

2020

ANNUAL REPORT

Status Quo of Transport Infrastructure,
Policy Issues, and Development Needs in
Vietnam



Vietnam-Korea Transport Infrastructure
Cooperation Center (VKTrans)

Contents

1	Diagnosis of Transport and Logistics Infrastructure in Vietnam.....	5
1.1	Major Socio-Economic Indicators in Vietnam.....	5
1.2	Statistical Indicators related to Transport and Logistics infrastructure in Vietnam	11
1.2.1	Road Transport	11
1.2.2	Railway Transport	12
1.2.3	Inland Waterway Transport (IWT).....	12
1.2.4	Maritime Transport.....	12
1.2.5	Aviation.....	13
1.2.6	Passenger and freight traffic	13
1.3	Statistical Indicators related to Transport and Logistics in five cities	15
1.3.1	Road network	15
1.3.2	Vehicle.....	16
1.3.3	Public transport ridership	18
2	Diagnosis of Major Transport Infrastructure Policy in Vietnam.....	19
2.1	Transport and logistics policy to prepare for the Post-COVID 19	19
2.1.1	The impact of COVID-19 to transport and logistics	19
2.1.2	Policies response to the COVID 19	19
2.2	Transport and logistics infrastructure policy to respond to the 4 th industrial revolution	22
2.2.1	Promoting ITS	23
2.2.2	Promotion of digital transformation	24
2.3	Public transport policy and electric mobility.....	25
2.3.1	Contribution of the transport sector in the promulgation of national policies	25
2.3.2	Contribution of the transport sector in the promulgation of sectoral policies	26
2.3.3	Promulgation of sectoral policies at city level	27
2.4	Transport and logistics infrastructure policy to respond to environment and climate Change	29
2.5	Changes and amendments to law and systems related to transport and logistics in Vietnam	31
2.5.1	Amendment of investment law.....	33
2.5.2	Amendment of enterprise law	36
2.6	Identify on-going and/or planned projects in transport and logistics and its financing plans... ..	39

2.6.1	Planned projects in road infrastructure	39
2.6.2	Planned projects in railway infrastructure	46
2.6.3	Planned projects in IWT infrastructure.....	47
2.6.4	Planned projects in seaport	48
2.6.5	Planned projects in aviation	50
3	Investigation of On-going and Required Transport and Logistics Infrastructure Projects in Vietnam.	57
3.1	Mid- and long-term transport and logistics infrastructure plan	57
3.1.1	Road network plan for the period 2021-2030 with a vision to 2050	57
3.1.2	Railway network plan for the period 2021-2030 with a vision to 2050	59
3.1.3	Inland waterway infrastructure plan for the period 2021-2030 with a vision to 2050 ...	60
3.1.4	Seaport system plan for the period 2021-2030 with a vision to 2050	60
3.1.5	Airport system plan for the period 2021-2030 with a vision to 2050	60
3.2	On-going transport and logistics projects sponsored by major international parties (MDB, JICA, KOICA, etc.).....	62
3.2.1	On-going transport and logistics projects sponsored by JICA.....	62
3.2.2	On-going transport and logistics projects sponsored by KOICA	62
3.2.3	On-going transport and logistics projects sponsored by World Bank.....	63
3.2.4	On-going transport and logistics projects sponsored by GIZ	64
3.3	Necessary and/or required transport and logistics projects based on development needs of Vietnam	65
4	Vietnam NewsBrief 1	0
5	Vietnam NewsBrief 2	3

LIST OF TABLES

Table 1-1. Vietnam facts, 2020	5
Table 1-2. Vietnam FDI attraction (as of November 20, 2020).....	6
Table 1-3. Budget plan in transport sector, 2021-2025.....	9
Table 1-4. Budget plan for expressway project, 2021-2025.....	9
Table 1-5. Lists of fees in transport	10
Table 1-6. Number of cars circulating in five cities, 2020.....	16
Table 1-7. Bus fleet size and CNG bus ratio, 2020.....	17
Table 1-8. Bus fleet size and CNG bus ratio, 2020.....	18
Table 1-9. Demand for bus travel in 5 cities	18
Table 2-1. National policies related to the development of public transport.....	25
Table 2-2. Sectoral policies related to the development of public transport	27
Table 2-3. Policies to support VTHKCC activities	27
Table 2-4. List of projects and its financing plans.....	39
Table 2-5. Financing plans for expressway	44
Table 2-6. Financing plans for highway	44
Table 2-7. Capital demand for national highway.....	44
Table 2-8. List of priority projects for the period 2021-2030 in railway (as proposed)	46
Table 2-9. List of priority projects for the period 2021-2030 in IWT (as proposed).....	47
Table 2-10. List of priority projects for the period 2021-2030 in maritime (as proposed)	48
Table 2-11. List of priority projects for the period 2021-2030 in aviation (as proposed)	50
Table 3-1. List of priority projects.....	66

LIST OF FIGURES

Figure 1-1. GDP growth between 2010 and 2020	6
Figure 1-2. Rankings on key global indexes (0 = best, 190 = worst)	7
Figure 1-3. Vietnam ranking on World Bank Doing Business topics (0 = best, 180 = worst).....	7
Figure 1-4. Growth rate of total social investment expenditure.....	8
Figure 1-5. Total road length	11
Figure 1-6. IWT Fleet, 2020.....	12
Figure 1-7. Aviation Infrastructure, 2020	13
Figure 1-8. Aviation Infrastructure, 2020	13
Figure 1-9. Passenger traffic (million persons)	14
Figure 1-10. Freight traffic (thousand. tons.)	14
Figure 1-11. Road network in 5 cities	16
Figure 2-1. Increase/decrease in revenue of service groups in the first 9 months of 2020 compared to the same period in 2019 (%)	19
Figure 3-1. Road network development plan	58
Figure 3-2. Railway network plan	59
Figure 3-3. Airport network development plan.....	61
Figure 3-4. JICA on-going transport projects in Vietnam.....	62
Figure 3-5. KOICA on-going transport projects in Vietnam	63
Figure 3-6. World Bank on-going projects in Vietnam	64

1 Diagnosis of Transport and Logistics Infrastructure in Vietnam

1.1 Major Socio-Economic Indicators in Vietnam

Population

Viet Nam is administratively divided into three regions (northern, central, and southern) and six socio-economic sub-regions.

Table 1-1. Vietnam facts, 2020

Indicator	Figure
Surface area	329,241 km ²
Population	97.6 mln. Person (2020)
Population density	295 person/km ²
Percentage of urban pop.	36.8%
GDP	\$ 271.16 bill.
GDP per capita	\$ 2,786
GDP sub-sector	Agriculture: 14.85% Industrial: 33.72% Service: 41.63% Others: 9.8%
Economic growth rate	2.91% (2020)

Source: General Statistic Office, 2020, data available at <https://www.gso.gov.vn/en/population/>

Economy

Vietnam was among the countries that responded quickly to the COVID-19 pandemic in the early stage. The Vietnamese government decided to impose the nationwide partial lockdown from April 1st, 2020, since the pandemic broke out in Wuhan, China. This strategy has shown the effectiveness in stopping the spread of COVID-19 and making Vietnam one of the countries with the highest economic growth rate over the world, even though the economy expanded 2.91% in 2020 and being the lowest GDP growth level in decades. GDP per capita reached \$ 2,786 in 2020, an increase of 2.6% compared to 2019.¹ The country currently is maintaining a very low share (0.4%) of GDP coming from official development assistance (ODA).

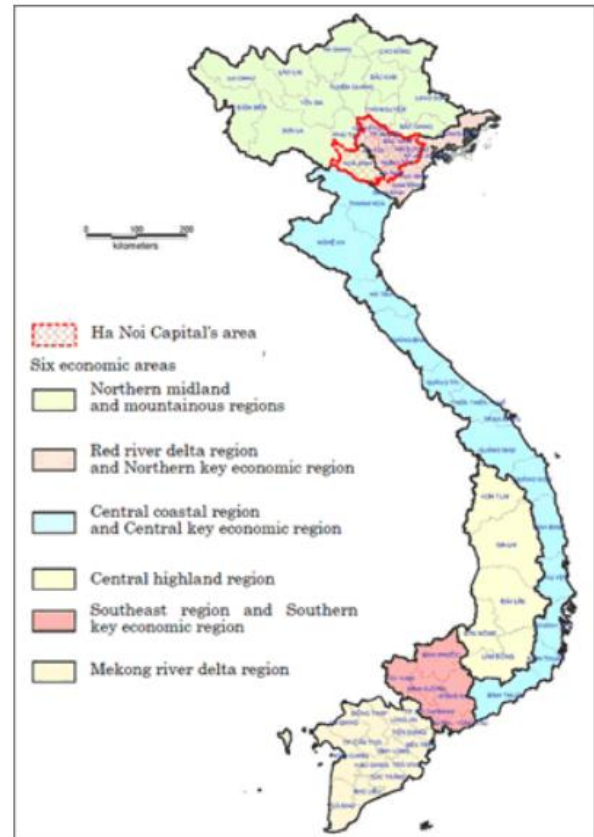
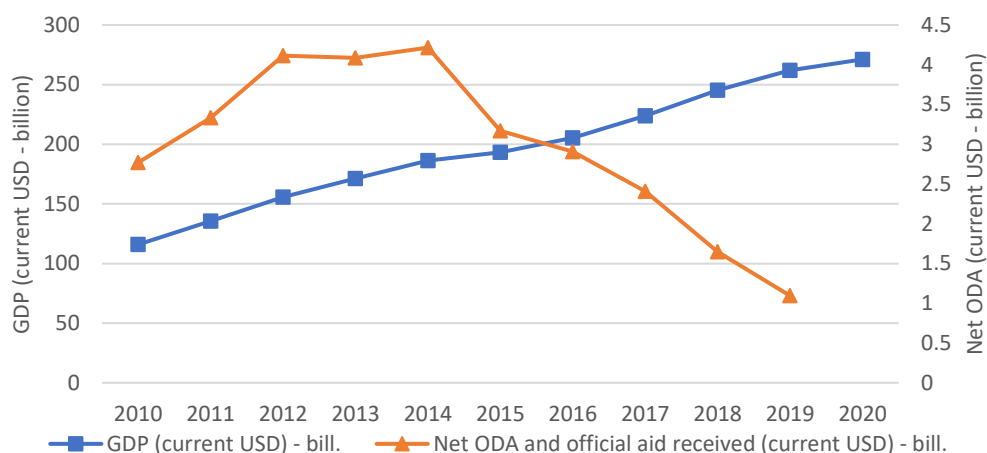


Image from https://www.researchgate.net/publication/319177184_Cyclones_Deforestation_and_Production_of_Food_Crops_in_Vietnam/figures?lo=1

¹ World Bank database, <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=VN>



Source: World Bank webpage, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>
 Figure 1-1. GDP growth between 2010 and 2020

Although the economy increased in the COVID -19 pandemic, this has not always been distributed evenly across the country, with an overall medium ranking on the Human Development Index (117st out of 189) and it has taken place in the context of higher than average levels of corruption. The majority of foreign direct investment (FDI) has concentrated in manufacturing and processing (48%) (see Table 1-1), mainly in the South-East and Red River Delta regions (MPI, 2020) and 70.27% of ethnic minorities remained poor on May 2020 (UNDP Vietnam webpage)².

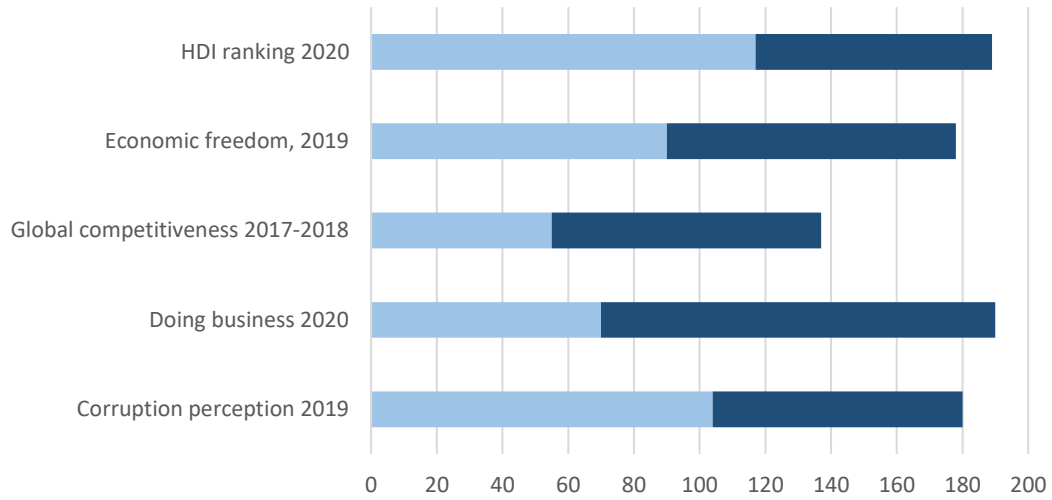
Table 1-2. Vietnam FDI attraction (as of November 20, 2020)

No.	Industry	Number of projects	Total registered investment capital (mil. USD)
1	Manufacturing, processing	15,080	225,733
2	Real estate activities	939	60,112
3	Productions, electricity, gas, steam, and air conditioning supply	149	28,733
4	Accommodation and food service activities	891	12,516
5	Construction	1,755	10,683
6	Wholesale and retail trade, repair of motor vehicles and motorcycles	5,145	8,434
7	Transportation and storage	869	5,235
8	Mining and quarrying	108	4,897
9	Education and training	577	4,404
10	Information and communication	2,316	3,950

Source: Ministry of Planning and Investment, 2020

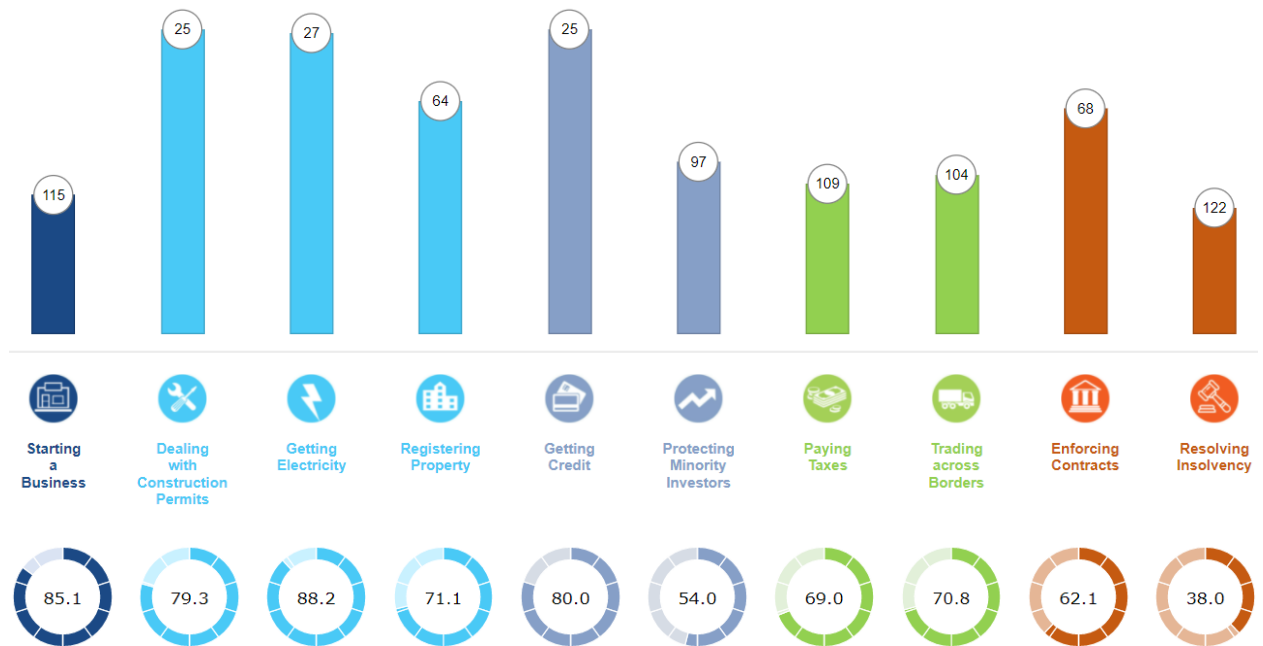
² <https://www.vn.undp.org/content/vietnam/en/home/presscenter/articles/EMwsSonLa.html>

According to the Corruption Perceptions Index 2020, Vietnam is ranked 104th out of 180, where 180 is the most corrupt.³ Such high levels of corruption can lead to significant costs for business and slow progress on increasing investment from private sources (See Figure 1-2).



Source: GlobalEDGE webpage, <https://globaledge.msu.edu/globalresources/resourcesbytag/country-level>

Figure 1-2. Rankings on key global indexes (0 = best, 190 = worst)



Source: World Bank webpage, <https://www.doingbusiness.org/en/data/exploreconomies/vietnam>

Figure 1-3. Vietnam ranking on World Bank Doing Business topics (0 = best, 180 = worst)

Finance and investment

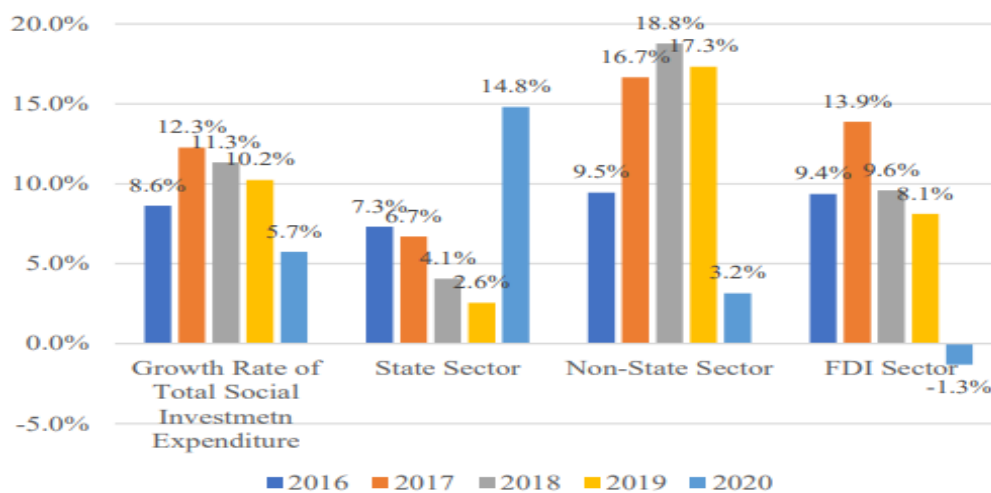
³ [Vietnam - Transparency.org](http://Vietnam-Transparency.org)

Viet Nam has taken significant steps to encourage private domestic and foreign investment in the economy through relaxation of restrictions on firm ownership (including SOEs) and legislation on public-private partnership (PPP) models, particularly in infrastructure.

The Vietnamese government has also undertaken various measures in recent years to improve the business and investment climate and transparency. Modernization of the Investment Law and Enterprises Law in 2020, together with the Law on Public-Private Partnership 2020, has established a comprehensive legal framework for the development, regulation and supervision of capital market. Three laws will take effect from 1 January 2021 and allow greater freedom of operation for enterprises, simplified registration procedures. Between 2010 and 2019, FDI increased from \$ 19.9 billion to \$38.2 billion (FIA website), and the Vietnamese government has opened an increasing number of sectors and sub-sectors to domestic private and foreign investment.

Government expenditures and budget in the transportation sector

In 2020, the total social investment expenditure at the current price was estimated at 2,164.5 trillion VND, up 5.7% over the same period in 2019 and equal to 34.4% of GDP. Of which, 33.7% were from the state sector, 44.9% were from the non-state sector and 22.4% are from the FDI sector. The growth rate of the non-state and the FDI sectors were significantly slower compared to the previous year (increase of 3.1% and decrease of 1.3%, respectively), clearly reflecting the impact of COVID-19 on the 2 non-state sectors. Accordingly, the government had to increase the scale and the intensity of state investment to compensate, with the growth rate of the State sector reaching 14.5% (compared to the growth rate of 2.6% in 2019).



Source: General Statistic Office, 2020

Figure 1-4. Growth rate of total social investment expenditure

A total approved public investment from the government budget in 2020 was nearly 700 thousand billion VND, as 2.2 times more than the one in 2019 (312 thousand billion VND), which includes 470.6 thousand billion VND in government budget estimation in 2020 and 225,2 thousand billion transferring from 2019.

In the period 2021-2025, budget for transport activities is about VND 507,590.693 billion, the Ministry of Transport is allocated VND 273,189.361 billion and provinces are allocated VND 234,401 billion.

Table 1-3. Budget plan in transport sector, 2021-2025

No.		Transport activities & transport related-transport others			
		Transport activities	Planning	Science & Technology	Public works in urban areas
1	Ministry of Transport	273,189	20,309	135,000	
2	Provinces	234,401	154,699	1,785	1,965

Source: Resolution 29/2021/QH15

Table 1-4. Budget plan for expressway project, 2021-2025

No	Project	Resolution, Decision on investment policy/investment decision			Budget plan 2021-2025
		Investment capital			
		Decision	Total	State budget	
I	National priority projects have been approved by the National Assembly				
1	North-South Expressway on the East				
	Mai Sơn – NH. 45	527/QĐ-BGTVT 07/4/2021	12,111	12,111	9,415
	NH. 45- Nghi Sơn	418/QĐ-BGTVT 18/03/2021	5,534	5,534	4,396
	Nghi Sơn – Dien Chau	338/QĐ-BGTVT 08/3/2021	7,293	7,293	6,032
	Dien Chau – Bai Vot	2319/QĐ-BGTVT 30/10/2018	13,338	6,618	5,379
	Cam Lo - La Son	1710/QĐ-BGTVT 31/8/2020	7,669	7,669	4,677
	Nha Trang – Cam Lam	2351/QĐ-BGTVT 31/10/2018	7,615	5,058	2,232
	Cam Lam – Vinh Hao	2352/QĐ-BGTVT 31/10/2018	13,687	9,311	5,624
	Vinh Hao – Phan Thiet	1467/QĐ-BGTVT 30/7/2020	10,853	10,854	8,830
	Phan Thiet – Dau Giay	1470/QĐ-BGTVT 31/7/2020	12,577	12,577	9,602
	My Thuan 2 bridge and roads at the end of the bridge	2199/QĐ-BGTVT 10/10/2018	5,003	5,003	3,837
	Cao Bo – Mai Son	1584/QĐ-BGTVT 24/7/2018	1,607	1,607	642
2	Project on land acquisition, compensation, and resettlement support at Long Thanh International Airport	1487/QĐ-TTg ngày 06/11/2018	22,856.000	22,856.000	4,660.000
II	National priority projects expected to be implemented in the period 2021-2025				38,738.000
	North - South expressway project on the East				38,738.000
III	Highway projects, other key projects are expected to be implemented in the period 2021-2025				78,719.000

Source: Resolution 29/2021/QH15

Fees in the transportation sector

There are four categories of fee regulated in the law and relevant regulations: (1) fees in road sub-sector; (2) fees in maritime and inland waterway, (3) fees in railway infrastructure, (4) fees in civil aviation.

Table 1-5. Lists of fees in transport

No.	Name of fee	Agency issued	Fees
1	Fees in road sub-sector		
1.1	Road toll	MOF shall regulate expressway and NH Provincial People's Councils decide on local roads	Depend on each road and each city
1.2	Fees for parking in roadside or sidewalk	Provincial People's Councils	Depend on each city
1.3	Driving test fee	MOF	A1-A4: VND 90,000 B1, B2, C, D, E, F: VND 450,000
2	Fees in maritime and inland waterway		
2.1	Fee for using the mooring location	MOF	Depend on each ship
2.2	Marine insurance fee	MOF	Depend on each ship
2.3	Fees for inspection, assessment and international certification of ship security	MOF	Depend on each ship
2.4	Fees for appraisal and issuance of licenses to provide sea transportation services and support services for sea transportation	MOF	Depend on each ship
2.5	Maritime protest confirmation fee	MOF	Depend on each ship
2.6	Fees for assessment, approval of seaport security assessment, seaport security plan, issue of ship history books	MOF	Depend on each ship
2.7	Fees for appraisal and announcement of bridges, seaports, water zones, water areas, maritime notices; inland waterway port, inland waterway port	MOF	Depend on each ship
2.8	Fees for verification and issuance of operating licenses for seaports, inland waterway ports and inland wharves	MOF	Depend on each ship
2.9	Fee for tonnage of ships and boats	MOF	Depend on each ship
2.10	Fees for appraisal and approval of security assessment and security plan for inland waterway ports receiving foreign watercraft	MOF	Depend on each ship
2.11	Inland waterway channel and creek fees	MOF	Depend on each ship
2.12	Inland waterway reporting fee	MOF	Depend on each ship
2.13	Examination fee for certification of captain's and chief engineer's qualifications	MOF	Depend on each ship
3	Fees for using railway infrastructure	MOF	8% of revenue
4	Fees in civil aviation		
4.1	Fees for inspection and issuance of certificates of airworthiness for aircraft	MOF	VND 275,000 per tons

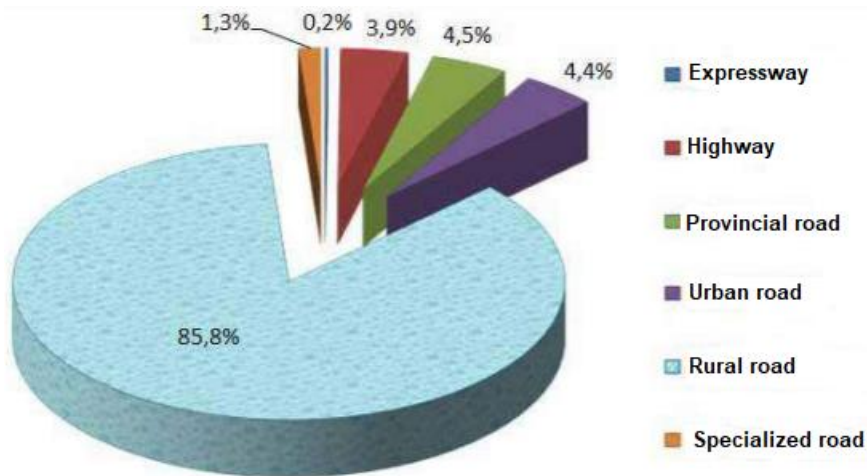
No.	Name of fee	Agency issued	Fees
4.2	Fees for inspection and issuance of aircraft type certificates and certificates of technical eligibility for newly manufactured and put into use aviation vehicles and equipment	MOF	VND 5,000,000 - 30,000,000 per turn
4.3	Fee for providing information in the aircraft register	MOF	VND 500,000 per craft
4.4	Franchise fee for airport and airport operation	MOF	Flight Operation Guaranteed: 165,000/take off or land on Airport business: 335,000/take off or land on
4.5	Fees for flying over Vietnam's airspace	MOF	USD 115 - 520
4.6	Flight data analysis fee	MOF	VND 20,000,000/turn
4.7	Fees for assessment and issuance of certificates, permits and certificates in civil aviation activities; issue permits to enter and exit restricted areas at airports and airfields	MOF	
4.8	Examination fee for the eligibility of an airline employee license	MOF	Depend on employee license

Source: Fees and charges Law (Law No. 97/2015/QH13)

1.2 Statistical Indicators related to Transport and Logistics infrastructure in Vietnam

1.2.1 Road Transport

Roads are the dominant modality for both passenger and freight transport. Road traffic also accounts for a major portion of Viet Nam's gasoline and diesel consumption. Up to 2020, the country has more than 1,000 km of expressway put into operation; nearly 600,000 km of national roads and rural roads have been built.



