



2019 APN CONFERENCE

Financing Infrastructure for Sustainable and Inclusive Development

**PUBLIC PRIVATE PARTNERSHIP
THE CASE OF VIETNAM**

Seoul, November 6th 2019

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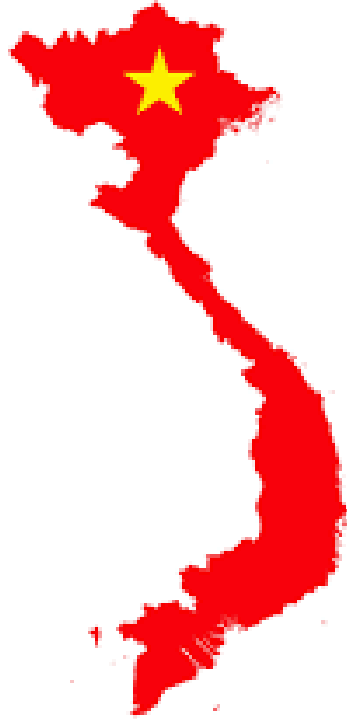
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• **Solutions and Recommendations**



1. COUNTRY BACKGROUND

GENERAL INFORMATION



- Population: approximately 96 million (2019)
- Provinces and major cities: 63
- GDP growth: 7.31% (Q3 2019)
- GDP per capita: \$1,990 (Q3 2019)
- Midterm Public Investment Plan from State Budget for 2016 – 2020 period is 100 billion USD which meet approximately 30% of the total investment demand of ministries and provinces
- Construction sector contributed 80% of total Public investments

COUNTRY DEVELOPMENT PILLARS



Political
Stability and
Institutional
Capacity
Strengthening

Sustainable
Economic
Development
and National
Competitiveness
Improvement

Promotion of
Socialist
Market
Economy

Ensure the
International
Integration
Roadmap

Fully utilize
the 4th Industry
Revolution

GENERAL INFORMATION ON PPP PROJECTS IN VIET NAM

- Up to 2019, there are 336 PPP projects have been signed whereas 140 projects applied B.O.T Contract, 188 projects applied B.T contracts and 08 projects applied other contract types.
- The total amount of fund mobilized for the implementation of the 336 projects stated herein above is approximately 80 billion USD which had the proportion of approximately:
 - 66% for transportation;
 - 10% for technical infrastructure;
 - 6% for building works;
 - 5% for energy;
 - 13% for others.





2. LAW AND REGULATIONS

THE DEVELOPMENT PROCESS OF PPP REGULATIONS

At the moment the main governing legal documents for PPP initiatives in Viet Nam are at the highest of Decree level, while other related policies and regulations are at Law level which comprised of Law on Management and Utilization of Public Assets, Law on Public Investment, Lan Law and Construction Law etc.

Due to the urgent need for the improvement and enhancement of PPP regulations, as authorized by the Government of Viet Nam, the Ministry of Planning and Investment was in charge of the development and formulation of PPP Law in Viet Nam. The draft version of PPP Law was submitted to the Government of Viet Nam for approval before passing to the National Assembly for voting and issuing. Under the scope of this presentation, the key aspects of PPP Law that related to Construction Law of Viet Nam shall be presented for discussion.



PPP CONTRACT



BOT

BTO

BT

BOO

O&M

BTL

BLT



MANAGEMENT OF PUBLIC AND PRIVATE FUNDS

There are two scenarios that required further debates and discussion to reach mutual consensus which are:

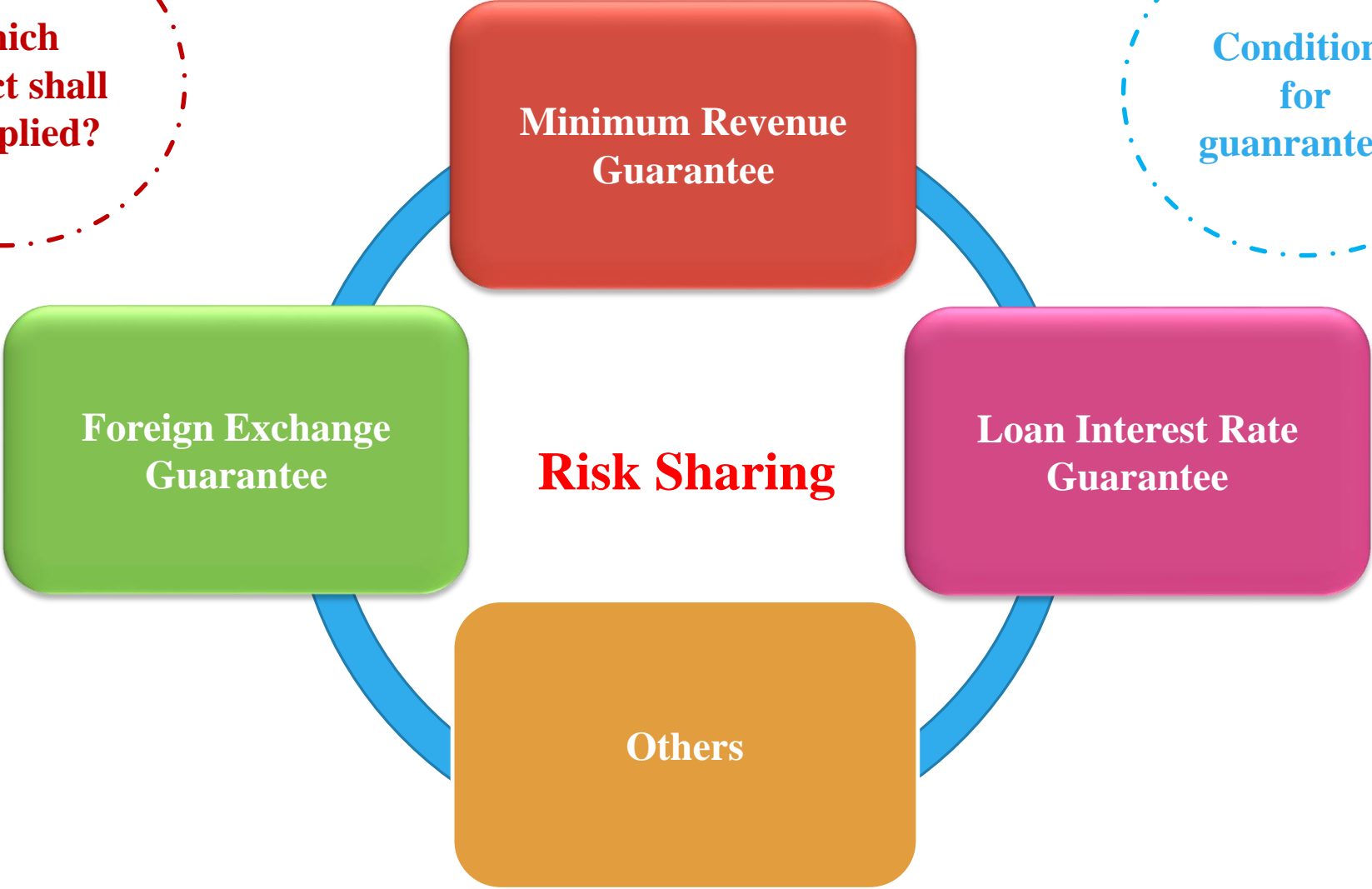
1. Separate the VGF and private funds allocated in PPP project for management, supervision, examination, audit and inspection purpose
2. The VGF and private funds are combined and the management, supervision, examination, audit and inspection works thereto shall be implemented for all components of PPP project



