

Distinctive and Superior Policy Mechanisms for Development in Certain Localities in Vietnam: Situation and Recommendations

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Abstract: In the past decade, due to many difficulties and limitations in applying the current system of institutions and laws to local realities, the Communist Party, the Government, and the National Assembly of Vietnam have started to pilot distinctive policy mechanisms for socio-economic development in certain provinces/cities. This initially brought positive results for the localities in many aspects. However, the issuance of distinctive mechanisms is still heavily based on a seeking-permission mechanism, not truly grounded in the uniqueness, potential, and strengths of the localities. Therefore, in the long run, the piloting of distinctive policy mechanisms needs to focus on equality between localities that have similar development conditions, creating consistency in management. Based on the study of mechanisms, policies, and the actual implementation of distinctive policies in certain localities, this article looks at assessing the practical application of distinctive mechanisms for development in some provinces/cities and suggests some adjustment recommendations.

Keywords: Mechanism, policy, distinctive, superior, experimental mechanism.

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1. Introduction

In nearly 40 years of reform, renovation, and integration, the Communist Party and Government of Vietnam have always created new growth spaces. The formation of new growth poles and centers has played an extremely important role, promoting both regional and industry cluster linkages, and driving urbanization. To create new growth spaces in a fast and sustainable manner, the Politburo issued resolutions on socio-economic development for some provinces/cities. Based on those pioneering orientations, the Government has proposed that the National Assembly issue the Capital Law and a resolution on piloting special mechanisms for some areas.

The issuance of special mechanisms has been a practical objective as Vietnam is a developing country with a low starting point, a transitioning economy, high level of integration, and limited resilience to external disturbances. Meanwhile, the global situation and the country's realities have been changing rapidly, while the regulations in legal documents have not kept pace with what is happening on the ground, and the process of law-making is very time-consuming. It can be said that special mechanisms are a new point in modern national governance. Therefore, since 2017, the National Assembly has been piloting special mechanisms in Hồ Chí Minh City, to enable the city to become responsible for being the economic driving force of the country. This scheme would then expand to Hanoi, Hải Phòng, Nghệ An, Thanh Hoá, Cần Thơ, Thừa-Thiên Huế, Khánh Hoà, and Buôn Ma Thuột (Đắk Lắk province). The Capital Law (be amended) and Resolution No.98/2023/QH15 can be seen as the “special mechanism framework”, a superior policy summarized from previous resolutions, which has been vital for the development of localities today.

2. Some specific policies for local socio-economic development

2.1. Special policies

Special policies for local areas are designed and implemented to focus on exploiting advantageous and unique sectors, areas with distinctive features, and unique characteristics (geographical, physical, and human resources) for a specific locality or territory to contribute to its socio-economic development. Therefore, special policies for local areas usually concentrate on land or financial policies, enhancing decentralization for local areas in adjusting certain types of planning,

attracting strategic investors to key projects of the locality, etc., in order to create growth poles that have a ripple effect and lead the development of the region and the country (Rugman and Verbeke, 1988).

In Vietnam, some scholars have conducted research on special policies for regional and local development. According to Mai Trọng Nhuận (2017), to ensure that policies and regional planning are not based on short-term thinking and the local interests of each locality, and that planning space is not limited by administrative boundaries and the political will of planning authorities, new planning orientations need to approach the specific characteristics of regions and localities in the following ways: (i) based on the suitability of socio-economic conditions, resources, and ecology; (ii) based on the comparative advantages of the region; (iii) based on the specific knowledge and cultural values, respecting cultural diversity; (iv) maintaining the sustainability of nature; and (v) responding flexibly to risks in socio-economic development, climate change, and the environment. Meanwhile, Bùi Quang Tuấn (2018) analyzed the distinctive characteristics of local areas as prominent factors that differentiate one locality from another. Regional and local policies must consider the specific characteristics of areas as the fourth pillar alongside the economy, society, and the environment. These characteristics can exist in various fields, including economic, cultural, security, defense, etc. Bùi Nhật Quang (2019) argues that the specific advantages of a territorial region are unique, distinct, and original, representing advantages of the region's resources in socio-economic development. Within these are expressions of comparative and local competitive advantages. To exploit the advantageous sectors, special policies are needed to tap into the specific advantages of a locality or a territorial region.

