

SUMMARY OF PROJECT PERFORMANCE

A. Background

1. The current project was approved on 25 November 2010 to provide more efficient transport across the Lao People's Democratic Republic–Viet Nam border and on the project road sections of the Greater Mekong Subregion Northeastern Corridor.¹ As part of the Viet Nam portion of the current project, the Asian Development Bank (ADB) approved a loan in the amount of SDR47,450,000 (equivalent to \$75.0 million from its Special Funds resources to (i) complete the 196 kilometers (km) of Highway 217 from the Na Meo border crossing to Ha Trung city to all-weather status under output 1, and (ii) improve road safety on the project road sections under output 2. In addition, the current project includes an HIV/AIDS and human trafficking awareness and prevention program. The loan became effective on 7 June 2011 with a closing date of 31 December 2016.

2. The original civil works scope included (i) improvement of the road section from km 107.2 to km 195.4 (Na Meo border), (ii) construction of new bypasses in Cam Thuy, and (iii) pavement repair and resurfacing from km 0 (Ha Trung city) to km 104.475. On 24 September 2014, a minor change was approved to (i) add road improvement for the road section from km 104.475 to km 107.2; (ii) replace the pavement repair and resurfacing on the section from km 0 to km 104.475 with full replacement of unsuitable bridges, as the routine and periodic maintenance was decentralized from the Ministry of Transport to the Thanh Hoa Provincial Department of Transport in 2013; and (iii) increase the scope of consulting services to update the feasibility study for full-scale improvement of the section from km 59.9 to km 104.475.

3. During the implementation of the current project, the road conditions from km 59.9 (Cam Thuy and km 104.475 (Ba Thouc) have significantly deteriorated due to the increased traffic coming from Na Meo, Ha Noi, and Ho Chi Minh City, as well as vehicle overloading. Therefore, during the loan review mission in May 2014, the Government of Viet Nam requested ADB to consider providing additional financing for full-scale improvement, as the earlier planned pavement repair and resurfacing would not resolve the road damage.

B. Performance of the Project

4. The ongoing project is assessed to be performing well based on the following results:

- (i) **Delivery of expected outputs.** A midterm review mission in March 2015 assessed that the activities for both outputs were progressing satisfactorily, and that output 1 would be enhanced if the road section from Cham Thuy to km Ba Thouc were upgraded with a higher design speed. The government (a) has been improving the road section from Na Meo border crossing to Ba Thouc, and constructing the Eo Le bridge at km 38.4 and approach roads; (b) has completed the two bypasses with total length of 2.7 km in Cam Thuy district; and (c) has been maintaining the road sections from Cam Thuy to km 0 (Ha Trung city). The planned road safety measures are under implementation. A road safety audit was undertaken on the detailed design, and the recommendations are being implemented in the road construction works. A community-based road safety

¹ ADB. 2010. *Report and Recommendation on the President to the Board: Proposed Loan, Grant, and Administration of Loan to the Lao People's Democratic Republic and the Socialist Republic of Viet Nam for the Second Northern Greater Mekong Subregion Transport Network Improvement Project*. Manila.

awareness program has been ongoing since July 2015, and it is 20% complete as of 20 September 2015.

