

## Ex-Ante Evaluation

### 1. Name of the project

Country: Socialist Republic of Vietnam

Project: Noi Bai International Airport to Nhat Tan Bridge Connecting Road Construction Project (I)

Loan Agreement: March 18, 2010

Loan Amount: 6,546 million yen

Borrower: The Government of the Socialist Republic of Vietnam

### 2. Background and Necessity of the Project

#### (1) Current State and Issues of Development in Hanoi City in Vietnam

Hanoi City continues rapid economic expansion, and its regional GDP growth rate (2006-2010) is expected to reach an impressive 10.5% annualized. This fast-paced economic development is expected to dramatically increase users (from 17,237,000 users/year in 2007 to 34,043,000 users/year by 2015) of the Noi Bai International Airport, the gateway to northern Vietnam, located approximately 30km north of Hanoi City, and there are plans to use Japanese ODA loans to build a second terminal at Noi Bai International Airport to meet this growing demand. Traffic demand on the North Thang Long-Noi Bai Road (traffic capacity amounting to 42,000 PCU/day and traffic volume of 55,459 PCU/day in 2008), the existing major access road from central Hanoi to Noi Bai International Airport, has already exceeded traffic capacity, and it will be difficult to meet the road transport demand expected in the future. Accordingly, strengthening transport capacity from central Hanoi to Noi Bai International Airport is an issue that must be resolved.

#### (2) Development Policies for the Transportation and Road Sector in Vietnam and the Priority of the Project

The Vietnamese government's Eighth Five-Year Social and Economic Development Strategy (2006-2010) prioritizes road repair and new road construction, and the Master Plan for Road Development by 2010 and Direction toward 2030 points to the importance of upgrading and building arterial roads in urban regions such as Hanoi and Ho Chi Minh City. The Master Plan for Hanoi City's Transport Development toward 2020 mentions the need to upgrade Noi Bai International Airport and build and improve the access roads leading to it. This project is also given a high priority. The road linking central Hanoi and Noi Bai International Airport is an arterial road that forms the urban network and as such is an extremely important project.

#### (3) Japan and JICA's Policy and Operations in the Transportation and Road Sector

Japan's Country Assistance Program for Vietnam (July 2009) states that "Japan shall provide aid for both the hard and soft aspects of the construction of a network of city ring roads and bypass roads within the city and in outlying areas, public transportation development such as Urban Mass Rapid Transit and communication network development." Accordingly, this project, which intends to build a new high-standard road linking central Hanoi City to Noi Bai International Airport, is consistent with this plan. Moreover, JICA will construct a network of trunk roads as part of this "urban development, transport and communications network," and this project will be implemented as part of this effort.

#### (4) Other Donors' Activities

- ① The World Bank is implementing a broad range of cooperation in national roads, local roads, inland transportation by water, urban transportation, and other.
- ② The Asia Development Bank (ADB) supports projects in the Greater Mekong

Subregional Program, such as the Kunming-Hai Phong Transport Corridor Project and the Noi Bai-Lao Cai Highway Project.

(5) Necessity of the Project

This project is consistent with Japan and JICA's aid priorities, and the necessity and validity of this project implementation is very high.

### **3. Project Description**

(1) Project Objectives

This project is intended to strengthen the transportation capacity from central Hanoi City to the Noi Bai International Airport by constructing new high-standard roads linking the Nhat Tan Bridge (Japan-Vietnam Friendship Bridge) and Noi Bai International Airport. This will promote economic growth in Vietnam and help to enhance its international competitiveness.

(2) Project Site/Target Area

Dong Anh District and Soc Son District, Hanoi City, Socialist Republic of Vietnam

(3) Project Components

New high-standard roads will be built and existing roads widened from the Nam Hong Intersection, which is from the end-point of the Nhat Tan Bridge (Japan-Vietnam Friendship Bridge) Construction Project currently under construction as a Japanese ODA loan, to the start of the North Thang Long-Noi Bai Road via the Noi Bai International Airport, as described below.

