

DCCI LAO CAI

2025

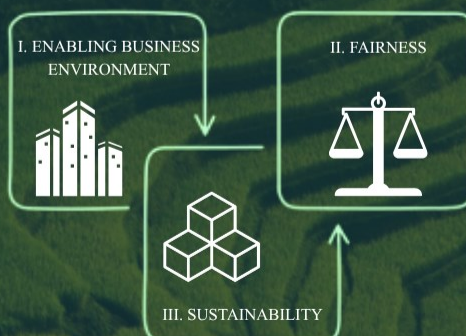


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CHAPTER I: INTRODUCTION

1.1. Context and background

The project “Gender Responsive Equitable Agriculture and Tourism” (GREAT), funded by the Government of Australia, aims to improve the social and economic status of ethnic minority women in the provinces of Lao Cai and Son La. Phase 1 of the GREAT project was implemented during 2017–2022 and has been completed, while Phase 2 is currently being implemented for the period 2022–2027. Based on the DDCI framework, the 2025 toolkit continues to inherit and adjust previous indicators to better reflect the new context.

In 2025, the DCCI Lao Cai was implemented in the context of institutional reform, private sector development, and innovation. At the provincial level, Lao Cai has carried out administrative reorganization, abolished the district level, and restructured departments and agencies. These changes created the need to update the DDCI into the Department and Commune Competitiveness Index (DCCI) to accurately reflect the new governance structure, while also identifying emerging difficulties in public service and business environment reform.

1.2. Ranking method

	Excellent	The scores of the indicators and subindices are converted to a scale of 10, and then aggregated into the final DCCI scores (on a 100 – point scale)
	Very good	
	Good	
	Faily Good	Agencies are classified into the following governance performance groups: Excellent (≥ 90 points), Very good (80 to < 90), Good (70 to < 80), Fairly Good (60 to < 70), Average (50 to < 60), Below Average (40 to < 50), Poor (30 to < 40), and Very Poor (< 30).
	Average	
	Below Average	
	Poor	
	Very poor	

1.3. DCCI indicators

- **Pillar 1: A Favorable Business Environment**

These are core factors that constitute the necessary conditions for creating a safe, low-cost, and predictable business environment for enterprises, cooperatives, and household businesses.

Sub-index 1: Administrative procedures and market-entry licensing

Sub-index 2: Access to development resources (applicable only at the local level)

Sub-index 3: Transparency and accountability

Sub-index 4: Compliance costs

- **Pillar 2: Promoting Competition**

These factors contribute to strengthening and supporting the development of enterprises, cooperatives, and household businesses.

Sub-index 5: Level playing field

Sub-index 6: Business and production support

Sub-index 7: Institutional effectiveness

- **Pillar 3: Sustainable Growth and the Role of Government**

This pillar measures the internal growth dynamics of the private sector as well as the proactive and enabling role of government in guiding and promoting private-sector development.

Sub-index 8: Sustainable, inclusive, and gender-responsive growth

Sub-index 9: Promotion of private-sector development

Sub-index 10: Government's enabling role

1.4. Sample of DCCI 2025

The DCCI 2025 Lao Cai survey was conducted across three groups, including provincial departments, vertical administrative agencies, and communes/wards, with more than 1,800 enterprises, cooperatives, and household businesses.

For the DCCI department, the survey collected 690 responses from enterprises and cooperatives. Among them, 37% were female-owned enterprises/cooperatives, 10% were owned by ethnic minority people, and around 1% were either owned by persons with disabilities or employed persons with disabilities. In terms of sectoral structure, trade and services accounted for the largest share (72%), followed by industry and construction (19%), and agriculture, forestry, and fisheries (9%).

For the DCCI vertical administrative agencies, 249 enterprises and cooperatives participated in the survey. Female-owned enterprises/cooperatives accounted for 32%, while around 6% were owned by ethnic minority people. The proportion of enterprises/cooperatives owned by persons with disabilities or employing persons with disabilities was below 2%. Trade and services represented the largest share (69%), followed by industry and construction (22%), and agriculture, forestry, and fisheries (9%).

For the DCCI commune, the survey had 871 household businesses. Approximately 23% were owned by ethnic minority people, while 55% were female-owned. Household

businesses owned by persons with disabilities or employing persons with disabilities accounted for around 1%. By sector, most household businesses operated in trade and services (85%), followed by industry and construction (4%), and agriculture, forestry, and fisheries (11%).