In Vietnam, the mechanisms and special policies for local development have been manifested through resolutions and conclusions of the Politburo on local socio-economic development, laws specifically applicable to local areas (e.g., the Capital Law) and guiding documents for law enforcement, and National Assembly resolutions on allowing pilot mechanisms for provincial/city development, etc.

2.2. Superior policies

Prominent research on formulating superior policies for regional and local development include works by Trần Quốc Toàn (2020), Nguyễn Xuân Thu (2005), and Hoàng Ngọc Phong (2007, 2020). From the aforementioned research works, some general points about superior policies can be noted as follows: superior policies are those that surpass others, are more open and flexible compared to the rest of the country, and are equivalent to countries with higher levels of

development, such as Singapore. In other words, the superiority of policies reflects the elevation above the national level, equivalent to developed countries, in terms of regulations, laws, mechanisms, and policies of central government towards localities. Such implementation aims to transform localities into key developments that promotes the surrounding areas and spearheads dynamic development within the region and the country.

2.3. Breakthrough policies

The concept of “breakthrough” is widely used in social life and on public media platforms, but in each context, this word refers to different actions. According to the dictionary definition, “breakthrough” means an action that breaks through obstacles, constraints, or inhibiting forces. In the context of policy, it refers to the removal of “bottlenecks, barriers, constraints, and policy constraints to unlock resources, stimulate social investment, and create momentum for sustainable local growth” (Hornby, 1995). The structure of breakthrough policy solutions consists of two components: the objectives and the implementation measures.

Trần Đình Thiên (2009) introduced the concept of “breakthrough” in economic development policies, stating that it is always associated with a specific situation. Its mission is to perform a particular task to ignite development or create momentum for the economy to overcome challenging situations. Breakthrough development can be divided into two types: strategic and situational. To achieve a breakthrough in development, it is necessary to correctly identify the solution, which encompasses two major requirements: the content of the breakthrough and determining the timing, considering the spread logic of the breakthrough (space, time). As to the question, how to create breakthrough policy solutions? In reality, there are various opinions which makes it difficult to establish a general method. However, this article suggests that key factors involved include:

(i) Focusing on removing institutional, policy, legal, scientific, technological, data infrastructure, and low-efficiency barriers of administrative machinery and proposing technology application solutions in management. Depending on each sector/field, different barriers need to be removed to create various breakthrough policy solutions.

(ii) The breakthrough policy solution could focus on large-scale Vietnamese businesses that have the potential to lead and become drivers for development, transforming this class into an important force and creating momentum for strong growth. Additionally, it is proposed to truly break through the constraints of

regional integration in terms of organization, finance, budget, management, and human resources.

(iii) Exploiting the connections between localities within the region. Although the concept of regional connectivity is not new, its implementation has not been fully realized. Therefore, there is still space and potential to propose breakthrough policy solutions that promote mutual development within regions, sub-regions, and the entire country.

In this context, the concept of economic breakthrough development appeared many years previously. In some research topics, economic breakthrough development is understood as the breaking of a barrier that hinders the non-developed system (Hoàng Ngọc Phong, 2020). A breakthrough is always associated with a specific development situation. Thus, fundamentally, economic breakthrough development is understood as “breaking barriers for development in the economic system at a certain point in time, which could be a year, several years or longer”.

In terms of scale, nature, and level of the impact of a “breakthrough” on the development process, as observed in many countries - especially developing and transitioning ones - breakthroughs can be grouped into two:

(i) Strategic: This type of breakthrough is systemic rapidly spreading throughout the system to generate an “explosive chain reaction” based on objective logic. It is rooted in the need to resolve conflicts between the existing institutional and organizational framework. The internal purpose of this type of breakthrough is a profound and comprehensive transformation of the current state of the economy. The starting point usually lies in fundamental and radical changes (innovations) in development concepts, perceptions, or is referred to as in development thinking. This serves as the basis for changing the development approach and policy thinking, thus creating a powerful chain reaction and strong dissemination.

