

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA22072

Project Name	Ho Chi Minh City Green Transport Development (P126507)
Region	EAST ASIA AND PACIFIC
Country	Vietnam
Sector(s)	General transportation sector (80%), Public administration-Transportation (20%)
Theme(s)	Other urban development (100%)
Lending Instrument	Specific Investment Loan
Project ID	P126507
Borrower(s)	Socialist Republic of Vietnam
Implementing Agency	Ho Chi Minh City Peoples Committee
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	19-Mar-2015
Date PID Approved/Disclosed	08-Apr-2015
Estimated Date of Appraisal Completion	10-Mar-2015
Estimated Date of Board Approval	29-May-2015
Appraisal Review Decision (from Decision Note)	

I. Project Context

Country Context

1. Vietnam has achieved significant development success over the past 25 years. Reforms introduced in 1986 have helped to transform the country from a centrally-planned economy to a more market-oriented one. This has spurred economic growth, which has averaged 6.4 percent from 2000 to 2012. Also from 2000 to 2012, Vietnam's per capita income (Atlas method) almost quadrupled to US\$1,560 in 2012, while the poverty level fell to 17.2 percent in 2012.

2. While Vietnam's economic growth has been based on its abundant natural resources (e.g., fisheries, forestry, and mineral resources), the manufacturing sector's share of both GDP and employment has been increasing over the past decade. This process has been accompanied by rapid population growth in the country's largest cities: Hanoi (the national capital), Ho Chi Minh City (HCMC), as well as some medium-sized cities. With this rapid industrialization and urbanization, Hanoi and HCMC have solidified their status as the country's two principal economic and industrial centers.

3. Improving urban infrastructure is a priority for Vietnam's government. To ensure

continued strong economic performance and achieve Vietnam's goal of successfully transitioning to middle-income status, the national government is seeking to address infrastructure constraints to the country's economic competitiveness. Given HCMC's pivotal role in the national economy, there is a focus on improving the quality of urban infrastructure and services in the city, including the development of sustainable urban transport systems.

Sectoral and institutional Context

4. With 7.7 million inhabitants in the city proper and over 9 million in the metropolitan area, Ho Chi Minh City is Vietnam's largest city. Located on the banks of the Saigon River—60 km from the East Sea coast and 1,760 km south of Hanoi--the city exhibits a monocentric structure, with the highest population density reaching 500 inhabitants per hectare in the central area and a citywide average of 150 inhabitants per hectare. In the past decade, however, much of the city's population and job growth has taken place in peripheral areas, particularly to the northwest of the city center in the Tan Binh and Go Vap districts near the airport. Recently, there has been significant development in the central business district (CBD), located in District 1, particularly of office towers. To preserve the historic neighborhoods in District 1, further expansion of the city's CBD is planned across the Saigon River, in District 2.

5. HCMC is Vietnam's principal economic hub, generating a fifth of national GDP. The city's annual GDP growth has averaged nearly 11% for the past five years. HCMC and its surrounding region account for almost half (45 percent) of Vietnam's total manufacturing output. However, HCMC is seeking to transition from labor-intensive manufacturing industries to higher value-added, more knowledge-intensive sectors. This will require significant investments in education, social protection, and infrastructure, including upgrading transport and mobility.

6. HCMC is characterized by a very limited supply of public transport services, and a very low reliance on public transport for mobility within the city. Currently, buses are the only mode of public transport available in the city, with HCMC's metro rail system still under construction. There are presently only about 3,000 buses in HCMC, of which fewer than 2,000 actually operate on scheduled routes available to the general public. This contrasts with similarly-sized cities in other countries, such as Bangalore, India, with about 6,000 buses serving a population of 7 million, and Wuhan, China, with more than 7,000 buses for a city of 9 million people. Accordingly, buses account for a paltry 1.4% of all daily passenger trips in HCMC, lower than in almost any other city of this size. Bus services are currently supplied by 11 different companies, including one state-owned enterprise (Saigon Bus Company) as the largest provider, one large private company, one joint venture, and 8 private cooperatives.

