



OVERVIEW OF PPP IN VIET NAM

HCM city, 22 May 2018

Content



1. PPP decree and Investor selection decree

2. Overview of potential projects

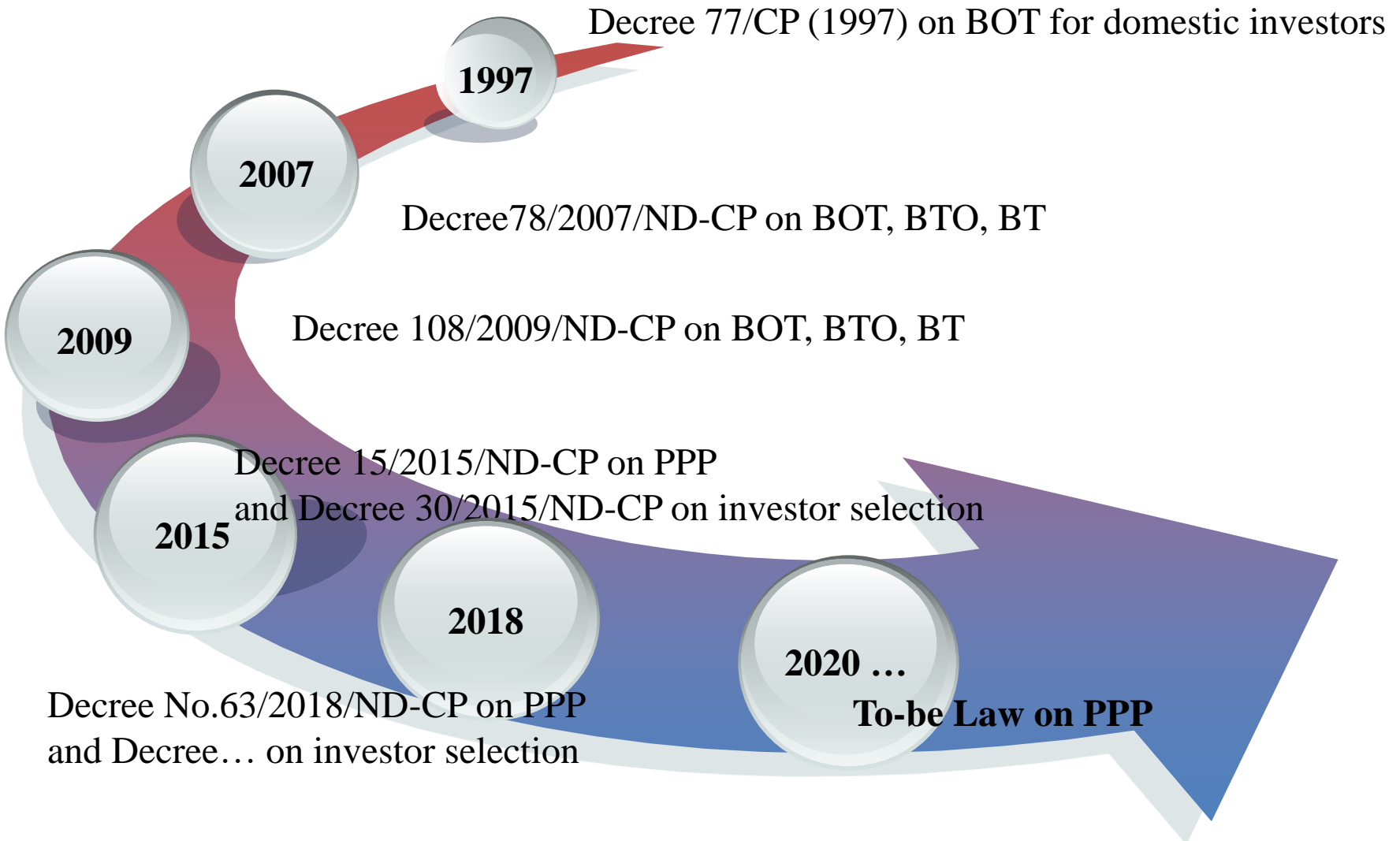
1. CURRENT DECREES

Definition:

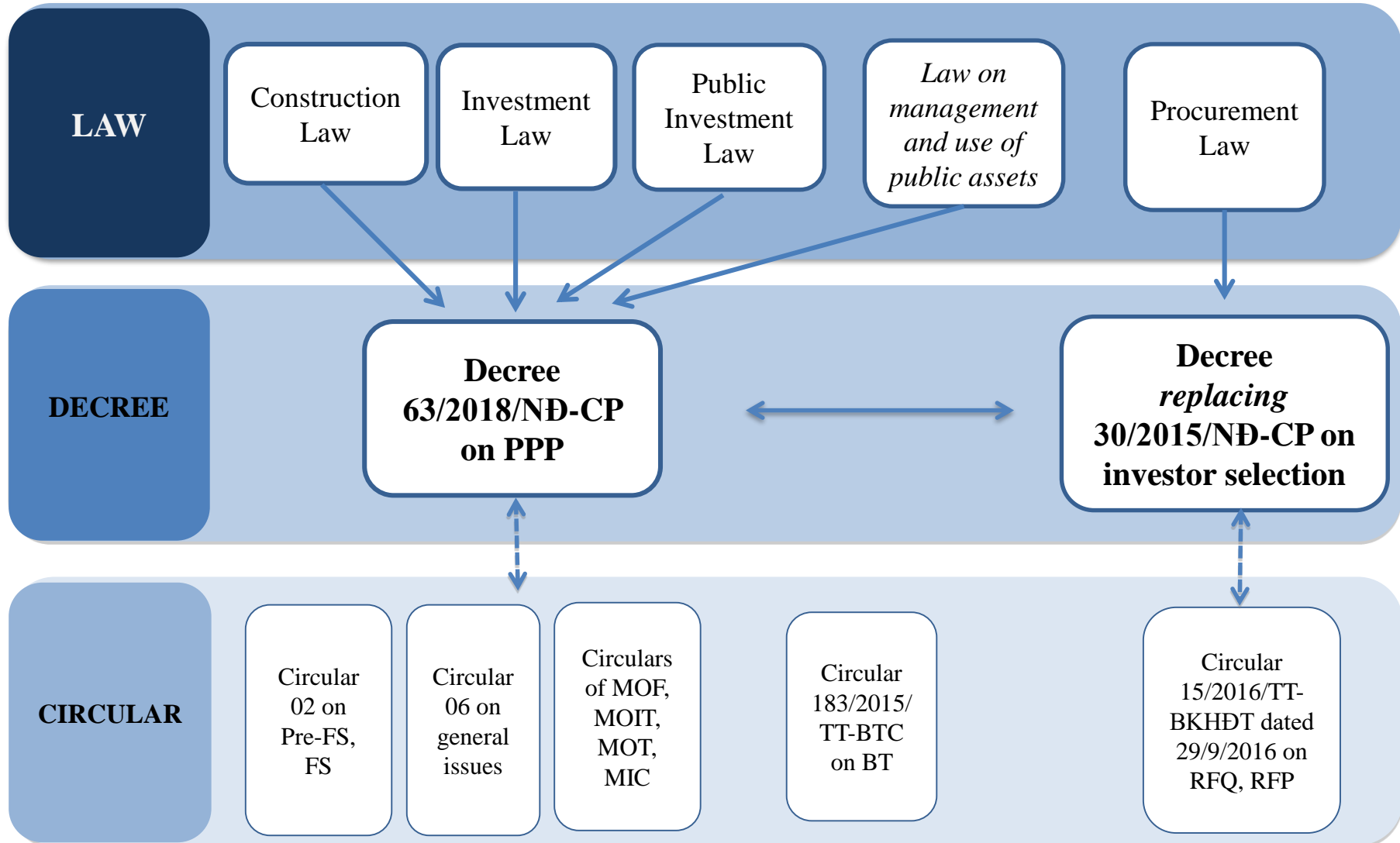
Investment based on contract between ASA (authorized state agency) and investors/SPV to build, renovate, operate, manage public infrastructure or services.

[concession]

LEGAL FRAMEWORK: DEVELOPMENT



LEGAL FRAMEWORK: at a glance



Investment sectors

- Transportation
- Power plants, power transmission lines;
- Public lighting system, water supply, drainage, waste water treatment facilities, solid waste treatment, park, parking areas; cemetery
- Office buildings of state agencies; public housing, resettlement shelter
- Healthcare, education, training, vocational training, culture, tourism, sports, hydro-meteorology;
- Infrastructure for commercial zone, urban area, economic or industrial zone, information technology parks; start-up supports;
- Agricultural and rural development; services for connecting the production with the processing and sales of agricultural products
- Other sectors pursuant to Prime Minister's decision.

PPP project

- In conformity with master plan
- Of the eligible sectors
- Economically feasible
- Financially feasible
- Environmentally viable
- Affordable

Public participation

- Capital contribution
 - Types: in cash, in kind
 - Sources: public investment fund, public assets
- Availability payment
 - Sources:
 - Public investment fund
 - Public recurrent expenditure fund
 - Revenue from public services
- Land compensation/clearance costs, auxiliary works

