



1. Program Information

Country Viet Nam	Practice Area (Lead) Governance
Programmatic DPF	
Planned Operations 2	Approved Operations 2
Operation ID P160480	Operation Name Ho Chi Minh City DPO 1

L/C/TF Number(s) IDA-64090	Closing Date (Original) 30-Apr-2020	Total Financing (USD) 125,000,000.00
Bank Approval Date 16-May-2019	Closing Date (Actual) 30-Apr-2020	
	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	125,000,000.00	0.00
Revised Commitment	125,000,000.00	0.00
Actual	125,000,000.00	0.00

Country Viet Nam	Practice Area (Lead) Governance
Operation ID P171216	Operation Name HCMC DPO-2 (P171216)



L/C/TF Number(s)	Closing Date (Original)	Total Financing (USD)	
IBRD-92810,IDA-64090		0	
Bank Approval Date	Closing Date (Actual)		
29-Jun-2021			
	IBRD/IDA (USD)	Co-financing (USD)	
Original Commitment	100,000,000.00	0.00	
Revised Commitment	100,000,000.00	0.00	
Actual	0.00	0.00	
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2. Program Objectives and Pillars/Policy Areas

a. Objectives

The first Ho Chi Minh City Development Policy Operation (HCMC-DPO-1) aimed “to contribute to (i) Integrated and transparent spatial information for urban management; (ii) strengthened management of public assets and liabilities; and (iii) enhanced delivery of priority municipal services,” (Program Document [PD] 1, p. v). Although a second operation was approved by the Board on June 29, 2021 it never materialized due to “legal changes in the central guiding framework [of Vietnam] which no longer allowed for subnational budget support financing,” (ICR, p. 13). Nevertheless, the ICR assesses both operations. As stated in the ICR, (p.4, footnote 1) “though it did not become effective, [DPO-2] was approved and ratings are based on achievements through DPO-2 approval and the updated results framework...” Therefore, and wherever possible, this ICRR will assess both DPOs.

For the purpose of this ICRR, the objectives of the series (against which outcomes will be assessed) are taken to be the following:

- **PDO1:** To strengthen the development of integrated and transparent spatial information for urban management;
- **PDO2:** To strengthen the management of public assets and liabilities;
- **PDO3:** To enhance the delivery of priority municipal services.

b. Pillars/Policy Areas



The operation was structured around three pillars encompassing the operation's objectives, namely (i) integrated and transparent spatial information for urban management; (ii) strengthened management of public assets and liabilities; and (iii) enhanced delivery of priority municipal services (PD, p.v).

c. Comments on Program Cost, Financing and Dates

HCMC-DPO1 consisted of an IDA credit of US\$125 million. The operation was approved on May 16, 2019, became effective on April 29, 2020 and closed as envisaged on April 30, 2020.

The originally envisaged Second Ho Chi Minh City Development Policy Operation (HCMC-DPO-2) consisted of an IBRD loan of US\$125 million. Although it was approved by the Board on June 29, 2021, it never became effective due to legal changes in Vietnam's laws which no longer allowed subnational budget support funding.

3. Relevance of Design

a. Relevance of Objectives

Vietnam is considered a development success story, marked by strong poverty reduction and economic growth. It reached middle-income status in 2009. Vietnam is urbanizing, with estimates that the urban population will reach 50 percent by 2025. Over the past 30 years, Vietnam has moved from a highly centralized hierarchical state toward arrangements that include the decentralization of responsibilities and powers to lower levels of government. There has been significant fiscal decentralization. As a result, subnational governments (SNGs) are now responsible for over 55 percent of general government spending (PD1, p. 14). Subnational spending accounts for over 70 percent of total public investment, 60 percent of transport expenditure, 90 percent of education expenditure and 80 percent of health sector expenditure. With decentralized revenue and unconditional balancing transfers covering more than 75 percent of core spending on average across all provinces, subnational authorities have large discretionary resources at their disposal. However, despite broad delegation of functional and financial responsibility to SNGs, the central government retains the overall management of human resource functions in the administration. There are few exceptions for Ho Chi Minh City (HCMC) and Hanoi, including the unique establishment of the Department responsible for urban planning and architecture and ad-hoc provisions on staffing quotas per the cities' requests.

Relevance to city development strategy

HCMC is a dynamic business hub and an important growth pole for Vietnam. Its average GDP growth rate of 9.3 percent during 2010–19 outpaced the national average of 6.3 percent. HCMC accounts for about 22.5 percent of Vietnam's GDP and its per capita GDP—estimated at nearly US\$6,500 in 2020 (at the current exchange rate)—is about 2.4 times higher than Vietnam's average (ICR, p.5). A dynamic private sector drives over 80 percent of HCMC's economy compared to less than 70 percent for the country as a whole. HCMC is also a leading destination for FDI, accounting for about 13 percent of Vietnam's total stock of FDI. Its revenue base comprises shared taxes, central government transfers, and own-source revenue. Shared taxes (trade tax, CIT, and VAT) account for about 80 percent of HCMC's total revenue, while own-source revenues are limited to land-related rights and user fees and charges. Central government transfers accounted for about 4.9 percent of total revenues in 2019 (ICR, p.6).



