance or age of the firm, all of which are limiting especially for micro- and small-sized enterprises.

#### Credit access

According to the data of the National Credit Information Center (CIC), in June 2019, up to 73.4 per cent of enterprises had not yet accessed credit, including a large part of SMEs and micro-enterprises.

Women-owned enterprises reportedly failed to apply for a loan, or were rejected for a loan owing to lack of collateral (32 per cent); weak business plan (15 per cent); no business plan (12 per cent); bad credit history (12 per cent); and/or inadequate loan documents (12 per cent). In addition, credit institutions remain concerned about the accuracy of corporate income statements and tax returns submitted by micro and small businesses.



Also, while loan documentation guidance is available from financial institutions, several SMEs, and women-owned SMEs, in particular, find it challenging to access the information, and/or lack skills to prepare the required documents. Often when the documents are prepared, the loan is too small and the enterprises find it difficult to decide what to use the loan for. Moreover, the need for standardization of financial statements and revenue can pose a challenge for SMEs, especially women-owned SMEs. There is currently no data on women-owned enterprises accessing credit, nor any specific provisions that facilitates credit access for women-owned SMEs, in particular.

**"If we follow the SME Law, we will only lend to SMEs with women owning 51 per cent or more of the capital, but we are flexible to give loans for the SMEs with women owning 40 per cent or more".**

(A bank credit officer at a consultation meeting in Quang Ninh)

Perhaps some additional flexibility or easing of requirements would enable women to avail credit schemes. In Ben Tre province, short-term loans have a fairly good interest rate, at 4.5 per cent (30 per cent to 40 per cent lower than normal commercial loans) for enterprises in the fields of agriculture, export, high-tech applications. In Binh Duong province, credit institutions lend SMEs unsecured loans based on credit rating. Having access to bank credit with reasonable interest rates will help SMEs in general, and women-owned SMEs in particular, as they would not have to find capital sources with high interest rates, such as illegal credit groups which would add the burden of paying capital and heavy interest rates.

### Credit guarantee funds

While in principle SMEs are guaranteed credit through Credit Guarantee Funds, this mechanism has not worked. In Thua Thien Hue Province, no SMEs, including women-owned SMEs, have benefited from the Credit Guarantee Fund due to the complicated and cumbersome process and requirements.

The current process of accessing credit involves several steps (as outlined in the example of Tien Giang Province where seven SMEs

## THE PROCESS OF ACCESSING CREDIT

### 1 Preparation and submission of application



All documentation is prepared



Application submitted at the Credit Guarantee and Trust Management Department

### 2 Review of application

Legality and content checked  
If application complete receipt given to the submitter



If application incomplete, written guidance provided to the applicant

### 3 Result of the application: at the Department of Credit Guarantee



have benefited over the last three years),<sup>9</sup> including:

- **Preparation and submission of application:** SMEs in Tien Giang province that need to borrow money prepare all required documents. This documentation typically needs to include the application for credit guarantee of the enterprise, the client's legal profile; legal documents of any investment projects, production and business plans; all financial record and dossier on collateral for loan guarantee. An application is submitted at the Credit Guarantee and Trust Management Department of Tien Giang Investment and Development Fund.
- **Review of application:** The specialist receiving the dossiers checks the legality and content of the dossiers;
  - If the application is complete as prescribed, the reception official writes a receipt to the submitter;
  - In case the application is incomplete as prescribed, the reception official provides written guidance for the applicant to help them complete the procedure in accordance with regulations.
- **Result of the application:** The applicant receives the results at the Department of Credit Guarantee

<sup>9</sup> Detailed process can be viewed at Tien Giang Development Fund, Tien Giang province. Available at <http://tigidif.vn/thu-tuc-bao-lanh-tin-dung-cho-dnnv>

#### 4.1.4. Challenges for women-owned SMEs and recommendations to address the gaps

##### CHALLENGES

###### The Credit Guarantee Fund mechanism has not worked.

- Firstly, the Fund's charter capital has not been fully allocated by the People's Committees of provinces and cities according to regulations. Many localities do not have the state budget to fulfil the VND 100 billion requirement of charter capital.
- Even when they can fulfil charter capital requirements, guaranteeing can often be risky when SMEs are unable to make repayments. In some localities, the Funds operate inefficiently with limited capacity and resources to perform credit guarantee tasks for SMEs, such as the appraisal of documents, inspection, supervision, and debt collection; as well as limited capacity for accounting, financial and risk management. This limits the ability to undertake loan appraisals effectively and efficiently.
- The coordination between the Funds and commercial banks remains weak and ineffective in several provinces.
- The Government owns majority of the capital the Credit Guarantee Funds, which places all the risk on the public budget.
- Complicated and long processes deter lenders from participating.

##### RECOMMENDATIONS

<b>1</b> Supplement legal documents to create a more comprehensive framework for the operation of the Credit Guarantee Fund	Action	Create supplementary regulations on setting up provisions for the Credit Guarantee Fund, to reduce challenges when risks occur. The mechanism, policies and implementing guidelines should be uniform and clear to support operationalization.
	Implementing unit	MoF
	Target group	Local Credit Guarantee Funds

#### 4.1.4. Challenges for women-owned SMEs and recommendations to address the gaps (continued)

CHALLENGES		
The Credit Guarantee Fund mechanism has not worked. (continued)		
RECOMMENDATIONS		
<b>2</b> Strengthen the human resource capacity for the Credit Guarantee Funds to meet the requirements of performing credit guarantee tasks for SMEs	Action	Conduct training of Credit Guarantee Fund personnel to improve capacity for appraisal, accounting, financial and risk management.
	Implementing unit	MoF
	Target group	Officers of the Local Credit Guarantee Funds
<b>3</b> Pilot different models to improve the efficiency and coordination between commercial banks and local Credit Guarantee Funds	Action	Develop pilot models on effective coordination between commercial banks and local credit guarantee funds in interested provinces, and draw lessons for replication in other provinces. Improve the collaboration and processes between parties in accepting guarantee deeds, disbursements, controlling the use of loan capital, and recovering debts.
	Implementing unit	MoF and SBV
	Target group	Cities or provinces, any local Credit Guarantee Funds and local commercial banks interested to pilot a coordination mechanism
<b>4</b> Diversify financial resources and improve risk sharing	Action	Provide guidance and explore incentives (for e.g. tax incentives for VCs and equity markets to invest in SMEs) to mobilize capital from non-state budget sources and from international sources to increase capital for the SMEDF and Credit Guarantee Fund in order to create a sustainable source of credit guarantee capital, that can support more women-owned SMEs.
	Implementing unit	MoF
	Target group	Officers of the Local Credit Guarantee Funds and SMEDF
	Financial partners	International Impact Funds on financing women-owned SMEs, or through MDBs offering targeted support for women-owned SMEs
<b>5</b> Simplify the process for claims with clear and consistent rules on payments	Action	Reduce time-consuming claim procedures that can discourage lenders from participating. Develop clear rules regarding when and how to pay out guarantees, and pay claims without a long and costly verification process.
	Implementing unit	MoF and SBV
	Target group	Credit Guarantee Fund and participating banks

#### 4.1.4. Challenges for women-owned SMEs and recommendations to address the gaps (continued)

CHALLENGES		
<b>Challenges in accessing credit by women entrepreneurs persist.</b>		
<ul style="list-style-type: none"> <li>▪ Women-owned SMEs face several challenges to access credit and loans from banks and from Credit Guarantee Funds including not having access to collateral, bad credit history, weak business plans, inability to provide required financial documents or lack of capacity to prepare documentation required by banks and credit insurance funds.</li> <li>▪ There is negligible disaggregated data available on the low use of the SMEDF and Credit Guarantee Funds. Such data could help diagnose the root causes and create tailored solutions to increase access to credit and financing for women-owned enterprises.</li> </ul>		
RECOMMENDATIONS		
<b>1</b> <b>Strengthen capacity, financial knowledge and financial plans of women-owned SMEs</b>	Action	Mobilize and tap into policy resources, such as the network of consultants and technical support resources from international consulting actors and multilateral development banks (MDBs) to provide technical and capacity support for SMEs to meet requirements of the Credit Guarantee Fund and commercial banks. This support could include developing a feasible business plan, rating the credit worthiness of the business, and so on.
	Implementing unit	Local Women's Business Associations and Women Entrepreneurs Associations
	Target group	Women-owned SMEs
	Service providers	Credit rating service providers, Business strategy consulting organizations, and MDBs
	Financial partners	State budget for the operation of the network of consultants to SMEs (Department of Planning and Investment), and potential technical assistance from international actors
<b>2</b> <b>Undertake in-depth assessment of the SMEDF and Credit Guarantee Fund</b>	Action	Conduct surveys with SMEs and businesses, (disaggregated by male and female owned enterprises) and partnering banks to understand the main obstacles behind low use of the credit facilities; Collect data on number of loan applications received, percentage approved and rejected, size of loan approvals and loan default rates (disaggregated by sector, size and gender).
	Implementing unit	MoF and National CIC
	Target group	SMEs, partner banks, loan officers at SMEDF and Credit Guarantee Fund.

## 4.2 Tax and accounting support

### 4.2.1. National level

As per Article 10 of the SME Law, SMEs may, for a limited time, apply a lower Corporate Income Tax (CIT) rate than the normal tax rate applicable to enterprises as prescribed under the Law on CIT. And as per Article 19, SMEs transforming from household businesses to SMEs are entitled to free advisory support, guidance on tax administrative procedures and accounting regime, within three years from the date of being granted the first business registration certificate.

In addition, a number of implementation measures have been put in place in the area of tax and accounting support, led by the MoF, such as:

- Circular No. 132/2018/TT-BTC to guide the simple accounting regime for micro enterprises, effective from 5 February 2019, for a financial year beginning on or after 1 April 2019. Instead of accounting for up to 49 accounts as before, micro enterprises only have to apply 7 accounts, helping businesses simplify procedures, accounting apparatus, saving costs and gaining efficiency.
- The Ministry has submitted to the Government, for further submission to the National Assembly, through the National Assembly Standing Committee (NASC) for promulgation of the National Assembly's Resolution stipulating CIT incentives for SMEs (reference to Report No. 271/TTr-CP, dated 2 July 2019, and Report No. 180/TTr-CP, dated 29 April 2020, to the NASC).
- In the wake of the pandemic, MoF submitted to the Government for promulgation Decree No. 41/2020/NĐ-CP, dated 8 April 2020, to ease the tax burden for those facing difficulties due to the impact of COVID-19. Accordingly, SMEs are entitled to an extension of the tax payment deadline for the amount of value added tax (VAT) payable in the tax period of March, April, May and June 2020 (for the case of monthly VAT declaration) and the tax period of the first and second quarter of 2020 (for the case of quarterly VAT declaration). Specific measures also include extension of the tax payment deadline for the remaining CIT payable according to the final settlement of the 2019 tax period, and the temporarily paid CIT amount in the first and second quarters of the tax period of 2020, as well as an extension of five months for paying land rent for the land rent payable in the first period of 2020.
- The MoF has also submitted to the Government for promulgation Decree No. 114/2020/NĐ-CP, dated 5 September 2020, detailing the implementation of Resolution No. 116/2020/QH14. Accordingly, the regulations allow reducing 30 per cent of payable CIT in 2020, for enterprises with total revenue not exceeding VND 200 billion, in 2020.

- In 2020, the General Department of Taxation has deployed a technical system connected to the National Public Service Portal and completed the integration of 150 tax procedures into this portal.
- The MoF has submitted to the Government for promulgation Decree No. 22/2020/NĐ-CP dated 24 February 2020, amending and supplementing a number of articles of Decree No. 139/2016/NĐ-CP dated 4 October 2016, on license fees. Accordingly, additional license fee exemptions are allowed for newly established enterprises, households, individuals, and groups of individuals in the first year; and for SMEs establishing branches, business locations, and representative offices.
- The MoF issued Circular No. 65/2020/TT-BTC, dated 9 July 2020, amending and adding a number of articles of Circular No. 302/2016/TT-BTC dated 15 November 2016, for guidance on license fees. Accordingly, SMEs transforming from household businesses are exempt from license fees for a period of three years from the date of being granted the first business registration certificate.
- Circular No. 47/2019/TT-BTC, dated 5 August 2019 has been issued for enterprise information and business registration fees, stipulating the collection rate, collection and payment regime, management and utilization of fees for business establishment announcement and business registration. Accordingly, there are provisions for 70 per cent reduction of enterprise registration fee, 67 per cent reduction of enterprise information disclosure fee for all SMEs, and 100 per cent exemption for household businesses transforming into SMEs.
- Other circulars have also been issued by MoF, including the issuance of simplified tax accounting regime for micro and small enterprises, from February 2019. This has helped small businesses reduce administrative costs by decreasing the burden of financial reporting to the local taxation office.

#### 4.2.2. Provincial level

Many localities have been active in implementing a number of activities to support tax administrative procedures for businesses, as well as providing free accounting software for newly established businesses, such as in Long An, Ninh Thuan, Dak Lak, Quang Ngai, Thanh Hoa, Thua Thien Hue, among others.

In **Ha Noi**, in addition to supporting accounting software, free consultation support on tax finalization procedures is provided for one year.

In **Quang Ninh**, the province has drastically reformed administrative procedures, and has reduced the time to determine financial

obligations for notices of payment for registration fees, land use, land rent, and water surface rent, down from five days to two days. The time for registration of using ordered and self-printed invoices and sending it to the tax authority has also been reduced from five days to two days. Taxes are refunded in less than 40 days, as 100 per cent of tax refund records are implemented via online channels, and the dossiers subject to post-refund control takes less than six days. This reform has helped SMEs in general, including women-owned SMEs, to reduce administrative costs and travel time, thereby having more resources to focus on production and business activities.

In **Thua Thien Hue**, the Provincial People's Committee issued Decision No. 17/2020/QD-UBND, dated 1 April 2020, stipulating norms and conditions for supporting initial loan interest rates and implementing a number of support policies for newly-established enterprises in the province. The policy focuses on supporting public digital signatures and e-invoices for businesses, and supporting the cost of hiring accountants for business households converting to enterprises. To date, nearly 300 SMEs have been supported with a total support budget of nearly VND 500 million. This support reduces market entry costs, and is particularly valuable for small household businesses transforming into enterprises.

In **Ben Tre**, the Provincial Tax Department regularly organizes awareness and information sharing on tax management, accounting and tax declaration, tax reductions and exemptions, to simplify these procedures for newly established SMEs. As of 31 December 2020, 99 per cent of the total number of operating businesses used the electronic tax declaration service and 100 per cent of enterprises in the province participated in electronic tax refunds. The province has a one-stop shop procedure in terms of business licensing, tax code issuance, stamp issuance, and rotation of documents on land allocation and land lease of enterprises related to tax payment, thus creating favorable conditions to shorten transaction time and costs for businesses in the province.

#### **4.2.3. Impact on women-owned SMEs' access to tax and accounting support**

The SME Law makes no distinction or specific provisions for women-owned enterprises in the area of taxation, fees and accounting support.

The Report of the Administrative Procedures Compliance Cost Index 2020 (APCI 2020) highlights that SMEs benefit by reducing the cost of administrative procedures, reducing time and direct costs through the application of technology. The results of APCI in 2020, as compared to 2019, show that the top ranked area of improvement is tax administrative procedures, owing to transition to electronic application and platform, and by changing the state management

method from “pre-inspection” to “post-inspection” toward tax related issues, which have been continuously maintained and improved in recent years.

The uptake of technology and e-services has been high across SMEs, demonstrated by the fact that by the end of April 2021, 98.5 per cent of the total number of enterprises across the country have registered to use the electronic tax payment system, of which 99.33 per cent had used the electronic tax declaration service. The total number of enterprises participating in electronic tax refund reached the rate of 97.38 per cent. However, this should be viewed with some caution, as UN-Women’s review of the implementation of SME support legislation in Viet Nam highlighted that female businesses continue to lag behind in the adoption of digital technology, owing to lower capacity in areas related to technology and digital transformation. This could certainly also impact their ability to leverage digital applications for business registrations and/or tax and accounting purposes, and potentially even deter female household businesses from transforming into enterprises.

The General Department of Taxation has introduced some legal documents on tax through mass media and emails to business owners, with targeted and easy-to-understand information and instructions. This has helped businesses, including women-owned SMEs, to fulfil their tax obligations more effectively.