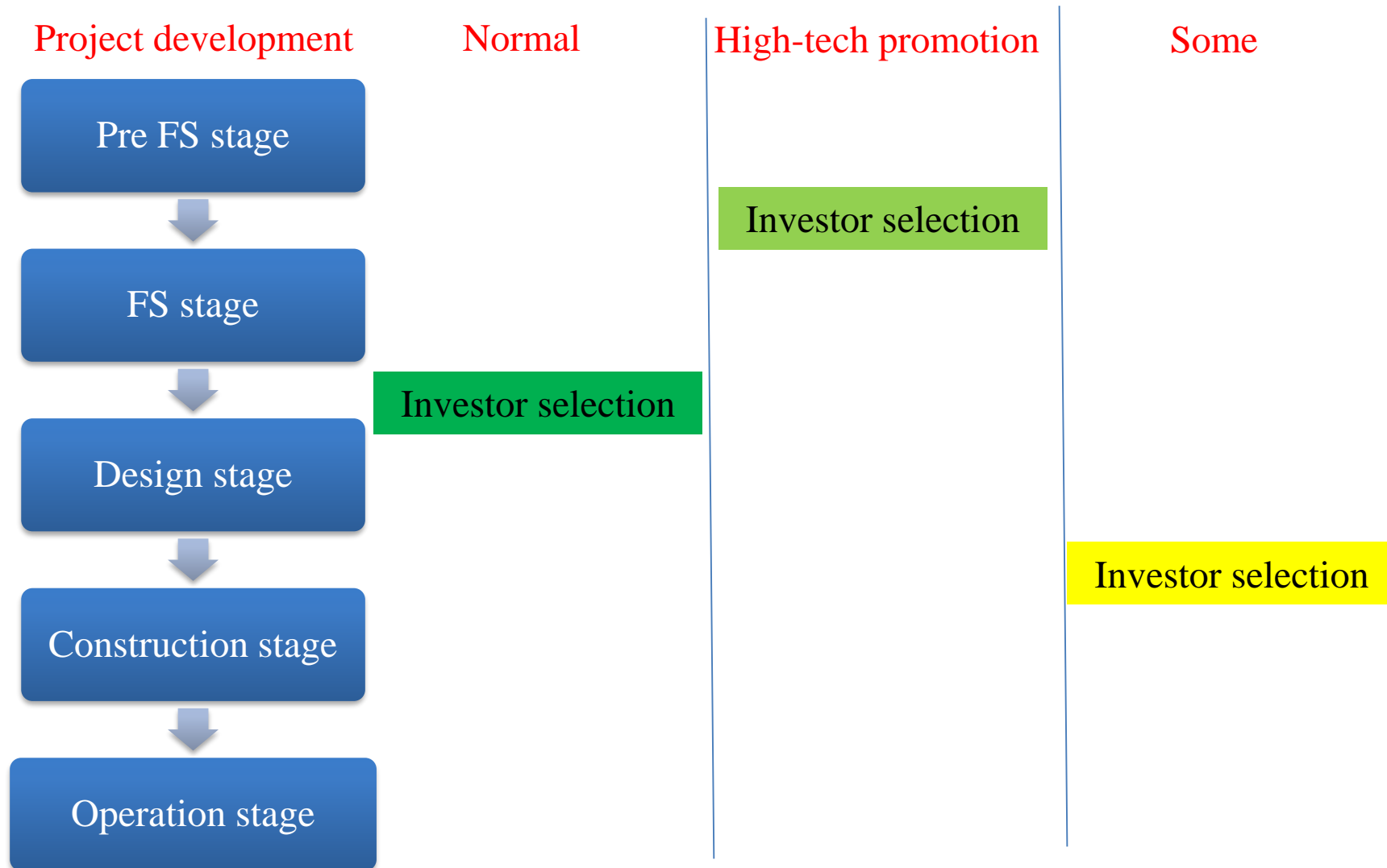
Not apply to single source selection of investor

Private participation

(apart from public capital and land clearance supports)

