



ATTRACTING HIGH-QUALITY INVESTMENT CAPITAL THROUGH PUBLIC-PRIVATE PARTNERSHIPS (PPP)

European Chamber of Commerce in Vietnam
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The Comparative Approach to PPP



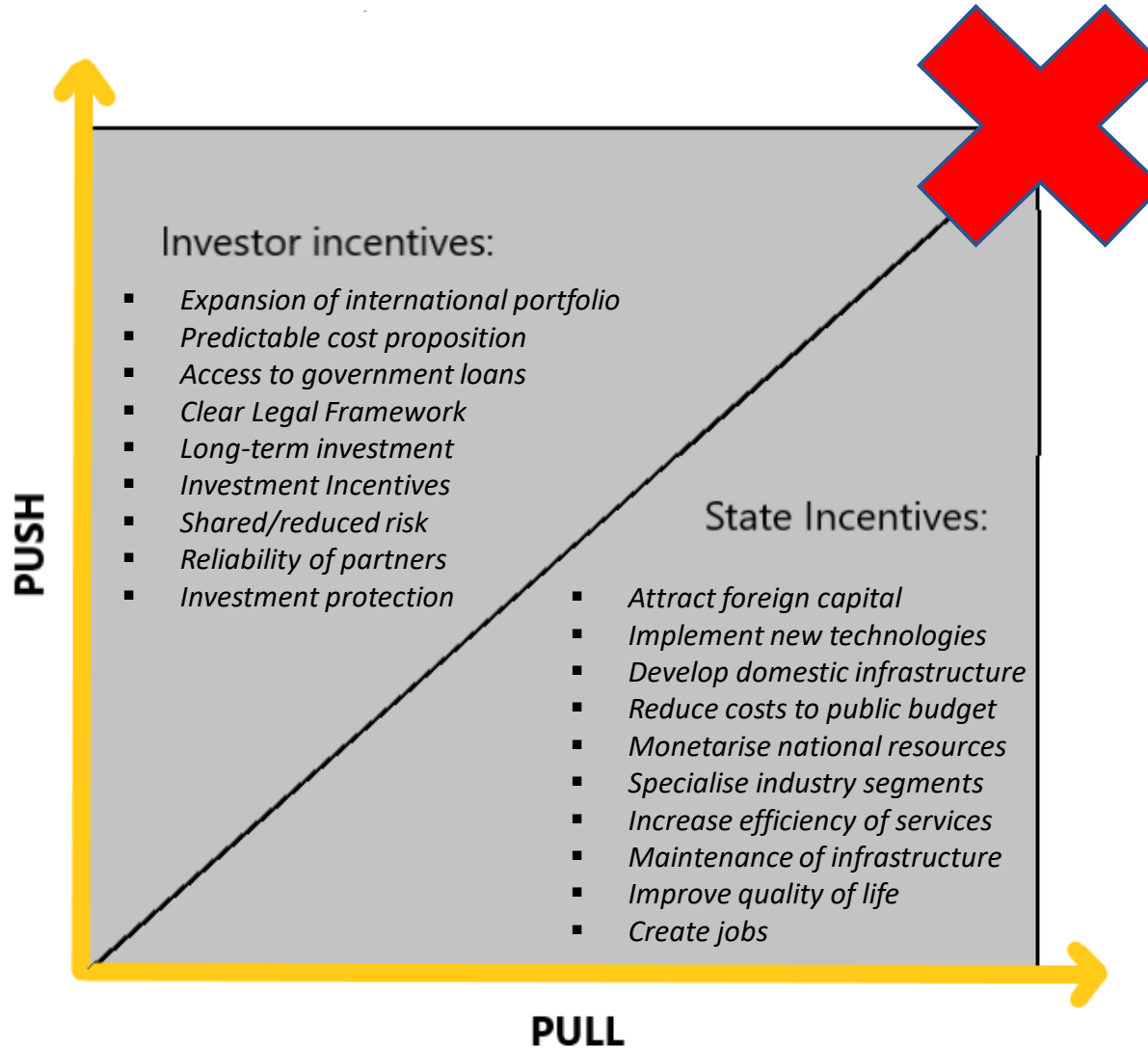
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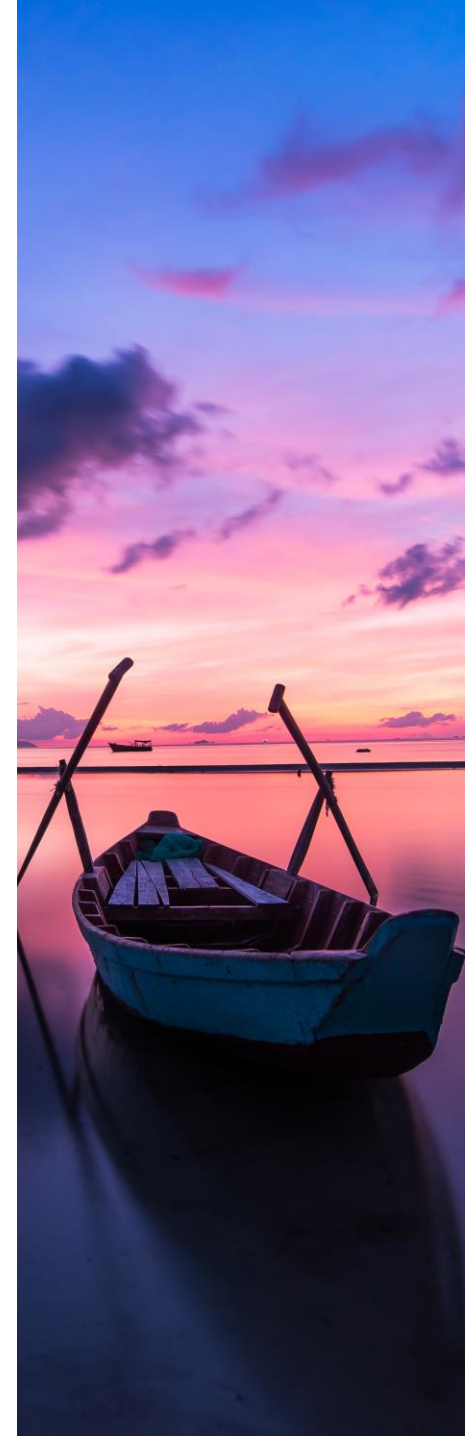
