



Viet Nam: Emergency Rehabilitation of Calamity Damage Project (Supplementary)

Project Name	Emergency Rehabilitation of Calamity Damage Project (Supplementary)
Project Number	40282-023
Country	Viet Nam
Project Status	Closed
Project Type / Modality of Assistance	Loan
Source of Funding / Amount	Loan 2273-VIE: Emergency Rehabilitation of Calamity Damage Project (Supplementary) Concessional ordinary capital resources / Asian Development Fund US\$ 25.50 million
Strategic Agendas	Environmentally sustainable growth
Drivers of Change	Governance and capacity development
Sector / Subsector	Agriculture, natural resources and rural development - Irrigation - Rural flood protection Transport - Road transport (non-urban)
Gender Equity and Mainstreaming	No gender elements

Description	<p>Flooding triggered by typhoons and storms is the most prevalent and serious natural disaster in Viet Nam. In 2005, tropical storms and typhoons affected large parts of Viet Nam, causing loss of life and extensive damage in 16 provinces. Many types of infrastructure that are critical to the livelihoods of poor rural households were destroyed in the 10 most seriously affected provinces: Ha Giang, Ha Tinh, Nam Dinh, Nghe An, Phu Tho, Phu Yen, Quang Binh, Quang Tri, Thanh Hoa, and Yen Bai.</p> <p>In recognition of the strong link between vulnerability to natural disasters and persistent poverty, the Government's 5-year Socioeconomic Development Plan (SEDP) for 2006-2010 will increase investment in its poverty reduction programs in remote and disaster-stricken regions. For such vulnerable areas, the SEDP sets 12 poverty reduction and social development targets to be achieved by 2010; one is to build social welfare networks to reduce vulnerability of the disadvantaged and poor. This is to be achieved by, among others, preventing and mitigating natural disasters. The Country Strategy and Program (CSP) 2007-2010 for Viet Nam includes assistance in addressing climate change and the calamities that are expected as Viet Nam is among the most vulnerable developing countries to climate change and sea level rise.</p> <p>In response to Government's request, Loan 2273-VIE(SF): Emergency Rehabilitation of Calamity Damage Project (the Project) in Special Drawing Rights (SDR) equivalent to \$50.97 million of ADF resources was approved on 21 November 2006, signed on 07 December 2006 and became effective on 23 April 2007. The Project will (i) reinstate essential infrastructure, including roads, flood protection, irrigation systems, and social infrastructure in the ten provinces that were severely affected by typhoons and storms in 2005; and (ii) concurrently provide equivalent or enhanced storm and flood protection to vulnerable areas where feasible. The Project will also support increased disaster preparedness and mitigation, and will help the Government mainstream prevention and preparedness activities into the development process to prepare for and avoid the worst impacts of natural disasters.</p> <p>Following a sector loan approach, which was applied to facilitate an effective emergency response, 89 subprojects with an estimated cost of \$69.5 million were envisaged during Project appraisal. Subsequently, with delays in commencement of the Project and given the urgency of some, a number of subprojects were carried out solely using Government funds. Thus, the number of subprojects was reduced to 75, of which civil works contracts have been awarded and are being implemented for 7, bidding is being processed for another 33, and designs are being prepared for 23 subprojects. Work on the remaining 12 subprojects has not yet commenced and, unless additional financing is approved, may have to be abandoned. As of 31 March 2008, cumulative contract awards and disbursements were \$7.8 million and \$5.0 million, equivalent to 13.7% and 8.8% of the net loan amount, respectively. The ADB loan finances 85% of subproject construction costs.</p> <p>Recent high inflation in the Viet Nam economy, which reached 21.4% in April 2008, has greatly increased costs of civil works, materials and labour. The high costs have been further compounded by delays in subproject implementation and additional damages to infrastructure caused by typhoons in 2006 and 2007. All subprojects now have total cost estimates that significantly exceed the original estimates of the Borrower. With price escalation, the Government executing agency (EA) has estimated the current total Project cost at \$99.5 million, which represents total subproject cost overruns of \$30.0 million, or cost overruns of 43.2%. Normally the Borrower finances cost overruns from its own resources and the EA is willing to apply for additional counterpart financing equivalent to 15% of subproject cost overruns. However, given the size and significance of recent price escalation in Viet Nam, the Government cannot finance the full extent of the increased costs and there is a risk that the number of subprojects will be further reduced. The Government is in general agreement to provide additional funding to the Project from the remaining balance of \$225.5 million of Viet Nam's biennial ADF allocation for 2007-2008. This was confirmed during the Country Program Confirmation Mission in January 2008.</p> <p>Given the previous reduction in the number of subprojects from 89 to 75 and significant increase in construction costs for the remaining subprojects, and Government's inability to wholly finance the cost overruns, ADB staff consider an increase in ADB's and Government's contributions essential to ensure that the number of subprojects identified at appraisal is not further reduced. Any further reduction would jeopardize achievement of the original Project objectives and realization of the intended benefits.</p>
Project Rationale and Linkage to Country/Regional Strategy	
Impact	The Project's impact will be sustained economic growth in the 10 provinces severely affected by typhoons in 2005, 2006 and 2007.

