

Data Analysis: Vietnam's sluggish power

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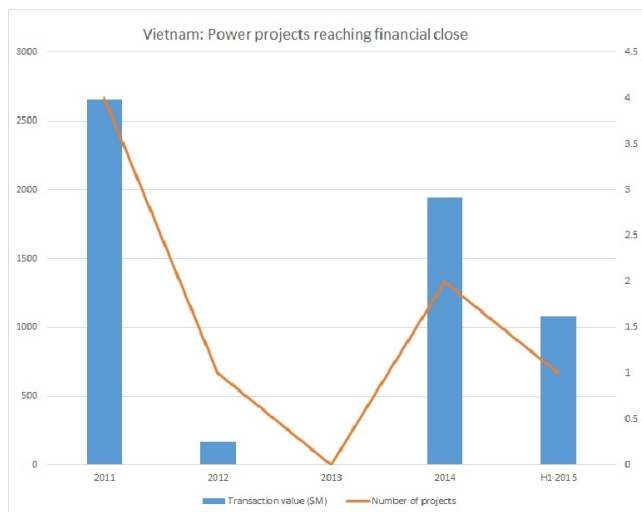
Five Vietnamese power and energy projects worth \$2.8 billion closed in 2011 and 2012, according to *IJGlobal's* database. But no such Vietnamese projects reached financial close in 2013.

Deal activity has resumed recently. Three power projects in Vietnam closed between January 2014 and May 2015:

- [Duyen Hai 3 Coal-Fired Power Plant Expansion](#)
- [NTPC Transmission Projects](#)
- [1200MW Vinh Tan 4 Coal-Fired Thermal Power Plant](#)

The three projects together required \$2.3 billion in debt. International lenders that participated in the financings for these projects include:

- Sumitomo Mitsui Banking Corporation (SMBC)
- Japanese Bank for International Cooperation (JBIC)
- Citibank Japan



Source: *IJGlobal Database* (ijglobal.com)

While international commercial banks often require cover from export credit agencies (ECAs) to ease risks associated with Vietnam, including political risk, the sector has proved popular with these lenders. Sponsors of Vietnamese power and energy projects also tend to be internationally recognised players, including [Acwa](#) to [Samsung](#).

Today, seven power projects in Vietnam are in procurement, according to *IJGlobal's* database. Four of these have reached the preferred bidder stage (see table below).

Vietnam - Projects with sponsors	
Project	Sponsor(s)
1200MW Nam Dinh I Coal-Fired Plant	Acwa, Taekwang Power
1200MW Vung Ang 3 Coal-fired Power Plant	Samsung
1200MW Nghi Son 2 Coal-Fired Power Plant	Kepeco, Marubeni
1.32GW Long Phu 2 Coal-Fired Power Plant	Tata Group

Source: *IJGlobal Database* (ijglobal.com)

Project procurement is slow in Vietnam, which influences the fluctuations in annual volumes of closed investment. Vietnam's procurement process is opaque, and the country's granting authority rarely publishes tenders, so the bidding process tends to be prolonged.

But few projects have faced competitive procurements. Only 14 of 387 build-operate-transfer (BOT) projects in all project finance sectors in Vietnam have been procured competitively since 2007, as IJGlobal has previously reported.

The projects that have been procured haven't struggled recently to find international finance, however.

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