Source: Directorate for Road of Vietnam, 2020

Figure 1-5. Total road length

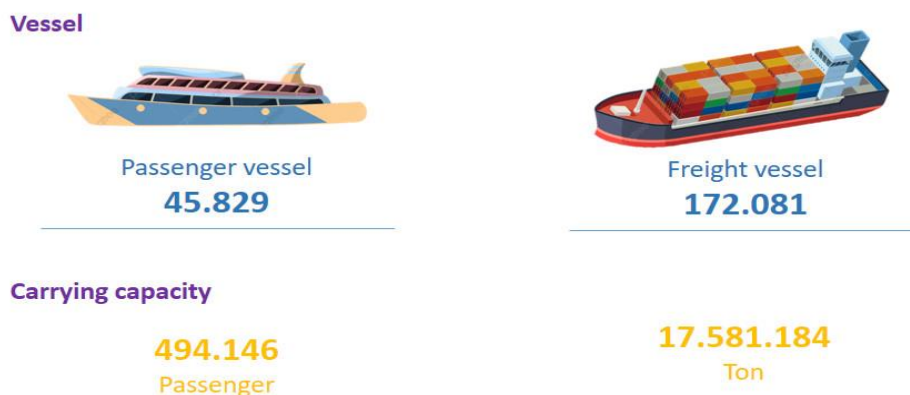
Motorcycles are the primary mode of transport in major Vietnamese cities, and account for 60-65% of journeys in Ha Noi and HCMC. It is anticipated that both of Viet Nam’s major cities (Ha Noi and HCMC) will face serious congestion problems if private vehicle ownership continues to grow at current rates.

1.2.2 Railway Transport

Railway system did not change over the long period. The Vietnamese rail network consists of eight lines and just over 2,500km of track. In terms of rail use, average passenger train loads are relatively high, but freight loads are low, owing to weak infrastructure and operating plan. The railway sector accounts for 0.2 million tons of CO₂ in 2020 (World Bank, 2019) and currently rail systems are diesel-based using relatively inefficient engines.

1.2.3 Inland Waterway Transport (IWT)

Compared to 2019, IWT did not change in terms of infrastructure development. Currently, Viet Nam has 41,000km of inland waterways, of which only 8,000km are used commercially. Although water-based infrastructure and transport could make significant contributions to sustainable economic growth through improving the efficiency of freight transport and reducing road congestion, there is currently a strong preference for road over waterways for reasons related to cost and convenience. Water transport is still perceived to be riskier than road transport, and inland waterways are in quite poor condition. Inland waterways are attractive for the transportation of a subset of high-weight low-value goods (e.g. coal, rice, sand, stone, gravel), as well as personal transport – particularly in the Mekong Delta and Red River. The inland waterways are dominated by domestic companies, a number of which are small and informal.



Source: Ministry of Transport, 2020

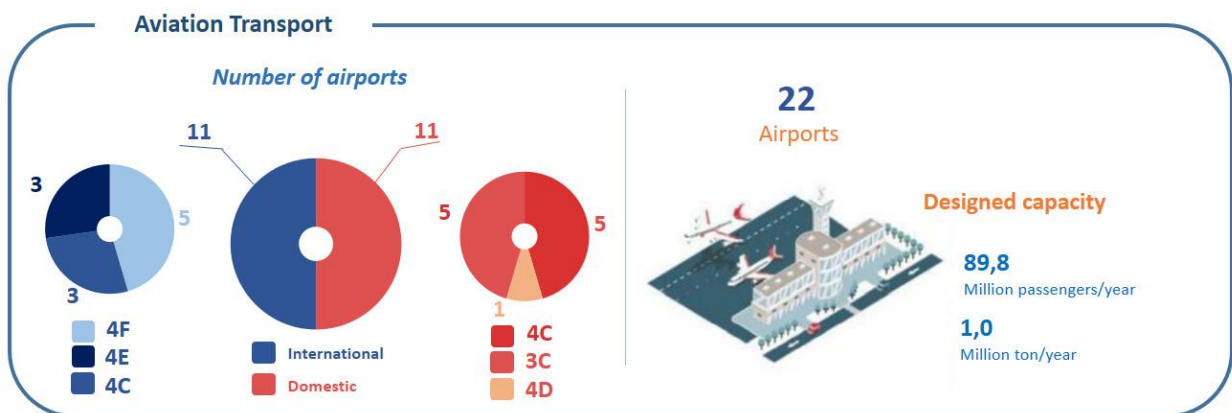
Figure 1-6. IWT Fleet, 2020

1.2.4 Maritime Transport

Viet Nam has 3,400km of coastline along one of the world’s busiest sea cargo lanes, and has ambitions to compete with Singapore and Hong Kong on the provision of sea cargo services. Viet Nam has over 80 seaports. The larger ones have traditionally been developed by government and handed over to the country’s state-owned port and shipping company operator, Vinalines, for operation.

1.2.5 Aviation

By 2020, in Vietnam, there have been a total of 22 airports with civil aviation operations, including 9 international and 13 domestic airports. Some Vietnamese commercial airlines are Vietnam Airlines, Vietjet Air, Jetstar Pacific, Vasco, Bamboo Airways... and about 70 international airlines are operated to and from Vietnam. Some other legal entities, such as Thien Minh, Vietravel Airlines, have completed their business registration and are acquiring air operating licenses. According to the Civil Aviation Authority of Vietnam, by 2020, there were 235 civil aircrafts and 35 helicopters registered with Vietnamese flag; of which 106 aircrafts (including 28 wide body ones) are owned by Vietnam Airlines, 75 aircrafts owned by Vietjet Air, 22 (including 3 wide body ones) owned by Bamboo Airways and 18 owned by Jetstar Pacific. The remaining aircrafts belong to the Aviation Services Company, Hai Au Aviation Joint Stock Company, Green Planest Technology Company Limited, Viet Star Dual-Use Aviation Joint Stock Company and Aviation Technical Service Joint Stock Company.



Source: Civil Aviation Authority, 2020

Figure 1-7. Aviation Infrastructure, 2020

The aircraft fleet was 213, of which the number of passenger aircraft was 201 and special purpose aircraft was 12. Total passenger carrying capacity was 34,313 seats in 2018



Source: Civil Aviation Authority, 2020

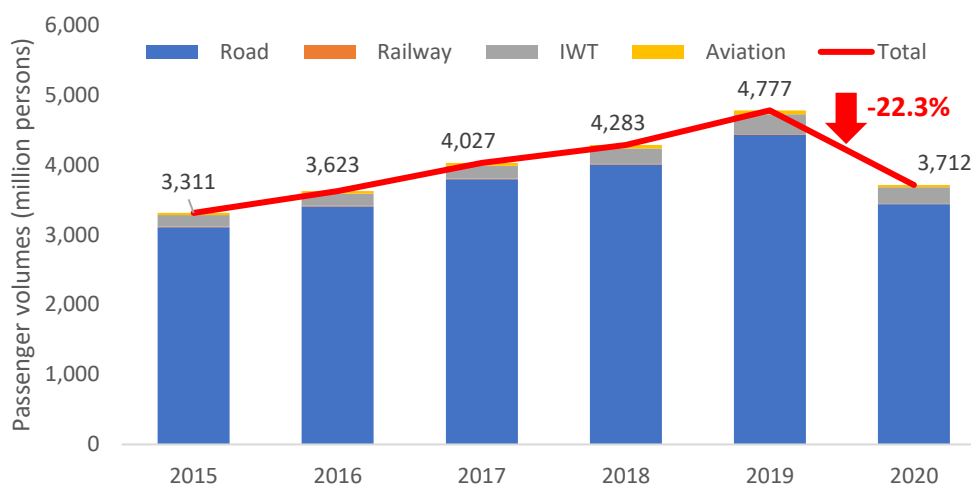
Figure 1-8. Aviation Infrastructure, 2020

1.2.6 Passenger and freight traffic

Since December 2019, Covid-19 epidemic has broken out in China and quickly spread to other countries around the world. Many industries and services, including transport, have seriously been affected due to

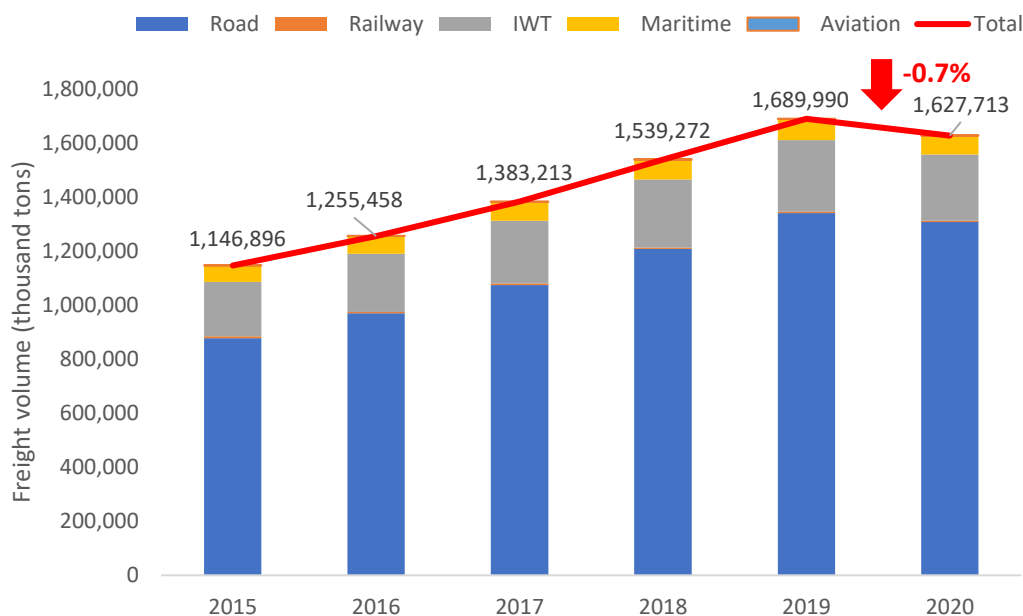
stringent restrictions on cross-border travel as well as interrupted supply chain. In 2020, Vietnam had been to lockdown more than one month in nationwide and some cities has been lockdown from 2 to 3 months, so the transport service has been affected seriously.

In road transport, volume of passenger transported increased from 2.132 mln.person in 2010 to 4.427 mln.person in 2019, with average growth of 8,6%/year, but in 2020, it decreases to 3.437 mln.person. Number of cargo transport rose from 587 mln.ton in 2010 to 1.341 mln. ton in 2019, with average growth rate of 9,6%/year and decrease to 1.307 mln.ton in 2020.



Source: General Statistic Office, 2021

Figure 1-9. Passenger traffic (million persons)



Source: General Statistic Office, 2021

Figure 1-10. Freight traffic (thousand. tons.)

Vietnam railway's business results have also been seriously affected by the Covid-19 pandemic, domestic freight of all sources of consumer goods and industries has decreased by 50% and freight rates decreased from 2% to 17% of current rate depending on each item, distance and transit time (Vietnam railway, 2020).

IWT traffic accounted for a small proportion compared to other transport modes. Volume of freight carried by IWT increased from 144 mln.ton in 2010 to 266 mln.ton in 2019, with average growth rate of 7,0%/year, reduced 245 mln.ton in 2020 when facing to coronavirus pandemic. Freight transport performance by inland waterways increase from 31,679 mln.ton.km in 2010 to 55.946 mln.ton.km in 2019 and in 2020, it decreases slightly to 51.630 mln.ton.km.

IWT traffic accounted for a small proportion compared to other transport modes. The number of passenger transport by IWT decreased from 286 mln.people in 2019 to 239 mln.people in 2020 with a decrease of 16.5%. Volume of freight carried by IWT increased from 144 mln.ton in 2010 to 266 mln.ton in 2019, with average growth rate of 7,0%/year, reduced 245 mln.ton in 2020 when facing to coronavirus pandemic.

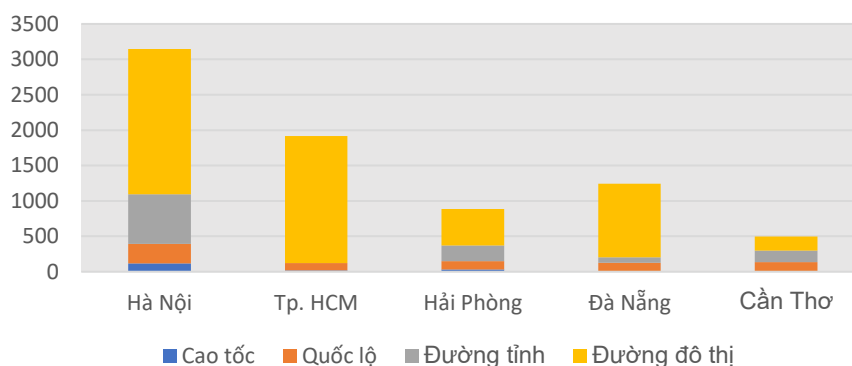
In aviation section, a number of plans to invest in new aircraft fleet have been suspended. Vietnam-flagged airlines have also heavily been impacted because only 1% to 2% out of the total aircrafts fleet has been operated during the epidemic. Under the pandemic circumstances, Vietnam Airlines must focus on cargo transportation. Accordingly, the airline has increased its domestic and international freight flights to supplement the loss of the passenger transport segment. In 2020, Vietnam Airlines has only operated freighter flights from Hanoi, Ho Chi Minh City to Europe, Japan, Korea, China, Hong Kong, Singapore, Malaysia and Thailand. The freight revenue of Vietnam Airlines has reached 1,330 billion VND, in May, it earned VND 840 billion, up 45% over the same period last year, with an average volume of 20-25 tons per trip, and load utilization factor being 95-100% (Vietnam Airlines, 2020). Vietjet Air planesd to invest in combined aircraft (combi) with an American airline for a direct route from Hanoi to Chicago and Los Angeles in 2020 (Vietjet Air, 2020).Bamboo Airways has also developed freighter aircraft and launched Bamboo Airways Cargo in 2020 (Bamboo Airways, 2020).

1.3 Statistical Indicators related to Transport and Logistics in five cities

1.3.1 Road network

The transport system in five cities mainly serves urban transport services by road provided by private transport. Motorcycles are the main transportation mode along with the rapid increase in the number of private cars and reduce the number of bicycles. Public transport services include buses, taxis, motorcycle taxis, and ride-hailing taxi services, but the proportion of these vehicles in urban areas is still very limited.

Road density (excluding commune, village, and intra-field roads) in cities is still low, reaching from 1.5-2km/km², the ratio of traffic land area in the new urban construction land area is only from 6-11%, much lower than the requirements set for special cities and urban centers of grade I (from 20-26%). An inadequacy problem that all five cities are facing is that the road growth (both in terms of area and length) is currently very low (less than 3%/year) when compared to the development of personal motorized traffic (over 10%/year). This is part of the reason why traffic problems such as traffic congestion and environmental pollution tend to increase.



Note: Statistics for Ho Chi Minh City do not include provincial roads

Source: Statistics compiled by the Department of Transport, 2021

Figure 1-11. Road network in 5 cities

The roads in the central urban area have been formed for a long time, have a small road surface width. Approximately 25-30% of the road length has a road surface width of 10m or more suitable for transportation activities. Buses meet the difficulty in operation, and bus demand is low. Meanwhile, up to 40-55% of the road length has a width of less than 7m suitable for private vehicles, especially motorcycles. As a result, motorcycles are the primary transportation mode on cities' roads (accounting for 80-90% of travel demand).

1.3.2 Vehicle

❖ Automobiles

According to statistics of the Vietnam Register, by the end of December 2020, five cities had 1.69 million cars, accounting for 40.49% of the total number of cars nationwide. Of which, passenger cars accounted for 44.13% (1,072,220/2,429,599 vehicles nationwide), buses accounted for 44.04% (80,834/183,546 vehicles nationwide) and trucks accounted for 45.11% (16,921/37,511 vehicles nationwide).

Table 1-6. Number of cars circulating in five cities, 2020

City	Total	Cars	Urban Bus and intercity bus	Truck	Specialized cars	Others
Ha Noi	763,038	530,688	31,992	184,820	7,878	7,660
Hải Phòng	134,001	68,069	4,811	44,349	1,448	15,324
Đà Nẵng	91,404	56,572	5,476	25,405	1,057	2,894
Hồ Chí Minh	657,682	390,841	36,421	190,548	6,176	33,696
Cần Thơ	46,720	26,050	2,134	17,438	362	736
Total 5 cities	1,692,845	1,072,220	80,834	462,560	16,921	60,310
Total country	4,180,478	2,429,599	183,546	1,422,162	37,511	107,660
5 cities/country	40.49%	44.13%	44.04%	32.53%	45.11%	56.02%

Source: Vietnam Register, 2021

❖ Motorcycles

According to statistics of the Department of Transport, there were 17.3 million motorcycles in five cities, accounting for approximately 34.6% of the total number of vehicles nationwide (according to preliminary statistics of the National Traffic Safety Committee, there are more than 50 million registered motorcycles, but one study showed that the number of circulation motorcycles accounted for only 75% of registered vehicles (MOT, 2019).

In summary, five cities' areas account for only 2.92% of the area in the whole country, but the number of private vehicles accounts for over 40% of the whole country. A large number of private vehicles puts pressure on urban transport infrastructure in cities, leading to increasingly serious traffic jams and urban air pollution, especially in Hanoi and Ho Chi Minh City.

❖ **Urban Buses**

Currently, there are more than 13,000 urban buses nationwide. The number of bus vehicles in 05 cities accounts for about 36%, of which 02 cities Hanoi and Ho Chi Minh accounted for about 32% of the total number of nationwide buses. Vehicles are mainly medium-sized (40-60 seats).

Table 1-7. Bus fleet size and CNG bus ratio, 2020

City	Bus fleet	CNG buses	Ratio of CNG buses
Ha Noi	1,952	120	6.1%
Hải Phòng	117	-	-
Đà Nẵng	151	-	-
Hồ Chí Minh	2,322	496	31.1%
Cần Thơ	56	-	-
Total 5 cities	4,598	616	14.1%
Total country	13,253	708	
5 cities/country	34.7%	87%	

Source: Vietnam Register, 2021; DOT, 2021

❖ **Taxis and ride-hailing taxis**

Passenger transport by taxis (traditional taxis and ride-hailing taxis) in cities has made significant contributions to transportation activities in urban areas. At the end of 2020, the number of traditional taxis in five cities is 33,958 units, Hanoi contributes the highest number with 19,265 units, and Can Tho contributes at least (549 units).

Besides traditional taxis, there has been an explosion in the number of ride-hailing taxis during 2014-2020. Since 2014, with the pilot program of using ride-hailing taxis from the MOT, the number of ride-hailing taxis in five cities has increased dramatically. In Ho Chi Minh City, the number of ride-hailing taxis has increased by more than 100 times between 2015 and 2020.

Table 1-8. Bus fleet size and CNG bus ratio, 2020

City	Traditional taxi	Ride-hailing taxi	Total
Ha Noi	19,265	30,834	50,099
Hải Phòng	4,524	2,808	7,332
Đà Nẵng	1,700	2,679	4,379
Hồ Chí Minh	8,496	56,155	64,651
Cần Thơ	549	87	636
Total 5 cities			124,417

Source: DOTs in Hai Phong, Da Nang, and Can Tho, 2021; TDSI, 2021

❖ Motorcycle taxi

There are no official statistics on the number of motorcycle taxis operating in the cities because there are no regulations on business, business conditions, or management of motorcycle taxis. It is estimated that motorcycle taxis account for 1-5% of motorcycles.

1.3.3 Public transport ridership

Although it is expected to be an effective mode of public transport in realizing strategic objectives of the transportation system in major cities, bus market share in five cities is still minimal, even in Hanoi and Ho Chi Minh City. Ho Chi Minh City has the most developed bus network, but the market share is only less than 10% of travel demand.

Since 2015, the bus ridership in five cities has continuously declined after a series of rapid growth before 2014 (only Danang bus ridership increased between 2015 and 2020).

Table 1-9. Demand for bus travel in 5 cities

City	2014	2015	2016	2017	2018	2019	2020	Growth rate
Ha Noi	506	468,9	432,8	441	453,6	484,5	350	-5.2%
Hải Phòng	5,40	6,10	7,00	2,80	2,69	2,53	1,61	-13.1%
Đà Nẵng	4	4,3	4,5	4,9	5,8	6,4	6,4	8.29%
Hồ Chí Minh	367	334	326,2	291,93	290	250	210	-8.71%
Cần Thơ	4,87	3,52	3,64	2,51	1,47	1,37	0,44	-28.58%

Source: DOTs, 2021

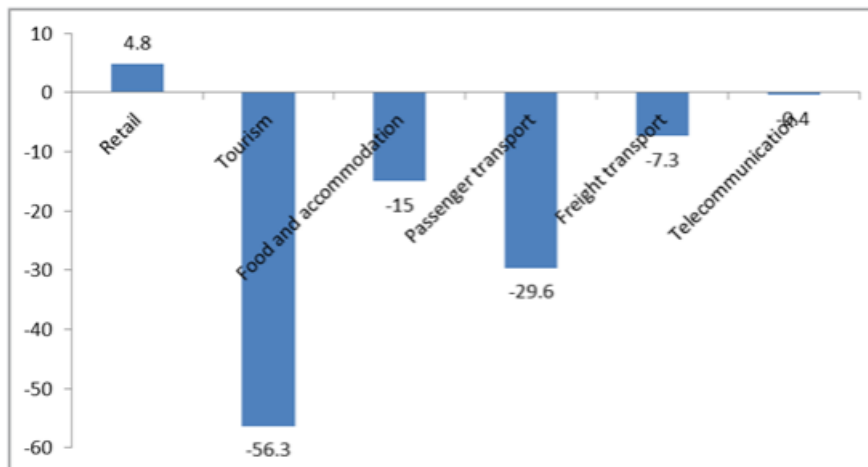
2 Diagnosis of Major Transport Infrastructure Policy in Vietnam

2.1 Transport and logistics policy to prepare for the Post-COVID 19

2.1.1 The impact of COVID-19 to transport and logistics

Retail, travel, food and accommodation, transportation of passengers and goods services have all been severely affected by Covid-19 pandemic in 2020. In particular, the most substantial drop has been witnessed in the group of travel, tour operators, passenger transportation and then the accommodation and food groups.

Transport activity was the most severely affected in the first quarter of 2020, hitting its trough in April 2020 (only 105.7 million tons of cargo compared to 156.6 million tons in January 2020). However, by September 2020, transportation has flourished again to meet the demands of trade and consumption at the end of the year, with the total volume of goods transported reaching 156.8 million tons.



Source: General Statistic Office (announced on September 29, 2020)

Figure 2-1. Increase/decrease in revenue of service groups in the first 9 months of 2020 compared to the same period in 2019 (%)

2.1.2 Policies response to the COVID 19

Like many countries, Vietnam has been significantly affected by COVID-19. However, the Government had controlled the pandemic remarkably well in 2020.

In order to recover the economy, the Government has issued a wide range of policies and measures to support enterprises. Notable specific measures include exemption and reduction of taxes, fees and charges on various sectors, simplification of administrative procedures, diversification of export and import, lending without interest to enterprises to pay employee, deferral of contribution of compulsory social insurances and trade union fees, and reduction of interest rates. The following section highlights Vietnam's prompt measures to tackle the Covid-19 pandemic and key strategies in the transport and logistics sector.

Plan on restructuring the service industry to 2025 - On February 19, 2020, the Prime Minister signed Decision No. 283 / QĐ-TTg permitting the project "Plan on restructuring the service sector through 2020,

vision to 2025". By 2025, the contribution of logistics services to GDP would reach 8% - 10%, the service growth rate would reach 15% - 20%, the rate of outsourcing logistics services would reach 50% - 60%, logistics costs will decrease to 10% - 15% equivalent to GDP, being ranked at the 50th place or higher by the Logistics Performance Index (LPI).

To achieve these objectives, the main tasks out for the logistics and transportation sectors include:

- Consolidate the 1899 Committee and the permanent agency following the aim of integrating logistics development coordination tasks to ensure a lean model, promoting the roles of ministries and relevant authorities.
- Amend the Law on Road Traffic, constructing and enacting documents detailing and guiding the implementation of the Railway Law.
- Develop an institutional reform project to encourage models of information technology application in logistics such as freight service transaction platforms, passenger transport, ...