7. Starting in 1994, successive efforts to revitalize the city's bus system – by increasing supply and improving quality to boost ridership – have had very limited success. In 2000, reforms to HCMC's bus system were introduced, along with the procurement of new vehicles by the city for Saigon Bus and the private cooperatives. Bus ridership increased for a while, peaking at fewer than 5 percent of all passenger trips in the city in 2007, and then subsequently declined to less than 2 percent by 2010. With such low utilization of public transport, large subsidies are needed to cover the costs of operating bus services in the city. Fare revenues cover less than 60 percent of the bus operators' total costs, with the remainder covered by government subsidies – a significant burden on municipal finances. Bus services are disproportionately utilized by vulnerable segments of society unable to drive or to afford other means of getting around the city, such as the very poor, the

elderly, women with children, students, and persons with disabilities.

8. HCMC residents' extremely low utilization of public transport services contrasts with their heavy reliance on motorcycles for mobility. In 2010, motorcycles accounted for almost two thirds (62%) of all daily trips in the city, followed by walking (17%), bicycles (14%), taxis (4%), buses (1.4%), and cars (1.2%). Motorcycles provide flexible, on-demand, low-cost, door-to-door mobility for a broad variety of trips, well-suited to HCMC's year-round moderate climate. Motorcycles are faster than buses travelling on the same roads in mixed traffic. Lax regulation and enforcement enable parking almost anywhere, including on sidewalks that should be reserved for pedestrians. Motorcycle parking in HCMC is usually free.

9. Heavy reliance on motorcycles impacts air quality and traffic safety. Besides adversely affecting the financial viability of public transport services and overall urban development, the heavy reliance on motorcycles is highly detrimental to air quality and traffic safety in the city. On any given day, approximately 6.6 million motorcycles circulate in the HCMC metropolitan area. With many motorcycles powered by high-polluting two-stroke engines, air quality has deteriorated dramatically in recent years, leading to increased rates of respiratory illness. And since motorcycles are capable of high speeds but offer very little protection to riders, their effects on traffic safety are also grave. Traffic accidents involving motorcycles injure and kill both riders and pedestrians, and are a key cause of households' fall into poverty as they cope with medical expenses and lost income.

10. With increased affluence, automobile ownership in HCMC is also rising steadily, exacerbating congestion on the city's already crowded streets. The number of registered cars in HCMC almost quadrupled in just over a decade, growing from 131,000 in 2001, to 500,000 in 2012, equivalent to an annual growth rate of over 13 percent. This growth rate can be expected to accelerate after 2018, when import taxes among ASEAN countries (including major automotive exporters like Thailand and Malaysia) will be eliminated, significantly reducing the purchase price of new cars for HCMC residents.

11. Rising car ownership, with motorcycles, cars, and buses all competing for limited road space in mixed traffic, is further aggravating congestion and traffic safety. Each type of vehicle has its own way of moving, with motorcycles being the most agile (and dangerous), and buses the slowest. While motorcycles and cars want to stop as little as possible, buses need to stop frequently to pick up and drop off passengers. The conflicts of these different flows in mixed traffic lead to lower speeds for all, particularly for public transport, and increased accidents. In the Cau Rach Chiec – Mien Tay corridor alone, the casualty rate (including injuries and fatalities) increased 4.8 times between 2010 and 2013.

12. Growing congestion and limited public transport options disproportionately affect the most vulnerable segments of the population – women, youth, the elderly, the disabled, the very poor, and in general anyone reliant on public transport. Travel between lower-cost residential areas and dispersed employment centers can take as much as two hours each way, requiring multiple, costly interchanges, in practice acting as an impediment to employment. Poor facilities for the visually impaired, restricted boarding and alighting areas, drivers' discourteous behavior, and limited information on bus schedules make travel difficult for people without alternatives.

13. HCMC's government has enacted a plan to address these problems. The Master Plan for

Public Transport Development in Ho Chi Minh City to 2025 seeks to raise the capacity of the public transport system to meet 25-30% of the total travel demand in the city, encouraging the use of public transport, reducing motor vehicle use, and improving traffic safety. The plan calls for a hierarchical approach in which seven metro lines, three tramway lines, six Bus Rapid Transit (BRT) lines, and 212 bus lines together constitute an integrated transit system. The Master Plan seeks to increase the supply and quality of public transport while regulating motorcycle use by enacting and enforcing regulations to make motorcycle use safer but less convenient, for example by regulating parking and the use of helmets and safety vests.

