



ASIA HOUSE BRIEFING, SEPTEMBER 2018



Urban Solutions in Vietnam

Opportunities for Danish Business

Vietnam has one of the world's fastest growing economies, with annual growth rates averaging 6.4 % since 2014. The key drivers to this development are a sharp rise in exports and foreign direct investment (FDI). These trends are expected to continue, thanks to new free-trade agreements with the EU, a strong commitment to foreign investments and a continued liberalization of the Vietnamese economy. Early this year, the government stated that large stakes of state-owned companies would be sold off, including the leading energy, power and petroleum companies.

Vietnam follows the global trend of emerging economies experiencing rapid urbanization and consequently, a growing need for large investments in city and infrastructure development projects. The number of inhabitants in the largest cities has doubled in 20 years. Investments in infrastructure in

Vietnam account for an average of 5.7% of GDP, making Vietnam the country in South East Asia with the highest level of investment.

Through the years, Denmark has been the country in the world which has provided Vietnam with the highest amount of Official Development Assistance (ODA) per capita. Therefore, Denmark has held a unique position in Vietnam and, furthermore, Denmark has the highest export to Vietnam per capita among the EU 28 countries. Vietnam is the 4th largest export market in Asia for Danish goods and services, only exceeded by China, Japan, and South Korea, and Danish exports to Vietnam have nearly doubled in just two years. There is, therefore, no doubt that Vietnam constitutes a very interesting market for Danish companies.

This Asia House Briefing will take a closer look at the urban development market in the two major Vietnamese cities, Hanoi and Ho Chi Minh City (HCMC), to analyze which opportunities these markets have for Danish companies and how such opportunities can be accessed by Danish companies.

MAIN STAKEHOLDERS

Vietnam is a socialist country under the leadership of the Vietnam Communist Party. The National Assembly (Parliament) includes 498 members and elects The President of the State and the Prime Minister, who is charged with the day-to-day handling of the government.

At the city level, the city government – controlled by the City People’s Committee (PC) – holds substantial power. The policy implementation is carried out by the various departments, which are the city-level branches of the government ministries.

The PC gathers twice a year at which point all major decisions, including allocation of budget, are made. It is at these two meetings that the overall political and financial framework for the city is decided.

Falling under the PC is a fairly long list of Departments, each with sector specific responsibilities.

The most powerful of these is the Department of Planning and Investment (DPI), which assists the PC in preparing and organizing the implementation of all city plans. It is also where the important office for Public-Private Partnership is located. Any projects, programs, or initiatives will be handled in this office.

Under the DPI are the sector departments. These departments have the specific technical knowledge of plans and projects going on within their sector focus. However, these departments can only be reached through direct contact. The departments’ websites are in Vietnamese, and therefore not very accommodating to Danish (or other foreign) companies.

Another important function of the Department is its relation to the city’s State-Owned Companies (SOE’s), who are the public providers of a range of services, such as waste collection, water treatment and so on, like the structure in Denmark. These companies can be owned at government, provincial, or city level.

FINANCING

The source of financing of urban development in Vietnam is a mix of government, official development assistance (ODA), loans, and Public-Private Partnerships. Foreign Direct Investment (FDI) provides contributions to the infrastructure development and is an indirect way of financing urban development.