(ii) Situational: This type of breakthrough is characterized as “emergency”, aiming to resolve conflicts in the economy (between separate elements that make up the system) to help it overcome stagnation, which could potentially lead to a prolonged decline, and restore its normal operation, creating a foundation for new growth and development. This is a tactical breakthrough, aiming to remove one or several bottlenecks to promote the overall process. However, if one knows how to maintain and stimulate the “trigger and development” generated by the breakthrough, it can create a turning-point, strong dissemination, and provide a momentum for sustained high growth.

Distinguishing between the above two types of breakthroughs is necessary because each has different foundations, conditions for formation, and varying scales

and impacts to achieve different goals. They require different approaches, policy orientations, limiting impacts, and different implementation conditions. However, it should be clarified that it is difficult to rigidly distinguish between the two. Their content already overlaps and can be mutually transformed. Their strict separation could cause damage to local development, as the momentum could be missed if the short-term trigger and development of the breakthrough is not transformed into a long-term growth (Hoàng Ngọc Phong, 2020).

2.4. Controlled experimental mechanism

With the emergence of the Fourth Industrial Revolution (Industry 4.0), innovative products/technologies/services/business models are being created more rapidly than ever before. Therefore, countries have responded to innovation in emerging technology fields by actively applying various measures to maximize the benefits the Industry 4.0 brings while trying to minimize potential risks. One of their approaches is through the implementation of a “regulatory sandbox”, which refers to the creation of experimental legal frameworks for testing new innovative products/services/business models in areas where the existing regulatory framework lacks regulations (National Agency for Science and Technology Information, 2021). The regulatory sandboxes have limitations in terms of time (the testing takes place within a specified period), geography (within a region, across countries), and the scope of the operating field. The controlled experimental mechanism was first applied in the United Kingdom in 2015. The Financial Conduct Authority (FCA) was at the forefront of implementing controlled experimental mechanisms to manage financial technology (Fintech) activities, blockchain technology, and is increasingly being adopted by developed countries to establish legal frameworks for current Fintech and blockchain activities.

According to the World Bank (2020), from 2016 to November 2021, a total of 73 blockchain and Fintech-related regulatory sandboxes were announced in 57 countries. Among them, half were established between 2018 and 2019, and a fifth were set up in the first half of 2021. This demonstrates a rapid global growth in the use of regulatory sandboxes to test innovative changes and Fintech regulations. A total of 52 regulatory sandboxes (around 70%) have been applied in emerging and developing countries, with the remainder in developed countries. Some countries have created more than one regulatory sandbox related to Fintech and blockchain. For example, in the United States, strong experimentation with blockchain technology has taken place in the San Francisco Bay Area, New York, and Los Angeles. In Europe, the city of Zug in Switzerland was dubbed the “crypto valley”

by the financial community, which became the world's first blockchain hub. China has experimented with four blockchain centers. The main hub surrounds the major cities of Sichuan and Chongqing; Guangdong is centered on the metropolis of Shenzhen; the Yangtze River Delta focuses on Hangzhou and Shanghai, while the fourth center is the Xiong'an New Area and Beijing. The Macao Bay Area took the lead in a blockchain cooperation group with the establishment of the Guangdong-Hong Kong- Macao Bay Area Blockchain Alliance in November 2018. In South Korea, Busan, the second-largest city with over 3.3 million inhabitants, was designated a blockchain special zone in July 2019, followed by Seoul, which has been the center of startups in South Korea (World Bank, 2020).

