



Completion Report

Project Number: 40198
Loan Number: 2374
October 2012

Viet Nam: Ho Chi Minh City–Long Thanh–Dau Giay Expressway Technical Assistance Project

Asian Development Bank

CURRENCY EQUIVALENTS

Currency Unit – dong (D)

		At Appraisal (7 November 2005)	At Project Completion (10 August 2010)
D1.00	=	\$0.000063	\$0.000052
\$1.00	=	D15,895	D19,095

ABBREVIATIONS

ADB	–	Asian Development Bank
EPMU	–	expressway project management unit
HCMC	–	Ho Chi Minh City
HLD	–	Ho Chi Minh City–Long Thang–Dau Giay
ITS	–	intelligent transport system
JICA	–	Japan International Cooperation Agency
km	–	kilometer
MOT	–	Ministry of Transport
O&M	–	operation and maintenance
TA	–	technical assistance
VEC	–	Viet Nam Expressway Corporation

NOTE

- (i) In this report, "\$" refers to US dollars.

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BASIC DATA

A. Loan Identification

- | | | |
|----|----------------------------------|--|
| 1. | Country | Socialist Republic of Viet Nam |
| 2. | Loan Number | 2374-VIE |
| 3. | Project Title | Ho Chi Minh–Long Thanh–Dau Giay
Expressway Technical Assistance Project |
| 4. | Borrower | Socialist Republic of Viet Nam |
| 5. | Executing Agency | Viet Nam Expressway Corporation |
| 6. | Amount of Loan | |
| | Original Loan Amount | SDR 6,435,000 (\$10,000,000) |
| | Net Loan Amount | SDR 6,304,973.25 (\$9,800,696) |
| 7. | Project Completion Report Number | PCR: VIE 1348 |

B. Loan Data

- | | | |
|----|----------------------------------|---|
| 1. | Appraisal | |
| | - Date Started | 5 May 2008 |
| | - Date Completed | 16 May 2008 |
| 2. | Loan Negotiations | |
| | - Date Stated | 27 September 2007 |
| | - Date Completed | 2 November 2007 |
| 3. | Date of Board Approval | 28 November 2007 |
| 4. | Date of Loan Agreement | 20 December 2007 |
| 5. | Date of Loan Effectiveness | |
| | - In Loan Agreement | 20 March 2008 |
| | - Actual | 5 September 2008 |
| | - Number of Extensions | 1 |
| 6. | Closing Date | |
| | - In Loan Agreement | 30 June 2010 |
| | - Actual | 10 January 2012 |
| | - Number of Extensions | 2 |
| 7. | Terms of Loan | |
| | - Interest Rate | 1.0% during grace period
1.5% thereafter |
| | - Maturity (number of years) | 32 |
| | - Grace Period (number of years) | 8 |
| 8. | Terms of Relending (if any) | |
| | - Interest rate | 0.25% |
| | - Maturity (number of years) | 32 |
| | - Grace Period (number of years) | 8 |
| | - Second –Step Borrower | Viet Nam Expressway Corporation |

9. Disbursements

a. Dates

Initial Disbursement	Final Disbursement	Time Interval
21 November 2008	26 October 2011	35 months
Effective Date	Original Closing Date	Time Interval
5 September 2008	30 June 2010	22 months

b. Amount (SDR 6,435,000; \$10,000,000)

Category or Subloan	Original Allocation	Last Revised Allocation	Amount Cancelled	Net Amount Available	Amount Disbursed	Undisbursed Balance
Consulting Services	5,792,000	6,240,973	(448,973)	6,240,973	6,240,973	0
Interest Charge	64,000	64,000	0	64,000	64,000	0
Unallocated	579,000	0	579,000	0	0	0
Total (SDR)	6,435,000	6,304,973	130,027	6,304,973	6,304,973	0
Total (\$ Equivalent)	10,000,000	9,800,696	199,304	9,800,696	9,800,696	0

10. Local Costs (Financed)

- Amount (\$)	0.00
- Percent of Local Costs	0.00
- Percent of Total Cost	0.00

C. Project Data

1. Project Cost (\$)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost	10,000,000	9,800,696
Local Currency Cost	1,220,000	970,000
Total	11,220,000	10,770,696

2. Financing Plan (\$)

Cost	Appraisal Estimate	Actual
Implementation Costs		
Borrower Financed	1,220,000	970,000
ADB Financed	9,936,000	9,736,696
Total	11,156,000	10,706,696
IDC Costs		
Borrower Financed	0	0
ADB Financed	64,000	64,000
Total	64,000	64,000

ADB = Asian Development Bank, IDC = interest during construction.

3. Project Schedule

Item	Appraisal Estimate	Actual
Date of Contract with Consultants		
(i) Design Consultant	July 2008	24 July 2008
(ii) Design Appraisal Consultant	January 2009	20 May 2009
(iii) Design Appraisal Consultant	March 2011	18 April 2011