#### **4.2.4. Challenges for women-owned SMEs and recommendations to address the gaps**

<b>CHALLENGES</b>		
Despite the high levels of uptake of e-services among all registered SMEs, women continue to graduate in lower numbers in STEM majors, tend to have lower capacities on digital technology and may face difficulties in using e-services and tech-enabled solutions for business registration, tax and accounting.		
<b>RECOMMENDATIONS</b>		
<b>1</b> <b>Provide tailor-made support for women-owned SMEs and household businesses to bridge the gender digital divide</b>	<b>Action</b>	Incentives are needed for women-owned household businesses transforming to SMEs, with continued support for digital application in tax and business accounting to keep up the uptake of online business registration, tax and corporate accounting. Trainings on IT applications and digital business services should be friendly for users with limited ICT knowledge and skills. Also, virtual services and support should be made available on mobile technology platforms to allow women entrepreneurs to learn at an appropriate time and pace.
	<b>Implementing unit</b>	Business Registration Office and General Department of Taxation
	<b>Target group</b>	Women entrepreneurs with lower capacity and knowledge of digital and technology solutions

#### 4.2.4. Challenges for women-owned SMEs and recommendations to address the gaps (continued)

CHALLENGES		
<b>Taxes related to revenue have different implications for SMEs and household businesses</b>		
One of the biggest challenges for SMEs in general, including for women-owned SMEs, is the difference in taxes related to revenue of SMEs and that of household businesses.		
<ul style="list-style-type: none"> <li>■ Taxation for household business are very low and have flat rates. For instance, revenue under VND 100 million per year is not subject to VAT and personal income tax (PIT). If the revenue is over VND 100 million per year, then in addition to the license tax, the household business shall pay a flat tax according to Circular 95/2015/TT-BTC of the MoF as follows:</li> </ul> <p>Tax payable:</p> <p>Amount of VAT payable = Taxable turnover x VAT rate</p> <p>PIT payable amount = PIT taxable revenue x PIT rate</p> <p>In which VAT and PIT rates are below:</p> <ul style="list-style-type: none"> <li>▪ Services and construction, excluding raw materials: VAT rate is 5 per cent; PIT rate is 2 per cent.</li> <li>▪ Production, transportation, services associated with goods, construction including raw materials: VAT rate is 3 per cent; PIT rate is 1.5 per cent.</li> <li>▪ Other business activities: VAT rate is 2 per cent; PIT rate is 1 per cent</li> <li>▪ Distribution and supply of goods: VAT rate is 1 per cent; PIT rate is 0.5 per cent</li> </ul> <ul style="list-style-type: none"> <li>■ On the other hand, according to Circular 78/2014/TT-BTC of the MoF, for SMEs and all enterprises the tax rate of 20 per cent applies, irrespective of the turnover.</li> <li>■ With the above differences in taxation policy, household businesses do not want to transform into enterprises due to higher CIT rates, and increased accounting and financial compliance.</li> </ul>		
RECOMMENDATIONS		
1 Provide guidance and disseminate information for online business registration and electronic tax declaration and payment	Action	Develop documents and implement training of trainers for Viet Nam Women's Union officials and business support organizations (BSO) staff at all levels on online business registration and electronic tax declaration.
	Implementing unit	Business Registration Division and the Tax Office at provincial levels
	Target group	Officials of Viet Nam Women's Union at all levels, business associations, BSOs, particularly those focused on women SMEs
2 Sponsor newly established women-owned SMEs or those transforming from household businesses to SMEs to apply digital tax and corporate accounting regime	Action	Provide accounting software, e-invoice, digital signature, consulting fee (for tax accounting and financial report, electronic tax declaration, electronic tax payment) in the first three years from the date of establishment.
	Implementing unit	AED (focal point for the digital transformation program for SMEs), MPI; Tax office and business registration division at provincial level
	Target group	Women-owned SMEs that register to establish their businesses or are transforming from household to enterprise via the online business registration portal at provincial level
3 Ease business entry regulations that can support the transformation of household businesses to SMEs	Action	Coordinate actions between business registration and taxation departments in order to ease business entry regulations, and create separate tax regime dedicated to household businesses and micro-sized enterprises. Such plans should aim to narrow the gaps on taxation between households and small enterprises.
	Implementing unit	AED, MPI; Tax office and business registration unit
	Target group	Household businesses, micro-sized enterprises and women entrepreneurs

#### 4.2.4. Challenges for women-owned SMEs and recommendations to address the gaps (continued)

CHALLENGES		
SMEs in rural, remote and isolated areas, many of which are women-owned, face the additional challenge of recruiting or hiring accountants due to lack of skilled accountants in the locality. This can often lead to them having incorrect tax declarations or delays in tax payment, leading to fines and penalties.		
RECOMMENDATIONS		
<b>1</b> Ensure that support provisions on free advisory support, guidance on tax administrative procedures and accounting regime, for household and newly established SMEs can be locally operationalized	Action	Create effective means to disseminate information about support provisions to women-owned SMEs, and invest in local capacities to ensure that free skilled advisory support and guidance on tax and accounting processes can be provided at the local level.
	Implementing unit	Provincial tax departments
	Target group	SMEs in remote areas; and household businesses transforming to SMEs

### 4.3 Production space

#### 4.3.1. National level

In 2018, the Ministry of Natural Resources and Environment (MONRE), being the lead agency for production space, issued a document to guide localities to develop land-use plans at the district level. Based on this, land has been allocated to develop industrial clusters and concentrated agricultural, aquatic and seafood processing zones for SMEs.

Having production space in industrial clusters helps SMEs to stabilize production, and save initial investment in buying land. Moreover, these industrial clusters often have centralized infrastructure facilities for production such as electricity, water supply as well as wastewater and solid waste treatment, which can also help businesses save on additional production costs. According to the adjustment of the Land Use Plan in 2020, from the previous Plan of 2016 – 2020, several provinces and cities have been able to set aside up to 48,850 hectares for industrial cluster development. This is an increase of 37,139 hectares from 2015 to 2020.

#### 4.3.2. Provincial level

Despite limitations on land availability in almost all localities, many provinces and cities have attempted to reserve land for SMEs. As of 30 March 2021, 17 localities, including **Bac Ninh, Bac Giang, Khanh Hoa** have proactively promulgated guidelines and policies to support production area rents for SMEs in industrial parks and industrial clusters, by often offering a reduction of 20-50 per cent of the ground rent in industrial zones.

**Bac Kan** province supports 50 per cent of the production space rent for SMEs in industrial parks and clusters in the province, not exceeding VND 200 million/enterprise/year.

In **Thua Thien Hue**, the Provincial People's Committee issued Decision No. 767/QD-UBND, dated 8 April 2021, on the implementation of Resolution 03/2021/NQ-HDND, dated 26 February 2021, which stipulates policies to support SMEs, including with production space. According to this decision, the province will support SMEs operating in industrial zones and clusters with 30 per cent of the annual land rental fee (not exceeding VND 100 million/enterprise), and with 50 per cent of the cost of renting office space in co-working spaces for innovative start-ups and SMEs.

In **Khanh Hoa** province, according to the resolution of the Provincial People's Council, SMEs will be supported by the provincial budget with 50 per cent of the land rental, with maximum support area being 10,000 sqm and the maximum support amount being VND 100 million/enterprise/year.

In **Ben Tre**, SMEs operating in industrial zones and clusters with difficult socioeconomic conditions have been supported with 100 per cent of the cost of rental space (excluding the cost of renting infrastructure and other services) for two years, and for up to five years for SMEs from areas with extremely difficult socioeconomic conditions. This one time support is given for a maximum amount of VND 500 million/enterprise.

In 2020, the People's Committee of **Bac Ninh** Province issued Decision No. 396/QD-UBND, on 26 August 2020 promulgating the Provincial Support Scheme to SMEs for the period of 2020-2025. The People's Council of Bac Ninh province issued Resolution No. 14/2020/NQ-HDND, on 11 December 2020 promulgating policies to support production space for SMEs in industrial parks and industrial clusters during the same period. Several support measures are included as part of this, including 50 per cent reduction of the entire ground rent for the first three years of operation, from the date of signing the rental contract for new investment projects or for investment projects that wish to expand their production area, or rent production space in industrial zones and clusters. The total amount of this support is capped at VND 1 billion per project, although for investment projects looking to expand production area, only expanded areas are supported with rental fee reduction. In particular, SME's with a new or expanded investment project, with a tax payment of at least VND 50 billion per year for the first three years, also receive additional support of 100 per cent funding of the ground rent for three years, capped at VND 5 billion per project. In case of an enterprise manufacturing industrial products<sup>10</sup> for a foreign investor or company, with its head office in

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<sup>10</sup> List of Supporting Industries attached in the Annex of Decree No. 111/2015/ND-CP.

Bac Ninh province, support would be provided for 70 per cent of the ground rent for the first three years, from the date of signing the product supply contract, to a maximum amount of VND 2 billion per project. Enterprises in craft villages, densely populated places that voluntarily relocate to industrial parks or industrial clusters are supported with reasonable relocation costs, capped at VND 500 million per project. With these regulations and provisions in place, Bac Ninh has set several ambitious goals to achieve by 2025, which include, the establishment of 2,500 new enterprises including SMEs each year; support to 175 projects with a total support of about VND 180 billion for production space to rent land or move to industrial zones and industrial clusters with completed infrastructure system; and 100 per cent free support for accounting and tax accounting software for newly established businesses in the period 2020-2025.

#### **4.3.3. Impact on women-owned SMEs' access to production space**

In provinces of Bac Ninh, Khanh Hoa, and Vinh Phuc which have issued specific legal and policy frameworks through Resolution of the Provincial People's Council, and Decision of the Provincial People's Committee on the Scheme to support SMEs, women-owned SMEs do not have targeted provisions, but have been able to access benefits. This is especially the case for women-owned SMEs who are part of industrial zones and clusters and can avail benefits of common centralized infrastructure.

"The SMEs in industrial clusters save a lot of costs, especially by limiting the risk of waste discharge into the environment. If our factories are located outside, we will struggle to find a way to solve this problem, because SMEs often do not have enough budget to treat wastewater, and can lead to fines and penalties. Besides the production will also suffer long delays before it could resume operations".

(A businesswoman in Ben Tre province)

Although the provinces are trying to set aside land to build industrial clusters for SMEs to rent for production and business, in reality, SMEs don't have the opportunity to rent land due to limited supply of rental area. The women-owned businesses that were surveyed indicated that often large enterprises, with more economic potential, rent the land and keep it as empty real estate for bigger opportunities, instead of building up factories.

Regulations on production land also tend to be different from residential land, which can pose a challenge, as most SMEs and micro enterprises, including women-owned SMEs, often use their household as production area. A lack of specific regulations for residential production space, and a lack of differentiated regulations for sectors has led to complicated and time-consuming processes for smaller enterprises, a category in which a majority of women-owned enterprises tend to fall. Lack of clear information about the policies and processes disincentivizes many SMEs, especially women-owned SMEs, to avail the benefits from these support provisions.

"Although I know there is a support policy in renting space for production or business development, the procedures are not clear, plus I also do not know how to proceed effectively. After all, those benefits won't be much, so I don't apply to get the support."

(An owner of an educational institution in Hue city)

Apart from the direct benefits of reducing business costs related to production space, women-owned SMEs operating in industrial clusters have the opportunity to participate in policy dialogues and provide recommendations about their industrial cluster to leaders of local authorities. In 2020, women-owned SMEs in industrial clusters in Bac Ninh province were invited by the Bac Ninh Provincial Women's Union to participate in a policy dialogue with leaders of the Provincial People's Committee, Secretary of the Provincial Party Committee and Chairman of the People's Committee on negative impacts of COVID-19 pandemic. This provided women-led SMEs to share their perspectives, leading to the provincial leaders providing solutions to support SMEs in coping with COVID-19. These have included CIT exemption and reduction, quick issuance of guiding procedures for tax reduction, VAT refund and land rental discount. For interest-rate loans, it is proposed to extend the repayment period, reduce interest rates and extend the loan with flexibility in the interest collection period. Additional support has also been provided through adjustment of regulations on tuition support policies for children of workers and employees working in industrial parks.

#### 4.3.4. Challenges for women-owned SMEs and recommendations to address the gaps

CHALLENGES		
RECOMMENDATIONS		
<b>1</b> <b>Improve access to information on support measures for production space</b>	Action	Synthesize information on policies and legal documents of localities that support production space, industrial clusters/parks, and publish them on the provincial website/portal linked to the National Business Portal and sub-portal for women-led SMEs (managed by AED, MPI).
	Implementing unit	Portal managed by the Provincial People's Committee or the Department of Planning and Investment/Industrial Park Management Board
	Target group	Localities with policies and legal frameworks on supporting SMEs to access and support production space.
	Action	Provide information on policies to support production space, advise and guide women-owned SMEs to complete the procedures for signing a sublease contract with an infrastructure business unit of provincial industrial zones or industrial clusters.
<b>2</b> <b>Support women-owned SMEs to benefit from policies on land allocation measures in local industrial clusters</b>	Implementing unit	Provincial People's Committee, Department of Planning and Investment, project management units (PMUs) of industrial parks or industrial clusters
	Supporting unit for communication and information dissemination	Vietnam Women's Union, Women Entrepreneurs Associations, and other local business associations
	Target group	Women-owned SMEs

#### 4.3.4. Challenges for women-owned SMEs and recommendations to address the gaps (continued)

CHALLENGES	
RECOMMENDATIONS	
<b>1</b> <b>Improve engagement and coordination between local leaders and women-owned SMEs</b>	Action
	Implementing unit
	Supporting unit for communication and information dissemination
	Target group

## 4.4 Technology; start-up incubation, technical facilities and co-working space

### 4.4.1. National level

Article 12 of the SME Law in the area of technology support; start-up incubators, technical facilities, and co-working zones, stipulates that i) The State promulgates policies to support SMEs in technology innovation and research and development (R&D) through training, consulting, decoding and technology transfer activities; and in the establishment, management, protection and development of intellectual property of the enterprise; ii) Ministries, ministerial-level agencies and provincial-level People's Committees shall establish or participate in the establishment of incubators, technical facilities and co-working spaces through public-private partnerships. Enterprises and other investors and business organizations are also encouraged to set up such spaces; iii) Incubators, technical facilities and co-working spaces are entitled to exemption or reduction of land rent, land use levy and non-agricultural land use tax as prescribed by law; and to exemption and reduction of CIT for a definite period in accordance with the law on income tax.

On 30 March 2020, the Government issued Decree No. 37/2020/NĐ-CP on supplementing the list and industries which would receive investment incentives, detailing and guiding the implementation of a number of articles of the Law on Investment. Accordingly, three target groups were added to this list, including organizations providing

SME incubation, technical support facility, and co-working space for innovative start-up SMEs. Thus, organizations and individuals investing in establishing one of the three or a combination of the above three entities, enjoy preferential policies on investment, specifically incentives for CIT, and exemption and reduction on land and water surface rent.

The Ministry of Science and Technology (MOST) issued Decision No. 1468/QD-BKHCN, dated 4 June 2021, promulgating the implementation plan of Circular No. 07/2020 TT-BKHCN, dated 11 December 2020 guiding the establishment of an SME business incubator and co-working area to support innovative start-up SMEs with the following tasks: i) continue to research and improve policies on incubators, technical facilities, and co-working space; ii) disseminate information and provide training on the Circular implementation; iii) implement preferential and support policies for incubators, technical facilities, and co-working zones; iv) guide localities in implementing policies on incubators, technical facilities, and co-working zones. The Science and Technology Market Development Department is assigned as the lead agency to coordinate with relevant units to implement this plan. In addition, MPI has submitted to the Prime Minister for promulgation Decision No. 1269/QD-TTg, dated 2 October 2019, to establish the National Innovation Center (NIC) under its aegis, which will support SMEs in various areas such as R&D, technology innovation, protection and development of enterprise intellectual property, and so on.

In 2018-2019, the Government's Science and Technology Market Development Program supported 9 SMEs with a total budget of VND 70 billion. The National Fund for Technological Innovation selected 184 project proposals from SMEs, of which it approved and signed funding contracts for 27 projects with a support budget of VND 268 billion from the state budget, and has been conducting an appraisal of funding for 52 other projects with support from the state budget of about VND 686 billion. The program "Development of Intellectual Property" supports the protection and management of intellectual property for over 120 SMEs, and supports 51 other enterprises to apply and commercialize their innovations.

Under the new Decree No.80/2021/ND-CP, Article 11 provides details on support for SMEs up to 50 per cent of the contract value of consulting digital transformation solutions for business processes, governance processes, production processes, technology processes and business model transformation, capped at 50 per cent of the contract value; VND 50 million/contract/year for small enterprises and not more than VND100 million/contract/year for medium enterprises. Enterprises can access support up to 50 per cent of costs to rent or purchase digital transformation solutions to automate and improve the efficiency of business processes, administration processes, production processes,

and technological processes- capped at VND 20 million/year for micro enterprises, VND 50 million/year for small enterprises and not more than VND 100 million/year for medium enterprises.

#### 4.4.2. Provincial level

Many localities have taken important steps to promote the start-up innovation ecosystem in their areas, such as **Dak Lak** which has established a co-working space for business start-ups, called the Start-up Support Center. In **Thua Thien Hue** province 50 per cent of the cost of office rent in the co-working space for innovative start-ups is covered, capped at VND 2 million/month/start-up. SMEs are also provided with support of up to 50 per cent of the contract value when they purchase technology, technical solutions or technological processes.

Information from site visits point out that the support in **Ben Tre** has exceeded VND 4.705 billion for 21 businesses and business households to invest in production machinery and equipment. A number of businesses have been supported to process products, such as masks, absorbent paper, and straws from coconuts. The start-up movement has received special attention from the local government in Ben Tre, where the Secretary of the Provincial Party Committee also plays the role of the Chairman of the Provincial Business Development and Start-up Advisory Council. The Center for Investment Promotion and Start-up was established under the Department of Planning and Investment, creating a support mechanism for SMEs, especially start-ups. The provincial leaders can quickly consult with and solve problems for start-ups through these mechanisms. In addition, the dialogue mechanism through the Entrepreneur's Cafe and the Start-up Club activities provides a great opportunity for local policy makers and implementers to connect with the start-up community and provide effective and quick support.



In **Hue**, 184 businesses received support with a total budget of VND 510 million, mainly for creating and registering trademark protection, and building and promoting collective branding.

In **Quang Ninh**, the Provincial Start-up Club has been set up by the Provincial People's Committee. The office of the Club is located in the same building with other governmental agencies and right next to the Provincial Young Business Association. Furthermore, the Club President is invited to attend the Provincial President's monthly briefings with departments, allowing for good engagement and consultation between the start-up community and local leaders.

Several positive results in this area of support can be noted at the provincial level.

- **Incubators:** There are several models of incubators in Viet Nam, including those established by state agencies and operating in the form of non-business units run by ministries, departments, branches and People's Committees of provinces/cities directly. These organize and implement support activities to improve and test technology and trial production. Some examples include Ho Chi Minh City High-tech Agricultural Business Incubation Center, High-tech Business Incubation Center under the Management Board of Hoa Lac Hi-Tech Zone, Food Processing and Packaging Business Incubator Products in Hanoi, and the Vietnam–Republic of Korea Industrial Technology Incubator in Can Tho City. Another model of incubators is located in universities and research institutes, in the form of non-business units or affiliated enterprises, such as Science and Technology Enterprise; Technology Incubator Center (under the Institute of Technology Applications); and Hanoi Polytechnic Technology Development and Investment Joint Stock Company (BK-Holdings) established by the Hanoi University of Science and Technology. The third type is the enterprise model, established by private investors and operating in the form of an enterprise or as part of an enterprise that operates for profit. By the end of 2018, there were a total of 47 technology incubators in the field of biotech and information technology and automation.

