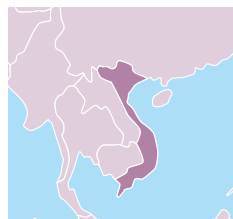




Asia **Vietnam**



# National Highway No.5 Improvement Project (1) - (3)

Improving the main artery road in northern Vietnam to significantly increase the efficiency of road transportation, thereby contributing to the economic development of areas along the corridor

### [External evaluator]

Vietnam-Japan joint evaluation study team 2007\*

Rating		Overall rating <b>B</b>
Effectiveness, Impact	a	
Relevance	a	
Efficiency	b	
Sustainability	b	

### Project Objectives

To respond to increasing traffic demand and to realize smoother and more efficient flow of passenger and cargo transport by improving the National Highway No. 5 (NH-5) directly linking Hanoi and Hai Phong, the largest international trade port in northern Vietnam, thereby contributing to the restoration of trade and industry and to the improvement of living standards in the north.

### Outline of the Loan Agreement

- Loan amount / disbursed amount: 20,961 million yen / 18,723 million yen (total)
- Loan agreement: January 1994 (Phase I)
- Terms and conditions: Interest rate: 1.0% (1.8% for Phase II, 2.3% for Phase III); 30-year repayment period (including a 10-year grace period); general untied
- Final disbursement date: July 2004 (Phase III)
- Executing agency: Project Management Unit No. 5 (PMU5), Ministry of Transport (MOT)
- Website URL: <http://www.mt.gov.vn/eDefault.aspx?tabid=8>

### Effects of Project Implementation (Effectiveness, Impact)

The annual average daily traffic on the sections covered by this project stood at 19,781 PCUs (passenger car units) in 2006, a more than six-fold increase over the 1993 level; already surpassing the planned value for 2008. Despite the increasing traffic, the travel time between Hanoi and Haiphong has been cut by more than half due to such factors as an increase in the number of lanes, separation of passenger vehicles from other vehicles, and improvements to bridges and intersections.

The provinces / municipalities along these sections (with a total population of about 4.78 million) have been experiencing rapid economic growth, especially in the industrial sector. It is apparent that such growth is underpinned by the improvements in National Highway No. 5, the main artery road in northern Vietnam. Above all, a number of new industrial parks have been developed along the highway in the originally rural provinces of Hung Yen and Hai Duong, providing employment opportunities for local residents. In a beneficiary survey of residents and enterprises along these sections, the respondents largely expressed satisfaction with the economic benefits of National Highway No. 5 and with the project itself. However, many of them also noted an increase in traffic accidents, and inconvenience due to difficulty in crossing the road, poor drainage, and the like.

Therefore, this project has largely achieved its objectives and its effectiveness is high.

### Relevance

This project has been highly relevant with Vietnam's national policies and development needs at the times of both appraisal and ex-post evaluation. In addition, it has been increasing in importance as a lifeline for logistics in northern Vietnam.

### Efficiency

Though the project cost was lower than planned, the project period took much longer to produce the planned outputs; therefore the evaluation for efficiency is moderate. The project cost was within the original budget but the period needed to produce the planned outputs significantly exceeded the planned duration. Extension of the original project period was necessary to make up for the delays in land acquisition and the relocation of residents, which resulted mainly from the lack of experience in large-scale infrastructure development on the part of the executing agency and the local governments.

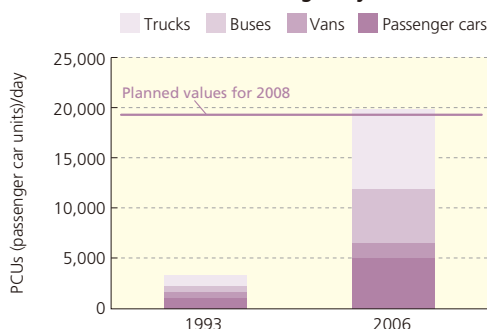
### Sustainability

No major problems have been observed in the capacity of the executing agency nor its operation and maintenance system; However, the O&M budget allocations are inadequate and some damage to the road surface remains unattended to. Therefore, sustainability of this project is fair.

### Conclusion, Lessons Learned, Recommendations

In light of the above, this project is evaluated to be satisfactory. A major lesson learned from this project is the need to design a project that takes account of the possibility that the traffic pattern will change significantly after the project. Another lesson is that it is necessary to fully consider the implementation capacity of the executing agency and the organizations responsible for land acquisition and the resettlement of residents. As recommendations, road authorities should take measures to ensure traffic safety from both the physical (e.g., grade-separation of intersections) and non-physical (e.g., information campaigns) aspects to reduce traffic accidents on National Highway No. 5. In addition, continued efforts should be made to secure financial sources for the O&M, including setting up a fund dedicated to road maintenance.

### Traffic volume on National Highway No. 5



Source: VRA

\* The ex-post evaluation of this project was conducted jointly with the Ministry of Planning and Investment (MPI) and the Ministry of Transport (MOT) of Vietnam, together with the National Highway No.1 Bridge Rehabilitation Project (I-1) (I-2) (I-3) (II-1) (II-2) (II-3) and the Hanoi - Ho Chi Minh City Railway Bridge Rehabilitation Project (I) - (III). The joint evaluation team for this project has ten members, including 9 Vietnamese evaluators (from MPI, the executing agency and other organizations concerned, and an evaluation consulting firm) and Takako Haraguchi, an external evaluator from International Development Associates Ltd. of Japan.