

# Informal Charges in Administrative Procedures for Construction Licensing: An Estimate by the Unmatched Count Technique

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**Abstract:** *Informal charges associated with construction licensing are one of the issues that have caused businesses in Vietnam great concern when undertaking administrative procedures. Despite such a fact, they have been the focus of relatively few scholarly studies and have not garnered adequate attention from academics. In this study, the author seeks to evaluate the prevalence and level of informal charges incurred during the process of construction licensing in Vietnam. Using the unmatched count technique (UCT), the author estimates that around 43 percent of businesses which have performed construction activities within the last two years are found to pay informal charges to complete administrative procedures for their projects. On average, before starting a new construction project, businesses are reported to pay an amount of informal charges equivalent to 1.5 percent of the total construction cost to expedite the application for a construction permit. The results indicate that informal charges have increasingly become a major issue in granting construction permits, therefore necessitating the immediate implementation of more stringent measures to prevent corruption and bureaucracy in handling administrative procedures.*

**Keywords:** *Administrative procedures, construction permit and licensing, unmatched count technique, UCT.*

## 1. Introduction

The business environment in Vietnam has experienced a number of favorable changes in recent years thanks to the relentless and persistent reform efforts of the government, minis-

tries, agencies, and local authorities. Construction licensing is one of the areas in which significant progress has been made in terms of streamlining administrative procedures, reducing the time required to complete the procedures, and cutting down on the costs associated with them. According to the World Bank's

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