CHAPTER II: BUSINESS ENVIRONMENT PERFORMANCE

2.1. Business performance and outlook

The DCCI 2025 results show that enterprises, cooperatives, and household businesses in Son La generally maintained relatively stable business operations. Most businesses remained profitable, with around 52% of enterprises/cooperatives and 53% of household businesses. The proportion reporting losses was relatively low, at approximately 21% for enterprises/cooperatives and 19% for household businesses. This indicates that the province's private sector has continued to operate and generate profits.

Regarding outlook, the dominant trend among enterprises, cooperatives, and household businesses is to maintain their current scale. Around 70% of enterprises/cooperatives and 73% of household businesses stated that they plan to maintain their current scale in the coming period. The proportion planning to expand remains modest, at around 20% among enterprises/cooperatives and 18% among household businesses, while the proportion expecting to downsize or close operations remains low. These findings suggest that the business community still maintains confidence in market stability, although a cautious mindset remains evident.

2.2. Key findings

First, business establishments continue to show a tendency toward maintaining stability rather than pursuing strong growth. While the majority remain profitable, the proportion expanding their operations is still relatively low, particularly among household businesses. This suggests that the business environment has yet to generate sufficiently strong incentives for new investment and business expansion.

Second, a development gap persists between large enterprises and SMEs. The survey results reveal clear differences in business performance and growth expectations across enterprise groups. This points to a structural bottleneck in the local economy: the largest group of enterprises is also the group with the weakest resilience and capacity for capital accumulation.

Third, agriculture remains the most vulnerable and highly differentiated sector. Across both enterprises/cooperatives and household businesses, agricultural activities exhibit higher levels of risk than other sectors. This indicates that agriculture faces both opportunities and challenges. From a long-term development perspective, however, the key constraints remain small-scale and fragmented production, limited participation in value chains, and high dependence on fluctuations in prices and output markets.

Fourth, development has not yet become fully inclusive for vulnerable groups. Although some enterprises and household businesses owned by women, ethnic minorities, or persons with disabilities show positive signs, the survey results also clearly indicate

their heightened vulnerability. This suggests that existing support policies have not yet adequately addressed the barriers faced by these groups or sufficiently strengthened their resilience.

CHAPTER III: DCCI OF DEPARTMENTS

In 2025, the DCCI assessed 12 departments across 22 management areas. In the context of administrative restructuring and organizational consolidation, analyzing results by management area rather than by department provides a more accurate reflection of the actual experiences of enterprises, cooperatives, and household businesses when interacting with government agencies.

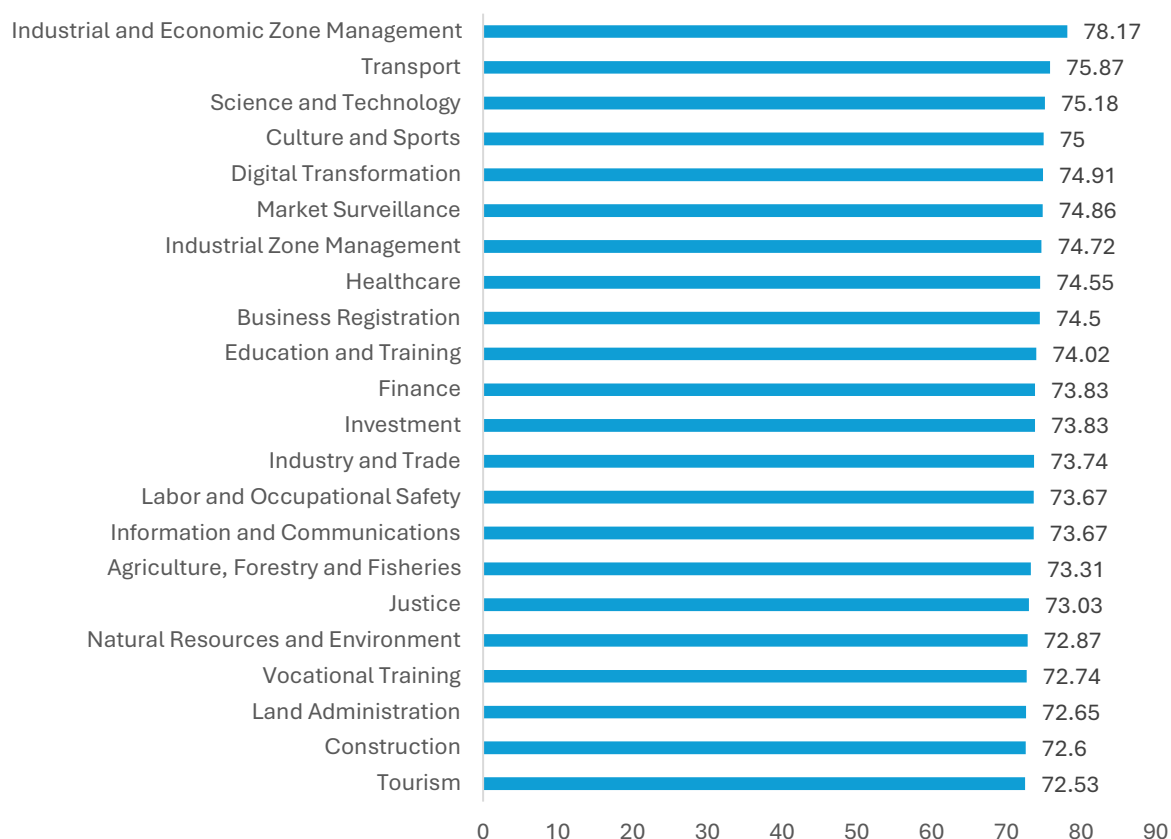
The results show that the average DCCI score across the 22 management areas in 2025 reached 74.11 out of 100 points, with scores ranging from 72.53 to 78.17, representing a spread of 5.64 points. No management area reached the “Good” performance threshold.

