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New School Year Opening Ceremony in Giang Vo Secondary School, Hanoi

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Gauging User Satisfaction to Improve Public Services in Vietnam

"Opinion surveys supported by the World Bank (WB) in four provinces of Vietnam provided a trove of new information to help the government agencies devise policies to improve service delivery, and also created a foundation for similar research in the future," said a new report by the WB.

The surveys collected detailed user feedback of public service users [citizens and organisations] at the agency level to help identify actionable reforms and capacity development needs. Previous government surveys involving service delivery lacked available data at the agency level. Conducted in Binh Dinh, Thanh Hoa, Phu Tho and Vinh Phuc provinces in 2014 and 2015, the surveys assessed four aspects of service delivery: accessibility, responsiveness, cost of services and feedback mechanisms.

Sectors surveyed included the issuance of land use right certificates and land use right transfer, issuance of business and construction permits, and health services. The surveys were not intended to provide aggregate findings for overall satisfaction in each province but only at the survey agency level. This was done to help the specific agencies to confirm good performance and take action where needed.

Survey findings detailed in the report, "Gauging User Feedback for Better Service Delivery in Vietnam," showed the precision needed in evaluating information measures. For example, almost 100 percent of respondents in all four provinces said restrooms were available at hospitals, but only half expressed satisfaction with them. In contrast, less than half of the patients said drinking water was available, but 70 percent were satisfied with the situation. In Vinh Phuc and Binh Dinh, about 30 percent of patients had to share beds, but most patients in the surveys expressed satisfaction with their treatment and the hospital facilities.

The survey findings provided actionable recommendations for agencies and provinces to bring better services to users. For example, hospitals should consider extending clinic times out of working hours and improve maintenance of restrooms, drinking water and fans or air conditioners at public service delivery points. The surveys included an action matrix for steps needed to address identified shortcomings.

The four participating provinces were actively involved in the decision-making and administration of the surveys. Provincial and agency staffs also were trained and developed in undertaking user surveys so that they can conduct similar research in the future. The surveys were, however, undertaken by independent interviewers. All four provinces had incorporated funding for future surveys into their annual budget, ensuring that the research process would continue.

[Quynh Anh]

Banks face tough balancing act

Credit this year has grown robustly and might surpass the 15-17 per cent annual target, however, commercial banks will find it difficult to balance lending and deposit sources, according to experts.

Statistics from the State Bank of Viet Nam showed that credit as of August 20 rose 9.31 per cent against December last year, doubling the 4.07 per cent rising rate in the same period last year.

In the period, credit to priority sectors rose sharply, of which lending to high-tech application sectors was up 29.12 per cent, agriculture and rural development up 9 per cent, the export sector up 4.99 per cent, supporting industry sectors up 3.2 per cent, and small- and medium-sized enterprises rose 4.07 per cent. Further, deposits in the period rose nearly 7.26 per cent against December last year, lower than the 7.92 per cent increase during the same period last year.

Experts forecast that with the current rising pace, credit this year would surpass 17 per cent, explaining that lending often rose due to higher rates in the last months of the year. Also, because of unbalanced credit and deposit sources, experts from the Viet Capital Securities Company (VCSC) forecast that banks would face challenges in luring deposits.

After the central bank's decision to devalue the dong by 1 per cent and increase the trading band to 3 per cent last month, industry insiders were concerned about an interest rate increase in the last months of the year, as demands on maintaining the dong would fall. However, the central bank, late last month, affirmed that it would not change the dong interest rate this year.

According to the latest report from the central bank, in the week ending August 21 the dong mobilising rates continued to be stable, with 0.8-1 per cent per year applied for demand and below 1 month terms; 4.5-5.4 per cent for 1 to below 6 month terms; 5.4-6.5 per cent for 6 month to below 12 month terms; and 6.4-7.2 per cent for 12 month plus terms.

The average lending rates also remained steady, with 6-7 per cent and 9-10 per cent year applied for short-term, and medium-and-long-term loans for priority fields, respectively. The rates were commonly 6.8-9 per cent for short-term and 9.3-11 per cent for medium and long-term ordinary loans.

