

September 21, 2011

Comments from Germany on the Approval by mail: Project Preparation Grant for Vietnam: Strengthening Sustainable Urban Transport for Ha Noi Metro Line 3 Project

Dear Patricia and CTF Vietnam-Team,

thank you very much for your proposals for Ha Noi and HCMC Transport projects.

We happily support these preparation grants and would like to commend in particular the focus on development impacts, including gender aspects which for this kind of approach are vital for the success and overall impact of the project.

Please find attached more detailed comments.

Kind regards
Annette

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Climate Policy and Climate Financing
Federal Ministry for Economic Cooperation and Development

Cost/Financing : Grant: 1 million US\$ from CTF resources
GoV contribution: 0.1 million US\$

Purpose of the program: The objective of this proposed Project Preparation Technical Assistance is to carry out technical, economical/financial, governance, poverty/social, safeguards and private sector participation feasibility analyses and due diligence for the ensuing investment project, which aims to establish a modern integrated urban public transport system in Ha Noi.

Summary

We generally welcome the proposal. The concept of the ensuing investment project appropriately aims at developing and establishing a modern integrated public transport system. The project preparation grant itself aims at increasing accessibility and integration of the planned Metro Line 3 to support its effective utilization. By partly reducing private vehicle ownership and use, the project will lead to less road congestion, higher road safety, lower greenhouse gas emissions and reduced emissions of local pollutants. The PPTA is necessary for the preparation of the investment project.

Public Transport plays an important role in the overall GHG emissions. Therefore the potential mitigation potential of the concept of the ensuing investment project is high. Unfortunately, no estimate of the expected quantitative impact of the ensuing investment project in terms of customer figures and GHG emission savings is provided. Development issues are adequately addressed, in particular social and gender issues. There is a high potential for good transformational impact and replicability of the concept of the ensuing investment project.

Comments on the Project Proposal

Urban Public Transportation is a key issue to address GHG emission reduction. The use of private vehicles (motorbikes, cars) in Vietnam is massively increasing, which entails increasing road congestion, reduced road safety and increasing greenhouse gas emissions. Extension of urban public transport systems (such as the Ha Noi Metro lines) is a reasonable approach to this problem. Integrating public transport systems and ensuring their easy accessibility to attract customers is important to ensure utilization of the system.

The proposal makes the rationale for the investment project clear. The ensuing investment project is part of the CTF Investment Plan. It is additional, but in line with the Ha Noi Urban Transport Master Plan. The proposal does not explicitly argue why grant funding is necessary, but it is understood that PPTA is usually provided through grant funds.

Comments on the Financing Terms

n.a.

CTF Investment Criteria

1. „Potential for GHG Emissions Savings”

The PPTA itself will not contribute to emission savings. The proposal does not provide information on the emission savings targeted with the ensuing investment project.

2. „Cost-Effectiveness“

n.a.

3 “ Demonstration potential at scale”

Replicability of the investment project concept is possible, but limited at this time: A first replication is planned for an urban rail system currently being planned in Ho Chi Minh City. Further replication is possible in other districts of Ha Noi. It must be noted, however, that other Vietnamese cities are to date not large enough that urban rail systems are being implemented. There is potential for replication in other Asian countries.

4 „Development Impact“

The proposal does not quote impacts, but the following outputs (which, again, refer to the ensuing investment project):

- strengthened implementation capacity for metro line 3;
- improved accessibility features in and around metro stations;
- integrated and innovative public transport services and measures connecting to metro stations;
- support for transformational policies and regulatory measures to encourage modal shift to public transportation modes.

No absolute figures of the expected additional customers etc. are quoted. This may be due to the fact that such figures could be part of the output of the PPTA. Nevertheless, a rough estimate of this figure as well as of the estimated GHG emissions saved should have been provided in the proposal.

We would like **to commend the GoV and MDB-Team** for paying particular attention to development impacts, including gender aspects. **The stakeholder consultations of consultants for the design of the ensuing project will be of heightened relevance.**

5 „Implementation Potential“

We do not see major implementation risks with the PPTA, as the objectives of the project are aligned with those of Government of Vietnam and Ha Noi city.