

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The focus of Asian Development Bank (ADB) support to Viet Nam in the transport sector has been on the road, railway, and urban transport subsectors, as well as on capacity development of the Ministry of Transport and its line agencies. ADB's major development partners in the sector are Agence Française de Développement, the Australian Agency for International Development, Export-Import Bank of Korea, the Japan International Cooperation Agency (JICA) and the World Bank.

2. The urban transport sector has been supported by ADB, the World Bank, and the European Investment Bank, as well as through bilateral aid from the People's Republic of China, France, Germany, Japan, the Netherlands, and Spain. Major support for urban transport has focused on the road and urban rail subsectors, which have absorbed more than 90% of all assistance. Other assistance has gone to other areas of urban public transport and to institutional capacity development. The technical assistance and lending to the government has supported the development of urban public transport master plans and bus and mass rapid transit (MRT) systems, the integration of multimodal infrastructure, and the design and implementation of institutional reforms.

3. The Japan Bank for International Cooperation helped develop an urban transport master plan for Ho Chi Minh City (HCMC),¹ which was approved by the prime minister in 2009. Three priority MRT lines are being developed for the city and are expected to be operational by 2020. ADB has provided \$540 million for the MRT Line 2 project, with cofinancing of over \$500 million from the European Investment Bank and KfW.² The three MRT lines will provide the backbone of an integrated multimodal network in HCMC. ADB is expected to cofinance MRT Line 5 with the Government of Spain and European Investment Bank.

4. Policy, regulatory and institutional support is provided through the ADB loan for the MRT Line 2, which includes technical assistance for a major study of integrated sustainable urban transport that will further develop the HCMC public transport system through (i) demand forecasting and integrated fares and ticketing, (ii) bus service restructuring and intermodal facilities, and (iii) sustainable transport policy developments.³ With cofinancing under ADB's Clean Technology Fund, the Sustainable Urban Transport for Ho Chi Minh Mass Rapid Transit Line 2 Project will develop policies and regulations for street and footpath management, parking, enforcement, and transport pricing to support the development of a cost-effective and integrated public transport system.

5. Technical assistance from other development partners for urban public transport in Viet Nam has supported development of operation and maintenance entities for subway systems, integrated stations, integrated ticketing; capacity building for metro project management, design

¹ Japan International Cooperation Agency. 2007. *Urban Transport Master Plan and Feasibility Study in Ho Chi Minh Metropolitan Area*. Ho Chi Minh City.

² ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranchise Financing Facility to the Socialist Republic of Viet Nam for the Ho Chi Minh City Urban Mass Rapid Transit Line 2 Investment Program*. Manila (MFF0052-VIE).

³ ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for the Ho Chi Minh City Urban Mass Rapid Transit Line 2 Investment Program, Tranche 1*. Manila; ADB. 2012.

and construction; creation of a public transport authority; and facilitation of public–private partnerships in urban transport. This lending has helped develop four MRT lines and three rapid bus transit lines in Ha Noi and three MRT lines and three rapid bus transit lines in HCMC. Although most assistance has gone to the country’s two largest cities, some assistance has been provided in the larger secondary cities of Hai Phong and Da Nang.

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	2009–2018	\$1.38 billion
JBIC	HCMC MRT Line 1	2008–2017	¥20.9 billion
Government of Spain	HCMC MRT Line 5	2012–2020	\$1,3 billion
ADB, AFD, DGTPE, EIB	Hanoi Pilot Light Metro Line 3	2005–2018	\$1.42 billion
JBIC	Hanoi Metro Line 1	2008–2019	¥4.7 billion
JBIC	Hanoi Metro Line 2	2006–2019	¥14.7 billion
PRC	Hanoi Metro Line 2A	2008–2015	\$0.80 billion
World Bank	Hanoi Urban Transport Development Project	2007–2015	\$165 million
World Bank	Hai Phong Urban Transport Project	2008–2015	\$89 million
GTZ, KfW	Da Nang Urban Development Project	2008–2012	\$65 million

ADB = Asian Development Bank, AFD = Agence Francaise de Developpement, DGTPE = Direction Générale du Trésor et de la Politique Économique, EIB = European Investment Bank, HCMC = Ho Chi Minh City, JBIC = Japan Bank for International Cooperation, PRC = People’s Republic of China, ¥ = Japanese yen
Sources: ADB, Japan International Cooperation Agency, and the World Bank.

