



The World Bank

Ho Chi Minh City Green Transport Development (P126507)

REPORT NO.: RES44552

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
HO CHI MINH CITY GREEN TRANSPORT DEVELOPMENT
APPROVED ON MAY 29, 2015
TO
SOCIALIST REPUBLIC OF VIETNAM

TRANSPORT GLOBAL PRACTICE

EAST ASIA AND PACIFIC REGION

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ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
BRT	Bus Rapid Transit
DD	Detail Design
GHG	Greenhouse Gas
HCMC	Ho Chi Minh City
JICA	Japan International Cooperation Agency
OF	Original Financing
PC	People’s Committee
PDO	Project Development Objective
PMU	Project Management Unit
RAP	Resettlement Action Plan
SECO	Secretariat for Economic Affairs
SDR	Special Drawing Right
TCIP	Transport Works Construction Investment Project Management Authority (TCIP) of Ho Chi Minh City



BASIC DATA

Product Information

Project ID P126507	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 29-May-2015	Current Closing Date 30-Jun-2022

Organizations

Borrower Socialist Republic of Vietnam	Responsible Agency Transport Works Construction Investment Project Management Authority (TCIP) of Ho Chi Minh City
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Project Development Objective (PDO)

Original PDO

The project development objective is to improve the performance and efficiency of public transport along a high priority corridor in Ho Chi Minh City.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-56540	29-May-2015	09-Jul-2015	09-Oct-2015	31-Dec-2020	124.00	.91	119.39
TF-A2457	14-Jan-2020	15-Jan-2020	15-Jan-2020	30-Jun-2022	5.26	0	5.26

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Background

1. **Project Approval.** The Ho Chi Minh City (HCMC) Green Transport Development Project (“the project”) was approved by the World Bank Board on May 29, 2015. Its Financing Agreement was signed on July 7, 2015 and made effective on October 9, 2015. The original finance (OF) comprised US\$124.00 million IDA credit (equivalent of SDR88.2 million) and counterpart funding of US\$13.45 million, with the closing date of December 31, 2020.¹

2. **Implementation delays.** Project implementation was delayed shortly after effectiveness until 2018, when the HCMC’s then new leadership instructed its relevant departments to re-assess the feasibility of the project. The review process was finally completed in June 2018, after which HCMC formally informed the World Bank that it will continue project implementation. However, it took the client another 12 months to make any implementation progress primarily due to a city-wide reorganization of project management units (PMUs) and cumbersome administrative processes of changing the source of funding for the detailed design contract of the project. In June 2019, the city and the World Bank agreed on a revised implementation timeframe based on an eight-point action plan with key milestones.

3. **Additional Financing (AF).** The first restructuring of the project, and an AF of up to US\$10.5 million, was approved by the World Bank on January 15, 2020, with the closing date of June 30, 2022. This is a recipient-executed grant to help finance the costs associated with scale-up activities to enhance the impact of the original project, using grant funds provided by an external donor, the Swiss State Secretariat for Economic Affairs (SECO). A standalone trust fund of up to US\$12 million was created in 2015, from which this AF along with a bank-executed grant to administer the funds and supervise the activities, are financed. The AF was originally envisaged shortly after the approval of the IDA credit, and the decision review took place in January 2016 and the invitation to negotiate was issued in September 2016. However, the client did not respond to the invitation to negotiate as HCMC’s leadership changed and the new HCMC leadership launched a comprehensive review of the feasibility of the project. With the re-confirmed commitment by the city, the AF was processed in 2019.

4. **Anticipated extension of the OF.** Taking into consideration the long delay before the city’s recommitment in 2019, HCMC and the World Bank agreed in October 2019 that an extension of three years of the OF would be necessary for successful implementation, in addition to completing the above-mentioned eight-point action plan. The city started the government process to obtain required approval at that time.

B. Project Status

5. **Moderately Unsatisfactory (MU) ratings for Overall Implementation Progress (IP) and Progress towards Achievement of PDO (DO).** The most recent Aide-Memoire of a November 2020 Bank mission kept the MU ratings, suggesting considering upgrading the DO rating when the project is extended, and upgrading the IP rating when the Detailed Design (DD) is approved and contracts are awarded for the project. While there was progress in land acquisition

¹ The Basic Data section of this restructuring paper shows 30-Jun-2022 as Current Closing Date which is for the Additional Financing (AF)



and resettlement, and the finalization of the DD, the initial delay as explained above was too long to complete the activities to achieve the objectives within the original project period. Other ratings are Moderately Satisfactory (MS) or better, except the MU rating for Project Management, reflecting the delay in DD approval. The rating for social safeguards has been upgraded to MS, considering the approval of Resettlement Action Plan (RAP) and the start of land acquisition and resettlement activities. The project has disbursed \$0.91 million, or about 0.72 percent of its available financing.