"In the past 3 years, the start-up movement in Hue has been very developed, especially among the youth. The connection and sharing of start-up ideas and production and business projects is active. The groups are active on social networking forums such as Facebook and Zalo, as well as actively participate in connecting with businesses and investors".

(From a female start-up in Hue)

- **Technical facility:** These are also established in three forms. The first type is established by ministries, ministerial-level agencies, and provincial/city People's Committees and operates in the form of an autonomous (or partially autonomous) non-business unit. Some examples include a branch, a research centre, a technical centre, an accreditation office or a research laboratory. The second type is established by research institutes, academia, universities and hospitals established in the form of affiliated non-business units or affiliated enterprises, such as laboratories. And lastly, those established under the Law on Enterprises, in the form of a joint stock company, limited liability company or part of an enterprise and are fully self-financed. According to preliminary statistics, there are currently 1,010 laboratories, 54 accreditation organizations and 66 inspection organizations that have been accredited by the Office of Quality Accreditation (BoA), under certification from MOST.
- **Co-working space:** Currently, the establishment of co-working areas also follow three similar models. Firstly, established by ministries, branches, localities, public organizations, such as SIHUB which was established in August 2016 by the Department of Science and Technology of Ho Chi Minh City, to implement start-up and innovation activities; and BIHUB deployed by Binh Dinh Department of Science and Technology, Center for Analysis and Testing. A distinct feature of this model is that they use available premises from public land and in-turn do not charge businesses and start-up groups any fee to join. Funding comes from the state budget through the implementation of projects and tasks, donors and other sources of ODA capital. The second type is run by research institutes, universities, or a combination of universities and businesses. For example: BKHUP Creative Space is a cooperation between BK-Holdings (Enterprise System of Bach Khoa University) Faculty and Up Company (Up Coworking Space). The third type, established by Vietnamese enterprises and some foreign companies operate for profit, and are growing rapidly across Viet Nam. Both the second and third types of co-working spaces generate income by collecting fees from individuals or organizations that use its space and services.

Co-working spaces are a fairly new entity in Viet Nam, and are operating relatively effectively by providing comprehensive and focused support for technology start-ups. There are increasingly more co-working spaces established by the private sector which provide fee-based services to maintain operations, over public sector co-working spaces. While data is not complete, it is estimated that there are currently over 70 co-working spaces provided by 48 service providers (mostly business units), mainly

in big cities, such as Hanoi with 34 co-working spaces, Ho Chi Minh City with 27 co-working spaces, and Da Nang with 6 co-working spaces.

#### **4.4.3. Impact on women-owned SMEs' access to support of technology; start-up incubator, technical facilities, co-working space**

At the policy level, there are no specific provisions in this area for women-owned SMEs. However, in a number of provinces, women enterprises have reported benefits from the support offered in co-working spaces or incubators. For instance in Ben Tre, women have reported receiving support to leverage technology and innovative means for their products, and being able to expand their market base.

**"The export market for straws made from fermented coconut water is a great hope for the company. This product has been favored by the US market. Currently, our company is fulfilling orders for the US market, exporting an average of 200,000 straw/month."**

**(Director of a woman-owned SME in Ben Tre)**

The Start-up Club in Quanh Ninh provides club members with the opportunity to propose ideas or present their challenges to the Club President, which are then presented to the Provincial People's Committee and relevant departments. Ideas from women entrepreneurs are prioritized by the Club and presented at provincial briefings. The province also provides space and equipment for the Club to train on business start-up and innovation, with only partial tuition fee requirements for SMEs.



**Photo by Tony Pham on Unsplash**

Women-led SMEs actively participate in the Club and have also organized their own group of activities. Thus, the support of the province in terms of workspace, facilities for capacity-building training and other support has helped the province's women-owned SMEs and start-ups to further their research and create new products. For example, an enterprise that previously only paid attention to collecting medicinal leaves and selling them as raw materials to Chinese traders has researched new uses for the leaves. This helped them to pivot and invest in growing area and freeze-drying technology transfer (via support of the Department of Industry and Trade; and the Department of Science and Technology) to produce herbal tea with its own brand for domestic market and export.

"Participating in provincial president's monthly meeting with departments and agencies helps us know about the newest policies of the province. Moreover, we are allowed to propose initiatives for start-up activities and ask for support. We can also present our challenges and ask for support to address these. This has really helped the province's start-up movement develop strongly".

(From a member of the management board of the Provincial Startup Club)

#### 4.4.4. Challenges for women-owned SMEs and recommendations to address the gaps

CHALLENGES		
Overall funding for the operation of incubators, technical facilities and co-working space is limited with state and local budgets being quite small. They also lack access to network of experts and professional services that can support SMEs and start-ups. Some incubators organize initiatives to connect start-ups with top entrepreneurs and investors, but they are limited venture capital funds to provide financing for smaller enterprises where majority of the women-owned SMEs belong.		
Technical facilities like public laboratories have not been very useful for SMEs and start-ups, including women-owned SMEs, as these have been more effective at serving research activities in research institutes, universities.		
RECOMMENDATIONS		
<b>1</b> Propose incentives for incubators, technical facilities and co-working spaces to support women-owned SMEs	<b>Action</b>  Evaluate the performance of organizations providing incubation, technical facilities, co-working space and propose criteria for preferential policies and incentives on CIT. These criteria could be based on the number of women-owned SMEs allowed to participate in incubation, technical facilities and co-working spaces; percentage of women-owned SMEs achieving positive growth in revenue or profit after joining incubation centres, technical facilities or co-working spaces, among others.	
	<b>Implementing unit</b>  Science and Technology Enterprise and Market Development Department, MOST	
	<b>Target group</b>  SMEs, Women-owned SMEs and local (Women's) Business Associations	

#### 4.4.4. Challenges for women-owned SMEs and recommendations to address the gaps (continued)

RECOMMENDATIONS (continued)		
<b>2</b> Develop a mechanism to improve coordination between the Credit Guarantee Fund and the SMEDF; and the incubators, technical facilities and co-working space providers to improve financing options for SMEs in general, and women-owned SMEs, in particular	Action	Promote partnership opportunities between SMEDF and the Credit Guarantee Fund; and the providers of incubation, technical and co-working spaces to jointly co-evaluate enterprise selection and explore co-investment opportunities in qualified SMEs, especially women-owned SMEs.
	Implementing unit	SMEDF, Local Credit Guarantee Fund and service providers of incubators, technical facilities and co-working spaces.
	Target group	Women-owned SMEs participating in incubators, technical facilities or co-working spaces
<b>3</b> Equip service providers of incubators, technical facilities, and co-working spaces with information on SMEs support policies for better cooperation among relevant stakeholders that can benefit women-owned SMEs and start-ups	Action	Improve coordination for training, consulting, and providing business support services between incubators, technical facilities, co-working areas with other SME supporting organizations and business associations.
	Implementing unit	SME support organizations, business associations, women entrepreneur associations
	Target group	Incubators, technical facilities, co-working areas, women-led innovative start-up SMEs

CHALLENGES
Co-working spaces have faced challenges in terms of finding large enough spaces, especially in localities such as Hanoi, Ho Chi Minh City or other central areas, and the investment costs to construct space in these areas remains high. Centrally located co-working spaces tend to have high rental costs for private suppliers, which ultimately leads to higher fees for SMEs and start-ups, limiting many women-owned SMEs. While public/state-run co-working spaces offer lower cost to SMEs, they do not offer the highest standard of services or support.

RECOMMENDATIONS		
<b>1</b> Develop innovative ways to reduce production costs for women-led SMEs and start-ups	Action	Provide land area for private investors to build co-working space, or to invest in developing the co-working space via public-private partnership models. The profits gained from the PPP model and paid to the public entity can be used to support and offset some costs incurred by women-led start-ups
	Implementing unit	Departments of Planning and Investment of localities, People's Committees of localities
	Target group	Private enterprises investing in incubators, technical facilities, co-working spaces committed to supporting women-owned SMEs and start-ups

## 4.5 Market expansion

### 4.5.1. National level

Article 13 in the SME Law stipulates that Ministries, ministerial-level agencies and provincial-level People's Committees shall establish or participate in the establishment of product distribution chains in the form of PPPs. Enterprises, investors and business organizations may also establish product distribution chains. It also provides support to enterprises and organizations that invest in, and trade in product distribution chains with at least 80 per cent of SMEs participating in the supply chains of products made in Viet Nam. This support is in the form of exemption or reduction of land rent, land use levy and non-agricultural land use tax as prescribed by law; and exemption and reduction of CIT for a definite period in accordance with the Law on CIT. Micro enterprises and small enterprises are given priority in contractor selection in accordance with the Law on Bidding. Incentives are prescribed in Clause 3, Article 14 of the Bidding Law for placing a higher ranking on bidding documents and proposals of micro- and small-sized contractors with the total number of female employees, persons/employees with disabilities accounting for 25 per cent or more, and with a labour contract of at least three months.

MOIT is in charge of promulgating and implementing policies on supporting production linkages, trade promotion, brand development, and market expansion. The Ministry has issued four programs to support SMEs in trade promotion including: (i) National program on trade promotion; (ii) Vietnam National Brand Program; (iii) Vietnam Food Industry Brand Program; and (iv) Capacity-building program for product design and development.

The Ministry issued Decision No. 3837 QD-BCT, dated 25 December 2019, on the implementation of the National Trade Promotion Program in 2020 with total state support of VND 136 billion. It also issued Circular No. 40/TT-BCT, on 30 November 2020 (to amend and supplement Circular No. 11/2019/TT-BCT, dated 30 July 2019), guiding the implementation of trade promotion activities and foreign trade development under the National Program on Trade Promotion. This provides a clear legal basis to support trade promotion activities in the digital environment, create favourable conditions to diversify trade promotion activities, and to optimally exploit trade promotion tools and develop the domestic and export market. In 2020, the National Program on Trade Promotion approved 319 projects. More than 50 per cent of the projects were related to transitioning from a traditional program into a blended one with face-to-face and online components, especially in response to market changes and the impacts of COVID-19. However, 80 projects had to be cancelled due to COVID-19, resulting in a total of 239 approved projects, reaching 74.9 per cent of the annual planned target.

Chaired and implemented by the MOIT, there have been numerous support measures for SMEs, such as the establishment of product distribution systems in localities to consume regional goods and products, and to support SMEs to participate in the supply chains of national and regional OCOP<sup>11</sup> programs. Across Europe, MOIT coordinates with French distribution channels (Casino, Rungis), as well as in Italy (Conad, Coo Italia) and Czech Republic (Marko). In the United States, MOIT has access to distribution systems of chains like Walmart and Amazon, while across Asia, cooperation has been established with distributors such as Central Group in Thailand, Aeon in Japan and Emart in South Korea. The MOIT has also been expanding support to SMEs in building and implementing platforms to further e-commerce opportunities, including exploring international cooperation with large players like Google, Amazon and Alibaba. In 2019, the program provided initial support for 60 businesses to connect with Amazon Global Selling, thereby supporting Vietnamese businesses to access the global online retail market.

Guidance is provided by MOIT to SMEs about foreign trade remedy lawsuits, using trade remedy tools to protect domestic production in accordance with international commitments. The MOIT also supports the development of SMEs from industrial promotion funds according to the Decree No. 45/2012/NĐ-CP and provides vocational training, job creation for rural laborers, development of joint ventures, relocation of SMEs that may cause environmental pollution into craft village clusters, support for the application of advanced machinery and equipment in production and business, and promotion of SMEs to engage in domestic and foreign exhibitions.

#### **4.5.2. Provincial level**

Trade promotion activities in the provinces are carried out through the Industry Promotion Center and other departments under the Department of Industry and Trade. These activities have supported over 18,000 businesses to directly participate in product promotion and market development across the country. The value of contracts and transactions at the events have amounted to more than VND 300 billion and \$43.8 million in export orders.

Several provinces including **Phu Tho, Quang Ngai, Bac Giang, Ca Mau** have supported qualified SMEs to enter larger supply chains by connecting their products to large corporates and supermarket chains like Saigon Coopmart, Vinmart, and Big C. Several provinces are organizing market fairs, connecting and promoting local products to domestic and foreign markets.

**In Hue, SMEs have been supported to expand export goods through**

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<sup>11</sup> One commune One Product national program implemented by Ministry of Agricultural and Rural Development.

promotion to foreign markets, with 432 businesses being supported through VND 1,905 billion, in the last three years.

The **Ben Tre** province regularly provides information on the market situation, commodity information, market forecast, and business opportunities, and has supported 10 start-up businesses with websites to promote products with domestic and foreign partners. In addition, the province also organizes for businesses to participate in displaying typical products at conferences and seminars, so that an increased number of SMEs can participate in the product value chain and expanded distribution systems. For the domestic market, the province has supported enterprises to showcase speciality and OCOP products of the province in important markets across the country.

#### **4.5.3. Impact on women-owned SMEs' access to support of market expansion**

MOIT has coordinated with the Vietnam SME Association, Vietnam Association of Women Entrepreneurs (VAWE), the Vietnam Women's Union and others to implement the guidelines for SMEs to participate in the distribution of Vietnamese products in the domestic market. Thus, women-owned SMEs who are members of the above associations have benefited from programs and projects related to the domestic product distribution chain. Implementing the National Trade Promotion Program approved by the MOIT in Decision No. 3837 QD-BCT, on 25 December 2019, the Hanoi Women's Association of Small and Medium Enterprises (HAWASM) has organized exhibitions to promote women-owned SMEs. Annually, each women entrepreneur's association can apply for two proposals to the Department of Trade Promotion of the MOIT. HAWASM has reported a 100 per cent success rate on their proposals, owing to their staff being familiar with the policies and requirements of the Department. However, it is important that such success be replicated and scaled up nationwide.

VAWE has also sent a proposal to the Trade Promotion Department of the MOIT to organize trade promotion activities to facilitate the consumption of goods, in the context of COVID-19. As a result, the Department has provided feedback and recommended for VAWE to focus on the following priorities:

- i. research and develop projects that can be implemented immediately to support women-owned businesses to solve urgent difficulties in the consumption market;
- ii. prepare and propose ideas for the National Program on Trade Promotion for the Department to take forward in the future. Priority areas have been identified in agricultural and fruit products in the domestic market and for export that are facing difficulties due to the impact of COVID-19; trade promotion activities to seek imported raw materials for production; trade promotion activities

- for goods that trade according to European Union-Vietnam Free Trade Agreement (EVFTA- when the Agreement comes into effect); and appropriate trade promotion activities in post-pandemic markets, especially in Japan, the Republic of Korea, and China;
- iii. capture feedback and recommendations of enterprises and investors on a regular basis, promptly exchange and provide information, find solutions to solve difficulties, promote production and business activities;
  - iv. propose and strengthen the organization of trade promotion on digital platforms suitable to the industry;
  - v. identify new export markets to reduce dependence on the Chinese market, diversify overseas promotion activities, and promote exports through e-commerce and online shopping promotions;
  - vi. support enterprises to find sources to import goods, raw materials, supplies and spare parts for export production;
  - vii. coordinate with the Trade Promotion Department to review and update the database of import-export enterprises by industry and locality, verifying the operation status and actual capacity of enterprises.

## MAJOR GAINS FROM PROVINCES

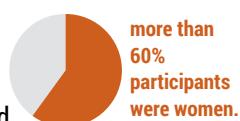
The Department of Industry and Trade has built the "Coconut Market Bulletin" and later the Market Newsletter, which is released monthly and sent to businesses.

- The newsletter provides useful information about:
- the import and export market
  - trade promotion activities and upcoming exhibitions
  - important insights about the market
  - information about supply partners
  - information about potential new clients

The Provincial Center for Industrial Promotion and Trade Promotion, organizes activities, which have engaged and benefited many women-owned enterprises. Such as:

- markets
- training courses
- conferences

**Trainings on improving knowledge of online sales and marketing provided to SMEs**



**Investment support has been provided for opening 6 convenience stores**



The Provincial Center and SNV implemented the project "**Improving the role of women in agricultural production and business**"

# BEN TRE QUANG BINH

The Provincial Center for Industrial Promotion and Trade Promotion, under the Department of Industry and Trade of Quang Binh Province organizes activities, which have engaged and benefited many women-owned enterprises. These include organizing markets to bring Vietnamese goods to rural and mountainous areas; conducting training courses on modern approaches for design and packaging of agricultural products; and organizing conferences to connect suppliers and exporters and promote trade in the North Central provinces. Trainings on improving knowledge of online sales and marketing has been provided to SMEs and cooperatives in the province, wherein more than 60 per cent of the participants were women. Investment support has been provided for opening six convenience stores selling products of SMEs in the province, including women-owned SMEs. The Provincial Center has also cooperated with the Netherlands Development Organization, SNV, to implement the project "Improving the role of women in agricultural production and business" in Quang Binh province.<sup>12</sup>

In Ben Tre, the Department of Industry and Trade has built the "Coconut Market Bulletin" and later the Market Newsletter, which is released monthly and sent to businesses. According to members of the Women's Business Association of the province, the newsletter provides useful information about the import and export market of products in general, and coconut products, in particular. The newsletter also contains information about trade promotion activities and upcoming exhibitions. Through the newsletter, SMEs are able to gain important insights about the market to adjust their production and business activities accordingly, as well as to find partners to supply input materials and new clients to buy their products.

Support activities related to trade promotion and market expansion, mentioned above, by the MOIT are quite diverse and spread across many sectors and industries, helping SMEs to increase the competitiveness of products and services, as well as to promote trade in domestic and international markets. While few targeted provisions are in place in for women-owned SMEs, female entrepreneurs have been able to benefit from support on trade promotion and market expansion at both central and local levels. The role of Women Entrepreneurs Associations, such as HAWASM, VAWE, and other international donor projects like SNV's are important to support women entrepreneurs and to propose recommendations to influence policies in this regard.