Attracted by this dynamic economy, migrants have contributed to the expansion of HCMC's population by 3 percent per year over the past decade, which has been faster than the national average. As HCMC emerges into an Asian "megacity," it is confronting a host of challenges common to large urban areas across the developing world. At appraisal, the HCMC's infrastructure was stretched to the breaking point and efficient, well-planned interventions were urgently needed. As a low-lying metropolis located in the Mekong Delta, HCMC faces significant and growing flood risk. According to a 2013 World Bank Study, up to 60 percent of HCMC's built-up area will be exposed to a 100-cm sea level rise in the next 20 years (ICR, p.24). At the same time, HCMC faces significant social and infrastructure spending needs to meet the demands of a rapidly growing urban population and dynamic economy. Per capita spending in HCMC is almost double the national average and the highest in Vietnam. However, because of constrained fiscal space and rapid population growth, per capita budgetary spending in HCMC has been growing at a slower pace than in other provinces. In terms of spending composition, human capital spending (education and health expenditure) absorbs about 33 percent of total spending—higher than the national average (27 percent). Despite a slight downward trend in recent years, capital spending—in particular in public transport, wastewater, and flood management—accounts for more than 45 percent of local spending, also well above the national average (29 percent) and among the highest across provinces.

In late 2016, HCMC adopted seven "breakthrough programs" for the 2016-20 period, aiming to (i) enhance quality of growth and economic competitiveness; (ii) improve quality of human resources; (iii) reform public administration systems; (iv) urban regeneration and development; (v) reduce traffic congestion and accidents; (vi) mitigate urban flooding; and (vii) lower environment pollution. With slowing budget revenue growth and little revenue autonomy, HCMC was also keen to unlock the value of public assets as a core urban strategy. The city's program on the quality of growth and economic competitiveness envisaged cross-cutting investment climate and service delivery reforms to enhance labor productivity, increase the number of firms operating in HCMC and reduce poverty. The public administrative reform program aimed to improve the transparency in administrative processes and increase the efficiency of public service delivery, while the program on flood mitigation aimed to improve and upgrade storm water drainage, canal embankment, water supply and wastewater network in all districts. Underpinning such goals is Decision 6179 (2017) adopting a Smart City Initiative (SCI) aiming to strengthen city governance leveraging digital technologies for better information sharing, evidence-based policy making and data-driven urban management of the city, and improved e-services to businesses and citizens.

Alignment with Country Partnership Framework and Development Strategy

The Vietnam Country Partnership Framework (CPF) 2018-2022 foresaw a shift from sector-specific investments to supporting cross-cutting policy and institutional reforms. Under Focus Area 1 on enabling inclusive growth and private sector participation, Objective 4 explicitly spelt out the need to improve the planning, management and delivery of infrastructure in cities (CPF, p.29). The series was the result of the Bank decision, expressed in the CPF, to shift its engagement from a retail level to a framework approach so as to transform metropolitan centers into engines of growth, promote service delivery, and accessibility within urban areas; strengthen capacity for mobilizing and managing financing investment for urban infrastructure; and apply innovative tools for land management, including scaling up a land-pooling pilot and testing geospatial technologies.

b. Relevance of Prior Actions

Rationale



The two operations had a total of 14 prior actions, of which seven were related to DPO-1 and seven to DPO-2.

Table 1: Objectives and Prior Actions for HCMC Development Policy Operation Series (HCMC-DPO-1; HCMC-DPO-2)

DPO1	DPO2
PDO1: To strengthen the development of integrated and transparent spatial information for urban management for urban management	
PA1: HCMC’s People’s Committee has issued Decision No. 6179/QD-UBND, dated November 23, 2017, adopting a plan for the development of HCMC as a smart city, and adopted Plan No. 1008/KH-UBND, dated March 14, 2018, for the establishment of a shared data warehouse and development of an open data ecosystem.	PA2: HCMC’s People’s Committee has issued Decision No. 5086/QD-UBND, dated November 28, 2019, regulating the management of HCMC’s shared data warehouse and Decision No. 1123/QD-UBND dated March 31, 2020, promulgating an institutional sharing framework for the integration of selected spatial data in the warehouse.
PA3: HCMC’s Department of Planning and Architecture has disclosed vector-based zoning plans of the Central Business Districts and Thu Duc District on-line.	PA4: HCMC’s Department of Planning and Architecture has disclosed online vector-based zoning plans for all the districts of HCMC.
PDO2: To strengthen the management of public assets and liabilities	
PA5: HCMC’s People’s Committee has instructed HCMC Steering Center of Urban Flood Control Program (SCFC) to take the lead in the development of a tariff schedule for wastewater and drainage services using the cost recovery approach set forth in Decree 80 (2014), as evidenced by its Decision No. 6261/QD-UBND, dated November 30, 2016.	PA6: HCMC’s Department of Construction has submitted for HCMC’s People’s Committee’s approval a tariff increase schedule for drainage and wastewater treatment services over the 2020-2024 period, as evidenced by Submission Note No. 9150/TTR-SXD-HTKT, dated August 12, 2020.
PA7: HCMC’s People’s Committee has issued Decision No. 3555/QD-UBND, dated July 7, 2017, assigning the management of state-owned commercial housing assets to the House Management and Construction Supervision Center.	
PA8: HCMC’s People’s Committee has issued Decision No. 2885/QD-UBND, dated June 5, 2017, establishing a task force for subnational debt management; and HCMC’s Department of Finance has issued Decision No. 1689/QD-STC, dated March 21, 2019, adopting the operational regulations for the IT, Statistics, and Subnational Debt Management Division.	PA9: HCMC’s People’s Committee has issued Decision No. 1430/QD-UBND dated April 28, 2020, approving a regulation on subnational debt management, including borrowing and repayment planning and execution, and reporting and disclosure of public debt information.
PDO 3: To enhance the delivery of priority municipal services	
PA10: HCMC’s Department of Planning and Investment (DPI) has issued Plan No. 8308/KH-SKHDT, dated September 5, 2017, consolidating procedures, and Decision No. 15/QD-SKHDT, dated January 9, 2018, enhancing online processing, to shorten time to start a business.	PA11: HCMC’s Department of Planning and Investment has issued Notice No. 1535/TB[1]KHDT dated March 5, 2020, institutionalizing key performance indicators to periodically monitor and evaluate business registration procedures.



