

## Vietnam Infrastructure News

February 2011

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In our continuing effort to enhance Italian businesses' participation to infrastructure development in Vietnam and following our 2009-2010 successful initiatives in this area, we would like to introduce to you our latest product, Vietnam Infrastructure News. The newsletter will keep you up to date about developments in transport, energy and environment. We trust that you will find this information useful for your activities in Vietnam. To ask for more information, send us your comments or to discover the full range of our services, please do not hesitate to visit our [country portal](#) and/or [contact us](#).

With best regards.

Marco Saladini, Italian Trade Commission Ho Chi Minh City, Director

### Transport

#### PPP Pilot Regulations

The Prime Minister issued Decision 71/2010/QĐ-TTg promulgating the Regulations on Pilot Public Private Partnership Investment Forms (PPP Pilot Regulations), which comes into force on 15 January 2011. The PPP Pilot Regulations are intended to apply to pilot projects implemented over a 3 to 5 year period, at which time it is anticipated that the PPP Pilot Regulations will be replaced by a more comprehensive PPP law.

The PPP Pilot Regulations supplement an existing regime for private sector investment in infrastructure under Decree 108/2009/ND-CP on investment in the forms of build-operate-transfer, build-transfer-operate and build-transfer contracts (the BOT Decree).

Decision 71 permits pilot PPPs in the following 9 sectors.

\* Roads, road bridges, tunnels and ferries for road traffic

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\* Questa newsletter è redatta in inglese, la lingua di lavoro dell'Ufficio Ice di Ho Chi Minh City, per semplificarne e velocizzarne la produzione e la diffusione. Informazioni in italiano possono essere ottenute in qualsiasi momento contattando l'Ufficio dell'Ice di Ho Chi Minh City ai recapiti indicati in calce.

- \* Railway, railway bridges and tunnels
- \* Urban transportation
- \* Airports, sea and river ports
- \* Clean water supply systems
- \* Power plants
- \* Healthcare (hospitals)
- \* Environment (waste treatment plants)
- \* Other projects for infrastructure development and/or the provision of public services as decided by the Prime Minister of the Government.

The purpose of the pilot scheme is to raise capital from domestic and international sources without increasing public debt. Investor selection will be based on fair, competitive, transparent and economically efficient criteria and will comply with international customs and practice. State participation may not exceed 30% of the total investment capital.

In selecting pilot PPP projects, preference will be given to those projects which demonstrate the ability to repay investment capital from operational revenue, utilize technological, managerial and operational expertise and mobilize and efficiently use private capital.

**Ho Chi Minh City's metro line 2 gets EUR 150 million from EIB**

In December 2010, the European Investment Bank (EIB) has signed a contract with Ministry of Finance to extend a EUR 150 million loan to Vietnam to finance construction of 11.3 km metro line underway in Hochiminh city. With this financial support, EIB has joined the Asian Development Bank (ADB) and the German development bank KfW as co-funders of the project. The project will need a total investment capital of US\$1.3 billion.

The credit will go towards construction and equipment of a new depot as well as acquisition of new rolling stock to operate line 2, linking Ben Thanh Market in downtown District 1 and Tham Luong in outlying District 12. The line will have 11 stations, with 10 of them underground and the remaining one elevated. When in place in 2016, it will be able to transport 140,000 commuters a day.

**New deadline for a major package within metro line 1**

In November 2010, the Management Authority for Urban Railways (a governmental agency that manages the project) has re-opened the deadline for expressing interest for the contract package 1 named "Ben Thanh-Suoi Tien Section (Line 1): Civil (Underground)". The new deadline is March 14, 2011. Since the funding for this metro line comes from the Japanese government, only Japanese companies or joint ventures between Japanese with Vietnamese ones are eligible to apply.

**ADB okays USD95 million to upgrade Vietnam-Laos road link**

The Asian Development Bank has approved funding for the Second Northern Greater Mekong Sub-region Transport Network Improvement Project to upgrade 340 kilometers of roads forming part of a corridor stretching from Thanh Hoa Province in northern Vietnam through Laos to Bangkok of Thailand.

As the project statement, ADB will provide US\$95 million in loans for Laos and Vietnam to upgrade roads in the northeastern transport corridor that is expected to offer trade, tourism and investment benefit to the two countries. ADB will provide a loan of US\$75 million equivalent from its Asian Development Fund for the Vietnamese component of the project, and a grant of US\$20 million from the same source for the Laotian component.

## Energy

### Work starts on hydro-electric power plant in central Viet Nam

In January 2011, Viet Nam Oil and Gas Group (PetroVietnam) and Dakdrinh Hydro-Power JSC started the construction of the Dadrinh Hydro-power Plant in Quang Ngai Province. The 125MW hydro-power plant will be the biggest one in Central Viet Nam

Total investment for the project amounts to US\$170 million. The first turbine is scheduled to go into operation in September 2013 and the second in December of the same year.

Dakdrinh Hydro-Power JSC was established in March 2007 by PetroVietnam, the Bank for Investment and Development of Viet Nam, the Infrastructure Construction and Development Corporation and the Song Da Corporation.

### Update on Nhon Trach Power Plant

The Malaysian Alstom Asia Pacific Co has signed a contract with Petro Vietnam Power Services to provide equipment, technologies and maintenance services for the Nhon Trach Thermal Power Plant No.1, which was put into operation in 2009.

