SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country/Project Title: Ho Chi Minh City Urban Mass Rapid Transit Line 2 Investment Program

Lending/Financing Modality: Multitranche financing facility
Department/Division: Southeast Asia Department / Transport and Urban Division

I. POVERTY ANALYSIS AND STRATEGY

A. Link to the National Poverty Reduction Strategy and Country Partnership Strategy

Ho Chi Minh City (HCMC) is the largest city in Viet Nam, with a population in its greater urban area of over 9 million, which is expected to grow to 13.8 million by 2025. Private vehicles dominate transportation in HCMC, but existing road infrastructure is reaching the saturation point, and congestion is becoming severe during peak hours. A well-integrated high-capacity public urban transport system is essential to meet the demands of a growing metropolis. Without investment in major public transport infrastructure to support a significant modal shift to public transport, economic growth will be severely constrained and the urban environment will deteriorate due to high transport costs and severe congestion.

The Socio-Economic Development Plan for 2006–2010 supports transport sector investment to promote economic growth and protect the environment with low-carbon transport growth. The Asian Development Bank (ADB) country strategy and program for Viet Nam supports the government's program to improve urban transport infrastructure and reduce transportation costs.

B. Poverty Analysis

Targeting Classification: General Intervention

Key issues. HCMC is the most populous city in Viet Nam. The 2009 census placed HCMC’s population at 7.12 million, including migrant workers estimated at 10%–15% of the population. Since 1999, the population has increased by 280,000 per year, mostly from in-migration. The city is projected to have a population of 13.8 million by 2025. The project is situated in the inner city, traversing six inner districts with a population of 1.8 million.

Approximately 20% of the country’s gross domestic product (GDP) comes from HCMC. In terms of economic structure, the service sector accounts for 51.1%; industry and construction for 47.7%; and forestry, agriculture, and others 1.2%. The city is home to three export processing zones and 12 industrial parks and is the leading foreign direct investment absorber in Viet Nam. Employment in the city is generally more positive than in the other regions and provinces nearby.

The 2006 poverty assessment for Viet Nam noted that the country has maintained high economic growth while significantly reducing poverty. The GDP grew by more than 7% in 2002, 2003, and 2004, at an average of 7.5% in the 5 years from 2001 to 2005. In 2009, the GDP continued to grow despite the weak external environment. Data from the General Statistics Office show that the poverty rate dropped from 58.1% in 1993 to 37.4% in 1998, 28.9% in 2002, and 19.5% in 2004, while in the same years food poverty declined from 24.9% to 15%, 10.9%, and 7.4%. Although poverty rates in urban areas like HCMC are much lower than in rural regions, a significant portion of the population still lives in poverty. Especially vulnerable are unregistered migrant workers and households from other provinces and those in the informal sector.

The poverty line in HCMC for 2004–2010 was D500,000 per person per month, but this was adjusted to D1,000,000 in 2009. The 2008 socioeconomic survey estimated that 10.3% of households in the five districts in the project area live below the old poverty line and 23% below the new poverty line.

Design features. The investment program will construct 11.7 kilometers of dual track mass rapid transit (MRT) line from Ben Thanh to Tham Luong, including a depot at Tham Luong. The expected impact of the investment program will be the establishment of an integrated sustainable urban transport system in project districts. The outcome is to provide competitive public transport along the project corridor. The resultant slowing of growth in the number of private vehicles on city roads will improve the urban environment, reducing accidents and air and noise pollution and making the urban environment more pedestrian friendly. The investment program also supports HCMC’s climate change mitigation efforts by adopting a low-carbon transport growth path and encouraging a substantive modal shift from private vehicles to public transport, which is more energy efficient and emits less greenhouse gas.

The investment program will be supported by interconnected urban transport measures, including improving the bus network to increase the use of public transport; improving accessibility to stations through bus feeder routes, bus rapid transit extension, motorcycle park-and-ride facilities, and good pedestrian routes; and instituting policy changes to restrict private vehicle use in the city center.

C. Poverty Impact Analysis for Policy-Based Lending

Not applicable.

II. SOCIAL ANALYSIS AND STRATEGY
A. Findings of Social Analysis

**Key issues.** Although the project is expected to help reduce bottlenecks in transport infrastructure, ease congestion, and improve air quality in the city, during construction, traffic congestion and disruption are expected to be exacerbated. Beneficiaries include students along the alignment, workers and traders travelling between the eastern part of HCMC and the central business district, and service or commercial establishments near metro stations. Women, children, and older people, who are more inclined to use public transport, are expected to benefit the most from improvements.

Other positive impacts include jobs and income generation from the construction and operation of the project and improved access to markets and social services. The project is expected to generate considerable local employment, particularly for unskilled labor, though female participation may be limited where workers’ camps are established unless contractors make special provisions to accommodate women.