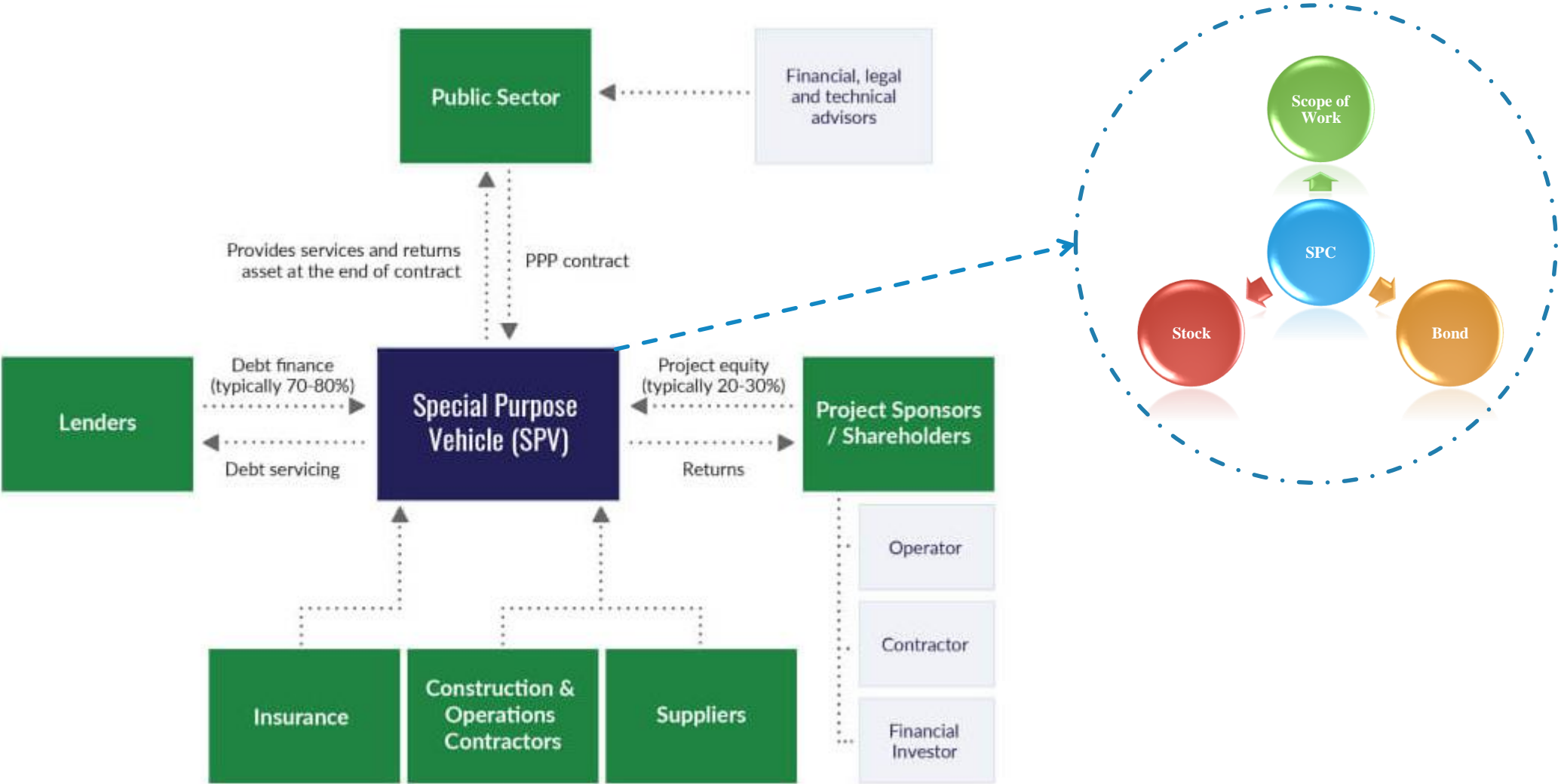
GOVERNMENT GUARANTEE

Which project shall be applied?

Conditions for guarantee?



SPECIAL PURPOSE COMPANY





3. EXISTING OBSTACLES AND DIFFICULTIES

Laws and Regulations

- The current legal framework on PPP is segmented, lack of unification/consenses among state authorities
- Since the current regulations on PPP is at Decree level thus it shall not be prioritized should conflicts/overlapping with other related Laws occurred
- The current regulations was not stipulated sufficiently to cover all aspects of PPP

Management of Public and Private Funds

- The strict management mechanism of public fund is also applied to private fund
- Limit the innovative and flexibility of investor

PPP Project Development Process

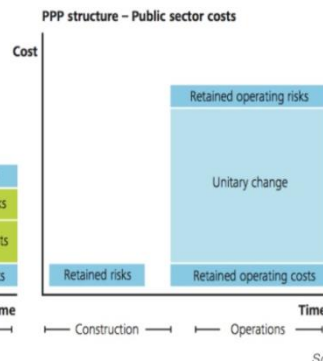
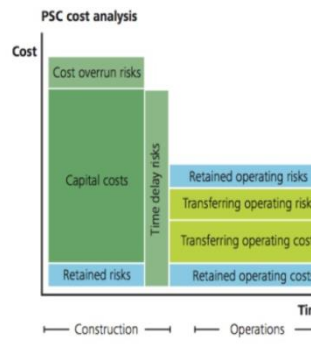
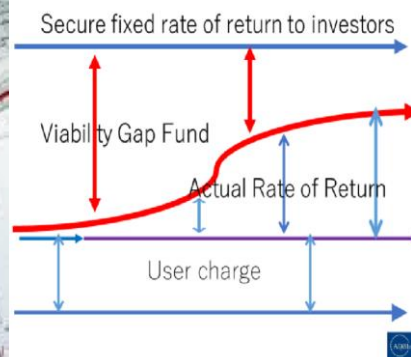
- The PPP Project development process is not due diligently conducted
- The quality of PPP Project feasibility report is deemed to be inadequated

Risk Sharing and Government Guarantee

- The current regulations on risk sharing and government guarantee could not attract potential investor
- Risk sharing and government guarantee, in several cases, are unstable to the changes of policies and regulations
- Lack of preferential mechanism for foreign investor

Management of PPP Contract

- Lack of capacity on formulation and management of PPP Contract
- The dispute/ arbitration mechanism is not legally in placed
- The legal binding commitments are not properly enforced





4. SOLUTIONS AND RECOMMENDATIONS



1. Improvement of the current legal framework

2. Quality Improvement of Project Formulation process

3. Promotion of a transparent and competitive Investor selection process

4. Clear cooperation regulations and mechanism among competent authorities

5. Commit sufficient budget for project implementation

6. Capacity enhancement of state officials.

Proposed Solutions



대단히 감사합니다