



**Ministry of Planning and Investment**



**Investment Promotion Department  
Public-Private Partnership Division**

# Landscape of Public-Private Partnership (PPP) in Lao PDR

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## **Outline:**

1. Timeline of PPP's evolution;
2. PPP Decree and its implementation;
3. Discussion and areas for upgrading PPP Law.

# Lao PPP's Timeline

1988

2018

2024

FDI Law (BOT)

2016

Est. PPP Division

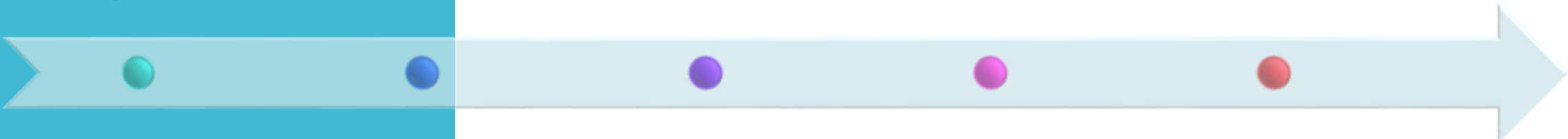
2020

Upgrading to PPP Law

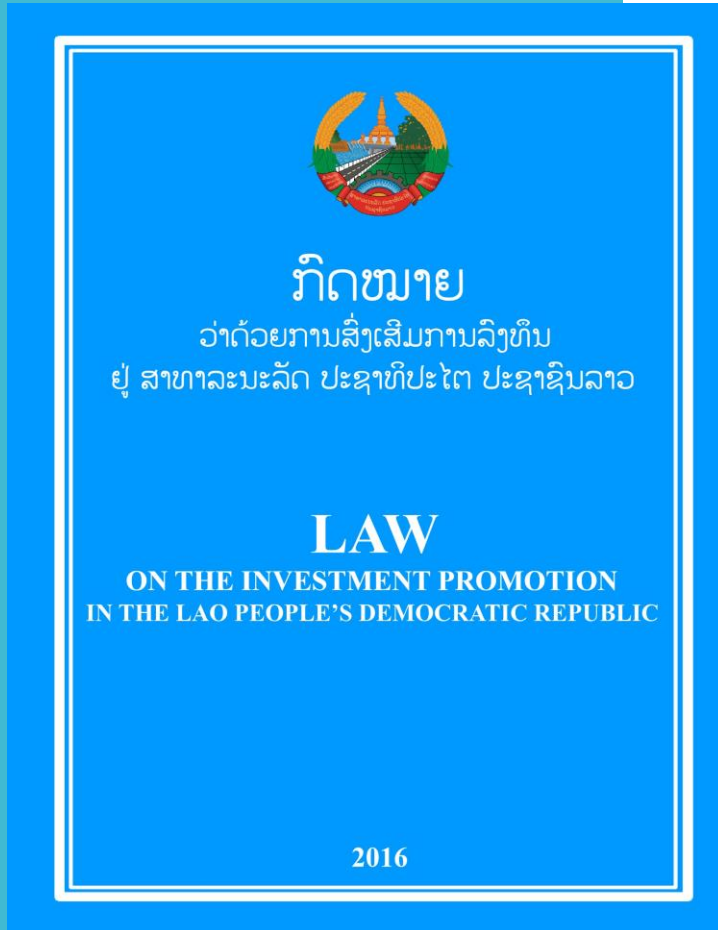
FDI Law (3<sup>rd</sup> revision)

Enacted PPP Decree

PPP is officially defined



# ✓ Investment Promotion Law



❑ **Law on the investment promotion (Amended). No 14/NA, dated 17 November 2016.**

▪ **Article 31 (New) Public Private Partnership.**

Public-private partnership is a joint venture between the public and private sectors under a joint venture agreement to implement a construction project, improve infrastructure or provide public services.

The terms, conditions and procedures for investment in the form of public-private partnerships are set out in separate regulations[?]

