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Ho Chi Minh City – Long Thanh – Dau Giay (HLD) Expressway Construction Project

Viet Nam

Transport Sector

Presented by: Mr. Dang Huu Vi
Viet Nam Expressway Corporation



Project Overview

- **Rationale**

- Greater HCMC is the largest city in Vietnam and the country's economic hub.
- The road networks both within and around HCMC was becoming heavily congested with decreasing travel speeds and increasing transport cost
- HCMC also lies at a critical junction on the transport network for the Greater Mekong Subregion

- **Impact**

- business-led, pro-poor, and sustainable economic growth in HCMC and neighboring provinces.



Project Overview

• Outcome

- Transport users in HCMC and Dong Nai province can travel from District 9 of HCMC to Dau Giay with lower transport costs and less time on the project expressway.

• Outputs

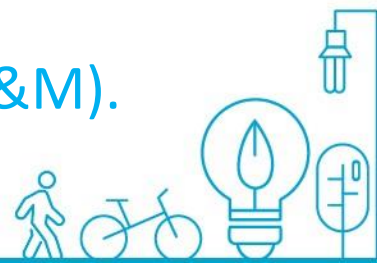
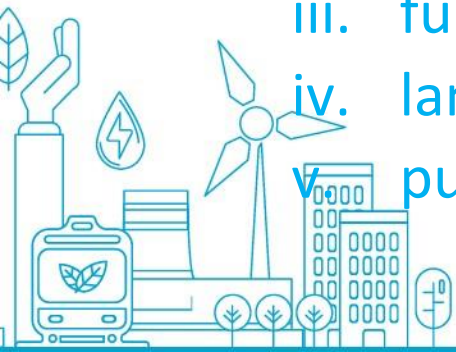
- HLD expressway is operating, connecting HCMC District 9 to Dau Giay – Dong Nai (about 55 km) as a four-lane, high-speed, limited-access, tolled highway.
- The concession for O&M effective and operating after completion of the project.
- Project Management System reports are generated.



Project Design

- **Project Modality (ADB Portion):** Project Loan.
- **Project Duration:**
 - Date of Loan Effectiveness: 26 June 2009
 - Loan Closing Date: 31 December 2016
 - Financial Closing Date: 22 November 2018
- **Special Features:**
 - i. cofinancing by ADB and JICA loans,
 - ii. a full environment assessment (category A),
 - iii. full resettlement plan (category A), and
 - iv. land acquisition and retroactive financing

v. public–private partnership in project operation and maintenance (O&M).



Project Design (cont'd)

Project Benefits and Beneficiaries

- **Direct Benefits:**

- reduction in transport costs for the movement of passengers and goods (i) between HCMC and the provinces to the north and northeast of the city, and (ii) along transport links on the GMS southern and eastern economic corridors;
- reduced transport costs in the same area; and
- reduced social and economic costs of traffic accidents.

- **Indirect Benefits:**

- increase in economic growth and a contribution to the Government's overall poverty reduction program.



Project Scope

(at completion)

	Length (km)	Carriageway width (meter)	Bridge		Over/under pass (no.)	Culvert (no.)	No. of Service Area	No. of plazas
			(no.)	total (km)				
Total	54.982	27.5	32	19.094	20	117	2	3
Section 1 with 23.9 km, passing the Ring Road 2 in District 9 of HCMC and Nhon Trach and Long Thanh Districts of Dong Nai Province (JICA-financed)	23.900	27.5	19	18.090	2	47	1	2
Section 2 with 31.1 km, passing through Long Thanh, Cam My and Thong Nhat Districts of Dong Nai Province (ADB-financed)	31.082	27.5	13	1.004	18	70	1	1

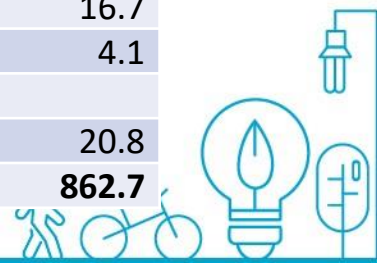
Source: The Southern Expressway Project Management Unit



Project Cost

At Appraisal and Actual (\$ million)