Thong Nhat Production draws up plans to buy 4 state agriculture firms

Vietnam-based Thong Nhat Production and Investment JSC has announced an aggressive plan to acquire four state-owned companies in the agriculture sector. For this purpose, the company has decided to double its charter capital by an issue 75.2 million additional shares. The money raised will be used to fund the acquisitions.

Thong Nhat's current value of registered capital is VND680 billion ($30.36 million), but it is expected to touch VND1.5 trillion by the second quarter of 2016. The proceeds from the share issuance will be allocated to three different purposes, in which VND350 billion will be spent on acquiring four agro-businesses in the public sector, the company announced during its shareholder meeting in May.

Two of the four enterprises have been recently unveiled, the Vietnam National Tea Corporation (Vinatea) and the Vietnam Livestock Corporation (Vilico). The Hanoi-based firm will be buying 27.75 million shares of Vinatea, or a 75 per cent equity stake. Thong Nhat submitted to be the strategic investor in Vinatea, which means it is entitled to purchase 23.56 million shares. The remaining 4.19 million shares, the company said, will be acquired during the Vinatea's IPO auction on September 16. Vinatea will offload 11.79 million shares, equivalent to 31.8 per cent of its capital, to general investors. The state will not be holding any equity in the company post the IPO.

In Vilico, which was privatised in 2013, Thong Nhat said, it initially planned acquire 12.12 per cent stake. That means Thong Nhat plans to increase its holding in Vilico by acquiring additional stake in the future. Currently, the state holds the controlling stake of nearly 78 per cent in Vilico.

Besides the above two firms, Thong Nhat upped its stake in Lam Dong Foodstuffs JSC (Ladofoods) to 35 per cent in March and will participate in the management and restructuring process of this company. Thong Nhat was formerly the Dai Viet Minerals and Environment JSC, established in 2011 with a mere capital of VND80 billion. Within only three years, it increased the capital by 8.5 times and got listed on the stock exchange in 2014, when the company embarked on its M&A activities, starting with a 10.14 per cent equity in Ladofoods.

[Following Dealsteetasia]

T&T group to become strategic investor of Transport Hospital

T&T Group has become a strategic shareholder in Ha Noi's Transport Hospital, the first medical facility to be equitised in Viet Nam. The hospital, owned by the Ministry of Transport, plans to launch an IPO this month.

The reason as other outstanding candidates of two real estate developers of Vingroup and FLC and the Singapore Brookline Medical did not register to become the hospital strategic partner although the registration deadline was extended from August 14 to August 20. Before, Vingroup, FLC and Brookline Medical and a Malaysian partner used to ask for being the strategic partner of the hospital. However, the hospital said they had received two applications from T&T Group and Bao Son Investment, Construction and Tourism Company. Others failed to show up.

According to Decision No. 2783 / QD – BGTVT released in April, the selected partner should have the capital of not less than VN200 billion (US$8.8 million) if they already worked in the healthcare industry or has the capital of VND1 trillion ($4.4 billion) if they are not working in the industry. However, in late May, the Ministry of Finance said the strategic investors do not need to have such large equity in the healthcare industry. The requirement of such a large equity is seen as the main reason causing the racing between potential investors to be less competitive. In addition, the investor will have to commit to not transfer their shares within five years and accept the state divestment plan which would reduce the State proportion to 30 per cent in the hospital. The selection of investors is also based on the investor's plan for hospital development. Though there is no official result for the section, the T&T Group was an absolutely strategic partner of the hospital now. Strategic partner can purchase 30 per cent of share before its initial public offering (IPO). As planned, the State will hold 30 per cent of the hospital's charter capital, while the hospital's staff will have 8.7 per cent. Some 30 per cent will be for strategic investors and the remainder 31.3 per cent will be auctioned in the IPO. The source said T&T meets all the demands of capital and they also committed to support the operation of the hospital after equitization and maintain the maximum of the existing workforce there.