<p>PA12: HCMC’s People’s Committee has issued Decision No. 79/QD-UBND, dated January 9, 2018, assigning the management of the integrated operation of all modes of public transport to HCMC’s Management Center of Public Transport (MCPT); and HCMC’s Department of Transport has issued Decision 2294/QD-SGTVT, dated May 11, 2018, regulating the organization and operation of MCPT.</p>	<p>PA13: HCMC’s People Committee has issued Decision No. 14/QD-UBND dated May 29, 2020, regulating the collaboration between MCPT and transport operators in the delivery of public transport services, including in the areas of subsidies management, fare policy and collection system, and service quality management.</p>
	<p>PA14: HCMC’s Department of Transport has issued Notice No. 4834/SGTVT-GTDB, dated April 24, 2020, approving the use of performance indicators and service standards for competitively tendered multiyear contracts with bus operators.</p>

PDO1: To strengthen the development of integrated and transparent spatial information for urban management.

PA1 and PA2: Spatial data such as the master plan, transport sector plan, zoning and land use plans, or cadastral information were paper-based and were not integrated across agencies or levels of government (down to and across 24 districts). The official city-wide cadaster map had not been formally and fully updated since 2005, which made it difficult to reflect changes in land use patterns and sub-divisions in HCMC. The transport master plan also did not factor in projected urban zoning parameters. The lack of digital data maintenance, sharing and integration impeded decision-making for urban planning, investment, and regulation, and reduced the quality of information available to the public. PA1 made a meaningful contribution to the integration of spatial data across government agencies by initiating a move towards a smart city through a two-pronged strategy to improve the condition of key geospatial data to meet the demand of urban management: developing and enforcing open data standards across agencies and districts, producing updated, digitized and interoperable maps, and strengthening on-line disclosure of especially zoning data to allow for better comparisons across the city and among different layers of information. PA2 followed PA1 by taking the next step of implementation of a Spatial Data Architecture & Infrastructure (SDA-I) to bring together key layers for smart urban planning decisions. The shared data warehouse and open data ecosystem would enable agencies to coordinate, use, and cross-reference HCMC’s common data assets, enabling key departments to collaborate more effectively in a common platform to better serve the public, and empower investors and potential homeowners with accurate information. **Relevance of PA1: Satisfactory (S). PA2: Satisfactory (S).**

PA3 and PA4: The zoning function, carried out by the Department of Planning and Architecture (DPA) faced several challenges. Public disclosure, as required by Vietnam’s 2013 Land Law, was limited with districts provided zoning maps with delays and in disparate paper-based and digital formats, making them cumbersome to validate and difficult to overlay over basic spatial reference layers. Citizens, firms, and even city administrative agencies (e.g., Department of Construction or Transport) did not always obtain consistent and up-to-date zoning information. In addition, citizens and firms would inevitably apply for construction permits that were inconsistent with prevailing zoning plans. Opaque zoning plans gave local officials discretion to alter the zoning parameters without being detected and held accountable. Public disclosure of zoning plan information would reduce transaction costs in granting construction permits, improve the transparency of spatial information, and make zoning more credible. PA3 contributed to PDO1 by enhancing the access of commercial and residential construction permit applicants to transparent spatial information, as well as integrated spatial information since the disclosed zoning information contained key dimensional



parameters, such as maximum building height or land-use coefficients including maximum lot coverage and setbacks, in a visually and user-friendly manner, and had well-defined technical standards. PA4 built on PA3 by extending online the original pilot in two districts to all HCMC districts, allowing for the further reduction of transaction costs for firms and citizens, and processing time for local officials, while looking for zoning information. PA4 would also enable stakeholders to monitor online the compliance of urban zoning plans and close the feedback loop, thus improving the credibility and quality of urban planning. **Relevance of PA3: Satisfactory (S). PA4: Satisfactory (S).**

PDO2: To strengthen the management of public assets and liabilities.

PA5 and PA6: At appraisal, HCMC collected a general environmental protection charge of 10 percent of the water tariff (excluding tax), irrespective of the actual costs of wastewater services. As a result, the collected fee only partially covered the cost of wastewater management and treatment. The environmental fee was collected from users, regardless of whether they were connected to networked wastewater services. The HCMC Steering Center of Urban Flood Control Program (SCFC) received funding from HCMC to cover part of the debt service for wastewater and flood management expenditures. However, given the low service fee, the SCFC was only able to cover the operating costs for the wastewater services. HCMC had an ambitious plan to increase networked wastewater coverage, but this would significantly increase the total operational costs for the system. Without additional revenues, this would lead to operational and maintenance deficits, which would ultimately affect maintenance and service costs and quality. In 2014, the central Government had issued Decree No. 80 requiring the wastewater tariff to be based on the principle of actual operation and maintenance costs for drainage and sewerage systems. PA5 made a meaningful contribution to PDO2 by issuing a decision that included a tariff schedule which would phase-in full cost recovery for the centralized networked sewerage and drainage system. PA6 would build on PA5 by introducing the tariff schedule to ultimately support increased service coverage with improved treatment standards to address and eventually reverse the deteriorating financial sustainability of wastewater and drainage services provision. However, such an approach would be introduced only gradually, given that PA6 was adopted by DPO-2 at a time when centralized networked sewerage and drainage had not yet reached all districts. **Relevance of PA5: Satisfactory (S). PA6: Satisfactory (S).**

