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MINISTRY OF CONSTRUCTION DECIDES TO PROMOTE PPP IN MYANMAR FOR ROADS AND BRIDGES

Overview

On the 15 June 2018 the Ministry of Construction (“MOC”), in partnership with VDB Loi, organized a landmark conference on Public Private Partnerships for Toll Roads in Myanmar. The goal of the conference was to foster co-operation and understanding between the Government of the Union of Myanmar, the Myanmar private sector, and international investors. The event was attended by His Excellency U Han Zaw, Union Minister of the Ministry of Construction of the Government of the Union of Myanmar, and over 300 other participants including several distinguished members of the Amyotha Hluttaw and interested investors from Myanmar, Japan,

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Korea, China and other nations.

Before the opening of the conference, a private discussion session between the His Excellency U Han Zaw and other key potential parties in the project took place. Edwin Vanderbruggen, senior partner at VDB Loi and head of the local advisory team assisting IFC and MOC with the YEX project, remarked

2017-2018 PROGRESS REPORT MYANMAR



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Deputy Director General of the Ministry of Construction, Kyi Zaw Myint, along with John Leber, senior investment officer for the IFC, provided an overview of the Yangon Expressway Project and what can be expected to take place in the coming months. Kyi Zaw Myint also highlighted some of the other ambitious PPP infrastructure projects proposed by the MOC. These included the upgrade of the Yangon-Mandalay Expressway, the construction of the Mandalay-Tigyaing-Muse Expressway, the construction of the Tigyaing-Myitkyina-Kan Paik Ti Expressway, and the Naypyitaw-Kyaukphyu Expressway.

that the session allowed for a better understanding between all parties and laid a solid foundation on which a successful PPP project can be built

His Excellency U Han Zaw opened the conference by sharing his views on the PPP projects. The Minister remarked that the PPP model can serve as a vehicle for the development of Myanmar's infrastructure. He extended an invitation to international investors to partner with the government to invest in the transportation and infrastructure sectors to further foster social development in Myanmar.

Edwin Vanderbruggen, in opening the conference, pointed out that the ambitious road infrastructure investment plans of the Government make it crucial that private sources of funding are also tapped. He emphasized, in particular, the use of PPP structures as model for development.

He also called for the formation of a "Myanmar PPP Association", to help dialogue between private and Government stakeholders.

Reports

The conference began in earnest when a series of reports were presented to the conference on the topic of the Yangon Expressway Project.

In the first report of the day, James Harris, partner at law firm Jones Day, provided an in-depth presentation on "Concession Agreements". The presentation addressed the key issue over what a concession agreement should contain in order to ensure a successful toll road PPP project. Charles Magdelaine, a senior associate in VDB Loi's Energy and Infrastructure Practice, provided insight into how the concession agreement is treated under Myanmar law.

The final report by Edwin Vanderbruggen, discussed how a PPP infrastructure project can be structured





in Myanmar. Vanderbruggen gave an overview of the Myanmar legal environment and how it is conducive to the development of a project the size and scope of the Yangon Expressway. Special emphasis was placed on investment licensing process, available tax incentives, and other important aspects of interest to potential investors for the project. Vanderbruggen also explained the detailed legal roadmap for toll road PPP infrastructure projects in Myanmar.

Panels

A series of panel discussions on topics central to all PPP infrastructure projects were hosted at the event. Panellists discussed the key Myanmar-specific issues faced by the Yangon Expressway Project, such as the “willingness to pay” of road-users in Myanmar, how toll rates in Myanmar compare to others in the region, and the prospects of toll-related regulatory reform. Also, under discussion were the key commercial

terms relating to the project, such as who bears the “traffic risk” and “foreign currency risk”.

Panellists delved into lessons learned from other toll road projects in the Asia-Pacific region and provided useful guidance on how this project may avoid some of the potholes on the road to a successful toll road PPP.



First Step on the Road to Making the Yangon Expressway Project a Success

Following the conference, intense interest in joining the new PPP Association has developed and VDB Loi is in the process of establishing the Myanmar PPP Association. VDB Loi hopes that the **Myanmar PPP Association** can serve as platform for constructive dialogue between the private and Government stakeholders.

The event, the first of its kind for PPP projects in Myanmar, was a resounding success with lively participation by the Government of Myanmar, Myanmar local developers and international investors. Edwin, when asked on the significance of the event, remarked that "For a project the size of the Yangon Expressway, close co-operation between the private sector and Government is essential, and this

conference is the first step on the road to making the Yangon Expressway project a success."

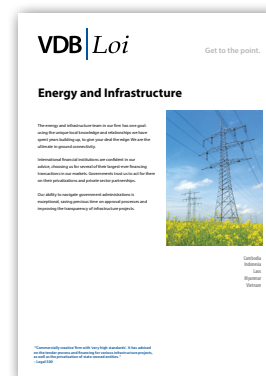
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CONTACT



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Edwin Vanderbruggen is one of the most prominent foreign legal advisers in Myanmar, and he is widely recognized for his experience in the energy and infrastructure space in Myanmar. Edwin's experience working with the Myanmar Government is second to none, as he advises the Government on privatization transactions and PPPs in energy, transport and telecommunications. He and his team have uniquely extensive experience in electric power, and were involved in four out of five of the Myanmar gas and renewable projects concluded in March 2016, and he advised the Japanese Government on their investment in the Thilawa SEZ.

Edwin worked on the planning, negotiation, documentation and financing for projects of all types of power generation, including gas, coal, hydro, solar, wind and W2E in Myanmar. He also advises four of the 'super majors' on oil and gas interests in Myanmar and on the first LNG terminal in the country. He lives in Yangon.

ENERGY AND INFRASTRUCTURE TEAM

VDB Loi has created a practice team to support the partners comprising foreign and locally qualified lawyers and regulatory advisers work exclusively on Energy and Infrastructure matters.



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The Energy and Infrastructure team is led by Philipp Troesch. Philipp is a Swiss qualified lawyer with 15 years of experience in corporate, commercial law and infrastructure. He leads our Energy and Infrastructure team assisting clients with joint ventures, acquisitions and large greenfield foreign investment. He will be in charge of the report and will liaise with other members of the team to ensure quality and consistency.

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