

JBIC ODA Loan Project Mid-Term Review Report

Project Name: Vietnam “Hai Phong Port Rehabilitation Project (Phase II)”

[Outline of Loan Agreement]

Loan Amount/Loan Disbursed Amount : 13,287 million yen/5,630 million yen (as of March 2005)
 Signing of Loan Agreement : March 2000 (6th year)

[Executing Agency]

Ministry of Transport

[Project Objective]

This project was to construct and rehabilitate container facilities and navigation channels at Hai Phong Port, the second largest international port in Vietnam, in order to increase the port’s cargo handling capacity and thereby contribute to the promotion of socio-economic development in northern Vietnam.

Consultants: Transport engineering Consultants (Vietnam) / Oversea Coastal Area Development Institute of Japan (Japan) / Nippon Koei, Co. Ltd. Contractors: Toa Corporation / Penta-Ocean Construction, Co. Ltd.

[Outline of Results] (Field Survey : February 2005)

Item	Appraisal (March 1999)	Mid-Term Review																																																																													
[Relevance]	<p>(1) The Doimoi policy calls for the development of northern Vietnam (Hanoi, Hai Phong and Halong Bay) as one of the priority areas. Vietnam’s 5-Year Plan for Socio-Economic Development (2001-2005) and the National Socio-Economic Development Strategy (2001-2010) also attach particular importance to the development of ports to accommodate the increasing demand for maritime cargo handling.</p> <p>(2) “Seaport Development Master Plan 2010” puts emphasis on the improvement of existing ports including Hai Phong Port and sets a policy of enhancing the efficiency of handling an increasing volume of cargo.</p> <p>(3) This project was to rehabilitate Hai Phong Port, which had difficulties in handling the increasing volume of cargo due to the delay in containerization of cargo for transport, aged facilities, limited cargo handling space, and undeveloped access roads, and therefore it was a high priority project.</p>	<p>(1) The national plans mentioned in the left column are effective today. Also, the “Japan-Vietnam Joint Initiative” announced in December 2003 (proposals for the promotion of foreign investments between the two countries made) also suggests expansion of functions of existing ports in northern and southern Vietnam. Thus, the port sector remains highly important for the national policy.</p> <p>(2) “Seaport Development Master Plan 2010” is effective today, and the improvement of existing ports is one of the factors that will contribute to rapid economic growth. Therefore, the improvement of the second largest Hai Phong Port remains important.</p> <p>(3) The volume of cargo handled at Hai Phong Port has been increasing every year, and this project maintains its importance.</p>																																																																													
[Effectiveness] (1) Increase in cargo handling capacity of Hai Phong Port	<p>(1) Annual cargo handling volume: 5.54 million tons (1998)¹ : 5.86 million tons (estimate for 2005) : 7.07million (target for 2010)</p> <p>(2) Average waiting time (time on demurrage): no target set</p>	<p>(1) Annual cargo handling volume</p> <table border="1"> <thead> <tr> <th></th> <th>1999</th> <th>2000</th> <th>2001</th> <th>2002</th> <th>2003</th> <th>2004</th> <th>2007 (Estimated)</th> </tr> </thead> <tbody> <tr> <td>Total Cargo Volume (t)</td> <td>6,509,547</td> <td>7,645,643</td> <td>8,575,512</td> <td>10,321,353</td> <td>10,518,262</td> <td>10,486,507</td> <td>13,000,000</td> </tr> <tr> <td>Export (t)</td> <td>939,139</td> <td>1,233,892</td> <td>1,336,393</td> <td>1,365,476</td> <td>1,757,845</td> <td>1,792,446</td> <td></td> </tr> <tr> <td>Import (t)</td> <td>3,170,249</td> <td>3,586,396</td> <td>4,357,606</td> <td>5,286,584</td> <td>5,401,816</td> <td>5,368,625</td> <td></td> </tr> <tr> <td>Domestic (t)</td> <td>2,400,159</td> <td>2,825,355</td> <td>2,881,513</td> <td>3,669,293</td> <td>3,358,601</td> <td>3,325,436</td> <td></td> </tr> <tr> <td>Container Cargo (t)</td> <td>2,230,890</td> <td>2,508,840</td> <td>2,738,478</td> <td>4,023,345</td> <td>4,914,749</td> <td>4,854,731</td> <td></td> </tr> <tr> <td>Container Cargo (TEU)</td> <td>198,779</td> <td>218,886</td> <td>227,159</td> <td>344,028</td> <td>376,644</td> <td>398,353</td> <td></td> </tr> </tbody> </table> <p>The annual cargo handling volume has increased from 5.54 million tons in 1998 to 10.49 million tons in 2004. Reasons for this increase include (1) remarkable economic growth of Vietnam as evident by the GDP growth rate exceeding the level assumed at the time of F/S, and (2) increase in the number of domestic and foreign companies entering the Vietnamese market, which led to the increase in investment by domestic and foreign companies in the areas along National Routes 5 and 18 including the suburbs of Hanoi as well as Hai Phong City, and the increase in the number of companies located in the industrial complex. The estimated annual cargo handling volume for 2007 (by the implementing agency, at the year of completion of this project) will be 13 million tons.</p> <p>(2) Average waiting time</p> <table border="1"> <thead> <tr> <th></th> <th>1999</th> <th>2000</th> <th>2001</th> <th>2002</th> <th>2003</th> <th>2004</th> </tr> </thead> <tbody> <tr> <td>General Cargo</td> <td>30</td> <td>28</td> <td>28</td> <td>35</td> <td>34</td> <td>34</td> </tr> <tr> <td>Container Cargo</td> <td>14</td> <td>16</td> <td>18</td> <td>18</td> <td>18</td> <td>18</td> </tr> </tbody> </table> <p>(unit : hour)</p>		1999	2000	2001	2002	2003	2004	2007 (Estimated)	Total Cargo Volume (t)	6,509,547	7,645,643	8,575,512	10,321,353	10,518,262	10,486,507	13,000,000	Export (t)	939,139	1,233,892	1,336,393	1,365,476	1,757,845	1,792,446		Import (t)	3,170,249	3,586,396	4,357,606	5,286,584	5,401,816	5,368,625		Domestic (t)	2,400,159	2,825,355	2,881,513	3,669,293	3,358,601	3,325,436		Container Cargo (t)	2,230,890	2,508,840	2,738,478	4,023,345	4,914,749	4,854,731		Container Cargo (TEU)	198,779	218,886	227,159	344,028	376,644	398,353			1999	2000	2001	2002	2003	2004	General Cargo	30	28	28	35	34	34	Container Cargo	14	16	18	18	18	18
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¹ Figures for 2005 and 2010 are from Ministry of Transport.