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It shows PPP as a trade-
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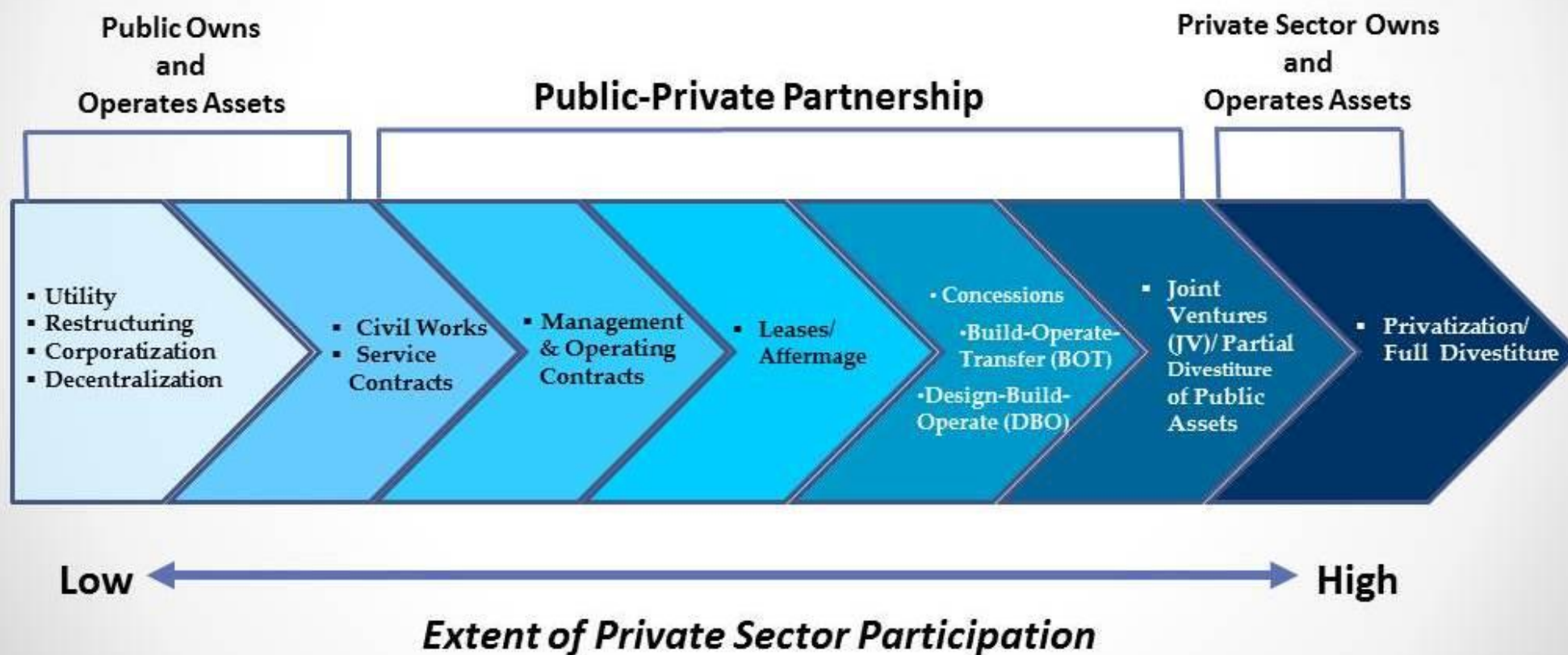




