



Retro-Actively Applying Standards:

A Case Study of the National Highway 20 Project in Vietnam

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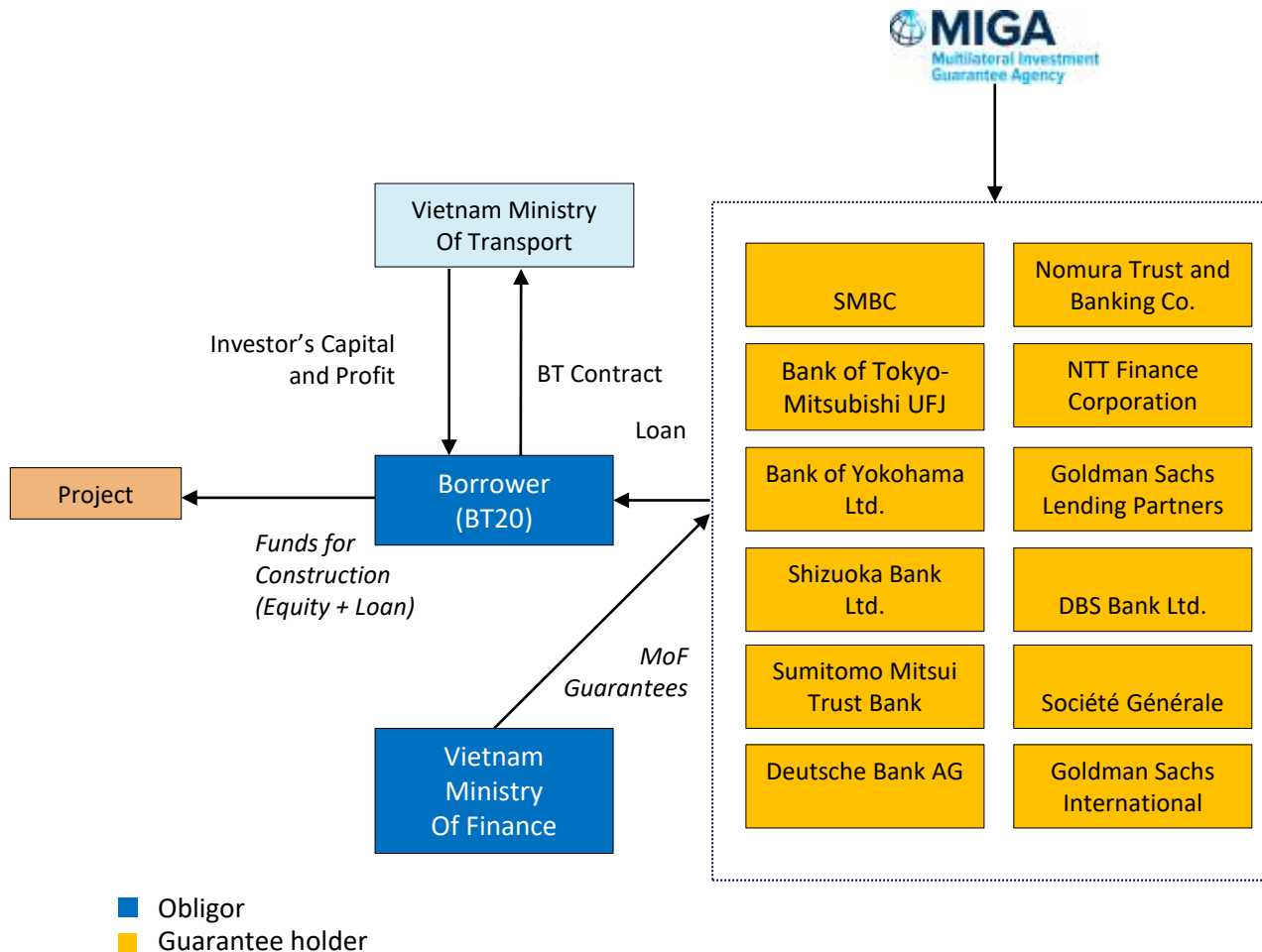
MIGA – Part of the World Bank Group

	IBRD International Bank for Reconstruction and Development	IDA International Development Association	IFC International Finance Corporation	MIGA Multilateral Investment Guarantee Agency
	Est. 1945	Est. 1960	Est. 1956	Est. 1988
Role:	Support countries' economic and institutional development	Support countries' economic and institutional development	Promote private sector development	Promote cross-border investment and lending
Clients:	Governments of member countries with annual per capita income between \$1,025 and \$6,055	Governments of member countries with annual per capita income of less than \$1,025	Investors in member countries	Debt and equity investors in member countries
Products:	<ul style="list-style-type: none"> - Technical Assistance - Loans - Policy Advice 	<ul style="list-style-type: none"> - Technical Assistance - Interest-Free Loans - Policy Advice 	<ul style="list-style-type: none"> - Equity/Quasi-Equity - Long-Term Loans - Advisory Services 	<ul style="list-style-type: none"> - Political Risk Insurance - Credit Enhancement