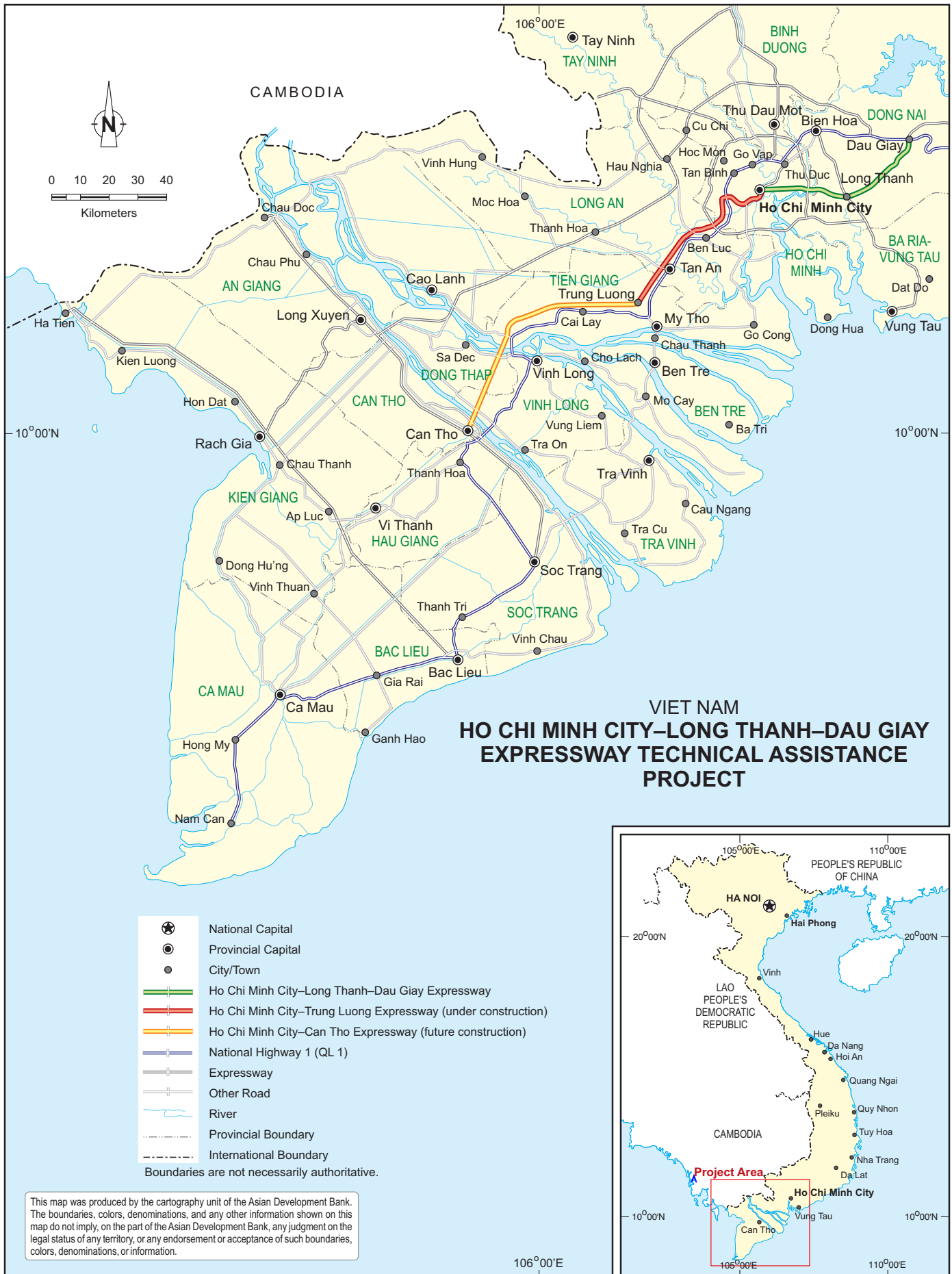
4. Project Performance Report Ratings

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
From 28 November 2007 to 31 December 2007	Satisfactory	Satisfactory
From 1 January 2008 to 31 December 2008	Satisfactory	Satisfactory
From 1 January 2009 to 31 December 2009	Satisfactory	Satisfactory
From 1 January 2010 to 31 December 2010	Satisfactory	Satisfactory
From 1 January 2011 to 30 June 2011	Satisfactory	Satisfactory

D. Data on Asian Development Bank Missions

Name of Mission ^a	Date	No. of Persons	No. of Person-Days	Specialization of Members ^b
Fact-finding	5–16 Mar 2007	5	50	a, b, d, f
Appraisal Mission	5–16 May 2008	1	10	a
TA Loan Review	27–29 Oct 2008	4	8	a, d, f, g
(Safeguard Mission)				
TA Loan Review	18–20 Mar 2009	1	4	f
	7–8 Apr 2009			
TA Loan Review	11–13 Nov 2009	1	2	f
(Safeguard Mission)				
TA Loan Review	20–23 Jul 2010	1	3	f
TA Loan Review	22–23 Dec 2010	1	1	f
TA Loan Review	29 May–4 June 2011	1	6	f
Project Completion Mission	28 June–3 July 2011	2	10	f, e, g

a = engineer, b = financial specialist, c = economist, d = safeguards specialist, e = project analyst, f = programs project officer, g = consultant.



I. PROJECT DESCRIPTION

1. The Ho Chi Minh City–Long Thanh–Dau Giay (HLD) Expressway Technical Assistance Project was planned to help the Government of the Socialist Republic of Viet Nam to (i) complete documentation required for construction of the HLD Expressway, and (ii) strengthen and build capacity at Viet Nam Expressway Corporation (VEC). An approval of the loan for the HLD Expressway Construction Project followed on 9 September 2008.¹ The HLD Expressway Construction Project was cofinanced by the Government of Japan through Japan International Cooperation Agency (JICA). The HLD Expressway will be one of the first full-access control expressways in Viet Nam and will almost fully be equipped with Intelligent Transport System (ITS) facilities. The HLD Expressway is expected to be VEC's concessional asset through the operation and maintenance (O&M) stage. Once in operation, it will provide the model for and form the basis of further development of the expressway network in Viet Nam.

2. Ho Chi Minh City (HCMC) is the largest city in Viet Nam and the country's economic hub, with a population forecast to grow by 2.1% per annum from the current 7.9 million to 10.3 million by 2020. Growth in annual trade volumes, in terms of value, through HCMC's port exceeded 15% in 2006. The road networks both within and around the Greater HCMC area are heavily congested, thus, increasing the travel time and cost and road safety incidents, and impacting on poverty reduction and economic growth. In the light of the above, a need to develop the HLD Expressway was identified. The project was designed to help implement pre-construction activities, which include detailed designs, bidding documents, social safeguard reports ready for construction of the HLD Expressway. When completed the HLD Expressway will also provide relief to the city roads, ease the access to the port area towards northern Viet Nam, and improve the road networks around the city and the Greater Mekong Subregion (GMS) network as a whole.