By management area, the highest-performing groups included economic zone management, transport, science and technology, culture and sports, digital transformation, market surveillance, industrial zone management, healthcare, and business registration. Lower scores were concentrated in areas involving cross-sectoral coordination and more complex administrative procedures, such as natural resources and environment, land administration, construction, vocational training, and tourism.

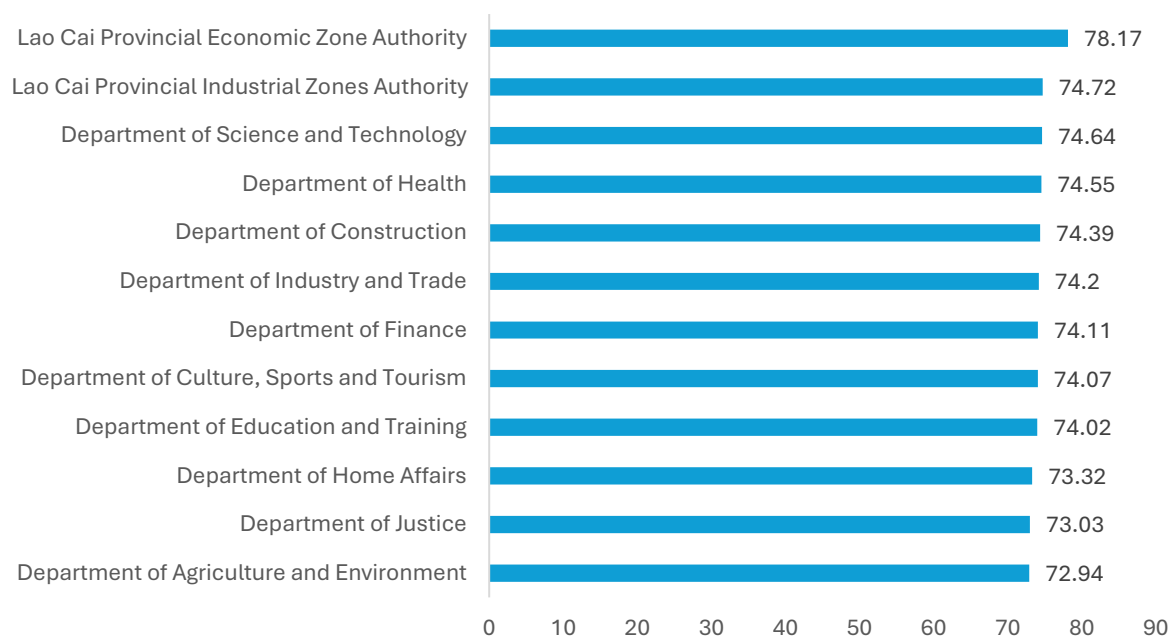
By department, the leading group included Economic Zone Authority, Lao Cai Provincial Industrial Zones Authority, Department of Science and Technology, Department of Health, Department of Construction, Department of Industry and Trade, Department of Finance, Department of Culture, Sports and Tourism, and Department of Education and Training. The lower-ranked group included the Department of Home Affairs, Department of Justice, and Department of Agriculture and Environment.

Analysis by the three pillars shows that Pillar 1 – A Favorable Business Environment achieved the highest score, indicating that administrative reform and reductions in compliance costs continue to be the reforms most strongly recognized by enterprises. However, transparency and accountability remain key weaknesses. Pillar 2 – Promoting Competition recorded the lowest score, mainly due to the relatively weak performance of business support indicators, suggesting that a significant gap remains between support policies and enterprises’ actual perception of meaningful government support. Meanwhile, Pillar 3 – Sustainable Growth and the Role of Government reflects the authorities’ efforts to support private sector development, although progress in inclusive, sustainable, and gender-responsive development remains limited.