Transport hospital, which is a 21,200sq.m. general hospital located at Chua Lang Street, Dong Da District, recently opened a health-care building on a total investment of US$15 million. The seven-storey building, built on nearly 17,000sq.m., has been equipped with advanced health-care facilities and 200 beds. It was built on the capital from the OPEC Fund for International Development's official development assistance. The hospital was estimated at a value of VND158 billion ($ 7.4 million), which includes 86 per cent State capital. After its equitisation, it is expected to have a charter capital of VND168 billion ($7.8 million), equivalent to 16.8 million shares.

Earlier, the Transport Ministry said it would finalise the hospital's equitisation plan to submit it to the Prime Minister for approval and carry out its IPO in the third quarter of this year as scheduled. — *[VNS]*

“The marriage” Hotdeal- Transcosmos: What will Hotdeal receive?

Not only maintaining as 1st position in the market in the voucher distribution sector, Hotdeal does also show their ambition that they will expand into overseas markets basing the platform of Japan network, aims to maintain the market share - voucher distribution service segment.

However, to maximize the profit from the market leading position of the e-commerce website (the promotional discount voucher), Hotdeal has to solve the core problem, the existing problem: service quality - form of transportation, forwarding - liquidity. Because in fact, the fatal weakness of group sales model is the quality of service does not satisfy the requirements of customers as well as the commitment that vendors offered. In the sales group company’s side, the lacks of the management systems and the forces is to control the quality of the provided service.

According to a survey of E-Business and Technology Information Department, up to 81% buyers has decided based on the seller's reputation or sales website, then based on its price (80%), payment, delivery (68%) and finally, the brand of new products and services (64%). Respectively, with 81% buyers showed that the poor quality of the products has been the impediment to buy the issue, followed by the poor logistics services (51%), prices are not cheaper (46%), Personal information was disclosure (42%), and design of website is not professional (29%).

However, Trancosmos with strengths in the field of outsourcing (BPO), specially providing services to E-Commerce companies in 34 countries with more than 8,000 businesses are expected to bring a solution to Hotdeal.

In addition, although it has just not detailed but perhaps, Hotdeal will participate in the race to sell through applications which were installed on the smartphone (app) that Lazada, Zalora're is doing pretty good. Hotdeal is going to change the interface of Ecommerce sites are based on the application of modern technology information. Representatives of Hotdeal said it would integrate the platform with Transcosmos system to expand business activities across borders in Southeast Asia - the field which Transcosmos has a lot of experience.

However, despite of a lot of expectations, but the effectiveness of the "marriage" between Hotdeal and Transcosmos still needs time to respond. Especially when the infrastructure improvements to enhance product quality - service, sew logistics - to optimize the payment service is not a simple matter. [R&C Dept.]

Chain stores to answer consumer needs

Domestic and foreign retailers are mulling over plans to develop a range of convenience store chains across Vietnam, in hopes of meeting rising consumer demand with this high-potential business model.
Currently, Saigon Co.op, Vietnam's leading retailer shared, since late 2014 the firm had sought to improve their networks and continue expansion of their operations, particularly their convenience store outlets. To date, Saigon Co.op has opened 91 Co.op foodstores mostly in Ho Chi Minh City. According to the company's plan, Saigon Co.op will open more eight convenience stores by the end of this year and hope to maintain an average of 20-30 new openings per year across the country. This was a business model with a lot of potential. With the growing spending power of middle class consumers, the Vietnamese retail market is in need of new and modern outlets.

With the retail demand rocketing and foreign firms in a race to cement their positions ahead of upcoming market liberalisation, domestic retailers are preparing to compete with both local and overseas peers.
The Gioi Di Dong, a Vietnam retailer known for its 450-strong chain of bright yellow retail phone stores has announced that it would launch five new convenience stores in mid October in Ho Chi Minh City. The company planned to open between 30 to 50 convenience stores during 2015-2016, taking up to15 per cent of convenience food and grocery market. It said that the company's convenience store format will be similar to Saigon Coop's Co.op Food. Vingroup, Vietnam's leading real estate developer, a new player in the retail sector is expected to hire 10,000 employees to serve its expansion of supermarkets and convenience stores this year. The company says it will launch about 50 supermarkets and 360 convenience stores.

