

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) focuses on the road, railway, and urban transport subsectors of the transport sector in Viet Nam, as well as building the institutional capacity of the Ministry of Transport and its line agencies. ADB's major development partners in the sector are the Agence Française de Développement (AFD), the Australian Department of Foreign Affairs and Trade (DFAT), the Direction Générale du Trésor (DGT), the Japan International Cooperation Agency (JICA), the Korean Exim Bank and the World Bank.

2. The urban transport subsector has received multilateral support from ADB, the European Investment Bank (EIB) and the World Bank. Bilateral assistance has come from the People's Republic of China (PRC), France, Germany, Japan, the Netherlands, and Spain. More than 90% of this support for urban transport has focused on roads and urban rail, with other public transport activities and institutional capacity development accounting for most of the rest. Technical assistance and lending for urban public transport has covered the government's master plan development for the Ha Noi bus and mass rapid transit rail (metro) systems, the integration of multimodal infrastructure, and institutional reform.¹ The Japan Bank for International Cooperation helped the government develop an urban transport master plan that was approved by the Prime Minister in 2008.² With financial support from ADB, AFD, DGT, EIB, JICA and PRC, the City of Ha Noi will construct four priority metro lines, which are expected to open for operation in 2020. The four priority metro lines will provide the backbone of an integrated multimodal network in Ha Noi. ADB's major development partners in the urban transport subsector are shown in Table 1.

3. ADB has provided a loan of \$293 million from its ordinary capital resources for the Ha Noi Metro Rail System Project (Line 3: Nhon–Ha Noi Station Section), with existing parallel cofinancing of €110 million from AFD, €250 million from France's DGTTrésor, and €73 million from the EIB. Additional financing by all cofinanciers has been prepared, with those of AFD and DGT already approved in December 2014. The project will help develop a 12.5 kilometer (km) dual-track rail line between the suburb of Nhon and Ha Noi's main railway station. Of the 12.5 km stretch, 3.5 km will be underground, 8.5 km elevated, and 0.5 km on a transition ramp. The line 3 will include 12 stations. The current and additional financing, including an ADB administered loan from the Climate Technology Fund (CTF) will ensure completion of the nine civil works and equipment contracts, and four consulting services contracts under the project.

Table 1: Major Development Partners

Development Partner	Project Name	Duration	Amount
Transport and Information and Communication Technology (urban transport)			
ADB, EIB, KfW	HCMC Urban MRT Line 2	2009–2019	\$1.38 billion
JBIC	HCMC MRT Line 1	2008–2018	¥20.90 billion
Government of Spain, ADB, EIB	HCMC MRT Line 5	2012–2023	\$1.30 billion
ADB, AFD, DGTPE (France), EIB	Ha Noi Metro Rail System Project (Line 3: Nhon-Ha Noi Station Section)	2005–2019	\$1.38 billion
JBIC	Ha Noi Metro Line 1	2008–2019	¥4.70 billion
JBIC	Ha Noi Metro Line 2	2006–2019	¥14.70 billion
PRC	Ha Noi Metro Line 2A	2008–2015	\$0.80 billion

¹ Mass rapid transit and metro are different terms to describe a heavy urban rail system.

² JICA. 2007. *The Comprehensive Urban Development Programme in Hanoi Capital City*.

Development Partner	Project Name	Duration	Amount
World Bank	Ha Noi Urban Transport Development Project	2007–2015	\$165.00 million
World Bank	Hai Phong Urban Transport Project	2008–2015	\$89.00 million
GIZ, KfW	Da Nang Urban Development Project	2008–2012	\$65.00 million

ADB = Asian Development Bank, AFD = Agence Française de Développement, PRC = People's Republic of China, DGT = Direction Générale du Trésor, EIB = European Investment Bank, HCMC = Ho Chi Minh City, JBIC = Japan Bank for International Cooperation, KfW = Kreditanstalt für Wiederaufbau, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit

Source: ADB, Japan International Cooperation Agency (JICA), and World Bank.

B. Institutional Arrangements and Processes for Development Coordination

4. Annual consultative group meetings that are co-chaired by the Ministry of Planning and Investment and the World Bank are the main platform for the government and development partners to review progress and issues related to socioeconomic development and official development assistance. Transport partnership group meetings, organized by JICA, are held every 6 months to discuss development issues in the transport sector. In the most recent group meetings, the medium- and long-term transport strategies of the government and development partners have been discussed. The group members have agreed that Viet Nam still faces a large financing gap in meeting its urgent needs to invest in urban transport to sustain its socioeconomic development.

