

# **DDCI LAO CAI** ➤

## **DISTRICT AND DEPARTMENT COMPETITIVENESS INDEX 2019** ➤

*"Towards Inclusive Development of  
Enterprises and Businesswomen"*

Summary Report



**GREAT**



**economica**

**DISTRICT AND DEPARTMENT COMPETITIVENESS INDEX 2019**



LAOCAI PROVINCIAL  
PEOPLE'S COMMITTEE

# LAOCAI

## DISTRICT AND DEPARTMENT COMPETITIVENESS INDEX 2019

*"Towards Inclusive Development of Enterprises and Businesswomen"*



GREAT  economica

Summary Report

*For details, please refer to full report or visit <http://laocai.ddci.org.vn/>*

**April 2020**

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## CHAPTER 1. INTRODUCTION

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### 1.1. DDCI - Necessity and new features

#### The necessity of assessing economic governance capacity and improving the business environment at the districts and departments of Lao Cai Province

Improving the business and investment environment has long been considered one of the key solutions of many localities in the process of economic development. Together with many provinces and cities across the country, Lao Cai has proactively implemented multiple measures to improve economic governance between 2016 - 2020. In reality, the quality of business environment depends much on the performance of governments at districts (huyện) and of provincial departments and agencies (sở, ban, ngành).

#### Development Progress of Lao Cai DCI and achievements

One of the efforts made by Lao Cai is the District and Department Competitiveness Index (DDCI). Lao Cai is the first country in Vietnam which pioneered in measuring the performance and ranking districts in terms of economic governance with the "District Competitiveness Index (DCI)" Initiative. Since 2013, DCI has been successfully implemented in the province. It has helped to improve the awareness and actions by district authorities to improve local economic governance and business environment. Inspired by DCI in Lao Cai, many other provinces have replicated the initiative.

#### GREAT Project

The project "Promoting gender equality through improving the efficiency of agricultural production and tourism development in Lao Cai and Son La provinces" (GREAT) is funded and managed by the Australian Government and managed by the CowaterSogema company. The project governing bodies are the People's Committees of Son La and Lao Cai Provinces. GREAT is a key project of the Ministry of Foreign Affairs and Trade (DFAT) in Vietnam - officially launched in November 2017 and last for 5 years (2017-2021) to promote gender equality and enhancing economic power for women (WEE) in the Northwest region where many ethnic groups live together. The main beneficiaries of the project are women in Son La and Lao Cai provinces, in which the overarching beneficiaries are women from ethnic minority communities because 20 ethnic groups are living in Son La and 26 ethnic groups in Lao Cai province. The project shares many objectives with DDCI initiative in Lao Cai.

The Management Board of the "District and Department Competitiveness Index" Initiative is under the Department of Planning and Investment of Lao Cai province. The board is the main coordinator of the whole project. In the implementation process, the DDCI initiative in Lao Cai benefited tremendously from the Project "Promoting gender equality through enhancement of the efficiency of agricultural production and tourism development" – GREAT project. Lao Cai Statistics Office is responsible for surveying household businesses, enterprises, and cooperatives in the province. Economica Vietnam is responsible for developing the approach, methodology for DDCI and for analyzing the findings, scoring and ranking districts and departments and report writing.

#### DDCI and new features

DDCI aims to improve the quality of economic management and administration at the provincial and district levels. DDCI is based on what businesses expect from district authorities, departments, and government agencies in economic governance. DDCI also aims to raise awareness and concern about gender equality, business with women, women entrepreneurs, environmental and ecological issues in

the development process, social issues, sustainable development, equality, ethnic minorities, disadvantaged people... Going beyond the traditional approach, DDCI assesses the quality of economic governance by local government agencies from these aspects. Especially, an inclusive development indicator with focus on gender, environment aspects in economic governance, has been integrated as an integral part of DDCI. The inclusive development indicator has been replicated in the DDCI methodology of many other provinces.

The application of information technology and the Internet-based platform in DDCI survey and analysis has also been strengthened to ensure accuracy, speed, convenient data mining and cost reduction. The use of information technology also improves the use of DDCI results by local government in formulating actions and action plans to improve economic governance in provinces.

## 1.2. DDCI indicators and sub-indices

### 1.2.1. System of indicators and sub-indices in DDCI

DDCI includes two sets of indicators: (i) indicator set used for assessing economic governance of DDCI district governments (huyện, thành phố), and (ii) indicator set used for assessing the economic governance by provincial departments (sở, ban, ngành).

#### Indicators of DDCI

Due to the difference in tasks and functions between district governments and provincial departments, as well as the difference in their target clients, DDCI uses two sets of indicators to access the economic governance capacity and quality of district governments and provincial departments. These indicators are universal and are appropriate to be used for scoring the different dimension of economic governance by each group of government agencies assessed.

#### DDCI - DISTRICT

Indicators used in DDCI to measure economic governance of district governments include 10 core indicators as below:

1. *Market entry cost*
2. *Accessibility to land and business premise*
3. *Quality of public service in licensing and efficiency in inspection*
4. *Efficiency of tax procedure*
5. *Proactivity and dynamism of district leadership*
6. *Efficiency of public and private dialogues and accountability*
7. *Information transparency and fair treatment*
8. *Effectiveness in administrative procedure reforms, public services and of district on-stop-shop*
9. *Effectiveness of business support services*
10. *Informal cost*

In additions, DDCI district also include the following extended indicators: (i) *Application of information technology and e-gov in economic governance*; (ii) *Sustainable and inclusive development in economic*

#### DDCI - DEPARTMENT

Indicators used in DDCI to measure economic governance of provincial government's departments include 5 core indicators as below:

1. *Effectiveness in implementation of legal documents, planning documents, and plans*
2. *Quality of public services*
3. *Information transparency and fair treatment*
4. *Proactivity and accountability of department leadership*
5. *Informal cost*

In additions, DDCI of provincial departments also include the following extended indicators: (i) *Application of information technology and e-gov in economic governance*; (ii) *Sustainable and inclusive development in economic governance*.





### 1.2.2. DDCI 2019 Sample

DDCI 2019 survey collected 1,400 responses, of which 1,000 responses from household businesses<sup>1</sup> and 400 responses from enterprises<sup>2</sup> and cooperatives. The DDCI 2019 survey sample was selected by way of stratified random sampling method. For the purpose of the survey, two samples are developed including district DDCI survey sample and departmental DDCI survey sample.

## CHAPTER 2. LOCAL BUSINESS ENVIRONMENT KEY FINDINGS

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### 2.1. Business situation and the business prospect of the District DDCI

Business situation and the business prospect of household businesses were recorded and updated through the district DDCI 2019 survey. Regarding revenue, most of the surveyed household businesses had revenue level below 100 million per year over the past years.

In 2019, 75.7% of household business respondents gained “a little profit”, 4.9% got “profit as expected” and 11.7% was at “break-even point”. Though the business situation has improved, only 7.9% household business respondents planned to increase business scale account for. Most of the surveyed household businesses have plans to continue to maintain the current business size (84.7%). 7.4% planned to reduce the scale or close their business.

DDCI 2019 survey shows that 1,000 household businesses created 1,731 jobs. Of which, 51.01% were for male and 48.99% are for female. These household businesses use workers in their families or hire 1-2 workers from outside. Female labour in surveyed household businesses is approximately of the same proportion as male labour. Household businesses create jobs for all districts of the province, but with a higher density in Lao Cai city and in districts of Bao Thang, Bac Ha, and Sapa.

### 2.2. Business Performance and Business Sentiment and Prospect under the Provincial Department DDCI

Enterprise and companies with revenue of less than VND 1 billion per year account for half of the total sample collected. The rest have revenue ranging from 1 to under 5 billion per year. In 2019, 71.69% of enterprises/cooperatives in Lao Cai are optimistic about the business situation. 17.54% of enterprises/cooperatives operated at break-even point. 10.77% of enterprises reported losses.

Business confidence in enterprises and cooperatives remained at a stable level. 62.66% of enterprises/cooperatives wanted to keep their current business scale while 31.53% wanted to expand their business scale in the coming years.

Regarding labour, the 400 enterprises in the survey create 11,169 jobs for the local economy, an average of 28 workers per enterprise. The large majority of enterprises are SMEs. In particular, 66.25% of those workers are males and 33.75% are females. Enterprises in the survey have created more jobs for men than for women. The jobs created for people with disabilities account for 0.01% of the total jobs created by enterprises in the survey.

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<sup>1</sup> Home-based business which are unregistered or registered only with district authorities. Considered to be in the formal or semi-formal sector.

<sup>2</sup> Companies and the likes which are officially registered under the Enterprise Law.

# BUSINESS SITUATION AND PROSPECT

DISTRICT AND DEPARTMENT COMPETITIVENESS INDEX



## DISTRICT DDCI: RESULTS FROM 1,000 RESPONSES

### BUSINESS SITUATION

**80.6%** HHB **having profit**  
**11.7%** HHB “break even”  
**7.7%** HHB **having losses**

**1.5%** of business households intend to register for business establishment under the Enterprise Law



### LABOUR

**1,731**  
Labour

**51.01%**  
males

**48.99%**  
females

### BUSINESS PROSPECT

**3,1%**

Close

**4,3%**

Reduce scale

**84,7%**

Remain same

**7,9%**

Expand

## DEPARTMENT DDCI: RESULTS FROM 400 RESPONSES

### BUSINESS SITUATION

**400 Enterprises/Cooperatives**

**50.13%**

Revenue

<1 billion VND/year

**71.69%**

Being optimistic about the business situation

### LABOUR



**66.25%**  
Males



**33.75%**  
Females

### BUSINESS PROSPECT (%)

**1,75**

Close

**4,01**

Reduce Scale

**62,66**

Remain same

**31,58**

Expand

**DDCI - DEPARTMENT**  
**400 Enterprises/Cooperatives**

## CHAPTER 3. DISTRICT COMPETITIVENESS INDEX

### 3.1. District competitiveness Index and Rankings

In the scale of 100, the detailed DDCI score of districts and departments are illustrated in Figure 3.1. According to table 3.1, Van Ban is in "Outstanding" group in terms of economic governance. Van Ban got the highest score of 91.2 points. It is followed by Si Ma Cai with 80.7 points. However, there is still plenty of room for improvement.

Bat Xat, Bac Hà, Muong Khuong, Bao Thang, Lao Cai provincial city, Sa Pa, Bao Yen are in the "Very good" group with the score ranging from 74.8 to 79.8. Bao Yen is at the bottom position of the rank with a score of 74.8. The difference between the highest and lowest district/city scores is 16.4 points.

The rank and score from "Outstanding", "Excellent" and "Very good" are shown on Picture 3.1 and Figure 3.1. Table 3.1 illustrates the detailed score of the ten core indicators of the districts DDCI. The district DDCI 2019 includes core and expanded indicators. The ranking of districts depends only on the core indicators. The expanded indicators are used for reference and for comparison between districts and cities of the provinces and for deep-diving into other dimensions of economic governance of districts and departments in the province.