PA7: HCMC's assets included 19,000 public houses of which about 1,800 were for commercial purposes. They were managed by 24 SOEs at the district level without a common management framework which implied that the sale of the houses (and associated land) could not be undertaken through auctions. The rental prices for houses were usually assigned by the SOEs at the allowed minimum level and often significantly below the market reference price. In addition, the unclear distinction between ownership and management functions of public assets in SOEs risked potential loss of state assets. PA7 contributed to PDO2 by assigning the management of state-owned commercial housing assets to the House Management and Construction Supervision Center which helped to distinguish between the ownership and management of public assets and set up a consistent management framework, enabling HCMC's commercial assets to be managed under the same legal and institutional framework as assets of other sectors in the market. **Relevance of PA7: Satisfactory (S).**

PA8 and PA9: Effective public debt management requires a sound governance framework and capacity to underpin debt management strategies, increase efficiency, reduce operational risk, and access a broader range of financial instruments to reduce cost and improve risk management. The 2014 World Bank Debt Management Performance Assessment (DeMPA) revealed that HCMC lacked adequate capacity to effectively manage its public debt. There was no dedicated unit to manage public debt, several entities were involved in subnational debt management activities, and formal coordination processes were missing.



Moreover, basic back-office functions, such as maintaining up-to-date and reliable records of outstanding debt and associated cash flows, were incomplete, and there was no strategy defining the cost-risk profile that the government wanted to bear, and debt operations tended to be defined on an *ad hoc* basis. PA8 made a meaningful contribution to PDO2 by improving HCMC's debt management system. By approving a high-level task force comprised of directorial members from various departments involved in domestic and external borrowing activities enabled the task force to provide oversight in the development of the annual borrowing plan, decisions on borrowing activities, monitor the implementation of related projects and disbursements, and advise HCMC's leadership on related matters. To support the task force, the Department of Finance dedicated debt management functions to a focal division that would perform front, middle, and back-office functions in managing HCMC's debt. PA9 would strengthen HCMC's debt management governance framework by integrating business processes that were fragmented across multiple entities under subnational debt management. PA9 also supported the development of a reliable, complete, and up-to-date database of debt records, and publication of a debt management bulletin to improve transparency. **Relevance of PA8: Satisfactory (S). PA9: Satisfactory (S).**

PDO3: To enhance the delivery of priority municipal services.

PA10 and PA11: HCMC enterprises faced increasing constraints to doing business. Compared to international peers and top Vietnamese performing provinces, HCMC's Provincial Competitiveness Index (PCI) ranking had dropped from the top five to rank eighth in 2016 and 2017, out of 63 provinces and cities. In 2017, 16 percent of firms in HCMC had to wait for more than one month to start operations, compared to 13 percent in the median province. Rent seeking prevailed in the discretionary handling of administrative procedures. PA10 facilitated business registration online by consolidating procedures for seal making the publication of enterprise seal samples and the registration of a business in one step. PA11 would assist in strengthening the business environment in HCMC through specific support for business registration procedures and overall support for a mechanism to measure implementation quality of government-to-business services. The key performance indicators would be divided into (i) the quantity and quality of handling of business registration procedures (ratios of business feedback with dissatisfaction, delayed responses, applications filed online); and (ii) enterprise establishment and liquidation (numbers of businesses newly incorporated, businesses being dissolved or suspended—all by sector, size, location). The regulation would require setting annual targets for each performance indicator and monthly monitoring frequencies. **Relevance of PA10: Satisfactory (S). PA11: Satisfactory (S).**

PA12 and PA13: At the time of appraisal, HCMC's institutional arrangements were fragmented largely by the mode of transport with the Management and Operation Center for Public Transport (MOCPT) under the Department of Transport (DOT) responsible for bus-based systems, and the Management Authority of Urban Rails (MAUR) for rail-based modes. HCMC's fragmented institutional structure focused attention on the supply of capacity, rather than on meeting the mobility needs of male and female city residents. PA12 would address fragmentation in institutional structures by assigning a clear mandate to HCMC's Management Center of Public Transport (MCPT) to fully integrate the public transport systems. PA13 would set up a coordination mechanism between the MCPT and transport operators, with the MCPT designated as the agency to implement the automated fare collection system that would be interoperable across public transport modes, including the metro, BRT, and buses. However, the precise modalities of this coordination were not specified by the time PD2 was drafted and was to be prepared later by the City Peoples' Committee (CPC). **Relevance of PA12: Satisfactory (S). PA13: Moderately Satisfactory (MS).**

PA14: The bus system was rapidly losing passengers due to increasing congestion, deteriorating service quality, including poor vehicle conditions and unreliability of scheduling, and public concerns about personal



security. The existing bus operating contracts compensated operators for vehicle-kilometers operated regardless of the number of passengers carried. As the bus services lost customers, the subsidies provided by HCMC increased. In 2019, the annual subsidy provided by HCMC reached VND 1.35 trillion (about US\$60 million), even as the number of passengers was declining. Additionally, there was little to no competition among existing operators, and when the city attempted competitive tendering for some routes, they received bids only from the existing operators of those routes. PA14 would contribute to better service delivery through an MCPT-delivered tender package featuring service quality standards, both as criteria for procurement and contractual requirements, and multiyear contracts. Service quality standards would be established regarding vehicle condition, reliability/safety of the operation, and customer service and services including awareness of, and response mechanisms to address sexual harassment and other incidents that threatened personal security or safety of bus users. Operators would be contractually required to take necessary measures, including development of an adequate vehicle maintenance regime, a safety management system, handling of customer relations, and adequate training of drivers and conductors. In addition, the performance indicators also stipulated detailed requirements regarding equipment on the bus such as lighting, air conditioning, cameras, and posting of hotline numbers to ensure safety and security on the bus. **Relevance of PA14: Satisfactory (S).**

