

付録 A5：主要会議のプレゼンテーション資料

A5-6：ドラフトファイナルレポート説明会

THE PREPARATORY SURVEY ON TRUNG LUONG - MY THUAN EXPRESSWAY PROJECT IN VIETNAM

Summary of Draft Final Report



January 2013

JICA Study Team;

Nippon Koei Co., Ltd.
Marubeni Corp.
KRI International Corp.



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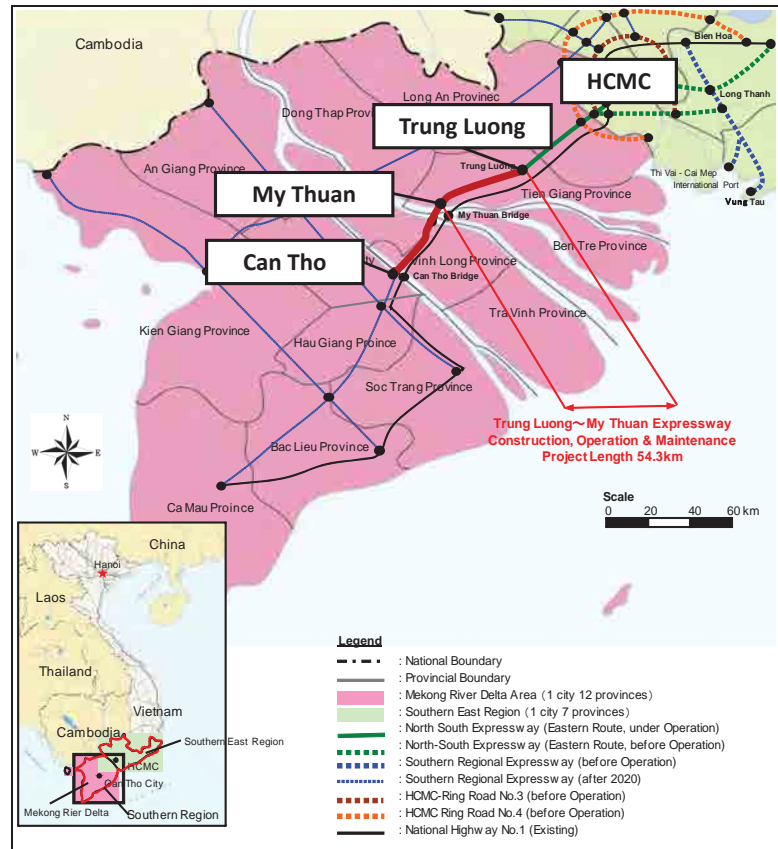
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ANNEX-1: Answers to MOT's Comments

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1. Location Map

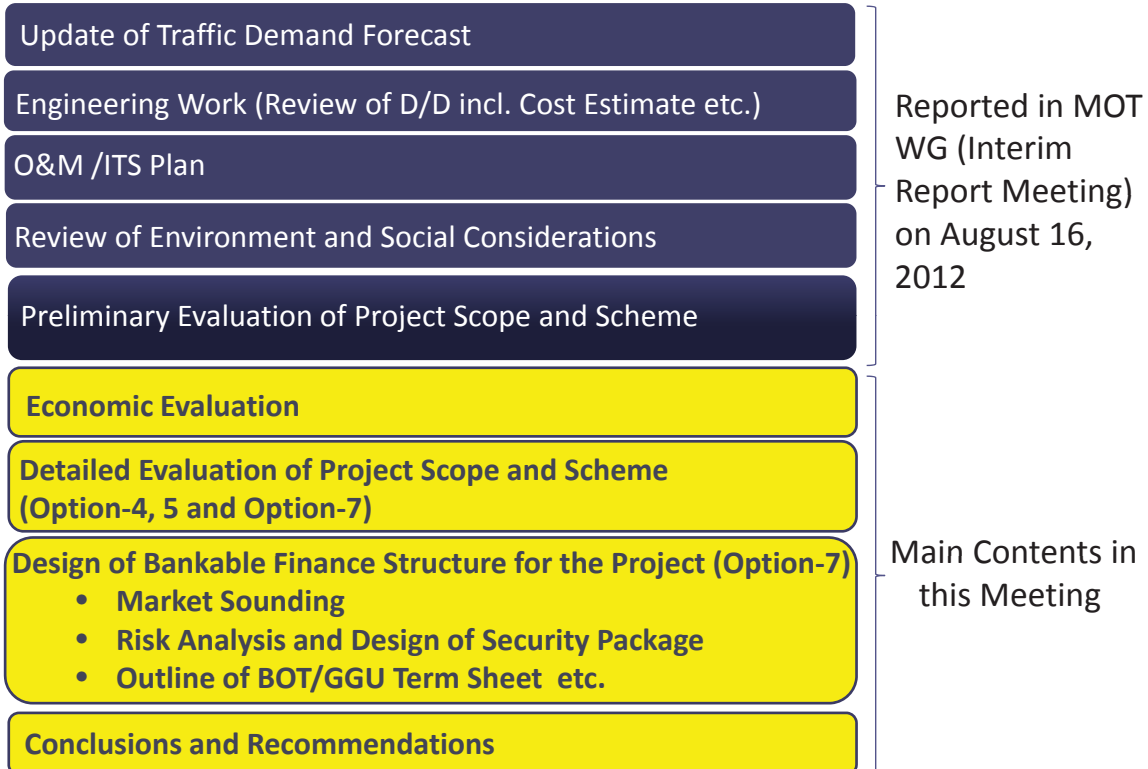
- HCMC – Trung Luong
(Operating from 2010)
□ 39.8(km)
- Trung Luong – My Thuan
(D/D completed, JICA
Preparatory Survey)
□ 54.3(km)
- My Thuan – Can Tho
(F/S completed)
□ 24.5(km)



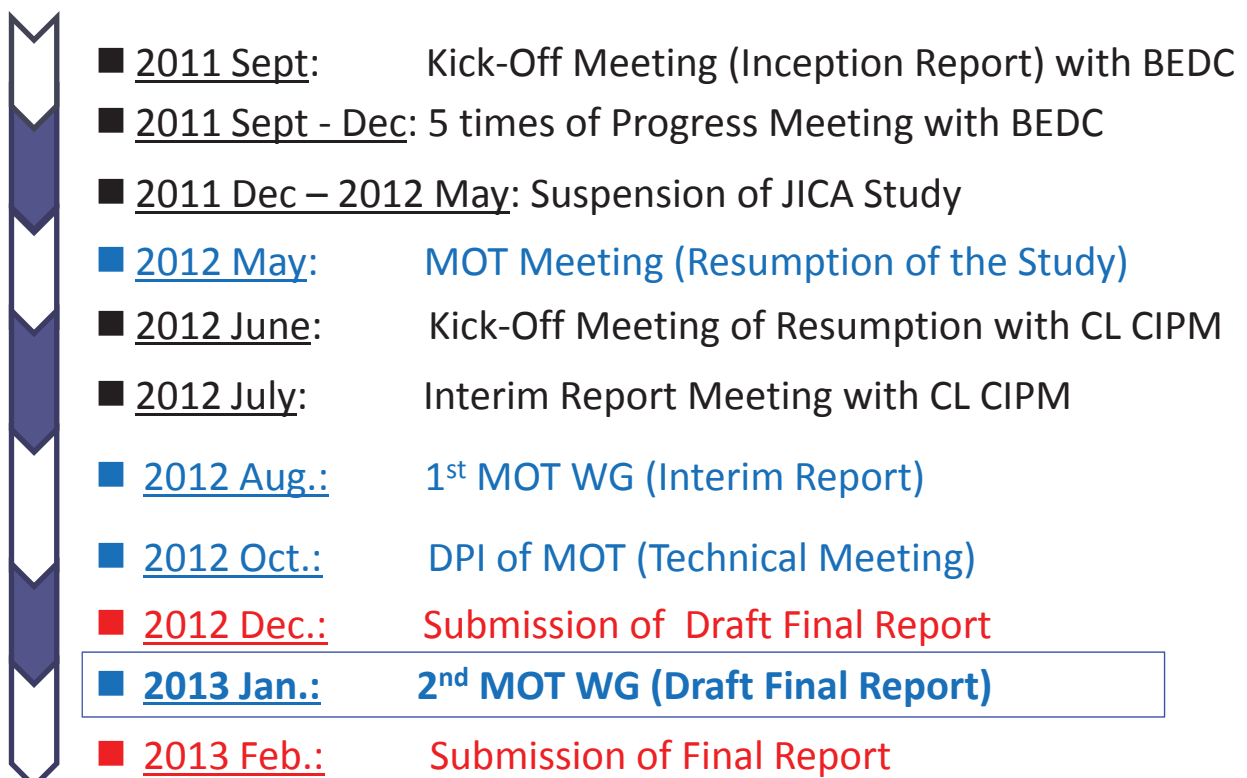
2. Objectives of the Study

- Basis of Implementation of the Survey
 - The Minutes of Meeting (M/D) signed between BEDC and JICA in July 2011
 - Prime Minister's approval to transfer the concessions to MOT from BEDC in February 2012
 - MOT's Notice and Cuu Long CIPM's Request for Resumption to JICA in May 2012
 - Notice of Resumption from JICA to Cuu Long CIPM in June 2012
 - Kick-Off Meeting for Resumption on 20th June 2012
- Objective
 - To evaluate the possibility of private investment for the Project
 - To propose feasible BOT/PPP scheme
 - To prepare Draft Term Sheet for BOT Contract and Government Guarantee and Undertaking (GGU)

3. Scope of the Study



4. Work Schedule



5. Comments of MOT on Interim Report by Notice 499/TB-BGTVT dated August 27, 2012.

A) TOTAL INVESTMENT

- ◆ Clarify the increased project cost
- ◆ Comparison with other expressway projects in the region

B) TRAFFIC VOLUME

- ◆ Method of the traffic demand forecast
- ◆ Diversion ratio of traffic between National Highway No.1 and the Expressway

C) TOLL COLLECTION TARIFF

- ◆ Study of tariff setting for suitable and adequate rate for the project

D) FINANCING OPTIONS

- ◆ Focus on Option-4 (BOT of TL-Cai Lay section) and Option-7 (O&M+ α)
- ◆ Add the condition that the concession fee of toll collection right of HCM-TL expressway will be spent as the Government's funding portion.
- ◆ Financial arrangement for counterpart funds

JICA study team explained to DPI of MOT and CL CIPM on 19 Oct. 2012. and obtained consent.

See Annex-1

JICA study team will explain in this meeting.

6. Compositions of Draft Final Report

Chapter 1	Introduction	} Main part of the Interim Report
Chapter 2	Background and Necessity of the Project	
Chapter 3	Present Status of BOT/PPP Project	
Chapter 4	Existing Project Scheme	
Chapter 5	Traffic Demand Forecast	
Chapter 6	Project Plan	
Chapter 7	Economic Evaluation	
Chapter 8	Project Scope and Project Scheme	
Chapter 9	Security Package	
Chapter 10	Evaluation of the Project	
Chapter 11	Recommendation for Risk Mitigation Measures	
Chapter 12	Conclusions and Recommendations	

7.1. Reconfirmation of Socio-Economic Benefit

Trung Luong - My Thuan – Can Tho Expressway is a part of the North-South Expressway and prioritized to develop before 2015. (PM Decision No.140/QD-TTg)

	Result		Evaluation
	BVEC FS	JICA Study	
Economic IRR	12.1%	15%	Good (Higher than Social Discount Rate (12%)*)
B/C	1.0	1.4	Good (Higher than 1.0)
ENPV**	332	4,800 (Bil VND)	Good (Higher than 0)

High Socio-Economic Benefit

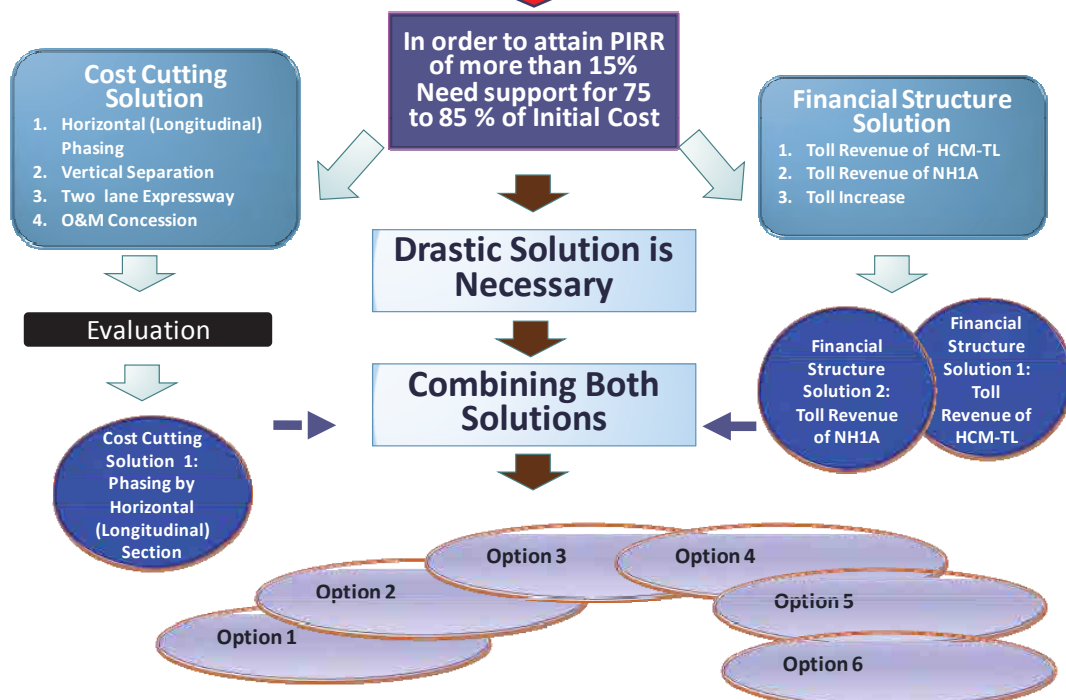
Necessity of the Trung Luong – My Thuan Expressway is reconfirmed.

*Refer to ADB(1997) "Guideline for Economic Analysis for Project" (10%-12% is used practically), and current market rate of Vietnam , etc.
 **Economic Net Present Value

7.2. Selection of Development Options

1) Option Setting **Traffic Demand Forecast is 50%** comparing with those of BEDC's F/S.
Project Cost is 150%

Construction of TL-MT Section by SPC (Base Case): **3.5%** of Project IRR



2) Reasonable Profitability for Option 4 and Option 5

BOT/PPP Project Scope & Scheme Cases			Project IRR		CAPEX Investment (billion)
Case No.	Build by SPC	Toll Revenue to SPC*1/	VND/km*2/ 1000	VND/km*2/*3 1300	
Base Case:	TL-MT	-	3.5%	5.1%	VND25,736
Op1:	TL-CB	NH1A(MT,CT Bridges)	7.2%	9.6%	VND15,919
Op2:	TL-MT	HCM-TL , NH1A(MT,CT Bridges)	6.2%	7.6%	VND25,736
Op3:	TL-CB	HCM-TL, NH1A(MT,CT Bridges)	8.9 %	11.0%	VND15,919
Op4:	TL-CL	HCM-TL , NH1A(MT,CT Bridges)	12.8%	14.9%	VND8,891
Op5:	TL-CL	NH1A(MT&CT bridges)	10.4%	12.7%	VND8,891
Op6:	TL-CL	HCM-TL, NH1A(MT&CT bridges, KM1953+200)	13.7%	15.8%	VND8,891

- Note: 1) In base case and all options, toll revenue of whole section (TL-MT) will go to SPC.
 2) Toll level as of 2012
 3) Toll increase applies only to TL-MT expressway, NOT to HCMC-TL expressway.
 4) TL: Trung Luong CL: Cai Lay CB: Cai Be MT: My Thuan CT: Can Tho

3) Risk Analysis for Selected Options 4&5

■ **Viable PPP option is difficult, because:**

- To contain Project risks, a variety of public supports are required, in particular the in-kind grant contribution of the publicly financed/constructed Cai Lay-MT section.

As a result, the interface risk will become excessive for both public and private sectors.

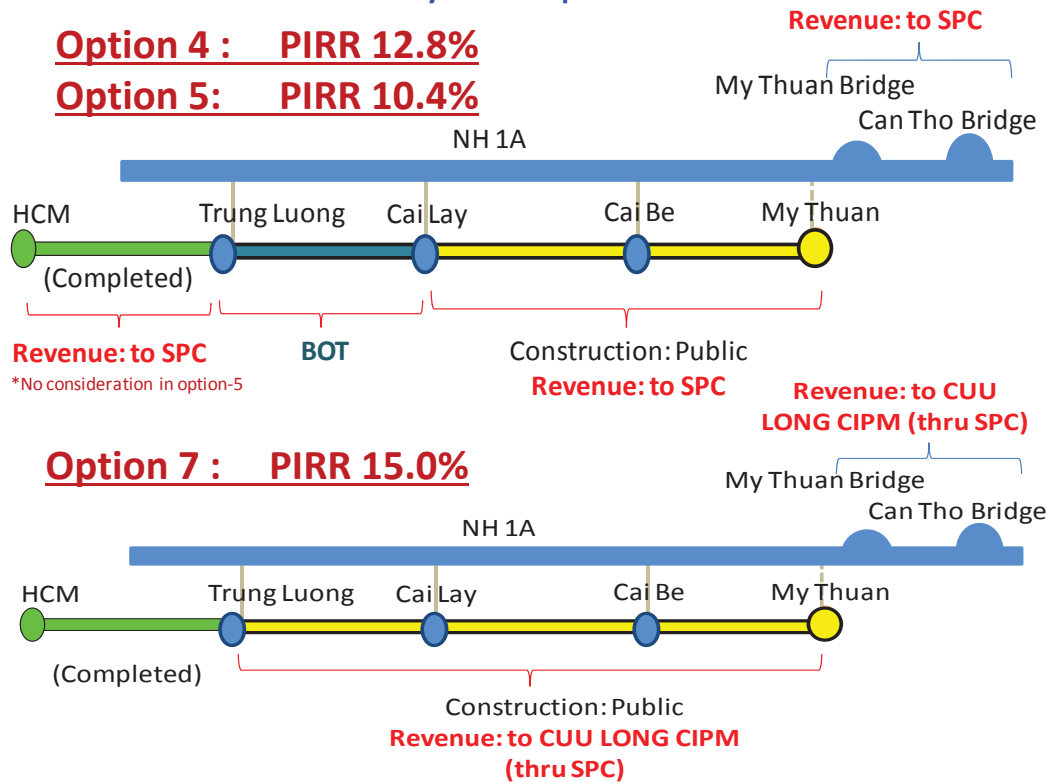
=> It is difficult to materialize a credible security package. Investors and lenders will be reluctant to commit their money.

- **Small Benefit (value for money) for GOV**

=> 2/3 of Capital Investment should be borne by GOV and All revenue will go to the private sector

■ => **Proposal of O&M Concession Scheme** , Option of Public Construction and Private O&M with small private investment for O&M facilities (Option 7)

4) Reasonable Profitability for Option 7



5) Option 7 will bring large Value For Money (VFM)

■ Comparison of Net Gov't Income in Lifecycle (as concept of VFM) (until 2047)

(Present Value, VDN Bil)

Items		(I) Option 4*&5	(II) Option 7
Inflow	Toll Revenue	0	8,287
	Tax from SPC (VAT + Income Tax)	1,290	174
	Total (A)	1,290	8,461
Outflow	Land Acquisition etc.	1,394	2,150
	Loan payment	2,589	3,732
	O&M cost	0	3,584
	Total (B)	3,983	9,466
Net Cash Flow (A) - (B)		-2,693	-1,006
Difference (II)-(I)			1,687

Discount Rate = 12%,

* Since option 7 does not include the revenue from HCMC-TL, the revenue from HCM-TL was subtracted from Option 4 also for equal footing.

“Option 7” is better for GOV in terms of net cash-flow;

- Toll revenue goes to SPC in “Option 4&5”, it goes to GOV in “Option 7”.
- The operating period for “Option 4&5” is 30 years because of BOT structure while “Option 7” is assumed only 15 years (subject to further negotiation)

6) Option 7 with smaller risks will enable private investor to participate

Risks of Option 4, 5 Case	Risk of Option 7 Case
<ul style="list-style-type: none"> • Land Acquisition Risk • Technical Risk • Construction Completion Risk • O&M Risk • Section Interface Risk • Sponsor Risk • Finance Arrangement Risk • Interest Rate Risk • Traffic Demand Risk • Toll Increase Risk/Inflation Risk • Foreign Exchange Risk • Change-in-Law Risk 	<ul style="list-style-type: none"> • • Technical Risk(↓) • Construction Completion Risk(↓) • O&M Risk • • Sponsor Risk • Finance Arrangement Risk(↓) • Interest Rate Risk (↓) • • • Foreign Exchange Risk (↓) • Change-in-Law Risk

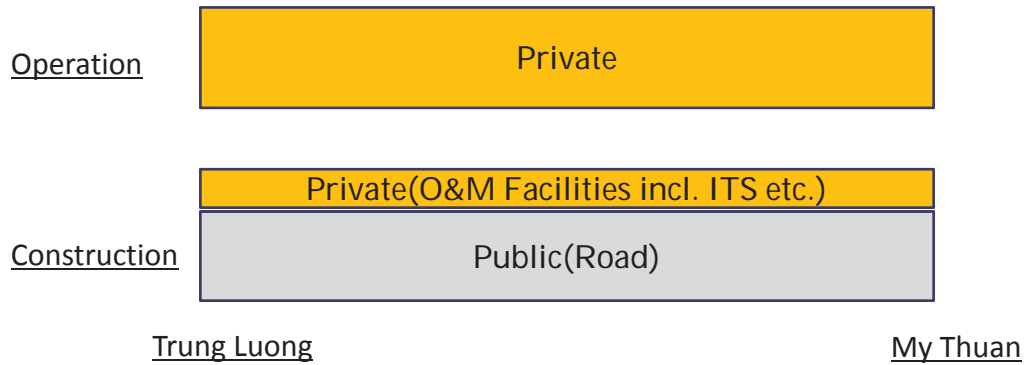


7) Overall Evaluation for Options 4,5&7

Evaluation Criteria	Target	Indicator	Option 4* & 5	Option 7	
1. Profitability	GoV	Net Present Value (NPV)	-2,693	-1,006 ◎	NPV(Net Present Value)=Gov't life-cycle cash flow(IN) – Gov't life-cycle cash flow (OUT)
		VFM	-	1,687 ◎	VFM(Value for Money) =NPV(O&M+α) -NPV(Option 4)
	Private	Project IRR	10.4% ○	15% ◎	PIRR(Project Internal Rate of Return) of "Option 7" will be changed based on the amount of annual payment from Gov't to Private.
2. Risk (Private)		VGF	High	Non	
		Land Acquisition	High	Non	
		Construction Completion	Med	Non	
		Section Interface	High	Non	
		Finance	High	↓	
		Traffic Demand	High	Non	
		Private Investment	High	↓	
	Complex SP	High	↓		
3. Overall Evaluation			×	◎	

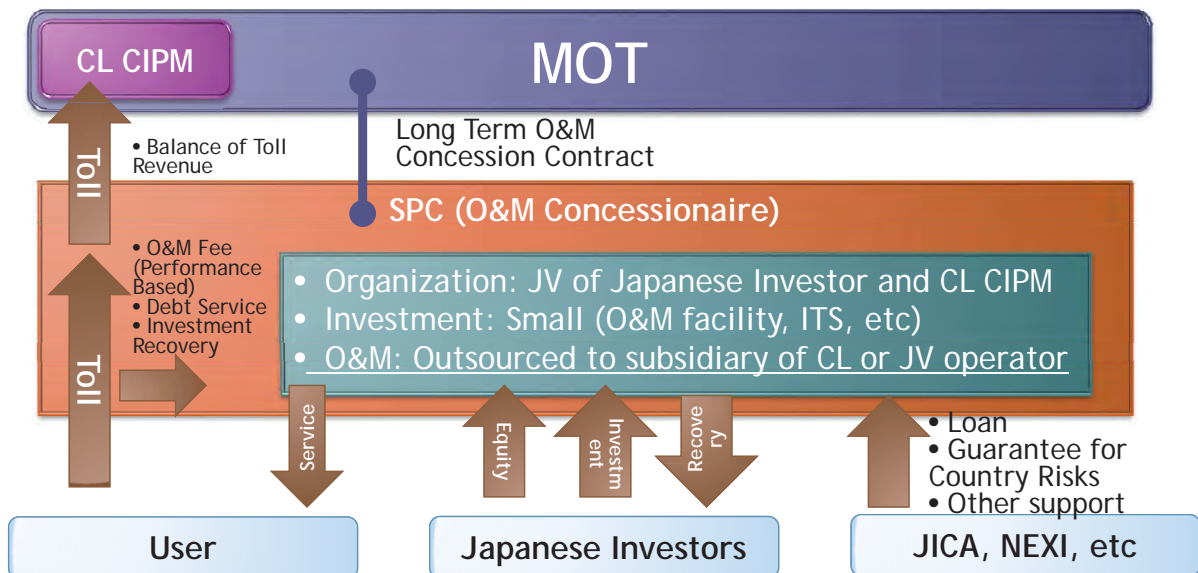
* Since option 7 does not include the revenue from HCMC-TL, the revenue from HCM-TL was subtracted from Option 4 also for equal footing.

1) Concept of Scheme of Option 7

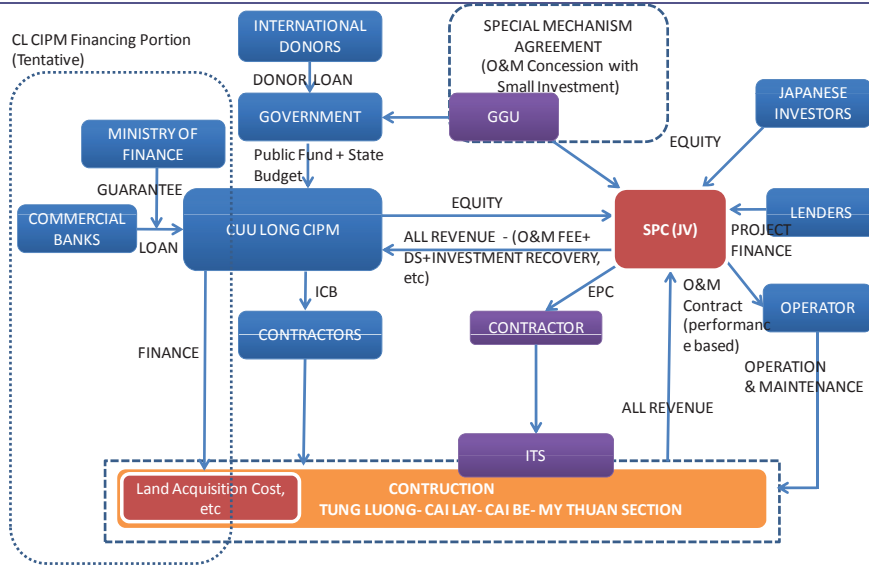
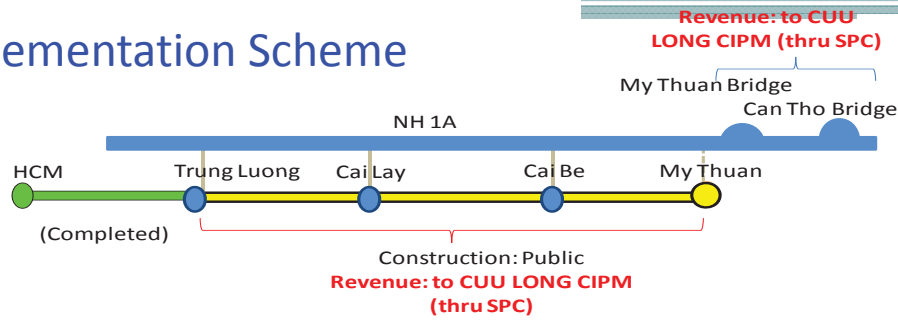


2) Proposed O&M Concession Scheme

- OUTLINE OF SCHEME
- Road Infrastructure is constructed by Public
 - Consolidated O&M service by Private based on Long Term O&M Concession
 - JV of Japanese Investor and CL CIPM
 - Small Equity and Small Private Investment



3) Implementation Scheme



4) Assumption for cashflow projection (Option 7)

Notice: this numerical example is for discussion purpose only . No prospective investors and no debt providers confirmed.

		Item		Remarks
Project Period		Start of Operation	2019	Project period of public construction portion is assumed as 2019-2046.
		End of Operation	2033	
Loan Conditions	Project Finance (PSIF etc.)	Tenor	18 years	
		Grace	5 years	(included in loan term)
		Applicable Interest Rate	3.0% p.a.	
	Donor Loan (ODA etc.)	Tenor	30years	
		Grace	10years	(included in loan term)
		Applicable Interest Rate	1.4% p.a.	
Foreign Exchange Risk			35%	In % of annual payment for both interest and principle.
Payment to Private Company		Installment Payment period	15 years	
		Installment Payment Charge	15%	
		O&M Management Charge	21%	

5) Cashflow Projection for Option 7

Notice: this numerical example is for discussion purpose only .
No prospective investors and no debt providers confirmed.

(Bil VND)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Toll Revenue	0	0	0	0	0	234	234	716	810	867	1,201	1,275	1,349	1,423	1,498	2,045	2,143	2,241	
Tax from SPC	0	0	0	0	0	0	0	49	46	45	47	60	63	57	56	58	53	201	
Land Acquisition etc.	-496	-992	-996	-96	-96	-96	-96	0	0	0	0	0	0	0	0	0	0	0	
O&M Cost	0	0	0	0	0	0	0	-831	-707	-710	-779	-721	-907	-738	-748	-844	-774	-4,196	
Loan Payment	-26	-27	-26	-120	-213	-355	-360	-366	-366	-366	-366	-373	-392	-754	-1,120	-1,616	-1,618	-1,622	
Net CF	-522	-1,019	-1,022	-216	-309	-217	-222	-433	-218	-164	102	242	113	-12	-314	-356	-196	-3,376	
Cumulative CF	-522	-1,541	-2,563	-2,779	-3,088	-3,305	-3,528	-3,960	-4,178	-4,342	-4,240	-3,998	-3,885	-3,898	-4,211	-4,567	-4,763	-8,140	
	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
	2,339	2,513	3,493	3,719	3,946	4,172	4,398	6,012	6,306	6,600	6,894	7,339	10,119	10,698	11,276	11,855	12,433	0	0
	52	51	39	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	-837	-860	-808	-799	-978	-747	-795	-934	-902	-1,341	-1,023	-1,090	-7,129	-1,236	-1,837	-1,402	-1,493	0	0
	-1,604	-1,586	-1,567	-1,549	-1,531	-1,512	-1,494	-1,476	-1,458	-1,439	-1,421	-1,403	-1,384	-1,360	-1,322	-942	-558	-43	-22
	-51	118	1,157	1,409	1,436	1,913	2,109	3,602	3,946	3,820	4,450	4,847	1,606	8,102	8,117	9,511	10,382	-43	-22
	-8,191	-8,073	-6,916	-5,507	-4,071	-2,158	-49	3,553	7,499	11,320	15,770	20,617	22,223	30,326	38,443	47,954	58,337	58,293	58,271

6) Outline of Security Package

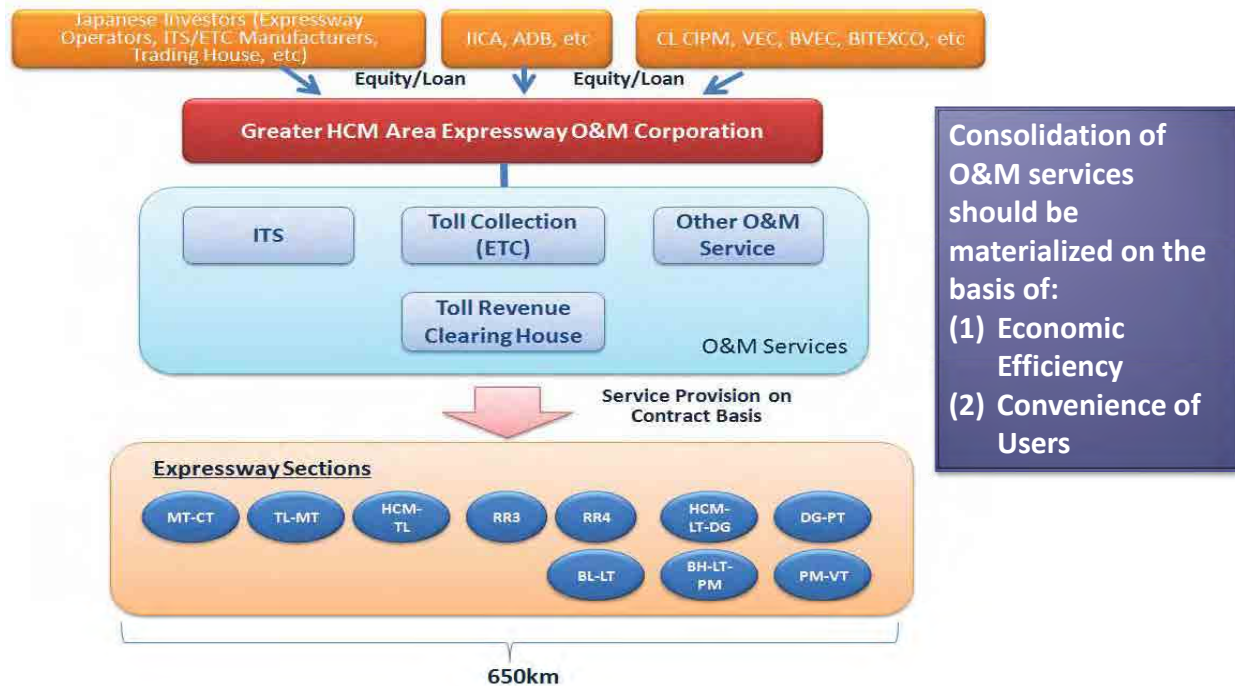
Major Risks

- Land Acquisition Risk
- Budget Preparation
- Environment and Social Risk
- O&M Risk
- Finance Arrangement Risk
- Foreign Currency Conversion and Remittance Risk
- Inflation Risk
- Traffic Demand Risk
- Toll Fee Risk
- Foreign Exchange Rate Fluctuation Risk
- Regulatory and Change-in-Law Risk

Security Package (Risk Mitigation)

- Allocation of risk to the Government side under the project documents (eg Key Performance Indicators (KPIs), condition precedents, representations and warranties, termination payments, etc)
- Bank guarantee
- Security deposit (including toll collection rights)
- Government guarantee (for conversion and remittance of foreign currency, performance by Government side counterparties, change in law etc)

7) Establishment of Greater HCM Area Expressway O&M Corporation



7.4. Conclusions (1/2)

1. For Option 4 and 5 with horizontal separation, because traffic level of TL-MT is low and construction cost is high, all revenue should go to private and 2/3 of total investment should be shouldered by government in order to invite private investment, which has
 - (1) Large project risks => No credible security package could be possible
 - (2) No VFM for government and unreasonable to do.
2. Instead, O&M concession scheme is recommended with the following advantages:
 - (1) Lower risks and smaller investment requirement enable more proactive private participation;
 - (2) Greater VFM for government and CL CIPM to strengthen financial credibility
 - (3) Paving the way for CL CIPM (GOV) to lead to Greater HCM Area Expressway O&M Corporation
 - (4) Bringing about significant benefit for all related stakeholders (the project is evaluated as "WIN-WIN-WIN-WIN")

3. In order to materialize the O&M Concession Option, the following are prerequisite for implementation:

(1) Separation of Liability for Donor Financing

Liability of Donor financing must be detached completely from CL CIPM in order to implement Option 7, since attachment of the liability to CL CIPM could critically aggravate its financial soundness.