**Table 3.1. Indicators of District Competitiveness Index 2019**

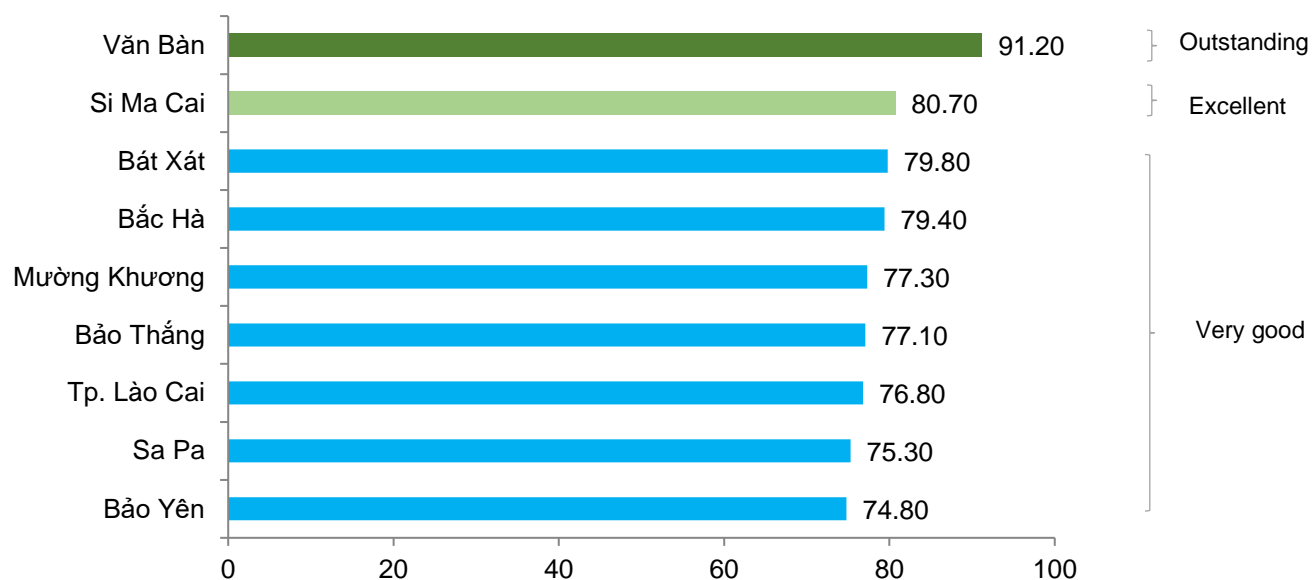
Indicators	Bac Ha	Bao Thang	Bao Yen	Bat Xat	Muong Khuong	Sa Pa	Si Ma Cai	Lao Cai City	Van Ban
Market entry cost	8.16	7.69	7.46	7.86	7.93	7.78	8.14	7.96	9.47
Accessibility to land and business premise	7.25	7.37	6.81	7.69	7.43	6.77	7.14	7.37	8.86
Quality of public service in licensing and efficiency in inspection	7.75	7.42	6.94	7.81	7.90	7.57	8.16	7.89	8.96
Efficiency of tax procedure	8.07	7.56	7.77	7.68	8.05	8.03	7.60	7.58	9.41
Proactivity and dynamism of district leadership	7.82	7.49	7.11	7.99	7.53	7.24	7.96	7.40	9.75
Efficiency of public and private dialogues and accountability	7.65	7.33	7.13	7.88	7.00	6.70	7.79	7.25	9.33
Information transparency and fair treatment	7.68	7.34	6.90	7.83	6.80	7.07	8.25	7.70	9.03
Effectiveness in administrative procedure reforms, public services and of district on-stop-shop	8.12	8.09	7.61	8.14	7.80	7.68	7.94	7.98	8.49
Effectiveness of business support services	7.74	7.81	7.58	7.97	7.62	7.40	8.05	7.51	8.37
Informal cost	9.18	9.03	9.46	8.95	9.29	9.02	9.63	8.20	9.55
<b>Score</b>	<b>7.94</b>	<b>7.71</b>	<b>7.48</b>	<b>7.98</b>	<b>7.73</b>	<b>7.53</b>	<b>8.07</b>	<b>7.68</b>	<b>9.12</b>



Picture 3.1. District DDCI 2019 Map



Figure 3.1. District Competitiveness Index 2019 of Lao Cai Province



Source: Lao Cai Statistics Department and Economica Vietnam, Lao Cai DDCI 2019 Survey

### 3.2. District competitive index profiles by core indicators

Figure 3.2. “Market entry cost”

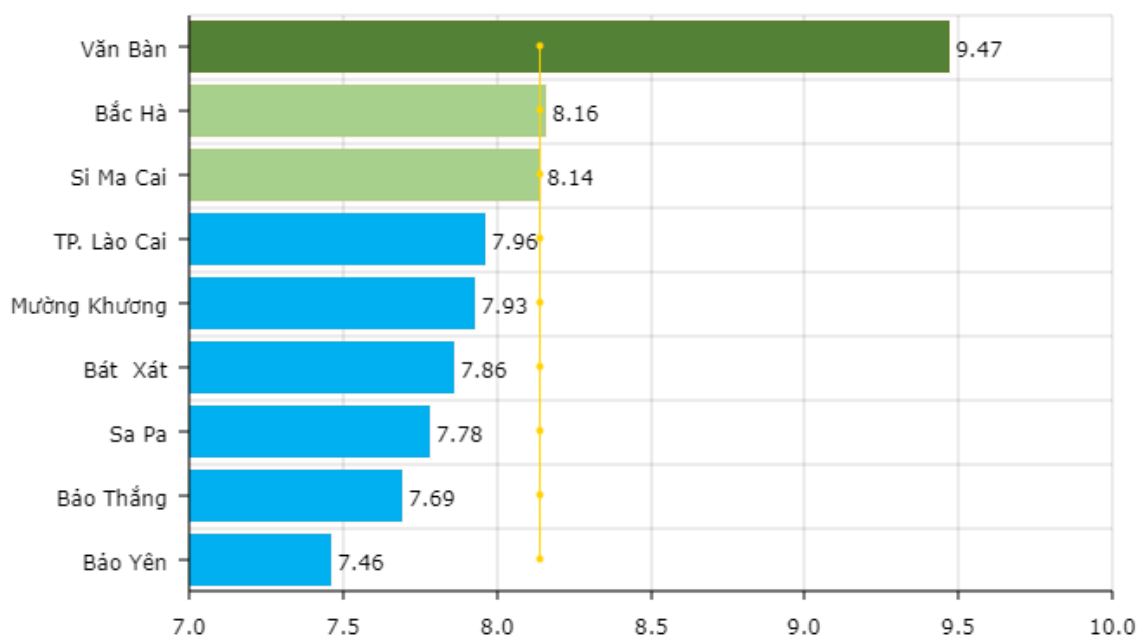


Figure 3.3. “Accessibility to land and business premise”

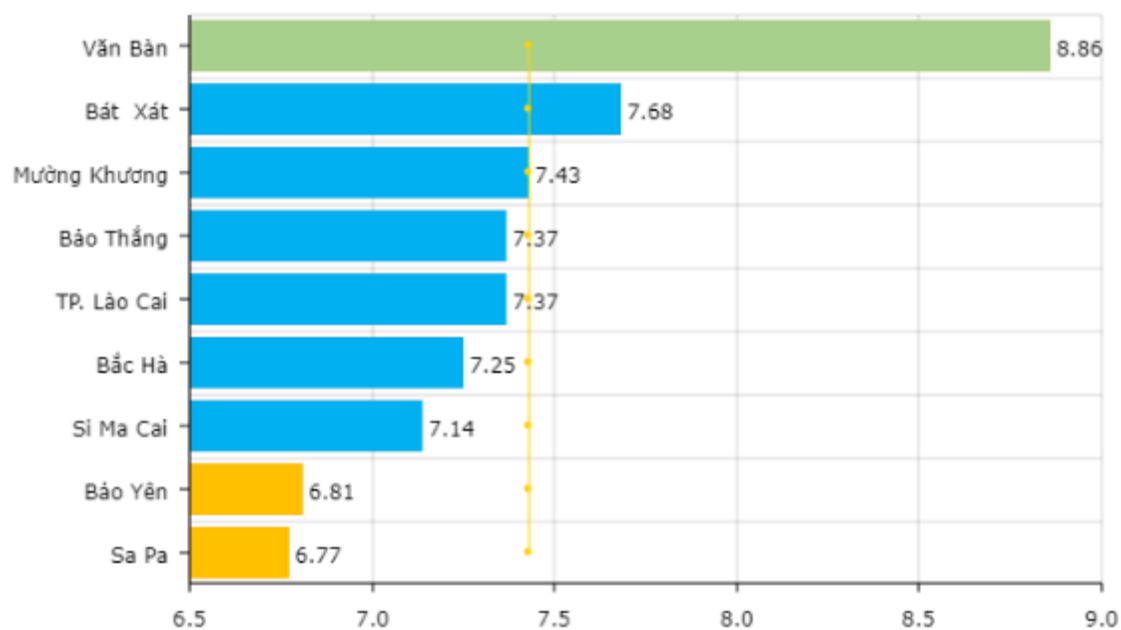


Figure 3.4. “Efficiency in licensing and efficiency in inspection”

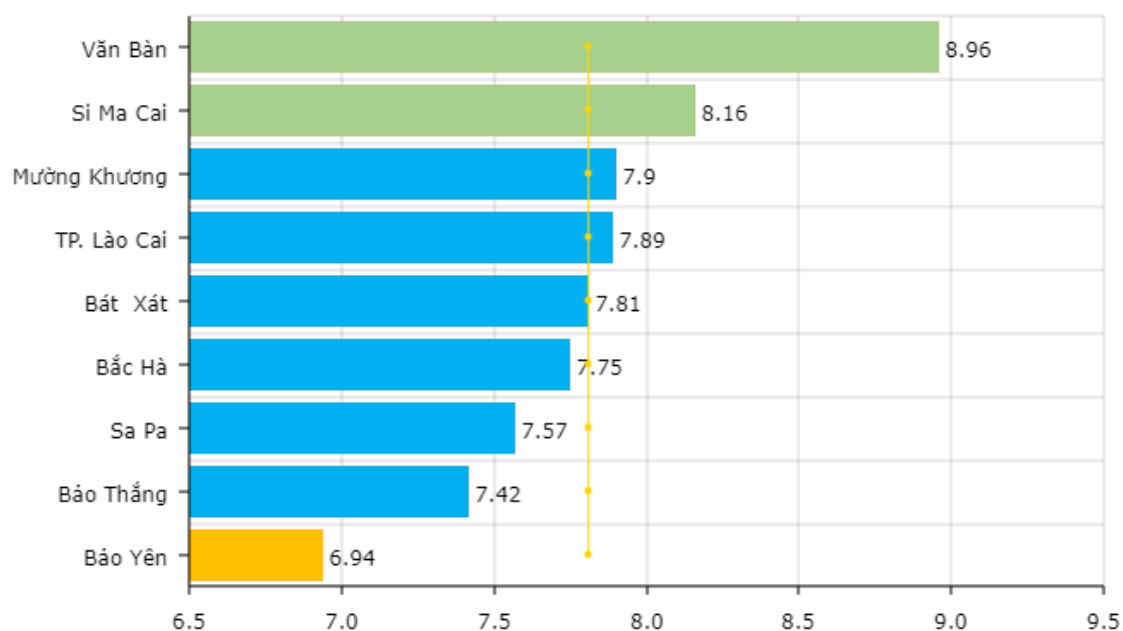


Figure 3.5. “Effectiveness of tax procedures”