6. **Status of Milestones agreed in June 2019.** Project performance has improved since 2019, and seven out of the eight milestones agreed in June 2019 have been achieved. The milestones that have been achieved include: 1) approval of an updated procurement plan; 2) submission of contract addendum for the DD consultant; 3) submission of revised project document for AF; 4) allocation of budget in the Medium Term Investment Plan for 2015-2020; 5) establishment of special working group; 6) submission of updated RAP; and 7) approval of feasibility study and basic design following the Prime Minister's approval for the project's three-year extension. The milestone for the approval of the DD and bidding documents is yet to be achieved.

7. **Progress on DD and Bidding Documents.** While the original target date for this milestone was January 2020, the activity did not start until the in-principle approval of the feasibility study and basic design in late April 2020, which was delayed because of the lengthy government-internal and external consultation and appraisal steps, and the poor performance of the consultant. The design reports and drawings for the Bus Rapid Transit (BRT) corridor infrastructure have been submitted to the PMU and shared informally with the Department of Transport, which has been assigned to carry out the formal appraisal. The city committed to have the DD for the first two civil works packages approved in February and all remaining packages by the end of March 2021.

8. **Implementation Timeline.** Once the bidding documents are approved, the procurement for the civil works can start and the contracts will be awarded within six months. The construction of the BRT corridor, stations, and depot and installation of equipment and systems will be completed by March 2023 so that the operation of the BRT can commence in September of 2023, i.e., three months prior to the proposed new project closing date.

9. **Safeguards.** Social and environmental impacts will be limited as the proposed BRT corridor will be constructed on existing roads and the vehicles will use Compressed Natural Gas (CNG). The Environmental and Social Impact Assessment (ESIA) has been updated and the World Bank cleared it on August 7, 2020. The RAP was approved by the World Bank on July 28, 2020, and the land acquisition and resettlement activities have started. Both ESIA and RAP were disclosed on the World Bank website on October 29, 2020.

10. **Financial Management.** The Designated Account has been inactive for more than seven months due to the low volume of payments made during this period. The PMU for the project, Transport Works Construction Investment Project Management Authority (TCIP) of HCMC, will submit the next Withdrawal Application in January 2021 and will ensure the frequency of documentation complying with requirements provided in the Disbursement Letter. There are no overdue audits for the project.

C. Rationale for Restructuring

11. **Rationale for an extension of three years.** This Restructuring Paper proposes a three year extension for the following reasons: 1) expected impact of the project; and, 2) commitment of the city. In addition to extending the closing date, the proposed Restructuring includes related adjustments including changes to the Results Framework and projections for project disbursements.



12. **Expected impact.** The project will develop one of the first rapid public transport corridors in HCMC, along with the metro line 1, which is under construction with Japan International Cooperation Agency (JICA) support and expected to commence its operation in 2022. For the city of nine million inhabitants that generates 20 percent of the national GDP, the existing public transport network is comprised only of regular bus routes, which have been losing ridership to motorbikes and cars. Establishing a strong public transport network is an obvious and urgent task before it becomes too late for people to shift from personal modes of transport, as commonly seen in peer cities in Asia. Developing a BRT system without the World Bank support would be a very difficult task for the city, because the national capacity is virtually non-existent, with the only BRT system operation in Hanoi, which has lighter operational specifications than standard BRT systems as dedicated lanes are not physically separated and an electronic ticketing system is still to be introduced.

13. **Commitment of HCMC city.** Since HCMC's reconfirmation of the intent to implement the project, the People's Committee (PC) of HCMC has been substantially involved in monitoring project progress and accelerating implementation. High level commitment has been repeatedly confirmed through the progress monitoring meetings and the communication between the PC and the World Bank. The city is very keen to receive support for the development of the master plan for a Highly Interactive and Innovation District through the SECO grant, which has further strengthened their commitment to the project. The city has also shown its commitment to the transport sector through the Second Ho Chi Minh City DPO (P171216), which currently has two Prior Actions on transport, of which one is about institutional strengthening to better coordinate public transport modes, including the BRT, metro and regular bus routes.

14. **Summary and recommendation.** The development objective of the project is deemed achievable with the proposed extension of three years, considering the agreement of the timeline for the finalization of the DD, followed by the procurement of major civil works packages within six months, and the completion of contracts by March 2023. The plan is supported by the commitment of the city and the current overall acceptable performance of the PMU on fiduciary and safeguard aspects. The proposed restructuring also includes some changes to the type of activities to be financed by the IDA credit, in order to comply with recent changes in government regulations.

II. DESCRIPTION OF PROPOSED CHANGES

D. Proposed changes

15. **The following changes are proposed under this restructuring:**

- (a) An extension of the closing date of the IDA credit by 36 months, i.e., up to December 31, 2023.
- (b) Revisions to relevant project indicators and disbursement estimates to make necessary adjustments for the extended project implementation timeline. The Project Operations Manual of the project, which includes the result framework, will be updated to reflect the new implementation schedule, following the approval of the restructuring.
- (c) Cancelling of training programs and technical support activities under Component 2 that are determined as ineligible for financing from loan funds from donors in the Prime Minister's Directive 18 of 2019. Necessary activities for strengthening the management capacity of TCIP, and corporate and business capacity of modal authorities of HCMC, are covered by the AF, and the OF continues to support the project management, monitoring and evaluation, and other relevant studies. The changes would not affect achievement of the PDO.
- (d) Exclusion of taxes and Incremental Operating Costs from project eligible expenditures. This is to comply with guidance from Ministry of Finance.