Rating

Satisfactory

4. Relevance of Results Indicators

Rationale

Table 2: Results Indicators (RIs) by Objective and PAs, baseline and target values, status and achievement

Results Indicator (RI)	Associated PA(s)	RI relevance	Baseline (including units and date)	Target (including units and date)	Actual at target date	Actual as % to targeted change	RI achievement rating
PDO1: To strengthen the development of integrated and transparent spatial information for urban management							
RI1: Topography and cadastral maps (updated by DONRE), land zoning maps (updated by DPA), and transport map (updated by DOT) digitized in interoperable formats and	PA1; PA2	S	No (2017)	Yes (2022)	Yes (2022)	100% of targeted change	High



accessible by authorized staff of at least the above-mentioned agencies.							
RI2: Number of mobile users of the mobile application and website on zoning plans of HCMC (cumulative).	PA3; PA4	MU	0 (2017)	900,000 (2022)	1,742, 573 (2022)	193% of targeted change	[High]
RI3: Number of sessions performed on the mobile application and website on zoning plans of HCMC (cumulative).	PA3; PA4	MU	0 (2017)	5,550,000 (2022)	10,103,543	182% of targeted change	[High]
PDO2: To strengthen the management of public assets and liabilities							
RI4: Level of recovery for operation and maintenance costs for drainage system and wastewater treatment services	PA5; PA6	S	45 percent (2017)	60 percent (2022)	52 percent (2022)	47% percent of target achieved with one year delay	Modest
RI5: Number of state-owned commercial building assets leased through pilot competitive auctioning.	PA7	S	0 (2020)	1 (2022)	0 (2022)	0% of targeted change other positive information available	Negligible
RI6: Online publication of an annual debt bulletin covering all public debt, with basic cost-risk indicators.	PA8; PA9	S	No (2019)	Yes (2022)	Yes (2023)	100% of targeted change achieved (2023) with one-year delay	Substantial



PDO3: To enhance the delivery of priority municipal services							
RI7: Number of days taken to start operating a business.	PA10; PA11S		22 (2017)	15 (2022)	16 (2020)	86% of targeted change	Substantial
RI8: Online publication of the standard framework for a common fare collection system across different public transport modes.	PA12; PA13S		No framework published (2019)	Framework published (2021)	Framework published (2021)	100% of targeted change	Substantial
RI9: Share of bus routes for which operators selected through competitive tendering.	PA14	S	0 percent (2020)	11 percent (2022)	30.7 percent (2023)	279% of targeted change. Exceeded with one year delay.	Substantial
RI10: Shares of passengers satisfied with services of the bus routes selected under competitive tendering, the share of women feeling safe and therefore reporting their ride frequency has increased.	PA14	MS	Satisfied-65 percent; Share of women feeling safe-45 percent; Increased ride frequency of females (2019).	Satisfied-75 percent; Share of women feeling safe-55 percent; Increased ride frequency of females 10 percent (2019).	Satisfied 94.3 percent; Share of women feeling safe 86.4 percent; Increased ride frequency of women not reported.	2 of 3 targets exceeded, one not achieved, more than 66% of targeted change	Substantial

Note: RI achievement ratings note achievement of the targeted change for the RI. RI achievement ratings in brackets reflect ratings that may have been adjusted based on weak relevance of the results indicator (discussed in efficacy section).

The operation consisted of 10 RIs. The relevance of seven is rated Satisfactory, one Moderately Satisfactory, and two Moderately Unsatisfactory. The **overall RI Relevance Outcome is Moderately Satisfactory**.

RI1 measured the impact of PA1 and PA2 and entailed a clear set of data on baseline and target. The updating and digitization of topography, cadastral, zoning and transport maps was expected to contribute to integrated and transparent spatial information for urban management by allowing city officials to conduct their functions more efficiently and effectively. **Relevance of RI1: Satisfactory (S)**.



RI2 and **RI3** measured the impact of PA3 and PA4 on the accessibility of online vector-based zoning plans for all the districts of HCMC. The baseline and data were both clear and directly measurable. However, the measures were not relevant because the main audience for zoning information was individuals, developers, city officials and business owners who needed the information to obtain permits. RI2 and RI3 measured the popularity of the zoning application, website and cumulative number of sessions performed on the zoning website by the overall population but could not measure how well the database served the applicants who filed for permits or officials who approved them. The high number of sessions performed may have been linked to factors such as website, mobile application design or requirements. These were different from the goal of the PA3 and PA4 intended to strengthen access to an integrated and transparent spatial information base. The RIs also did not measure how well the zoning information base eliminated HCMC's officials' discretionary control over the permitting process. A more useful indicator would have been the number of construction permits issued. **Relevance of RI2: Moderately Unsatisfactory (MU). Relevance of RI3: Moderately Unsatisfactory (MU).**

RI4 was a strong outcome level indicator that directly measured progress of PA5 (initiating the increased recovery of O&M costs for wastewater treatment services) and under DPO-2, progress in PA6 that would lead to the approval of an increased tariff structure aimed at greater cost recovery in improving sustainability of waste water and flood services. RI4 was clearly defined and had a measurable baseline and target. **Relevance of RI4: Satisfactory (S).**

RI5 replaced the original RI5 under DPO-1 (increased rental price per square meter of state commercial housing) because the underlying Trigger 4 for competitive auctions was dropped, which could have led to increased rents on public assets. The new results indicator was clearly linked to PA7 and measured the number of state-owned commercial building assets leased through pilot competitive auctioning. **Relevance of RI5: Satisfactory (S).**