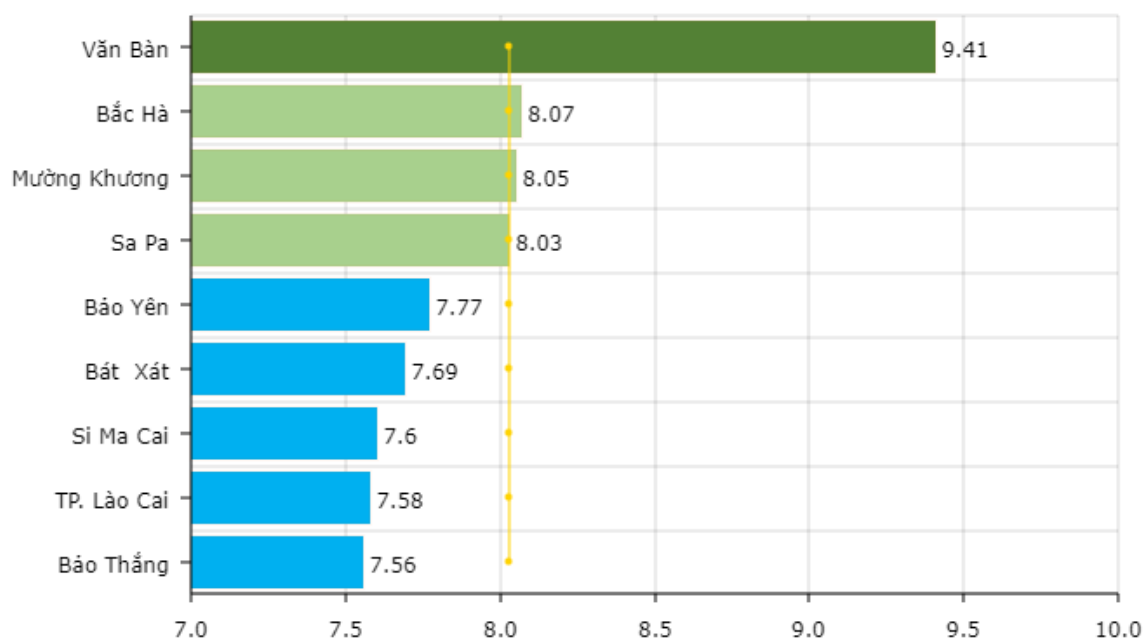


Figure 3.6. “Proactivity and dynamism of district leadership”

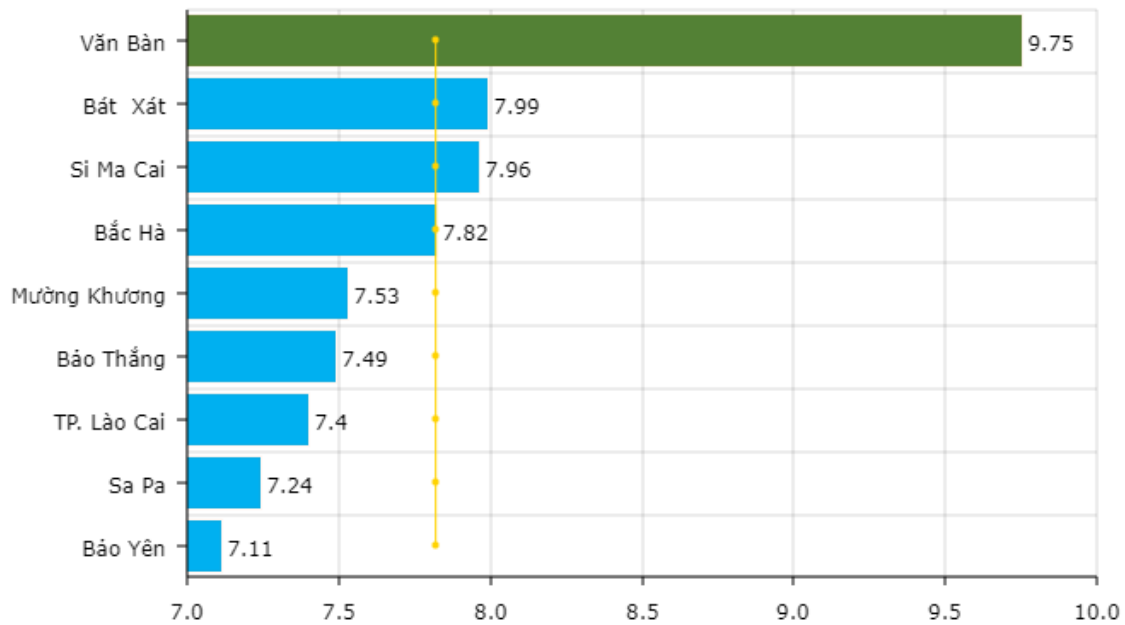
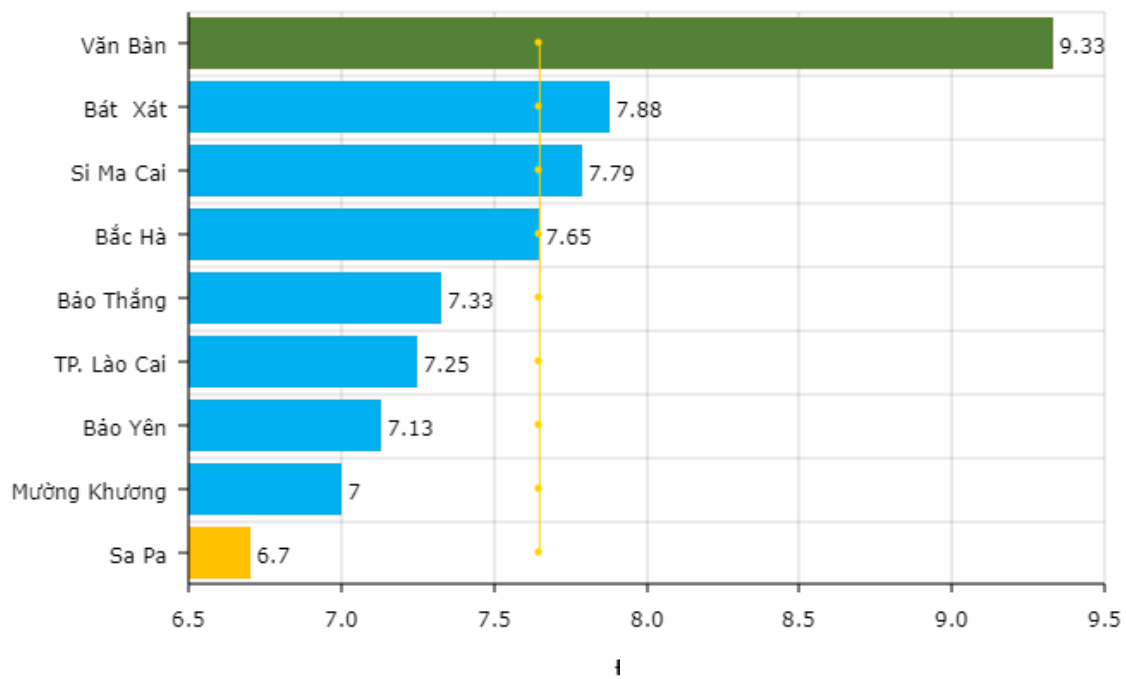
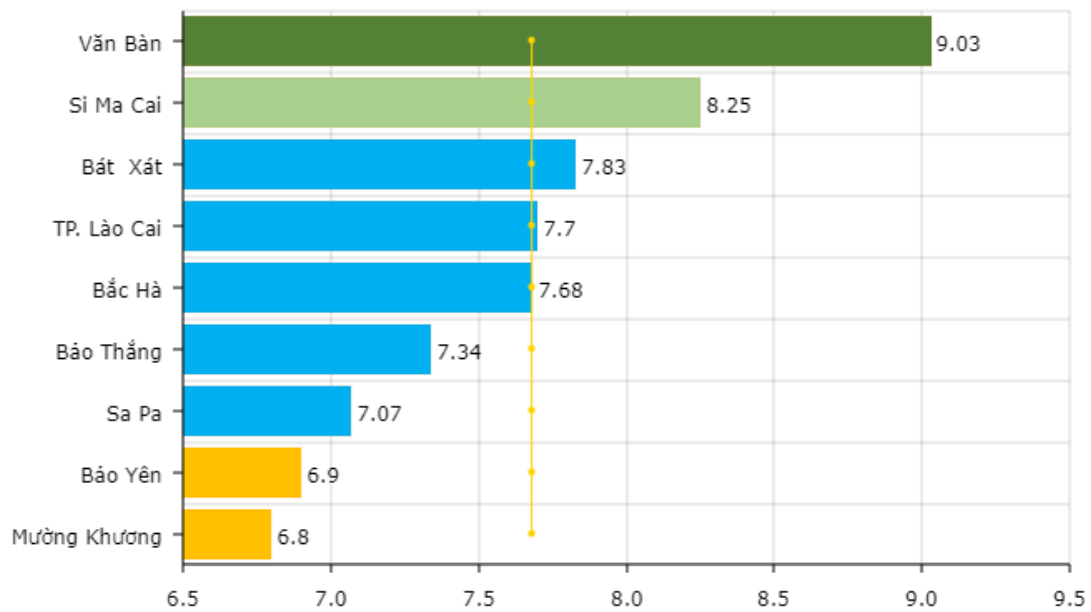


Figure 3.7. “Efficiency of public and private dialogues and accountability”



