

Client Alert

July 2011

Public-Private Partnership (“PPP”) Projects in Vietnam

In May 2011, Baker & McKenzie held a Project Finance seminar in Ho Chi Minh City, specifically focusing on the PPP regulations and the state of investment in infrastructure in Vietnam. The Ministry of Planning and Investment (“MPI”) spoke about the regulations on the pilot investment in PPP form, provided in Decision No. 71/2010/QĐ-TTg, dated 9 November 2010. We would like to present additional information on the status of the PPP project regulations in the below alert.

On June 13, 2011, the PPP Working Group, led by the MPI held another seminar to introduce a list of 24 proposed PPP projects to the private sector to collect ideas on these projects. Among the 24 proposed PPP projects set out in the list below, the first eight projects are of higher potential than the rest for pilot investment in PPP form.

From the list below, the PPP Working Group, led by the MPI will proceed with the following:

- Evaluating the priority of the projects to more carefully select about 8 or 9 projects to make detailed project proposals after analyzing and evaluating the financial and economic necessities and impact as well as the feasibility of capital mobilization for each of the proposed projects;
- Working with the Authorized State Agencies (ASAs) to propose the maximum State participation portions to arrange submission to the Prime Minister for approval for selected projects;
- Selecting consultants for making Feasibility Study (FS) Reports, and evaluating the FS Reports;
- Making bidding dossiers, and organizing biddings to select investors for project implementation;
- Negotiating, finalizing and initiating project contracts with selected investors;
- Evaluating the management and commercial operation of works of investors based on the project contracts and the reports on project implementation progress of investors; and
- Other subsequent necessary work

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The List of Proposed PPP Projects includes the following:

No.	Proposed Projects	Preliminary Information
1.	Highway Ninh Binh – Thanh Hoa	About 126.7km-long with 6 lanes, this road will pass through Ninh Binh, Nam Dinh and Thanh Hoa provinces. The total investment is VND33,000 billion. Ministry of Transport approved the final report and the project proposal is expected in 2011. The World Bank (WB) is working on procedures for getting the funding from The Public Private Infrastructure Advisory Fund (PPIAF) to prepare the Feasibility Study (FS) for the Ninh Binh - Thanh Hoa - Bai Vot Highway Project using the PPP form.
2.	International Airport Long Thanh	Planned to serve an estimated 25 million passengers annually and located in Dong Nai province, the investment for the airport project is US\$1.4 billion. Ministry of Transport has submitted the master plan to the Prime Minister.
3.	Highway Dau Giay – Lien Khuong	This is a 4-lane, 200km-long category A highway with a design speed of 80-120km/h. The road passes through Dong Nai and Lam Dong provinces. The investment for the project is VND48,324 billion. Ministry of Transport approved the mid-term report and the proposal is expected to be approved in 2011.
4.	Highway Ha Long – Mong Cai	This is a 4-6 lane 128km-long category A highway with a design speed of 80-120km/h. The road is located in Quang Ninh province. The investment for the projects is about VND25,000 billion. At the moment, a technical assistance project has been carried out to set up the investment project. Ministry of Transport approved mid-term report of Technical Assistance Project.
5.	Song Hau River Water Plant No. 1	Located in Can Tho City. Phase 1: 500,000 m ³ /day. Phase 2: 1,000,000 m ³ /day. The Plant is expected to supply clean water for Can Tho City, Soc Trang Province, West corridor of Hau River and supporting the North of Hau River.
6.	Water plant supplying clean water from Red River surface water	Located in Dong Anh district - Hanoi with a design capacity of 100,000-150,000 m ³ / day. Investment for the project is VND2,000 billion.
7.	Phu Xuyen General Hospital (1000 beds)	Located in Phu Xuyen district – Hanoi, with capacity of 1,000 beds. Investment for the project is VND3,400 billion. Hanoi People’s Committee has proposed investment under Build-transfer contract (Statement No. 09/TTr-UBND dated 30/3/2011) to the Prime Minister,
8.	Gia Lam General Hospital (1000 beds)	Located in Gia Lam district - Hanoi with capacity of 1,000 beds. Investment for the project is VND3,400 billion. Hanoi People’s Committee has proposed investment under Build-transfer contract (Statement No. 09/TTr-UBND dated 30 March 2011) to the Prime Minister.

