

Ex-Ante Evaluation

1. Name of the Project

Country: Socialist Republic of Vietnam

Project: Saigon East-West Highway Construction Project (V)

Loan Agreement: May 27, 2010

Loan Amount: 14,061 million yen

Borrower: The Government of the Socialist Republic of Vietnam

2. Background and Necessity of the Project

(1) Current State and Issues of the Transportation and Road Sector in Vietnam

Main modes of transportation in Vietnam consist of roads (more than 240,000 km in total length), railways, inland waterway transport, coastal/marine transport and aviation. A breakdown of cargo transport in 2008 indicates that road transport accounts for 68.3% followed by inland waterway transport 21.2% and coastal marine and railway transport 10.5%, whereas in passenger transport, road transport accounts for 89.8% followed by railway 0.6%, waterway 8.9% and aviation 0.5%. In either case, road transport constitutes the highest proportion. Thus, the volume transported by roads accounts for the greatest segment of both cargo and passenger transport in Vietnam, and the importance of roads is obvious in the transportation sector. Notwithstanding, the road does not fulfill its functions sufficiently due in part to the damage inflicted on main trunk roads during the wartime and due in part to subsequent inadequate operation and maintenance of roads.

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

The Vietnamese government's Five-Year Social and Economic Development Strategy (2006-2010) prioritizes road rehabilitation and new road construction, and the importance of developing the Saigon East-West Highway, which is a major arterial road of Vietnam, is high.

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

The Japan's Country Assistance Program for Vietnam formulated in July 2009 lists "urban development and the establishment of traffic/transport and communications network" as a priority development issue. That is, it states that priority will be given to assistance for the "development of a network of city ring roads and bypass roads within the city and in outlying areas" and the "development of an inter-city trunk road network" to address the issue of an ever-increasing demand for transport and traffic.

This project develops the Saigon East-West Highway, a major urban arterial road in Vietnam, and is consistent with the Program. As a concerted effort, JICA also asserts “urban development and the establishment of a traffic/transport and communications network” as a priority development issue. It lists the development of an arterial highway network as one of the pillars of assistance for the above development issue. The loan for the Project was agreed as to phases from I to IV each in fiscal 1999, 2001, 2002 and 2004.

(4) Other Donors’ Activities

- 1) The World Bank is implementing a broad range of cooperation in the development of national and local roads and the development of infrastructure for inland waterway transport and urban transportation.
- 2) The Asia Development Bank (ADB) supports projects in the Greater Mekong Sub-regional 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 are very high as motorization progresses and chronic traffic congestions increasingly grow serious in Ho Chi Minh City in conjunction with rapid economic growth and mushrooming population in recent years.

3. Project Description

(1) Project Objectives

This project aims to enhance transport capacity and mitigate traffic congestion by constructing an east-west arterial highway including a tunnel crossing the Saigon River in Ho Chi Minh City, the largest city and the center of commerce and industry in Vietnam, thereby contributing to economic development and improvements in the living environment in Ho Chi Minh City.

(2) Project Site/Target Area: Ho Chi Minh City in the Socialist Republic of Vietnam

(3) Project Components: The project carries out the following operations for the new construction and expansion of roads (including a tunnel to connect the two banks of the Saigon River) in the section from national highway No.1 in the southwestern region of Ho Chi Minh City to Hanoi Highway that stretches towards the northeastern direction of the city.

- 1) Road construction (six-lane highway in both ways with a total length of about 22 km including a tunnel of roughly 1.5 km crossing the Saigon River)
- 2) Infrastructure development at the place of relocation

- 3) Consulting services (detailed design review and construction supervision; technical assistance for institutional strengthening for operation and maintenance and traffic safety measures)
- (4) Estimated Project Cost: 90,602 million yen (Loan Amount: 14,061 million yen)
- (5) Schedule: March 2000 – June 2012 (148 months in total); the project will be completed when the facility starts operating (June 2011).
- (6) Project Implementation Structure
 - 1) Borrower: The Government of the Socialist Republic of Vietnam
 - 2) Executing Agency: People's Committee of Ho Chi Minh City
 - 3) Operation and Maintenance System: Same as the above
- (7) Environmental and Social Considerations/Poverty Reduction/Social Development
 - 1) Environmental and Social Considerations
 - a) Category: A
 - b) Reason for Categorization:

The project involves new large-scale construction and expansion of roads, whereby category A is applied under the JBIC Guidelines for Environmental Considerations in ODA Loans (established in October 1999). {It corresponds to the road sector in the JBIC Guidelines for Confirmation of Environmental and Social Considerations (formulated in April 2002) and is classified as category A because it carries a sensitive feature.}
 - c) Environmental Permit:

The Ministry of Science, Technology and Environment (MOSTE) (currently the Ministry of Natural Resources and the Environment - MONRE) approved the Environmental Impact Assessment (EIA) report for this project in October 1999.
 - d) Pollution control measure:

As to air pollution and noise after the facilities have been put into service, it is planned to take necessary measures to meet the Vietnamese environmental quality standards based on the result of environmental monitoring.
 - e) Natural environment:

The targeted area involves neither a sensitive zone such as national park nor its peripheral areas. Hence, it is assumed that an adverse effect on the natural environment will be kept to minimum.
 - f) Social environment:

This project involves land acquisition of an area of 203 ha and relocation of 6,790 households. Procedures for land acquisition and compensation were taken in compliance with the Vietnamese domestic laws.

g) Other/Monitoring:

The executing agency and the Department of Natural Resources and Environment (DONRE) of Ho Chi Minh City will monitor air quality and water quality, etc. both during construction and in service.

2) Promotion of Poverty Reduction: None in particular

3) Promotion of Social Development: Under this project, a HIV/AIDS measure is taken by the contractor as part of operational safety measures. That is, workers receive information and education more than once a month.

(8) Coordination 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 2004)	Target (2013) (Expected value 2 years after project completion)
Annual average daily traffic volume of the tunnel (PCU/day) ^(Note)	—	92,650
Reduction in travel time (time required to travel from the intersection of this project and Hanoi Highway to the intersection with National Highway No.1 (in minute))	50	25

(Note) Passenger Car Unit (PCU) is a unit converting the number of a range of transportation vehicles into the number of passenger cars.

(2) Internal Rate of Return: Based on the conditions indicated below, the Economic Internal Rate of Return (EIRR) for this project is 20.6%.

【EIRR】

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

Benefits: Reductions in time and travel expenses; effect to shorten required travel time

Project life: 30 years

5. External Factors and Risk Control

None in particular

6. Lessons Learned from Findings of Similar Projects Undertaken in the Past

The loan appraisal for Phase IV of this project (October 2004) confirmed the necessity of (1) institutional strengthening for the operation and maintenance of tunnels, (2) assurance of traffic safety in a river-crossing tunnel, (3) air pollution and noise control measures, (4) acquisition of land and relocation of residents, and (5) HIV/AIDS prevention measures. Upon the implementation of this project, as to (1), the Ministry of Transport has formulated the plan to establish a subsidiary of Bridge and Ferry Management Corporation in order to carry out operation and maintenance for three years after the start of service, and approval procedures are in progress. As to (2), in order to lessen the risk of accidents caused by mixed traffic, the plan is to reserve one of the three lanes on one way direction only for motorbikes and curb the speed limit of the lane. Concerning (3), the noise to reach roadside areas will be alleviated by building sideways to keep a space between the road and roadside areas, and at the same time it is planned that DONRE will carry out ex-post monitoring. As to (4), the relocation of residents was completed in 2007, and supporting activities for those relocated were also carried out. As for (5), a HIV/AIDS measure was taken and the AIDS Committee was involved in the measure.

7. Plan for Future Evaluations

(1) Indicators to be used

- 1) Annual average daily traffic volume (PCU/day)
- 2) Reduction in travel time (time required to travel from the intersection of this project and Hanoi Highway to the intersection with National Highway No.1 (in minute)
- 3) Economic internal rate of return (EIRR - %)

(2) Timing: Two years after the project completion