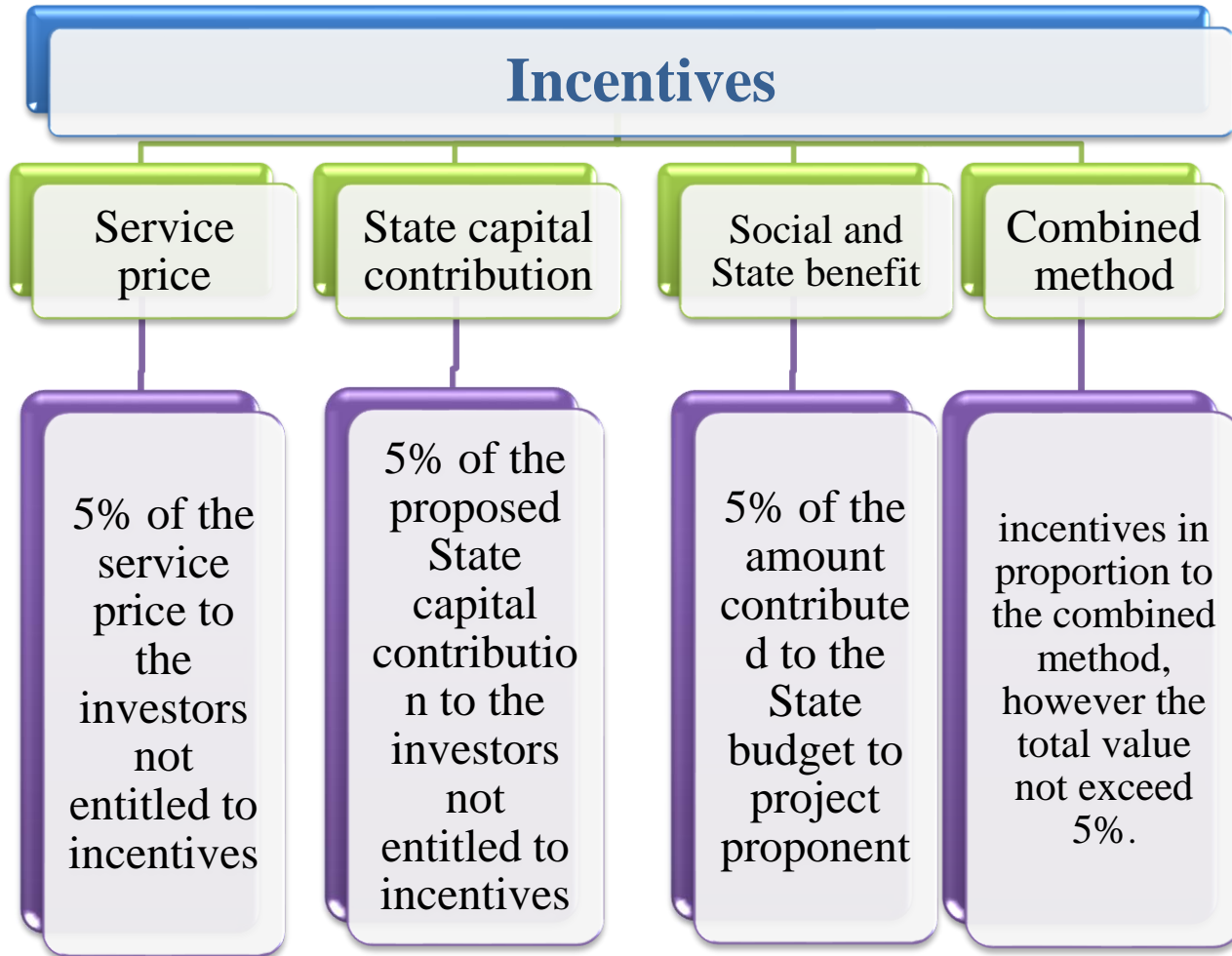
- Equity
 - 20% [for investment size of up-to VND 1500 billion ~ US\$ 70 million]
 - And 10% *[for the part of investment above VND 1500 billion]*
- Debt
 - Remaining %
 - Commercial