RI6 recorded the online publication of an annual debt bulletin covering all public debt, with basic cost-risk indicators and contributed to transparency, a key aspect of strengthened public debt management. It directly measured the impact of PA8 and PA9 on enhancing the institutional structure of HCMC debt management and contributed to sound decisions, thereby enhancing fiscal sustainability. **Relevance of RI6: Satisfactory (S).**

RI7 captured the impact of PA10 and PA11 on improving the delivery of municipal services by measuring the number of days taken to start operating a business. The PA assisted the HCMC authorities to streamline the many business registration processes reducing the time to register. **Relevance of RI7: Satisfactory (S).**

RI8 replaced the DPO-1 indicator, "interoperability of fare collection systems across mass transit systems under development achieved" due to delays in setting up a new rail network and the need to make the RI more relevant to the current state of transportation options in HCMC, which was predominantly served by bus options. The new RI captured the impact of PA12 and PA13 regarding the integration and better organization of bus transport services between operators and the MCPT. Specifically, it recorded the online publication of the standard framework for a common fare-collection system across different public transport modes (by 2021). **Relevance of RI8: Satisfactory (S).**

RI9 measured the impact of PA14 regarding progress in the quality of delivery of bus services achieved through competitive tendering of multi-year contracts and rewarding bus drivers for good performance. It measured the share of bus routes for which operators were selected through competitive tendering. It was measurable and had a clear target. **Relevance of RI9: Satisfactory (S).**



RI10 was a composite indicator since it included three distinct performance targets. All three measured the impact of PA14, given that customer satisfaction, safety and ridership of females constituted core elements of improved service standards that would be expected to lead towards tangible progress in enhancing the quality of bus services in HCMC. However, data sources to calculate the RI were not given, and the ICR mentioned that the methodology used to assess customer satisfaction with bus services “may need further validation” (ICR, p.22). **Relevance of RI10: Moderately Satisfactory (MS).**

Rating

Moderately Satisfactory

5. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To strengthen the development of integrated and transparent spatial information for urban management (PAs 1-4, RIs 1-3).

Rationale

RI1: The target of digitizing the topography and cadastral maps, vector-based zoning plans, and transport maps updated in interoperable formats was achieved, and authorized staff has been able to use them to improve service provision. **Rating: High.**

RI2: The target was exceeded by the end of 2022, with 1,742,573 people accessing the system. The ICR mentions that the original target, which was 250,000 after DPO-1, was revised upwards due to substantial progress in implementation. Since RI relevance was rated MU, the overall rating for the results indicator is adjusted downwards. **Rating: Modest.**

RI3: The number of sessions reached 10,103,543, exceeding the target of 5,500,000. The ICR reports a continuing upward trend in the number of sessions, reaching 15,600,279 in 2023. The achievement is hereby adjusted downwards, due to the MU rating of RI3. This is because the indicator does not directly measure progress towards the objective as the metric is not directly linked to the associated PAs. **Rating: Modest.**

Rating

Moderately Satisfactory



OBJECTIVE 2

Objective

To strengthen the management of public assets and liabilities (PAs 5-9, RIs 4-6).

Rationale

RI4: Although the level of recovery was 52 percent by 2022, the actual target was reached in 2023 and slightly exceeded with a one-year delay. **Rating: Substantial.**

RI5: No property was leased through a competitive tendering process and the target was not reached. Failure to reach the target was, according to the ICR, the result of a legal problem (that presumably erupted during implementation). However, the ICR reports progress towards the objective linked to the PA, namely the professionalization of housing management following the assumption of duties by the Center. 8,125 social housing assets have been transferred for management to the Center, along with 10 commercial trading floors and 33 commercial housing assets. The ICR also reports that the cost of managing the assets was reduced from US\$2 million/year to US\$1 million/year, and that the central government has prepared a government decree for nationwide implementation of the planned auctions. Given additional evidence of progress, the rating for this indicator is adjusted upwards from Negligible. **Rating: Modest.**

RI6: The target was achieved by 2023, with the online publication of an annual debt bulletin covering all public debt and including basic cost-risk indicators. The analysis included in the bulletin covers the period since 2020. **Rating: Substantial.**

Rating

Satisfactory

OBJECTIVE 3

Objective

To enhance the delivery of priority municipal services (PAs 10-14, RIs 7-10).

Rationale

RI7: The target was substantially achieved, since the number of days taken to register and start a business was reduced to 16, against a target of 15. **Rating: Substantial.**

RI8: A standard framework for a common fare-collection system across different public transport modes was published by 2021, achieving the set target. **Rating: Substantial.**

RI9: The share of bus routes for which operators were selected through competitive tendering was missed in 2022, with an achievement of 6.5 percent (6 of 91 bus routes for 2022) against a target of 11 percent. The ICR attributes the missing of the target to the effects of COVID 19. By 2023, however, the target was



reached, as 28 of the 31 bus routes were competitively tendered, reaching 30.7 percent. According to the ICR, this improved the convenience of using bus services. **Rating: Substantial.**

RI10: The survey results exceeded the targets for satisfaction with 94.3 percent satisfied (2022) against a target of 75 percent, above the 65 percent baseline, while 86.4 percent of the women reported feeling safe against a target of 55 percent and a 2019 baseline of 45 percent. The target on increasing female ridership by 10 percent was not reported; nor did the ICR report an absolute number for the number of women using the bus service with greater frequency. Two of the three targets were met. **Rating: Substantial.**

Rating

Satisfactory

Overall Achievement of Objectives (Efficacy)

Rationale

Two objectives (PDO2 and PDO3) are rated Satisfactory, and one Objective (PDO1) is rated Moderately Satisfactory.