For more information, visit our website: [www.investlaos.gov.la](http://www.investlaos.gov.la)

# Decree on Public-Private Partnership

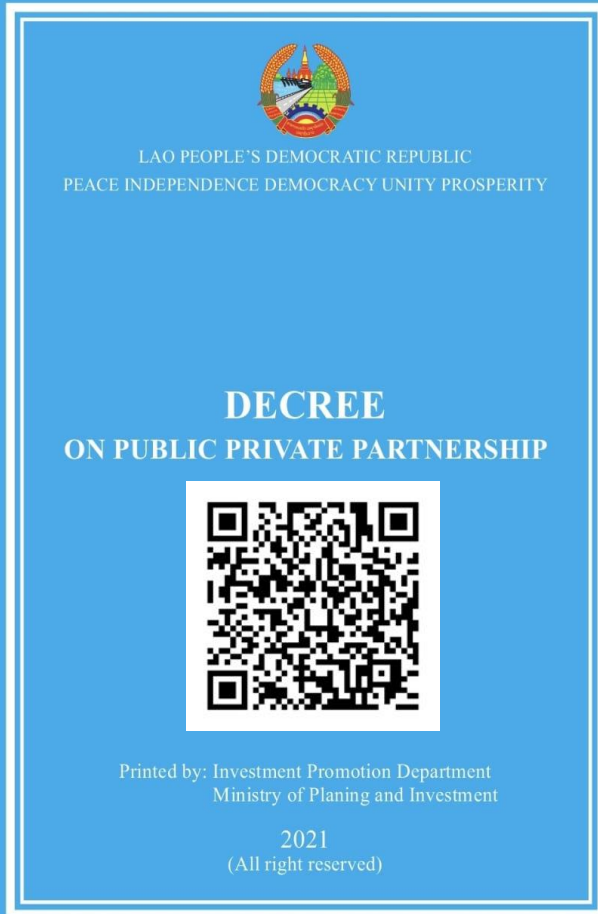
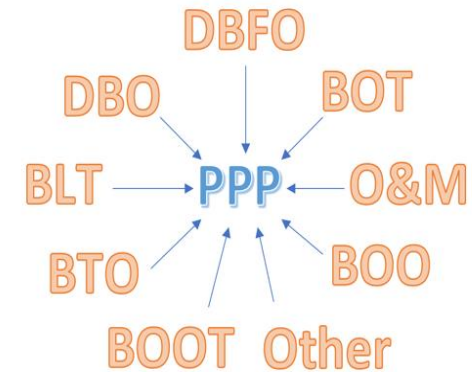
**The much-anticipated Decree on Public Private Partnerships No. 624/GOV dated 21 December 2020 Includes:**

- XI Parts,
- 6 Sections, and
- 75 Articles

which formalizes the requirements for Public Private Partnership projects in Laos PDR