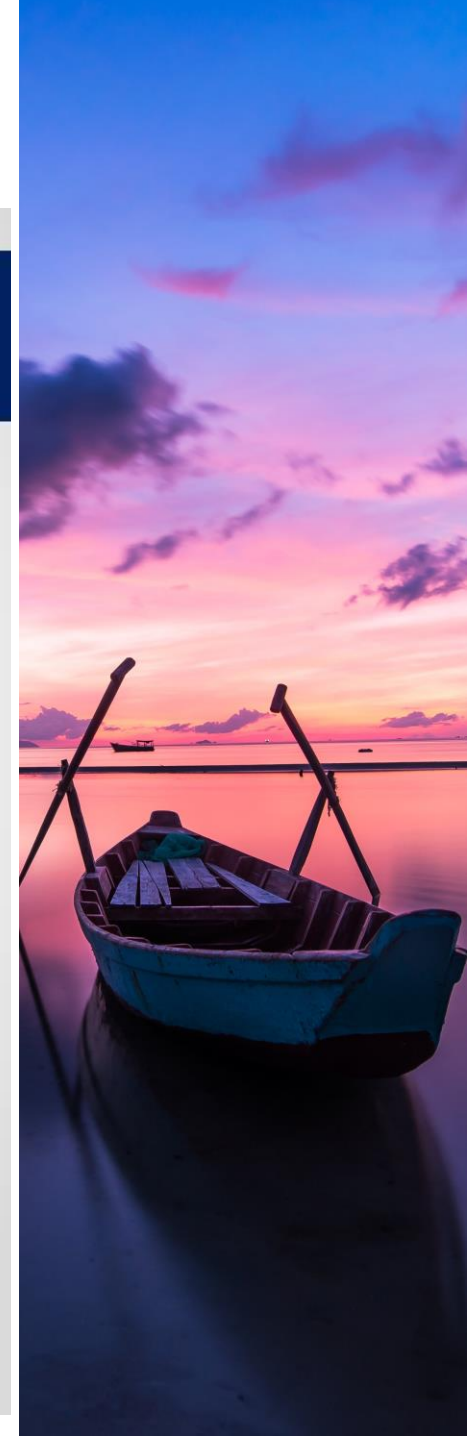
The European PPP Landscape



SPECTRUM OF PRIVATE SECTOR PARTICIPATION IN INFRASTRUCTURE AND DEVELOPMENT PROJECTS



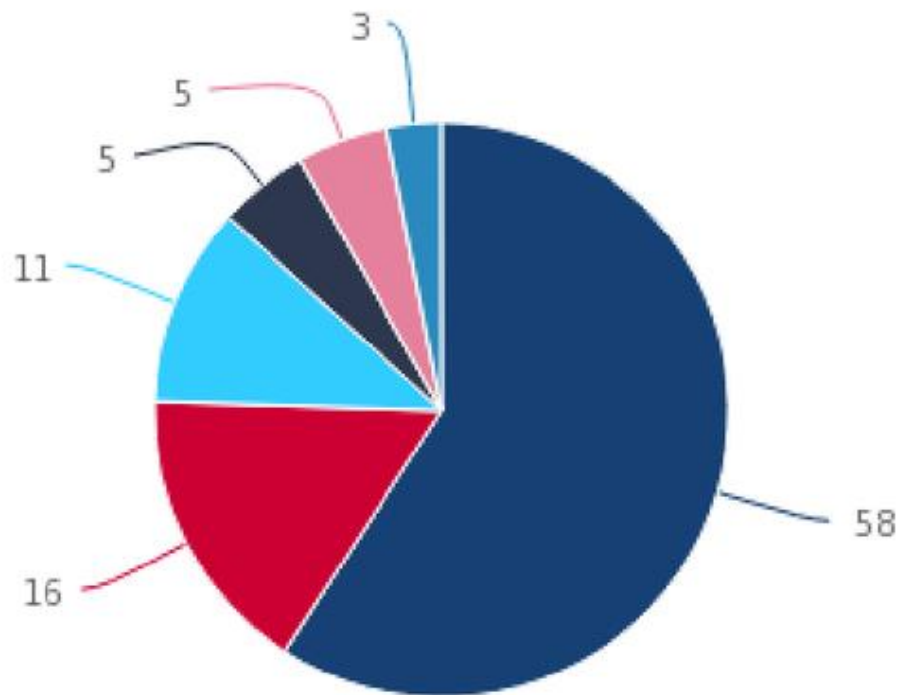
Source: Delmon, Jeffrey (2010) *Understanding Options for Public-Private Partnerships in Infrastructure*. World Bank.