**Figure 3.8. “Information transparency and fair treatment”**



**Figure 3.9. “Effectiveness in administrative procedure reforms, public services and of district one-stop-shop”**

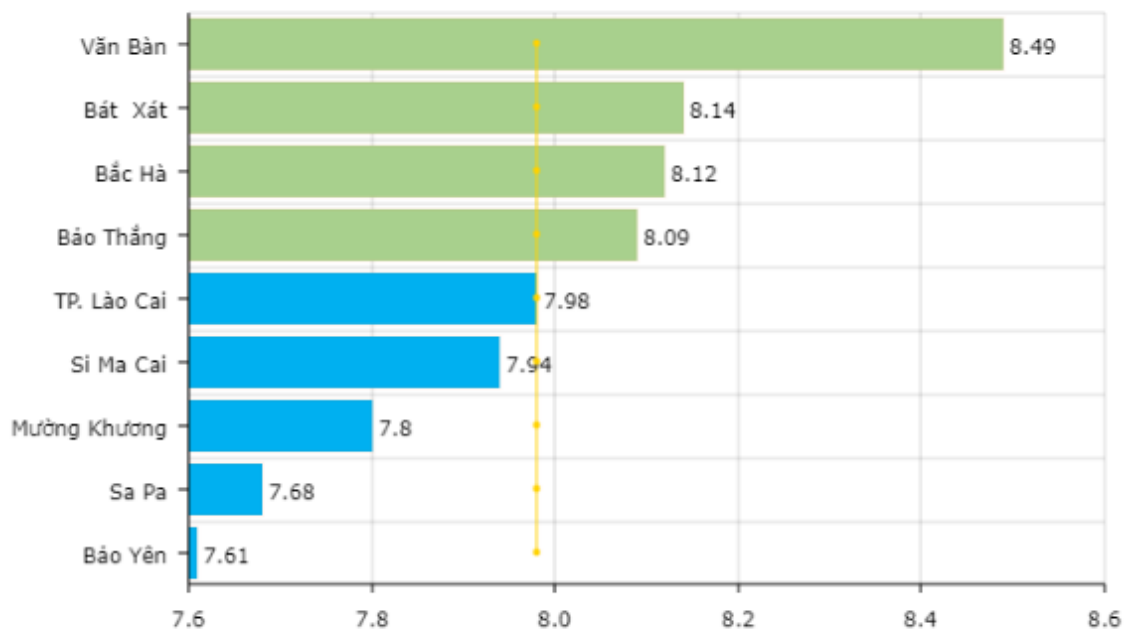




Figure 3.10. “Effectiveness of business support services”

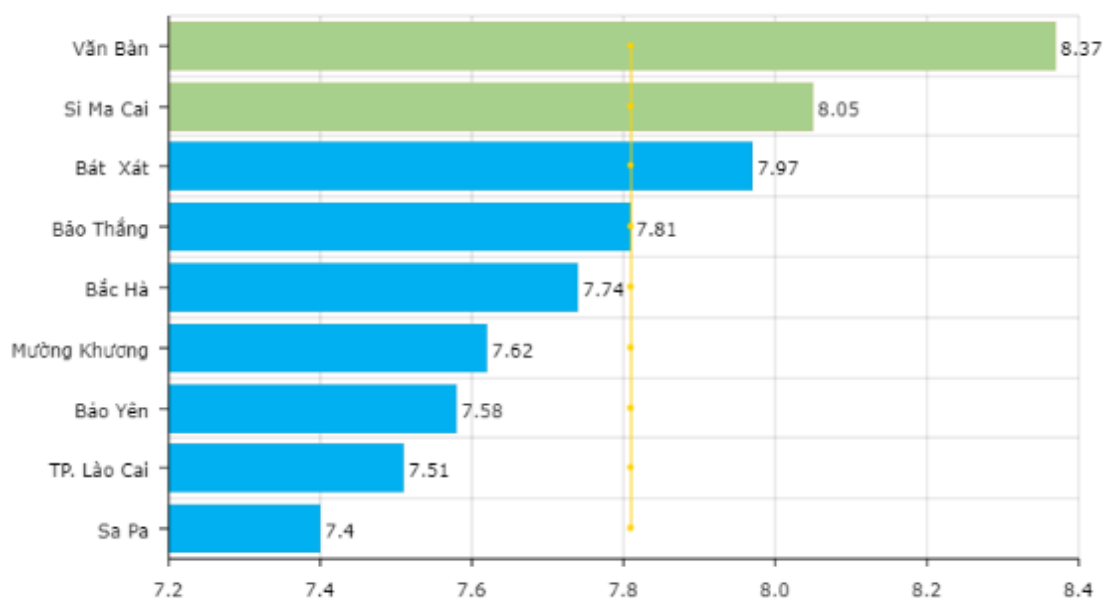
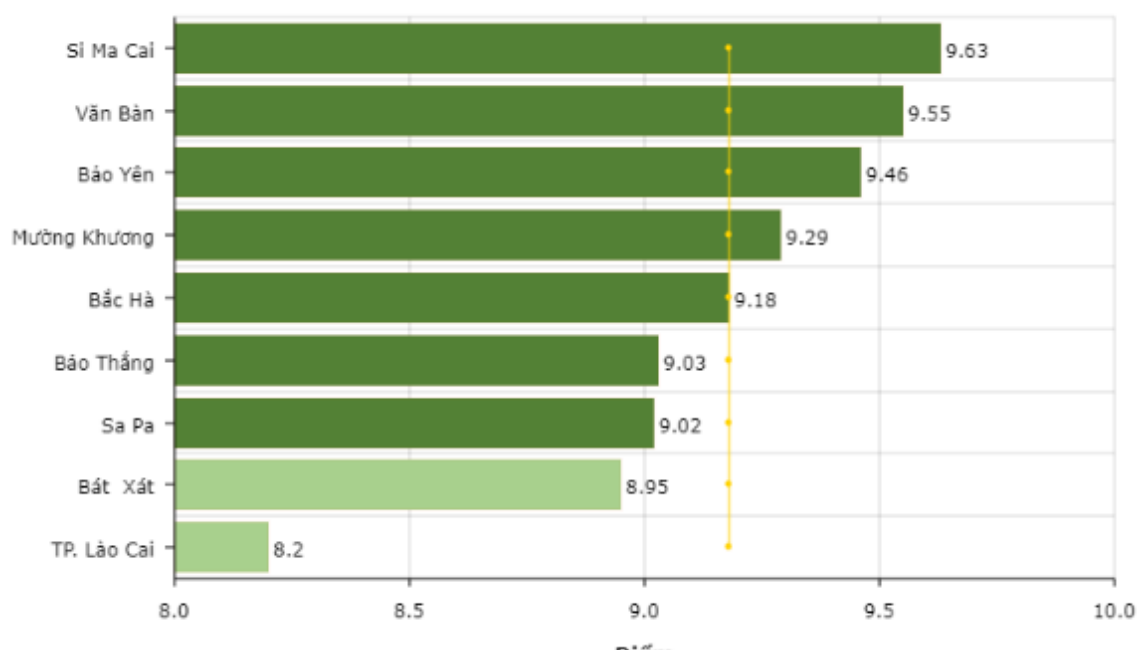


Figure 3.11. “Informal cost”



### 3.3. District competitiveness index profiles by extended indicators

Figure 3.12. “Application of information technology (e-government) in management and operation”

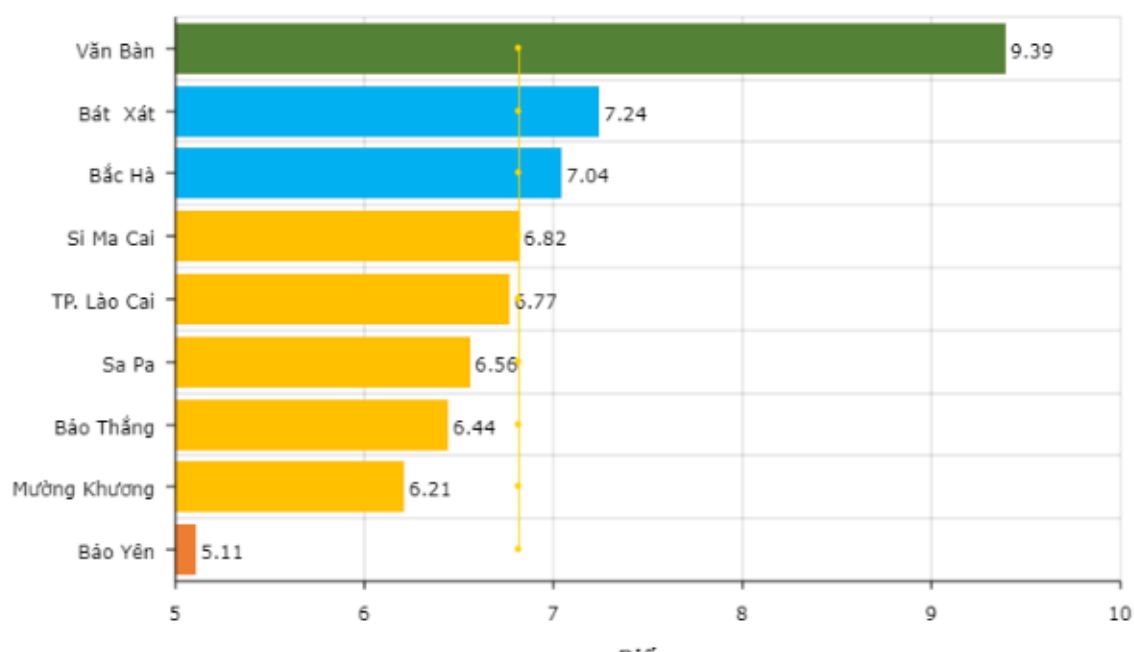
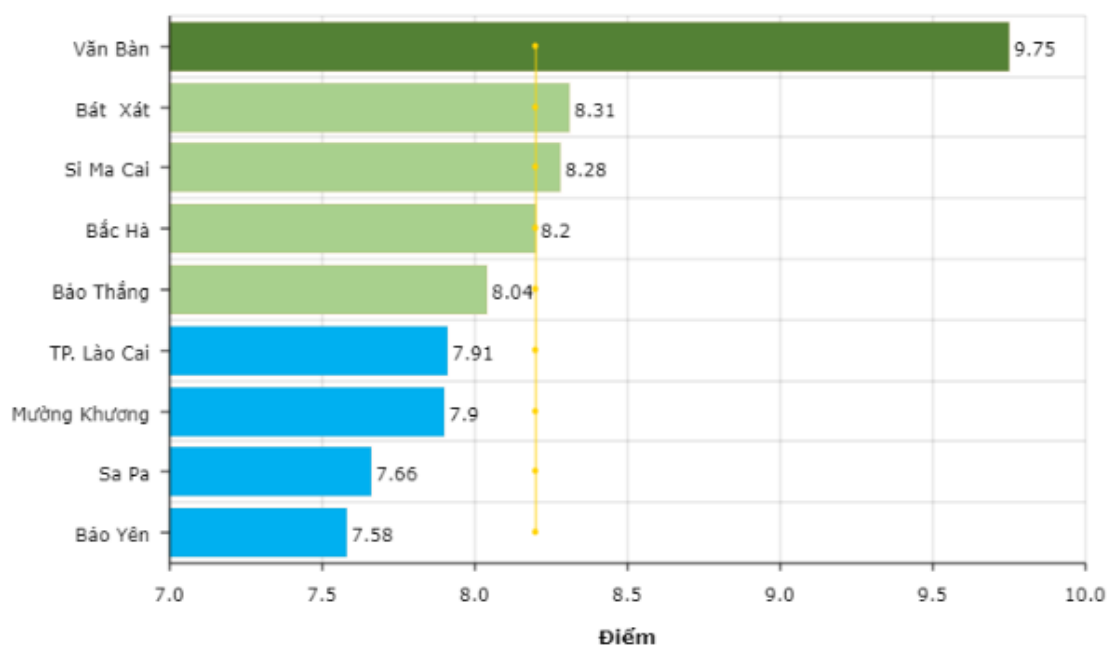


Figure 3.13. “Sustainable and inclusive development”