DCCI 2025 rankings by management areas



DCCI 2025 rankings by Departments



CHAPTER IV: DCCI OF VERTICAL ADMINISTRATIVE AGENCIES

DCCI 2025 for vertical administrative agencies in Lao Cai includes the Regional Customs Sub-Department VII – Lao Cai, Regional Tax Sub-Department XIII – Lao Cai, and Lao Cai Provincial Social Security Agency. Under the DCCI methodology, the results for vertical administrative agencies are not ranked but instead focus on analyzing key characteristics to support improvements in governance quality and the business environment.

The survey results show that governance quality among vertical administrative agencies in 2025 was relatively consistent, with no agency demonstrating a particularly outstanding performance. The average score for the entire group reached 73.58 points in the “good” group. The gap between the highest- and lowest-scoring agencies was only around 1.51 points, indicating limited variation and relatively consistent perceptions among enterprises and cooperatives toward these agencies.

Analysis by the three pillars shows that Pillar 1 – A Favorable Business Environment achieved the highest score, with particularly strong performance in Compliance Costs and Administrative Procedures. This indicates that enterprises and cooperatives continued to view the administrative processing efficiency and reductions in compliance burdens of vertical administrative agencies relatively positively. However, the Transparency and Accountability indicator received comparatively lower scores, suggesting room for improvement in information disclosure, responsiveness, and accountability toward enterprises and cooperatives. Pillar 2 – Promoting Competition recorded the lowest score, mainly because the Business Support indicator achieved the lowest score among all indicators. This result suggests that the business community has not yet clearly perceived substantive and in-depth support from vertical administrative agencies, although the overall business environment is still considered relatively fair and stable. Meanwhile, Pillar 3 – Sustainable Growth and the Role of Government reflects that vertical administrative agencies have played a certain governance and support role for the private sector. However, issues related to inclusive development, gender responsiveness, and sustainable growth have not yet become particularly prominent.

CHAPTER V: DCCI OF COMMUNES

In 2025, Lao Cai implemented the DCCI assessment at the commune/ward level, covering 30 out of 99 communes and wards. Unlike the departmental-level DCCI, the commune-level DCCI results are not used for overall ranking purposes. Instead, the assessment focuses on analyzing major trends in indicators and pillars to help local authorities identify bottlenecks and determine priorities for improving governance quality. This approach is appropriate for the grassroots level, where enterprises, cooperatives, and household businesses interact most frequently with local authorities through administrative procedures, access to information and receiving support for business activities.

The survey results show relatively clear differences in governance quality across communes and wards. DCCI scores among the 30 communes ranged from 69.13 to 76.82 points. Among them, 13 communes were classified as “good,” 17 as “fairly good”. These findings indicate that commune-level governance has shown positive improvements, but the quality is still limited.

The 2025 commune-level DCCI results show relatively clear variation in governance quality across localities in Lao Cai Province. The gap between the highest- and lowest-scoring localities was 15.71 points, indicating substantial differences in implementation quality, the favorability of the business environment, and the actual experiences of enterprises, cooperatives, and household businesses at the commune level. This degree of variation suggests that, even under the same overall institutional and policy framework, governance quality at the commune level can differ considerably. These differences are shaped by a range of factors, including local conditions, the level of business development, implementation capacity, and the competence of frontline officials directly responsible for handling administrative procedures, rather than by local conditions alone.

Analysis by pillars shows that commune-level DCCI performance in 2025 was relatively stronger in Pillar 1 – A Favorable Business Environment, particularly in administrative procedures and reductions in compliance costs. Meanwhile, areas under Pillars 2 and 3, including business development support, promotion of the private sector, sustainable development, and inclusive growth, remained relatively weaker. This suggests that commune-level authorities have made certain improvements in administrative reform, but the depth of their supporting and enabling role in local economic development still requires further strengthening in the coming period.

CHAPTER VI: CONCLUSION AND RECOMMENDATIONS

6.1. Conclusion

The Lao Cai DCCI 2025 methodology introduced several important adjustments to better reflect the governance requirements arising from the transition to a two-tier local government model, alongside the restructuring and reorganization of provincial departments and agencies and changes in the operating arrangements of several vertically managed agencies.