But it is foreign investors that are driving the growth of the local convenience store market. In February, US chain Circle K opened its 100th outlet in Ho Chi Minh City. It has planned to launch 150 convenience stores in Vietnam this year, further securing its position in the country.
Singaporean Shop & Go has opened 126 stores since its arrival in 2005, becoming the leading convenience store chain in Vietnam. More competition is expected as 7-Eleven, a major Japanese company, has also announced plans to enter the market in 2017. Another Japanese retailer, FamilyMart, started its operation in Vietnam in December, 2009. So far, Family Mart has increased its number of stores to 17.
According to a recent report of Nielsen, Vietnam has great potential for the development of convenience stores, considering the number of existing convenience stores at the moment is relatively small in comparison to the size of the country's population. If there was one convenience store or mini-mart for every 21,000 residents in China and one for 1,800 in South Korea. Meanwhile, the ratio in Vietnam is one per 69,000 residents. The number of convenience stores and mini-marts needs to triple in order to meet the demand of rising consumer needs.

[VIR]

The new provisions on securities ownership rate of foreign investors in Vietnam's securities market

Circular No. 123/2015/TT-BTC dated August 19, 2015 of the Ministry of Finance on providing guidance on foreign investment activities on Vietnam's securities market. This Circular shall provide guidance on securities investing and trading activities, and the rate of securities ownership by foreign investors in Vietnam's securities market

One of the new points of this Circular is supplement of the provision on the rate of securities ownership by foreign investors in Vietnam's securities market. Accordingly, the maximum rate of securities ownership by foreign investors in Vietnam's securities market shall be complied with Clause 2 Article 1 of Decree No. 60/2015/ND-CP dated June 26th, 2015. Particularly, in securities trading organizations (securities companies, fund management companies), the ownership rate of foreign organizations that meet the conditions stipulated in Clause 21 and Clause 24 Article 1 of the Decree No. 60/2015/ND-CP is unlimited. If the foreign organizations fail to meet the conditions, they shall only be allowed to hold securities less than 51% of (Clause 5 Article 11)

This Circular takes effect from October 01st, 2015 and replaces Circular No. 213/2012/TT-BTCstatus3 dated December 06th, 2012.

info Clause 2 Article 1 of Decree No. 60/2015/ND-CP defines rate of securities ownership of foreign investors in Vietnam's securities exchange market as follows:

1. Rate of foreign ownership in a public company

- Where the International Agreement of which Vietnam is a signatory lays down regulations on the rate of foreign ownership, it will be governed by this Agreement
- Where a public company operates in the investment and business sector which is governed by the law on investment, other relevant laws stipulating the rate of foreign ownership, it will be governed by these legal regulations
- Where a public company operates in the investment and business sector subject to conditions applied to foreign investors but none of specific regulations on the rate of foreign ownership, the maximum rate of foreign ownership will be 49%
- Where a public company operates in multiple industries or sectors that have different regulations on the rate of foreign ownership, it will not exceed the lowest rate defined in these industries or sectors
- If a public company operating in other business lines is not subject to conditions, the rate of foreign ownership will not be restricted

2. With regard to a state-owned enterprise equitized in the form of a public securities offering, the rate of foreign ownership will be governed under legal regulations on equitization.

3. Foreign investors shall be allowed to put unrestricted investments in the Government bond, Government-backed bond, local government bonds, corporate bond; certificates of securities investment fund, stocks of securities investment companies, non-voting stocks of public companies, derivative securities, depository receipts

Investment procedures in 2014 regulation modified

The 2014 Investment Law, which has taken effect since July 1, 2015, has made three significant modifications regarding the procedures for capital contribution registration, share purchase, policy request and investment registration.

Capital contribution and purchase of shares

It has been made mandatory for foreign investors and economic organisations with foreign investments, who contribute capital or purchase contributed capital and shares from limited liability and joint stock companies, to follow the procedures of capital contribution registration and share purchase in the following cases:

– Foreign investors contributing capital to or purchasing shares or contributed capital from an economic organisation operating in conditional investment sectors applying to foreign investors;

– Capital contribution and the purchase of shares or contributed capital lead to foreign investors holding 51 per cent and more of the charter capital of the economic organisation.