Source: Lao Cai Statistics Department and Economica Vietnam, Lao Cai DDCI 2019 Survey

# DDCI 2019

## DISTRICT COMPETITIVENESS INDEX



### AVERAGE SCORE

Average score of District  
DDCI 2019:

**79.2** YEAR 2019



**Bao Yen:**  
74.8 points / **Van Ban:**  
91.2 points

Van Ban is at the highest ranking  
with 91.2/100. Bao Yen is at the  
lowest of the rankings (74.8/100)



### INFORMAL COST

**9.15** points



Informal cost of provincial  
districts/cities strongly  
declines, reaching to 9.15/10

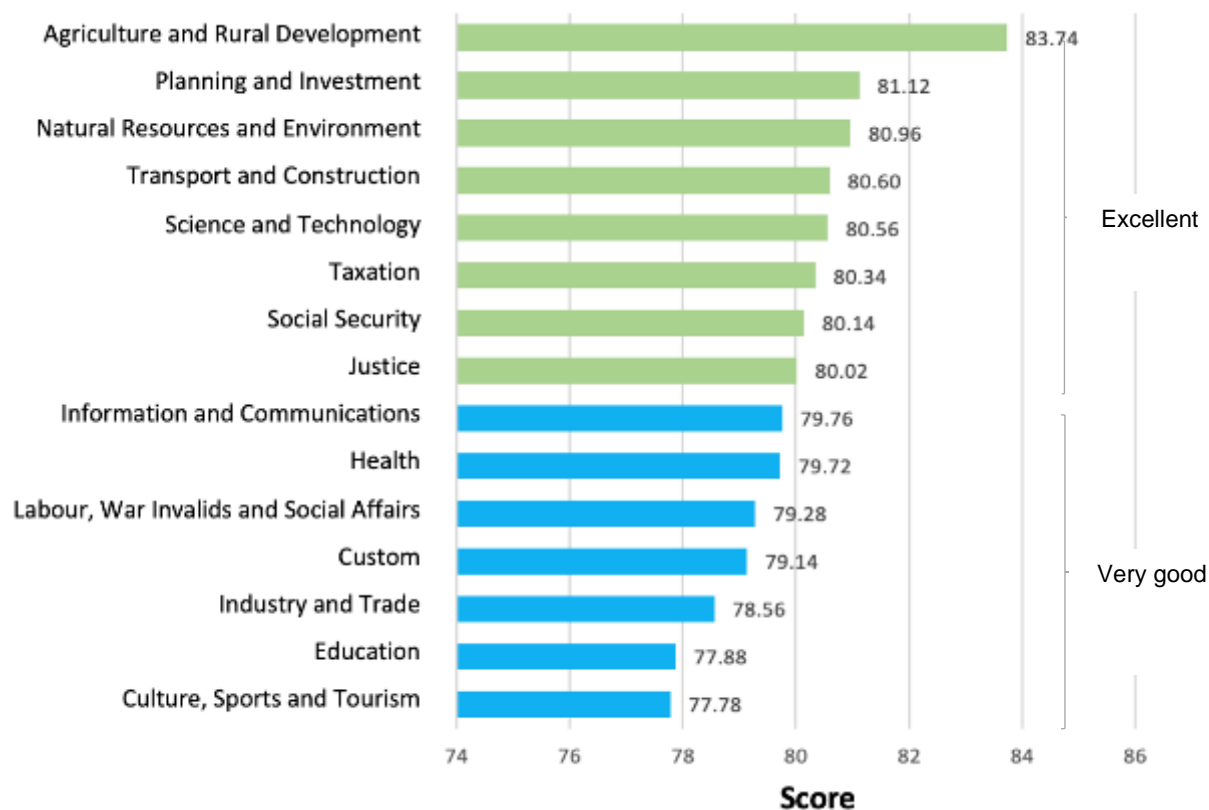


## CHAPTER 4. DEPARTMENT COMPETITIVENESS INDEX

### 4.1. Department competitiveness index and ranking

In the scale of 100, the scores and ranks of the Department Competitiveness Index are presented in Figure 4.1 and Figure 4.2. Figure 4.1 shows the scores and ranks by provincial departments. Figure 4.2 indicates the scores and rankings by dimensions of public governance.

**Figure 4.1. Lao Cai Department Competitiveness Index 2019**



## 4.2. Department competitiveness index by core indicators

Figure 4.2. “Effectiveness in the implementation of legal documents, planning documents, and plans”

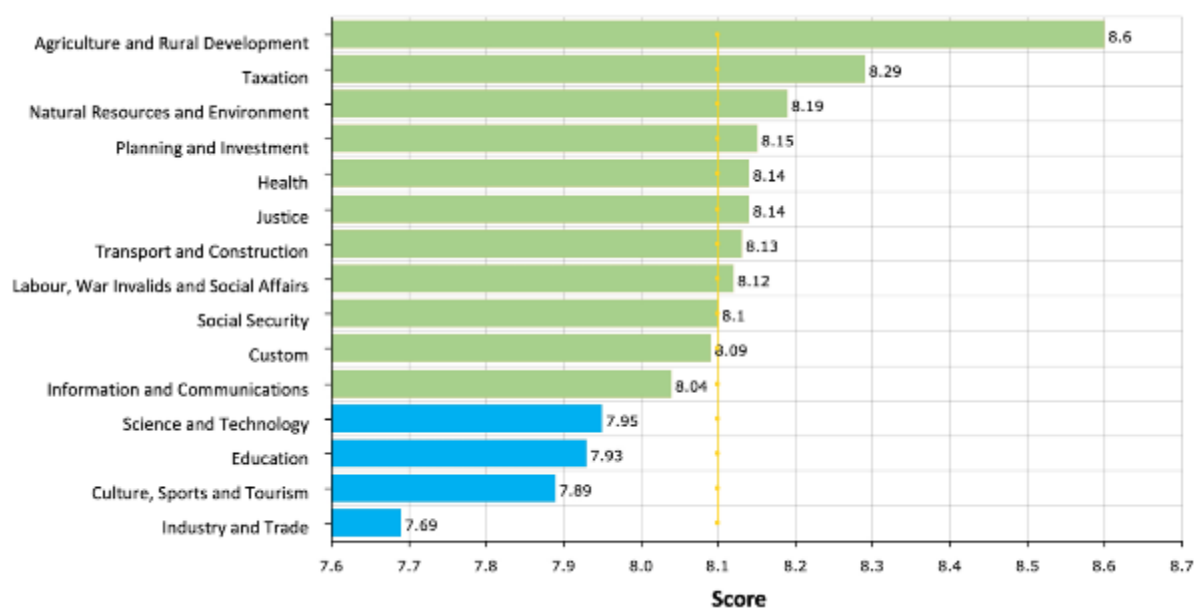


Figure 4.3. “Quality of public services”

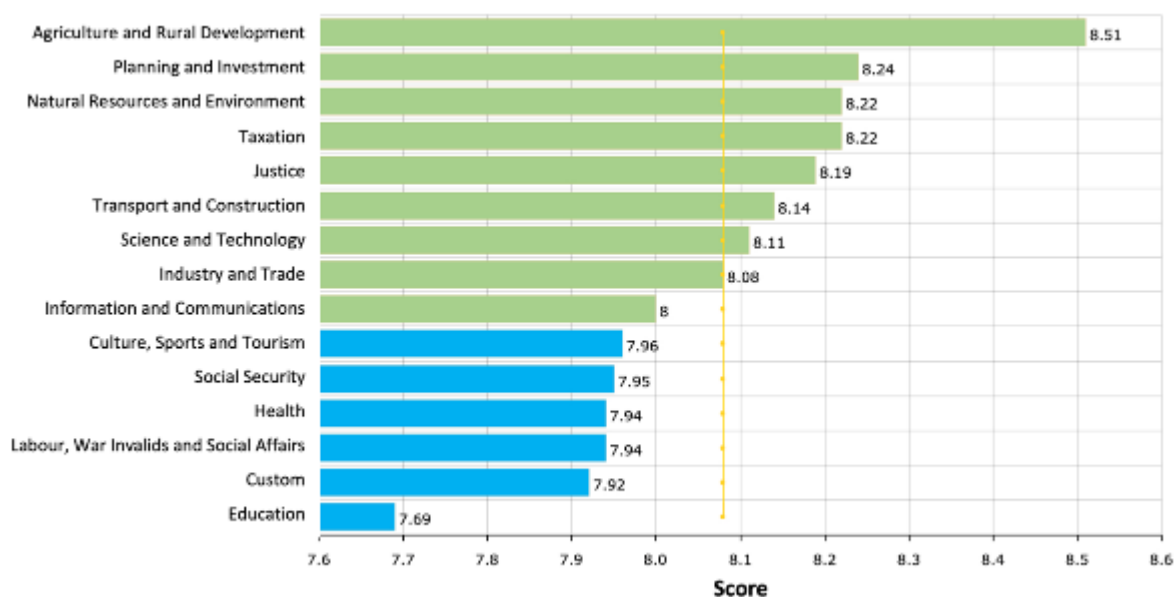




Figure 4.4. “Information transparency and fair treatment”

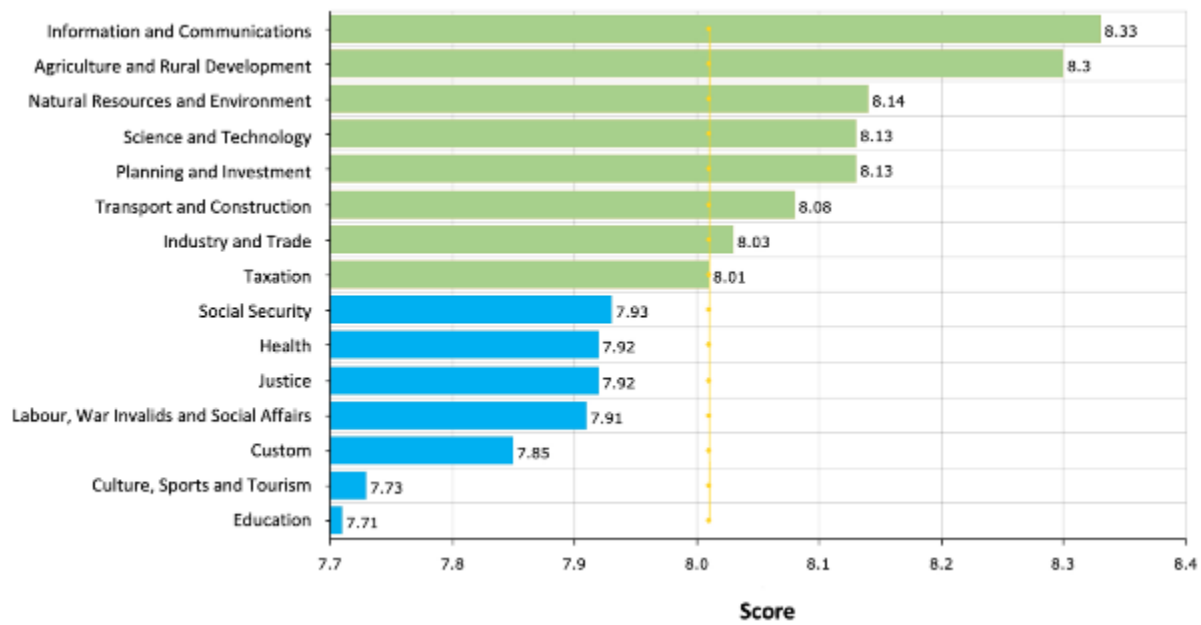


Figure 4.5. “Proactivity and accountability of department leadership”