Procedures

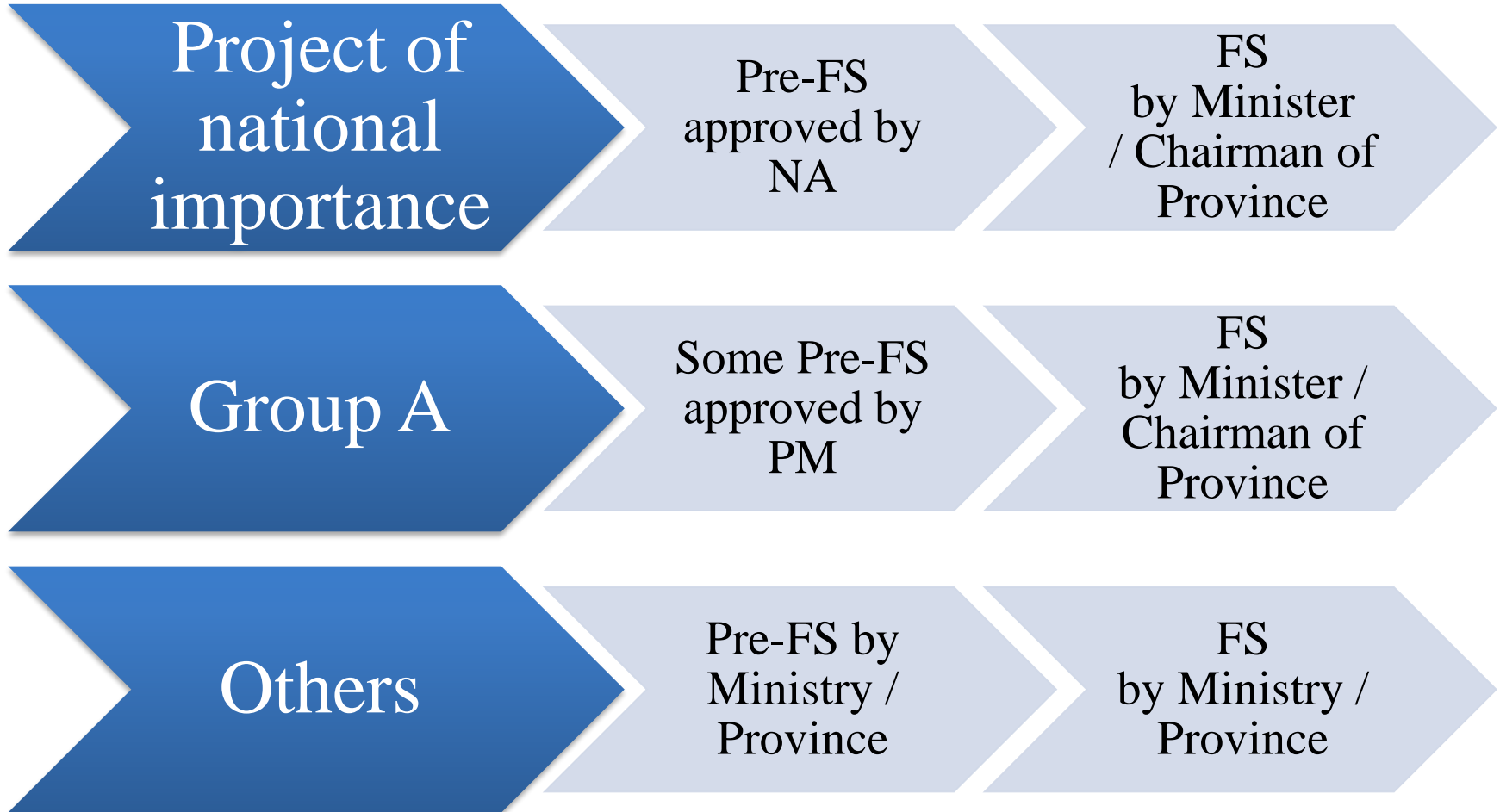


Solicited or Unsolicited

Preferred treatment to unsolicited proponent



Classification



Abolishment of investment certificate

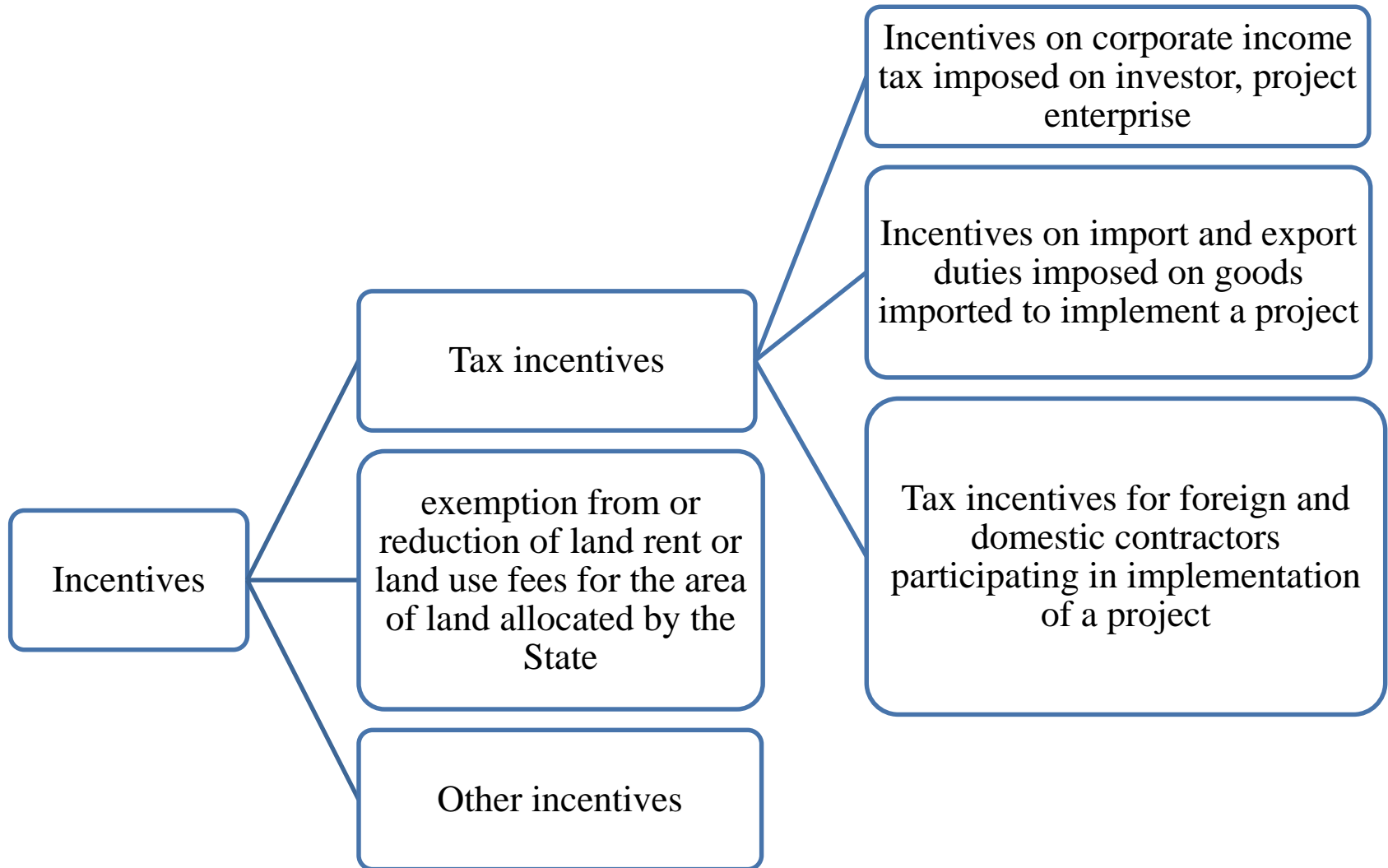
Transparency

- Pre-FS and FS info after approval (pipeline)
- Bidding plan, opportunities, selected investors (deal)
- Basic contract info for supervision