14. In the meantime, improvements to public transport are needed to ensure short- and medium-term alternatives to private vehicle use. The Master Plan envisages public transport with exclusive right of way as the backbone of an integrated transit system, giving it the space needed to perform efficiently, with stations allowing convenient access and transfer, even from motorcycles that can park there. Public transport can thus become a viable alternative to motorcycles and cars, helping to reduce congestion and enhancing mobility in HCMC.

15. In this context, the Government of Vietnam has approached the World Bank for support for its first BRT line, a green-corridor demonstration project between An Lac in the southwest and Rach Chiec in the northeast, running along the Vo Van Kiet and Mai Chi Tho major arterial boulevards. BRT is a proven technology, and the World Bank has financed several lines around the world. The proposed BRT demonstration project seeks to show the advantages of BRT and help HCMC extract lessons for the implementation of the proposed six-line network. The project is designed to ensure that, consistent with a greening approach, urban development relates positively to BRT in terms of form and density, including surrounding development and connectivity to BRT. The project also seeks to demonstrate the benefits of BRT technology and should serve to jump-start the implementation of the BRT network contained in the Master Plan by teaching important lessons on actual implementation.

16. The project also seeks to lay a foundation for HCMC to build the institutions needed by a future integrated public transport system. The future metro, tramway, BRT, and bus lines will need to be coordinated to provide users with an integrated service that makes travel convenient. This integration implies, inter alia, a unified fare structure and having stations and stops of the different modes integrated so that transfers are as seamless and convenient as possible. By building capacity within HCMC's existing institutions with responsibility in urban transport regulation, management, and operations, the project would pave the way for the eventual establishment of a unified citywide Public Transport Authority to coordinate strategy, services, and fares across all public transport modes.

17. The World Bank has engaged directly with HCMC at the city level for over a decade. The Bank's assistance to HCMC has included investment lending and technical assistance operations for urban upgrading, water supply and sanitation, drainage improvements, and infrastructure finance. The Bank's assistance is shifting from a sectoral focus towards an integrated city-wide approach in support of the three pillars outlined in the Country Partnership Strategy (CPS): competitiveness (developing a financing framework for integrated urban development), sustainability (promoting resilient urban development, including BRT, environmental sustainability, and flood protection and risk management), and opportunity (improving low-income areas by upgrading housing and basic infrastructure).

II. Proposed Development Objectives

The project development objective is to improve the performance and efficiency of public transport along a high priority corridor in HCMC.

III. Project Description

Component Name

Bus Rapid Transit Corridor Development

Comments (optional)

Total cost: US\$ 132.45 million; IDA: US\$ 119 million; Borrower: US\$ 13.45 million.

This component will finance goods, works, and services for development of a BRT corridor between An Lac in the southwest and Rach Chiec in the northeast following the Vo Van Kiet and Mai Chi Tho boulevards (approximately 23 km and 28 stations).

- a. Construction and supervision of the BRT infrastructure and facilities;
- b. Improvement of the traffic management system;
- c. Development of a fare collection system, including smart cards and servers;
- d. Provision of BRT vehicles and fueling facilities;
- e. Integrated planning and urban development measures around BRT stations;
- f. Marketing and public communication activities;
- g. Provision of support for Project management; and
- h. Land acquisition and resettlement.

Component Name

Institution Strengthening

Comments (optional)

Total cost: US\$ 5.0 million; IDA: US\$ 5.0 million.

This component will finance a variety of technical assistance efforts and capacity building programs including:

- a. Carrying out of training programs and technical support for relevant implementing agencies in Project management, urban transport planning, and public transport operation including strategic support for the operation of the BRT system;
- b. Carrying out of monitoring and evaluation activities, including the assessment of the BRT system success on an on-going basis;
- c. Carrying out of feasibility and design studies for maximizing connectivity and ridership and continued development of the BRT system; and
- d. Carrying out of a study to develop the optimal fare structure and fare product range for the public transportation system.

Component Name

Contingency

Comments (optional)

Refers to contingency funds.

