

integrity of the Vietnamese partner; the investor is simply ensuring that the official records match the official land-use certificate. Note that the People's Committee will not check the records without being prompted by the investor.

## Stage 2

There are three steps in Stage 2. Investors in all forms of investment must complete each step.

### 1. Application Package to People's Committee

Once the licence application package is complete, the investor must submit it to the relevant People's Committee<sup>4</sup>. The People's Committee and its various departments assess the application against a number of criteria, including:

- the compatibility of the project's objectives with the city's development policy and plans;
- the capacity of the locality to satisfy the labour, materials, electricity, water and transport needs of the project;
- the valuation of the assets to be contributed by the Vietnamese party in the case of a JV; and
- the project's land-use needs.

During the assessment, the People's Committee pays particular attention to the project's land-use needs. Indeed, the assessment of these needs involves a separate sub-process that begins in this step, but ends much later in the overall investment approval process. In the portion of the sub-process that occurs in this step, the investor must send its land-use requirements to the Chief Architect's Office<sup>5</sup> – a department of the People's Committee. Upon receipt of the information, the Chief Architect's Office reviews the requirements with the Design Institute, another department. If the two departments support the requirements in general, the Chief Architect's Office asks the Design Institute to recommend land to the investor, to advise on construction designs, and to draft an *interim* land-granting document for the People's Committee's executive to sign. Only when the interim document is signed, and the assessment of the other criteria is completed, can the investor move on to step 2.

There are two points that should be made here. First, the investor must negotiate with and lobby the People's Committee to ensure that everything is understood, and to obtain local support. Second, it is very important for the investor to recognize that any endorsement from the People's Committee at this step is simply support in principle for the project. This support only enables the project to proceed to the next step; it does not guarantee final support. In Stage 3 of the approval process, the People's Committee assesses the land and other aspects of the project in much greater detail.

### 2. SCCI and Other Agencies

Once the People's Committee has given its initial support to a project, the investor must apply for an investment licence, as in the case of a JV or FOC, or a business licence, as in the case of a BCC. To apply for a licence, the investor must submit multiple copies of the application package to the SCCI. The SCCI then circulates copies of the application amongst several key ministries and top level agencies for comments on specific aspects. For example:

- the Ministry of Finance reviews and recommends a tax basis, and considers depreciation of assets;
- the State Bank assesses the foreign exchange implications, considers requests for bank guarantees, and considers the topic of bank accounts;
- the Ministry of Commerce examines the investor's financial status, considers the amount of output that will be sold in foreign and domestic markets, and examines the list of machinery and equipment proposed for exemption from import duties;
- The State Planning Commission ensures that the proposed project conforms to government planning, and reviews the project's social benefits; and
- the State Commission on Science examines the technology involved and reviews the project's environmental impact.