3. Implementation of specific mechanisms and policies in some provinces/cities in Vietnam

3.1. Overview of the issuance of specific mechanisms and policies in provinces /cities

Currently, Vietnam has 63 provinces/cities (58 provinces and 5 municipality cities) under the central government, which are regulated by laws and guiding documents. However, each locality has different specific characteristics in terms of physical conditions, geographical resource, territory, population, culture, and socio-economic development levels. Therefore, the implementation and enforcement of laws in many localities face various limitations, difficulties, and obstacles. To allow certain areas to leverage their potentials and advantages, actively contribute to their own development and increasing state budget revenues, create regional spillover effects, and build models for national development, the Politburo has issued separate resolutions to guide and establish specific mechanisms for these localities. As of early April 2024, 12 resolutions and conclusions had been issued for 10 provinces/cities under the central government regarding their direction and development. These resolutions and conclusions have played a role in guiding and paving the way for specific and outstanding policies in two special urban areas, the capital city and some provinces with high territorial specificity. Additionally, the Politburo resolutions have been institutionalized into laws and mechanisms/policies. Specifically, Hanoi, as Vietnam's capital city, has been prioritized with its own law issued by the State in 2012 (the Capital Law - currently being revised). Moreover, to specify and institutionalize the Politburo resolutions regarding local

development, the National Assembly has issued resolutions on piloting specific mechanisms and policies for development in 10 provinces/cities: Hồ Chí Minh City (two resolutions), Hanoi, Đà Nẵng, Hải Phòng, Cần Thơ, Thanh Hóa, Nghệ An, Thừa-Thiên Huế, Khánh Hoà, and Buôn Ma Thuột (Đắk Lắk province). Additionally, some other provinces/cities have specific mechanisms in certain fields under the authority of the government. For example, Bình Dương and Đồng Nai provinces have specific mechanisms for urban and industrial development, Quảng Ninh province has piloted public-private partnership infrastructure projects, while in Bắc Ninh, Bắc Giang, and Thái Nguyên provinces, the focus is on developing industrial zones and large-scale industrial clusters.

Considering the urban/local characteristics, initially, specific policies are due to be piloted in two special urban areas (Hồ Chí Minh City and Hanoi) which would then become the driving forces and growth poles of Vietnam. The pilot programs will continue in the following cities under the central government: Hải Phòng, Đà Nẵng, and Cần Thơ. The aim is to then roll the initiative out to provinces with high territorial specificity, namely: Nghệ An and Thanh Hóa, which are two provinces with large populations, extensive territories, and long borderlines. Thừa-Thiên Huế province will leverage its specific advantages to develop Huế as a centrally managed cultural heritage city. Khánh Hoà province, with its specific advantages, will become a strong coastal economic center and a logistics hub for the fishing industry. Buôn Ma Thuột, which is in Đắk Lắk province, will become the center of the Central Highlands region and a global coffee producing city. In terms of proportion and structure, 10 out of 63 provinces/cities account for approximately 15.9% of the total localities piloting specific mechanisms and policies for development. Regarding the economic regions, there are currently five where localities have implemented pilot programs for specific mechanisms and policies. Among them, one region has five areas implementing the pilot programs (North Central and South-Central coast areas), one region has two localities (Red River Delta), and three regions have one locality each (Southeast, Mekong Delta and the Central Highlands). However, the northern mountainous region 'have not had any locality implementing specific mechanisms and policies for development yet (statistics by the author).

In terms of sectors, scopes, and beneficiaries of preferential treatment, the 10 localities mentioned above have been granted stronger decentralization and empowerment by the National Assembly, enabling them to proactively and flexibly

decide on certain issues related to financial and budgetary policies (revenue, expenditure, debt levels), land management, decentralization of public investment projects, piloting urban governance models, planning, income of officials and public servants, attracting strategic investors, implementing infrastructure projects with special characteristics, and establishing growth centers and models with regional spillover effects to leverage the strengths of the localities and promote socio-economic development.

The objective of these mechanisms is to maximize positive effects, create a premise for local development, contribute to increasing state budget revenues, and generate spillover impacts. The 2012 Capital Law and its revision, and the pilot resolutions issued by the National Assembly for Hanoi specify that the total borrowing debt should not exceed 120% of the budget revenue enjoyed at the decentralized level. They also involve implementing a controlled and managed public asset model, preferential tax policies, policies for strategic investors, and the use of the financial reserve fund. The specific mechanisms for Hồ Chí Minh City include prioritizing industries and professions to attract strategic investors, managing science and technology, innovation, and organizing the administrative apparatus of the city as well as Thủ Đức city. Khánh Hoà province applies development mechanisms for the Vân Phong Economic Zone and the development of the province's coastal economy. Meanwhile, Cần Thơ city applies policies to establish a center for the linkage, production, processing, and consumption of agricultural products in the Mekong Delta region, along with other policies related to the locality's specific potentials and advantages.