(2) Financing land acquisition by CL CIPM

Financing of land acquisition cost is most critical issue for implementing the project. In consideration of fund shortage in GOV, it is recommended that CL CIPM should utilize all resources currently available, such as existing toll revenue of HCM-TL, revenues of CT and MT bridges, and others, in order to raise the fund for land acquisition and resettlement of this project (Please also see Recommendation 1) for detail) .

7.5. Recommendations (1/3)

1. Proposal for Mitigating Major Project Risks

1) Financing Method for Land Acquisition Cost etc.

	BT	Banks/Bond in Vietnam	Sales of CF from ExpWay	GATE by JBIC
Description	To replace public section by BT, which requires no counterpart fund.	To borrow loan from Vietinbank, Vicombank etc. by using the same structure as "Deo Car Tunnel" project.	To sell future cash flow of existing express way and toll plaza	To issue <i>Samurai Bond</i> (*) with the guarantee by JBIC.
Guarantee by GoV	yes (deferred payment by GoV)	yes (to be negotiated with banks)	Conditional Guarantee (ex. Min revenue)	yes
forex risk	no	no	no	yes
available funds	limited to Project	to be negotiated with banks	estimated future cashflow from existing express way and toll plaza	large enough for bond issue (US\$1 ~ 10bil)
cost of debt	relatively high	slightly higher than VND bond by Gov	High because of traffic demand risk	Low because of JBIC guarantee
Challenges	No prospective investors for BT project	No significant issues because "Deo Car Tunnel" project materialized recently.	No prospective investors	Negotiation between MOF and MOT may take some time???
Feasibility	Difficult	High	Difficult	relatively high in long-term

(*) *Samurai Bond* is a JPY bond at Tokyo market by non-Japanese issuer.

See detail at JBIC web site (<http://www.jbic.go.jp/en/about/press/2010/0415-01/index.html>)

Example of Combination of Financial Resources for Land Acquisition Cost etc.

Assumptions:

1. Sales CashFlow(CF) from HCM-TL

Estimate Sales Price: 64 mil USD(CF projection(2012-2016):148milUSD⇒92(Present Value)⇒64(30% risk premium)
,Discount Rate is 12%)

2. Sale CF from Toll Plaza (Can Tho Bridge, MT Bridge)

Estimated Sales Price: 56 mil USD(CF projection(2014-2021):132milUSD⇒80(PV)⇒56(30% risk premium)

3. Loan from Private Bank (or Bond Issue)

Interest rate 12%, Loan period 8 years (including 4 years grace period)

The loan amount shall be adjusted to increase if there is not enough proceeds from the sale of CF.

Notice: this numerical example is for discussion purpose only .
No F/S for HCM-TL and No prospective investors.

Result of Preliminary Financial Simulation:

- From Sales of CF, depending on the sales price, there is a chance to cover the land acquisition cost etc.
- Repayment of loan is assumed by CF from TL-MT toll revenue

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Required Land Acquisition Cost etc.	-26.2	-52.4	-52.6	-5.1	-5.1	-5.1	-5.1				
Sales of CF from HCM-TL	26.2	38.1									
Sales of CF from Toll Plaza	0.0	14.2*	55.8								
Loan from Private Bank/(Bond)				5.4	5.7	6.1	6.5				
Repayment(Principle+Interest)				-0.3	-0.7	-1.0	-1.4	-6.8	-6.8	-6.9	-6.9
Net Income	0.0	-0.1*	3.2	0.0	0.0	0.0	0.0	-6.8	-6.8	-6.9	-6.9

*CF from Toll Plaza is assumed to be sold in 2014. CF before 2014 is used for counterpart fund without selling.

*Cash shortage in 2013 can be covered by CF from Toll Plaza in 2012 which is not included in this simulation.

7.5. Recommendations (2/3)

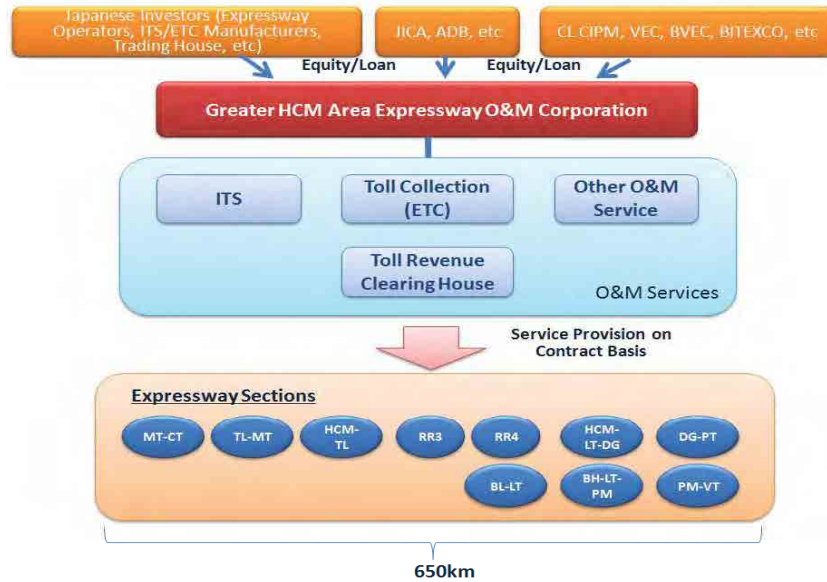
2) Ultimate problems in Vietnam are:

- Government does not recognize **impact of project risks accurately**;
- Government is reluctant for such risk cover because shortage of **MONEY**;
- No private investment is solicited and materialized.

3) In order to solve the above problems, government should do the following:

- Accurately recognize the impact of already occurring project risks such as land acquisition risk, completion delay risk, traffic forecast risk, toll level decrease risk, foreign exchange risk, And **apply international best practice** to mitigate these risks;
- Apply one of or combination of the following three methods to mitigate project risks;
 - Method 1:** Public to assume major risks including construction and invite private sector for business expertise and small investment => ex. O&M Concession Scheme
 - Method 2:** Apply market tested risk mitigation measures together with funding back up
 - Method 3:** Apply “ Waiting Room Approach”

2. Greater HCM Area Expressway O&M Corporation is recommended to be established taking into accounts of Economic Efficiency and Convenience of Users in terms of O&M services.



8. Evaluation of the Project

Benefits of each Stakeholders

Stakeholders	General Benefit of Project	Specific Benefit of Proposed Scheme (Comparison between Option 4 and 7)		
		Financial Impact	Risk	Overall Evaluation
GoV	◎ : To achieve policy goal with socio-economic development	◎ : Gov't can get higher financial benefit (NPV increase -2,693 ⇒ -1,006bil VND)	△ : GoV will shoulder Demand Risk	○ : GoV will shoulder demand risk and GoV's debt Increase; however, high income will cover those.
Invest or	Local	◎ : Project IRR of Option 7 is higher than that of Option 4(10%⇒15%)	◎ : Demand risk would be exempted	◎ : Financial return increase. Also, able to get rid of demand risk.
	International	○ : To have more business chance	◎ : Same as above	◎ : same as above
Donors (Lenders)	◎ : To achieve policy of donors	◎ : Minimum DSCR of Option 7 is better than 5 (-1.9⇒1.7)	◎ : Default risk of SPC would be reduced	◎ : Business of SPC will be more stable and less chance of bankruptcy
Users	◎ : to Reduce travel time and costs	○ : Since total cost can be reduced by Option 7, tariff increase would be hold low.	NA	○ : Possibility to enjoy lower tariff

- A) Traffic Demand Forecast was updated and it was a half of that of BEDC's F/S.
- B) Project Cost was updated and it was increased about 50% comparing with that of BEDC's F/S.
- C) Draft O&M Plan and ITS Plan were proposed.
- D) Social and Environmental Consideration was reviewed.
- E) The Necessity of the Project was reconfirmed.
- F) Option-7 (O&M Concession) was selected as profitable and bankable option.

- G) The donor financing shall be needed. However, its repayment obligation must be detached from CL CIPM
- H) On the other hand, the repayment source for the Land acquisition financing should be covered by future revenues of HCM-TL, My Tuan Bridge and Can Tho Bridge by CL CIPM
- I) Continue to seek for participation of Japanese investors in cooperation with Japanese Government for the project to become good example of PPP project based on ODA funding and leading toward future integration of Greater HCM Area Expressway O&M Corporation

THE PREPARATORY SURVEY ON TRUNG LUONG - MY THUAN EXPRESSWAY PROJECT IN VIETNAM

ANNEX-1 Answers to the MOT Comments



January 2013

JICA Study Team;

Nippon Koei Co., Ltd.
Marubeni Corp.
KRI International Corp.



ANNEX-1 Answers to the MOT Comments

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3. Price Contingency
4. Technical Solutions on Design and Construction for Bridge Widening Method
5. Comparison of Unit Price of Civil Work Cost of Expressways in Southern of Vietnam
6. Traffic Demand Forecast
7. Tariff Setting for Option-5

1. Comments of MOT by Notice 499/TB-BGTVT dated August 27, 2012

A) TOTAL INVESTMENT

- ◆ Clarify the increased project cost
- ◆ Comparison with other expressway projects in the region

B) TRAFFIC VOLUME

- ◆ Method of the traffic demand forecast
- ◆ Diversion ratio of traffic between National Highway No.1 and the Expressway

C) TOLL COLLECTION TARIFF

- ◆ Study of tariff setting for suitable and adequate rate for the project

D) FINANCING OPTIONS

- ◆ Focus on Option-4 (BOT of TL-Cai Lay section) and Option-7 (O&M+ α)
- ◆ Add the condition that the concession fee of toll collection right of HCM-TL expressway will be spent as the Government's funding portion.
- ◆ Financial arrangement for counterpart funds

JICA study team explained to DPI of MOT and CL CIPM on 19 Oct. 2012. and obtained consent.

JICA study team will explain in DFR meeting.

2. Summary of Answers to the Comments of MOT (1/3)

A) TOTAL INVESTMENT

Comments from DPI	Answers from JICA Study Team
To study technical solutions and new structure to reduce the cost	From the investor's viewpoint, common designs and construction methods in Vietnam shall be selected to reduce the risks.
To study adequate price contingency	The study team's assumption of future inflation is reasonable. See 3.
Agree to the bridge widening by phase, but to clarify the technical solutions for phase-2	Technical solutions on design and construction should be considered. See 4. (details to be referred to 6.2.4.1 (4) d) & (5) of Interim Report)
To compare the cost with other similar projects at the same conditions	Construction cost of TL-MT expressway is similar with other project (HCM-TL-DG Exp.) See 5.

2. Summary of Answers to the Comments of MOT (2/3)

B) TRAFFIC VOLUME

Comments from DPI	Answers from JICA Study Team
Agree the calculation method of traffic demand forecast	-
Quite high ratio of increasing the traffic in period 2012 to 2020 for HCM-TL section	The ratio of increasing total traffic of NH1A and is explainable. <i>See 6.</i> (details to be referred to 5.3 of Interim Report)
To evaluate diversion ratio of TL-MT referring to current ratio of HCM-TL expressway	Diversion ratio of TL-MT is explainable taking into accounts of actual traffic trend in HCM-TL. <i>See 6.</i>
To consider the government policy to hold personal vehicle into the demand forecast	It is difficult to reflect the government policies to the traffic demand forecast. The reduction of revenue due to such policy change can be covered by security package such as VGF.

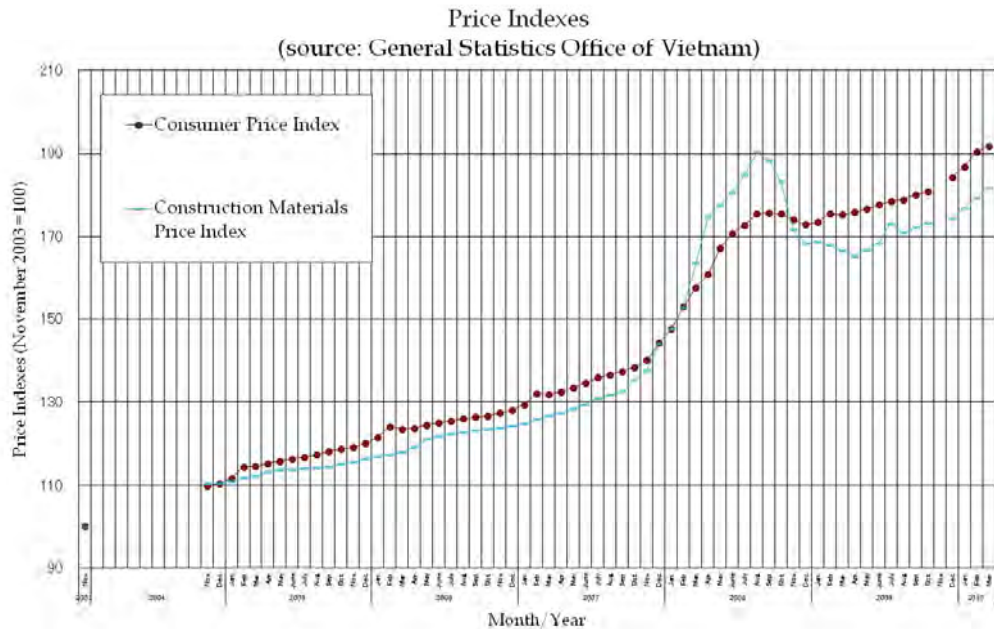
2. Summary of Answers to the Comments of MOT (3/3)

C) TOLL COLLECTION TARIFF

Comments from DPI	Answers from JICA Study Team
To analyze project feasibility by applying additional tariff options to select the optimal fee for ensure the investor's return	1,500VND/km/PCU is required to reach 15% of PIRR for Option-5 under the conditions of; - Construction by SPC: TL-Cai Lay -Revenue to SPC: TL-MT, NH1A(MT,CT Bridges) 1,500VND/km/PCU (Cau Gie–Ninh Binh expressway) seems to be acceptable level for users and that is sustainable tariff setting. <i>See 7.</i>

3. Price Contingency

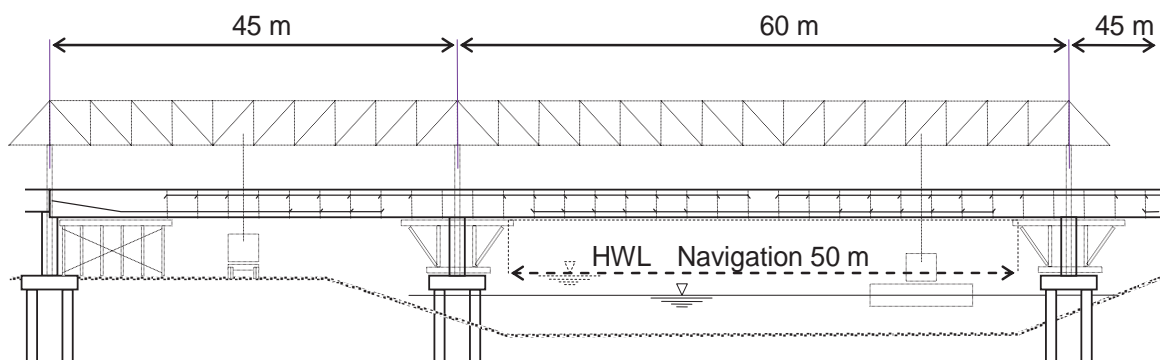
- ✓ Similar trend between Consumer Price Index (CPI) and Construction Materials Price Index
- ✓ Price Contingency Rate of the Project Cost is set based on the forecast of CIP by Economic Intelligence Unit



4. Technical Solutions on Design and Construction for Bridge Widening Method (1/2)

Proposed Bridge Type: Cantilever Segmental Box Girder with Constant Girder Depth

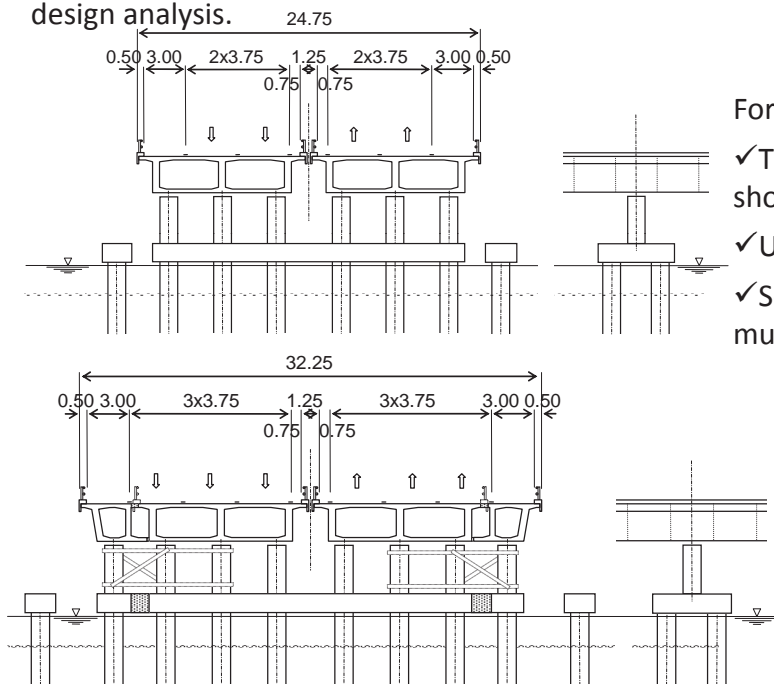
Original Design (D/D): Cantilever Cast-insitu Box Girder with Variable Depth



SPAN and CONSTRUCTION METHOD
(Segmental Free Cantilever Method)

4. Technical Solutions on Design and Construction for Bridge Widening Method (2/2)

Structural performance of widened concrete box girder under dead load, prestressing force, shrinkage and creep of concrete and settlements of piers are prerequisite issues in design analysis.



For construction,

- ✓ Time of connecting the girders should be delayed.
- ✓ Use of low shrinkage concrete
- ✓ Settlement of piers of new bridge must be strictly controlled.

5. Comparison of Unit Price of Civil Work Cost of Expressway in Southern of Vietnam

Unit: billion VND/km

Project	HCM-Long Thanh-Dau Giay Expressway Project (DD 2009 + Inflation(20%))	Trung Luong - My Thuan Expressway Project (DD 2011)
Whole section	213	264
Viaduct section	488	357
Bridge Section	771	639
Embankment Section	97	168
Embankment Section required for softsoil treatment except bridge & viaduct	178	incl. 57billion 168 VND/km of softsoil treatment cost

- ✓ Unit cost per km of TL-MT expressway is approximately 1.24 times of HCM-LT-DG expressway project.
- ✓ However, unit costs per km of each section such as viaduct, bridge and softsoil treatment on embankment are similar or still lower than those of HCM-LT-DG expressway project.

6. Traffic Demand Forecast

- Comparison between Actual Traffic and Forecast -

Route	Actual Traffic Volume in Year <u>2012</u> (provided by CL CIPM)			JICA Survey Forecast in Year <u>2011</u>			JICA Survey Forecast in Year <u>2020</u>		
	NH1A*	HCM-TL Ex-way**	Total	NH1A*	HCM-TL Ex-way***	Total	NH1A*	HCM-TL Ex-way***	Total
PCU/day	28,656	27,987	56,643	36,493	24,115	60,608	34,209	63,322	97,531
Diversion Ratio	50.6%	49.4%	100%	60.2%	39.8%	100%	35.1%	64.9%	100%

(1) Traffic Volume and Diversion ratio are similar

(2) 1.6 times/9years
Average +5.4%/year



(3) Year by year, diversion ratio is increasing because of higher time value.

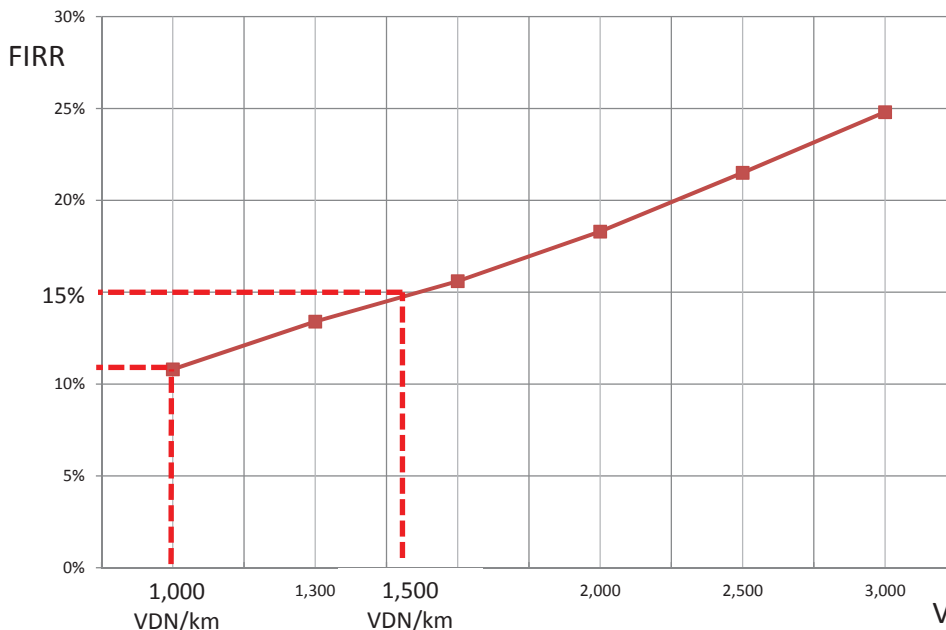
- * Motorbike is not counted in National Highway.
- ** Average traffic volume between HCM and Trung Luong IC
- ***Traffic volume between Tan An IC and Trung Luong IC

7. Tariff Setting for Option 5

Assumption

Construction by SPC: TL-CL

Revenue to SPC: TL-MT, NH1A(MT,CT Bridges)



Tariff rate need to be 1,500VND/km to make FIRR over 15%

Note: Toll rate is the rate as of 2012

THE PREPARATORY SURVEY ON TRUNG LUONG - MY THUAN EXPRESSWAY PROJECT IN VIETNAM

ANNEX-2 Draft Final Report “Proposed Project Scheme and Implementation Program”



January 2013

JICA Study Team;

Nippon Koei Co., Ltd.
Marubeni Corp.
KRI International Corp.



TOC of Draft Final Report (Investment Section)

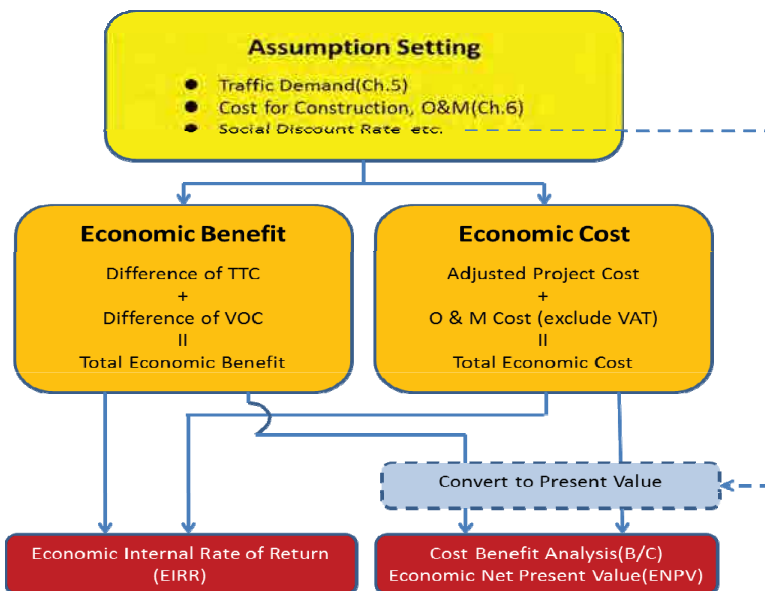
46

Chapter 7	Economic Evaluation
Chapter 8.3	Evaluation of Project Scheme Options (4+2)
8.3.1	Financial Analysis of Project Schemes
8.3.2	Risk Analysis of Project Schemes
8.3.3	Overall Evaluation
Chapter 8.4	Proposal of O&M Concession
8.4.1	Proposed Project Structure
8.4.2	Project Implementation Plan
Chapter 9	Security Package
9.1	Outline Security Package
9.2	Term Sheet of Concession Contract
Chapter 10	Evaluation of the Project
Chapter 11	Recommendation for Risk Mitigation Measures
Chapter 12	Conclusions and Recommendations

Chapter 7. Economic Evaluation

PURPOSE: To evaluate *socio-economic impacts* of the project from view points of National Economy

Flow of Economic Evaluation



Result of Economic Evaluation

Trung Luong - My Thuan – Can Tho Expressway is a part of the North-South Expressway and prioritized to develop before 2015. (PM Decision No.140/QD-TTg)

	Result		Evaluation
	BVEC FS	JICA Study	
Economic IRR	12.1%	15%	Good (Higher than Social Discount Rate (12%)*)
B/C	1.0	1.4	Good (Higher than 1.0)
ENPV	332	4,800 (Bil VND)	Good (Higher than 0)

High Socio-Economic Benefit

Necessity of the Trung Luong – My Thuan Expressway is reconfirmed.

*Refer to ADB(1997) "Guideline for Economic Analysis for Project" (10%-12% is used practically), and current market rate of Vietnam , etc.

Chapter 8.3. Evaluation of project Scheme options (4+2)

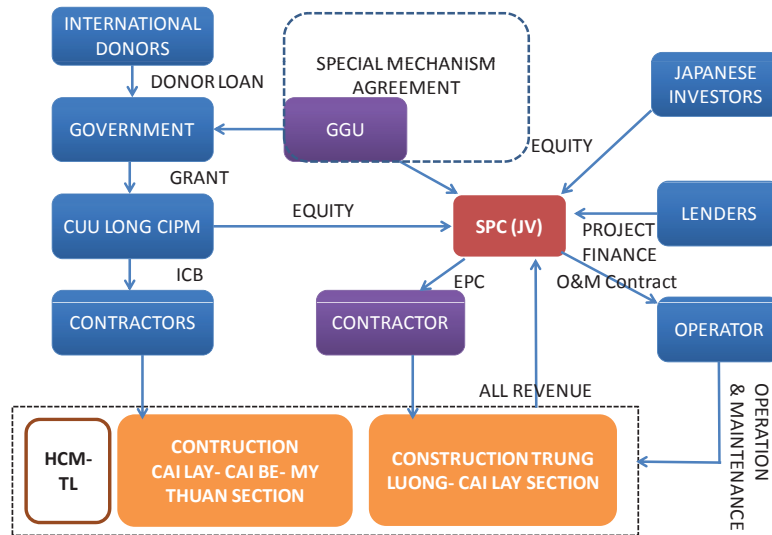
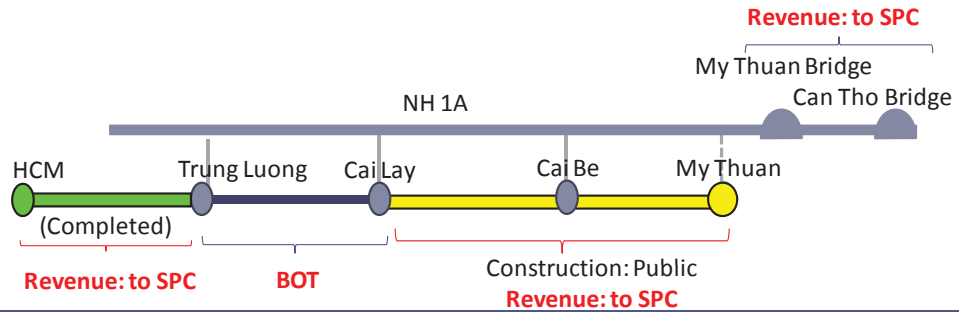
8.3.1 Financial Analysis of Project Schemes

- Project IRR of Option 1 to Option 6 are calculated
- Option 4 and 5 could satisfy required profitability level

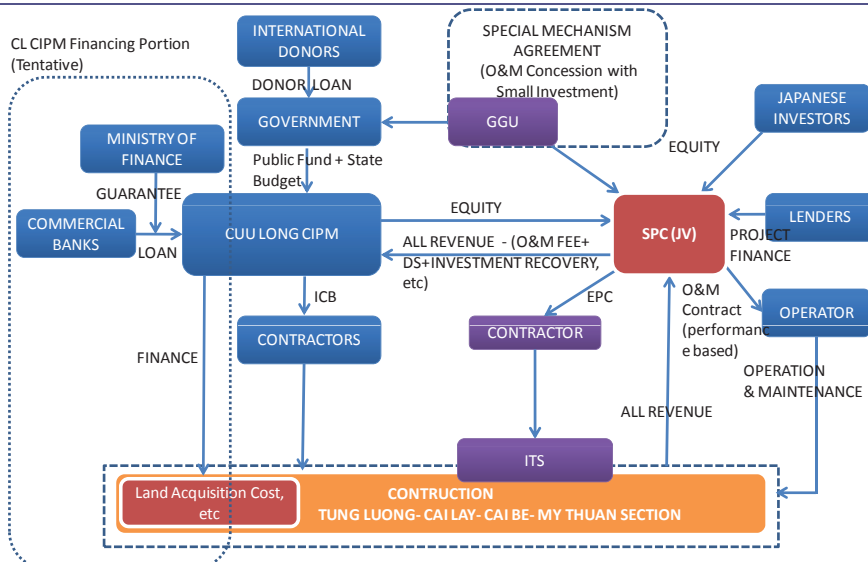
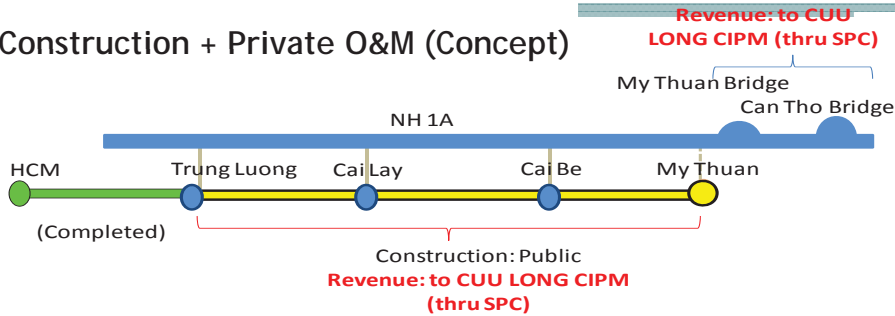
Reasonable Profitability for Option 4 and Option 5

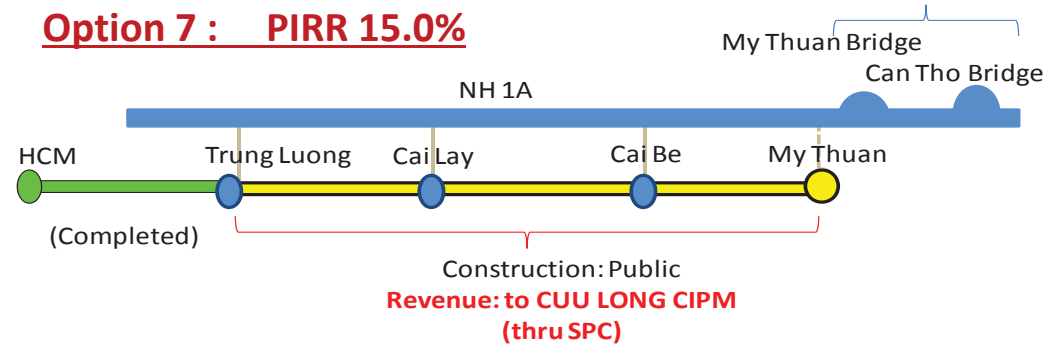
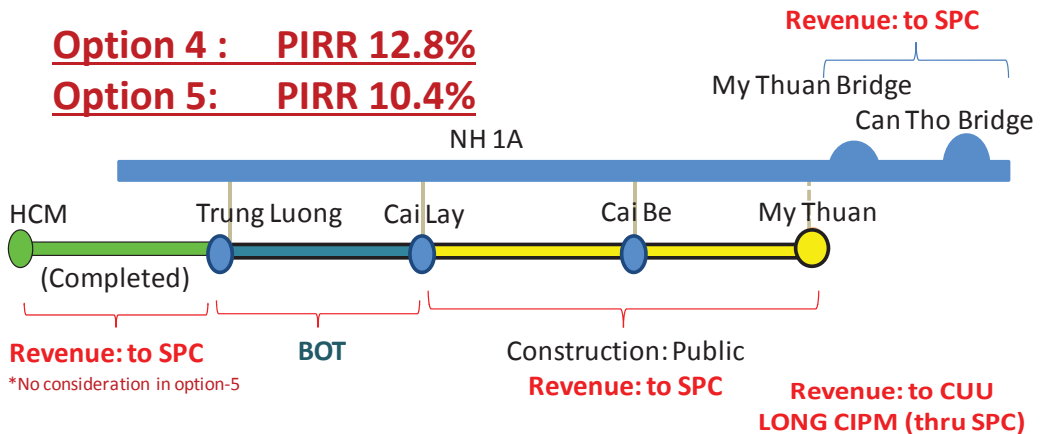
BOT/PPP Project Scope & Scheme Cases			Project IRR		CAPEX Investment (billion)
Case No.	Build by SPC	Toll Revenue to SPC ^{*1/}	VND/km ^{*2/} 1000	VND/km ^{*2/*3} 1300	
Base Case:	TL-MT	-	3.5%	5.1%	VND25,736
Op1:	TL-CB	NH1A(MT,CT Bridges)	7.2%	9.6%	VND15,919
Op2:	TL-MT	HCM-TL, NH1A(MT,CT Bridges)	6.2%	7.6%	VND25,736
Op3:	TL-CB	HCM-TL, NH1A(MT,CT Bridges)	8.9 %	11.0%	VND15,919
Op4:	TL-CL	HCM-TL, NH1A(MT,CT Bridges)	12.8%	14.9%	VND8,891
Op5:	TL-CL	NH1A(MT&CT bridges)	10.4%	12.7%	VND8,891
Op6:	TL-CL	HCM-TL, NH1A(MT&CT bridges, KM1953+200)	13.7%	15.8%	VND8,891

- Note:
- 1) In base case and all options, toll revenue of whole section (TL-MT) will go to SPC.
 - 2) Toll level as of 2012
 - 3) Toll increase applies only to TL-MT expressway, NOT to HCMC-TL expressway.
 - 4) TL: Trung Luong CL: Cai Lay CB: Cai Be MT: My Thuan CT: Can Tho



Public Construction + Private O&M (Concept)





Evaluation of Value for Money for O&M Option (Option 7)

- VFM of Option 4,5 and Option 7 are compared
- Option 7 would have far greater Value For Money (VFM)

■ Sources of funding for initial CAPEX of TL-MT expressway

(Bil VND)

	(I) Option 4&5 (Horizontal Separation)	(II) Option 7 O&M+ etc.	(II) - (I)
(1) PPP portion	9,135	1,784	-6,824
Project Finance(70%)	6,467	1,257	-5,210
equity - Cuu Long CIPM (15%)	1,334	263	-1,070
equity - Japan private (15%)	1,334	263	-1,070
(2) Public portion	15,512	22,250	6,738
Donor loan	13,648	19,382	5,734
State budget of Vietnam	1,864	2,868	1,104
Total funding (1)+(2)	24,647	24,034	
Sub-total Vietnam funding	3,198	3,131	-67
Sub-total loan (Donor & Project Finance)	20,116	20,639	524

cf. Government guarantee is needed for donor loan ,but not for Project Financing,

“Option7” is more practical solution because;

- Only slight increases in sub-total amount for both Vietnam funding and loans .
- Decrease in equity – Japan private is to allow more chances to materialize our PPP project under the difficult current world economic environment.