Measures to prevent COVID-19 – the Government promulgated the Directive 05/CT-TTg and Directive 06/CT-TTg to strictly control passersby across trails and openings in border provinces; strictly implement solutions to management and control of epidemic and control in aviation, travel, and crossborder cargo transportation.

On February 5, 2020, the Ministry of Industry and Trade issued Document No. 709/BCT-XNK requesting the Vietnam Logistics Business Association (VLA) to recommend its members and logistics enterprises to join hands and take supporting measures such as: reducing costs of storage, reducing transportation and loading and unloading costs so that distribution businesses, trade centers, supermarkets can increase purchasing agricultural products for farmers.

The Ministry of Industry and Trade has sent documents to the Department of Industry and Trade of provinces, cities, associations and enterprises exporting agricultural products, foods and fruits to the Chinese market to update information, coordinate to implement several tasks relating to import, export and transportation of goods across land borders; plan to ensure the supply of essential items in its distribution system which serves the needs of people in all situations.

At the 6th session of the National Steering Committee on ASEAN Single Window, National Single Window and Trade Facilitation (Committee 1899), VLA said that they would encourage businesses to reduce storage charges by 10-20%, especially cold storage, to support trade centers and supermarkets to buy agricultural products for farmers.

Following the direction of the Prime Minister, ensuring the dual goal of fighting against Covid-19 pandemic without causing excessive disruption to import and export activities, the Ministry of Industry and Trade has achieved Document No. 708 / BCT-XNK dated February 5, 2020 to the Ministry of Health and No. 725 / BCT-XNK dated February 6, 2020 to the National Steering Committee on the prevention and control of acute respiratory infections due to new strains of Coronavirus. The documents discussed the development of a cohesive process applied to vehicles and vehicle drivers engaged in import and export activities, transportation of goods through seaports and border gates.

Fee incentives in transport - The Ministry of Finance issued Circular No. 46/2020 / TT-BTC dated May 27, 2020, regulating the rates of collection and payment of charges and fees in the aviation sector (effective until 31/12/2020), Accordingly, from May 27, 2020 to the end of December 31, 2020, the fee is only equal to 90% of the rate specified in Article 4 of Circular No. 247/2016 / TT-BTC.

The Maritime Administration (Ministry of Transport) worked with the Vietnam Maritime Pilot Association and the pilot companies to propose solutions to reduce operating costs, in agreement with the Association of Ship owners in reducing piloting charges for ships operating domestically. Accordingly, from May 1, 2020, transport companies have received the application of the minimum price (10% reduction compared to the current price) regarding pilot services for Vietnamese ships operating on domestic routes (including ships and VR-SB vessels). The effective duration would be 3 months. Towing service prices for Vietnamese vessels operating domestically (including ships and VR-SB vessels) are also minimized.

Tax incentives for enterprise - Extension of deadlines for tax payment and land rental fee to the business activities significantly influenced by COVID-19 was issued by the government on 8th April 2020 in Decree No. 41/2020/ND-CP. According to this policy, roughly 740,000 active enterprises (accounting for 98% of total enterprises) and most of the suspending business households were applicable for extension of tax payment and land rental charges with an expected investment of the support package of 180 billion VND.

The policy that reduces 15% land rental fees in 2020 was issued by the Government according to Decision 22/2020/QĐ-TTg on August 10, 2020. Accordingly, applied subjects are over-15-day-suspension-due-to-COVID-19 enterprises, institutions, households and individuals, which rented lands directly from the Government according to Decision or Contract made by state agencies under yearly payment form. Beneficiaries are individuals and institutions having direct-renting-land contracts with the government or state agencies, excluding individuals or institutions with non-state-owned contracts.

The policy that cuts corporate income tax in 2020 by 30% for enterprises, co-operative society, other institutions with total revenue under 200 billion VND was issued by Resolution 116/2020/QH14 on June 19, 2020 and detailed implementation under Decree 114/2020/ND-CP on September 25, 2020.

Public investment capital policy - Accelerating the public investment disbursement is an important solution of the government to promote economic growth in 2020. A total approved public investment from the government budget in 2020 was nearly 700 thousand billion VND, as 2.2 times more than the one in 2019 (312 thousand billion VND), which includes 470.6 thousand billion VND in government budget estimation in 2020 and 225,2 thousand billion transferring from 2019. The determination and consistency of the government in boosting public investment capital disbursement can be presented in a vast amount of documents: i) Resolution No. 84/NQ-CP on 29th May 2020 regarding the tasks and solutions to remove difficulties in production and business activities, and accelerate the disbursement of public investment capital; ii) Official dispatches No. 622/TTg-KTTH and 623/TTg-KTTH on 26th May 2020 to head of ministerial agencies, leaders of provinces consider accelerating public investment disbursement as a key task in 2020; Announcement No. 242/TB-VPCP on 18th July 2020 guiding ministries, central and local authorities and agencies to drastically implement solutions to accelerating public investment disbursement.

Social security policy - According to Resolution No. 42/NQ-CP on 9th April 2020 and Decision No. 15/2020/QĐ-TTg, social security policy provided the guides for assistance and implementation of policies to support people facing difficulties caused by the COVID-19 pandemic, respectively.

Interest rate policy - In order to keep up with macroeconomic situation and international financial markets and dealing with the negative impact of the COVID-19 at the same time, the State Bank had proactively and continuously reduced the operating interest rates to remove difficulties for production and business activities, liquidity support for credit institutions, reducing the cost of borrowing capital of businesses and households.

As of October 20, 2020, the State Bank had adjusted the operating rate four times since December 2019, and it was the third time in 2020 (2 previous adjustments were in March and May). There were reductions by 0.5 percentage points of all kinds of operating rates. The rediscount rate is currently at 2.5% per year, the refinancing rate is 4.0% per year.

Debt term restructure, loan interest exemption / reduction to support enterprises policy - The Government has issued Circular No. 01/2020/TT-NHNN on 13th March 2020 for debt term restructure, loan interest exemption/reduction to enterprises that were affected by the pandemic. Under this Circular, credit institutions and foreign bank branches maintained the same debt group as classified under the State Bank's regulations at the latest time before January 23, 2020 for debt term restructure, loan interest exemption/reduction.

Credit support policy from banking industry - The State Bank had issued documents (Notice No. 35 / TBNHNN dated 7/2/2020, Document 479 / NHNN-VP dated January 3, 2020, 541 / NHNN-TD dated February 4 / 2020, 1117 / NHNN-TD dated February 24, 2020, 1425 / NHNN-TDCNKT dated March 6, 2020) directed banks to balance their own capital sources, save operating costs in order to restructure debt, exempt / reduce loan interests, payment fees and consider new lending for production and business of enterprises and households; regularly monitor and evaluate the situation of borrowers to promptly and effectively implement support measures; stabilizing deposit and lending interest rates; promptly responding to people's payment needs.

2.2 Transport and logistics infrastructure policy to respond to the 4th industrial revolution

The Vietnamese government is actively promoting the fourth industrial revolution, and it is expected that Vietnamese society will change a lot in the future. On December 2020, the Prime Minister has signed a decision approving the National Strategy on the fourth Industrial Revolution towards 2030. The specific objectives of this strategy include:

- Up to 2025:
 - Maintaining the rank of the three leading ASEAN countries in the Global Innovation ranking (GII) of the World Intellectual Property Organization (WIPO);
 - Being listed in the group of 40 leading countries in the Global Network Safety and Security Index of the International Telecommunication Union (ITU);
 - Being listed in the group of four leading ASEAN countries in the United Nations E-Government Index;

- Digital economy accounting for about 20% of GDP; labor productivity increasing 7%/year on average;
- Broadband network infrastructure covering over 80% households, 100% villages; popularizing 4G/5G mobile network service and smart phones; 80% of the population using the internet; providing 80% of level 4 online public services on different means of access, including mobile devices; over 50% of the population using electronic payment accounts;
- Developing at least 3 smart cities in 3 key economic regions (North, Central, and South) and deploying 5G networks in these cities.
 - Targets by 2030:
 - Maintaining the rank of 40 leading countries in the world in the WIPO's Global Innovation (GII);
 - Being listed in the group of 30 leading countries in the ITU's Global Network Safety and Security Index;
 - Being listed in the group of top 50 countries in the United Nations E-Government index;
 - Digital economy accounting for about 30% of GDP; labor productivity increasing by 7.5%/year on average;
 - Universalizing the broadband Internet services, 5G mobile network services;
 - Completing the construction of the digital Government;
 - Developing a number of smart urban chains in key economic regions in the North, the South and the Central; gradually connecting with smart urban networks in the region and the world.

In the transport sector, the strategy emphasizes the development of infrastructure to meet the requirements of applying priority technology to actively participate in the fourth industrial revolution. Encouraging the private investment to develop and operate public infrastructure. The Ministry of Transport apply priority technologies to proactively participate in the 4th Industrial Revolution in project formulation and construction quality management; in the management, exploitation and maintenance of the transport infrastructure systems and in the traffic operation and organization.

2.2.1 Promoting ITS

The Government and the Ministry of Transport are proactively promoting policies pertaining to the collection and distribution of road traffic information which will work effectively for safety enhancement and congestion mitigation in accordance with the aim to realize the environmentally friendly, economical road traffic society.

Promotion of Electronic Toll Collection (ETC) – By Decision 19/2020/QĐ-TTg, the Prime Minister regulated the operation of ETC, in which all operating toll gates must install the ETC system no later than December 31, 2020 except the toll gates under the management of Vietnam Expressway Corporation (VEC). The Ministry of Transport and Commission for the Management of State Capital at Enterprise (CMSC) will decide the schedule of installing ETC of VEC's toll gates. Under this regulation, investors of Build-Operate-Transfer (BOT) road projects will be stopped from collecting toll fees after the deadline if they fail to install and operate the ETC systems.

According to the Ministry of Transport, the national ETC project is implemented in two phases. In the first phase, 44 toll gates on National Highway No. 1 and the Ho Chi Minh Expressway's part in the Central

Highlands region in some other national highway were installed the ETC system. In the second phase, 33 toll gates in other national highways will be equipped with the ETC system.

Improvement of providing road traffic information through commercial vehicle tracking system (CVTS)

– On January 2020, the Government issued Decree No. 10/2020/ND-CP on the transportation business and business conditions. Regarding conditions for the transportation business, the enterprise must possess CVTS, install computers with internet connection, supervise and handle information displayed in tracking devices and supervise traffic safety.

The CVTS must comply with national technical regulations and ensure good technical condition and operate continuously while the vehicle is in circulation. Data from the CVTS will be used by the transport authorities and is connected and shared with the Ministry of Public Security (General Department of Traffic Police), Ministry of Finance (General Department of Taxation). The Directorate for Roads of Vietnam stores violation data for 3 years.

2.2.2 Promotion of digital transformation

The Ministry of Transport has issued Decision No. 2269/QĐ-BGTĐT dated December 8, 2020 on the "Digital Transformation Program of the Ministry of Transport until 2025, with orientation to 2030".

Accordingly, the goal by 2025 will be to form the data infrastructure of the transport sector, including a shared database that is connected and integrated data from systems. Specialized services to provide information for traffic management and administration to decision makers fully, timely and accurately.

- 100% of the reporting regime in the transport industry is standardized and managed by the information technology application system of the Ministry of Transport, which is interconnected with the National Reporting Information System.
- 100% of administrative dossiers and procedures to be settled under the handling competence of the Ministry of Transport are managed and monitored on the public service portal and electronic one-stop shop; all popular public services related to many people and businesses are carried out online at level 3, 4 and integrated into the National Public Service Portal; at least 50% of the number of dossiers made at the Ministry of Transport shall be submitted online at levels 3 and 4.
- Completing the online working environment of the Ministry of Transport to ensure that 90% of work records are processed in the network environment (except for work records under the scope of state secrets); at least 50% of the meetings are conducted online, shortening the meeting time by 30%-50%, minimizing the use of paper documents through the Information System for meeting and handling work, office electronic.
- Ensure network safety and security for information technology application systems of the Ministry of Transport, in which important information systems are connected to exchange data through a specialized data transmission network. used by Party and State agencies.
- 100% of expressways have installed intelligent traffic management and administration system (ITS); to form centers that integrate traffic management and administration of smart cities in cities directly under the Central Government and localities in need.

- The non-stop electronic toll collection (ETC) system is implemented synchronously at all tollgates nationwide, gradually eliminating all toll lanes using cash.
- Successful digital transformation of large enterprises operating in the field of transportation to change the method of providing products and services from traditional to digital.
- Creating digital platforms connecting multimodal transport services, building logistics supply chains owned by Vietnamese enterprises.

By 2030, people and businesses can search and exploit using most types of non-confidential data of the Transportation industry on the open data portal.

- The intelligent traffic system is widely deployed throughout the national transport network; there is a synchronous connection and interconnection of transport infrastructure in the fields of road, railway, maritime, inland waterway and aviation.
- Completely eliminate transactions using cash in transportation activities; 100% of vehicles use electronic toll collection accounts for multi-purpose payments for road traffic services.
- The transport economy is operated mainly on digital mode; The sharing economy model is widely deployed across all transport sectors.

2.3 Public transport policy and electric mobility

During the period 2010-2020, the Ministry of Transport has developed and issued many important policies related to the development of public transport vehicles using clean fuel, contributing to ensuring the goal of reducing greenhouse gas emissions; at the same time concretize the commitments of the transport sector in the action plan to respond to climate change and green growth.

2.3.1 Contribution of the transport sector in the promulgation of national policies

The transport sector has integrated the development of public transport in national policies, such as green growth strategy, climate change strategy, and environmental protection strategy.

Table 2-1. National policies related to the development of public transport

Policies	Documents	Main content	Quantitative objective
Green growth strategy	1393/QĐ-TTg	<ul style="list-style-type: none"> ▪ Encourage shift to CNG & LPG for passenger transport. 	-
Climate change strategy	2139/QĐ-TTg	<ul style="list-style-type: none"> ▪ Increase use of CNG & LPG in 20% and 80% of public vehicles by 2020 and 2050, respectively 	2020: CNG bus by 20% 2050: CNG bus by 80%
Environmental protection strategy	1216/QĐ-TTg	<ul style="list-style-type: none"> ▪ Promulgation of incentive policies for transport vehicles using renewable energy, vehicles with low fuel consumption or low emission 	-

2.3.2 Contribution of the transport sector in the promulgation of sectoral policies

The Ministry of Transport issued Decision 1456/QĐ-BGTVT in 2016 on the action plan to respond to climate change and green growth of the transport sector for the period 2016-2020. In this plan, the Ministry of Transport has proposed five goals and six groups of solutions, including "Promoting the use of clean energy in transportation, 5-20% of buses will use CNG, LPG or solar energy by 2020" are among the three important goals.

Besides Decision 1456/QĐ-BGTVT, regulations related to changing fuel structure towards sustainability are mainly focused on public transport by bus and taxi. In general, the policy on public transport development is integrated into the transport service development strategy (Decision 318/QĐ-TTg), the transport development strategy (Decision 355/QĐ-TTg), and the road planning (Decision 356/QĐ-TTg). In detail, the policies related to the development of bus fleet using clean fuel are emphasized in the following legal documents:

- 1) mechanism and policy for the development of public transport by bus (Decision No. Decree 13/QĐ-TTg).
- 2) project on improving the quality of public transport by bus until 2020 (Decision 3446/QĐ-BGTVT).
- 3) project on the development of public transport by bus over the period from 2012-2020 (Decision 280/QĐ-TTg).
- 4) the scheme for rational development of transportation modes in major cities of Vietnam. These documents all partly mention the importance of incentives for clean energy vehicles, including CNG buses.

Regulations related to changing fuel structure towards sustainability are mainly focused on public transport by bus and taxi. The most important preferential policy is Decision 13/2015/QĐ-TTg dated May 5, 2015 on "mechanisms and policies to encourage the development of public passenger transport by bus". According to clause 5 of Article 3, a clean-energy bus means liquefied-gas, natural-gas or electric buses. In addition, the refueling station/charging station is part of the infrastructure system serving buses (as in Clause 2, Article 3). There are four types of incentives as follows:

- Incentives for the investment of infrastructure system development: The investor is prioritized to access preferential loans: including official development assistance (ODA) loans and preferential credit loans. Additionally, the investor may receive the support of provincial or central-level people's committees for loan interest rates.
- Incentives for the investment of vehicles: First of all, bus operators can be exempted from import duty on domestically unavailable parts and components for the manufacture and assembly of vehicles. Secondly, the investment in clean-energy buses is exempted from registration fee. Thirdly, bus operators may receive the support of provincial or central-level people's committees for loan interest rates.
- Incentives for the operation of public bus passenger transport: Bus operators may receive a subsidy or support for the operation cost.
- Incentives for bus users: Firstly, children aged below six and the disabled are exempted from bus fare. Secondly, persons with meritorious services to the revolution, the elderly, and students and pupils may receive a discount for bus fare.

Table 2-2. Sectoral policies related to the development of public transport

Policies	Documents	Main content	Quantitative objective
Project on Development of public transport by bus in the period from 2012 to 2020	280/QĐ-TTg	<ul style="list-style-type: none"> Priority is given to the application of modern, safe, and environmentally friendly technologies for vehicle fleet. 	
Mechanisms and policies to encourage the development of public transport by bus	13/QĐ-TTg	<ul style="list-style-type: none"> Develop criteria to determine transport operators using a clean vehicle fleet as the basis for registration fee exemption. Step by step structure the vehicle fleet in the direction of reducing the average age, prioritizing vehicles using clean fuel. 	
Action plan to respond to climate change and green growth	1456/QĐ-BGTVT	<ul style="list-style-type: none"> Promote the use of biofuels, clean fuels (CNG, LPG, etc.) for motor vehicles. 	5-20% of total bus fleet
Project to improve the quality of public transport by bus until 2020	3446/QĐ-BGTVT	<ul style="list-style-type: none"> Prioritize vehicles using clean fuel, ensuring the ratio of vehicles to assist people with disabilities. 	
The scheme of rational development of modes of transport in major cities of Vietnam		<ul style="list-style-type: none"> Innovating means and structure of public passenger transport by bus, prioritizing environmentally-friendly buses (buses using LPG, CNG, etc.) 	

2.3.3 Promulgation of sectoral policies at city level

At the local level, preferential policies on clean used vehicles are divided into three groups: policies to support infrastructure investment, policies to support investment and procurement of vehicles; and policies to support bus operation.

The review process was carried out in five big cities (Hanoi, Hai Phong, Da Nang, Ho Chi Minh City, and Can Tho) due to two reasons. Firstly, the development of public transport mainly occurs in these cities; 2) bus enterprises in these cities can easily access preferential capital sources during the business operation.

Table 2-3. Policies to support VTHKCC activities

Financial Incentives	Hanoi	Hai Phong	Da Nang	HCMC	Can Tho
1. Investment of Bus Infrastructure					
1.1. Exemption from the rent for land	Yes (100% in first 10-year period)	Yes	Yes	Yes	Yes
1.2. Access to preferential loans: ODA or concessional loans	Yes (BRT Line 1)	Yes (just general orientation)	Proposed (BRT project)	Proposed (BRT project)	No
1.3. Support for loan interest rate	Yes (50% in first 5-year period)	No	No	No	No
2. Investment of Bus Vehicles					
2.1. Purchase of bus vehicles by local budget	Yes (only for state-own operators)	No	No	Yes (only for state-own operators)	No
2.2. Purchase of bus vehicles by ODA loans	Yes (just orientation)	No	No	No	No
2.3. Exemption from import duty/tax for domestically-unavailable parts & components	Yes	Yes	Yes	Yes	Yes
2.4. Support for loan interest rate	Yes (clean-energy bus: 50% in first 5-year period)	Yes (50%, up to 5 years)	No	Yes (clean-energy bus: actual rate – 3%, up to 7 years)	Yes (just in policy, not yet for)
2.5. Exemption from registration fee (clean-energy vehicles)	Yes (for CNG bus)	Yes (in policy, not yet implemented)	Yes (in policy, not yet implemented)	Yes (for CNG bus)	Yes (in policy, not yet implemented)
3. Operation of Public Bus Transport					
Subsidy for the operation of public bus passenger transport	Yes (as of 2019, 100 subsidized routes)	Yes (4 subsidized routes)	Yes (12 subsidized routes)	Yes (106 subsidized routes)	Yes (in policy, not yet implemented)

Source: 1) Hanoi: Resolution No. 07/2019/NQ-HDND (2019); Plan No. 201/KH-UBND (2020)

2) Hai Phong: Decision No. 231/2017/QĐ-UBND (2017); Decision No. 22/2018/QĐ-UBND (2018)

3) Da Nang: Decision No. 5773/QĐ-UBND (2019)

4) Ho Chi Minh: Decision No. 2398/QĐ-UBND (2013); Decision No. 3998/2020/QĐ-UBND

5) Can Tho: Decision No. 1245/QĐ-UBND (2018)

6) Nha Trang: Decision No. 30/2018/QĐ-UBND (2018)

7) Ha Long Resolution No. 147/2018/NQ-HDND (2018); Decision No. 2307/QĐ-UBND (2019)

The policy review shows that there is a gap between policy promulgation and policy implementation in practice. Some cities promulgated policies but have not been able to apply them due to limited financial resources. For example, the subsidy policy has been promulgated in five cities, but only four cities

implemented the supports to bus operators. Can Tho Government still does not support bus operators this period, so the bus network in Can Tho city is underdeveloped. Furthermore, only three out of five cities have decided to support the interest rate of buying the vehicle fleet.

2.4 Transport and logistics infrastructure policy to respond to environment and climate Change

Climate Change Strategy - Viet Nam's Climate Change Strategy for 2011-2020 highlights the country's plans to become a modern industrialized country by 2020, noting that its production and consumption of energies will sharply increase, including through transport and urban development, resulting in higher emission of GHGs. To address this trend, the transportation sections of the strategy include the following objectives:

- To plan the system of transportation and improve its quality to international standards; and to develop means of public transport in urban areas while controlling the growth of individual means of transport.
- By 2020, the public transport system to in the main satisfy society's demand for transportation; the modernization of a nationwide transport network and an externally orientated transport corridor must be completed by 2050.
- To introduce fuels of low GHG to means of transport; to encourage bus and taxi consumption of compressed natural gas and liquefied gas, so 20% of these vehicles use such energies by 2020 and 80% by 2050.
- To set up and apply mechanisms and policies encouraging the use of energy-saving vehicles while getting rid of energy-intensive ones.

In addition, a number of objectives under the sections on saving and effectively using energies are linked to transport (Government of Viet Nam, 2012). These include:

- To design and implement policies that support and encourage the effective use of energies in economic fields, including transportation and urban development; to check and reject ineffective technologies that largely consume energies and create GHGs. Until 2015, the plan on rejecting ineffective technologies must be finalized and issued.
- To research, develop and apply technologies, equipment and consumer goods that use energies effectively, consume non-fossil energies and create low emissions, including in transportation and urban development

Green Growth Strategy - Viet Nam's Green Growth Strategy also includes key targets for 2020 related to transport that complement those in the Climate Change Strategy, including increasing the share of public transportation in large and medium cities to cover 35-45% of journeys (Government of Viet Nam, 2012). The Green Growth Strategy sets out four areas of focus for transportation (Government of Viet Nam, 2012; Prime Minister, 2012):

- Sustainable urbanization: Urban spatial planning needs to ensure economic and ecological efficiency that is favorable for public transportation development. Basic transport infrastructure should ensure accessibility of an acceptable quality for all people while reducing costs from

pollution and reduce traffic jams. There is a need to invest in systems for urban transportation to achieve at least an average level of development in comparison with advanced countries in the region, and to prioritize the development of public transportation in urban areas with the involvement of all economic sectors in terms of both investment in fuel-efficient vehicles and exploitation of public transportation. In areas that are highly vulnerable to climate change, infrastructure (including for transport) should be adapted to climate change to minimize economic losses.

- Infrastructure: Enhanced investments are needed in upgrading and improving transportation systems and networks, such as water transportation, expressways and railways that are energy, economically and environmentally efficient and climate-resilient. There is to be an emphasis on developing transportation systems through connecting economic centers and large-scale production areas, by means of investments in public transportation infrastructure using modern industry and technologies. In addition, the dike system will be upgraded to ensure safety for socioeconomic activities and human life and linked with usage for transportation, so as to enable an effective response to climate change, sea level rises and flooding.
- Fuels: Changes need to be made to the fuels used for transportation, including encouraging buses and taxis to shift to liquefied petroleum gas and introducing quality management of standards on fuel and gas emissions and vehicle maintenance. This includes establishing and publically announcing standards on fuel consumption.
- Innovation: There is to be a focus on investments in research on and the development and application of green transportation technologies (engines using new, low-emission energy, intelligent transportation systems, etc.); stimulating international and domestic enterprises to invest in green economic development through importing, using and localizing green technologies; using economic instruments and technical standards to control the development of individual motorized vehicles in large and medium cities, allocating special routes for non-motorized vehicles; and formulating a roadmap towards 2020 to initiate green procurement in sectors.

Resolution No. 136/NQ-CP on sustainable development – The Government promulgated the Resolution No. 136/NQ-CP on September 25, 2020 to promote sustainable development goals in sectors, levels and localities from now to 2030, including some related issues in transportation and logistics such as:

- Continue to effectively implement the restructuring of the transport market in a reasonable manner, arrange, innovate, and improve the efficiency of the transportation system's operation and switch freight transportation from road to other modes of transport to reduce pressure on road transport, ensure less fuel consumption and lower emissions (waterways and railways).
- Continue to promote the development of public passenger transport by bus in urban areas; speed up the investment and put into operation the urban rail links and fast bus routes in Hanoi and Ho Chi Minh City.
- Develop, issue and apply fuel consumption limits to a number of vehicles in accordance with the actual conditions. Promote the use of biofuel, clean fuel (CNG, LPG, ...) for motor vehicles.
- Implement the project of developing logistics services to optimize transport time and costs, and reduce fuel consumption; develop activities of transport transaction platforms to connect

transport networks; approach and apply smart transport technology, green transport technology, reduce greenhouse gas emissions in goods transportation and circulation.

