Ho Chi Minh City Integrated Public Transport Investment Program

**Project Name**: Ho Chi Minh City Integrated Public Transport Investment Program

**Project Number**: 48260-001

**Country**: Viet Nam

**Project Status**: Closed

**Project Type / Modality of Assistance**: Technical Assistance

**Source of Funding / Amount**: TA 8860-VIE: Ho Chi Minh City Integrated Public Transport Investment Program

| Technical Assistance Special Fund | US$ 600,000.00 |

**Strategic Agendas**: Inclusive economic growth

**Drivers of Change**: Governance and capacity development

**Sector / Subsector**: Transport - Urban public transport

**Gender Equity and Mainstreaming**: Effective gender mainstreaming

**Description**: The Investment Program will support the development of an efficient, integrated and sustainable public transport system for Ho Chi Minh City (HCMC) in Viet Nam. It will improve the extent and connectivity between bus systems, proposed Mass Rapid Transit (MRT) network and other modes of public and private transport, and strengthen urban transport policies and regulations in the city. By contributing to the overall public transport system, the investment program will support the objective of the HCMC's Urban Transport Master Plan (HUTMP) to increase the use of public transport and reduce dependency on private vehicles. Investments are expected to include MRT, bus rapid transit (BRT), multimodal interchange, other public transport integration and traffic works and services improvements. Support will be provided for transport planning, institutional and public transport policy reform and capacity development.

**Project Rationale and Linkage to Country/Regional Strategy**: The Government of Viet Nam is planning and implementing major public transport infrastructure investments intended to induce a substantive modal shift from private transport to public transport modes. Currently two MRT lines are being prepared in HCMC and four lines in Ha Noi, with all expecting to be operating by 2020. The Viet Nam Socio-Economic Development Plan for 2011-2015 supports investment in urban public transport systems to promote economic growth and protect the environment through a low carbon growth path. ADB’s Viet Nam Country Partnership Strategy 2011-2015 supports the Government’s program to improve urban transport infrastructure, including the proposed investment program.

HCMC is the largest city in Viet Nam, with a greater urban area population of more than 9.0 million that is expected to grow to 13.8 million by 2025. Urban transportation is dominated by private vehicles, mostly motorcycles, which account for 85% of all vehicles. The dominance of private vehicle use, combined with an inadequate road system, creates severe congestion and low travel speeds on many routes. The city’s urban transport problem is worsening as incomes rise and many Vietnamese are able to shift from motorcycles to cars.

The rapid growth of private vehicle traffic is partly due to HCMC’s inadequate public transport system. Public transport meets less than 10% of total transport demand in the city and consists of a poorly integrated, inefficient bus network that cannot compete with transportation by motorcycles and cars. Poor institutional arrangements for operating bus routes and unreliable service limits ridership. In addition, bus fares are kept low through heavy government subsidies. Planning, management, and control of traffic in the city are weak, and few policies or regulations exist that seek to reduce reliance on private vehicles or encourage the use of public transit. Even the pedestrian walkways are often congested, frequently because they are obstructed by poorly regulated motorcycle parking and other unauthorized private use.

HCMC is addressing these problems through the development of a city-wide mass transit system under the HUTMP, which also seeks to reduce greenhouse gas emissions, other pollution and otherwise improve the urban environment. Two MRT lines and one BRT line are currently under development. MRT Line 2 is being financed by ADB and is expected to be operational in 2020. If an expanded public transport network is to be financially and economically viable, integrated development is needed for all modes of public transit and private vehicle transport; to ensure that it is attractive, accessible, and affordable for the city’s residents.

The investment program will compliment ongoing and proposed development partner projects for the MRT, BRT and bus systems (refer footnote 4). The lessons from ongoing ADB investments in HCMC for MRT development indicate that complex projects are subject to multiple external factors, so a longer phased implementation approach is required, and associated works need to be implemented in parallel but with more flexibility in timing. Additionally, construction costs in this new subsector will have a higher degree of uncertainty until contract experience is gained and local industry capacity and skills are further developed.

The Project proposes to utilize the MFF modality to extend ADB financing to support the HUTMP, which has been assessed to be the most appropriate modality. The MFF provides the Government the secure commitment to long term financing for public transport development in order to meet HUTMP strategic objectives. This allows ADB to enter into a partnership with the HCMC PC to support the long term development of the HCMC urban transport system, which will need substantive investments for the next 20 years. Critically it provides a basis for strong ADB assistance in the development of key policy and regulatory reform. The MFF allows necessary advance action for project preparation, including documentation, prequalification and bidding to be planned where large investments are required at later project stages. Within the total financing it provides flexibility to modify the timing and amount, as well as to ensure the ADB financing can be linked to available resources within ADB and those from cofinancers. All the conditions for use of an MFF are in place, with a strategic context, roadmap, policy framework under the HUTMP, investment program and financing plan.

**Impact**

**Project Outcome**

**Description of Outcome**

**Progress Toward Outcome**

**Implementation Progress**

**Description of Project Outputs**
National, city, and commune government officials, transport/metro implementation and operation authorities, development partners, steering committee for poverty reduction, small business owners, potential affected community representatives, and relevant civil society organizations will be closely involved in the Investment Program design preparation. During the preparation of a resettlement plan, individual and group consultations will be fielded to consult with the potential affected people across a range of sites in urban areas. A participatory approach will be used to determine the location and design of some subproject features to ensure better public transport accessibility measures for local communities. The ensuing project will empower poor people through provision of affordable transport service. For those with mobility impairments, the project design features will provide them with enhanced mobility compared to other forms of transport. The project design during the PPTA stage will incorporate the results of consultations with transport users from a variety of profiles, including poor and other marginalized groups, especially on issues of station and ancillary infrastructure design and fare regimes.

The PPTA will engage 18 person months of international and 27 person months of domestic consultants, by individual selection method for international positions and a firm for local positions. Consultant selection will be done in accordance with ADB’s Consultant Guidelines (2013, as amended from time to time). The PPTA will be supported through separate consultant services to address climate change adaptation.

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