TRANSPORT INFRASTRUCTURE DEVELOPMENT & LEGAL FRAMEWORK ON PPP INVESTMENT OF VIET NAM
Total investment capital required: US$44bn

+ From State Budget: US$28.9bn (65.7%) for:
  - Contribute to capital of BOT & PPP projects, especially on expressway.
  - Categorises into expressways in the distant areas
  - Infrastructure for social security.
+ The remainder: mobilized Non-State Budget approx. US$15.1bn (34.3%).
Recent Domestic PPP investment to Transport Infrastructure

• Statistics: In the period 2011-2016, the Ministry of Transport has mobilized about 7.3 billion USD, of which BOT is 6.6 billion USD/ 59 projects, accounting for about 90.2%
• So far, 55 BOT projects have been completed and put into operation with a total investment of 5.9 billion USD (mainly in the road sector)
• Some inadequacies of mechanisms, policies, management, forms of investment ... No yet a law on PPP (Government Decree on PPP), yet successful in calling for foreign investors and financial institutions ... Domestic investment credit still modest...
**Legal corridor to implement PPP projects in Viet Nam**

### LAW
- Construction Law
- Investment Law
- Public Investment Law
- Bidding Law
- Law on Management and use of public assets

### DECREES
- **Decree No. 63/2018/ND-CP** dated 04/5/2018 on PPP Investment (replacing Decree No. 15/2015/ND-CP)
- **Decree No. 30/2015/ND-CP** dated 17/3/2015 on guiding the implementation of Investment Law on selecting investors

### CIRCULARS
- **Circular No.55/2016/TT-BTC** on financial management of PPP projects
- **Circular No.75/2017/TT-BTC** on amending several articles of Circular No.55/2016/TT-BTC
- **Circular No.02/2016/TT-BKHDT** guiding on selecting projects, making, appraising and approving project proposals and F/S in PPP model
- **Circular No.86/2015/TT-BGTVT** on investment sectors and contents of F/S report of PPP transport projects
Decree No. 63/2018/ND-CP of the Government

- Steering Committee of PPP
- Focal point of PPP

- Guarantee the lender's right to receive the project
- Ensure balance of currency
- Tax incentives
- Exemption, reduction of land use fees

- VGF
- Equity
- Commercial loans

- Transport infrastructure and related services
- Power plants, power transmission lines
- Health infrastructure, education, etc.
- Commercial infrastructure, science and technology, etc.

- BOT - BLT - BTL - BTO - BOO - O&M and Joint methods

Criteria on selecting projects

Sectors of PPP projects

PPP contract types

Authority

Select PPP investors

Categorize project procedures

Fund for projects

Investment privilege, guarantee

Decree No. 63/2018/ND-CP

Focal point
Decree No.30/2015/ND-CP of the Government

**Investor selection methods**

- **International bidding**
  - Compulsory, except for cases of contractor appointment and domestic bidding

- **Domestic bidding**
  - Sectors that require limiting foreign investors
  - Foreign investors do not participate/pass primary selection
  - PPP projects type C but allow joint ventures with foreign investors
  - Land use projects with total cost < VND 120 bil.

- **Appointment of investors**
  - 1 investor registers/pass primary selection
  - 1 investor is capable of implementation
  - Project proposed by investors, decided by PM as most feasible and effective: Reasonable cost; territory sovereignty; approved F/S or proposal
### Overview of bidding procedures – Decree No.30/2015/ND-CP

<table>
<thead>
<tr>
<th>Stage</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Primary selection</td>
<td>Create, appraise, approve bidding docs, Invitation notice, Appraise bidding documents, approve results</td>
</tr>
<tr>
<td>2. Plan to select investors</td>
<td>Create, appraise, approve</td>
</tr>
<tr>
<td>3. Prepare for selection</td>
<td>Create, appraise, approve</td>
</tr>
<tr>
<td>4. Selection</td>
<td>Bidding invitation, Issue, clarify bidding docs, Prepare, submit, receive docs, Create technical proposal docs</td>
</tr>
<tr>
<td>5. Appraise and approve</td>
<td>Appraise technical proposal docs, Approve the list meeting the criteria, Appraise financial proposal, Primary negotiation, Approve, announce results</td>
</tr>
<tr>
<td>6. Finalise negotiation, sign contracts</td>
<td>Negotiate, finalise contracts, Sign investment agreements and contracts</td>
</tr>
</tbody>
</table>
### Difficulties and challenges