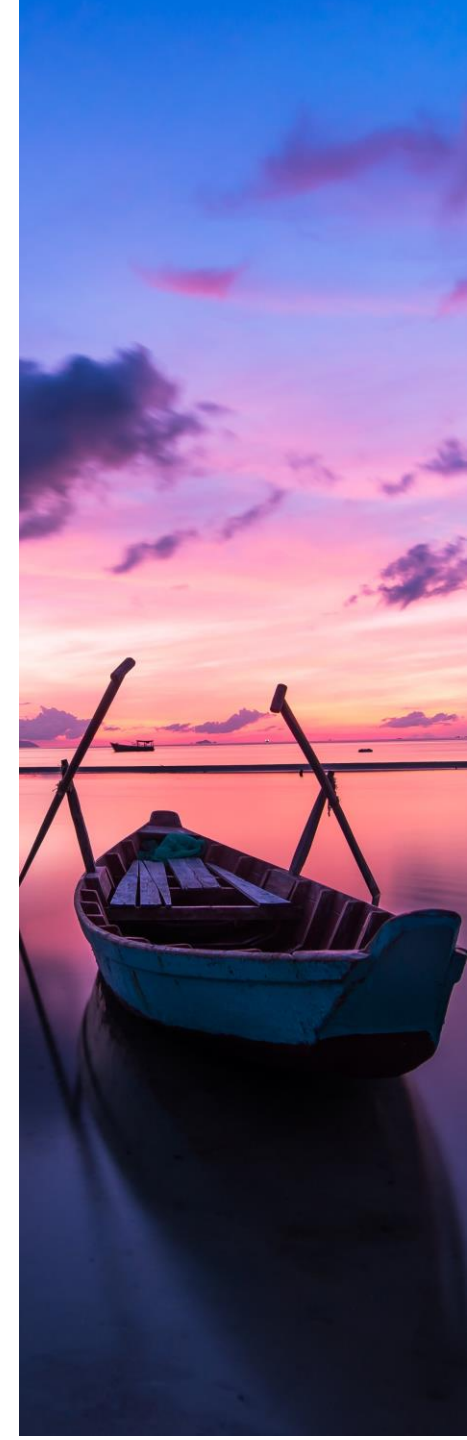
Most Proposed PPPs Are Road Projects

Vietnam – PPP Projects by Sector

Source: Inframotion



Roads & Bridges Power Plants & Grids Airports Rail Ports
Water



Case Study: German Highway Tolls – “Toll Collect”

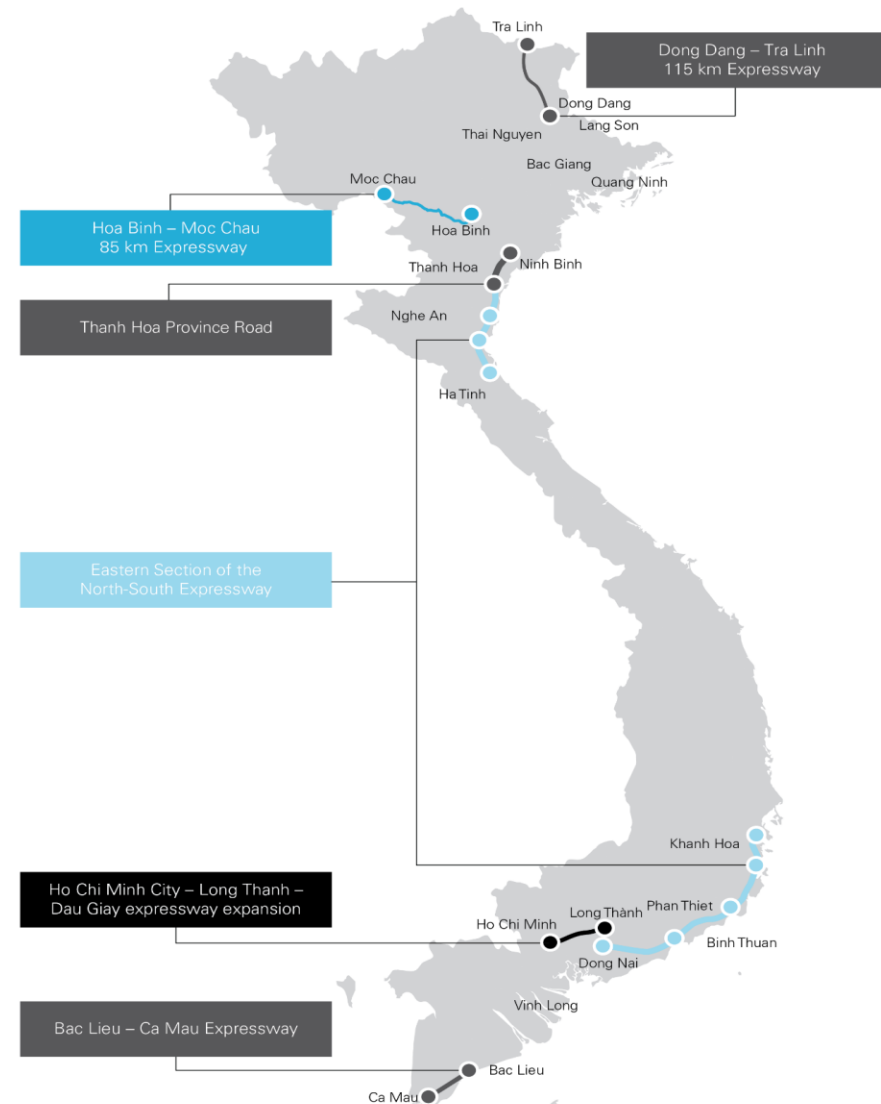
1. Why compare Vietnam to Germany?