Option 7 will bring large VFM 56

■ Comparison of Net Gov't Income in Lifecycle (as concept of VFM) (until 2047)

(Present Value, VDN Bil)

Items		(I) Option 4*&5	(II) Option 7
Inflow	Toll Revenue	0	8,287
	Tax from SPC (VAT + Income Tax)	1,290	174
	Total (A)	1,290	8,461
Outflow	Land Acquisition etc.	1,394	2,150
	Loan payment	2,589	3,732
	O&M cost	0	3,584
	Total (B)	3,983	9,466
Net Cash Flow (A) - (B)		-2,693	-1,006
Difference (II)-(I)			1,687

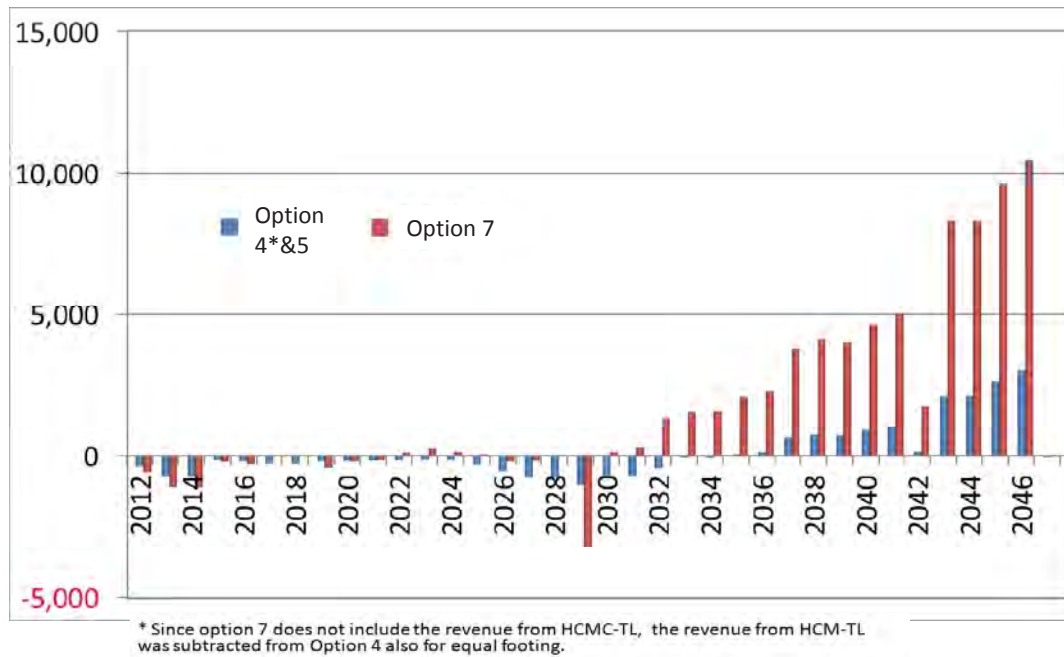
Discount Rate = 12%,

* Since option 7 does not include the revenue from HCMC-TL, the revenue from HCM-TL was subtracted from Option 4 also for equal footing.

“Option 7” is better for GOV in terms of net cash-flow;

- Toll revenue goes to SPC in “Option 4&5”, it goes to GOV in “Option 7”.
- The operating period for “Option 4&5” is 30 years because of BOT structure while “Option 7” is assumed only 15 years (subject to further negotiation)

Value for Money for GOV – detail of cash-flow projection (VND bil)



- “Option 7” is better for GOV in terms of cash-flow projection because the growth in the toll revenue of the expressway has direct impact.

8.3.2 Risk Analysis of Project Schemes

Result of Market Sounding

- Present Circumstances of Financial Market
 - Cooling down of international financial market in the wake of European Debt Crisis
 - Negative view of foreign banks (Japanese & international) for new lending under current economic situation of Vietnam
- Distinctive Features of Project
 - Project IRR is not sufficiently high to attract the private finance
 - Revenue in VND is a big obstacle to Project Finance Structure

Outcome

- ⇒ Project Finance Structure is not applicable to Project
- ⇒ Commercial loan covered by insurance of Export Credit Agency can be of interest of foreign banks

■ **Viable PPP option is difficult, because:**

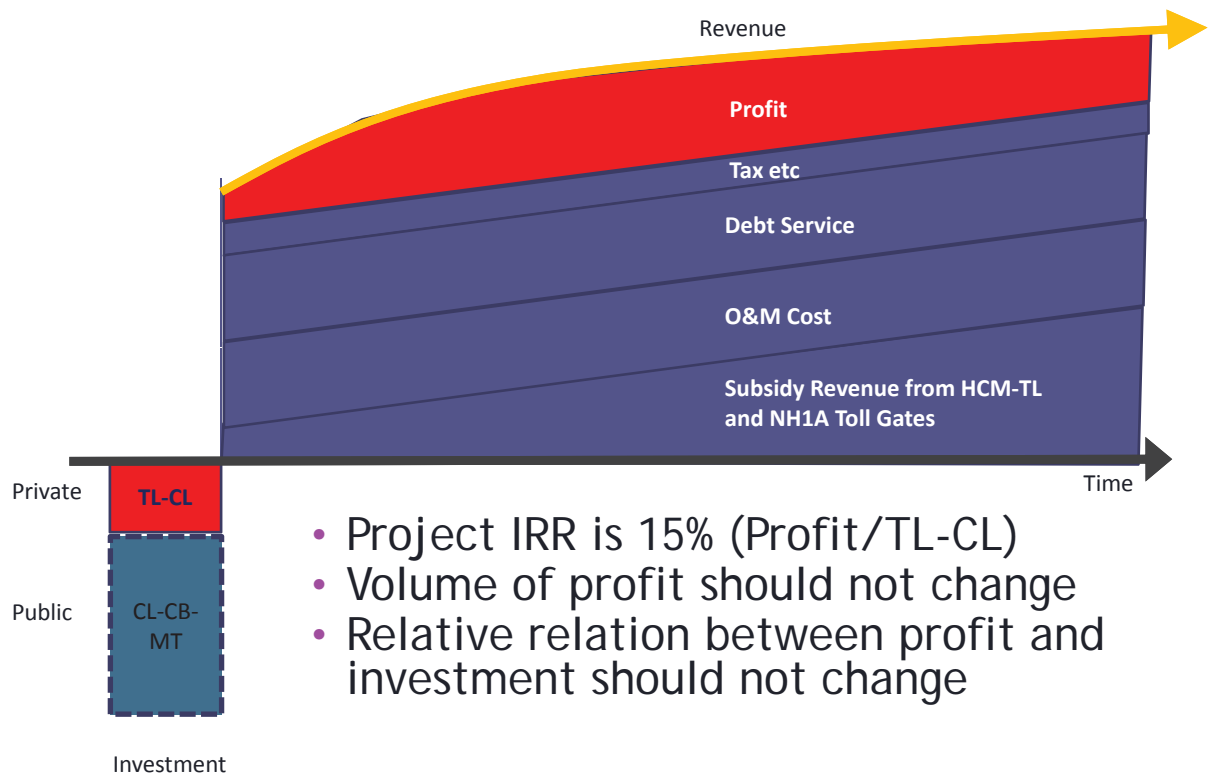
- To contain Project risks, a variety of public supports are required, in particular the in-kind grant contribution of the publicly financed/constructed Cai Lay-MT section.

As a result, the interface risk will become excessive for both public and private sectors.

=> It is difficult to materialize a credible security package. Investors and lenders will be reluctant to commit their money.

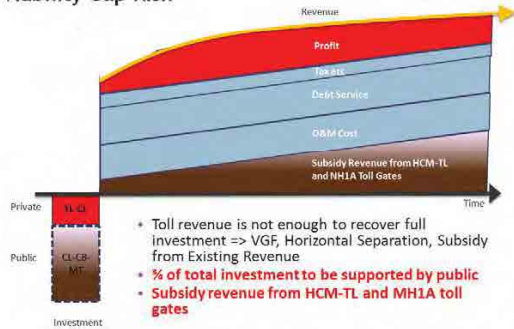
- **Small Benefit (value for money) for GOV**

=> 2/3 of Capital Investment should be borne by GOV and All revenue will go to the private sector

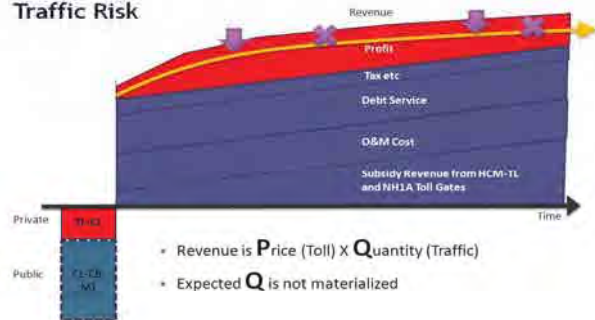


- Project IRR is 15% (Profit/TL-CL)
- Volume of profit should not change
- Relative relation between profit and investment should not change

Viability Gap Risk



Traffic Risk



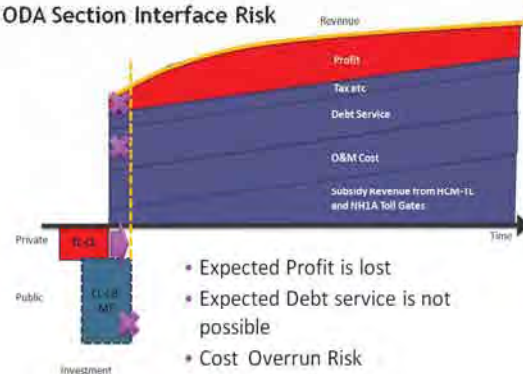
Land Acquisition Risk



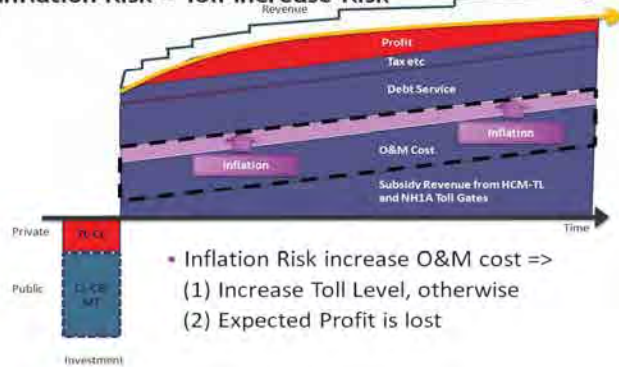
Delay of Completion Risk => Cost Overrun Risk



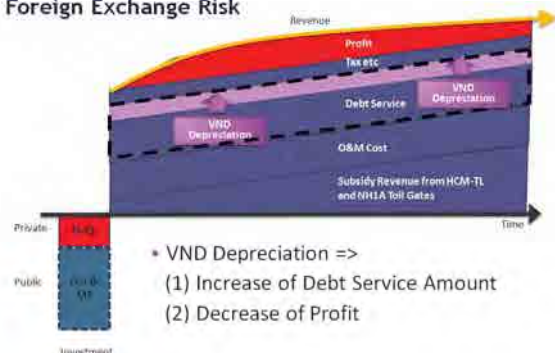
ODA Section Interface Risk



Inflation Risk = Toll Increase Risk



Foreign Exchange Risk



■ **Small risks to be assumed by Private sector**

- **Small investment obligation with fixed amount repayment based on forex adjusted formula**
- **No revenue/traffic risks to be assumed by private**
- **Only O&M service performance risk to be assumed by private on performance based contract**

Risks of Option 4 Case	Risk of O&M Concession Case
<ul style="list-style-type: none"> • Land Acquisition Risk • Technical Risk • Construction Completion Risk • O&M Risk • Section Interface Risk • Sponsor Risk • Finance Arrangement Risk • Interest Rate Risk • Traffic Demand Risk • Toll Increase Risk/Inflation Risk • Foreign Exchange Risk • Change-in-Law Risk 	<ul style="list-style-type: none"> • • Technical Risk(↓) • Construction Completion Risk(↓) • O&M Risk • • Sponsor Risk • Finance Arrangement Risk(↓) • Interest Rate Risk (↓) • • • Foreign Exchange Risk (↓) • Change-in-Law Risk



8.3.3 Overall Evaluation of Project Schemes

- VFM is far greater for O&M concession option
- Project risks are unmanageable for Option 4 while those for Option 7 (O&M concession option) are manageable for private sector

Result of Overall Evaluation

Evaluation Criteria	Target	Indicator	Option 4* & 5	Option 7	
1. Profitability	GoV	NPV	-2,693	-1,006 ⊙	NPV(Net Present Value)=Gov't life-cycle cash flow(IN) – Gov't life-cycle cash flow (OUT)
		VFM	-	1,687 ⊙	VFM(Value for Money) =NPV(O&M+α) -NPV(Option 4)
	Private	PIRR	10.4% ○	15% ⊙	PIRR(Project Internal Rate of Return) of "Option 7" will be changed based on the amount of annual payment from Gov't to Private.
2. Risk (Private)		VGF	High	Non	
		Land Acquisition	High	Non	
		Construction Completion	Med	Non	
		Section Interface	High	Non	
		Finance	High	↓	
		Traffic Demand	High	Non	
		Private Investment	High	↓	
	Complex SP	High	↓		
3. Overall Evaluation			×	⊙	

* Since option 7 does not include the revenue from HCMC-TL, the revenue from HCM-TL was subtracted from Option 4 also for equal footing.

Chapter 8.4 Proposal of Option 7 (O&M Concession)

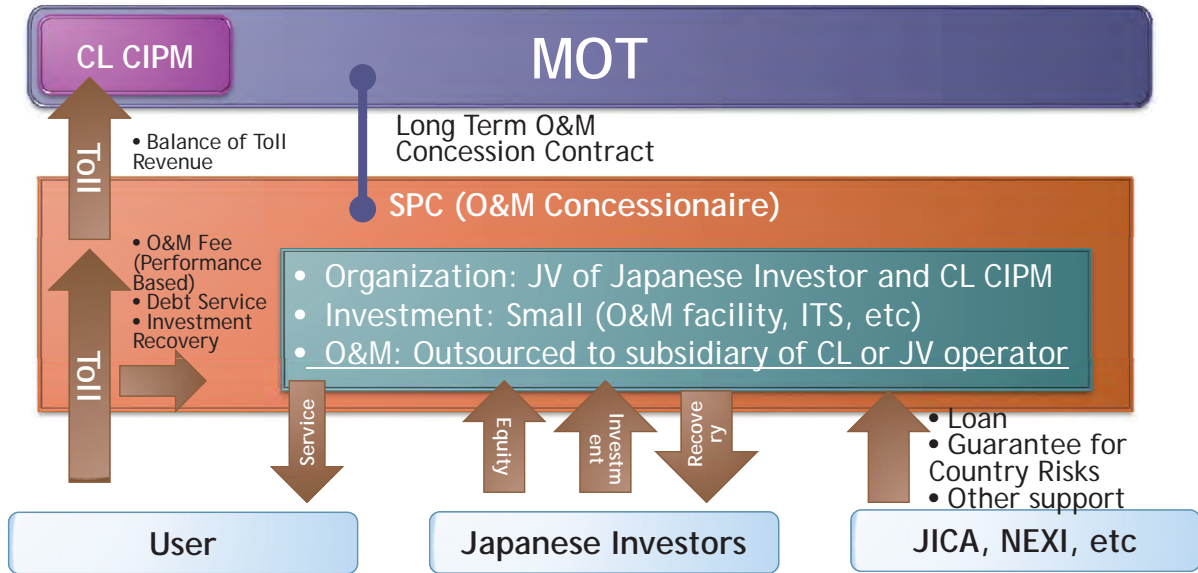
- Complex project risks of Option 4 are uncontrollable by Private sector => The following Risks are to be assumed by Public (**Method 1**):
 - Construction related risks
 - Land Acquisition risk
 - Completion risk
 - Cost over run risk
 - Delay risk
 - Construction interface risk
 - Traffic/Revenue risks
- Refer to next slides
- O&M Concession (B)
 - Long Term O&M Concession Contract on performance basis with small private investment, but no revenue/traffic risk assumed by private investor

Comparison of O&M Options

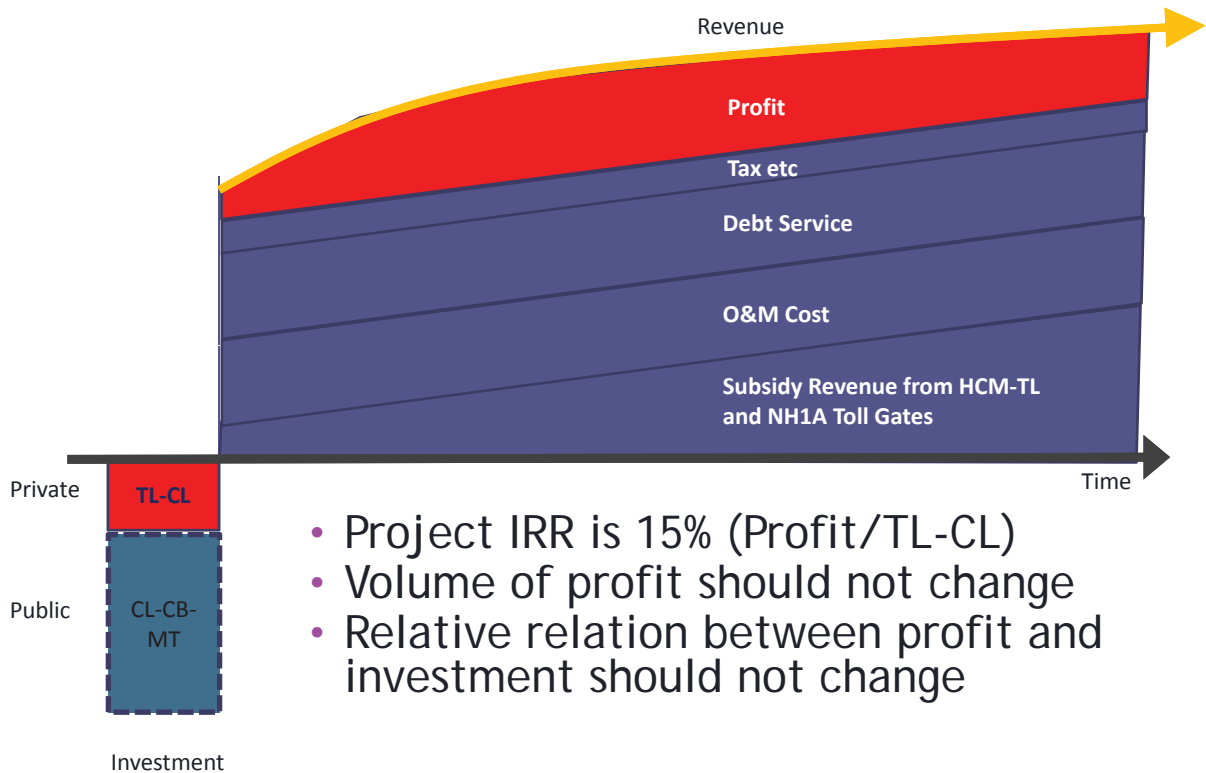
Role/Risk Allocation		1. Separate O&M Contracts (Conventional)	2. Consolidated O&M Contract	3. O&M Concession (A)	4. O&M Concession (B)	5. O&M Concession (C)	6. O&M Concession (D)	
Construction	Infrastructure	Public	Public	Public	Public	Public	Public	
	Pavement/Ancillary Facilities	Public	Public	Public	Public	Public	Public	
	Private Investment (ITS, etc)				Yes	Yes	Yes	
O&M	Toll Collection	Public	Public	Public	Public	Private	Private	
	Operation and Maintenance	Separate Contracts	Consolidated Contract	Long Term Concession	Long Term Concession	Long Term Concession	Long Term Concession	
Risk Allocation	Defect of Road Infrastructure	Public	Public	Public	Public	Public	Public	
	Defect of Private Investment				Private (ROW is Public)	Private (ROW is Public)	Private (ROW is Public)	
	O&M Risk	Public	Private	Private	Private	Private	Private	
	Traffic Risk	Public	Public	Public	Public	Private	Private	
	Toll Collection Method	Public (Contract)	Public (Contract)	Public (Contract)	Public (Contract)	Private	Private	
	Cost Recovery Method	O&M Cost	Fixed (Required Amount)	Fixed (Required Amount)	Fixed (Performance Based)	Fixed (Performance Based)	Variable (Private Risk)	Variable (Private Risk)
		Investment Recovery				Fixed	Variable (Private Risk)	Variable (Private Risk)
		Debt Service				Fixed	Variable (Private Risk)	Variable (Private Risk)
	Concession Fee by Private	No	No	No	No	No	Yes	
: Private Risk								

OUTLINE OF SCHEME

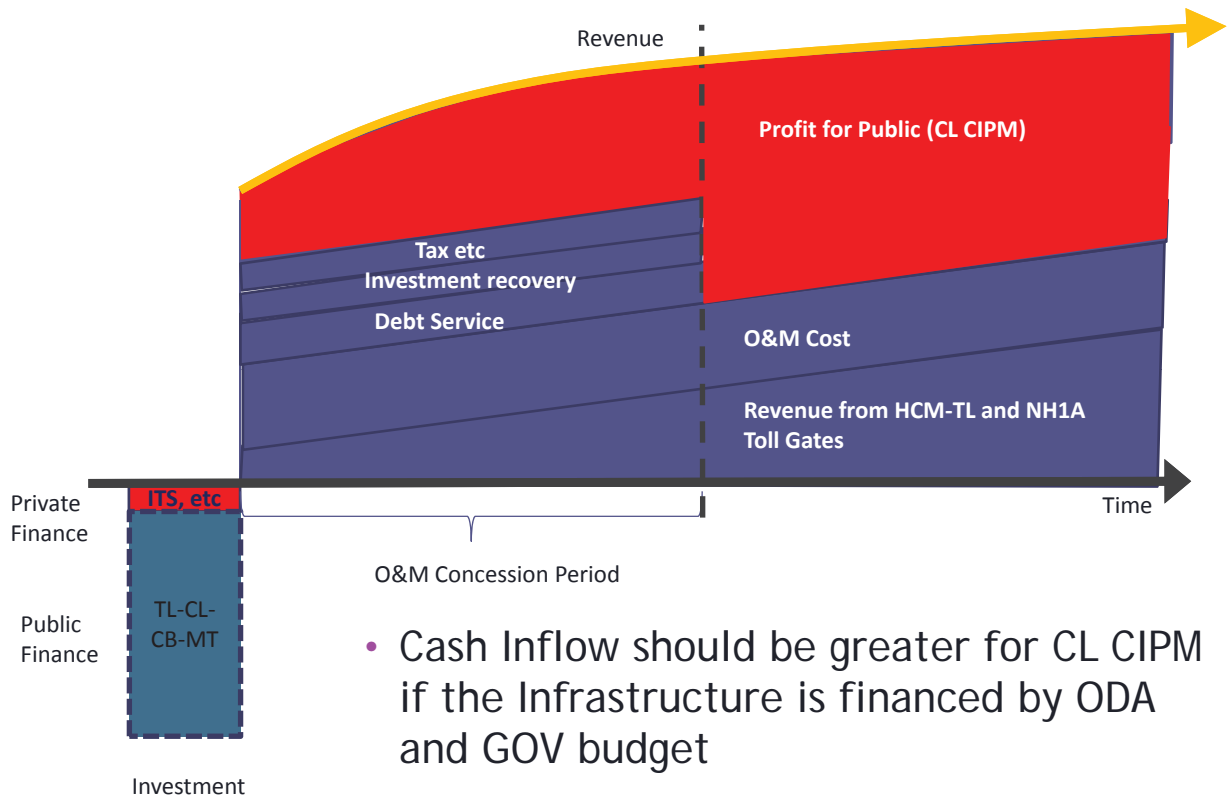
- Road Infrastructure is constructed by Public
- Consolidated O&M service by Private based on Long Term O&M Concession
- JV of Japanese Investor and CL CIPM
- Small Equity and Small Private Investment



Cash Flow Profile of Option 4



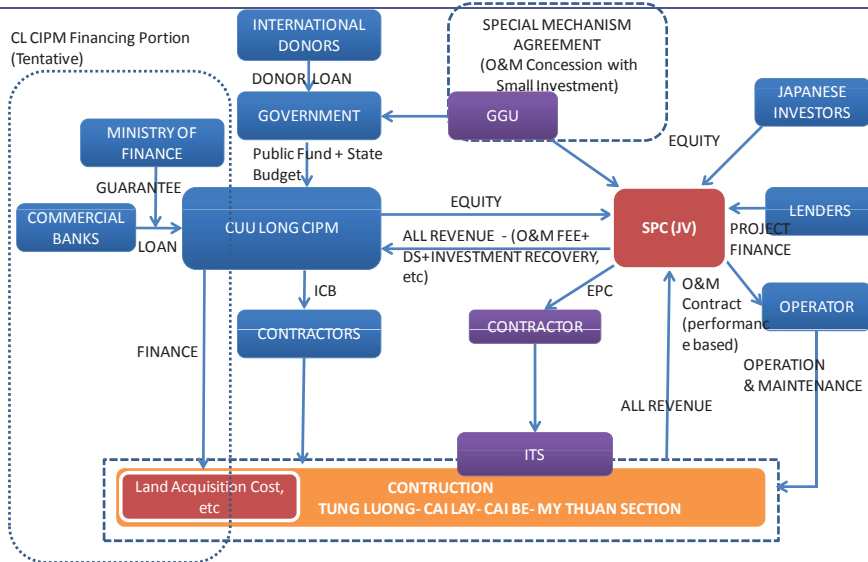
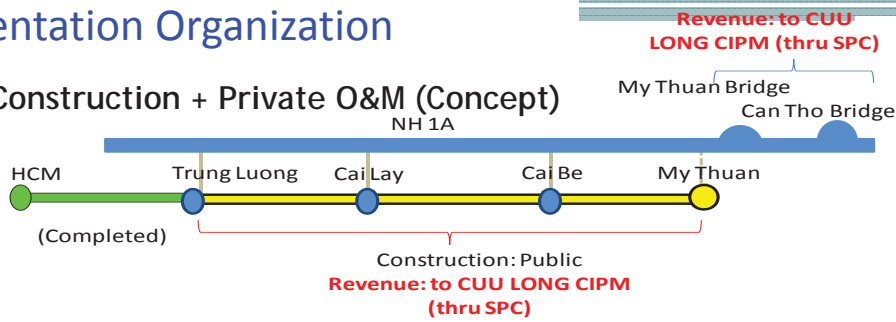
- Project IRR is 15% (Profit/TL-CL)
- Volume of profit should not change
- Relative relation between profit and investment should not change



8.4.1 Proposed Project Structure

Implementation Organization

Public Construction + Private O&M (Concept)



Risk Allocation of Proposed Scheme

Role/Risk Allocation		Proposed O&M Concession Scheme	
Construction	Infrastructure	Public	
	Pavement/Ancillary Facilities	Public	
	Private Investment (&M Facility, ITS, etc)	Yes	
O&M	Toll Collection	Public (Contracted to Private)	
	Operation and Maintenance	Long Term Concession	
Risk Allocation	Defect of Road Infrastructure	Public	
	Defect of Private Investment	Private (ROW is Public)	
	O&M Risk	Private (Performance Based)	
	Traffic Risk	Public	
	Toll Collection Method	Public (Contracted to Private)	
	Cost Recovery Method	O&M Cost	Fixed (Performance Based)
		Investment Recovery	Fixed
Debt Service		Fixed	
Concession Fee by Private	No		

: Private Risk

1. A long-term O&M Concession could be considered:
 - Investors (possibly a toll road operator or a JV between investors and a toll road operator) are required to invest in O&M facility and ITS and provide a budget for a long-term maintenance program.
 - Out of the toll fees collected by the Operator, O&M fees, debt-service, investment recovery, and maintenance reserves are deducted, and the balance will be passed through to CL CIPM or to MOT via CL CIPM.
 - The deduction of the O&M fee is subject to Operator's performance, measured against Key Performance Indicators specified in the Concession Agreement.
2. Issues with the O&M Concession:
 - The optimal timing for the decision of the concessionaire. The O&M concessionaire cannot prepare a long-term maintenance program until they inspect the completed TL-MT section. However, if simultaneous decision of the concessionaire is a prerequisite for ODA funding, there may be timing interface problem between ODA procurement and the decision of O&M concession.
 - For long duration commitment of the O&M budget by operator, tariff needs to be secured to be adjusted in accordance with price escalation (not less than price escalation) in a timely manner taking into account the high volatility of inflation.
 - Compatibility of the ITS between HCM-TL and TL-MT.

Notice: this numerical example is for discussion purpose only . No prospective investors and no debt providers confirmed.

