

September 11, 2013

**Comment from United States on approval by mail: Viet Nam - Sustainable Urban Transport for Ho Chi Minh City Mass Rapid Transit Line 2 Project**

Thank you for the background materials and providing the opportunity to comment on this project. Similarly to our British colleagues, we are primarily concerned with this project's cost effectiveness.

**Cost-effectiveness**

As the supporting documents show, the project yields carbon savings of roughly \$85 per tCO<sub>2</sub>e (CTF\$50 million / 586,500 tCO<sub>2</sub>e) and \$4.95 / tCO<sub>2</sub>e when considering reductions in black carbon. With replication and scale up these numbers fall to \$13 per tCO<sub>2</sub>e and \$3.76 per tCO<sub>2</sub>e respectively. This is a relatively costly GHG emissions reduction project that is heavily dependent on replication and scalability to increase savings, and the inclusion of black carbon reductions. The Integrated Public Transit System Transformation Program project in Bogota, Columbia required a similar investment and resulted in carbon reducing savings of \$18.06 per tCO<sub>2</sub>e.

[https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Approval\\_by\\_Mail\\_Colombia\\_Technological\\_Transformation\\_Program\\_for\\_Bogota\\_Integrated\\_Public\\_Transport\\_System\\_IDB\\_response\\_IDB.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Approval_by_Mail_Colombia_Technological_Transformation_Program_for_Bogota_Integrated_Public_Transport_System_IDB_response_IDB.pdf)

Additional information on the carbon reduction assumptions would be beneficial to further analyze this project.

In addition, while we realize that this project is part of a substantial investment program being undertaken by Vietnam and the ADB to develop this transit line, we would appreciate clarification about why the CTF is being used to fund 75% of the project cost with the remainder coming from the Asian Bank loan and government resources.

Regards,

Abigail Demopulos  
U.S. Treasury