<table>
<thead>
<tr>
<th>Legal corridor</th>
<th>Funding</th>
<th>Credits</th>
<th>Projects</th>
</tr>
</thead>
</table>
| - The legislation system is not complete  
- Price policy, price is inadequate  
- Public debt increase | - VGF  
- Domestic investment credits decrease  
- Mobilize equity | - Control interest rates  
- Manage foreign exchange  
- No guarantee or restriction on loans | - Site clearance  
- Bidding to select investors  
- Manage and inspect fee collection |
Tasks to be implemented

**Legislation**
- Study and propose to the National Assembly for issuance of the PPP Law
- Complete investment policies and investment incentives
- Reduce administrative procedures in investment

**Funding**
- Find solutions to remove difficulties for domestic and foreign capital mobilization channels
- Pilot test and gradually legislate guarantee mechanisms to mobilize foreign capital

**Contracts**
- Standardize sample contracts in each field.
- Develop a method to determine the profitability of investors in line with international practices

**Others**
- Improve the quality of human resources of the Government in PPP management
- Strengthen the application of science and technology
- Disseminate and publicize information to reach consensus from users of services and professional associations.
North-South Expressway,
Capital structure (2017-2020)

| Total investment | US$5.23bn  
(Total length 654 Km) |
|------------------|---------------------|
| State budget part | US$2.42bn  
(US$0.62bn for site clearance and consultants, government management) |
| BOT investment | US$2.81bn  
(Equity 20%: US$0.56bn)  
Equity interest 11.77% |
| Risk sharing mechanism | The Government does not guarantee minimum revenue or foreign currency conversion |
| ETC fee collection system | Investors manage their own operation, collect the fee, connect the entire route to share the revenue |
## North – South expressway, details of capital structure

<table>
<thead>
<tr>
<th>No.</th>
<th>Sections</th>
<th>Length (km)</th>
<th>Typical cross section (m)</th>
<th>Width (m)</th>
<th>Total investment (US$bn)</th>
<th>Capital structure (US$bn)</th>
<th>Investment method</th>
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</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>State budget</td>
<td>Investor capital</td>
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<td>Site clearance</td>
<td>VGF</td>
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<td>3</td>
<td>NH45 - Nghi Son</td>
<td>43</td>
<td>Phase 1</td>
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<td>Phase 2</td>
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<tr>
<td>4</td>
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<td>5</td>
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<td>6</td>
<td>Cam Lo - La Son</td>
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<td>Phase 1</td>
<td>22</td>
<td>Phase 2</td>
<td>17</td>
<td>0.35</td>
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<tr>
<td>7</td>
<td>Nha Trang - Cam Lam</td>
<td>29</td>
<td>Phase 1</td>
<td>32</td>
<td>Phase 2</td>
<td>17</td>
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<tr>
<td>8</td>
<td>Cam Lam - Vinh Hao</td>
<td>91</td>
<td>Phase 1</td>
<td>32</td>
<td>Phase 2</td>
<td>17</td>
<td>0.66</td>
</tr>
<tr>
<td>9</td>
<td>Vinh Hao - Phan Thiet</td>
<td>106</td>
<td>Phase 1</td>
<td>32</td>
<td>Phase 2</td>
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<tr>
<td>10</td>
<td>Phan Thiet - Dau Giay</td>
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<td>Phase 1</td>
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<td>Phase 2</td>
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<td>0.86</td>
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<tr>
<td>11</td>
<td>My Thuan 2 Bridge</td>
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<td>Phase 1</td>
<td>32</td>
<td>Phase 2</td>
<td>25</td>
<td>0.23</td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>654</strong></td>
<td></td>
<td><strong>5.23</strong></td>
<td></td>
<td><strong>2.42</strong></td>
<td><strong>1.80</strong></td>
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</table>
Cao Bo - Bai Vot; Nha Trang – Phan Thiet: 04 lanes, B=17m