3. The VEC has inadequate experience in project management, financial management, procurement, and implementation. Accordingly, the project helped strengthen the VEC as a commercially oriented infrastructure provider and revise the VEC's organization structure to enable the VEC's similar expressway projects.

II. EVALUATION OF DESIGN AND IMPLEMENTATION

A. Relevance of Design and Formulation

4. In recent years, the volume of traffic has increased significantly in parallel with high economic growth in the country. The government is aware that the existing road network does not have sufficient capacity to meet the increased traffic demand and support growth and poverty reduction. It also wishes to share development more equitably with parts of the country that are remote from the major urban areas. As part of the government's Socio-Economic Development Plan (SEDP) for 2006–2010, the transport sector is expected to promote economic growth, poverty reduction, safety enhancement, environmental protection, and human resource development. For the road sector, the government has noted the need for a network of high capacity, high-speed expressways to complement the network of national, provincial, and city roads. Under the Expressway Network Development Plan, developed with ADB assistance

¹ ADB. 2008. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to the Socialist Republic of Viet Nam: Ho Chi Minh City–Long Thanh–Dau Giay Expressway Construction Project*. Manila (Loan 2451-VIE).

(TA 4695-VIE)², a short-term program (2006–2015) of priority expressway projects was identified covering about 2,000 kilometers (km). HLD Expressway was included and considered as a high priority project in the program. In 2004, VEC was established as a state-owned enterprise under the Ministry of Transport (MOT) to invest in expressway construction, management, and O&M of expressways nationwide.

5. ADB's Country Strategy and Program of 2007–2010 was to support the government's investment program to improve transport infrastructure and reduce transport costs. The proposed investment program had three thrusts, in line with the SEDP for 2006–1020. The first thrust supports investment projects to reduce critical transport bottlenecks hampering economic growth in the main development centers. Projects will include investments in urban transport and priority expressway and railway facilities to facilitate the safe and efficient movement of goods and people around, through, and between national centers of major economic activity. The second thrust supports social equity aspects of Viet Nam's transport needs through support to the development of provincial and district roads. The third thrust complements the first two by bringing regional dimensions to the development of the transport network in terms of connectivity, including multimodal transport modes and competitiveness.

6. In order to accelerate preparatory works for the HLD Expressway, ADB decided to change the scope of work under TA 4695-VIE to undertake a full feasibility study to confirm that the HLD Expressway is technically, economically, and financially viable, and that the impacts of the HLD Expressway are socially and environmentally acceptable. The outputs from the feasibility study included (i) a review of preliminary engineering designs; (ii) an economic and financial assessments; (iii) an assessment of social impacts together with a resettlement plan, a gender strategy, and HIV/AIDS awareness program; (iv) an environmental impact assessment; (v) an assessment of VEC's capacity to implement the project; and (iv) a procurement plan and implementation schedule. The project was designed based on the results of the feasibility study.

7. The HLD Expressway will connect to the HCMC inner city road network in District 2, intersect with HCMC's second and third ring roads (to be constructed) and National Highway 51 at Long Thanh, and end at Dau Giay where it will connect with National Highway 1. The total length will be about 55km. At appraisal, the project was to cover the section from the second ring road to Dau Giay, a total distance of about 51km while the remaining 4km was expected to be covered by other financing source. However, during project implementation, the Ministry of Transport (MOT) requested ADB and ADB agreed to include the 4-km section from the HCMC inner road network to the second ring road. This expansion of the project scope strengthened the relevance of the project because the second ring road is still in a planning stage and will not be constructed by the time when the HLD Expressway has been completed. It means that the HLD Expressway's starting point would have been left without connection to any road network if the first 4km was delayed. A minor change of project scope was also made to include a consulting services contract to appraise the detailed designs and design documents. This change helped the government's internal approval procedure and facilitated the implementation of pre-construction of the HLD Expressway.

B. Project Outputs

8. The project includes the following 12 outputs:

² ADB. 2005. *Technical Assistance to the Socialist Republic of Viet Nam for Expressway Network Development Plan Project*. Manila (TA 4695-VIE).

Component 1: HLD Expressway Design and Procurement.

- (i) detailed engineering designs;
- (ii) bidding documents;
- (iii) updated resettlement plans;
- (iv) updated environmental impact assessment;
- (v) civil works contracts procurement by VEC;
- (vi) O&M concession documents;
- (vii) resettlement plan implementation by VEC;

Component 2: Regulatory and Institutional Strengthening for Expressways

- (viii) revised organizational structure for VEC;
- (ix) identification of legal and regulatory constraints and remedies to VEC operating as an efficient, financially secure provider of expressway facilities;
- (x) training needs assessment and training program implementation;
- (xi) training programs and strengthening of VEC's capacity to manage resettlement, social, and environmental impacts of expressways implementation; and
- (xii) Asset management system identification and commissioning.

9. Most of the expected outputs were achieved at project completion. Some uncompleted tasks including income restoration programs, external resettlement monitoring, and external appraiser for land acquisition and resettlement were handed over to the HDL Expressway Construction Project (Loan 2451-VIE). The achievements of impact, outcome, outputs, and activities are summarized in Appendix 1.

C. Project Cost

10. The actual project cost was \$10.77 million, compared with the appraisal estimate of \$11.22 million. Overall, actual costs were lower than costs estimated at the time of appraisal in spite of the expansion of the project scope to include the first 4-km section of the HLD Expressway during project implementation.

D. Disbursements

11. Loan proceeds were disbursed in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time). The project had a disbursement period of 22 months at appraisal but actual disbursement took place over 35 months. The breakdown of annual and total disbursements is in Table 3.