◀..... **Shared Mission: “End extreme poverty and build shared prosperity”**▶

Non-Honoring of Sovereign Financial Obligations

BT20 National Highway 20, Vietnam



- ❖ **Project:** Upgrading of highway connecting Ho Chi Minh City to Central Highlands
- ❖ Rehabilitation of a severely deteriorated section of the road, a source of significant transportation bottlenecks and accidents.
- ❖ **MIGA Cover**
 - Amount: \$500m
 - Tenor: up to 15 years
 - Issued: March 2014

Vietnam's National Highway 20 ('NH20')

- National Highway 20 ("NH20") is an existing 268 km public highway linking Dau Giay, Dong Nai province to Dran Town, Lam Dong Province.
- The road was prioritized for upgrade due to significant degradation from the increased traffic volume over the past 30 years.
- Expansion and rehabilitation conducted in two phases; Phase 1 is 123 km of Dau Giay to Bao Loc City.
- MIGA provided Non-Honoring of Sovereign Financial Obligation ("NHSFO") guarantee against loans for the construction of Phase 1

NH20 Expansion and Rehabilitation Works

- Widening of 123 km of the existing corridor by ~2m on each side
- Replacement and / or upgrade of 6 bridges;
- Improved drainage with the installation of cross and vertical culverts;
- Slope reinforcement, retaining walls; and
- Traffic safety works (signs and traffic signals, km pillars, safety fencing and paint marking).

Before



Photo Credit: WSP Environment and Energy

After



Before



Photo Credit: WSP Environment and Energy



After

Before



Photo Credit: WSP Environment and Energy

After



Social Impacts

- Upgrade affected households in 4 districts and 1 municipality within 2 provinces.
- Relatively minor permanent impact on several thousand households.
- Temporary impact on approximately 3,230 micro and small businesses.
- Permanent physical displacement of ~40 households.



Resettlement Process

- Undertaken by Ministry of Transportation (via PMU 7) in cooperation with the district Land Development Departments.
- Process started in 2013 – prior to MIGA engagement in the project.
- Resettlement documents were prepared and implemented according to the expropriation laws of Vietnam.



MIGA's Due Diligence Review

- MIGA's review included:
 - Analysis of national law vs PS
 - Review of compliance with national law
- Identified gaps included:
 - Some information missing from baseline surveys;
 - Compensation were not at 'full replacement value';
 - Limited consideration of economic displacement;
 - Limited consideration of lessees and other households without legally recognized ownership.

Lessons Learned:

Steps Taken to Address Gaps

1. Develop an action plan
2. Consult and reach mutual agreement with the government
3. Provide capacity building
4. Establish processes and institutional system for monitoring and evaluation

Project Outcomes

- Project completed ahead of schedule and under budget
- Improved livelihoods – businesses along the road reported increased incomes; directly affected households consulted reported no detrimental impact to livelihoods (and positive impact in some cases).
- Improved safety – good quality road surface, road markings and signs, traffic lights, street lights and the presence of motorcycle lanes have all resulted in decreased number of road accidents.
- Reduced flooding – improved drainage and road design have reduced flooding in key areas along the road.





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Attachments

- PS 5 Requirements for government-led resettlement
- Gaps / Solutions

Performance Standard 5 – Requirements for Government-Led Resettlement

- PS 5 includes specific clauses (30 – 32) for cases where resettlement is government-managed and MIGA's client has little or no direct influence over the process.

*“30. Where land acquisition and resettlement are the responsibility of the government, the client will collaborate with the responsible government agency, to the extent permitted by the agency, **to achieve outcomes that are consistent with this Performance Standard.**”*

Gaps and Solutions

- Some information missing from baseline surveys
 - Retro-active household surveys with a focus on obtaining information from households that were permanently physically displaced and households that lost more than 20% of their total land and assets.
- Review of compensation rates to determine whether they met the Performance Standard criteria of ‘full replacement value.’
 - While the compensation rates were not at full replacement (market) value, the value of the overall package was (i.e. including moving allowance; materials allowance; disturbance allowance)

Gaps and Solutions (2)

- Consideration of economic displacement (impact from loss of income – temporary or permanent).
 - ‘Business impact study’ was undertaken to quantify the potential economic impact on the businesses along the road and compensation provided based on results of this study.
- Quantify the extent of land acquisition and associated compensation beyond the marked right of way (for safety corridors and other reasons).
 - The extent of land acquisition for safety buffer was quantified after completion of the road, and compensation is currently being undertaken.

Gaps and Solutions (3)

- Consideration of lessees and other households without legally recognized ownership
 - Compensated affected assets and physically displaced lessees were provided with relocation allowances (as per PS 5).
- Consideration of alienated land / assets.
 - Permanently alienated land / assets were acquired in the same manner as permanently lost assets.