



## MPDF provides unprecedented support for business law develop- ment in Vietnam

In December 2005, the National Assembly of Vietnam passed two key pieces of business legislation – the Common Investment Law (CIL) and the Unified Enterprise Law (UEL). Both are widely perceived to improve the investment climate for domestic as well as foreign businesses. Over the two years of the law making process, the Mekong Private Sector Development Facility provided comprehensive technical assistance to both government drafting committees and the National Assembly, and consequently earned high praise from stakeholders in MPDF's mid-term evaluation.

MPDF's TA program included research directly related to issues addressed in the laws, international expert advice, and an unprecedented national advocacy campaign that targeted legislators early in the lawmaking process. To ensure that the new legislation would spur private sector development and sustainable growth, MPDF facilitated close collaboration with the business community and development partners.

MPDF's support began with research and presentations for the two drafting committees on relevant international best practice. Topics included investment incentives, investor protection, corporate governance, and alternative approaches for legally establishing corporate groups.

To help the government inform stakeholders, MPDF published one of its *Private Sector Discussion Papers* on business registration, and also produced four *Business Issues Bulletins* on different aspects of the proposed laws. Throughout the process, MPDF facilitated stakeholder feedback by organizing public workshops and ensuring that these were extensively covered by the media.

To prepare legislators well in advance to discuss both laws in the National Assembly, the Facility ran full day seminars in both Hanoi and Ho Chi Minh City. These included presentations by relevant experts and extensive discussion. MPDF also prepared a comprehensive briefing book for legislators which included

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research papers prepared for the drafting committees, summaries of key issues, and comments on both laws from experts as well as the business community.

In interviews conducted in September 2005 for MPDF's Mid-Term Review, a wide range of stakeholders expressed strong appreciation for the Facility's support. They praised the impartial role MPDF had played at all stages of the lawmaking process and particularly noted the added value of MPDF's research, the quality of the local and international experts, and close collaboration with government. Some stakeholders even suggested that in future the development of all legislation should follow MPDF's "unprecedented" model, and always involve National Assembly members from the early stages of the lawmaking process.

As further evidence of effectiveness, the final versions of the two laws incorporated many of the recommendations made by MPDF and the experts it drew from FIAS and the World Bank. As Vietnam prepares to implement both laws in 2006, MPDF will continue to assist the government in developing the decrees to implement the new legislation, and also continue to advocate for further business environment reforms.

MPDF's unique approach to law making has helped to improve key business legislation not only in Vietnam, but also in Lao PDR where lessons learned in Vietnam have been successfully applied.

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### **Mekong Private Sector Development Facility**

IFC-MPDF is a multi-donor funded initiative set up by the International Finance Corporation in 1997 in Vietnam, Cambodia, and Lao PDR, to reduce poverty through sustainable private sector development. The Facility works through six interrelated programs that seek to improve the business environment; develop the financial sector; improve managerial capacity; and increase sustainable business practices in three sectors that are central to economic growth and poverty reduction – tourism, agribusiness, and garments. IFC-MPDF's donors are the Asian Development Bank, Australia, Canada, Finland, IFC, Ireland, Japan, New Zealand, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom.

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