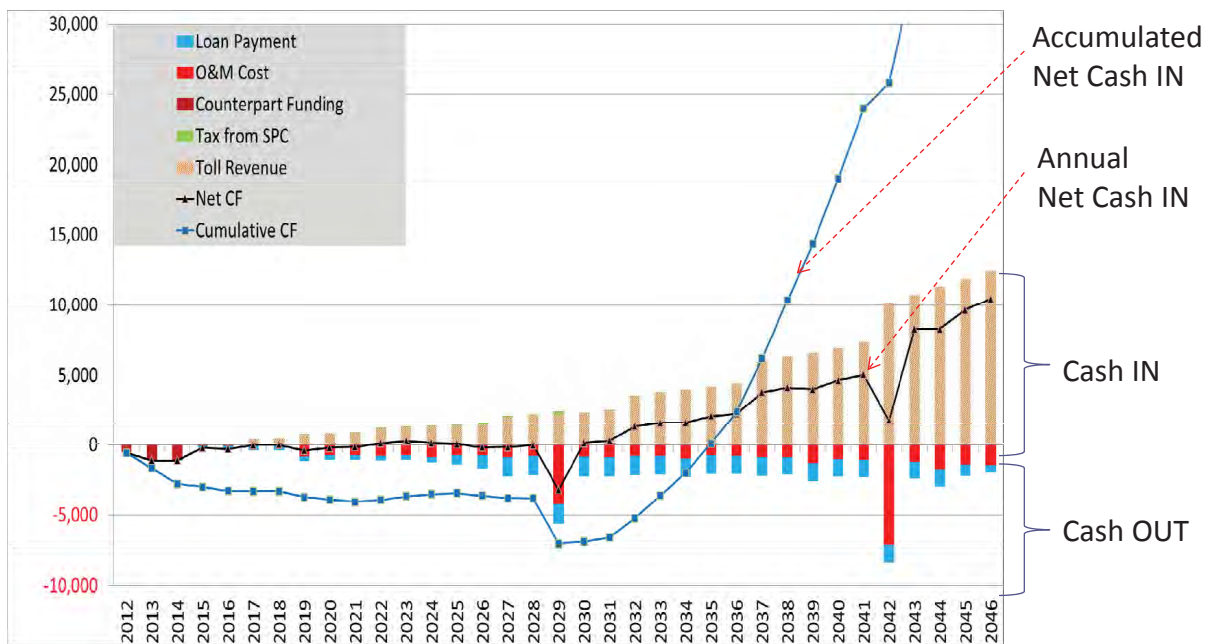
		Item		Remarks
Project Period		Start of Operation	2019	Project period of public construction portion is assumed as 2019-2046.
		End of Operation	2033	Operation period is 15 years
Loan Conditions	Project Finance (PSIF etc.)	Tenor	18 years	
		Grace	5 years	(included in loan term)
		Applicable Interest Rate	3.0% p.a.	
	Donor Loan (ODA etc.)	Tenor	30years	
		Grace	10years	(included in loan term)
		Applicable Interest Rate	1.4% p.a.	
Foreign Exchange Risk			35%	In % of annual payment for both interest and principle.
Payment to Private Company		Installment Payment period	15 years	
		Installment Payment Charge	15%	
		O&M Management Charge	21%	

Notice: this numerical example is for discussion purpose only .
No prospective investors and no debt providers confirmed.

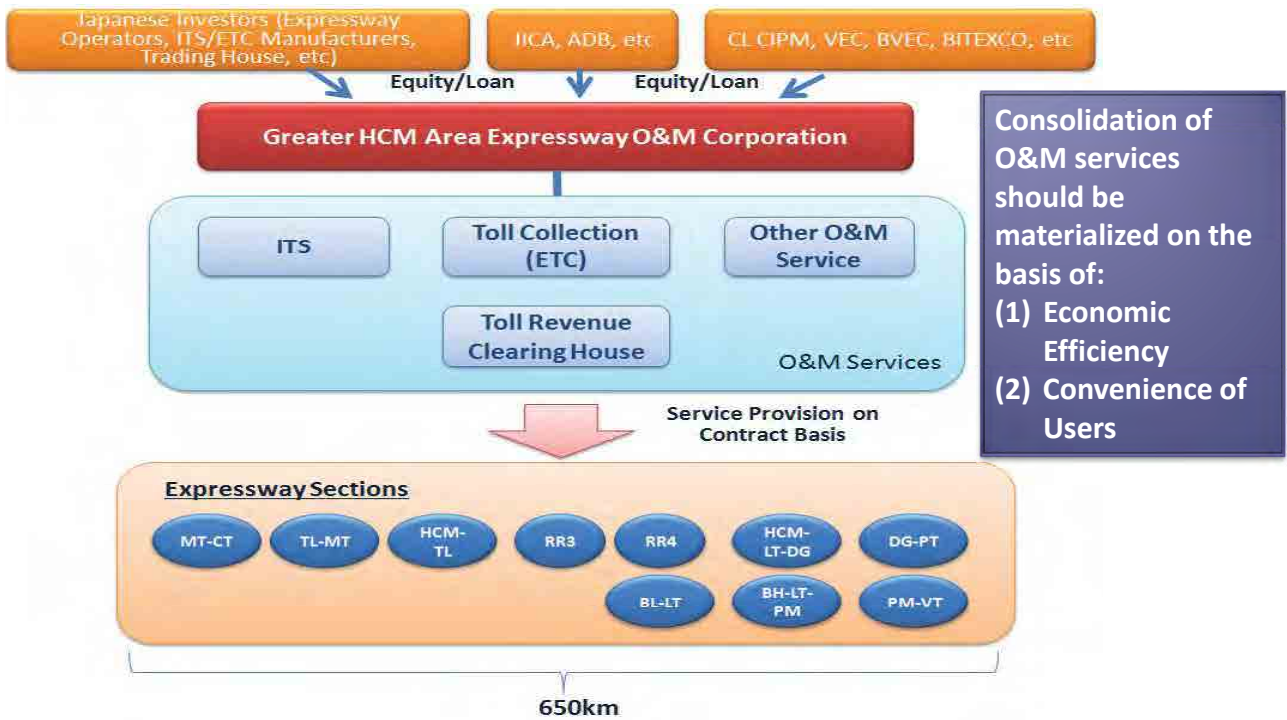
(Bil VND)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Toll Revenue	0	0	0	0	0	234	234	716	810	867	1,201	1,275	1,349	1,423	1,498	2,045	2,143	2,241
Tax from SPC	0	0	0	0	0	0	0	49	46	45	47	60	63	57	56	58	53	201
Land Acquisition etc.	-496	-992	-996	-96	-96	-96	-96	0	0	0	0	0	0	0	0	0	0	0
O&M Cost	0	0	0	0	0	0	0	-831	-707	-710	-779	-721	-907	-738	-748	-844	-774	-4,196
Loan Payment	-26	-27	-26	-120	-213	-355	-360	-366	-366	-366	-366	-373	-392	-754	-1,120	-1,616	-1,618	-1,622
Net CF	-522	-1,019	-1,022	-216	-309	-217	-222	-433	-218	-164	102	242	113	-12	-314	-356	-196	-3,376
Cumulative CF	-522	-1,541	-2,563	-2,779	-3,088	-3,305	-3,528	-3,960	-4,178	-4,342	-4,240	-3,998	-3,885	-3,898	-4,211	-4,567	-4,763	-8,140

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Toll Revenue	2,339	2,513	3,493	3,719	3,946	4,172	4,398	6,012	6,306	6,600	6,894	7,339	10,119	10,698	11,276	11,855	12,433	0	0
Tax from SPC	52	51	39	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land Acquisition etc.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
O&M Cost	-837	-860	-808	-799	-978	-747	-795	-934	-902	-1,341	-1,023	-1,090	-7,129	-1,236	-1,837	-1,402	-1,493	0	0
Loan Payment	-1,604	-1,586	-1,567	-1,549	-1,531	-1,512	-1,494	-1,476	-1,458	-1,439	-1,421	-1,403	-1,384	-1,360	-1,322	-942	-558	-43	-22
Net CF	-51	118	1,157	1,409	1,436	1,913	2,109	3,602	3,946	3,820	4,450	4,847	1,606	8,102	8,117	9,511	10,382	-43	-22
Cumulative CF	-8,191	-8,073	-6,916	-5,507	-4,071	-2,158	-49	3,553	7,499	11,320	15,770	20,617	22,223	30,326	38,443	47,954	58,337	58,293	58,271

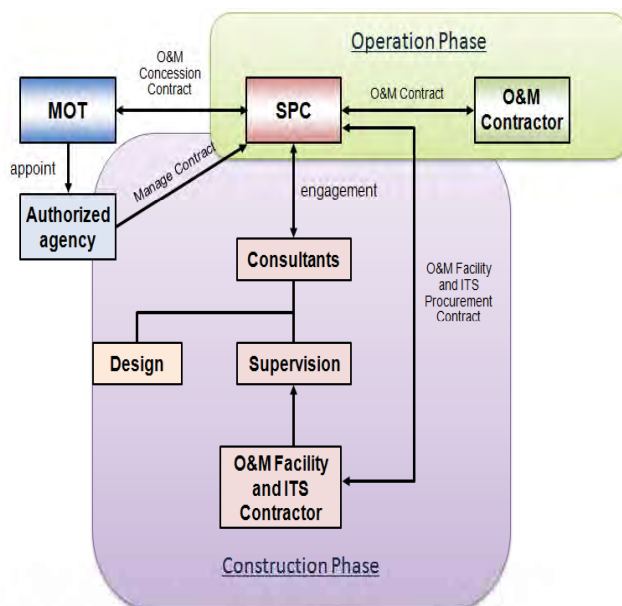


Establishment of Greater HCM Area Expressway O&M Corporation



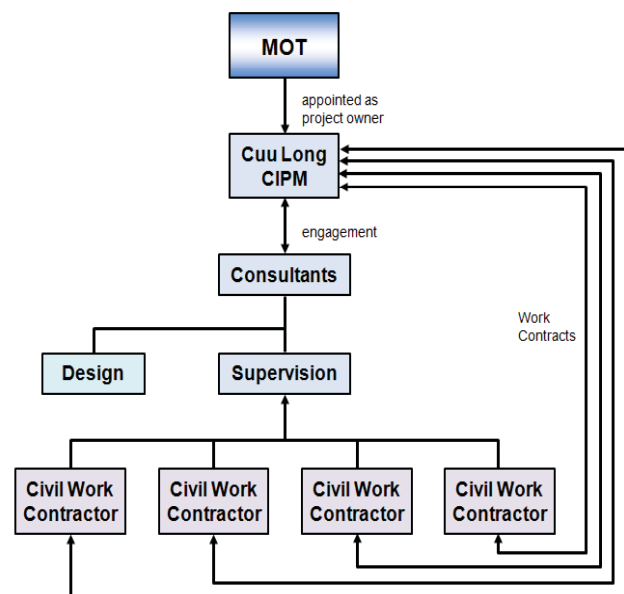
8.4.2 Project Implementation Plan Implementing Organization

Private Sector (O&M Portion)



Source : JICA Study Team

Public Sector (Expressway Construction)



Source : JICA Study Team

Chapter 9 Security Package

9.1 Outline Security Package(1)

Major Risks	Basic Security Package
<ul style="list-style-type: none"> • Land Acquisition Risk • Budget Preparation • Environment and Social Risk • O&M Risk • Finance Arrangement Risk • Currency Exchange Rate Risk • Section Inflation Risk • Traffic Demand Risk • Toll Fee Risk • Foreign Exchange Risk • Change-in-Law Risk 	<ul style="list-style-type: none"> • Allocate the risk under the project documents (ex: KPI, Condition Precedent, etc.) • Security deposit (including Toll collection rights) • Bank guarantee • Government guarantee

9.1 Outline Security Package(2)

- Government Guarantee assuming risk on:
 - currency
 - performance by Vietnamese counterparties to the project documents
 - change in law (beyond the protection offered under the LOI)

[Note: we think a Government Guarantee is highly unlikely to be given in the case of a small scale project on a non-BOT basis such as an O&M Agreement.]
- Alternatively, Government side assume such risks under O&M Agreement secured by way of security deposit/ bank guarantee or by collection of toll fees for the HCMC – Trung Luong section in addition to the Trung Luong to My Thuan section

9.2 Term Sheet of Concession Contract

O&M Agreement

- Parties => MOT and Joint Venture Consortium (JVC)
- Term => 15 years
- Purpose
- Condition Precedent => Payment of Security Deposit
- Liquidated Damages => Delay in Commencement
- Payments, Ramp-up Fee
- Security Deposit
- Construction Defects
- O&M Expense Cap
- Scope of Services
- Key Performance Indicators
- Events of Default
- Termination => Termination Payment
- Liability Cap

Joint Venture Agreement

- Ownership => <75%
- Appointment of General Director
- Dividend Policy
- Breach of JVA

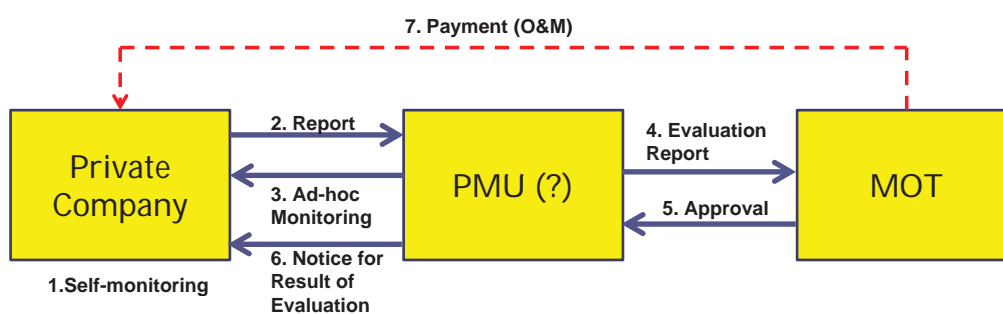
Chapter 10. Evaluation of the Project

Evaluation	Evaluation Criteria for Preparatory Stage		Result of Evaluation
Technical	<ul style="list-style-type: none"> ● Appropriateness of plan, design, selection of equipment, and execution method ● Appropriateness of O&M plan 	○	<ul style="list-style-type: none"> ● Soft ground condition is well considered in design. ● Additional consideration is required for integrity with ITS equipment of HCMC-TL ● O&M plan is appropriate
Economic & Financial	<ul style="list-style-type: none"> ● Economic IRR (more than the social discount rate (12%)) ● PIRR (more than hurdle rate (15%)) ● VFM 	◎	<ul style="list-style-type: none"> ● Economic IRR is 15% which is higher than social discount rate. ● PIRR is 15% (Option 7) which is bearable for investors ● Net gov't income of Option 7 is higher than that of Option 5
Social & Environment	<ul style="list-style-type: none"> ● Compliance of socio-environment guideline 	○	<ul style="list-style-type: none"> ● The plan of this project is based on socio-environment guideline of donors ● There is possibility to encounter for opposition of land acquisition
Legal & Organization	<ul style="list-style-type: none"> ● Consistency with PPP related laws and regulations ● Appropriateness of organizational structure ● Appropriateness and clearness of risk allocation 	△	<ul style="list-style-type: none"> ● Option 7 have a possibility to be approved as special mechanism by prime-minister ● Since demand risk is shouldered by GoV, it is more acceptable for investors. However the risks such as delay of payment from GoV, and interface risks between public and private construction need to be considered.

Benefits of each Stakeholders

Stakeholders	General Benefit of Project	Specific Benefit of Proposed Scheme (Comparison between Option 4 and 7)		
		Financial Impact	Risk	Overall Evaluation
GoV	⊙ : To achieve policy goal with socio-economic development	⊙ : Gov't can get higher financial benefit (NPV increase -2,693 ⇒ -1,006bil VND)	△ : GoV will shoulder Demand Risk	○ : GoV will shoulder demand risk and GoV's debt Increase; however, high income will cover those.
Invest or	Local	⊙ : Project IRR of Option 7 is higher than that of Option 4(10%⇒15%)	⊙ : Demand risk would be exempted	⊙ : Financial return increase. Also, able to get rid of demand risk.
	International	○ : To have more business chance	⊙ : Same as above	⊙ : same as above
Donors (Lenders)	⊙ : To achieve policy of donors	⊙ : Minimum DSCR of Option 7 is better than 5 (-1.9⇒1.7)	⊙ : Default risk of SPC would be reduced	⊙ : Business of SPC will be more stable and less chance of bankruptcy
Users	⊙ : to Reduce travel time and costs	○ : Since total cost can be reduced by Option 7, tariff increase would be hold low.	NA	○ : Possibility to enjoy lower tariff

Example of Performance Monitoring System



Example of Key Performance Indicator(KPI) for Road

kind of Performance	Key Performance Indicators	Level of Service	
		HCMC - TL	TL - MT
Safety	Number of traffic accidents, Traffic accident ratio	<div style="border: 1px solid black; border-radius: 15px; padding: 5px; text-align: center;"> Level of Service is not regulated in Vietnam </div>	
	Pavement evaluation condition: Rutting depth(25mm), Skid resistance (0.25), longitudinal profile (PrI=90cm/km), cracking ratio(20%), Size of pothole(D=20cm)		

11. Recommendation for Risk Mitigation Measures

How to Structure Major Project Risk Mitigation Measures?

- Why is Option 4 **not feasible** even though achieving Project IRR of more than 15%?

Issues for Structuring Project Scheme (1)

1. Recognition

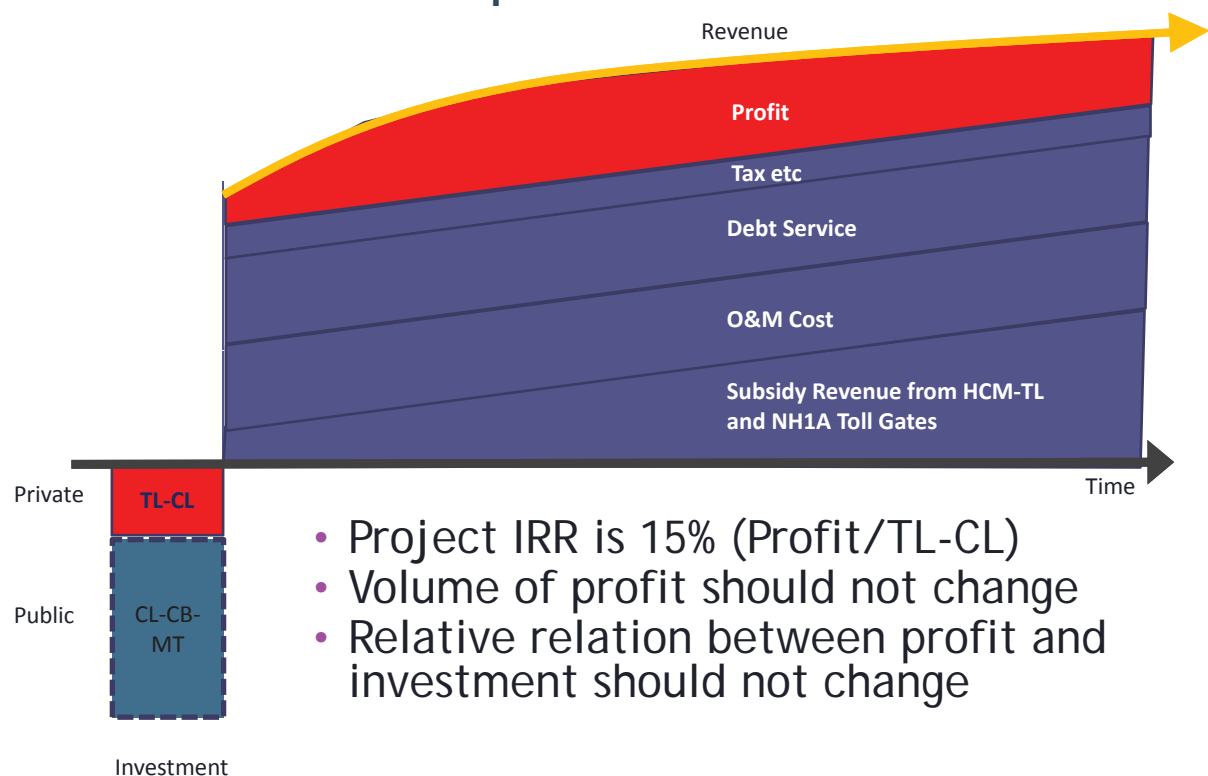
- i. “How to launch the initial phase of Expressway Era in Vietnam (Development of network of trunk sections of the North-South Expressway and urban expressway network of both Greater Hanoi and Greater Ho Chi Minh area by utilizing know how and capital from overseas **in spite of high country risk of Vietnam?**”

=> More Proactive and Considerate perspective is necessary by GOV => But..... **reluctant for GOV support and short of money to do it**

2. Confirmation of Project Profitability

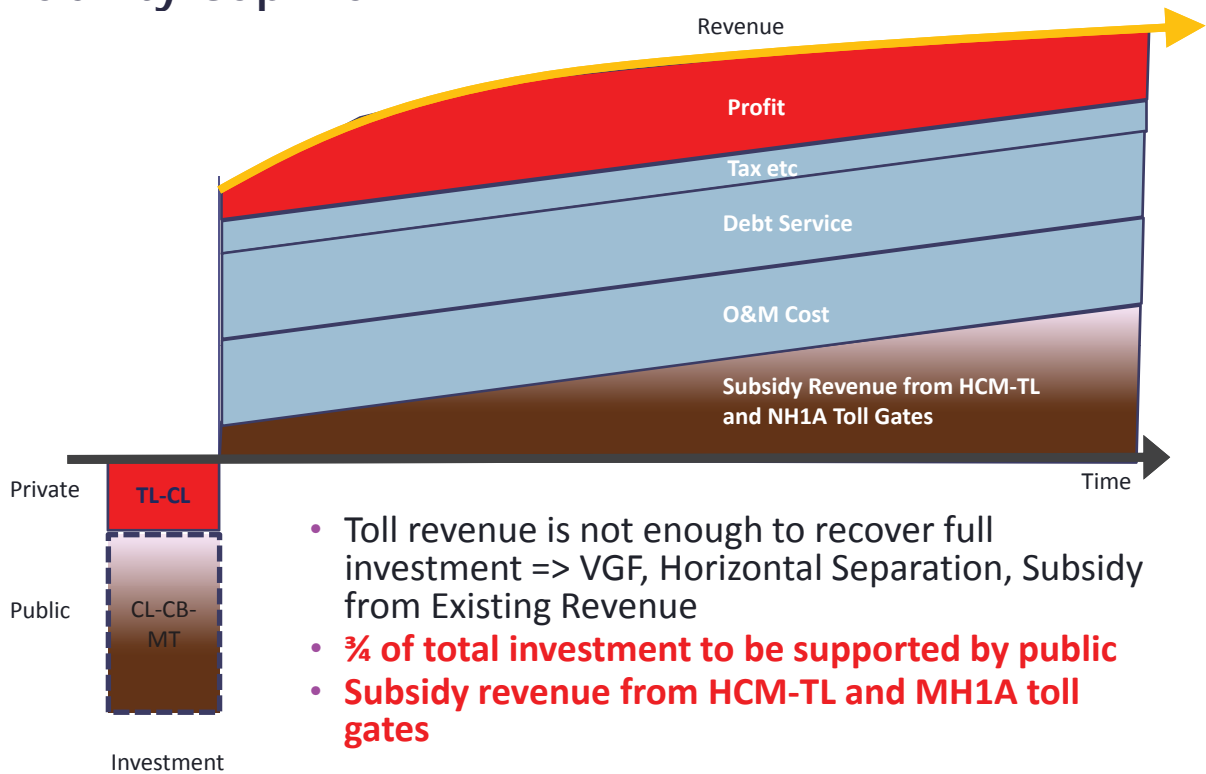
- i. **Project IRR of more than 15% is only one of the criteria** for Private sector Investor to consider. There are more important issues for the investor to look into.

Cash Flow Profile of Option 4

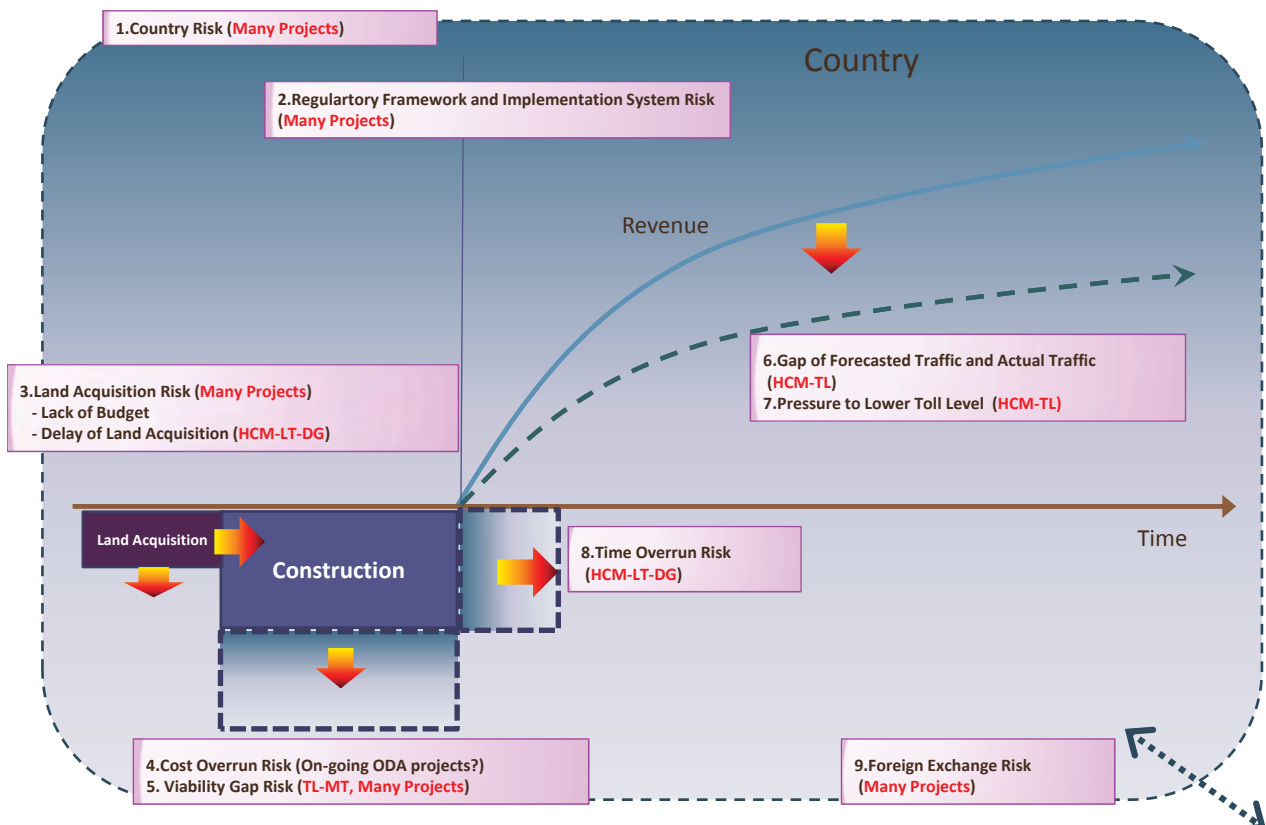


- Project IRR is 15% (Profit/TL-CL)
- Volume of profit should not change
- Relative relation between profit and investment should not change

Viability Gap Risk



Already Occurring Project Risks in Expressway Sector of Vietnam 92



Issues for Structuring Project Scheme (2)

3. Method to Control Major Risks

i. Country Risk of Vietnam (in financial aspect, among other country risks)

- Country Rating of Vietnam in Foreign Borrowing (B1: Speculative)
- View of International Commercial Banks => Unable to take uncovered country risk of Vietnam. Foreign currency loan needs... MOF Guarantee + Guarantee of 100% Foreign Currency Conversion + ECA Country Risk Cover (Ex. SMBC Loan for Hanoi-Hai Phong Expwy project), Maximum 3-5 year loan even for Petro Vietnam? => **Long term loan from International Commercial Bank is not likely.**

Issues for Structuring Project Scheme (3)

ii. Accuracy of Traffic Forecast and Network Risk

- How accurate is traffic forecast for a green field expressway project? How large is the traffic risk with conservative assumptions for network connection timing of related road sections?
- **Able to control this Traffic Risk? => Difficult => Adoption of Minimum Revenue Guarantee with Conservative Base Case => Country Risk of GOV => Necessary to secure actual cash flow for the Risk Cover**

iii. Land Acquisition Risk

- **Lack of Money Risk => Proposal for Funding Method** (Ex. Samurai Bond (GATE) Scheme, Combination with ADB Finance) => Funding is to be conducted on GOV Risk
- Budget Allocation Risk => Could be solved if budget is allocated on the basis of the proceed procured above?
- **Delay in Acquisition Risk => Necessary to block influence of this risk to trigger delay in completion of construction of the expressway** => Confirmation for completion of land acquisition process is prerequisite of investment, or MOU with exit option, Need a structure enabling to "wait"? Fund source for GOV compensation for Delay Risk?