- (ii) **Satisfactory implementation progress.** The scope of the current project includes civil works, consulting services, and resettlement and land acquisition. The current project performance rating is on track in the eOperations database. Procurement of all contract packages is 100% complete. The civil works commenced in January 2014 and are expected to be completed in June 2016 as planned. As of 7 October 2015, cumulative contract award against the net loan amount of \$67.65 million was 85.6%, and disbursement was 41.0%. Disbursements are expected to increase rapidly in end of 2015 as high-value pavement works commenced on 10 September 2015. Thus, extension of original loan closing date is not foreseen.
- (iii) **Satisfactory compliance with safeguard policy requirements.** There are no major issues related to the implementation of the resettlement plans, land acquisition, and environmental management plan (EMP). The government has been tracking grievances, and there are currently no unresolved grievances. Monitoring of EMP implementation is regularly conducted by the detailed design and construction supervision consultants, and monitoring of the resettlement plans is regularly conducted by the external monitor. Lapses in EMP implementation are being addressed continuously by the contractors through agreed remedial actions. Semiannual monitoring reports are publicly available on ADB's website.
 - (a) **Resettlement plans.** The implementation of the resettlement plans is progressing well. All affected peoples identified under the original project scope received compensation by August 2015. There have been additional resettlement impacts to 509 households due to two additional contract packages for road and bridge improvement as discussed in para 2. The addendums of the resettlement plans for these packages have been prepared. The remaining 25 households of 509 households are expected to receive compensation in October 2015. The required lands were handed over to the contractors in June 2015. Impacts on livelihoods have been generally minor; those losing productive land have reestablished their living conditions.
 - (b) **Environment.** Environmental issues identified during project implementation are being addressed by the government through an action plan agreed with the midterm review mission requiring the government to (i) implement a time-bound action plan to remedy the outstanding environmental issues, (ii) carry out monthly site inspections, and (iii) fully implement mitigation measures provided in the EMP for the additional two packages. As of 20 September 2015, about 80% of the agreed actions had been completed.
 - (c) **Gender.** Implementation of the gender action plan (GAP) had been progressing slowly until the midterm review mission. The midterm review mission and Project Management Unit 1 of the Ministry of Transport (one of the implementing agencies) revised the GAP to better reflect current

needs.² Project Management Unit 1 appointed a gender focal point in May 2015 and engaged a national gender consultant in July 2015 to help support full implementation of the revised GAP. About 15% of the revised GAP had been completed as of 20 September 2015. The HIV/AIDS awareness and human trafficking prevention program is about 50% complete as of 20 September 2015. Based on the lessons learned under the current project, the midterm review mission and Ministry of Transport agreed to include a requirement in bidding documents for civil works under the project that contractors will hire women as unskilled laborers in order to make sure that contractors give higher priority to women when hire local laborer.

- (iv) **Successful management of risks.** Risks identified at the appraisal of the current project have been managed. The agreed mitigation measures have been implemented, including establishing a grievance redress mechanism, hiring an independent external monitor for resettlement monitoring, and creating a project website. The Ministry of Transport has been improving access to the project website, and it has been providing information on the progress of the current project and the procurement of works to promote anticorruption efforts. For the mitigation measures related to providing adequate maintenance for and controlling the overloading of roads after their completion, the government (i) increased the road maintenance budget allocation during 2012–2014 for the national road network and established a Viet Nam National Road Maintenance Fund in 2012, (ii) decided in 2013 to undertake road maintenance through performance-based contracts, and (iii) installed a weigh scale at the Na Meo border crossing. With these arrangements, the project road sections are likely to be adequately maintained and kept in good condition.

C. Conclusion

5. The additional financing meets ADB's eligibility criteria for additional financing,³ as the project is (i) technically feasible, economically viable, and financially sound based on the due diligence assessments; (ii) accorded high priority by the government based on its approval of the project outline in June 2015; (iii) consistent with the transport development objectives, as it will enhance the outcome and outputs of the current project; and (iv) consistent with the country partnership strategy, 2012–2015 for Viet Nam, which aims to enhance transport connectivity in Great Mekong Subregion countries.⁴ The additional financing will enhance the current project's outcome and outputs by adding a more efficient and safer 45 km road section between Cam Thuy and Ba Thuoc, and a flyover in Ha Trung to serve the increased traffic coming from Na Meo, Ha Noi, and Ho Chi Minh City. The additional financing will allow ADB to respond effectively to the change in circumstances the government is facing in implementing the current project (para. 3).

² Given the practical difficulty in achieving the original target, a minor change to the project was approved in May 2015 to adjust the performance target for the indicator that specifies the percentage of unskilled laborers who are women from 25% to 15%.

³ ADB. 2011. *Additional Financing. Operations Manual*. OM Section H5/BP.

⁴ ADB. 2012. *Country Partnership Strategy: Viet Nam 2012–2015*. Manila.