Phan Thiet – Dau Giay: 04 lanes, B=25m
North-South Expressway project, Phase 1 implementation plan

<table>
<thead>
<tr>
<th>No</th>
<th>Sections</th>
<th>FS Approval</th>
<th>Primary selection</th>
<th>Bidding</th>
<th>Financial closing</th>
<th>Investment method</th>
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<tbody>
<tr>
<td>1</td>
<td>Cao Bo - Mai Son</td>
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<td>2</td>
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<td>12/2018</td>
<td>8/2019</td>
<td>2/2020</td>
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<td>10/2018</td>
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<td>6</td>
<td>Cam Lo - La Son</td>
<td>6/2018</td>
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<td>Public</td>
</tr>
<tr>
<td>7</td>
<td>Nha Trang - Cam Lam</td>
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<td>12/2018</td>
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<tr>
<td>11</td>
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<td>9/2018</td>
<td></td>
<td></td>
<td></td>
<td>Public</td>
</tr>
</tbody>
</table>
Aviation: Long Thanh International Airport

1. Scale, capacity: 100 million passengers/year, 5 million tons of cargo/year.

   + Phase 1: Invest in 01 runway and 01 passenger terminal with a capacity of 25 million passengers/year and 1.2 million tons of cargo/year.

   + Phase 2: Invest in one more runway and one more passenger terminal, increasing the capacity to 50 million passengers/year and 1.5 million tons of cargo/year.

   + Phase 3: Complete items.

2. Total investment: US$5.4bn for Phase 1 with fundings from enterprises, state budget and ODA.

3. Implementation status: Finished the architecture, currently bidding for FS consultants.


Investment direction approved by the National Assembly in Decree No.94/2015/QH13 dated 25/6/2015.
Capital structure of Long Thanh International Airport

Total investment of Phase 1: about $ 5.4 billion, including (according to ACV estimation):
- State budget: USD 0.6 billion (11.1% of total investment), including site clearance, construction works for state authorities...
- ODA: 1.43 billion USD (26.5% of total investment) to build the airfields such as landing roads, roads, parking ...
- Mobilized capital: US $ 3.37 billion (62.4%) for construction works with capital payback capability such as terminals, commercial and service areas.
Railway development plan

Based on Decision No.1468/QD-TTg by the Prime Minister:

**Until 2020:**
- Operate some urban railway lines in Hanoi and Ho Chi Minh City
- Complete national high-speed railway study.

**Until 2030:**
- Basically complete urban railways in Hanoi and HCMC
- Basically complete high-speed railway in Hanoi – Vinh và HCMC- Nha Trang.

**Until 2050:** Operate the whole national high-speed railway network.
Railway sector- Investment projects implementing after 2020
(expected to be approved on direction by National Assembly in 2019)

1. High-speed railway section of Hanoi - Vinh:
   - 283km dual gauge 1435mm, 6 stations
   - Estimated total investment: US$9.47bn

2. High-speed railway section of HCMC - Nha Trang:
   - 366km dual gauge 1435mm, 6 stations
   - Estimated total investment: US$9.24bn
Expressways:
+ 2018-2021: 654km of North-South Expressway;
+ 2021-2025: 718km, completing the North-South Expressway.

High-speed railway:
+ Until 2020: complete survey for national high-speed railway, operate several urban railway lines of 2 metropolitans.
+ Until 2030: basically complete developing urban railway in Hanoi and HCMC. Complete high-speed railway lines: HANOI-VINH and HCMC-NHA TRANG.

Selecting investors in international bidding
(Decree No.30/2015/ND-CP dated 17/3/2015 guiding the implementation of Investment Law on selecting investors)

PPP Legal framework: Decree No.63/2018/ND-CP dated 04/5/2018 on PPP investment
(replacing Decree No.15/2015/ND-CP)
Thank you very much!

Detailed info: www.mt.gov.vn

PPP Department (Ministry of Transport)

Tel: +84 24 3941 0755

Email: banppp.bgtvt@gmail.com

Website: ppp.mt.gov.vn