New chapter for BT

- Procedure
- Payment scheme: land, other rights
- Principles:
 - Pre-identifying resources
 - Bidding upon FS/design
 - Detailed master plan of land use

Investment incentives, tax incentives



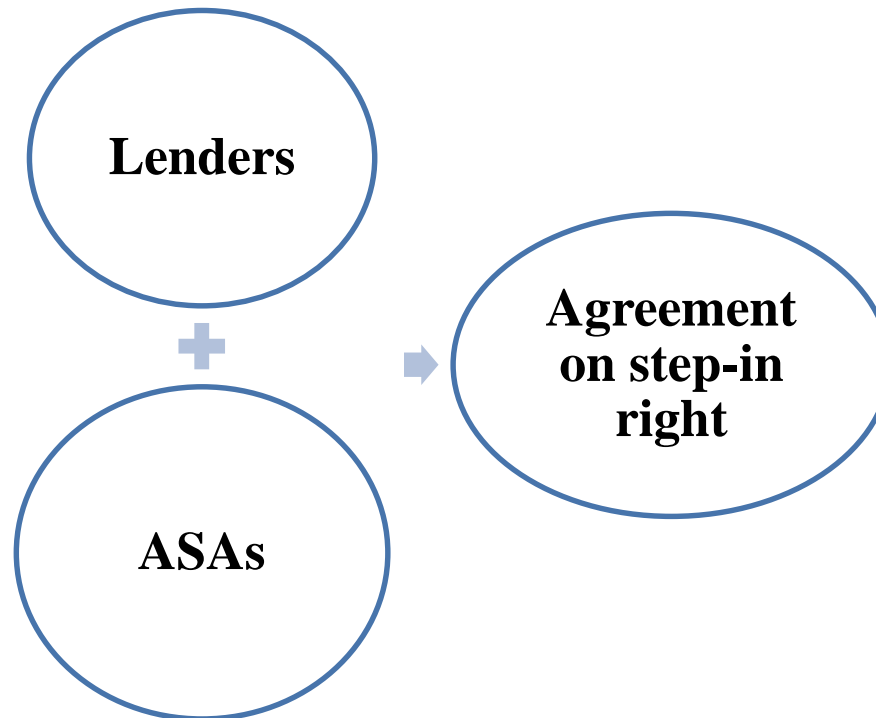
Investment guarantees and support

- Allow for mortgaging assets or the rights to commercially operate the project facility
- Guarantee that the land use purpose of the project shall remain unchanged in the entire implementation term of the project contract
- Support land clearance and completing procedures for land allocation or lease of land to implement the project

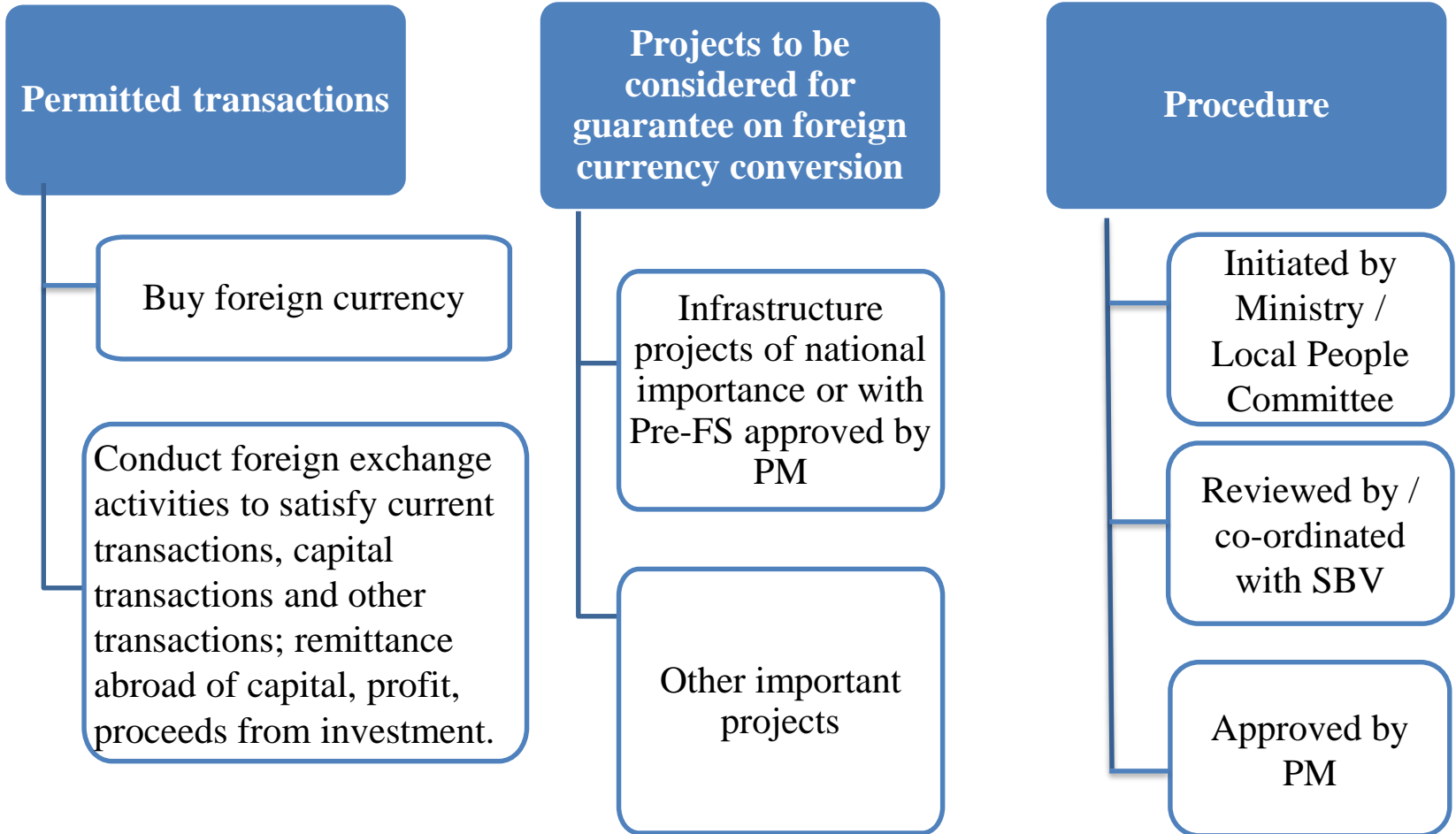
Assignment / transfer of equity: after completion of construction phase