However, in addition to these specific mechanisms for Hải Phòng city; Nghệ An, Thanh Hoá, and Thừa-Thiên Huế provinces; Buôn Ma Thuột city (Đắk Lắk province), and Đà Nẵng city (excluding the municipal government pilot), the mechanisms are quite similar and not closely tied to the specific advantages, potentials, and strengths of each province/city. The proposed mechanisms have not significantly contributed to the breakthrough development of these localities based on their existing potentials and strengths. For example, Hải Phòng city stands out in terms of its coastal economy, as an international logistics center, and its industrial processing and manufacturing clusters, while Thừa-Thiên Huế province has strengths in tourism and Huế's cultural heritage. The provinces/cities have policies related to borrowing debt, such as Thừa-Thiên Huế and Nghệ An provinces, which

are allowed to borrow with a total debt not exceeding 40% of the budget revenue enjoyed at the provincial level; Hải Phòng city and Thanh Hoá province are allowed to borrow up to 60%. Pilot policies on fees and charges are also implemented, with 100% of the additional revenue being retained for Hải Phòng and Cần Thơ cities, and Thanh Hoá and Nghệ An provinces. The current specific mechanisms mainly focus on budget and financial issues, while there is a lack of mechanisms to leverage the internal resources, potentials, and strengths of each locality.

3.2. Implementation of special mechanisms and policies in Hanoi

To implement Resolution No.11-NQ/TW dated 6 January 2012 of the Politburo On the direction and tasks for developing the Hanoi' capital city in the 2011-2020 period, the National Assembly issued the Capital Law on 21 November 2012. This is an important legal document that defines the position, roles and responsibilities, and policies for Hanoi's construction, development, and protection. Various ministries sectors, other localities, and of course Hanoi itself given the law applies to the capital, have paid special attention and proactively implemented a comprehensive and focused approach to enforce the law. The authorities have issued a total of 34 documents, which provide detailed regulations on all 21 areas of the law, thereby establishing a coherent legal framework for the construction, development, and protection of the capital city. The law provides specific mechanisms for Hanoi in the following areas: urban planning and development; spatial management, architecture, landscape, and urban construction; preservation and development of culture; land management; development and management of housing; development of technical infrastructure and urban transportation systems, as well as financial policies and mechanisms.

The implementation of special policies as stipulated by the law has contributed to the unified construction and management of Hanoi's planning. The capital's transportation and technical infrastructure systems have made remarkable progress in terms of scale, the number of projects, and the connectivity of key schemes, promoting socio-economic development linkages between provinces and cities in the capital region. The architectural landscape of certain streets has been improved and beautified through pilot projects. The development and upgrading of many urban projects are gradually being realized. Cultural development and the

cultivation of a refined Hanoi identity have been prioritized. Additional budget revenue has been generated through mechanisms that leverage internal resources, capital mobilization policies, incentives, and reinvestment from increased central budget revenues in the city area. Hanoi is gradually asserting its position, role, and momentum for development, spreading its influence and expanding forms of cooperation and support with localities in the capital region and nationwide (Ministry of Justice, 2023).

However, after 10 years of implementing the Capital Law, many limitations and constraints still exist in various areas, including: (i) establishing and improving institutional frameworks and management of general and specialized technical planning; (ii) land management and utilization, especially for technical infrastructure, transportation, and social infrastructure; and (iii) financial mechanisms and regional linkage policies, particularly budget policies to promote investment and development.

It is necessary to revise the Capital Law for timely implementation of the viewpoints, objectives, and development orientations of Hanoi according to the following Politburo resolutions: No.15-NQ/TW, No.06-NQ/TW, and No.30-NQ/TW. This is in addition to addressing existing limitations and constraints, and creating a solid legal basis for regulating and implementing outstanding mechanisms, breakthroughs, and mobilizing all resources to effectively exploit Hanoi's full potentials and strengths. In so doing revising the law aims to transform Hanoi into an attractive and highly competitive destination for strategic investors, putting it on a developmental par with capitals of developed countries in the region (Ministry of Justice, 2023). Hence, the amended Capital Law focuses on three main groups of policies: special policies, outstanding policies, and experimental mechanisms.

