

# PPP in Vietnam- *Current Status & Prospect*



VFCEA



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## **PPP – What is it?**

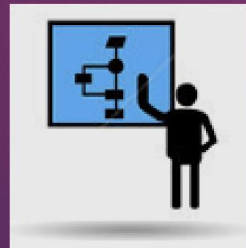
*It's a cooperative venture between the government & the private partners to integrate the advantageous expertise of each partner to complete a project of infrastructure development and public services*



Call



Contact



Project Study



Agreement



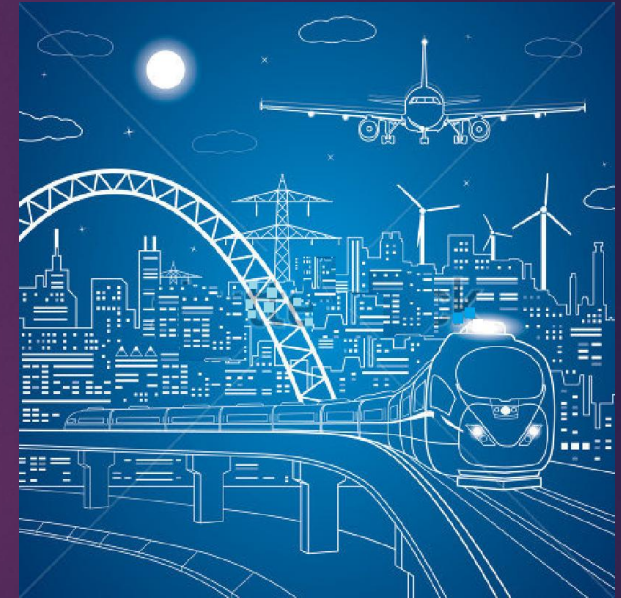
Build



Service

## *Why PPP?*

- Rapid development of infrastructure demands a lot big investment while the State Budget can't response. The mobilization of private investors is needed urgently.
- PPP brings the abibility & the advantage of each partner into play to make the high effectiveness of the project.



# Infrastructures + Services, which of them need PPP?

Infrastructure

Service

Public

Power

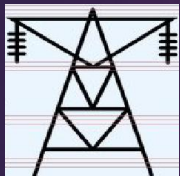
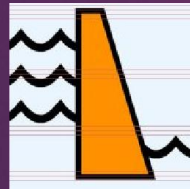
Water

Transportation

Telecom..

Urban

Health, Tourism



## Which are PPP's models?

O&M	OM&M	BTO	BOT	BLT	BLTM
BOOT	BOOR	LROT	DBFO	DBFOM	
DCMF	BOO	C	JV	TOT	BT

**B** (build)  
**O** (operate)  
**M** (maintain)  
**M** (manage)  
**T** (transfer)  
**JV** (joint venture)

**R** (remove)  
**O** (own)  
**L** (lease)  
**D** (design)  
**F** (finance)  
**C** (concession)

# *Has PPP been applied in Vietnam?*

PPP is not so strange in Vietnam with some models as JV, BTO, BOT, BT.



The Government delivered Decrees as following:

Decree No. 77/CP - 18/6/1997 on BOT

Decree No. 62/1998/NĐ-CP - 15/8/1998 on BOT, BTO, BT, BT

Decree No. 02/1999/NĐ-CP - 27/1/1999 to  
amend the Decree No. 62/1998/NĐ-CP

Decree No. 78/2007/NĐ-CP - 11/5/2007 on BOT, BT

Decree No. 108/2009/NĐ-CP - 27/11/2009 on BOT, BTO, BT

# PPP Projects, which of them are in service & which are under construction?



## Some BOT Projects in service





Hanoi – Lào Cai Highway

## Proposal to concess 5 highways

Total investment about 6 bil. USD (57% of which is from State Budget)

In service: **Cầu Giẽ - Ninh Bình, Hanoi – Lào Cai,**  
Under construction: **TP.HCM – Long Thành – Dầu Giây,**  
**Đà Nẵng – Quảng Ngãi, Bến Lức – Long Thành**



Hà Nội – Hải Phòng Highway

Some BOT Projects under construction



Trung Lương – Mỹ Thuận Highway  
(Tiền Giang, Vĩnh Long, Cần Thơ)

Signing BOT Memorandum



Sông Hậu 2 Thermopower Plant(Hậu Giang)



Dầu Giây – Phan Thiết Highway



## ***Any PPP Projects have met with difficulties?***



**Đồng Nai 2 Bridge**

Some BOT Projects (**Đồng Nai 2 Bridge**, **Nhơn Trạch Port** (Đồng Nai), **Phú Mỹ Bridge** (TP HCM), **Hanoi - Hải Phòng Highway**,... have met with difficulties (about resettlement, finance,...) that result in the slow rate of construction then the agreement have to be changed,...