Table 3. Breakdown of Annual and Total Disbursements (\$million)

Year	ADB		Counterpart funds		Total
	Amount	Cumulative	Amount	Cumulative	
2008	1,772,745.85	1,772,745.85	173,676.00	173,676.00	1,946,421.85
2009	4,275,786.55	6,048,532.40	491,855.00	665,531.00	4,767,641.55
2010	2,335,487.20	8,384,019.60	144,198.00	809,729.00	2,479,685.20
2011	1,416,676.40	9,800,696.00	160,271.00	970,000.00	1,576,947.40
Total	9,800,696.00		970,000.00		10,770,696.00

E. Project Schedule

12. The loan was approved on 28 November 2007 and became effective on 5 September 2008, nearly six months later than the envisaged loan effective date of 20 March 2008. This

delay was caused by the delay in finalizing the subsidiary loan agreement between the Ministry of Finance and the VEC. At appraisal, project implementation was scheduled to be completed by 30 June 2010. The closing date was extended twice to 10 January 2012. The extensions were due to the local governments' slow decision-making process on land acquisition and on a technical solution for interchange design options of the first 4-km section. Despite two extensions of the loan closing date, for a total of 12 months, there were still some outstanding items of work. These were transferred to supervision packages under Loan 2451-VIE, with the agreement of all concerned parties including the VEC, JICA, and ADB. The project implementation schedule envisaged at appraisal and the actual implementation schedule is in Appendix 3.

F. Implementation Arrangements

13. The executing agency for the project was the VEC, which was established under the MOT, the government's line agency. The implementing agency was the expressway project management unit for HLD (EPMU HLD), established under the VEC and responsible for day-to-day activities in implementation of the project. An organization chart of the VEC is in Appendix 5. The EPMU HLD was assigned the necessary counterpart staff and a project director who was delegated the appropriate authority. The EPMU HLD managed the project well. In order to have better access to project documents and information, the VEC developed and upgraded its financial information system to a management information system (MIS). When fully functional this will greatly assist the VEC and EPMU HLD in planning, implementing and managing the VEC's projects as a whole, and formulating and retrieving reports with minimum efforts. The implementation arrangements at appraisal were adequate in achieving the project's objectives.

G. Conditions and Covenants

14. The status of compliance with loan covenants is summarized in Appendix 2. All covenants were relevant and most of them have been complied with. There were also some outstanding activities that were not completed within the project period; their compliance with the covenants cannot be assessed. However, these items will be completed under Loan 2451-VIE with the loan covenants.

H. Consultant Recruitment and Procurement

15. A consulting services contract was awarded to a joint venture of two international consulting firms, in association with national consultants, and using the quality and cost-based selection method. The recruitment process went smoothly and was in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). It took 10 months, from the advertisement in September 2007 to the contract negotiation in early July 2008. The contract was signed on 24 July 2008, for an amount of approximately \$10 million, to complete the services within 16 months. However, the contract's expiration was extended twice, ultimately to 30 June 2011, to accommodate the additional works and compensate for the delays. The person-months were increased from the originally anticipated at appraisal to undertake additional project scope but the total costs remained unchanged as this was a lump-sum contract.

16. Another international consulting firm, which was not anticipated at appraisal, was also engaged to appraise the detailed design. The consulting firm was selected following the Consultants' Qualifications Selection method.

I. Performance of Consultants, Contractors, and Suppliers

17. The international consultants had broad experience in Viet Nam on infrastructure projects financed by ADB, JICA, and the World Bank. The associated national consultants were well staffed and had broad experience in working with the international consultant. The consultant performed well and there were no negative effects on the project's quality, cost or schedule. However, the national consultant had some internal conflicts in terms of serious delays in making payments for national sub-consultants, which were not acceptable to the executing agency's and ADB's standards and were addressed in a timely manner in compliance with ADB's review missions' recommendations and requests. The consultant's performance is satisfactory in all respects, including its preparation of a survey, detailed designs, bid documents and the resettlement and social safeguard reports and activities.

18. The consulting firm was recruited again for appraisal of the detailed designs. The firm successfully carried out the required services. This consultant's performance was also satisfactory.

J. Performance of the Borrower and the Executing Agency

19. The borrower and the executing agency have fulfilled their responsibilities successfully in the implementation of the project. There were some delays from the local government in land acquisition, but the overall performance of the borrower was acceptable. The VEC has made significant improvements since its establishment in October 2004. It has reorganized its structure and since July 2010 has become a corporation. The VEC utilized the loan funds well and was able to include an extra 4-km section of work by using the savings from the loan, without increasing the amount of the originally approved loan funds.

20. The institutional strengthening has improved the capacity of the VEC. The VEC, with the help of the EPMU HLD, is currently managing the construction of the Loan 2451, at a cost of \$1 billion dollars. Therefore, the performances of the borrower, represented by the State Bank of Viet Nam, and the VEC, as the project's executing agency, are satisfactory.

K. Performance of the Asian Development Bank

21. The Southeast Asia Department's Transport and Communications Division at the ADB Headquarters processed the project. The project's administration was then delegated to the ADB's Viet Nam Resident Mission (VRM), soon after the start of the project. The project's delegation to VRM smoothened implementation due to the proximity to the executing agency.

22. ADB carried out review missions twice a year during the project implementation. Its assistance and guidance to the VEC, EPMU HLD, local governments including HCMC and Dong Nai People's Committee, and the consultants were timely. Approvals and comments on all necessary documents, including contract variations and bidding documents, were granted promptly. All parties concerned appreciated ADB's close involvement in the project and assistance. Therefore, the performance of ADB is highly satisfactory.

III. EVALUATION OF PERFORMANCE

A. Relevance

23. The project is *highly relevant*. It is consistent with the objectives of ADB and the government for facilitating preparatory works for Loan 2451-VIE commencement as scheduled. The inclusion of the 4-km section at the starting point will further enhance the relevance of the project. The project is also highly relevant for strengthening and building the capacity of the VEC. The VEC has successfully established a capable implementing agency (EPMU HLD), which is managing the implementation of Loan 2451-VIE. The VEC has also reorganized itself effectively and now is a corporation. The assets management system, including the financial information system, MIS, and ITS established under the project, among others, are now useful tools to effectively support the VEC in planning, managing, and implementing its overall program and operation.

