



Viet Nam

Population ¹	94,596,642
Area (km ²) ¹	331,230
GDP per capita (USD) ¹	2,365.62
TPES (Mtoe) ²	80.99
Energy intensity (toe/10 ³ 2010 USD) ²	0.49
CO ₂ emissions - energy (MtCO ₂) ²	187.10

Sources:

1. The World Bank 2017

2. ©IEA 2018, www.iea.org/statistics

Viet Nam's overall risk level against the assessed areas is **low**.

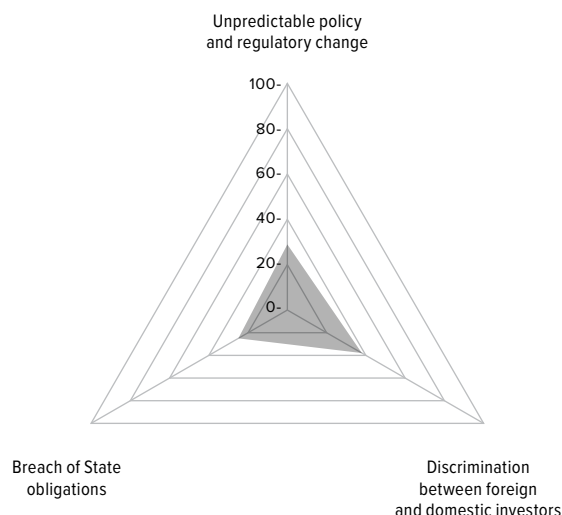
Among the three EIRA risk areas, *breach of State obligations* and *unpredictable policy and regulatory change* are lower compared to *discrimination between foreign and domestic investors*.

Viet Nam has a good performance on three of the EIRA indicators, and a moderate performance on one indicator. *Rule of law* and *management of decision-making processes* are at 75 and 70 points. It has also received a good score (67) on *foresight of policy and regulatory change*, while *regulatory environment and investment conditions* is at 42.

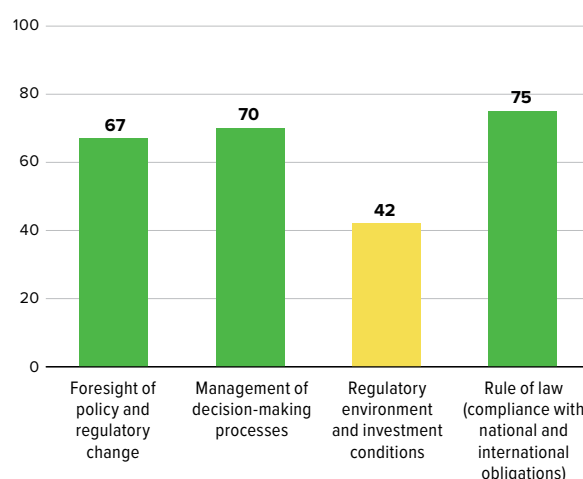
On a more detailed level, Viet Nam's overall sub-indicator performance is good. The highest-scoring sub-indicators are *management and settlement of investor-State disputes* and *respect for property rights*, both at 75. The performance on *transparency* is also good, with a score of 72. It is followed by *communication of vision and policies* with 71 points. *Institutional governance* and *robustness of policy goals and commitments* have received 69 and 63 points, respectively. *Regulatory effectiveness* is at 44. The lowest-scoring sub-indicator is *restrictions on FDI* with 40 points.

Viet Nam provides attractive conditions for investors and is working in the right direction. Attention should be given to lowering the restrictions on FDI which are currently in effect.