3.3. Implementation of special mechanisms and policies in Hồ Chí Minh City

To construct a modern Hồ Chí Minh City with a special urban role, leading in industrialization and modernization, the Politburo issued Resolution No.16-NQ/TW dated 10 August 2012 regarding the direction and tasks for developing Hồ Chí Minh City until 2020. The National Assembly issued Resolution No.54/2017/QH14 dated 24 November 2017 On piloting specific mechanisms and policies for the development of the Hồ Chí Minh City, allowing the piloting of these

for land management (three mechanisms), investment management (two mechanisms), financial management/state budget (11 mechanisms), and delegation of authority and income of officials and public servants under the city's management (five mechanisms). After five years of implementing Resolution No.54/2017/QH14, Hồ Chí Minh City has achieved the following results:

Hồ Chí Minh City, with its advantages as the largest urban area in terms of population and economic scale in Vietnam, is the country's economic locomotive and driving force with a spreading influence in the Southern Key Economic Region. The city contributes 27% of the national budget revenue annually and has the highest budget transfer to the central government. At the same time, it maintains its role as a center for culture, education, scientific and technological research, and is an important nationwide transportation hub. The pilot mechanisms have contributed to bringing about positive results in several areas, such as:

Land management: The Hồ Chí Minh City People's Committee submitted 32 projects to the city People's Council for approval on land use conversion for areas over 10 hectares. The proactive consideration and conversion of land use for these projects have helped speed up implementation, ensuring the effectiveness of the approved annual land use plans and creating resources for the city's socio-economic development. Therefore, when implementing Resolution No.54/2017/QH14 of the National Assembly, the city People's Committee can proactively submit the list of projects requiring more than 10 hectares of paddy fields at the same time as the list of land recovery, projects using paddy fields under 10 hectares for the year-end session of the city People's Council (before the planned year) before approving the land use plan as regulated in Article 9 Decree of the Government No.43/2014/ND-CP (Hồ Chí Minh City People's Committee, 2023).

Investment management: Hồ Chí Minh City People's Committee submitted to the city People's Council for decision-making the investment direction for five Group A projects using the city budget with a total investment of VND 12,954.331 billion. This includes: constructing a circus and multipurpose performance hall in Phú Thọ at a value of VND 1,491 billion; construction of the symphony, music, and drama theater at VND 1,508.121 billion; compensation for land clearance of the Rạch Chiếc National Sports Complex in An Phú ward, District 2 at VND 8,004.062 billion; construction of the Smart Urban Operations Center at VND 958.611 billion;

construction of the Emergency Information Reception and Processing Center through a single telecommunications number in the period 2019-2025 at VND 992.537 billion; adjusting the investment direction for one project from Group B to Group A using the city budget; and increasing the investment from VND 1,402.810 billion to VND 4,849.320 for constructing the connection road from Trần Quốc Hoàn street to Cộng Hoà street in Tân Bình district (Hồ Chí Minh City People's Committee, 2023).

Financial management and state budget: From 2018 to 2021, the city successfully issued local government bonds worth VND 2,800,000 billion (with of 20 years and 30 years terms) and borrowed VND 11,387,362 billion from external sources through the Government's foreign borrowing. Regarding the borrowing limit, by 2021, Hồ Chí Minh City had actively negotiated borrowing VND 1,450.164 billion (from the Government's foreign borrowing for the city). As of December 31, 2021 the outstanding debt stood at VND 24,161.604 billion, representing 31.9% of the permitted debt level (Hồ Chí Minh City People's Committee, 2023).

However, after five years of implementation, there have been several limitations and shortcomings, including:

Firstly, the decentralization mechanism and delegation of authority are not clear in certain areas of state management for the city, such as those related to the economy, land, planning, construction, housing, and the environment, etc. It is not transparent which authority belongs to the central government and which belongs to Hồ Chí Minh City.