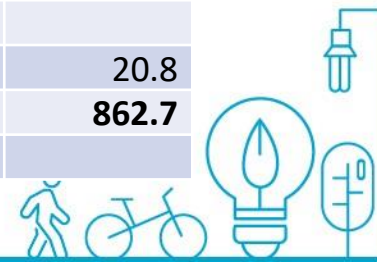
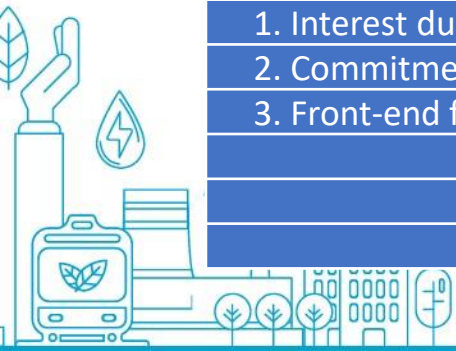
Item	Appraisal Estimate			Actual		
	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost
A. Investment Costs						
1. Civil works	9.0	435.5	444.5	12.2	592.6	604.9
2. Land acquisition cost	6.6	108.5	115.1	8.0	131.5	139.4
3. Compensation and resettlement	1.0	19.7	20.8	0.2	4.2	4.5
4. Unexploded ordnance clearance	0.0	0.5	0.5		0.4	0.4
5. Consulting services	11.9	7.3	19.2	18.4	11.2	29.6
6. Project administration costs	0.0	6.6	6.6		6.9	6.9
7. Taxes and duties					56.3	56.3
Subtotal (A)	28.5	578.1	606.7	38.8	803.2	841.9
B. Recurrent Costs	0.0	10.2	10.2			
Total Base Costs	28.5	588.4	616.9	38.8	803.2	841.9
C. Contingencies						
1. Physical	2.6	51.1	53.7			
2. Price	1.6	144.3	145.9			
Subtotal (C)	4.2	195.4	199.5			
D. Financial Charges during Implementation						
1. Interest during construction	114.3	0.0	114.3	16.7		16.7
2. Commitment charges	1.6	0.0	1.6	4.1		4.1
3. Front-end fees	0.0	0.0	0.0			
Subtotal (D)	116.0	0.0	116.0	20.8		20.8
Total (A+B+C+D)	148.7	783.7	932.4	59.6	803.2	862.7



