

September 10, 2013

**Comments from UK on Approval by mail: Viet Nam - Sustainable Urban Transport for Ho Chi Minh City Mass Rapid Transit Line 2 Project**

Dear Patricia,

Thank you for the documents relating to the above project. The UK has a number of questions for the project team. We would greatly appreciate it if you could forward these to them.

**Implementation Potential**

The project documentation describes how the HCMC Urban Transport Master Plan (HUTMP) will be supported by the Public Transport Policy Development Program. This program will develop policies and regulations for station access management, a parking policy and a framework for pricing public and private transport in HCMC to promote a modal shift from private vehicles to public transport. Why is this development program being financed under the MRT Line 2 package and not any of other rapid transit projects (MRT Line 1, MRT Line 5 and two World Bank bus rapid transport systems) listed in the project documentation? Has any policy development work already been undertaken during the design and implementation of MRT 1 or 5 and if so how will this be co-ordinated with this work? What measures have been taken to ensure that the regulations developed within this project will be co-ordinated with those of the whole city?

**Cost-effectiveness:**

- The carbon savings associated with the project are a consequence of all three phases of the project. Considering all the public (donor and multilateral) finance involved, this yields a cost/ton of \$110/t CO<sub>2</sub>e (\$1107m/10.1m t CO<sub>2</sub>e). This is after considering black carbon. We note that the inclusion of black carbon makes a big difference to cost-effectiveness. Can you provide us with more information on the assumptions on the counterfactual regarding transport modes and development of demand to calculate the avoided fuel consumption?
- Has any assessment of the drivers of sustained private transport and gradual upgrade to 4 wheel transport been carried out (beyond convenience of mode of transport)? How will the policy design assess these drivers to ensure sustainability of the program and additionality of CTF finance?
- What are the reasons for no private finance leverage? Have options to leverage in private finance been considered?
- Although a more user-friendly metro line in Ho Chi Min City would provide a lower carbon alternative means of transport for some of the current road users in the city, due to the current demand for private vehicles, it seems likely that the freed-up road

capacity being delivered by the project will simply be taken by traffic that cannot currently fit on HCMC's road network. Has any sensitivity analysis been undertaken to assess these potential rebound effects and their impact on the cost-effectiveness of the proposal?

### **Transformational Potential**

The transformational potential is estimated to be more than six with replication and scale up within HCMC only. How has this figure been calculated? What evidence do you have to support these calculations? Would this scale up require the same amount of public finance?

**Request for a breakdown of the project components.** In particular:

- a breakdown of how the \$7.8m for the Public Transport Policy Development Program has been arrived at
- how has this land acquisition budget been calculated to ensure that relocating 65 affected business can be done successfully, so as not to delay implementation of the project?

### **Poverty and Social**

The project documentation details an increased risk of HIV/AIDS with the influx of construction workers for the project. Are any steps being taken by the project developers to mitigate this risk?

Kind regards

Simon