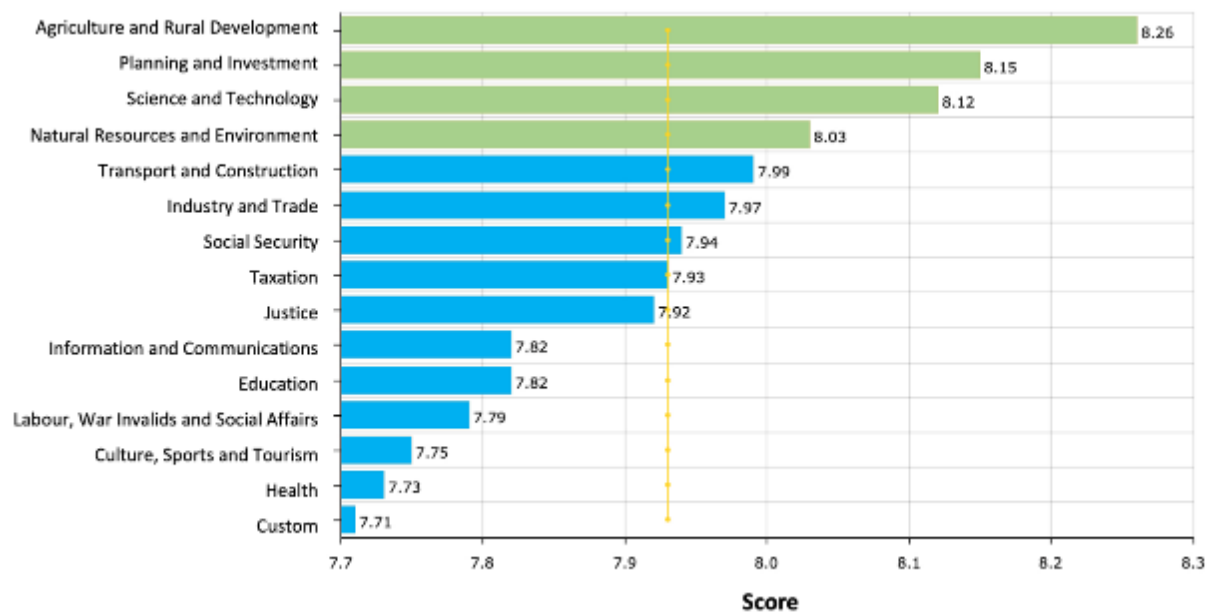
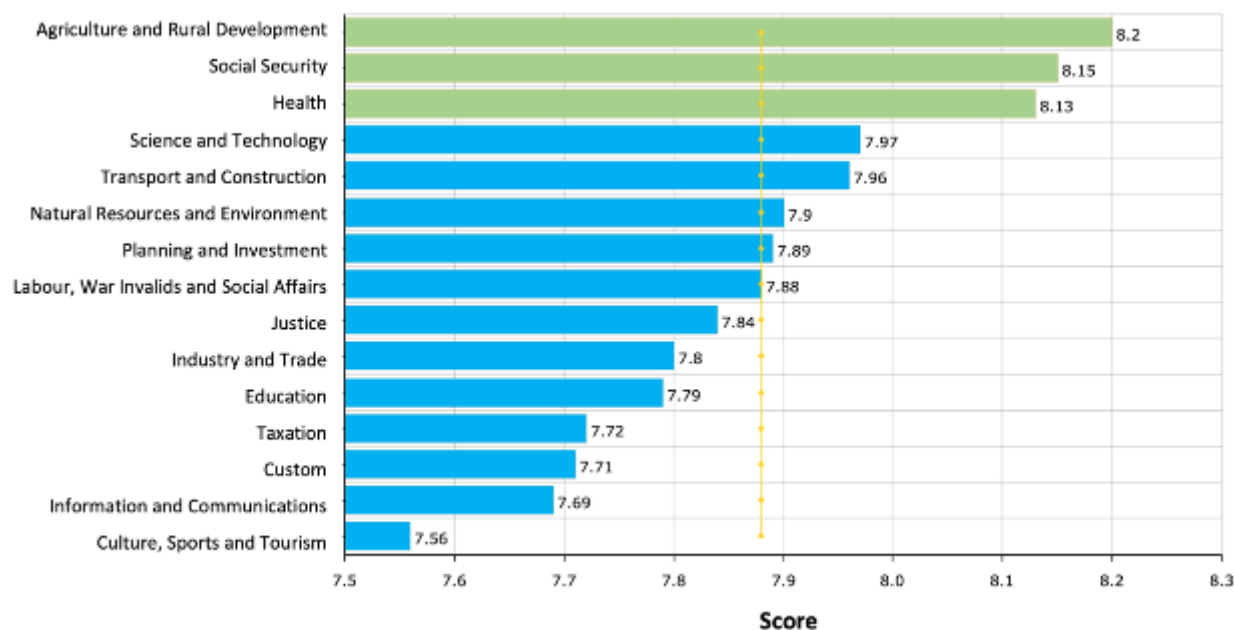
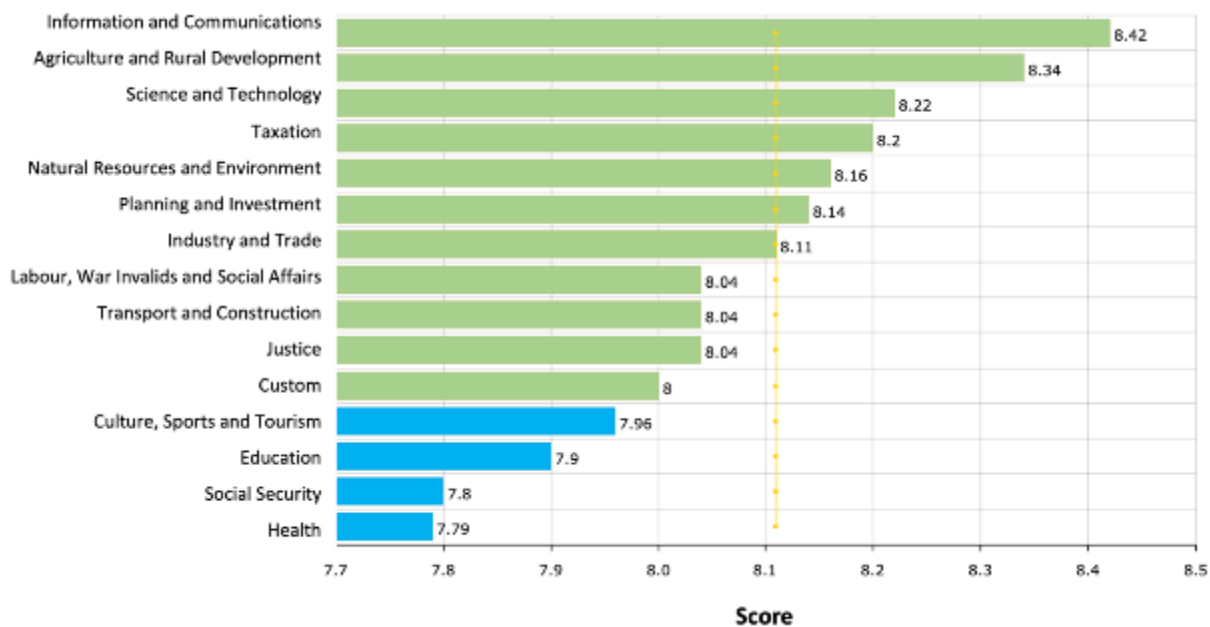


Figure 4.6. “Informal cost”

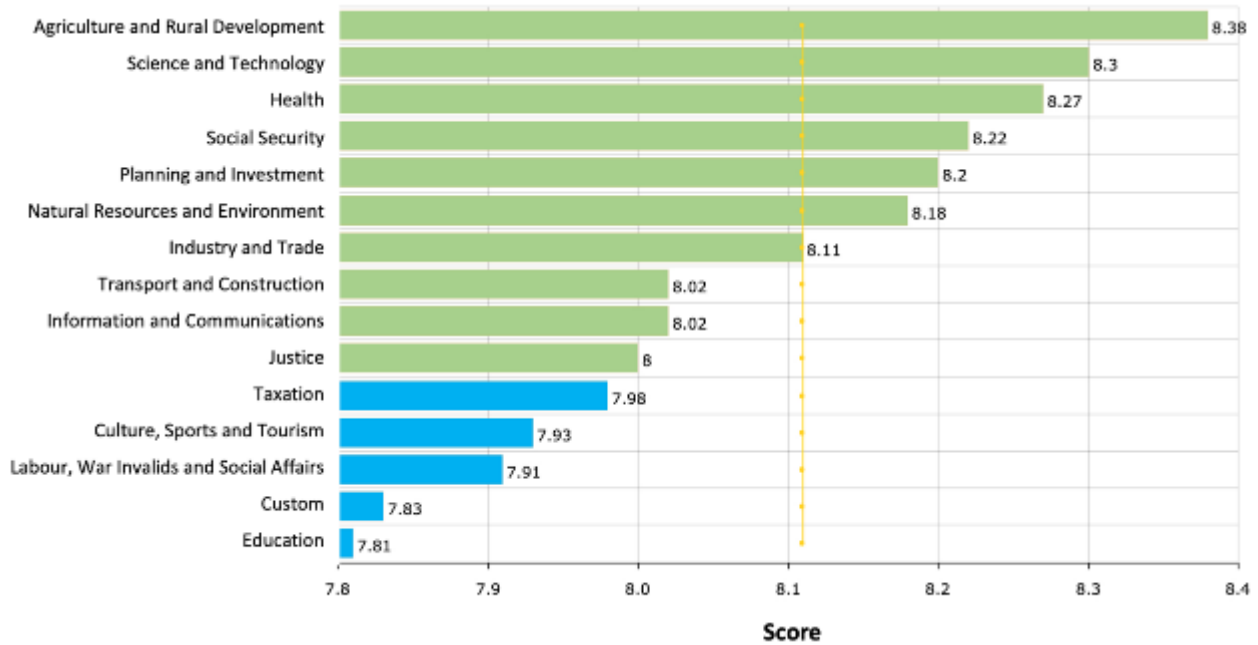


#### 4.3. Department competitiveness index by extended indicators

Figure 4.7. “E-government”



**Figure 4.8. “Inclusive development”**



*Source: Lao Cai Statistics Department and Economica Vietnam, Lao Cai DDCI 2019 Survey*

## DEPARTMENT COMPETITIVENESS INDEX



### AVERAGE SCORE

80 Points

Overall, average score  
of provincial  
departments  
is 80/100



83.74

Department of Agriculture and  
Rural Development reaches  
83.74, the highest of the  
rankings