Procedure of policy request

The procedure of policy request applies to a number of projects that affect national security, social order and safety, and the environment greatly.

Depending on each case, the investors might have to request for policy from different authorities:

– The National Assembly: projects that have significant effects on the environment or the potential to have serious effects on the environment; projects that change the purpose of land meant for rice cultivation with two or more crops of 500ha or larger; projects that require relocation of 20,000 people or more in the highlands and 50,000 people or more in other areas; and projects that are required to apply special mechanisms or policies.

– The Prime Minister: The following projects regardless of capital sources: projects that require relocation of 10,000 people or more in the highlands and 20,000 people or more in other areas; construction and operation of airports; air transport; and construction and operation of national seaports; as well as projects with foreign investment in sea transport, provision of telecommunication services with network infrastructure, afforestation and publishing, besides journalism, the establishment of science and technology organisations or wholly foreign science and technology companies.

– The provincial People's Committee: projects that use land allocated or leased out by the government without auction or bidding; projects that use technologies that are on the list of technologies restricted from transfer, as prescribed by the legal regulations on technology transfer. The policies of investment projects already executed in industrial parks, export-processing zones, hi-tech zones and economic zones, in conformity with the plans approved by competent authorities, are not subject to approval of the provincial People's Committee.

Grant of Investment Registration Certificate

Investors shall follow the procedure of requesting for an investment registration certificate in the following events:

– Economic organisations: the foreign investor holds 51 per cent or more of the charter capital and partnerships, with the majority of the general members being foreign nationals.

[Lawfirm]

Falling oil prices adversely affect Vietnam economy

Many economic experts argue it is difficult for global oil prices to go up again and with the worst scenario, oil prices may drop a mere US$30/ barrel, causing a huge loss for this year's budget revenue and heavily weighing against economic growth.

Over the past two months, the world oil price chart constantly went down, even sliding to below US$40/ barrel– the ten-year lowest level.

As a crude oil exporting nation that also imports refined oil, fluctuated raw material prices have a significant impact on Vietnam's budget revenue and its economic growth. According to the General Statistics Office, the nation's crude oil exports grew in the 8 months leading up to September but export turnover reached only more than US$2.7 billion due to crude oil price down nearly 48% from last year's same period. Additionally, reduced global oil prices have made import duties, special consumption tax and value added tax levied on oil products run up a deficit of thousands of billion of VND.

This year's estimated budget revenue from crude oil exports would hit VND93,000 billion at US$100/barrel. So when crude oil prices fell by US$1/barrel will result in a budget deficit of VND1.000 billion. It maybe only relative numbers. Revenue from crude oil sales is not only a profit-related issue that also involves other things such as import-export duties and falling oil prices leading to decreased tax collection.

In addition to the negative effects, the steep decline in crude oil prices has delivered immediate benefits to citizens and businesses as a result of constantly lowered retail petrol prices over recent weeks. The drop in domestic gasoline prices for five times in a row as of mid-June, and even 7 times since early this year with a total reduction of VND5,588 per liter has helped reduce input costs of the production and business sectors, thus bringing about better business performance in tandem with higher economic growth and increased budget revenue.

The sharp decrease in world oil prices has impacted Vietnam both positively and negatively when the national economy is partly based on oil exports. Short medium and long-term positive impacts will enable to lower input costs, thereby increasing business productivity and improving the competitiveness of the economy and businesses, he said.

According to calculations by the National Center for Socio-Economic Information and Forecast under the Ministry of Planning and Investment, with the worst scenario, world oil price down to US$30/barrel would reduce Vietnam's GDP by 2.43% in the final quarter of this year. The nation's GDP in the fourth quarter is predicted to drop by 1.1% and by 0.29% in 2016 due to lower economic growth of Vietnam's major partners leading to reduced import demand which would negatively impact the national economy.

Experts also said the State budget should focus more on revenues from domestic production activities and trade to obtain ensured stability.

Besides, to cope with falling crude oil prices, the oil industry should consider measures to stop exploitation of oil fields having higher costs than global oil prices. Also, it is essential to manage to reduce domestic oil prices as equally as world prices to stimulate production and consumption as a contribution to strongly speeding up economic recovery.

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