Traffic Forecast Risk (Year 1): S&P Study

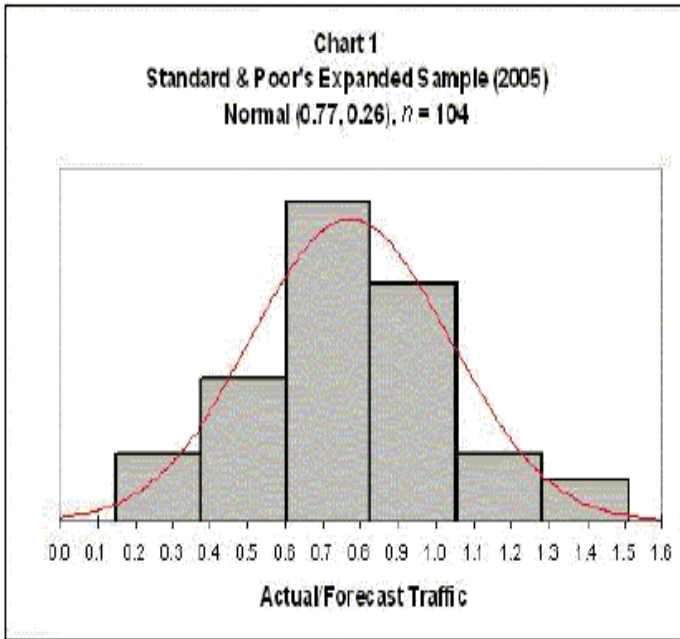
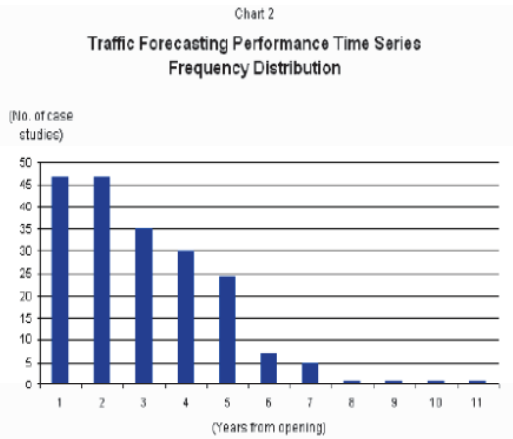


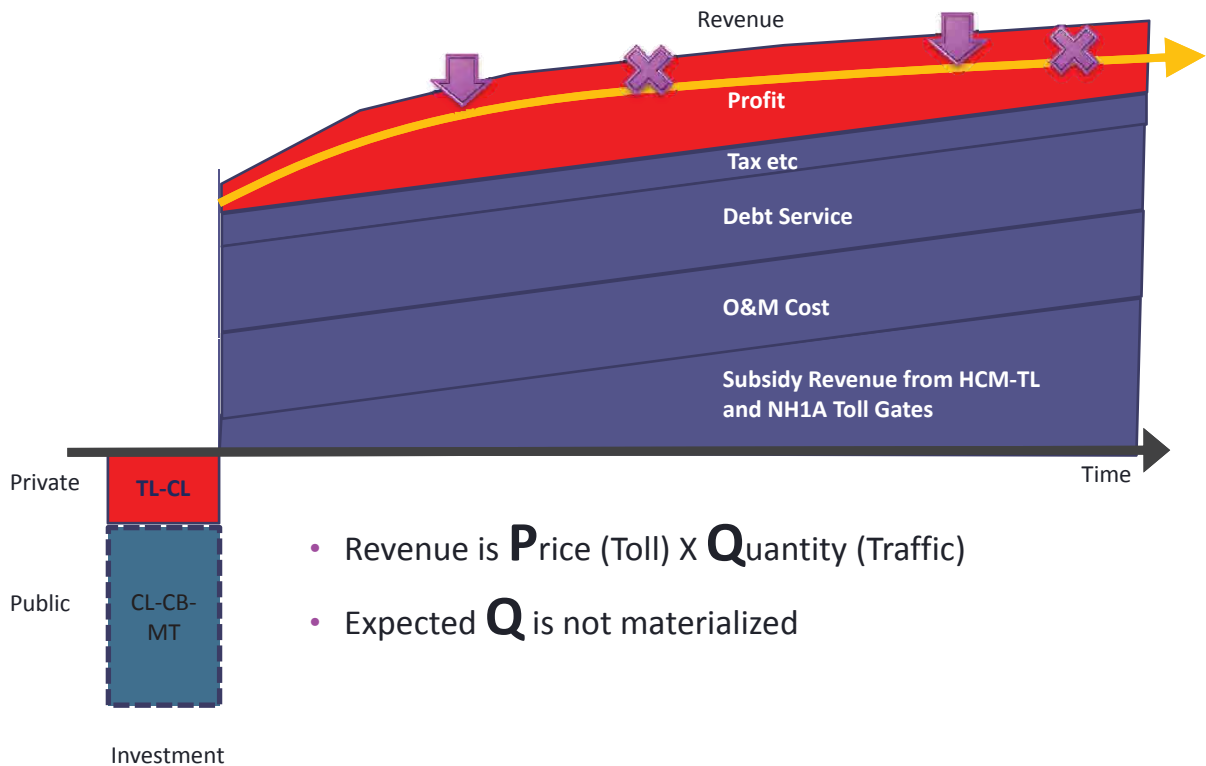
Table 1

Forecast Performance Distribution Statistics For Years 1-5		
Years from opening	Mean	Standard deviation
Year 1	0.77	0.26
Year 2	0.78	0.23
Year 3	0.79	0.22
Year 4	0.80	0.24
Year 5	0.79	0.25

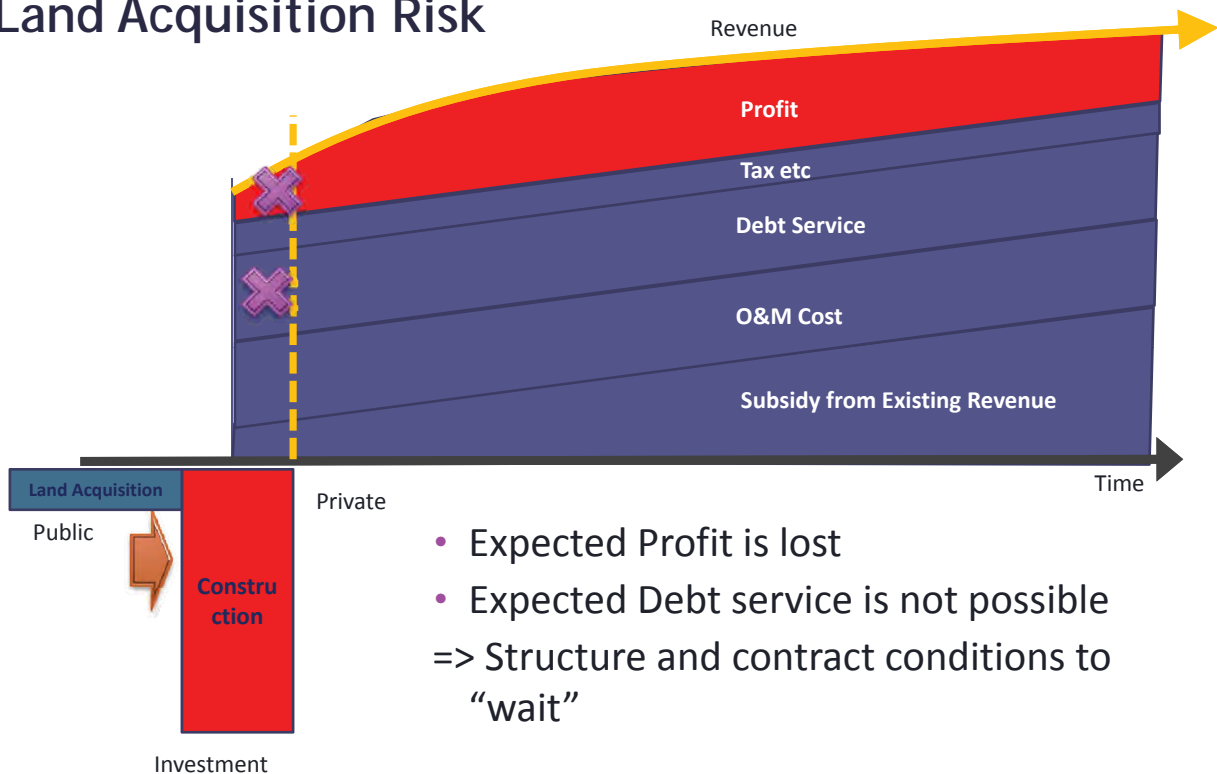


Source: Traffic Forecasting Risk Study, Update 2005: Through Ramp-Up And Beyond, Standard and Poor's, August 25, 2005 (104 concession based road, tunnel and bridge)

Traffic Risk



Land Acquisition Risk



Issues for Structuring Project Scheme (4)

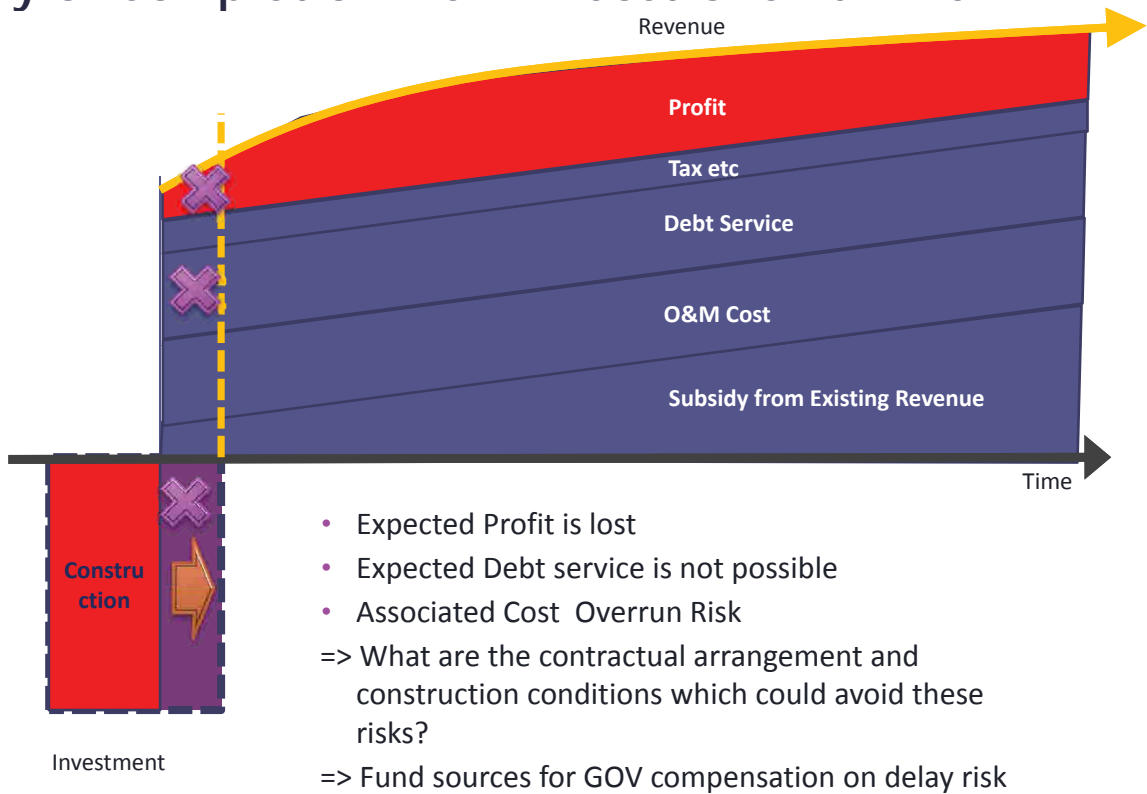
iv. Cost Overrun Risk and Time Overrun Risk

- **Cost Overrun Risk** (Cost Increase Risk) => Technical conditions, contractor ability => Possible to control? => **Any contractor ready to accept Fixed Price, Date Certain, Lump sum Contract?** GOV Risk: Ability to control inflation
- **Time Overrun Risk** (Delay in Completion Risk) => Occurring in HCM-LT-DG => Possible to control? = Need a structure enabling to “wait”? **Fund source for compensating GOV caused Cost Overrun Risk and Time Overrun Risk?**

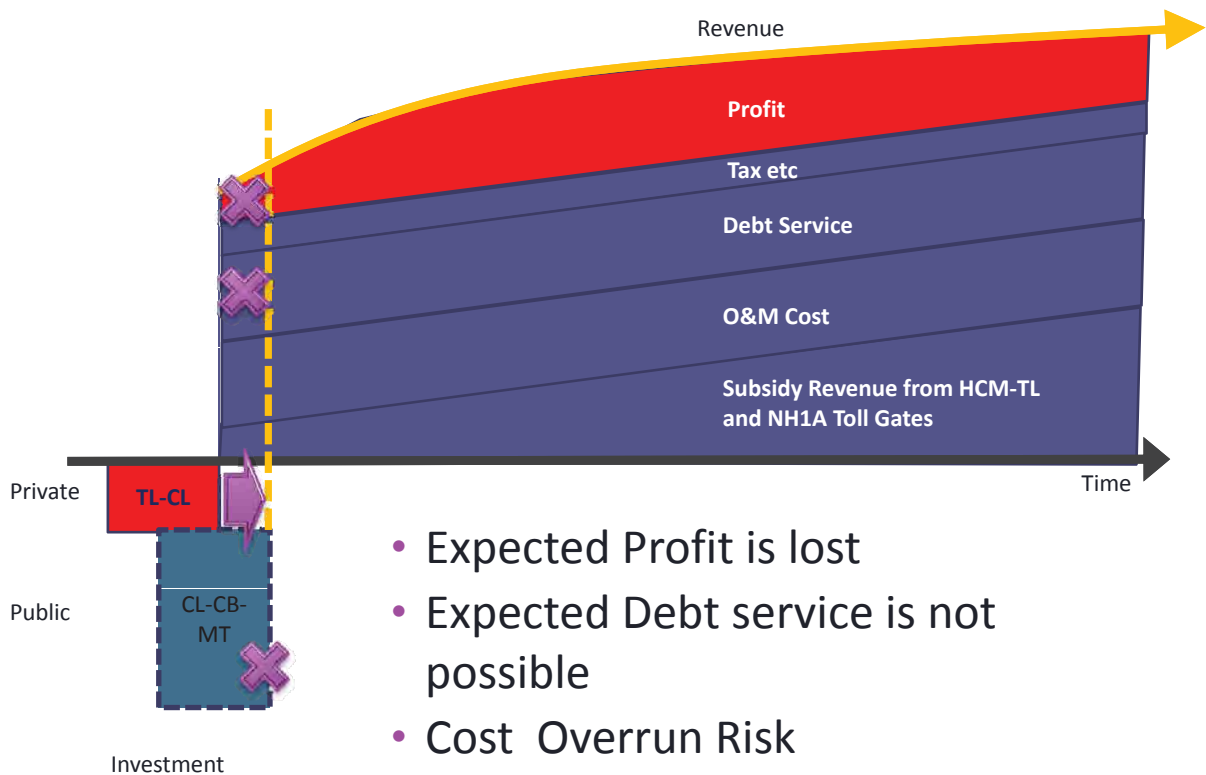
v. Interface Risk with Public financed Construction

- Delay in Public Fund Procurement Process
- **Delay in Completion Risk => Fund source for GOV compensation for delay in completion**
- Reflection of Intention of Private Sector of Facility and Function of Public financed Section

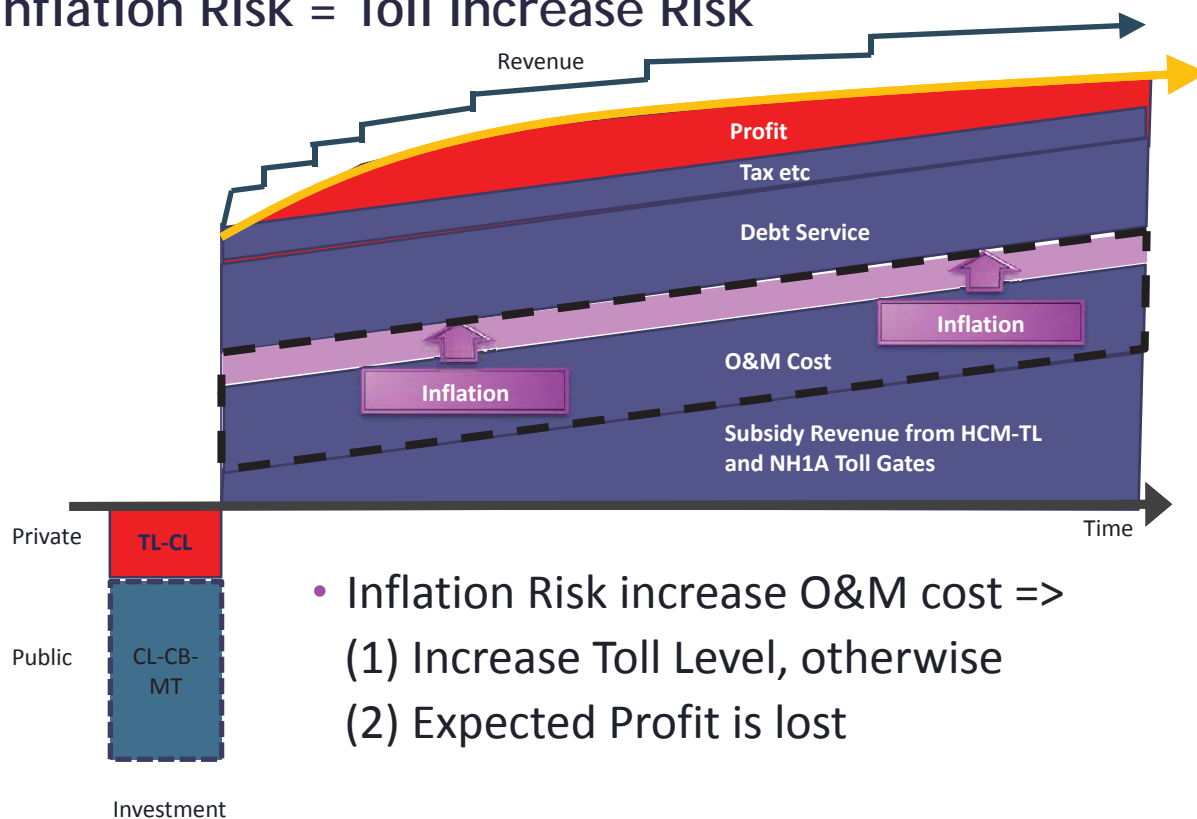
Delay of Completion Risk => Cost Overrun Risk



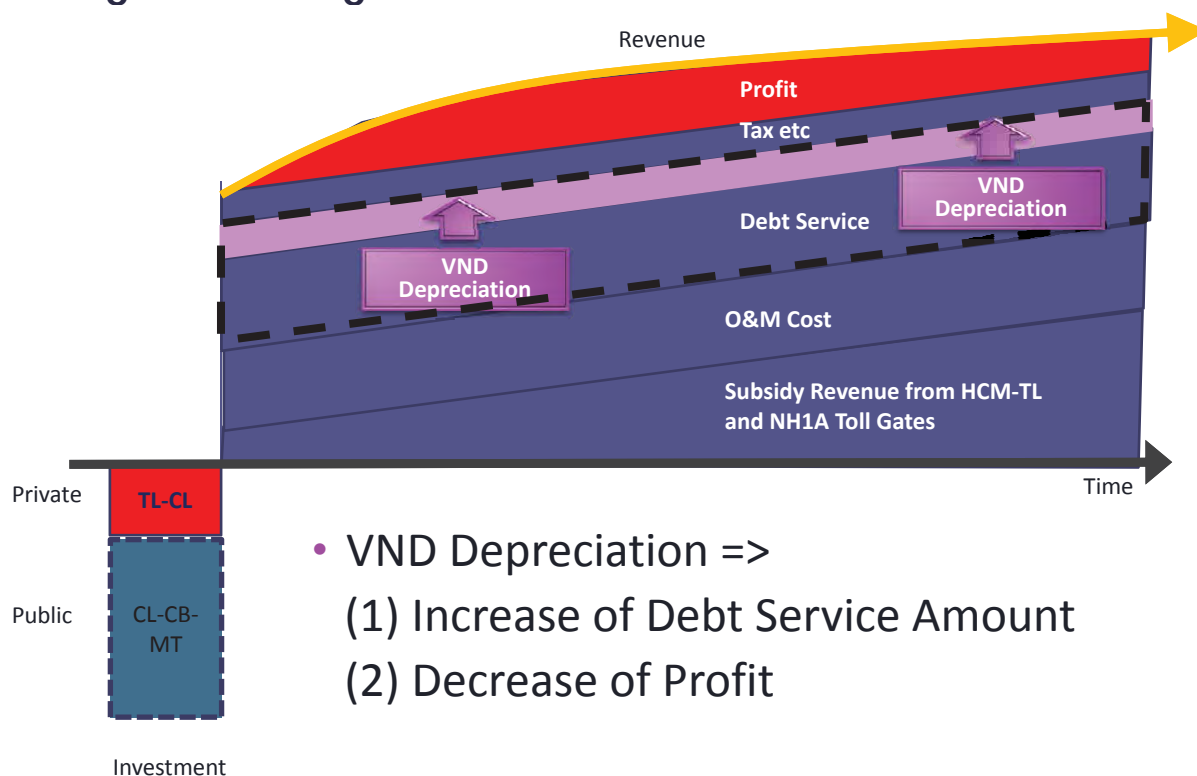
ODA Interface Risk



Inflation Risk = Toll Increase Risk



Foreign Exchange Risk



How to mitigate these risks?

Method 1: Public to assume these risks and complete physical asset

=> Based on the completed asset,

- Invite Private Sector for provision of small investment and business expertise/experience

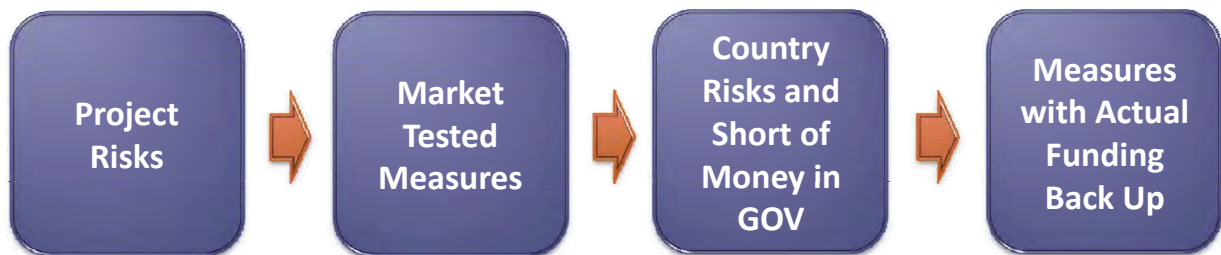
=> O&M Concession (Refer to our O&M Concession Proposal in the later section!)

How to mitigate these risks?

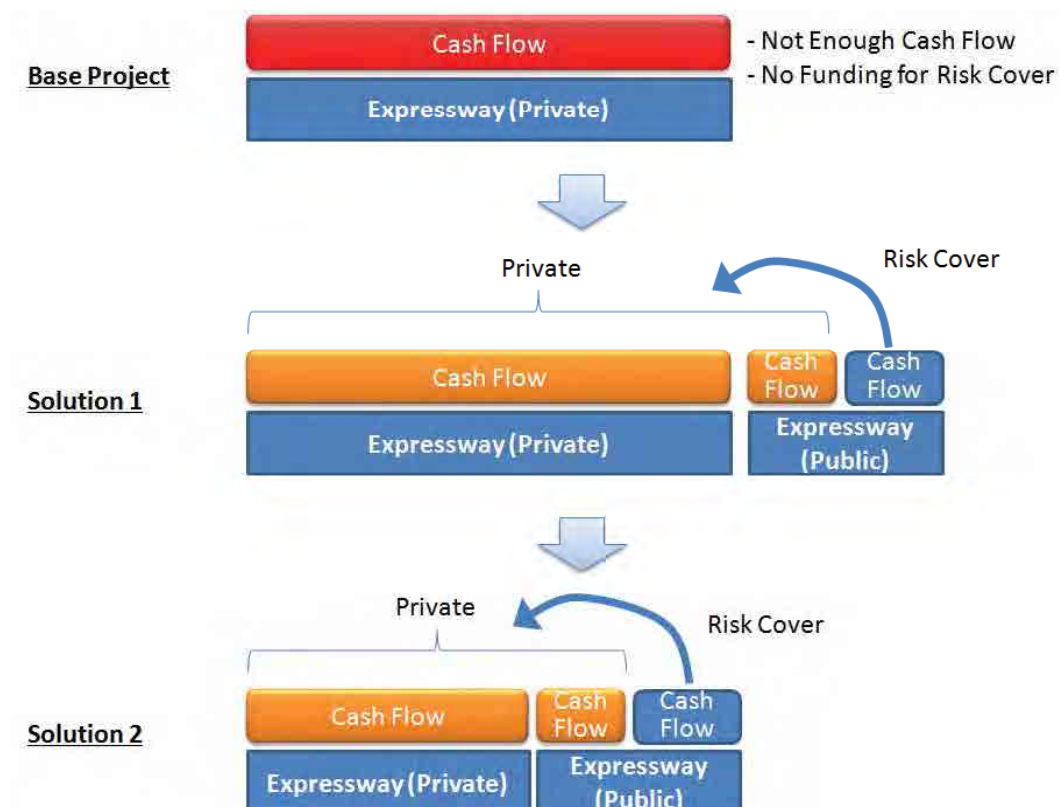
Method 2: Apply Market Tested Risk Mitigation Measures together with Funding Back UP

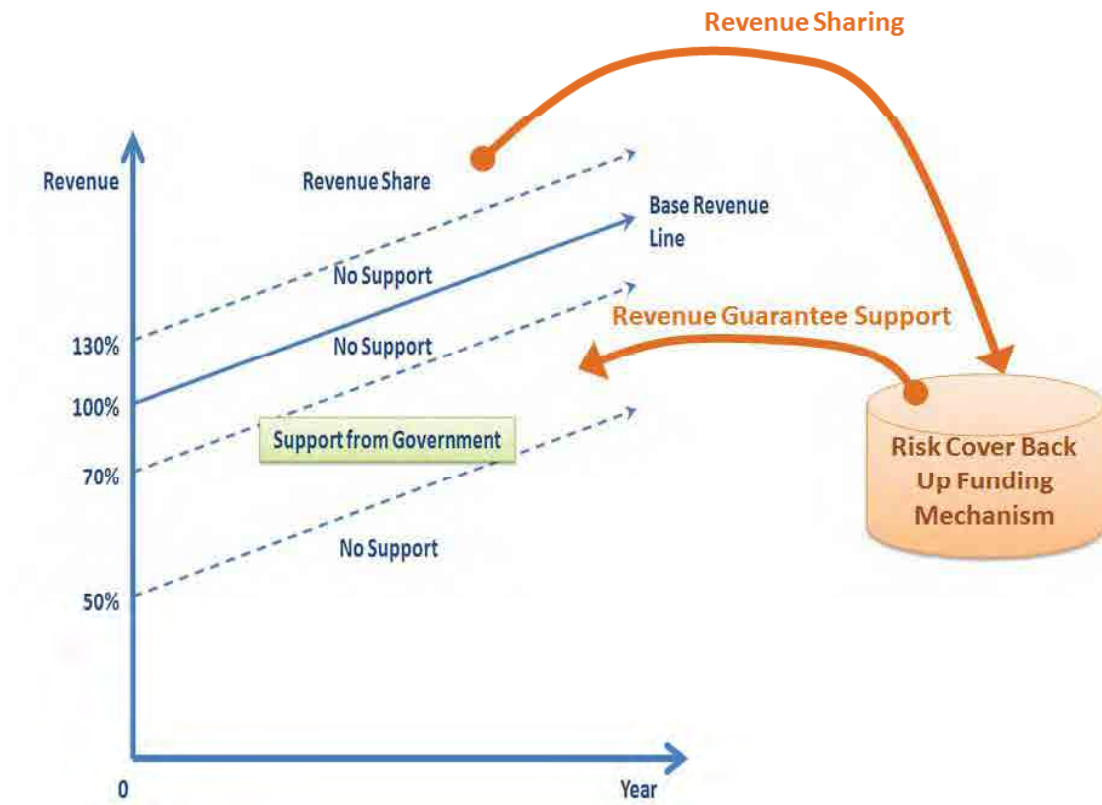
1. Risk Mitigation is necessary to facilitate private sector investment.
2. Risks are same for private sector investor throughout the world.
3. Risk mitigation measures which **have been actually tested and worked in the experienced and advanced markets** should be proposed.
4. However, problems of “**Reluctance of extending market tested risk mitigation measures**” and “**Deficiency of back up funding**” must be solved all together by proposing “**Actual Funding Back Up (Money!)**” for the risk mitigation measures.

How to come up with the solution?



How to fill the viability gap and to prepare risk cover funding?

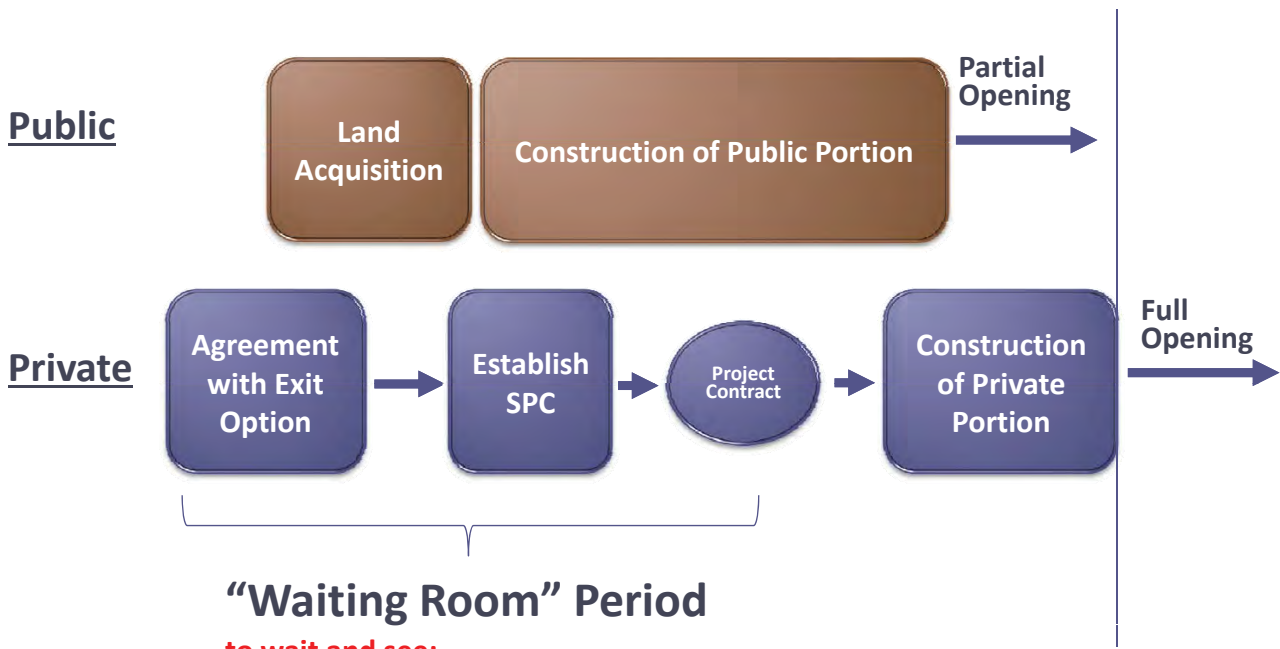




How to mitigate these risks?

Method 3: “Waiting Room” Approach

1. Public side and private investor enter into **agreement with exit option** which enable private investor to exit the project if material event occurs to stop the project for considerable time period.
2. Land acquisition and construction of public portion should start prior to the official project contract which enable private investor to **“wait and see” if major project risks are to materialize (“Waiting Room Period”).**
3. **After confirming that major risks are avoidable,** private investor enters into official project contract with public side.
4. While SPC starting construction, **construction of public portion is to complete for partial opening for traffic** which are to be operated and managed by SPC.
5. After partial opening, construction of private portion is to be completed for full opening of the expressway.



“Waiting Room” Period

to wait and see:

- Land Acquisition Risk
- Completion Risk
- Delay Risk
- Construction Interface Risk
- Ramp up Traffic Risk, etc.....

Chapter 12. Conclusions and Recommendations

12.1 Conclusions (1/2)

1. For Option 4 and 5 with horizontal separation, because traffic level of TL-MT is low and construction cost is high, all revenue should go to private and 2/3 of total investment should be shouldered by government in order to invite private investment, which has
 - (1) Large project risks => No credible security package could be possible
 - (2) No VFM for government and unreasonable to do.
2. Instead, O&M concession scheme is recommended with the following advantages:
 - (1) Lower risks and smaller investment requirement enable more proactive private participation;
 - (2) Greater VFM for government and CL CIPM to strengthen financial credibility
 - (3) Paving the way for CL CIPM (GOV) to lead to Greater HCM Area Expressway O&M Corporation
 - (4) Bringing about significant benefit for all related stakeholders (the project is evaluated as “WIN-WIN-WIN-WIN “)

12.1 Conclusions (2/2)

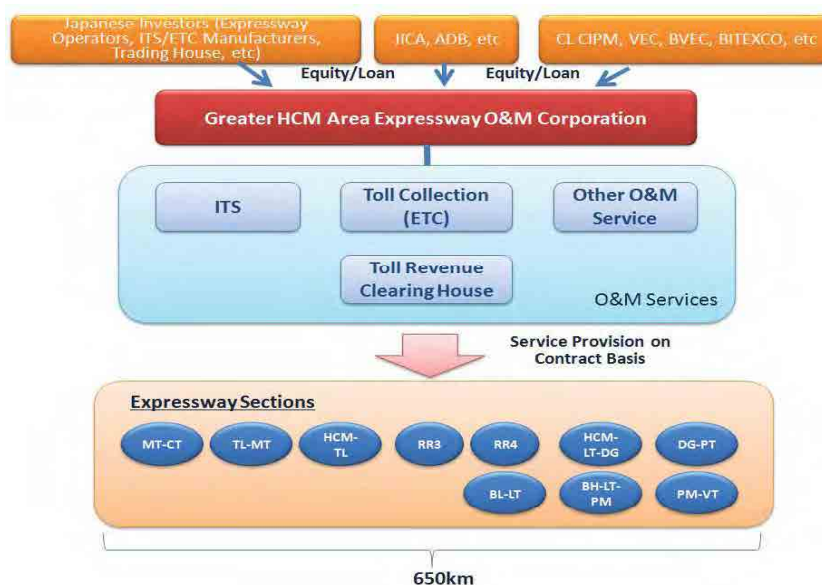
3. In order to materialize the O&M Concession Option, the following are prerequisite for implementation:
 - (1) Separation of Liability for Donor Financing

Liability of Donor financing must be detached completely from CL CIPM in order to implement Option 7, since attachment of the liability to CL CIPM could critically aggravate its financial soundness.
 - (2) Financing Land Acquisition by CL CIPM

Financing of land acquisition cost is most critical issue for implementing the project. In consideration of fund shortage in GOV, it is recommended that CL CIPM should utilize all resources currently available, such as existing toll revenue of HCM-TL, revenues of CT and MT bridges, and others, in order to raise the fund for land acquisition and resettlement of this project (Please also see Recommendation 3. for detail) .

12.2 Recommendation (1/4)

Greater HCM Area Expressway O&M Corporation is recommended to be established taking into accounts of Economic Efficiency and Convenience of Users in terms of O&M services.



12.2 Recommendation (2/4)

Proposal for Mitigating Major Project Risks

1. Ultimate problems in Vietnam are:
 - (i) Government does not recognize **impact of project risks accurately**;
 - (ii) Government is reluctant for such risk cover because shortage of **MONEY**;
 - (iii) No private investment is solicited and materialized.
2. In order to solve the above problems, government should do the following:
 - (i) Accurately recognize the impact of already occurring project risks such as land acquisition risk, completion delay risk, traffic forecast risk, toll level decrease risk, foreign exchange risk, And international best practice to mitigate these risks;
 - (ii) Apply one of or combination of the following three methods to mitigate project risks;
 - (a) **Method 1:** Public to assume major risks including construction and invite private sector for business expertise and small investment => ex. O&M Concession Scheme
 - (b) **Method 2:** Apply market tested risk mitigation measures together with funding back up
 - (c) **Method 3:** Apply "Waiting Room Approach"

12.2 Recommendation (3/4)

3. Financing Method for Land Acquisition Cost etc.

1) Pros & Cons of the various financings

	BT	Banks/Bond in Vietnam	Sales of CF from ExpWay	GATE by JBIC
Description	To replace public section by BT, which requires no counterpart fund.	To borrow loan from Vietinbank, Vicombank etc. by using the same structure as "Deo Car Tunnel" project.	To sell future cash flow of existing express way and toll plaza	To issue <i>Samurai Bond</i> (*) with the guarantee by JBIC.
Guarantee by GoV	yes (deferred payment by GoV)	yes (to be negotiated with banks)	Conditional Guarantee (ex. Min revenue)	yes
forex risk	no	no	no	yes
available funds	limited to Project	to be negotiated with banks	estimated future cashflow from existing express way and toll plaza	large enough for bond issue (US\$1 ~ 10bil)
cost of debt	relatively high	slightly higher than VND bond by Gov	High because of traffic demand risk	Low because of JBIC guarantee
Challenges	No prospective investors for BT project	No significant issues because "Deo Car Tunnel" project materialized recently.	No prospective investors	Negotiation between MOF and MOT may take some time???
Feasibility	Difficult	High	Difficult	relatively high in long-term

(*) *Samurai Bond* is a JPY bond at Tokyo market by non-Japanese issuer.

See detail at JBIC web site (<http://www.jbic.go.jp/en/about/press/2010/0415-01/index.html>)

Example of Combination of Financial Resources for Land Acquisition Cost etc.