GROUP "Excellent"

GROUP "Very good"

77.78

Department of Culture, Sports  
and Tourism is at the lowest of  
the rankings

T1

T2

T3

T4

T5

T6

T7

T8

T9

10

11

12

### EFFECTIVENESS IN IMPLEMENTATION OF LEGAL DOCUMENTS

8.10  
Points



Indicator  
having the  
highest  
score



### INFORMAL COST



On average, score of this  
indicator is 7.88. This is  
indicator having the  
lowest score

69.29% enterprises still  
have to pay informal cost



## GENDER DIMENSION IN LAO CAI DDCI 2019

### 5.1. Overview on women-owned businesses in Lao Cai DDCI 2019

#### 5.1.1. Women-owned businesses in DDCI

##### a. Household businesses by gender in DDCI

According to Lao Cai DDCI 2019 survey, female-owned household businesses account for 56.97%. The remainder of 43.03% are male-owned household businesses. By industries, household businesses run by women are mostly in the commerce and service industries (92.3%). By location, the distribution of household businesses by gender is also different from district to district. Lao Cai city, Sa Pa and Bat Xat have the higher percentage of women participating in household businesses. The highest rate is observed in the municipal city of Lao Cai. By ethnic groups, 9.79% of household businesses are owned by ethnic minority women. Meanwhile, this rate of male-owned household business is 21.55%. Owners of women-owned household businesses are mostly over 45 years old (55.26%). It is followed by women aged between 31-44 (31.62%). Women under the age of 30 or over 60 accounts for a small percentage of the owner of a household owned by women, accounting for about 4% and 9% respectively. The number of female workers in Lao Cai city working for household businesses accounts for nearly 62% of the total number of employees of household businesses in the provincial city. Overall, in Lao Cai province, the percentage of female workers and the percentage of male workers working in household businesses are quite balanced, equivalent to the male / female ratio of the whole province.

##### b. Women-owned or Women-led Enterprises and Cooperatives in Lao Cai DDCI 2019

The share of enterprises owned or led by women according to the DDCI 2019 survey was 34.5%. In which the share of enterprises owned or led by men in the survey was 65.5%. By industry, the enterprises owned or led by women mostly operate in commerce and service industries (82.61%),



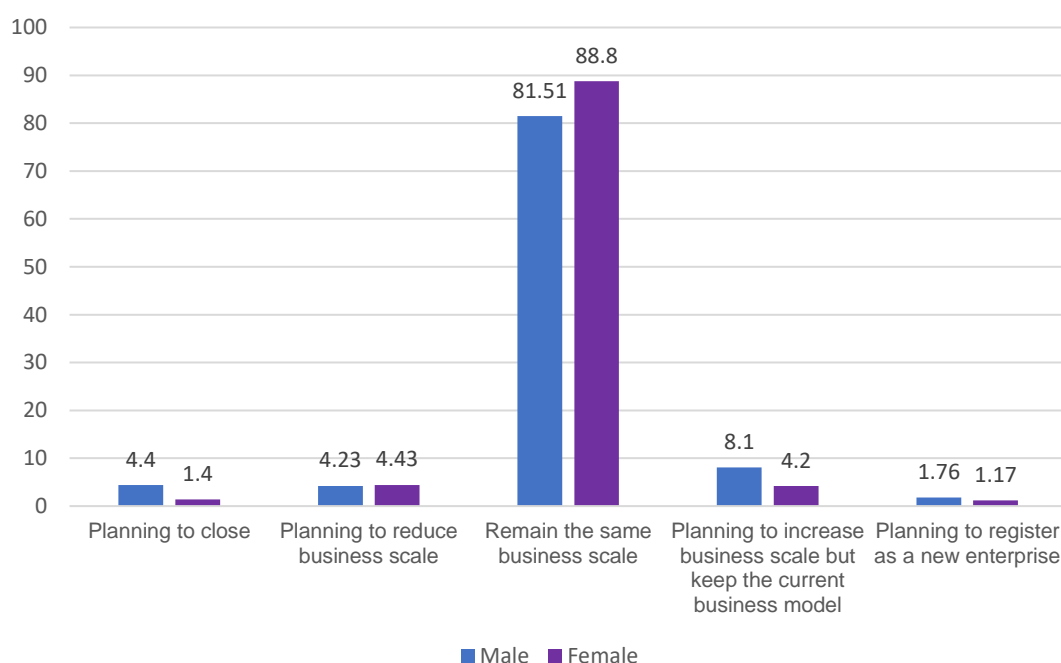
industrial- construction (8.7%). By ethnicity, the DDCI survey results show that, among the ethnic minority-owned enterprises/cooperatives in the DDCI survey, 38% of these businesses are run by women, and 62% by men. The average age of businesswomen ranges from 45-60 years (41.3%), following by the age group of 31-44 (39.86%).

### 5.1.2. Business operation and the business sentiment of household, enterprise and cooperatives by gender

#### a. The business situation and the business sentiment and prospect of household businesses by gender

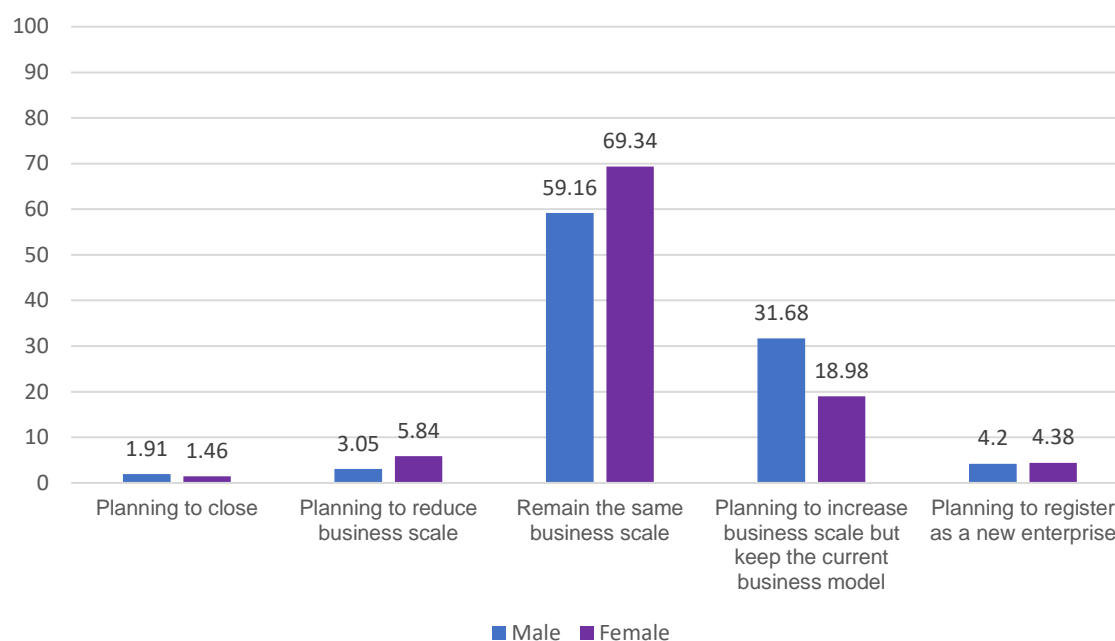
Most of the household businesses owned by women are of micro scale. The percentage of household businesses owned by women having profits and expected profits is quite high, reaching 80%. Women's capacity in economic management activities is balanced with men. Women are also more optimistic about the business prospects in the future.

Figure 5.1. Business prospect by gender in DDCI 2019



## b. Business situation and the business prospect of enterprises and cooperatives by gender

**Figure 5.2. Business prospect by gender through DDCI 2019**



*Source: Lao Cai Statistics Department and Economica Vietnam, Lao Cai DDCI 2019 Survey*

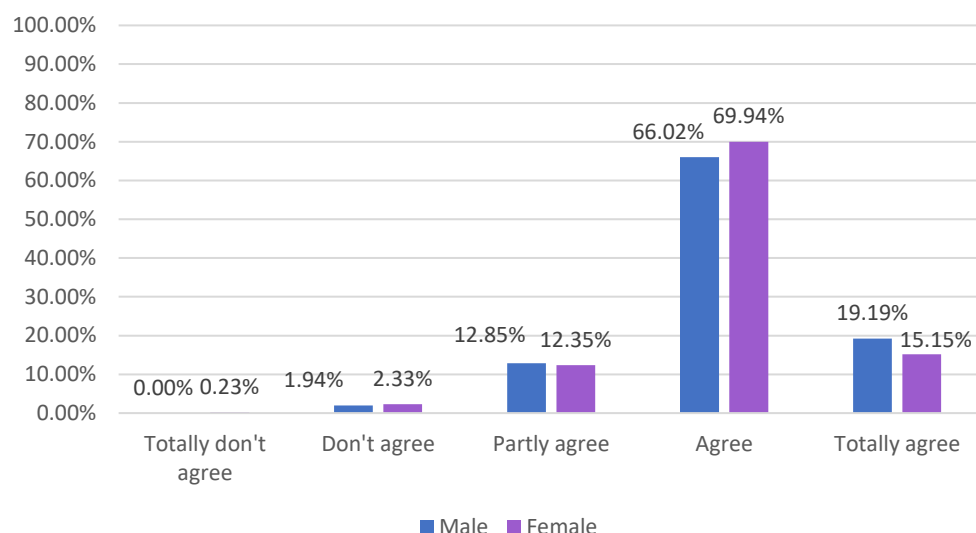
Most of enterprises/cooperatives owned by women are small with the annual revenue size of less than 1 billion (over 52%). Among women-owned enterprises, 59% of them disclosed that they will continue operating with the current size. This proportion is lower than that among enterprises owned by men (about 69%). It is optimistic to see that the percentage of women-owned enterprises intending to expand their business reaches more than 23%. However, this rate is higher in the male-owned business group with more than 36% of them intending to do so.

## 5.2. A general overview of gender equality from DDCI

### 5.2.1. General overview on gender equality from District Competitiveness Index

Most owners of household businesses in the survey agreed and partly agreed with the statement that “District authorities have paid close attention to business run by women, ethnic minorities and groups, disadvantaged people in governing the local economy”. Those disagreeing with the statement accounts for a very small portion of about 2%.