Secondly, concerning the budget issue: the budget does not calculate a mechanism for transparently determining the proportion that the city must contribute to central government funds according to general regulations, which should remain stable over the years. The increase in the city's budget has not clearly defined how much it would benefit the city, and Hồ Chí Minh City People's Council decides on this allocation. Alternatively, the city is still constrained in issuing local bonds to carry out infrastructure projects.

Thirdly, in terms of organizational structure, central government has not granted Hồ Chí Minh City the proactive authority and responsibility in organizing its administrative apparatus, including determining which agencies are advisory and

managerial in state management. The policies regarding remuneration and welfare for officials and public servants have not given the city autonomy based on its own revenue sources.

Fourthly, there is no fully established municipal government organization. After Resolution No.54/2017/QH14, the central government also issued Resolution No.131/2020/QH14 On the organization of urban government in Hồ Chí Minh City. After more than a year of implementation, the city has identified the mechanisms and policies that need to be institutionalized to provide a foundation for the development of Thủ Đức city. However, some shortcomings have arisen during the implementation of Resolution No.131/2020/QH14, which need to be adjusted by the National Assembly.

Therefore, in response to the new requirements in the city's development, with intertwined challenges and opportunities, based on the analysis of results, limitations, and challenges in implementing Resolution No.54/2017/QH14, a new resolution is needed to replace this resolution of the National Assembly. This should focus on resolving bottlenecks and overcoming obstacles in institutional structures and policies while defining exceptional mechanisms and policies to pilot and drive the development of Hồ Chí Minh City. Consequently, the National Assembly issued Resolution No.98/2023/QH15 on 24 June 2023, Regarding the pilot implementation of special mechanisms and policies for the development of Hồ Chí Minh City. This resolution includes 44 policy mechanisms in seven areas: (i) investment management, (ii) financial management and state budget, (iii) urban management, (iv) resources and environment, (v) priority sectors for strategic investment attraction, (vi) science and technology management, and innovation, and (vii) organization of the administrative apparatus of Hồ Chí Minh City and Thủ Đức city. These include seven mechanisms inherited from Resolution No.54/2017/QH14, four mechanisms already issued for other localities, six included in draft laws being submitted to the National Assembly, and 27 mechanisms and policies unique to Hồ Chí Minh City, including some exceptional and experimental mechanisms.

Special and optimal mechanisms: Piloting the development of urban areas following the direction of public transportation development has allowed Hồ Chí Minh City to pilot the municipal government model in Thủ Đức city, and prioritize attracting strategic investment in specific sectors for the city.

Experimental mechanisms: These include piloting financial mechanisms which has implemented greenhouse gas emission reduction measures through carbon credit exchange and offsetting, and established a sandbox policy to promote research and innovation in science and technology at institutes, schools, and public areas in Hồ Chí Minh City.

4. Findings and recommendations

4.1. Initial results after implementing special mechanisms and policies

Based on the practical implementation of special mechanisms and policies in various localities after several years, the following issues have been identified:

Firstly, in recent years, the application of pilot resolutions on special mechanisms and policies for socio-economic development has contributed to the remarkable growth of certain areas, including Hải Phòng, Cần Thơ, and Đà Nẵng cities, and Thừa-Thiên Huế, Thanh Hoá and Nghệ An provinces. However, these mechanisms and policies have mainly focused on short-term revenue generation, such as land-related mechanisms, fee collection, increasing local government borrowing limits, and issuing local bonds. They have not adequately addressed long-term fundamental issues, such as piloting breakthrough mechanisms to attract human resources and talents or creating a conducive business environment, innovation and international financial centers.

Secondly, besides the 10 above-mentioned provinces/cities that have been granted special mechanisms, there are other localities that have been allowed by the Government to apply certain development policies for urban and industrial park/cluster developments. These localities, such as Quảng Ninh, Bắc Ninh, Thái Nguyên, Bắc Giang, Đồng Nai, and Bình Dương provinces, have become exemplary models in attracting foreign investment and achieving high growth rates.