Overall Efficacy Rating

Satisfactory

6. Outcome

Rationale

Since both relevance of PAs and efficacy were rated Satisfactory, the overall outcome is rated Satisfactory.

a. Rating

Satisfactory

7. Risk to Development Outcome

The results achieved through the series are generally characterized by a high degree of sustainability, and there is a relatively low risk of achieved progress being undermined in the short to medium term. Important factors in



that assessment include the willingness of HCMC authorities to proceed with many of the realized reforms over several years, not least as expressed in the HCMC series of plans on growth, sustainable development, and urban planning, and HCMC engagement with the central government to expand aspects of the program that have yet to be realized. Nevertheless, and given the rather recent process of devolution and decentralization in Vietnam, notwithstanding the autonomy offered to HCMC and Hanoi, it remains possible that recent gains made by the HCMC to autonomously manage fiscal and administrative affairs could be reversed, thereby reversing at least some aspects of the progress achieved through the series. In that respect, the legal change implemented by the government, which led to the cancelling of the second operation in 2021, underscores the fragility of gains made through the decentralization process of the last few years.

8. Assessment of Bank Performance

a. Bank Performance – Design

Rationale

Analytical Underpinnings: Further to the CPF (FY18-22), the series was strongly backed by a combination of technical reports jointly drafted by the Bank and government, as well as TA. Pillar 1 drew on the Anticorruption Diagnostics (ACD) 2013, the Integrated Strategy Report (ISR) of 2014, and the 2016 World Bank Vietnam report titled “Vietnam 2035: Towards Prosperity, Creativity, Equity, and Democracy.” These reports noted that effective information sharing across agencies would be critical for improving coordination and evidence-based policy making and that land was among the top five sectors prone to corruption. The Land Governance ASA (2017-2019) laid out key options and recommendations on credible planning/zoning, enhanced lease revenues/value capture, and improving commercial and residential titling and construction permits services (PD1, p.23). Pillar 2 was based on the HCMC Debt Management Performance Assessment (DeMPA) of 2014, the Urban Wastewater Review (UWR) of 2015, the Vietnam Water Utilities Reform of 2015, and the Public Debt Management Law Review of 2017. These analytical underpinnings highlighted the need to expand the coverage of networked wastewater drainage and treatment to improve the quality of life of HCMC citizens and reduce the operational and maintenance deficits which affected asset maintenance and ultimate service cost and quality. The HCMC Public Expenditure Review (PER) of 2016 underscored the importance of enhancing returns on municipal assets, especially given the limited revenue autonomy, while ensuring prudent management of rising public debt and contingent liabilities. The 2014 DeMPA stressed that subnational debt management was still at a very nascent stage because back-office functions were incomplete, and there was no proper recording of domestic and on-lent loan agreements. Pillar 3 was based on the 2014 ISR as well as the Provincial Competitiveness Index (PCI) 2017 and the Doing Business (DB) report of 2018. Both recorded a deterioration in HCMC’s ratings for national and international business environment indexes. The ISR 2014 proposed to develop an approach for cost benefit analysis of integrated modal interventions to enable the efficient spatial development of HCMC, linking up several of the elements in urban transport as well as land use planning.

Quality at Entry: PD1 included a detailed discussion as to the substance of each prior action, its rationale and its link to the indicative trigger associated with it. This also applied to the unforeseen DPO-2, and was true of PD2. The PAs were based on lessons learned from previous experience and on prior technical work. The series was well aligned with HCMC’s development strategy, and the rationale and design of its pillars were based on solid analytical underpinnings. The program documents generally offered a clear rationale for most PAs and the expected results, as well as the rationale behind the modifications that were implemented in successive program



documents. Some changes were introduced during the series. RI5 was dropped as trigger 4 for DPO-2 was dropped. Trigger 4 was dropped because the COVID-19 outbreak reduced the demand for commercial real estate in HCMC. Therefore, the Bank agreed to proceed with DPO-2 without this action, with the expectation that the envisioned competitive auctions would take place when market conditions returned to normal. The new results indicator 5 became the number of state-owned commercial building assets leased through pilot competitive auctioning. RI 8 replaced the DPO-1 indicator. Finally, the original RI9 from DPO-1 (Share of passengers satisfied with services provided by bus drivers and staff) was replaced by RI10 (Shares of passengers satisfied with services of the bus routes selected under competitive tendering, the share of women feeling safe and therefore reporting their ride frequency has increased), which sought to measure the impact of the associated prior actions, such as the use of performance indicators and higher service standards for competitively tendered multiyear contracts with bus operators.

Risk identification and mitigation: at appraisal, the series entailed substantial implementation risks given the novel character of subnational DPOs and the fact that the country's legal framework could prove a hindrance to the successful completion of planned reforms. At the end, a legal change inhibited the operationalization of DPO-2, even though most actions went ahead as planned. This was due to the sustained reform commitment displayed by HCMC authorities over a prolonged period prior to the start of the series and following extensive consultations with the World Bank. PD1 rightly assessed the overall risk as substantial, and highlighted implementation risks as high due to the inherent complexity of some of the reform entailed in the series, not least in terms of the need to achieve high levels of coordination across agencies. Mitigation measures included a program design focused on reform actions underpinned by a strong desire to move forward, especially on issues such as the digitization of zoning plans and the introduction of a new tariff schedule for water and sanitation services, both of which went ahead. Institutional capacity risks were well mitigated through a rich program of technical assistance. The ICR talks of macroeconomic risk being rated substantial, yet in fact this risk type was rightly identified as moderate in both PD1 and PD2, given solid economic fundamentals in HCMC and the creation of fiscal buffers that allowed city authorities to handle the effects of COVID-19. For reasons which are not entirely clear given continued dialogue with the city to resolve technical capacity gaps, PD2 raised the technical capacity risk from moderate to substantial, while rightly lowering institutional risk to Substantial from High following successful reform efforts after DPO-1.