- Invest in the development of the transport system with consideration to the conditions of the disabled, the elderly, women and children; implement the policy of ticket price exemption and reduction of public transport service prices for people with disabilities and children according to regulations.

2.5 Changes and amendments to law and systems related to transport and logistics in Vietnam

2020 has seen a number of important, long-awaited new laws and implementing regulations. The new PPP Law which has long been awaited will finally come into force from 1 January 2021. In addition, the important amended Law on Enterprises and amended Law on Investment with various changes will take effect from 1 January 2021.

Establishment of PPP law

In 2017, the Standing Committee of the National Assembly issued Resolution No. 437/NQ-UBTVQH 14, in which the Government and the Prime Minister are requested to establish a PPP law. The Law is expected to set the criteria on the selection of PPP projects, evaluation of the financial capacity of investors, and the equity ratio applied to each group of projects. The draft outline of the PPP Law was circulated for comments by ministries and provincial people's committees, and the official Law was promulgated in June 2020. Notable provisions in the PPP Law include:

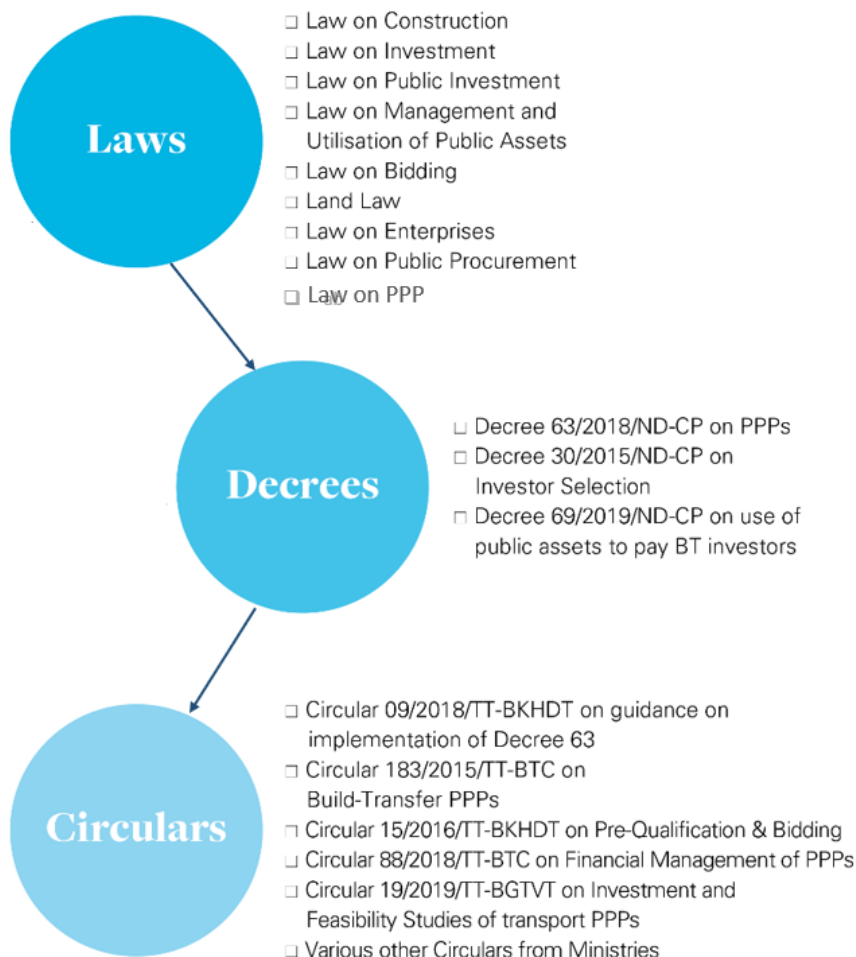


Image from <https://www.whitecase.com/publications/alert/vietnams-new-law-public-private-partnerships>

- **Applicable projects (Article 4)** – The PPP Law specifically stipulates five sectors in which PPP investments are permitted, being (i) transportation; (ii) power grids and power plants (except for hydro-power plants and State monopolies as prescribed by the Electricity Law); (iii) irrigation,

clean water supply, water drainage, sewerage and waste treatment; (iv) health care and education; and (v) IT infrastructure. A project's value must be at least VND 200 billion (approximately US\$8.5 million), except for health care and education projects where the threshold is half that amount. The lower threshold also applies to projects within localities with difficult socio-economic conditions. The permitted sectors for PPP projects prescribed in the PPP Law are much narrower than those expressly permitted under Decree 63. Under the PPP Law, the equity capital contribution of the private investors must be at least 15% of the total investment capital.

- **Standard Form Contracts (Article 47)** – The Government will provide standard form contracts for use for certain types of project agreements in PPPs (being BOT (build-operate-transfer), BTO (build-transfer-operate), BOO (build-own-operate), O&M (operate-maintain), BTL (build-transfer-lease) and BLT (build-lease-transfer). Importantly, in line with international practice, the PPP Law no longer recognizes the BT (build-transfer) model as a form of PPP investment. Although it is unclear as to how detailed these contracts will be and the extent to which commercial negotiation will be permitted by the Government, these documents will hopefully form a useful baseline and streamline procurement processes, noting that it is overly simplistic to seek a 'one-size-fits-all' approach to PPP risk allocation.
- **Bid security (Article 33)** – The PPP Law requires investors to lodge bid security (at a rate of between 0.5% and 1.5% of the total project investment value). This bid security is in addition to the general security to secure performance under the PPP documentation (at a rate of 1% and 3% of the project value) and will be forfeited if the investor withdraws from the tender process, violates the bid procedures (where such violation leads to bidding cancellation) or if appointed the successful proponent fails to sign the contract documentation within 30 days (other than due to force majeure).
- **Government performance guarantees** – Unlike Decree 63, the PPP Law does not expressly provide that the Government will grant guarantees in respect of the contractual obligations of State-owned enterprises. It remains to be seen whether the Government will, nevertheless, continue to provide such guarantees, consistent with market practice or whether financiers and investors will need to get comfortable in the absence of guarantees applying in respect of State-owned enterprises.
- **Foreign currency guarantee (Article 81)** – Consistent with current practice, the Government provides foreign investors with a guarantee in relation to the availability of foreign currency to fulfil the investors' needs in respect of the project, including capital transactions, loan repayments, and transfer of profits. However, unlike previous transactions where the Government would typically guarantee 100% of these foreign currency needs, the PPP Law stipulates that such guarantees will be limited to 30% of project revenue after subtracting project expenses, which reflects the more recent Vietnam market position. The exposure to foreign currency risk could be challenging for international financiers, many of whom do not hold significant reserves of the local currency, and a local capital market that is still too small to finance complex, large-scale energy and infrastructure projects.

- **Risk-sharing mechanism (Article 82)** – The PPP Law provides that where actual project revenue is greater than 125% of the revenue forecasted in the financial model, the State will receive 50% of the revenue in excess of the 125% threshold. Conversely, for BOT, BTO and BOO style contracts, where actual project revenue is less than 75% of the revenue forecasted in the financial model as a result of changes in planning, policies or laws and other measures such as concession extensions or tariff adjustments have not addressed the shortfall, the State will share 50% of the downside below the 75% threshold. Whether this is satisfactory to foreign investors remains to be seen and will need to be evaluated on a project-to-project basis, particularly as in other jurisdictions, more comprehensive downside protection is offered where revenue is adversely impacted by government actions.
- **Governing law (Article 55)** – Generally, project documents in previous projects have been governed by the laws of other agreed foreign jurisdictions, particularly English law and Singaporean law, which have an established system of case law and jurisprudence. This is important as PPPs involve complex legal documentation and investors rely on legal systems with substantial case law to provide guidance on the various contractual mechanisms in PPP documentation. The practical effect of the PPP Law is that project documents entered into between a State authority and project parties will be governed by the laws of Vietnam. This is potentially a significant change as concepts, which are well established in other common-law jurisdictions such as liquidated damages and consequential loss exclusion may be more difficult to establish under Vietnamese law. There could also be a mismatch between project documents and financing documents, if a foreign law governs the latter.
- **Local content (Article 28)** – Under the PPP Law, investors committing to use domestic contractors, goods and materials are eligible for preferential treatment during the bid evaluation process. This is a step further than Decree 63, which is silent on the matter, but does not go as far as mandating local content.

2.5.1 Amendment of investment law

On 17th June 2020, the National Assembly of Vietnam officially approved the new Law on Investment No. 61/2020/QH14 (LOI 2020) and will come into effect on 01 January 2021. It will replace Law No. 67/2014/QH13 (“LOI 2014”), which has been in force since 2014. The LOI 2020 will be accompanied by implementing regulations, which are currently being developed by the Ministry of Planning and Investment, providing additional guidance as to conditions for investment in certain sectors, procedures for obtaining project approvals, and other key details. The following article provides a brief overview of some of the key changes from the old legal framework.

- **New 50% foreign ownership threshold** - Lowering “foreign investor” threshold from 51% equity to 50%. Under the LOI 2014, enterprises 51% or more foreign-owned were treated as “foreign investors” for the purposes of investment activities. Thus, a company more than 50% owned by a foreign entity could still receive the benefits afforded to domestic enterprises. The LOI 2020 changes this, lowering the “foreign investor” threshold to 50%.
- **Market access conditions applicable to foreign investors** - The LOI 2020 distinguishes between (1) market entry conditions that apply to foreign investors or deemed Foreign Investors, and (2)

investment conditions that apply to all investors. Market access conditions applied to foreign investors are the same as those applied to domestic investors, except for the case specified in the List of business lines restricted to foreign investors, which will be issued by the Government. The list of business lines restricted to foreign investors or deemed Foreign Investors including: a) Business lines not allowed in market access, and b) Business lines allowed in market but under certain conditions. This new approach, if implemented correctly, could save time for both foreign investors and licensing authorities in determining and appraising investment proposals and applications for registration of merger and acquisition activities (M&A Approvals). In fact, under the LOI 2014 and Decree 118/2015/ND-CP, the licensing authority will seek opinions of relevant authorities if foreign investors propose investments in business lines that are not clearly opened to foreign investors under the WTO Commitments on Services of Vietnam. Upon the issuance of the list of business lines restricted to foreign investors by the Government, the foreign investors and licensing authorities just need to base such list for determining the foreign investor's possibility for market entry. However, the importance is when and how the Government will publish the promising list of business lines restricted to foreign investors under the LOI 2020.

- **Supplementing and Amending the List of Conditional Business Lines** - The LOI 2020 abolishes several conditional business lines currently included in the LOI 2014. Notable abolished business lines are as follows: (1) Service activities of commercial arbitration organizations; (2) Franchise services; (3) Logistic services; (4) Service of ship agents; (5) Services of training and retraining knowledge on real estate brokerage, operating real estate trading floors; and (6) Cosmetic surgery services. But the LOI 2020 also supplements some business lines which will be considered "conditional": (7) Services of voluntary drug rehabilitation, smoking cessation, HIV / AIDS treatment, caring for the elderly, people with disabilities and children; (8) Supplying clean water (daily-life water); (9) Architectural services; (10) Services of imported press release; (11) Services of training seafarers, organizing the recruitment and supply of seafarers. Debt collection services have been categorized as a business in which investment is prohibited.
- **Clearer guidance on when an M&A approval is required** - Foreign investors shall follow procedures for M&A Approval when contributing capital or purchasing share if they are in one of the following cases: (1) Increasing the ownership ratios of foreign investors in economic organizations conducting business lines of conditional market access for foreign investors; (2) Resulting in foreign investors for holding over 50% of charter capital and increasing the percentage of ownership of charter capital by foreign investors when they already hold over 50% of charter capital; (3) Upon contributing capital, purchasing shares or contributed capital of economic organizations which have land use right certificate in island and border or coastal communes, wards and towns; other areas affecting national defense and security. Based on this regulation of the LOI 2020, it is not required to conduct investment procedures upon transferring contributed capital or shares between foreign investors but not increasing the ownership percentage of foreign investors. However, the LOI 2020 has not clarified the following points: (1) What does it mean by "prejudicing or causing prejudice to national defense and security"? (2) What about "other areas affecting national defense and security"? Therefore, in many (if not all) cases, the licensing authority may need to seek opinions from the

Ministry of National Defense, the Ministry of Public Security and/or the Ministry of Foreign Affairs. This could substantially delay the investment process.

- **Relaxation of investment conditions for startups: exemption from IRC for Certain Projects** - Under the new LOI, a foreign investor who incorporates a small or medium sized startup, innovative enterprise or an innovative startup and investment fund is neither required to have an investment project nor obtain an investment registration certificate. This relaxation of investment conditions is aimed at attracting foreign investment in this sector and facilitating the growth of innovative startups in Vietnam.
- **Investment incentives** - The new LOI adds several new projects and business sectors to the list of those entitled to investment incentives, such as: (1) High-tech sectors, including software development, clean energy technologies, and information and communications technology-related products; (2) Recycling; (3) Public transportation; (4) Microfinance; (5) Education; (6) Pharmaceuticals and other health industries; and (7) Investment projects for creative startups.
- **Forced termination of projects due to sham transaction** - The LOI 2020 allows the investment registration authority to terminate an investment project if the investor conducted the investment activities on the basis of a sham civil transaction in accordance with the civil law. Under the Civil Law 2015, a sham civil transaction is understood as a transaction established by the parties to conceal another underlying transaction. For example, a nominee arrangement, where the nominee conducts investment activities for the benefits of another person could be regarded as a sham transaction. The Civil Code 2015 provides that the court has the jurisdiction to declare whether a transaction is a sham transaction and invalidate such transaction. However, the LOI 2020 has not clarified the following points: (1) Criteria for identifying a sham transaction? (2) Competence for determining a sham civil transaction? (3) By a decision of the investment registration authority or by the valid judgement of the competence court?
- **Supplementing Provisions on Special Investment Incentives and Support** - The LOI 2020 supplements provisions on special investment incentives and support. Particularly, a number of investment projects which have great socio-economic impact will be given special investment incentives and supports as follows: (1) Investment projects on establishment or expansion of innovation centers or R&D centers with a total investment capital of VND 3,000 billion or more and which disburses at least VND 1,000 billion within a period of 03 years from the date of being granted the Investment Registration Certificate or Investment Policy Approval; or national innovation centers established under the decision of the Prime Minister (2) Investment projects in industries and trades eligible for special investment incentives with an investment capital of VND 30,000 billion or more and which disburses at least VND 10,000 billion within a period of 03 years from the date of being granted the Investment Registration Certificate or Investment Policy Approval. The level and duration of the special investment incentives would comply with the provisions of the Law on Enterprise Income Tax and the laws on land.
- **Streamlined process for selection of investors** - The Amended LOI consolidates and streamlines the mechanisms for selecting investors under different regimes prescribed by the land laws, tendering laws and investment laws. Specifically, an investor may be selected via one of the following methods: (1) an auction of land use rights if required by land laws; (2) a tender process

if required under tendering regulations; or (3) selection by the licensing authority responsible for the investment in-principle approval without going through an auction of land use rights or a tender process in certain cases (e.g. if the investor already has legitimate land use rights or acquires such land use rights via capital contribution). The Amended LOI clarifies that for an investment project which is subject to both requirements of obtaining an investment in-principle approval and going through either an auction of land use rights or a tender process for selection of the investor, the licensing authority will first issue the investment in-principle approval under the Amended LOI and then assign the relevant authorities to organize the auction or tender as required by law.

- **The authority to approve investment policy** - The Prime Minister's authority to approve investment proposal (Article 31): (1) The Prime Minister's approval is no longer required for investment project having VND 5,000 billion and above of capital, or project of oil and gas exploration and exploitation. (2) The Law also supplements the Prime Minister's authority to approve an investment project that is concurrently subject to approval from two (02) provincial People's Committees or more. (3) Additional and detailed guidance on certain types of investment project subject to the Prime Minister's approval is also provided, such as new construction investment projects related to airports and ports; housing investment projects (for sale, lease, lease purchase), urban area projects. The provincial People's Committee authority to approve investment proposal (Article 32): Provincial-level People's Committee is mandated to approve investment proposal for golf project, housing investment projects (for sale, for rent, for lease-purchase), urban area projects which are not under the Prime Minister's authorization.

2.5.2 Amendment of enterprise law

On June 2020, the National Assembly of Vietnam passed the amended Law on Enterprises (*Amended LOE*) which will replace the current Law on Enterprises (*Current LOE*) from 1 January 2021. The Amended LOE introduces various welcome changes and clarifies a number of issues under the Current LOE with the aim of creating a more transparent environment and streamlined process for operation of enterprises in Vietnam.

- **Corporate bonds of non-public companies** - Currently there is no restriction on who can purchase bonds issued by non-public companies (bond private placement of public companies is regulated and implemented by the regulations on securities). The Amended LOE now limits the purchasers to: (1) strategic investors, in respect of private convertible bonds and warrant-linked bonds; and (2) professional securities investors, in respect of private convertible bonds, warrant-linked bonds and other types of private bonds. According to the lawmakers, the purpose of this restriction is to prevent non-public companies from raising funds by way of issuing bonds to individual or non-professional investors who may have limited information about the company's performance and associated risks with the bonds. The Amended LOE does not define the concept of 'strategic investor'. In the absence of such definition under the Amended LOE, it is likely the relevant definition under the new Law on Securities (which will also take effect from 1 January 2021) will apply. Accordingly, a strategic investor means an investor selected by the General Meeting of Shareholders (GMS) based on its financial and technology capability and having commitment of

cooperation with the company for at least three years. Note that under the Law on Securities, a company may have more than one strategic investor.

- **Non-voting depository receipts** - The Amended LOE introduces, for the first time, the concept of a 'non-voting depository receipt' (NVDR), which shall have all economic interests and obligations similar to ordinary shares, except for voting rights. NVDRs will allow companies to raise funding from foreign investors without breaching the applicable foreign ownership limit as these NVDRs will not be counted towards the foreign ownership in the company. This will create an additional avenue for Vietnamese companies to attract foreign investment. The Government is tasked to issue further guidance on requirements and procedures for issuance of these NVDRs.
- **Private placement of shares by non-public companies** - Similar to the Current LOE, the Amended LOE contemplates three methods of offering shares in order to increase charter capital of a shareholding company: (1) offering shares to existing shareholders (ie rights issue); (2) private placement; and (3) offering shares to the public. Under the Current LOE, existing shareholders of the company have pre-emption rights in respect of a rights issue. However, it is not clear whether such pre-emption rights apply in respect of a private placement of shares which has been approved by the GMS. The Amended LOE now clarifies that existing shareholders will also have pre-emption rights in respect of new shares issued under a private placement, except in case of merger or consolidation. Accordingly, it seems that waivers of pre-emption rights from all existing shareholders will be required in order to issue new shares by way of a private placement to a new shareholder without first offering them to the existing shareholders.
- **Changes of voting thresholds in a shareholding company** - The Current LOE provides for 51% voting rule for passing resolutions in respect of ordinary matters by the GMS of a shareholding company. The Amended LOE reduces this voting threshold to more than 50%. This change is consistent with the change of the threshold of foreign ownership in order to determine whether a foreign-invested enterprise is treated as a foreign investor under the amended Law on Investment. In addition, the Amended LOE, for the first time, provides for the voting rights of shareholders holding redeemable preference shares and dividend preference shares (which by default do not have voting rights) in respect of any GMS resolution which causes adverse changes to their rights and obligations. In particular, such resolution requires approval from shareholders holding at least 75% of the total number of preference shares of the affected share class. With this change, preference shareholders will have a clearer statutory mechanism to protect their rights, rather than having to rely on contractual agreements with the company and other shareholders. However, it remains unclear as to which changes would be considered as 'adverse' and who would have the authority to decide this issue.
- **Expanded minority shareholders' rights** - One of the key objectives of the Amended LOE is to provide for a greater protection for minority shareholders in shareholding companies and to create more favorable conditions for minority shareholders to exercise their rights. To this end, the Amended LOE introduces the following changes: (1) a shareholder or group of shareholders holding 10% or more of the total ordinary shares in the company will now have the right to appoint nominees to the Board of Management (*BOM*) and the Inspection Committee (*IC*) without the requirement of holding the shares for at least six consecutive months under the Current LOE; (2)

a shareholder or group of shareholders holding 5% or more of the total ordinary shares in the company (instead of 10% for at least six consecutive months under the current LOE) will now have the right to request convening a meeting of the GMS, to sight the company's records or to request the IC to inspect issues in relation to management and operation of the company; (3) any shareholder (without the requirement of holding the shares for at least one year under the Current LOE) will have the right to request the court suspends or cancels BOM's resolutions in certain circumstances; and (4) a shareholder or group of shareholders holding 1% or more of the total ordinary shares in the company (instead of 10% for at least six consecutive months under the Current LOE) will now have the right to take a derivative action against BOM members or the general director of the company.

- **Related-party transactions of a shareholding company** - Under the Current LOE, a related-party transaction of a shareholding company would be invalid if it is entered into or carried out without the required approval by the BOM or the GMS. In practice, this wording has led to an interpretation that such related-party transaction cannot be ratified by the BOM or the GMS afterwards. The revised wording in the Amended LOE now seems to suggest that a related-party transaction can be ratified after it has been first entered into without proper corporate approvals and such ratified transaction would not be invalid. The Amended LOE has also extended the scope of related-party transactions being subject to a GMS approval to further include any related-party transactions having the value of more than 10% of the total asset value of the company between the company and a shareholder holding 51% or more of the voting shares of the company or a related person of such shareholder.
- **Changes in the management structure of limited liability companies** - Under the Amended LOE, a limited liability company is no longer required to have an inspection committee (in respect of a multi-member limited liability company) or an inspector (in respect of a single-member limited liability company). Such inspection committee or inspector is now only required in respect of a limited liability company being a State-owned enterprise or its subsidiary. This is a welcome change as, in practice, companies often have an inspection committee and inspector only to comply with the Current LOE and these bodies do not have a real function.
- **New requirements on legal representatives** - Similar to the Current LOE, under the Amended LOE, a limited liability company or a joint stock company can have more than one legal representative. The Amended LOE now further requires that rights and obligations of each legal representative must be specified under the charter of the company. If the charter of the company is silent on this point, each legal representative will have full authority to represent the company and must be jointly liable for any damage caused to the company. In addition, the Amended LOE further clarifies that if a limited liability company has more than one legal representative, at least one of the legal representatives must be either (i) the general director or (ii) the chairman of the members' council or the chairman of the company (in respect of a single-member limited liability company which does not have members' council).
- **Amended definition of 'Stated-owned Enterprise' (SOE)** - Under the Amended LOE, SOEs will include enterprises in which (i) the State holds 100% of the charter capital (which is the definition under the Current LOE) and (ii) the State holds more than 50% of the charter capital or voting

shares. It seems this definition has expanded to reflect the Government's policy to enhance the State's control over companies in which the State has a controlling stake, and also to be consistent with Vietnam's international commitments (e.g., CPTPP, EVFTA).

- **Removal of certain licensing procedures and changes in regulations on corporate seal** - In an effort to streamline the licensing procedures in relation to establishment and operation of enterprises in Vietnam, the Amended LOE has removed the following licensing procedures: (1) notification on changes of the company's management personnel (eg BOM members, general director); (2) notification on use, change or cancellation of seal specimen; and (3) notification on private placement of shares before issuance of shares. In addition, the Amended LOE provides that the seal of a company can be made in the form of both 'physical' seal (ie a rubber stamp) and a digital signature in accordance with the regulations on e-transactions. Further guidance is expected to be issued in respect of digital seals of companies.

2.6 Identify on-going and/or planned projects in transport and logistics and its financing plans

In order to understand the mid- and long-term transport development strategies and the demand for infrastructure investment, a consultation of government officials was conducted. Information included planned projects, investment cost, ability to raise investment capital and ODA demand. The following sections present the key analysis

2.6.1 Planned projects in road infrastructure

The transport sector has been highlighted as a priority sector for private sector investment, with an emphasis on roads, below highlight the list of projects and its financing plans.