Thirdly, in some localities where pilot special mechanisms have been applied in certain sectors, the implementation of programs and projects still follows the existing legal procedures and regulations, requiring consultations and approvals from relevant ministries and agencies. This takes up a significant amount of time and effort, causing implementation delays.

Fourthly, based on the positive outcomes and impacts of implementing certain specific policies in the 10 provinces/cities and the specialized policies

applied in other localities for socio-economic development at local, regional, and national levels, it is evident that some pilot mechanisms and policies have been established well, supported by theoretical foundations, and proven in practice. Therefore, it is necessary to expand these mechanisms and policies to other localities or institutionalize them into legal documents.

4.2. Recommendations

Based on the above assessment and findings, the authors propose the following recommendations:

First and foremost, after a period of piloting special mechanisms and policies in 10 localities, it is necessary to conduct comprehensive research and evaluation on the impacts, effects, shortcomings, and existing issues during the implementation of these policies. Clear and effective mechanisms that have positively contributed to local development should be institutionalized into laws to create new growth opportunities for these localities.

In addition, in the upcoming phase, local development mechanisms should focus on innovative and experimental policies, strengthening decentralization and delegation of authority in areas such as procedural requirements, mechanisms, funding, and investment decision-making power from the central government, the National Assembly, and ministries/agencies to local authorities.

Moreover, if requesting special mechanisms to generate resources and increase revenue for a specific locality negatively affects other areas and the overall national context, it may not be appropriate. Special mechanisms should not solely adjust the allocation ratio or supplement the local budget, as this would no longer be considered “special”. It may create a “requesting-giving” mechanism between the central and local governments. Therefore, the requirement is to develop mechanisms that can leverage the potentials and strengths of each locality while aligning with the state budget’s capacity without causing excessive the state budget expenditure. In the future, if pilot special mechanisms continue to be implemented, specific criteria should be established for selection, ensuring representativeness.

Long-term planning should differentiate special mechanisms into various categories based on specific local characteristics to ensure fairness between provinces and cities. For example, special mechanisms related to resource

advantages, territorial characteristics, heritage and culture, ethnic and religious aspects, coastal and island areas, border areas, and national key economic regions, etc. Therefore, the selection of pilot localities should neither be too broad nor too limited. Subsequently, the lessons learned, and limitations should be summarized to refine policies and mechanisms and replicate them within a region or nationwide. Assessing pilot mechanisms also helps identify and address shortcomings in laws and general policies. In this way, localities without special mechanisms can still benefit from policies, contributing to the socio-economic development of the whole country. The pilot approach will create equality among localities with similar development conditions, fostering consistency in management.

Furthermore, the development of localities occurs within the context of rapid international and regional changes, characterized by contemporary elements. If effectively utilized, provinces and cities can reverse the situation and achieve rapid development. Therefore, the development model of localities in the coming decades should focus on enhancing the ability to transform current disadvantages into advantages through a proper development strategy, forward-looking vision, and a spirit of continuous innovation. This should be combined with an open policy and favorable mechanisms from central government, integrated and converged with flexible local approaches and creative applications. The aim is to strike a balance between economic development and the preservation, promotion of cultural values, and environmental protection.

5. Conclusion

In the context of rapid regional and global development, in order to keep up with the pace of development, in recent years, the Party and the State have issued many guidelines and special policies to create favorable conditions for localities to develop their socio-economic sectors. After a period of implementation, many provinces and cities that have applied special policy mechanisms have achieved remarkable developments in economic growth, job creation, stable incomes, and the creation of new growth spaces. However, alongside the achievements, there are also notable shortcomings, such as the policy mechanisms not fully exploiting the strengths of each locality, policies not being institutionalized into laws, and the decentralization and delegation of power not being fully utilized. For these

mechanisms and policies to truly be effective, the Party, the State, and the localities need to address the existing limitations and overcome the challenges, as well as establish a solid legal foundation to implement superior policy mechanisms. It is necessary to mobilize all resources and effectively exploit the potentials and strengths of the particular area. Ongoing research and comprehensive evaluation should be conducted to assess the overall impacts, effects, and remaining shortcomings of the policies in order to make appropriate recommendations and adjustments for the development of the region, the country, and the area.

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