Article 3:

OPTIMIZATION OF PROJECT PERFORMANCE AND RISK MANAGEMENT IN VIETNAM'S PUBLIC INFRASTRUCTURE FACILITY THROUGH PRIVATE PUBLIC PARTNERSHIPS (PPPS)

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Abstract

To deliver more productive outputs in the mixed economy today such as Vietnam, private-public partnerships (PPP) are gaining importance as a public infrastructure mechanism. The potential of implementing PPP projects is substantial, especially the projects in transport, grid infrastructure and power plants, water management, IT infrastructure, schools and hospitals. The adoption of PPPs essentially closing the financial gap of the government's intertemporal budget constraints. Many critically important projects most likely would not get built at all, leaving Vietnam without the critical infrastructure that they need to kick start economic growth and achievement of national goals. Investors had previously been put off by the complexity of PPP laws and the lack of a comprehensive risk sharing mechanism in Vietnam. A PPP is contract between a public sector authority and a private party where the private party assumes substantial financial, technical and operational risk in the project. PPP emphasizes the long-term nature of the partnership, while most formal definitions of PPPs note the private financing aspect. PPPs usually involve shared risks and returns during the construction and operational phases, while the assets are often transferred to government at the end of a long-term PPP contract. PPP financing is normally securitized by the revenue that the infrastructure is expected to generate, as well as by the asset itself. Nonetheless, government remains ultimately responsible for service delivery, and policy formulation to protect society's interests.

Keywords: Public Infrastructure Financing, Public Private Partnerships, Project Performance, Risk Management, Vietnam Government.