The Scorecard Projects in Vietnam and Mongolia were initiated by the International Finance Corporation (IFC) in conjunction with local authorities to assist regulators, companies and organisations to develop corporate governance (CG) standards.

- In Vietnam the local partners were the State Securities Commission (SSC), the securities regulator, (especially the Securities Issuance Department), and also the two stock exchanges, one in Hanoi (HSX) and the other in Ho Chi Minh City (HOSE).
- In Mongolia the local partner was the Corporate Governance Development Center (CGDC) with the support of the Financial Regulatory Commission (FRC), the securities regulator.

Driven by the need to grow their stock markets and to attract local and foreign direct investment, both countries lawmakers and regulators had focussed on the need to improve corporate governance in companies and had taken initial steps. Local high profile collapses in each of the countries created the urgency to make change. Both Vietnam and Mongolia had introduced a Code of Corporate Governance which was mandated for listed companies. Other legislative initiatives such as revisions of Company Law followed. Training of directors and of the media in corporate governance had occurred and highlighted the need for better corporate governance. However the regulators in both countries were aware that in many companies little had changed.

**What types of reports were developed on the basis of the scorecards?**

The main report issued, presented in both the local language and also in English, covered the rationale for the project and its findings and recommendations, including some background on the state of corporate governance in the country when the decision for a scorecard was taken.

The ‘meat’ of the report included a section on the rationale and methodology of the scorecard and a discussion of the data that was collected and the rationale for an ‘investor’ perspective of each company’s corporate governance. Robust testing of the data is necessary to give the findings validity and reliability – it must be more than a qualitative story.

The report contained an overall analysis of the findings related to the collective companies’ corporate governance and sought to identify any relationship between well governed companies to company profitability, the industry the company operates in, the size of the firm, any link to be drawn from either state or foreign ownership. The report also highlighted differences in board size and composition, the proportion of independent and non-executive directors as well as female directors and finally any difference in the corporate governance of companies listed on the two different stock exchanges. Importantly, the analysis enabled comparison of practices with other nearby Asian nations.

Then the report reviewed the research for specific findings on a question by question basis revealing some detailed areas for change and provided some recommendations on how to change practices in each of the five areas for corporate governance as reflected in the OECD Corporate Governance Principles.

It is important that the author of the report indicate several solutions to the issues that are evident, solutions that may be derived from nearby countries experiences and which indicate that there is not only one solution to the problems.

Finally the report provided conclusions and recommendations in general and specifically for regulator led actions, institutional strengthening, private sector development in individual companies.

To communicate the messages of the scorecard, graphs and colour were widely used. Any reader could not help to get the message of the need for reform. ‘Red’ in the report indicated a need for reform.

Other reports also stemmed from the scorecard process. From the data, the IFC provided individual company reports at the request of the company or if the IFC itself had an interest in that company.
What outcomes were achieved on the level of the institution owner of the scorecard?
Outcomes varied in both jurisdictions as in Mongolia the Scorecard and its report was the first scorecard and has not been repeated. In Vietnam the impact is more observable over a period of 4 years, during project implementation and three subsequent scorecards. Thus this paper refers to the Vietnam situation below.

Outputs from the project were:
- The Scorecard Report as indicated above which provided information on the state of CG in the 100 largest Vietnamese companies listed on the Hanoi and Ho Chi Minh Stock Exchanges.
- The report generated information of the extent to which companies followed the CG Code/regulations and exposed where companies may not even apply Company Law.
- The launch of the Report raised awareness of the findings and of the position of CG in Vietnam in companies, in business chambers, in stock exchanges and in regulators and legislators.
- Media sessions (TV and press) promoting corporate governance and the findings of the report.
- The report prompted the IFC and the SSC to produce other tools to improve CG in Vietnam such as the Corporate Governance Manual and to provide training sessions for directors, Chairmen and for training institutions in corporate governance.

However there were also particularly encouraging wider outcomes from the scorecard and the report.
Outcomes were:
- The capacity for regulators to verify the state of CG in Vietnam and to provide concrete evidence of the need for change to legislators and show the nature of changes required to Company Law, to the Securities Law and to other regulations in the CG Framework. This has contributed to development of a new Company Law, currently in near final form and to a review of the Securities Law.
- The scorecard and report generated useful information for regulators and led to further development of monitoring and enforcement practices at the stock exchanges and in the regulator.
- The scorecard also highlighted the need for reform of CG in state-owned enterprises and may have contributed to action in this area.
- Companies and regulators could clearly see where companies were relatively strong or weak in CG. Companies became more familiar with the key principles and practices behind quality CG, were aware of and knew of the rigour of the reviews and commenced adopting changes, developing policies and processes for good governance and enhanced their transparency to shareholders over time.
- The data enabled the identification of trends in the quality of CG, broken down by company, industry, company size, by stock exchange and other factors.
- Increased awareness of CG at the government and ministerial level and in public sector entities.
- CG is now a part of the PhD and Masters programs in Vietnam universities.

Were there wider impacts in the economy stemming from the usage of the scorecard?
It is difficult to tell if the scorecard was a major catalyst for other wider impacts on the economy. However there are indicators it was one key factor in bringing reforms.

In 2011, Ministers are reported as supporting corporate governance. For example:
- “A key factor in ensuring that boards can function effectively is their independence. Boards must have autonomy and independence in the conduct of their duties”. Excerpt from a Vietnam Government Report to the OECD 2011, in South East Asian Economic Outlook 2011-2012.
- Prime Minister Nguyen Tan Dung said: “The reform of state-owned enterprises is a key criterion for a market economy”. The reform of SOEs has been accelerated to ensure greater efficiency.
- The Vietnam Social and Economic Strategy 2011–2020 states: “(... Vietnam must) build market economy institutions and mechanisms with an emphasis on fair, transparent and efficient business, being supported by a streamlined bureaucracy”.
- In the 2013 Doing Business Report, it states: “Vietnam has strengthened investor protections and ... has implemented 21 reforms over a very short period”. However, there is still more to do.