Step-in right of lenders

The lender shall have the right to take over on its own, or to appoint another competent organization to take over, all or some of the rights and obligations of the investor, project enterprise (hereinafter referred to as Step-in-Rights) in the event that the investor or the SPV fails to fulfill obligations under the project contract or loan agreements



Guarantee on foreign currency conversion

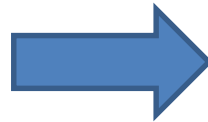


• *No guarantee on Foreign Exchange Rate*

Dispute settlement

Project contracts to which
one party is foreign
investor

Contracts for which the
GOV guarantees the
performance of
obligations



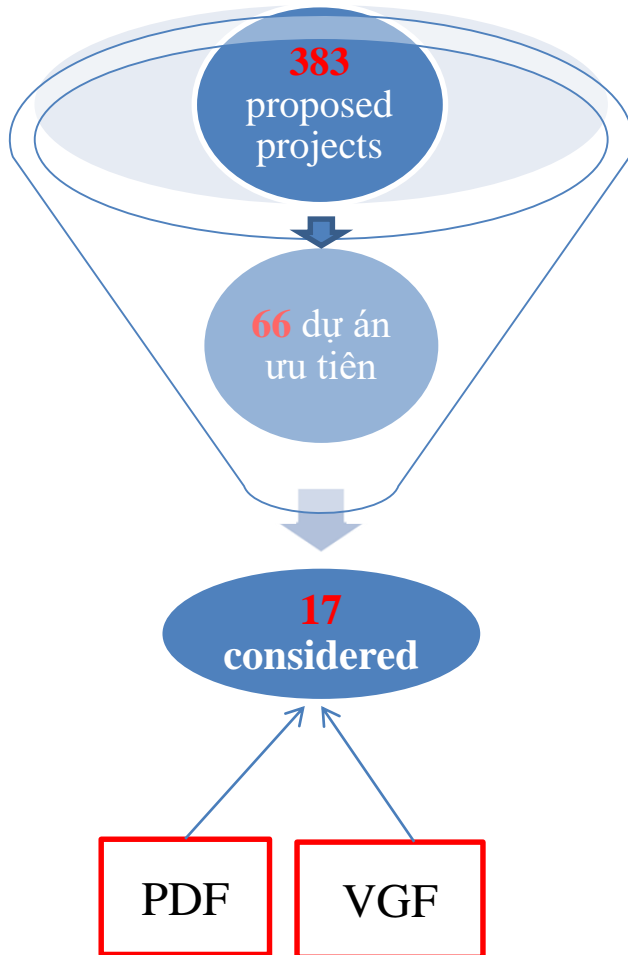
The signing parties may agree on the application of foreign law governing the 02 contracts, which must not contradict the provisions of the laws of Vietnam on selection and application of foreign law

Dispute Settlement

- Mode of dispute settlement: negotiation, conciliation, by arbitration or by the courts
- *Dispute arising between the authorized state agency and a foreign investor or the project enterprise* shall be settled by arbitration or by the courts of Vietnam or by an arbitral tribunal established by the parties