Project Outcome

Description of Outcome	Rapid resumption of livelihoods and reduced vulnerability to natural disasters in the affected areas
Progress Toward Outcome	The project outcome is being achieved with resumption of livelihoods and reduced vulnerability to natural disasters in the affected areas. At present, construction of 68 subprojects was completed, 7 of them were slightly damaged again by disasters after their completion. The damages of these 7 subprojects have already been rehabilitated by the Project.

Implementation Progress

Description of Project Outputs	The main output of the project involves the reinstatement of essential infrastructure (roads, flood protection, irrigation systems, and social infrastructure) including (i) 64 kilometers (km) of irrigation canals (including 21 diversion structures) serving more than 11,000 hectares (ha) of irrigated land; (ii) 112 km of rural roads (including 67 culverts and 5 bridges); (iii) about 13 km of sea dikes and 17 km of flood protection embankments; and (iv) schools, markets, and rural water supply schemes. Another output of the project is the provision of equivalent or enhanced storm and flood protection to vulnerable areas. This will be addressed through assistance provided by project implementation consultants, and a TA: Hazard Risk Assessment using Geo-Information Technology, to be piggy-backed to the supplementary loan.
Status of Implementation Progress (Outputs, Activities, and Issues)	In the first half of 2011, the Project achieved much more than the projections for contract awards and disbursements. As of 31 August 2011, overall progress was 97% against the elapsed revised loan period of 93%. The cumulative contract awards and disbursements were \$78.99 million and \$77.31 million, equivalent to 98% and 96% of the net loan amount (\$80.446 million), respectively. It is expected that the remaining ADB loan will be disbursed in the last quarter of 2011. Therefore, the achievements of 2011 will be much higher than the annual projections. Project Implementation Progress: (i) implementation progress of 67 subprojects was on track. However, implementation of the other 3 subprojects in Ha Giang and Nam Dinh provinces was delayed further from 2 to 3 months in comparison with the project implementation plan updated by the last review mission in February 2011; (ii) 68 subprojects were completed; (iii) the remaining 2 subprojects in Ha Giang Province are expected to be completed by the end of October 2011. The main reasons of the delays of 3 subprojects were (i) heavy rains in 2011 for two subprojects in Ha Giang and Nam Dinh provinces; and (ii) adjustment of design required for one subproject in Ha Giang Province.
Geographical Location	Ha Giang, Ha Tinh, Nam Dinh, Nghe An, Phu Tho, Phu Yen, Quang Binh, Quang Tri, Thanh Hoa and Yen Bai Provinces.

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	B

Summary of Environmental and Social Aspects

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples
Stakeholder Communication, Participation, and Consultation
During Project Design
During Project Implementation

Business Opportunities

Consulting Services	Project implementation consultants have been recruited in accordance with ADB's Guidelines on the Use of Consultants (2007). The consultants are to help CPMU and PPMUs carry out risk and vulnerability assessments and review the technical, social, and environmental soundness of feasibility studies and detailed designs prepared by national consulting firms. The consultants are also to assist CPMU and DARDs to ensure adherence to ADB's policies and guidelines during implementation.
Procurement	All procurement financed under the ADB loan is being carried out in accordance with ADB's Procurement Guidelines (2007) and the Law on Bidding No. 61/2005/QH11 of the Social Republic of Vietnam (SRV) dated 29 November 2005. In case where the Laws on Bidding issued by the SRV are not in accordance with ADB's policies and procurement guidelines, ADB's guidelines shall prevail. Except as ADB may otherwise agree, Goods and Civil Works can only be procured on the basis of the methods of procurement set forth below: i) International Competitive Bidding (ICB) ii) National Competitive Bidding (NCB) iii) Shopping Civil works contracts estimated to cost more than \$2 million equivalent are being procured through ICB. ADB's standard bidding documents for the procurement of works (large contracts) are being used. Civil works contracts estimated to cost \$2 million or less are being procured through NCB procedures. The Government's standard bidding documents and procedures will be used if these comply closely with ADB's Procurement Guidelines (2007). A Procurement Plan has been prepared and agreed with the Government.

Responsible Staff

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Timetable

Concept Clearance	14 Jun 2008
Fact Finding	24 Jul 2008 to 18 Aug 2008
MRM	08 Sep 2008
Approval	08 Dec 2008
Last Review Mission	-
PDS Creation Date	16 Jan 2009
Last PDS Update	22 Sep 2011

Loan 2273-VIE

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	30.00	Cumulative Contract Awards			
ADB	25.50	-	0.00	0.00	%
Counterpart	4.50	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

Project Page	https://www.adb.org/projects/40282-023/main
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