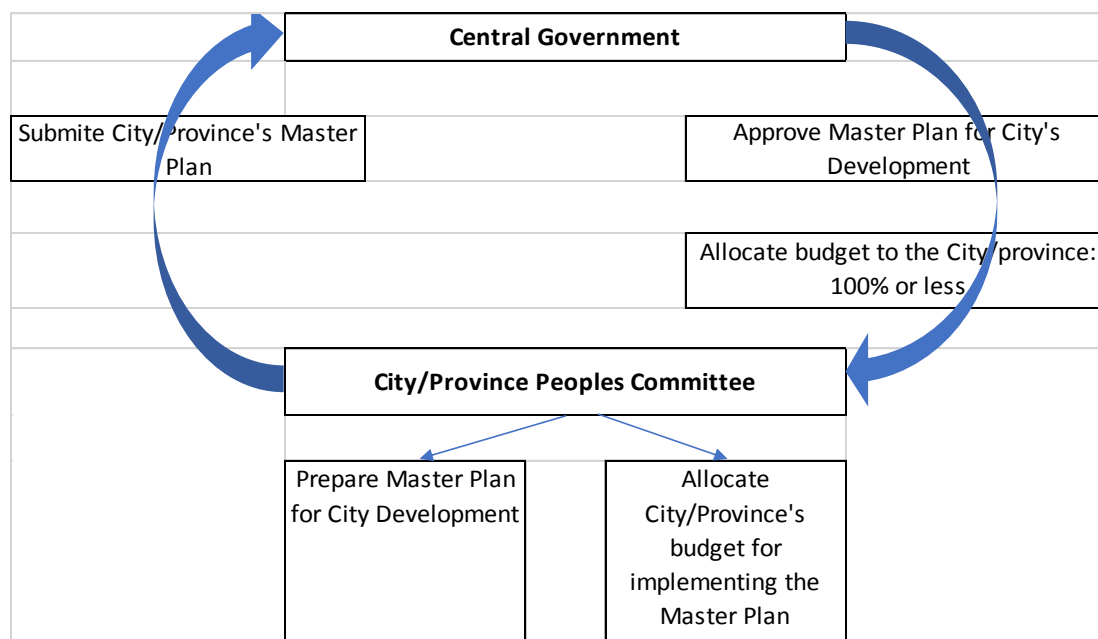
Financing structure for urban projects in Vietnam:

	<i>Government</i>	<i>Official Development Assistance (ODA)</i>	<i>Public-Private Partnership (PPP)</i>	<i>Foreign Direct Investment (FDI)</i>
<i>Financing</i>	Government + Development partners	Government + Development partners	Private sector + Government	Private sector
<i>Construction</i>	State-Owned Enterprises	Private/state owned contractors (selected by Gov., lender)	Private sector	Private sector
<i>Maintenance</i>	Government	Government	Private sector + Government	Private sector

1. Government financing

The central government of Vietnam has limited fiscal capacity to fulfill the needs of the urban development program. The Ministry of Planning and Investment (MPI) assists the central government in appraisal, prioritization, and approval of all development programs, including urban development programs. MPI works together with The Ministry of Finance to allocate government budget, balance finance sources, and locate external sources.

The financing scheme from the central government to cities/provinces varies, due to the various degree of decentralization of the administration systems. Normally, the cities/provinces receive a certain percentage of financial support from the central government, and they must add their own resources to implement their development plan. Thus, official financing sources for the urban development sector in Vietnam consist of investments from both central government and cities/provinces. For example, to finance Hanoi's Urban Development Plan from 2010-20 and up to 2030, the central government provides 16 % of the budget while Hanoi People's Committee finances 80 %.



2. Official Development Assistance (ODA) and loans

The second largest source of financing in infrastructure and urban development is ODA and loans, the main benefactors being The World Bank (WB), The Asian Development Bank (ADB) and bilateral donors, mainly Japan, South Korea and European countries. The total debt held by Vietnam in July 2017 was almost USD 95 billion. According to the Ministry of Planning and Investment, more than 33 % of the total ODA is allocated to infrastructure projects, including waste and water management in urban and rural areas.

However, due to Vietnam's strong economic development, Vietnam will no longer be receiving preferential ODA loans at low interest rates from WB, ADB, and other financial institutions in developed countries. New loans will carry interest rates at twice the present level, and therefore Vietnam is actively moving from ODA- to market-based development. This has led to several countries, including Denmark, reducing and out-phasing ODA to Vietnam, following the World Bank and ADB.

Recently this trend was echoed by Trương Hùng Long, Head of the Finance Ministry's Department of Debt Management and External Finance, who expressed the need for ODA policies to evolve from development aid to partnership relations. Hence, certain key sectors, including transport, energy, water supply and drainage, climate change and hunger elimination and poverty reduction, will no longer obtain development assistance. There is no doubt that this will change the dynamics of the urban development market in Vietnam, though it is still unclear how quickly this will happen, and what the implications will be. Yet, when it comes to the public market, urban development is still very much based on the dynamics of the ODA development era.