B. Effectiveness in Achieving Outcome

24. The project is rated *effective*. The project's two outcomes (i) completion of documentation required to commence construction of the HLD Expressway and (ii) the VEC strengthened as a commercially oriented infrastructure provider with enhanced capacity were both achieved. The documents to commence construction were completed. With substantial completion of resettlement and compensation activities, most of the civil works contracts for the Loan 2451-VIE were awarded, and construction works commenced in October 2009, as planned. Institutional support was successfully completed by developing management tools, and restructuring the VEC. As a result, the TA Loan significantly improved the capabilities of the VEC and EPMU HLD in planning, managing, and implementing the expressway projects.

C. Efficiency in Achieving Outcome and Outputs

25. The project is rated *efficient*. The project had two components, with 12 output items. Most of the outputs were completed satisfactorily. At project completion there were still some outstanding items to be completed. Some activities were delayed due to the local governments' slow decision-making process. If the decisions had been made in a timely manner, a significant amount of time could have been saved. The other parties concerned, including ADB, the VEC and the consultants tried their best to achieve the goals efficiently. The late completion as well as the expansion of the project scope by inclusion of the first 4-km section did not involve any cost increase and therefore achievement of the project's outcome and outputs is still considered cost effective. The use of TA loan was certainly efficient in helping start-up of the ensuing Loan 2451-VIE. It took about 11 months from approval of Loan 2451-VIE to the first construction contract. This is about 1 year faster than average time from approval to the first contract in the Viet Nam portfolio.

D. Preliminary Assessment of Sustainability

26. The project is *likely sustainable*. The ensuing Loan 2451-VIE has been implemented and the HLD Expressway is being constructed based on the preparatory works completed under the project. However, the financial situation of the VEC does not seem to be sustainable. This can be improved if the government provides the VEC with major financial support and authority. The master plan for the short-term program (2006 to 2015), in which 11 expressway projects are prioritized and planned for implementation by the VEC, is too ambitious and may need over \$3

billion per year. This is probably not feasible for the government since the total funding that the government receives from various agencies, including official development assistance, is approximately \$3.5 billion per year for all sectors. Therefore, this master plan likely needs some adjustments to make it affordable.

E. Impact

27. By including the first 4-km section, the entire HLD Expressway will be fully connected. As a result, the project's impacts on reductions in the cost and travel time for the movement of passengers and goods within the HCMC areas and the south of Viet Nam can be achieved. The VEC has complied with specific measures, as indicated in loan covenants, to mitigate negative impacts on institutional, environmental and social issues. Construction of the entire HLD Expressway is in progress, with no major causes of delay envisaged.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

A. Overall Assessment

28. The project was implemented as conceived. ADB has provided continuous guidance to ensure that the project was completed in accordance with the ADB's guidelines. The implementation of the project was delayed but appropriate remedial measures were taken in a timely manner. Therefore, the project is *successful*. A quantitative assessment of overall project performance is in Appendix 6.

B. Lessons

29. The local governments and parties concerned should have streamlined their decision-making process in a timely manner to avoid delays.

30. In order to avoid delays, the project should have been planned more carefully. If so, there may not have been a need to change the scope during the project implementation.

31. International consulting firms should have obtained ample information on potential difficulties in setting up the project office and other legal requirements on such issues. They should also have been informed in advance that unless they register the project office with local authorities, the executing agency will be unable to make payments.

32. International consulting firms should have been made aware of the appraisal and approval procedures for the design documents, particularly when appraisal is carried out by a third party. It can be a time-consuming process, thus delaying payments to the design consultants. It is advisable to start procurement of an appraisal consultant (if required) early so that he or she is ready to be recruited as soon as the design work has started.

C. Recommendations

1. Project Related

33. **Future monitoring.** Future monitoring will be required on appropriate implementation of outstanding items of work, which were transferred from the project to the ensuing Loan 2451-VIE. In addition, monitoring and follow-up on institutional strengthening of the VEC is advisable.

34. **Further action or follow-up.** Although the project has provided technical solutions that ensure the safety of users, further attention to the application and inclusion of measures for enhancing road safety of the HLD expressway is required, such as following international guidelines as adopted by International Roads Assessment Programme and others. This is particularly important at entry and exit ramps, where the HLD expressway interfaces with non-access controlled roads. Adequate attention to the most vulnerable users, including pedestrians and cyclists, is paramount in such locations.

35. **Timing of the project performance evaluation report.** The best time for the project performance evaluation report is at the completion of the HLD expressway construction project. Once it is in operation an accurate evaluation of performance of the project should be carried out.

36. **Appraisal of design documents.** For Loan 2451-VIE, the VEC will be responsible for managing ten civil works contracts, and one ITS and three construction supervision contracts. These contracts total approximately \$1 billion. The VEC should also be able to establish an in-house appraisal team for design documents. This will save costs of employing a third-party consultant for appraisals and speed up the appraisal and approval process.

2. General

37. The government should have consulted the new decree on land acquisition with local governments to ensure that proper actions are taken. Land acquisition problems are very common in Viet Nam because of uneven applications of compensation rates.

38. ADB should continue assisting and supporting the borrowers in wisely utilizing loan proceeds and savings to enhance project's efficiency. The borrowers should identify additional works that are in line with the project's objectives and can be undertaken within the loan savings amount. In addition, the savings can be used to manage the impact of currency exchange rates.

49. The design and construction supervision contracts should be awarded to the same firm, if possible. Many international and national firms are capable of providing both such services in Viet Nam. By doing so, (i) the same firm can be held responsible for design issues until construction is completed; (ii) the design shortcomings (if any) can be rectified during construction and the construction supervision firm will not be able to blame the design firm; (iii) the executing agencies would not have to go back to the design firm to rectify any design deficiencies that were perceived during construction; and (iv) this would certainly eradicate the need for author's supervision services and might eliminate the need for a design appraisal consultant.³ This arrangement would be an ideal scenario if the entity providing the detailed design (whether the VEC itself or a consultant) and the entity doing appraisal and approval (whether the VEC itself or another consultant) of the detailed design should be distinct.