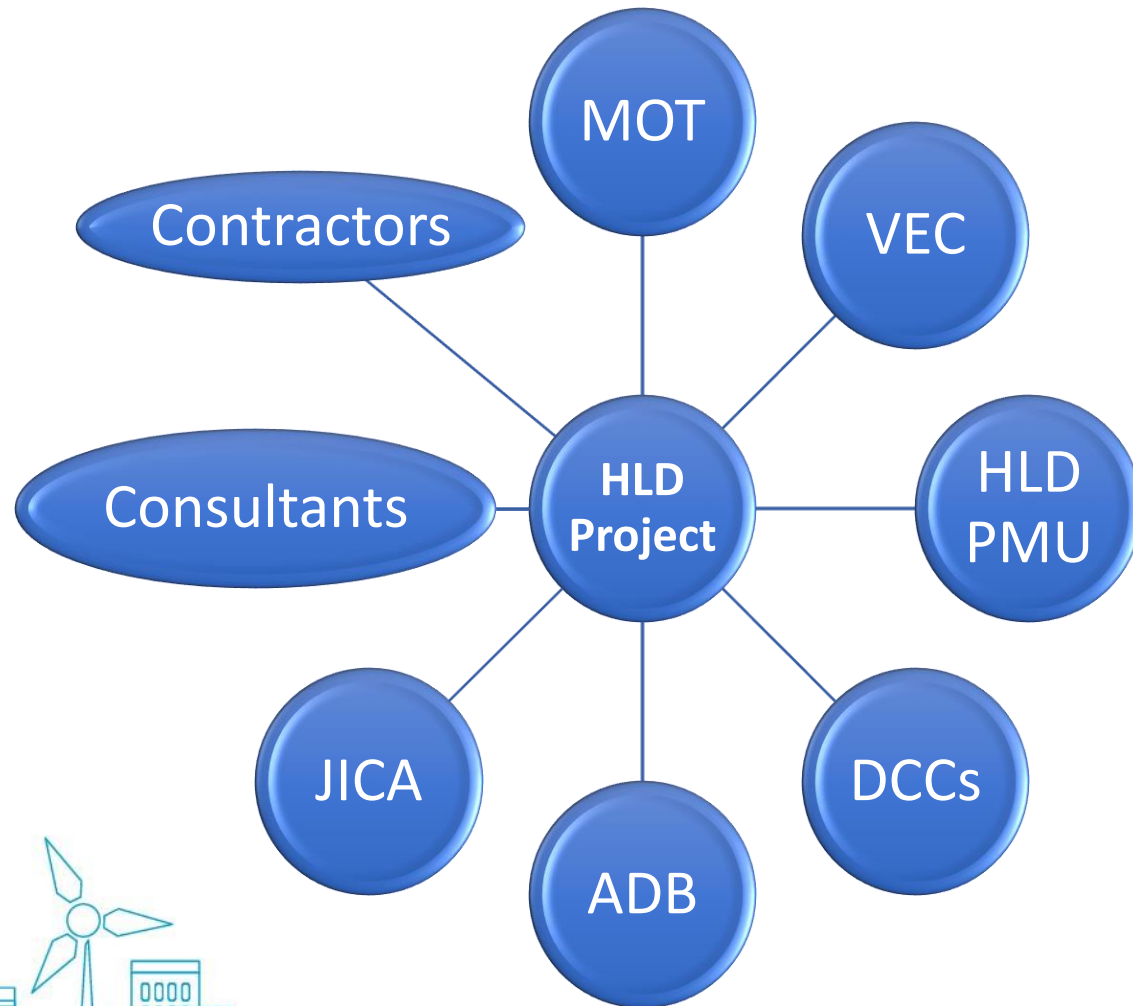
Project Cost

At Completion by Financiers (\$ million)

Item	ADB		JICA		VEC/HCMC		Total Cost
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	
A. Investment Costs							
1. Civil works							
i. Long Thanh–Dau Giay section	111.1	100.0%					111.1
ii. HCMC–Long Thanh section and TCTIM			493.8	100.0%			493.8
2. Land acquisition cost	44.5	31.9%			94.9	68.1%	139.4
3. Compensation and resettlement					4.5	100.0%	4.5
4. Unexploded ordnance clearance					0.4	100.0%	0.4
5. Consulting services	9.8	33.0%	19.7	66.7%	0.1	0.3%	29.6
6. Project administration costs	6.7	97.4%			0.2	2.6%	6.9
7. Taxes and duties					56.3	100.0%	56.3
Subtotal (A)	172.1	20.4%	513.5	61.0%	156.3	18.6%	841.9
B. Recurrent Costs							
Total Base Costs	172.1	20.4%	513.5	61.0%	156.3	18.6%	841.9
C. Financial Charges during Implementation							
1. Interest during construction	3.8	22.6%	12.9	77.4%			16.7
2. Commitment charges	3.0	71.5%	1.2	28.5%			4.1
3. Front-end fees							
Subtotal (C)	6.7	32.4%	14.1	67.6%			20.8
Total (A+B+C)	178.8		527.6		156.3		862.7
% of Total Cost		20.7%		61.2%		18.1%	



Key Stakeholders



- MOT: Ministry of Transport
- VEC: Vietnam Expressway Corporation – Executing Agency
- HLD PMU: HLD Expressway Project Management Unit which replaced the Southern Expressway Project Management Unit - SEPMU during project implementation – Implementing Agency
- DCCs: District Compensation Committees
- ADB: Asian Development Bank - financier
- JICA: Japan International Cooperation Agency - financier