3. Private Sector Partnership (PPP/BOT)

A third source for financing infrastructure, which receives high priority from City/Province People's Committee level, is the participation of private enterprises in public urban development projects. Private investments in infrastructure in Vietnam rose from USD 3.3 billion between 2000-2005 to USD4.4 billion and 5.2 billion from 2006-10 and 2011-16, respectively. The central government allows City/Province governments to set up platforms for Public-Private Partnerships (PPP) or Build Operation and Transfer (BOT) investment into infrastructure development. The use of PPP is becoming still more common in both Hanoi and HCMC.

4. Local banking sector

Vietnamese commercial banks are buyers of government bonds and are considered an indirect source of financing for infrastructure projects. However, the banks direct lending to infrastructure is limited due to the mismatch between banks short-term liabilities (mainly deposits) and long-term lending required for infrastructure projects and project finance.

5. Foreign Direct Investment (FDI)

FDI in Vietnam has increased recently and indirectly contributes to infrastructure and urban development. The 2016 Report from the Vietnam Chamber of Commerce and Industry concluded that with a stable exchange rate and reductions in inflation (which fell from a peak of 18% in 2011 to 2.6% in 2016), the macroeconomic environment has dramatically improved in recent years. Vietnam

therefore remains one of the most attractive destinations for foreign investors in South East Asia. Total FDI in Vietnam by 2016 was USD 24.4 billion, a 7 % increase from the previous year. The key FDI investors are from South Korea (29 %), Japan (11 %), and Singapore (10 %).

HO CHI MINH CITY

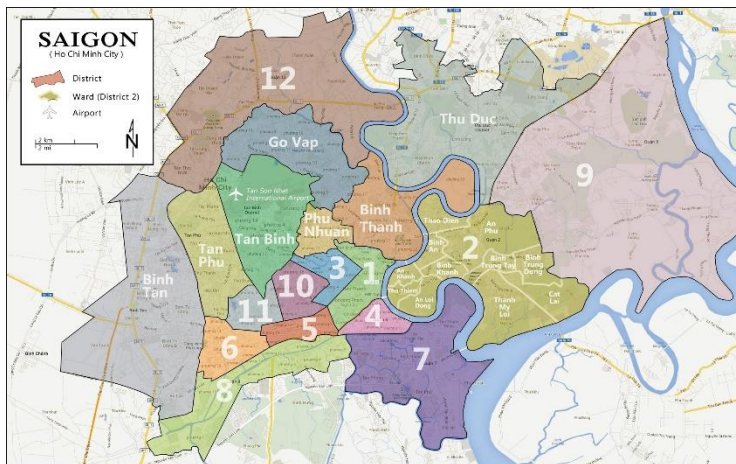
Ho Chi Minh City (HCMC, formerly Saigon) is situated in the South-Eastern part of Vietnam in the Mekong delta area, and has an estimated population of around 8 million people. This figure is expected to rise to 9.2 million by 2020 and 10 million by 2025. However, these figures are contested. According to the Mayor of HCMC, Nguyen Thanh Phong, the population of HCMC was 13 million in 2017, and expected to increase to 19 million by 2030.

HCMC is one of the world's most vulnerable cities to climate change. Nearly half of HCMC lies less than a meter above sea level and nearly 70 % of the city is in constant risk of flooding, which, during the rainy season, happens on a regular basis. The city's current flood management system is at the edge of its capacity. Adding to this is the problem of sinking land, which, in turn, is due to overexploitation of groundwater. The shrinking groundwater further exacerbates the problem of salt-water intrusion and reduction in drinking water quality. HCMC sewage system operates close to its maximum capacity, resulting in polluted water being brought to the surface during floods. This has left the city struggling to ensure that its infrastructure can keep pace with its rapid population growth and there is an urgent need for more comprehensive planning and better integrated and innovative surface water management to avoid and reduce floods.