<sup>12</sup> Improving the role of women in agricultural production and business project" in Quang Binh province is under the 'Enhancing Opportunities for Women's Enterprises' (EOWE) programme funded by SNV. The program aims to boost the start-up and development of women's businesses in rural areas in Kenya and Viet Nam through a combination of enterprise development, social transformation and policy advocacy interventions.

#### 4.5.4. Challenges for women-owned SMEs and recommendations to address the gaps

CHALLENGES		
Women entrepreneurs are beneficiaries of trade promotion and market expansion policies. However, the policy has not been implemented in a targeted manner to benefit women-owned SMEs. Some women's entrepreneur associations have been successful in securing funding for trade and promotion activities, but this success is yet to be scaled up.		
RECOMMENDATIONS		
<b>1</b> <b>Scale up the success of HAWASM in submitting proposals and receiving support from Department of Trade Promotion, MOIT</b>	<b>Action</b>	Provide training for women entrepreneur associations nationwide to develop and submit sound proposals, plan and budget for their interventions as well as report and claim for payments.
	<b>Implementing unit</b>	Trade Promotion Department, Domestic Market Department, Export and Import Department, MOIT
	<b>Target group</b>	VAWE, HAWASM, and local Women Entrepreneurs and Business Associations

CHALLENGES		
While MOIT and its relevant departments have coordinated with the women's business and entrepreneur associations, the human resource capacity of these organizations is limited, often posing a challenge to implement trade promotion, market expansion and online trade promotion opportunities for women-led enterprises.		
<b>1</b> <b>Strengthen the presence and role of the VAWE, Women's Business Associations, and organizations providing support services for women-owned SMEs in the field of trade promotion and export</b>	<b>Action</b>	Strengthen the capacity and connections for VAWE and local women entrepreneur and business associations, with organizations providing support services for SMEs in the field of trade promotion trade and export. This would increase the operationalization of market expansion and trade promotion activities for women-owned SMEs.

RECOMMENDATIONS		
<b>1</b> <b>Strengthen the presence and role of the VAWE, Women's Business Associations, and organizations providing support services for women-owned SMEs in the field of trade promotion and export</b>	<b>Action</b>	Strengthen the capacity and connections for VAWE and local women entrepreneur and business associations, with organizations providing support services for SMEs in the field of trade promotion trade and export. This would increase the operationalization of market expansion and trade promotion activities for women-owned SMEs.
	<b>Implementing unit</b>	Trade Promotion Department, Domestic Market Department, Export and Import Department, MOIT
	<b>Target group</b>	VAWE and local Women Entrepreneurs and Business Associations; organizations providing support services for women-owned SMEs in the field of trade promotion and export

#### 4.5.4. Challenges for women-owned SMEs and recommendations to address the gaps (continued)

CHALLENGES		
There are good models of cooperation between international organizations implementing trade promotion and market expansion policies targeted at female entrepreneurs, for e.g. the TFO Project of Canada cooperates with the Trade Promotion Agency at the national level, and SNV's project works closely with the Quang Binh Provincial Center for Industrial Promotion. However, the lessons from these have not been systematically documented, thus being a missed opportunity to inform future regulations and policies of MOIT.		
RECOMMENDATIONS		
<b>1</b> <b>Document and scale up good practice models of cooperation to support women-owned SMEs for market expansion and trade promotion</b>	<b>Action</b>  <b>Implementing unit</b>  <b>Target group</b>	<p>Draw on the experience and lessons of international cooperation projects at the central and local level to inform initiatives of MOIT and future projects which can be tailor-made and targeted to the needs of women-owned SMEs.</p> <p>Trade Promotion Department, Domestic Market Department, Export and Import Department, MOIT</p> <p>Organizations implementing trade promotion activities, with a focus on women-owned SMEs in the following fields: trade promotion, export support, trans-national trading, and trade remedies</p>

CHALLENGES		
The level of awareness and capacity of women-owned SMEs still remains nascent with respect to accessing expanded markets and trade promotion.		
RECOMMENDATIONS		
<b>1</b> <b>Develop targeted interventions to increase the capacity and knowledge of women-owned SMEs into plans and programs for market expansion and trade promotion</b>	<b>Action</b>  <b>Implementing unit</b>  <b>Target group</b>	<p>Ensure that women-owned enterprises are aware of the Viet Nam Trade Information portal to access up-to-date information about trade facilitation mechanisms and opportunities. Additionally, invest in tailor-made capacity-building programs to increase the export readiness and e-commerce capabilities of women-owned SMEs.</p> <p>Trade Promotion Department, Domestic Market Department, Export and Import Department, MOIT</p> <p>Women-owned SMEs and women's entrepreneur associations</p>

## 4.6 Information, consultancy and legal advice

### 4.6.1. National level

As per Article 14 on information, advice and legal support, the SME Law regulates that relevant information be published on the National SME Support Portal, on information pages of relevant ministries, ministerial-level agencies, provincial-level People's Committees, social organizations, and other professional organizations. This includes information on plans, programs, projects, business support activities for SMEs; business instruction information; information on credit, market, products, technology, business incubation; and other information according to the needs of enterprises in accordance with the provisions of law. It regulates that Ministries and ministerial-level agencies shall, within the limit of their tasks and mandates: i) develop a network of organizations and individuals to provide low-cost consulting services to SMEs (hereinafter referred to as the consultant network; ii) develop, manage, maintain and use the legal database; and iii) develop and organize the implementation of legal support programs to provide information, foster legal knowledge and provide legal advice.

The Prime Minister issued Document No. 5225/VPCP-DMDN, on 29 June 2020, to promote the effective implementation of the SME Law, and to create conditions for SMEs to overcome difficulties, maintain and restore production and business activities impacted by COVID-19. This assigns responsibility to MPI to coordinate with ministries, branches, localities and business associations in promoting propaganda, dissemination of information and guidance on the implementation of the SME Law and its guiding decrees.

Several positive results in this area of support can be noted at the central level.

- **Information access:** The MPI, MOST, MOIT, and the Ministry of Justice (MOJ) jointly implement this area. MPI has published information according to the provisions of the Law through the National Information Portal for SMEs, which is integrated with the ASEAN SME portal. Currently, MPI is upgrading and developing additional tools and features to better meet the information needs of the SME community. Under this portal, AED is also developing a new sub-portal which is designed to specifically target and support women-owned SMEs. MOST has also developed and operates the National Innovation Start-up Portal, while the MOJ designs and operates the information support page.
- **Consultant Network:** MPI has issued Circular 06/2019/TT-BKHD, dated 29 March 2019, guiding the regulations on organization and operation of the consultant network for SMEs. The MoF issued Circular No. 54/2019/TT-BTC, dated 21 August 2019, on guiding

the management and use of state budget to support SMEs to use consulting services from the network.

MPI, MOIT and MOJ have jointly issued criteria and the following regulations to recognize individuals and organizations in the network of consultants.

- MPI has issued Decision No. 632/QD-BKHD, on 17 May 2021, on the fields, criteria, and regulations for acceptance of individuals and consulting organizations in the network of consultants to support SMEs;
- MOIT issued Decision 155/QD-CTDP, on 29 December 2020, guiding on the acceptance of organizations and individuals in the consultant network;
- MOST has drafted regulations on criteria to recognize organizations and individuals to join the network in the area of technology and innovation;
- MOJ issued Decision No. 1322/QD-BTP, on 1 June 2020, approving the list of individuals and organizations participating in the network of legal consultants (phase 1) of the MOJ. The criteria to join the consultant network of MOJ are prescribed by Decree No. 55/2019/NĐ-CP of the Government, dated 24 June 2019, on legal support for SMEs. MOJ has also issued Decision No. 1696/QD-BTP, dated 25 July 2019, on the publication of administrative procedures in the field of legal support for SMEs under its the management, effective from 16 August 2019. Accordingly, two administrative procedures were developed for requesting support for legal consultancy for SMEs, and for requesting support for payment of legal consultancy expenses for SMEs.
- **Legal advice:** Decree 55/2019/NĐ-CP on legal support for SMEs, issued by the Government, on 24 June 2019, stipulates the principles of implementing legal support activities. Specifically, Article 4, Section 4 of the Decree stipulates that based on resources and support programs, legal support agencies and organizations should prioritize SMEs owned by women and enterprises employing large share of female employees that meet the eligibility requirements; SMEs employing 30 or more total employees who are persons with disabilities according to the provisions of the Law on Persons with Disabilities; and SMEs that submit dossiers that meet the eligibility criteria for support first.

The Government issued Decision No. 81/QD-TTg, on 19 January 2021, approving the interdisciplinary legal support program for SMEs for the period 2021-2025. However, this does not indicate any percentage of women-owned SMEs that would receive access to legal support or any provisions for priority to women-owned SMEs. MOJ further issued Decision No. 1146/QD-BTP, dated 13

July 2021, promulgating the implementation plan for 2021 for the inter-sectoral Legal Assistance Program for SMEs, including the provision of legal information and fostering legal knowledge. MOJ as the lead agency collaborates with MOIT, MoF, MPI, Ministry of Home Affairs, Provincial People's Committees, Vietnam Chamber of Commerce and Industry, Vietnam Association of SMEs, Union Vietnam Bar Association, Enterprise Legal Clubs, and Vietnam Cooperative Union. In the action plan, however, there is no mention of priority activities for women-owned SMEs, nor any mechanism to mobilize women's network organizations such as the Vietnam Women's Union, VAWE or others.

#### 4.6.2. Provincial level

In implementing the direction of the Prime Minister in Document No. 5225/VPCP-DMDN on promoting effective implementation of the SME Law and to create enabling conditions for SMEs to recover from COVID-19, a number of Provincial People's Committees have issued documents assigning specific tasks to affiliated governmental departments and offices. Almost all provinces and cities provide business registration information and related legal advice to SMEs via Business Registration Management Office or One-stop-shop Administration Unit at the Provincial Public Service Center/Division. Other information and legal advice for doing business or investment are provided by the Provincial Investment Promotion Center or Agency.



**Information access:** The Hanoi People's Committee has developed the Hanoi Business Support Portal, which provides several benefits to member businesses, including timely updated information on policies and support programs of the Government and Hanoi City; access to participate in benefit programs from the direct consulting team; updates with shared data sources in the library on policies and specialized knowledge; connections with the consultant network, and connections to investors, banks, and information market news.

Some Provincial Departments of Planning and Investment have built and put into use the Start-up Support Portal, which provides

policy information, knowledge, and introduces innovative start-up models of localities. These include:

Ben Tre Province,  
Department of  
Planning and  
Investment of Ben  
Tre Province:  
  
[http://  
dongkhoikhoinghiep.  
vn/](http://dongkhoikhoinghiep.vn/)

Dak Lak Province,  
Department of  
Planning and  
Investment of Dak  
Lak Province:  
  
[http://khoinghiep.  
daklak.gov.vn/](http://khoinghiep.daklak.gov.vn/)

Gia Lai Province,  
Department of  
Science and  
Technology of Gia  
Lai Province:  
  
[http://startup.gialai.  
gov.vn/](http://startup.gialai.gov.vn/)

A number of local business associations have established centres to provide guidance on accessing information about policies and support measures of the SME Law, such as the Center for Business Consulting and Support established, on 13 October 2019, by the Provincial Business Association of **Bac Giang**.

**Consultant Network:** Local departments and agencies have started to build a network of consultants to support businesses in specific sectors under their purview.

In **Hanoi**, the Business Incubator of the Department of Planning and Investment has developed a network of consultants to support businesses in the city. The Department cooperates with organizations to identify relevant expertise and update the database, which is published on the Business Support Portal of Hanoi city. This provides SMEs with a convenient way to look up and approach suitable experts and consultants; creates an environment for consultants to share experiences and provide advice to the business community across the city; and connects experts to projects that support SMEs to use consulting services. The city budget supports a part of the consulting fee for any SME using consultants who are part of the database.

**Legal advice:** Some localities have issued legal support programs for SMEs for the period 2021-2025. However, at the provincial level, the principle of prioritizing legal support for women-owned SMEs and SMEs employing a large share of female workers has not been clearly defined.

The People's Committee of Kien Giang province issued Decision No. 1410/QD-UBND approving the program of legal support for SMEs in the province for the period of 2021 – 2025, with the Department of Justice as the implementing agency. Other coordinating entities include the Department of Finance, the Department of Planning and Investment, business associations, the Center for Investment Promotion, Trade and Tourism, the Provincial Radio and Television Station, the Union of Cooperatives, and the Kien Giang Newspaper. The legal advice and consulting services operate through a legal database for SMEs.

#### 4.6.3. Impact on women-owned SMEs' access to support of information and legal advice

Broadly, there are no specific provisions or regulations in this area that target women-owned SMEs. There is currently no data on how women-owned SMEs access and register into the consultant network of MPI, MOIT, MOST or MOJ. And legal support programs for SMEs issued by local governments for the 2021-2025 period are gender neutral, with no articles or provisions specified for women-owned SMEs.

“Access to legal and policy information should be digitized and disseminated through relevant and accessible channels. Focal agencies should be assigned in charge of SME development and implementing SME policies, and these should be announced so women-owned SMEs are informed of key actors.”

(FGD at the Sub-National Consultation on Challenges, Innovation, and Actions to Support Women Entrepreneurs Coping with COVID-19 and Climate Change in Mekong River Delta, Viet Nam; 7th April 2021)

The content of legal advice for business establishment is well organized by the Business Registration Office at the provincial level. While there is no data on women-owned SMEs accessing legal advice in the localities, women entrepreneurs who were consulted conveyed that they felt consulted on legal issues related to business establishment, but less so on in-depth legal issues in the areas of production and business process.

“If we have to learn, it is mainly to learn the laws and policies to avoid violation. We have never read the laws and policies to see whether or not this brings us the benefits”.

(From a coconut production facility owner from Ben Tre)

#### 4.6.4 Challenges for women-owned SMEs and recommendations to address the gaps

CHALLENGES		
While the principle of prioritizing women-owned SMEs is stipulated in the SME Law and Decrees, the implementation guidelines and regulations for information, consultancy and legal advice do not include specific activities to ensure benefits for women-owned SMEs in this area.		
RECOMMENDATIONS		
<b>1</b> <b>Align the guiding documents and related Decrees for information, consultancy and legal advice with the priority principle as per the SME Law, Decree No. 39 /2018/NĐ-CP</b>	Action	Review and incorporate the inclusion of a target percentage of women-owned SMEs and SMEs employing a large share of female workers, to access support in this area, and participating in the consultant network. This could be achieved gradually by providing incentives like reduced costs and enhanced support through the consultant network.
	Implementing unit	MPI, MOIT, MOST and MOJ
	Target group	Women-owned SMEs

CHALLENGES		
There is no mechanism to mobilize the networks of women entrepreneurs, such as the Viet Nam Women's Union, Women Entrepreneurs Association, and Women Entrepreneurs Council to support policy implementation. Therefore, the support for women-owned SMEs to benefit from this policy is yet to demonstrate systematic positive results.		

RECOMMENDATIONS		
<b>1</b> <b>Improve coordination with and engagement of women's associations and organizations</b>	Action	Revise the interdisciplinary legal support program for SMEs in the period of 2021-2025 by including activities that target women-owned SMEs and engage network of women entrepreneurs (Women Entrepreneurs Association, Women Entrepreneurs Council, and Women's Union) to participate in policy implementation.
	Implementing unit	MOJ
	Target group	Women-owned SMEs and SMEs with a large share of female workers, Women's unions and associations

CHALLENGES		
Information related to the SME Law is not always available and accessible to women-owned SMEs.		

RECOMMENDATIONS		
<b>1</b> <b>Make the legal and policy information about the SME Law more accessible for women-owned SMEs</b>	Action	Digitize the legal and policy information about the SME Law and disseminate through easily accessible channels such as emails. Assign focal points for SME development and implementing the SME Law, and ensure that these are announced widely.
	Implementing unit	MPI, MOIT, MOJ
	Target group	Women-owned SMEs

## 4.7 Human resource development

### 4.7.1 National level

As per Article 15 on support for human resource development, the SME Law stipulates exemption and reduction of fees for SMEs to participate in training courses funded with the state budget on business start-up and corporate governance, and for other vocational trainings for employees of SMEs. It also stipulates for the State to organize the implementation of online training programs, as well as direct training activities in production and processing.

Article 14 on support for human resource development for SMEs, stipulates that employees of women-owned SMEs, when attending elementary level training courses or training programs of less than three months, are exempt from training costs. Direct training support is also provided in the field of production and processing, with 50 per cent support for at least 10 students once year.

Two main ministries hold the focal responsibility at the central level. MPI assumes the primary responsibility to guide support for human resource development for SMEs, and issued Circular No. 05/2019/TT-BKHDT, on 29 March 2019. This provides prioritization to women-owned SMEs and enterprises employing a large share of female employees, so as long as they meet eligibility requirements. They are also exempt from tuition fees to attend training courses organized by MPI. The Ministry of Labour, War Invalids and Social Affairs has prime responsibility for guiding the support of vocational training for labourers working in SMEs, and issued Circular No. 32/2018/TT-BLDTBXH on 26 December 2018 in this regard. This circular, however does not have a priority mechanism for women-owned SMEs or SMEs employing a large share of female workers, and neither does it have specific training targets for them.

MoF issued Circular No. 36/2018/TT-BTC, on 30 March 2018, guiding the estimation, management, use and settlement of funds for staff training and retraining. Through the issuance of Circular No. 49/2019/TT-BTC, dated 8 August 2019, MoF provides guidance on the management and use of state budget funds to support human resource development for SMEs.

Article 14 on support for human resource development for SMEs, stipulates that employees of women-owned SMEs, when attending elementary level training courses or training programs of less than three months, are exempt from training costs.