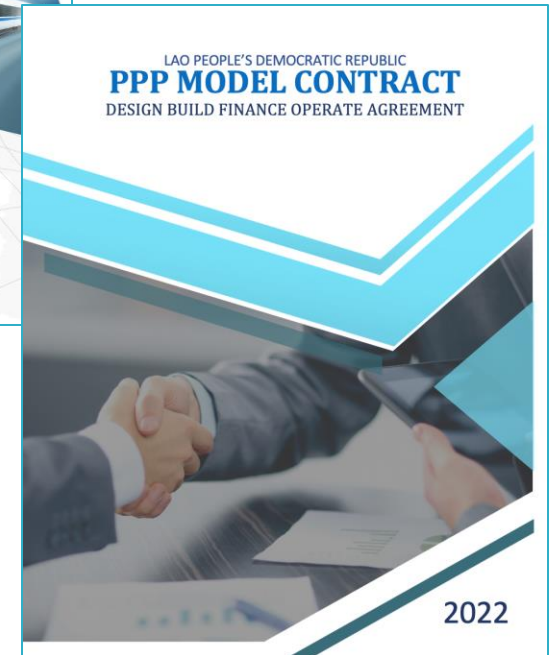
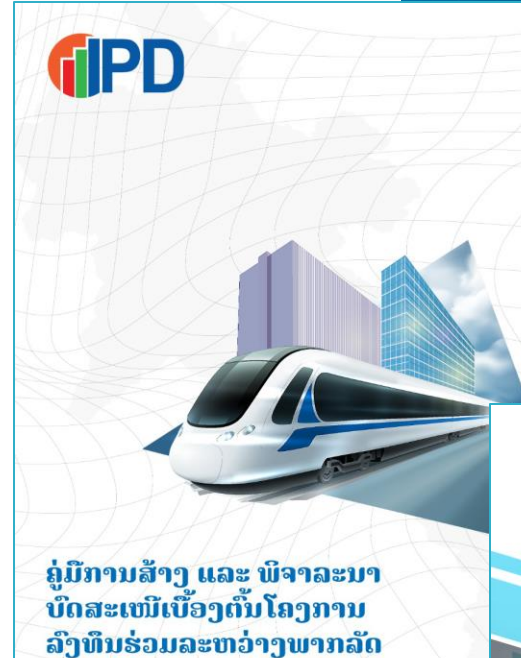
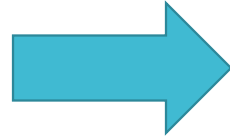
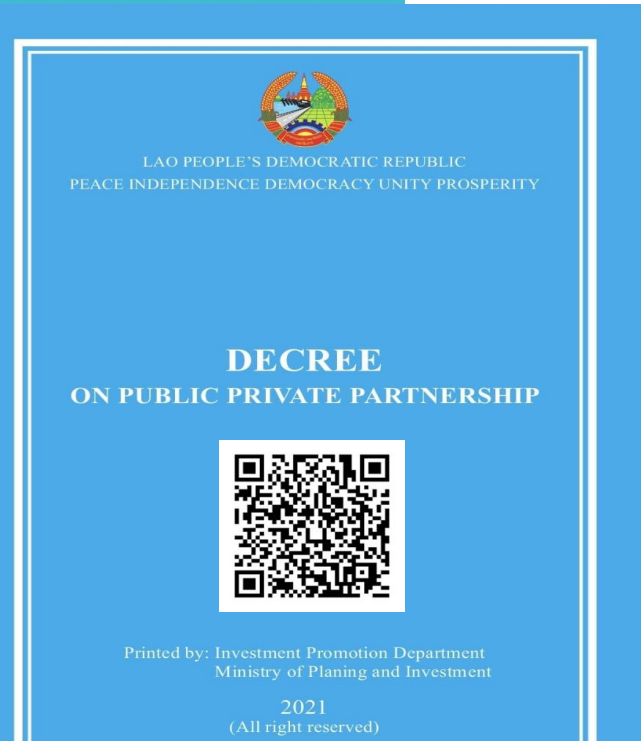
**The PPP Decree provides:**

1. Specific project structures;
2. Introduces proposal mechanisms;
3. Competitive bidding to ensure best value and transparency, optimizes risk allocation;
4. Requires regular project monitoring; and
5. Widens the possible scope of PPPs to other sectors.



**Scan to download the PPP Decree**

# Developing tools for PPP



1. Financial Modeling for PPP;
2. Guideline for Standard Operational Procedures for PPP;
3. Guideline for Developing of Solicited Proposal for PPP;
4. Template for PPP Concession Agreement.

# Forms, Models, Requirements of Partnership

## ❑ Forms of Partnerships are two types as below:

### 1. Partnerships with public financial contribution:

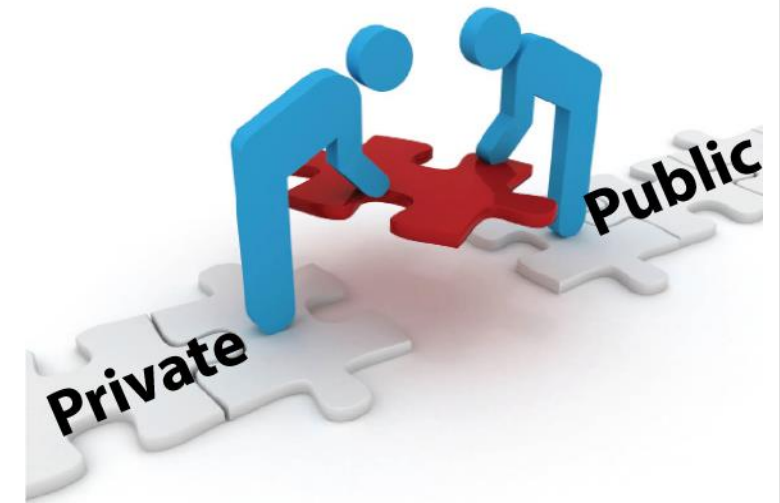
The government directly contributes its capital into the project development along with the private party based on the project's feasibility study and based on the government's agreement...