Stakeholder Consultation: the Bank engaged in systematic consultations during the program's preparation and implementation of the program, including with affected groups, while draft regulations were circulated within government agencies and published on HCMC's websites for public comments. The City's People's Committee, relevant departments, and the WBG held seminars and workshops with relevant stakeholders on key prior actions which produced useful, practical comments on the technical and political feasibility of the policy options. For example, the consultation workshop on the disclosure of zoning plans provided inputs on the types and forms of information that would benefit commercial and residential construction permit applicants.

Rating

Satisfactory

b. Bank Performance – Implementation

Rationale



Monitoring and coordination with partners: Consultation with the Finance Department, the Planning and Investment Department and the State Treasury and development partners led to an agreement to create a formal coordination mechanism for subnational debt management activities. Coordination with development partners, such as the Asian Development Bank and the French Development Bank, proved difficult on transport due to different partners reliance on different technology standards. Regular consultations were held with relevant partners, including the IMF, the European Union, the African Development Bank, the Japan International Cooperation Agency and the Swiss Development Agency.

Adaptation: The WBG adapted to changes during the series, especially regarding the onset of the pandemic and the non-disbursement of PDO-2 because of a legal change in Vietnam. Dropping trigger 4 was the result of the pandemic in as far as the auctions of public assets could not proceed, and the relevant indicator was replaced by a more realistic one, since the expectation of rental price increases became impossible in the short term. Similarly, the Bank adjusted the transport indicator under pillar 3 when it became obvious that the metro rail project could not be finalized during the lifetime of the project and the focus should shift squarely on bus services instead.

Rating

Satisfactory

c. Overall Bank Performance

Rationale

Design is rated Satisfactory and Implementation Satisfactory.

Overall Bank Performance Rating

Satisfactory

9. Other Impacts

a. Social and Poverty

PD2 included a detailed section about the distributional effects of some of the planned reforms, especially regarding the planned increase in water tariffs under DPO-2. Simulations based in data derived from the Vietnam Household Living Standards Survey (VHLSS) suggested an increase in household wastewater bills by VND 6,700 for the poorest and VND 9,700 for the richest quintiles, which equals 0.05 percent and 0.03 percent, respectively, of household expenditure. The ICR followed up on the analysis regarding the repercussions of the increase in water tariffs and pointed to rather negligible increases in household expenditure because of the reform for the poorest quantile of the HCMC population, namely an increase by US\$0.50, equal to 0.092 percent of expenditure in 2020 and US\$1.65, or 0.234 percent of expenditure in 2024. No poverty rates in HCMC pre- and post-operation were discussed.



b. Environmental

The series did not anticipate a noteworthy environmental impact at design stage. No noteworthy impact was identified ex post.

c. Gender

At appraisal, the series used survey results suggesting that transport-related areas, including buses, bus stops and bus interchange, were among the top three unsafe public spaces for women and girls in terms of risks and prevalence of sexual harassment. One result indicator (RI10) measured, *inter alia*, the sense of safety onboard buses by women in HCMC and recorded significant improvement by end of the series although no data was reported regarding women's increased use of bus transport.

d. Other

Strengthening HCMC institutions through TA and coordination efforts was at the heart of the series. Important progress was recorded in strengthening the institutional capacity of HCMC to improve its public asset management structure through additional staff training, while the same is also true for the capacity developed by the Management Center of Public Transport (MCPT) to assist better integration of transport modes and improved coordination across agencies.

10. Quality of ICR

Rationale

The ICR provides a summary of the context at appraisal and rationale for the series and discusses the evolution of the PDOs. It also offers a coherent narrative of the series, the changes that occurred during the series as well as the results. The ICR discusses all prior actions and their evolution, justifying changes between the two PDOs in terms of both triggers and results indicators. The quality of ICR evidence with relevance to PAs is generally good, although many PAs are grouped together and the discussion of the evidence linking outcomes with interventions is occasionally very brief. The relationship between PAs and the intended outcomes was evident in most cases. The ICR lacked a discussion pertaining to the critical assumptions underpinning the series, and a detailed discussion about the consequences of cancelling DPO-2 and how the reform momentum was maintained on the part of the Bank in its engagement with HCMC authorities. Although the ICR mentions COVID-19 as a key factor behind implementation delays numerous times, it does not spell out the concrete effects of the pandemic. The ICR would have also benefited from a richer discussion about the decision-making structure in HCMC government to justify the series' reliance on legal changes to effect change.

a. Rating



Substantial

11. Ratings

Ratings	ICR	IEG	Reason for Disagreement/Comments
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Relevance of Results Indicators	---	Moderately Satisfactory	
Quality of ICR	---	Substantial	

12. Lessons

IEG agrees with the ICR lesson pertaining to the value of sub-national DPOs even in the face of legal uncertainty. Although funding for the second DPO did not go through because of a legal complication, sustained commitment to reform on the part of subnational authorities, coupled with strong WBG support, paid off in the form of important developmental advances. The convening power of the World Bank orchestrated through the DPO helped various reforms to be implemented on a significant scale demonstrating that depending upon the country context, subnational DPOs can add value to WBG operations and make a significant impact on its citizens. At the subnational level, WBG and city/regional officials need to work together (horizontally) and across departments to realize gains and achieve reforms.

13. Project Performance Assessment Report (PPAR) Recommended?

No