Some Projects having commercial property and certainly attracting investors, however, they have some other problems then could't go to implementation:

**Ninh Bình - Thanh Hóa, Nghi Sơn - Bãi Vọt, Biên Hòa - Vũng Tàu, ... Highways**

**Skyway No 1 in Hồ Chí Minh City;**

**Road No 4 in Hanoi**



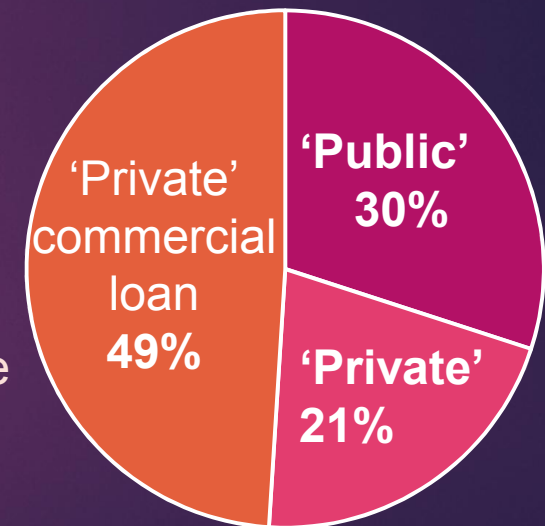
## Decree No. 71/2010/QĐ-TTg on Rules of Pilot PPP Investment

### ➤ Investment sectors of priority:

- a) Road, bridge, tunnel, ferry;
- b) Railway, railway bridge, railway tunnel;
- c) Airport, port, river port;
- d) Water supply system, drainage system; refuse collection system, treatment of waste water, solid waste;
- đ) Power Plant, power network;
- e) infrastructures of health service, education, training, culture, sport, state office building;
- g) Other infrastructures according to the Prime Minister's Decision.

### ➤ No Project Proposal of private partner

### ➤ Public – Private Investment Partition



# Some Comments

## ➤ PPP in Vietnam:

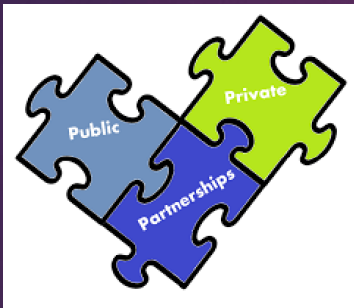
- It's needful and indispensable
- Some first results are active
- Foreign investors are interested
- Available law base of the **Decree No. 71/2010/QĐ-TTg**



## ➤ Main Shortcomings (according to various studies) :

- No full knowledge on PPP as a share of risk, interest and decision between 'public' & 'private'. Vietnamese investors have little budget. They have to get loan from State Commercial Bank, State Bonds. When profit coming, the 'private' investors jump into the venture. If risk occurs, they look for the way leave away. 'Public – Private' cooperation becomes 'Public – Public' one.
- Law documents system is still unclear, uncertain and inappropriate to make foreign investors reluctant. The Decree No.71 allows to carry out 'pilots'. It is not fulfilled yet. There is no document to give instructions in details.

## Proposals:



### ➤ **Amendment of Decree No.71/2010/QĐ-TTg**

- Reject the word 'pilot'
- Make clearer PPP concepts & models
- Open more investment sectors
- No prevent 'private' from project proposals
- Investment 'public – private' partition to be considered depending on kind of project
- Reduction of bidding procedure

### ➤ **Completion of law medium: PPP documents + relevant State Laws**

- **Both 'public' and 'private' sides must be good at ability** (knowledge, experience, management capability) **on PPP**, in which, the 'public' has great responsibility of decisive steps (setting up projects, project approval, agreement draft with suitable partition of investment components, private partner bidding, treatment of socio – economic relations, supervising & acceptance of carrying out agreement). Selecting, training, building capacity of PPP Staff members would be very important...

Thank you for your attention!