There is total 104 projects planned to construct in the period of 2021-2025 with the total investment capital of VN 291,645 billion

Table 2-4. List of projects and its financing plans

Project	Location	Length	Scope	2021-2025 (bill. VND)		
				Total	State budget	PPP
Bãi Vọt - Hàm Nghi	Hà Tĩnh	34	34km, 4 lanes	4,549	2,730	1,820
Hàm Nghi - Vũng Áng	Hà Tĩnh	53,4	53,4km	5,163	3,098	2,065
Vũng Áng - Bùng	Hà Tĩnh, Quảng Bình	54	54km, 4 lanes	6,688	4,013	2,675
Bùng - Vạn Ninh	Quảng Bình	60	60km, 4 lanes	6,131	3,678	2,452
Vạn Ninh - Cam Lộ	Quảng Bình, Quảng Trị	55	55km, 4 lanes	7,914	4,749	3,166
Quảng Ngãi - Hoài Nhơn	Quảng Ngãi, Bình Định	92	92km, 4 lanes	10,255	6,153	4,102
Hoài Nhơn - Quy Nhơn	Bình Định	78	78km, 4 lanes	8,694	5,217	3,478
Quy Nhơn - Tuy Hòa	Bình Định, Phú Yên	100	100km, 4 lanes	11,147	6,688	4,459
Tuy Hòa - Vân Phong	Phú Yên, Khánh Hòa	44	44km, 4 lanes	4,904	2,943	1,962
Vân Phong - Nha Trang	Khánh Hòa	76.65	76,65km, 4 lanes	8,544	5,126	3,418

Project	Location	Length	Scope	2021-2025 (bill. VND)		
				Total	State budget	PPP
TP HCM - Long Thành - Dầu Giây	TP HCM, Đồng Nai		51km	7,000	0	7,000
La Son – Tuy Loan (complete investment)	Thừa Thiên Huế, Đà Nẵng	66	66km, 4 lanes	2,000	2,000	0
Cam Lo – La Son (complete investment)	Quảng Trị, Thừa Thiên Huế	98	98km, 4 lanes	3,500	3,500	0
Chơn Thành - Đức Hòa	Bình Phước, Bình Dương, Tây Ninh, Long An	84	84km, 2 lanes (level III, 2 lanes)	2,600	2,600	0
Đức Hòa - Mỹ An	Long An, Đồng Tháp	81	81km, 2 lanes, Clearance 4 lanes	2,800	2,800	0
Chợ Mới - Bắc Cạn	Bắc Cạn	34	34km, 2 lanes	1,800	1,800	0
Hà Giang với cao tốc Nội Bài - Lào Cai	Hà Giang, Yên Bái	81	81km, 2 lanes (divergence)	4,000	4,000	0
Dầu Giây - Tân Phú	Đồng Nai, Lâm Đồng	60	60km, 4 lanes	5,120	1,300	3,820
Tân Phú - Bảo Lộc	Lâm Đồng	66	66km, 2 lanes, GPMB 4 lanes	1,800	1,800	0
Bảo Lộc - Liên Khương	Lâm Đồng	73	73km, 2 lanes, Clearance 4 lanes	2,200	2,200	0
TP Hồ Chí Minh - Chơn Thành	TP HCM, Bình Phước	69	69km, 2 lanes, Clearance 4 lanes	2,300	2,300	0
Expressway Châu Đốc - cần Thơ - Sóc Trăng	Cần Thơ, An Giang, Sóc Trăng	180	180km: clearance 4 lanes; priority to the section Cần Thơ-Long Xuyên 64km, 2 lanes.	7,500	7,500	0
Expressway Hà Tiên - Rạch Giá - Bạc Liêu	Kiên Giang, Bạc Liêu	225	225km: clearance 4 lanes; priority to the section Hà Tiên-Rạch Giá 100km, 2 lanes	7,000	7,000	0
An Hữu - Cao Lãnh (Expressway Hồng Ngự - Trà Vinh)	Đồng Tháp	30	30km, 4 lanes	3,300	3,300	0
Expressway Biên Hòa - Tân Thành - Cái Mép - Thị Vải port (Expressway Biên Hòa-Vũng Tàu)	Đồng Nai, Bà Rịa - Vũng Tàu	46,8	46,8km, 4 lanes	5,000	5,000	0
HCMC belt 3 (Bình Chuẩn -QL22 - Ben Lức)	TP.HCM, Bình Dương, Long An	89	89km, 4 lanes	9,936	3,974	5,961
Tân Vạn - Nhơn Trạch (2A, 2B)	TPHCM	16.57	16,57 km, 4 lanes	3,000	3,000	0
HCM road (Chợ Chu - Trung Sơn T-junction section)	Thái Nguyên, Tuyên Quang	30	30 km, level III, 2 lanes	1,800	1,800	
Improve and upgrade NH. 279 section through tỉnh Quảng Ninh	Quảng Ninh	32	32 km, level IV, 2 lanes	720	720	
Upgrade NH.279 Bảo Yên - Bào Hà (Km78-Km92)	Lào Cai	14	14 km, level IV, 2 lanes	315	315	
Improve and upgrade NH.279 đoạn Km166 - Km204	Lai Châu	38	38 km, level IV, 2 lanes	855	855	
Improve and upgrade NH. 279 đoạn Cáp Na-Pá Uôn (Km217-Km243)	Sơn La	26	26 km, level IV, 2 lanes	585	585	
Improve and upgrade Dien Bien - Tây Trang (incl. Dien Bien bypass and Mường Ảng bypass)	Điện Biên	45.4	45,4 km, level IV, 2 lanes	1,619	1,619	
Upgrade NH 37 (passage through Tuyên Quang (Km171 -Km238+152)	Tuyên Quang	67	67 km, level III, IV 2 lanes	1,508	1,508	

Project	Location	Length	Scope	2021-2025 (bill. VND)		
				Total	State budget	PPP
Improve and upgrade NH. 37 section Gia Phú - Cò Nòi (Phase 2 the remaining sections except the section through Chen pass), Son La province	Sơn La	64.5	64,5 km, level III, IV 2 lanes	1,625	1,625	
Upgrade Nh. 37 from Km280-Km340 - Yên Bái period 2	Yên Bái	60	60 km, level III, IV 2 lanes	1,350	1,350	
Improve and upgrade NH. 37 section through Bắc Giang	Bắc Giang	38	38 km, level III2 lanes	855	855	
Improve and upgrade NH. 37 section through Thái Nguyên	Thái Nguyên	57	57 km, level III, IV 2 lanes	1,283	1,283	
Improve and upgrade NH. 37 section through Con Son - Kiep Bac special national relic site	Hải Dương	10	10 km, level m 2 lanes	500	500	
Na Sam town bypass and Bo Cung pass bypass on National Highway 4A - Lang Son province	Lạng Sơn	17	17 km, level III2 lanes	733	733	
Improve and upgrade some sections in NH. 4B section through Lạng Sơn	Lạng Sơn	48	48 km, level III 2 lanes	1,080	1,080	
Improve and upgrade NH.4B section through Quảng Ninh	Quảng Ninh	37	37 km, level III 2 lanes	833	833	
Construct NH.4C section avoiding the center of Dong Van district (Kml42+100-Kml45+800)	Hà Giang	4	4 km, level IV, 2 lanes	398	398	
Improve and upgrade NH. 4D section KmO - Km36, Lai Châu	Lai Châu	36	36 km,, level rv 2 lanes	810	810	
NH. 4D: Kml49 - Km200 (to Mường Khương border gate)	Lào Cai	51	51 km,, level III 2 lanes	1,148	1,148	
Access ramp NH. 4C and 4D section Km238-Km258, Km271-Km299, Km339-Km414	Hà Giang, Lào Cai	73	73 km, level IV, 2 lanes	924	924	
Improve and upgrade NH. 4H section Kml85 - Km354+300, Lai Châu	Lai Châu	169	169 km, level IV 2 lanes	1,700	1,700	
Improve and upgrade NH. 4H section through Điện Biên(KmO-Km47 and Kml47+200-Kml 84+200 incl. a branch to A Pa Chải border gate)	Điện Biên	84	84 km, level rv 2 lanes	1,890	1,890	
Improve and upgrade NH. 6 section Tuần Giáo - Mường Lay	Điện Biên	95	95 km, level III2 lanes	2,200	2,200	
Improve and upgrade NH. 1B section KmlOO-Kml44+700	Thái Nguyên	44.7	44,7 km, level III 2 lanes	1,006	1,006	
Complete investment NH.32C section through Phú Thọ	Phú Thọ	10	10 km đường qua đô thị	130	130	
Improve and upgrade NH. 31 section Hữu Sản - Bản Chắt	Lạng Sơn	61	61 km, level III2 lanes	1,000	1,000	
Improve and upgrade QL31 section through Bắc Giang	Bắc Giang	36	36 km, level III2 lanes	810	810	
Extend NH. 2 section Vĩnh Yên - Việt Trì	Vĩnh Phúc	8,5	8,5 km, level III4 lanes	700	700	
Upgrade and extend NH. 37C	Nam Định, Ninh Bình, Hòa Bình	73	73 km, level III2 lanes	2,100	2,100	
Investment NH. 38B section avoid Đền Trần	Nam Định	4	4 km,, level III2 lanes	260	260	

Project	Location	Length	Scope	2021-2025 (bill. VND)		
				Total	State budget	PPP
Upgrade and extend NH.15D section NH.1 - Cam Lộ - La Sơn expressway and Hồ Chí Minh road, Western branch to La Lay border gate	Quảng Trị	20	20 km, level III, 2 lanes	850	850	
Construct and upgrade NH.9B section Km0 - Km4 (Quán Hào - Vĩnh Tuy) and Km20 - Km52 (Vạn Ninh T-junction to Tăng Kỳ T-junction)	Quảng Bình	36	36 km, level III, rv 2 lanes (urban section 4 lanes)	860	860	
Improve and upgrade the section Km0-Km36 and handle landslides section Khe Thoi - Nậm Cắn in NH.7	Nghệ An	36	36km, level III, 2 lanes	1,113	1,113	
Improve and upgrade NH. 45	Ninh Bình, Thanh Hóa	74.25	74,25 km, level III, 2 lanes	2,250	2,250	
Improve and upgrade NH. 47B	Thanh Hóa	23.25	23,25 Km, level m, 2 lanes	450	450	
Improve and upgrade NH. 217 section from NH.1 to HCM road	Thanh Hóa	54	54 km, level III, 2 lanes	1,500	1,500	
Upgrade and extend NH. 46 section Vinh - Nam Đàn	Nghệ An	17,9	17,9 km, level III, 4 lanes	780	780	
Upgrade and extend NH. 48B, section Km1 3+500 -Km25	Nghệ An	11.5	11,5 Km level rv 2 lanes	340	340	
Upgrade and extend NH.12C section through Hà Tĩnh	Hà Tĩnh	53.8	53,8 km level in	1,911	1,911	
Improve and upgrade the section Khe Ve-Cha Lo NH. 12A, Quảng Bình	Quảng Bình	38.5	38,5 km level m	1,000	1,000	
Improve and upgrade NH. 12A the section bypassing Gianh river cement factory	Quảng Bình	8	8 k level IV	43	43	
Upgrade and extend NH. 48 section Km20-Km38	Nghệ An	18	18 Km level III2 lanes	400	400	
Improve and upgrade NH. 49	TTHuế	71.23	71,23 km, level III, 2 lanes	1,775	1,775	
Improve and upgrade NH. 40B	Quảng Nam, Kon Tum	76	76 km, level IV, 2 lanes	1,500	1,500	
Improve and upgrade NH. 25	Phú Yên, Gia Lai	99.88	99,88 km, level III, 2 lanes	2,150	2,150	
Improve and upgrade NH. 24	Quảng Ngãi, Kon Tum	59	59 km, level III, 2 lanes	1,800	1,800	
Improve and upgrade NH. 24B	Quảng Ngãi	34	34 km, level III, 2 lanes	900	900	
Improve and upgrade 27 sections through Đắk Lắk, Lâm Đồng, Ninh Thuận	Đắk Lắk, Lâm Đồng, Ninh Thuận	103	103 km, level rv, 2 lanes	2,050	2,050	
Improve and upgrade NH. 14D (Km10-Km37 và Km56-Km74)	Quảng Nam	45	45 km level n, IV, 2 lanes	1,500	1,500	
Construct road surface and foundation on NH. 14C (phase 2) section through Kon Tum and Gia Lai	KonTum, Gia Lai	90	90 km, level rv, 2 lanes	900	900	
Construct road surface and foundation in NH 14C through tỉnh Đắk Lắk, Đắk Nông	Đắk Lắk, Đắk Nông	60	60 km, level IV, 2 lanes	600	600	
Improve and upgrade QL28	Đắk Nông	30	30 km, level IV, 2 lanes	700	700	
Improve and upgrade QL28B	Bình Thuận, Lâm Đồng	72.6	72,6 km, level III, 2 lanes	1,500	1,500	

Project	Location	Length	Scope	2021-2025 (bill. VND)		
				Total	State budget	PPP
Improve and upgrade QL55, Km52+640 - Km97+692, Bình Thuận	Bình Thuận	44.95	44,95 km, level III, 2 lanes	850	850	
Improve and upgrade NH.55 section Km205+140- Km229+140, Lâm Đồng	Lâm Đồng	24	24 km, level III, 2 lanes	600	600	
Improve and upgrade QL. 14E through Quảng Nam (Kml6-Km89)	Quảng Nam	73	73 km, level IV, 2 lanes	1,500	1,500	
Investment 02 intersections between Tân Tạo - Chợ Đệm to Provincial 10B and Trần Đại Nghĩa, HCMC	TP.HCM			908	908	
Upgrade and extend NH.1, section Cà Mau - Năm Căn	Cà Mau	47.34	47,34 km, level III, 2 lanes	1,650	1,650	
Rạch Miễu 2 bridge	Tiền Giang, Bến Tre		cầu 4 lanes	4,670	4,670	
Construct Ho Chi Minh road, section Rạch sỏi - Ben Nhất - Gò Quao - Vĩnh Thuận	Kiên Giang, Cà Mau	65	65 km, level III, 2 lanes	3,864	3,864	
Improve and upgrade NH.62 thought Long An	Long An	75.93	75,93 km, level III, 2 lanes	2,266	2,266	
Improve and upgrade QL53, section Long Hồ - Ba Sĩ	Trà Vinh, Vĩnh Long	45.8	45,8 km, level III, 2 lanes	1,800	1,800	
Construction of the NH. 53 bypass section through TP Trà Vinh	Trà Vinh	15.1	15,1 km, level III, 2 lanes	720	720	
Đại Ngãi bridge in NH. 60	Sóc Trăng, Trà Vinh		Cầu dây văng, 4 lanes	8,040	8,040	
Upgrade NH. 54 through Vĩnh Long, Trà Vinh	Vĩnh Long, Trà Vinh	79	79 km, level III, 2 lanes	1,800	1,800	
Construction of the National Highway 61 bypass through Cai Tac town, Hau Giang province	Hậu Giang	4	4 km, level III, 2 lanes	350	350	
Improve and upgrade QL91C section through tỉnh An Giang	An Giang	35.5	35,5 km, level IV, 2 lanes	1,000	1,000	
Improve and upgrade NH. 61B, section from Long Mỹ to NH. 1A Hậu Giang, Sóc Trăng (km 7+750 QL61B- Km2127+300QLI)	Hậu Giang, Sóc Trăng	35.8	35,8 km, level IV, 2 lanes	1,000	1,000	
Upgrade to expand section 5 of Can Tho bridge to Cai Cui port and asphalt concrete mat	Cần Thơ, Hậu Giang, Sóc Trăng, Bạc Liêu	140	140 km	1,250	1,250	
Investment project to build Long Xuyen city bypass connecting Thot Not - Lo Te	Cần Thơ	7	7 km, level III, 2 lanes	820	820	
Upgrade and expand NH.1 section through Sóc Trăng (remaining section)	Sóc Trăng	32,8	32km, level III, 4 lanes	2,290	2,290	
Upgrade and expand NH.1 section through Bạc Liêu and Cà Mau	Bạc Liêu, Cà Mau	63	63km, level III, 04 lanes,	4,360	4,360	
Improve and upgrade weak bridges in NH. system	Nationwide			2,200	2,200	
Improve and upgrade the crossroads, collection roads, isolation fences	Current railway		improve the crossroads, build 370km of collecting roads	2,200	2.200	
Construction of 10 railway overpasses at intersections between roads and railways with high traffic density	Current railway		10 railway overpass	2,250	2,250	

Project	Location	Length	Scope	2021-2025 (bill. VND)		
				Total	State budget	PPP
Air Elevating over bridge and railway (intersect with IWT)	Nationwide		about 20 bridges	2,000	2,000	

Source: Ministry of Transport, 2021

Table 2-5. Financing plans for expressway

Area	2025		2030		2050	
	New	Upgrade	New	Upgrade	New	Upgrade
North-South expressway – Eastern	240,598	62,940	-	4,189	160,756	3,981
North-South expressway – Western	12,903	-	90,128	33,121	54,395	49,848
North-South expressway – Northern	116,381	-	64,889	66,045	178,907	84,797
North-South expressway - Middle	10,350	-	39,968	-	86,705	19,984
North-South expressway - South	99,835	-	88,058	149,389	27,629	133,799

Source: Ministry of Transport, 2021

Table 2-6. Financing plans for highway

Area	Upgrade to meet demand	Upgrade to meet planning	Expanded	Total
Northern mountain	88,216	33,564	7,675	129,455
Northern Midland Plain	53,701	12,259	9,799	75,759
North Central	82,210	25,050	12,789	120,049
South Central	44,238	8,589	6,528	59,355
Highlands	46,213	8,064	5,647	59,924
South East	12,924	5,123	13,595	31,641
Mekong Delta river	40,074	25,383	16,137	81,594
Service system, management, operation and exploitation	2,000		1,000	

Source: Ministry of Transport, 2021

Table 2-7. Capital demand for national highway

No.	Project	Source	Period
1	04 Component projects connect Ho Chi Minh route under Resolution No. 66/2012/QH13 by the National Assembly: - Chu Market - Trung Son T-junction (29.6km) - Rach Soi - Ben Nhat - Go Quao - Vinh Thuan (55.1km) - Doan Hung - Ben Market (130km) - Chon Thanh - Duc Hoa (74km)	State budget, ODA and other lawful capital sources	2021-2025
2	Concentrate on building the Eastern North-South expressway according to Resolution 52/2017/QH14 dated November 22, 2017 by the National Assembly	State budget and other lawful capital sources	2021-2025

3	Investment in inter-regional expressway projects: Da Nang - Quang Ngai; Ben Luc - Long Thanh; Bien Hoa - Vung Tau; Trung Luong - My Thuan - Can Tho; Lo Te - Rach Soi; roads connecting the central area of the Mekong Delta; the system of Hanoi belt 3, 4, 5; Ho Chi Minh city belt 3, 4		2021-2025
3.1	Da Nang - Quang Ngai Expressway, Ben Luc - Long Thanh Expressway	State budget and other lawful capital sources	2021-2025
3.2	Trung Luong - My Thuan Expressway	State budget and other lawful capital sources	2021-2025
3.3	My Thuan - Can Tho Expressway	State budget and other lawful capital sources	2021-2025
3.4	Lo Te – Rach Soi route	State budget and other lawful capital sources	2021-2025
3.5	Hanoi belt 3	State budget and other lawful capital sources	2021-2025
3.6	Hanoi belt 4, 5	State budget and other lawful capital sources	2021-2025
3.7	Ho Chi Minh city belt 3	State budget and other lawful capital sources	2021-2025
3.8	Ho Chi Minh city belt 4	State budget and other lawful capital sources	Sau 2030
4	Completion of investment preparation for implementation of 14 urgent railway and road projects approved by the National Assembly Standing Committee		
4.1	- Projects according to Resolution No. 556/NQ-UBTVQH14		
4.2	Route QL.4C and 4D (Km238-Km414)	Using the reserve capital of the medium-term public investment plan for the stage of 2016-2020 for important and urgent railway and road projects	2021-2025
4.3	Nationa route 3B (Km0-Km66+600)		2021-2025
4.4	Road connecting Hanoi - Hai Phong and Cau Gie - Ninh Binh expressway		2021-2025
4.5	Renovating and upgrading key sections on national route QL.24		2021-2025
4.6	Renovating and upgrading key sections on national route QL.25		2021-2025
4.7	National route 27, bypass of Lien Khuong		2021-2025
4.8	Renovating and upgrading national route QL.53, section of Tra Vinh - Long Toan, Tra Vinh province		2021-2025
4.9	Renovating and upgrading national route QL.57, section of Dinh Khao ferry station to Mo Cay town, Ben Tre & Vinh Long province,		2021-2025
4.10	Renovating and upgrading road surface of Quan Lo - Phung Hiep route		2021-2025
4.11	Renovation of bridges and weak bridges on National routes (stage 1)		
4.12	Construction Project of Tan Van - Nhon Trach section (component 1A)	ODA	

4.13	Renovation of bridges and weak bridges on National routes (stage 2)		
4.14	Route connecting QL.91 and bypass of Long Xuyen city		
4.15	Traffic connection in the northern mountainous provinces		

Source: Ministry of Transport, 2021

2.6.2 Planned projects in railway infrastructure

According to the draft planning on railway development until 2030 with a vision to 2050 submitted by the Vietnam Railways Administration to the Ministry of Transport (MoT). The national railway network will be extended to 16 major routes with a total length of 4,750km. The number includes seven existing routes and nine new lines.

The project is included in the public investment programme, there will be ways to attract official development assistance (ODA) funds, and government bond issuance, and others. The list of planned projects in railway infrastructure is highlighted below

Table 2-8. List of priority projects for the period 2021-2030 in railway (as proposed)

No.	Project	Location	Scope	Investment capital (bill. VND)
A	Upgrading existing lines			46,171
1	Hanoi - Ho Chi Minh City			23,557
a	Improving transport congestions			21,228
-	Improvement of railway line in Hai Van pass site	Hue and Da Nang	New construction of 10.8km railway tunnel through Hai Van pass; New construction of Kim Lien station and An Cu station; Renewing 4.65km of bridges and 7,985km of railways	10,024
-	Improvement of railway in Khe Net pass site, Thong Nhat railway line	Quang Binh	Renewing 2 tunnels, 3 bridges and 7.0km railway	1,928
-	Upgrading Hoa Duyet - Thanh Luyen	Ha Tinh	Improve and upgrade 13Km	1,800
-	Relocating Da Nang Station	TP Da Nang	Renewing 21Km railway	7,476
b	Modernizing signal information Vinh - Saigon stage 2	đường sắt từ Vinh - TP Hồ Chí Minh	Upgrading the signal system at 97ga + building a computerized monitoring and measuring system of 133 stations	2,329
2	Renovating and upgrading Yen Vien - Lao Cai railway line, stage 2	Ha Noi , Vinh Phuc , Phú Thọ, Yên Bái, Lào Cai	Level III; Vmax = 80Km/h	2,500
3	Renovating and upgrading railway line Hanoi - Hai Phong	Ha Noi , Hai Duong, Hưng Yên, Hải Phòng	Improve and upgrade 102Km railway	1,500
4	Renovating and upgrading Hanoi - Thai Nguyen railway line	Ha Noi , Thái Nguyên	Improve and upgrade 75 km railway	660
5	Renovating and upgrading railway line Hanoi - Dong Dang	Ha Noi , Bac Ninh , Lạng Sơn	Level III, Vmax = 80 km/h	1,872

6	Renovating and upgrading crossroads, building collection roads and fences; construction of railway overpasses at high-traffic intersections	Current routes	Improve 340 crossroad, 370km collection roads, fences; construct 20 overpass bridges	14,850
7	Project of 3 Northern routes and Hanoi focal area, stage 2	3 Northern routes and Hanoi focal area	Upgrading signal system at 47ga+ building a computerized monitoring and measuring system of 62 stations	1,232
B	New-built railway			62,422
B1	Arterial routes			26,000
1	Construct railway connecting Yên Viên - Phả Lại - Hạ Long - Cái Lân port	Ha Noi; Bac Ninh ; Hai Duong; Quảng Ninh	Continue	6,000
2	Đường sắt đầu mối Thủ đô Ha Noi : đường sắt vành đai phía Đông (Yên Viên - Lạc Đạo - Ngọc Hồi)	Ha Noi	80km double-track	20,000
B2	Enhance connectivity with seaports			36,422
1	Railway project to Hai Phong international gateway port (Lach Huyen)	Hai Phong	Renewing 32,65 Km railway	35,500
2	Construc railway connecting Nghi Sơn economic zone	Thanh Hóa	Improve and construct railway inside Nghi Sơn economic zone, 1000mm-gauge	922
C	High-speed railway Hanoi - Ho Chi Minh City	Ha Noi - Vinh section; HCMC - Nha Trang section	Double track, electrified 1435mm-gauge	561,598
	TOTAL CAPITAL DEMAND			670,190
	Upgrading existing lines			46,171
	New-built railway			62,422
	High-speed railway Hanoi - Ho Chi Minh City			561,598

Source: Ministry of Transport, 2021

2.6.3 Planned projects in IWT infrastructure

The total investment capital needed to promote the development of inland waterway infrastructure in the 2021-2030 period is over VND157.5 trillion (US\$6.9 billion), according to the master plan on inland waterway infrastructure recently submitted to the Government by the Ministry of Transport.

Table 2-9. List of priority projects for the period 2021-2030 in IWT (as proposed)

No.	Project	Level of priority	Scope	Investment capital (bill. VND)
I	Northern area		17,100	
1	Vertical clearance in Cau Duong (Corridor No. 1)	(1)	2,300	State budget
2	Canal project connecting Day river - Ninh Co (Corridor No. 3)	(1)	1,800	State budget
3	Quang Ninh - Ninh Binh route project across Luoc river - Phase 1 (Corridor No. 2)	(1)	7,200	State budget
4	Route Hoa Binh - Son La - Lai Chau hydropower reservoir area	(2)	300	State budget

5	Route Việt Trì – Yên Bái - Lào Cai (Việt Trì - Yên Bái section)	(3)	1,500	State budget
6	Sea transport route through Tra Ly estuary	(3)	3,500	PPP
7	Improve and upgrade new waterway transport routes in the Northern region	(3)	500	PPP
II	Central area		750	
1	Route Ninh Bình - Thanh Hóa	(2)	450	State budget
2	Strengthen the IWT signaling system on waterways in the central region	(3)	300	State budget
III	Southern area		15,550	State budget
1	Route Chợ Gạo canal (period 2)	(1)	1,500	State budget
2	Route Chợ Đệm – Bến Lức	(1)	200	State budget
3	Develop the southern waterways and logistics corridors	(2)	5,800	ODA
4	Improve route Hà Tiên - Rạch Giá – Cà Mau	(2)	1,800	State budget
5	Upgrade route Mương Khai - Đốc Phủ Hiền	(2)	2,300	State budget
6	Sai Gon river waterway (Ben Suc - Ben Cui section downstream of Dau Tieng hydroelectricity)	(2)	450	State budget
7	Ham Luong River transport route from Tien River confluence to Ham Luong estuary	(2)+(3)	500	PPP
8	Improve and upgrade new water transport routes in the southern region	(3)	3,000	PPP

Source: Ministry of Transport, 2021

2.6.4 Planned projects in seaport

According to the recently approved plan, the seaport system will be upgraded to meet the increasing demand for social-economic development; ensure national defense, security and maritime safety; as well as enhance the competitiveness of the economy. The seaport system is expected to handle 1,140 to 1,423 million tonnes of cargo, including 38 to 47 million TEUs of container cargo, and transport about 10.1 to 10.3 million passengers.

Vietnam will need to invest about VND313 trillion (US\$13.7 billion) in its seaport system by 2030, which will be mobilized mainly from non-budget sources. In which, projects on new investment, improve and upgrade navigational channels, ship berths and other ancillary works using state budget capital; whilst port investment project will be implemented through the capitals from private enterprises.

