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**Public private partnerships in Vietnam**

Proposed changes and key issues in the draft PPP Decree  
HCMC, 2 August 2017

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# Public private partnerships

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- Decree 15/2015/ND-CP is one of key legal authorities on public-private partnerships in Vietnam infrastructure
- However, various bankability issues remain unaddressed
- a draft PPP Decree was released on 1 August 2017 by the Government
- this draft legislation once finalised and promulgated will be a new PPP Decree to replace Decree 15/2015/ND-CP

# Concession agreement

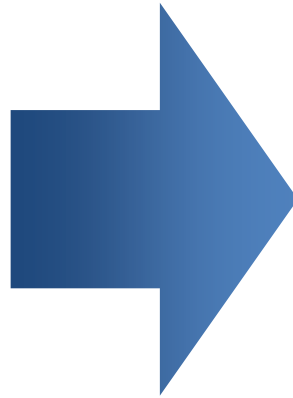
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- Legally mandated forms of contract
  - ✓ Build - Operate - Transfer (BOT)
  - ✓ Build - Transfer - Operate (BTO)
  - ✓ Build - Transfer (BT)
  - ✓ Build - Own - Operate (BOO)
  - ✓ Build - Transfer - Lease (BTL)
  - ✓ Build - Lease - Transfer (BLT)
  - ✓ Operate - Manage (O&M)
- NEW: the draft PPP Decree expressly requires relevant authorised State agencies (ASA) in relevant industries to work with MPI to prepare a model form of concession agreement

# Concession agreement

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ASA and sponsors must publish a project summary upon execution of a concession agreement by the parties (NEW!!!)



Aim to promote transparency and efficiency on delivery of large-scale infrastructure projects in Vietnam

- Project summary includes (amongst others):
  - ✓ project name, date of execution, particulars of ASA and sponsors, total project investment, Government participation, sponsors' debt and equity finance
  - ✓ project location, land acquisition, type of concession, project term, pricing (?), concession conditions relevant to project revenue

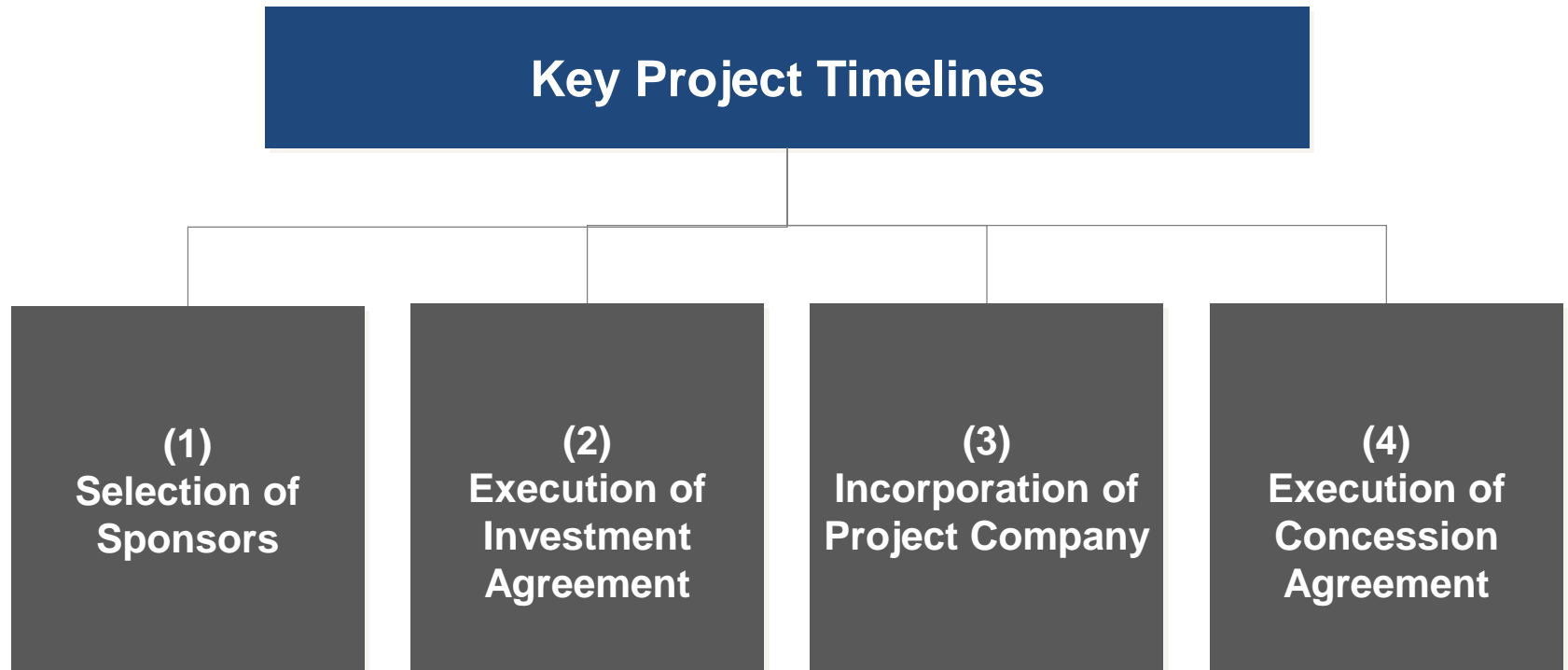
# Selection of sponsor

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- scope of investment sectors and classification of projects are largely the same
- selection of sponsors for a Vietnam PPP may take one of the following forms
  - ✓ open tender
  - ✓ direct appointment
  - ✓ selection of sponsors in exceptional circumstances in accordance with applicable PPP procurement rules (NEW!!! but lack of substantive guidance on applicable pre-conditions)

# Statutory procedural steps

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# Viability gap funding

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- Minimum equity of sponsors
  - ✓ 15% of total investment capital for projects of national significance and projects “Group A”
  - ✓ 20% of total investment capital for projects “Group B” and “Group C”
- Government participation (VGF) includes
  - ✓ Government contributions (Capex)
  - ✓ Availability payments for BTL and BLT models
  - ✓ Land areas, public assets and structures for BT model
  - ✓ Government funds to be used for land clearance, relocation and compensation, construction of ancillary facilities

# Other bankability issues

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- complex and lengthy master planning processes in multiple industries
- lack of a robust and consistent risk allocation framework to provide greater certainty on certain key risks that should be retained by the Government and the private sector
- limited scope of available sovereign guarantees , including inadequate Government support on foreign currency availability and conversion
- statutory restriction on mortgage of land use rights in favour of international lenders, complex land acquisition process and compensation
- payment ability and creditworthiness of Vietnam project counterparties



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