In 2018, MPI chaired and coordinated with other ministries and organizations to support training for nearly 4,000 people to start businesses and launched an online training portal for SMEs, called SME-Learning (<https://vietnamsme.gov.vn>). In 2019, various ministries, including MOST, Agriculture and Rural Development, Education and Training, MOIT organized numerous topical training courses targeting SMEs.

#### **4.7.2. Provincial level**

In some localities, the Department of Planning and Investment proposed and submitted to the Provincial People's Committee plans for two key activities to support SMEs- an annual business start-up training; and entrepreneurship and business administration training. These included Thanh Hoa Province Plan No. 39/KH-UBND, issued on 7 February 2020 and Plan No. 57/KH-UBND issued on 19 March 2021; and in Ha Tinh Province Plan No. 307/KH-UBND issued on 14 August 2020. **Thanh Hoa** province has implemented both trainings, while **Quang Ngai** Province issued an action plan prioritizing vocational training support for workers in women-owned enterprises.

The Department of Planning and Investment of **Hanoi** has implemented a program to help train and foster human resources for women-owned SMEs and to promote a start-up culture among the women-owned SME community. The training content has been developed as prescribed in Circular 05/2019/TT-BKHTT.

**Ben Tre** province has issued Decision 20 on the SME support scheme to provide free training on starting a business and a 50 per cent discount on tuition fees for intensive training courses organized by the Center for Investment Promotion and Start-up.

**Thua Thien** Hue province has issued Resolution 04 on insurance support for employees who have worked for six months in SMEs, but has not specified how much support will be provided.

**Quang Ninh** province issued Resolution 148 and Guideline 2168 to support 50 per cent of tuition fees for participating in training courses that are organized by the central government in the province.

#### **4.7.3. Impact on women-owned SMEs' access to support of human resource development**

As mentioned above, at the central level there are specific provisions in the SME Law that are meant to benefit women-owned SMEs in this area. As per Article 14, employees of women-owned SMEs receive exemption from training fees; and as per Circular No. 05/2019/TT-BKHTT women-owned SMEs and enterprises employing a large share of female employees are prioritized in terms of human resource development support, so as long as they meet eligibility requirements.

In 2018-2020, the Northern SMEs Support Center (TAC), MPI has implemented consulting activities and face-to-face and online training activities. Funding for these have been mobilized from the state budget in combination with technical assistance funds from international development organizations like UN-Women's WeEmpowerAsia programme, United Nations Development Programme (UNDP) and the International Labour Organization (ILO). Some key impacts and benefits of TAC's activities for women-owned SMEs in this area include:

- *For direct training activities:* Women-owned SMEs and SMEs employing a large share of women are entitled to incentives (specified in the SME Law and its guiding documents) such as 100 per cent tuition fee exemption for trainings organized by TAC.
- *For free online trainings:* From August 2018-2020, TAC has implemented an online training system for SMEs. In 2021, it continues to deploy more online lectures for businesses and enterprises that employ a large share of female workers, with topics such as female leadership in the 4.0 era; work-life balance; creative thinking for female leaders, and others.
- *For direct training and consulting at SME premises:* In 2019, TAC cooperated with the Sustainable Business Development Project (SCORE) of ILO to train and standardize a team of consultants according to SCORE/ILO standards to provide consultancy to SMEs. After the initial training in 2020, TAC continued to provide intensive training for consultants in the field of manufacturing, and in 2021 TAC is providing 15 direct training courses supported by the state budget and ILO, with priority given to women-owned SMEs.

At the provincial level, several positive results can also be noted for women SMEs. In **Hue** and **Ben Tre**, in three years of implementation of the SME Law, numerous trainings have been organized to benefit SMEs in general, and women-owned SMEs, in particular, as per the guidelines. In **Ben Tre**, women entrepreneurs reported that the reduction of 50 per cent tuition fee had been successful in equipping them with good knowledge to manage and run their businesses more effectively. In **Quang Ngai**, the vocational training policy for employees of SMEs has been successful due to effective coordination in policy implementation among key stakeholders. The engagement of associations has played an important role in guiding and supporting SMEs to benefit from above-mentioned policy, as well as in improve working conditions for employees of SMEs. Consultations with SME owners in Women Entrepreneur Associations revealed that capacity building training courses organized by the province helped them improve their business management and operation skills, thereby saving on administrative costs in the production and business process. However, they also indicated that some training courses could be improved by adding more practical experiential learning and application for their business.

The provisions of Clause 2, Article 14 which provides tuition fee exemptions requires the condition that the exemption applies only to employees who have spent a minimum of six consecutive months with the SME. Consultations with women entrepreneurs revealed that these conditions were not reasonable for most SMEs, making it difficult for them to avail the opportunity. One of the biggest gaps identified by women entrepreneurs was training support for their new employees. Many women-led SMEs also felt that policies of human resource development were not beneficial for them to attract quality human resources, since most workers were attracted to work in bigger enterprises and in cities.

"Workers who work continuously for 6 months should have already become skilled workers. They may have been appointed as the head and in charge of the production line. It would be too difficult to send them for training because it is not easy to find someone to replace them. Therefore, we have to pass up training opportunities for them."

(From the owner of a roofing tile manufacturing business)

Several women-owned SMEs hire seasonal workers for production and business activities. Some may need to hire and retain highly skilled workers on a long-term basis to bring back in the next season, for which advance social insurance can serve as an incentive. However, there are no specific instructions for the social insurance agency to handle these requirements beyond one annual year.

Several survey respondents highlighted a common issue, that the central level regulations and policies were considered quite inflexible and not representative of local realities. Thus, many provisions were generally found to be difficult to implement given the local conditions and context within the provinces.

#### 4.7.4. Challenges for women-owned SMEs and recommendations to address the gaps

CHALLENGES		
RECOMMENDATIONS		
1 Revise the terms and conditions of support for training of workers of SMEs	Action	Revise the Clause 2, Article 14 from providing tuition fee exemptions only to employees who have spent a minimum of six consecutive months with the SME, to providing training support for new employees of the SMEs.
	Implementing unit	AED, MPI
	Target group	New employees of (women-owned) SMEs

CHALLENGES		
RECOMMENDATIONS		
1 Create targeted opportunities for women-owned SMEs to improve their knowledge and capacities	Action	<ol style="list-style-type: none"> <li>1. Guide localities to include cost-reduction incentives and to communicate these to women-owned SMEs so that there is a growing proportion of women-owned SMEs who can benefit from the annual training plans in provinces.</li> <li>2. Require localities to communicate and disseminate policy information to SMEs in general, and women-owned SMEs in the area, and encourage them to participate in online learning platforms.</li> <li>3. Guide organizations and localities to collect data, monitor and evaluate the impact of business start-up and business administration trainings, and direct trainings. The evaluation should be designed with gender specific indicators and questions.</li> </ol>
	Implementing unit	AED, MPI and provincial DPs
	Target group	Agencies which are assigned tasks for business start-up and business administration training, direct training for SMEs, such as the Department of Planning and Investment, Center for supporting SMEs, and others.

#### 4.7.4. Challenges for women-owned SMEs and recommendations to address the gaps (continued)

CHALLENGES		
RECOMMENDATIONS		
<b>1</b> <b>Enhance online training content for women-owned SMEs, and SMEs employing a large share of female workers</b>	Action	<ul style="list-style-type: none"> <li>1. Add training topics to specifically serve the needs of women-owned SMEs, and SMEs employing a large share of female employees.</li> <li>2. Improve training content to be more practical so as learners understand easily and are able to apply it to their business.</li> <li>3. Enable mobile technology applications for online learning for women to learn at their time and pace</li> </ul>
	Implementing unit	AED, MPI
	Target group	TAC Center which operates the national online training system for SMEs; and SME owners and middle-management officials of women-owned SMEs
<b>2</b> <b>Provide tailor-made vocational training programs for employees of SMEs, women-owned SMEs and SMEs employing a large share of female employees that are located in economic zones and industrial parks</b>	Action	Design and develop intensive and tailor-made vocational training programs according to common training needs of SMEs in economic zones and industrial parks.
	Implementing unit	Ministry of Labour, Invalids and Social Affairs
	Target group	<p>MEs owned by women, SMEs employing majority female workers operating in economic zones and industrial parks.</p> <p>Suggested pilot locations for this type of training are cities and/or provinces that have many industrial zones and economic zones, such as Quang Ngai, Khanh Hoa, Ba Ria Vung Tau, Bac Giang, Bac Ninh, among others.</p>
<b>3</b> <b>Improve the quality and relevance of vocational training activities for workers and staff of SME</b>	Action	<ul style="list-style-type: none"> <li>1. Foster and improve occupational skills for employees that meet national occupational skills standards.</li> <li>2. Support technology transfer to equip employees with knowledge, scientific and technical advances and for preparedness for new technologies.</li> <li>3. Develop skills aimed at improving competencies of employees, including: cognitive capacity, adaptive capacity, professional and value-based behavioural capacity, capacity for lifelong learning and skill-based career advancement, according to the National Occupational Skill Qualification Framework.</li> <li>4. Design the courses to meet the specific needs of women-owned SMEs and SMEs employing many female employees who are targeted as key beneficiary groups.</li> </ul>
	Implementing unit	Ministry of Labour, Invalids and Social Affairs
	Target group	SMEs, women-owned SMEs and SMEs employing majority female employees

#### 4.7.4. Challenges for women-owned SMEs and recommendations to address the gaps

CHALLENGES		
There is a need to improve the quality of consultants who are part of the various networks to provide cutting-edge advice and support services to SMEs.		
RECOMMENDATIONS		
<b>1</b> <b>Strengthen the quality of consultants who provide consultancy and direct training for SMEs</b>	Action	Request additional state budget resources and attract international support to train and standardize a team of consultants that meet international standards and demonstrate gender-sensitivity for direct consulting and training of SMEs.
	Implementing unit	AED, MPI; relevant ministries; provincial DPIs
	Target group	Agencies which are assigned tasks for business start-up and business administration training, direct training for SMEs, such as the Department of Planning and Investment, Center for supporting SMEs, and others.

CHALLENGES		
Women entrepreneurs lack social capital in the form of strong mentors and having access to networks.		
RECOMMENDATIONS		
<b>1</b> <b>Create targeted mentoring programs for women entrepreneurs to enhance peer support and to build social capital and networks for women entrepreneurs</b>	Action	Develop mentoring programs to match women entrepreneurs with mentors to provide them with business advice and access to networks and resources.
	Implementing unit	AED, MPI; VCCI; relevant women's associations
	Target group	Women entrepreneurs

CHALLENGES		
Overall there is lack of robust evidence on the impact of training programs. Thus, it is difficult to ascertain which initiatives had the biggest positive impact for women, making it challenging to identify good practice to scale up interventions and/or identify new areas where support maybe required.		
RECOMMENDATIONS		
<b>1</b> <b>Monitor the impact of trainings to determine results and gaps</b>	Action	Supplement a concrete outcome indicator (sex-disaggregated where possible) for trainings that measures higher productivity skills among workers. Introduce a system to assess, appraise, and recognize improved skills, through national skills certifications.
	Implementing unit	Ministry of Labour, Invalids and Social Affairs
	Target group	SMEs, women-owned SMEs and SMEs employing majority female employees

## **4.8 Transformation from household business to enterprise**

### **4.8.1. National level**

As per Decree 39/2018, the support for the transformation from household business into enterprise, focuses on five main areas: i) consultation in guiding and supporting business establishment procedures; ii) support in business registration, business information disclosure; iii) support for appraisal and business license for the first time; iv) license fee support for three years; and v) free consulting in tax guidance, tax administrative procedures and accounting regime for the first three years.

Subsequently, the Government issued Decree No. 108/2018/ND-CP, dated 23 August 2018, to amend and supplement a number of articles of Decree No. 78/2015/ND-CP, dated 14 September 2015, regarding regulation on registration of business establishment on the basis of conversion from household business.

MPI issued Circular No. 02/ 2019/TT-BKHTD to amend and supplement a number of articles of Circular No. 20/2015/TT-BKHTD, dated 1 December 2015 to guide business registration. Accordingly, the process of registration of an enterprise on the basis of conversion from a business household is carried out at the Business Registration Office in the locality where the enterprise intends to locate its head office. These new regulations make it easier for household businesses to transform into enterprises, and create enabling conditions to expand their production, and scale up their business.

To improve administrative processes and promote investment-business activities, the Business Registration Department in MPI registers business activities via the online Business Registration Portal (<https://dangkykinhdoanh.gov.vn/vn/Pages/Trangchu.aspx>), wherein business founders can prepare documents and submit documents online. As a result, over 1.4 million firms have registered successfully using the online system. However, currently there is no gender-aggregated data on the number of firms that have successfully registered online. Simultaneously, through the same system, the business registration agency receives, considers, processes the application and notifies the results electronically.

### **4.8.2. Provincial level**

Information and advisory on legal requirements and procedures for business transformation and first-time registration certificates, as well as tax and accounting procedures are provided across most provinces. AED's report on reviewing the two-year implementation of the SME Law found that 10 localities (provinces or cities) have

developed their own projects and plans to support household businesses to transform into SMEs, including waivers on all costs related to business establishment.

In **Thua Thien Hue**, the Provincial People's Council issued Resolution 04/2018/NQ-HDND on stipulating a number of policies to support SMEs in the province. Accordingly, on 28 June 2018, the People's Committee implemented the Resolution by issuing Decision No. 39/2018/QD-UBND on regulating a number of policies to support small businesses and enterprises in the province. The People's Committee also issues annual implementation plans on support to convert from household business to SMEs, like Plan No. 69/KH- People's Committee on 29 March 2019, which granted a one year free license to use enterprise accounting software with user manuals.

In **Ben Tre**, the Project on Supporting SMEs in Ben Tre Province for the period of 2020-2025 was approved by the Provincial People's Committee in Resolution No. 20/QD-UBND, which includes support for enterprise registration and business information disclosure, supporting first time business appraisal and licensing, and business-liscence tax for a period of three years.

In **Quang Ninh**, Resolution 148/2018 stipulates support on seal costs, accounting fees, tax finalization and production and business premises. Instruction No.2168 also provides detailed guidance on the process of receiving support for enterprises transforming from household businesses. Accordingly, the province supports 100 per cent of the cost of the enterprise stamp and the cost of registration, and provides maintenance of digital signatures in the first year of establishment, capped at VND 2.25 million/enterprise. It also supports 100 per cent the cost of accounting, tax services in the first year, capped at VND 2 million/month for newly converted enterprises with at least one year of operation; and support for production and business premises by providing 50 per cent of the ground rent in



industrial parks and industrial clusters in the province for two years from the date of signing the lease contract.

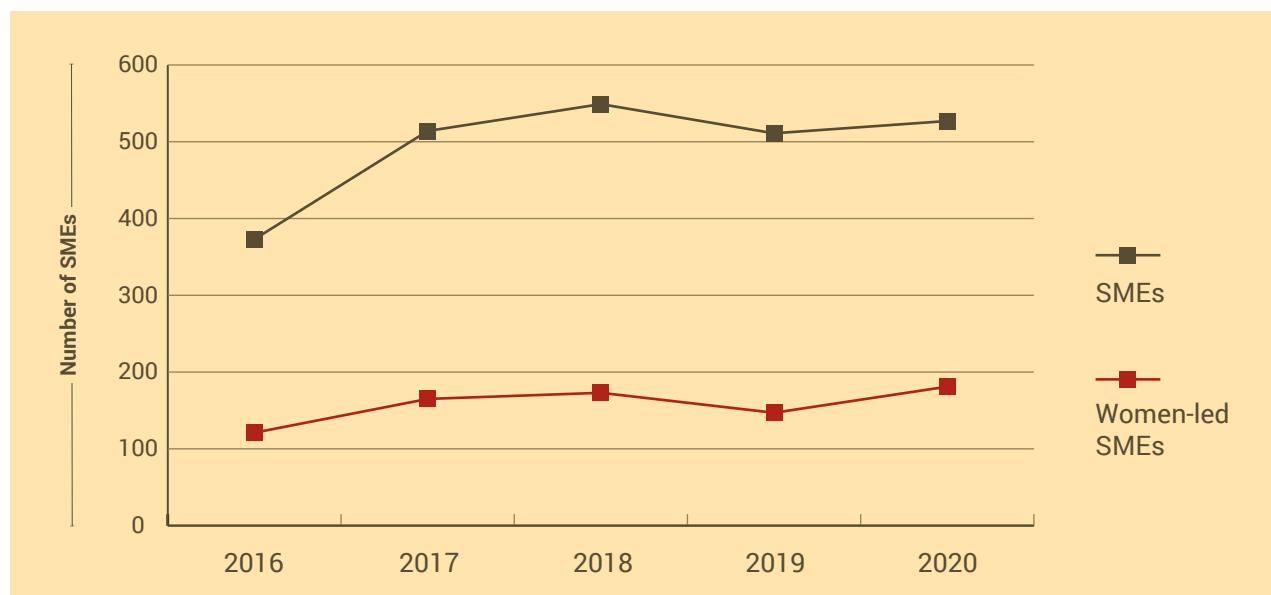
In **Yen Bai**, Resolution No. 09/NQ-HDND details specific financial support for SMEs converting from household business. This includes support for stamp fee, fees for business signs, 100 per cent of expenses for performing accounting services, tax declaration, reporting and finalization, capped at VND 2 million/enterprise. Converted businesses with at least one year of operation receive one month of the cost of purchasing accounting software up to VND 3 million, digital signature up to VND 1 million, purchase and printing of invoices up to VND 1.5 million, and up to VND 10 million to purchase office equipment.

The **Ha Noi** Department of Planning and Investment has been pioneering the online business registration serviced. By September 2017, all new enterprises were registering online, ranking Ha Noi the first in national administrative reform. The online process has helped enterprises save a lot of time and administrative costs, particularly for start-up enterprises, with the average time to process an online business registration application reducing from 4.24 working days to 2.3 working days.