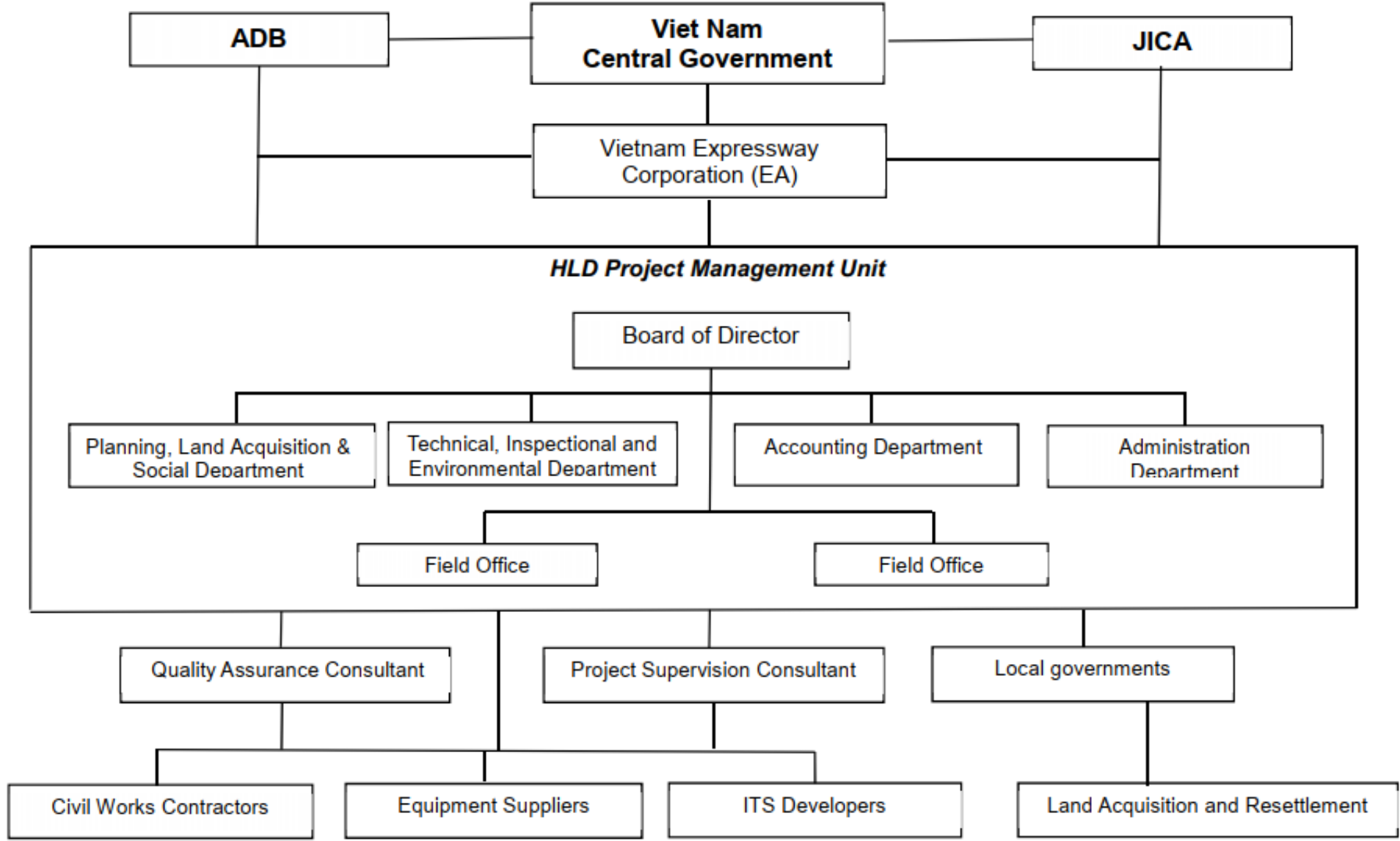
Key Stakeholders

Roles of Executing and Implementing Agencies

- **Executing Agency** – VEC has overall responsibility for:
 - project implementation and formal correspondence with the line ministries, provincial authorities, and ADB;
 - recruitment of consultants and procurement of civil works/goods contracts;
 - implementation of the EMP requirements during design, construction and expressway operation with the provincial departments of natural resources and the environment providing the monitoring
- **Implementing Agency (IA)** – HLD PMU has responsibility for:
 - day-to-day project implementation.
 - represent VEC on the district compensation committees (DCCs)
- **DCCs** – IA for the land acquisition and resettlement plans
 - responsible for payment of all compensation and allowances



Project Organization Structure



Development Challenges and Solutions

Challenges:

- Limited experience with planning and management of large scale projects;
- Weak institutions, often with overlapping mandates and responsibilities;

Solutions:

- A Technical Assistance Project was processed and provided to VEC;
- Clear implementation arrangements were designed and implemented



Delivery Challenges and Solutions

EA had limited capacity and experience with management of major projects:

- Unfamiliarity with ADB's Procurement Guideline and Guideline of the Use of the Consultants;
- Lack of experience in implementation of FIDIC-based civil works contracts
- Limited experience in financial management and implementation of safeguard requirements.



Delivery Challenges and Solutions (cont'd)

The following solutions were provided:

- A TA Loan (HLD TA) was designed and financed by ADB to implement a strengthening and capacity-building component for VEC;
- Provision of training on procurement of civil works and goods, recruitment of consulting services and FIDIC contract management and safeguards monitoring for VEC staff;
- Handholding support of ADB's the project administration unit;



Lessons Learned

- Successful cofinancing arrangement;
- Land acquisition and resettlement implementation improved;
- Delayed liquidation of ADB loan advance;
- Overestimated Land Acquisition and Resettlement cost;
- Performance of contractors and implementation delays;
- ADB's mission leaders changed a lot;
- ADB's continued support to the EA/IA is essential to the project success.



Thank You!