5. Cities coordinate urban transport within their limits through local governments known as city people's committees. In the two major cities, Ha Noi and HCMC, the Ministry of Transport controls the planning and implementation of major infrastructure developments, and a national steering committee oversees coordination. In both cities the Department of Transport has overall responsibility for the coordination of transport planning. Under the department are other entities that manage the road network, while the Transportation and Urban Public Works Service coordinates the management of the bus network. Implementation of the Metro Rapid Transit projects is under the responsibility of the Ha Noi Public Transport Management and Operation Center and Ha Noi Metropolitan Railway Management Board in Ha Noi; and Management and Operations Center for Public Transport and Management Authority for Urban Railways in HCMC. There is no agency currently responsible for the overall urban transit system. Pending the establishment of a permanent public transport authority a public transport center (PTC) has been established under the Department of Transport of Ha Noi, which is under the Ha Noi People's Committee (HPC) – the city government. The HPC is currently upgrading the PTC to cover all modes of public transport, including future metros. This will lead to some improvements in the current capacity and organizational situation, but necessary changes to organizational structures will be challenging in the prevailing operating cultures. There is need to introduce more efficient and effective urban transit operations, including an increase in private sector participation in operation and maintenance.

6. The Ha Noi Metro Rail System Project (Line 3: Nhon-Ha Noi Station Section) supports ongoing partnerships between ADB, AFD, DGT and EIB through parallel collaborative cofinancing arrangements in 2010–2019. Under the cofinancing arrangement, the existing and additional loans from each of the cofinancing partners will finance the Line 3 costs of the civil works, electrical and mechanical systems, rolling stock, and consulting services under their respective contract packages. The cofinanciers' financing, per the project's investment plan, and their collaboration with ADB will be subject to the satisfactory conclusion of their internal approval processes. In addition cooperation also extends beyond the project level to development in other cities, and also through the integration of common issues that affect

separate projects financed by different development partners, such as coordinating operation and maintenance of the MRT systems, agreeing on uniform approaches for ticketing and fare systems, as well as developing infrastructure around the future metro lines that include multimodal interchanges. At an institutional level, development partners generally support a common approach to the policy and organizational reforms needed to develop a sustainable, integrated public transport system. Their coordination of technical assistance is well established, and duplication of effort on common issues has largely been avoided.

7. The Six Banks—ADB, AFD, JICA, KfW, Korean Exim Bank, JICA, World Bank—Government of Viet Nam Joint Portfolio Performance Reviews (JPPRs) have been conducted every two years since 1999. Since 2007 to 2011 the Interministerial Taskforce for Solving Problems of Official Development Assistance (ODA) Project was the government counterpart for the JPPRs which reported the findings and recommendations of the JPPRs to the Prime Minister's instructions on follow-up actions. Following the establishment of the ODA National Steering Committee (NSC) in early 2013, the JPPR 8 conducted in 2013 was co-chaired by the ODA NSC Chair (Deputy Prime Minister). The JPPRs have been proven as a very effective mechanism for the Government of Viet Nam and the Six Bank group to address cross-cutting and project specific issues. Under the specific issues, the development partners have jointly identified recurring and common challenges that adversely impact implementation of urban metro projects in Ha Noi and Ho Chi Minh City. A meeting chaired by the Deputy Prime Minister in September 2015 concluded that stronger central government coordination and support for the development of the Ha Noi and HCMC metro systems together with the development partners is needed. The development partners will be invited to participate in the national steering committee meetings that will be held more regularly-on a quarterly basis-to discuss and better coordinate the development of the metro systems.

C. Issues

8. Efficient urban transport can be achieved only through coordinated and integrated management of the overall urban transport network. All modes of urban transit should be integrated through the use of common terminals or multimodal transfer points. Bus and rail schedules should be coordinated and common standards for ticketing, operations, safety and emergency services, and maintenance should be established. However, making these essential improvements to urban transit systems will require extensive coordination between the central and local government agencies. The investment costs to achieve the government's urban transport master plan targets are significant with large financing gaps. Sustainable financial support from the government and external funding agencies, as well as better engagement of the private sector is needed.

D. Summary and Recommendations

9. The Ha Noi Metro Rail System Project (Line3: Nhon-Ha Noi Station Section) aligns with the government's master plan for urban transport development in Ha Noi, which includes improving priority metro lines in Ha Noi to achieve long-term public transport expansion targets. The project also supports the integration of the public transport system modes. ADB will make financial support to the government available and coordinate with the cofinanciers of the project as well as work with other development partners to ensure that a common approach is taken on all issues that affect public transport. This type of comprehensive, coordinated, and integrated approach to multiple related issues in the subsector should be adopted for future interventions in urban transport in Ha Noi and other major cities in Viet Nam.