#### **4.8.3. Impact on women-owned SMEs' access to support of transformation from household business to enterprise**

Despite the above-mentioned policy measures and implementation support, in Hue, only 40 households completed the transformation into an enterprise after three years of implementing the support measures. And in Ben Tre, the agencies have reached out 1,580, but only 247 businesses completed the transformation into enterprises, accounting for only 16 per cent of total businesses consulted.

**Figure 6. SMEs in Ben Tre during 2016 – 2020**



Data reveals that there was also no big change during the last three years for women-owned enterprises. In Ben Tre, the increase in the number of newly established enterprises has been steady over the period 2015-2020, indicating no particular upward trend resulting from the provisions of the SME Law. The trend is similar for women-owned enterprises, which remains at 30 per cent of the total number of registered enterprises.

“It Is not necessary to change the form of business, because in fact, as a household business we only need to pay full license tax and flat tax. I used to register a business, but as a business, I have to pay a lot of fees, besides tax. In addition, as a business, we need to have an accountant, which adds to the cost. To reduce this cost, we used an accounting service, but this service lacks overall accountability, and is not effective. So for us, household business is the easiest and most convenient”.

(From an owner of a beauty service)

The issuance of Circular No. 02/2019/TT-BKHTT has made it easier for household businesses to transform into enterprises. Despite programs, schemes and plans to support this transformation are in place, the numbers, as mentioned above, have been low. This is partly because these measures help businesses to save initial start-up costs of transforming to an enterprise, but there remains a gap in longer term support to ensure their sustainability and scale up.

“Our company has to buy inputs from many different business households and they do not have any invoices for us. Therefore, in many production batches, we cannot keep business account of inputs for tax audit”.

(From the Director of a coconut processing company)

#### 4.8.4. Challenges for women-owned SMEs and recommendations to address the gaps

CHALLENGES		
<p>Interestingly, this support legislation has not received significant attention from women entrepreneurs, which could be explained by a few factors highlighted by women through consultations.</p> <p>Firstly, women entrepreneurs indicated that they are not always aware of the transition support and do not necessarily understand the benefits of converting from a household business to an enterprise. Several women also felt that the change of a business from a household to an enterprise model was based on the actual needs, growth and profit potential of the business, rather than being a result of the policy or its supporting provisions.</p> <p>Secondly, the benefits from this transformation were not found to be compelling enough. For instance, the implementation of the corporate tax policy has less benefits for small and micro enterprises than the flat tax and license tax policy for household business, as discussed earlier in the report. In fact, according to an official in charge of registration for household businesses in Hue, some individual households after converting to enterprises return to a household business model registration. This is mostly due to the additional costs that they have to incur as an SME and the related regulations, potential inspection from industries, and additional documentation requirements.</p> <p>Finally, the implementation of the tax procedures was found to be quite complicated and inconsistent by many women entrepreneurs. Especially, for micro enterprises that use input from households often find it difficult to obtain receipts. This is also another obstacle for household business transforming into enterprises, as they have to keep business accounts of these inputs for their production and report them to the tax agency.</p>		
RECOMMENDATIONS		
1 <b>Improve the tax system, process and incentives associated with transforming household businesses into enterprises</b>	Action	<ul style="list-style-type: none"> <li>1. Improve the tax administration system, simplify and minimize barriers from the implementation of tax policies for SMEs, such as tax books, and reduce state management procedures which often disrupts businesses.</li> <li>2. Adjust the most appropriate tax rate for micro enterprises so that the difference between the license and other taxes for SMEs, and the flat tax for household businesses can be narrowed.</li> <li>3. Promote tax consulting services for SMEs to reduce the difficulties for SMEs in implementing the tax policy.</li> <li>4. Improve the tax policy system in a step-by-step process allowing the input cost from suppliers that are household business to be included in the SME's financial and tax report, to facilitate tax obligations of SMEs.</li> </ul>
	Implementing unit	Tax Policy Department, MoF
	Target group	SMEs, SMEs owned by women, SMEs employing a large share of female workers

# 5

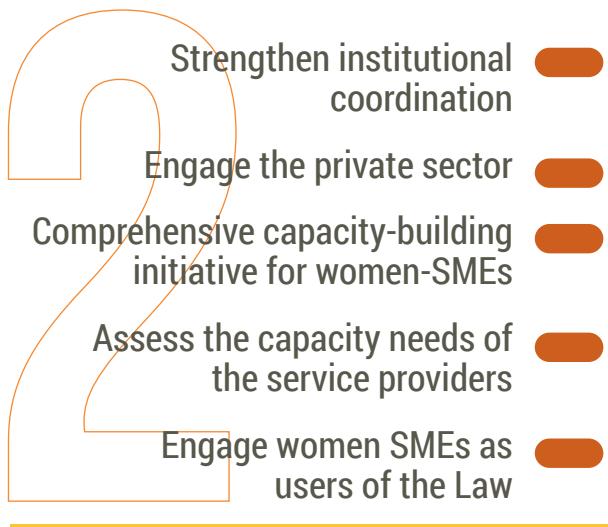
## POLICY AND PROGRAMMATIC RECOMMENDATIONS

In addition to the specific recommendations in the eight areas of the SME Law outlined in Chapter 4, medium to long-term investments and other policy and programmatic interventions are also required. Three sets of recommendations are outlined below, firstly in making the policy and legal dimensions more gender-responsive; secondly to strengthen the ecosystem to support women-owned SMEs; and lastly to address the barriers to entry that women entrepreneurs face.

# POLICY AND PROGRAMMATIC RECOMMENDATIONS



- Collect sex-disaggregated data
- Develop an M&E framework for the Law
- Further legal reforms
- Learn from international best practices
- Improve outreach and coordination of the SME Law



- Programmatic and policy provisions to address unpaid care work
- Address socio-cultural barriers
- Invest in entrepreneurship education
- Support women's networks

In addition to the specific recommendations in the eight areas of the SME Law outlined in Chapter 4, medium to long-term investments and other policy and programmatic interventions are also required. Three sets of recommendations are outlined below, firstly in making the policy and legal dimensions more gender-responsive; secondly to strengthen the ecosystem to support women-owned SMEs; and lastly to address the barriers to entry that women entrepreneurs face.

## **5.1 Improving the gender-responsiveness of the SME law and policy provisions**

While the SME Law offers great potential to support women-owned SMEs, the assessment shows that such support is not uniform across all areas, and there are still challenges faced by women to understand, access and benefit from the provisions of the Law. A gender-responsive approach towards policymaking, implementation and monitoring can provide far reaching and sustainable benefits for women-owned SMEs in Viet Nam.

- A key gap is the lack of **sex-disaggregated data** regarding different aspects of SME development as reflected in the existing legislation, ranging from the initial step of registration to other important dimensions of access to credit loans, information, technology, human resource development and transition from household businesses to enterprises. While the provincial departments for labour collect sex-disaggregated information on employees, this practice is not mirrored across other departments and agencies in-charge of providing training, credit or other services. There is also little disaggregated data on the type of support provided and its impact, in order to adequately assess the benefits of support interventions and policies for women-owned SMEs. Thus, there is a need to establish robust evidence of the impact of programs, for instance evaluation methods like randomized control trials or ex-post evaluation should be leveraged to properly evaluate whether planned interventions have supported women-owned SMEs and which interventions have had the largest impact.

Due to the scarcity, scattered nature, inconsistent collection of data, and a lack of data sharing mechanism between agencies, it is difficult to gain a comprehensive sex-disaggregated picture on SME development and gaps at the subnational level. As a result, government policy support lacks being informed by valuable insights about which businesses, what sectors, and which regions require most support, including women-owned businesses. Thus, new regulations should be sought to collect sex-disaggregated data on SMEs, which can be shared through a formal coordination mechanism and used to inform further policy development.

- While the SME Law and related implementing guidelines and regulations provide a strong legislative foundation to promote gender equality, the enforcement of these will continue to rely on leadership and management, as demonstrated through the planning, budgeting and decision-making processes in different provinces. Thus, it is critical that a **robust gender-responsive monitoring and evaluation framework** be put in place to track the progress of the provisions of the SME Law, to learn from what works and what does not, and to continue to improve upon and address gaps for male- and female-owned enterprises.
- As outlined in the assessment, many of the eight key dimensions of the SME Law do not have specific provisions or regulations that target women-owned SMEs. With improved sex-disaggregated data collection and monitoring capacities (as recommended above), there will be more accurate identification of gap areas in the law, which can provide valuable insights for **further legal reform, including affirmative action**, in implementation decrees and circulars where the biggest gaps between male- and female-owned businesses remain.
- The SME Law and its supporting regulations and guidelines make it a good case study to share with other countries that are attempting to create a more enabling environment for SME development, with a focus on women-owned SMEs. On the other hand, Viet Nam could **learn from international good practices and adopt new approaches** to further the gender-responsiveness of its policies, for instance in the area of improving access to finance for women, whole of government approach to gender mainstreaming, and bridging the gender digital divide for women entrepreneurs.
- **Outreach and communications** regarding the support provisions and measures of the SME Law need to take a gender-lens to ensure that women-owned enterprises are able to access, understand and act upon the information to support the growth of their business. This could be an opportunity to strengthen the communication with women's business associations, as well as leverage the Viet Nam Women's Union network across the country to help with dissemination of information related to the SME Law. As the sub-portal for women SMEs is developed under the national portal, it could be another opportunity to centralize information and ensure a one-stop shop of providing support and consolidating important regulations, laws and implementing guidelines for women SMEs to access.

## 5.2 Strengthen the ecosystem to support women SMEs

Efforts need to be made by both, the enabling actors and supporting actors in terms of how women-led SMEs are engaged, the services provided to them, and the investments made in their long-term capacities.

- While the MPI and the AED are the main institutional stakeholders that serve as the focal agencies for SME development in Viet Nam, there are a number of departments and agencies that play an important role in the operationalization and implementation of the support legislations. To this end, there is a need to **strengthen institutional coordination** among the various stakeholders through a formal mechanism that can help agencies coordinate efforts across various sectors. A whole-of-government approach towards SME development can provide more effective and targeted end-to-end support services for SMEs. Co-ordination between the national and provincial governments is good in some provinces, but not standardized. Some provinces still lack the human and financial resources to implement SME support measures. AED with additional resources could support provinces that are lagging behind in order to ensure that the support measures are adequate across all provinces. In this regard, the articles and regulations that have specific measures for women-owned SMEs need to be conveyed to all provinces.
- Strengthen the demand side by **engaging the private sector**, including the multi-nationals to promote supplier diversity initiatives which can set targets for promoting women-led SMEs within supply chains. This could also be done by leveraging various industry business associations, the women's business association and others platforms.
- Women entrepreneurs have specific **training needs**, depending on the sector their business enterprise is operating in, as well as the stage which their enterprise is in. A training programme that recognizes the different phases, and focuses on tailor-made support for the setup and start-up phase, and growth phase and expansion can be very useful in translating results and positive impact for women SMEs. A recent report by UN-Women highlights specific capacity development needs of women-owned SMEs which can form the basis for developing a comprehensive end-to-end training programme for women SMEs.
- As there is further monitoring of the implementation of the SME Law, it would be beneficial to understand the existing capacities of the enabling and supporting actors in order to reach and support women-owned SMEs and facilitate the implementation of the

law. Thus, a **capacity assessment to evaluate the strengths and gaps of the support ecosystem** would help identify challenges for effective implementation of the SME Law and its supporting policy provisions for women entrepreneurs.

- Engage with **women-owned SMEs as users** of the SME Law and develop creative ways to receive their feedback on the implementation of the support legislations. This could be done through the new sub-portal for women SMEs, where the survey function could be leveraged biannually to collect valuable information to improve the implementation of the SME Law to benefit women entrepreneurs. Also, at the province level, the Entrepreneurial Coffee meetings can be used as an opportunity to table issues of women-owned SMEs on the agenda once every quarter. Additionally, policy dialogues with women SMEs and/or their representatives to obtain direct feedback on policy implementation can inform future policies, and improve the dissemination of information about new policies, their implementation guidelines and so on.



## 5.3 Invest to address women's barriers to entry into entrepreneurship

While promoting a positive business ecosystem is critical, it is also important to identify, recognize and address intrinsic barriers that limit women's potential as entrepreneurs in Viet Nam. Gendered roles that require women to perform household and care functions, and other sociocultural norms and expectations of women can restrict them from taking on the entrepreneurship journey. Thus, longer-term policy and programmes are needed to address these barriers.

- Women, globally and in Viet Nam, continue to face the additional **burden of domestic household work and unpaid care responsibilities**, which can be a roadblock for many women starting a business. The support measures through SME Centres and other co-working space provisions need to consider the provision of subsidized childcare services, and other support systems that can enable women to balance their work and household responsibilities, and simultaneously continue with their business enterprises.
- Programmes focused on increasing women's ability to join the entrepreneurship journey should seek to address key **sociocultural challenges** that serve as obstacles for women joining the workforce. Government agencies can coordinate to create communications, messaging and campaigns which help to improve public awareness about the value of women's entrepreneurship in terms of the economic potential and contribution to the country's development and growth. At the same time, this messaging can be important to support a new and more progressive narrative about the role of women as entrepreneurs, and to combat negative stereotypes that portray women as lacking leadership potential or business acumen. Several countries have adopted national level awards as recognition platforms to identify and acknowledge the entrepreneurial achievements of women. Such initiatives have also been successful at creating networks of women entrepreneurs, who can support, mentor and learn from each other.
- Investments in **entrepreneurship education** from early schooling can help create a pathway for entrepreneurship in Viet Nam. Such early exposure to entrepreneurial values, knowledge and skills, technology solutions and digital applications, can also help reduce the gender gaps in capacity and knowledge which tend to limit the entrepreneurial and economic potential for women-owned SMEs.
- Women entrepreneurs often lack **networks and connections**, compared to their male counterparts. The creation of targeted spaces for women SMEs to connect with investors, mentors and other resources could be very valuable in helping women's enterprises grow and expand, and contribute further to Viet Nam's economy.

# ANNEXES

## **Annex 1 - Online Survey Questionnaire**

Enterprise's name
Gender of the respondent <ul style="list-style-type: none"> <li><input type="checkbox"/> Male</li> <li><input type="checkbox"/> Female</li> </ul>
Respondent's year of birth
Respondent's role in the enterprise <ul style="list-style-type: none"> <li><input type="checkbox"/> Director</li> <li><input type="checkbox"/> Member of the board of directors</li> <li><input type="checkbox"/> Others</li> </ul>
Phone Number
Email
What field is the enterprise in? <ul style="list-style-type: none"> <li><input type="checkbox"/> Agriculture-Forestry-Fisheries</li> <li><input type="checkbox"/> Industrial-Manufacturing</li> <li><input type="checkbox"/> Service</li> <li><input type="checkbox"/> Trade</li> </ul>
Could you please tell us the total revenue of your enterprise? <ul style="list-style-type: none"> <li><input type="checkbox"/> &lt; 3 billion VND</li> <li><input type="checkbox"/> From 3 to less than 50 billion VND</li> <li><input type="checkbox"/> From 50 to 300 billion VND</li> </ul>
Could you please tell us the total capital of your enterprise? <ul style="list-style-type: none"> <li><input type="checkbox"/> &lt; 3 billion VND</li> <li><input type="checkbox"/> From 3 to less than 20 billion VND</li> <li><input type="checkbox"/> From 20 to 100 billion VND</li> </ul>
How many per cent of capital is owned by women? <ul style="list-style-type: none"> <li><input type="checkbox"/> Less than 51%</li> <li><input type="checkbox"/> More than 51%</li> </ul>
In your opinion, what is your enterprise type? <ul style="list-style-type: none"> <li><input type="checkbox"/> Super small</li> <li><input type="checkbox"/> Small</li> <li><input type="checkbox"/> Medium</li> <li><input type="checkbox"/> Large</li> </ul>
Please tell us the number of official employees working in the enterprise? <ul style="list-style-type: none"> <li><input type="checkbox"/> Less than 10 people</li> <li><input type="checkbox"/> From 11 to 100 people</li> <li><input type="checkbox"/> From 101 to 200 people</li> </ul>
How many of them are women?
What year was your business officially registered?
Number of women who work as managers or executive board members?

## Annex 1 - Online Survey Questionnaire (continued)

Before your business was officially registered, did you do your business as an informal family business?

Why did you decide to officially register for your business?

- Expanding the scale of production and business
- Developing the brand/reputation of the business
- Receiving support
- Being encouraged by local authorities to convert from business household to enterprise

Since you officially registered your enterprise, have you ever received any support regarding business registration procedures?

- Yes
- No

What type of support did you receive?

- Information regarding business registration procedure
- Instructions for completing business registration documents
- Tax agency registration procedure
- Other support

Since you officially registered your enterprise, have you ever had any need for business loan?

What is your main reason for getting a business loan?

- Working capital
- Purchasing equipment
- Starting a new product/services
- Marketing/advertising
- Hiring new staff
- Training
- Market research
- Market expansion
- Others (provide details)

What is the main challenge in accessing loans?

- No collateral
- No equity contribution
- No business plan
- Business plan is too risky/unfeasible
- No documentation, as per the requirements
- No credit records
- Others

Since your enterprise was officially registered, have you ever received any business loan/credit support?

- Preferential interest rate
- Simplified loaning procedure
- Non-collateral secured
- Loans from Fund dedicated to women-led businesses
- Credit guarantees by the Credit Guarantee Fund
- Others

In your opinion, how should the policies be changed to make it easier for businesses to receive support?

Since your enterprise was officially registered, have you received any support regarding tax and accounting?

- Preferential corporate income tax
- Tax declaration and payment procedures support
- Tax refund
- Tax consultancy
- Others

## Annex 1 - Online Survey Questionnaire (continued)

In your opinion, how should the policies be changed to make tax and accounting support more effective?

Since your enterprise was officially registered, have you been entitled to any support regarding the production space?