- (e) A change in the name of the Project Owner, to reflect organizational reforms within HCMC. It is changed from 'Urban Civil Works Construction Investment Management Authority of Ho Chi Minh City (UCCI)' to 'Transport Works Construction Investment Project Management Authority of Ho Chi Minh City (TCIP).' The project director and other key staff remain the same.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Loan Closing Date(s)	✓	
Reallocation between Disbursement Categories	✓	
Disbursement Estimates	✓	
Implementation Schedule	✓	
Other Change(s)	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Components and Cost		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓



Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-56540	Effective	31-Dec-2020		31-Dec-2023	30-Apr-2024
TF-A2457	Effective	30-Jun-2022		30-Jun-2022	30-Oct-2022

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

	Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
				Current	Proposed
IDA-56540-001 Currency: XDR					
iLap Category Sequence No: 1		Current Expenditure Category: GD,WK,NonCS,CS,Trng&WS,IOC			
	88,200,000.00	341,907.34	88,200,000.00	100.00	100.00
Total	88,200,000.00	341,907.34	88,200,000.00		

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2015	0.00	0.00



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2016	415,138.50	40,000.00
2017	725,844.00	28,000.00
2018	1,053,003.00	28,000.00
2019	1,769,428.50	414,000.00
2020	2,651,365.50	397,000.00
2021	3,411,744.00	25,491,000.00
2022	473,476.50	49,765,000.00
2023	0.00	36,028,000.00
2024	0.00	9,065,000.00



Results framework

COUNTRY: Vietnam

Ho Chi Minh City Green Transport Development

Project Development Objectives(s)

The project development objective is to improve the performance and efficiency of public transport along a high priority corridor in Ho Chi Minh City.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
To improve the performance of public transport along a high priority corridor in Ho Chi Minh City												
Number of passengers per day using the BRT system (Number)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23,312.00
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.											
People satisfied with the service provided by Public Transport (Percentage)		33.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	50.00
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.											
Women satisfied with the service provided by Public		40.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60.00	60.00



Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
Transport (Sub-Indicator) (Percentage)												
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.											
Low income riders satisfied with the service provided by Public Transport (Sub-Indicator) (Percentage)		25.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	50.00
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.											
To improve the efficiency of public transport along a high priority corridor in Ho Chi Minh City												
Travel time by public transport along the project corridor, measured as in-vehicle time from An Lac to Ky Con (14.1 km) (Minutes)		60.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37.00	37.00
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.											



Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
Number of workers and students accessing Thu Thiem Development within 45 minutes (Number)		1,122,000.00	1,122,000.00	1,122,000.00	1,122,000.00	1,122,000.00	1,122,000.00	1,122,000.00	1,122,000.00	1,122,000.00	1,290,000.00	1,290,000.00
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.											
Number of residents accessing Thu Thiem Development within 45 minutes. (Sub-Indicator) (Number)		1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,208,000.00	1,208,000.00
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.											
Difference in GHG emissions compared to BAU case (Tones/year)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-23,000.00
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.											



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
Bus Rapid Transit Corridor Development												
Percentage of intersections with improved traffic and safety control (Percentage)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	100.00	100.00
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.											
Percentage of sidewalk improvements completed along the BRT route (Percentage)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	100.00	100.00
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.											
Percentage of improvements to station access within a 400-meter radius completed (Percentage)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	100.00	100.00



Indicator Name	PBC	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.										
Percentage of planned greening and landscaping activities along the corridor completed (Percentage)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	70.00	100.00	100.00
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.										
Institutional Strengthening											
Percentage of training courses delivered to the HCMC PC and its agencies (Percentage)	0.00	0.00	0.00	10.00	10.00	10.00	60.00	80.00	100.00	100.00	100.00
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.										
Number of studies completed under Component 2 of the project (Number)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	3.00	3.00
Action: This indicator has been Revised	Rationale: Adjusted to the revised implementation timeline.										



Indicator Name	PBC	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
<p>Action: This indicator has been Revised</p> <p><i>Rationale:</i> Adjusted to the revised implementation timeline.</p>											
Transport Planning for Enhanced Connectivity											
Bus route network is re-organized for better connection with the BRT and ready for implementation (Yes/No)		No									Yes
<p>Action: This indicator has been Revised</p> <p><i>Rationale:</i> Adjusted to the revised implementation timeline.</p>											
Number of BRT passengers who use non-motorized vehicles connect to/from BRT stations (Number)		0.00									700.00
<p>Action: This indicator has been Revised</p> <p><i>Rationale:</i> Adjusted to the revised implementation timeline.</p>											



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