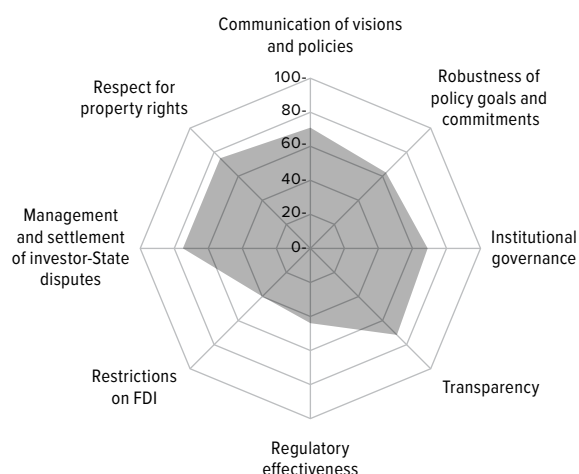
RISK LEVEL



INDICATOR PERFORMANCE



SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

The National Energy Development Strategy of Viet Nam up to 2020 with 2050 Vision (approved in 2007) prioritises the development of sustainable energy.

Master Plans are drafted every five years providing for a ten-year period detailed planning and provisional forecast of sectoral development for another ten years.

Viet Nam signed the Paris Agreement in 2016.

STRENGTHS

The sharp increase in electricity demand as a result of the rapid economic growth is a key issue for the energy sector. To address this, the Government developed the National Power Development Master Plan for the 2011-2020 period with the Vision to 2030 (PDP). For meeting new and emerging issues, such as the diversification of energy sources, the development of renewable energy and the ultimate goal of limiting CO₂ and GHG emissions of the energy sector, the Government introduced the Renewable Energy Development Strategy 2016-2030 with a Vision to 2050 (Renewable Strategy). In 2016, the PDP was adjusted (PDP VII) to ensure its alignment with the targets envisaged in the Renewable Strategy. In the context of PDP VII, important projects in power generation and transmission, as well as for the modernisation of power infrastructure have been undertaken.

Reporting mechanisms are stipulated in various strategic documents. The Ministry of Industry and Trade (MOIT) takes the lead in monitoring the country's energy indicators. It conducts activities in collaboration with other relevant ministries and State agencies. The Inter-Ministerial Coordinating Board oversees the implementation of the National Green Growth Strategy for the period 2011-2020. Law no. 21/2017/QH14 "On Planning" and the Master Plans envisage the possibility of revising the strategic direction, priorities and targets set for the energy sector in response to the country's evolving needs and challenges. In fact, an amended version of the PDP VII is currently under consultation.

AREAS FOR IMPROVEMENT

To meet the ambitious carbon-reduction goals set forth in the Renewable Strategy, and in the country's NDC, the Government should facilitate the utilisation of renewable sources. The finalisation of a dedicated national Master Plan for renewable energy could help the Government change its short-term and local approach to renewables. Additionally, the improved bankability of power-purchase agreements and more attractive feed-in tariffs, especially for wind and solar projects, will increase their viability for developers and lenders.

Management of decision-making processes

QUICK FACTS

The MOIT is responsible for the overall energy planning and policy development.

The Ministry of Planning and Investment participates in the appraisal of Nationally Important Projects, submitted to the Prime Minister for consideration. It also monitors investments made under the Master Plans.

Law no. 104/2016/QH13 "On Access to Information" guarantees the right to access data generated by State authorities.

STRENGTHS

Governmental decrees require the lead ministries, responsible for energy and investment, to coordinate their actions and work in cooperation with other relevant ministries, regulatory agencies and local governments. In 2016, the Government adopted the Action Plan for the Implementation of the Paris Agreement. It provides for the review of national policies related to the mitigation of GHG emissions and a periodic assessment of the same. The Ministry of Natural Resources and Environment is mandated to cooperate with relevant ministries and industries in preparing the inventory of GHG emissions. The National Single Window allows for the submission of data and information, synchronous processing of information, and decision-making related to customs release and clearance.

All legal acts are published in the Official Gazette of the State and provinces, as well as in the national legal database. Notification of and consultation with relevant stakeholders is a prerequisite for the validity of legal acts. More specifically, the public authority promulgating the law must publish the draft on its website at least sixty days in advance, collect comments and reply to them in writing within 20 days from their receipt. In some cases, feedback may be obtained through personal invitation to specific stakeholders, public debates, and presentations in the media.