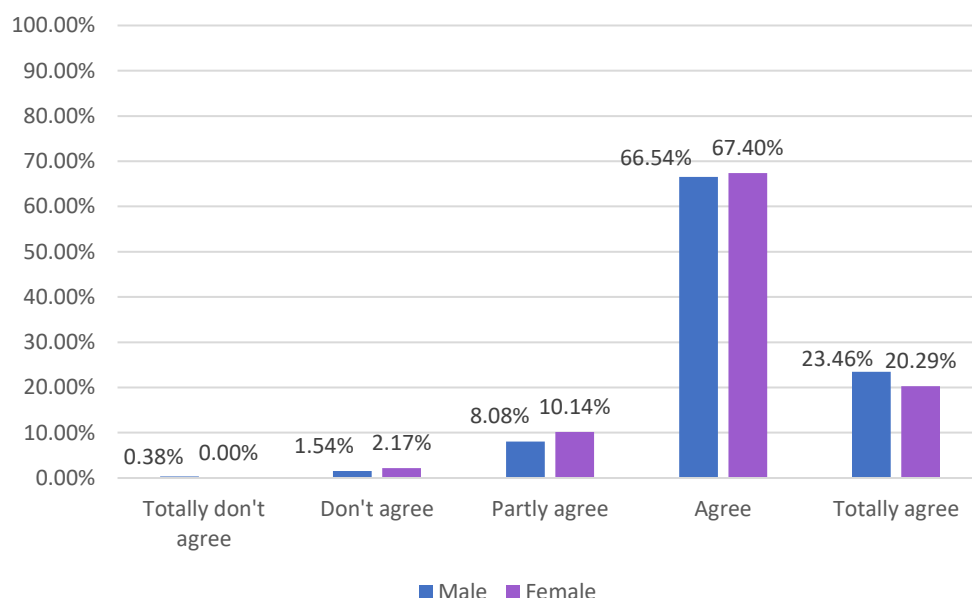
**Figure 5.3. Share of household businesses agreeing that public administration of provincial districts/cities having paid due attention to gender issues in their economic governance**



Source: Lao Cai Statistics Department and Economica Vietnam, Lao Cai DDCI 2019 Survey

### 5.2.2. General overview on gender equality from Department Competitiveness Index

**Figure 5.4. Share of household businesses agree that gender equality was paid attention in public administration of provincial departments**



Source: Lao Cai Statistics Department and Economica Vietnam, Lao Cai DDCI 2019 Survey

The DDCI Survey 2019 also asked enterprises' opinion on whether the dimension of inclusive development (gender equality, ethnic minorities, society, etc.) have been paid due attention to in the implementation of regulations, master plans, plans of provincial departments. Nearly 90% of

respondents agree or fully agree with the statement and 10% partially agree. Similarly, more than 90% of business owners interviewed agreed and more than 9% partly agreed with the statement that “gender, ethnic minorities, businesswomen and doing business with women were paid due attention to in the provision of public services by provincial departments and authorities”.

### 5.3. Comparison of perception on local economic governance by gender

#### 5.3.1. District Competitiveness Index

##### District DDCI ranking by gender

Figure 5.5. District DDCI ranking by male business owners

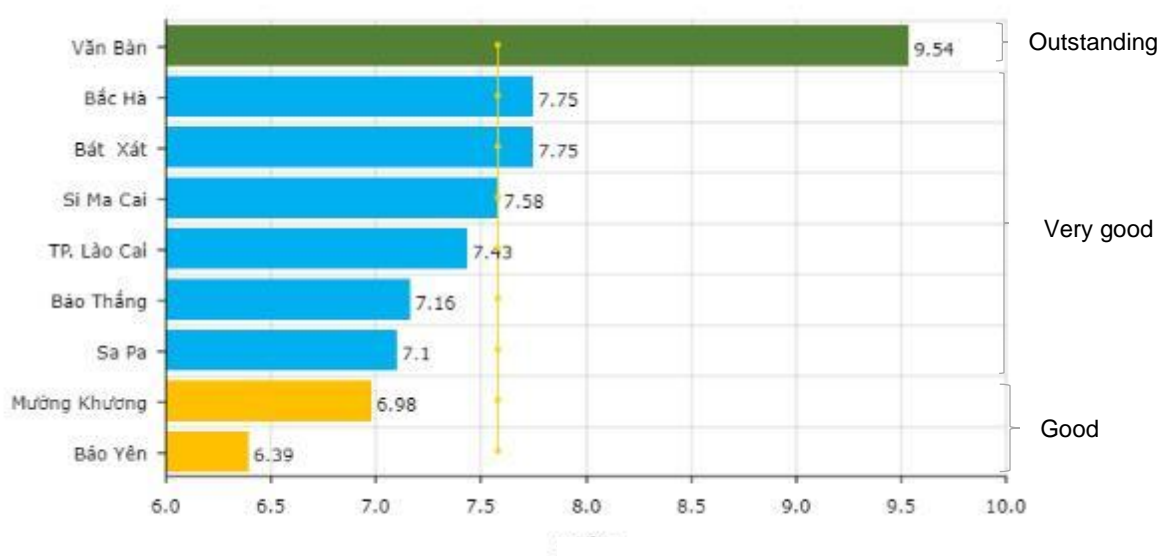
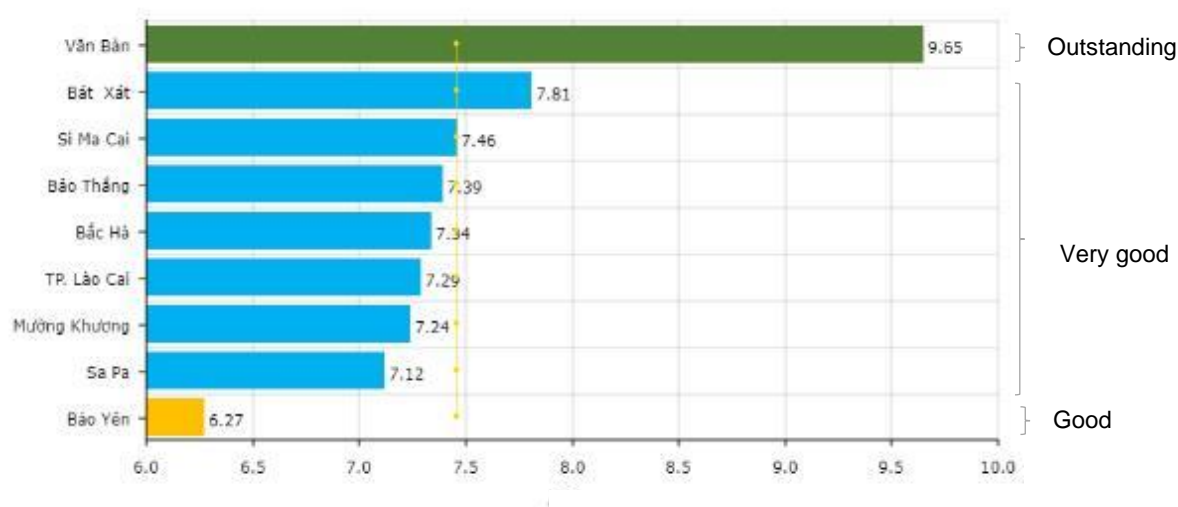


Figure 5.6. District DDCI ranking by women business owners



### 5.3.2. Department Competitiveness Index

#### Department Competitiveness Index according to firms owned by males or females

Figure 5.7. Department DDCI rankings by male business owners

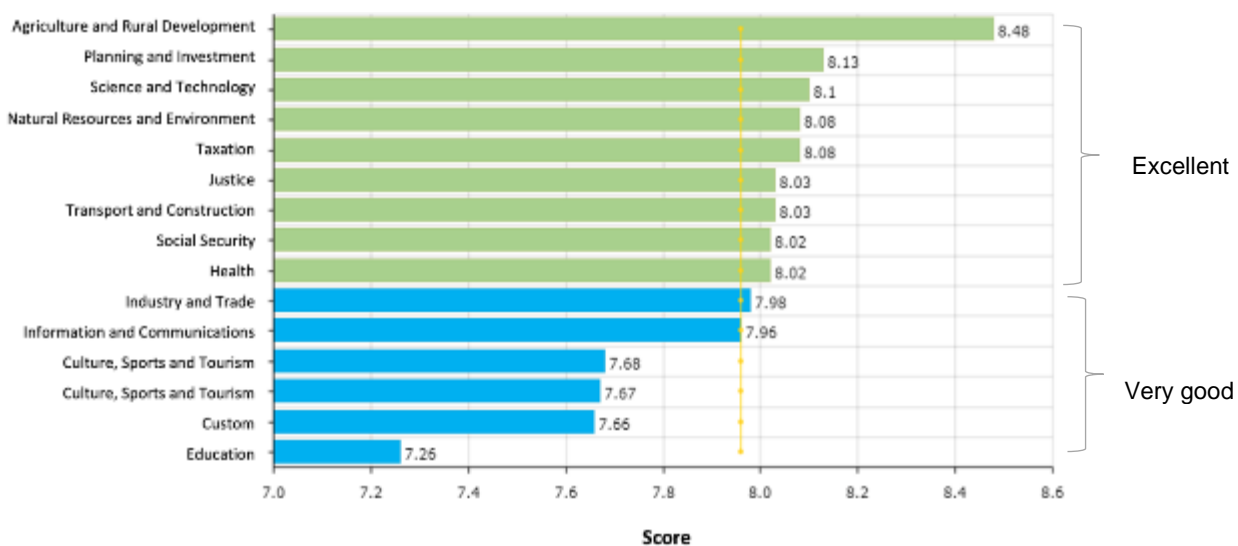
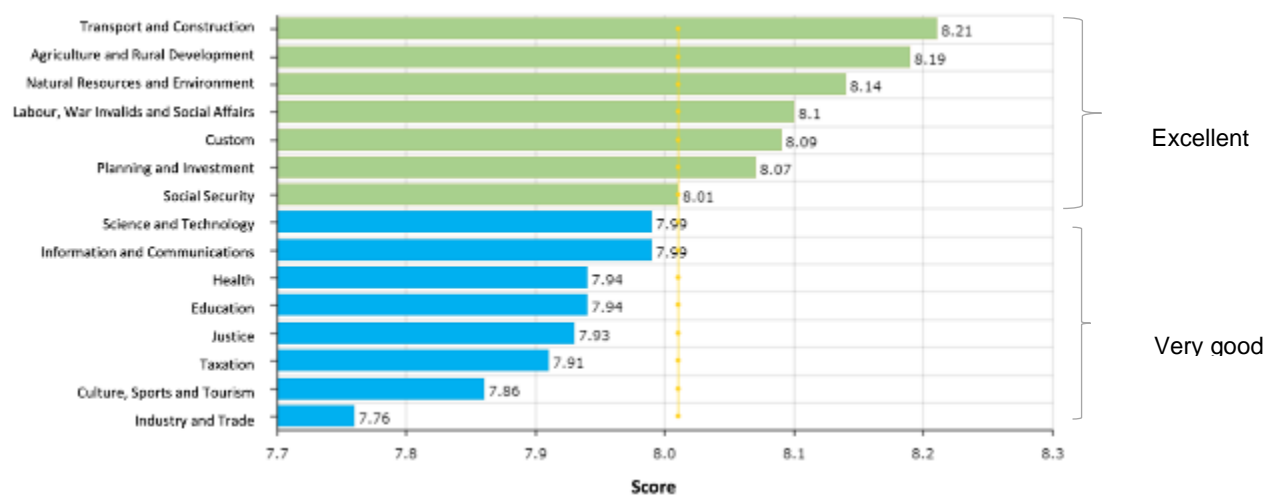


Figure 5.8. Department DDCI ranking by female business owners



Source: Lao Cai Statistics Department and Economica Vietnam, Lao Cai DDCI 2019 Survey





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