Assumptions;

1. Sales CashFlow(CF) from HCM-TL

Estimate Sales Price: 64 mil USD(CF projection(2012-2016):148milUSD⇒92(Present Value)⇒64(30% risk premium)
,Discount Rate is 12%)

2. Sale CF from Toll Plaza (Can Tho Bridge, MT Bridge)

Estimated Sales Price: 56 mil USD(CF projection(2014-2021):132milUSD⇒80(PV)⇒56(30% risk premium)

3. Loan from Private Bank (or Bond Issue)

Interest rate 12%, Loan period 8 years (including 4 years grace period)

The loan amount shall be adjusted to increase if there is not enough proceeds from the sale of CF.

Result of Preliminary Financial Simulation;

- From Sales of CF, depending on the sales price, there is a chance to cover the land acquisition cost etc.
- Repayment of loan is assumed by CF from TL-MT toll revenue

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Required Land Acquisition Cost etc.	-26.2	-52.4	-52.6	-5.1	-5.1	-5.1	-5.1				
Sales of CF from HCM-TL	26.2	38.1									
Sales of CF from Toll Plaza	0.0	14.2*	55.8								
Loan from Private Bank/(Bond)				5.4	5.7	6.1	6.5				
Repayment(Principle+Interest)				-0.3	-0.7	-1.0	-1.4	-6.8	-6.8	-6.9	-6.9
Net Income	0.0	-0.1*	3.2	0.0	0.0	0.0	0.0	-6.8	-6.8	-6.9	-6.9

*CF from Toll Plaza is assumed to be sold in 2014. CF before 2014 is used for counterpart fund without selling.

*Cash shortage in 2013 can be covered by CF from Toll Plaza in 2012 which is not included in this simulation.

12.2 Recommendation (4/4)

2) Recommended approach for financing

- BT scheme is GoV friendly because of no counterpart fund is needed but difficult to implement due to the lack of prospective investors.
- The borrowing from the banks in Vietnam is most probable financing after the recent successful project of “Deo Car Tunnel”. The banks in Vietnam are better positioned for VND financing because the land acquisition is usually carried out in VND, not in JPY/US\$.
- GATE by JBIC is another potential source of financing because of low cost of debt from the JBIC guarantee and large availability of funds. On the other hand, there is a Forex risk for VND/JPY and the negotiation between MOF/MOT may take some time.

⇒It is recommended to cover the immediate financing by the borrowing from the banks in Vietnam, but at the same time to prepare GATE financing by anticipating the nation’s large appetite for infrastructure investment in the near future.

付録 A6：会議記録・通達

A6-1：キックオフ会議（インセプションレポート）

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

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Ref. No. TLMTExp-MEMO-BEDC-0906
Date 6 September 2011

vg

MEETING RECORD

Title	Explanation and discussion on IC/R		
Date	6 September 2011	Time	9:30-11:00
Venue	Meeting Room, BEDC		
Participants			
Japanese Side	1	Mr. Tsuboi (Study Team)	8
	2	Mr. Imada (Study Team)	9
	3	Mr. Iwasaki (Study Team)	10
	4	Mr. Kawasaki (Study Team)	11
	5	Mr. Shimizu (Study Team)	12
	6	Ms. Kikuchi (Study Team)	13
	7	Mr. Sato (Study Team)	14
	Name	Agency (Department)	Position
Vietnamese Side	1	Mr. Phan Hong Quang	BIDV Expressway Development Company General Director
	2	Mr. Bui Dinh Bac	BIDV Expressway Development Company Deputy Manager of Planning
	3		
	4		
	5		
	6		
References	Power Point of IC/R in EN and VN, IC/R of EN		

A. Meeting Agenda

1. Presentation
2. Q&A Session
3. Closing

B. Presentation by Mr. Tsuboi

-General Introduction of the survey on Trung Luong- My Thuan expressway project

C. Q&A Session

1. The actual place of toll gate of HCM-TL expressway is different from the place which is shown on a map of the document. (BEDC)
2. BEDC has been in negotiation with MOT the HCMC-TL O&M concession and the TL-MT BOT concession. Are these completely separated concessions with two contractual agreements to be independently executed? (Study team)
-Yes, 2 contracts are independent. After concession contract of HCM-TL finishes,

revenue of it may be helpful for TL-MT project. (BEDC)

3. The payment for the acquisition of the O&M concession right (25-year) in the amount of approximately VND10,000 billion is to be effected on an installment basis over 3 years. Is this payment term fixed or still negotiable? (Study team)
 - Total amount is VND 9,000 million. Repayment will be implemented every 6 months.
 - First year=VND 2,000 billion, Second year=VND 3,000 billion, Third year=VND 4,000 billion. (BEDC)
4. How do you determine total payment? (Study team)
 - This amount is temporary. It was determined by MOT and it can be changed. (BEDC)
5. Do you have cash flow of HCMC-TL expressway project? (Study team)
 - MOF calculated it in 2009 and we need to recalculate it. We will send it to you later. (BEDC)
6. How do you think about repayment of HCMC-TL expressway cost for 3 years? (Study team)
 - 10% Equity and 90% BIDV loan. We will ask the government to extend the period of payment if it. (BEDC)
7. When is the first payment? (Study team)
 - When the toll collection system of HCMC-TL and the toll plaza of NH1 are completed, the payment will start. (BEDC)
8. Do you have any question which you cannot answer? (Study team)
 - Questions about financial arrangement will be answered by BIDV. (BEDC)
9. We understand initial toll rate of passenger car was proposed at 1,000 VND/km to MOF. Is the same rate applied to Trung Luong- My Thuan Expressway as well? What is detailed calculation method of toll fee such as rate of each type of vehicle and measurement of distance? (Study team)
 - Toll fee of HCMC-TL expressway is 1,000 VND/km and it will increase at a rate of 30% every 5 years. After construction of TL- MT expressway finishes, same toll rate as HCMC-TL expressway will be applied for TL- MT expressway. (BEDC)
 - Can we change the toll fee? (Study team)
 - It is fixed by MOT. But there is no decree about the toll fee. (BEDC)
 - Can JICA ask MOT to change the toll fee? (Study team)
 - Yes, JICA can negotiate with MOT. (BEDC)
10. What is background of BECAMEX? (Study team)
 - BECAMEX is one of shareholders and the investment ratio increased from 7% to 24%. (BEDC)

D. Schedule

- Site investigation will be implemented on 16 and 17 September.
- Kick-off meeting of BEDC and JICA will be held on 22 September.

付録 A6：会議記録・通達

A6-2：プロGRESS会議（第5回）

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

Project Office
3rd Floor, BIDV Tower
472 Nguyen Thi Minh Khai Street, District 3
Ho Chi Minh, Vietnam

Tel.: +84-(0)8-22211519
Fax.: +84-(0)8-22211517

Ref. No. TLMTEp-MEMO-BEDC-1207
Date 07 December 2011

MEETING RECORD

Title	Progress Meeting (5)			
Date	7 December 2011	Time	9:00 - 11:30	
Venue	3 rd floor Meeting Room, BEDC			
Participants				
Japanese Side	1	Mr. Tsuboi (Team Leader)	8	
	2	Mr. Arikawa (Traffic Demand Forecast)	9	
	3	Mr. Orikasa (O&M)	10	
	4	Mr. Sato (Social and Natural Consideration)	11	
	5	Mr. Murase (ITS Specialist)	12	
	6	Mr. Hayakawa (Cost Estimate)	13	
	7	Mr. Imada (Sub team leader)	14	
		Name	Agency (Department)	
Vietnamese Side	1	Mr. Quang	BEDC	General Director
	2	Mr. Hien	BEDC	Deputy General Director (Technical manager)
	3	Mr. Thanh	BEDC	Deputy General Director (Land acquisition compensation)
	4	Mr. Bac	BEDC	Deputy Manager of Planning
	5	Mr. Trung	BEDC	Chief Accountant
References	Presentation material from the JICA team "progress meeting (5)"			

A. Meeting Agenda

1. Progress of the Study
2. Traffic Demand Forecast
3. Phase-wise Construction Plan
4. Construction Plan
5. Updated Project Cost
6. O&M Plan
7. Environmental and Social Considerations

B. Presentation (details to be referred presentation material)

1. The progress of the study was explained and JICA study team informed that all outputs will be submitted to JICA as progress report at the end of this month.
2. The results of traffic demand forecast by TEDI, JETRO and this study are compared. Although the preconditions and the methodology are different by the studies, the forecast on expressway by this study is comparatively similar with the report by JETRO, but the total volume of NH1A and the expressway is not so much different from the forecast by

TEDI FS. Accordingly, the difference between this study and TEDI FS is a diversion ratio of the traffic from National highway to the expressway, which might come from different precondition of time value (resistance by toll) that has a trend to lighter corresponding increase of income in future.

Therefore, it is enough acceptable this study reaches an adequate conclusion.

3. The required number of lane is calculated at 6-lane in design year 2037 in accordance with American Highway Capacity Manual. To reduce the initial investment cost, 4-lane construction in initial stage is recommended and a timing of widening is proposed around 2032 when level of service reaches level D.
4. Construction period 3-year in F/S is reviewed and it is acceptable under some presumptions. Further study is required.
5. Project cost is updated. But, some costs such as a land acquisition cost and lighting cost are not final ones.
6. It is emphasized that a concept of Level of Service should be introduced because O&M works must be planned based on the level of service which is regulated by the performance indicators such as number of traffic accidents, pavement conditions, congestion hours and environmental performance etc.

O&M plan including implementation structure plan, organization, staffing and vehicle of expressway management center is proposed. And, initial O&M cost and annual maintenance costs are estimated and verified by the O&M costs of other roads.

7. Based on the present ITS plans of other related expressways, ITS plan for TL-MT expressway is proposed and its cost is estimated.
8. JICA study team reminded BEDC to obtain the reply on the validity of EIA and supplementary provisions stipulated in the EIA approval letter from MONRE.

Status of land acquisition and resettlement each district is summarized. JICA study team questioned BEDC whether a change of the location of Cai Be I.C. is reflected on the PC's work or not and An Thai Trung I.C. area is included or not.

C. Comments of BEDC

1. Transfer Concession

General Director of BEDC said that now BEDC was preparing the hand-over of all documents including JICA study to the other unit. MOT assigns Cuu Long CIPM as concessionaire of TL-MT expressway project and has an idea that TL-CT should include in the scope of the study.

The team leader of the Study team mentioned that TL-MT expressway is important to develop socio-economic of the Mekong River delta, so the study is necessary to be continued for earlier materialization of the project whichever resumption of this survey or new study with new scope.

BEDC would like to see the draft Minutes of Meeting which will be prepared by JICA prior to the meeting with JICA at the end of this month.

2. ITS

BEDC mentioned that Cuu Long CIPM will become responsible organization of the ITS for TL-MT expressway. Regulations on ITS will be established since operation of HCM-TL expressway will be started soon. Toll collection system of HCM-TL is semi-automatic by IC card might be applied.

ITS specialist answered that CCTV monitoring camera should be installed at merge and diverge sections instead of 2km interval from viewpoints of cost-effectiveness.

BEDC requested to consider costs of cables and buildings as well.

3. About question on the EIA's validity, BEDC answered that he had not received a reply from MONRE. Now BEDC is transferring the concession, so it is difficult to work with MONRE. About question on the land acquisition, BEDC answered that pegs on the ROW is setting at the site based on the D/D IC design.

付録 A6：会議記録・通達

A6-3：調査再開に向けた MOT 会議

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

Project Office

Tel.: +84-(0)8-

Fax.: +84-(0)8-

Ho Chi Minh, Vietnam

Ref. No. TLMTExp-MEMO-MOT-0515

Date 15 May 2012

MEETING RECORD

Title	MOT Meeting for Resumption of the Survey		
Date	15 May 2012	Time	14:00 - 15:20
Venue	3 rd floor Meeting Room, BEDC		
Participants			
Japanese Side	1	Mr. Tsuboi (Team Leader)	1 Mr. Yasui (JICA Tokyo)
	2	Mr. Iwasaki (sub team leader)	2 Mr. Watanabe
	3	Mr. Shimizu (investment environment)	3
	4	Mr. Imada (Sub team leader)	4
	5	Ms. Bang (interpreter of NK Vietnam)	
	Name	Agency (Department)	Position
Vietnamese Side	1	Mr. Duc	MOT Vice Minister
	2	Mr. Minh	Cuu Long CIPM Director General
	3	Mr. Thao	Cuu Long CIPM Chief of Division No.2
	4		
	5		
References	Presentation material from the JICA team (EN and VN)		

A. Meeting Agenda

- 1) Presentation of Outcomes of JICA Preparatory Survey before suspension
- 2)

B. Presentation (details to be referred presentation material)

- 1) Outcomes of JICA Preparatory Survey before suspension (traffic demand forecast, engineer work (cost), preliminary evaluation of project scope and scheme)
- 2) Resumption schedule

C. Comments from MOT and JICA

- 1) JICA opened the meeting, saying that the purpose of this meeting was not for forcing any conclusion or decision from MOT, but to share the project status based on the outcomes from the survey before suspension, and it was important to resume the survey after obtaining same understandings among parties. JICA indicated that in consideration of the preliminary financial analysis carried out by the consultant it would be difficult to implement the project on BOT basis and substantial support from the government would be necessary. (JICA)
- 2) MOT requested JICA to resume the survey as early as possible, for example from June 2012. (MOT)
- 3) MOT explained that Cuu Long CIPM would be assigned as counterpart of the survey,

which would be officially announced after the meeting.(MOT)

- 4) Comments regarding the project scheme (MOT) MOT said,
 - Land acquisition cost would be borne by the Government.
 - MOT would be prepared to consider to borrow 500million USD from JICA, and if necessary additional 300million USD from ADB so as to achieve reasonable ratio of IRR(not less than 12%) for the project, with the guarantee of the Government.
 - And therefore, to this project, not normal BOT/PPP scheme, some new scheme may be applied.
 - The survey team was requested to discuss with Cuu Long CIPM on all the options to find out the solution.
 - Prime Minister had much concern to the Project and he could provide special supports for the Project.
 - Prime Minister had already issued some supports to the Project and Cuu Long CIPM had already had it.
 - MOT expected all the provinces (13 provinces) along the expressway route to take part in the Project as well, via equity investment.
- 5) MOT said concerning toll fee level that as it was ~~is~~ sensitive issue having much impact on various societies it would not be wise to discuss it at the moment and should be discussed at an appropriate time in the future. MOT suggested that JICA and the survey team would propose to MOT what supports from the government would be necessary so that the Project can be viable. (MOT)
- 6) Mr.Yasui replied to MOT, a) he was responsible for the private sector investment finance in JICA and therefore could not say anything on the possibility to provide the G-G finance (ODA) for the Project, but b) PSIF would become available for the Project provided that the Project will be implemented on basis of BOT, PPP or any new scheme requiring the private finance. (JICA)
- 7) As for the schedule for resumption of the survey, JICA also requested the Consultant to resume as early as possible, but the Consultant replied that he needed time to rearrange schedule of professional/engineer and would come back to JICA in due course, after internal discussion among the members. (JICA)
- 8) MOT said MOT would establish the working group in MOT to support the survey team and Mr.Duc vice minister would ~~will~~ be a leader of the WG.(MOT)

The Trung Luong – My Thuan Expressway Project

Ref. No.: 1888./CIPM-QLDA2

Date: May 30, 2012

Subject: Resumption of the Study on the Trung Luong – My
Thuan Expressway Project.

Total pages: 01

To: Mr. Osamu Murata ✓
General Director
Office for Private Sector Partnership, JICA.

Dear Sir,

First of all, Cuu Long CIPM would like to sincerely thank you and JICA for having the meeting with Ministry of Transport (MOT) dated May 15th, 2012 with the successful results.

Cuu Long CIPM would like to inform you that the MOT issued Notice No. 271/TB-BGTVT dated May 25th, 2012 of this meeting (attached notice with Vietnamese and English). In order to facilitate co-operation with JICA and JICA's Study team for remaining works of the study on the Project, you are kindly requested to inform us the official study schedule soon.

Your kind co-operation would be highly appreciated.

Cc: *mlc*

- Mr. Motonori Tsuno, Chief Representative of JICA Vietnam Office;
- Mr. Yukio Ishida, Director of JICA Ho Chi Minh City;
- Mr. Tomihide Oyama, Deputy Assistant Director, PSIF Division, JICA;
- Study Team;
- File: Adm, Div.2.

Yours Sincerely,



Dương Tuan Minh
Dương Tuan Minh
General Director
Cuu Long CIPM

No: 271/TB-BGTVT

Ha Noi, May 25th, 2012

NOTICE

Conclusion of Mr. Ngo Think Duc - the Deputy Minister of Transport in the meeting with JICA on Summarization of the Preparatory Survey on the Trung Luong – My Thuan Expressway Project.

On May 15th, 2012, at the Ministry of Transport's office, Mr. Ngo Think Duc - the Deputy Minister of Transport chaired a meeting and discussed with JICA for summarizing the Preparatory Survey on the Trung Luong – My Thuan Expressway Project studied by JICA's Study Team. Participants for this meeting consisted of representatives of MOT's Departments: Planning & Investment Department, Financing Department, Science & Technology Department, International Cooperation Department; Cuu Long CIPM, JICA, Nippon Koei Consultant.

After listening to reports of Study Team, Cuu Long CIPM and having representative of JICA's Opinions, Mr. Ngo Think Duc - Deputy Minister of Transport concluded as follows:

1. JICA is requested to resume the study and survey on the Trung Luong – My Thuan in order to have the study's result as soon as possible (suggesting to resume in early June, 2012 instead of August, 2012 that planned by JICA).
2. Ministry of Transport will authorize Cuu Long CIPM to directly discuss with the investors in order to arrange the Project's funding and to organize the Project's implementation.
3. The expected Financing Structure of the Project:
 - Land acquisition and resettlement cost: The Vietnam Government will be responsible for providing funding for this item.
 - Civil works, Management, equipments, etc. costs:
 - + Besides Land acquisition and resettlement cost, the Vietnam Government will study to contribute a part of funding for these items as subsidy (through Cuu Long CIPM), together with the investors.
 - + Japan Government (through JICA) is kindly requested to lend Cuu Long CIPM minimum loan of 500 million USD to invest the Project.
 - + After calculating finance of the Project, MOT will suggest ADB to lend added loan for the Project if performances of finance of the Project is not feasibility.

4. The investment scheme for the Trung Luong – My Thuan Expressway Project: To agree that special mechanism of the Project will be built. Cuu Long CIPM needs to continue promoting and seeking for the funding from national and international organizations to invest the Project with goal carrying out the project before 2015.
5. In order to manage the Project effectively and reduce the period of implementation, MOT decides to establish the support team to solve the emergency problems of the Project. This Team consists of:
 - Team Leader: Mr. Ngo Think Duc – Vice Ministry of Transport.
 - Permanence Team: Leader of Plan and Investment Department.
 - Other members: Representative of leader of Departments: Science & Technology Department, Financing Department, Construction & Transport Project Quality Management Department, Advisory Group of the Minister of Transport (Mr. Trinh Xuan Cuong).

By order of the Minister of Transport, Office of Ministry of Transport informs the above conclusion to relating office to know and implement.

Cc:

- The Minister of Transport (for report);
- Mr. Ngo Think Duc - the Deputy Minister of Transport (for report);
- Offices participating the meeting;
- File: Office, P&I Department.

**FOR MINISTER OF TRANSPORT
CHIEF OF OFFICE**

Nguyen Van Luu
(Signed and sealed)

THÔNG BÁO

Kết luận của Thứ trưởng Ngô Thịnh Đức tại buổi làm việc với JICA để tổng kết những nghiên cứu ban đầu về dự án đường cao tốc Trung Lương - Mỹ Thuận

Ngày 15/05/2012, tại Văn phòng Bộ GTVT, Thứ trưởng Ngô Thịnh Đức đã chủ trì cuộc họp và làm việc với JICA để tổng kết những nghiên cứu ban đầu về Dự án đường cao tốc Trung Lương - Mỹ Thuận do Tư vấn JICA thực hiện. Tham dự cuộc họp có đại diện Lãnh đạo và chuyên viên các đơn vị: Vụ KHĐT, Vụ TC, Vụ KHCN, Vụ HTQT, Tổng công ty Đầu tư phát triển và Quản lý dự án hạ tầng giao thông Cửu Long (Tổng công ty Cửu Long), JICA và Tư vấn Nippon Koei.

Sau khi nghe báo cáo của Nhóm tư vấn, Tổng công ty Cửu Long, ý kiến của đại diện JICA, Thứ trưởng Ngô Thịnh Đức kết luận như sau:

1. Đề nghị JICA sớm khởi động lại công tác nghiên cứu, khảo sát dự án Trung Lương - Mỹ Thuận để có kết quả nghiên cứu sớm nhất (đề nghị bắt đầu vào tháng 6/2012 thay vì tháng 8/2012 như dự kiến).

2. Bộ GTVT sẽ uỷ quyền cho Tổng giám đốc Tổng công ty Cửu Long làm việc trực tiếp với các nhà đầu tư để thu xếp vốn và triển khai thực hiện dự án.

3. Cơ cấu vốn cho dự án dự kiến theo hướng:

- Chi phí GPMB: Chính phủ Việt Nam chịu trách nhiệm chi trả;

- Chi phí xây lắp, QLDA, thiết bị,...:

+ Ngoài chi phí GPMB, Chính phủ Việt Nam sẽ nghiên cứu góp thêm một phần vốn để tham gia với Nhà đầu tư coi đó là một phần góp của Nhà nước vào dự án (thông qua Tổng công ty Cửu Long);

+ Đề nghị Chính phủ Nhật Bản (thông qua JICA) sẽ cho Tổng công ty Cửu Long vay tối thiểu 500 triệu USD để đầu tư dự án;

+ Sau khi tính toán các chỉ tiêu tài chính nếu không khả thi, Bộ GTVT sẽ đề nghị ADB cho vay bổ sung.

4. Về hình thức đầu tư đối với Dự án đường cao tốc Trung Lương - Mỹ Thuận: Thống nhất sẽ xây dựng cơ chế đặc thù riêng cho dự án. Tổng công ty Cửu Long cần tiếp tục xúc tiến, kêu gọi đầu tư từ nguồn vốn khác nhau của các tổ chức trong và ngoài nước để thực hiện dự án với mục tiêu triển khai xây dựng trước năm 2015.

5. Để điều hành dự án có hiệu quả và rút ngắn thời gian triển khai, Bộ GTVT quyết định thành lập Nhóm công tác hỗ trợ thực hiện dự án để giải quyết các vấn đề cấp bách của dự án bao gồm các thành viên:

- Trưởng nhóm: Thứ trưởng Ngô Thịnh Đức;

- Thường trực: Lãnh đạo Vụ KHĐT;

- Các thành viên khác: Đại diện Lãnh đạo các Vụ: KHCN, Tài chính, Cục QLXD&CL CTGT, Tổ cố vấn Bộ trưởng (Ông Trịnh Xuân Cường).

Thừa lệnh Bộ trưởng Bộ GTVT, Văn phòng Bộ thông báo đến các cơ quan, đơn vị có liên quan biết và triển khai thực hiện./.

Nơi nhận:

- Bộ trưởng (để b/c);
- Thứ trưởng Ngô Thịnh Đức (để b/c);
- Các đơn vị tham dự họp;
- Lưu VT, KHĐT.

TL. BỘ TRƯỞNG
CHÁNH VĂN PHÒNG



Nguyễn Văn Lưu

付録 A6：会議記録・通達

A6-4：調査再開のキックオフ会議

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

Project Office
6th floor, 127B Dinh Tien Hoang Street,
Binh Thanh District, HCMC, Vietnam

Ref. No. TLMTExp-MEMO-CIPM-0620

Date 20 June, 2012

MEETING RECORD

Title	Kick-Off Meeting for Resumption of the Survey			
Date	20 June 2012	Time	13:30 - 15:30	
Venue	1 st floor Meeting Room, Cuu Long CIPM			
Participants				
Japanese Side	1	Mr. Tsuboi (Team Leader)	8 Ms.Thu (interpreter from TEDIS)	
	2	Mr. Iwasaki (sub team leader)		
	3	Mr.Shimizu (investment environment)		
	4	Mr. Mori (PPP Institution Specialist)		
	5	Mr. Kikuchi(Financial Analysis and Market Sounding Specialist)		
	6	Mr. Imada (Sub team leader)		
	7	Mr.Tanaka(Financial Investment Specialist, Marubeni)		
		Name	Agency (Department)	Position
Vietnamese Side	1	Mr. Phong	Cuu Long CIPM	Deputy General Director
	2	Mr.Thi	Cuu Long CIPM, Investment & procurement Management Dept.	Manager
	3	Mr.Long	ditto	Deputy Manager
	4	Mr.Thao	Cuu Long CIPM, Division No.2	Project Manager
	5	Mr.Lai	ditto	Deputy PM
	6	Ms.Huong	Cuu Long CIPM, Construction Management Division	Manager
	7			
References	Presentation material from the JICA team (EN)			

A. Meeting Agenda

- 1) Introduction of Members
- 2) Explanation of Outline and Progress of the Study
 - Location Map
 - JICA Preparatory Survey - Objective & Progress -
 - Outcomes of JICA Preparatory Survey before Suspension
 - Work Schedule
 - Organization of the Survey Team
 - Assignment Schedule
 - Proposed Working Group
 - Deliverables (Reporting)
 - Draft Contents of the Final Report
- 3) Questions and Answers

B. Discussion on Presentation

- 1) What is “vertical separation method” in slide no.11? (CIPM)
O&M and/or construction of pavement are assumed. (Study Team)
- 2) Please provide assumptions/conditions of traffic demand forecast and analysis of Project IRR.(CIPM)
(After brief explanation) Please see the progress report, which includes details of traffic demand forecast. As for Project IRR, our Financial Analysis Specialist (Mr. Kikuchi) will explain directly to CIPM during his stay. (Study Team)
- 3) How about schedule of progress meeting? (CIPM)
In early July, the study team would like to have a progress meeting about project cost, and at middle of July, financial & investment issues will be discussed. (Study Team)
CIPM would like to have discussion with the study team at more frequently and flexibly at 5th or 6th floor. (CIPM)
The study team agreed. (Study Team)
- 4) Will the study team analyze both Financial IRR and Economic IRR? Because they are required in case of application of ODA. (CIPM)
Yes, the study team has them in TOR. (Study Team)
- 5) Please prepare Vietnamese version of Interim Report and Draft Final Report. (CIPM)
The study team will consult with JICA. (Study Team)
- 6) Please prepare executive summary of Interim Report and Draft Final Report. (CIPM)
The study team agreed. (Study Team)
- 7) Please revise TOR in consistent with the present situation so that CIPM can submit it to MOT for his approval. (CIPM)
The study team is instructed by JICA to continue the study in accordance with the TOR which was agreed between JICA and BEDC until interim report. The study team will make the necessary adjustment of TOR in accordance with the result of interim report and discussion with CIPM. (Study team)
CIPM agreed. (CIPM)
- 8) What is reason that ADB involves into the working group in slide no.18? (CIPM)
Participant of ADB for discussion of the project scheme is necessary because co-finance by JICA and ADB is to be considered. (Study Team)
- 9) After looking at study team’s progress report, CIPM would like to make some comments on the engineering. For example, reduction of number of PVD for softsoil treatment is risky for delay of construction. (CIPM)
The study team is in a position to discuss the engineering issues in detail with CIPM. However, as for reduction of the number of PVD, this is one of the alternatives to reduce the construction cost. Finally, the study team did not apply this proposal from the reasons CIPM mentioned. (Study team)

C. Discussion on Q&A which was answered by Cuu Long CIPM

- 1) ADB will study O&M concession right for HCM-TL expressway and complete it at end of 2013. CIPM would like the study team to study this O&M concession right because study team’s project scheme option-4 includes idea of deferred payment. (CIPM)
Input data for calculation of O&M concession should be provided by CIPM. (Study

Team)

CIPM would like to work with study team during the JICA study. (CIPM)

- 2) Are Government supports changeable? (Study team)

Government support was agreed between MOT and BEDC and it was reported to Prime Minister. However, it can be only reference now because circumstance of the project has been changed from that time. (CIPM)

- 3) Toll rate of vehicle type-5 is reduced 25-30%. Is there any possibility to increase the rate of passenger car from VND1,000/km? (Study Team)

No. The Government received negative feedback from media and citizens (users) after start toll collection on HCM-TL expressway. MOF basically agreed to increase toll level 30% per 5 year. For example, VND1,000/km in 2012 will be increased to VND1,300/km in 2017. (CIPM)

- 4) DRVN has responsibility for maintenance of My Thuan Bridge. Will the maintenance cost be covered by toll revenue? (Study team)

No, the maintenance cost is covered by the state budget. It was approved when BEDC was concessionaire. (CIPM)

- 5) The study team would like to have an interview about details of organization of Cuu Long CIPM relating to the document no.1589 for job description and legal framework. (Study team)

CIPM agreed with it and Mr. Lai will be in charge of this matter.

- 6) What will be financed by USD133 million in 2014 among USD630 million to be provided by ADB for financing to the project? (Study team)

USD630 million was committed in MOU as a part of ADB's country program. USD133 million in 2014 was confirmed only based on stand-by loan and specific contents will be decided based on the technical assistant study scheduled in 2013. (CIPM)

- 7) How about EDCF (Korean ODA) for ITS of Trung Luong – My Thuan Expressway? (Study Team)

Loan agreement has not yet been made. CIPM will propose to MPI, then MPI will request to EDCF. (CIPM)

- 8) Does CIPM have any ability to receive state budget for the project? (Study team)

Yes, CIPM can invest by using state budget like VEC. But, CIPM has more authorities than VEC. CIPM has three functions including project construction management for ODA projects, investment and O&M. (CIPM)

State budget can be provided to CIPM in two ways, one is grant-ODA and the other is on-lend ODA. In former case, the project facilities shall be asset of MOT. (CIPM)

- 9) What is schedule of toll collection on NH1A between HCM and Trung Luong? (Study team)

Currently, the construction project of toll gate is suspended and resumption schedule has not yet been fixed. Detailed design was completed and it was funded by the state budget through CIPM. (CIPM)

- 10) Please provide cash flow projection on TL-MT project. (Study team)

CIPM agreed to provide by pdf or word file.

付録 A6：会議記録・通達

A6-5：インテリムレポート説明会

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

Project Office
6th floor, 127B Dinh Tien Hoang Street,
Binh Thanh District, HCMC, Vietnam

Ref. No. TLMTExp-MEMO-CIPM-0720

Date 20 July, 2012

MEETING RECORD

Title	ITR Meeting			
Date	20 July 2012	Time	13:30 - 15:30	
Venue	1 st floor Meeting Room, Cuu Long CIPM			
Participants				
Japanese Side	1	Mr. Tsuboi (Team Leader)	1. Ms.Phuong (JICA HCM Liaison Office)	
	2	Mr. Iwasaki (sub team leader)		
	3	Mr. Imada (Sub team leader)		
	4	Mr.Shimizu (investment environment)		
	5	Mr.Kawasaki (Risk Analysis and Security Package Design)		
	6	Mr. Kikuchi (Financial Analysis and Market Sounding Specialist)		
	7	Ms.Tu (interpreter from TEDIS)		
	Name	Agency (Department)	Position	
Vietnamese Side	1	Mr.Thi	Cuu Long CIPM	Deputy Director General
	2	Mr.Thao	Cuu Long CIPM, Division No.2	Project Manager
	3	Ms.Huong	Cuu Long CIPM, Construction Management Division	Manager
	4	Mr.Long	Cuu Long CIPM, Division No.2	Deputy Manager
	5	Mr.Lai	Cuu Long CIPM, Investment & Procurement Management Dept.	Deputy PM
References	Presentation material from the JICA study team (EN)			

A. Meeting Agenda

- 1) Introduction of Members
- 2) Explanation of Outline and Progress of the Study
 - ① Selection of Project Scope and Scheme
 - Assumptions of Financial Analysis
 - Financial Analysis of Base Case
 - Hurdle Rate
 - Evaluation of Project Scope and Scheme
 - Legal Background for Project Implementation
 - Risk Analysis: Private Sector's Perspective
 - Proposed Direction
 - ② Proposed Working Group etc.
- 3) Discussion

B. Discussion on Presentation

1. Assumption and Option Setting for Financial Analysis

- 1) JICA study team explained that traffic volume will be less than 50% of that of BEDC's F/S because of different diversion ratio between expressway and NH1A (time value) and it can be verified by referring to comparison between actual traffic volume and forecasted amount of HCM-Trung Luong expressway.
- 2) Traffic demand forecast is slightly decreased from the figure as of kick-off meeting because road network scenario is changed based on the latest information provided by CIPM.
- 3) JICA study team explained that the updated project cost is approximately 1.5 times of BEDC'S F/S in 2010 and similar amount with the Detailed Design in 2011. In addition, construction cost of the project is much higher than other expressways in Vietnam and other countries because of requirement of soft ground treatment and many structures such as bridges and irrigation culverts etc. for whole section.
- 4) Cuu Long CIPM proposed JICA study team to add one more option without toll revenue from HCM-TL expressway but instead of that, considering toll revenue from NH1A (Km1953+200). At present, the toll gate construction project on NH1A (Km1953+200) has been suspended, so the construction of toll gate should be proposed as one of subsidies.

JICA study team agreed to study this option (will be option-5).