Despite these challenges, HCMC is a global city on the rise. The city is cementing its position as a regional hub for commerce, culture, education and training and science technology. In 2017, HCMC came in 2nd on JLL City Momentum Index 2017 of the world's most dynamic cities, one of the main reasons being the level of foreign investments flowing into the city, which is evident to everyone visiting HCMC. Over the past decade, HCMC has experienced a booming build-up of modern skyscrapers and apartment complexes built at very a fast pace by private developers, and entirely new city areas have emerged. Most notably is District 2, which has gone from a land area with settlements of squatters to a very vibrant urban area that many refer to as the trendiest place in town to live

At the same time, the development of District 2 highlights some central issues in the urban development of HCMC. The development of District 2 has mainly been driven by private developers, with no overall development plan controlled by the city authorities. This has resulted in the speedy development of District 2 without the necessary stable infrastructure foundation. Furthermore, District 2, due to its undeveloped land areas, serves as a key area and reservoir for taking some of the pressure off the city during flooding from the rivers.

The case of District 2 very well exemplifies the main problem with urban development in HCMC. The pace in which HCMC is being developed - in many cases by private developers - is so fast, that when it comes to e.g. improvement of infrastructure in relation to flooding, the public infrastructure development simply cannot keep up.



Below follows an examination of several urban development areas, in which the HCMC authorities are the main driver of the development, where Danish companies can offer relevant solutions to the challenges at hand.

1. Waste Management

Waste control is a serious problem in HCMC. To a large extent, waste from households is still being managed using landfills. Furthermore, there are serious problems with industrial waste, which the city current does not have a solution to. This causes pollution of groundwater and the environment in areas surrounding the waste landfills. These areas have experienced civil unrest and clashes between citizens and the HCMC's waste treatment company (CITENCO).

2. Flood Control

Flooding is one of the most critical issues that HCMC must urgently deal with. With the city's location facing the ocean to the east and divided by the three large rivers of Vam Co, Dong Nai and Sai Gon, HCMC is putting a lot of investment into dealing with flooding. However, HCMC does not have an overall master plan for flooding. Up until now, there is only development plans for flooding control covering 650 km² - to control flooding in the entire city, a plan covering more than 2,000 km² is needed. With its current dike and draining system, HCMC can withstand a 1.3 m increase in water levels in the rivers, which is a rather normal occurrence. However, in the past years, HCMC have experienced increases in water levels that have exceeded the 1.3 meter. In 2016, HCMC experienced a four time increase in water level to 1.7 meter above normal, causing severe flooding to the city. To deal with this issue, HCMC will implement a plan of constructing 104 water reservoirs and build nine tide draining prevention systems and further establish 550 km of dikes. HCMC has received a 15 million USD loan from Denmark to purchase one of six early-warning flooding systems that is needed.

This is not the only concern HCMC must deal with. During the rainy season, the city experiences flooding of the roads due to heavy rainfalls on nearly a daily basis. The city's current sewage system is incapable of dealing with it.

There is no doubt that it is critical for HCMC to improve its capacity to deal with flooding to maintain its status as an upcoming global metropole. HCMC has expressed keen interest in learning from Copenhagen's much acclaimed Flooding Control Plan. Both cities are part of the global C40 cities network, through which HCMC has become aware of Copenhagen progress and expertise in this area.

3. Wastewater Treatment

Over the years, the sewerage system in HCMC has been developed, but lacks capacity to treat wastewater. HCMC has, until now, received loans from the World Bank to improve and build new wastewater treatment plants. HCMC is organized into 12 wastewater management clusters and has constructed 11 wastewater treatment plants in the central areas of the city. Currently, the city is building new wastewater treatment plants in cluster 5 and 9 on loans from the World Bank. In cluster 10, HCMC is in the process of building a wastewater treatment plant with investment from Belgium. Currently, the People's Committee of HCMC is calling for investments also in the form of PPP for construction of wastewater treatment plants in the city.

4. Smart City

HCMC is in the process of developing a comprehensive plan for the Smart Cities sector. Several conferences will be held in 2018, where companies are invited to present their solutions and engage in a dialogue with the city authorities about the upcoming plan for a HCMC Smart Cities initiative. HCMC has already contracted a number of Japanese companies to develop an initial Smart Cities system, but with a limited scope.