40. The government should grant more authority and financial support to the VEC. Also, the scope of the expressway master plan should be readjusted if possible, to prioritize the most needed sections and to make it financially viable. In addition, both the government and ADB should take into consideration the precarious financial situation of VEC and the overly ambitious master plan when designing future projects.

³ The Ministry of Construction's regulations require (in most cases) the design consultant to provide intermittent input, called author's supervision, during the construction phase.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks	Achievements
Impact A reduction in cost and travel times for the movement of passengers and goods between Ho Chi Minh City (HCMC) and the provinces to the north and northeast and south of the city through the construction of the Ho Chi Minh City–Long Thanh–Dau Giay (HLD) Expressway	Construction of HLD Expressway completed by the end of 2013 Reduction in passenger and freight vehicle operating costs by an average of 30%, in real terms, within 1 year of project completion	Construction progress reports and project completion report Traffic and transport user surveys	Assumption <ul style="list-style-type: none"> Funds for construction of the expressway are secured Risks <ul style="list-style-type: none"> Development plans for HCMC and Dong Nai province areas are not implemented Construction of the expressway is delayed 	Construction of HLD expressway was about 60% by mid 2012 and is expected to be completed by the end of 2014 Not yet due
Outcome Completion of documentation required to commence construction of the HLD expressway, and the Viet Nam Expressway Corporation (VEC) strengthened as a commercially oriented infrastructure provider with enhanced capacity	Award of civil works contracts for HLD Expressway by end of 2009 Planning for new VEC organizational structure, with increased staffing finalized by end of 2009 Revised legal and regulatory framework for toll road operation to enable commercial toll road construction and operation prepared for consideration by end of 2009	Signed contracts VEC organizational structure submitted to Ministry of Transport (MOT) Progress reports Correspondence	Assumptions <ul style="list-style-type: none"> The priorities of the government remain the same The government does not seek other sources of funding Government continues to support development of VEC Appropriate delegation of authorities to VEC Risks <ul style="list-style-type: none"> Insufficient interest in construction contracts from qualified contractors Unrealistically low bid prices Changes in scope of works of the project 	Civil works contracts for the first section awarded by the end of 2009 and the entire section are expected to be fully awarded by the end of 2012 Planning for new VEC organizational structure, with increased staffing finalized by June 2010 Revised legal and regulatory framework for toll road operation to enable commercial toll road construction and operation prepared for consideration by mid-2011 and MOT's approval was on 13 August 2012 through its Decision No. 1902/QD/BGTVT
Outputs 1.1 Detailed engineering designs completed	Approved bidding documents for construction of expressway issued		Assumptions <ul style="list-style-type: none"> No restrictions on availability and access to information and government 	Approved bidding documents for the first section issued by mid-2009 and the

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks	Achievements
<p>1.2 Bidding documents prepared</p> <p>1.3 Updated resettlement plans completed</p> <p>1.4 Updated environmental impact assessment (EIA) completed</p> <p>1.5 Civil works contracts procured by VEC</p> <p>1.6 Operation and maintenance (O&M) concession documents prepared</p> <p>1.7 Resettlement plan implemented by VEC</p> <p>2.1 Revised organizational structure for VEC prepared</p> <p>2.2 Identification of legal and regulatory constraints and remedies to VEC operating as an efficient, financially secure provider of expressway facilities</p> <p>2.3 Training needs assessment complete and training program implemented</p> <p>2.4 Training programs and strengthening of VEC's capacity to manage resettlement, social, and environmental impacts of expressways implemented</p> <p>2.5 Asset management system identified and commissioned</p>	<p>by the end of 2009</p> <p>Civil works contracts awarded by end of 2009</p> <p>Approved updated resettlement plan and EIA issued by July 2009</p> <p>Resettlement plan implemented sufficient for commencement of civil works by end of 2009</p> <p>Approved O&M concession documents issued by end of 2009</p> <p>Revised organizational structure prepared for VEC and Environmental and Social Unit established by mid-2009</p> <p>Revised regulations for VEC operations submitted to MOT for consideration by end of 2009</p> <p>Approved training plan implemented by end of 2009</p> <p>Asset management system operational by end of 2009</p>		<p>personnel</p> <ul style="list-style-type: none"> No restrictions on access to project sites <p>Risks</p> <ul style="list-style-type: none"> Delays in recruitment of consultants VEC's limited organizational and financial capacity 	<p>entire section by mid-2012</p> <p>Civil works contracts for the first section awarded by the end of 2009 and the entire section are expected to be awarded by the end of 2012</p> <p>Approved updated resettlement plans and EIA for the first section issued by mid-2010 and for the entire section are expected to be issued by the end of 2012</p> <p>Resettlement plan implemented sufficient for commencement of civil works by the end of 2009</p> <p>Approved O&M concession documents drafted in November 2009. Approval of documents is expected by the end of 2012</p> <p>Revised organizational structure prepared for VEC and environmental and social teams established by mid-2009</p> <p>Revised regulations for VEC operations submitted to MOT for consideration by mid-2011</p> <p>Approved training plan implemented by the end of 2010</p> <p>Asset management</p>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks	Achievements
				system was operational in 2009
Activities with Milestones^a			Inputs	
A. Principal Tasks			Consulting services:	
1.1 Prepare detailed construction designs		Month 45	<ul style="list-style-type: none"> Asian Development Bank: \$9.681 million Government: \$0.97 million 	
1.2 Prepare bidding documents for construction		Month 46		
1.3 Update resettlement plans		Month 48		
1.4 Update EIA		Month 47		
1.5 Assist VEC in procurement of civil works contracts		Month 25		
1.6 Prepare O&M concession documents		Month 34		
1.7 Assist VEC in implementation of resettlement plan		Month 34		
2.1 Training needs assessment		Month 6		
2.2 Revised organizational structure for VEC		Month 22		
2.3 Asset management system identified		Month 7		
2.4 Training program implemented		Month 27		
2.5 Assist VEC to establish and suitably staff environmental and social teams		Month 12		
2.6 Asset management system commissioned		Month 34		
B. Reports				
3.1 Inception report		Month 1		
3.2 Interim report		At month 6		
3.3 Training needs assessment		Month 12		
3.4 Legal and Regulatory, Organizational Reform, and Business Development Plans for VEC		Month 15		
3.5 Training program materials		Month 27		
3.6 Asset management system		Month 27		
3.7 Final updated resettlement plans		Month 46		
3.8 Draft final engineering designs and bid documents		Month 40		
3.9 Detailed design report		Month 40		
3.10 Final engineering designs and bid documents		Month 46		
3.11 Project completion report		Month 34		