Table 2-10. List of priority projects for the period 2021-2030 in maritime (as proposed)

No.	Project	Investment capital (bill. VND)
I	Maritime channel	32,090
1	Improve and upgrade the Hon Gai – Cai Lan navigational channel and the turning zone	400
2	Establishment of public channels to ports in Cam Pha area and Hon Net transshipment area for ships of 200,000 tons	1,500
3	Investment in construction of Lach Huyen channel diversion and expansion of the lower bend of Ha Nam canal - Hai Phong navigation channel	100

No.	Project	Investment capital (bill. VND)
4	Improve and upgrade the Diem Dien navigation channel (including dike to correct the channel)	700
5	Improve and upgrade navigation channels to ports in Nam Nghi Son and Thanh Hoa areas	850
6	Establishment of public channels to ports in Bac Nghi Son and Thanh Hoa areas	550
7	Improve and upgrade Lach Sung channel for ships of 3,000 tons	500
8	Improve and upgrade the South Cua Lo channel and essential protection works for ships of 30,000 tons navigating	420
9	Improve and upgrade Vung Ang channel for ships of 50,000 tons (including Improve and upgrade sand barrier dike)	600
10	Improve and upgrade Hon La navigation channel for ships of 50,000 tons	200
11	Improve and upgrade Cua Viet channel for ships of 5,000 tons (including Improve and upgrade sand barrier dike)	500
12	Improve and upgrade Gianh estuary channel for ships of 5,000 tons (including sand barrier)	900
13	Improve and upgrade Thuận An channel for ships 3,000 – 5,000 tons	450
14	Improve and upgrade Chan May navigational channel for ships up to 50,000 tons (including extension of breakwater)	1,000
15	Invest in building breakwaters and channels to Lien Chieu wharf for ships of 100,000 tons	3,000
16	Improve and upgrade Đà Nẵng channel for ships of 50,000 tấn	120
17	Invest in building a channel into Tho Quang port area, Da Nang for ships of 5,000-10,000 tons	100
18	Invest in building Cua Lo channel (Quang Nam) for ships of 50,000 tons	5,000
19	Improve and upgrade Quy Nhon channel for ships of 50,000 tons	450
20	Improve and upgrade Ba Ngoi channel for ships of 50,000 tons	160
21	Improve and upgrade Phan Thiet channel for ships of 2,000 tons	250
22	Invest in upgrading Cai Mep - Thi Vai channel from buoy number "0" to Go Dau port area	5,000
23	Improve and upgrade Sai Gon – Vung Tau channel (section from Ganh Rai pontoon to Thieng Lieng canal) for ships of 70,000 at full load and larger vessels with reduced load	400
24	Improve and upgrade the navigation channel of the Dua River for ships of 10,000 tons	170
25	Dredging, Upgrade Soai Rap channel phase 3 for ships of 50,000 tons	5,000
26	Improve and upgrade phase 2 of large vessel channels to Song Hau	2,200
27	Investing in dredging navigation channels through Tran De estuary for ships of 2,000 tons (section from Vam Nhon My to Tran De estuary)	220
28	Improve and upgrade Dinh An channel for ships of 5,000 tons	300
29	Improve and upgrade Cua Tieu channel for ships of 5,000 tons	150
30	Improve and upgrade Nam Can channel for ships of 3,000 - 5,000 tons	500
31	Investing in building storm shelters (Cua Hoi - Nghe An, Ha Tinh; Gianh river - Quang Binh; Thuan An - Thua Thien Hue)	400
II	Other ancillary works	2,950
1	Invest in building a road behind wharf number 3,4,5,6,7,8 in Lach Huyen wharf area, Hai Phong seaport	1,800

No.	Project	Investment capital (bill. VND)
2	Marine traffic monitoring and coordination system (VTS) of Hon Gai – Cai Lan channel	50
3	Invest in building lighthouses (Truong Sa Dong, Phan Vinh, Sau Dong, Lach Gep, Lach Quen, Cua Van, Hon La)	150
4	Investment in construction of navigational channel management stations (Lach Huyen, Dong Bai, Dung Quat, Ly Nhon, Go Gang, Dong Nai, Dong Tranh, Ba Ngoi)	50
5	Invest in establishing the new generation Cospas Sarsat terrestrial satellite station MEOLUT	120
6	Invest in building lighthouses (Da Lat, Tu Chinh A, Tu Chinh B, Phuc Nguyen, La Gan and Ca Mau shoal)	160
7	Building a Coastal Information Station, Center for Engineering and Technology, representative of Nha Trang Port Authority in Truong Sa	120
8	Traffic monitoring and coordination system (VTS) channel for large tonnage ships entering the Hau River	130
9	Traffic monitoring and coordination system (VTS) channel for large tonnage ships entering the Hau River	150
10	Building the Coastal Information Station, the Center for Engineering and Technology, the representative of the Nha Trang Port Authority in the Southwest islands	100
11	Improve the capacity of the operating center system using terrestrial radio waves	120

Source: Ministry of Transport, 2021

2.6.5 Planned projects in aviation

Vietnam will have 26 airports by 2030, 14 of which will be international airports. Total investment for planned airports in the 2020-2030 period is estimated at approximately VND365.1 trillion (\$15.87 billion), and the figure for the period of 2030-2050 would be VND866.36 trillion (\$37.67 billion).

The capital will be sourced from official development assistance (ODA), the State budget, and be mobilized from loans from financial institutions and public-private partnership projects.

The government will provide incentives for aviation infrastructure investors and help them take the initiative in the mobilization and disbursement of capital. The priority to 2030 will be on the first phase of Long Thanh International Airport, the third terminal at Tan Son Nhat International Airport, and the expansion of Noi Bai, Danang and Cam Ranh international airports.

Table 2-11. List of priority projects for the period 2021-2030 in aviation (as proposed)

No.	Project	Source
1	Noibai Airport	
1.1	Construction of 2 more runways north and south, connecting taxiways, parallel taxiways	State budget, Port operator's capital
1.2	Construction of terminals T3, T4, T5	Port operator's capital
1.3	Expanding the airplane parking lot	Port operator's capital
1.4	Construction of car park	Capital mobilized by enterprises
1.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
2	Van Don Airport	
2.1	Construction of one more runway, connecting taxiway system	Capital mobilized by enterprises
2.2	Construction of passenger terminal	Capital mobilized by enterprises

No.	Project	Source
2.3	Expanding the airplane parking lot	Capital mobilized by enterprises
2.4	Construction of car park	Capital mobilized by enterprises
2.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
3	Cát Bi Airport	
3.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
3.2	Construction of passenger terminal	Port operator's capital
3.3	Expanding the airplane parking lot	Port operator's capital
3.4	Construction of car park	Capital mobilized by enterprises
3.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
4	Thọ Xuân Airport	
4.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
4.2	Construction of passenger terminal	Port operator's capital
4.3	Expanding the airplane parking lot	Port operator's capital
4.4	Construction of car park	Capital mobilized by enterprises
4.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
5	Vinh Airport	
5.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
5.2	Construction of passenger terminal	Port operator's capital
5.3	Construction of car park	Capital mobilized by enterprises
5.4	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
6	Phú Bài Airport	
6.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
6.2	Construction of passenger terminal	Port operator's capital
6.3	Expanding the airplane parking lot	Port operator's capital
6.4	Construction of car park	Capital mobilized by enterprises
6.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
7	Đà Nẵng Airport	
7.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
7.2	Construction of passenger terminal	Port operator's capital
7.3	Expanding the airplane parking lot	Port operator's capital
7.4	Construction of car park	Capital mobilized by enterprises
7.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
8	Chu Lai Airport	
8.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
8.2	Construction of passenger terminal	Port operator's capital
8.3	Expanding the airplane parking lot	Port operator's capital

No.	Project	Source
8.4	Construction of car park	Capital mobilized by enterprises
8.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
9	Cam Ranh Airport	
9.1	Construction of passenger terminal	Port operator's capital
9.2	Expanding the airplane parking lot	Port operator's capital
9.3	Construction of car park	Capital mobilized by enterprises
9.4	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
10	Long Thành International airport	
10.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
10.2	Construction of passenger terminal	Port operator's capital
10.3	Expanding the airplane parking lot	Port operator's capital
10.4	Construction of car park	Capital mobilized by enterprises
10.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
11	Tan Son Nhat International airport	
11.1	Construction of connecting taxiway	State budget, Port operator's capital
11.2	Construction of passenger terminal	Port operator's capital
11.3	Expanding the airplane parking lot	Port operator's capital
11.4	Construction of car park	Capital mobilized by enterprises
11.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
12	Can Tho International airport	
12.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
12.2	Construction of passenger terminal	Port operator's capital
12.3	Expanding the airplane parking lot	Port operator's capital
12.4	Construction of car park	Capital mobilized by enterprises
12.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
13	Phu Quoc International airport	
13.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
13.2	Construction of passenger terminal	Port operator's capital
13.3	Expanding the airplane parking lot	Port operator's capital
13.4	Construction of car park	Capital mobilized by enterprises
13.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
14	International Airport No. 2 in the capital area	
14.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
14.2	Construction of passenger terminal	Port operator's capital
14.3	Expanding the airplane parking lot	Port operator's capital
14.4	Construction of car park	Capital mobilized by enterprises
14.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises

No.	Project	Source
15	Lien Khuong International Airport	
15.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
15.2	Construction of passenger terminal	Port operator's capital
15.3	Expanding the airplane parking lot	Port operator's capital
15.4	Construction of car park	Capital mobilized by enterprises
15.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
16	Lai Chau Airport	
16.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
16.2	Construction of passenger terminal	Port operator's capital
16.3	Expanding the airplane parking lot	Port operator's capital
16.4	Construction of car park	Capital mobilized by enterprises
16.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
17	Dien Bien Airport	
17.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
17.2	Construction of passenger terminal	Port operator's capital
17.3	Expanding the airplane parking lot	Port operator's capital
17.4	Construction of car park	Capital mobilized by enterprises
17.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
18	SaPa Airport	
18.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
18.2	Construction of passenger terminal	Port operator's capital
18.3	Expanding the airplane parking lot	Port operator's capital
18.4	Construction of car park	Capital mobilized by enterprises
18.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
19	Na San Airport	
19.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
19.2	Construction of passenger terminal	Port operator's capital
19.3	Construction of airplane parking lot	Port operator's capital
19.4	Construction of car park	Capital mobilized by enterprises
19.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
20	Quang Tri Airport	
20.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
20.2	Construction of passenger terminal	Port operator's capital
20.3	Construction of airplane parking lot	Port operator's capital
20.4	Construction of car park	Capital mobilized by enterprises
20.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises

No.	Project	Source
21	Pleiku Airport	
21.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
21.2	Construction of passenger terminal	Port operator's capital
21.3	Construction of airplane parking lot	Port operator's capital
21.4	Construction of car park	Capital mobilized by enterprises
21.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
22	Phu Cat Airport	
22.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
22.2	Construction of passenger terminal	Port operator's capital
22.3	Construction of airplane parking lot	Port operator's capital
22.4	Construction of car park	Capital mobilized by enterprises
22.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
23	Tuy Hoa Airport	
23.1	Construction of passenger terminal	Port operator's capital
23.2	Expanding the airplane parking lot	Port operator's capital
23.3	Construction of car park	Capital mobilized by enterprises
23.4	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
24	Buon Me Thuot Airport	
24.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
24.2	Construction of passenger terminal	Port operator's capital
24.3	Construction of airplane parking lot	Port operator's capital
24.4	Construction of car park	Capital mobilized by enterprises
24.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
25	Phan Thiet Airport	
25.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
25.2	Construction of passenger terminal	Port operator's capital
25.3	Construction of airplane parking lot	Port operator's capital
25.4	Construction of car park	Capital mobilized by enterprises
25.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
26	Dong Hai Airport	
26.1	Construction of passenger terminal	Port operator's capital
26.2	Expanding the airplane parking lot	Port operator's capital
26.3	Construction of car park	Capital mobilized by enterprises
26.4	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
27	Rach Gia Airport	
27.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
27.2	Construction of passenger terminal	Port operator's capital

No.	Project	Source
27.3	Construction of airplane parking lot	Port operator's capital
27.4	Construction of car park	Capital mobilized by enterprises
27.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
28	Ca Mau Airport	
28.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
28.2	Construction of passenger terminal	Port operator's capital
28.3	Construction of airplane parking lot	Port operator's capital
28.4	Construction of car park	Capital mobilized by enterprises
28.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
29	Con Dao Airport	
29.1	Construction of passenger terminal	Port operator's capital
29.2	Expanding the airplane parking lot	Port operator's capital
29.3	Construction of car park	Capital mobilized by enterprises
29.4	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises
30	Cao Bang Airport	
30.1	Construction of one more runway, connecting taxiway	State budget, Port operator's capital
30.2	Construction of passenger terminal	Port operator's capital
30.3	Construction of airplane parking lot	Port operator's capital
30.4	Construction of car park	Capital mobilized by enterprises
30.5	Construction of auxiliary works in sync with the passenger terminal	Capital mobilized by enterprises

Source: Ministry of Transport, 2021

2.6.6 Barriers in mobilizing ODA fund

Government has not published specific financing needs for transport development, but it has clearly highlighted the need for additional investment and indicated a role for the Ministry of Planning and Investment and the Ministry of Finance in reviewing financial demands, allocating domestic financial resources and coordinating foreign assistance sources. It is impossible to find publicly available data to fully complete the financing needs for transport, however, unpublished data provided by government officials can help to identify some enabling conditions.

Although the highest levels of investment in the transport sector in Viet Nam currently come from the national government budget, foreign direct investment and official development assistance (ODA), Viet Nam has now reached middle-income status and it is anticipated that levels of ODA have declined. The government of Viet Nam has made it a priority to increase private investment in transport, from both domestic and international sources. This has been promoted through part privatisation of state-owned enterprises and through pilot public-private partnerships, but many parts of the transport sector remain dominated by state owned enterprises or exclusively publicly owned, limiting scope in some areas for private investment.

A wide range of transport projects across different transport sub-sectors are at inception phase and seeking private investment as mentioned in section 2.6. For example, there is total 104 road projects

planned to construct in the period of 2021-2025 with the total investment capital of VN 291,645 billion. The majority of the transport sector investment currently ongoing in Viet Nam is infrastructure-focused, and ODA- and government-funded, such as the urban mass rapid transit projects in Hanoi and Hochiminh City, Mai Dich – Nam Thang Long viaduct project in Hanoi. Private infrastructure investment is increasing but is still the exception rather than the norm.

In 2020, the Ministry of Transport has disbursed VND 4,091 billion out of VND 6,131 billion of ODA fund, reaching 66.7% of the 2020 plan, while the national average rate is 35.88%. Contributing to the achievement of disbursement of ODA with high results is the Mai Dich - Nam Thang Long viaduct project (Hanoi City) with a total investment of more than 5,300 billion VND, using ODA loans from the Japanese Government and domestic counterpart funds by the Thang Long Project Management Board as the representative of the investor. The planned capital in 2020 allocated to the Mai Dich - Nam Thang Long viaduct project is VND 706 billion. By end of 2020, the project has disbursed VND 484.5 billion, reaching 68.5%. Two other large-scale ODA projects managed by the Thang Long Project Management Board have also been completed and put into operation on schedule in 2020, namely the Thinh Long bridge crossing the Ninh Co river in Nam Dinh province and the project of lifting National Highway 217, phase 2, through Thanh Hoa province. Specifically, the Thinh Long bridge project across the Ninh Co river has a total investment of VND 1,158 billion, with a loan from the Korea Economic Development Cooperation Fund (EDCF). By the end of 2020, the project has disbursed VND 38 billion of the total 69.4 billion VND planned capital allocated in 2020, reaching 54.7%. National Highway 217 upgrading project phase 2 through Thanh Hoa province has a total investment of VND 1,673 billion, borrowed from the Asian Development Bank (ADB). By the end 2020, the project disbursed 121.5/202 billion VND, reaching 60.1% of the plan.

In the southern region, the Lo Te - Rach Soi route construction project has a total investment of up to VND 6,355 billion, using the Korean Government's ODA loan and the Vietnamese Government's reciprocal capital approved by the Ministry of Transport. Transport organized technical traffic on October 15, 2020 after more than 4 years of construction.

In addition to the above four projects, a series of other traffic projects using ODA loans have been guaranteed to progress by the Ministry of Transport. That is the second credit project of the transport sector to improve the national road network, disbursed VND 680.9 billion, reaching 80.8%; the project connecting the central region of the Mekong Delta disbursed VND 479.5 billion, reaching 82%; Investment project on construction of bridges for people's livelihood and local asset management - LRAMP disbursed VND 825 billion, reaching 70.2%.

The vast majority of international public investment in road infrastructure comes from four donors; Japan, Korea, the Asian Development Bank (ADB) and the World Bank. The focus of this investment is on expressways, bridges and urban and peri-urban road linkages (e.g. to airports) and rural road construction as part of wider rural infrastructure development programmes.

3 Investigation of On-going and Required Transport and Logistics Infrastructure Projects in Vietnam.

3.1 Mid- and long-term transport and logistics infrastructure plan

3.1.1 Road network plan for the period 2021-2030 with a vision to 2050

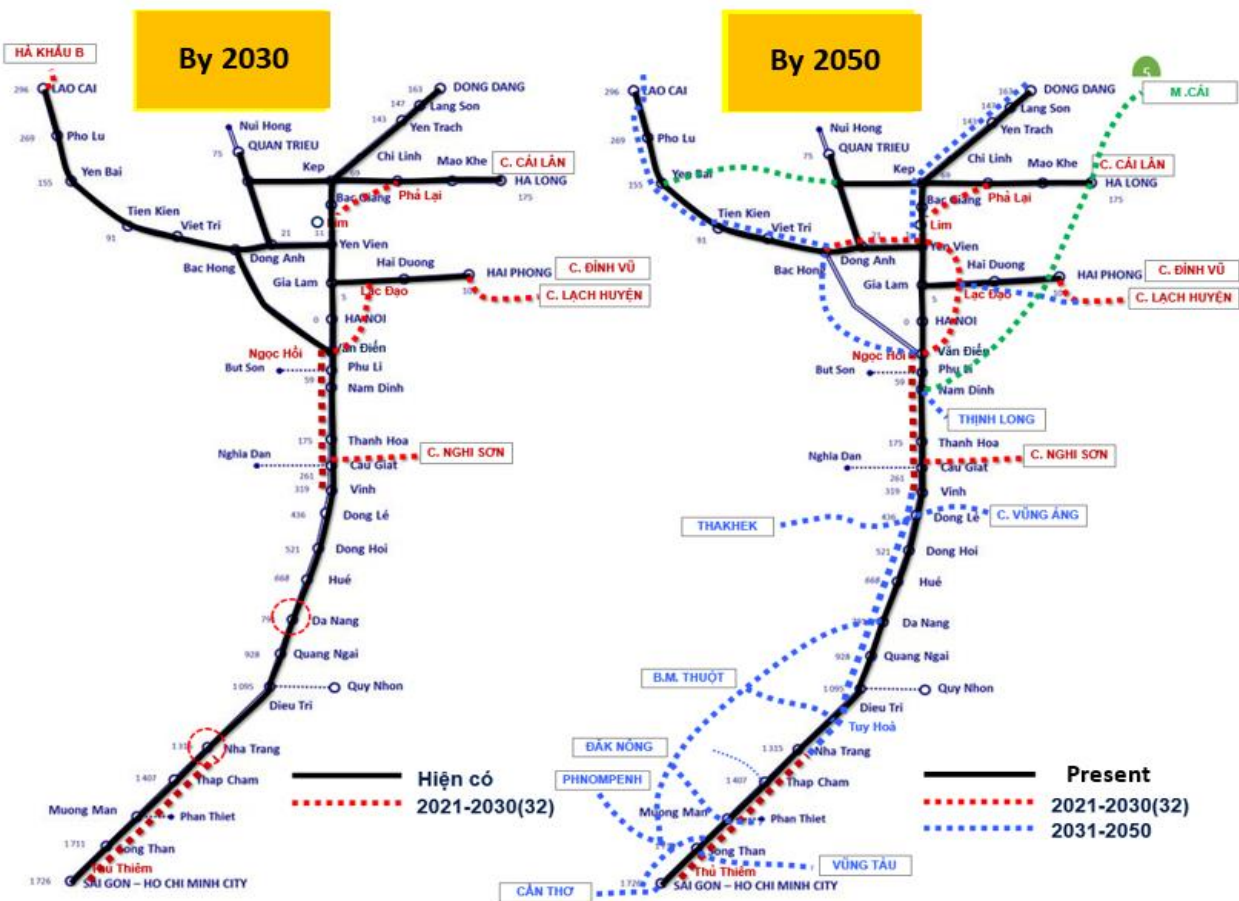
The road network plan was prepared by the Ministry of Transport based on extensive consultation with 63 provinces and cities, 16 ministries and ministerial-level agencies and relevant stakeholders. This plan has been approved by the Deputy Prime Minister on September 2021 (Decision 1454/QD-TTg). Highlights of the plan are follows:

- By 2030, about 5,000 km of expressway and 172 national highways would be completed, with a total length of nearly 29,800 km. From 2021 to 2030, the expressway with large traffic capacity to form an interregional expressway network and the backbone of the national road system would be the top priority. During this time, efforts would be focused on the construction of the North-South expressway in the East, a number of expressway in the South, Central-Central Highlands, northern mountainous areas and some urban belt routes in Hanoi and Ho Chi Minh City. Specifically, along the North-South axis, there are the Eastern Cluster of the North-South Expressway, running from Lang Son to Ca Mau (2,063km) and the Western Cluster of the North-South Expressway (1,205km). In the north, there will be 14 expressways having a total length of about 2,305km. In the Central and Central Highlands regions, there will be 10 expressways with total length of 1,431km. In the south, there will be 10 expressways with the total length of 1,290km. There will be three urban beltways in Hanoi with a total length of 425km and two others in Ho Chi Minh City with a total length of 295km. Regarding national highways, there will be 172 routes with a total length of 29,795km, up from 5,474km in 2021. The country will also develop coastal roads going through 28 cities and provinces with a total length of 3,034km.
- By 2050, 41 routes of expressways totaling more than 9,000 km would be formed. At the same time, coastal roads would be connected to the national highway system.
- The plan determines to mobilize all investment resources for expressway projects. These projects would be mainly implemented in the form of public-private partnership (PPP), with the state budget capital playing a supporting role.

3.1.2 Railway network plan for the period 2021-2030 with a vision to 2050

The railway network plan was prepared by the Ministry and Transport and already submitted to the Government for approval. Some highlights of the expected outcome from this plan:

- By 2030, the market share of railway would be increased to 0.3% in cargo transportation and 4.4% in passenger transportation by 2030. To achieve this goal, the national railway network will be extended to 16 major routes with a total length of 4,871 km. The number includes seven existing routes and nine new lines. Among the nine new routes, top priority is given to the North-South high-speed railway project, with plans to build the first two sub-sections: Hanoi – Vinh and Nha Trang – Ho Chi Minh City with a double-track railway of 1,435 mm size, stretching over 1,545 km.
- By 2050, the national railway network would consist of 25 routes with a total length of 6,409 km. This would be an increase of nine with an additional length of 1,538 km
- Along the new developments, the draft proposes an investment of about VND 240 trillion (\$10.4 billion) for upgrading existing railway routes until 2030 in order to increase operation efficiency. In which, the North-South high-speed railway project would be included in the public investment programme to attract official development assistance (ODA) funds, and government bond issuance, and others.



Source: Railway master plan, 2020-2050

Figure 3-2. Railway network plan

3.1.3 Inland waterway infrastructure plan for the period 2021-2030 with a vision to 2050

The inland waterway infrastructure plan has been completed by the Institute of Transport and Development Strategy (TDSI) under the Ministry of Transport. Specific targets by 2030, inland waterway cargo transport will reach 715 million tons/year, accounting for a market share of about 16.2%; passenger transport volume reached 397 million turns/year, accounting for about 3.8% market share; the volume of goods transported reached 148 billion tons.km/year, accounting for about 27.7% market share; 7.7 billion passengers.km/year, accounting for 2.0% market share.

The inland waterway infrastructure would be renovated and synchronously upgraded in main routes with high traffic density to satisfy the operation 24/24h. Total length of synchronous exploitation routes would reach about 5,000 km. The plan also suggests to develop the inland waterway ports to meet the transport demand on waterway transport corridors, modernize main ports and specialized ports, basically, solve the road connection with the main inland waterway ports.

3.1.4 Seaport system plan for the period 2021-2030 with a vision to 2050

The Prime Minister has approved the overall master plan on Vietnam's seaport system development in the period 2021-2030 with a vision toward 2050.