One initiative HCMC has taken towards becoming a smart city is the development of the app TTQH HCMC, which will provide a source for companies, and other stakeholders, to get a more complete overview of the various development projects going on in HCMC, and to access data about the different districts in the city. If the app, which can already be downloaded, will be developed according to the plan, it will, without doubt, serve as an important tool for any company who wants to access the urban development market in HCMC.

5. Ho Chi Minh City Government Structure

The powerful People's Committee is led by its chairman Mr. Nguyen Thanh Phong. Falling under the PC is a fairly long list of Departments, each with sector specific responsibilities. The most powerful of these is the Department of Planning and Investment (DPI), which assists the PC in preparing and organizing the implementation of all city plans. It is also where the important office for Public-Private Partnership is located in the DPI. Any projects, programs, or initiatives of this kind will be handled in this office, where Mr. Do Quy Hiep holds a central position as Deputy Head.

See appendix 2 for further information.

6. State-Owned Enterprises / Companies

Like the structure in Denmark, HCMC has several SOC, which are responsible for providing various services including water supply, waste collection and treatment, wastewater treatment and flood control.

1. Saigon Water Limited Company
2. Ho Chi Minh City Urban Environment Company (Citenco)
3. Ho Chi Minh City Urban Drainage Company Limited (UDC)

HANOI

With approximately 8 million inhabitants, Hanoi may be smaller than Ho Chi Minh City, but has climbed into the top ten of megacity areas in the world since it merged with 5 surrounding administrative entities (in Ha Tay, Hoa Binh and Vinh Phuc provinces).

As in Ho Chi Minh City, the city authorities in Hanoi struggle with providing sufficient infrastructure to cater to the necessities of the inhabitants and businesses. Therefore, the city has a high demand for investments on urban development programs in the entire city, especially in the new urban areas. A number of foreign actors, with proven track records, are already active on the market and therefore the chances for new investors or implementers are perceived as being somewhat limited.

1. Water Supply

Hanoi Water Limited Company is being financially prioritized by the Central Government to develop and maintain water supplies in the entire city area. The city's water supply system has been developed over the past two decades, mainly with the use of ODA from The World Bank, ADB, Finland, and The Netherlands. Hanoi is actively working together with foreign companies, mainly from Finland, The Netherlands, Germany, Japan, and China. Many of these companies are working under a BOT framework. With this background, it might be too late for Danish companies to access this market. Instead, Danish companies could focus on neighboring provinces such as Hai Duong, Hai Phong, Vinh Phuc to gain access into these markets. First contacts to these areas could be taken via The National Water Supply and Drainage Association.

2. Waste Management

Waste control is a serious problem in Hanoi. The city produces approximately 6,000 tons of household-waste, of which only 10 % is treated and burned to produce electricity. The remaining 90 % is buried in landfills. As is the case in HCMC, these landfills pollute the local groundwater and environment, leading to civil unrest and clashes with the residents.

Recently, Hanoi approved the construction of four factories of waste treatment. Originally, these four factories were expected to have the capacity for treating 3,000 tons/day. However, the test of the first factory has shown that this target will be difficult to reach. Currently, Hanoi has no solution for treating industrial waste. The Hanoi Construction Department and its Technical Infrastructure Division invite Danish companies with solutions in this area to reach out to the city authorities.

3. Wastewater Treatment

Only 28 % of wastewater is treated. The People's Committee has approved a plan to construct 40 wastewater treatment stations (from 2018 until 2030). They prioritize the treatment of wastewater from industrial zones and handicraft villages. The city government has not yet set up a scheme of user payments for wastewater treatment but strive to implement this in 2018. The fees will be used to finance construction of new treatment stations and maintenance for existing ones. This is a potential field that Danish business may considerate looking into.

4. Flood Control

In contrast to HCMC, Hanoi does not currently have a serious problem with flooding. However, it is an issue that the city expects will become more serious in the future. One reason for this is the rapid development of new urban areas in locations that previously served as buffers for flooding. Another problem is the city's old and outdated sewerage system. Therefore, the Department of Construction is in the process of preparing a Flooding Control Plan, for which it soon will request resources from Hanoi's People's Committee.

