

PUBLIC PROCUREMENT IN VIET NAM

AN ENORMOUS PUBLIC MARKET FOR SUSTAINABLE INFRASTRUCTURE PROCUREMENT

- Vietnam is one of the countries with the highest ratio of public investment to GDP in the world. Since 1995 has maintained at over 39% annually with a large part invested in infrastructure projects.
- Public procurement market in Vietnam has become very attractive to foreign companies, although many practical hurdles stand in the way of becoming successful. With the support of the ADB, Viet Nam has made a lot of progress in making information on projects and tenders available on a central website and on developing e-procurement as the most important way of managing public procurement.
- The new “National Green Growth Strategy for 2021-2030 (Decision No. 1658/QD-TTg, published on 19/10/2021), will have a large impact on public procurement. Green procurement criteria will be integrated into the process of selecting bidders.

WHY TENDERING IN VIET NAM?

Viet Nam spends worldwide about the highest percentage of its GDP on public procurement (39% - OECD average = 12% of GDP). Viet Nam still has huge needs in terms of infrastructure, ICT, health and being climate friendly.

The EU-Vietnam Free Trade Agreement (EVFTA) which entered into force on 1 August 2020 has an important chapter on government procurement. EU companies are now able to bid for public procurement contracts under the same conditions as Vietnamese companies for a substantial number of government entities and above certain thresholds. As Viet Nam is not yet a member of the Government Procurement Agreement (GPA) rules of the WTO, the FTA gives European companies a clear advantage over other non-local companies.

With the support of the ADB, Vietnam has developed a central web portal for advertising procurement contracts. Online information is available in English and machine translations makes a lot of the content comprehensible. It has been decided that by 2025 all bidding information will have to be announced online, and at least 70 per cent of procurement will have to be handled digitally.

The position of Viet Nam in terms of corruption and economic openness is average, but there seems to be clear improvement over the last decade.

VIET NAM AT A GLANCE:

- Income group (OECD classification)
Lower Middle-income Population: **96 462 106** inhabitants
- GNI per capita **\$2.650** (WB 2020)
GNI million USD **\$257,926.58** (WB 2020)
- Index of Economic Freedom 2021: Score: **61,7/100**, ranking: **90th/184** in the world, **17th /40** in the region
- The Global Index of Economic Openness 2019 (Legatum Institute) : ranking: **97th best of 157** countries.
- Competitiveness Index 2019 (World Economic Forum): Score: **78.1/100** – ranking: **67th best of 140** countries
- Corruption Perceptions Index 2021: Score: **39/100**, ranking: **87th out of 180** countries

INFORMATION:

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TIPS TO ENGAGE IN PUBLIC PROCUREMENT IN VIET NAM

Finding a **local partner** is crucial for bidding successfully in Viet Nam. Even if European companies have a clear advantage for open public tenders, local preference is still embedded in the procurement law, and knowing Vietnamese is an advantage when digging deeper in the project and the tender details. Knowing the local customs and having a local network will put you in pole position.

Be prepared: the tender process in Viet Nam can be **time consuming** (red tape) and it can be hard for a SME to pay for a costly performance guarantee. Also, bidders are required to be registered in a government registry.

GET READY FOR SECTOR BASED OPPORTUNITIES

The choices for public Procurement in Viet Nam are based on the Socio-economic development plan (2021-2025 period) and the 10-year Socio-economic development strategy (2021-2030 period).

Health: Viet Nam needs to restructure the import of pharmaceutical products with the ultimate goal of producing locally. The country coped well with the covid crisis, but is in need of more laboratory capacity for testing. Treatment of medical waste should be handled in a “greener” way in the future. Green and sustainable healthcare facilities that can withstand climate change & environmental incidents are welcome.

Smart cities: precise targets are set for energy efficiency, renewable energy (wind, hydro-, waste-to-energy,...), green & smart urban technical infrastructure, smart electricity grids, green waste treatment (solid waste & water), smart & green urban transport (hydrogen fuel, electric vehicles,...). Science & technology should be at the basis.

Green economy: the “National Green Growth Strategy” sets clear targets in related sectors. Some keywords are: Mekong Delta water resource monitoring, climate related disaster prevention, energy efficiency and renewable energy, sustainable city traffic; reduction of CO² emission & establishment of carbon market, management of air quality, green agriculture & industry, green & energy efficient construction and eco-labelling.

Digitalization: creation of the legislative environment for digital services (new “National Committee on Digital Transformation”), e-government (amongst which e-procurement!), development of a National Information Reporting System), support the digital economy; creation of the infrastructure for smart connectivity & 5G. Data collection and connection, (e.g. national geographical space data collection), e-payment systems and cybersecurity.

TARGET SECTORS

