



Viet Nam

Population ¹	95,540,395
Area (km ²) ¹	331,230
GDP per capita (USD) ¹	2,566.59
TES (Mtoe) ²	83.46
Energy intensity (toe/10 ³ 2015 USD) ²	0.36
CO ₂ emissions - energy (MtCO ₂) ²	226.5

Data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2021⁴

Target industry	Number of projects and deals	Project CapEx and deal value (million EUR) by source country		
Electric power generation, transmission and distribution	11 new projects 1 co-location project 4 acquisition deals 2 minority stake deals	Republic of Korea: 3 RE projects of 1,205.8 mEUR 1 FF deal of 7 mEUR		
		Japan: 3 RE projects of 499 mEUR		
		Taiwan: 1 RE project of 444.7 mEUR		
		Thailand: 2 RE projects of 102 mEUR 1 RE deal of 33.5 mEUR		
		Philippines: 2 RE projects of 90 mEUR		
		Saudi Arabia: 1 RE project of 51.4 mEUR		
		Singapore: 1 FF deal of 43.3 mEUR 2 RE deals of 1.25 mEUR		
		Malaysia: 1 RE deal of 0.13 mEUR		
		Support activities for petroleum and natural gas extraction	1 new project	Denmark: 1 project of 4 mEUR
		Transport via pipeline	1 joint venture deal	Value of 1 deal (United Arab Emirates) is N/A

Sources:

1. The World Bank 2018
2. ©IEA (2021), World Energy Balances (<https://www.iea.org/data-and-statistics>). All rights reserved.
3. ©IEA (2021), CO₂ Emissions from Fuel Combustion (<https://www.iea.org/data-and-statistics>). All rights reserved.
4. Orbis Crossborder Investment (2021), Bureau Van Dijk. Viet Nam is the destination country of the investment. Data represents the period 1 April 2015 - 1 April 2021 (accessed on 1 July 2021). For more information see Annex II of this report.

RE: Electricity generation from renewable resources

FF: Electricity generation from fossil fuels

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

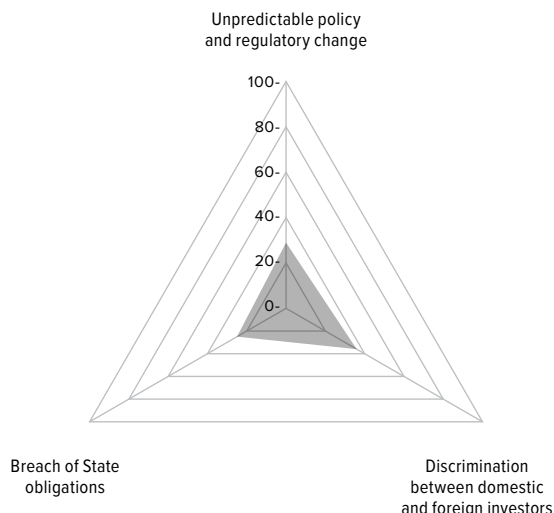
Of the three risks assessed in EIRA, *breach of State obligations* is lower compared to *unpredictable policy and regulatory change* and *discrimination between domestic and foreign investors*.

Viet Nam’s performance is good on three indicators, and it is moderate on one indicator. *Rule of law* and *management of decision-making processes* are the highest-scoring indicators at 75 and 73, respectively. It has a good score of 66 on *foresight of policy and regulatory change*, while *regulatory environment and investment conditions* stands at 45.

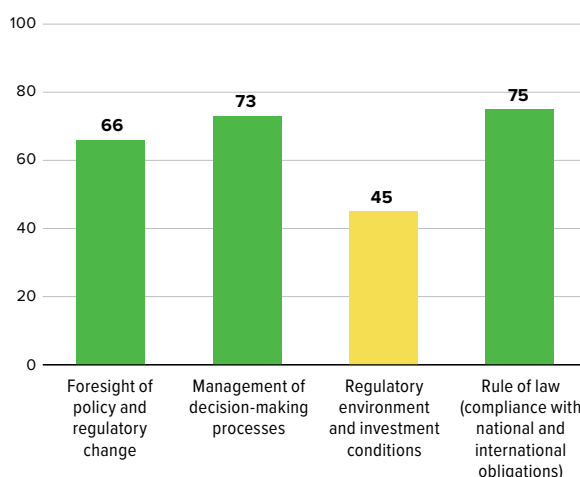
On a more detailed level, Viet Nam’s overall sub-indicator performance is good. The highest-scoring sub-indicator is *communication and vision of policies* at 77, followed by *transparency* at 76. Its score on *management and settlement of investor-State disputes* and *respect for property rights* stands at 75. On *institutional governance* and *robustness of policy goals and commitments* it has a score of 69 and 56, respectively. Its score on *regulatory effectiveness* has improved and is now 50. The lowest-scoring sub-indicator is again *restrictions on FDI* at 40.

