

ABSTRACT

As in the cases of other developing countries, the Vietnamese government has decided to adopt Public-Private Partnership (PPP) as one of the methods for procuring infrastructure services since 1993. To date, 62 road projects have been undertaken under PPP model in Vietnam with the total investment of VND186,600 billion (equivalent to USD 9.3 billion). However, as pointed out by Deloitte (2015), PPP does not necessarily present the best selection of procurement. In fact, some PPP road projects in Vietnam have turned out to be failure or have failed to achieve expected results. Among them, Phu My Bridge, and Trung Luong-My Thuan Expressway, had been decided to be brought back to the public sector. The research question of this thesis is whether this government decision to return these projects back to the public sector was correct or not.

The purpose of the research is to retroactively examine which method of procurement should have been applied for each of these three projects between PPP and the conventional procurement method. A specific methodology having been used for this examination is the value for money (VFM) assessment. In applying the VFM methodology, this research has used a modified version of the VFM method, which was designed for the application of the BOT type PPP projects, the type of the PPP used in Vietnam in road sector.

A methodological contribution of this thesis is the use of Monte Carlo Simulation which has enabled to conduct the sensitivity analysis in a much more comprehensive manner, taking into account of all possible combinations of risks associated with the development of these projects. Furthermore, this VFM methodology has been expanded in scope to include the assessment of the qualitative aspects of the projects with use of Structural Equation Model to identify key elements which would affect the viability of PPP projects. Additional contribution of this research is the use of Bootstrap method so as to assess the general applicability of the PPP model for the road sector in general for Vietnam. The results of VFM assessment with use of Monte Carlo Simulation have proved that the PPP model could be a better option to only one project, namely Trung Luong-My Thuan Expressway project. In contrast, PPP scheme is not preferred to traditional government procurement method in regard to implementing the Phu My and My Loi projects. Additionally, Bootstrap analysis has indicated that there is a 55 percent confidence level that PPP model could be more suitable than public finance to conduct road projects in general in Vietnam. The Structural Equation Model has found that, in order to enhance the viability of PPP projects in Vietnam,

public policy makers should focus on financial performance and economic environment.

This research has attempted to provide a detailed and practical application of VFM assessment, using the real-world projects for road sector in Vietnam. Therefore, it is expected to become a useful reference not only for the government of Vietnam but also for the governments of other ASEAN countries. However, it should be noted that this study has focused mainly on the VFM assessment of PPP projects in the road sector (mostly Expressways and Bridges) without a consideration of railways, airports and water transport projects. Should VFM assessment of PPP projects in these sectors be conducted, we will have a better opportunity to compare the PPP suitability of projects across all four of them.

Key words: value for money, public private partnership, Vietnam