Notes

- First section = km 4 + 000 to km 54 + 983; entire section = km 0 + 000 to km 54 + 983
- The number of months for items A and B above are calculated from 5 September 2008 (the date of loan effectiveness)

LOAN COVENANTS

Covenants	Reference in Loan Agreement	Status of Compliance
<p>VEC shall establish the Project Management Unit (PMU) for day to day implementation of the Project and assign necessary counterpart staff to the Project Implementation Unit (PIU) prior to the commencement of any consulting services. The PIU shall be headed by the Project Director, who shall be responsible for overall Project implementation and management.</p>	<p>LA, Schedule 5 Para. 2</p>	<p>Complied. PMU was established on 4 November, 2005 as the Southern Expressway Project Management Unit (SEPMU) and then changed its name and functions on 15 July, 2010 as Ho Chi Minh City– Long Thanh–Dau Giay Expressway Project Management Unit (EPMU HLD) being responsible for HLD expressway only.</p>
<p>The Borrower shall ensure that VEC prepares an EIA that takes into account the detailed engineering design for the HLD Expressway project. The EIA shall include an EMP which shall have been prepared with adequate public consultation, in accordance with the requirements of ADB's Public Communications Policy (2005) and Environment Policy (2002), and submit it to ADB for approval. The Borrower shall ensure that the civil works contracts for the HLD Expressway project include specific measures as indicated in the EIA and in accordance with ADB's Environment Policy to mitigate negative environmental impacts caused by the construction of the HLD expressway and to give due consideration to prevention of damage to the natural environment in the design, construction, operation, and maintenance of the highway facilities. The Borrower shall also ensure that (i) specific provisions are included in civil works and consulting services contracts for the implementation of the EMP and its monitoring, and (ii) budget allowances are made for the implementation of these provisions</p>	<p>LA, Schedule 5 Para. 3</p>	<p>Complied. The EIA for the first (Km4+000 to Km54+983) and entire (Km0+000 to Km54+983) sections approved by ADB in July 2010 and July 2012, respectively.</p>

Covenants	Reference in Loan Agreement	Status of Compliance
<p>The Borrower shall ensure that VEC updates the existing resettlement plan for the HLD Expressway project in accordance with the requirements of ADB's Policy on Involuntary Resettlement (1995) and submits the updated resettlement plan to ADB for approval. The updated resettlement plan shall take into account the final detailed engineering design and shall have been disclosed to the affected people prior to submission to ADB</p>	<p>LA, Schedule 5 Para. 4</p>	<p>Complied. The updated Resettlement Plan (uRP for (i) District 9 – HCMC, approved in September 2010; (ii) Nhon Trach District–Dong, Nai in August 2009; (iii) Long Thanh District–Dong Nai, in December 2010; and (iv) Cam My and Thong Nhat Districts–Dong Nai in July 2010. Due diligence exercise will be applied and carried out in the first 4 Km(Km0+000 to Km4+000) also.</p>
<p>The Borrower shall ensure that VEC conducts surveys to identify any impacts of the HLD expressway Project on ethnic minorities, and takes appropriate mitigation measures, should any such impact be established, in accordance with ADB's Policy on Indigenous Peoples (1998).</p>	<p>LA, Schedule 5 Para. 5</p>	<p>Complied. Surveyed. Impacts identified and reflected in the approved initial Resettlement Plan.</p>
<p>The Borrower shall ensure that all civil works procurement documents to be prepared under the Project incorporates provisions and budget to the effect that contractors (a) comply with all applicable labor laws and related international treaty obligations; (b) do not employ child labor, as defined under Vietnamese laws; (c) provide safe and proper working conditions for male and female workers; (d) do not differentiate between wages of male and female workers for work of equal value, (e) implement the provisions set forth in the Gender Action Plan prepared for the Project; and (f) carry out HIV/AIDS and human trafficking awareness campaigns in the campsites and corridors of influence.</p>	<p>LA, Schedule 5 Para. 6</p>	<p>Complie. Reflected in the bidding documents and contracts' terms and conditions</p>
<p>The Borrower shall ensure that (a) revised regulations for VEC operations will be submitted to MOT for consideration by 30 November 2009; and (b) VEC will establish and suitably staff an Environmental and Social Unit by 30 June 2009.</p>	<p>LA, Schedule 5 Para. 7</p>	<p>Complied. The Decision on restructure of VEC's organization issued on 17 June, 2010 and that on establishment of Environmental and Social Team on 26 June, 2009.</p>