While Viet Nam has the relevant policies and measures in place, there is potential for improvement. Attention should be given to lowering the restrictions on FDI that are currently in effect.

RISK LEVEL



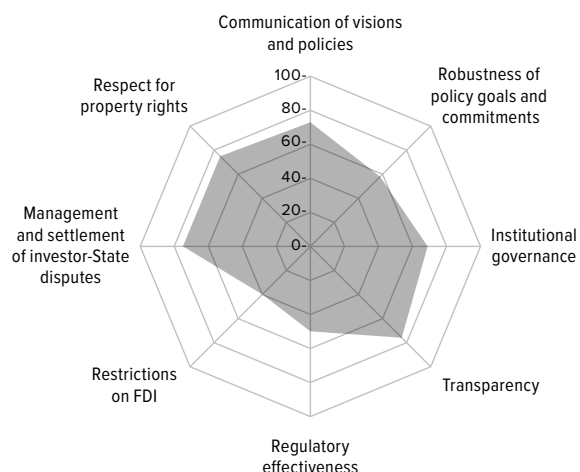
INDICATOR PERFORMANCE



YEAR-ON-YEAR COMPARISON

RISK AREAS	2019	2020	2021
Unpredictable policy and regulatory change	29	-	29
Discrimination between domestic and foreign investors	38	-	36
Breach of State obligations	25	-	25
INDICATORS	2019	2020	2021
Foresight of policy and regulatory change	67	-	66
Management of decision-making processes	70	-	73
Regulatory environment and investment conditions	42	-	45
Rule of law	75	-	75

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

In February 2020, Politburo Resolution No. 55- NQ/TW On the orientation of the National Energy Development Strategy of Viet Nam to 2030 with a vision to 2045, was issued (Resolution 55). Resolution No. 140/NQ-CP1 (Resolution 140) promulgating the Government's Action Programme to implement Resolution No. 55 was also issued in February 2020.

In March 2021, the Government published for stakeholder comments the draft National Power Development Master Plan (PDP) VIII for the period of 2021-2030.

Viet Nam submitted its updated NDC in 2020.

STRENGTHS

Resolution 55 sets the Government's priorities in the energy sector, including resource diversification and the creation of a synchronised, competitive and transparent energy market. The efficient exploitation and use of renewables remain a key priority. The Government anticipates that with the implementation of PDP VIII, the proportion of renewables, excluding hydropower, in the energy mix will be nearly 30% in 2030. Wind power's capacity is expected to increase threefold compared to the figure in the adjusted PDP VII. The Ministry of Planning and Investment has invited investors to bid for developing the BIM Group wind farm project with a designed capacity of 88 MW. This project is listed in the PDP Planning and has received the Prime Minister's approval. Other projects, with a total capacity of 5 GW, will also become operational by November 2021.

The Government updates the national strategy documents in a regular and timely manner. In addition to the draft PDP VIII, the Ministry of Industry and Trade (MOIT) is now collecting opinions for the draft report on Strategic Environmental Assessment of the National Energy Master Plan for 2021-2030 with a vision to 2050. According to the draft report, the proportion of coal-fired power sources will gradually decrease, while gas-fired and renewable power will increase. Similarly, an updated version of the National Strategy on Green Growth is being developed, taking stock of the lessons learnt between 2012 and 2020.

AREAS FOR IMPROVEMENT

Since 2018, the solar industry's development has exceeded expectations due to its high profitability and easy deployment. To guarantee the continuous growth of the solar power generation industry in Viet Nam, the Government should update the Feed-in Tariff (FiT) scheme before it expires for the investors currently availing it. Moreover, to ensure balanced growth of renewable sources and achieve the targeted capacity for the wind sector (nearly 12,000 MW), the Government should consider increasing the rate and timeframe of the incentives offered to the relevant investors (mainly FiT) and ensure power network connectivity for these investors.

