

September 12, 2013

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

Dear CTF Vietnam team,

thank you very much for the project proposal entitled: Sustainable Urban Transport for Ho Chi Minh City Mass Rapid Transit Line 2 Project, submitted by the Government of Viet Nam and the Asian Development Bank (ADB).

With much pleasure, GER approves the proposed CTF loan allocation of USD 48.95 million for the project.

The (sub-)project is part of Vietnam's Country IP and the CTF has already funded a grant for TA for the project preparation. One of the main objectives of the overall program is to reduce road congestion. We don't see any serious alternative to achieve this objective but with the development of public transport systems. The success of the overall program will - as stated in the provided documents - depend on whether "changing public behavior" can be induced. Therefore the approach of the (sub-)project to integrate public transport systems and ensuring their easy accessibility as a complementary measure to the overall program makes sense.

We agree with other colleagues, that the Potential GHG Emissions Savings is rather limited and hence the Cost-effectiveness figure (85 USD/tCO_{2e}) is relatively high (especially if one keeps in mind that CTF loan would contribute just a small part of the overall program financing). Nonetheless, we do recognize that it is still in concurrence with the Investment Criteria.

Demonstration potential at scale: Replicability is rather limited, but still we realize some potential, e.g. in other districts of HCMC and in Ha Noi and also in other Asian countries. The designated institutional capacity building measures could also foster deployment of public transport systems and will help to ensure sustainability of the program.

Development Impact: there are some very significant Co-benefits,

especially reduction of other pollutants than GHG-Emissions but also increased traffic safety. We also appreciate that gender issues are addressed explicitly with a gender action plan.

Kind regards
Annette

Dr. Annette Windmeisser
stv. Referatsleiterin
Klimapolitik und Klimafinanzierung
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung

Division for Climate Policy and Climate Financing
deputy head of division
Federal Ministry for Economic Cooperation and Development