B. Institutional Arrangements and Processes for Development Coordination

6. Annual consultative group meetings co-chaired by the Ministry of Planning and Investment and the World Bank are the main platform for discussions and review by the government and development partners of 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 group meetings since 2008, the country’s medium and long-term transport strategies were discussed. The government and development partners agreed that Viet Nam still requires a great deal of additional financing if it is to meet the urgent needs for investment in the urban transport sector to sustain its socioeconomic development.

7. In Viet Nam, people’s committees are responsible for and coordinate all transport within a city’s limits. In Ha Noi and HCMC, Ministry of Transport has technical and standards setting control over major infrastructure development, and a national steering committee provides coordination. Separate authorities or agencies have been established to implement and operate the different transport modes in both cities, and the establishment of a public transport authority has been proposed in HCMC and Ha Noi to ensure the integration of all modes.

8. Development partners coordinate their support for the urban transport sector through informal meetings on projects or modalities, usually held quarterly. Support in the urban transport sector is moving toward a program-based approach but many projects are financed at

an individual project level, with leadership provided by the city people's committees through approved comprehensive urban transport master plans that coordinate objectives. However, formal development coordination and harmonization are limited, as is the use of local systems. Hanoi recently established an urban transport steering committee in advance of formal establishment of a public transport authority. With major investments planned until 2023, these weaknesses will be addressed in stages to ensure that a program-based approach is used in the long term for project loans for urban transport development in major cities.

9. Development partners support sector cooperation with government, which extends beyond the project level into development in other cities. Also coordination mechanisms support the integration of common transport issues that affect separate projects financed by different development partners. In urban rail, this support includes coordinating operation and maintenance, ticketing, fare systems, and the operations of different modes of transport, including interchange stations. At an institutional level, development partners generally support a common approach to policy and organizational reforms needed to ensure the establishment of sustainable integrated public transport. The coordination of technical assistance by development partners is well-established, and duplication of efforts has been largely avoided.

C. Achievements and Issues

10. Urban transport master plans in HCMC and Ha Noi with the objective of expanding public transit network capacity to meet up to 40% of demand have been developed with development partner assistance. Growing demand for urban transit will be met by MRT lines along major city urban corridors. Bus networks will be significantly expanded. This will include the development of bus rapid transit lines. To ensure growth in urban transit ridership, all the modes of urban transit need to be integrated at common terminals or multimodal transfer points. In addition, the schedules, ticketing, standards for operations, safety and emergency services, and maintenance of bus and rail systems need to be coordinated.

11. The Sustainable Urban Transport for Ho Chi Minh City Mass Rapid Transit Line 2 Project is ADB's third intervention in the urban transport sector in Viet Nam since 2010. ADB has coordinated closely with development partners to properly address the emerging urban transport sector issues in its lending projects and technical assistance projects. Although ADB's previously approved projects are ongoing and thus have provided no completed achievements or lessons yet to build on, ADB has been working with the government and the HCMC people's committee to ensure that a comprehensive multimodal and integrated approach to urban public transport will be developed. Global climate change funds will be mobilized through ADB.

D. Summary and Recommendations

12. The project aligns with the government's master plan for urban transport development, which includes improving priority MRT lines in HCMC to achieve long-term public transport targets and integrating the public transport system. The project will coordinate with other development partners supporting the development of the MRT Line 2 and ensure a common approach to issues that affect all public transport.

13. The project will take a comprehensive and well-coordinated approach to the urban transport sector. This integrated approach to the sector's multiple issues should be adopted for future interventions in urban transport in HCMC and other major cities in Viet Nam.