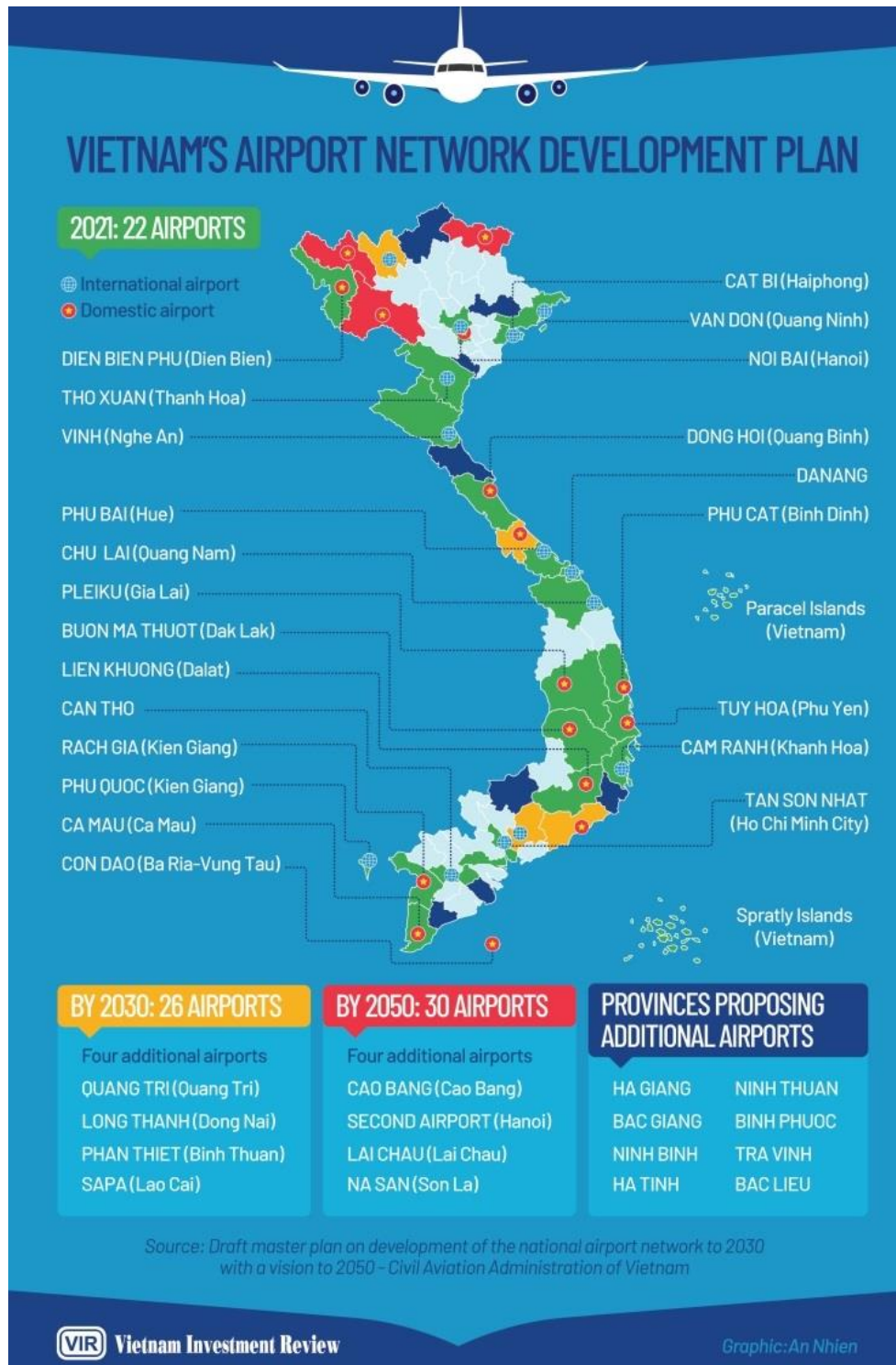
- By 2030, the seaport system will be upgraded to meet the increasing demand for social-economic development; ensure national defense, security and maritime safety; as well as enhance the competitiveness of the economy. The seaport system is expected to handle 1,140 to 1,423 million tons of cargo, including 38 to 47 million TEUs of container cargo, and transport about 10.1 to 10.3 million passengers. Priority will be given to upgrading infrastructure of international gateway ports such as Lach Huyen Port in Hai Phong and Cai Mep Port in Ba Ria – Vung Tau. Meanwhile, appropriate mechanisms and policies will be studied to improve the international transshipment port in Van Phong, Khanh Hoa Province. Vietnam would have two special seaports including Hai Phong and Ba Ria – Vung Tau, 15 seaports of first class, six seaports of second class and 13 seaports of third class.
- By 2050, the country strives to have a systematic and modern seaport system on par with the region and the world, which will meet the demand for cargo throughput with an average growth rate of about 4-4.5% per year.
- The investment capital, estimated at VND313 trillion (nearly US\$13.8 billion), will be used to upgrade the seaport system that will meet the requirements of socio-economic development and international integration. The government plans to mobilize investment capital from various sources coming from the State budget and private sector.

3.1.5 Airport system plan for the period 2021-2030 with a vision to 2050

The Ministry of Transport is preparing a master plan for the development of the national airport system in the period 2021-2030 with a vision to 2050.

- By 2030, there are four new airport. There all total 26 airports in operation, including seven international and 15 domestic ones. The list of airports include seven airports in the Northern region, eight airports in the central regions, and eleven airports in the Southern region.

- The airport in the Northern province of Cao Bang would be considered for the second stage, which is envisioned for 2050.



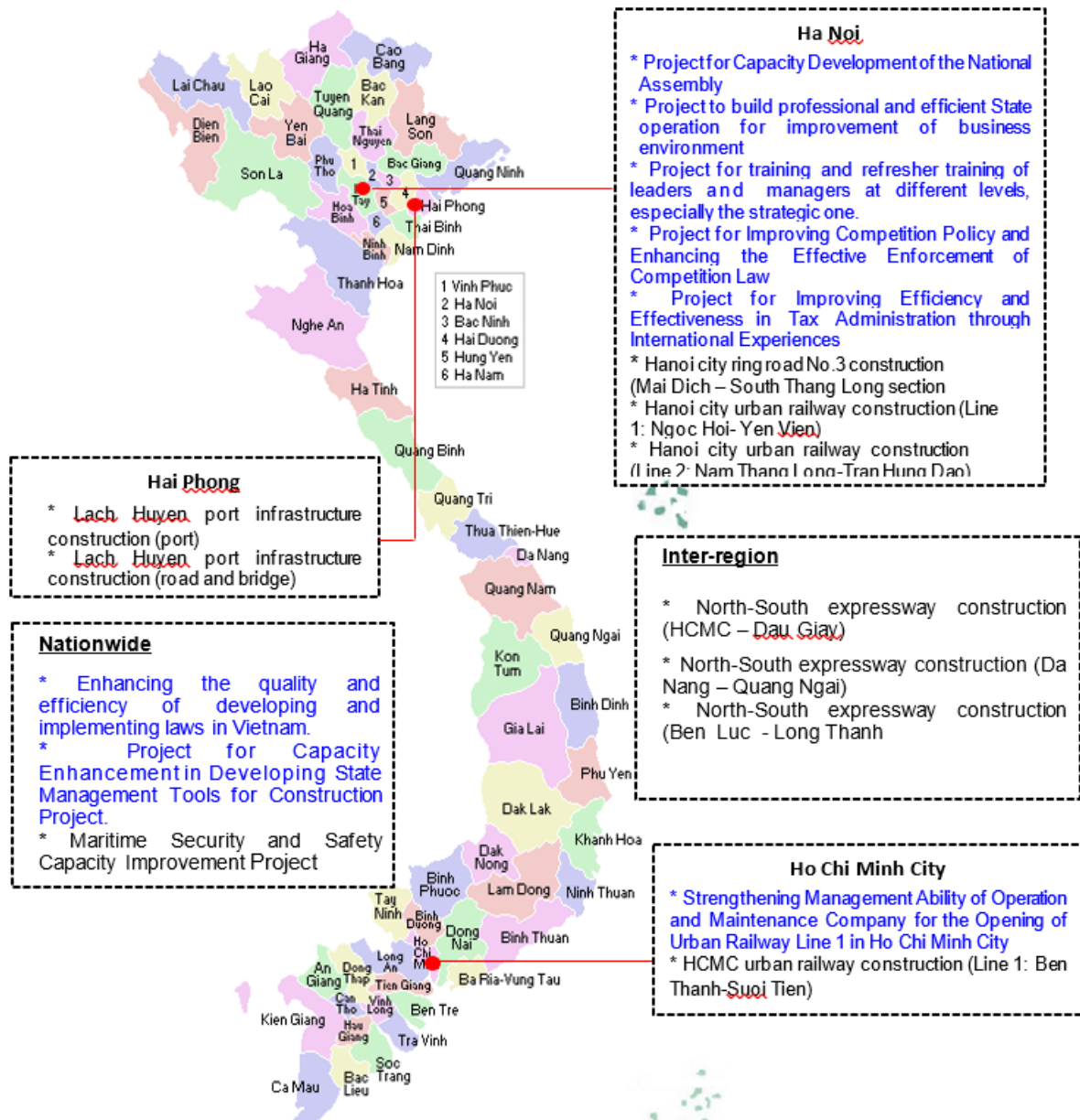
Source: Airport network master plan, 2020-2050

Figure 3-3. Airport network development plan

3.2 On-going transport and logistics projects sponsored by major international parties (MDB, JICA, KOICA, etc.,)

3.2.1 On-going transport and logistics projects sponsored by JICA

As of May 2021, JICA support twelve provinces and cities to address the most pressing issues in multisector. In transport sector, the following map show the list of on-going projects.



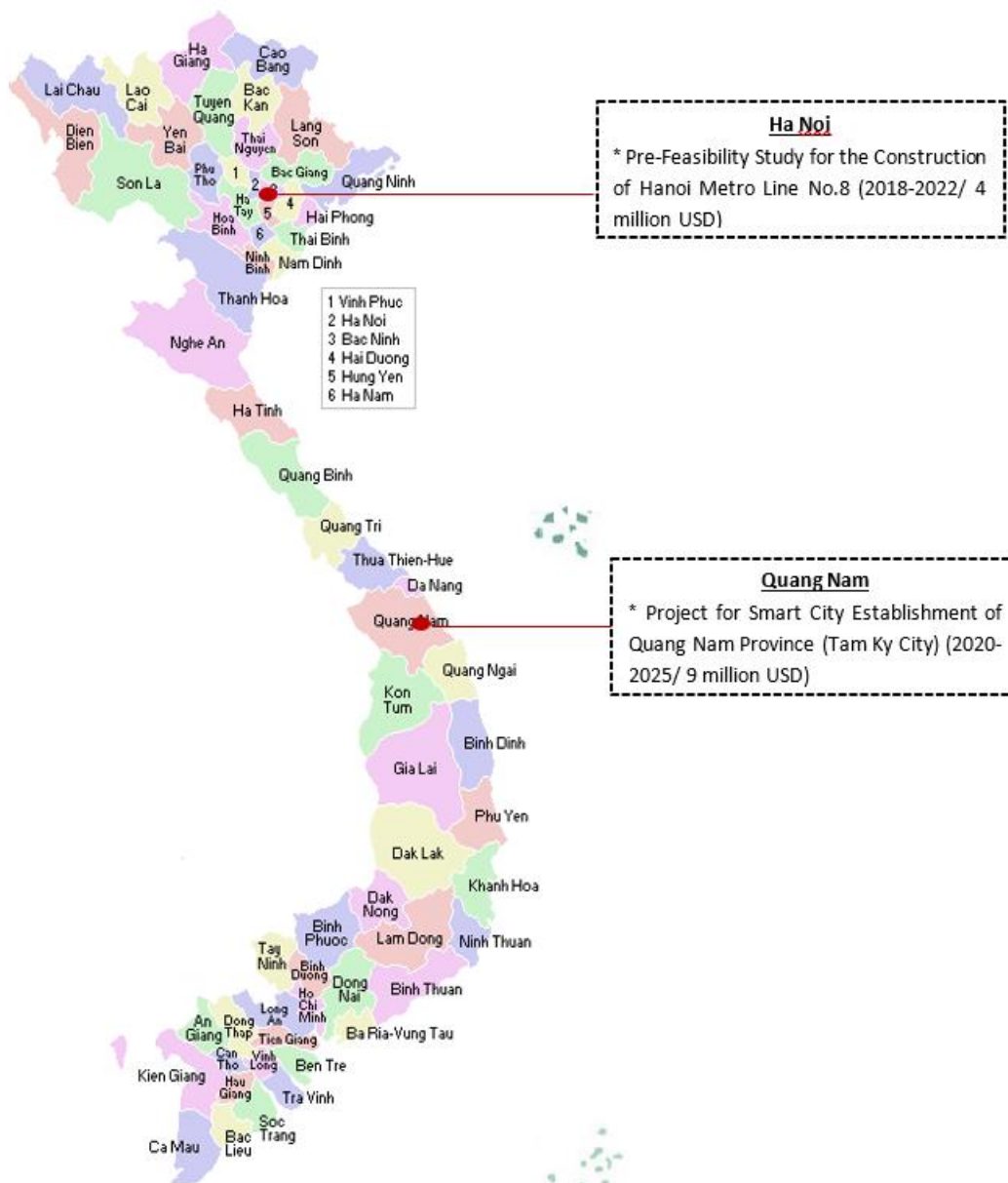
Source: JICA website, https://www.jica.go.jp/vietnam/english/activities/c8h0vm0000anjq56-att/ongoing_en.pdf

Figure 3-4. JICA on-going transport projects in Vietnam

3.2.2 On-going transport and logistics projects sponsored by KOICA

KOICA provides technical assistance to central and local governments in planning their cities toward smartness, social inclusion and environmental sustainability. In transportation, KOICA supports policy

making and feasibility studies of railways, seaports, and inland waterways for a comprehensive land development. Currently, KOICA is providing the grants for two cities to study transport.

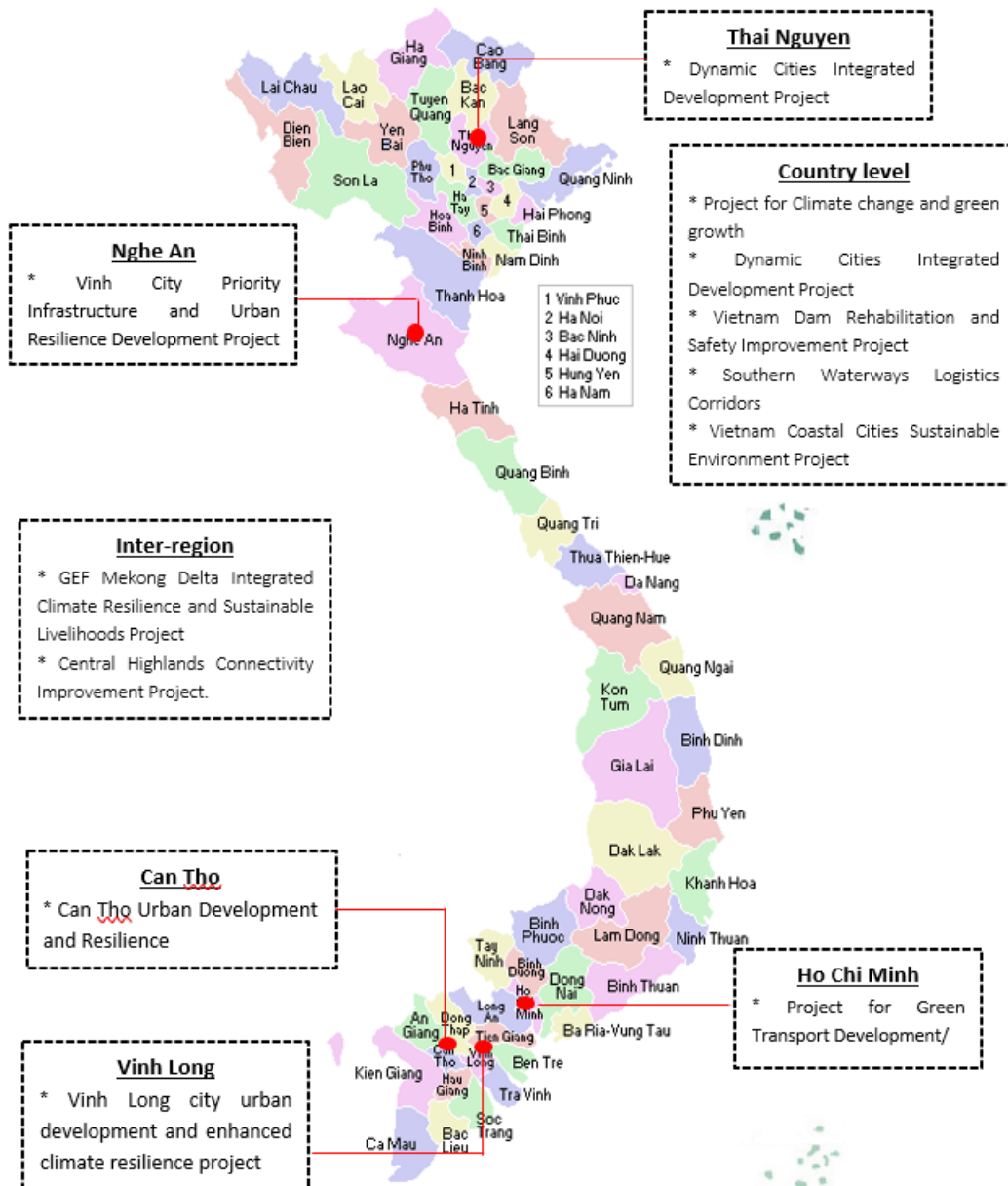


Source: KOICA website, http://www.koica.go.kr/vnm_en/7671/subview.do

Figure 3-5. KOICA on-going transport projects in Vietnam

3.2.3 On-going transport and logistics projects sponsored by World Bank

The World Bank provides low-interest loans, zero to low-interest credits, and grants to Vietnam. These support a wide array of investments in such areas as education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management. Some of projects are co-financed with governments, other multilateral institutions, commercial banks, export credit agencies, and private sector investors. Below figure only highlights the transport project in Vietnam

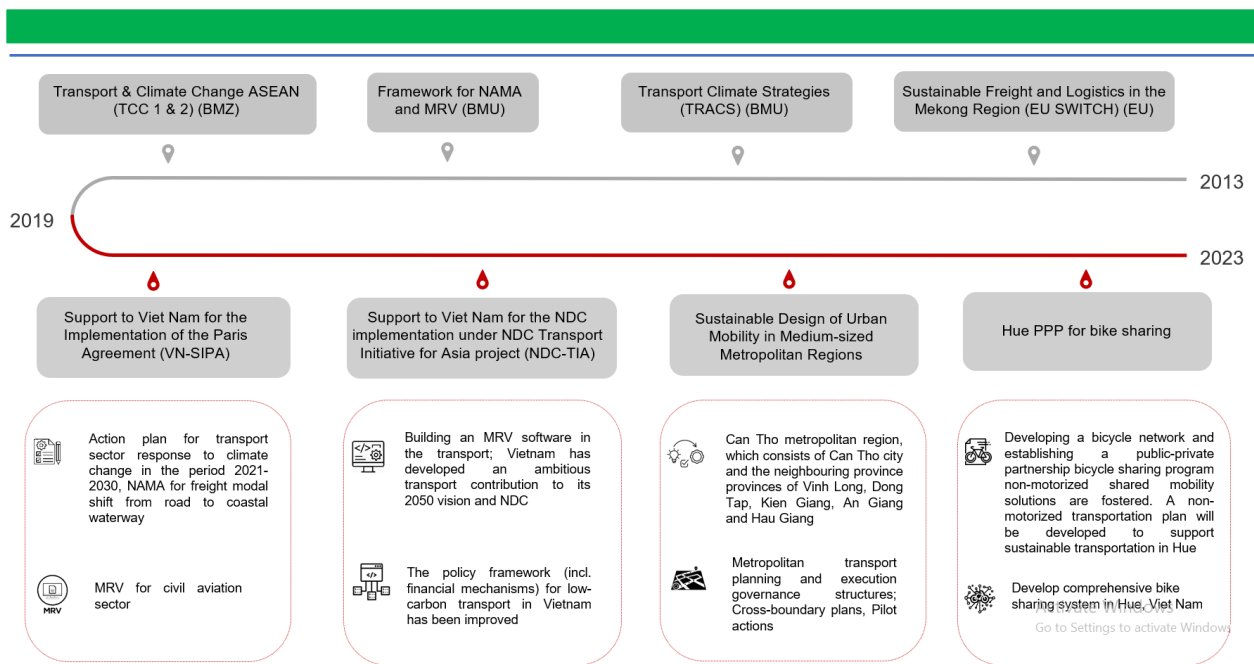


Source: World Bank website, https://projects.worldbank.org/en/projects-operations/projects-list?countrycode_exact=VN&os=0

Figure 3-6. World Bank on-going projects in Vietnam

3.2.4 On-going transport and logistics projects sponsored by GIZ

GIZ support the Ministry of Transport to set out a vision and strategy for climate-smart transport, in order to minimize the carbon footprint of the transport sector while ensuring its resilience against future risks. The on-going projects include VN-SIPA, NDC-TIA, urban mobility and bike sharing.



Source: GIZ website, <https://www.giz.de/projektdaten/region/2/countries/VN>

3.3 Necessary and/or required transport and logistics projects based on development needs of Vietnam

The Vietnamese government recognizes that development of the transport sector is critical for economic growth and development, and that investment in transport can pave the way of wider investment flows.

The updated transport plans set out overall sector plans to increase investment, improve safety, develop inter-city and urban transport systems, increase private participation and minimize environmental pollution. In urban transport, there is mention of increased public transport use and facilities; in rural transport, the focus is on building roads.

Both freight and passenger volumes have increased significantly in recent years linked, to the rising population and increased wealth. Among of five transport sub-sectors, the share of road transport has increased more quickly than that of other modes, linked to rapid increases in private vehicles. The development of the transport sector has contributed positively to inclusive economic growth in Vietnam over the past decade, through improved links to markets and education and health facilities; however, a number of challenges remain, including high accident rates, capacity constraints and challenges with policy, planning, budgeting and regulatory implementation. The country's high rates of road traffic accidents and congestion impact wellbeing and economic development.

As Viet Nam's economy has grown, the level of international assistance (in the form of ODA) has declined in absolute terms and relative to GDP, leaving a financing gap for infrastructure projects (including for transport). The government is seeking to fill this, in part through private investment. Recognition of the financing gap for service provision and infrastructure across the transport sector is slowly translating into more targeted policies to attract private investment. Although data could not be found on Viet Nam's sector-level ambitions for investment in transport, a wide range of important transport projects are at inception phase and seeking private investment. The required transport infrastructure projects for the period 2021-2025 are listed below:

Table 3-1. List of priority projects

No	Project	Length (km)	Capital (bill. VND)	Competent authority	Source	Category
I	Projects start and complete in 2021-2025					
1	Huu Nghi border gate – Lang Son	43	7,609	Lang Son (delivered)	PPP	A
2	Cho Moi – Bac Kan	31	2,174	MOT/province	PPP	B
3	Bai Vot – Ham Nghi	36	7,403	MOT/province	PPP	National key
4	Ham Nghi – Vung Ang	54	10,186	MOT/province	PPP	National key
5	Hoa Lien – Tuy Loan (Da Nang)	12	2,295	MOT/province	PPP	B
6	Quang Ngai – Hoai Nhon	88	20,897	MOT/province	PPP	National key
7	Hoai Nhon – Quy Nhon	69	12,543	MOT/province	PPP	National key
8	Quy Nhon – Chi Thanh	62	12,298	MOT/province	PPP	National key
9	Chi Thanh – Van Phong	51	9,386	MOT/province	PPP	National key
10	Van Phong - Nha Trang	83	12,906	MOT/province	PPP	National key
11	Tan Phu (Dong Nai) – Bao Loc (Lam Dong)	67	18,797	Lam Dong (delivered)	PPP	A
12	Dau Giay – Tan Phu (Dong Nai)	60	6,900	MOT/province	PPP	A
13	Bien Hoa – Vung Tau	54	18,805	MOT/province	PPP	A
14	HCMC belt 3	83	75,000	HCMC (delivered)	PPP	National key
15	Chon Thanh (Binh Phuoc) – Duc Hoa (Long An)	84	6,964	MOT/province	PPP	A
16	HCMC – Moc Bai (Tay Ninh)	65	13,600	HCMC (delivered)	PPP	A
17	An Huu (Tieng Giang) – Cao Lanh (Dong Thap)	30	5,707	MOT/province	PPP	A
18	Can Tho – Soc Trang – Tran De (Soc Trang)	75	16,243	MOT/province	PPP	National key
19	Cao Lãnh (Đồng Tháp) – Lo Te (Can Tho)	29	2,050	MOT/province	Studying	B
20	Lo Te (Can Tho) – Rach Soi (Kien Giang)	51	2,200	MOT/province		B
II	Projects start in 2021-2025 but complete in 2026-2030					
1	Connect Ha Giang city to Noi Bai – Lao Cai	81	7,800	MOT/province	PPP	A
2	Hoa Binh – Moc Chau (Son La)	83	21,577	Son La (delivered)	PPP	A
3	Dong Dang (Lang Son) – Tra Linh (Cao Bang)	75	12,546	Cao Bang (delivered)	PPP	A
4	Hanoi – belt 4	98	135,000	Ha Noi (delivered)	PPP	National key
5	Vung Ang - Bung	58	11,785	MOT/province	PPP	National key
6	Bung – Van Ninh	51	10,526	MOT/province	PPP	National key
7	Vạn Ninh - Cam Lộ	68	10,591	MOT/province	PPP	National key

8	Buon Ma Thuot (Dac Lac) – Van Phong (Nha Trang)	105	22,583	MOT/province	PPP	National key
9	HCMC – Chon Thanh (Binh Phuoc)	55	21,200	Binh Phuoc (delivered)	PPP	National key
10	Can Tho - Cà Mau	109	26,477	MOT/province	PPP	National key
11	Chau Doc (An Giang) – Can Tho	116	24,100	MOT/province	PPP	National key
12	My An – Cao Lanh (Dong Thap)	26	4,524	MOT/province	PPP	A

Source: Ministry of Transport, 2021

4 Vietnam NewsBrief 1

Transport Context and Strategy in Vietnam

Policy brief

Key messages:

- Vietnam was among the countries that responded quickly to the COVID-19 pandemic in the early stage. The Vietnamese government decided to impose the nationwide partial lockdown from April 1st, 2020, since the pandemic broke out in Wuhan, China. This strategy retains GDP growth by 2.91% in 2020. GDP per capita reached \$ 2,786 in 2020, an increase of 2.6% compared to 2019.⁴ The country currently is maintaining a very low share (0.4%) of GDP coming from official development assistance (ODA).
- However, due to the impact of COVID 19, transport has seriously been affected due to stringent restrictions on cross-border travel as well as interrupted supply chain. Volume of passenger transported dropped by 22.3% between 2019 and 2020, whilst volume of freight transported slightly reduced by 2.5%. In the first 9 months of 2020, revenue from passenger transport reduced by 29.6%, while revenue from freight transport reduced by 7.3%.
- 2020 has seen a number of important, long-awaited new laws and implementing regulations. The new PPP Law which has long been awaited will finally come into force from 1 January 2021. In addition, the important amended Law on Enterprises and amended Law on Investment with various changes will take effect from 1 January 2021.
- Up to October 2021, three out of five transport master plans have been approved by Prime Minister, including Road Network Master Plan (Decision 1454/QĐ-TTg), Railway Network Master Plan (Decision 1769/QĐ-TTg), and Sea Port Master Plan (Decision 1759/QĐ-TTg). The others are waiting for approval

Key Infrastructure Policies

❖ Road investment

- By 2030, about 5,000 km of expressway and 172 national highways would be completed, with a total length of nearly 29,800 km. The country will also develop coastal roads going through 28 cities and provinces with a total length of 3,034km.
- By 2050, 41 routes of expressways totaling more than 9,000 km would be formed. At the same time, coastal roads would be connected to the national highway system.
- There is total 104 projects planned to construct in the period of 2021-2025 with the total investment capital of VND 291,645 billion.
- 20 priority projects will be started and completed between 2021 and 2025 in the form of PPP. 12 priority projects will be started between 2021 and 2025 but will be completed between 2026 and 2030 in the form of PPP.

