

## Vietnam to select pilot PPPs

The Vietnamese government is preparing to select its pilot PPP projects as it seeks to launch a market-credible programme to deliver new infrastructure.

Earlier this year, the Ministry of Planning and Investment's PPP taskforce released a list of 24 projects, with a capital cost of over US\$9 billion, which it was planning to procure on a privately financed basis, of which nine were designated 'priority' projects.

According to sources familiar with the programme, the ministry is now looking to choose between two and four of the 24 as pathfinder projects. Once approved by the MPI and the relevant government department, advisers will be recruited for feasibility studies. It is hoped that the projects will be chosen in the next six to eight weeks.

The list covers transport, water and energy projects, including projects such as power plants not normally considered PPPs in the Western market. They are to be procured within the framework of the so-called Decision 71 which entered into force in January 2011, and makes adjustments for PPP projects that set them apart from the privately financed BOT projects which have been procured in Vietnam previously.

Sources said the aim of the PPP programme is to create a more transparent, competitive and efficient way of procuring projects than under the BOT system, where projects have often come out of negotiation with a single party and unsolicited bidding has failed to attract strong competition.

The government has consulted widely last year and this year with development lenders and agencies, notably the World Bank and IFC, the US Agency for International Development, Japan International Cooperation Agency, Asian Development Bank, the Australian Agency for International Development and the UK's Department for International Development.

Lenders and donors are expected to provide funding for the government to recruit advisers to work on the projects, either external, internal or both.

Meanwhile, the boutique advisory firm Aequero and Hogan Lovells have produced a report for the government making recommendations on how the projects should be procured, which will be shown to IFIs and development agencies.

The list of 24 projects, of which the first nine have been designated 'priority', is as follows:

- Ninh Binh – Thanh Hoa Highway - About 126.7km long with 6 lanes, the road passes Ninh Binh, Nam Dinh and Thanh Hoa provinces. The total investment is VND33,000 billion (US\$1.57 billion). Ministry of Transport approved the final report and project proposal is expected in 2011. The World Bank is working on procedures for getting the funding from the Public Private Infrastructure Advisory Fund (PPIAF) to do the FS for the Ninh Bình-Thanh Hóa-Bãi V?t Highway Project as a PPP

- Long Thanh International Airport – Greenfield project with estimated 25 million passengers a year located in Dong Nai province. The investment for the project is US\$1.4 billion. The Ministry of Transport has submitted the master plan to the prime minister
- Dau Giay – Lien Khuong Highway - a category A highway with designed speed of 80-120kph, about 200km long with 4 lanes. The road passes Dong Nai and Lam Dong provinces. The investment for the project is VND48,324 billion (US\$2.3 billion). Ministry of Transport approved mid-term report and the proposal is expected to be approved in 2011
- Ha Long – Mong Cai Highway - This is a category A-highway with designed speed 80-120km/h, about 128km long with four to six lanes. The road locates in Quang Ninh province. The investment for the projects is about VND25,000 billion (US\$1.19 billion). At this moment, a technical assistance project has been carried out to set up investment project. Ministry of Transport approved mid-term report of Technical Assistance Project
- Song Hau River Water Plant No 1 - Located in Can Tho City, Phase 1: 500,000m<sup>3</sup>/day. Phase 2: 1,000,000 m<sup>3</sup>/day. The plant is expected to supply clean water for Can Tho city, Soc Trang province, West corridor of Hau River and support the North of Hau River
- Water plant supplying clean water from Red River surface water - Located in Đông Anh district of Hanoi with design capacity of 100,000-150,000m<sup>3</sup>/day. Investment for the project is VND2,000 billion (US\$95 million)
- Phu Xuyen General Hospital - Located in Phu Xuyen district of Hanoi with capacity of 1,000 beds. Investment for the project is VND3,400 billion (US\$161 million). Hanoi People's Committee has reported to the Prime Minister for investment under a build-transfer contract
- Gia Lam General Hospital - Located in Gia Lam district- Hanoi with capacity of 1,000 beds. Investment for the project is VND3,400 billion (US\$161 million). Hanoi People's Committee has reported to the Prime Minister for investment under a build-transfer contract
- Ben Luc – Hop Phuoc Highway - This is an urban highway with designed speed 80-100km/h, about 25km long with four to six lanes. The road connects Long An province and Ho Chi Minh City. Investment for the project is about VND15,000 billion (US\$713 million). Ministry of Transport is developing the project and has already approved the first report
- Nghi Son (Thanh Hoa)–Bai Vot (Ha Tinh) Highway - This is a category A highway with designed speed 100-120km/h, about 93km long with four to six lanes. Investment is about VND23,000 billion (US\$1.1 billion). Ministry of Transport approved mid-term report and the project proposal is expected to be approved in 2011. The World Bank is working on procedures for getting the funding from the Public Private Infrastructure Advisory Fund (PPIAF) to do the FS for the Ninh Bình-Thanh Hóa-Bãi V?t Highway Project as a PPP
- Ho Chi Minh Highway, Cam Lo – La Son section - This is a category B highway, designed speed 80km/h, 103km with four lanes. 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
- Hau Giang River Thermal Power Plan No 1, Hau Giang Province - Capacity: 1200MW, 2 turbines (600MW/unit). Estimate total investment capital: US\$2 billion

- Quang Tri Thermoelectricity Project, Quang Tri Province
- Quynh Lap Thermoelectricity Project, Nghe An Province
- Song Hau River Water Plant No 2 - Located in Chau Thanh district, An Giang Province, Phase 1: 1,000,000 m<sup>3</sup>/day. Phase 2: 2,000,000 m<sup>3</sup>/day. The plant will supply water for Can Tho, An Giang, Kien Giang, Ca Mau and one part of Hau Giang, Bac Lieu
- Song Hau River Water Plant No 3 - Located in Chau Doc district, An Giang Province. Phase 1: 200,000 m<sup>3</sup>/day. Phase 2: 500,000 m<sup>3</sup>/day. The plant will supply water for An Giang and Kien Giang Provinces, prioritising urban areas along the south-west border
- Ngoc Hoi bridge and approach ramps - connects Thanh Tri and Gia Lam district and about 5km long. Investment is about VND10,000 billion (US\$475 million). The project is in the Hanoi Capital Construction Master Plan
- Southern Logistics Centre - Located in Thuong Tin district, Hanoi, 10-20ha wide. Investment is about VND300 billion (US\$14 million). The project is in the Hanoi Capital Construction Master Plan
- Eastern Logistics Centre - Located in Gia Lam district- Hanoi, 10-20ha wide. Investment is about VND300 billion. The project is in the Hanoi Capital Construction Master Plan
- Son Tay Port in Son Tay district - Hanoi, 0.5-1ha wide. Investment is about VND400 million (US\$19 million)
- Hong Van Port Located in Thuong Tin district - Hanoi, 1-1.5ha wide. Investment is about VND300 billion (US\$14 million)
- Khuyen Luong Port - Located in Thanh Tri district, Hanoi, 1.5-2ha wide. Investment is about VND500 billion (US\$24 million)
- Investment in train terminals connecting to urban railways - exact location not yet defined. Technical support received on development of connecting stations and surrounding areas from Japan
- Extension of National road No 22 (trans-Asia road) - Goes through Dist.12, Hoc Mon, Cu Chi of HCMC. 20km long with 4 lanes. Estimated construction period is 4 years, to be completed by 2017. Operation over 30 years. Investment is about VND12,850 billion (US\$610 million).