Management of decision-making processes

QUICK FACTS

The MOIT is responsible for the overall energy planning and policy development. Its General Directorate of Energy advises the Minister in drafting laws and decrees for the sector and assists in preparing development strategies and national master plans for the power, coal, gas and petroleum sub-sectors.

Consultation on draft laws and public interest issues is regulated by Law No. 80/2015/QH13 On the Promulgation of Legal Documents.

STRENGTHS

In September 2020, the Government issued an action plan to implement the National Industrial Policy until 2030 with a vision towards 2045. Under this Policy, Viet Nam aspires to be in the top 50 of the UN e-Government Development Index (EGDI) by 2030. To this end, the Government plans to improve institutional and policy-making capacity further and introduce e-governance through a digital platform. Moreover, it seeks to develop infrastructure facilities and establish smart cities in key economic regions. The National Single Window (NSW) is fully operational with 200 administrative procedures of 13 ministries and sectors connected to it by 2020, with an increase of 12 procedures compared to 2019. The ASEAN Single Window now connects Viet Nam to nine ASEAN countries, rendering clearance and release of importation, exportation and transit of goods and conveyances more efficient.

The National Reporting System (NRS) and the Government Operations Center (GOC), launched in 2020, further transparency and the fight against corruption in public administration. The GOC is linked to the NRS as well as to other public authorities' databases. It allows the Prime Minister and other officials to interact directly with ministries and local governments' representatives. The ongoing public dialogue on the draft Personal Data Protection Decree manifests the Government's commitment to openness and inclusiveness in public administration. This draft Decree is coordinated by three ministries and supported by the EU within the "EU Justice and Legal Empowerment Programme in Viet Nam" framework. Also, it reflects the insights collected from telecommunications and internet companies, as well as the opinions from data experts and citizens.

AREAS FOR IMPROVEMENT

The establishment of one-stop shops has been an integral part of the Government's public administration reform programme. Currently, one-stop shops operate at various levels and have complementary responsibilities. From a foreign investor's perspective, further streamlining of the service delivery process and coordination with the NSW is recommended to improve the quality of public services.

Regulatory environment and investment conditions

QUICK FACTS

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

Law No. 61/2020/QH14 On Investment, Law No. 59/2020/QH14 On Enterprises, and Law No. 64/2020/QH14 On PPP Investment took effect on 1 January 2021.

STRENGTHS

Since 2019, the MOIT adopted regulations to develop renewable energy projects. For instance, Decree No. 17/2020/ND-CP and Circulars No. 36/2018/TT-BCT and No. 15/2019/TT-BCT amend provisions on electricity activities and power operation licenses. Circular No. 18/2020/TT-BCT outlines the project development requirements and sample electricity purchase contracts for solar power projects. Due to the preferential pricing mechanism (FIT2), the total installed solar power production peaked at 16,500 MW or 25% of the total installed capacity. Foreign investment is increasing in the electricity market, mainly through Build-Operate-Transfer projects. The Government intends to hold tenders for up to 400 MW of floating solar projects as part of its plan to transition from FIT to competitive auctions.

In 2020, FDI in Viet Nam grew at a consistent pace. The ratification of the Progressive Agreement for Trans-Pacific Partnership and the EU-Viet Nam FTA (EVFTA) shows the Government's willingness to provide additional opportunities to foreign investors. The 2020 Law On Investment introduces new incentives in clean energy technologies, such as rapid depreciation, increasing deductible expenses when calculating taxable income and access to credit for investment. The 2020 Law On Enterprises simplifies online enterprise registration by allowing companies to submit soft-copy dossiers only. Finally, the 2020 Law On PPP Investment consolidates the existing legal framework in the area and gives investors clarity on the laws applicable to infrastructure projects.

AREAS FOR IMPROVEMENT

To make good on its commitment to liberalise the energy sector, the Government should reinforce ERAV's institutional independence and create a similar regulatory authority for the oil and gas sub-sectors. Moreover, it should accelerate equitisation and privatisation of the State-owned Viet Nam Electricity Corporation (EVN) and PetroVietnam to ensure healthy competition in electricity transmission and distribution and the oil and gas industry.

The 2020 Law On Investment cites "national defence and security" as condition for market entry as well as grounds for termination or suspension of investment activities. Yet, this term is not well-defined, leaving public authorities substantial interpretative freedom. To eliminate legal uncertainty, the Government should define its content and provide a list of examples that constitute "national defence and security" reasons.

Rule of law

QUICK FACTS

Viet Nam became a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1995.