In terms of negative impacts, the project will significantly affect land, houses, and businesses along the main line. There will be impacts on public property and utilities such as water supply, drainage, electricity, and telecommunication. In terms of social risks, the project is unlikely to affect current human trafficking patterns materially, as the investments will not remove any significant transit barriers. However, once completed, areas near stations may attract beggars and street children trafficked into HCMC. The establishment of workers’ camps for migrant workers may increase demand for sex workers and increase the risk of spreading HIV.

B. Consultation and Participation

1. Provide a summary of the consultation and participation process during the project preparation.
   A social impact assessment was conducted in 2008 using structured interviews with potentially displaced people along the proposed main line and focus group discussions with women's groups and local leaders in the project area. In February, March, and June 2010, due diligence was carried out at the depot site, including interviews with district and ward officials from District 12, and consultation with displaced people who had already been compensated.

2. What level of consultation and participation (C&P) is envisaged during the project implementation and monitoring?
   - Information sharing
   - Consultation
   - Collaborative decision making
   - Empowerment

3. Was a C&P plan prepared?
   - Yes
   - No

C. Gender and Development

**Key issues.** Gender is an important variable that needs to be taken into consideration to ensure that the effectiveness and sustainability of urban mass rapid transit development is maximized. Women and men have different transport needs, travel behavior, and ability to access and afford public transport. The HCMC urban mass rapid transit system needs to understand and respond to these differences effectively to ensure access and uptake of the new system. Integrating a gender perspective into mass rapid transit has the added benefit of increasing economic returns with higher usage, optimizing the benefits of the service for all users, promoting equal employment opportunities for women, improving access to services (e.g., health care and education), mitigating against potential negative impacts (e.g., increased risk of human trafficking), and helping to draw attention to inclusive design and service delivery to other potentially marginalized groups (e.g., the poor, children, and the disabled).

In preparing the resettlement plan following the agreed resettlement framework for the project, efforts will be made to mitigate negative impacts on households headed by women and ensure that their needs are equally met with, for example, equal and priority compensation and support for restoring livelihoods.

This program is intended to achieve effective gender mainstreaming under ADB's gender mainstreaming project guidelines. The HCMC people's committee and Management Authority for Urban Railways (MAUR) will fully implement the gender action plan (GAP), key features of which are reflected in the project design and monitoring framework, loan assurances, and project administration memorandum. This GAP is aligned with national gender equality commitments in Vietnam such as the Gender Equality Law, 2006.

**Key actions.** Measures included in the design to promote gender equality and women's empowerment—access to and use of relevant services, resources, assets, or opportunities and participation in decision-making process:
   - Gender plan
   - Other actions/measures
   - No action/measure

The GAP will include (i) employment targets for women and gender-specific core labor standards; (ii) gender-inclusive physical design features in new transport; (iii) targets for women's participation and the inclusion of gender-related content in capacity building; (iv) reference to gender in terms of reference for consulting services, research, and plans developed under the project; and (v) mitigation of gender-related impacts of resettlement and the risk of human trafficking and HIV/AIDS transmission. The GAP is closely aligned with and reflected in the project design and monitoring framework.
### III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

<table>
<thead>
<tr>
<th>Issue</th>
<th>Significant/Limited/ No Impact</th>
<th>Strategy to Address Issue</th>
<th>Plan or Other Measures Included in Design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involuntary Resettlement</td>
<td>Limited.</td>
<td>A corrective action plan</td>
<td>□ Full Plan □ Short Plan □ Resettlement Framework</td>
</tr>
<tr>
<td>Indigenous Peoples</td>
<td>No Impact.</td>
<td></td>
<td>□ Plan □ Other Action □ Indigenous Peoples Framework</td>
</tr>
<tr>
<td>Labor</td>
<td>□ Employment opportunities □ Labor retrenchment □ Core labor standards</td>
<td>Project-related employment during construction and maintenance</td>
<td>□ Plan (Gender Action Plan) □ Other Action □ No Action</td>
</tr>
<tr>
<td>Affordability</td>
<td>No impact</td>
<td></td>
<td>□ Action □ No Action</td>
</tr>
<tr>
<td>Other Risks and/or Vulnerabilities</td>
<td>□ HIV/AIDS □ Human trafficking □ Road Safety</td>
<td>HIV/AIDS and human trafficking prevention and awareness program and road safety awareness will be designed and implemented. Measures to ensure safe and convenient access to metro stations for women, children, the aged, and the handicapped will be included in the design.</td>
<td>□ Plan (Gender Action Plan) □ Other Action □ No Action</td>
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### IV. MONITORING AND EVALUATION

Are social indicators included in the design and monitoring framework to facilitate monitoring of social development activities and/or social impacts during project implementation? □ Yes □ No