The first turbine of Nhon Trach 2 Thermal Power Plant started to generate electricity in December 2010. The USD 706 million project is jointly invested by Petro Vietnam, Electricity of Vietnam (EVN) and Vietnam National coal-Mineral Industries Group. The main contractors are Vietnam Machinery Erection Corporation (Lilama) and Petro Vietnam Construction Joint Stock Corporation.

### Song Tranh's second turbine goes operational

The 95MW second turbine at the Song Tranh 2 Hydroelectric Plant began to generate electricity for the national grid in January 2011. The plant's first turbine has provided nearly 30 million kWh after its connection to the national power grid. The plant, located in central Quang Nam Province's Bac Tra My District, has two turbines designed to provide 680 million kWh per year.

Invested in by Electricity of Viet Nam, the plant has a total investment capital of more than USD 256 million and it's the second one built on the Vu Gia-Thu Bon River system. The plant would help reduce floods downriver, providing water for agricultural production and people living in the province.

## Environment

### Industrial parks fail to treat wastewater

Inspectors from the Viet Nam Environment Administration have found that many industrial parks in southern Binh Duong Province have been discharging untreated wastewater into the environment. As many as 14 of 21 inspected parks were found to be releasing waste water that exceeds the permitted standards, with 10 of them discharging 10 times the allowed level.

The deputy Director of the provincial Department of Natural Resources and Environment said the key reason for the damage was not that industrial parks did not have adequate waste treatment facilities but that many businesses failed to make use of these facilities. The 21 industrial parks operating in the province discharge a total amount of 49,000 cubic meters of industrial waste water each day.

**Government  
compels  
factories  
emitting smoke  
to build  
treatment  
facilities by the  
end of 2011**

The Ho Chi Minh City Export Processing and Industrial Zones Authority (Hepza) has said that some 50 businesses in industrial parks (IP) and export processing zones (EPZ) still had no smoke treatment facilities, polluting the environment in their vicinities. Along with tough measures for industrial wastewater treatment, Hepza said it's been intensifying inspections and controls on smoke emissions at manufacturing enterprises and it will force all industrial enterprises releasing smoke and bad odor to build treatment facilities by the end of this year (2011).

Key smoke emitters are active in areas such as tanning, plant protection chemicals, animal feed production, mechanical manufacturing, wooden furniture and construction materials.

**International Competitive Bidding Notes**

*This section lists international competitive bidding invitations published on local media. For detailed information on these invitations, please visit Ice's database at the "Gare" section on our [website](#).*

*Please note that we can provide Italian companies with a wide range of services, including purchasing and/or submitting bidding documents and representing them at the bid opening ceremony.*

**Construction of 220 KV,  
110kV Branch Lines into  
500kV Song May Substation**

Bid inviter: Southern Vietnam Power Management Broad (SPPMB)  
Project: 500kV Song May Substation Sub-project  
Source of fund: World Bank  
Bid Security: as required in the bidding document  
Deadline to submit Bids: Before 9:00am on April 12, 2011

**W-RB-04 " construction  
roads"**

Bid inviter: Trung Son Hydroelectricity Project Management Broad - Vietnam Electricity Group (EVN)  
Project: road construction for the operation of Trung Son Hydroelectricity Project  
Source of fund: World Bank  
Bid Security: VND 4.2 billion  
Deadline to submit Bids: from 9:00 AM on 08/02/2011 to before 9:00 AM on 22/03/2011

**W-RB-05 " Bridge  
Construction"**

Bid inviter: Trung Son Hydroelectricity Project Management Broad - Vietnam Electricity Group (EVN)  
Project: road construction for the operation of Trung Son Hydroelectricity Project  
Source of fund: World Bank  
Bid Security: VND 1,820 billion  
Deadline to submit Bids: from 9:00 AM on 08/02/2011 to before 9:00 AM on 22/03/2011

**Construction of Package  
B15b- Wastewater  
sewerage system  
Expansion in Cam Le  
District**

Inviter: Da Nang Priority Infrastructure Investment Project  
Management Unit  
Project: Da Nang Priority Infrastructure Project  
Source of fund: World Bank  
Bid Security: VND 2.8 billion  
Deadline to submit Bids: Before 14h00 March 30, 2011

**Supply of insulation  
(Toughened glass or  
ceramic insulator) and  
fitting**

Bid inviter: Central Vietnam Power Management Broad (CPPMB)  
Project: Northern Power Transmission Expansion Sector Project  
Source of fund: Asian Development Bank  
Bid Security: USD 15,000  
Deadline to submit Bids: Before 9:00am on March 24, 2011.

**Supply of electrical testing  
instruments**

Inviter: Hochiminh City Power Corporation  
Source of fund: Hochiminh City Power Corporation's Loan  
Bid Security: USD2000  
Deadline to submit Bids: Before 9:00Am March 16, 2011

**To learn more**

Ice's country portal (in Italian)  
Ministry of Planning and Investment  
Ministry of Transport  
Electricity of Vietnam

Infrastructure Report  
Ministry of National Resource and Environment  
Ministry of Industry and Trade

**Contact information (please write in English, *Italiano* or Vietnamese)**

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**Credits**

This newsletter has been prepared by Ms. Ha Nguyen Thi Thu, Project manager at the Investment, Infrastructure and Logistics Desk of Ice's office in Ho Chi Minh City, Vietnam, with the information available on February 18, 2011. It has been designed in co-operation with Mr. Marco Saladini, Trade Commissioner, who has also edited its final version.  
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