2. POTENTIAL PROJECTS

Potential projects



8 projects of North – South highway

9 by ASAs: MARD, MIC, Ha Noi, HCM city, Quang Ninh, Da Nang

On-going process, more to come

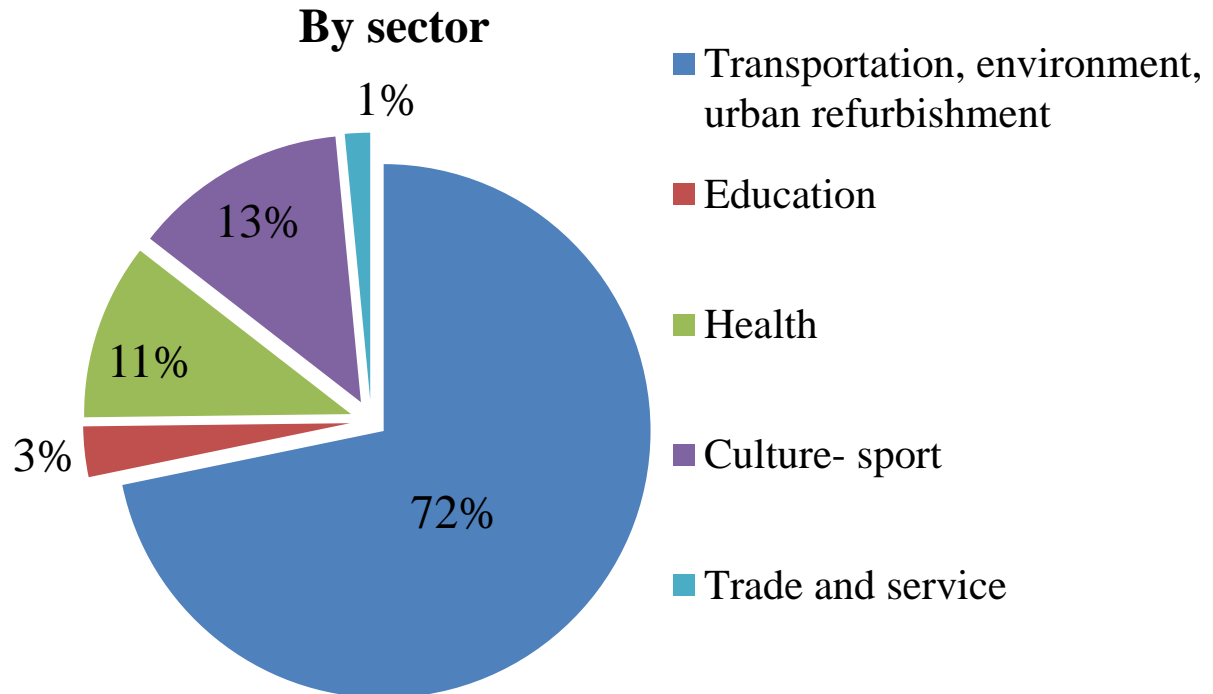
MOT: North-South express way

No.	Project	Length (km)	B (m)		Total Investment (US\$ bil.)	Capital (US\$ bil.)						Investment form
						State budget			Investor capital			
						Site Cl.	VGf	Total	Owner's	Loan	Total	
1	Cao Bo – Mai Son	15	32	17	0.07	0.01	0.03	0.04				Public
2	Mai Son – NH45	63	32	17	0.64	0.08	0.14	0.22	0.08	0.34	0.42	PPP
3	NH45 – Nghi Son	43	32	17	0.34	0.06	0.04	0.1	0.05	0.19	0.24	PPP
4	Nghi Son – Dien Chau	50	32	17	0.38	0.04	0.08	0.12	0.05	0.19	0.24	PPP
5	Dien Chau – Bai Vot	50	32	17	0.6	0.05	0.25	0.3	0.06	0.24	0.3	PPP
6	Cam Lo – La Son	102	22	17	0.35	0.04	0.31	0.35				Public
7	Nha Trang – Cam Lam	29	32	17	0.23	0.03	0.08	0.11	0.02	0.09	0.11	PPP
8	Cam Lam – Vinh Hao	91	32	17	0.66	0.09	0.22	0.31	0.07	0.28	0.35	PPP
9	Vinh Hao – Phan Thiet	106	32	17	0.87	0.10	0.25	0.35	0.1	0.41	0.51	PPP
10	Phan Thiet – Dau Giay	98	32	25	0.94	0.10	0.14	0.24	0.12	0.49	0.61	PPP
11	My Thuan 2 Bridge	7	32	25	0.22	0.02	0.34	0.36				Public
Total		654			5.3	0.62	1.22	1.84	0.56	2.32	2.88	

HCM city: investment preparation

- ▷ Sectors: Transport, environment, urban refurbishment, urban development: 94 projects; trade and service: 02 projects; education sector: 04 projects; health care: 14 projects; culture and sport sector: 17 projects.

Proportion of PPP projects in investment preparation stage



Potential projects

Living lists ... (info from different events)

- 50+ projects of Hanoi
- 45+ projects of Quang Ninh
- 12+ projects of MOH
- ...

Projects on track / required to be publicized online:

<http://muasamcong.mpi.gov.vn> (source)

<http://ppp.mpi.gov.vn> (sister site)

Upgrading for English content



THANK YOU!

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