Overall, the results indicate that the province continued to maintain a relatively positive level of governance quality, although the effects of the transition period were clearly visible. Among provincial departments and agencies, the average DCCI score across 22 management areas was 74.11 out of 100, with scores ranging from 72.53 to 78.17, all within the Fairly Good category. For vertically managed agencies, the average score was 73.58, with all three agencies classified as Fairly Good. At the commune level, the average score across the 30 surveyed communes and wards was 69.13; 13 communes were classified as Fairly Good and 17 as Upper-Average. The overall results indicate that governance quality in the province remained relatively positive, although the impacts of the transition period became increasingly visible. For departments, the average score across 20 management areas reached 74.78 points, with all areas classified as “good.” For vertical administrative agencies, the average score was 74.60 points, with all three agencies also classified as “good.” At the commune level, the average score across 18 localities reached 71.53 points, including two communes classified as “good,” seven as “fairly good,” and nine as “average.” These findings suggest that governance performance has not declined substantially, although the administrative system is facing clear adaptation pressures following the restructuring process.

Across all three groups (provincial departments and agencies, vertically managed agencies, and commune-level authorities), Pillar 1: A Favorable Business Environment recorded relatively stronger results, supported by improvements in administrative procedure implementation, market-entry licensing, and the control of compliance costs. This suggests that reforms involving processes and technical procedures that are relatively easy to standardize have established a solid foundation. However, the most prominent bottlenecks remain in Pillar 2: Promoting Competition and Pillar 3: Sustainable and Inclusive Growth and the Government’s Enabling Role. Business support, transparency and accountability, private-sector development, and inclusive growth continued to receive relatively low scores, particularly at the commune and ward level, where disparities across localities remain substantial. These findings indicate that Lao Cai’s challenge in the coming period is not merely to ensure that administrative procedures are processed on time, but to build a substantive business-support ecosystem in which government authorities actively accompany and support businesses.

The inclusion of indicators related to sustainable development, inclusiveness, gender responsiveness, innovation, and digital transformation has helped identify limitations in both policy design and implementation. Women, ethnic minorities, persons with disabilities, and other vulnerable groups continue to face greater difficulties in accessing information, participating in policy consultations, and benefiting from support programs. In particular, ethnic minority women face overlapping disadvantages, including constraints related to time, mobility, administrative skills, digital skills, self-confidence, and in some cases language barriers.

6.2. Recommendations

First, the Provincial People's Committee should use the 2025 DCCI results to translate the findings into a concrete action plan for improving the province's business environment. Priority areas should include improving the quality of administrative procedure implementation, strengthening transparency and accountability, increasing the effectiveness of business support, promoting digital and green transformation, and providing targeted support to small enterprises, cooperatives, household businesses, and vulnerable groups. The plan should clearly specify tasks, lead and coordinating agencies, completion deadlines, and indicators for monitoring results.

Second, the province should strengthen local economic governance and management capacity at the commune and ward levels. Efforts should focus on building commune-level governance capacity through greater use of digital skills and tools to shorten administrative processing times and improve the quality of data collection, updating, and information processing for the management and support of businesses operating locally.

Third, the province should strengthen inter-agency coordination mechanisms to address cross-cutting bottlenecks and enable businesses to seize emerging business opportunities promptly, thereby improving the provincial investment environment. These issues cannot be effectively resolved if each agency operates only within its narrowly defined mandate. The province should establish inter-agency task forces or clearly designated coordinating focal points, with explicit responsibilities and mechanisms for regular monitoring and reporting.

Fourth, the province should develop a comprehensive, targeted, and accessible support strategy for enterprises, cooperatives, and household businesses. Business support should be differentiated according to the needs and characteristics of different groups, with the aim of gradually building an ecosystem that supports sustainable and competitive business development across the province.

Fifth, the province should strengthen the role of business associations and intermediary organizations. Greater involvement should be encouraged from business associations,

cooperative alliances, sectoral and professional associations, women's unions, farmers' unions, and other intermediary organizations in supporting enterprises, cooperatives, and household businesses.

Sixth, the province should establish an independent monitoring mechanism and conduct a mid-term review. A council or working group should be tasked with monitoring progress in implementing measures following the publication of the DCCI results, conducting mid-term assessments, collecting feedback from enterprises, cooperatives, and household businesses, and recommending that the Provincial People's Committee address persistent bottlenecks. Evaluation should focus on substantive outcomes rather than merely counting the number of documents issued, meetings held, or activities organized.

Seventh, inclusive and gender-responsive policies should be meaningfully integrated into business environment reforms. The province should expand opportunities for consultation with women, ethnic minorities, persons with disabilities, and other vulnerable groups; organize consultations closer to their places of residence; coordinate with the Women's Union, Farmers' Union, Cooperative Alliance, and other grassroots organizations; and provide clear feedback on how stakeholder inputs have been incorporated following consultations.