ADB ASIAN DEVELOPMENT BANK

Viet Nam: Ho Chi Minh City Wastewater and Drainage System Improvement Project

Project Name	Ho Chi Minh City Wastewater and Drainage System Improvement Project
Project Number	50107-002
Country	Viet Nam
Project Status	Approved
Project Type / Modality of Assistance	Loan
Source of Funding / Amount	**Loan: Ho Chi Minh City Wastewater and Drainage System Improvement Project** Ordinary capital resources — US$ 400.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Partnerships Private sector development
Sector / Subsector	**Water and other urban infrastructure and services** - Urban flood protection - Urban policy, institutional and capacity development - Urban sanitation - Urban sewerage
Gender Equity and Mainstreaming	Effective gender mainstreaming
Description	The project will support Ho Chi Minh City People's Committee and their government to finance sound wastewater and drainage system in the remaining catchments, thereby strengthening its foundation as the socioeconomic growth pole of southern Viet Nam. The impact of the project will be improved surface water quality and drainage capacity in HCMC. The outcome will be increased wastewater and drainage collection and treatment capacity in key catchments in HCMC. Project outputs will (i) upgrade the existing combined sewer system with interceptors; (ii) construct new separate sewer pipeline systems for storm run-off and sewage, and advanced centralized wastewater treatment plants; (iii) strengthen septage management of household septic tanks by a developing desludge and collection scheme with appropriate equipment and vehicles; and (iv) capacity building and institutional strengthening of the implementing agency for medium- and long-term strategic planning for sewage and drainage, and asset construction and management skills including private sector participation, the operating agencies for operation and maintenance and climate resilient disaster management planning, and the local people for awareness raising.

Project Rationale and Linkage to Country/Regional Strategy	Ho Chi Minh City (HCMC), the largest city in Viet Nam with 8.0 million inhabitants, is the center of Viet Nam's economic activity, contributing 27% of the national gross domestic product (GDP) in 2014. Under the central government's long-term strategic vision of Socio-Economic Development Strategy (SEDS), 2011 2020 and its 5-year Socio-Economic Development Plans (SEDP), HCMC will remain the main engine of Viet Nam's urbanization and industrialization with its higher GDP growth rate over the national average. While HCMC's growth has been underpinned by investments on basic urban infrastructure and improved water supply system, its development stands at a turning point. Weak wastewater and drainage system has become a clear bottleneck as surface water quality of inland canals and rivers has been rapidly deteriorated, raising serious public health and environmental concerns. In HCMC, the country's typical sector problems occur at the largest scale: (i) a sewer network coverage has little improved from 12% in 1997, with only 50-80% user connections even in the central districts; (ii) a sewer network predominantly uses combined collection system of sewer and storm water; (iii) only two out of twelve existing drainage catchments have the centralized wastewater treatment plants, treating less than 10% of city's domestic wastewater or only 14% of the water supplied in HCMC; and (iv) about 80% of households still rely on septic tanks with many lacking proper septage management. HCMC's low lying terrain adds technical complexities to the system adopting gravity flow for collection and transportation. Although the key regulations came into force on clarifying ownership and responsibilities of wastewater and drainage assets, and promoting financial cost recovery, weak financial basis of local governments and lack of their institutional capacity to implement the regulation cause a spiral of technical, financial and market failures in sector performance. Viet Nam's vulnerability to climate change further exacerbates the problem. HCMC is one of the 10 cities in the world likely to confront the early impacts of climate change. The projected sea-level rise of 33 centimeters (cm) by 2050 and 100 cm by 2100 is alarming for HCMC, where 40 -45% of the central districts are within 100 cm above sea-level. By 2050, twelve out of 14 wastewater related facilities will be inundated in regular flood events. The city's wastewater and drainage system faces challenges of rising sea-level and enhanced storm surges to control floods and mitigate sewage backflow. Since 1998, $1.1 billion (in 2005 constant price) has been provided by the government of Belgium, Japan International Cooperation Agency (JICA) and the World Bank to upgrade the wastewater and drainage system in HCMC. Their interventions have been individually effective, but less coordinated. Many catchments are still left out from the support. The city's construction Master Plan does not recognize climate risk appropriately. A large financial gap must be filled by rationalized investment planning that effectively mobilizes public and private funds.
Impact	Livability and climate resilience in Ho Chi Minh City improved

Project Outcome	
Description of Outcome	Wastewater and drainage collection, treatment and management capacities in key HCMC catchments improved
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	1. Existing combined sewer system upgraded with interceptors 2. New pipeline system for storm run-off and sewage, and advanced centralized wastewater treatment plants constructed 3. Septage management of household septic tanks implemented 4. Capacity of implementing agencies and public awareness on sanitation enhanced
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	

Safeguard Categories	
Environment	B
Involuntary Resettlement	A
Indigenous Peoples	C

Summary of Environmental and Social Aspects
Environmental Aspects
Involuntary Resettlement
Indigenous Peoples
Stakeholder Communication, Participation, and Consultation
During Project Design

During Project Implementation

Business Opportunities	
Consulting Services	Procurement is classified as category B. During implementation of the project preparatory technical assistance (PPTA), capacity gaps, risks, and relevant mitigating measures will be identified in relation to project-based financial management, procurement, and anticorruption policies of the executing and implementing agencies in accordance with ADB guidelines.
Procurement	Procurement is classified as category B. During implementation of the project preparatory technical assistance (PPTA), capacity gaps, risks, and relevant mitigating measures will be identified in relation to project-based financial management, procurement, and anticorruption policies of the executing and implementing agencies in accordance with ADB guidelines.

Responsible ADB Officer	Ishii, Satoshi
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Urban Development and Water Division, SERD
Executing Agencies	*Ho Chi Minh City People's Committee* *86 Le Thanh Ton Street, Ben Nghe Ward,* *District 1, Ho Chi Minh City* *Viet Nam*

Timetable	
Concept Clearance	14 Oct 2016
Fact Finding	21 Jun 2016 to 21 Jun 2016
MRM	03 Aug 2016
Approval	03 Aug 2020
Last Review Mission	-
Last PDS Update	24 Oct 2016

Project Page	https://www.adb.org/projects/50107-002/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=50107-002
Date Generated	12 December 2017