- To be allocated land/production space
- Rent production space at preferential price
- Support for renting production space/using infrastructure
- Other support

In your opinion, how should the policies be changed to make production space support be more effective?

Since your enterprise was officially registered, have you received support regarding technology, incubators, technical facilities, and concentrated working area?

- Supporting technology research and innovation
- Support training, technology transfer consultancy
- Intellectual product management and development support
- Incubator
- Technical basis
- Concentrated working area
- Other support

In your opinion, how should policies be changed to make technology, business incubators, technical facilities and concentrated working area support to be more effective?

Since your enterprise was officially registered, what support have you received for market expansion?

- Participate in the domestic product distribution chain
- Supported with local market promotion
- Support in the participation in fairs and exhibitions outside the locality
- Support in training for market expansion
- Preferential treatment for contractors
- Other support

In your opinion, how should the policies be changed to make market expansion support be more effective?

Since your enterprise was officially registered, what support have you received in the area of legal information and consultancy?

- Receive direct legal consultation from local authority agencies
- Receive direct legal information
- Other support

In your opinion, how should the policies be changed to make support regarding legal information and consultancy more effective?

Since your enterprise was officially registered, what support have you received in the area of human resource development?

- Supported in finding human resources
- Employees are able to participate in training class
- Receive financial support when sending employees to participate in training courses
- Other support

In your opinion how can the policies be changed to make support regarding human resource development more effective?

## Annex 1 - Online Survey Questionnaire (continued)

In your opinion, which of the following support are the most meaningful?

- Support regarding business registration procedures
- Support regarding credits and loans
- Support regarding tax and accounting
- Support regarding production space
- Support regarding technology, business incubators, technical facilities, and concentrated working area
- Support regarding market expansion
- Support regarding legal counsel
- Support regarding human resources

In your opinion, for the support to be more effective, which of the following support needs to be changed?

- Support regarding business registration procedures
- Support regarding credits and loans
- Support regarding tax and accounting
- Support regarding production space
- Support regarding technology, business incubators, technical facilities, and concentrated working area
- Support regarding market expansion
- Support regarding legal counsel
- Support regarding human resources

Has your enterprise applied digital transformation?

Note: Digital transformation in an enterprise is the integration and application of digital technology to improve business efficiency and management efficiency in order to improve capacity, competitiveness, and create new values for businesses (digital transformation including digitizing business management and business data, optimizing business processes, management processes, production and business processes, reporting processes, and other works in business).

If yes, what type of the following digital transformation has your enterprise applied?

- Digitizing business management
- Digitizing business data
- Digitizing production business processes
- Digitizing marketing activity
- Digitizing enterprise management processes
- Digitizing reporting processes

When applying digital transformation in your enterprise, what are the key challenges you have faced?

## Annex 2 – List of stakeholders engaged in site survey

### THUA THIEN HUE PROVINCE

No.	Name	Title	Organization
1	Ngô Thùy Khiêm	Chuyên viên	Sở Lao động Thương binh và Xã hội
2	Võ Thị Phương Dung	Chuyên viên	Phòng tài chính Kế hoạch TP
3	Hoàng Thị Thanh Hương	Đại diện	Hội DNN TT.Huế
4	Nguyễn Hoàng Liên Sơn	Giám đốc	COPPLUS
5	Hoàng Thị Cẩm Nhung	Giám đốc	Cơ sở bột ngũ cốc Long An
6	Nguyễn Thị Phương	Giám đốc	Cơ sở sản xuất mì sợi sấy khô Mạnh Cường

No.	Name	Title	Orgnization
1	Đinh Ái Mỹ Chi	Giám đốc	Công ty TNHH GD&PT tiềm năng trẻ FMK
2	Nguyễn Thị Huệ	Giám đốc	Công ty TNHH MTV Hữu cơ Huế Việt
3	Võ Thị Hà Nhi	Giám đốc	
4	Võ Thị Phương Dung		Phòng tài chính Kế hoạch TP
5	Nguyễn Thị Hạnh	Chủ cơ sở	Smile Spa

No.	Name	Title	Organization
1	Nguyễn Thị Thu Hiền	Giám đốc	Công ty Dược phẩm Thiên Thanh
2	Nguyễn Thị Huệ	Giám đốc	Công ty TNHH MTV Hữu cơ Huế Việt
3	Võ Thị Hà Nhi	Giám đốc	Công ty TNHH ATA Toàn cầu-Đại lý thuế Niềm Tin Việt
4	Lê Thanh Bình	Chuyên viên	Sở tư pháp
5	Nguyễn Thị Lan Phương	Chuyên viên	Sở KHĐT
6	Nguyễn Thị Nga	Cán bộ	Vietinbank Huế
7	Trương Thị Hải	Giám đốc	Công ty Công nghệ Sluffha

No.	Name	Title	Organization
1	Nguyễn Minh Quan	Đại diện	Hiệp hội doanh nghiệp tỉnh TT.Huế
2	Thái Văn Khánh	Cán bộ	Agribank TT.Huế
3	Hoàng Lan	Nhà báo	Báo TT.Huế
4	Đào Thị Tưởng	Đại diện	Hội Doanh nghiệp nữ TT.Huế
5	Ngô Thuấn	Chuyên viên	Sở KHCN Huế
6	Hoàng Tôn Chí Thắng	Chuyên viên	Sở Công Thương Huế

### THUA THIEN HUE PROVINCE

No.	Name	Title	Organization
1	Phạm Thị Hậu	Cán anggân hàng TMCP Đầu tư & Phát triển Yên Bái (BIDV) Công ty Dược phẩm Thiên Thanh	
2	Nguyễn Huy Tuấn	Cán bộ	Agribank CN tỉnh Yên Bái
3	Trần Xuân Mai	Chuyên viên	Sở Công Thương
4	Hoàng Hải Long	Chuyên viên	Sở Khoa học và Công nghệ
5	Phạm Duy Hưng	Chuyên viên	Sở Lao động – Thương binh và Xã hội
6	Nguyễn Khánh Tùng	Chuyên viên	Sở Kế hoạch và Đầu tư
7	Lê Thị Thu Hiền	Cán bộ	Hội Liên hiệp phụ nữ tỉnh Yên Bái

## Annex 2 – List of stakeholders engaged in site survey (continued)

No.	Name	Title	Organization
1	Đoàn Thị Hiệp	Giám đốc	Công ty TNHH TM và DV Hưng Việt
2	Lương Thị Hằng	Giám đốc	Công ty TNHH TM&Du lịch Hưng Việt
3	Phạm Thị Vượng	Giám đốc	Công ty TNHH Đại Vương
4	Nguyễn Kim Oanh	Giám đốc	Công ty cổ phần Xây dựng Đại Lộc
5	Vũ Thị Thùy Dương	Giám đốc	Công ty cổ phần đá quý Phú Nhuận
6	Nguyễn Thị Sinh	Giám đốc	Công ty TNHH MTV xăng dầu Chiến Thắng
7	Nguyễn Thị Khuyên	Giám đốc	Công ty TNHH Nasaki Việt Nam
8	Phạm Thúy Hảo	Giám đốc	Công ty CP tư vấn thiết kế Thủy Lợi – Thủy điện Yên Bái
9	Bùi Thị Minh Nghĩa	Giám đốc	Công ty TNHH TM&DV Du lịch Zonitrip

## THUA THIEN HUE PROVINCE

No.	Name	Title	Organization
1	Nguyễn Thị Bình	Giám đốc	Công ty CP TM&DV Hương Lan
2	Nguyễn Thị Bích Hòa	Giám đốc	Công ty TNHH Đào tạo nghề và Dịch vụ thẩm mỹ Bích Hòa
3	Trần Thị Tuyết	Giám đốc	Công ty TNHH MTV Tuyết Tuyết
4	Nguyễn Thị Ngọc	Giám đốc	Công ty TNHH MTV TM&DV Mạnh Cường

No.	Name	Title	Organization
1	Nguyễn Bích Liên	Chuyên viên	Sở Lao động-TBXH Quảng Ninh
2	Dương Quay Thuận	Cán anggân hàng Nông nghiệp Quảng Ninh	
3	Nguyễn Mạnh Hùng	Chuyên viên	Sở Khoa học và Công nghệ Quảng Ninh
4	Lê Thị Hương	Cán anggân hàng SHB	
5	Đinh Thúy Quỳnh	Cán anggân hàng SHB	
6	Nguyễn Huy Lộc	Cán anggân hàng Nhà nước CN tỉnh Quảng Ninh	
7	Phạm Ngọc Văn	Phó ban	Ban xúc tiến và hỗ trợ đầu tư
8	Bùi Thị Hồng Vân	Chuyên viên	Sở Kế hoạch và Đầu tư
9	Phạm Thị Thanh Lương	Chuyên viên	Trung tâm XT và PTCT Sở Công Thương
10	Phạm Thị Thu Hằng	Chuyên viên	Ban xúc tiến & hỗ trợ đầu tư

## THUA THIEN HUE PROVINCE

STT	Họ và Tên	Tên doanh nghiệp/cơ quan/địa chỉ
1	Châu Thị Thùy Hương	Công ty Beco 24/4 Mỹ Thanh An, Bến Tre
2	Nguyễn Thị Phi Long	Cơ sở sản xuất Thạch dừa X.Mai Mỹ Thanh, Bến Tre
3	Nguyễn Thị Rặng	Cơ sở thêu tay Khánh Quyên
4	Nguyễn Thị Hồng Thu	Công ty XNK đào cây Chánh Thu
5	Trương Thị Mỹ Hằng	Công ty TNHH MTV in Hưng Phú
6	Trương Thị Cẩm Hồng	Công ty chế biến sản phẩm dừa Cửu Long
7	Đặng Thị Trúc Lan Chi	Công ty TNHH Vĩnh Tiến
8	Nguyễn Thị Diễm Kiều	DNTN VLXD Kiều Lan

## **Annex 3 - Related programs and projects in supporting women-owned SMEs in Viet Nam**

### **1. Supporting women in starting a business in the period 2017-2025 (Project 939)**

Decision 939/QD-TTg on Supporting women in starting a business, in the period 2017-2025, initiated by the Viet Nam Women's Union and approved through Prime Minister's Decision in June 2017, proposes to provide support to 20,000 women's start-ups and establish 1,200 women-led or women-managed co-operatives. It is a big program with a series of activities, including entrepreneurship skills training courses, B2B or B2S fairs for women to exchange and learn, trade promotion, incentives for women to develop business ideas, and support for completing business plans and accessing resources to realize the plans. The Prime Minister's decision stated that funding for the project would come from the state budget, but would be complemented with funding from local governments. In the first year of project implementation, more than 8,600 women started businesses. Up to August 2019, the project had received more than 35,670 business ideas from women entrepreneurs, and Women's Unions at all levels provided training and instruction for 33,465 women.

### **2. Women Entrepreneurs Amplifying Ventures and Economics (WEAVE)**

WEAVE is a Cherie Blair Foundation for Women programme which uses digital technology to support, empower and bring entrepreneurship skills to over 15,000 women running small and growing businesses in Viet Nam and Indonesia.

This innovative, digital, cross-border programme builds on and scales successful services, created by the Foundation, with Qualcomm Wireless Reach and the ExxonMobil Foundation. WEAVE aims to promote the economic empowerment of women entrepreneurs in Indonesia and Viet Nam through a three-phased "learning journey" they can use at different stages of their businesses' development, which will be delivered over 17 months:

Phase 1 – HerVenture, a mobile learning app: 15,000 women entrepreneurs will begin their learning journey by downloading the HerVenture learning app to their mobile phones. The app teaches business skills, such as marketing, finance and operations in bite-sized chunks at their convenience.

Phase 2 – Road to Growth, is a blended learning program: 360 women will progress to Road to Growth based on participation in HerVenture and business aspirations. Road to Growth combines in-class training with a custom built, online learning course to develop the business management and investment readiness skills of women entrepreneurs. The training is supplemented with weekly chat sessions with trainers, networking events, regular meetups and exposure to business development services.

Phase 3 – Mentoring Women in Business: 126 women who participate in Road to Growth, identified by their potential and commitment to scaling their business, will be paired with a business mentor with whom they will meet online on a regular basis for six months. Women mentees will also have access to the programme's online global network of women entrepreneurs and subject matter experts as well as additional learning resources.

### **3. The Women Accelerating Vibrant Enterprises in Southeast Asia and the Pacific (WAVES)**

The WAVES program is inspired by the overwhelming majority of women's businesses who remain trapped in the "missing middle", struggling to access finance, in the global region with the largest SME financing gap. Women-led SMEs (WSMEs) in the region are doubly disadvantaged due to the absence of specialized programs responding to their needs and the gender-specific market constraints: they remain invisible and overlooked despite their high potential as economic actors. In response, WAVES will build up capacity across the entrepreneurship eco-system in Indonesia, the Pacific and Viet Nam with the objective to foster long-term behaviour change among key stakeholders in the private and public sectors, and to strengthen WSME's capacity and skills to run successful business.

### **4. Promoting Economic Empowerment of Women at Work in Asia – WeEmpowerAsia**

UN-Women, in partnership with the European Commission, is implementing a regional programme (covering seven countries: India, Indonesia, China, the Philippines, Malaysia, Thailand, and Viet Nam), "**Promoting Economic Empowerment of Women at Work in Asia – WeEmpowerAsia**" to contribute to the economic empowerment of women, recognizing them as beneficiaries and partners of growth and development, by increasing commitment of private companies to gender equality and women's empowerment and strengthening companies' capacities to implement these commitments.

The programme will achieve this through three complementary outcome areas to be implemented in seven selected middle-income countries in Asia:

- Women's networks, public institutions, and the private sector will collaborate and share expertise and knowledge to build an enabling business environment for women's economic empowerment in the workplace and in the market place,
- The capacity of women-owned businesses and women entrepreneurs will be developed to enable them to engage with government and private sector corporations in policy development and dialogues for advancing women's economic empowerment, and
- The private sector will be supported to implement gender-sensitive practices and culture within their businesses through the take-up of the Women Empowerment Principles (the WEPs – a set of guiding principles to achieve gender equality within companies).

### **5. The Gender Responsive Equitable Agriculture and Tourism (GREAT)**

**GREAT** Program is an AUD 33.7 million (equivalent to VND 600 billion) initiative that promotes gender equality and women's economic empowerment, with a focus on the ethnically diverse provinces of Son La and Lao Cai in Viet Nam's north-west region.

Funded by the Australian Government and delivered in partnership with the Government of Viet Nam, GREAT is a four-year program (2017-2021) that works with the private sector, government agencies and NGOs to create opportunities for women within the agriculture and tourism sectors. These sectors have demonstrated strong economic growth and the potential to increase the economic participation of ethnic minority women.

GREAT seeks to influence change by:

- Empower local women
- Promoting inclusive business partnership
- Improving sector governance and policy

## Annex 4 - Decree 39/2018/NĐ-CP on guidelines for SME Law

On 11 March 2018, the Government of Viet Nam issued Decree No. 39/2018/NĐ-CP providing guidance for the Law on Support for Small and Medium-sized Enterprises (SMEs), replacing Decree No. 56/2009/NĐ-CP dated 30 June 2009. The Decree has the following new points:

- Modifying detailed criteria for determining SMEs in each specific sector. In particular, SMEs are classified based on their scope of one of the three criteria namely number of workers contributing to social insurance, total revenue (new criterion) and total capital as follows:

*+ For enterprises operating in the trade and service sector:*

Criteria	A microenterprise	A small enterprise	A medium-sized enterprise
Number of workers paid social insurance; or	<= 10 employees	<= 50 employees	<=100 employees
Total annual revenue; or	<= VND 10 billion	<= VND 100 billion	<= VND 300 billion
Total capital	<= VND 3 billion	<= VND 50 billion	<= VND 100 billion

*+ For enterprises operating in the agriculture, forestry and fisheries, industry and construction sectors:*

Criteria	A microenterprise	A small enterprise	A medium-sized enterprise
Number of workers paid social insurance; or	<= 10 employees	<= 100 employees	<=200 employees
Total annual revenue; or	<= VND 3 billion	<= VND 50 billion	<= VND 200 billion
Total capital	<= VND 3 billion	<= VND 20 billion	<= VND 100 billion

*+ Business lines of SMEs are determined in accordance with regulations and laws on economic sector system and special laws. If an SME operates in multiple fields, its business lines shall be determined in the sector that it earns the highest revenue. In the case of unidentifiable sector of highest revenue, its business lines shall be determined in the sector that it employs the most workers.*

- SMEs will be entitled to supporting policies on provision of information, consultancy and human resources development. Particularly, the decree also details supports to help SMEs converted from household businesses, supports for SMEs innovation, creative start-ups and for joining industrial cluster and value chain.

- The Decree also stipulates the detailed responsibilities of agencies and organizations in the implementation of the Law on Support to SMEs.

## **Annex 5: Summary of changes in Decree No. 80/2021/NĐ-CP**

The new Decree 80/2021/NĐ-CP, which replaces the Decree 39/2018./NĐ-CP, has a number of new areas of support for SMEs.

### **Article 3. Interpretation of terms**

- A small and medium-sized enterprise (SME) employing many female employees is an enterprise with female employees accounting for 50 per cent or more of the total number of employees in case the enterprise employs less than 100 employees; accounting for 30 per cent or more of the total number of employees in case the enterprise employs 100 or more employees.

### **Article 4. Principles of support**

- Women-owned SMEs, SMEs employing many female workers, and SMEs that are social enterprises as prescribed by law shall be supported first.

### **Article 13. Advisory support for SMEs**

- Support 100 per cent of the consulting contract value, but not more than VND 50 million/year/enterprise for microenterprises or not more than VND 70 million/year/enterprise for women-owned microenterprises; microenterprises employing many female workers; and microenterprises which are social enterprises;
- Support up to 50 per cent of the consulting contract value, but not more than VND 100 million/year/enterprise for small enterprises or not more than VND 150 million/year/enterprise for women-owned small businesses; small enterprises employing many female workers; and small enterprises being social enterprises;
- Support up to 30 per cent of consulting contract value, but not more than VND 150 million/year/enterprise for medium enterprises or not more than VND 200 million/year/enterprise for women-owned medium enterprises; medium enterprises employing a lot of female workers; and medium enterprises that are social enterprises.