❖ Railway investment

- By 2030, the market share of railway would be increased to 0.3% in cargo transportation and 4.4% in passenger transportation by 2030. To achieve this goal, the national railway network will be extended to 16 major routes with a total length of 4,871 km. The number includes seven existing routes and nine new lines. Among the nine new routes, top priority is given to the North-South high-speed railway project, with plans to build the first two sub-sections: Hanoi – Vinh and Nha Trang – Ho Chi Minh City with a double-track railway of 1,435 mm size, stretching over 1,545 km. The investment capital for upgrading existing lines is VND 46,171 billion and for constructing new lines is VND 62,422.

⁴ World Bank database, <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=VN>

- By 2050, the national railway network would consist of 25 routes with a total length of 6,409 km. This would be an increase of nine with an additional length of 1,538 km.
- Along the new developments, the draft proposes an investment of about VND 240 trillion (\$10.4 billion) for upgrading existing railway routes until 2030 in order to increase operation efficiency. In which, the North-South high-speed railway project would be included in the public investment programme to attract official development assistance (ODA) funds, and government bond issuance, and others.

❖ **Inland waterway investment**

- By 2030, inland waterway cargo transport accounts for a market share of about 16.2%; passenger transport volume accounts for about 3.8% market share.
- The inland waterway infrastructure would be renovated and synchronously upgraded in main routes with high traffic density to satisfy the operation 24/24h. Total length of synchronous exploitation routes would reach about 5,000 km.
- The total investment capital needed to promote the development of inland waterway infrastructure in the 2021-2030 period is over VND 157.5 trillion, mostly using state budget. Two projects will call PPP, including sea transport route through Tra Ly estuary and waterway transport routes in the Northern region.

❖ **Seaport investment**

- By 2030, the seaport system will priority to upgrade infrastructure of international gateway ports such as Lach Huyen Port in Hai Phong and Cai Mep Port in Ba Ria – Vung Tau. Vietnam would have two special seaports including Hai Phong and Ba Ria – Vung Tau, 15 seaports of first class, six seaports of second class and 13 seaports of third class.
- By 2050, the country strives to have a systematic and modern seaport system on par with the region and the world, which will meet the demand for cargo throughput with an average growth rate of about 4-4.5% per year.
- The investment capital, estimated at VND313 trillion, will be used to upgrade the seaport system. The government plans to mobilize investment capital from various sources coming from the State budget and private sector.

❖ **Airport**

- By 2030, there are four new airports. There all total 26 airports in operation, including seven international and 15 domestic ones. The list of airports includes seven airports in the Northern region, eight airports in the central regions, and eleven airports in the Southern region.
- Total investment for planned airports in the 2020-2030 period is estimated at approximately VND365.1 trillion, and the figure for the period of 2030-2050 would be VND866.36 trillion (\$37.67 billion). The capital will be sourced from official development assistance (ODA), the State budget, and be mobilized from loans from financial institutions and public-private partnership projects.

New Law on Public Private Partnership and the Possible Reduction on Investment Uncertainty in Infrastructure Development in Vietnam

Dr. Truong Thi My Thanh – PPP Expert
University of Transport Technology, Vietnam



There was a significant change in 2020 in the PPP environment in Viet Nam that the law on PPP scheme was officially approved and takes effect from January 1, 2021. While the new PPP Law shows the government's strong commitment in attracting private sector investment to the country's core infrastructure sectors, it also introduces certain fundamental changes to current PPP/BOT practices which will likely be of concern to foreign investors and lenders.

Investment Sectors. In comparison with Decree 63/2018, the new PPP Law narrows down its investment fields and focuses to the following six essential areas: (1) Transportation; (2) Power grid, power plant (except hydroelectric plants and some other cases); (3) Irrigation, clean water supply, drainage, wastewater treatment, waste treatment; (4) Health care; (5) Education and training; and (6) IT infrastructure.

Accordingly, investments in many areas, such as the public lighting system, parking lots, social housing, vocational training, culture, sports, tourism, infrastructure works for urban areas/ economic zones/industrial parks, agriculture and rural development, etc., will no longer qualify for development under the PPP form.

Minimum Investment Capital. The total investment capital required for a PPP project in health care or education/training must not be less than VND100bn; and for PPP projects in the remaining four areas (as listed above) it must not be less than VND200bn (except for Operate - Manage contracts where a minimum investment capital is not applicable). However, for PPP investment in geographical areas with difficult socio-economic conditions, a lower threshold of VND100bn is acceptable.

Government Guarantee and Risk Sharing. The new PPP Law removes the general provision of a government guarantee and performance guarantee for state-owned enterprises, which raises concerns about the bankability of major projects requiring offshore lending. Instead, the new PPP Law for the first time introduces a risk sharing mechanism between the government and investors. The risk sharing mechanism will be applied when actual revenue increases to more than 125% or decreases to less than 75% in comparison with the projected revenue in the financial plan included in the PPP project contract. In these cases, the government will share 50% of the difference with the investor(s). The new PPP Law stipulates that the government will provide guidance on this mechanism.

The new PPP Law also reaffirms the government position, seen in practice in BOT power projects to-date, of offering to the project companies of important PPP projects a government guarantee of foreign currency convertibility. Under the new PPP Law, the Government will provide a guarantee for conversion of up to 30% of the project revenues in Vietnamese Dong, less expenses in Vietnamese Dong, to foreign currency for remitting abroad.

In summary, the PPP Law has codified provisions on PPP projects at the law level, thereby reducing uncertainty as to whether similar provisions from another law or decree may apply in any specific situation. However, there are several key changes to the previously existing regime that investors will need to study closely, and it remains to be seen whether the enactment of this new law will result in any significant increase in investment in PPP projects in Vietnam in the coming time.

5 Vietnam NewsBrief 2

Public Transport and Clean-energy Bus

Policy brief

The current facts:

- Vietnam has approximately 70 million vehicles⁵, and this fleet is dominated by two-wheelers, accounting for over 90% of the whole vehicles. Amongst the different vehicle characteristics, public buses have a very modest rate with 13,252 units in 2020, where five cities including Hanoi, Ho Chi Minh City, Hai Phong, Da Nang, and Can Tho account for 36% with 4,775 units.

Bus fleet size and clean-energy bus ratio, 2020

City/province	Bus fleet	CNG buses	Electric buses	Penetration Rate of clean energy buses
Hà Nội	1,952	120	0	6.1%
Hải Phòng	117	-	0	-
Đà Nẵng	151	-	0	-
Bình Dương	177	55	0	21.4%
Hồ Chí Minh	2,322	496	0	31.1%
Cần Thơ	56	-	0	-
Total 6 cities	4,775	708	0	14.1%
Total country	13,253	708	0	
6 cities/country	36.02%	100%	0	

Source: Vietnam Register, 2021 and Departments of Transport, 2021

- Since 2015 until now, the passenger volume of public transport in cities has continuously declined after a series of rapid growth in the period before 2014. On average, public transport ridership have reduced 9.4% over five years. The mode share of public transport has decreased even more due to the increase in population and travel demand. More specifically, due to the impact of COVID-19, the bus share in five cities reduced 33.7% in average between 2019 and 2020

Public transport ridership and growth rate in five cities

	2014	2015	2016	2017	2018	2019	2020	Growth
Ha Noi city	506	468.9	432.8	441	453.6	484.5	350	-5.2%
Ho Chi Minh City	367	334	326.2	291.93	290	250	210	-8.71%
Hai Phong	5.40	6.10	7.00	2.80	2.69	2.53	1.61	-13.10%
Danang City	4	4.3	4.5	4.9	5.8	6.4	6.4	8.39%
Can Tho City	4.87	3.52	3.64	2.51	1.47	1.37	0.44	-28.58%

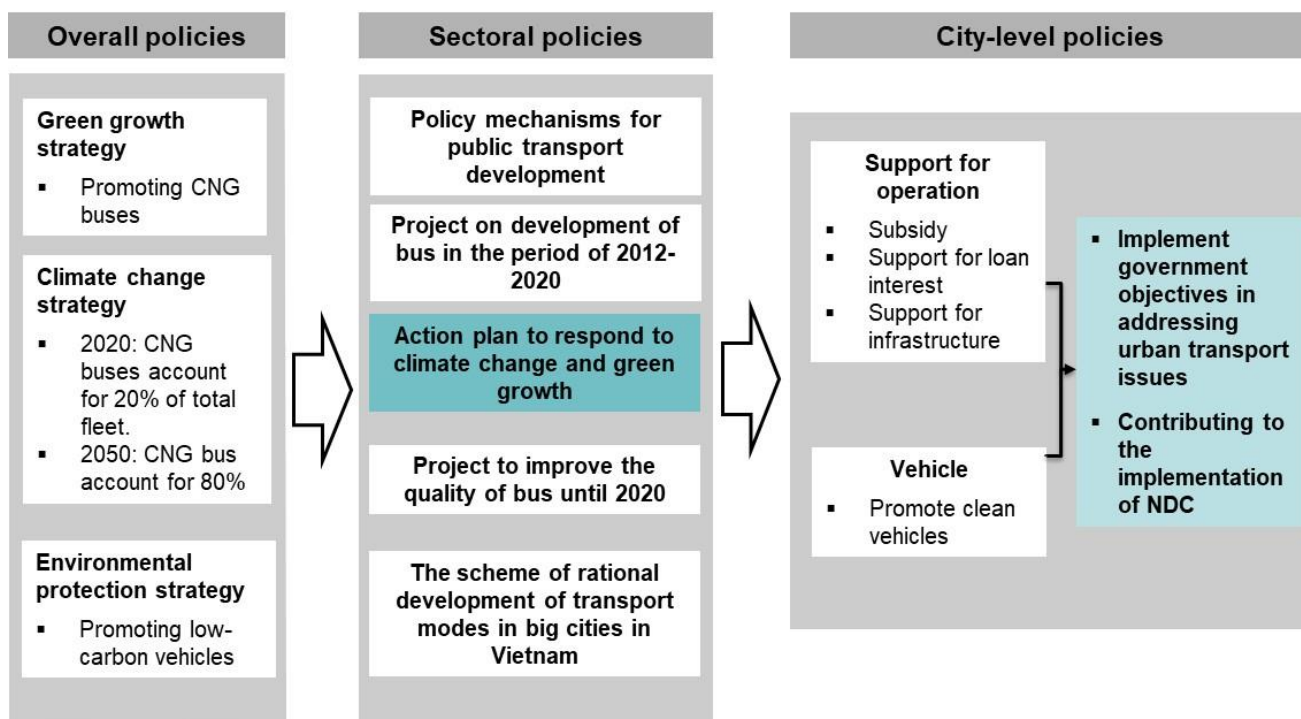
Source: Departments of Transport, 2021

Key Policies for clean-energy vehicles

- During the period 2010-2020, the Ministry of Transport has developed and issued many important policies related to the development of public transport vehicles using clean fuel, contributing to ensuring the goal of reducing greenhouse gas emissions; at the same time concretize the commitments of the transport sector in the action plan to respond to climate change and green growth.

⁵ National Traffic Safety Committee (NTSC), 2020. Statistics of registered vehicles in Vietnam

Review of existing sustainable transport strategies and action plans in Vietnam and big cities



Source: Authors' compilation

- **Contribution of the transport sector in the promulgation of national policies:** The transport sector has integrated the development of public transport in national policies, such as green growth strategy, climate change strategy, and environmental protection strategy.

National policies related to the development of public transport

Policies	Documents	Main content	Quantitative objective
Green growth strategy	1393/QD-TTg	Encourage shift to CNG & LPG for passenger transport.	-
Climate change strategy	2139/QD-TTg	Increase use of CNG & LPG in 20% and 80% of public vehicles by 2020 and 2050, respectively	2020: CNG bus by 20% 2050: CNG bus by 80%
Environmental protection strategy	1216/QD-TTg	Promulgation of incentive policies for transport vehicles using renewable energy, vehicles with low fuel consumption or low emission	-

Source: Authors' compilation

- **Contribution of the transport sector in the promulgation of sectoral policies:** The Ministry of Transport issued regulation towards climate change and green growth.

Sectoral policies related to the development of public transport

Policies	Documents	Main content	Quantitative objective
Green growth strategy	1393/QD-TTg	Encourage shift to CNG & LPG for passenger transport.	-

Policies	Documents	Main content	Quantitative objective
Project on Development of public transport by bus in the period from 2012 to 2020	280/QĐ-TTg	Priority is given to the application of modern, safe, and environmentally friendly technologies for vehicle fleet.	
Mechanisms and policies to encourage the development of public transport by bus	13/QĐ-TTg	Develop criteria to determine transport operators using a clean vehicle fleet as the basis for registration fee exemption. Step by step structure the vehicle fleet in the direction of reducing the average age, prioritizing vehicles using clean fuel.	
Action plan to respond to climate change and green growth	1456/QĐ-BGTVT	Promote the use of biofuels, clean fuels (CNG, LPG, etc.) for motor vehicles.	5-20% of total bus fleet
Project to improve the quality of public transport by bus until 2020	3446/QĐ-BGTVT	Prioritize vehicles using clean fuel, ensuring the ratio of vehicles to assist people with disabilities.	

Source: Authors' compilation

- **Promulgation of sectoral policies at city level:** At the local level, preferential policies on clean used vehicles are divided into three groups: policies to support infrastructure investment, policies to support investment and procurement of vehicles; and policies to support bus operation.

Policies to support VTHKCC activities

Financial Incentives	Hanoi	Hai Phong	Da Nang	HCMC	Can Tho
1. Investment of Bus Infrastructure					
1.1. Exemption from the rent for land	Yes	Yes	Yes	Yes	Yes
1.2. Access to preferential loans: ODA or concessional loans	Yes (BRT Line 1)	Yes (just general orientation)	Proposed (BRT project)	Proposed (BRT project)	No
1.3. Support for loan interest rate	Yes (50% in first 5-year period)	No	No	No	No
2. Investment of Bus Vehicles					
2.1. Purchase of bus vehicles by local budget	Yes (only for state-own operators)	No	No	Yes (only for state-own operators)	No
2.2. Purchase of bus vehicles by ODA loans	Yes (just orientation)	No	No	No	No
2.3. Exemption from import duty/tax for domestically-unavailable parts & components	Yes	Yes	Yes	Yes	Yes
2.4. Support for loan interest rate	Yes (clean-energy bus: 50% in first 5-year period)	Yes (50%, up to 5 years)	No	Yes (clean-energy bus: actual rate – 3%, up to 7 years)	Yes (just in policy, not yet for)
2.5. Exemption from registration fee (clean-energy vehicles)	Yes (for CNG bus)	Yes (in policy, not yet implemented)	Yes (in policy, not yet implemented)	Yes (for CNG bus)	Yes (in policy, not yet implemented)
3. Operation of Public Bus Transport					
Subsidy for the operation of public bus passenger transport	Yes (as of 2019, 100 subsidized routes)	Yes (4 subsidized routes)	Yes (12 subsidized routes)	Yes (106 subsidized routes)	Yes (in policy, not yet implemented)

Source: Authors' compilation

Promoting electric buses to deliver low-carbon vehicles for public transport in big cities in Vietnam

Dr. Tran Huu Minh

Chief of Office – National Traffic Safety Committee



Over the past decade, Vietnam has made remarkable progress on poverty mitigation and economic development. This rapid development spur on passenger and freight transport demand. Greenhouse gas (GHG) emissions from the transport sector increased to now providing the significant contribution of 18 percent of energy related emissions. Without ambitious mitigation interventions, GHG emissions from the transport sector are projected to continue growing rapidly at a rate of 6 to 7 percent per year.

Vietnam is committed to climate mitigation and set the target of 9 percent emissions reduction by 2030 using domestic financial resources and 27 percent emissions reductions by 2030 with international financial support. While road transport is dominant in terms of passenger kilometers travelled and is highly energy intensive per passenger-km and freight ton-km, compared to other transport modes, measures that support modal shift to lower carbon modes, and that improve vehicles' fuel economy and the use of lower carbon fuels can deliver GHG emissions reductions in the transport sector.

The annual growth rate of motor vehicles was 11.17%, the public transport share remains persistently low (below 10%), partly due to the low level of public transport system development and partly due to the convenience and affordability of two-wheeler based mobility. The e-mobility market in Viet Nam is at a very early stage. Until now, only e-bikes and e-motorcycles are frequently used and locally produced. With regards to the domestics E4W market, until now, there are no domestic enterprises which produce and assemble electric cars except for Vinfast. However, with the current inevitable trend for EVs coupled with the Vietnamese Government's efforts to promote low-carbon transport development, the EV market in Viet Nam is a promising market


During the period 2010-2020, the Ministry of Transport has developed and issued many important policies related to the development of public transport vehicles using clean fuel, contributing to ensuring the goal of reducing greenhouse gas emissions; at the same time concretize the commitments of the transport sector in the action plan to respond to climate change and green growth. More recently, the Ministry of Transport analyzed the barriers and potential solutions for promoting the uptake of electric buses in urban areas in Vietnam and prepared the legal basis for electric buses. Electric buses are expected to go into operation in 2022 in two cities Hanoi and Ho Chi Minh City.

According to experts' assessment, the main barriers for the uptake of clean-energy buses, including electric buses, are the higher capital costs of buses, compared to diesel buses, the lack of charging and refueling stations, and the maintenance issues. Therefore, the Ministry of Transport is advising to government to apply several solutions to promote sustainable development through four focus areas: sustainable development, green growth, climate change, and environmental protection laws. Viet Nam can achieve a 20% reduction of CO₂ emissions in the transport sector in 2030 by setting up a clear roadmap for EV adoption in the period from 2020 to 2030. Specifically, Viet Nam towards to reach 30% of E2Ws in the motorbike fleet by 2030; 5% sales share for EVs in 2025 and a 30% share in 2030; and a 10% sales share for EV buses in the period from 2020 to 2030. Currently, the Ministry of Transport (MOT), in collaboration with international agencies, support Vietnamese partners at national and city levels on promoting low-carbon mobility development and GHG emissions reduction in the transport sector. One of the work packages is aimed at supporting the development and improvement of regulations with regards to e-mobility to develop and improve the regulatory framework at both national and local levels.

Policies and Measures for the Transport Sector in the COVID-19 Pandemic

In the first quarter of 2020, the novel coronavirus - named COVID-19 by the World Health Organisation - began spreading around the world causing widespread illness, disruption, and death. At the end of May 2020, approximately 5.4 million cases had been recorded; resulting in 343,514 deaths. The impact of COVID-19 differs dramatically from country to country, and relatively speaking, Vietnam has done well in combating the spread of the virus at the first stage, with less than 1000 case and very few deaths being recorded in 2020.

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Economics



Source: General Statistics Office (announced on September 29, 2020)

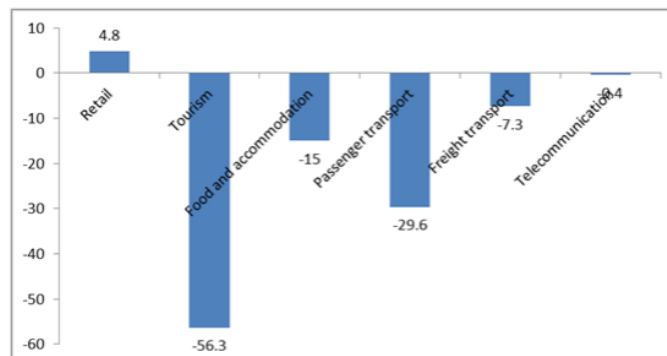
In 2020, the economy expanded 2.91% in 2020 and being the lowest GDP growth level in decades due to COVID-19. Compared to the rest of the world, Vietnam was still one of the countries with the highest economic growth rate. However, this achievement was completely eclipsed in 2021 when the GDP dropped 6.17% on the year for the Quarter III 20201, as stringent lockdown in the economic engine of Ho Chi Minh City and Hanoi.

In 2020, the total social investment expenditure increased 5.7% compared to 2019 and equal to 34.4% of GDP. The growth rate of the FDI sectors decreased 1.3% compared to 2019, clearly reflecting the impact of COVID-19. Accordingly, the government had to increase the scale and the intensity of state investment to compensate, with the growth rate of the State sector reaching 14.5% (compared to the growth rate of 2.6% in 2019).

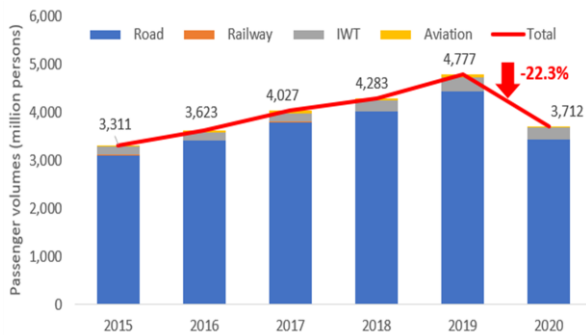
Transport facts 2020

Transport activity was the most severely affected in the first quarter of 2020, hitting its trough in April 2020. Full-year 2020 passenger traffic declined by 22.3% while freight traffic kept unchanged comparing to 2019.

In the first 9 months of 2020, revenue from passenger transport reduced by 29.6%, while revenue from freight transport reduced by 7.3%.

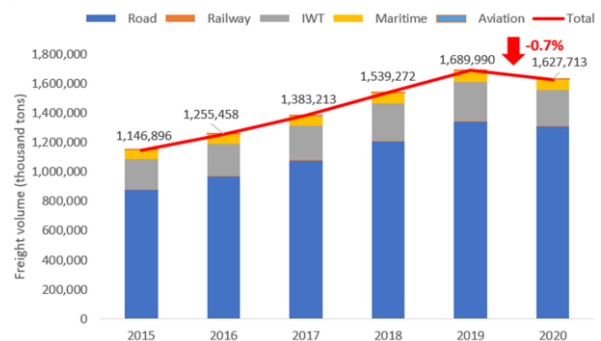


Source: General Statistics Office (announced on September 29, 2020)
 Increase/decrease in revenue of service groups in the first 9 months of 2020 compared to the same period in 2019 (%)



Source: General Statistics Office, 2021

The impact of Covid 19 on the passenger traffic



Source: General Statistics Office, 2021

The impact of Covid 19 on the freight traffic

Policies response to the COVID-19

Fee incentives in transport – The Government has undertaken incentives to response to the COVID-19 through reducing tariffs and fees. In 2020, tariffs and fees in the aviation sector equal to 90% of the previous rate. Similarly, piloting fees for ships operating domestically also reduced 10% and towing service are minimized.

Tax incentives for enterprise (incl. transport operators) – The Government extend the deadlines for tax payment and land rental fee to the business activities significantly influenced by COVID-19. According to this policy, 98% of total enterprises and most of the suspending business households were applicable for extension of tax payment and land rental charges with an expected investment of the support package of 180 billion VND. In addition, the Government has reduced 15% land rental fees in 2020 for over-15-day-suspension-due-to-COVID-19 enterprises, institutions, households and individuals, which rented lands directly from the Government.

Enterprises with total revenue under 200 billion VND are cut corporate income tax in 2020 by 30%.

Public investment capital policy - Accelerating the public investment disbursement is an important solution of the government to promote economic growth in 2020. A total approved public investment from the government budget in 2020 was 2.2 times higher than the one in 2019. In the period 2021-2025, budget for transport activities is about VND 507,590.693 billion.

Interest rate policy - In order to keep up with macroeconomic situation and international financial markets and dealing with the negative impact of the COVID-19 at the same time, the State Bank had proactively and continuously reduced the operating interest rates to remove difficulties for production and business activities, liquidity support for credit institutions, reducing the cost of borrowing capital of businesses and households.

Debt term restructure, loan interest exemption / reduction to support enterprises policy - The Government has issued policy for debt term restructure, loan interest exemption/reduction to enterprises that were affected by the pandemic.

Plan on restructuring the service industry to 2025 – The government will implement the plan to reconstruct the service sector until 2025. The logistics services aim at contributing 8-10% of GDP with its annual growth rate of 15-20%. The logistics cost would decrease to 10-15% , the rate of outsourcing logistics services would reach 50% - 60%, logistics costs will decrease to 10% - 15% equivalent to GDP, being ranked at the 50th place or higher by the Logistics Performance Index (LPI).

Measures

Covid 19 has impaired Vietnam economy and the socio – economic impact is getting worse without connectivity being reestablished. Businesses which contribute substantially to the GDP and provide thousands of jobs are at risk

without these vital connections. For the Vietnam economic recovery, it is imperative that the industry restart safely as soon as possible.

Coordination of the restart of air transport - Some countries are opening their borders to regional and international air travel, but inconsistent application of biosafety measurements and unnecessary entry requirements discourage passengers and suppress the resumption of air travel. Vietnamese Government need to implement the common global air transport biosecurity measures that are included in the International Civil Aviation Organization's CART Take-off Guidelines.

Continues financial and regulatory support - In particular, direct financial aid such as loans and a relief from taxes and charges will help transport companies in planning schedules amid unpredictable demand patterns. Government has applied relief measures to the aviation industry, despite that the situation is not improving and government need to continue applying financial and regulatory relief measures.

Connectivity - Establish and enforce a minimum level of transport connectivity, use 'travel bans' only as a last resort, and exclude cargo operations from any travel restrictions.