**Decree on PPP: Part II, Article 9**

### 2. Partnerships where investment capitals are borne entirely by private parties:

➤ A private party is responsible for the entire investment capital of a public development project based on the project's feasibility study and based on the government's agreement...

**Decree on PPP: Part II, Article 10**



# Preparation, Consideration and Tendering

## ❑ Solicited Proposal for Partnership Projects

It is a document that proposes an initial idea by an agency under the strategic plan of the national socio-economic development plan. It aims at drawing a private party(ies) to enter into an investment partnership as specified in Article 8 of this Decree.



## ❑ Unsolicited Proposal for Partnership Projects

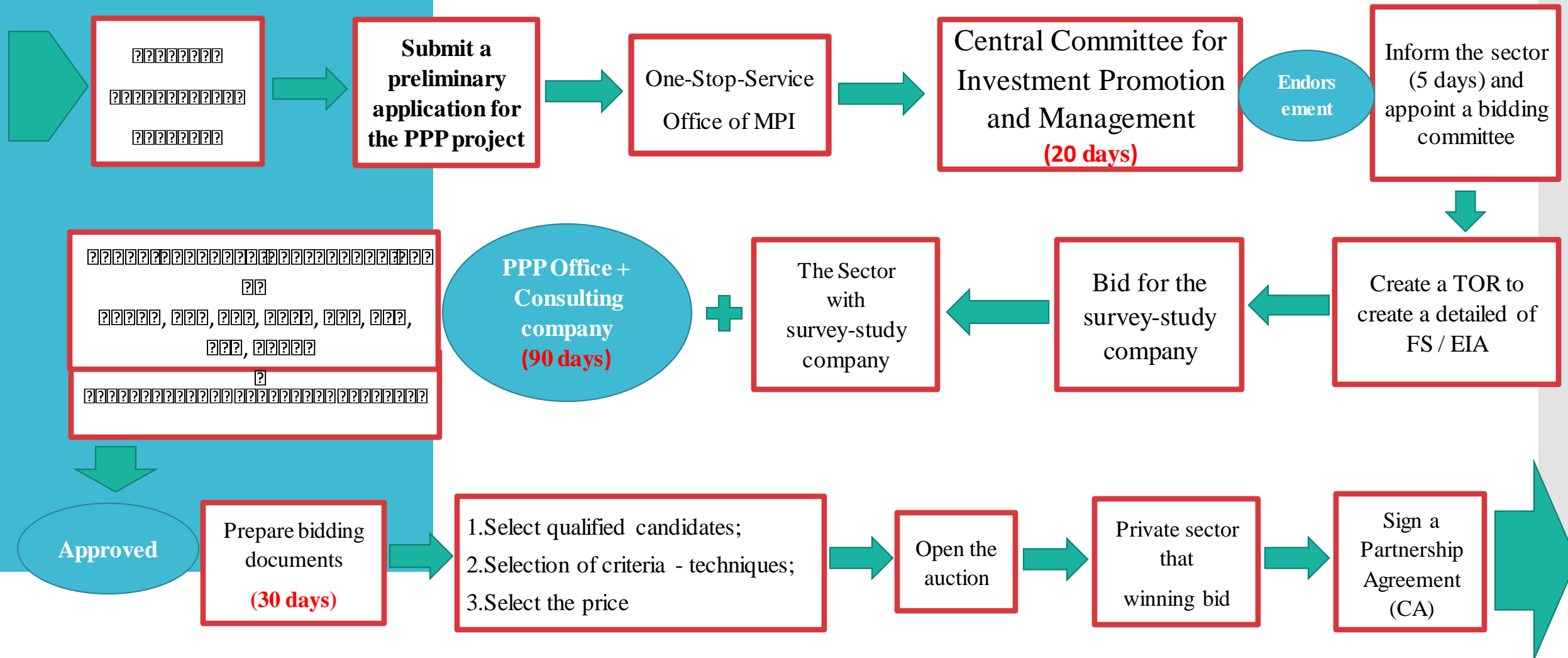
It is a proposal for a brand-new project. It can come either from an agency or from a private party. It is in compliance with the policy of the in-force periodic national socio-economic plan. It shall be an important project with a new concept, using new technology with a high degree of innovation. An unsolicited proposal proposes a new project that is not included in the investment plan of the government.