### **Article 14. Human resource development support for SMEs**

- Free tuition for learners from SMEs in extremely difficult socioeconomic areas, women-owned SMEs; SMEs employing many female workers; and SMEs that are social enterprises when participating in business administration training courses.
- Support 100 per cent of the total cost of a training course at women-owned SMEs; SMEs employing many women; and SMEs that are social enterprises, but not more than 01 course/year/enterprise.

### **For SME participating in value chains and business clusters**

*Ministry of Planning and Investment shall:*

- Develop an SME capacity assessment toolkit to use for selection of supporting enterprises (Article 28, New Decree providing guidance for the SME Law, replacing Decree 39/2018/NĐ-CP)
- Lead and guide the content for support to SMEs participating in value chains and business cluster (Article 28, New Decree providing guidance for the SME Law, replacing Decree 39/2018/NĐ-CP)

*Ministry of Finance shall:*

- Lead and coordinate with the State Bank of Vietnam to grant compensation interest for loans by innovative start-up SMEs and SMEs participating in industry clusters and value chains (Article 25, Decree 39/2018/NĐ-CP)

- Assume the prime responsibility for temporarily granting, and making final settlement for the grant compensation interest to credit institutions based on central budget allocation (Article 28-New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)

### **Under the Law and Decrees to implement assistance measure for SME**

*Ministry of Planning and Investment shall:*

- Lead and guide the content for supporting: technologies for SMEs, consultancy for SMEs, human resource development for SMEs, and management of SME support activities (Article 28-New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)

*The People's Committee of a province shall:*

- Formulate and implement assistance plans for SMEs (Article 25, SME Law)
- Assign Department of Planning and Investment to be the focal agency, to coordinate with relevant local government agencies on developing activities, schemes, and plans to support SMEs in the locality, and to submit to The People's Committee for approval (Article 28-New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)

### **Access to Credit for SME**

*Ministry of Finance shall:*

- Publish the information about the compliance with regulations of law on tax and customs and the fulfilment of other financial obligations of SMEs to establish an information system for assigning credit ratings to SMEs (Article 23 of the SME Law)
- Propose policies to the Prime Minister for approving grant compensation interest for loan borrowed by innovative SMEs or SMEs participating in value chain and business clusters (Article 28, New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)

*State Bank of Vietnam shall:*

- Implement the Government's policies on the assistance for credit institutions in increasing loan outstanding balance to SMEs (Article 24, SME Law)
- Cooperate with the Ministry of Finance, Ministry of Planning and Investment, other Ministries and ministerial authorities in establishing an information system for assigning credit ratings to SMEs (Article 22, SME Law)
- Lead the consolidation of requirements of financial institutions to grant compensation interests of loan borrowed by innovative start-up SMEs and SMEs participating in value chains and business clusters, and send them to Ministry of Planning and Investment to be aggregated into the medium-term and annual public investment plan in accordance with the law on public investment (Article 28, New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)
- Lead the process to guide financial institutions to provide subsidized loans for innovative start-up SMEs and SMEs participating in value chains and business clusters (Article 28, New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)

## **Access to Information**

*Ministry of Planning and Investment shall:*

- Construct, manage, develop and maintain the National Portal to support SME and database supporting SMEs
- Lead and coordinate with relevant organizations and agencies to establish, connect, inter-link and share database supporting SME
- Publish list of central and local SME support organizations (Article 28-New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)

*The responsible Ministries and ministerial authorities shall:*

- Provide and update information about SME support, publish the information on the website portal of ministries and ministerial-level agencies and on the National SME Support Portal (Article 28-New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)

*The People's Committee of a province shall:*

- Publish updated information and approved scheme for support SME in the provincial/municipal's websites and inform to Ministry of Planning and Investment to publish on the National SME Support Portal (Article 29-New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)

## **Access to Consultancy**

*Ministry of Planning and Investment shall:*

- Annually publish a list of central and local SME support organizations on the National SME Support Portal (Article 28-New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)

*Ministry of Planning and Investment shall:*

- Lead and guide the content for supporting consultancy for SME (Article 28-New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)

*Ministries, ministerial-level agencies shall:*

- Regulate consulting fields and a set of criteria for verification of consulting individuals and organizations to join network of consultants in their respective industries and fields;
- Publish the consulting field, set of criteria for verifying consultants and the list of verified consultants network on the websites of ministries and ministerial-level agencies, and at the same time send them to the Ministry of Planning and Investment to update the consultant network database on the National SME Support Portal; assigning affiliated units to act as the focal point to verify consultants of the network and manage, operate and maintain the network of consultants in their respective industries and fields ( Article 28-New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)

## **Human Resource Development**

*Ministry of Planning and Investment shall:*

- Construct SME E-learning System (Article 28-New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)
- Lead and guide the content for supporting human resource development for SMEs (Article 28-New Decree providing guidance for the SME Law, replacing Decree 39/2018/ND-CP)

## Annex 6 – Summary of SME Law and related decrees for women-owned SMEs

### a. Law 04/2017/QH14 on support for small and medium-sized enterprises (SME Law)

- The SME Law was passed by the National Assembly of Viet Nam and took effect from 1 January 2018. It has 35 articles and is divided into 4 chapters including: (i) General provisions; (ii) Support for SMEs, (iii) Responsibilities on support provision to SMEs; and (iv) Implementation clauses.

- The key incentives to SMEs in the Law include:

+ Tax support: SMEs will be entitled to a lower corporate income tax rate than the standard rate for a finite period. The rate and period will be provided in a guiding regulation.

+ Accounting procedures: SMEs can opt for a simpler accounting system as per accounting regulations.

+ Access to credit: SMEs will get access to credit guarantees through the SME Development Fund and SME Credit Guarantee Funds.

+ Production space: Domestic SMEs in industrial parks or high-tech zones will be eligible for reduced land prices.

+ Technology implementation: Ministries and provincial People's Committees must support and/or cooperate with SMEs in R&D, technology transfer, intellectual protection, or establishing common technology working units. Organisations setting up such units will benefit from:

- \* Reduction of or exemption from land rent, land usage fees, and non-agricultural land-use tax; and
- \* Reduction of or exemption from CIT for a definite period of time.

+ Market expansion: Enterprises investing in distribution chains in which at least 80 per cent of SMEs supply goods produced in Viet Nam, are entitled to:

- \* Reduction of or exemption from land rent, land-usage fees, and non-agricultural land-use tax; and
- \* Reduction of or exemption from CIT for a definite period of time.

+ Other support measures: SMEs can also receive support in human resource development and legal consultancy.

#### - Regulations in the Law related to women-led SMEs:

##### + Article 3 - Definitions:

Women-owned SME means an SME having one or more women owning at least 51 per cent of its charter capital and at least one woman as the executive director of the enterprise.

##### + Article 5 - Principles for provision of assistance for SMEs:

If SMEs are eligible for multiple support measures, they are allowed to choose their preferred support measures. Priority for such measures will be given to SMEs, which are women-owned or have higher share of women in employment.

### b. Decree 39/2018/NĐ-CP on guidelines for SME Law

On 11 March 2018, the Government of Viet Nam issued Decree No. 39/2018/NĐ-CP providing

guidance for the Law on Support for Small and Medium-sized Enterprises (SMEs), replacing Decree No. 56/2009/NĐ-CP dated 30 June 2009. The Decree has the following new points:

- Modifying detailed criteria for determining small and medium-sized enterprises in each specific sector. In particular, small and medium-sized enterprises are classified based on their scope of one of the three criteria namely number of workers contributing to social insurance, total revenue (new criterion) and total capital as follows:

+ For enterprises operating in the trade and service sector:

Criteria	A microenterprise	A small enterprise	A medium-sized enterprise
Number of workers paid social insurance; or	<= 10 employees	<= 50 employees	<= 100 employees
Total annual revenue; or	<= VND 10 billion	<= VND 100 billion	<= VND 300 billion
Total capital	<= VND 3 billion	<= VND 50 billion	<= VND 100 billion

+ For enterprises operating in the agriculture, forestry and fisheries, industry and construction sectors:

Criteria	A microenterprise	A small enterprise	A medium-sized enterprise
Number of workers paid social insurance; or	<= 10 employees	<= 100 employees	<= 200 employees
Total annual revenue; or	<= VND 3 billion	<= VND 50 billion	<= VND 200 billion
Total capital	<= VND 3 billion	<= VND 20 billion	<= VND 100 billion

+ Business lines of SMEs are determined in accordance with regulations and laws on economic sector system and special laws. If an SME operates in multiple fields, its business lines shall be determined in the sector that it earns the highest revenue. In the case of unidentifiable sector of highest revenue, its business lines shall be determined in the sector that it employs the most workers.

- SMEs will be entitled to supporting policies on provision of information, consultancy and human resources development. Particularly, the decree also details support to help SMEs converted from household businesses, support for innovation, creative start-ups and for joining industrial clusters and value chain.

- The Decree also stipulates the detailed responsibilities of agencies and organizations in the implementation of the Law on Support to Small and Medium-sized Enterprises.

#### **- Regulations in the Decree related to women-led SMEs:**

+ Article 4 - Rules for support regulates that

- \* The support for SMEs which are considered as creative start-ups and participating in industrial clusters and value chains funded by state budget shall be provided according to the Scheme prescribed in Article 5.
- \* Women-owned SMEs and SMEs employing more female workers and submitting qualified applications shall be provided support first.

#### **c. Decree 38/2018/NĐ-CP on investment for small and medium start-ups and innovative firms**

Following up to Article 19 of the SME Law (investment in start-ups), this decree provides guidelines for investments in small and medium-sized start-up firms (incentives for private

investors); the establishment, management and operation of venture capital funds; the use of science and technology development funds; and for local government budgets to make investments in start-ups. The decree also provides details on the government support for venture capital activities by providing the mechanisms for which municipal budgets can be utilized to match investments into innovative start-ups.

**- Regulations in the Decree related to women-led SMEs:**

There is no specific article or regulation in this decree relating to or providing preferential provisions for women-led SMEs.

**d. Decree 34/2018/NĐ-CP on establishment and operation of Credit Guarantee Funds for SMEs**

Credit Guarantee Fund is a non-state fund set up by People's Committees of provinces and cities under Central Government, which operates for non-profit purposes. The credit guarantee fund operates under the model of one member limited liability company with 100 per cent of charter capital held by the State. Those eligible for granting credit guarantee are small and medium sized enterprises which are in line with provisions of SME Law and guiding documents, have potential for development but are yet to meet the conditions for accessing bank funds.

- The Credit Guarantee Fund shall consider and grant credit guarantees to small and medium enterprises at a maximum equal to 100 per cent of the loan value (including working capital and medium- to long-term capital) of the lending organizations. Basing itself on the feasibility and risk level of the enterprise, the investment project, the production and business plan, and the financial capability of the fund, the credit guarantee fund shall consider and decide on the level of guarantee for an enterprise

- The guarantee of the Credit Guarantee Fund consists of one of the following cases:

- + To guarantee the principal's debt repayment obligation at the lending organizations;
- + To guarantee the interests of the guaranteed party's loan at the lending organizations;
- + To guarantee the obligation to pay the principal and interest of the guaranteed party's loan at the lending organizations and be specified in the credit guarantee contract.

- Conditions for being granted credit guarantees:

+ Having an effective investment project and plan for production and business, capable of repaying the loan capital.

+ Investment projects and production and business plans guaranteed by Credit Guarantee Funds and guaranteed under the provisions of this Decree.

+ Having a minimum capital plan of at least 20 per cent for participation in investment projects and production and business plans at the time when the credit guarantee fund evaluates for the purpose of granting a guarantee.

+ At the time of applying for a guarantee, enterprises shall have no tax debts for one year or more under the Law on Tax Administration and Non-Performing Loans at credit institutions. In the case of tax debts due to objective reasons, the enterprises must obtain certification from the direct tax administration agency.

- Limitations for the grant of credit guarantees:

+ Limits on investment loan guarantees: The total credit guarantees of a Credit Guarantee Fund shall not exceed 15 per cent of the actual charter capital of the Fund, and must not

exceed 20 per cent for a customer and related person.

+ Restrictions on working capital loan guarantees: In addition to the provisions for the loan guarantee limit in Clause 2 of this Article, the credit limit for guaranteeing working capital of the Credit Guarantee Fund shall not exceed the owner's capital in the financial statements of the enterprise submitted to the tax administration agency of the preceding year.

+ The total credit guarantees of Credit Guarantee Funds for parties shall not exceed three times the actual charter capital of the credit guarantee funds.

**- Regulations in the Decree related to women-led SMEs:**

There is no specific article or regulation in this decree relating to or providing preferential provisions for women-led SMEs.

**e. Decree 39/2019/NĐ-CP on organization and operation of Small and Medium Enterprise Development Fund**

- The Small and Medium Enterprise Development Fund (SMEDF) was established under Prime Minister's Decision No. 601/QĐ-TTg, dated 17 April 2013, with an initial capitalization of VND 2 trillion from the state budget, and became operational in April 2016. MPI is responsible for its implementation.

- The SMEDF has authorized the Viet Nam Development Bank (VDB), a public development bank, and four partner commercial banks to deliver the loans including Commercial Bank for Foreign Trade of Viet Nam (VietcomBank), the Bank for Investment and Development of Viet Nam (BIDV), the Viet Nam Prosperity Bank (VPBank) and the Ho Chi Minh City Development Bank (HDBank).

- The SMEDF loan offers a simplified application process that can be submitted online at one of the partnering banks. Furthermore, the SMEDF operates a call centre to help SMEs complete the loan application form and, through an informal network of service providers, advise SMEs on how to develop a loan proposal.

- The selection criteria of the SMEDF include innovation (including new business models), employment creation, environmental savings, and evidence of good administrative/management practices. Partnering banks make their loan appraisal based on guidelines issued by the SMEDF, but they still must secure approval from the Fund for each loan, which makes the overall selection process quite cumbersome.

**- Regulations in the Decree related to women-led SMEs:**

There is no specific article or regulation in this decree relating to or providing preferential provisions for women-led SMEs.

**f. Decree 55/2019/NĐ-CP on providing legal assistance for SMEs**

- The Decree 55/2019/NĐ-CP (Decree 55) on legal assistance for small and medium-sized enterprises (SMEs) was stipulated on 24 June 2019 by the Prime Minister of Viet Nam.

- One of the new noticeable points of this Decree is the addition of the policy on provision of assistance of legal consulting service fees for SMEs. Accordingly, a micro-enterprise shall be provided with an assistance of 100 per cent of service fees on legal consulting service (not exceed VND 3 million per year); a small-sized enterprise shall be provided with an assistance

of up to 30 per cent of service fees (not exceed VND 5 million per year); a medium-sized enterprise shall be provided with an assistance of up to 10 per cent of service fees (not exceed VND 10 million per year).

**- Regulations in the Decree related to women-led SMEs:**

+ Article 4 - Principles on legal assistance to SMEs regulates that small and medium-sized enterprises will receive legal assistance in the following order of priority:

- \* SMEs owned by women, mostly employing female laborers, and providing satisfactory dossiers will be prioritized
- \* SMEs employing at least 30 per cent of the total female laborers as persons with disabilities as prescribed by the Law on people with disabilities
- \* SMEs providing satisfactory dossiers to be entitled to prioritized assistance

## **Annex 7- National level regulations and circulars issued for implementation of the SME Law**

### **+ From the Government**

- Decree No. 34/2018/NĐ-CP on the establishment, organization and operation of the Credit Guarantee Fund for SMEs, aimed at guiding the implementation of supporting SMEs to access credit through the Credit Guarantee Fund.
- Decree No. 38/2018/NĐ-CP detailing investment for innovative start-ups to guide and encourage start-up through the start-up funds.
- Decree 39/2018/NĐ-CP specifically to guide its implementation of the SME Law.
- Decree 80/2021/NĐ-CP replacing Decree 39/2018/NĐ-CP.
- Decree 39/2019/NĐ-CP on SME Development Fund.
- Decree 55/2019 / ND-CP on providing legal assistance to SMEs.

### **+ From the Prime Minister:**

- Directive No. 15/CT-TTg, dated 15 June 2018 on organizing the implementation of the SME Law to direct ministries and localities to support implementation effectively.

### **+ From the Ministry of Planning and Investment (MPI):**

- Circular 05/2019/TT-BKHTT, dated 29 March 2019, guiding the development of human resources for SMEs.
- Circular 06/2019 / TT-BKHTT, dated 29 March 2019, guiding the operation of the consulting and support network for SMEs.
- In 2020, the MPI completed the draft of amended Decree 39/2018 on supporting SMEs, which provides
  - detailed guidance for technology support for SMEs;
  - detailed guidance on supporting information for SMEs, especially related to the operation of the national portal to support SMEs;
  - specific regulations on the consulting network in providing consulting services for SMEs;
  - modifying and supplementing support activities for SMEs to join industry clusters and value chains;
  - supplementing specific regulations on supporting innovative SMEs and start-ups.

### **+ From the Ministry of Finance (MoF):**

- Circular 49/2019/TT-BTC guiding the state budget management to support human resource development for SMEs.
- Circular 54/2019/TT-BTC guiding the state budget management to support SMEs to use consulting services of the consultant network.

- Circular 15/2019/TT-BTC guiding the financial management mechanism and evaluation of the Credit Guarantee Fund for SMEs.
- Circular 57/2019/TT-BTC guiding the risk management of the Credit Guarantee Fund for SMEs.
- Circular 132/2018/TT-BTC on accounting regime for microenterprise.

**+ From Ministry of Industry and Trade (MOIT):**

- Action Plan 4279/BCT-KH on supporting SMEs.
- MOLISA: Circular 32/2018/TT-BLDTBXH on training for employees

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