IV. Financing (*in USD Million*)

Total Project Cost:	137.45	Total Bank Financing:	124.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount

BORROWER/RECIPIENT	13.45
International Development Association (IDA)	124.00
Total	137.45

V. Implementation

18. Ho Chi Minh City People's Committee: Ho Chi Minh City People's Committee (HCMC PC) is the Project's Line Agency responsible for overall project management, policy setting, and providing guidance on and oversight of project implementation. The HCMC PC will closely coordinate with all concerned agencies, review and approve project procurement plan, detailed designs, and cost estimates, and issue land acquisition/allocation decisions. HCMC PC will exercise these responsibilities with the support of the Project Steering Committee, the Department of Transport (DOT), the Urban-Civil Works Construction Investment Management Authority (UCCI), and other related city agencies.

19. Project Steering Committee (PSC). To ensure coordination and accountability during project implementation, the HCMC PC has established a Project Steering Committee with members from DOT, Department of Urban Planning and Architecture (DUPA), Department of Finance (DOF), UCCI, Department of Planning and Investment (DPI), Department of Construction (DOC), the Management and Operations Center for Public Transport (MOCPT), Traffic Police, the Management Authority for Urban Railways (MAUR), the Department of Natural Resources and Environment and (DONRE), among others. The PSC will (i) provide direction to the project and implementation agencies; (ii) coordinate implementing agencies and stakeholders; (iii) monitor and review project implementation; and (iv) provide guidance on objectives, problems, resources and project planning.

20. UCCI. UCCI will be the project owner. To implement the project, UCCI already set up a PMU within its organizational structure. UCCI will be responsible for supervising this PMU and also review and appraise all relevant submissions coming from this unit. UCCI will be responsible for the overall management of the project procurement and will sign all project contracts. However the Procurement Plan is subject to the approval of HCMC PC as the Project's Line Agency. After construction, UCCI will hand over the BRT system to DOT for DOT's management and maintenance.

21. HCMC Green Transport PMU. The PMU, established at UCCI, will be the executing agency managing the implementation of all project components including overall coordination, quality assurance, procurement, financial management, monitoring and reporting, and day-to-day supervision of project activities. The PMU will also obtain all site working permissions for contractors. The PMU has some procurement experience in Bank procedures as it has been involved with implementing the PPTAF subproject—that has partially financed the preparation of this Project—and is also implementing the IDF-financed Public Transport Authority Development Project.

22. Department of Transport (DOT). DOT will be responsible for reviewing detailed designs and technical specifications at the request of UCCI. The BRT system will be turned over from UCCI to DOT after construction and will be managed and maintained by DOT during operation. DOT, as the transport authority for HCMC, will also be responsible for the coordination and integration of the strategies, services, and fares of the bus, BRT, and rail systems.

23. DOT Management and Operations Center for Public Transport (MOCPT). MOCPT, an agency within DOT responsible for managing and overseeing public transport in HCMC, will establish a dedicated BRT Business Management Unit within its organizational structure to manage planning and operations of the BRT.

24. BRT Operator - Saigon Bus. HCMC PC has selected Saigon Bus (SGB) as Operator of the BRT for the first 5 years of operations, after an evaluation of SGB's performance managing and operating the city's largest conventional bus network. To properly operate the BRT system developed by HCMC GT, SGB will establish a BRT Unit with specific requirements to assure sufficient capacity for effective BRT operations.

25. Traffic Police. The Traffic Police will participate in the detailed design stage of the BRT component and be involved in the implementation of traffic re-organization and traffic signal priority for facilitating BRT operation. The Traffic Police will also enforce traffic law in the BRT corridor and further be involved in the acquisition and installation of all equipment related to traffic management.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

World Bank

Contact: Arturo Ardila Gomez
 Title: Lead Transport Economist
 Tel: 473-5861
 Email: aardilagomez@worldbank.org

Borrower/Client/Recipient

Name: Socialist Republic of Vietnam
 Contact: Ms. Doan Hoai Anh
 Title: Director General, International Cooperation Department, SBV
 Tel: 84439386318
 Email: doanhoaianh@yahoo.com

Implementing Agencies

Name: Ho Chi Minh City Peoples Committee
Contact: Mr. Luong Minh Phuc
Title: Director, UCCI
Tel: (84-8) 822-3651
Email: luongminhphuc@gmail.com

VIII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>