The 1992 Constitution of Viet Nam protects the right to lawfully acquired property against nationalisation.

STRENGTHS

International arbitration continues to gain momentum in Viet Nam. Of the 31 arbitration institutions currently active in the country, the Viet Nam International Arbitration Center (VIAC) is the most widely used by investors. Over the past two years, the number of cases resolved by the VIAC has grown progressively because its awards are directly enforceable. The Supreme People's Court and the Supreme People's Procuracy are developing a resolution to guide national courts on the procedural and documentary requirements concerning the recognition of foreign arbitral awards. Moreover, the Supreme People's Procuracy has issued Notice No. 97/TB-VKSTC inviting prosecutors representing the Government in all court proceedings to adopt a uniform approach in considering petitions to recognise and enforce foreign arbitral awards. The EVFTA envisages a permanent dispute resolution system, which excludes domestic courts, to handle disputes concerning investment protection provisions. Decision No. 14/2020/QĐ-TTg of 2020 On Regulating the Coordination between the Vietnamese State bodies in International Investment Dispute Settlement has extended the scope of the "lead agency for international investment agreement claims" to any governmental agency whose acts give rise to a dispute.

The 2020 Law On Investment reaffirms that investors' capital, property and assets will not be expropriated except for reasons of national defence, security and national interest, and upon the payment of compensation. As part of the EVFTA, the Government is expected to meet higher IP protection standards, such as the presumption of authorship or ownership, the introduction of internet service providers and their liability in IP infringement, and provision of a preliminary injunction precluding infringements. Moreover, the Intellectual Property Strategy 2030 aims to develop a comprehensive IP system that provides protection and fosters innovation and competitiveness.

AREAS FOR IMPROVEMENT

The term "public interest" as grounds for legitimate expropriation should be defined in the domestic law to offer investors more legal certainty.

The Government has taken positive measures to address challenges related to domestic courts' enforcement of foreign arbitral awards. Future initiatives should aim to reduce the number of procedural steps required for recognition and enforcement. The Government may also consider becoming a member of ICSID.

IMPLEMENTATION STATUS



Viet Nam

PROPOSED IN	EIRA AREAS FOR IMPROVEMENT	IMPLEMENTATION STATUS AS OF 1 APRIL 2021
Indicator 1		
2019	Adopt a long-term strategy for renewable energy and update the relevant incentive schemes (FiT).	Work ongoing. Since 2019, the Government has issued FiT2 and FiT3, which should be revised soon. Also, in March 2021, it published for stakeholder comments the draft National Power Development Master Plan (PDP) VIII for the period of 2021-2030.
	Ensure the policy implementation authorities are different from those evaluating the progress made towards achieving the policy.	Pending
2021	Ensure the balanced growth of solar and wind power generation by providing incentives to investors in the wind sector.	Improvement suggested in 2021. Status will be updated in 2022.
Indicator 2		
2019	Introduce a one-stop shop at national level and streamline administrative procedures.	Partially implemented. One-stop shops already operate at regional level. The National Single Window is fully operational with 200 administrative procedures of 13 ministries and sectors connected to it by the end of 2020. Moreover, the country is now connected to nine ASEAN countries through the ASEAN Single Window.
Indicator 3		
2019	Reinforce the Electricity Regulatory Authority of Viet Nam's institutional independence and create a similar regulatory authority for the oil and gas industry.	Pending
2019	Accelerate the equitisation and privatisation of the State-owned enterprises, Viet Nam Electricity Corporation (EVN) and PetroVietnam (PVN).	Work ongoing. The recently adopted Politburo Resolution No. 55- NQ/TW On the orientation of the National Energy Development Strategy of Vietnam to 2030 with a vision to 2045 promotes a competitive and transparent energy market. Moreover, PVN recently announced plans to divest from some of its subsidiaries between 2021 and 2025.
2021	Define the term "national defence and security" used in Law No. 61/2020/QH14 On Investment as an additional market condition and grounds for termination or suspension of investment activities.	Improvement suggested in 2021. Status will be updated in 2022.
Indicator 4		
2019	Define the term "public interest" in relation to forceful purchase or requisition of private property.	Pending
2021	Introduce measures to expedite the recognition of foreign arbitral awards and ensure their enforcement.	Improvement suggested in 2021. Status will be updated in 2022.
2021	Consider becoming a member of the ICSID.	Improvement suggested in 2021. Status will be updated in 2022.