	(3) Berth occupancy rate: no target set	(3) Berth occupancy rate
	(4) Gross tonnage of entering vessels: no target set	(4) Gross tonnage of entering vessels
	(5) Containerization rate: no target set	(5) Containerized Cargo ratio ²
Reference Information		
[Efficiency]		
(1) Output	(1) Output <ul style="list-style-type: none"> Improvement of navigation channels: river channels and part of marine channels Construction of the Chua Ve Port container terminal: container berth 2, container terminal, etc. Rehabilitation of the quay shed, etc.: rehabilitation of the control office, container freight station, etc. <p>Consulting Service : 421.5M/M</p>	(1) Almost as planned <ul style="list-style-type: none"> With respect to the improvement of navigation channels, the river part of its depth will be changed from originally planned -5.5m to -7.0m in order to deal with increasing cargo volume which exceeded the original estimated volume. <p>Consulting Service : 405M/M</p>
(2) Implementation Schedule	(2) March 2000 - January 2004 (47 months)	(2) March 2000- February 2007 (scheduled) (84 months) <p>Reasons for delay</p> <ul style="list-style-type: none"> Delays in the bidding procedure and other procedures due to a lack of experience of procurement under ODA Loan projects Delays in the procedures for land acquisition (500ha) necessary for dredging and waste disposal. (Land acquisition is almost completed and dredging work is in progress.)
(3) Project Cost	(3) 16,319 million yen	(3) Same as the estimate at the appraisal time
[Lessons Learned and Recommendations]	As a further increase in the volume of cargo handled at Hai Phong Port is expected, early opening of the Phase II facilities is needed. Also, as a measure to address the cargo increase, expansion of the functions of the port facilities should be considered.	
[Indicators set for the ex-post evaluation]	N.A.	<ol style="list-style-type: none"> Cargo Volume Average Waiting Time Berth Occupancy Ratio (%) Total Gross Tonnage Containerized Cargo Ratio <p>(Consultation between JBIC and implementing agency is needed regarding target value.)</p>

² Here, containerized cargo ratio is defined as Container cargo volume / Total cargo volume.