- ① Road construction work (construction of high-standard roads, construction of toll booths, construction of other buildings, etc.)
- ② Consulting services (construction supervision, monitoring of environmental and social considerations, etc.)

(4) Estimated Project Cost

32,267 million yen (Loan Amount: 6,546 million yen)

(5) Schedule

March 2010 – October 2014 (total of 56 months); the project will be complete when the facilities begin operating (October 2013).

(6) Project Implementation Structure

- 1) Borrower: The Government of the Socialist Republic of Vietnam
- 2) Executing Agency: Ministry of Transport (MOT)
- 3) Operation and Maintenance System: Vietnam Road Administration (tentative)

(7) Environmental and Social Considerations/Poverty Reduction/Social Development

1) Environmental and Social Considerations

- ① Category: A
- ② Reason for Categorization: This project corresponds to the large-scale road sector specified in the JICA Guidelines for Confirmation of Environmental and Social Considerations (established in April 2002) and has attributes that would tend to have an impact, so it corresponds to Category A.
- ③ Environmental Permit: The Ministry of Transport has already approved the environmental impact assessment (EIA) report for sub-project 1 (new construction of high-standard road [interval from Km0+00 to Km7+85]) in February 2009 and sub-project 2 (widening of existing road [interval from Km0+00 to Km7+85]) in

October 2009.

2) Promotion of Poverty Reduction: None in particular

3) Promotion of Social Development: The executing agency carry out prevention program for infectious diseases such as HIV/AIDS at the construction site as part of health management for the workers.

(8) Collaboration with Other Donors: None in particular

(9) Other Important Issues: None in particular

#### 4. Targeted Outcomes

(1) Performance Indicators (Operation and Effect Indicator)

Indicator	Baseline (Actual Value in 2008)	Target (2015) (Expected value 2 years after project completion)
Annual average daily traffic volume (PCU/day)	Existing road (North Thang Long-Noi Bai Road) (interval between Nam Hong and National Highway No. 18): 55,459 PCU/day	Existing road (North Thang Long-Noi Bai Road) (interval between Nam Hong and National Highway No. 18): 27,454 PCU/day New road (Noi Bai International Airport to Nhat Tan Bridge Connecting Road) (interval between National Highway No. 18 and Noi Bai): 36,391 PCU/day
Reduction in travel time (million dong/year)	-	76,000
Savings in travel costs (million dong/year)	-	369,000
Improvement in average traffic speed (km/h)	Existing road (North Thang Long-Noi Bai Road) (interval between Nam Hong and National Highway No. 18): 50km/hour	New road (Noi Bai International Airport to Nhat Tan Bridge Connecting Road) (interval between Nam Hong and National Highway No. 18): 80 km/h

(2) Internal rate of return:

Based on the conditions indicated below, the Economic Internal Rate of Return (EIRR) for this project is 17.25%.

**【EIRR】**

Costs: Project costs (excluding taxes), operating and maintenance costs

Benefits: Reduction in travel time, savings in travel costs

Project life: 30 years

#### **5. External Factors and Risk Control**

None in particular

#### **6. Lessons Learned from Past Projects**

A schedule that could be implemented at the resident resettlement planning stage was devised for this project, in light of the lesson learned in past road construction projects in this country concerning the importance of devising a realistic schedule that enables residents to reach consensus on land acquisitions. In addition, the executing agency will provide progress reports based on the project progress prepared every quarter so that progress in land acquisition is adequately understood.

#### **7. Plan for Future Evaluations**

(1) Indicators to be used

- 1) Annual average daily traffic volume (PCU/day)
- 2) Reduction in travel time (million dong/year)
- 3) Savings in travel costs (million dong/year)
- 4) Improvement in average traffic speed (km/h)
- 5) Economic Internal Rate of Return (EIRR) (%)

(2) Timing

Two years after project completion