5. Smart City

"Smart City" as a concept is fairly new to Hanoi and is in the exploratory phase for the city. Hanoi Information and Communication Department is in the process of capacity building regarding this smart city concept. Although a new concept to Hanoi, several Singaporean companies and American Dell have signed MoU's with Hanoi to explore the business opportunities within this sector.

6. Air Pollution

Hanoi has serious problems with air pollution and the City Government is looking for suitable solutions to reduce this problem according to the Department of Planning and Investment (DPI). Companies from Japan and Germany companies are engaging with the city authorities. In 2017, Hanoi enjoyed only 38 days of clean air¹, and the pollution levels are now comparable with heavily polluted Chinese cities.

7. Hanoi Government Structure

Hanoi's government is managed tightly by the office of the Chairman of the People's Committee. Mr. Nguyen Duc Chung, the former Chief of City Police, presently holds this position. All urban development projects/programs must be approved by the Chairman. The Chairman also assigns city institutions to work with investors for solving the current problems of the city. Investors should be very straightforward when presenting business plans/ideas to the Chairman. The Department of Planning and Investment (DPI) will normally be involved before a final decision is taken, so DPI must also take a part in this process.

The second most important stakeholder in Hanoi is the Division Foreign Economic Relations of DPI. This division works under control of the People's Committee and assists the People's Committee in preparing all city development plans. Their website is in both English and Vietnamese, but the Vietnamese website has more detailed information about calls for investments or bids. All necessary procurement documents are posted on the website (in Vietnamese). The division can communicate with foreign partners in English and is very open and willing to share all information about new calls for investment and necessary documents.

The Department of Construction is an institution responsible for all waste collection and treatment. They are also responsible for wastewater treatment and drainage control. Additionally, they assist the City People's Committee in developing a new strategy to reduce the air pollution in the city. Their

¹ [<https://e.vnexpress.net/news/news/hanoi-enjoyed-just-38-days-of-clean-air-in-2017-report-3705906.html>]

website is only in Vietnamese, but a list of their new projects can be found via the website of Hanoi People's Committee. The Technical Construction Division is able to do some communication in English. They have all the information and a database about the sewerage systems, drainage systems, waste treatment stations/factories and wastewater treatment plants. They are very willing to collaborate with new partners. For any information sharing, they need to apply for approval from the Chairman of People's Committee.

The Department of Information and Communication is facilitating all projects and programs related to "smart city" development. It is difficult to get access to their information/data and the easier and faster way is probably through the People's Committee. The information on their website is in both Vietnamese and English, but it does not have much detail on new calls for proposals. To get information about projects, facilitated by them, potential implementers should go to the website of DPI or Hanoi People's Committee.

CONCLUSION

Danish companies should not expect to be able to access the Vietnamese market for urban development through public tenders. There are four main obstacles:

1. Limited access to information

While public tenders are accessible in English through the People's Committee website, the level of detail in these tenders is very limited compared to the ones in Vietnamese. Thus, unless you have strong connections to the city authorities, you will be unable to gain a full understanding of the scope of a public tender.

Baseline studies connected to public tenders are not publicly available and are very difficult to access without high-level connections to the city authorities or to one of the relevant state-owned companies. A public tender process in Vietnam has a low level of transparency, despite initiatives being taken to improve this.

If a Danish company intends to approach a public tender in Vietnam, the following is recommended: The Danish company should approach a relevant SOC, or a larger international company with a long track record in Vietnam. The Danish company should present to them how their solution could improve the chances of the SOC or international company of winning a specific tender, or future tenders within a specific sector. In other words, the Danish company should aim for acting as a sub-supplier to a company that will take the lead in a tender process.

2. Expectations of ODA

Based on interviews with public authorities, it is evident that expectations of ODA are linked to any Danish outreach to city officials in Vietnam. With Denmark's history of being the country in the world that, per capita, has given the most ODA to Vietnam, with ODA still having an influence in the development of Vietnam and with Vietnam this year having received a USD 15 million loan from Denmark, there seems to be an expectation that any Danish initiative in accessing the urban development market in Vietnam will be followed by Danish ODA, either as a grant or a loan. This expectation was voiced at several meetings with city officials.