No.	Proposed Projects	Preliminary Information
9.	Highway Ben Luc – Hop Phuoc	This is a 25km-long, 4-6 lane urban highway with a design speed of 80-100km/h. The road connects Long An province and Ho Chi Minh City. Investment for the project is about VND15,000 billion. Ministry of Transport is developing the project and already approved the first report.
10.	Highway Nghi Son (Thanh Hoa) – Bai Vot (Ha Tinh)	<p>This is a 93km-long, 4-6 lane category A highway with a design speed of 100-120km/h. Investment is about VND23,000 billion. Ministry of Transport approved mid-term report and project proposal is expected to be approved in 2011.</p> <p>The World Bank (WB) is working on procedures for getting the funding from The Public Private Infrastructure Advisory Fund (PPIAF) to prepare the FS for the Ninh Binh - Thanh Hoa - Bai Vot Highway Project under the PPP form.</p>
11.	Ho Chi Minh Highway, Cam Lo –La Son Section	This is a 103km-long, 4-lane category B highway, with a design speed of 80km/h (2 lanes to be completed first). It is located in Quang Tri and Thua Thien Hue provinces. Investment is about VND16,000 billion. Ministry of Transport is developing the project and approval is expected in 2011.
12.	Hau Giang River Thermal Power Plan No.1, Hau Giang Province	Capacity: 1200MW, 2 turbines (600MW/unit). Estimate total investment capital: 2 billion USD/project
13.	Quang Tri Thermoelectricity Project, Quang Tri Province	
14.	Quynh Lap Thermoelectricity Project, Nghe An Province	
15.	Song Hau River Water Plant No. 2	<p>Located in Chau Thanh district, An Giang Province.</p> <p>Phase 1: 1,000,000 m³/day.</p> <p>Phase 2: 2,000,000 m³/day</p> <p>The Plant will supply water to Can Tho, An Giang, Kien Giang, Ca Mau and one part of Hau Giang, Bac Lieu</p>
16.	Song Hau River Water Plant No. 3	<p>Located in Chau Doc district, An Giang Province.</p> <p>Phase 1: 200,000 m³/day.</p> <p>Phase 2: 500,000 m³/day.</p> <p>The Plant supplies water for An Giang and Kien Giang Provinces, prioritizing urban areas along the South-West border</p>
17.	Ngoc Hoi bridge and approach ramps on both ends on 3.5 road	Connects Thanh Tri and Gia Lam district, stretching about 5km. Investment is roughly VND10,000 billion. Planning project in the Hanoi Capital Construction Master Plan is in place.
18.	Southern Logistics Center	Located in Thuong Tin district - Hanoi, 10-20ha wide. Investment is about VND300 billion. Planning project in the Hanoi Capital Construction Master Plan is in place

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19.	Eastern Logistics Center	Located in Gia Lam district- Hanoi, 10-20ha wide. Investment is about VND300 billion. Planning project in the Hanoi Capital Construction Master Plan is in place
20.	Son Tay Port	The port is 0.5-1ha wide and located in Son Tay district – Hanoi. Investment is about VND400 million.
21.	Hong Van Port	The port is 1-1.5ha wide and located in Thuong Tin district – Hanoi. Investment is about VND300 billion.
22.	Khuyen Luong Port	The port is 1.5-2ha wide and located in Thanh Tri district - Hanoi, Investment is about VND500 billion.
23.	Investment in train terminals connecting to urban railways	Exact location to be determined. Technical support from Japan regarding development of connecting stations and surrounding areas had been received.
24.	Extension ofding National road No.22 (trans-Asia road)	The road is 20km long with 4 lanes and passes through District 12, Hoc Mon, Cu Chi of Ho Chi Minh City. The estimated construction period is 4 years, to be completed by 2017 and operational for 30 years. Investment is about VND12,850 billion.

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