LUANG PRABANG

# V. Preparation, Consideration and Tendering

## Consideration of Solicited Proposal for Partnership Projects







Investment Promotion  
Department

Public Private Partnership Division



# PPP Project in Laos Prior and Post PPP Decree



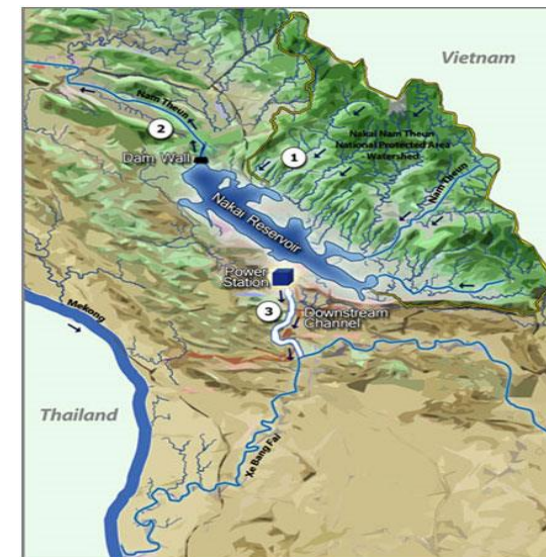
# BOT Project Prior PPP Decree

## Nam Theun 2 Hydro Electric Power Project:

-1070 MW

-Private Entity+ Govt (SOE 25%).

-25 years concession





- Lao-China Railway Project (Vientiane-Kunming, 417 km, about 6 Billion \$US, BOT, 50 years concession, Lao30%-Chinese70%)
- Vientiane – Boten Expressway (Laos-China border) 460km  
1<sup>st</sup> Phase: Vientiane - Vangvieng Expressway (109 km, about 1.3 Billion \$US, BOT, 50 years concession, Lao 5%-Chinese 95%)



# PPP Project Post PPP Decree

- Unsolicited: **14 projects**
- Solicited: **0 Project**



# PPP's Project Area Overview

1. Traffic Management: Project (MOU)
2. LPB International Airport (MOU);
3. Southern railway (MOU but expired)
4. Big Data (MOU)
5. Tourism & Elephant Conservation in Xayaboury Province (under processing)
6. Wind Power Plant Project in Khammoune Province (under processing)
7. Solar energy in Saravan (under processing)
8. Highway project in Champasack-Attapue Province (under processing)
9. Highway project in Saravan-Champasack-Sekong-Attapue Province (under processing)
10. Setlelite (under processing)
11. Work permit (under processing)
12. Air Traffic Management (under processing)
13. MRT between Wattay Int' Airport-Vientiant railway station (letter of intention)
14. Hightway project in Borikhamxay Province (letter of intention)





# My observations:

1. PPP (with tendering mechanism) is new to public and private sector in Laos;
2. PPP investment list is broadly defined and overlapped with concession investment list;
3. Since 2020, only have unsolicited proposal (no solicited proposal);
4. No PPP revolving fund for conducting FS of solicited project;
5. Limited capacity of PPP Division to prepare, procure, and manage full cycle of PPP projects.



# Initial Diagnostic's Observation:

1. Sectors to be excluded: electricity and mining;
2. Decentralization to provincial level for approving small projects;
3. Institutional Design.

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# Thank You