- 5) JICA study team calculated Project IRR of Options-2 to 4 with condition that O&M concession fee of HCM-TL expressway will be in the form of deferral payment with linear amortization of 20 years at interest rate 0%. CIPM proposed to calculate it based on 25 years repayment schedule including 2 years grace period and 23 years amortization. JICA study team immediately calculated with the assumption of ICPM and showed that it had only a marginal impact to Project IRR. (CIPM also proposed various other simulation scenario and JICA study team calculated immediately by using the cashflow projection)
- 6) Forex risk for JICA loan in JPY (currency risk) is set at 20% in JICA study. CIPM requested to clarify the basis of setting this ratio.

JICA study team agreed to report it in draft Final Report.

2. Direction of the Project Scope and Scheme

- 1) CIPM commented that the Project IRR for Option-4 being 14.8% was close to the hurdle rate and advised the JICA study team to reconsider its position that the Project was not PPP-able.

The JICA study team emphasized that, while Option-4 was projected to generate a satisfactory Project IRR, it was only one element to judge the feasibility of the Project on a PPP platform. The prospective "security package" or the GGU discussed on p.26 of the presentation was too complex and unlikely to demonstrate good value for money for the government. Given the multitudes of various forms of undertakings required, it would even defeat the purpose of mitigating Project risks. This position of the JICA study team reflects opinions of Marubeni as an investor and views of commercial banks and several private companies having been consulted during this study.

- 2) JICA commented that JICA study team should study more options for private investment taking into consideration of CIPM's opinions, and it is early to make direction that seeks for public funding route with limited participation of private sector.

JICA still would like to continue working with MOT at the occasion of working group and also coordinate with international donors for co-finance. Since Vietnamese Government is trying to reduce public debt and seeking for private funding, we should discuss with Vietnamese Government, including toll tariff, special mechanism and various other relevant issues.

- 3) CIPM commented that selection of public investment can be easily made and CIPM still think that there are workable scheme and private can involve into some parts of the project. CIPM can know that this project is not so viable from the fact that once BIDV gave up BOT scheme of TL-MT expressway section.
- 4) Taking account of a longer procedure of private funding structure than public budget allocation in general, CIPM suggested that it can be one option that public sector constructs TL-CB section (former part) and private sector constructs CB-MT (latter part).

In replying to the above suggestion, JICA study team commented that usually it will take much more time to allocate public fund although it also take time to structure private funding. Therefore, JICA study team would like to maintain present idea of scope demarcation between public and private for option setting.

- 5) CIPM noted that Working Group with MOT in August 2012 will be important because to make direction to public or private or PPP.

3. Next Schedule

- 1) For finalization to the Interim report, CIPM will issue a letter regarding conclusion of the meeting to JICA study team before 23 July 2012.
- 2) Working Group will be held on 17th August, 2012. CIPM will arrange this meeting with consultation with MOT. Before 7th August, 2012, JICA study team will send presentation of material (Vietnamese version).
- 3) Interim Report will be submitted at middle of August 2012 after checking by JICA head office.

付録 A6：会議記録・通達

A6-6：MOT ワーキンググループ会議

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

Project Office

Tel.: +84-(0)8-

Fax.: +84-(0)8-

Ho Chi Minh, Vietnam

Ref. No. TLMTExp-MEMO-MOT-1608

Date 16 August 2012

MEETING RECORD

Title	MOT Working Group Meeting			
Date	16 August 2012	Time	14:00 - 15:20	
Venue	2 nd floor Meeting Room D-Building			
Participants				
Japanese Side	1	Mr. Tsuboi (Team Leader)	1	Mr. Yasui (JICA Tokyo)
	2	Mr. Iwasaki (sub team leader)	2	Mr. Toyoda (JICA Vietnam)
	3	Mr. Shimizu (investment environment)		
	4	Mr. Kikuchi (Financial analysis)		
	5	Mr. Imada (Sub team leader)		
	6	Ms. Tu (interpreter)		
		Name	Agency (Department)	Position
Vietnamese Side	1	Mr. Nguyen Ngoc Dong	MOT	Vice Minister
	2	}	MOT, Finance Dept.	
	3		MOT, Technology and Science Dept.	
	4		MOT, PPP Group	
	5		MOT, Construction and Quality Management Bureau	
	6		MOT, Infrastructure Dept	
	7		MOT, Investment and Planning Dept	
	8	Mr. Minh	Cuu Long CIPM	Director General
	9	Mr. Thi	Cuu Long CIPM	Deputy General Director
	10	Mr. Thao	Cuu Long CIPM, Division No.2	Project Manager
	11	Mr. Lai	Cuu Long CIPM, Division No.2	Deputy Project Manager
	12			
References	Presentation material from the JICA team (EN and VN)			

A. Meeting Agenda

- 1) Introduction and Opening from JICA, MOT
- 2) Presentation of Interim Report from JICA Study Team
- 3) Comments from Participant
- 4) Conclusion from MOT Vice Minister

B. Opening

- 1) Introduction of Participant
- 2) JICA: We recognized lower traffic demand forecast and higher investment cost in Mekong river delta. JICA study team will explain required conditions for private investment and Marubeni will express his opinion on output of the study as of interim report from investor's viewpoint. Then, we would like to discuss direction

of the survey.

C. Presentation (details to be referred presentation material)

D. Conclusion from Vice Minister of MOT (Mr. Nguyen Ngoc Dong)

- 1) Ministry of Transport appreciated the cooperation of JICA, interim report of JICA consultant and Activeness of Cuu Long CIPM during study.
- 2) Following contents have been reported by JICA Consultant, Ministry of Transport recommended further study and complete the final report with following:
 - Total investment: Continue to review and make detailed calculations (increase or decrease) for cost of each item. Try to reduce project cost to ensure investment efficiency and increase financial targets of the project.
 - Traffic volume: continue reviewing and presenting detail plans to ensure that calculation is in accordance with reality. Pay attention to total volume and conversion ratio between 1A and Highway.
 - Toll rates: To further study the specific fee at 2017 to apply suitably for project, refer to toll fee applied for Cau Gie - Ninh Binh expressway.
- 3) Investment alternative:
 - Ministry of Transport agrees opinions of JICA Study Team that all investment options proposed by JICA Study Team are difficult to implement. In the final report, the option 4 (BOT Trung Luong - Cai Lay) and the option 7 (transfer of O&M) should be focused. However, it should be also consider ODA option by rising counter-party funding for land acquisition from private sector SPC.
 - Recommend additional investment options under the following directions:
 - Sell O&M concession right of HCMC - Trung Luong to invest in the project. Calculate additional cases that do not use this money to invest.
 - Cuu Long CIPM mobilizes capital from various institutions, investors and foreign investment etc. for the project. Report to the Prime Minister to guarantee this capital mobilization (like the case of VEC).
 - The remaining capital is from Government's ODA loans JICA, ADB etc.
 - Reimburse projects capital from toll collection and exploitation of Trung Luong - My Thuan; My Thuan Bridge and Can Tho Bridge.
- 4) ODA loan: JICA is requested to put priority consideration for ODA loans for this project. Base on final findings of JICA Study Team, Ministry of Transport will report to the Prime Minister to consider prioritizing the use of ODA loans for the

- project and included it in the list of ODA.
- 5) Coordination: CIPM continues to cooperate with JICA Study Team to complete final report. JICA Study Team can work directly with departments of the Ministry of Transport to agree on cost, traffic flow and toll rates etc.
 - 6) Schedule for final report: Ministry of Transport requests JICA Study Team to speed up final so that MOT could review report and submit to the Prime Minister for decision.

E. Opinions from Departments of MOT

- 1) Finance Department:
 - No objection for Option 7 (O&M), but it is hard to convince other ministries (MOF, MPI etc.)
 - JICA Study Team should study for selling O&M concession right of HCMC - Trung Luong to get money to invest the rest (Trung Luong - My Thuan).
 - 877.4 billion VND from State capital budget for Charter capital of Cuu Long CIPM to invest projects Trung Luong - My Thuan is currently difficult.
- 2) Department of Technology and Science:
 - The average traffic volume at slide No. 30 and 31 are different.
 - With a 54 km long, arrangement of 03 interchanges is acceptable.
 - Should consider reduction of bridge length to reduce the project cost.
- 3) PPP group (just be established 1 day before):
 - The toll fee VND 1,000 /pcu/km (as of 2012) is low.
- 4) Construction And Quality Management Bureau:
 - Review project cost. Need to update the current price (JICA Study Team just updated the price of 2nd Quarter /2011).
 - Private participation of about 4% is difficult to convince other ministries.
- 5) Department of Infrastructure:
 - Option 4 and Option 7 would be unfeasible. ODA plans for further consideration.
- 6) Department of Investment and Planning:
 - In the final report should continue to review:
 - Recalculate traffic demand forecast.
 - Could reduce more the total cost
 - Increase the initial toll fee.

- In the final report, having participation of private investors, should determine how much ODA is involved. Selling O&M concession right to invest Trung Luong - My Thuan.

F. Comments from CIPM

- 1) Explain more when the departments/ Bureau have opinions:
 - About traffic: by monitoring of traffic volume of HCMC-Trung Luong, it is seen that traffic demand forecast by JICA Study Team calculation is relatively reasonable.
 - The toll fee: JICA Study Team has calculated the cost in 2017 was up 30% over current rates.
 - Total investment: The Cuu Long CIPM assigned TEDI to recalculate project cost. Based on cost checked by JICA Study Team, TEDI will update and submit to the Ministry of Transport for official approval.

G. Comments from JICA

- 1) It seems not mutually understand about cost, traffic demand forecast. Therefore, a technical meeting on cost and traffic demand should be held. After that we should discuss financial issues.
- 2) If you need ODA, priority of the project should be considered in Vietnamese side.

H. From JICA study team

- 1) We would like to send some parts of interim report which describes traffic demand forecast and project cost to MOT through Cuu Long CIPM. We would like to have MOT's review comments on it.

The Trung Luong – My Thuan Expressway Project

Ref. No.: 3293 /CIPM-DT

Date: September 04, 2012

Subject: MOT's Conclusion on the Results of the Interim Report of the Trung Luong – My Thuan Expressway Project. Total pages: 01

To: Mr. Yasushi TAMAKA
General Director
Office for Private Sector Partnership, JICA.

Dear Sir,

First of all, we would like to sincerely thank you and JICA for kind co-operation and arrangement the WG Meeting with MOT on August 16, 2012.

1. We would like to inform you that Ministry of Transport issued the Notice of conclusion on the Interim report of the Project (*Notice No. 499/TB-BGTVT dated 27 August, 2012 enclosed*). JICA and JICA Study team are kindly requested to consider the contents of the notice to put into the final report of the Project.
2. Financing options of the Project: Based on the conclusion of MOT, in the finalization of option 4 and option 7, Cuu Long CIPM would like to suggest JICA and JICA Study Team to consider some scenarios as follows:
 - SPC to get the toll collection right for Ho Chi Minh - Trung Luong section without payback to the Government.
 - Beside the ODA scheme for the remaining portion of the project, prepare BT scheme, in which SPC to invest by BT scheme and the Government will repay money to SPC (like the Deo Ca Tunnel Project).
3. Interim report documents: In order to report to MOT to have their opinions on the detail contents of Interim report such as total investment cost, traffic volume forecast, and toll collection tariff, etc. Cuu Long CIPM would like to receive JICA Study team's Interim report document soon.

Your kind co-operation would be highly appreciated.

Cc: *mlub*

- Mr. Motonori Tsuno, Chief Representative of JICA Vietnam Office;
 - Mr. Yukio Ishida, Director of JICA Ho Chi Minh City;
 - Mr. Tomihide Oyama, Deputy Assistant Director, PSIF Division, JICA;
 - Mr. Shinji Tsuboi, Team leader, JICA Study Team;
 - Mr. Duong Tuan Minh, General Director, Cuu Long CIPM;
- File: Adm., HN Branch, I&P. ~

Yours Sincerely,



Tran Van Thi
Tran Van Thi
Deputy General Director

NOTICE**Conclusion of Vice Minister Nguyen Ngoc Dong at the meeting with the Japan International Cooperation Agency (JICA) for listening to the results of Interim report of Trung Luong – My Thuan Expressway Project**

On August 16th, 2012 at the Office of Ministry of Transport (MOT), Vice Minister Nguyen Ngoc Dong presided a meeting and discussed with the JICA for the results of Interim Report of Trung Luong – My Thuan Expressway Project which prepared by JICA Study team. Participants in the meeting include representatives of leaders and officials of the following agencies: Planning and Investment Department, Finance Department, Science and Technology Department, International Relationship Department, Transport Infrastructure Structure Department, PPP Investment Management Board, Transport Quality and Construction Management Department, Vietnam Road Directorate, Cuu Long CIPM; JICA Representatives and JICA Study team (Joint Venture of Nippon Koei – Marubeni – KRI), which can be referred to the enclosed list of participants.

Having listened to the report of JICA Study team, Cuu Long CIPM as well as to JICA Representatives' opinions, Vice Minister Nguyen Ngoc Dong made a conclusion as follows:

1. The MOT highly appreciated the JICA's cooperation, the results of Interim report of JICA Study team and Cuu Long CIPM's activeness during co-ordinating with JICA Study team.

2. Following to the contents which have been reported by JICA Study team, the MOT requested JICA Study team to continuously study following items in the final report:

- For total investment : To review and provide with a detail calculation and a detail report to clarify the increased costs of the project which have been reviewed by the Study team (*in comparison with that of several expressway projects in the region*).
- For traffic volume: To review and have a detail description of calculation in order to ensure that the Study team's traffic demand forecast will be suitable for real traffic volume in the future. The Study team should pay attention to methods of calculation of total traffic volume and rate of traffic portion between National Highway 1 and the Expressway.
- Toll collection tariff: To study and have a detail calculation of tariff in order to apply to the project's operation in 2017 adequately.

3. For financing options:

- All financing options which were proposed by JICA Study team are considered as unfeasible for implementation by the MOT due to the fact that major funding

proportion of investment were proposed to be the State budget, which leads to insufficiencies to the policy of mobilizing social funding resources for investment of expressway development. In the final report, the JICA Study team is requested to focus on Option 4 (BOT of Trung Luong – Cai Lay section) and Option 7 (O&M concession).

- JICA Study team is suggested to study more financing options in following directions:
 - + Money paid for concession of the right of toll collection of the Ho Chi Minh City – Trung Luong expressway will be spent as the Government's funding portion for the project investment cost. Cuu Long CIPM will seek for various financial sources from organizations, local and foreign investors, etc to finance the project. The remaining funding mobilization will be through ODA loans from JICA, ADB, etc.
 - + Cuu Long CIPM will seek for funding via concessionary commercial lending sources (OCR, etc.) and local funding resources (other investors will be able involved as joint ventures with Cuu Long CIPM). All sources of the funding shall be minimally equivalent to counterpart funds. The remaining funds will be mobilized by the Government via ODA loans (ADB and/or JICA).

4. For ODA lending: Basing on the result of JICA Study team's final report, in case of ODA funding usage, the MOT will report to the Prime Minister to prioritize ODA loans for the project and to put this project into an ODA loan list.

5. For tasks of co-operation: Cuu Long CIPM continues to keep close cooperation with JICA Study team to finalize the final report. JICA Study team can make a discussion with Departments and Agencies of the MOT to deal with total investment cost, traffic volume forecast and toll price as well as relevant issues.

6. Official suggestions on JICA Study team's Interim report shall be sent to Planning and Investment Department by the meeting participants prior to 1st September 2012 in order to be summarized and send to Cuu Long CIPM and to JICA Study team for their acquirement and explanation.

7. For schedule: The JICA Study team is suggested to accelerate the job pace of the final report completion which will be reviewed and submitted to the Prime Minister for approval by the MOT.

By order of the Minister, the MOT Office would like to inform relevant agencies, units to acknowledge and implement./.

CC:

- Minister of MOT (for report);
- Deputy Minister Nguyen Ngoc Dong (for report);
- Participating Units;
- File: Adm., Planning & Investment Dept.

**BY ORDER OF MINISTER
CHIEF OF THE MOT SECRETARIAT**

(Sealed and signed)

Nguyen Van Luu

THÔNG BÁO

Kết luận của Thứ trưởng Nguyễn Ngọc Đông tại buổi làm việc với Cơ quan hợp tác quốc tế Nhật Bản (JICA) để nghe báo cáo kết quả nghiên cứu giữa kỳ về đầu tư Dự án đường cao tốc Trung Lương – Mỹ Thuận

Ngày 16/8/2012, tại Văn phòng Bộ GTVT, Thứ trưởng Nguyễn Ngọc Đông đã chủ trì cuộc họp và làm việc với Cơ quan hợp tác quốc tế Nhật Bản (JICA) để nghe báo cáo kết quả nghiên cứu giữa kỳ về đầu tư dự án đường cao tốc Trung Lương – Mỹ Thuận do Tư vấn JICA thực hiện. Tham dự cuộc họp có đại diện Lãnh đạo và chuyên viên các đơn vị: Vụ KHĐT, Vụ Tài chính, Vụ KHCN, Vụ HTQT, Vụ KCHTGT, Ban quản lý đầu tư các dự án đối tác công – tư, Cục QLXD&CLCTGT, Tổng cục ĐBVN, Cừ Long CIPM; đại diện JICA và Tư vấn JICA (Liên danh Nippon Koei- Marubeni- KRI); có danh sách kèm theo.

Sau khi nghe báo cáo của Tư vấn JICA, Cừ Long CIPM và ý kiến của đại diện JICA, Thứ trưởng Nguyễn Ngọc Đông đã kết luận như sau:

1. Bộ GTVT đánh giá cao sự hợp tác của JICA, kết quả nghiên cứu giữa kỳ của Tư vấn JICA và sự chủ động của Cừ Long CIPM trong quá trình phối hợp nghiên cứu.

2. Theo các nội dung đã được Tư vấn JICA báo cáo, Bộ GTVT đề nghị tiếp tục nghiên cứu và hoàn chỉnh trong báo cáo cuối kỳ các nội dung sau:

- Tổng mức đầu tư: Tư vấn rà soát, tính toán chi tiết và có báo cáo làm rõ việc tăng kinh phí đầu tư dự án (có so sánh với một số dự án đường cao tốc khác trong khu vực).

- Lưu lượng xe: Tư vấn rà soát và trình bày cụ thể phương án tính toán nhằm đảm bảo phù hợp với thực tế. Lưu ý cách tính tổng lưu lượng và tỷ lệ phân lưu giữa Quốc lộ 1 và đường cao tốc.

- Mức thu phí: Tư vấn nghiên cứu, tính toán cụ thể mức phí đề năm 2017 (thời điểm dự kiến đưa dự án vào khai thác) áp dụng phù hợp cho dự án.

3. Về các phương án đầu tư:

- Các phương án đầu tư do Tư vấn JICA báo cáo đều không khả thi để thực hiện do nguồn vốn huy động chủ yếu từ ngân sách nhà nước; chưa phù hợp với chủ trương huy động nguồn lực từ xã hội đầu tư phát triển đường cao tốc. Trong báo cáo

cuối kỳ, đề nghị Tư vấn chỉ tập trung nghiên cứu Phương án 4 (BOT đoạn Trung Lương – Cai Lậy) và Phương án 7 (chuyển nhượng O&M).

- Đề nghị nghiên cứu bổ sung thêm các phương án đầu tư theo hướng sau:

+ Sử dụng tiên bán quyền thu phí cao tốc Tp. Hồ Chí Minh – Trung Lương như là phần tham gia của Chính phủ đầu tư dự án. Cầu Long CIPM huy động các nguồn vốn khác nhau từ các tổ chức, các nhà đầu tư trong và ngoài nước... để đầu tư dự án. Phần vốn còn lại huy động bằng hình thức vay ODA của JICA, ADB...

+ Cầu Long CIPM huy động thông qua vay thương mại ưu đãi (OCR...) và huy động từ nguồn trong nước khác (có thể liên kết Nhà đầu tư khác) tối thiểu tương đương với khối lượng vốn đối ứng và Chính phủ huy động vay ODA (từ ADB hoặc JICA) phần còn lại.

4. Vay vốn ODA: Trên cơ sở kết quả nghiên cứu cuối kỳ của Tư vấn JICA, trường hợp sử dụng vốn vay ODA, Bộ GTVT sẽ báo cáo Thủ tướng Chính phủ xem xét ưu tiên sử dụng vốn vay ODA cho dự án và đưa vào danh mục tài trợ ODA.

5. Công tác phối hợp: Cầu Long CIPM tiếp tục phối hợp chặt chẽ với Tư vấn JICA để hoàn chỉnh báo cáo cuối kỳ. Tư vấn JICA có thể làm việc trực tiếp với Cục. Vụ của Bộ GTVT để thống nhất về tổng mức đầu tư, lưu lượng xe và giá thu phí và các vấn đề liên quan khác.

6. Các đơn vị dự hợp có ý kiến bằng văn bản góp ý về nội dung báo cáo giữa kỳ của Tư vấn JICA gửi Vụ KHĐT trước ngày 01/9/2012 để tổng hợp gửi Cầu Long CIPM và Tư vấn JICA tiếp thu, giải trình.

7. Tiên độ: Đề nghị Tư vấn đẩy nhanh tiến độ sớm hoàn thành báo cáo cuối kỳ để Bộ GTVT xem xét báo Thủ tướng Chính phủ quyết định.

Thừa lệnh Bộ trưởng Bộ GTVT, Văn phòng Bộ GTVT thông báo đến các cơ quan, đơn vị có liên quan biết và triển khai thực hiện./.

Nơi nhận:

- Bộ trưởng (để b/cáo);
- Thứ trưởng Nguyễn Ngọc Đông (để b/cáo);
- Các đơn vị tham dự hợp;
- Lưu VL, KHĐT.



付録 A6：会議記録・通達

A6-7：ドラフトファイナルレポート説明会

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

Project Office

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Ho Chi Minh, Vietnam

Ref. No. TLMTEp-MEMO-MOT-1701

Date 17 January 2013

MEETING RECORD

Title	2 nd MOT Working Group Meeting on Draft Final Report			
Date	17 January 2013	Time	14:00 - 15:50	
Venue	2 nd floor Meeting Room D-Building, MOT, Hanoi			
Participants				
Japanese Side	1	Mr. Tsuboi (Team Leader)	1	Mr. Yasui (JICA Tokyo)
	2	Mr. Iwasaki (sub team leader)	2	Ms. Bui Thanh Xuan (JICA Vietnam)
	3	Mr. Shimizu (investment environment)	3	Ms. Hoang Thu Thuy (JICA Vietnam)
	4	Mr. Kikuchi (Financial analysis)		
	5	Mr. Imada (Sub team leader)		
	6	Ms. Tu (interpreter)		
		Name	Agency (Department)	Position
Vietnamese Side	1	Mr. Nguyen Ngoc Dong	MOT	Vice Minister
	2	Mr. Tuan	MOT PPP Bureau	Chief of bureau
	3	Mr. Thang	MOT Science Department,	Staff
	4	Mr. Hieu	MOT Finance Department.	Staff
	5	Mr. Diep	MOT Infrastructure Department	Staff
	6	Mr. Thai	MOT Construction Department.	Chief of Division 2
	7	Mr. Long	MOT administration Office	Deputy chief
	8	Mr. Huy	MOT planning department.	Deputy chief
	9	Mr. Thi	Cuu Long CIPM	Deputy General Director
	10	Mr. Lai	Cuu Long CIPM, Division No.2	Deputy Project Manager
	11	Mr. Dich	TEDI	Deputy of Design Consultant Department
	12	Mr. Ha	TEDI	
References	Presentation material from the JICA team (EN and VN)			

A. Meeting Agenda

- 1) Introduction and Opening from JICA, MOT
- 2) Presentation of Draft Final Report from JICA Study Team
- 3) Comments from Participant
- 4) Conclusion from MOT Vice Minister

B. Comments of Vice Minister of MOT (Mr. Nguyen Ngoc Dong)

- 1) MOT has requested Cuu Long CIPM to update and finalize the project F/S including revision of the project scope, reduction of investment cost, traffic demand forecast and government supports.
- 2) Vietnamese side will continue to seek for the suitable PPP/BOT scheme for the

project.

- 3) According to the report from JICA study team that more than 50% of government support is required to make the project feasible, it can say not feasible project. Thus, when the project will become feasible with smaller government supports?
- 4) PPP concessionaire shall be selected by competitive bidding.
- 5) PPP steering committee chaired by Deputy Prime Minister was established in order to improve investment environment to be attractive for foreign investors.
- 6) Idea of PPP/BOT project is different between developed countries and emerging countries. For the government of emerging country, it is essential private investors to involve the project as much as possible.
- 7) Direction of establishment of Greater HCM Area Expressway O&M Corporation is good idea. However, we think that O&M service can be integrated even though concessionaire (operator) is different each route.
- 8) Notice of the meeting will be issued at the end of January 2013.

C. Other Opinions and Comments

- 1) Detailed design was carried out based on the Vietnamese Expressway Standard 1997. MOT is requested to instruct which of standards (1997 or 2012) should be applied for the project. For example, according to the latest standard 2012, higher clearance is required instead of 4.75m in old standard. (Cuu Long CIPM)
- 2) Applicable standard will be determined each design item.(MOT)
- 3) Traffic demand forecast of JICA study team is reasonable result taking into accounts of the present traffic in HCM-TL expressway. On the other hand, BEDC FS overestimates the traffic volume. (Cuu Long CIPM)
- 4) In BEDC FS, only toll collection from My Thuan Bridge was proposed as government support. However, in JICA study, total government support amount including toll collection from other section will reach to 80% of the total project cost. (Cuu Long CIPM)
- 5) JICA study team recommends starting easier scheme like O&M scheme at first stage when BOT/PPP scheme are introduced to the country. Japan has less experience in BOT scheme because it is more difficult scheme. Advantages of PPP/BOT are not only procurement of investment but also transfer of technology and knowhow from developed countries. (JICA Study Team)
- 6) Toll plaza at My Thuan Bridge will be removed. New taxation for budget of road maintenance cost has been started and basically all toll plazas except at BOT roads and Expressways will be taken away. (MOT)
- 7) Proposed scheme by JICA study team is same scheme as HCM-TL expressway. In case of O&M concession, concessionaire shall be selected by competitive bidding instead of direct appointment with Cuu Long CIPM. (MOT)
- 8) At present, TEDI has been requested for appraisal of technical issues and traffic demand forecast. (MOT)
- 9) Traffic demand forecast of JICA study team is comparatively smaller than those of international consultants. Traffic demand will increase more depending on future higher income. (TEDI)
- 10) We believe that some projects have potential to be developed by BOT/PPP scheme in Vietnam. However, we have to say that TL-MT expressway project is difficult to implement by private due to huge gap between cost and revenue. (JICA)

付録 A7 : 面談記録

Date	Meeting	Contents
6 September 2011	Citibank, HCM Branch	An introductory meeting for preliminary market sounding on non-recourse finance in Viet Nam
7 September 2011	NEXCO Hanoi Representative Office	Brief Explanation of IC/R, Hearing current NEXCO activities and situation of VN Expressway
7 September 2011	SMBC, Hanoi Branch	An introductory meeting for preliminary market sounding on non-recourse finance in Viet Nam
8 September 2011	Hogan Lovells, Hanoi	An introductory meeting for networking purposes
8 September 2011	MPI (Foreign Investment Agency)	Explanation on Inception Report
9 September 2011	Allens Arthur Robinson, Hanoi	An introductory meeting with the law firm who have the wealth of experience in drafting/negotiating GGUs.
9 September 2011	Citibank, Hanoi Branch	A follow up of our meeting with Citibank HCM on 6 th Sep
9 September 2011	BIDV (Financial Institutions)	Explanation on Inception Report
13 September 2011	ADB, Manila Headquarter	Explanation on Inception Report
28 August 2012	JBIC 東京	サムライ債保証制度(GATE)
3 October 2012	JBIC ハノイ	用地取得費の調達手法について
11 October 2012	Vietcombank	用地取得費の調達手法について
11 October 2012	Vietinbank	用地取得費の調達手法について
19 October 2012	ホーチミン市国家金融投資社(HFIC)	HIFC の出資・融資メニューについて

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Ref. No. TLMTEXP-MEMO-CITI-0609

Date 6 September 2011

MEETING RECORD: Citibank HCM

Title	The preparatory study on Trung Luong- My Thuan expressway project in Vietnam			
Date	6 September 2011	Time	15:30-16:00	
Venue	Citibank, HCM Branch			
Participants				
Japanese Side	1	Mr. Iwasaki (Study Team)		
	2	Mr. Shimizu (Study Team)		
	3	Mr. Kawasaki (Study Team)		
	Name	Agency (Department)	Position	
Vietnamese Side	1	Ms. Tran Thu Hang	Global Subsiriaries Group	Director
	2	Mr. Phung Van Tien	Ditto	Relationship Manager, Senior VP
	3	Ms. Maleny P. Van	Consumer Bank	Client Development Specialist
References				

A. The purpose of the meeting

An introductory meeting for preliminary market sounding on non-recourse finance in Viet Nam. Citibank is among those said to be interested in financing the Project.

B. Major findings/discussions

- Under the current banking law, SPCs under BOT projects are not eligible for onshore borrowing. (to be double checked, contradictory info from SMBC)
- Due to the inflation and strict lending controls by the authority, VND interest rates charged by local banks ranges between 20-25%, prohibitively high for project finance. Dollar funding from domestic banks is also limited up to 1 year, with tight restriction, e.g. requirement of a forward contract.
- Against this background, it is customary for project borrowers to secure financing offshore, primarily from Singapore and Hong Kong. There are tax treaties between Viet Nam and Singapore as well as France, which allow certain tax exemptions.
- Citibank are pleased to help us find a right financing mix for the Project, e.g. ECA, BIDV covered finance.

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Ref. No. TLMTEXP-MEMO-NEXCO-0709

Date 7 September 2011

MEETING RECORD

Title	Brief Explanation of IC/R, Hearing current NEXCO activities and situation of VN Expressway			
Date	7 September 2011	Time	16:00-17:00	
Venue	NEXCO Hanoi Representative Office			
Participants				
Japanese Side	1	Mr. Tsuboi (Study Team)	8	
	2	Mr. Imada (Study Team)	9	
	3	Mr. Iwasaki (Study Team)	10	
	4	Mr. Kawasaki (Study Team)	11	
	5	Mr. Shimizu (Study Team)	12	
	6	Ms. Kikuchi (Study Team)	13	
	7		14	
		Name	Agency (Department)	Position
Vietnamese Side	1	Mr. Takahashi	NEXCO - Central	Chief Representative
	2			
	3			
	4			
	5			
References	Brief Power Point for Inception Report (EN)			

A. Meeting Agenda

1. Presentation
2. Q&A Session

B. Presentation by Mr. Tsuboi

-General Introduction of the Survey on Trung Luong- My Thuan Expressway Project

C. Q&A Session

1. メコンデルタ地域の自動車保有率は低い。河川交通が主流である。本路線では、途中でメコン川クルーズの観光地 (Cai Be) があるが、長トリップが主流であろう。(NEXCO)
2. 途中のインターチェンジを省略する場合は、管理上 U ターンできるように Over Bridge や Box Culvert が必要で、パーキングエリアなどと兼ねるとよい。(NEXCO)
3. 為替リスクについては、現時点では 10 年間の平均的な変動率を参考にしてリスクヘッジを判断する位のアイデアしか無い。融資分のリスクは、2 step loan を通じて銀行側に負担して貰おうと考えている。尚、BT スキームでの道路案件も存在するが、NEXCO としては Cash の代わりに土地を提供すると言われた場合は対応出来ない。(NEXCO)
4. 事業スキームについて、投資+O&M での事業参画は成り立たないと考えている。O&M へ

の参入は一般競争入札になるが、海外での経験のない NEXCO が受注するのは難しいし、3年以上の経験が必要であるので入札の資格がないかもしれない。VEC は、過去に O&M 株式会社を設立したが解散している。そもそもベトナムでのメンテナンス費用の相場は小さ過ぎて、日本人を出してまで請け負うビジネスには成り得ない。(NEXCO)

5. NEXCO としては、事業を Manage していきたいが、ビエンフォア-ブンタウでは株主比率が小さく発言権が小さいので、難しいだろう。チュンルオン-ミトゥアンについても同様で、(ファッヴァン-カウゼーと異なり) NEXCO 及び日本で仕切れる案件になるかは疑問、NEXCO として興味が無いとは言わないが、参加する切り口が正直見当たらない。(NEXCO)
6. ファッヴァン-カウゼー高速道路について (NEXCO)
 - 1) 既存の国道 1 号バイパス 4 車線道路を高速道路にアップグレードする事業で、初期事業費が小さく、建設リスクもないため NEXCO の最初の投資事業として適している。
 - 2) アップグレード費用は 50 億円規模で、出資金のみで賄う予定。将来拡張では融資が必要
 - 3) 現在 25,000 台/日の交通量があり、道路に沿って旧道が走っているが、そちらにはバイクだけでも一杯になるので車が旧道に逃げるといったことはないと考えており、需要リスクは小さい。
 - 4) 料金は、1,000VND/km。これは世界的に見ても高い水準である。
 - 5) 終点のカウゼーからニンビンへの高速道路が近々開通予定である。
 - 6) ITS について、JICA には ITS 機器の無償援助での設置とメンテナンス費用の負担をお願いしており、これを条件に ITS を導入する。また、日本の特殊維持管理車両である高速スイーパー (60km/h で走行しながら掃除可能) の導入も JICA に依頼している。
 - 7) 料金徴収システムについて、1 レーンは ETC になるかもしれないが、MOT 方式か JICA 方式かは未定だが、クロズドシステムなので磁気カード式でいいのではと考えている。
 - 8) 2 期工事 (拡張) は 100 億~150 億円 (Price Escalation による) と見積もっており、JICA 融資を考えている。用地取得費のベ国側負担と料金の見直しについて MOT に要請し、BOT 契約に含めたい。ただ、料金については MOF 管轄なので実効力は不明である。

注) ハノイ市ファッヴァン-カウゼー高速道路事業は、この南北高速道路の起点部分に位置する一般国道 1 号線バイパス (ファッヴァン-カウゼー道路) を改良・拡張し高速道路化するものである。その結果、現在建設中であるカウゼー-ニンビン高速道路とハノイ市環状 3 号線とをつなぐことにより、増加する交通需要への対応、交通・物流の効率化を図り、もってベトナムの経済成長促進・国際競争力強化に寄与することが期待されている。

7. International NEXCO について (NEXCO)

- 1) 出資金は 5 億円程度
- 2) F/S を実施して投資判断する役割も担う。
- 3) ベトナムは原資の一番豊富な中日本が担当することになる。担当は、プロジェクト第 1 部の中村氏である。
- 4) 各社事業展開のスタンスは異なる。

以上

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Ref. No. TLMTEXP-MEMO-SMBC-0709

Date 7 September 2011

MEETING RECORD: SMBC Hanoi

Title	The preparatory study on Trung Luong- My Thuan expressway project in Vietnam			
Date	7 September 2011	Time	8:00-9:00	
Venue	SMBC, Hanoi Branch			
Participants				
Japanese Side	1	Mr. Iwasaki (Study Team)		
	2	Mr. Shimizu (Study Team)		
	3	Mr. Kawasaki (Study Team)		
Vietnamese Side		Name	Agency (Department)	Position
	1	Mr. Yoshitani Muchaku	Head of Marketing	Senior VP
	2	Mr. Yoichi Kurata	Structured Finance Asia Pacific	Assistant VP
	3	Mr. Kolji Saito	Japanese Corporate Banking	Head of Dept
	4	Mr. Atsushi Murata	Ditto	Assistant VP
References				

A. The purpose of the meeting

An introductory meeting for preliminary market sounding on non-recourse finance in Viet Nam. SMBC is among those said to be interested in financing the Project.