3. Expectations of facilitation fees

Sources from different stakeholders raised the issue of corruption still being a major issue in the public sector in HCMC. As one source stated: “a public official at a manager level in some cases has a salary of USD 400 per month, how can one make a living of that in HCMC?”. Doing business in HCMC will, with all probability, expose a company to corruption either on a small or a larger scale. Hence, it is important to recognize this issue and prepare a strategy for dealing with it. It is recommended that a key element in such a strategy is to reach out to the Danish, Nordic and European business communities, all of which are well established in the city. Furthermore, a company could also reach out to the Danish Embassy in Hanoi for support.

4. Lack of big, coordinated national efforts

While Danish companies on their own have a very small chance of succeeding in pursuing public tenders, this should not be regarded as a total no-go for Danish companies. However, this would have to be pursued in a coordinated Danish effort. For example, Denmark’s loan to HCMC to improve flood control: A loan of this size could be used as the basis for a joint Danish effort into the urban development market, where also Danish companies who have not yet been exposed to the Vietnamese market but have relevant solutions, could get the chance to present themselves to the Vietnamese market.

While it is fair to expect one or two Danish companies would be involved in the solutions financed by the Danish loan, at this stage it does not seem likely that a coordinated Danish effort will take place. As it has been concluded many times in the discussion about Danish export promotion, such a joint Danish effort is easier said than done and would require the build-up of many Danish stakeholders, and a willingness from these to engage in such a coordinated process. A key element to this is to create the relevant and evident synergies between Danish stakeholders in Denmark and Danish stakeholders in Vietnam (such as the embassy and the Danish business community) at a very early stage. If this is not done, the return on investment for the Danish business community in Denmark from a loan to HCMC is likely quite limited.

THE PRIVATE MARKET

While concluded above that the public urban development market will be very difficult for Danish companies to approach, this most certainly does not mean that opportunities do not exist in the urban development market in Vietnam. These opportunities are to be found in the private market. As earlier stated, the urban development market is largely driven forward by private developers building everything from new apartment complexes to skyscrapers, industrial parks, malls, and new urban areas. Within this build-up, the demand for modern solutions is high.

This market is interesting for Danish companies, but it is a market that is fast moving with many players involved. Hence it is a market, where Danish companies should do their homework well before going to Vietnam and approaching companies.

The market in Hanoi is much more saturated with foreign actors than the market in Ho Chi Minh City. An advantage that Danish companies can use in HCMC is reaching out to the solid Danish business community already present in the city. There are Danish companies in HCMC who have good insights

into the city's urban development market both when it comes to opportunities but also when it comes to defining challenges and how to overcome them.

Appendix 1 – General statistics

Population (2016)	92.7 million
BNP growth rate (2017)	6.7 %
Average BNP growth rate (2014-2016)	6.3 %
Average inflation (2014-16)	2.4 %
Danish goods exports to Vietnam (2016) *	DKK 3,003 million
Increase in Danish goods exports to Vietnam (2014-2016)	94 %
Share of Food & Agriculture in Danish exports (2016)	71 %
EKF rating	5/7

Source: DI Markedsfokus Vietnam (januar 2018), EKF

*) Including confidential items

Global rankings and index

Ease of Doing Business Cumulated Ranking (2016)	90
Ease of Doing Business Cumulated Ranking (2017)	82
Ease of Doing Business Cumulated Ranking (2018)	68
Ease of Doing Business Starting a Business (2018)	123
<i>Procedures (number)</i>	9
<i>Time (days)</i>	22
Ease of Doing Business Dealing with Construction Permits (2018)	20
<i>Procedures (number)</i>	10
<i>Time (days)</i>	166
Ease of Doing Business Enforcing Contracts (2018)	66
<i>Time (days)</i>	400
<i>Cost (% of claim)</i>	29
Transparency International Corruption Index (2016)	113
The Global Competitiveness Index (2016)	56
The Global Competitiveness Index (2017)	60
The Global Competitiveness Index (2018)	55

Vietnam's ranking on the Global Ease of Doing Business-index has improved from # 90 in 2016 to # 68 in 2018 (out of 190 countries). The improvements are mainly attributed to the following factors:

- Improved reliability of power supply and more transparent tariff information
- Improved access to credit "by adopting a new civil code that broadens the scope of assets that can be used as collateral"
- Simplified tax-system, including a new "online platform for filing social security contributions"
- Improved import/export facilities by "upgrading the automated cargo clearance system and extending the operating hours of the customs department"
- Improved enforcement of contracts "by adopting a new code of civil procedure and by introducing a consolidated law on voluntary mediation", thus expanding the alternative dispute resolution framework

The World Economic Forum's Global Competitiveness Index ranks Vietnam 55 out of 137 nations, a marked improvement from the 2013-ranking at 75. According to the analysis, "Vietnam's competitiveness is significantly driven by its market size", the five main challenges being (with their corresponding weighting):

- Access to financing (12.3 %)
- Inadequately educated workforce (10.4 %)
- Corruption (10.0 %)
- Poor work ethic in national labour force (9.5 %)
- Tax regulations (8.7 %)

Relevant for foreign companies, though, “Irregular payments and bribes” (ranking 109/137), “Intellectual property protection” (ranking 99/137), “Judicial independence” (ranking 84/137), “Efficiency of legal framework in settling disputes” (ranking 82/137) seem to be a challenge. On a more positive note, Erhvervsrådets Kreditfond (EKF) reports that initiatives have been taken to alleviate corruption, making it easier to do business in Vietnam.

Appendix 2 – Main Stakeholders

Ho Chi Minh City Municipal Authorities

Ho Chi Minh City People’s Committee	http://www.eng.hochiminhcity.gov.vn/Pages/Default.aspx
Department of Planning and Investment	http://www.dpi.hochiminhcity.gov.vn/pages/default.aspx
Department of Environment and Natural Resources	http://www.donre.hochiminhcity.gov.vn/default.aspx
Department of Transportation	http://sgtvt.hochiminhcity.gov.vn/Pages/default.aspx
Department of Construction	http://www.constructiondpt.hochiminhcity.gov.vn
Department of Industry and Trade	http://congthuong.hochiminhcity.gov.vn
Department of Statistics	http://www.pso.hochiminhcity.gov.vn

SOE’s in Ho Chi Minh City

1. Saigon Water Limited Company
2. Hochiminh City Urban Environment Company (Citenco)
3. Hochiminh City Urban Drainage Company Limited (UDC)

There are Danish companies with experience in working with SOCs in Vietnam. One example is the Danish owned Vietnamese company, Vidagis. Vidagis has a strong track record in producing GIS mapping in Vietnam and is currently engaged in an assignment with Saigon Water Limited Company.

Relevant Danish business people in HCMC:

Thue Quist Thomasen	Founder of Decisionlab (Chairman of Nordic Chamber of Commerce in HCMC)	https://www.decisionlab.co/
Thomas Jakobsen	Saigon Asset Management	http://saigonam.com/
Thomas Hermansen	Advisor IFU	
Fong-Chan Zeuthen	Founder KAZE	http://kaze.com.vn/

Hanoi Municipal Authorities:

Hanoi City People's Committee	http://english.hanoi.gov.vn/
Department of Planning and Investment	http://www.hapi.gov.vn/en-US
Department of Environment and Natural Resource	http://www.tnmtnd.hanoi.gov.vn/
Department of Transportation	http://sogtvt.hanoi.gov.vn
Department of Science and Technology	http://dost.hanoi.gov.vn/
Hanoi Department of Construction	http://www.soxaydung.hanoi.gov.vn/vi-vn
Department of Industry and Trade	http://congthuong.hanoi.gov.vn/
Department of Statistics	http://thongkehanoi.gov.vn/

SOE's in Hanoi:

1. Hanoi Water Limited Company
2. Hanoi Sewage and Drainage Limited Company
3. Hanoi Urban Environment Limited Company
4. The Water Supply and Sewerage Association (A platform for all water supply corporations and companies in Northern Vietnam. Some CEOs of big water supply corporations in the North are members of the management board of this association. Through this association, new potential implementers can access the water supply program in other provinces in the North of Vietnam.)