- Like Vietnam, Germany applies the PPP format mostly to projects in the **roads** segment:
- A national key project in Vietnam is the **North-South Expressway (Hanoi to Ho Chi Minh City)**.
- The Government previously attempted to implement parts of the project through PPP.
- This idea was abandoned due to **complications relating to bidding**.

2. Germany’s PPP sector:

- The total value of PPP projects for roads increased from €491 million in 2017 to approximately €500 million in 2018.
- PPP projects for motorways continue to account for the brunt of this market.
- Several other PPP projects are currently in the planning stages in other sectors.
- **Interesting fact for Vietnam:**
 - On the state and local levels, the PPP market differs widely across Germany.
 - Some states concluded more than 50 PPPs with a total volume of €1.2 billion (Hessen).
 - Other states (such as Hamburg and Saarland) have not (yet) concluded PPPs.

Road PPP Projects in Vietnam



Case Study: German Highway Tolls – “Toll Collect”

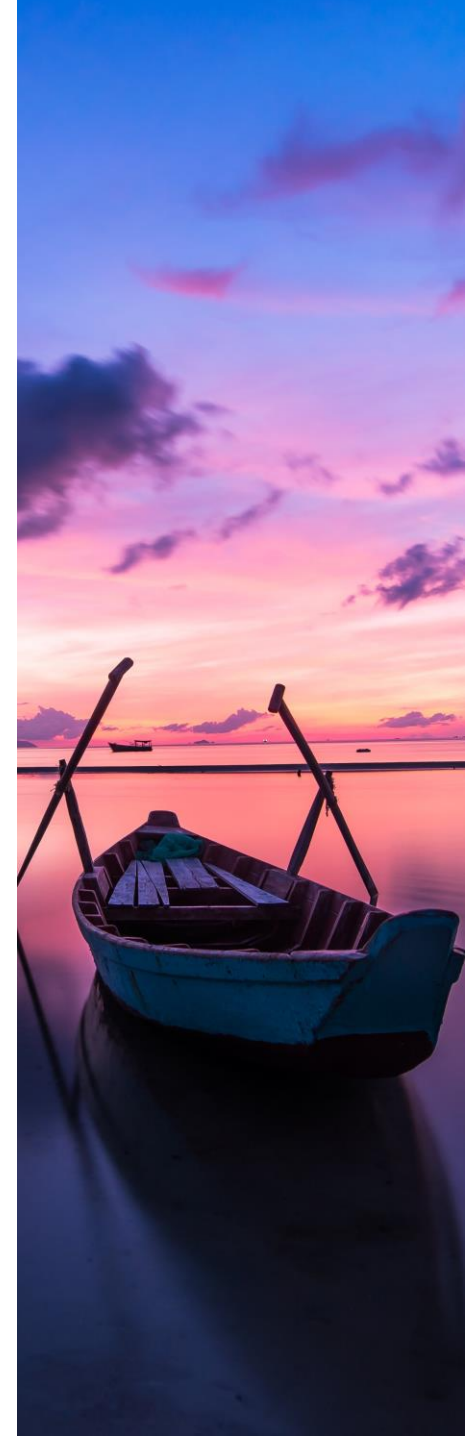
Vietnam has learned from its previous problems with Decree No. 63/2018/ND-CP in passing the new PPP law:

- Lowers risks and costs for foreign investors.
- Prior to the passage of the PPP law, Vietnamese authorities had been struggling to attract private capital to the country’s burgeoning infrastructure sector.
- Previously governed by Decree No. 63/2018/ND-CP (Decree 63), investors have noted the lack of a comprehensive risk-sharing mechanism which reduces the attractiveness of PPP transactions in Vietnam.
- PPP projects implemented in the Vietnamese roads sector will serve as a litmus test to assess the effectiveness of the new PPP law.