B. Major findings/discussions

- SMBC has been active in financing power projects in Viet Nam, but to diversify its lending portfolio, they are prepared to consider other sectors, e.g. transport. They are, however, not ready to take the traffic risk and the forex risk. SMBC could lend through major state banks, which will take project risks.
- SMBC would take the naked credit risk of top-tier state banks, e.g. BIDV, up to 2 years, beyond which it requires MOF's repayment guarantee (and in some case insurance from notable insurers, e.g. Hermes). Petro Vietnam and VinaComin are the exceptional borrowers (due to their hard currency revenues), to which banks could comfortably extend the tenor up to 5 years without a state guarantee.
- The funding cost of state banks has been on the rise. Before the sovereign rating was downgraded to B+/B1 in Dec last year, it was c. L+250bp. Now the market is volatile and it could charge L+500bp. Within SMBC, Viet Nam is categorized as "highly speculative".
- SMBC could lend via BIDV to SPC in parallel with JICA/PSIF. In such a case, JICA and BIDV would be most likely to enter into an inter-creditor agreement to address inter-creditor matters.

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Ref. No. TLMTEXP-MEMO-Lower-0809

Date 8 September 2011

MEETING RECORD

Title				
Date	8 September 2011	Time	9:00-10:00	
Venue	Hogan Lovells, Hanoi			
Participants				
Japanese Side	1	Mr. Iwasaki (Study Team)		
	2	Mr. Shimizu (Study Team)		
	3	Mr. Kawasaki (Study Team)		
		Name	Agency (Department)	Position
Vietnamese Side	1	Stanley Boots		Consultant
	2	Anthony Raven	Tokyo Office	Partner
References				

A. The purpose of the meeting

An introductory meeting for networking purposes. Kawasaki attended Hogan Lovells' Vietnam PPP cocktail seminar on 1st August in Tokyo, where Stanley was the main speaker. He has been advising, among others, JBIC and ADB on project finance/PPP in Vietnam.

B. Major findings/discussions

- It would be possible for the SPC (to be established) to become a party to the BOT contract by way of assignment of the granted concession right from BEDC to SPC (the investment license (IL) /investment certificate (IC) would be redirected to SPC accordingly). There are no set procedures for executing the assignment. It's therefore highly advisable to first take an informal and consultative approach with MOT, People's Committee, etc. and obtain no objection from them, before presenting the case to the PM's Office. It is very important in Vietnam to build relationship with government officials before soliciting them for decision making. Avoid surprise, always.
- It is good that the whole Project is located in one province (Tien Giang). Procedures for land lease are complex and differ province by province. People's committees are never under control by the central government. Procurement of one letter from a local official could significantly delay the project implementation. We should always keep this risk back in our mind.
- Re the development of the PPP framework, the Project Development Fund (NB: to fund official F/S and engagement of government advisors) is expected to be established by Q2 2012. The Viability Gap Fund has been under consideration with the help of various donors (e.g. JICA, USAID, ADB, ADF) and MPI is aware of the need of a currency reserve set aside to address forex risks of investors/lenders.
- The inter-ministerial PPP Task Force has been established under the auspices of MPI, which comprises 11 members including 5 full timers. MOT has refused to send their representative to the Task Force, as they are developing their PPP pipeline in competition with MPI. WB has

been supportive of MOT's initiative, after MPI turned down WB's support for establishing a model legal framework for PPP 3 years ago. A turf battle continues between the two ministries.

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Ref. No. TLMTEXP-MEMO-MPI-0809

Date 8 September 2011

MEETING RECORD

Title	Brief Explanation of IC/R		
Date	8 September 2011	Time	14:00-15:00
Venue	Meeting Room, MPI		
Participants			
Japanese Side	1	Mr. Tsuboi (Study Team)	8
	2	Mr. Imada (Study Team)	9
	3	Mr. Iwasaki (Study Team)	10
	4	Mr. Kawasaki (Study Team)	11
	5	Mr. Shimizu (Study Team)	12
	6	Ms. Kikuchi (Study Team)	13
	7		14
	Name	Agency (Department)	Position
Vietnamese Side	1	Mr. Dang Xuan Quang MPI (Foreign Investment Agency)	Deputy Director General
	2	Ms. Nguyen Van Huang MPI (Public Procurement Agency)	Official
	3	Mr. Nguyen Tien Duc BEDC (Planning – Investment Dept.)	Specialist of Planning – Investment Dept.
	4		
	5		
	6		
	7		
	8		
	9		
References	Brief Power Point for Inception Report (EN)		

A. Meeting Agenda

1. Presentation
2. Q&A Session

B. Presentation by Mr. Tsuboi

-General Introduction of the survey on Trung Luong- My Thuan expressway project

C. Q&A Session

1. Should we follow Decree108? (Study Team)
-You need to follow Decree 108 because TL-MT project is BOT. (MPI)
2. We need governmental guarantee because the cost is high and the revenue of toll fee is not enough. Which agency should we negotiate with about it? (Study team)
-BEDC needs to negotiate with MOT. (MPI)

3. What kind of procedures is required to transfer concession right from BEDC to SPC?
(Study team)
-It will be PM decision to transfer it from BEDC to SPC. (MPI)
4. Is PDF (Project Development Facility) only for PPP? (Study team)
-It's only for PPP project. TL-MT project is approved as BOT project so PDF is not applied for it. (MPI)
5. Every sector has specific risks. How do you minimize exchange risk for foreign investors?
(Study team)
-There are some instruments of governmental guarantee. (MPI)
6. Do you have any measure to mitigate exchange rate risk? (Study team)
-SBV (State Bank of Vietnam) holds jurisdiction over it. (MPI)
7. VGF is only for PPP? (Study team)
-Yes, it is. (MPI)
8. Is VGF based on VND? (Study team)
-It depends on projects and is for foreign investment and state budget. (MPI)

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Ref. No. TLMTEXP-MEMO-Lower-0909
Date 9 September 2011

MEETING RECORD: Allens Arthur Robinson

Title	The preparatory study on Trung Luong- My Thuan expressway project in Vietnam		
Date	9 September 2011	Time	7:45-09:00
Venue	Allens Arthur Robinson, Hanoi		
Participants			
Japanese Side	1	Mr. Iwasaki (Study Team)	
	2	Mr. Shimizu (Study Team)	
	3	Mr. Kawasaki (Study Team)	
		Name	Agency (Department)
Vietnamese Side	1	Bill Magennis	Partner
	2	Dang Xuan Hop	Partner
References			

A. The purpose of the meeting

An introductory meeting with the law firm for the Study Team. Allens have the wealth of experience in drafting/negotiating GGUs. They were also the legal advisor on the security package for the Bien Hoa-Vung Tau Expressway Project.

B. Major findings/discussions

- Assignment of the concession right would not become effective, unless IL/IC is issued to the SPC. It would be more prudent to procure a new letter from the PM's office addressed directly to the SPC.
- A sovereign guarantee would be available to this Project as stated in the PM letter, if BEDC continues to be the sole Project company (NB: BEDC is collectively owned by SOEs). But if foreign investors establish an SPC with BEDC, a sovereign guarantee to be provided to the SPC might be limited to the extent of state ownership, not covering the extent of foreign ownership (to be investigated in the Study).
- After the BOT Law was issued in 1993, six BOT projects have closed, and now about ten projects are under development (some in an advance stage of negotiation). There are so far six projects to which GGU were issued. Two BOT projects not supported by a GGU were financed on a corporate finance basis.

Project	GGU	BOT	Allens involved
Nam Con Son Gas	☆		☆
KNOC Tien Hai Gas	☆		
Phu My 2.2 Power	☆	☆	(☆)
Phy My 3 Power	☆	☆	☆
Mong Duong Power	☆	☆	
Hai Duong Power	☆	☆	
1 Road Project		☆	
1 Sewerage Project		☆	

- GGU typically discuss two major topics: (i) currency issues, and (ii) undertakings of the performance of the concerned government body. GGU (the “State” is the contractual party) is hierarchically higher than a BOT contract (an authorized government body, e.g. MOT is the contractual party). GGU could be an 8-9 page document (the main body), followed by “Appendix A” (5-7 pages) that discusses the currency conversion regime in detail.
- The currency issues have three dimensions: (i) availability, (ii) convertibility, and (iii) remittability. Availability concerns, in essence, the guarantee to use a pre-determined exchange rate for converting VND back to foreign currencies. The Government used to accept 100% availability, but due to the rapidly diminishing foreign currency reserve, they are increasingly resistant to this assurance. According to the latest round of negotiations on several projects, the Government agrees up to only 30% availability. This appears to be a big policy change on the Vietnamese side, and JBIC/JICA (the biggest donor in Vietnam) are strongly refusing to accept this. On the other hand, Beijing is said to compromise on this matter.
- In summary, there are two big issues for the Study Team: (i) the currency availability, and (ii) VGF (the government subsidy on pricing). GGU normally covers (i), but Vietnam has very little experience with (ii). The Government is aware of the need of (ii), but tries to address VGF outside the project boundary (thorough granting a right for property development)

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Ref. No. TLMTEXP-MEMO-CITI-0909

Date 9 September 2011

MEETING RECORD: Citibank Hanoi

Title	The preparatory study on Trung Luong- My Thuan expressway project in Vietnam			
Date	9 September 2011	Time	14:30-15:40	
Venue	Citibank, Hanoi Branch			
Participants				
Japanese Side	1	Mr. Iwasaki (Study Team)	4	Ms. Kikuchi (Study Team)
	2	Mr. Shimizu (Study Team)		
	3	Mr. Kawasaki (Study Team)		
		Name	Agency (Department)	Position
Vietnamese Side	1	Ms. Nguyen Hal Yen	Financial Institutions Group	VP
	2	Mr. Amol Lora	ECA Financing (Singapore)	Director
References				

A. The purpose of the meeting

A follow up of our meeting with Citibank HCM on 6th Sep. Citibank Hanoi is in charge of the operation with BIDV. Mr. Lora also took part in our meeting from Singapore through a conference call.

B. Major findings/discussions

- Citibank is interested, in principle, in lending to the Project company through BIDV, but their position is yet to be determined, subject to due diligence. Ms. Yen has been in communication with Ms. Hue Chi and Ms. Thu Ba of BIDV (both from the Financial Institutions Dept) and she confirmed that they were the right BIDV counterpart for us to cut the deal with.
- The forex risk is always a big issue in financing Vietnamese projects with hard currency loans. The banking history shows that only two sectors could accommodate this risk: (i) the mining, oil and gas sector, where the borrowers normally have hard currency revenues; and (ii) the power sector, where the selling price of electricity can be indexed to financing currencies. To finance road projects in hard currencies, the lenders would require an outright sovereign guarantee.
- This Project is eligible for a sovereign guarantee, and if it's made available, Citibank could go up to the tenor for 15 years door-to-door including a 3-year grace period. The max exposure to take would be U\$200Mil.
- Due to the deterioration in certain economic indicators (e.g. inflation, budget deficit, increase in non-performing loan), bankers are on the alert for the credit quality of state banks in general. BIDV is however still considered to be one of the major banks that will continuously receive strong government support.
- Citibank will wish to be updated on JICA's role (as a lender) and Marubeni's role (as an investor) more specifically, when our study makes further progress.

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

Project Office
3rd Floor, BIDV Tower
472 Nguyen Thi Minh Khai Street, District 3
Ho Chi Minh, Vietnam

Tel.: +84-(0)8-22211519
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Ref. No. TLMTEXP-MEMO-BIDV-0909

Date 9 September 2011

MEETING RECORD

Title	Brief Explanation of IC/R			
Date	9 September 2011	Time	10:30-12:00	
Venue	Meeting Room, BIDV			
Participants				
Japanese Side	1	Mr. Tsuboi (Study Team)	8	
	2	Mr. Imada (Study Team)	9	
	3	Mr. Iwasaki (Study Team)	10	
	4	Mr. Kawasaki (Study Team)	11	
	5	Mr. Shimizu (Study Team)	12	
	6	Ms. Kikuchi (Study Team)	13	
	7		14	
		Name	Agency (Department)	
Vietnamese Side	1	Ms. Trinh Thi Hue Chi	BIDV (Financial Institutions)	Executive Vice President Head,
	2	Mr. Nguyen Quoc Hung	BIDV (Investment)	Executive Vice President Deputy Head,
	3	Ms. Truong Thi Thu Ba	BIDV (Financial Institutions, Asia)	Vice President Head,
	4	Ms. Nguy Thi Xuan Huong	BIDV (Financial Institutions)	Relationship Manager
	5	Mr. Nguyen Tien Duc	BEDC (Planning – Investment Dept.)	Specialist of Planning – Investment Dept.
	6			
	7			
	8			
	9			
References	Brief Power Point for Inception Report (EN)			

A. Meeting Agenda

1. Presentation
2. Q&A Session

B. Presentation by Mr. Tsuboi

-General Introduction of the survey on Trung Luong- My Thuan expressway project

C. Q&A Session

1. BIDV is a major shareholder of BEDC. Does it relate to enterprise law? (Study Team)
-No, it doesn't relate to enterprise law. BIDV is currently the biggest shareholder. (BIDV)
2. How do you think about the cost of HCMC-TL expressway? (Study team)
-10 trillion VND is not finalized and toll fee is not stable. (BIDV)

3. Did you evaluate future cashflow? (Study team)
-We calculated price for selling and the cost based on cashflow. (BIDV)
4. How do you consider the financing? (Study team)
-10% is equity from BEDC. 90% is borrowing from BIDV and commercial banks in Vietnam. (BIDV)
5. Will BEDC borrow a loan through BIDV? (Study team)
-Yes, it's on-lending loan. BEDC takes currency risks and BIDV will not have them. (BIDV)
6. Is depreciation rate based on cashflow analysis? (Study team)
-MOT consider depreciation rate. If you negotiate with MOT, you can change it. (BIDV)
7. What is BIDV's role? (Study team)
-BEDC is responsible for the project and risks. (BIDV)
8. How much is interest rate of general loans? (Study team)
-It depends on market rate (17-19%). Loan period is normally 10 years. (BIDV)
-GoV has authorized certain preferable conditions to TL-MT expressway project, such as the loan amount can exceeds the general limitation to a single borrower, defined by a specific rate (15%) of the Bank's equity, the maturity can exceeds 10 years which is a general bench mark to this type of the loans. (BIDV)
9. Do you have a concessional interest rate? (Study team)
-We are different from governmental banks. Governmental banks have a minimal interest rate but BIDV is a commercial bank. (BIDV)
10. How much is a rate of return for equity? (Study team)
-You should ask BEDC. (BIDV)
-But you are the biggest shareholder of BEDC. (Study team)
-You need to negotiate with MOT on our mechanism. (BIDV)
11. Do you have any hurdle rate? (Study team)
- You need to negotiate with MOT. FIRR should not be lower than deposit rate (BIDV)
12. What do you need for project finance loan? (Study team)
-We need a guarantee of a parent company. (BIDV)
13. Do you have syndicated loans? (Study team)
-We have experiences of a syndicated loan about a power plant. It was implemented by corporate banking department. (BIDV)
14. Do you have any information about financial institutions which are interested in TL-MT expressway project? (Study team)
-There are several financial institutions of Asian and European countries. Term of a loan is 15 years and an interest rate is a floating rate. Insurance will be supplied by ECA. Commercial banks requested Governmental guarantee and there are from 7 to 8 groups. (BIDV)

15. Do you know a civil contractor? (Study team)
 - BEDC authorized a contractor's list. (BIDV)
16. Do you have any offer for equity? (Study team)
 - There is no official offer but some entities have interests such as Macquarie Group. (BIDV)
17. What is your role? (a question from BIDV to Marubeni)
 - We'll analyze risks (ex. currency risks and traffic risks) of the project purely and suggest how to mitigate them. (Study team)
18. Do you need an agency's support? (BIDV)
 - BIDV is a lender and JICA is the anchor lender. There are several issues so we need governmental supports. (Study team)
19. Examination of a loan for TL-MT expressway project will not be implemented since governmental special measures are applied for it and special covenants are not required. (BIDV)

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

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Ref. No. TLMTEXP-MEMO-ADB-1309

Date 13 September 2011

MEETING RECORD

Title	Brief Explanation of IC/R		
Date	13 September 2011	Time	15:00-16:30
Venue	Marubeni HCMC Branch Office		
Participants			
Japanese Side	1	Mr. Tsuboi (Study Team)	8
	2	Mr. Iwasaki (Study Team)	9
	3	Mr. Shimizu (Study Team)	10
	4	Mr. Imada (Study Team)	11
	5		12
	6		13
	7		14
	Name	Agency (Department)	Position
Vietnamese Side	1	Mr. Nishimura	ADB Transport Specialist South Asia Department
	2	Mr. Ian Paterson	ADB Transport Specialist South Asia Department
	3		
	4		
	5		
References	Power Point for Inception Report (EN)		

A. Meeting Agenda

1. Presentation
2. Q&A Session

B. Presentation by Mr. Tsuboi

-General Introduction of the Survey on Trung Luong- My Thuan Expressway Project

C. Q&A Session

- 1) My Thuan – Can Tho Expressway Project の経緯は下記のとおり説明があった (ADB)
 - 2年前に MOT から通常の Public Sector Loan のリクエストがあった。
 - BEDC が実施している TL-MT 高速道路事業が進まなかったため、ADB 側も進めることができなかった。
 - PMU My Thuan (現 Cuu Long CIPM) より、PPP での実施についてリクエストがあった。
 - 現在、PATA (Policy and Advisory Technical Assistance 政策アドバイザー業

務)の一つとして、CT-MT 高速道路事業への PPP 適用について検討している。

- Bankable な PPP というのは難しいと考えており、Public Sector Loan も視野に入れている。これらは、年末にベトナム側に提言する予定。
- 2012 年から 2014 年の Rolling Plan には入る予定である。2014 年の Loan を想定している。
- 以前表明していた ADB の融資規模 (150 億円程度) は、これだけでは足りるものでないので、JICA との協調融資や State Budget などに加算していく予定であった。
- 今後、どれくらい必要か総事業費をはじめ、それをどうやってまかなっていくか MOT などと話をしていく。

- 2) Trung Luong – My Thuan の一部区間となる Cai Lay や Cai Be まで短いセクションとする狙いは何か？また、MOT から見れば JICA の PSIF が投入されるのになぜ事業を先に進めることができないのか疑問に思うのではないかと考えている。(ADB)

丸紅としては、会社としては電力事業で経験豊富であるが、交通分野では初めてとなる。今回は、開発権などからの収入は考えずに純粋に高速道路の料金収入で事業性を評価する方針である。本事業規模は大きく、民間投資では事業が成り立たない。また、民間が為替リスクをとることはできないので、政府保証がなければ投資は難しい。短いセクションで事業規模を抑え、切り離した後半部は ADB などの融資にて公共事業として建設しその区間の料金徴収権を持つような事業スキームが望ましいと考えている。(調査団)

- 3) TL-MT 高速道路で区間分離された後半部への ADB の参画については下記のとおり考える。(ADB)

- Cai Be 以降をどうするか早く決めるためには、本調査にて方針を早く打ち出した方がいい。
- 切り離し方とタイミング、MOT が切り離された区間をどう処理するかがポイントになる。
- ADB が Cai Be IC 以降について PPTA を実施できるのは MOT から要請があつてからとなる。

- 4) 今後とも ADB と調査団は情報交換していくことを確認した。

-

以上

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

Subject: サムライ債発行支援ファシリティ(GATE)の概要について

Date : 2012/8/28 (11:25-11:40)
Venue : 架電
Participants : JBIC 国際経営企画室報道課 Mr. イズイシ
KRI 菊地謙一
References : GATE に関する JBIC ホームページのプレスリリース(2010/4/15 付)
(<http://www.jbic.go.jp/ja/about/press/2010/0415-01/>)

Discussion Memo:

(調査団)

私共は、ベトナムにて BOT による高速道路建設の F/S 調査を行っているが、その過程で一部区間につき JICA/円借款による建設が検討されることとなり、ベトナム政府(MOT)より用地買収資金の調達方法についてアドバイスを求められている。

1 年半前の記事で恐縮だが、貴行のホームページにて、外国政府がサムライ債を発行する際に JBIC が保証する制度(GATE)が新設される旨のプレスリリースが掲載されていたのでご連絡申し上げた次第である。廃止されていないかを含め、詳細について伺いたい。

(JBIC)

- この制度(GATE)は、(廃止されずに)現在も生きている。
- JBIC による保証は 100%でなく、通常は 95%程度の“穴あき”保証となっている。また、保証金額・保証料の水準を含めて詳細は個別相談となる。
- 資金用途については一般財政資金を対象としているので、「用地買収資金」と言われると若干の疑念が残るが、この辺りも具体化した際に個別相談とさせて欲しい。
- 制度の詳細と言っても以上の内容及びホームページに記載されていることが全てで、その他は deal by deal の個別対応となるから、訪問して頂く必要はない。
- 貴社から GATE の概要についてご提案頂き、その結果、ベトナム政府が興味/関心を持ってば通常ルート(JBIC ハノイ事務所 etc)で営業担当にアプローチして欲しい。

以上

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

Subject: JBIC によるサムライ債保証制度(GATE)及び HFIC との業務提携について

Date : 2012/10/3 (14:00-15:00)
Venue : JBIC ハノイ駐在員事務所
JBIC : 長友 駐在員
Participants : 清水団員、菊地団員
References : TLMT 高速道路 F/S 調査の概要プレゼン資料

(訪問の目的)

先般の MOT 会議にて副大臣より、用地買収費は政府が負担するが現実的に政府資金も潤沢でないので、その調達方法について JICA 調査団からアイデアを提案して欲しいとの要請を受けた。

1. JBIC のホームページに、外国政府が東京市場で発行する円建債券であるサムライ債に JBIC が保証を付与して日本の機関投資家に販売することを目的とした GATE が掲載されていた。東京サイドで JBIC/本部に照会(2012/8/28 付面談録を参照)したところ、詳細については営業部(ハノイ事務所)へコンタクトするようにアドバイスを受けたことから今回の面談申し込みに至る。
2. また、2012/9/12 付の JBIC プレスリリースにて、JBIC と HFIC(ホーチミン Finance Investment Corp.)との民活インフラに関する業務提携が発表された。この詳細についても情報収集して、TLMT 高速道路への活用の可能性をヒアリングしたい。

Discussion Memo:

調査団より、TLMT 高速の概要説明および訪問趣旨について説明した。

(JBIC)

サムライ債への保証制度(GATE)は、現在も存続していることは間違いないがベトナムでは実績がない。各国営企業が円高による債務膨張に苦しんでいる環境下、ベトナム側に日本円を調達するインセンティブがあるのか疑問を感じる。

本件に関するベトナム政府の窓口は MOF/公的債務管理局(External Debt Management Dep.)だが、彼らも円建て債務の比率を上げることには慎重だとも思う。過去 2 度、外債の起債を行っているが、いずれもドル建て¹だったと記憶する(来年償還を迎える予定)。このような状況で、GATE に対するベトナム側のニーズは低いと思われる。

(調査団)

MOF レベルでは円建て債務のニーズがないかもしれないが、MOT 等のプロジェクトの現場では引続き旺盛な資金調達ニーズあると思われる。これまでベトナムで GATE の実績はないが、正式にベトナム政府から要請が寄せられれば検

¹ もし、米ドル建てのニーズがあるのなら、サムライ債を発行してその内の JBIC 保証部分を USD/JPY スワップにより実質的に米ドル建て調達とすることも可能と思われる。

討の対象になると考えてよいか？

(JBIC)

検討を拒否することはない。

但し、**GATE** が対象とする資金使途は一般の財政資金且つアンタイド資金融資を目的としているので、プロジェクトにひも付きとなる建て付けでは厳しいだろう。

(調査団)

次に、**HFIC** について伺いたい。

貴行のホームページには、**HFIC** との業務提携が掲載されているが、近い将来にツーステップ・ローン等により **HFIC** が投融資する現地のインフラ案件に貴行がバックファイナンスを提供する可能性等があるのか？

また、差し支えなければ **HFIC** のコンタクト先をご紹介願いたい。

(JIBC)

HFIC ではなくホーチミン市（人民委員会）との間で、情報・意見交換のための業務提携を締結しただけで、具体的なインフラ案件むけ融資等の話にはなっていない。

仮に、ツーステップと言われても **JBIC** としては、**HFIC** 単体どころかホーチミン市のサブソブリンでもリスクをとれない。**HFIC** は国際金融機関からの借入実績もあるはずだが、いずれも **MOF** 経由での借入ではないかと思う。制度上ホーチミン市も直接対外借入は出来ないとも聞いている。

JBIC からの融資に際しては中央政府(**MOF**)保証が必要となる。国債格付けも下がってしまい、そもそもベトナムは投資適格の国と評価はされていないが、さすがに **JBIC** としては、ソブリンリスクは取らねばならないと考えている。

HFIC のコンタクト先については、Capital Management Dep. Director の Trang Ha Kim Thanh 氏(Tel: 08-3821-4244)。

以上

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

Date : 2012/10/11 (13:30-14:30)
Venue : Vietcombank ハノイ本店
HFIC : Mr. M. Murakami (Deputy Director, Project Finance Dept、みずほ出向者)
Mr. Bach Thanh Long (Vice Director, Project Finance Dept)
Mr. Bui Duc Minh (Deputy Director, Offshore Funding Dept)
Participants : 岩崎副総括、菊地団員、清水団員
References : TLMT 高速道路 F/S 調査の概要プレゼン資料

1. 調査団側からプレゼン資料に基づき、案件概要及びこれまでの調査経緯を説明。8 月に開催された MOT 副大臣との WG 会合の結果も概略披露し、仮に総事業費の 8 割相当を上限目安として ODA で実施する場合の、残額 (counterpart fund) に対する Vietinbank (以下 VCB) 融資の可能性を打診した。
2. たとえ MOF 保証が提供されるとしても、対象事業が profitable であるかどうか重要であり、いかなる Security Package が準備されたとしても、案件そのものの feasibility、cashflow 等を見た上で良し悪しを判断することになる、と VCB 側から慎重な発言有り。
3. そもそも用地買収は debt ではなく equity でカバーされるべきであり、用地買収費を対象とする融資は筋の良くない案件だと思う。他銀行も同様に否定的ではないかとの VCB 側見立て。但し、Vietinbank や VDB は、他銀行とはポジションが異なることとで、“彼らならリスクを取って引き受けるかもしれない”とのコメントがあった。尚、VCB 側認識では、原則として地場銀行に対して MOF が保証を出すことはしないとの由。
4. 本件 (TL-MT 高速) にはベトナム四大銀行の一つである BIDV が関与、その後撤退したことは承知しており、reputation は良くない案件との VCB 側理解。ベトナムでの高速道路建設コストは近隣諸国よりも高いという実態に加え、事前の収入予測と現実とに乖離が発生することが多く、銀行としてはリスクを取りにくい分野であるとも言える (HCM-TL 高速、Phap Van – Cau Gie 道路も、現実の収入が予測値を下回っているのではないかと、との VCB 側認識)。

VCB 自身が言及していた通り、counterpart fund 向け融資に肯定的且つ積極的な Vietinbank と異なり、VCB は終始慎重なスタンスを維持していた。

後日、VCB より自らを「prospective lender」と称して本件 (TL-MT 高速) スキームの詳細に係る照会メールが何度か寄せられていることから、実は、それなりに関心があると推測される。面談時は慎重なスタンスをみせたものの、自国政府向け与信にしては若干過剰ともいえる手堅さだったものを軌道修正していると思われる。尚、本件について更なる進展があれば、改めて連絡する旨を伝えてメール交信を終えている。

以 上

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

Date : 2012/10/11 (10:00-11:00)
Venue : Vietinbank ハノイ本店
HFIC : Mr.Pham Huy Thong (Deputy Director General)
Mr. Nguyen Huy Quang (Deputy Director, ALCO dept)
Ms. Bui Thi Kim Lien (Deputy Director, SME banking dept.)
Mr. Hoang Viet (SME banking dept.) 他 約 5~6 名程度
Participants : 岩崎副総括、菊地団員、清水団員
References : TLMT 高速道路 F/S 調査の概要プレゼン資料

1. 調査団側からプレゼン資料に基づき、案件概要及びこれまでの調査経緯を説明。8 月に開催された MOT 副大臣との WG 会合の結果も概略披露し、仮に総事業費の 8 割相当を上限目安として ODA で実施する場合の、残額 (counterpart fund) に対する Vietinbank (以下 VTB) 融資の可能性を打診した。
2. VB 側からは“興味有り”との反応にて、プロジェクト関係者である CL CIPM、JICA との面談機会をアレンジして貰いたいとの申し入れ有り。VTB 側が想定するファイナンスのメニューは、ベトナム政府 (MOF) 保証を担保とする通常融資。
3. Ca 峠トンネル案件に於いても、VB は同様に用地買収費用等に必要となる資金に対する融資 (つなぎ融資) を引き受けているが、これも MOF 保証を担保としているとのこと。基本的なスタンスとして、VTB はプロジェクトの事業性にかかわらず MOF 保証があれば、融資上の信用リスクは取れるとの由。
4. 一方、HCM-TL 間高速の料金収入を担保とするノンリコース融資については否定的。確実性が十分かどうか不明な料金収入を当てとするよりも、MOF 保証が (VTB にとって) 担保としては望ましいとのこと。
5. VTB もプロジェクト・ファイナンス案件への参加事例はあるが、金融情勢が不安定であることなど、ベトナムに於けるプロファイ案件を取り巻く環境は良いとは言えず、MOF 保証供与等の政府支援が不可欠であろうとの見解が寄せられた。
6. VTB が希望する CL CIPM、JICA との面談機会については、調査団側で希望を持ち帰り、その必要性があれば改めて面談機会を検討することとした。

以 上

THE PREPARATORY SURVEY ON TRUNG LUONG – MY THUAN EXPRESSWAY PROJECT IN VIETNAM (PPP INFRASTRUCTURE PROJECT)

Date : 2012/10/19 (09:00-10:00)
Venue : HFIC 本部事務所
HFIC : Ms. Tran Ha Kim Thanh (Director, Investment Dept.)
Ms. Pham Ha Minh (Associate, Investment Dept.)
Participants : 清水、Mr.Phong (CL CIPM)
References : TLMT 高速道路 F/S 調査の概要プレゼン資料
HFIC プレゼン資料

1. 調査団側からプレゼン資料に基づき、案件概要及びこれまでの調査経緯を説明。採算性が乏しいために BOT ベースでの案件実施は困難と判断し、ODA を軸とした資金調達案の検証を進めているが、HFIC の投融資参加の可能性につき打診を行った。
2. CL CIPM (Mr.Lai) からは、事前に Option 4 が基本案として HFIC 側に紹介されていた模様。調査団側から Option 4 は実効性が低い旨を指摘、HFIC 側よりも Option 4 はスキームが複雑であると否定的な反応が寄せられた。
3. HFIC では、融資部 (Credit Dept) と投資部 (Investment Dept) でそれぞれ融資・出資業務を行っている。出資については、ホーチミン市のみならず近隣省向けも対象としているが、融資はホーチミン市内の案件のみに供与する内規になっていると HFIC 側より説明有り (即ち TLMT 高速への融資は対応不可)。
4. TLMT 高速案件で SPC を設立するのであれば、SPC 向けでの出資参加の可能性はあると思うとの HFIC 反応。参加可否、参加する場合の出資対応金額 (規定上では金額リミット無し) は案件の feasibility 次第とのことにて、財務経済分析の資料を提供して貰えば検討したい、と HFIC 側からコメント有り。

以上