AREAS FOR IMPROVEMENT

In the last years, the Government has taken commendable measures towards modernising its public administration. However, initiatives such as the establishment of one-stop shops nationwide will become more meaningful once they are better streamlined and fully implemented. At present, one-stop shops exist on various government levels, and investors need to approach them separately, depending upon the type of approval needed. For instance, provincial-level departments offer certain services that are not available on the district or commune level due to their specialty or province-wide nature. Therefore, it is urged that greater efforts should be made to improve the quality of public services and alleviate administrative burdens.

Regulatory environment and investment conditions

QUICK FACTS

The Prime Minister's Office maintains oversight of the oil and gas industry and the electricity sector.

The MOIT manages and regulates energy sector activities. The Electricity Regulatory Authority of Viet Nam (ERAV) was established under MOIT to promote a competitive power market.

Viet Nam Oil and Gas Group (PVN) is the State-owned oil and gas corporation. Its activities span all aspects of the oil and gas industry.

STRENGTHS

The Government is committed to replacing the vertically integrated model of a single State-owned power utility (EVN) with a fully competitive electricity market, including at the retail level. A number of independent power projects are in the planning or realisation stage, especially in the gas sector. The Government is also creating an institutional framework for the enforcement of regulations necessary to provide a level playing field between public and private investors. The MOIT and the ERAV are audited by the State Auditor. The new Competition Law, effective in July 2019, establishes the National Competition Council. It is intended to take over the role and responsibilities of the Competition Authority and the Competition Committee, which currently functions under the MOIT.

Viet Nam's membership to ASEAN creates a favorable investment environment, which will be reinforced with the entry into force of the EU-Viet Nam FTA. In 2015, the Government adopted Resolution no. 36a/NQ-CP "On e-Government" to modernise public administration and facilitate the ease of doing business. The Resolution prioritises the development of an integrated electronic system compiling electronic documents and data, as well as the creation of the national public service portal to provide information on administrative procedures, land construction and licence granting.

AREAS FOR IMPROVEMENT

Despite the creation of the ERAV as a legal entity, regulatory power remains vested in the MOIT. At the same time, the oil and gas sub-sector lacks an economic, technical and safety regulator. The reinforcement of ERAV's authority and the establishment of a similar entity in the gas industry will signal a stronger commitment to creating a competitive and transparent energy market.

Power transmission remains a publicly owned monopoly and PVN continues to dominate petroleum and hydrocarbon exploration and production activities. The ring-fencing of EVN and PVN's business functions will allow market forces to operate at the retail level and introduce new players in the oil and gas industry.

Rule of law

QUICK FACTS

Viet Nam has been a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards since 1995.

Viet Nam became a member of the WTO in 2007.

The 1992 Constitution as amended in 2013 protects the right to lawfully acquired property against nationalisation.

STRENGTHS

The Law "On Investment" provides investors the choice of approaching different fora of dispute resolution, such as the Vietnamese courts, Vietnamese arbitration or international arbitration. Judges are expected to create favourable conditions for the disputing parties and enable the amicable settlement of grievances. Decree no. 22/2017/ND-CP "On Commercial Mediation" provides detailed rules on the scope, principles, and procedures (institutional and ad hoc), as well as on the selection of the mediators. The Civil Procedure Code guarantees the enforcement of an agreement reached through mediation. The Vietnam International Arbitration Center was established to encourage alternative dispute resolution mechanisms. According to its 2018 Report, the Center's caseload has grown considerably over the years. Law no. 02/2011/QH13 "On Complaints" sets a two-tiered system and strict timeframes for launching an appeal against administrative decisions.

Private property can be subject to forceful purchase or requisition only on grounds of national defence, security and national interest, against compensation. The domestic legal framework provides the method for determining the amount due as well as definitive timelines for the payment of the compensation. Intellectual property rights enjoy protection as a form of "investment". According to the recently amended Law no. 07/2017/QH "On Technology Transfer" and its implementing decree, transfer of energy-related technology is promoted.

AREAS FOR IMPROVEMENT

Although there have been no recent cases of expropriation of foreign investment in Viet Nam, the term "public interest" in relation to forceful purchase or requisition should be clearly defined in domestic legislation. A list of activities that constitute "public interest" would provide additional clarity to investors.