VIETNAM

The new Vietnamese PPP law limits this kind of collaboration to predefined sectors that can be considered for PPPs, including:

- transport
- grid infrastructure,
- power plant;
- irrigation,
- clean water supply, drainage, sewage treatment, waste;
- health, education – training
- information technology infrastructure.





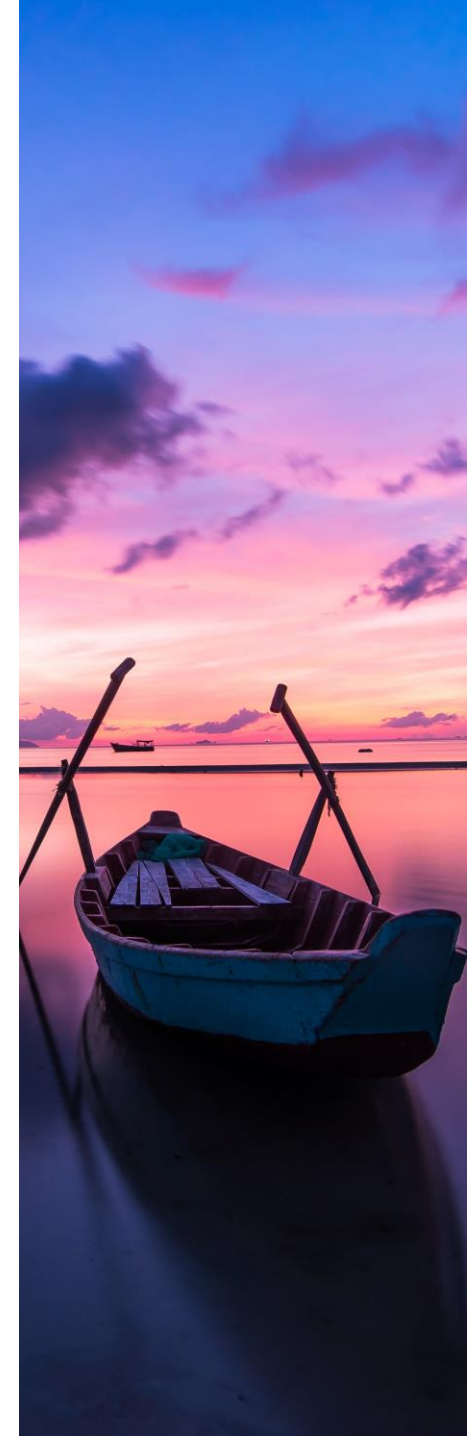


Vietnam's possible takeaways



D. Vietnam's possible takeaways

- Foreign investors who are considering entering into PPP projects in Vietnam regularly understand the requirements of working together with public authorities.
- There are certain minimum standards that must be guaranteed by the government.
- Provide more flexibility on the contents, terms, and conditions of PPP agreements under Vietnamese law. **Rigid contract templates are counterproductive.**
- To properly monitor and supervise the implementation of PPP projects, government agencies have to be trained and pool the necessary human resources (architects, engineers, construction planners, etc.) to **prevent mismanagement and timeline slippage.**
- PPP projects are long-term investments that follow certain economics. Rapid changes in law as seen in developing countries like Vietnam (e.g. Investment Law, Land Law, Enterprise Law, PPP Law, Environmental Law, etc.) create **uncertainties about the legal conditions of foreign investment**
- **Uncertainty and unpredictability are the natural enemies of PPP.**
- **Transparent tendering and bidding procedures are of paramount importance to foster investor trust.**



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Thank you for listening.



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