SUMMARY OF CONTRACTS

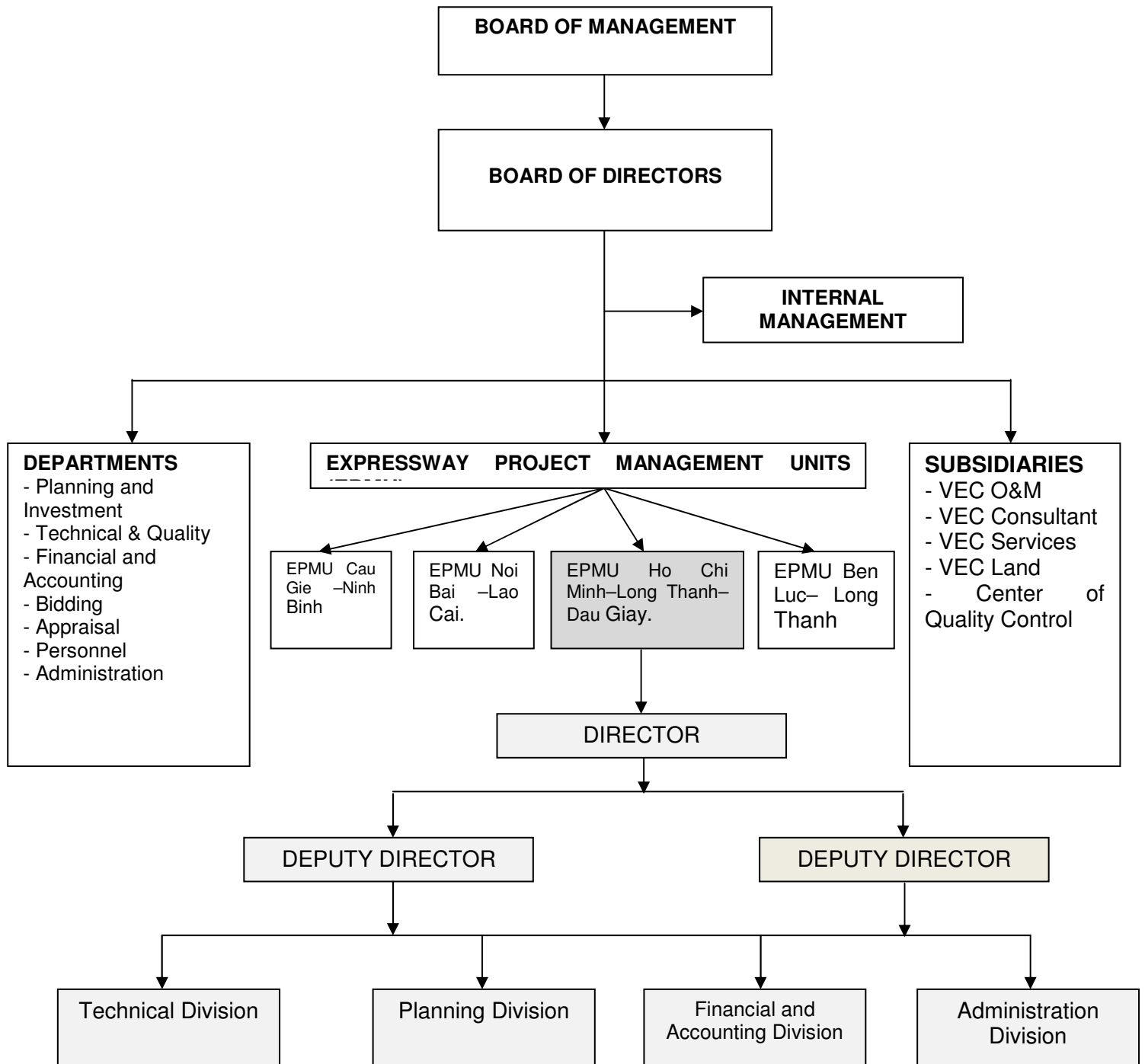
Contract	Details	Date of Contract	Contract Amount / Estimates
(Loan 2374-VIE: Ho Chi Minh City–Long Thanh–Dau Giay Expressway Technical Assistance Project)			
Consulting Services for Ho Chi Minh City–Long Thanh–Dau Giay Expressway Technical Assistance Project Economics	Technical Assistance	24.07.2008	\$9,307,196 JPY 6,247,680 (Without contingencies and taxes)
78/HĐTV-VEC/2009 (Packages 1–6)	Detailed Design Appraisals (Katahira)	20.05.2009	\$197,754
04/HĐTV-VEC/2011 (Packages 7–9)	Detailed Design Appraisals (Katahira)	18.04.2011	\$80,849
5	Civil works (km 23 + 900–km 37 + 800): Pumyang & Sunjee Construction E&C	15 October 2010	D 670 billion
5A	Civil works (km 23 + 900–km 37 + 800)	Under selection	
6	Civil works (km 37 + 800–km 54 + 983): Hanshin E&C Company	8 September 2010	D 1,140 billion
PSC	ADB section (km 23 + 700–km 54 + 983); Construction supervision consultancy:	7 May 2010	\$6,936.109 D 44,406 billion
7	Civil works (km 0 + 000–km 2 + 000)	Under selection	
8	Civil works (km 2 + 000–km 4 + 000)	Under selection	
9	Civil works: intersection with Ring Road 2	Under selection	
PSC	JICA section (km 0 + 000–km 4 + 000); construction supervision consultancy	Under negotiation with the current construction	
Quality assurance equipment		Under selection	\$0.7 million
Project audit consultants		Under selection	\$0.17 million
Clearance of un-exploded ordinance		Procurement completed	\$0.61 million

Km= kilometer.

Sources: Asian Development Bank, JICA, and VEC.

VIET NAM EXPRESSWAY CORPORATION

ORGANIZATION CHART



QUANTITATIVE ASSESSMENT OF OVERALL PROJECT PERFORMANCE

Criteria	Assessment	Rating (0–3)	Weight (%)	Weighted Rating
Relevance	Highly Relevant	3	20	0.6
Effectiveness	Effective	2	30	0.6
Efficiency	Efficient	2	30	0.6
Sustainability	Likely	2	20	0.4
Overall Rating	Successful			2.2

Source: Asian Development Bank.

Rating Frame	Score Range
(a) Highly Successful	> or = 2.7
(b) Successful	> or = 1.6 and < 2.7
(c) Partially Successful	> or = 0.8 and < 1.6
(d) Unsuccessful	< 0.8